

Christian Dior

PARENT COMPANY FINANCIAL STATEMENTS

Christian Dior

BALANCE SHEET AS OF DECEMBER 31

(EUR thousands)		2007			2006	2005
ASSETS	Notes	Gross	Depreciation, amortization and provisions	Net	Net	Net
Intangible assets	2.1/2.2	57	57			
Property, plant and equipment	2.1/2.2	368	362	6	31	60
Investments	2.8	3,841,876		3,841,876	3,841,839	3,456,838
Other investment securities		23,484	17,418	6,066	10,726	15,191
Loans		5	–	5	5	5
Other non-current financial assets		–	–	–	–	–
Non-current financial assets	2.1/2.2/2.8	3,865,365	17,418	3,847,947	3,852,570	3,472,034
Non-current assets		3,865,790	17,837	3,847,953	3,852,601	3,472,094
Trade accounts receivable		14	–	14	14	14
Other receivables		4,703	–	4,703	4,343	5,125
Short term investments		197,789	4,488	193,301	174,879	151,873
Cash and cash equivalents		396	–	396	71	3,156
Current assets	2.5/2.7/2.8	202,902	4,488	198,414	179,307	160,168
Prepaid expenses	2.5	1,659	–	1,659	2,295	33
Bond redemption premiums		386	–	386	487	–
TOTAL ASSETS		4,070,737	22,325	4,048,412	4,034,690	3,632,295

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BALANCE SHEET AS OF DECEMBER 31

(EUR thousands)		2007	2006	2005
LIABILITIES AND EQUITY	Notes	Prior to appropriation	Prior to appropriation	Prior to appropriation
Share capital		363,454	363,454	363,454
Share premium account		2,204,623	2,204,623	2,204,623
Revaluation adjustment		16	16	16
Legal reserve		36,345	36,345	36,345
Regulated reserves		–	–	–
Optional reserve		51,872	80,630	80,630
Retained earnings ⁽¹⁾		5,785	43,227	82,632
Profit for the year		337,626	184,250	166,439
Interim dividends	1.6	(79,960)	(69,056)	(58,152)
Equity	2.4	2,919,761	2,843,489	2,875,987
Provisions for contingencies and losses	2.5	227	570	570
Other bonds		274,908	274,918	123,863
Bank loans and borrowings		848,644	907,768	624,538
Miscellaneous loans and borrowings		1,570	1,172	953
Borrowings		1,125,122	1,183,858	749,354
Trade accounts payable		707	565	260
Tax and social security liabilities		43	1,129	2,143
Other operating liabilities ⁽¹⁾		1,523	1,605	1,310
Operating liabilities		2,273	3,299	3,713
Other liabilities		1,029	3,475	2,671
Liabilities	2.6/2.7/2.8	1,128,424	1,190,632	755,738
Prepaid income	2.6	–	–	–
TOTAL LIABILITIES AND EQUITY		4,048,412	4,034,690	3,632,295

(1) Dividends attributable to treasury shares were reclassified under retained earnings in 2005, 2006 and 2007.

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INCOME STATEMENT

(EUR thousands)	Notes	2007	2006	2005
Services provided, other revenue		14	14	14
Net revenue		14	14	14
Operating income		14	14	14
Other purchases and external expenses		6,972	4,939	5,393
Taxes, duties and similar levies		57	51	7
Wages and salaries		–	–	–
Social security expenses		6	6	6
Depreciation and amortization		25	29	29
Other expenses		105	105	86
Operating expenses		7,165	5,130	5,521
OPERATING PROFIT (LOSS)		(7,151)	(5,116)	(5,507)
NET FINANCIAL INCOME (EXPENSE)	2.9	327,429	171,907	153,984
PROFIT FROM RECURRING OPERATIONS		320,278	166,791	148,477
EXCEPTIONAL INCOME (EXPENSE)	2.10	(827)	103	19
Income taxes	2.11/2.12	18,175	17,356	17,943
NET PROFIT		337,626	184,250	166,439

