Christian Dior

Translation of the French Interim Financial Report

Six-month period ended December 31, 2014

Contents

This document is a free translation into English of the original French "Rapport financier semestriel", hereafter referred to as the "Interim Financial Report". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

Business activity and interim financial statements of the Christian Dior group as of December 31, 2014.

1- Consolidated results

Revenue by business group

(EUR millions and as %)	December 31, 2014 (6 months)	**June 30, 2014** [a] (12 months)	**Dec. 31, 2013** [a] (6 months)
Christian Dior Couture	854	1,501	756
Wines and Spirits	2,296	4,055	2,378
Fashion and Leather Goods	5,798	10,202	5,172
Perfumes and Cosmetics	2,077	3,752	1,913
Watches and Jewelry	1,516	2,688	1,422
Selective Retailing	5,152	9,087	4,705
Other activities and eliminations	(220)	(418)	(221)
TOTAL	**17,473**	**30,867**	**16,125**

Profit from recurring operations by business group

(EUR millions and as %)	December 31, 2014 (6 months)	**June 30, 2014** [a] (12 months)	**Dec. 31, 2013** [a] (6 months)
Christian Dior Couture	120	192	108
Wines and Spirits	686	1,289	828
Fashion and Leather Goods	1,702	3,129	1,642
Perfumes and Cosmetics	211	418	214
Watches and Jewelry	176	319	212
Selective Retailing	484	894	496
Other activities and eliminations	(132)	(190)	(101)
TOTAL	**3,247**	**6,051**	**3,399**

(a) The income statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements.

Revenue by geographic region of delivery

(as percentage)	December 31, 2014 (6 months)	June 30, 2014 [(a)] (12 months)	December 31, 2013 [(a)] (6 months)
France	11	11	11
Europe (excluding France)	20	19	20
United States	24	22	22
Japan	6	7	7
Asia (excluding Japan)	27	30	29
Other markets	12	11	11
TOTAL	**100**	**100**	**100**

(a) The income statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements.

As of December 31, 2014, the Christian Dior group recorded consolidated revenue of 17,473 million euros.

Since July 1, 2013, the scope of consolidated activities changed as follows: in Wines and Spirits, in April 2014, the Group acquired the entire share capital of the Domaine du Clos du Lambrays (Grand cru de la Côte de Nuits); in Fashion and Leather Goods, acquisition of 52% of British luxury footwear company Nicholas Kirkwood in September 2013 and 80% of Loro Piana on December 5, 2013; in Other activities, acquisitions in June 2013 of 80% of Milan-based patisserie business Cova and of Hotel Saint Barth Isle de France in September 2013.

By geographic region of delivery and compared to the first half of the 2013/2014 fiscal year, the relative contribution to Group revenue of Asia (excluding Japan) fell 2 points and that of Japan fell 1 point to 27% and 6% respectively. The contribution of the United States increased by 2 points to 24%. The contributions of France and Europe remained stable respectively at 11% and 20% and that of other markets increased by 1 point to 12%.

By business group and compared to the fiscal year ended June 30, 2014, the breakdown of Group revenue did not change: the proportions accounted for by Christian Dior Couture, Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics and Selective Retailing remained stable at 5%, 13%, 33%, 12%, 9% and 29% respectively.

The Group achieved a gross margin of 11,276 million euros, up 6.5% compared to the first half of the 2013/2014 fiscal year. As a percentage of revenue the gross margin was 65%, a decrease of 1 point compared to the first half of 2013/2014.

Marketing and selling expenses totaled 6,713 million euros, up 12% from the first half of 2013/2014. That increase is essentially attributable to higher communications investments by the main brands and the development of the retail networks. The level of these marketing and selling expenses nonetheless rose by only 1 point as a percentage of revenue, amounting to 38%.

General and administrative expenses totaled 1,317 million euros. They amounted to 8% of revenue, up 1 point from the first half of the 2013/2014 fiscal year.

The Group's profit from recurring operations was 3,247 million euros, down 4% from the first half of the 2013/2014 fiscal year. The operating margin as a percentage of revenue was 19%.

The amount of other operating income and expenses was a net expense of 236 million euros as of December 31, 2014. This amount mainly comprises amortization and impairment of brands and goodwill, and expenses connected with acquisitions carried out during the half-year period and with reorganizations of industrial processes and sales structures decided on during the period.

The Group's operating profit was 3,011 million euros, down 9%.

Net financial income was 2,969 million euros, compared with a net financial expense of 152 million euros in the first half of the 2013/2014 fiscal year. This item comprises the aggregate cost of net financial debt, which amounted to 91 million euros, together with other financial income and expenses, which amounted to net income of 3,060 million euros as opposed to a net expense of 81 million euros in the first half of 2013/2014. This positive result essentially consists of the 3.2 billion euro capital gain arising on the distributions in kind of Hermès shares.

Net profit for the half-year period was 4,385 million euros, versus 2,161 million euros as of December 31, 2013.

Minority interests' share of net profit was 2,681 million euros. This relates mainly to minority interests in the results of LVMH SE, Moët Hennessy and DFS.

As of December 31, 2014, the Group share of net profit was 1,704 million euros.

2- Information by business group

Compared to the same period in 2013, revenue growth by business group was as follows:

2.1. CHRISTIAN DIOR COUTURE

Revenue for **Christian Dior Couture** over the period from July 1 to December 31, 2014 was 854 million euros, up 13% at actual exchange rates and 11% at constant exchange rates. The excellence in savoir-faire and the vibrancy of the Maison Dior are reflected in the success of its Leather Goods lines, Ready-to-Wear collections, Accessories and Jewelry. Retail sales generated by the boutique network were up 15% at actual exchange rates. All the regions participated in this robust growth. Christian Dior Couture's profit from recurring operations was 120 million euros for the period, up 11%.

2.2. WINES AND SPIRITS

Revenue for the Wines and Spirits business group decreased by 3% based on published figures and on a constant consolidation scope and currency basis. The significant decline in volumes in China was not offset by the positive effects of the sustained policy of price increases. China nevertheless remains the second largest market for the Wines and Spirits business group.

Highlights

Excellence and innovation, firm pricing, sustained communication: in a mixed market characterized by strong competitive pressures, the Wines and Spirits business group stayed true to the priorities of its value-enhancing strategy. With economic uncertainty still prevailing in Europe, business was buoyed by a strong dynamic in the American marketplace. The high demand for our brands in promising markets and segments, and the responsiveness of the Moët Hennessy retail network, partially offset the slowdown in cognac sales in China due to destocking by distributors.

Champagne volumes were up 4%. Reflecting the Maisons' value strategy, prestige cuvées recorded solid growth. **Moët & Chandon** bolstered its image throughout the world. The brand achieved significant growth in the United States thanks to its investment plan targeting key cities. It continued to thrive in Japan, now its second-largest market, while fresh growth prospects appeared in Africa. **Dom Pérignon** launched its new product range worldwide and enjoyed a strong performance by Dom Pérignon Rosé. **Mercier** reaffirmed its new identity and expanded its offering. **Ruinart**, maintaining its consistent focus on premium cuvées, further improved its positions in France and accelerated its international expansion, particularly in new markets. **Veuve Clicquot** had a good half-year featuring robust growth, high-end price positioning and an enhanced product mix. Driven by constant innovation, the brand built on its leading position in the United States, maintained strong momentum in the Asia-Pacific region and achieved solid growth in the United Kingdom. **Krug** developed its brand awareness and launched a new communications approach with champagne-music pairings. In addition to the excellent performances recorded in Japan and the Asia-Pacific region, a very positive dynamic took shape in the United States.

In **Estates & Wines**, the **Chandon** brand reinforced its positions in its domestic markets and successfully launched its export business. The recently established branches Chandon India and Chandon China, in the Ningxia region of China, showed promising progress. A decrease in business for special quality wines weighed on profit for the Wines segment.

Faced with destocking by distribution channels in China, **Hennessy** drew on the strength of its global presence and extensive product portfolio. It recorded volumes up 5% thanks to the enormous success of the *Very Special* Hennessy cognac in both its historical markets and all growth countries. In the United States, its already robust business got an additional boost from the *Very Special* communications platform, which benefited the entire product range. The brand expanded in Eastern Europe as well as in Taiwan, Malaysia and Vietnam. Promising countries such as India and the Philippines showed rapid development, and Hennessy recorded steady growth in the travel retail circuits.

Glenmorangie and **Ardbeg** whiskies and **Belvedere** vodka maintained their growth, fuelled by a policy of innovation, the brands' increasing renown and the many international awards they have won.

2.3. FASHION AND LEATHER GOODS

Fashion and Leather Goods revenue was up 3% on a constant consolidation scope and currency basis, and up 12% in published figures. This business group's performance continued to benefit from the robust performance of Louis Vuitton. Céline, Kenzo, Givenchy and Berluti confirmed their potential, delivering double-digit growth over the period.

Highlights

For **Louis Vuitton**, the half-year under review was one of strong creative momentum. The period featured two particular highlights: the fashion show at the recently opened Fondation Louis Vuitton, and the celebration of the *Monogram* by enlisting six major designers to reimagine it in a limited series ("Celebrating Monogram"). Alongside the ever-popular *Capucines*, other models such as the new *Lockit* and *Montaigne* are also in great demand. Leather pieces designed for runway shows also met with an excellent reception. Louis Vuitton continued the quality-driven development of its network of stores, particularly visible in the reopening of its Avenue Montaigne store in Paris.

At the close of its first year as part of the Group, **Loro Piana** turned in a strong performance. Alongside its rare, precious natural materials and its offering of clothing, footwear and accessories designed for an exacting, loyal clientele, it also benefited from new store openings in Japan, the United States and Paris. The *Gift of Kings* collection, made from the finest wool in the world and once again illustrating an unequalled level of expertise, garnered rave reviews at launch.

Fendi continued to improve its retail network to showcase its offering of very high-quality products and achieved gains in all its markets. Growth in leather goods was boosted by the iconic lines. Furs enjoyed increased visibility in stores. An exhibition of the most beautiful pieces from 1965 to the present day was held in Hong Kong.

Céline maintained its steady growth. Leather goods, footwear and ready-to-wear made particularly remarkable headway.

Givenchy, **Kenzo** and **Berluti** achieved accelerated growth, confirming the success of their strategies. Givenchy made particularly rapid strides in Europe, the United States and Asia. Kenzo reinforced its image around a unique positioning that melds creativity and functionality. Berluti completed the roll-out of its new boutique concept. The other Maisons continued to consolidate their organization. For **Loewe**, the half-year was marked by the positive response to the first women's show by its new Artistic Director, Jonathan Anderson, who joined the jury of the LVMH Prize for Young Fashion Designers. As part of their creative reinforcement phase, **Donna Karan** and **Marc Jacobs** made selective investments: Marc Jacobs focused on its key product categories and Donna Karan on expanding the collections that embody its strong New York roots. **Thomas Pink**, at the leading edge in the field of online sales, continued to perfect its website. **Pucci** opened its new store in Milan.

2.4. PERFUMES AND COSMETICS

Revenue for Perfumes and Cosmetics increased by 8% on a constant consolidation scope and currency basis, and by 9% based on published figures. This performance confirmed the effectiveness of the value-enhancing strategy resolutely pursued by the Group's brands in the face of competitive pressures. The Perfumes and Cosmetics business group saw appreciable revenue growth in the United States and Asia.

Highlights

The business group's Maisons continued to gain market share in a very competitive sector. Their three focus areas – perfumes, make-up and skincare – experienced growth. This performance was driven by brand image, the excellence and creativity of the products, the attention paid to their distribution and sustained investments in advertising.

Parfums Christian Dior made progress and increased its market share in all key countries. Perfumes continued to thrive thanks to its three anchors: *J'adore* pushed forward as a global leader, capitalizing on the successful chapter of its history that began with the new communication campaign featuring Charlize Theron; *Miss Dior* benefited from the launch of its *Blooming Bouquet* version; *Dior Homme* continued making steady headway and surged into new markets such as China and the United States. The arrival of Peter Philips as Creative Director of make-up design gave major impetus to the brand's collections, enhancing their creativity and their ties to Christian Dior Couture. Especially worth noting were highly innovative product launches in foundation and lipstick. Dior consolidated its leading position in make-up, and achieved a very strong growth in Asia. Skincare continued to grow, notably in Asia, its priority market. *Capture Totale* strengthened its positions thanks to the worldwide success of *Dreamskin*.

Guerlain had a good half-year of profitable growth and gained market share in France and China, two strategic countries. *La Petite Robe Noire* is now a firmly established perfume, while the high-profile launch of *L'Homme Idéal* enabled it to rise to a prominent position in top markets. The *KissKiss* make-up line and the *Orchidée Impériale* and *Abeille Royale* skincare lines made significant strides. The new manufacturing facility dedicated to make-up and skincare, named La Ruche ("The Beehive") in homage to the Maison's emblematic bee was opened in Chartres, reflecting Guerlain's long-term commitment to excellence, innovation and the longevity of its expertise at the heart of Cosmetic Valley.

