

Christian Dior

CONSOLIDATED FINANCIAL STATEMENTS

Christian Dior

CONSOLIDATED HIGHLIGHTS

in millions of euros	1996	1997	1998	1999	2000
Net sales	4,932	7,513	7,130	8,758	11,867
Income from operations*	1,092	1,275	1,181	1,551	1,967
Income before taxes*	1,017	1,179	969	1,415	1,652
Net current income before goodwill amortization, Group share	282	300	184	295	320
Net income, Group share	191	246	47	264	251

* Adjusted retroactively to account for restatements.

euros					
Net current income before goodwill amortization, per share*	1.68	1.78	1.04	1.63	1.77

* Adjusted to reflect the nominal split by four carried out on 07/03/2000.

in millions of euros					
Total assets	17,042	20,091	21,422	26,330	28,435
Shareholders' equity	3,358	3,595	3,724	3,887	3,972
Cash generation*	853	1,155	517	922	1,122

* Adjusted retroactively to account for restatements.

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CONSOLIDATED BALANCE SHEET

in millions of currency units, at December 31

ASSETS	Notes	2000 FRF	2000	1999 Euros	1998
Current assets					
Cash and equivalents	5	4,787	730	664	672
Short-term investments	5	8,700	1,326	187	218
Treasury shares	4	8,989	1,370	903	244
Trade accounts receivable	5	10,992	1,676	1,476	1,153
Net deferred taxes		1,768	269	275	208
Inventories and work-in-progress	6-27	22,503	3,431	2,988	2,603
Other receivables		10,597	1,616	1,912	726
Total current assets		68,336	10,418	8,405	5,824
Fixed assets					
Investments in companies accounted for by the equity method	7	155	24	14	10
Other investments securities	8	13,455	2,051	4,217	3,777
Other financial fixed assets		2,710	413	261	199
		16,320	2,488	4,492	3,986
Property, plant and equipment	9	38,261	5,833	4,987	4,232
Depreciation		(13,616)	(2,076)	(1,758)	(1,530)
		24,645	3,757	3,229	2,702
Goodwill	10	26,892	4,099	3,297	2,942
Amortization		(3,315)	(505)	(372)	(223)
		23,577	3,594	2,925	2,719
Brands and other intangible assets	11	54,861	8,364	7,409	6,294
Depreciation and amortization		(1,219)	(186)	(130)	(103)
		53,642	8,178	7,279	6,191
Total fixed assets		118,184	18,017	17,925	15,598
Total assets	28	186,520	28,435	26,330	21,422

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LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Notes</i>	2000 after attribution of income FRF	2000 after attribution of income	2000 before attribution of income	1999 after attribution of income Euros	1998 after attribution of income
Current liabilities						
Current portion of long-term financial borrowings	<i>12</i>	2,173	331	331	436	130
Short-term financial borrowings	<i>15</i>	38,166	5,818	5,818	5,255	3,547
Bank overdrafts	<i>15</i>	4,060	619	619	396	629
		44,399	6,768	6,768	6,087	4,306
Accounts payable		8,797	1,341	1,341	1,116	935
Other current liabilities		18,734	2,856	2,767	2,849	2,033
		27,531	4,197	4,108	3,965	2,968
Total current liabilities		71,930	10,965	10,876	10,052	7,274
Deferred taxes (over one year)		742	114	114	171	188
Medium- and long-term liabilities						
Repackaged notes	<i>14</i>	2,268	346	346	406	465
Long-term financial borrowings, less current portion	<i>12</i>	22,950	3,499	3,499	3,085	1,424
Other medium - and long-term liabilities and provisions	<i>15</i>	7,645	1,165	1,165	922	1,079
Total medium - and long-term liabilities		32,863	5,010	5,010	4,413	2,968
Minority interests in subsidiaries	<i>16</i>	54,933	8,374	8,374	7,807	7,268
Shareholders' equity						
Common stock		2,378	363	363	359	358
Retained earnings		24,093	3,673	3,562	3,586	3,429
Cumulative translation adjustment		(419)	(64)	(64)	(58)	(63)
Income for the year		(0)	(0)	251	-	-
Interim dividend		0	0	(51)	-	-
Total shareholders' equity	<i>16</i>	26,052	3,972	4,061	3,887	3,724
Total liabilities and shareholders' equity		186,520	28,435	28,435	26,330	21,422

(See notes to the consolidated financial statements).

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CONSOLIDATED STATEMENT OF INCOME

in millions of currency units
except for the earnings per share in currency units

	Notes	2000 FRF	2000	1999 Euros	1998
Net sales	19-27-28	77,840	11,867	8,758	7,130
Cost of goods sold		(28,292)	(4,313)	(3,200)	(2,614)
Gross margin		49,548	7,554	5,558	4,516
Development expenses	17	(358)	(55)	(76)	(88)
Marketing expenses		(28,243)	(4,305)	(2,999)	(2,448)
Administrative expenses		(8,048)	(1,227)	(932)	(799)
Income from operations	27-28	12,899	1,967	1,551	1,181
Net financial expenses	19	(3,065)	(467)	(254)	(210)
Dividends from unconsolidated affiliates		298	45	97	2
Other net revenues (expenses)		706	107	21	(4)
Income before income taxes		10,838	1,652	1,415	969
Income taxes	20	(4,164)	(635)	(555)	(466)
Share in income of companies accounted for by the equity method	7	(221)	(34)	(6)	62
Net income before goodwill amortization, (of which, Group share: ME: 2000: 320; 1999: 295 ; 1998: 184)		6 453	983	854	565
Net goodwill amortization	21	(862)	(131)	(93)	(88)
Net income before unusual items (of which, Group share: ME: 2000: 262; 1999: 254; 1998: 144)		5,591	852	761	477
Unusual items	22	227	35	41	(283)
Net income, including minority interests		5,818	887	802	194
Minority interests		(4,172)	(636)	(538)	(147)
Net income, Group share		1,646	251	264	47
Net income before goodwill amortization, per share		11.59	1.77	1.63	1.04
Number of shares used for calculation of per share data*		181,261,048	181,261,048	180,676,580	176,997,064
Fully diluted net income before goodwill amortization per share		11.56	1.76	1.63	1.03
Number of shares used for calculation of per share data*		181,665,063	181,665,063	181,465,508	179,270,584

* Amounts adjusted to reflect the nominal split by four carried out on 07/03/2000.

(See notes to the consolidated financial statements).

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CONSOLIDATED STATEMENT OF CASH FLOW

in millions of currency units

	2000 FRF	2000	1999 Euros	1998
I - OPERATING ACTIVITIES				
Net income, Group share	1,646	251	264	47
Minority interests in net income	4,172	636	538	147
Elimination of share in net income of companies accounted for by the equity method	221	34	7	(59)
Dividends from companies accounted for by the equity method	14	2	1	87
Depreciation, amortization and net provisions	1,797	274	450	360
Capital (gains) losses on asset sales, net	(492)	(75)	(338)	(65)
Net cash provided from operating activities before changes in operating assets and liabilities	7,358	1,122	922	517
Change in current assets	(4,570)	(697)	(654)	(172)
Change in short-term liabilities	2,518	384	380	291
Net change in current assets and liabilities	(2,052)	(313)	(274)	119
Net cash provided by operating activities ①	5,306	809	648	636
II - INVESTING ACTIVITIES				
Purchases of brands and other intangible assets	(491)	(75)	(76)	(32)
Purchases of property, plant and equipment	(5,392)	(822)	(524)	(381)
Purchases of investment securities	(2,932)	(447)	(1,709)	(271)
Change in liabilities related to acquisitions of fixed assets	368	56	(6)	(1)
Proceeds from sales of fixed assets and investment securities	556	85	142	29
Changes in receivables related to the sale of fixed assets	6	1	16	-
Proceeds from sale of Diageo shares and transfer to short-term investments (2000)	13,199	2,012	1,560	473
Change in other non-current assets	(1,261)	(192)	(47)	(59)
Impact of changes in the scope of consolidation	(3,586)	(547)	(1,215)	(897)
Net cash used by investing activities ②	467	71	(1 859)	(1 139)
III - FINANCING ACTIVITIES				
Proceeds from share capital increases	71	11	60	263
Proceeds from short-term borrowings and long-term debt	20,181	3,077	4,798	1,177
Principal payments on short-term borrowings and long-term debt	(17,157)	(2,616)	(1,197)	(911)
Changes in short-term assets and liabilities	2,431	370	(975)	(90)
Net cash provided (used) by financing activities ③	5,526	842	2 686	439
IV - ACQUISITION AND SALE OF LVMH/DIOR SHARES ④	(2,428)	(370)	(730)	(22)
V - DIVIDENDS PAID DURING THE YEAR ⑤	(2,518)	(384)	(454)	(330)
VI - EFFECTS OF EXCHANGE RATE CHANGES ⑥	(59)	(9)	(97)	2
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS ① + ② + ③ + ④ + ⑤ + ⑥	6,294	959	194	(414)
Cash and cash equivalents at the beginning of the year	2,981	455	261	675
Cash and cash equivalents at the end of the year	9,275	1,414	455	261
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	6,294	959	194	(414)

The change in cash and cash equivalents during the period includes the change in cash and time deposits (net of cash overdrafts) and short-term investments, net of provisions for depreciation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - MAJOR DEVELOPMENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

In 2000:

Fashion and Leather Goods

- In July 2000, pursuant to the memorandum of agreement signed at year end 1999, LVMH acquired 51% of Fendi, the Italian group, at parity with the Prada group. EUR 404 million of the total EUR 564 million paid by the joint company correspond to the estimated value of the Fendi brand (LVMH's share), and EUR 92 million to goodwill (LVMH's share).

Fendi has been consolidated by proportionate integration since July 1 for 51%, 25,50% of which is for LVMH's share.

Perfumes and Cosmetics

- In 1999, LVMH acquired 70% of the American company BeneFit Cosmetics for EUR 67 million, the value of the BeneFit brand comprising the majority of the price paid. Other acquisitions in 1999 included 73% of the French company Make Up for Ever and 94% of the American cosmetics company Hard Candy; in 2000, LVMH acquired 100% of Urban Decay: these three investments represent a total amount of EUR 42 million. All these companies have been fully consolidated for the entire year.

Watches and Jewelry

- In addition to the investment in TAG Heuer, LVMH acquired the full capital of the watch companies Ebel and Zenith at the end of 1999, for EUR 19 and 75 million respectively, as well as 100% of Chaumet, the famous Paris jeweler, for EUR 47 million.

The values attributed to these brands are EUR 125 million for Ebel, 58 million for Zenith and 33 million for Chaumet.

These investments were consolidated as from January 1, 2000.

Selective Retailing

- Other acquisitions in addition to "Laguna", the Italian brand taken over at year-end 1999 by the Sephora subgroup, included the company that owns the Italian brand "Boidi" in February, and in July 100% and 50% respectively of the companies that own the Italian and Greek brands "Carmen" and "Beauty Shop". The total investment of EUR 154 million was considered representative of the value of these four brands. The corresponding goodwill is amortized over a period of ten to fifteen years. Investments in Laguna and Boidi have been consolidated for the whole year, those in Carmen and Marinopoulos as from July 2000.

- In January 2000, LVMH acquired Miami Cruiseline, an American group which sells luxury goods aboard cruise ships. The investment cost of EUR 361 million resulted in the recording of goodwill EUR 359 million amortized over 20 years. The investment is consolidated for the full year.

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Other activities

- At year end 1999, LVMH acquired the Phillips auction sale house for EUR 90 million. The stated goodwill of EUR 95 million is amortized over 30 years. Phillips has been consolidated from January 1, 2000.

In 1999:

Wines and Spirits

- In January, LVMH acquired the champagne house Krug for EUR 153 million; the difference between this price and the net book value was allocated to the value of the Krug brand for EUR 100 million. Krug was consolidated as from January 1 in the Champagne and Wines business group.
- The stake in Château d'Yquem was increased to 64% in April, and consolidated as from July 1 in the Champagne and Wine business group. The difference between the price paid of EUR 98 million and the net book value was allocated to the Yquem brand and the revaluation of the vineyards up to EUR 108 and 18 million, respectively (EUR 70 and 11 million, respectively for the Group share).

Fashion and Leather Goods

- The Group bought in March 1999 for USD 182 million the minority interests in the South East Asian subsidiaries of Louis Vuitton Malletier and Loewe. The corresponding goodwill, representing an additional share for the group in the unbooked value of the Louis Vuitton trademark, will be amortized over 40 years.
- In September, LVMH acquired through its subsidiary LV Capital 70% of the British company Thomas Pink, for GBP 42 million; this amount was allocated to the Thomas Pink brand for EUR 50 million, of which EUR 35 million for the Group share, and to an EUR 19 million residual goodwill to be amortized over 20 years. Thomas Pink has been consolidated in the Selective Retailing business group since October 1 and transferred in 2000 to the Fashion and Leather Goods business group.

Perfumes and Cosmetics

- Also in January the stake in Compagnie Financière Laflachère was increased to 52%; after the tender offer of February 1999 and the final withdrawal in December, Laflachère owned 99% of the group La Brosse et Dupont, listed before on the Paris stock exchange.

The total investment is EUR 90 million, EUR 62 million of which is recorded under goodwill, representing the La Brosse et Dupont "know-how" in the area of distribution; the goodwill will be amortized over 25 years. This activity has been consolidated in the Fragrances and Cosmetics business group since January 1.

Watches and Jewelry

- In September 1999 as part of the creation of a Watches and Jewelry business group, LVMH acquired on the Zurich market through a takeover bid more than 98% of the TAG Heuer group. The price of this acquisition of CHF 1.151 billion represents principally the value of the TAG Heuer brand. Tag Heuer was consolidated as from October 1 in Other Activities, as the Watches and Jewelry business group was not formed until 2000, and transferred from January 1, 2000.

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The other investments carried out and consolidated in the period included 70% of the company Bliss, 100% of the Swiss company Benedom, Radio Classique and Sid Editions, representing a total of EUR 97 million.

Finally, in 1999 the investments in the Champagne and Wines division in the Simi Winery (California) and Porto Rozès (Portugal), and the Cognac and Spirits division in Etablissements Pellisson were disposed of. These disposals resulted in a total capital gain of EUR 29 million.

In 1998:

- In 1994, Christian Dior raised its capital by EUR 433 million through the issuance of 6,170,000 shares with warrants for shares (Actions à bons de souscriptions d'actions or ABSAs). The warrants had to be exercised prior to June 30, 1998.

In 1998, 2,962,084 shares, for a value of EUR 217 million were created through the exercise of warrants.