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CASH FLOW STATEMENT

(EUR millions)		2007	2006	2005
I - OPERATING ACTIVITIES				
Net profit		337	184	166
Depreciation and amortization of assets		5	4	4
Gain (loss) on sale of fixed assets		–	–	–
Cash from operations before changes in working capital		342	189	170
Change in current assets		(0)	(2)	(1)
Changes in current liabilities		(4)	–	–
Changes in working capital		(4)	(2)	(1)
Net cash from operating activities	①	338	187	169
II - INVESTING ACTIVITIES				
Purchase of tangible and intangible fixed assets		–	–	–
Purchase of equity investments		–	(385)	–
Purchase of other non-current investments		–	–	–
Proceeds from sale of non-current financial assets		–	–	–
Net cash from (used in) investing activities	②	0	(385)	–
III - FINANCING ACTIVITIES				
Capital increase		–	–	–
Increases in other equity		–	–	–
Proceeds from financial debt		–	438	12
Repayments in respect of financial debt		(59)	(3)	–
Change in inter-company current accounts		–	–	–
Net cash from (used in) financing activities	③	(59)	435	12
IV - DIVIDENDS PAID DURING THE YEAR	④	(261)	(217)	(172)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	① + ② + ③ + ④	18	20	9
Cash and cash equivalents at beginning of year		175	155	146
Cash and cash equivalents at end of year		193	175	155
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		18	20	9

The net increase in cash and cash equivalents analyzes the changes in cash from one year to the next (after deducting bank overdrafts) as well as cash equivalents comprised of short term investments, net of provisions for impairment.

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NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Amounts are expressed in thousands of euros unless otherwise indicated.

The balance sheet total as of December 31, 2007 was 4,048,412 thousand euros. These parent company financial statements were approved for publication on February 8, 2008 by the Board of Directors.

I. ACCOUNTING POLICIES AND METHODS

The parent company financial statements have been prepared in accordance with Regulation 99-03 dated April 29, 1999 of the Comité de la Réglementation Comptable (Accounting Regulations Committee).

General accounting conventions have been applied observing the principle of prudence in conformity with the following basic assumptions: going concern, consistency of accounting methods, non-overlap of financial periods, and in conformity with the general rules for preparation and presentation of parent company financial statements.

The accounting items recorded have been evaluated using the historical cost method.

1.1 Intangible assets

Software is amortized using the straight-line method over one year.

1.2 Property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

- miscellaneous general installations: 5 years;
- office and computer equipment: 3 years;
- furniture: 10 years.

1.3 Non-current financial assets

Equity investments as well as other non-current financial assets are recorded at the lower of their acquisition cost or their value in use. Impairment is recorded if their value in use is lower than their acquisition cost.

The value in use of the equity investments is based on criteria such as the value of the portion of the in the net asset value of the companies involved, taking into account the stock market value of the listed securities that they hold.

In the event of partial investment sale, any gains or losses are recognized within net financial income/expense and calculated according to the weighted average cost method.

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1.4 Accounts receivable and liabilities

Accounts receivable and liabilities are recorded at their face value. An impairment provision is recorded if their net realizable value, based on probability of their collection, is lower than their carrying amount.

1.5 Short term investments

Short term investments are valued at their acquisition cost. An impairment provision is recorded if their acquisition value is greater than their market value determined as follows:

- listed securities: average listed share price during the last month of the year;
- other securities: estimated realizable value or liquidation value.

Treasury shares allocated to exercisable option plans are subject to an additional impairment provision when the grant price is lower than their book value.

Gains or losses on the sale of treasury shares are recorded within exceptional income/losses.

1.6 Equity

In conformity with the recommendations of the Compagnie Nationale des Commissaires aux Comptes (National Board of Auditors), interim dividends are recorded as a deduction from equity.

1.7 Provisions for contingencies and losses

The Company establishes a provision for definite and likely contingencies and losses at the end of each financial period, observing the principle of prudence.

1.8 Foreign currency transactions

During the period, foreign currency transactions are recorded at the rates of exchange prevailing on the date of transactions.

Liabilities, accounts receivable and liquid funds in foreign currencies are revalued on balance sheet at year-end exchange rates. The difference resulting from the revaluation of liabilities and accounts receivable in foreign currencies at the latter rate is recorded in the "Translation adjustment"; it is recorded under "Foreign exchange gains and losses" when it originates from the revaluation of liquid funds, except in the case of bank accounts matched with a loan in the same currency. In the latter case, the revaluation follows the same procedure as for accounts receivable and liabilities.

Provisions are recorded for unrealized losses unless hedged.

1.9 Net financial income (expense)

Net gains and losses on sales of short term investments comprise expenses and income associated with sales.