Parfums Givenchy got a revenue boost from the launches of the *Gentlemen Only* fragrance and *Dahlia Divin*, embodied by its brand ambassador Alicia Keys. The cosmetics line forged ahead. **Kenzo Parfums** reaped the rewards of its new creation, *Jeu d'Amour*, while consolidating the positions of its historic mainstay, *Flower*. **Benefit** kept up its positive momentum, ranking number 1 in make-up in the United Kingdom. Another highlight of the half-year period was the considerable success of its *They're Real!* eyeliner and the launch of its new Brow Bar concept. The brand also continued to illustrate its expertise and its innovative approach in the digital realm. Celebrating its 30th anniversary, **Make Up For Ever** continued to gain market share in all regions, boosted by the development of its *Aqua*, *Artist* and *High Definition* flagship lines. **Fresh** built on the global success of its *Black Tea* line and on the launch of its new product ranges made with lotus and peony.

2.5. WATCHES AND JEWELRY

Revenue for Watches and Jewelry increased by 5% on a constant consolidation scope and currency basis, and by 7% based on published figures. Economic uncertainty and a highly competitive market caused a slowdown in purchases by multi-brand watch retailers. For all of the business group's brands, Japan was the most dynamic region.

Highlights

In the second half of 2014, while jewelry sales showed remarkable momentum, the watches business was slowed by the cautious purchasing behavior of multi-brand watch retailers in a still uncertain economic environment. The creativity of the business group's brands' products, their masterful savoir-faire and the increased efficiency of their distribution networks boosted business and helped meet market share growth targets: own-brand boutiques turned in strong performances in both jewelry and watches. While maintaining a prudent management policy, the Maisons continued to bolster their image and make selective investments in their distribution networks and manufacturing capacities.

Bvlgari continued to register growth, with particularly remarkable performance in jewelry and at its own stores. Jewelry was buoyed by the success of the iconic *Bvlgari-Bvlgari*, *B Zero 1* and *Serpenti* lines and the extension of the recent *Diva* collection. The watches segment, where Bvlgari gained market share, saw the launch of new versions of the *Octo* men's model and of the very promising *Lucea* and *Diva* women's lines, with *Diva* winning the jewelry watch prize at the Grand Prix d'Horlogerie de Genève awards. Bvlgari's savoir-faire in fine jewelry and its unparalleled mastery of colored gemstone combinations were showcased at a number of exhibitions held around the world. Its network of boutiques again amplified their positive dynamic thanks to the roll-out of an ambitious store improvement program and some selective openings.

TAG Heuer refocused on its core offerings and adapted its organization to this strategy. An array of new products enriched its iconic *Formula 1 Automatic*, *Aquaracer Lady* and *Carrera* lines. These designs, accompanied by strong communications aimed at its target audiences, reaffirmed the brand's positioning in order to increase its potential market share gains. Manufacturing was reviewed in an effort to optimize and improve performance at its sites. TAG Heuer also focused on the efficiency of its distribution subsidiaries. Its own stores registered a steady flow of business.

Hublot continued its robust growth, fueled in particular by the *Classic Fusion* line, which made rapid strides alongside the emblematic *Big Bang*. The brand once again reaffirmed its creativity and upmarket strategy, designing new pieces in women's jewelry and fine watches. One of the period's high points was the success of the *LaFerrari* watch. Hublot demonstrated its manufacturing expertise with its UNICO manufacture chronographs and high value-added complications.

Zenith continued to develop its collections, particularly the emblematic *El Primero*, whose communication was enhanced by the partnership entered into with the Rolling Stones. A new boutique opened in Singapore.

Chaumet continued to expand its own store network, with particularly strong performance in fine jewelry. The *Hortensia* collection was expanded to include new designs. **Montres Dior** and jewelers **De Beers** and **Fred** presented new creations and enhanced their iconic lines.

2.6. SELECTIVE RETAILING

Revenue for Selective Retailing increased by 10% based on published figures, and by 8% on a constant consolidation scope and currency basis. The drivers of performance were Sephora, which generated appreciable growth in revenue across all world regions, and to a lesser extent DFS, which made substantial progress, spurred by development at the North American airports renovated at the end of 2013.

Highlights

During the period, faced with a particularly complex situation in Asia, notably related to currency fluctuations and political events in the region, **DFS** focused on doing what it does best: providing excellence and innovation in its offering and services to international travelers. The rebranding of downtown stores under the new *T Galleria* name continued, while the recently renovated airport concessions in Hong Kong and North America delivered strong performances. The new Loyal T rewards program was launched worldwide successfully. Work began on the renewed wines and spirits concession at Changi Airport in Singapore. One of the period's highlights was the announcement of DFS's plans to open its first European store at the Fondaco dei Tedeschi in the heart of Venice. This much-venerated building, which DFS wants to restore to its former glory, will be a venue for commerce and culture for travelers and locals alike. It is the perfect setting for DFS to showcase its teams' expertise: a new milestone in its expansion to the most coveted destinations around the world.

The growth of **Starboard Cruise Services** was based on the expansion and strong momentum of cruise routes in Asia. Maintaining its strategy of innovating and differentiating its offerings by cruise line, the brand signed a flurry of new contracts with different cruise companies, expanding the fleet of ships on which it operates to around one hundred by the end of the half-year period.

Sephora gained market share worldwide and continued to achieve double-digit revenue growth, with particularly remarkable performances in North America, the Middle East and Asia. During the period, the brand opened more than sixty stores and marked its debut in Indonesia and Australia. Several flagship stores, including those on the Champs-Élysées and in the Dubai Mall, were renovated to offer their clientele an ever more quality-driven experience. Online sales grew strongly, with an innovative mobile offering designed as part of a genuinely multichannel strategy. The new social shopping platform Beauty Board lets users share photos and beauty advice, and features direct links to the brand's site. Sephora has aimed to make its offering more and more innovative and unique. The success of the Sephora brand continued to grow with the launch of the *Rouge Infusion* lip stain range. Sephora is dedicated to maintaining a unique relationship with its clientele, developing highly attractive loyalty programs and services found nowhere else. Staff commitment is underpinned by continuously updated training initiatives to ensure that customers always receive the highest standard of care and service.

Le Bon Marché benefited from the opening of its new Homeware department, dedicated to the art of living and entertaining, and from new sales momentum at the Grande Épicerie de Paris food store following its renovation. Business was also buoyed by Women's Fashion, Beauty and luxury Accessories, particularly watches and jewelry. Le Bon Marché continued to illustrate its cultural dimension with a Japan-themed exhibition entitled "Le Japon Rive Gauche" held in the fall. Non-French customers, who increasingly identify with the spirit of Le Bon Marché, also made a significant contribution to the growth of its business.

Comments on the concepts of constant scope and currency

The impact of exchange rate fluctuations is determined by translating the accounts for the period of subsidiaries having a functional currency other than the euro at the prior comparable period's exchange rates, to the exclusion of any other restatements.
The impact of changes in the scope of consolidation is determined by deducting:

- for the six-month period's acquisitions, revenue generated during the six-month period by the acquired entities, as of their initial consolidation;
- for the prior comparable period's acquisitions, revenue for the six-month period generated over the months of the prior comparable period during which the acquired entities were not yet consolidated.

And by adding:

- for the six-month period's disposals, prior comparable period revenue generated over the months of the current six-month period during which the entities were no longer consolidated;
- for the prior comparable period's disposals, prior comparable period revenue generated by the entities sold.

3- Comments on the consolidated balance sheet

(EUR billions)	December 31, 2014	June 30, 2014[(a)]	Change
Tangible and intangible fixed assets	36.2	35.5	+ 0.7
Other non-current assets	3.2	9.3	- 6.1
Non-current assets	**39.4**	**44.8**	**- 5.4**
Inventories	9.8	9.6	+ 0.2
Other current assets	9.0	6.7	+ 2.3
Current assets	**18.8**	**16.3**	**+ 2.5**
ASSETS	**58.2**	**61.1**	**- 2.9**

(EUR billions)	December 31, 2014	June 30, 2014[(a)]	Change
Equity	24.7	30.3	- 5.6
Long-term borrowings	6.3	4.4	+ 1.9
Other non-current liabilities	14.1	13.3	+ 0.8
Equity and non-current liabilities	**45.1**	**48.0**	**- 2.9**
Short-term borrowings	4.7	6.4	- 1.7
Other current liabilities	8.4	6.7	+ 1.7
Current liabilities	**13.1**	**13.1**	**-**
LIABILITIES AND EQUITY	**58.2**	**61.1**	**- 2.9**

(a) The balance sheet as of June 30, 2014 has been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2 to the consolidated interim financial statements.

The consolidated balance sheet of the Christian Dior group totaled 58.2 billion euros as of December 31, 2014, representing a 5% decrease from June 30, 2014. Non-current assets declined by 5.4 billion euros and represented 68% of total assets, compared with 73% as of June 30, 2014.

Tangible and intangible fixed assets grew by 0.7 billion euros. Investments for the half-year, net of amortization and depreciation charges as well as disposals, represented an increase of 0.4 billion euros. The comments on the cash flow statement provide further information about investments. Exchange rate fluctuations generated an additional 0.6 billion euro increase in the value of tangible and intangible fixed assets. The net amount of goodwill was down 0.2 billion euros for the half-year.

The substantial decrease in other non-current assets, amounting to 6.1 billion euros, resulted from the distributions in kind of Hermès shares to the shareholders of LVMH and Christian Dior (see Note 8 to the interim consolidated financial statements for details on this transaction). As of December 31,2014, the remaining shareholding in Hermès, after deduction of the shares distributed to shareholders in early January 2015, amounted to 0.1 billion euros. This amount corresponded to shares not distributed on account of the existence of fractional rights. This shareholding will be sold in 2015, pursuant to the provisions of the settlement agreement entered into with Hermès.

Inventories increased by 0.2 billion euros versus June 30, 2014. The comments on the cash flow statement provide further information on this change.

Other current assets grew by 2.3 billion euros, mainly due to the 1.7 billion euro increase in the cash balance and the 0.3 billion euro increase in trade receivables.

Non-current liabilities, totaling 14.1 billion euros, increased by 0.8 billion euros, mainly influenced by the increase in provisions for contingencies and losses of 0.5 billion euros.

Other current liabilities increased by 1.7 billion euros for the half-year, totaling 8.4 billion euros, of which mainly 0.6 billion euros related to the increase in trade accounts payable, 0.6 billion euros to the increase in tax and social charge liabilities and 0.2 billion euros to the increase in the market value of derivatives.

Net financial debt and equity

(EUR billions)	December 31, 2014	June 30, 2014	Change
Long-term borrowings	6.3	4.4	+ 1.9
Short-term borrowings and derivatives	4.6	6.4	- 1.8
Gross borrowings after derivatives	**10.9**	**10.8**	**+ 0.1**
Cash and cash equivalents and current available for sale financial assets	4.6	2.9	+ 1.7
Net financial debt	**6.3**	**7.9**	**- 1.6**
Equity	24.7	30.3	- 5.6
Net financial debt / Total equity ratio	**25.6%**	**26.1%**	**- 0.5 pts**

The ratio of net financial debt to equity was 25.6% as of December 31, 2014, down 0.5 points from June 30, 2014, under the influence of two factors: the impact of the decrease in net debt resulting from the sharp increase in cash and cash equivalents and current available for sale financial assets outweighed that of the decrease in equity due to the distributions in kind of Hermès shares.

Total equity amounted to 24.7 billion euros as of December 31, 2014, representing a decrease of 5.6 billion euros compared to June 30, 2014. This change primarily reflects the 7.0 billion euro impact of the exceptional distributions in kind of Hermès International shares (see Note 8 to the consolidated interim financial statements for further details on this transaction). It was partially offset by the Group's half-year earnings (excluding the impacts of the Hermès transaction on earnings) which, net of cash dividends distributed, contributed an increase of 1.0 billion euros. In addition to this, a positive impact of 0.5 billion euros was recorded due to exchange rate fluctuations on the reserves of entities reporting in foreign currency, mainly US dollars and Hong Kong dollars.

As of December 31, 2014, total equity accounted for 42% of the balance sheet total, compared to 50% as of June 30, 2014.

Gross borrowings after derivatives totaled 10.9 billion euros at December 31, 2014, representing a 0.1 billion euro increase compared to June 30, 2014.

Bond issues and subscriptions amounted to 2.4 billion euros over the period. Over the half-year, LVMH SE issued four bonds, which provided total financing of 1.7 billion euros. The remaining 0.7 billion euros corresponds to bank borrowings taken out by Group companies.