Fashion and Leather Goods

- Louis Vuitton SA, a subsidiary of the holding LVMH, purchased and subsequently cancelled all its own shares held outside of LVMH, representing 2.95% of equity, of which 2.90% was held by BM holding. The shares were purchased for EUR 274 million, resulting in goodwill of EUR 213 million. The brands owned by Louis Vuitton are either recorded at historical value if acquired or not recorded if developed by the Group. The goodwill resulting from this shares buy back represents the increase of the Group share in the historical value of Louis Vuitton brands and therefore will be amortized over 40 years.

- In December 1998, as a result of the public offer by purchase or share exchange, LVMH acquired 99% of Belle Jardinière, a real estate company listed on the second market in Paris. The Belle Jardinière shareholders received EUR 7 million and 1,093,066 shares of LVMH stock initially acquired by LVMH for EUR 180 million. At this date, BM holding owned 86% of Belle Jardinière. The purchase price was allocated to the value of the real estate assets. The Belle Jardinière was fully consolidated as of December 31, 1998.

Selective retailing

- In June 1998, LVMH acquired from BM Holding, its principal shareholder via Christian Dior, the distribution business and real estate assets of Le Bon Marché valued at EUR 259 million. This acquisition was financed by a share capital increase representing approximately 1.51% of the LVMH's expanded share capital. The price paid has been allocated mainly to the real estate assets. Le Bon Marché was fully consolidated since June 1, 1998.

- In July, LVMH acquired for EUR 118 million Marie Jeanne Godard, a specialised distribution network for fragrances and cosmetics consisting of approximately 80 shops in France. The majority of the acquisition price was treated as a complement to the Sephora goodwill and similarly will be amortized over 30 years.

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Pro forma data and impact on cash position

A simplified pro forma income of statement is presented below for the 1999 and 2000 financial periods on the basis of a consolidation scope presenting the changes in group composition that occurred during these periods as completed at January 1, 1999:

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- In 2000: the integration of Fendi; the first consolidation of Make Up for Ever, Hard Candy, BeneFit and Urban Decay; Miami Cruiseline, Laguna, Boidi, Carmen and Marinopoulos, Ebel, Zenith and Chaumet and Phillips.

- In 1999: the acquisitions of Laflachère, Krug, Bliss, Château d'Yquem, Benedom, Radio Classique, SID Editions, TAG Heuer and Thomas Pink, acquisition of the minority interests of Louis Vuitton Malletier and Loewe subsidiaries in southeast Asia, and the sale of Simi Winery, Pellisson and Rozes.

These pro forma data do not necessarily represent the results that would have been reported in the consolidated accounts if the operations described had occurred at the indicated date. Nor can they be used to jump to conclusions as to the future evolution of Group consolidated results.

in EUR million	2000 pro forma	1999 pro forma
Net sales	11,985	9,793
of which:		
- <i>Christian Dior Couture</i>	296	220
- <i>Wines and Spirits</i>	2,336	2,234
- <i>Fashion and Leather Goods</i>	3,271	2,411
- <i>Perfumes and Cosmetics</i>	2,072	1,698
- <i>Watches and Jewelry</i>	615	579
- <i>Selective retailing</i>	3,335	2,602
Income from operations	1,985	1,609
Income before income taxes	1,667	1,406
Net income before goodwill, Group share	316	209
Net income before unusual items, Group share	258	165

The impact of changes in group consolidation scope in 2000 on the balance sheet at December 31, 2000 is as follows:

In EUR million			
Brands and other intangible assets	808	Minority interests	201
Goodwill	709	Net financial debt	1,057
Net tangible assets	98	Other short-term debt	277
Net inventories	197	Other long-term debt	401
Net trade receivables	109		
Other assets	15		
	1,936		1,936

The impact on Group cash of the changes in consolidation scope and net from the cash of acquired or disposed of companies, totaled EUR 547 million (compared with EUR 1,215 million in 1999).

This figure represents primarily investments in Fendi and Miami Cruise Line.

In 1999, the amount mainly represents the investments in TAG Heuer, Krug and the buyout of the minority interests of the distribution subsidiaries of Louis Vuitton Malletier in Southeast Asia.

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NOTE 2 - ACCOUNTING POLICIES

The consolidated financial statements of Christian Dior have been prepared in accordance with French accounting principles as defined by the French law of January 1, 1985. The new French regulation 99-02 by the Comité de Réglementation Comptable published on June 22, 1999, effective as from January 1, 2000, had no material impact on stockholders' equity and Group earnings.

The main accounting principles followed in the preparation of the consolidated financial statements are detailed below.

2.1 - Principles of consolidation

Companies in which Christian Dior has a direct or indirect controlling interest are fully consolidated.

For companies controlled jointly by Christian Dior and another party, only the portion of assets, liabilities and income from operations relating to Christian Dior Group is included in the consolidated financial statements (proportionate consolidation method).

The joint-distribution companies established with Diageo PLC are consolidated in proportion to the share of their balance sheets and income statements corresponding solely to LVMH activities.

Companies in which Christian Dior has a significant influence but does not own a controlling interest are accounted for by the equity method.

Consolidated companies are listed in Note 29.

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

a) Translation adjustments

The financial statements of foreign subsidiaries are translated as follows:

- balance sheet items at year-end exchange rates;
- statement of income items at average exchange rates prevailing during the year.

The resulting translation adjustments have been recorded in stockholders' equity under "cumulative translation adjustment".

b) Currency-denominated transactions

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of transactions.

Gains and losses from the translation of monetary assets and liabilities, denominated in foreign currencies at December 31 rates, are recognised in the statement of income.

Translation adjustments arising from foreign currency debt designated as hedges of long-term investments in the same currency are recorded in shareholders' equity under "cumulative translation adjustment".

c) Forward exchange and option contracts

Forward exchange and option contracts are revalued using the rate on December 31.

Unrealised gains and losses resulting from the revaluation are either:

- used to offset gains or losses on the assets or liabilities that these contracts are designated to hedge;

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- deferred if they are designated to hedge future transactions; or
- posted to income if they were not designed as hedges.

Deferred unrealised gains and losses are recorded under “Other receivables” and “Other current liabilities”.

d) Hedging

Translation adjustments resulting from hedges related to an operating asset or liability are posted to income from operations apart from advances and deferrals on future transactions, which are recognised to financial income on a pro rata basis. The impact of foreign currency hedges related to a financial asset or liability is recognised to financial income.

e) Interest rate swaps

Revenues and expenses on interest rate swap contracts, future agreements and collars are recognised to income on a pro rata basis over the life of the contracts.

If the maturity of interest rate swap contracts is longer than the maturity of the transactions they are designed to cover, unrealised losses at the end of the year, if any, are recorded in the statement of income. Unrealised gains are not accounted for.

2.3 - Brands and other intangible assets

Brands and other intangible assets are recorded at acquisition cost, plus goodwill if applicable.

Only brands which are well known and established, individually identifiable, and the value of which may be measured over time, are assigned values in the Company’s financial statements, based on criteria specific to the activity involved and their direct profitability.

Expenses incurred for creating a new brand or boosting an existing one have been recorded under expenses.

Depending on the sector of activity, the valuation methods correspond to either the capitalisation of net or marginal income (after tax), a multiple of net sales or a combination of the two.

Capitalisation and sales multiples are based on:

- the longevity of the brand name;
- its estimated remaining life;
- its strength;
- previous sales transactions.

Brands are not amortized. A provision for amortization is recorded only in those instances where a permanent impairment of value, using the same criteria established at the date of the acquisition, arises.

Other intangible assets are stated at cost and amortized on a straight-line basis over their estimated useful lives:

- leasehold length of lease
- software 1 to 5 years

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2.4 - Goodwill

Goodwill is recorded whenever the purchase price differs from the fair value of the Group's share in underlying net assets at the acquisition date. This calculation is conducted after restatements required to harmonise the financial statements of acquired businesses with Group accounting standards, and revaluation of assets and liabilities whose effective value differs from their book value as of the date of their acquisition.

In the case of the selective retailing activity, intangible assets acquired, such as brands and market shares, are not differentiated from goodwill.

The difference is broken down into specific amounts assigned to assets and liabilities, and the balance is posted to goodwill if it is positive or to provisions for risks if it is negative.

For all acquisitions subsequent to January 1, 2000, goodwill is recorded in the functional currency of the acquired company. It was previously reported in euros.

Goodwill is amortized over periods ranging from five to forty years. Whenever future cash flows differ significantly from the performance expected at the time of acquisition, a provision for loss of value is written.

Businesses acquired under French regulation are amortized over periods not exceeding eighteen years.

2.5 - Property, plant and equipment

Property, plant and equipment is stated at acquisition cost, including valuation differences.

Assets acquired under capital lease contracts are recorded as property, plant and equipment and the corresponding debt as a liability.

Depreciation is computed using the straight-line method at rates calculated on the basis of the estimated useful lives of the assets concerned as follows:

- buildings 20 to 50 years
- machinery and equipment 3 to 20 years
- store fixtures 3 to 10 years
- producing vineyards 18 to 25 years
- other 3 to 10 years

Vineyard preparation and development costs are capitalized until the vineyards become commercially productive (generally three years) and are included in construction in progress.

2.6 - Financial fixed assets

Unconsolidated subsidiaries and equity interests, along with investment securities, are recorded as financial fixed assets at acquisition cost. A provision for depreciation is recorded when their fair value falls below cost.

The utility value of interest is measured on the basis of criteria, such as the par value, market price or potential return; these criteria are chosen in terms of their effect on strategy or synergies with existing activities.

2.7 - Inventories and work-in-progress

Inventories are stated at the lower of cost or market. Cost for the major part of inventories is determined either on the weighted average cost method or the FIFO (first-in, first-out) method.

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A substantial portion of inventories will not be sold within one year due to the length of the aging process for champagne and cognac but, in accordance with the industry practice, is classified as a current asset.

Interest expense is not included in the valuation of inventories.

2.8 - Trade accounts receivable and other receivables

Receivables are recorded at face value. Provisions are recorded when their fair value, based on the probability of payment, falls below face value.

2.9 - Treasury shares

Treasury shares are recorded at acquisition cost.

Are included as assets in the balance sheet treasury shares held as part of share price regularization programs or stock option plans, as well as shares held by subsidiaries as short-term investments.

The LVMH treasury shares held by LVMH SA or its subsidiaries and the DIOR treasury shares held by Christian Dior SA in the perspective of a long-term investment, cancellation or exchange, are considered fixed assets and are deducted from the shareholders' equity, including realised gains and losses. Until 1999 only treasury shares held by LVMH SA were deducted from shareholders' equity, pursuant to regulation in force at the time.

Shares acquired as part of share price regularization programs or as short-term investments are assimilated to cash and equivalents (see 2.10 below).

2.10 - Short-term investments

Short-term investment and equivalent receivables (investment fund, units, cash management unit trust, etc.) are recorded at acquisition cost. Provisions are recorded when market value falls below book value.

Market value is determined for listed securities by reference to the average price quoted on the related stock exchange during the last month of the year, translated at the exchange rate on the balance sheet date, if applicable. Market value of non-listed securities is based on published values or estimated realisable value.

Net realised income or loss on partial sale of a holding in securities is calculated based on the FIFO method.

2.11 - Cash and equivalents

Cash and equivalents include cash in banks and short-term deposits readily available, excluding restricted deposits.

2.12 - Bond borrowings

Issuance expenses and redemption premiums on convertible bond borrowings are treated in a similar manner as financial expenses, based on the number of bonds outstanding.

Provisions for redemption premiums are recorded each year and posted to "Long-term financial borrowings".

Premiums resulting from the issue of bonds above their par value are offset against issuance expenses.

Issuance expenses relating to repackaged notes are amortized over 15 years.

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2.13 - Development expenses

Development expenses are generally expensed in the year they are incurred.

2.14 - Income taxes- Deferred taxes

Deferred income taxes are provided for on temporary differences arising between the financial reporting and tax reporting of certain transactions.

Deferred income taxes arising from these temporary differences are recorded using the liability method at the enacted rate of tax known at the end of the year.

Income taxes that would become payable in the event of distribution of retained earnings of foreign subsidiaries have been provided for where a distribution is likely.

2.15 - Income from operations; other income and expense; unusual items

The Group's main business is the management and development of its brands and retail outlets. Income from operations is derived from these activities, be they recurring or non recurring operations, main or incidental.

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

Other income and expense of a material amount and of an exceptional nature are recorded as unusual items.

Income before taxes is equivalent to the French notion of "current income of integrated companies" (Résultat courant des entreprises intégrées).

Net income before amortization of goodwill and unusual items comprises income net of taxes, excluding goodwill amortization expense and unusual items.

2.16 - Earnings per share

Calculation of consolidated earnings per share is based on the weighted average number of shares outstanding during the year.

Fully diluted earnings per share are calculated using the same method, including the weighted average number of shares which would result from the exercise of stock options currently outstanding. This calculation takes into account the corresponding reduction in financial expenses and income tax impact.

2.17 - Pension, retirement and other employee commitments

Contributions to employees severance payments are paid to third-party organisations which are liable for the disbursement of benefits, and are expensed as incurred. The group has no actuarial liability under such plans.

Where specific retirement plans or other commitments exist which are the group's responsibility, the corresponding actuarial obligations are charged to income on the basis of rights acquired by employees, either by way of provisions listed under "other medium- and long-term debt and provisions" or by contribution to independent organisations which pay the benefits.

2.18 - Sales repurchase commitments

Companies in the Fragrances and Cosmetics business group repurchase from their customers certain unsold or out-of-date products. Reserves are provided on the basis of percentage of annual sales to cover the costs of such repurchased products.

Christian Dior

NOTE 3 - CASH AND EQUIVALENTS - SHORT-TERM INVESTMENTS

A - Cash and equivalents

in millions of euros	2000	1999	1998
Term deposits (more than 3 months)	12	19	1
Term deposits (less than 3 months)	132	107	269
Demand deposit	586	538	402
Net value	730	664	672
of which, restricted cash	13	4	4

At December 31, 2000, listed shares included for respectively, EUR 126 and 956 million, 12,500,000 shares in Diageo Plc (UK) and 18,465,940 in Bouygues SA (France).

B - Short-term investments

in millions of euros	2000	1999	1998
Listed securities	1,133	62	169
Mutual funds	154	94	18
Negotiable debt instruments and other unlisted securities	86	61	72
Allowances	(47)	(30)	(41)
Net value	1,326	187	218
Market value of short-term investments	1,397	189	218
of which, market value of listed securities and mutual funds	1,276	125	144

NOTE 4 - TREASURY SHARES

At December 31, 2000:

- LVMH holds 22,398,605 shares, of which 4,653,990 were held for stock option plans and 17,744,615 for market price stabilization purposes.
- Dior holds 2,456,620 shares, of which 1,912,400 were held for stock option plans and 544,220 for market price stabilization purposes.