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II. ADDITIONAL INFORMATION RELATING TO THE BALANCE SHEET AND INCOME STATEMENT

2.1 Non-current assets

(EUR thousands)	Gross value as of 01.01.07	Increases Acquisitions, creations, contributions, transfer	Decreases Disposals	Gross value as of 12.31.07
Concessions, patents, and similar rights (software)	57	–	–	57
Advances and downpayments on account for software	–	–	–	–
Intangible assets	57	–	–	57
Property, plant and equipment				
• miscellaneous general installations	59	–	–	59
• transport equipment	–	–	–	–
• office and computing equipment	24	–	–	24
• furniture	285	–	–	285
• advances and payments on account	–	–	–	–
Property, plant and equipment	368	–	–	368
Investments	3,841,839	37 ⁽¹⁾	–	3,841,876
Other investment securities	23,484	–	–	23,484
Loans	5	–	–	5
Other non-current financial assets	–	–	–	–
Non-current financial assets	3,865,328	37	–	3,865,365
TOTAL	3,865,753	37	–	3,865,790

(1) Christian Dior SA subscribed to the capital increase of CD Investissements during the 2007 fiscal year.

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2.2 Amortizations and provisions on non-current financial assets

(EUR thousands)	POSITIONS AND CHANGES IN THE PERIOD			Amortization expense as of 12.31.07
	Amortization expense as of 01.01.07	Appropriation increases	Decreases	
Concessions, patents, and similar rights (software)	57	–	–	57
Intangible assets	57	–	–	57
Property, plant and equipment:				
• miscellaneous general installations	59	–	–	59
• transport equipment	–	–	–	–
• office and computing equipment	24	–	–	24
• furniture	254	25	–	279
Property, plant and equipment	337	25	–	362
Other investment securities				
• Valmyfin partnership shares	12,758	4,660	–	17,418
Non-current financial assets	12,758	4,660	–	17,418
TOTAL	13,152	4,685	–	17,837

2.3 Analysis of accounts receivables by payment date

(EUR thousands)	Gross amount	Up to 1 year	More than 1 year
Current assets			
Trade accounts receivable	14	14	–
Financial accounts receivable	–	–	–
State and other public authorities			
• income taxes	325	200	125
• value-added tax	–	–	–
• other	–	–	–
Social liabilities	–	–	–
Other accounts receivable	4,378	4,378	–
Prepaid expenses	1,659	898	761
Bond redemption premium ⁽¹⁾	386	101	285
Translation adjustment	–	–	–
TOTAL	6,762	5,591	1,171

(1) Bond redemption premiums are amortized on a straight-line basis over the life of the bonds.

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2.4 Equity

Share capital

The share capital comprises 181,727,048 fully paid-up shares, each with a par value of 2 euros. 126,482,210 shares carry double voting rights.

Changes in equity

(EUR thousands)

EQUITY AS OF DECEMBER 31, 2006 (prior to appropriation of net profit)	2,843,489
Net profit for 2007	337,626
Dividends paid (balance for fiscal year 2006)	(181,394)
Interim dividends for fiscal year 2007	(79,960)
EQUITY AS OF DECEMBER 31, 2007 (prior to appropriation of net profit)	2,919,761

Acquisition of treasury shares

Year	2007	2006	2005	2004
Number of shares purchased	764,815	444,582	60,015	521,312
Number of shares sold	(1,535,696)	(335,713)	(74,387)	(112,400)

Purchase options granted by the Board of Directors to managers of the company and its direct and indirect subsidiaries:

Authorization from Shareholders' Meeting	Plan Commencement Date	Number of beneficiaries	Number of options granted			Exercise price (EUR) ^{(2) (5)}	Number of options exercised in 2007 ⁽³⁾	Number of options not exercised as of 12.31.07 ⁽³⁾
			Total ⁽¹⁾	Of which company officers	Of which, the first ten employees			
05.30.1996	05.29.1997 ⁽⁴⁾	22	97,900	50,000	43,000	32.01	275,200	–
05.30.1996	11.03.1998	23	98,400	65,000	28,200	18.29	249,000	27,000
05.30.1996	01.26.1999	14	89,500	50,000	38,000	25.36	202,000	64,000
05.30.1996	02.15.2000	20	100,200	65,000	31,000	56.70	28,000	354,000
05.14.2001	02.21.2001	17	437,500	308,000	121,000	45.95	42,000	362,500
05.14.2001	02.18.2002	24	504,000	310,000	153,000	33.53	336,498	92,502
05.14.2001	02.18.2003	25	527,000	350,000	143,000	29.04	364,998	129,002
05.14.2001	02.17.2004	26	527,000	355,000	128,000	49.79	14,000	471,000
05.14.2001	05.12.2005	27	493,000	315,000	124,000	52.21	12,000	468,000
05.14.2001	02.15.2006	24	475,000	305,000	144,000	72.85 ⁽⁵⁾	12,000	463,000
05.11.2006	09.06.2006	1	20,000	–	20,000	74.93	–	20,000
05.11.2006	01.31.2007	28	480,000	285,000	133,000	85.00	–	475,000