Conversely, repayments of borrowings amounted to 2.2 billion euros. In particular, the outstanding amount of LVMH commercial paper was down 0.8 billion euros for the half-year and Christian Dior redeemed a 0.4 billion euro bond.

Cash and cash equivalents and current available for sale financial assets totaled 4.6 billion euros at the end of the period, up 1.7 billion euros from 2.9 billion euros as of June 30, 2014.

As of December 31, 2014, undrawn confirmed credit lines amounted to 4.9 billion euros, substantially exceeding the outstanding portion of the commercial paper program, which came to 2.0 billion euros.

4- Comments on the consolidated cash flow statement

The consolidated cash flow statement, presented in the consolidated financial statements, provides details of the main financial flows in the periods presented.

(EUR millions)	December 31, 2014 (6 months)	Dec. 31, 2013 (1)(2) (6 months)	Change
Cash from operations before changes in working capital	**4,106**	**4,210**	**(104)**
Cost of net financial debt: interest paid	(85)	(74)	(11)
Income taxes paid	(742)	(908)	166
Net cash from operating activities before changes in working capital	**3,279**	**3,228**	**51**
Total change in working capital	540	338	202
Operating investments	(1,014)	(1,007)	(7)
Free cash flow	**2,805**	**2,559**	**246**
Financial investments	(153)	(2,151)	1,998
Transactions related to equity	(886)	(1,012)	126
Change in cash before financing activity	**1,766**	**(604)**	**2,370**

(2) The financial statements as of December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements.

Cash from operations before changes in working capital totaled 4,106 million euros for the period, down 2% from the 4,210 million euros recorded in the first half of the 2013/2014 fiscal year. Net cash from operating activities before changes in working capital (i.e. after interest and income taxes paid) was 3,279 million euros, up 2% from the first half of the 2013/2014 fiscal year.

Interest paid came to 85 million euros for the period, up slightly from the first half of the 2013/2014 fiscal year. The impact of the higher average amount of debt outstanding compared with December 31, 2013 was partially offset by the combined impacts of lower interest rates on borrowings and better returns on available cash.

Tax paid on operating activities was 742 million euros for the period, versus 908 million euros for the first half of 2013/2014.

The change in working capital requirement was a net inflow of 540 million euros. While the change in inventories, mainly in Champagne, Fashion and Leather Goods, and at Sephora, in addition to the change in trade accounts receivable, essentially in Wines and Spirits and Perfumes and Cosmetics, generated cash requirements of 54 and 303 million euros, the increase in trade accounts receivable and other receivables and payables provided additional cash of 512 and 385 million euros respectively. These changes reflect the seasonality of the Group's activities given the specific nature of the distribution profiles used by the various business groups.

Operating investments net of disposals resulted in a net cash outflow of 1,014 million euros for the half-year. They consisted mainly of investments by Louis Vuitton, Christian Dior Couture, Sephora, DFS, Bvlgari and Berluti in their retail networks, investments by Parfums Christian Dior in new counters, and investments by the champagne houses in their production facilities, as well as investments in real estate for administrative use, sales operations or rental purposes.

The net cash inflow from operating activities and operating investments (free cash flow) was up 10% and amounted to 2,805 million euros for the first half of fiscal year 2014/2015 versus 2,559 million euros as of December 31, 2013.

Financial investments accounted for a 153 million euro outflow over the half-year. That included a 237 million euro outflow for tax paid on financial investments, mainly in connection with the Hermès share distribution transactions. Purchases of consolidated investments accounted for a cash outflow of 28 million euros. Net disposals of non-current available for sale financial assets totaled 112 million euros and notably included the sale of LVMH's stake in ST Lonia.

Transactions relating to equity generated an outflow of 886 million euros. A portion of this amount, 834 million euros, corresponds to dividends paid, including 340 million euros for the final cash dividend paid by Christian Dior, with the rest accounted for by the dividends paid to the Group's minority interests. Income taxes paid in connection with dividend payments amounted to 50 million euros for the period. The exercise of Christian Dior share purchase options, net of purchases, generated a cash inflow of 10 million euros. Capital increases subscribed by minority interests in consolidated subsidiaries generated cash of 4 million euros, while acquisitions and disposals of minority interests, including the exercise of LVMH subscription options and acquisitions of LVMH shares, led to a net outflow of 16 million euros over the period.

The change in cash after all operating and equity-related activities thus amounted to a net inflow of 1,766 million euros. As of December 31, 2013 it was a net outflow of 604 million euros. It included the acquisition of 80% of Loro Piana for 1,982 million euros.

The net cash inflow from financing activities amounted to 60 million euros and the impact of the change in the cumulative translation adjustment was positive at 17 million euros. The cash balance at the end of the period was up 1,843 million euros from the first half of the 2013/2014 fiscal year.

Condensed consolidated financial statements

for the six-month period ended December 31, 2014

Financial highlights

Key consolidated data

(EUR millions and as %)	Dec. 31, 2014 (6 months)	June 30, 2014 [1] (12 months)	Dec. 31, 2013 [1] [2] (6 months)
Revenue	17,473	30,867	16,125
Profit from recurring operations	3,247	6,051	3,399
Net profit	4,385 [a]	3,892	2,161
Net profit, Group share	1,704	1,425	794
Cash from operations before changes in working capital [b]	4,106	7,472	4,210
Operating investments arising from change in net cash position	1,014	1,953	1,007
Free cash flow [c]	2,805	2,537	2,559
Equity [d]	24,662	30,337	29,409
Net financial debt [e]	6,318	7,920	6,862
Net financial debt / Total equity ratio	26%	26%	23%

(a) Including 2,621 million euros arising on the distributions of Hermès shares.
(b) Before tax and interest paid.
(c) Net cash from operating activities and operating investments.
(d) Including minority interests.
(e) Net financial debt does not take into consideration purchase commitments for minority interests included in "Other non-current liabilities". See Note 20 to the condensed consolidated financial statements for the definition of net financial debt.

Data per share

(EUR)	Dec. 31, 2014 (6 months)	June 30, 2014 (12 months)	Dec. 31, 2013 (6 months)
Earnings per share			
Basic Group share of net profit per share	9.53 [h]	7.97	4.45
Diluted Group share of net profit per share	9.44 [h]	7.90	4.41
Cash dividend per share			
Interim dividend approved in cash	1.25	1.20	1.20
Final dividend approved in cash	-	1.90	-
Gross amount approved for the period [f] [g]	**1.25**	**3.10**	**1.20**

(f) For the 2014/2015 fiscal year, amount approved by the Board of Directors on February 12, 2015 and payment on April 23, 2015.
(g) Excluding the impact of tax regulations applicable to the beneficiaries.
(h) Including 6.07 euros per share before dilution (6.01 euros per share after dilution) arising on the distributions of Hermès shares.

[1] The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

[2] The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

Consolidated income statement

(EUR millions, except for earnings per share)	*Notes*	**Dec. 31, 2014** (6 months)	**June 30, 2014** [1] (12 months)	**Dec. 31, 2013** [1] (6 months)
Revenue	*23*	**17,473**	**30,867**	**16,125**
Cost of sales		(6,197)	(10,558)	(5,535)
Gross margin		**11,276**	**20,309**	**10,590**
Marketing and selling expenses		(6,713)	(11,884)	(5,990)
General and administrative expenses		(1,317)	(2,365)	(1,189)
Income (loss) from investments in joint ventures and associates	*7*	1	(9)	(12)
Profit from recurring operations	*23-24*	**3,247**	**6,051**	**3,399**
Other operating income and expenses	*25*	(236)	(153)	(90)
Operating profit		**3,011**	**5,898**	**3,309**
Cost of net financial debt		(91)	(148)	(71)
Other financial income and expense		3,060	(83)	(81)
Net financial income (expense)	*26*	**2,969**	**(231)**	**(152)**
Income taxes	*27*	(1,595)	(1,775)	(996)
Net profit before minority interests		**4,385**	**3,892**	**2,161**
Minority interests	*17*	2,681	2,467	1,367
Net profit, Group share		**1,704**	**1,425**	**794**
Basic Group share of net profit per share *(EUR)*	*28*	**9.53**	**7.97**	**4.45**
Number of shares on which the calculation is based		178,744,103	178,762,208	178,597,020
Diluted Group share of net profit per share *(EUR)*	*28*	**9.44**	**7.90**	**4.41**
Number of shares on which the calculation is based		179,604,149	179,594,236	179,663,779

[1] The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

Consolidated statement of comprehensive gains and losses

(EUR millions)	Dec. 31, 2014 (6 months)	June 30, 2014 [1] (12 months)	Dec. 31, 2013 [1] (6 months)
Net profit before minority interests	**4,385**	**3,892**	**2,161**
Translation adjustments	457	(125)	(229)
Tax impact	90	(28)	(39)
	547	**(153)**	**(268)**
Change in value of available for sale financial assets	373	553	430
Amounts transferred to income statement	(3,317)	(16)	(7)
Tax impact	191	(12)	(3)
	(2,753)	**525**	**420**
Change in value of hedges of future foreign currency cash flows	(10)	205	225
Amounts transferred to income statement	(11)	(302)	(149)
Tax impact	15	26	(20)
	(6)	**(71)**	**56**
Gains and losses recognized in equity, transferable to income statement	**(2,212)**	**301**	**208**
Change in value of vineyard land	(20)	370	369
Amounts transferred to consolidated reserves	-	(10)	-
Tax impact	10	(127)	(127)
	(10)	**233**	**242**
Employee benefit commitments: change in value resulting from actuarial gains and losses	(147)	17	34
Tax impact	47	(4)	(9)
	(100)	**13**	**25**
Gains and losses recognized in equity, not transferable to income statement	**(110)**	**246**	**267**
Gains and losses recognized in equity	**(2,322)**	**547**	**475**
Comprehensive income	**2,063**	**4,439**	**2,636**
Minority interests	1,353	2,789	1,648
COMPREHENSIVE INCOME, GROUP SHARE	**710**	**1,650**	**988**

[1] The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

Consolidated balance sheet

ASSETS *(EUR millions)*	*Notes*	Dec. 31, 2014	June 30, 2014 [1]	Dec. 31, 2013 [1] [2]
Brands and other intangible assets	*3*	15,731	15,363	15,288
Goodwill	*4*	9,449	9,626	9,696
Property, plant and equipment	*6*	11,038	10,501	10,178
Investments in joint ventures and associates	*7*	514	497	482
Non-current available for sale financial assets	*8*	590	7,200	7,089
Other non-current assets	*9*	532	515	481
Deferred tax		1,504	1,077	957
Non-current assets		**39,358**	**44,779**	**44,171**
Inventories and work in progress	*10*	9,757	9,593	8,721
Trade accounts receivable	*11*	2,355	2,008	2,231
Income taxes		366	346	238
Other current assets	*12*	2,004	1,695	1,898
Cash and cash equivalents	*14*	4,332	2,638	3,380
Current assets		**18,814**	**16,280**	**16,468**
TOTAL ASSETS		**58,172**	**61,059**	**60,639**

LIABILITIES AND EQUITY *(EUR millions)*	*Notes*	Dec. 31, 2014	June 30, 2014 [1]	Dec. 31, 2013 [1] [2]
Share capital	*15.1*	363	363	363
Share premium account	*15.1*	357	2,205	2,205
Christian Dior treasury shares	*15.2*	(278)	(288)	(305)
Cumulative translation adjustment	*15.4*	223	37	(7)
Revaluation reserves		432	1,613	1,630
Other reserves		6,700	6,615	6,827
Net profit, Group share		1,704	1,425	794
Equity, Group share		**9,501**	**11,970**	**11,507**
Minority interests	*17*	15,161	18,367	17,902
Total equity		**24,662**	**30,337**	**29,409**
Long-term borrowings	*18*	6,339	4,390	5,066
Non-current provisions	*19*	2,311	1,827	1,799
Deferred tax		5,307	5,194	5,195
Other non-current liabilities	*20*	6,451	6,275	6,401
Non-current liabilities		**20,408**	**17,686**	**18,461**
Short-term borrowings	*18*	4,671	6,416	5,465
Trade accounts payable		3,780	3,164	3,381
Income taxes		640	358	387
Current provisions	*19*	349	331	354
Other current liabilities	*21*	3,662	2,767	3,182
Current liabilities		**13,102**	**13,036**	**12,769**
TOTAL LIABILITIES AND EQUITY		**58,172**	**61,059**	**60,639**