The allocation of LVMH and DIOR shares is as follows:

in millions of euros	2000	2000	1999	1998
	Number	Amount		
Less than one year:				
• for stock option plans	6,566,390	171	128	181
• for market price stabilization:				
- gross value	18,288,835	1,199	775	69
- allowances				(6)
Total	24,855,225	1,370	903	244

Christian Dior

In 2000 the portfolio of Christian Dior shares evolved as follows:

in millions of euros	Market price stabilization		Stock option plans	
	Number	Amount	Number	Amount
At January 1, 2000	102,639	12	380,400	38
Four-for-one stock split	307,917	–	1,141,200	–
Purchases	133,664	8	400,800	23
Exercise of options	–	–	(10,000)	–
At December 31, 2000	544,220	20	1,912,400	61
Market value		28		

The market value is based on the average price for the month of December of Dior's share, i.e. EUR 50.83.

The number of shares for the period prior to July 3, 2000 has been adjusted to reflect the four-for-one stock split.

NOTE 5 - TRADE ACCOUNTS RECEIVABLE

in millions of euros	2000	1999	1998
Gross value	1,749	1,531	1,200
Allowances	(73)	(55)	(47)
Net value	1,676	1,476	1,153

At December 31, 2000, an outstanding amount of EUR 58 million was securitized under a "Daily" agreement (nil, at December 31, 1998 and 1999).

NOTE 6 - INVENTORIES AND WORK-IN-PROGRESS

in millions of euros	2000	1999	1998
Merchandises	744	554	319
Finished products	1,032	852	682
	1,776	1,406	1,001
Wines and distilled alcohol in the process of aging	1,618	1,612	1,596
Other raw materials and work-in-progress	392	190	194
	2,010	1,802	1,790
Gross value	3,786	3,208	2,791
Allowances	(355)	(220)	(188)
Net value	3,431	2,988	2,603

Christian Dior

NOTE 7 - INVESTMENTS IN COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

A - Value of investments in companies accounted for by the equity method

in millions of euros	2000	1999	1998
eLuxury	-	2	-
Other	24	12	10
Total	24	14	10

B - Group share in net income of companies accounted for by the equity method (included in value)

in millions of euros	2000	1999	1998
Diageo	-	-	61
eLuxury	(38)	(8)	-
Other	4	2	1
Total	(34)	(6)	62

Diageo shares: see note 8 - Other Investment Securities.

NOTE 8 - OTHER INVESTMENT SECURITIES

in millions of euros	2000		1999		1998	
	Gross	Allowances	Gross	Allowances	Gross	Allowances
• Diageo Plc	-	-	1,967	-	3,263	-
• Gucci group NV	1,256	-	1,256	-	170	-
• LVMH treasury shares	156	-	210	-	77	-
• Other investments	624	(120)	326	(26)	304	(37)
Unconsolidated investments	2,036	(120)	3,759	(26)	3,814	(37)
Investments acquired in 2000 (or 1999) and consolidated in 2001 (or 2000)	135	-	484	-	-	-
Total	2,171	(120)	4,243	(26)	3,814	(37)

Christian Dior

1- Unconsolidated investments

	Group investment %	Net cost of shares	Divi dends received by the group	Net assets (1)	Net income (1)	Market value at 12/31/00
in millions of euros						
OC Clarins 0% 1997	NA	119	–	324	47	104
Tod's Spa (Italy)	4	47	–	116	21	47
Video Networks Ltd (UK)	14	40	–	72	(24)	–
Oxygen Media (USA)	10	37	–	252	(74)	–
Grand Marnier SA (France)	10	23	1	151	18	29
Various investments Internet Funds (USA)	less than 20	19	–	ND	ND	–
Prost development NV (Netherlands)	10	19	–	ND	ND	–
Other investments		20	–			–
Investments less than 20%		324	1			
Gucci Group NV (Netherlands)	see comments	1,256	9	3,843	310	1,898
SFMI Micromania SA (France)	35	40	–	35	1	–
Pechel Industries SA (France)	43	33	–	97	6	–
Fininfo SA (France)	21	23	1	44	7	109
Inter Parfums Inc. (USA)	21	19	–	52	5	15
Other investments		34	–			–
Investments between 20% and 50%		1,405	10			
Other investments		31	–			
Investments greater than 50%		31	–			
LVMH treasury shares		156	–			
Unconsolidated investments		1,916	11			

(1) Data prior to 12/31/00.

The afore mentioned investments, held more than 20%, are not consolidated considering the fact that the Group has no significant influence or that these investments are considered as available for sale assets.

Diageo stock

In addition to the partnership regarding the distribution of their goods, LVMH and Diageo have maintained reciprocal capital investments for several years. At December 31, 2000 Diageo has a 34% stake in Moët Hennessy, a holding of LVMH "Wines and Spirits" business group. At December 31, 1999, LVMH had a 6.87% stake in Diageo, reduced to under 0.5% at December 31, 2000.

LVMH's equity interest in Guinness has historically been 20% ; its interest in Diageo (which has been gradually reduced since 1997) was consolidated under the equity method until June 30, 1998.

In May 2000 the residual investment in Diageo was reclassified as short-term investments.

Christian Dior

Gucci stock

At the beginning of fiscal 1999, LVMH increased its interest in Gucci by an additional investment of EUR 1.1 billion, to reach 34.4% of Gucci's capital. This investment would be reduced to approximately 20% if the capital increase decided by Gucci on March 19, 1999 was validated.

LVMH has undertaken legal action concerning the validity of the two reserved capital increases carried out on February 18 and March 19, 1999. Following decisions handed down on March 22 and May 27, 1999 by the Commercial Section of the Amsterdam Court of Appeal, which confirmed the cancellation of the voting rights resulting from the February 18, 1999 equity issue, and recognised the faults committed by Gucci and PPR (Pinault-Printemps-Redoute) at the expense of LVMH, LVMH filed appeals before the Supreme Court of the Netherlands and the District Court of Amsterdam. The primary purpose of the appeals is to obtain the cancellation of the reserved capital increase decided by Gucci on March 19, 1999 and failing cancellation, to obtain full compensation for the loss suffered by LVMH following PPR's obligation to launch a takeover bid on Gucci.

The Supreme Court has since accepted LVMH's plea, and the case has been sent back for judgement in the Commercial Section of the Court of Appeal.

On March 8, 2001 the Commercial Section of the Amsterdam Court, recognising the existence of serious doubts regarding the conditions under which the Pinault Group agreements were made on March 19, 1999, ordered an investigation. The court selected three prominent Dutch nationals to carry out this investigation: Messrs. Rijkels, Jacobs and Honée, who were to examine Gucci's business management and operation, first on the occasion of the ESOP in February 1999 to neutralize the voting rights of LVMH, and second the conclusion of agreements which had enabled the Pinault Group to buy 42% of Gucci's capital. The Commercial Section of the Court particularly asked the investigators to find out if sufficient attention has been paid to the legitimate interests of Gucci shareholders. As the Court pointed out, due to the PPR agreements:

- a) Gucci shareholders were deprived of their preemptive share rights ;
- b) a substantial portion of Gucci's control was transferred to PPR "contrary to Gucci's previously declared wish to stay independent";
- c) Gucci did not ask PPR to launch a 100% takeover bid and/or the payment of the other shareholders of a control bonus;
- d) the price of USD 75/share paid by PPR is considerably lower than that quoted by Gucci in the context of its negotiations concerning a possible takeover bid by LVMH;
- e) Gucci did not require an immediate capital influx of USD 3 billion in the absence of a strategic plan requiring such an amount, and therefore the additional capital had produced a diluting effect.

The investigators are expected to submit their findings within approximately six months. This will enable the Commercial Section of the court to decide whether the PPR agreements are null and void before year-end 2001.

Christian Dior

2 - Investments made in 2000, consolidated in 2001

in millions of euros	Group investment %	Net cost of shares	Net assets (2) (3)	Net income (3)	Sales
SA des Grands Magasins de la Samaritaine (France) (1)		30	43	33	142
Newton Vineyards (USA)	60	27	11	1	6
Emilio Pucci SRL (Italy)	95	25	–	(1)	8
Fresh Inc (USA)	65	19	3	–	7
Other		34			
Total		135			

(1) Deposit paid since the acquisition was completed in January 2001.

(2) Parent company or consolidated stockholders' equity before revaluation resulting from the economic allocation of the price paid by the LVMH Group.

(3) The accounting data provided relate to financial year 1999.

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

in millions of euros	2000		1999		1998	
	Gross	Depre- ciation	Gross	Depre- ciation	Gross	Depre- ciation
Land	628	(36)	552	(36)	520	(35)
Vineyards land and producing vineyards	541	(48)	532	(43)	497	(39)
Buildings	1,923	(592)	1,768	(513)	1,542	(459)
Machinery and equipment	1,333	(896)	1,193	(790)	1,044	(681)
Other tangible assets	1,191	(504)	847	(376)	569	(316)
Construction in progress	217	–	95	–	60	–
Total	5,833	(2,076)	4,987	(1,758)	4,232	(1,530)
of which, assets acquired or refinanced under capital leases	305	(78)	296	(76)	208	(64)

Changes from our financial period to another are analysed as follows:

in millions of euros	2000		1999		1998	
	Gross	Depre- ciation	Gross	Depre- ciation	Gross	Depre- ciation
Balance at the beginning of year	4,987	(1,758)	4,232	(1,530)	3,178	(1,287)
Acquisitions	788	–	631	–	325	–
Disposals	(177)	125	(161)	125	(104)	63
Depreciation expense	–	(364)	–	(266)	–	(190)
Effect of change in consolidation scope	159	(53)	92	(17)	903	(141)
Effect of change rate fluctuations	76	(26)	193	(70)	(70)	25
Balance at end-year	5,833	(2,076)	4,987	(1,758)	4,232	(1,530)

Acquisitions in the year primarily concerned investments in Louis Vuitton, DFS and Sephora retail networks.

Christian Dior

NOTE 10 - GOODWILL

in millions of euros	Amortization period	2000		1999		1998	
		Gross	Amortization	Gross	Amortization	Gross	Amortization
DFS - Galleria	40	2,061	(206)	2,061	(155)	2,061	(103)
Sephora	10 to 30	583	(54)	418	(30)	401	(16)
Louis Vuitton	40	365	(46)	365	(37)	207	(29)
Miami Cruiseline Services	20	359	(18)	-	-	-	-
Phillips	30	95	(3)	-	-	-	-
Fendi	30	92	(2)	-	-	-	-
Laflachère	20	63	(5)	62	(2)	-	-
Other		428	(158)	348	(138)	223	(66)
Total		4,046	(492)	3,254	(362)	2,892	(214)
Patented and proprietary products		53	(13)	43	(10)	50	(9)
Total		4,099	(505)	3,297	(372)	2,942	(223)

The EUR 583 million goodwill from the Sephora subgroup includes the value of several Fragrances and Cosmetics selective retailing brands: "Sephora", present in several European countries, "Carmen", "Laguna" and "Boidi" in Italy, and "Beauty Shop" in Greece.

Louis Vuitton's goodwill is not representative of a price paid for acquiring the brand since this was developed by the group; it is the result of successive acquisitions of minority interests in the different legal structures of the Louis Vuitton subgroup.

Goodwill amortization periods, ranging from five to forty years are determined according to the estimate of their permanence at first consolidation; this estimate is made with reference to the market rank of the acquired company, especially in terms of its positioning, age and geographic establishment

Christian Dior

NOTE 11 - BRANDS AND OTHER INTANGIBLE ASSETS

in millions of euros	2000		1999		1998	
	Gross	Depre- ciation and amor- tization	Gross	Depre- ciation and amor- tization	Gross	Depre- ciation and amor- tization
Brands*	7,979	(5)	7,138	(4)	6,101	(4)
Leasehold rights	137	(38)	104	(31)	81	(27)
Other	248	(143)	167	(95)	112	(72)
Total	8,364	(186)	7,409	(130)	6,294	(103)

* Brands, as detailed below:

	Gross	Depre- ciation and amor- tization	Gross	Depre- ciation and amor- tization	Gross	Depre- ciation and amor- tization
Louis Vuitton	2,058	–	2,058	–	2,058	–
Hennessy	1,067	–	1,067	–	1,067	–
Tag Heuer	823	–	735	–	–	–
Moët	732	–	732	–	732	–
Parfums Christian Dior	610	–	610	–	610	–
Guerlain	441	–	441	–	441	–
Fendi	404	–	–	–	–	–
Céline	351	–	351	–	351	–
Veuve Clicquot	244	–	244	–	244	–
Parfums Givenchy	152	–	152	–	152	–
Ebel	125	–	–	–	–	–
Loewe	122	–	122	–	122	–
Château d'Yquem	108	–	108	–	–	–
Krug	100	–	100	–	–	–
Other (< 100 ME)	642	(5)	418	(4)	324	(4)
Total	7,979	(5)	7,138	(4)	6,101	(4)

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

- Wines and Spirits: Pommery, Canard Duchêne, Ruinart and Mercier.
- Fashion and Leather Goods: Givenchy and Kenzo, Christian Lacroix and Thomas Pink.
- Perfumes and Cosmetics: Parfums Kenzo, Bliss, Make Up For Ever, Urban Decay, Hard Candy, BeneFit Cosmetics.
- Watches and Jewelry: Zenith, Fred and Chaumet.
- Other activities: La Tribune and Investir newspapers.