(1) Number of options at the plan commencement date, not restated for adjustments relating to the 4-to-1 stock split in July 2000.

(2) Exercise prices prior to 1999 result from the conversion into euros of data originally established in French francs.

(3) Adjusted to reflect the transaction mentioned in (1) above.

(4) Plan expired on May 28, 2007.

(5) Exercise price for Italian residents: €77.16.

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2.5 Provisions for contingencies and losses

(EUR thousands)	Amount as of 01.01.07	Provisions of period	Reversals of period	Amount as of 12.31.07
Specific	570	–	343	227
TOTAL	570	–	343	227

2.6 Breakdown of other liabilities

(EUR thousands)	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Other bonds	274,908	124,908	150,000	–
Bank loans and borrowings	848,644	93,144	755,500	–
Miscellaneous loans and borrowings	1,570	1,570	–	–
Trade payables	707	707	–	–
Tax and social liabilities	43	43	–	–
Other operating liabilities	1,523	1,523	–	–
Other liabilities	1,029	1,029	–	–
Deferred income	–	–	–	–
TOTAL	1,128,424	222,924	905,500	–

Christian Dior SA carried out the following transactions:

- on December 5, 2003, the issue of a bond with a total nominal amount of 123.5 million euros, maturing on December 5, 2008.
- on November 3, 2006, the issue of a bond with a total nominal amount of 150 million euros, maturing on November 3, 2011.
- on July 19, 2007, the early termination of a syndicated loan of 500 million euros, signed on November 21, 2005, maturing on November 21, 2010.
- on July 25, 2007, signature of a syndicated loan of 535 million euros, maturing on July 25, 2012.

Christian Dior SA, as customary clause for syndicated loans, signed commitments to maintain a percentage of interest and voting rights for some subsidiaries, and to maintain a customary financing ratio.

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2.7 Accrued expenses and deferred income

(EUR thousands)	Accrued expenses	Deferred income
Accounts receivable		
Trade accounts receivable		14
Other accounts receivable		1,127
Liabilities		
Other bonds	1,424	
Bank loans and borrowings	3,144	
Trade accounts payable	514	
Tax and social liabilities	43	
Other liabilities	1,028	

2.8 Items involving related companies

<i>Balance sheet items</i>	ITEMS INVOLVING THE COMPANIES	
	related ⁽¹⁾	connected to equity investments ⁽²⁾
(EUR thousands)		
Fixed assets		
Investments	3,841,876	
Current assets		
Trade accounts receivable	14	
Other accounts receivable	3,251	
Liabilities		
Miscellaneous loans and borrowings	1,570	
Trade accounts payable	226	
Other liabilities	1	

(1) Companies that can be fully consolidated into one consolidated unit (eg: parent company, subsidiary, affiliate in consolidated group).

(2) Percentage control between 10 and 50%.

Income statement items

Expenses and income involving related companies, or companies with which the Company has an equity connection, break down as follows:

(EUR thousands)	Gains	Losses
Dividends received	376,867	nil
Interest and similar expenses	117	1,257

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2.9 Financial income and expenses

(EUR thousands)	2007	2006
Income from subsidiaries	376,867	212,368
Income from other securities and non-current investments	5,123	5,123
Other interest and similar income	8,048	7,147
Reversals and expenses transferred	2,062	239
FINANCIAL INCOME	392,100	224,878
Allowances to amortization and provisions	4,761	6,058
Interest and similar expenses	59,910	46,913
Net expenses on sales of short term investments		
FINANCIAL EXPENSES	64,671	52,971
NET FINANCIAL INCOME (EXPENSE)	327,429	171,907