[1] The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

[2] The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

Consolidated statement of changes in equity

(EUR millions)	Share capital Number of shares	Share capital	Share premium account	Christian Dior treasury shares	Cumulative translation adjustment	Revaluation reserves: Available for sale financial assets	Revaluation reserves: Hedges of future foreign currency cash flows	Revaluation reserves: Vineyard land	Revaluation reserves: Employee benefit commitments	Net profit and other reserves	Total equity: Group share	Total equity: Minority interests	Total equity: Total
Notes		*15.1*	*15.1*	*15.2*	*15.4*							*17*	
As of June 30, 2013	**181,727,048**	**363**	**2,205**	**(252)**	**82**	**1,010**	**34**	**315**	**(12)**	**7,268**	**11,013**	**17,093**	**28,106**
Gains and losses recognized in equity					(45)	218	(28)	76	4	-	**225**	322	**547**
Net profit										1,425	**1,425**	2,467	**3,892**
Comprehensive income					**(45)**	**218**	**(28)**	**76**	**4**	**1,425**	**1,650**	**2,789**	**4,439**
Stock option plan and similar expenses										25	**25**	25	**50**
(Acquisition) / disposal of Christian Dior treasury shares				(36)	-	-	-	-		(4)	**(40)**	-	**(40)**
Capital increase in subsidiaries										-	**-**	9	**9**
Interim and final dividends paid										(536)	**(536)**	(1,231)	**(1,767)**
Acquisition of a controlling interest in Loro Piana [1]											**-**	235	**235**
Changes in control of consolidated entities										-	**-**	2	**2**
Acquisition and disposal of minority interests' shares					-	(2)	-	(1)	(1)	(42)	**(46)**	13	**(33)**
Purchase commitments for minority interests' shares [1]										(96)	**(96)**	(568)	**(664)**
As of June 30, 2014	**181,727,048**	**363**	**2,205**	**(288)**	**37**	**1,226**	**6**	**390**	**(9)**	**8,040**	**11,970**	**18,367**	**30,337**
Gains and losses recognized in equity					186	(1,138)	(3)	(3)	(36)	-	**(994)**	(1,328)	**(2,322)**
Net profit										1,704	**1,704**	2,681	**4,385**
Comprehensive income					**186**	**(1,138)**	**(3)**	**(3)**	**(36)**	**1,704**	**710**	**1,353**	**2,063**
Stock option plan and similar expenses										12	**12**	12	**24**
(Acquisition) / disposal of Christian Dior treasury shares				10					-	-	**10**	-	**10**
Capital increase in subsidiaries										-	**-**	4	**4**
Interim and final dividends paid										(340)	**(340)**	(433)	**(773)**
Distribution in kind of Hermès shares. See Note 8.			(1,848)							(991)	**(2,839)**	(4,016)	**(6,855)**
Changes in control of consolidated entities										(2)	**(2)**	7	**5**
Acquisition and disposal of minority interests' shares				-	-	(1)	-	-	-	(3)	**(4)**	4	**-**
Purchase commitments for minority interests' shares										(16)	**(16)**	(137)	**(153)**
As of December 31, 2014	**181,727,048**	**363**	**357**	**(278)**	**223**	**87**	**3**	**387**	**(45)**	**8,404**	**9,501**	**15,161**	**24,662**

(EUR millions)	Share capital Number of shares	Share capital	Share premium account	Christian Dior treasury shares	Cumulative translation adjustment	Revaluation reserves: Available for sale financial assets	Revaluation reserves: Hedges of future foreign currency cash flows	Revaluation reserves: Vineyard land	Revaluation reserves: Employee benefit commitments	Net profit and other reserves	Total equity: Group share	Total equity: Minority interests	Total equity: Total
Notes		*15.1*	*15.1*	*15.2*	*15.4*							*17*	
As of June 30, 2013	**181,727,048**	**363**	**2,205**	**(252)**	**82**	**1,010**	**34**	**315**	**(12)**	**7,268**	**11,013**	**17,093**	**28,106**
Gains and losses recognized in equity					(89)	176	21	78	8	-	**194**	281	**475**
Net profit										794	**794**	1,367	**2,161**
Comprehensive income					**(89)**	**176**	**21**	**78**	**8**	**794**	**988**	**1,648**	**2,636**
Stock option plan and similar expenses										**13**	**13**	14	**27**
(Acquisition) / disposal of Christian Dior treasury shares				(53)						-	**(53)**	-	**(53)**
Capital increase in subsidiaries										-	**-**	8	**8**
Interim and final dividends paid										(321)	**(321)**	(407)	**(728)**
Acquisition of a controlling interest in Loro Piana [1]										-	**-**	235	**235**
Changes in control of consolidated entities										-	**-**	-	**-**
Acquisition and disposal of minority interests' shares					-	-	-	-	-	(40)	**(40)**	(87)	**(127)**
Purchase commitments for minority interests' shares [1]										(93)	**(93)**	(602)	**(695)**
As of December 31, 2013	**181,727,048**	**363**	**2,205**	**(305)**	**(7)**	**1,186**	**55**	**393**	**(4)**	**7,621**	**11,507**	**17,902**	**29,409**

(1) The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

Consolidated cash flow statement

(EUR millions)	*Notes*	Dec. 31, 2014 (6 months)	June 30, 2014 [a] [1] (12 months)	Dec. 31, 2013 [a] [1] (6 months)
I OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		3,011	5,898	3,309
Adjustment for income/(loss) and dividends from joint-ventures and associates [a]		10	39	32
Net increase in depreciation, amortization and provisions		1,244	1,622	853
Other computed expenses		(120)	(5)	50
Other adjustments		(39)	(82)	(34)
Cash from operations before changes in working capital		**4,106**	**7,472**	**4,210**
Cost of net financial debt: interest paid		(85)	(159)	(74)
Income taxes paid [a]		(742)	(1,847)	(908)
Net cash from operating activities before changes in working capital		**3,279**	**5,466**	**3,228**
Total change in working capital	*14.1*	540	(976)	338
Net cash from operating activities		3,819	**4,490**	**3,566**
Operating investments	*14.2*	(1,014)	(1,953)	(1,007)
Net cash from operating activities and operating investments (free cash flow)		**2,805**	**2,537**	**2,559**
II FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets		(27)	(72)	(68)
Proceeds from sale of non-current available for sale financial assets		139	38	17
Dividends received [a]		-	79	5
Income tax related to financial investments [a]		(237)	(11)	(11)
Impact of purchase and sale of consolidated investments		(28)	(2,262)	(2,094)
Net cash from (used in) financial investments		**(153)**	**(2,228)**	**(2,151)**
III TRANSACTIONS RELATING TO EQUITY				
Capital increases of subsidiaries subscribed by minority interests		4	6	7
Acquisitions and disposals of Christian Dior shares	*15.2*	10	(40)	(53)
Interim and final dividends paid by Christian Dior		(348) [b]	(536)	(321)
Income taxes paid related to interim and final dividends paid by Group companies [a]		(50)	(164)	(114)
Interim and final dividends paid to minority interests in consolidated subsidiaries		(486) [b]	(1,224)	(398)
Purchase and proceeds from sale of minority interests		(16)	(46)	(133)
Net cash from (used in) transactions relating to equity		**(886)**	**(2,004)**	**(1,012)**
IV FINANCING ACTIVITIES				
Proceeds from borrowings		2,357	4,203	2,432
Repayment of borrowings		(2,171)	(2,242)	(626)
Purchase and proceeds from sale of current available for sale financial assets	*13*	(126)	114	93
Net cash from (used in) financing activities		**60**	**2,075**	**1,899**
V EFFECT OF EXCHANGE RATE CHANGES		**17**	**31**	**6**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT S (I+II+III+IV+V		**1,843**	411	**1,301**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	*14*	**2,063**	**1,652**	**1,652**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*14*	**3,906**	**2,063**	**2,953**
TOTAL TAX PAID [a]		**(1,029)**	**(2,022)**	**(1,033)**
Transactions included in the table above, generating no change in cash:				
- acquisition of assets by means of finance leases		4	2	7

[a] Taking into account the amended presentation of dividends received and income tax paid. See Note 1.3.
[b] The distributions in kind of Hermès shares had no impact on cash, excluding tax impacts. See Note 8.

[1] The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

Notes to the condensed consolidated financial statements

1. ACCOUNTING POLICIES

1.1. General framework and environment

The condensed consolidated financial statements for the first half-year of fiscal year 2014/2015 covering the period from July 1, 2014 to December 31, 2014 were approved for publication by the Board of Directors on February 12, 2015.

The comparability of the Group's half-year and annual accounts may be affected by the seasonal nature of the Group's businesses, which achieve a higher level of revenue during the second half of the calendar year than in the first six months.

The financial statements were established in accordance with IAS 34 relating to the preparation of interim financial statements in addition to international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on December 31, 2014; these standards and interpretations have been applied consistently to the periods presented. The interim financial statements were prepared based on the same policies and methods used for the preparation of the annual financial statements.

1.2. Changes in the accounting framework applicable to the Group

Standards, amendments and interpretations for which application is mandatory as from July 1, 2014

The main standards, amendments and interpretations applicable to the Group as from July 1, 2014 are IFRS 10, IFRS 11 and IFRS 12 as they relate to consolidation. These IFRS redefine the concept of the control of entities, eliminate the possibility to use proportionate consolidation to consolidate jointly controlled entities, which are accounted for only using the equity method, and introduce additional disclosure requirements in the notes to the consolidated financial statements.

The application of these standards did not have a material impact on the Group's consolidated financial statements, as proportionately consolidated entities represent only a small portion of the Group's financial statements.

As those entities, although jointly controlled, are fully integrated within the Group's operating activities, the Christian Dior group now discloses their net profit, as well as that of other entities using the equity method for previous closings (see Note 7), in a separate line, which forms part of profit from recurring operations.

The consolidation method of Wines and Spirits distribution subsidiaries jointly owned with the Diageo group has not been impacted.

IFRS 11 has been applied retrospectively since July 1, 2013. The impact of its application on the income statement and the balance sheet of the Group, as of December 31, 2013 and June 30, 2014, is presented below.

Impacts on the income statement

(EUR millions)	**Dec. 31, 2013** (6 months)	**June 30, 2014** (12 months)
Revenue	**(62)**	**(117)**
Cost of sales	28	49
Gross margin	**(34)**	**(68)**
Marketing and selling expenses	34	67
General and administrative expenses	7	11
Income (loss) from investments in joint ventures and associates	(12)	(9)
Profit from recurring operations	**(5)**	**1**
Other operating income and expenses	8	8
Operating profit	**3**	**9**
Net financial income (expense)	**-**	**-**
Income taxes	(1)	-
Income (loss) from investments in joint ventures and associates	(2)	(9)
Net profit, Group share	**-**	**-**

Impacts on the balance sheet

ASSETS *(EUR millions)*	06-30-13	12-31-13	06-30-14
Tangible and intangible fixed assets	(346)	(346)	(345)
Investments in joint ventures and associates	358	327	342
Other non-current assets	(3)	(1)	(2)
Non-current assets	**9**	**(20)**	**(5)**
Inventories	(81)	(75)	(77)
Other current assets	(28)	(27)	(20)
Current assets	**(109)**	**(102)**	**(97)**
Total assets	**(100)**	**(122)**	**(102)**

LIABILITIES AND EQUITY *(EUR millions)*	06-30-13	12-31-13	06-30-14
Total equity	-	-	-
Long-term borrowings	(11)	(10)	(10)
Non-current provisions and deferred tax	(57)	(70)	(56)
Equity and non-current liabilities	**(68)**	**(80)**	**(66)**
Short-term borrowings	(4)	(5)	(5)
Other current liabilities	(28)	(37)	(31)
Current liabilities	**(32)**	**(42)**	**(36)**
Total liabilities and equity	**(100)**	**(122)**	**(102)**

Standards, amendments and interpretations for which application will be mandatory as from July 1, 2015

Starting on July 1, 2015, Christian Dior will have to apply the IAS 19 amendment on the accounting for employees' contributions to post-employment plans. The application of this standard will not have a material impact on the Group's financial statements.

Other changes in standards and interpretations

The Group receives information on the progress of ongoing discussions held at IFRIC and IASB related to the recognition of purchase commitments for minority interests' shares and changes in their amount. See Note 1.11 to the consolidated financial statements as of June 30, 2014 for a description of the recognition method applied by Christian Dior to these commitments.

The Group also monitors developments with regard to the exposure draft on accounting for lease commitments.

The impacts of the application of IFRS 15 on revenue recognition for periods beginning on or after January 1, 2017 (pending EU endorsement of the standard) are being examined. They should be of little significance in light of the nature of the Group's business activities.

1.3. Presentation of the financial statements

Cash flow statement

Net cash from operating activities is determined on the basis of operating profit, adjusted for non-cash transactions.