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NOTE 12 - MEDIUM- AND LONG-TERM DEBT

A - Breakdown of medium- and long-term debt

in millions of euros	Interest rate	Maturities	2000	1999	1998
Bond issue					
EUR 600,000,000, 2000 (1)	5.75 %	2005	600	–	–
Bond issue					
EUR 120,000,000, 2000 (2)	floating rate	2002	120	–	–
Bond issue					
SGD 100,000,000, 2000 (2)	3.55 %	2001	64	–	–
Bond issue					
EUR 60,000,000, 2000 (2)	floating rate	2001	60	–	–
Bond issue					
EUR 40,000,000, 2000 (2)	floating rate	2004	40	–	–
Bond issue					
EUR 30,000,000, 2000 (2)	floating rate	2005	30	–	–
Bond issue					
EUR 25,000,000, 2000 (2)	floating rate	2002	25	–	–
Bond issue					
EUR 18,500,000, 2000 (2)	floating rate	2001	19	–	–
Bond issue					
HKD 100,000,000, 2000 (2)	floating rate	2003	15	–	–
Bond issue					
EUR 800,000,000, 1999 (3)	5.00 %	2006	800	800	–
Bond issue					
EUR 150,000,000, 1999 (4)	3.75 %	2001	150	150	–
Bond issue	Euribor				
EUR 275,000,000, 1999 (5)	1 month	2000	–	275	–
Bond issue indexed					
FRF 1,300,000,761, 1998 (6)	1.00 %	2005	198	198	198
Bond issue					
USD 200,000,000, 1997 (7)	6.75 %	2000	–	176	176
Bond issue					
FRF 1,500,000,000, 1996 (8)	5.25 %	2002	229	229	229
Bond issue					
LUF 1,000,000,000, 1993	6.75 %	1999	–	–	25
Bond issue					
LUF 1,000,000,000, 1993	7.50 %	1999	–	–	25
Capitalized lease obligations		2001 to 2006	166	147	75
Other long-term debt		2001 to 2009	1,314	1,546	826
Total			3,830	3,521	1,554
Less current portion (9)			(331)	(436)	(130)
Portion in excess of one year			3,499	3,085	1,424

(1) Borrowings fully refundable at par and at maturity according to the terms below:

- first tranche of EUR 400 million, issued at 99.513% of the par value;
- second tranche of EUR 150 million, issued at 98.563% of the par value;
- third tranche of EUR 50 million, issued at 98.846% of the par value.

This borrowing was swapped and partly transformed into a floating rate debt.

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(2) Bonds comprised in the Euro Medium Term Note (EMTN) program of EUR 2,000 million, EUR 372.5 of which was used, in several refundable tranches at par and fully at maturity according to the terms below:

- first tranche of 100 million Singapore dollars issued at 100% of par value, swapped and transformed into a floating rate debt of EUR 64 million;
- second tranche of EUR 60 million issued at 100% of par value, bearing interest at 3-month Euribor + margin;
- third tranche of EUR 40 million issued at 99.94% of par value, bearing interest at 3-month Euribor + margin;
- fourth tranche of EUR 120 million issued at 99.956% of par value, bearing interest at 3-month Euribor + margin;
- fifth tranche of EUR 18.5 million issued at 100% of par value, bearing interest at 3-month Euribor + margin;
- sixth tranche of EUR 25 million issued at 100% of par value, bearing interest at 3-month Euribor + margin;
- seventh tranche of 100 million Hong Kong dollars issued at 100% of par value, bearing interest at 3-month Euribor + margin, swapped and transformed into floating rate debt of EUR 15 million ;
- eighth tranche of EUR 30 million issued at 99.979% of par value, bearing interest at 6-month Euribor + margin.

(3) Borrowings fully refundable at par and at maturity, issued in three tranches according to the terms below:

- first tranche of EUR 500 million, issued at 99.515% of the par value;
- second tranche of EUR 200 million, issued at 97.395% of the par value;
- third tranche of EUR 100 million, issued at 96.653% of the par value.

This borrowing was swapped and transformed into a floating rate debt.

(4) Borrowing issued at 100% par value, refundable at par in full at maturity, swapped and transformed into a floating-rate debt.

(5) Variable-rate (euribor 1 month) bond issued at 100% of par value, redeemable at par and in full at December 31, 2000.

(6) Indexed borrowing issued at 100% of par value linked to a benchmark LVMH stock quote of EUR 42.33 (after the one-to-five stock split in July 2000) fully refundable on maturity at the greater of par value or the average of the last 10 stock quotes before May 1, 2005, or paid in advance at the bondholder's request between May 15, 2002 and April 15, 2005 based on the LVMH stock quote, or paid in advance at the bond issuer's request between April 15 and May 14, 2002 at 150% of the par value; this borrowing was swapped and transformed into a non-indexed, floating rate debt for the full financing.

(7) Borrowing issued at 101.055% of par value, refundable at par and fully at maturity, swapped and transformed into a floating-rate debt of EUR 176 million.

(8) Borrowing issued at 100.76% of par value, refundable at par value and fully at maturity, swapped and transformed into a floating-rate debt.

(9) On December 31, 2000, unused long-term irrevocable credit lines exceeded EUR 1.6 billion.

Due to these commitments, a fraction of the current part of long-term financial debts was maintained under long-term borrowings and financial debt, representing EUR 379 million.

In addition, because of the existence of authorisations of renewal, the current portion of long-term debt was reclassified under long-term liabilities, i.e EUR 272 million (EUR 882 million on December 31, 1999; EUR 46 million on December 31, 1998).

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B - Maturity dates and breakdown by currency

in millions of euros

Maturity	2000	Currencies	2000	1999	1998
2001	331	Euro	3,307	2,547	1,221
2002	1,185	Japanese yen	80	73	30
2003	137	US dollar	204	369	297
2004	182	Swiss franc	22	495	–
2005	934	Other	217	37	6
2006 and beyond	1,061				
Total	3,830	Total	3,830	3,521	1,554

NOTE 13 - SHORT-TERM FINANCIAL BORROWINGS AND CREDIT LINE

in millions of euros	2000	1999	1998
Commercial papers	3,670	2,454	1,829
Other credit lines	2,148	2,201	1,108
Bonds (1)	–	600	610
Cash overdrafts	619	396	629
Total short-term financial debt	6,437	5,651	4,176

(1) Issued and redeemable at par with variable interest rates.

Commercial papers are issued by LVMH.

At December 31, 2000 the unused and secured short-term credit lines totaled approximately EUR 3.1 billion.

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NOTE 14 - REPACKAGED NOTES

Issuance date		December 1990	February 1992
Par value (in millions of euros)		762	229
Issuance price		at par value	at par value
Stated interest rate		EURIBOR 6 months + 0.45 %	9.70 %
Balance at December 31 (in millions of euros)	2000	245	101
	1999	294	112
	1998	342	123

In 1990 and 1992, LVMH issued, outside of France, two series of subordinated notes ("repackaged subordinated note"), having the following conditions:

- repayable at par value only in the event of liquidation or voluntary dissolution of LVMH, except for that resulting from a merger or spin-off;
- principal payments subordinated to the full payment of all creditors ;
- possibility to suspend interest payments if specific financial ratios are not achieved.

In 1996, due to an amendment to the 1990 repackaged subordinated notes agreement which eliminated the second and third aforementioned conditions, these notes were reclassified in debt as repackaged notes. The repackaged subordinated notes issued in 1992 were simultaneously reclassified as a result of the pari-passu clause in their agreement.

Although there are not fixed repayments terms, the repackaged notes are recorded on the balance sheet for an amount that will be progressively reduced to a nil value at the end of a fifteen-year period, arising from agreements entered with a third party.

In accordance with these agreements and in return for an initial lump sum payment by LVMH, the third party companies have promised to hold or to repurchase the notes to noteholders after a fifteen-year period, and have agreed to relinquish any rights for interest on these notes after that time.

According to these arrangements:

- the repackages notes have been recorded in the balance sheet at issuance at their par value, after deduction of the aforementioned payments; each year these notes are subject to an amortization corresponding to the interest yielded by these payments' investment effected by the third party companies;
- the consolidated net result of each year is impacted by the interest expense borne on the par value after the aforementioned amortization.

The 1990 repackaged notes, issued at variable rate, have been swapped for fixed rate up to EUR 469 million; the 1992 repackaged notes, issued at fixed rate, have been swapped for a floating rate up to EUR 76 million.

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NOTE 15 - OTHER MEDIUM - AND LONG-TERM LIABILITIES AND PROVISIONS

in millions of euros	2000	1999	1998
Liabilities supplementary pension plans, early retirement plans and retirement bonus	218	160	149
Employees profit-sharing plans	57	67	55
Reorganisation plans	64	124	204
Contingency and provisions	658	440	568
Deferred payments for consolidated investments	49	–	–
Other liabilities	119	131	103
Total short-term financial debt	1,165	922	1,079

NOTE 16 - SHARE CAPITAL AND CHANGES IN SHAREHOLDERS' EQUITY AND MINORITY INTERESTS IN SHAREHOLDERS' EQUITY

A - Share capital

There were 181,261,048 shares at December 31, 2000 (of which 12,904,029 had double voting rights).

There is a maximum number of 466,000 shares potentially issued through the exercise of options to subscribe to shares distributed pursuant to authorisations granted by the shareholders' meeting of June 11, 1993.

The number of shares created in 2000 comprised:

- 750 shares through the exercise of options to subscribe to share for a nominal amount of EUR 64,486;
- 135,945,786 shares as a result of the four-for-one stock split of July, 2000.

In 1998, 1999 and 2000, Christian Dior purchased 847,616, 401,780 and 534,464 of its own shares respectively, and sold 90,400 in 1998 and 10,000 in 2000. The Board of Directors has agreed to issue to executives of the company and its subsidiaries options to purchase up to 1,922,400 shares, including:

- 378,400 shares at EUR 25.95 per share, exercisable between December 1, 1999 and November 30, 2006, approved at the October 14, 1996 Board meeting;
- 391,600 shares at EUR 32.01 per share, exercisable between May 30, 2002 and May 29, 2007, approved at the May 29, 1997 Board meeting;
- 393,600 shares at EUR 18.29 per share, exercisable between November 4, 2003 and November 3, 2008, approved at the November 3, 1998 Board meeting;
- 358,000 shares at EUR 25.36 per share, exercisable between January 25, 2004 and January 24, 2009, approved at the January 26, 1999 Board meeting;
- 400,800 shares at EUR 56.70 per share, exercisable between February 15, 2005 and February 14, 2010 approved at the February 15, 2000 Board meeting.

Those figures have been adjusted to reflect the four-for-one stock split.

Christian Dior

B - Changes in shareholders' equity and minority interests in shareholders' equity

in millions of euros	2000		1999		1998	
	Group	Minorities	Group	Minorities	Group	Minorities
As of January 1	3,887	7,807	3,724	7,268	3,595	7,410
Net income for the year	251	636	264	538	47	147
Dividends and interim dividends paid	(51)	(255)	(45)	(266)	(43)	(221)
Changes in translation adjustments arising from foreign subsidiaries	(6)	(2)	6	33	(3)	(11)
Capital increase	–	–	8	–	217	–
Repurchase of minority interests, net	–	227	–	210	–	21
Change in LVMH treasury shares	(21)	(41)	10	24	(17)	(72)
Other changes	1	2	–	–	(2)	(6)
As of December 31 before attribution of net income	4,061	8,374	3,967	7,807	3,794	7,268
Final Christian Dior dividend (June)	(89)	–	(80)	–	(70)	–
As of December 31 after attribution of net income	3,972	8,374	3,887	7,807	3,724	7,268

NOTE 17 - DEVELOPMENT EXPENSES

Development costs for the year totaled EUR 55 million (1999: EUR 76 million; 1998: EUR 88 million).

These include designing costs relating to the couture studios, stylist work, manufacturing of prototypes and development of new products.

NOTE 18 - RESEARCH AND DEVELOPMENT COSTS

Research and development costs relating to scientific research expenses and development of new products amounted to EUR 21 million in 2000 (EUR 26 million in 1999; EUR 21 million in 1998).

Research and development costs relating to packaging and design amounted to EUR 40 million in 2000 (EUR 37 million in 1999; EUR 35 million in 1998).

Christian Dior

NOTE 19 - NET FINANCIAL EXPENSES

in millions of euros	2000	1999	1998
Interest expense	(571)	(326)	(248)
Interest income	134	61	53
Short-term investments allowance	(17)	21	(13)
Net exchange (gains) losses	(13)	(10)	(2)
Total	(467)	(254)	(210)

A - Exposure to currency risks and hedging

1 - The exposure of French companies to currency risks primarily stems from their commercial activities (foreign currency-denominated sales) and, to a lesser extent, from their financial activity (foreign currency-denominated investments and borrowings).

Commercial activities: certain group subsidiaries conduct a significant portion of their commercial activities in foreign currencies.

Breakdown of 2000 net sales by currency:

in millions of euros	Net sales	%
Euros	3,450	29
US dollars	4,085	35
Japanese yens	1,868	16
Hong Kong dollars	565	4
British pounds	404	4
Other	1,495	12
Total	11,867	100

Excluding the impact of currency hedging, a 1% change in the exchange rate of the major currencies (US dollar, Japanese yen, Hong Kong dollar and British pound) against the euro would have an impact of EUR 44 million.

Financial transactions: certain financial transactions, notably borrowings, may be conducted in foreign currencies to take into account anticipated future revenues denominated in foreign currencies or expected foreign currency fluctuations.

Various financial instruments are used to protect the Group against foreign currency fluctuations, notably currency swaps, forward contracts and currency options.

Pursuant to foreign currency translation methods detailed under accounting principles (Note 2.2), hedging instruments used are allocated either to accounts receivable or payable, or to forward transactions of the following year.

Unrealised foreign exchange gains or losses based on currency exchange rates at year-end are:

- posted to the income statement if they relate to receivables or payables;
- deferred if they relate to forward transactions of the following year.

Christian Dior

Outstanding hedges as of December 31, 2000 for all currencies are as follows:

in millions of euros		Designated hedges		
Valued as of December 31, 2000 exchange rates	2000	2001	2002 and 2003	Deferred gain (loss) net of taxes
• On operating activities				
– Sales				
US dollar	143	174	34	
Yen	36	46	36	7
Other	14	112	9	
	193	332	79	7
– Options				
US dollar	2	935	107	
Yen	28	551	558	
Other	–	37	–	60
	30	1,523	665	60
	223	1,855	744	67
• Financial activities				
– Net worth and dividends				
Forward sales	–	53	–	15
Options	–	86	31	27
– Other transactions				
Forward sales	–	641	–	30
Options	–	1 477	–	–
	0	2,257	31	72

2 - Currency risks also arise from foreign subsidiaries which maintain their financial statements in local currencies.

The percentage of 2000 consolidated net income excluding unusual items derived from foreign subsidiaries which maintain their financial statements in British pounds, Japanese yen and US dollar-related currencies amounted to 1%, 29% and 10%, respectively.

Taking into account the translation effect alone, a 10% change in exchange rates for these currencies would have had an impact of EUR 67 million on consolidated income from operations and EUR 5 million on consolidated net income, excluding unusual items.