2.10 Exceptional income and expenses

(EUR thousands)	2007	2006
Income from management transactions	–	1
Other exceptional capital transactions	1,107	236
Income from capital transactions	1,107	236
Reversals and expenses transferred	343	–
EXCEPTIONAL INCOME	1,450	237
Exceptional expenses from management transactions	–	–
Expenses from management transactions	–	–
Net carrying amount of securities sold	–	–
Other non-recurring expenses on capital transactions	2,277	134
Expenses from capital transactions	2,277	134
EXCEPTIONAL EXPENSES	2,277	134
EXCEPTIONAL INCOME (LOSS)	(827)	103

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2.11 Income tax

(EUR thousand)	2007			2006		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Profit from recurring operations	320,278	–	320,278	166,791	–	166,791
Exceptional income/(loss)	(827)	18,175 (*)	17,348	103	17,356	17,459
TOTAL	319,451	18,175	337,626	166,894	17,356	184,250

(*) Of which, income from subsidiaries under the tax consolidation agreement: 17,958 thousand euros.

2.12 Tax position

Christian Dior SA is the parent company of a tax group comprising certain of its French subsidiaries.

For 2006, the tax consolidation group included Christian Dior SA, Christian Dior Couture, Jardins d'Avron, Financière Jean Goujon, Sadifa and CD Investissements. The tax consolidation group was modified as of 01/01/2007 with the addition of Ateliers Modèles and Petit Canclaux, fully-owned subsidiaries of Christian Dior Couture. Petit Canclaux was removed from the tax consolidation group with retroactive effect as of 01/01/2007 following a universal asset transfer.

The tax position of these subsidiaries with respect to Christian Dior, insofar as their remain part of the consolidation tax group, remains identical to that which would have been reported if the subsidiaries had been taxed individually.

The additional tax saving or expense, in the amount of the difference between the tax recognized by each of the companies and the tax resulting from the determination of the taxable profit of the group, is recognized by Christian Dior SA.

The tax savings made in 2007 amounted to 17,958 thousand euros; the amount of the savings in 2006 came to 17,416 thousand euros.

As of December 31, 2007, the ordinary loss of the Group amounted to 87,210 thousand euros, and can be carried forward indefinitely.

III. OTHER INFORMATION

3.1 Tax litigation

A provision of 570 thousand euros has been kept in order to cover the litigation risks following the tax audit for the years 1993 and 1994.

A bank guarantee, amounting to 570 thousand euros, was set up in 1999.

This provision was partially reversed in 2007 by the amount of the tax relief granted, i.e. 343 thousand euros.

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3.2 Financial commitments

Hedging instruments

Christian Dior SA uses various interest-rate hedge instruments on its own behalf that comply with its management policy. The aim of this policy is to hedge against the interest rate risks on existing debt, while ensuring that speculative positions are not taken.

The types of instruments outstanding as of December 31, 2007 and the underlying amounts (excluding short term amounts) are broken down as follows:

(EUR thousands)	Maturity					Fair value
	2008	2009	2010	2011	2012	12.31.07
Fixed rate payer swaps	–	–	360,000	–	–	10,344
Floating rate payer swaps	117,467	–	–	–	–	(966)

Direct and indirect subsidiaries

Christian Dior SA stood security for the renewal of a credit line granted to Christian Dior Hong Kong amounting to 7 million euros.

3.3 Lease commitments

The Company has not made any commitments in the area of leasing transactions.

3.4 Compensation of management bodies

The gross amount of compensation of management bodies paid to members of the management bodies for the 2007 fiscal year was 105 thousand euros.

3.5 Identity of the companies consolidating the accounts of Christian Dior SA

COMPANY NAME	REGISTERED OFFICE	
Financière Agache	11, rue François 1 ^{er}	75008 PARIS
Groupe Arnault	41, avenue Montaigne	75008 PARIS

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Subsidiaries and investments as of December 31, 2007

(EUR thousands)	Share capital	Equity other than share capital and excluding net profit	% share capital held
A. Details involving the subsidiaries and investments below			
Subsidiaries			
Financière Jean Goujon	1,005,294	2,008,129	100.00%
Sadifa	81	1,447	99.66%
Christian Dior Couture	126,653	328,542	99.99%
CD Investissements	50	5	100.00%
B. General information involving the other subsidiaries and investments			
Other investment			0.283%