Additionally, as of December 31, 2014:

- dividends received are presented according to the nature of the underlying investments; thus, dividends from joint ventures and associates are presented in Net cash from operating activities, while dividends from other unconsolidated entities are presented in Net cash from financial investments;
- tax paid is presented according to the nature of the transaction from which it arises: in Net cash from operating activities for the portion attributable to operating transactions; in Net cash from financial investments for the portion attributable to transactions in available for sale financial assets, notably tax paid on gains from their sale; in Net cash from transactions relating to equity for the portion attributable to transactions in equity, notably distribution taxes arising on the payment of dividends.

The cash flow statements for the periods ended June 30, 2014 and December 31, 2013 have been restated to reflect this new presentation of dividends received and tax paid (previously presented in Net cash from operating activities).

2. CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES

2.1. Fashion and Leather Goods

In July 2013, LVMH signed a memorandum of understanding for the acquisition of an 80% stake in the Italian company Loro Piana, which makes and sells luxury fabrics, clothing, and accessories.

On December 5, 2013, pursuant to that memorandum of understanding, LVMH acquired 80% of Loro Piana for 1,987 million euros. Loro Piana was fully consolidated with effect from December 5, 2013. The 20% of the share capital that has not been acquired is covered by reciprocal undertakings to buy and sell, exercisable no later than three years from December 5, 2013. The difference in value between the purchase commitment (recorded in Other non-current liabilities, see Note 20) and the minority interest, i.e. 244 million euros, was deducted from consolidated reserves.

The following table lays out the definitive allocation of the price paid by LVMH on December 5, 2013, the date of acquisition of the controlling interest:

(EUR millions)	Provisional purchase price allocation	Changes	Definitive purchase price allocation
Brand	-	1,300	1,300
Other intangible and tangible fixed assets, net	159	39	198
Other non-current assets	11	26	37
Non-current provisions	(18)	(21)	(39)
Current assets	382	(39)	343
Current liabilities	(203)	19	(184)
Net financial debt	(127)	13	(114)
Deferred tax	49	(415)	(366)
Net assets acquired	**253**	**922**	**1,175**
Minority interests (20%)	(51)	(184)	(235)
Net assets, LVMH group share (80%)	**202**	**738**	**940**
Goodwill	1,785	(738)	1,047
Carrying amount of shares held as of December 5, 2013	**1,987**	**-**	**1,987**

The Loro Piana brand, amounting to 1,300 million euros, has been valued based on the relief from royalty method, corroborated by the discounted cash flow method. Goodwill, in the amount of 1,047 million euros, corresponds to Loro Piana's knowledge in the supply of high quality natural fibers, as well as its expertise and artisanal skill developed in the elaboration of products made from these exceptional materials. Loro Piana acquisition expenses were recognized in Other operating income and expenses; they represented a total amount of 9 million euros as of December 31, 2013; see Note 25. In 2013, the Loro Piana acquisition generated an outlay of 1,982 million euros, net of cash acquired in the amount of 5 million euros.

2.2. Selective Retailing

In the second half of 2014, LVMH acquired an additional 30% stake in Sephora Brazil (formerly known as Sack's), bringing its percentage holding to 100%. The difference between the acquisition price and the minority interests amount was recorded as a deduction from equity.

3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

	December 31, 2014			June 30, 2014 (1)	Dec. 31, 2013 (1) (2)
(EUR millions)	Gross	Amortization and impairment	Net	Net	Net
Brands	13,182	(573)	12,609	12,535	12,526
Trade names	3,651	(1,496)	2,155	1,948	1,933
License rights	23	(22)	1	1	-
Leasehold rights	740	(343)	397	389	358
Software, websites	1,078	(793)	285	241	240
Other	624	(340)	284	249	231
TOTAL	**19,298**	**(3,567)**	**15,731**	**15,363**	**15,288**
Of which:					
Assets held under finance leases	14	(14)	-	-	-

Movements during the half-year in the net amounts of brands, trade names and other intangible assets were as follows:

Gross value *(EUR millions)*	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	TOTAL
As of June 30, 2014 (1)	**13,078**	**3,285**	**977**	**718**	**591**	**18,649**
Acquisitions	-	-	75	32	99	206
Disposals and retirements	-	-	(20)	(2)	(35)	(57)
Changes in the scope of consolidation	-	-	-	-	1	1
Translation adjustment	103	366	24	7	10	510
Other movements, including transfers	1	-	22	(15)	(19)	(11)
AS OF DECEMBER 31, 2014	**13,182**	**3,651**	**1,078**	**740**	**647**	**19,298**

Accumulated amortization and impairment *(EUR millions)*	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	TOTAL
As of June 30, 2014 (1)	**(543)**	**(1,337)**	**(736)**	**(329)**	**(341)**	**(3,286)**
Amortization expense	(9)	-	(65)	(20)	(42)	(136)
Impairment expense	(3)	-	-	-	(1)	(4)
Disposals and retirements	-	-	20	2	29	51
Changes in the scope of consolidation	-	-	-	-	-	-
Translation adjustment	(17)	(159)	(15)	(1)	(5)	(197)
Other movements, including transfers	(1)	-	3	5	(2)	5
AS OF DECEMBER 31, 2014	**(573)**	**(1,496)**	**(793)**	**(343)**	**(362)**	**(3,567)**
Net carrying amount as of December 31, 2014	**12,609**	**2,155**	**285**	**397**	**285**	**15,731**

The translation adjustment relates mainly to values of intangible assets recognized in US dollars, given changes in exchange rates between the US dollar and the euro during the six-month period. This affected in particular the DFS Galleria trade name and the Donna Karan brand.

(1) The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

(2) The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

4. GOODWILL

(EUR millions)	December 31, 2014 Gross	Impairment	Net	June 30, 2014 [1] Net	Dec. 31, 2013 [1] [2] Net
Goodwill arising on consolidated investments	8,279	(1,521)	6,758	6,887	6,837
Goodwill arising on purchase commitments for minority interests	2,691	-	2,691	2,739	2,859
TOTAL	**10,970**	**(1,521)**	**9,449**	**9,626**	**9,696**

Changes in net goodwill during the periods presented break down as follows:

(EUR millions)	December 31, 2014 (6 months) Gross	Impairment	Net	June 30, 2014 [1] (12 months) Net	Dec. 31, 2013 [1] [2] (6 months) Net
At beginning of period	**10,884**	**(1,258)**	**9,626**	**8,584**	**8,584**
Changes in the scope of consolidation (See Note 2)	23	-	23	1,103	1,043
Changes in purchase commitments for minority interests	(49)	3	(46)	24	139
Changes in impairment	-	(179)	(179)	(76)	(37)
Translation adjustment	112	(87)	25	(9)	(26)
Reclassifications	-	-	-	-	(7)
AT END OF PERIOD	**10,970**	**(1,521)**	**9,449**	**9,626**	**9,696**

Changes in the scope of consolidation for the first half of the 2014/2015 fiscal year corresponded mainly to the acquisition of an additional 30% stake in Sephora Brazil, which brought the percentage holding to 100%. See Note 2.

Changes in the scope of consolidation for the 2013/2014 fiscal year corresponded mainly to goodwill arising on Loro Piana, for an amount of 1,047 million euros, and the rest to provisional goodwill arising on the consolidation of Clos des Lambrays, Hotel Saint-Barth Isle de France, Nicholas Kirkwood and Pâtisserie Cova.

Please refer also to Note 20 for goodwill arising on purchase commitments for minority interests.

5. IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Brands, trade names, and other intangible assets with indefinite useful lives, as well as goodwill, were subject to impairment testing as of December 31, 2014, according to which no significant risk of impairment was identified. See Note 25 regarding the impairment and amortization expense recorded during the half-year.

(1) The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

(2) The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

6. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)	December 31, 2014 Gross	Depreciation and impairment	Net	June 30, 2014 [1] Net	Dec. 31, 2013 [1] [2] Net
Land	1,372	(68)	1,304	1,263	1,234
Vineyard land and producing vineyards	2,455	(91)	2,364	2,369	2,294
Buildings	2,883	(1,379)	1,504	1,449	1,446
Investment property	681	(47)	634	619	608
Leaseholds improvements, machinery and equipment	9,000	(5,725)	3,275	2,952	2,741
Assets in progress	743	(4)	739	901	814
Other tangible fixed assets	1,685	(467)	1,218	948	1,041
TOTAL	**18,819**	**(7,781)**	**11,038**	**10,501**	**10,178**
Of which:					
Assets held under finance leases	303	(203)	100	100	105
Historical cost of vineyard land and producing vineyards	722	(91)	631	624	537

Movements in property, plant and equipment during the six-month period break down as follows:

Gross value (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment: Stores	Leasehold improvements, machinery and equipment: Production, logistics	Leasehold improvements, machinery and equipment: Other	Assets in progress	Other tangible fixed assets	TOTAL
As of June 30, 2014 [1]	**2,456**	**4,066**	**664**	**5,066**	**1,943**	**1,206**	**901**	**1,372**	**17,674**
Acquisitions	2	91	19	320	63	62	305	92	**954**
Change in the market value of vineyard land	(20)	-	-	-	-	-	-	-	**(20)**
Disposals and retirements	-	(28)	(9)	(174)	(37)	(71)	(1)	(12)	**(332)**
Changes in the scope of consolidation	-	-	-	(3)	-	(1)	(6)	2	**(8)**
Translation adjustment	9	110	8	289	12	44	35	34	**541**
Other movements, including transfers	8	16	(1)	208	32	41	(491)	197	**10**
AS OF DECEMBER 31, 2014	**2,455**	**4,255**	**681**	**5,706**	**2,013**	**1,281**	**743**	**1,685**	**18,819**

Accumulated depreciation and impairment (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment: Stores	Leasehold improvements, machinery and equipment: Production, logistics	Leasehold improvements, machinery and equipment: Other	Assets in progress	Other tangible fixed assets	TOTAL
As of June 30, 2014 [1]	**(87)**	**(1,354)**	**(45)**	**(3,118)**	**(1,324)**	**(821)**	**-**	**(424)**	**(7,173)**
Depreciation expense	(3)	(68)	(2)	(397)	(75)	(66)	-	(31)	**(642)**
Impairment expense	-	(14)	(2)	14	-	-	(5)	-	**(7)**
Disposals and retirements	-	23	2	174	36	69	1	12	**317**
Changes in the scope of consolidation	-	1	-	2	-	1	-	(1)	**3**
Translation adjustment	(1)	(37)	-	(180)	(7)	(30)	-	(24)	**(279)**
Other movements, including transfers	-	2	-	(5)	2	-	-	1	**-**
AS OF DECEMBER 31, 2014	**(91)**	**(1,447)**	**(47)**	**(3,510)**	**(1,368)**	**(847)**	**(4)**	**(467)**	**(7,781)**
Net carrying amount as of December 31, 2014	**2,364**	**2,808**	**634**	**2,196**	**645**	**434**	**739**	**1,218**	**11,038**

The impact of marking vineyard land to market was 1,733 million euros as of December 31, 2014 (1,745 million euros as of June 30, 2014; 1,757 million euros as of December 31, 2013).

The market value of investment property, according to appraisals by independent third parties, was about 1 billion euros as of December 31, 2014. The valuation methods used are based on market data.

Purchases of property, plant and equipment include investments by Louis Vuitton, Christian Dior Couture, Sephora, DFS and Bvlgari in their retail networks, investments by Parfums Christian Dior in new counters, and investments by the champagne houses in their production equipment, as well as investments in real estate for administrative use, sales operations or rental purposes.

The translation adjustment relates mainly to values of property, plant and equipment recognized in US dollars, given changes in exchange rates between the US dollar and the euro since June 30, 2014.

(1) The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

[2] The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	December 31, 2014 (6 months)				June 30, 2014 [1] (12 months)		December 31, 2013 [1] (6 months)	
(EUR millions)	Gross	Impairment	Net	*Of which joint arrangements* [2]	Net	*Of which joint arrangements* [2]	Net	*Of which joint arrangements* [2]
Share of net assets of joint ventures and associates at beginning of period	497	-	497	*342*	523	*357*	523	*357*
Share of net profit (loss) for the period	1	-	1	*(2)*	(9)	*(18)*	(12)	*(15)*
Dividends paid	(11)	-	(11)	*(5)*	(30)	*(11)*	(20)	*(11)*
Changes in the scope of consolidation	7	-	7	*-*	6	*-*	6	*-*
Capital increases subscribed	12	-	12	*7*	7	*7*	3	*3*
Translation adjustment	7	-	7	*4*	(11)	*(1)*	(13)	*(1)*
Other movements, including transfers	1	-	1	*(3)*	11	*8*	(5)	*(6)*
SHARE OF NET ASSETS OF JOINT VENTURES AND ASSOCIATES AS OF PERIOD-END	514	-	514	*343*	497	*342*	482	*327*

As of December 31, 2014, investments in joint ventures and associates consisted primarily of:

For joint arrangements:

– a 50% equity stake in the Château Cheval Blanc wine estate (Gironde, France), which produces the eponymous Saint-Émilion Grand Cru Classé A;

– a 50% equity stake in De Beers Diamond Jewellers, whose network of boutiques sells the De Beers brand jewelry.