B - Exposure to interest rate risks and hedging

Interest rate hedging instruments (swaps, future rate agreements) outstanding at December 31, 2000 in millions of euro :

	Terms to maturity		
	Less than one year	One to five years	Five to ten years
Fixed rate swaps	8	669	–
Variable rate swaps	4,011	1,527	887
Caps	293	2,301	365
Floors sold	–	–	365

Taking into account the above instruments, fixed-rate debt capped variable-rate debt amounted to approximately 25% of total consolidated debt, including repackaged notes.

With respect to the remaining variable-rate debt, an interest rate fluctuation of 1% would impact consolidated net income by EUR 64 million.

Christian Dior

NOTE 20 - INCOME TAXES

in millions of euros	2000	1999	1998
Current income taxes	(682)	(567)	(488)
Deferred income taxes	47	12	22
Total income taxes	(635)	(555)	(466)

In 1998, French companies were subject to an additional income tax charge of 25%, lowered to 20% in 1999, and to 13% in 2000. The additional charge translated into incremental tax expenses of EUR 45 million (EUR 50 million in 1999; EUR 50 million in 1998).

At December 31, 2000 unused operating loss carry-forwards were available for EUR 597 million (EUR 327 million in 1999; EUR 287 million in 1998).

The method of tax integration enables certain French companies to compensate their taxable results with the overall taxable charge for which only the parent company is liable.

The adoption of this method resulted in income tax savings for the Christian Dior group of EUR 395 million in 2000 (EUR 168 million in 1999; EUR 137 million in 1998).

Deferred income taxes at December 31 break down as follow :

in millions of euros	2000	1999	1998
Regulatory provisions	(1)	–	25
Inter-company profits included in inventories	20	15	5
Other adjustments to subsidiaries' accounts to conform with Group accounting principles and the effects of consolidation adjustments	41	2	(5)
Adjustment of deferred tax liabilities or assets for changes in tax rates	(13)	(5)	(3)
Deferred income tax charge (income) for the year	47	12	22

NOTE 21 - NET GOODWILL AMORTIZATION

in millions of euros	2000	1999	1998
• Fully consolidated companies	(131)	(93)	(72)
• Companies accounted for by the equity method	–	–	(16)
Total	(131)	(93)	(88)

Christian Dior

NOTE 22 - UNUSUAL ITEMS

In 2000 total unusual items, net of tax impact, generated net income of EUR 35 million (versus 41 EUR million in 1999 and net charges of EUR 283 million in 1998).

In 2000:

Unusual items include proceeds from sale of shares, particularly of Diageo shares, amounting to EUR 78 million, EUR 87 million set aside against unconsolidated investments or funds in the e-business activity and exceptional costs incurred to develop the Phillips business and promote its image for EUR 57 million.

In 1999:

In the LVMH accounts, unusual items in 1999 reflect EUR 315 million from Diageo's share buy-back program in April to which LVMH tendered approximately 143 million shares.

LVMH's residual interest in Diageo gave rise to a provision of EUR 37 million.

Unusual items also reflect a EUR 66 million charge to indirect expenses from acquisitions, a EUR 53 million charge for depreciation of current assets, intangible assets for the most part. Finally, restructuring expenses for the Fashion and Leather Goods business group and logistical reorganizations reached approximately EUR 68 million.

Since assets sold by LVMH are recorded by Christian Dior for higher consolidated book value, related income is adjusted accordingly. The capital gain on the sale of Diageo shares amounted to EUR 280 million.

In 1998:

In the consolidated financial statements of LVMH, reflecting the continuing crisis in Southeast Asia, EUR 127 million were added to the 1997 restructuring provisions. These provisions are mainly related to DFS, and to a lesser extent to French activities of the Wines and Spirits business group. In addition, provisions for risks totalling EUR 26 million were written against certain intangible assets.

In Christian Dior's accounts, the Group's liability for unusual tax charges related to the interim dividend paid by LVMH gave rise to a provision of EUR 76 million.

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For 2000, 1999 and 1998, the balance of "unusual items" not detailed above corresponds to various unusual accruals for risks and expenses.

Christian Dior

NOTE 23 - COMMITMENTS AND LITIGATIONS

A - Lease commitments

At December 31, 2000 a total number of 1,378 stores were used by the Group worldwide, particularly for the Fashion and Leather Goods and Selective Retailing groups.

In a large number of countries, rentals for these stores are contingent of payment of minimal amounts, especially when the leases include revenue-indexed rent clauses ; this is particularly valid in cases where airport fees are paid. In addition, the leases may also include non-adjustable minimum terms.

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

Lastly, some fixed assets or industrial equipment has been bought or is now covered by finance-lease or lease-back agreements.

At December 31, 2000 the breakdown of future non-cancellable commitments arising from these arrangements is as follows:

in millions of euros	Operating leases	Concession Fees	Capital leases
2001	239	247	15
2002	199	188	15
2003	176	160	14
2004	163	89	13
2005	152	68	11
2006 and subsequent years	740	221	116
Total minimum lease commitments	1,669	973	184
Less amounts representing interest			(18)
Present value of net minimum lease commitments	1,669	973	166

B - Other commitments

a) In the Wines and Spirits division, some companies have contractual arrangements with various growers to supply a portion of their future requirements for grapes or distilled alcohol. Based upon either contractual prices or latest current market prices and anticipated yields, these commitments amounted to EUR 407 million at December 31, 2000 (287 in 1999; 309 in 1998), and principally concern the supplies for 2001 and 2002.

b) Contractual commitments entered into by the Group to purchase minority interests in consolidated subsidiaries or additional interest in unconsolidated subsidiaries mainly result from the agreement signed on January 20, 1994 between LVMH and Diageo (ex-Guinness). According to this agreement, LVMH committed to repurchase the Diageo 34% investment in Moët Hennessy with a six-month notice and for an amount equal to 80% of the investment value at the date of notice.

At the agreement date, the Diageo investment in Moët Hennessy was assessed at more than EUR 1.2 billion.

The other commitments to purchase minority interests in consolidated subsidiaries, additional interest in unconsolidated investments or to pay potential earnouts total EUR 1.3 billion.

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c) The Group committed the amount of EUR 111 million at December 31, 2000 (65 in 1999; 93 in 1998) to purchase property, plant and equipment of which EUR 18 million are related to the purchase of casks over a four-year period.

d) In the ordinary course of its business, the Group is a party from time to time to legal proceedings and claims involving trademarks and intellectual property, selective distribution agreements, licensing, employees relations, tax audits and other matters incidental to its business. The Group estimates that the provisions included in the balance sheet, related to litigation and contingent liabilities known or in-process at December 31, 1999, are sufficient to cover any unfavourable outcome so that the Group financial position would not be significantly affected.

e) Deposits, pledges and other guarantees given amounted to EUR 275 million at December 31, 2000. Guarantees received total EUR 27 million.

f) Concerning the equity interest in Gucci, also see Note 8-1: Other Investment Securities.

NOTE 24 - SUBSEQUENT EVENTS

In January 2001:

- LVMH Group and De Beers signed an agreement for the creation of a joint venture. This company will operate with an exclusive license and will be responsible for distributing diamond jewelry worldwide in a yet to be created network of stores carrying the “De Beers” name. The company is expected to be operational by year-end 2001.
- On the basis of an agreement made in December 2000, LVMH acquired 100% of Gabrielle Studio Inc., a U.S. company that owns the Donna Karan brand at a cost of around 400 million dollars.
- Furthermore, pursuant to an agreement signed on March 31, 2001, LVMH is going to take over Donna Karan International Inc. (DKI), a company listed in New York that holds the brand operating license, based on a valuation of DKI of around 240 million dollars.
- After the merger between DKI and Gabrielle Studio, LVMH will own 100% of the preferred stock and 85.7% of the common stock of the Donna Karan group.
- In the context of the merger between Phillips and de Pury & Luxembourg, Art the private sales company, Mrs Luxembourg and Mr de Pury, the partners of this company, received 25% of the capital of the new entity known as Phillips, de Pury & Luxembourg.
- Lastly, LVMH acquired a majority stake in La Samaritaine, a leading Paris department store, and all the related real property. For 54% of the capital on the date of going to press, the investment totaled EUR 244 million of which EUR 90 million resulted from a reserved capital increase.

Christian Dior

NOTE 25 - EMPLOYEE INFORMATION

Employment expense (salaries, wages, social charges and benefits) amounted to EUR 2,729 million (EUR 1,428 million in 1999; EUR 1,264 million in 1998).

In 2000, Dior employed an average of 48,524 (39,259 in 1999; 34,098 in 1998).

The following table sets forth the number of employees as of December 31:

By group activity	2000	1999	1998
Christian Dior Couture	1,195	1,005	985
Wines and Spirits	5,154	4,992	4,958
Fashion and Leather Goods	11,006	9,116	7,987
Perfumes and Cosmetics	12,758	11,800	9,571
Watches and Jewelry	1,830	929	111
Selective retailing	18,540	13,512	11,600
Other activities	1,840	886	639
Total	52,323	42,240	35,851

By geographical zone	2000	1999	1998
France	19,009	17,873	15,810
Europe (excluding France)	9,150	6,378	4,884
U.S.A.	12,240	7,935	5,997
Japan	3,036	2,505	2,040
Asia (excluding Japan)	8,888	7,549	7,120
Total	52,323	42,240	35,851

By category	2000	1999	1998
Labor and production	8,447	7,595	6,661
Office and clerical	29,781	23,981	20,579
Technicians	4,767	4,121	3,199
Executives and management	9,328	6,543	5,412
Total	52,323	42,240	35,851

Salaries

Emoluments paid to executive directors of Christian Dior for their responsibilities in consolidated subsidiaries amounted to EUR 4,202 thousand in 2000.

Christian Dior

NOTE 26 - OPTIONS TO SUBSCRIBE OR PURCHASE SHARES

Options to subscribe

Date of shareholders' meeting	Initial date for exercise of option	Number of options granted (1)	Subscription price (EUR) (2) (3)	Options outstanding 12/31/2000 (2)
LVMH				
June 4, 1987	March 20, 1991	53,158	15.85	37,805
June 4, 1987	March 18, 1992	47,498	20.89	49,675
Christian Dior				
June 11, 1993	June 11, 1993	150,000	7.81	460,000
June 11, 1993	May 30, 1996	2,250	21.49	6,000

Options to purchase

Date of shareholders' meeting	Initial date for exercise of option	Number of options granted (1)	Subscription price (EUR) (2) (3)	Options outstanding 12/31/2000 (2)
LVMH				
May 25, 1992	March 17, 1993	49,681	15.40	70,345
May 25, 1992	March 16, 1994	139,031	17.84	1,608,900
May 25, 1992	June 17, 1994	1,250	17.68	7,565
May 25, 1992	March 22, 1995	256,903	20.89	469,860
June 8, 1995	May 30, 1996	233,199	34.15	995,290
June 8, 1995	May 29, 1997	233,040	37.50	1,184,720
June 8, 1995	January 29, 1998	269,130	25.92	1,415,130
June 8, 1995	March 16, 1998	15,800	31.25	86,900
June 8, 1995	January 20, 1999	320,059	32.10	1,744,125
June 8, 1995	Septembre 16, 1999	44,000	54.65	220,000
June 8, 1995	January 19, 2000	376,110	80.10	1,879,550
Christian Dior				
May 30, 1996	October 14, 1996	94,600	25.95	372,400
May 30, 1996	May 29, 1997	97,900	32.01	389,600
May 30, 1996	November 3, 1998	98,400	18.29	391,600
May 30, 1996	January 26, 1999	89,500	25.36	358,000
May 17, 2000	February 15, 2000	100,200	56.70	400,800

(1) Number of options at the plan's issuance excluding adjustments made for the bonus shares issued in September 1991 and July 1994 (one-for-ten) and the stock split (five-for-one) in March 1994 and July 2000 for LVMH and the stock split in July 2000 (four-for-one) for DIOR.

(2) Adjusted in accordance with the equity transactions cited in (1)

(3) Figures prior to the 1999 financial year are derived from the conversion into euros of data initially recorded in francs..

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Number of stock options outstanding	2000	1999	1998
As of January 1	2,168,189	2,674,494	2,408,683
Free LVMH shares attributed		201,079	
Five-for-one stock split (LVMH)	6,682,156		
Four-for-one stock split (Dior)	1,492,950		
Granted	2,281,350	453,559	383,330
Exercised	(473,120)	(931,278)	(109,317)
Expired	(3,260)	(229,665)	(8,202)
As of December 31	12,148,265 ⁽⁴⁾	2,168,189 ⁽⁵⁾	2,674,494 ⁽⁶⁾

(4) of which: • 9,769,865 LVMH shares and 2,378,400 Christian Dior shares

(5) of which: • 1,670,539 LVMH shares and 497,650 Christian Dior shares

(6) of which: • 2,067,854 LVMH shares and 606,640 Christian Dior shares

Granted by the subsidiaries of LVMH group

In the context of the options plan set up on October 4, 1996, 63,000 Sephora shares were subscribed in 2000 at a subscription price of FRF 20 per share. There were no options left as at December 31, 2000.

In the context of the stock options plan set up by Sephora.com in 1999 and in 2000, no share was subscribed in 2000.

At December 31, 2000, 2,452,331 options had not yet been exercised; 1,799,217 of the said options were allocated in 1999 and were exercisable at a subscription price of USD 1.90 per share and 653,114 were allocated in 2000 and were exercisable at a subscription price of USD 3.80 per share. 132,628 options were allocated to directors and senior executives.

In the context of the stock option plan set up by e.Luxury in 1999 and in 2000, no share was subscribed in 2000.

At December 31, 2000, 3,720,419 options had not yet been exercised, 2,377,844 of the said options were allocated in 1999 and were exercisable at a subscription price of USD 0.59 per share and 1,342,575 options were allocated in 2000 and were exercisable at a subscription price of USD 1.18 per share. 358,231 options were allocated to directors and senior executives.