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Carrying amount of share held		Loans and advances provided	Deposits and sureties granted	Revenue excluding taxes	Net profit (loss)	Dividends received
Gross	Net					
3,478,680	3,478,680	–	–	–	300,624	351,853
836	836	–	–	61	(23)	–
362,285	362,285	–	–	530,331	36,374	25,014
75	75	–	–	–	(5)	–
23,484	6,066	–	–	–	–	5,123

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Investment portfolio, other investment securities and short term investments

(EUR thousands)	As of December 31, 2007	
	Number of securities	Net book value
French investments		
Financière Jean Goujon shares	62,830,900	3,478,680
Christian Dior Couture shares	7,915,802	362,285
Sadifa shares	5,019	836
CD Investissements shares	5,000	75
OGIF partnership shares	480	1
EQUITY INVESTMENTS (shares and partnership shares)		3,841,877

(EUR thousands)	As of December 31, 2007	
	Number of securities	Net book value
Other investment securities in France		
Valmyfin partnership shares	10,000	6,066
OTHER INVESTMENT SECURITIES (shares and partnership shares)		6,066

(EUR thousands)	As of December 31, 2007	
	Number of securities	Net book value
Treasury shares	3,410,748	193,301
SHORT TERM INVESTMENTS	3,410,748	193,301
TOTAL INVESTMENTS, OTHER INVESTMENT SECURITIES AND SHORT TERM INVESTMENTS		4,041,244

	At beginning of period	Increase	Decrease	At end of period
Number of treasury shares	4,181,629	764,815	1,535,696	3,410,748
TOTAL	4,181,629	764,815	1,535,696	3,410,748

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Company results over the last five fiscal years

(EUR thousands)	2003	2004	2005	2006	2007
SHARE CAPITAL AT YEAR-END					
Share capital	363,454	363,454	363,454	363,454	363,454
Number of ordinary shares outstanding	181,727,048	181,727,048	181,727,048	181,727,048	181,727,048
Maximum number of future shares to be created:					
• through exercise of equity warrants	–	–	–	–	–
• through exercise of share subscription options	–	–	–	–	–
OPERATIONS AND PROFIT FOR THE YEAR					
Revenue	–	–	14	14	14
Profit before taxes, employee profit-sharing, depreciation, amortization and movements in provisions	105,392	131,082	148,653	172,742	321,833
Income taxes	(9,320)	(12,773)	(17,943)	(17,356)	(18,175)
Employee profit-sharing to be paid for the period	–	–	–	–	–
Profit after taxes, employee profit-sharing, depreciation, amortization and movements in provisions	127,407	138,231	166,439	184,250	337,626
Profit distributed as dividends ⁽¹⁾	158,103	176,275	210,803	256,235	292,581
EARNINGS PER SHARE (euros)					
Earnings per share after taxes and employee profit-sharing but before depreciation, amortization and provisions	0.63	0.79	0.92	1.05	1.87
Earnings per share after taxes and employee profit-sharing, depreciation amortization, and movements in provisions	0.70	0.76	0.92	1.01	1.86
Net dividend distributed per share ⁽²⁾	0.87	0.97	1.16	1.41	1.61
EMPLOYEES					
Average number of employees	1	1	–	–	–
Total payroll (EUR thousands)	15	17	–	–	–
Amount paid in respect of social security (EUR thousands)	5	5	6	6	6

(1) Amount of the distribution resulting from the resolution of the Shareholders' Meeting, before the effect of Dior treasury shares as of the date of distribution. Board of Directors' proposal for 2007.

(2) Before the effect of tax regulations applicable to beneficiaries and net, for the 2003 dividend and the 2004 interim dividend, of the amount of the tax credit.

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STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

FISCAL YEAR ENDED DECEMBER 31, 2007

MAZARS & GUERARD
Tour Exaltis
61, rue Henri Regnault
92400 Courbevoie
S.A. with share capital of €8,320,000

Statutory auditors
Member of the Versailles
regional organization

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

Statutory auditors
Member of the Versailles
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To the Shareholders,

In accordance with our appointment as Statutory Auditors by your Annual General Meeting, we hereby report to you for the year ended December 31, 2007 on:

- the audit of the accompanying financial statements of Christian Dior,
- the justification of our assessments,
- the specific procedures and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of December 31, 2007 and of the results of its operations for the year then ended, in accordance with French accounting regulations.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with Article L. 823-9 of the French Commercial Code (*Code de commerce*) governing the justification of our assessments, we hereby report on:

Note 1.3 ("Accounting policies and methods") to the financial statements which sets out the accounting principles and methods applicable to non-current financial assets. In the context of our assessment of the accounting principles used by your Company, we have verified the appropriateness of the above-mentioned accounting methods and that of the disclosures in the notes to the financial statements and have ascertained that they were properly applied.