For other companies:

– a 40% equity stake in Mongoual SA, a real estate company which owns an office building in Paris (France), which is the head office of LVMH Moët Hennessy - Louis Vuitton ;

– a 46% equity stake in JW Anderson, a London-based ready-to-wear brand, acquired in September 2013;

– a 45% equity stake in PT. Sona Topas Tourism Industry Tbk (STTI), an Indonesian retail company, which notably holds duty-free sales licenses in airports.

[1] The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.
[2] Proportionately consolidated entities prior to the application of IFRS 11 Joint Arrangements. See Note 1.2.

8. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

	December 31, 2014			June 30, 2014	Dec. 31, 2013
(EUR millions)	Gross	Impairment	Net	Net	Net
TOTAL	764	(174)	590	7,200	7,089

Non-current available for sale financial assets changed as follows during the periods presented:

	December 31, 2014 (6 months)		June 30, 2014 (12 months)	December 31, 2013 (6 months)
(EUR millions)	Total	of which Hermès		
At beginning of period	**7,200**	**6,595**	**6,665**	**6,665**
Acquisitions	20	1	93	68
Disposals at net realized value	(139)	-	(38)	(17)
Distribution in kind of Hermès shares	(6,785)	(6,785)	-	-
Changes in market value	347	259	527	419
Changes in impairment	(10)	-	(5)	(3)
Changes in the scope of consolidation	-	-	1	3
Translation adjustment	32	-	(11)	(14)
Reclassifications	(75)	(70)	(32)	(32)
AT END OF PERIOD	**590**	**-**	**7,200**	**7,089**

As of June 30, 2014, non-current available for sale assets mainly included an investment in Hermès International SCA ("Hermès") with a gross and net amount of 6,595 million euros (6,437 million euros as of December 31, 2013). This shareholding was distributed to the shareholders of LVMH SE and Christian Dior during the six-month period, as described below.

On September 2, 2014, under the aegis of the President of the Paris Commercial Court, Hermès International on the one side and LVMH, Christian Dior and Financière Jean Goujon on the other entered into a settlement agreement (the "Agreement") under the terms of which:

- LVMH agreed to distribute to its shareholders all of the Hermès shares it owned, namely 24,473,545 shares equal to 23.18% of the share capital and 16.56% of the voting rights of Hermès. Christian Dior, which as of the date of the distribution held 40.9% of LVMH's share capital through its wholly-owned subsidiary Financière Jean Goujon, also agreed to distribute the Hermès shares received from LVMH to its own shareholders;

- LVMH, Financière Jean Goujon, Christian Dior and Mr. Bernard Arnault undertook not to acquire any Hermès shares for a period of five years.

In accordance with the terms of the Agreement, LVMH and Christian Dior distributed the Hermès shares to their shareholders on December 17, 2014, in the form of exceptional distributions in kind. LVMH decided at its Combined Shareholders' Meeting of November 25, 2014 on a distribution in kind of 2 Hermès shares for every 41 LVMH shares. Christian Dior decided at its Combined Shareholders' Meeting of December 9, 2014 on a distribution in kind of one Hermès share for every 24 Christian Dior shares and at its Board of Directors meeting of December 11, 2014 on an interim dividend in kind of 3 Hermès shares for every 200 Christian Dior shares.

The amount of the distributions in kind carried out by the Group, 6.9 billion euros, was determined on the basis of the opening Hermès share price on December 17, 2014, which was 280.10 euros. Because fractional shares were made neither tradable nor assignable, shareholders whose allocation based on the distribution ratio was not a whole number of Hermès shares received the next lower whole number of Hermès shares, plus a cash equalization payment.

After completion of the distributions of Hermès shares to the shareholders, the Group's stake in Hermès represented an amount of 73 million euros, corresponding to shares not distributed on account of the existence of remainders and fractional rights. Under the terms of the Agreement, Group companies have undertaken to dispose of those shares by no later than September 2, 2015. The Hermès share price used to value the shareholding was 294.80 euros as of December 31, 2014 (269.50 euros as of June 30, 2014; 263.50 euros as of December 31, 2013). The shares are presented in current available for sale financial assets as of December 31, 2014 (see Note 13).

The impact of the Hermès share distribution on consolidated equity as of December 31, 2014 is as follows:

	Impacts on equity, of which:					
	Revaluation reserves as of June 30, 2014	Profit	Other reserves	Total	Group share	Minority interests
Distributions in kind of Hermès shares	(2,948)	3,189 [(a)]	(6,855)	(6,614)	(2,740)	(3,874)
Related tax [(b)]	191	(568)	-	(377)	(156)	(221)
Net	**(2,757)**	**2,621**	**(6,855)**	**(6,991)**	**(2,896)**	**(4,095)**

(a) See also Note 26.
(b) Including the impact of the 3% tax on dividends paid by Group companies.

The net impact on consolidated equity is a reduction of 7.0 billion euros, corresponding to the value of the Hermès stake as of June 30, 2014, plus the tax impacts resulting from this distribution. The gain (excluding tax impacts) recorded in the income statement is 3.2 billion euros, corresponding to the difference between the value of the stake as measured using the Hermès opening share price on December 17, 2014, i.e. 6.9 billion euros, and the total cost price of the shares for accounting purposes, which is 3.7 billion euros (2.7 billion euros in cash after deduction of the gain recognized in 2010 on the unwinding of equity-linked swaps covering 12.8 million shares).

See Note 16 regarding the impacts of the distribution of Hermès shares on stock option and similar plans.

During the first half of the 2014/2015 fiscal year, the stake held in Sociedad Textil Lonia SA was sold.

9. OTHER NON-CURRENT ASSETS

(EUR millions)	Dec. 31, 2014	June 30, 2014 [(1)]	Dec. 31, 2013 [(1) (2)]
Warranty deposits	274	281	247
Derivatives (see Note 22)	75	51	68
Loans and receivables	161	162	150
Other	22	21	16
TOTAL	**532**	**515**	**481**

(1) The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.
(2) The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

10. INVENTORIES AND WORK IN PROGRESS

	December 31, 2014			June 30, 2014 [1]	Dec. 31, 2013 [1] [2]
(EUR millions)	Gross	Impairment	Net	Net	Net
Wines and eaux-de-vie in the process of aging	4,018	(16)	4,002	3,835	3,717
Other raw materials and work in progress	1,667	(357)	1,310	1,377	1,193
	5,685	**(373)**	**5,312**	**5,212**	**4,910**
Goods purchased for resale	1,489	(153)	1,336	1,291	1,176
Finished products	3,873	(764)	3,109	3,090	2,635
	5,362	**(917)**	**4,445**	**4,381**	**3,811**
TOTAL	**11,047**	**(1,290)**	**9,757**	**9,593**	**8,721**

The net change in inventories for the periods presented breaks down as follows:

	December 31, 2014 (6 months)			June 30, 2014 [1] (12 months)	Dec. 31, 2013 [1] [2] (6 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
At beginning of period	**10,791**	**(1,198)**	**9,593**	**8,713**	**8,713**
Change in gross inventories [a]	64	-	64	1,032	94
Fair value adjustment for the harvest of the period	(9)	-	(9)	2	1
Change in provision for impairment	-	(193)	(193)	(287)	(146)
Changes in the scope of consolidation	(4)	-	(4)	280	266
Translation adjustment	351	(46)	305	(153)	(208)
Other, including reclassifications	(146)	147	1	6	1
AT END OF PERIOD	**11,047**	**(1,290)**	**9,757**	**9,593**	**8,721**

[a] Including the impact of product returns.

Changes in the scope of consolidation for the 2013/2014 fiscal year were mainly related to the consolidation of Loro Piana.

The effects of marking harvests to market on Wines and Spirits' cost of sales and value of inventory are as follows for the periods presented:

(EUR millions)	Dec. 31, 2014 (6 months)	June 30, 2014 (12 months)	Dec. 31, 2013 (6 months)
Fair value adjustment for the harvest of the period	11	35	23
Adjustment for inventory consumed	(20)	(33)	(22)
NET EFFECT ON COST OF SALES OF THE PERIOD	**(9)**	**2**	**1**
NET EFFECT ON VALUE OF INVENTORIES AT END OF PERIOD	**166**	**175**	**173**

[1] The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

[2] The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

11. TRADE ACCOUNTS RECEIVABLE

(EUR millions)	Dec. 31, 2014	June 30, 2014 [(1)]	Dec. 31, 2013 [(1)(2)]
Trade accounts receivable, nominal amount	2,636	2,239	2,478
Provision for impairment	(73)	(70)	(72)
Provision for product returns	(208)	(161)	(175)
NET AMOUNT	**2,355**	**2,008**	**2,231**

The change in trade accounts receivable for the periods presented breaks down as follows:

	Dec. 31, 2014 (6 months)			June 30, 2014 [(1)] (12 months)	Dec. 31, 2013 [(1)(2)] (6 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
At beginning of period	**2,240**	**(232)**	**2,008**	**1,829**	**1,829**
Change in gross receivables	325	-	325	204	477
Change in provision for impairment	-	(10)	(10)	(2)	(4)
Changes in provision for product returns	-	(41)	(41)	(3)	(17)
Changes in the scope of consolidation	5	-	5	55	54
Translation adjustment	57	(6)	51	(96)	(109)
Reclassifications	9	8	17	21	1
AT END OF PERIOD	**2,636**	**(281)**	**2,355**	**2,008**	**2,231**

The trade accounts receivable balance is comprised essentially of receivables from wholesalers or agents, who are limited in number and with whom the Group maintains ongoing relationships for the most part. As of December 31, 2014, the majority of trade accounts receivable were covered by trade credit insurance provided by insurers.

As of December 31, 2014, the breakdown of the nominal amount of trade accounts receivable and of provisions for impairment by age was as follows:

(EUR millions)		Nominal amount of receivables	Impairment	Net amount of receivables
Not due:	- less than 3 months	2,162	(14)	2,148
	- more than 3 months	104	(7)	97
		2,266	(21)	2,245
Overdue:	- less than 3 months	235	(6)	229
	- more than 3 months	135	(46)	89
		370	(52)	318
TOTAL		**2,636**	**(73)**	**2,563**

For each of the fiscal years presented, no single customer represented revenue exceeding 10% of the Group's consolidated revenue.

There is no difference between the present value of trade accounts receivable and their carrying amount.

(1) The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

(2) The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

12. OTHER CURRENT ASSETS

(EUR millions)	Dec. 31, 2014	June 30, 2014 [1]	Dec. 31, 2013 [1] [2]
Current available for sale financial assets	266	184	171
Derivatives (see Note 22)	304	251	495
Tax accounts receivable, excluding income taxes	479	408	389
Advances and payments on account to vendors	168	154	184
Prepaid expenses	330	355	300
Other receivables	457	343	359
TOTAL	**2,004**	**1,695**	**1,898**

There is no difference between the present value of other current assets and their carrying amount.

Please also refer to Note 13 Current available for sale financial assets and Note 22 Financial instruments and market risk management.

13. CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	Dec. 31, 2014	June 30, 2014	Dec. 31, 2013
Unlisted securities, shares in non-money market SICAVs and funds	-	12	12
Listed securities	266	172	159
TOTAL	**266**	**184**	**171**
Of which: historical cost of current available for sale financial assets	192	136	136

The net value of current available for sale financial assets changed as follows during the periods presented:

(EUR millions)	Dec. 31, 2014 (6 months)	June 30, 2014 (12 months)	Dec. 31, 2013 (6 months)
At beginning of period	**184**	**187**	**187**
Acquisitions	-	-	-
Disposals at net realized value	(15)	(27)	(27)
Changes in market value	27	25	12
Changes in impairment	-	-	-
Translation adjustment	-	-	-
Reclassifications [a]	70	(1)	(1)
AT END OF PERIOD	**266**	**184**	**171**

[a] See Note 8.