Christian Dior

NOTE 27 - SEGMENT INFORMATION BY ACTIVITY

1. Sales

in millions of euros	2000	1999 (1)	1998 (1)
Christian Dior Couture	296	220	200
Wines and Spirits	2,336	2,240	1,919
Fashion and Leather Goods	3,202	2,295	1,797
Perfumes and Cosmetics	2,072	1,703	1,369
Watches and Jewelry	614	135	32
Selective retailing	3,287	2,162	1,799
Other activities and eliminations	60	3	14
Total	11,867	8,758	7,130

2. Income from operations (2)

in millions of euros	2000	1999	1998
Christian Dior Couture	14	9	(1)
Wines and Spirits	716	655	535
Fashion and Leather Goods	1,169	826	627
Perfumes and Cosmetics	184	146	110
Watches and Jewelry	59	5	(7)
Selective retailing	(2)	(2)	(34)
Other activities and eliminations	(173)	(88)	(49)
Total	1,967	1,551	1,181

3. Total assets (2)

in millions of euros	2000	1999	1998
Christian Dior Couture	560	524	490
Wines and Spirits	4,572	4,568	4,169
Fashion and Leather Goods	3,342	2,434	1,972
Perfumes and Cosmetics	2,316	1,990	1,689
Watches and Jewelry	1,557	981	42
Selective retailing	5,063	4,164	3,663
Other activities and eliminations	11,025	11,669	9,397
Total	28,435	26,330	21,422

4. Inventories

in millions of euros	2000	1999	1998
Christian Dior Couture	50	45	32
Wines and Spirits	1,953	1,902	1,857
Fashion and Leather Goods	280	284	251
Perfumes and Cosmetics	265	187	173
Watches and Jewelry	164	70	17
Selective retailing	657	504	275
Other activities and eliminations	62	(4)	(2)
Total	3,431	2,988	2,603

(1) Figures for 1999 have been restated to reflect the reclassification of TAG Heuer, Fred and Benedom in the Watches and Jewelry business group, Thomas Pink in the Fashion and Leather Goods group, and Sephora.com and eLuxury in the Other Activities group. Figures for 1998 were restated to reflect the reclassification of Fred under Watches and Jewelry.

(2) Data that could not be directly used to calculate the ROCE ratio published by the group.

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NOTE 28 - SEGMENT INFORMATION BY GEOGRAPHICAL AREA

in millions of euros	2000	1999	1998
French company export	3,393	2,982	2,490
Ratio of exports to French company sales	64%	64%	67%
Percentage of consolidated sales outside France	85%	80%	81%

The figures below are based on the subsidiaries' geographic locations, and not on the final destination of products sold :

1. Sales

in millions of euros	2000	1999	1998
France	5,520	4,648	3,736
Europe (excluding France)	2,143	1,304	1,014
U.S.A.	3,091	1,915	1,517
Japan	1,721	1,277	1,021
Asia (excluding Japan)	2,140	1,663	1,400
Other countries	564	429	362
Total	14,979	11,236	9,050
Eliminations	(3,112)	(2,478)	(1,920)
Total	11,867	8,758	7,130

2. Income from operations

in millions of euros	2000	1999	1998
France	1,185	975	755
Europe (excluding France)	108	65	48
U.S.A.	(89)	4	35
Japan	288	208	178
Asia (excluding Japan)	432	257	132
Other countries	43	42	33
Total	1,967	1,551	1,181

3. Total assets

in millions of euros	2000	1999	1998
France	17,014	17,579	16,172
Europe (excluding France)	4,532	3,097	798
U.S.A.	3,266	2,097	1,526
Japan	636	581	382
Asia (excluding Japan)	2,281	2,383	2,136
Other countries	706	593	408
Total	28,435	26,330	21,422

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NOTE 29 - CONSOLIDATED COMPANIES AT DECEMBER 31, 2000

The following companies are fully consolidated except where noted by (2). These companies are being accounted for by the equity method, and where noted by (1), these companies are being accounted for by the proportionate consolidation method.

COMPANIES	HEADQUARTERS	PERCENTAGE	
		Control	Interest
Christian Dior Couture			
Christian Dior Couture SA	Paris, France	100%	100%
S.A.M. Christian Dior	Monaco	96%	96%
Christian Dior GmbH	Munich, Germany	100%	100%
Christian Dior, Inc.	New York, U.S.A.	100%	100%
Christian Dior Retail - UK Ltd	London, United Kingdom	100%	100%
Christian Dior (Switzerland) SA	Geneva, Switzerland	100%	100%
Les Jardins d'Avron	Paris, France	100%	100%
Mardi SpA	Badia e Settimo, Italy	50%	50%
Ateliers AS	(2) Pierre Bénite, France	25%	25%
Christian Dior Far East	Hong Kong	100%	100%
Christian Dior Fashion Malaysia	Kuala-Lumpur, Malaysia	100%	100%
Christian Dior Malaysia Ltd	Kuala-Lumpur, Malaysia	100%	100%
Christian Dior Hong Kong	Hong Kong	100%	100%
Christian Dior Taiwan	Taipei, Taiwan	90%	90%
Christian Dior Singapore	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	Séoul, South Korea	100%	100%
Christian Dior Guam Ltd	Agana, Guam	100%	100%
Montaigne Española	Barcelona, Spain	100%	100%
CD do Brazil	Sao Paulo, Brazil	100%	100%
CD Italia	Milan, Italy	100%	100%
Wines and Spirits			
Champagne Moët & Chandon SA	Epernay, France	43%	28%
Champagne Mercier SA	Epernay, France	43%	28%
Champagne Ruinart SA	Reims, France	43%	28%
Champagne Ruinart U.K. Ltd	Newhaven, United Kingdom	43%	28%
France Champagne SA	Epernay, France	43%	28%
De Fresnoy SA	Epernay, France	43%	28%
Moët Hennessy UK Ltd	London, United Kingdom	43%	28%
Chandon SA Espagne	Sant Cugat, Spain	43%	28%
Moët & Chandon SA (Suisse)	Geneva, Switzerland	43%	28%

(2) Accounted for by the equity method.

Christian Dior

COMPANIES	HEADQUARTERS	PERCENTAGE	
		Control	Interest
Wines and Spirits (continued)			
Domaine Chandon, Inc.	Yountville (California), U.S.A.	43%	28%
M Chandon do Brasil	Sao Paulo, Brazil	43%	28%
Bodegas Chandon SA	Buenos Aires, Argentina	43%	28%
Domaine Chandon Australia, Pty Ltd	Coldstream Victoria, Australia	43%	28%
Champagne Ruinart Allemagne	Frankfurt, Germany	43%	28%
Des Moutiers	Oiry, France	43%	28%
Moët Hennessy Deutschland GmbH	Munich, Germany	43%	28%
Moët Hennessy Italia SpA	Turin, Italy	43%	28%
Schieffelin & Co Inc.	New York, U.S.A.	43%	28%
MH UDV France SA	Paris, France	43%	28%
Deux Rivieres General Partnership (2)	Yountville (California), U.S.A.	43%	6%
Champagne Pommery & Greno SA	Reims, France	43%	28%
Chamfiar SA	Reims, France	43%	28%
Champagne Pommery SA	Reims, France	43%	28%
Pommery Distribution SA (Suisse)	Vevey, Switzerland	43%	28%
Veuve Clicquot Ponsardin SA	Reims, France	43%	28%
Champagne Canard-Duchêne SA	Ludes, France	43%	28%
Société Civile des Crus de Champagne	Reims, France	43%	28%
Neggma SA	Reims, France	21%	14%
Veuve Clicquot U.K.	London, United Kingdom	43%	28%
Veuve Clicquot Import GmbH	Wiesbaden, Germany	43%	28%
Veuve Clicquot Suisse SA	Geneva, Switzerland	43%	28%
Clicquot Inc.	New York, U.S.A.	43%	28%
Cape Mentelle Vineyards Ltd	Margaret River, Australia	43%	28%
Veuve Clicquot Properties, Pty Ltd	Sydney, Australia	43%	28%
Cloudy Bay Vineyards	New Zealand	43%	28%
Widow Estates Ltd	Auckland, New Zealand	43%	28%
H. Parrot Ltd	London, United Kingdom	43%	28%
Scharffenberger Cellars Inc.	Napa Valley (California) U.S.A.	43%	28%
Marques Champagne Spiritueux GIE (2)	Brussels, Belgium	43%	28%
Paragon Vintners Ltd	London, United Kingdom	43%	28%
Krug SA	Reims, France	43%	28%
Veuve Clicquot Japan KK	Tokyo, Japan	43%	28%
Clicquot Asia Ltd	Hong Kong	43%	28%
Olivier Hong Kong Ltd	Hong Kong	43%	28%
Olivier Singapore (Pte) Ltd	Singapore	43%	28%
Olivier supplies (Malaysia) Sdn Bhd	Ampang, Malaysia	43%	28%
Olivier Taiwan Ltd	Taipei, Taiwan	43%	28%
P.T. Protara Boga Indonesia	Jakarta, Indonesia	26%	17%
Château d'Yquem SA	Sauternes, France	43%	27%

(2) Accounted for by the equity method.

Christian Dior

COMPANIES	HEADQUARTERS	PERCENTAGE	
		Control	Interest
Wines and Spirits (continued)			
Château d'Yquem SC	Sauternes, France	43%	27%
Ja.s Hennessy & Co SA	Cognac, France	43%	28%
Thomas Hine & Cie SA	Jarnac, France	43%	28%
DMJ Holdings BV	(3) Amsterdam, Netherlands	29%	19%
UD Moët Hennessy BV	(3) The Hague, Netherlands	43%	28%
Hennessy Dublin Ltd	Dublin, Ireland	43%	28%
Edward Dillon & Co Ltd	(2) Dublin, Ireland	14%	9%
Hennessy Far East Ltd	Hong Kong	43%	28%
Riche Monde Orient Limited	(3) Hong Kong	32%	21%
Riche Monde Hong Kong Ltd	(3) Hong Kong	43%	21%
Moët Hennessy UDG (Far East) Ltd	(3) Hong Kong	43%	28%
Riche Monde Singapore Pte Ltd	(3) Singapore	43%	28%
Riche Monde Malaysia Inc.	(3) Petaling Jaya, Malaysia	43%	14%
Riche Monde Taïpei Ltd	(3) Taïpei, Taïwan	43%	21%
Riche Monde Bangkok Ltd	(3) Bangkok, Thailand	43%	28%
Moët Hennessy Korea Ltd	Seoul, South Korea	43%	28%
Moët Hennessy Netherlands BV	Naarden, Netherlands	43%	28%
Jardine Wines & Spirits KK	(3) Tokyo, Japan	43%	19%
Moët Hennessy Asia Pte Ltd	Singapore	43%	28%
Fashion and Leather Goods			
Louis Vuitton Malletier SA	Paris, France	43%	43%
SNC Société des Ateliers Louis Vuitton	Paris, France	43%	43%
SNC Société Louis Vuitton Services	Paris, France	43%	43%
SNC Société des Magasins Louis Vuitton - France	Paris, France	43%	43%
Belle Jardinière SA	Paris, France	43%	43%
Louis Vuitton Monaco SA	Monte Carlo, Monaco	43%	43%
Louis Vuitton U.K. Ltd	London, United Kingdom	43%	43%
Louis Vuitton Deutschland GmbH	Düsseldorf, Germany	43%	43%
Louis Vuitton Espana SA	Madrid, Spain	43%	43%
Catalana Talleres SA	Barbera del Valles, Spain	43%	43%
Louis Vuitton Belgium SA	Brussels, Belgium	43%	43%
Louis Vuitton Italia SpA	Milan, Italy	43%	43%
Lucina	Milan, Italy	43%	43%
Louis Vuitton Hellas SA	Athens, Greece	43%	43%
Louis Vuitton Portugal, Maleiro, LDA.	Lisbon, Portugal	43%	43%
Louis Vuitton Denmark A/S	Copenhagen, Denmark	43%	43%
Louis Vuitton Sweden	Stockholm, Sweden	43%	43%

(2) Accounted for by the equity method.

(3) Joint venture companies with Diageo: only LVMH activity is consolidated.

Christian Dior

COMPANIES	HEADQUARTERS	PERCENTAGE	
		Control	Interest
Fashion and Leather Goods (continued)			
Louis Vuitton Suisse SA	Geneva, Switzerland	43%	43%
LV Ceska	Prague, Czech Republic	43%	43%
Louis Vuitton GesmbH	Vienna, Austria	43%	43%
Louis Vuitton Cantacilik Ticaret, Anonim Sirketi	Istanbul, Turkey	43%	43%
Louis Vuitton U.S. Manufacturing, Inc.	San Dimas (California), U.S.A.	43%	43%
Louis Vuitton Hawaii, Inc.	Honolulu (Hawaii), U.S.A.	43%	43%
Atlantic Luggage Company, Ltd	Hamilton, Bermuda	17%	17%
Louis Vuitton Guam, Inc.	Agana, Guam	43%	43%
Louis Vuitton Saipan, Inc.	Saipan, NMI	43%	43%
San Dimas Luggage Company	San Dimas (California), U.S.A.	43%	43%
Louis Vuitton Distribucao Ltda	Brazilia, Brazil	43%	43%
Louis Vuitton Mexico, SA de CV	Mexico, Mexico	43%	43%
Louis Vuitton Chili Ltda.	Santiago, Chile	43%	43%
Louis Vuitton Pacific Ltd	Hong Kong	43%	43%
Louis Vuitton Hong Kong Ltd	Hong Kong	43%	43%
Louis Vuitton (Singapore) Pte Ltd	Singapore	43%	43%
Louis Vuitton Malaysia Sdn Berhad Inc.	Kuala-Lumpur, Malaysia	43%	43%
Louis Vuitton Taiwan Ltd	Taipei, Taiwan	39%	39%
Louis Vuitton Comete Services Ltd	Taipei, Taiwan	39%	39%
Louis Vuitton Australia, Pty Ltd	Melbourne, Australia	43%	43%
Louis Vuitton New Zealand Ltd	Auckland, New Zealand	43%	43%
LV Cup New Zealand, Ltd	Auckland, New Zealand	43%	43%
LV Koweit	Koweit	26%	26%
LV UAE	Dubai, United Arabia	28%	28%
LV Saoudi Arabia LLC	Jeddah, Saudi Arabia	28%	28%
Louis Vuitton Korea, Ltd	Séoul, South Korea	43%	43%
Louis Vuitton Argentina SA	Buenos Aires, Argentina	43%	43%
LV Colombian Corp.	Bogota, Colombia	43%	43%
LV Venezuela SA	Caracas, Venezuela	43%	43%
Louis Vuitton Multimedia Inc.	New York, U.S.A.	43%	43%
Louis Vuitton Japan KK	Tokyo, Japan	43%	42%
Louis Vuitton N.A, Inc.	New York, U.S.A.	43%	43%
Louis Vuitton Canada Inc.	Toronto, Canada	43%	43%
Marc Jacobs International LLC	New York, U.S.A.	37%	37%
Marc Jacobs Inc.	New York, U.S.A.	43%	43%
Marc Jacobs Trademark LLC	New York, U.S.A.	14%	14%
Loewe SA	Madrid, Spain	43%	43%
Fashion Holding SA	Madrid, Spain	43%	43%
Perfumes Loewe	Madrid, Spain	43%	43%