Christian Dior

The assessments on these matters were performed in the context of our audit approach for the financial statements taken as a whole and therefore contributed to the expression of the unqualified opinion in the first part of this report.

III. SPECIFIC PROCEDURES AND DISCLOSURES

We have also performed the other procedures required by law in accordance with professional standards applicable in France.

We have no matters to report as to:

- the fair presentation and consistency with the financial statements of the information given in the Board of Directors' report and in the documents addressed to shareholders with respect to the financial position and the financial statements,
- the fair presentation of the information given in the Board of Directors' report on the compensation and benefits paid to relevant Company Officers as well as commitments granted in their favor when they assumed, changed or terminated duties or subsequent thereto. Furthermore, we report that, as indicated in the Board of Directors' report, this information relates to compensation and benefits paid or incurred by your Company and the companies which it controls.

Pursuant to the law, we have verified that the Board of Directors' report contains the appropriate disclosures as to the identity of and percentage interests and votes held by shareholders.

Courbevoie and Paris-La Défense, March 10, 2008

The Statutory Auditors

MAZARS & GUERARD

ERNST & YOUNG Audit

Denis Grison

Jeanne Boillet

Christian Dior

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

FISCAL YEAR ENDED DECEMBER 31, 2007

MAZARS & GUERARD
Tour Exaltis
61, rue Henri Regnault
92400 Courbevoie
S.A. with share capital of €8,320,000

Statutory auditors
Member of the Versailles
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ERNST & YOUNG AUDIT
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex
S.A.S. with variable share capital

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To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present our report on related party agreements and commitments, in addition to those authorized as of February 8, 2008.

Pursuant to Article L. 225-40 of the French Commercial Code (*Code de commerce*), the following agreements and commitments, previously authorized by the Board of Directors of your Company, have been brought to our attention.

The terms of our engagement do not require us to identify such other agreements or commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the significance attached to these agreements and commitments and to their related approval.

We conducted our procedures in accordance with professional standards applicable in France; those standards require that we agree the information provided to us with relevant source documents.

With Mr. Sidney TOLEDANO

Nature, purpose and conditions

Agreement specifying the consideration to be awarded to Mr. Sidney Toledano conditioned upon his observance of the non-competitive clause contained within his employment contract. In the event of his departure, he would receive, for a period of twenty-four months, a payment equivalent to the monthly average of the gross salary he earned over the twelve months preceding his departure. This agreement was authorized by your Company's Board of Directors on February 8, 2008.

Furthermore, in accordance with the French Commercial Code, we were informed that the following agreements and commitments, approved during previous fiscal years, were still in effect during the past year.

1. With LVMH

Nature and purpose

Service agreement.

Christian Dior

Conditions

This service agreement entered into with LVMH for the provision of legal services, particularly for corporate law issues and the management of Christian Dior's Securities Department, was maintained in 2007. Under this agreement, the compensation paid by your Company in 2007 was 45,750 euros excluding taxes.

Nature and purpose

Financing operation.

Conditions

In 2003, your Board of Directors authorized the implementation of a financing operation for your Company, backed by a first-rate banking institution, through a general partnership (*société en nom collectif*, SNC), with your Company and LVMH as partners. In connection with this operation, this SNC subscribed for two bond issues carried out by your Company, totaling 123 million euros and by LVMH, with each one of the partners committed to ensuring the conclusion of the operation on maturity based on a pro rata of their respective stakes in the SNC.

The amount of interest paid by your Company totaled 5,692,607 euros in fiscal year 2007.

2. With Groupe Arnault S.A.S.

Nature and purpose

Service agreement.

Conditions

A service agreement concerning financial services, the management of cash requirements and surpluses, accounting methods, tax, financial engineering, and human resources and personnel management assistance has been concluded between your Company and Groupe Arnault S.A.S. In this respect, your Company paid a total of 2,876,220 euros net of tax to Groupe Arnault S.A.S. for the fiscal year ended December 31, 2007.

Courbevoie and Paris-La Défense, March 10, 2008

The Statutory Auditors

MAZARS & GUERARD

ERNST & YOUNG AUDIT

Denis Grison

Jeanne Boillet