[1] The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

[2] The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

14. CASH AND CASH EQUIVALENTS

(EUR millions)	Dec. 31, 2014	June 30, 2014 [1]	Dec. 31, 2013 [1] [2]
Fixed term deposits (less than 3 months)	1,270	728	811
SICAV and FCP money market funds	784	109	537
Ordinary bank accounts	2,278	1,801	2,032
CASH AND CASH EQUIVALENTS PER BALANCE SHEET	**4,332**	**2,638**	**3,380**

The reconciliation between cash and cash equivalents as shown in the balance sheet and net cash and cash equivalents appearing in the cash flow statement is as follows:

(EUR millions)	Dec. 31, 2014	June 30, 2014 [1]	Dec. 31, 2013 [1] [2]
Cash and cash equivalents	4,332	2,638	3,380
Bank overdrafts	(426)	(575)	(427)
NET CASH AND CASH EQUIVALENTS PER CASH FLOW STATEMENT	**3,906**	**2,063**	**2,953**

14.1. Total change in working capital

The change in working capital breaks down as follows for the periods presented:

(EUR millions)	Dec. 31, 2014 (6 months)	June 30, 2014 [1] (12 months)	Dec. 31, 2013 [1] [2] (6 months)
Change in inventories and work in progress	(54)	(1,030)	(89)
Change in trade accounts receivable	(303)	(198)	(461)
Change in trade accounts payable	512	115	431
Change in other receivables and payables	385	137	457
CHANGE IN WORKING CAPITAL [a]	**540**	**(976)**	**338**

[a] Increase/(Decrease) in cash and cash equivalents.

14.2. Operating investments

Operating investments comprise the following elements for the periods presented:

(EUR millions)	Notes	Dec. 31, 2014 (6 months)	June 30, 2014 [1] (12 months)	Dec. 31, 2013 [1] [2] (6 months)
Purchase of intangible fixed assets	*3*	(206)	(293)	(148)
Purchase of tangible fixed assets	*6*	(954)	(1,744)	(976)
Changes in accounts payable related to fixed asset purchases		163	67	129
Net cash used in purchases of fixed assets [a]		**(997)**	**(1,970)**	**(995)**
Net cash from fixed assets disposals		5	41	2
Guarantee deposits paid and other cash flows related to operating investments		(22)	(24)	(14)
OPERATING INVESTMENTS [a]		**(1,014)**	**(1,953)**	**(1,007)**

[a] Increase/(Decrease) in cash and cash equivalents.

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[1] The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

[2] The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

15. EQUITY

15.1. Share capital and share premium account

As of December 31, 2014, issued and fully paid-up shares totaled 181,727,048 (181,727,048 as of June 30, 2014 and December 31, 2013), with a par value of 2 euros; 126,051,763 shares with double voting rights, granted to registered shares held for more than three years (123,296,342 as of June 30, 2014 and 123,298,097 as of December 31, 2013).

Changes in the share capital and share premium account, in value and in terms of number of shares, break down as follows:

(EUR millions)				Dec. 31, 2014	June 30, 2014	Dec. 31, 2013
	Number of shares			Value	Value	Value
		Share capital	premium account	Total		
At beginning of period	**181 727 048**	363	2 205	2 568	2 568	2 568
Distributions in kind of Hermès shares [(a)]	-	-	(1 848)	(1 848)	-	-
Retirement of shares	-	-		-	-	-
At end of period	**181 727 048**	**363**	**357**	**720**	**2 568**	**2 568**

[(a)] See Note 8.

15.2. Christian Dior shares

The portfolio of Christian Dior shares, and their allocation, is as follows:

(EUR millions)	December 31, 2014 Number	December 31, 2014 Value	June 30, 2014 Value	Dec. 31, 2013 Value
Share purchase option plans	1,300,428	84	94	111
Bonus share plans	275,743	26	16	20
Future plans	52,706	3	13	9
Other	19,532	1	1	1
Shares pending retirement	1,200,000	164	164	164
CHRISTIAN DIOR SHARES	**2,848,409**	**278**	**288**	**305**

As of December 31, 2014, the stock market value of other Christian Dior shares was 2.8 million euros.

The portfolio movements of Christian Dior shares during the first half of fiscal year 2014/2015 were as follows:

(EUR millions)	Number of shares	Value	Effect on cash
As of July 1, 2014	**2,978,431**	**288**	
Purchase of shares	-	-	-
Exercise of share purchase options	(128,022)	(10)	10
Vested bonus shares and performance shares	(2,000)	-	-
AS OF DECEMBER 31, 2014	**2,848,409**	**278**	**10**

15.3. Dividends paid in cash by the parent company Christian Dior

(EUR millions, except for data per share in EUR)	Dec. 31, 2014 (6 months)	June 30, 2014 (12 months)	Dec. 31, 2013 (6 months)
Interim dividend for the current fiscal year (June 30, 2014: 1.20 euros)	-	218	-
Impact of treasury shares	-	(3)	-
	-	**215**	**-**
Final dividend for the previous fiscal years (June 30, 2014: 1.90 euros; April 30, 2013: 1.80 euros)	345	327	327
Impact of treasury shares	(5)	(6)	(6)
	340	**321**	**321**
Total gross amount disbursed during the period [(a)]	**340**	**536**	**321**

[(a)] Excluding the impact of tax regulations applicable to the beneficiary.

The final dividend for the fiscal year ended June 30, 2014 was paid on December 15, 2014, in accordance with the resolutions of the Shareholders' Meeting of December 9, 2014, representing a total amount of 345 million euros, excluding the amount to be deducted in relation to treasury shares held at date of payment. The Board of Directors, meeting on February 12, 2015, approved the payment as of April 23, 2015 of an interim dividend for fiscal year 2014/2015 of 1.25 euros per share.

15.4. Cumulative translation adjustment

The change in the translation adjustment recognized under equity, Group share and the closing balance, net of hedging effects of net assets denominated in foreign currency, breaks down as follows by currency:

(EUR millions)	Dec. 31, 2014	Change	June 30, 2014	Dec. 31, 2013
US dollar	55	129	(74)	(86)
Swiss franc	187	9	178	174
Japanese yen	14	(4)	18	15
Hong Kong dollar	104	105	(1)	(9)
Pound sterling	-	8	(8)	(23)
Other currencies	(13)	(25)	12	(23)
Foreign currency net investment hedges	(124)	(36)	(88)	(55)
TOTAL, GROUP SHARE	**223**	**186**	**37**	**(7)**

16. STOCK OPTION AND SIMILAR PLANS

Impacts of the distributions in kind of Hermès shares on stock option and similar plans

In order to protect the beneficiaries of share purchase options and bonus shares, the shareholders of Christian Dior authorized the Board of Directors during the Shareholders' Meeting of December 9, 2014 to adjust the number and exercise price of share purchase options not having been exercised before December 17, 2014, as well as the number of bonus and performance shares still in the vesting period as of that date.

Therefore, the quantities of Christian Dior share purchase options and bonus shares concerned were increased by 8.8%, while the exercise price of these options was reduced by 8.1%.

Since these adjustments only had the objective of maintaining the gain obtained by the beneficiaries at the level attained prior to the distribution, they had no effect on the consolidated financial statements.

16.1. Share purchase option plans

For all plans, one option gives the right to one share.

The number of unexercised options relating to plans remaining in effect on December 31, 2014 is attributable to the changes detailed below:

	December 31, 2014 (6 months)	
	Number	**Weighted average exercise price** *(EUR)*
Share purchase options outstanding as of July 1, 2014	**1,428,450**	**69.22**
Allocated	-	-
Options expired	-	-
Adjustments for the distributions in kind of Hermès shares [(a)]	114,671	(5.56)
Options exercised	(128,022)	75.41
DECEMBER 31, 2014	**1,415,099**	**63.06**

(a) See Note 8.

16.2. Bonus share and performance share allocation plans

(number of shares)	**December 31, 2014** (6 months)
Non-vested shares as of July 1, 2014	**184,039**
Non-vested allocations during the period	95,185
Adjustments for the distributions in kind of Hermès shares [(a)]	24,379
Allocations vested during the period	(2,000)
Allocations expired during the period	(1,481)
NON-VESTED SHARES AS OF DECEMBER 31, 2014	**300,122**

(a) See Note 8.

A bonus share and performance share allocation plan was set up on October 16, 2014 for 95,185 shares before adjustment following the distributions in kind of Hermès shares. See Note 8.

16.3. Expense for the period

(EUR millions)	Dec. 31, 2014 (6 months)	June 30, 2014 (12 months)	Dec. 31, 2013 (6 months)
Bonus share plans - Christian Dior	4	9	5
Share subscription option and bonus share plans - LVMH	20	41	22
EXPENSE FOR THE PERIOD	**24**	**50**	**27**

The following data were applied for the purposes of determining the expense recognized for the six-month period:

For LVMH

The LVMH share price on the date preceding the allocation date of the plans was 139.80 euros for the plan dated July 24, 2014 and 127.05 euros for the plan dated October 23, 2014.

At the time of these allocations, the average unit value of non-vested bonus shares granted in the first half of the 2014/2015 fiscal year was 115.06 euros for beneficiaries who are French residents for tax purposes and 116.39 euros for beneficiaries with tax residence outside France.

For Christian Dior

The Christian Dior share price on the date preceding the allocation date of the plan dated October 16, 2014 was 129.25 euros.

The average unit value of non-vested bonus shares granted in the period was 116.48 euros for beneficiaries who are French residents for tax purposes and 112.87 euros for beneficiaries with tax residence outside France.

17. MINORITY INTERESTS

(EUR millions)	Dec. 31, 2014 (6 months)	June 30, 2014 (12 months)	Dec. 31, 2013 [(1)] (6 months)
At beginning of period	**18,367**	**17,093**	**17,093**
Minority interests' share of net profit	2,681	2,467	1,367
Dividends paid to minority interests	(433)	(1,231)	(407)
Distributions in kind of Hermès shares	(4,016)	-	-
Impact of changes in control of consolidated entities:			
consolidation of Loro Piana	-	235	235
other movements	7	2	-
Impact of acquisition and disposal of minority interests' shares:			
movements in LVMH SE share capital and treasury shares	13	16	(41)
other movements	(9)	(3)	(46)
Total impact of changes in the percentage interest in consolidated entities	**11**	**250**	**148**
Capital increases subscribed by minority interests	4	9	8
Minority interests' share in gains and losses recognized in equity	(1,328)	322	281
Minority interests' share in stock option plan expenses	12	25	14
Impact of changes in minority interests with purchase commitments	(137)	(568)	(602)
AT END OF PERIOD	**15,161**	**18,367**	**17,902**

(1) The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

The change in minority interests' share in gains and losses recognized in equity breaks down as follows:

(EUR millions)	Cumulative translation adjustment	Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land	Revaluation adjustments of employee benefits	Total share of minority interests
As of June 30, 2014	(11)	1,734	12	764	(19)	**2,480**
Gains and losses recognized in equity	360	(1,615)	(3)	(7)	(63)	**(1,328)**
Changes due to treasury shares and related derivatives	-	1	-	-	-	**1**
AS OF DECEMBER 31, 2014	**349**	**120**	**9**	**757**	**(82)**	**1,153**

Minority interests are essentially composed of the non-controlling minority stakes in LVMH SE (59%).

Minority interests are also composed of Diageo's 34% stake in Moët Hennessy. Diageo's stake in Moët Hennessy may be assessed using the revenue, operating profit, and core assets of the Wines and Spirits business group, which are presented in Note 23. Since the 34% stake held by Diego in Moët Hennessy is subject to a purchase commitment, it is reclassified under Other non-current liabilities and is therefore excluded from the total amount of minority interests at the fiscal year-end date. See Note 20.

There is also a minority interest of 39% held by Mr. Miller in DFS, which is part of the Selective Retailing business group. Mr. Miller's rights are not deemed to have the potential to interfere with the implementation of the Group's strategy for DFS.

18. BORROWINGS

18.1. Net financial debt

(EUR millions)	Dec. 31, 2014	June 30, 2014 (1)	Dec. 31, 2013 (1) (2)
Bonds and Euro Medium Term Notes (EMTNs)	5,590	3,739	4,165
Bank borrowings and finance leases	749	651	901
Long-term borrowings	**6,339**	**4,390**	**5,066**
Bonds and Euro Medium Term Notes (EMTNs)	925	1,281	1,363
Commercial paper	2,004	2,766	2,348
Bank overdrafts	426	575	427
Other short-term borrowings	1,316	1,794	1,327
Short-term borrowings	**4,671**	**6,416**	**5,465**
Gross borrowings	**11,010**	**10,806**	**10,531**
Interest rate risk derivatives	(94)	(64)	(118)
Gross borrowings after derivatives	**10,916**	**10,742**	**10,413**
Current available for sale financial assets	(266)	(184)	(171)
Cash and cash equivalents	(4,332)	(2,638)	(3,380)
Net financial debt	**6,318**	**7,920**	**6,862**

Net financial debt does not take into consideration purchase commitments for minority interests included in "Other non-current liabilities" (see Note 20).

During the first half of the 2014/2015 fiscal year, LVMH issued three fixed-rate bonds in the amounts of 350 million pounds sterling, 650 million euros and 150 million Australian dollars, redeemable at par at their respective maturities in 2017, 2021 and 2019. At the time these bonds were issued, swaps were entered into that effectively converted them into floating-rate financing arrangements. The foreign currency-denominated issues are fully covered by euro-denominated swaps entered into at the time of their issue.