Christian Dior

COMPANIES	HEADQUARTERS	PERCENTAGE	
		Control	Interest
Fashion and Leather Goods (continued)			
Loewe Hermanos SA	Madrid, Spain	43%	43%
Lopena SA	Madrid, Spain	43%	43%
Manufacturas Loewe	Barcelona, Spain	43%	43%
SNC Loewe International	Paris, France	43%	43%
SNC Loewe France	Paris, France	43%	43%
Loewe Hermanos (U.K.) Ltd	London, United Kingdom	43%	43%
Loewe Saïpan Inc.	Saïpan, NMI	43%	43%
Loewe Guam, Inc.	Agana, Guam	43%	43%
Loewe Hawaii, Inc.	Honolulu (Hawaii) U.S.A.	43%	43%
Loewe Hong Kong Ltd	Hong Kong	43%	43%
Loewe Japan KK	Tokyo, Japan	40%	39%
Loewe Fashions (Singapore) Pte Ltd	Singapore	43%	43%
Loewe Malaysia Sdn berhad Inc.	Kuala-Lumpur, Malaysia	43%	43%
Loewe Taiwan Ltd	Taipei, Taiwan	43%	39%
Loewe Australia, Pty Ltd	Sydney, Australia	43%	43%
Serrano Inc.	New York, U.S.A.	43%	43%
Berluti SA	Paris, France	43%	43%
Société Distribution Robert Etienne	Paris, France	43%	43%
Stefanobi SRL	Milan, Italy	43%	43%
Céline SA	Paris, France	43%	43%
Avenue M International SCA	Paris, France	43%	43%
Enilec Gestion SARL	Paris, France	43%	43%
Céline Montaigne SA	Paris, France	43%	43%
Céline Monaco SA	Monte Carlo, Monaco	43%	43%
Céline Italia SRL	Florence, Italy	43%	43%
Céline Production SRL	Florence, Italy	43%	43%
Camoi SpA	Rome, Italy	43%	43%
Céline Suisse SA	Geneva, Switzerland	43%	43%
Céline U.K. Ltd	London, United Kingdom	43%	43%
Céline Inc.	New York, U.S.A.	43%	43%
Céline Japon KK	Tokyo, Japan	43%	43%
Céline Ltd (Hong Kong)	Hong Kong	43%	42%
Céline Pte Ltd (Singapore)	Singapore	43%	43%
Céline Guam Inc.	Tamaning, Guam	43%	43%
Céline Ltd (Saïpan)	Saïpan, NMI	43%	43%
Céline Australia, Pty Ltd	Sydney, Australia	43%	43%
Céline Hawaii Inc.	Hawaii, U.S.A.	43%	43%
Céline Korea Ltd	Seoul, South Korea	43%	43%
Céline Taiwan Ltd	Taipei, Taiwan	22%	22%
Mickael Kors Inc.	(2) New York, U.S.A.	15%	15%

(2) Accounted for by the equity method.

Christian Dior

COMPANIES	HEADQUARTERS	PERCENTAGE	
		Control	Interest
Fashion and Leather Goods (continued)			
Parfums Céline SNC	Paris, France	43%	43%
Kenzo SA	Paris, France	43%	43%
Kenzo Homme SA	Paris, France	26%	26%
Modulo SA	Montbazon, France	43%	43%
Kami Logistique SA	Montbazon, France	43%	43%
Fleurus Mode GmbH	Berlin, Germany	43%	43%
Florixelles SA	Brussels, Belgium	43%	43%
Kenzo Paris KK	Tokyo, Japan	43%	43%
Fleurisloane Ltd	London, United Kingdom	43%	43%
Fleurus of America Corp.	Wilmington (Delaware), U.S.A.	43%	43%
Florimadrid SA	Madrid, Spain	43%	43%
Givenchy SA	Paris, France	43%	43%
Gentleman Givenchy SA	Paris, France	43%	43%
Givenchy Corporation	New York, U.S.A.	43%	43%
Givenchy Boutique Co Ltd	Tokyo, Japan	43%	43%
Gentleman Givenchy Far East Ltd	Hong Kong	43%	43%
Givenchy Italie (Mirvat)	Rome, Italy	43%	43%
Christian Lacroix SNC	Paris, France	43%	43%
LVP Holding BV	(1) Amsterdam, Netherlands	21%	21%
Fendi International BV	(1) Amsterdam, Netherlands	21%	11%
Fendi International France	(1) Paris, France	21%	11%
Fendi SA	(1) Luxembourg	21%	11%
Fendi SRL	(1) Rome, Italy	21%	11%
Fendissime SRL	(1) Rome, Italy	21%	11%
Fendi Servizi SRL	(1) Rome, Italy	21%	11%
Fendi Adele SRL	(1) Rome, Italy	21%	11%
Fendi Industrie SRL	(1) Florence, Italy	21%	11%
Fendi Italie	(1) Rome, Italy	21%	11%
Fendi UK	(1) London, United Kingdom	21%	11%
Fendi France	(1) Paris, France	21%	11%
Fendi Hawaii	(1) Honolulu, U.S.A.	21%	6%
Fendi Stores	(1) New York, U.S.A.	21%	11%
Fendi Australia	(1) Sydney, Australia	21%	11%
Fendi Guam	(1) Tumon, Guam	21%	11%
Fendi Saipan	(1) Saïpan	21%	11%
Fendi Thailand	(1) Bangkok, Thailand	21%	11%
Fendi Asia Pacific	(1) Hong Kong	21%	11%
Thomas Pink Holdings Ltd	London, United Kingdom	43%	30%
Thomas Pink Ltd	Edinburgh, United Kingdom	43%	30%
Thomas Pink BV	Rotterdam, Netherlands	43%	30%

(1) Accounted for by the proportionate consolidation method.

Christian Dior

COMPANIES	HEADQUARTERS	PERCENTAGE	
		Control	Interest
Fashion and Leather Goods (continued)			
Thomas Pink Inc.	Delaware, U.S.A.	43%	30%
Thomas Pink Ireland Ltd	Dublin, Ireland	43%	30%
Thomas Pink Belgium SA	Brussels, Belgium	43%	30%
Thomas Pink France	Paris, France	43%	30%
Perfumes and Cosmetics			
Parfums Christian Dior SA	Paris, France	43%	43%
Iparkos Company Ltd	Bangkok, Thailand	21%	21%
Parfums Christian Dior Brazil Ltda	Sao Paulo, Brazil	43%	42%
Parfums Christian Dior Argentina SA	Buenos Aires, Argentina	43%	43%
Parfums Christian Dior China Trading	Shanghai, China	43%	43%
Parfums Christian Dior Finland	Helsinki, Finland	43%	43%
GIE LVMH Recherche	Paris, France	43%	43%
SNC du 33 avenue Hoche	Paris, France	43%	43%
Parfums Christian Dior (U.K) Ltd	London, United Kingdom	43%	43%
Parfums Christian Dior BV	Rotterdam, Netherlands	43%	43%
Iparkos BV	Rotterdam, Netherlands	43%	43%
Parfums Christian Dior GmbH	Düsseldorf, Germany	43%	43%
Farlabo SA	(2) Madrid, Spain	11%	11%
Distribuidora Farlabo SA	Madrid, Spain	43%	43%
Parfums Christian Dior SAB	Brussels, Belgium	43%	43%
Parfums Christian Dior SpA	Pisa, Italy	43%	43%
Parfums Christian Dior Ireland Ltd	Dublin, Ireland	43%	43%
Diorfil SA	Athens, Greece	43%	43%
Parfums Christian Dior AG.	Zurich, Switzerland	43%	43%
Christian Dior Perfumes, Inc.	New York, U.S.A.	43%	43%
Parfums Christian Dior Canada, Inc.	Montréal, Canada	43%	43%
Perfumes Christian Dior de Mexico, SA de CV	Mexico, Mexico	43%	43%
Parfums Christian Dior KK	Tokyo, Japan	43%	43%
Parfums Christian Dior Singapore Pte Ltd	Singapore	43%	43%
Parfums Christian Dior Far East Ltd	Hong Kong	43%	43%
Fa Hua Taiwan Ltd	Taipei, Taiwan	43%	43%
Parfums Christian Dior China Co, Ltd	Shangai, China	43%	30%
Koluxe Parfums Dior Ltd	Seoul, South Korea	43%	32%
Parfums Christian Dior Hong Kong Ltd	Hong Kong	43%	43%
Parfums Christian Dior Malaysia Sdn berhad Inc.	Kuala-Lumpur, Malaysia	43%	43%
Fa Hua Hong Kong Co, Ltd	Hong Kong	43%	43%
Pardior de Mexico SA de CV	Mexico, Mexico	43%	43%

(2) Accounted for by the equity method.

Christian Dior

COMPANIES	HEADQUARTERS	PERCENTAGE	
		Control	Interest
Perfumes and Cosmetics (continued)			
Parfums Christian Dior A/S (Danemark)	Copenhagen, Denmark	43%	43%
Parfums Christian Dior Australia Pty Ltd	Sydney, Australia	43%	43%
Parfums Christian Dior A/S (Norvège)	Hoevik, Norway	43%	43%
Parfums Christian Dior AB	Stockholm, Sweden	43%	43%
Parfums Christian Dior New Zealand Ltd	Auckland, New Zealand	43%	43%
Parfums Christian Dior Austria GesmbH	Vienna, Austria	43%	43%
Parfums Christian Lacroix Allemagne	Düsseldorf, Germany	43%	43%
Guerlain SA	Paris, France	43%	43%
Guerlain Parfumeur GmbH	Wiesbaden, Germany	43%	43%
Guerlain GesmbH	Vienna, Austria	43%	43%
Cofra GesmbH	Vienna, Austria	43%	43%
Guerlain SA (Belgium)	Fleurus, Belgium	43%	43%
Guerlain SAE	Madrid, Spain	43%	43%
Oy Guerlain AB	Helsinki, Finland	43%	43%
Guerlain SpA	Milan, Italy	43%	43%
Guerlain Ltd	Perivale, United Kingdom	43%	43%
Guerlain de Portugal Lda.	Lisbon, Portugal	43%	43%
Guerlain SA (Suisse)	Geneva, Switzerland	43%	43%
Guerlain Inc.	New York, U.S.A.	43%	43%
Guerlain Canada Ltd	Montréal, Canada	43%	43%
Guerlain De Mexico SA	Satelite, Mexico	43%	43%
Guerlain Puerto Rico Inc.	San Juan, Puerto Rico	43%	43%
Guerlain Asia Pacific Ltd (Hong Kong)	Hong Kong	43%	43%
Guerlain KK	Tokyo, Japan	43%	43%
Guerlain Taiwan Co Ltd	Taipei, Taiwan	43%	43%
Guerlain Oceania Australia Pty Ltd	Melbourne, Australia	43%	43%
Guerlain South East Asia Singapore Pte Ltd	Singapore	43%	43%
Guerlain Malaysia SDN Berhad Inc.	Kuala-Lumpur, Malaysia	43%	43%
Make Up For Ever SA	Paris, France	43%	31%
Make Up For Ever UK	London, United Kingdom	43%	31%
Make Up For Ever LLC	New York, U.S.A.	43%	43%
Parfums Givenchy SA	Levallois, France	43%	43%
Parfums Givenchy Ltd	Hersham, United Kingdom	43%	43%
Parfums Givenchy GmbH	Wiesbaden, Germany	43%	43%
Parfums Givenchy Inc.	New York, U.S.A.	43%	43%
Parfums Givenchy Canada Ltd	Toronto, Canada	43%	43%
Parfums Givenchy KK	Tokyo, Japan	43%	43%
Parfums Givenchy SRL	Milan, Italy	43%	43%
Parfums Givenchy Western Hemisphere Div. Inc.	Miami (Florida), U.S.A.	43%	43%

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COMPANIES	HEADQUARTERS	PERCENTAGE	
		Control	Interest
Perfumes and Cosmetics (continued)			
Parfums Givenchy Asia Pacific Ltd	Singapore	43%	43%
Cosmetic of France Inc.	New York, U.S.A.	43%	43%
Tamaris SA	Paris, France	43%	43%
Tamalia SpA	Milan, Italy	43%	43%
Laflachère SA	Saint Vérand, France	43%	24%
La Brosse et Dupont SA	Courbevoie, France	43%	24%
Lardenois SA	Hermes, France	43%	24%
Lardenois Portugal SA	S. Domingos de Rana, Portugal	43%	24%
Mitsie SA	Tarare, France	43%	24%
Serpe SA	Barcelona, Spain	43%	24%
Arielux SA	Arielux, France	43%	24%
SN Celluloïd	Selestat, France	43%	24%
Vikim SARL	(2) Saint Brieuc, France	13%	7%
Medicis Plisson SA	Beauvais, France	43%	24%
Ladoë SA	Ladoë, France	43%	24%
LBD Ménage	Bethisy Saint Pierre, France	43%	24%
LBD Belux	Brussels, Belgium	43%	24%
SCI Masurel	Tourcoing, France	43%	24%
SCI Sageda	Orange, France	43%	24%
LBD Asia Ltd	Hong Kong	40%	23%
Lamatex SA	Cours la Ville, France	34%	20%
La Niçoise SA	Carros, France	41%	23%
AGD Italie SRL	Stezzano, Italy	43%	23%
Métal & Plastic SA	(2) Oyonnax, France	15%	9%
Centre formation SARL	(2) Saint Vérand, France	32%	18%
Etablissements Mancret Père et Fils	Grenoble, France	43%	24%
Inter-Vion Spolka Akeyjna	Warsaw, Poland	22%	12%
Bliss World LLC	New York, U.S.A.	30%	30%
Hard Candy LLC	Los Angeles, U.S.A.	40%	40%
Benefit Cosmetics LLC	San Francisco, U.S.A.	30%	30%
Urban Decay Cosmetics LLC	Costa Mesa, CA, U.S.A.	43%	43%
Watches and Jewelry			
TAG Heuer International SA	Luxembourg	43%	43%
TAG Heuer SA	Marin, Switzerland	43%	43%
LVMH Relojeria & Joyeria Española SA	Madrid, Spain	43%	43%
LVMH Montres et Joaillerie France SA	Paris, France	43%	43%
LVMH Watches et Jewellery Italia SpA	Milan, Italy	43%	43%
TAG Heuer Deutschland GmbH	Bad Homburg, Germany	43%	43%

(2) Accounted for by the equity method.

Christian Dior

COMPANIES	HEADQUARTERS	PERCENTAGE	
		Control	Interest
Watches and Jewelry (continued)			
Timecrown Ltd	Manchester, United Kingdom	43%	43%
LVMH Watches et Jewellery UK Ltd	Manchester, United Kingdom	43%	43%
Oris (UK) Ltd	Manchester, United Kingdom	43%	43%
PTD Ltd	Manchester, United Kingdom	43%	43%
LVMH Watches et Jewellery U.S.A. Inc.	Springfield, New Jersey, U.S.A.	43%	43%
Pro Time Service Inc.	Springfield, New Jersey, U.S.A.	43%	43%
TAG Heuer Canada Ltd	Toronto, Canada	43%	43%
LVMH Watches et Jewellery Far East Ltd	Hong Kong	43%	43%
LVMH Watches et Jewellery Singapore Pte Ltd	Singapore	43%	43%
LVMH Watches et Jewellery Malaysia Sdn Bhd	Kuala Lumpur, Malaysia	43%	43%
TAG Heuer Asia Ltd	Labuan, Malaysia	43%	43%
LVMH Watches et Jewellery Capital Pte Ltd	Singapore	43%	43%
TAG Heuer Japan KK	Tokyo, Japan	43%	43%
LVMH Watches et Jewellery Australia Pty Ltd	Melbourne, Australia	43%	43%
LVMH Watches et Jewellery Hong Kong Ltd	Hong Kong	43%	43%
LVMH Watches et Jewellery Taiwan Ltd	Taipei, Taiwan	43%	43%
Cortech SA	Cornol, Switzerland	43%	43%
Miserez SARL	Bendorf, France	43%	43%
Kohli SA	Tramelan, Switzerland	43%	43%
LVMH Watches et Jewellery Carribean & Latin America	Coral Gables (Florida), U.S.A.	43%	43%
Ebel SA	La Chaux-de-Fonds, Switzerland	43%	43%
Ebel U.S.A. Inc.	New York, U.S.A.	43%	43%
Swisswave Europe	Villiers-Le-Lac, France	43%	43%
Vertrieb von Ebel Uhren Gmbh	Munich, Germany	43%	43%
Glasnost Edition SA	La Chaux-de-Fonds, Switzerland	43%	43%
Ebel boutique Crans SA	Crans-sur-Sierre, Switzerland	43%	43%
Private label development SA	La Chaux-de-Fonds, Switzerland	43%	43%
SI de l'immeuble rue de la Paix 101	La Chaux-de-Fonds, Switzerland	43%	43%
Chaumet International SA	Paris, France	43%	43%
Chaumet London Ltd	London, United Kingdom	43%	43%
Chaumet KK	Tokyo, Japan	43%	43%
Chaumet Horlogerie SA	Bienne, Switzerland	43%	43%
Chaumet Monte-Carlo SAM	Monte-Carlo, Monaco	43%	43%
Zenith International	Le Locle, Switzerland	43%	43%
Zenith Time France	Villiers-Le-Lac, France	43%	43%

Christian Dior

COMPANIES	HEADQUARTERS	PERCENTAGE	
		Control	Interest
Watches and Jewelry (continued)			
Zenith Time GmbH	Pforzheim, Germany	43%	43%
Zenith Time Ltd	Middlesex, United Kingdom	43%	43%
Finalac	Fribourg, Switzerland	43%	43%
Guido Descombes Spa	Milan, Italy	43%	43%
Fred SA	Paris, France	43%	43%
Fred Joaillier SA	Paris, France	43%	43%
Joaillerie de Monaco SA	Monte Carlo, Monaco	43%	43%
Fred Inc.	Beverly Hills (California), U.S.A.	43%	43%
Benedom Suisse	Geneva, Switzerland	43%	43%
Benedom France SA	Paris, France	43%	43%
Benedom Inc.	New York, U.S.A.	43%	43%
Selective Retailing			
Sephora Holding SA	Paris, France	43%	43%
Immo-Parfums SARL	Boigny sur Bionne, France	43%	43%
Sephora France SA	Boigny sur Bionne, France	43%	43%
Plus Beau Moins Cher SARL	Paris, France	43%	32%
Sephora Productions SA	Paris, France	43%	43%
Unité de valeur SARL	Loury, France	43%	43%
Sephora Luxembourg SARL	Luxembourg	43%	43%
Sephora Espagne SA	Madrid, Spain	43%	43%
Sephora Italie SpA	Milan, Italy	43%	43%
Sephora Portugal Lda	Lisbon, Portugal	43%	43%
Sephora Pologne SPZ00	Warsaw, Poland	43%	43%
Sephora Deutschland GmbH	Essen, Germany	43%	43%
Progen SpA	Spinea, (VE), Italy	18%	18%
Espansione SRL	Spinea, (VE), Italy	43%	43%
Sephora UK	London, United Kingdom	43%	43%
Boidi SpA	Turin, Italy	43%	43%
Profumerie Carmen SRL	Isola, Italy	43%	43%
Sofidiv SRL	Milan, Italy	43%	43%
Sephora Marinopoulos SA	Alimos, Greece	43%	21%
Spring Time Cosmetics SA	Athens, Greece	43%	12%
Sephora US LLC.	Delaware, U.S.A.	43%	43%
Sephora Japan KK	Tokyo, Japan	43%	43%
DFS Holdings Limited	Hamilton, Bermuda	43%	26%
DFS Australia Pty. Limited	Sydney, Australia	43%	26%
DFS Group Limited	Hamilton, Bermuda	43%	26%
DFS Credit Systems Limited	Hamilton, Bermuda	43%	26%
DFS Italy Limited Srl	Florence, Italy	43%	26%

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COMPANIES	HEADQUARTERS	PERCENTAGE	
		Control	Interest
Selective Retailing (continued)			
DFS Northwest Retailing Limited	Vancouver, Canada	43%	26%
DFS Saipan Limited	Saipan, NMI	43%	26%
Kinkai Saipan L.P.	Saipan, NMI	43%	26%
Commonwealth Investment Company, Inc.	Northern Mariana Islands	42%	25%
Duty Free Shoppers Hong Kong Limited	Kowloon, Hong Kong	43%	26%
DFS Trading Hong Kong Limited	Kowloon, Hong Kong	43%	26%
DFS China Partners Limited	Kowloon, Hong Kong	43%	26%
DFS Palau Limited	Koror, Palau	43%	26%
DFS New Zealand Limited	Auckland, New Zealand	43%	26%
DFS Merchandising Limited	San Francisco, U.S.A.	43%	26%
DFS Korea Limited	Séoul, South Korea	43%	26%
DFS Japan KK	Tokyo, Japan	43%	26%
DFS Singapore (Pte) Limited	Singapore	43%	26%
DFS Venture Singapore (Pte) Limited	Singapore	43%	26%
DFS Taiwan Limited	Taipei, Taiwan, ROC	43%	26%
DFS Galleria Taiwan Limited	ROC	43%	26%
Tou You Duty Free Shop Co. Ltd	ROC	43%	26%
Duty Free Shoppers Macau Limited	Kowloon, Hong Kong	19%	12%
DFS Macau Limited	Kowloon, Hong Kong	21%	13%
Hong Kong International Boutique Partners	Kowloon, Hong Kong	21%	13%
Singapore International Boutique Partners	Singapore	21%	13%
JAL/DFS Duty Free Shoppers KK	Chiba, Japan	17%	11%
TRS New Zealand Limited	Auckland, New Zealand	19%	12%
Travel Retail Shops Pte Limited	Australia	19%	12%
DFS Group L.P.	Delaware, U.S.A.	43%	26%
LAX Duty Free Joint Venture 2000	California, U.S.A.	33%	20%
Royal Hawaiian Insurance Company Ltd	Hawaii, U.S.A.	43%	26%
DFS/BP Concessions Inc.	Portland (Oregon) U.S.A.	35%	21%
DFS/Concessions Unique, Inc.	Dallas (Texas) U.S.A.	29%	18%
Hawaii International Boutique Partners	Honolulu, Hawaii, U.S.A.	21%	13%
TRS Hawaii LLC	Honolulu, Hawaii, U.S.A.	19%	12%
TRS Saipan	Garapan, Saipan MP	19%	12%
TRS Guam	Tumon, Guam	19%	12%
DFS Guam LP	Guam	NA	26%
Guam Retail Joint Venture	Tamuning, Guam	21%	13%
Twenty Seven - Twenty Eight Corp.	Delaware, U.S.A.	43%	26%
Le Bon Marché SA	Paris, France	43%	43%
SEGEP SA	Paris, France	43%	42%

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COMPANIES	HEADQUARTERS	PERCENTAGE	
		Control	Interest
Selective Retailing (continued)			
Franck & Fils SA	Paris, France	43%	43%
LVMH Specialty Retail Concepts LLC	San Francisco, U.S.A.	43%	43%
Tumon Entertainment LLC	Tamuring, Guam	43%	43%
Comete Guam Inc.	Tamuring, Guam	43%	43%
Tumon Games LLC	Tamuring, Guam	43%	43%
Tumon Aquarium LLC	Tamuring, Guam	43%	43%
Comete Saipan Inc.	Saipan NMI	43%	43%
Cruise Line Holdings Co	Miami (Florida) U.S.A.	43%	43%
Starboard Cruise Services Inc.	Miami (Florida) U.S.A.	43%	43%
Starboard Holding Ltd	Miami (Florida) U.S.A.	43%	43%
International Cruise Shop	Miami (Florida) U.S.A.	43%	43%
On-Board Media Inc.	Miami (Florida) U.S.A.	43%	43%
Boxer Media Inc.	Miami (Florida) U.S.A.	43%	43%
Cruise Management International Inc.	Miami (Florida) U.S.A.	43%	43%
Miami Airport Duty-Free	Miami (Florida) U.S.A.	28%	28%
Fort Lauderdale Partnership	Fort Lauderdale (Florida) U.S.A.	32%	32%
Other activities			
Christian Dior SA	Paris, France	100%	Parent company
Financière Jean Goujon	Paris, France	100%	100%
Sadifa	Paris, France	100%	100%
Groupe Lakenbleker	Amsterdam, Netherlands	100%	100%
Provital SA	Champillon, France	43%	43%
Investir Publications SA	Paris, France	43%	42%
Investir Télécom SA	Paris, France	43%	42%
Compo Finance SARL	Paris, France	43%	42%
SID Presse SARL	Poitiers, France	43%	42%
SID Développement SA	Poitiers, France	43%	42%
Groupe SID SA	Poitiers, France	43%	42%
Freelance SA	Poitiers, France	43%	42%
Cyber Pratic	Poitiers, France	43%	43%
Desfossés International SA	Paris, France	43%	42%
Victoire Multimedia SA	Paris, France	43%	42%
Victoire Multi-Média Informatique	Paris, France	43%	42%
Imprimerie Desfossés SA	Paris, France	43%	42%
Tribune Desfossés SA	Paris, France	43%	42%
Pressinvest SA	Paris, France	43%	42%
Globe On Line SA	Paris, France	43%	42%
Radio Classique SA	Paris, France	43%	42%
OCD SA	Paris, France	43%	42%

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COMPANIES	HEADQUARTERS	PERCENTAGE	
		Control	Interest
Other activities (continued)			
Editions Classiques Affaires	Paris, France	43%	42%
System TV	Boulogne, France	43%	42%
DI Regie	Paris, France	43%	42%
D2I	Paris, France	43%	42%
Sephora.com Inc.	San Francisco, U.S.A.	43%	43%
eLuxury.com Inc.	(2) San Francisco, U.S.A.	21%	21%
Phillips Auction Group Ltd	London, United Kingdom	43%	43%
Phillips Son & Neale Ltd	London, United Kingdom	43%	43%
PSN Auctions Ltd	London, United Kingdom	43%	43%
PSN Properties UK Unlimited	London, United Kingdom	43%	43%
PSN Inc.	New York, U.S.A.	43%	43%
LVMH Moët Hennessy Louis Vuitton SA	Paris, France	43%	43%
LVMH Fashion Group SA	Paris, France	43%	43%
Moët Hennessy SA	Paris, France	43%	28%
S.C.I. du 30 de l'avenue Hoche	Paris, France	43%	42%
Ufipar SA	Paris, France	43%	43%
Sofidiv SA	Paris, France	43%	43%
LVMH Participations BV	Naarden, Netherlands	43%	43%
GIE LVMH Services	Paris, France	43%	34%
Delano SA	Bâle, Switzerland	43%	43%
Moët Hennessy Inc.	New York, U.S.A.	43%	28%
LVMH KK	Tokyo, Japon	43%	43%
Ufipress SA	Paris, France	43%	43%
Delphine SA	Paris, France	43%	43%
Saint Jacques Finance SA	Paris, France	43%	43%
LVMH Finance SA	Paris, France	43%	43%
LVMH Asia Pacific Ltd	Hong Kong	43%	43%
LVMH Inc.	New York, U.S.A.	43%	43%
598 Madison Leasing Corp	New York, U.S.A.	43%	43%
Eutrope SA	Paris, France	43%	43%
Flavius SA	Paris, France	43%	43%
Coriolan SA	Paris, France	43%	43%
LVMH Art & Auction Group SA	Paris, France	43%	43%
Compagnie Financière Laflachère SA	Paris, France	24%	24%
LV Capital SA	Paris, France	43%	43%
LVMH BV	Naarden, Netherlands	43%	43%
LVMH Selective Distribution Group LLC	New York, U.S.A.	43%	43%
LVMH Perfumes and Cosmetics Services LLC	New York, U.S.A.	43%	43%
LVMH Cosmetics Services KK	Tokyo, Japan	43%	43%

(2) Accounted for by the equity method.

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REPORT OF THE STATUTORY AUDITORS AT DECEMBER 31, 2000

BARBIER FRINAULT & AUTRES
ARTHUR ANDERSEN
41, rue Ybry
92576 Neuilly-sur-Seine Cedex

ERNST & YOUNG AUDIT

4, rue Auber
75009 Paris

Statutory Auditors

Member of the Compagnie Régionale
de Versailles

Member of the Compagnie Régionale
de Paris

To the Shareholders of the Company Christian Dior,

In compliance with the assignment entrusted to us by your shareholders' annual general meeting, we hereby report to you, for the year ended December 31, 2000, on the audit of the accompanying consolidated financial statements of the Company Christian Dior reported in Euro currency.

These consolidated 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.

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 consolidated financial statements give a true and fair view of the Group's financial position and of its assets and liabilities as of Christian Dior and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

We also performed the verification of the information given in the management report of the Board of Directors. We have no comment as to its fair presentation and its conformity with the consolidated financial statements.

Neuilly-sur-Seine and Paris, April 5, 2001

The Statutory Auditors

BARBIER FRINAULT & AUTRES
Gilles Galippe

ERNST & YOUNG AUDIT
François Hilly