(1) The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

(2) The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

LVMH also issued a 300 million euro floating-rate bond maturing in 2019 and reopened its issues maturing in 2016 and 2019 for additional amounts of 150 million euros and 100 million euros.

In September 2014, Christian Dior redeemed its 350 million euro bond issued in 2009.

18.2. Analysis of gross borrowings by payment date and by type of interest rate after derivatives

		Gross borrowings			Effects of derivatives			Gross borrowings after derivatives		
(EUR millions)		Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity	December 31, 2015	3,709	962	4,671	(678)	649	(29)	3,031	1,611	4,642
	December 31, 2016	314	761	1,075	-	(4)	(4)	314	757	1,071
	December 31, 2017	1,387	-	1,387	(1,299)	1,268	(31)	88	1,268	1,356
	December 31, 2018	517	305	822	-	(5)	(5)	517	300	817
	December 31, 2019	1,210	471	1,681	(351)	340	(11)	859	811	1,670
	December 31, 2020	598	12	610	-	-	-	598	12	610
	Thereafter	764	-	764	(651)	637	(14)	113	637	750
TOTAL		**8,499**	**2,511**	**11,010**	**(2,979)**	**2,885**	**(94)**	**5,520**	**5,396**	**10,916**

See Note 22.3 regarding the market value of interest rate risk derivatives.

18.3. Analysis of gross borrowings by currency after derivatives

(EUR millions)	Dec. 31, 2014	June 30, 2014 (1)	Dec. 31, 2013 (1) (2)
Euro	8,361	8,355	8,213
US dollar	319	157	173
Swiss franc	1,015	1,007	989
Japanese yen	338	286	306
Other currencies	883	937	732
Total	**10,916**	**10,742**	**10,413**

In general, the purpose of foreign currency borrowings is to hedge net foreign currency-denominated assets of consolidated companies located outside of the euro zone.

19. PROVISIONS

(EUR millions)	Dec. 31, 2014	June 30, 2014 (1)	Dec. 31, 2013 (1) (2)
Provisions for pensions, medical costs and similar commitments	653	491	461
Provisions for contingencies and losses	1,625	1,325	1,325
Provisions for reorganization	33	11	13
Non-current provisions	**2,311**	**1,827**	**1,799**
Provisions for pensions, medical costs and similar commitments	4	4	5
Provisions for contingencies and losses	328	302	320
Provisions for reorganization	17	25	29
Current provisions	**349**	**331**	**354**
TOTAL	**2,660**	**2,158**	**2,153**

(1) The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

(2) The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

The changes in provisions during the period were as follows:

(EUR millions)	June 30, 2014 [(1)]	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other (including translation adjustment)	Dec. 31, 2014
Provisions for pensions, medical costs and similar commitments	495	47	(51)	-	-	166	657
Provisions for contingencies and losses	1,627	440	(100)	(61)	-	47	1,953
Provisions for reorganization	36	31	(6)	(1)	-	(10)	50
TOTAL	**2,158**	**518**	**(157)**	**(62)**	**-**	**203**	**2,660**
Of which:							
Profit from recurring operations		180	(119)	(35)			
Net financial income (expense)		6	-	-			
Other		332	(38)	(27)			

Provisions for contingencies and losses correspond to the estimate of the impact on assets and liabilities of risks, disputes, or actual or probable litigation arising from the Group's activities; such activities are carried out worldwide, within what is often an imprecise regulatory framework that is different for each country, changes over time, and applies to areas ranging from product composition to the tax computation.

In particular, the Group's entities in France and abroad may be subject to tax inspections and, in certain cases, to rectification claims from local administrations. These rectification claims, together with any uncertain tax positions that have been identified but not yet officially reassessed, are subject to appropriate provisions, the amount of which is regularly reviewed in accordance with the criteria of IAS 37 Provisions and IAS 12 Income Taxes.

20. OTHER NON-CURRENT LIABILITIES

(EUR millions)	Dec. 31, 2014	June 30, 2014 [(1)]	Dec. 31, 2013 [(1) (2)]
Purchase commitments for minority interests' shares	6,008	5,889	6,035
Derivatives (see Note 22)	16	32	51
Employee profit sharing	88	82	85
Other liabilities	339	272	230
TOTAL	**6,451**	**6,275**	**6,401**

Moët Hennessy SNC and Moët Hennessy International SAS ("Moët Hennessy") hold the LVMH group's investments in the Wines and Spirits businesses, with the exception of the equity investments in Château d'Yquem, Château Cheval Blanc and Clos des Lambrays, and excluding certain Champagne vineyards.

For the periods presented, purchase commitments for minority interests mainly include the put option granted by LVMH to Diageo plc for its 34% share in Moët Hennessy, with six-months' advance notice and for 80% of the fair value of Moët Hennessy at the exercise date of the commitment. With regard to this commitment's valuation, the fair value was determined by applying the share price multiples of comparable firms to Moët Hennessy's consolidated operating results.

Purchase commitments for minority interests also include commitments relating to minority shareholders in Loro Piana (20%, see Note 2), Ile de Beauté (35%), Heng Long (35%) and distribution subsidiaries in various countries, mainly in the Middle East.

(1) The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

(2) The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

21. OTHER CURRENT LIABILITIES

(EUR millions)	Dec. 31, 2014	June 30, 2014 [1]	Dec. 31, 2013 [1] [2]
Derivatives (see Note 22)	274	117	76
Employees and social institutions	1,174	970	1,067
Employee profit sharing	75	49	84
Taxes other than income taxes	476	316	417
Advances and payments on account from customers	202	188	169
Deferred payment for tangible and financial non-current assets	458	341	424
Deferred income	190	166	156
Other liabilities	813	620	789
TOTAL	**3,662**	**2,767**	**3,182**

The present value of the other current liabilities is identical to their carrying amount.

22. FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

22.1. Organization of foreign exchange, interest rate and equity market risk management

Financial instruments are mainly used by the Group to hedge risks arising from Group activity and protect its assets.

The management of foreign exchange and interest rate risk, in addition to transactions involving shares and financial instruments, are centralized at each level.

The Group has implemented a stringent policy, as well as rigorous management guidelines to manage, measure, and monitor these market risks.

These activities are organized based on a segregation of duties between hedging (front office), administration (back office) and financial control.

The backbone of this organization is information systems that allow hedging transactions to be monitored quickly.

Hedging decisions are made according to a clearly established process that includes regular presentations to the management bodies concerned and detailed supporting documentation.

Counterparties are selected based on their rating and in accordance with the Group's risk diversification strategy.

(1) The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

(2) The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

22.2. Summary of derivatives

Derivatives are recorded in the balance sheet for the amounts and in the captions detailed as follows:

(EUR millions)		*Notes*	Dec. 31, 2014	June 30, 2014	Dec. 31, 2013
Interest rate risk					
Assets:	non-current		61	41	67
	current		42	32	69
Liabilities:	non-current		(3)	(1)	(9)
	current		(6)	(8)	(9)
		22.3	**94**	**64**	**118**
Foreign exchange risk					
Assets:	non-current		14	10	1
	current		217	180	389
Liabilities:	non-current		(13)	(31)	(42)
	current		(268)	(109)	(60)
		22.4	**(50)**	**50**	**288**
Other risks					
Assets:	non-current		-	-	-
	current		45	39	37
Liabilities:	non-current		-	-	-
	current		-	-	(7)
Total			**45**	**39**	**30**
Assets:	non-current	*9*	75	51	68
	current	*12*	304	251	495
Liabilities:	non-current	*20*	(16)	(32)	(51)
	current	*21*	(274)	(117)	(76)
			89	**153**	**436**

22.3. Derivatives used to manage interest rate risk

The aim of the Group's debt management policy is to adapt the debt maturity profile to the characteristics of the assets held, to contain borrowing costs, and to protect net profit from the effects of significant changes in interest rates.

As such, the Group uses interest rate swaps and options.

Derivatives used to manage interest rate risk outstanding as of December 31, 2014 break down as follows:

	Nominal amounts by maturity				Market value [a]		
(EUR millions)	One year	One to five years	Thereafter	Total	Fair value hedges	Not allocated	Total
Interest rate swaps in euros: floating rate payer	750	400	650	1,800	80	-	80
Foreign currency swaps	72	2,773	-	2,845	14	-	14
Other interest rate derivatives	-	500	-	500	-	-	-
TOTAL					**94**	**-**	**94**

[a] Gain / (Loss).

22.4. Derivatives used to manage foreign exchange risk

A significant part of Group companies' sales to customers and to their own retail subsidiaries as well as certain purchases are denominated in currencies other than their functional currency; the majority of these foreign currency-denominated cash flows are inter-company cash flows. Hedging instruments are used to reduce the risks arising from the fluctuations of currencies against the exporting and importing companies' functional currencies and are allocated to either accounts receivable or accounts payable (fair value hedges) for the fiscal year, or to transactions anticipated for future periods (cash flow hedges).

Future foreign currency-denominated cash flows are broken down as part of the budget preparation process and are hedged progressively over a period not exceeding one year unless a longer period is justified by probable commitments. As such, and according to market trends, identified foreign exchange risks are hedged using forward contracts or options.

In addition, the Group may also use appropriate financial instruments to hedge the net worth of subsidiaries outside the euro zone, in order to limit the impact of foreign currency fluctuations against the euro on consolidated equity.

Derivatives used to manage foreign exchange risk outstanding as of December 31, 2014 break down as follows:

	Nominal amounts by allocation period				Market value [a]				
(EUR millions)	2014	2015	Thereafter	Total	Fair value hedges	Future cash flow hedges	Foreign currency net investment hedges	Not allocated	TOTAL
Options purchased									
Put USD	325	1,335	-	1,660	-	2	-	-	2
Put JPY	30	13	-	43	1	-	-	-	1
Put GBP	2	12	-	14	-	-	-	-	-
Other	6	-	-	6	1	-	-	1	2
	363	**1,360**	**-**	**1,723**	**2**	**2**	**-**	**1**	**5**
Collars									
Written USD	17	2,781	357	3,155	-	(40)	-	-	(40)
Written JPY	14	609	-	623	-	34	-	-	34
Written Other	25	226	-	251	-	-	-	-	-
	56	**3,616**	**357**	**4,029**	**-**	**(6)**	**-**	**-**	**(6)**
Forward exchange contracts [b]									
USD	175	(32)	-	143	(2)	4	-	-	2
CHF	68	309	-	377	-	2	-	-	2
GBP	9	28	-	37	-	(1)	-	-	(1)
Other	32	(16)	-	16	7	2	-	1	10
	284	**289**	**-**	**573**	**5**	**7**	**-**	**1**	**13**
Foreign exchange swaps [b]									
USD	3,346	(63)	-	3,283	(67)	-	(41)	24	(84)
CHF	402	-	-	402	-	-	(7)	-	(7)
GBP	174	(5)	-	169	(1)	-	-	10	9
JPY	297	-	-	297	2	-	(1)	-	1
HKD	73	-	-	73	33	-	(38)	-	(5)
Other	217	(19)	43	241	10	-	-	14	24
	4,509	**(87)**	**43**	**4,465**	**(23)**	**-**	**(87)**	**48**	**(62)**
TOTAL					**(16)**	**3**	**(87)**	**50**	**(50)**

[a] Gain / (Loss).

[b] Sale / (Purchase).

22.5. Financial instruments used to manage other risks

The Group's investment policy is designed to take advantage of a long-term investment horizon. Occasionally, the Group may invest in equity-based financial instruments with the aim of enhancing the dynamic management of its investment portfolio.

The Group is exposed to risks of share price changes either directly, as a result of its holding of equity investments and current available for sale financial assets, or indirectly, as a result of its holding of funds which are themselves partially invested in shares.

The Group may also use equity-based derivatives to create synthetically an economic exposure to certain assets, or to hedge cash-settled compensation plans index-linked to the LVMH share price. The carrying amount of these unlisted financial instruments corresponds to the estimate of the amount, provided by the counterparty, of the valuation at the fiscal year-end. The valuation of financial instruments thus takes into consideration market parameters such as interest rates and share prices. As of December 31, 2014, derivatives used to manage equity risk with an impact on the Group's net profit have a positive market value of 44 million euros. Considering nominal values of 20 million euros for those derivatives, a uniform 1% change in their underlying assets' share prices as of December 31, 2014 would have a net impact on the Group's profit of less than 0.4 million euros. These instruments mature in 2015.

The Group, mainly through its Watches and Jewelry business group, may be exposed to changes in the prices of certain precious metals, such as gold. In certain cases, in order to ensure visibility with regard to production costs, hedges may be implemented. This is achieved either by negotiating the forecast price of future deliveries of alloys with precious metal refiners, or the price of semi-finished products with producers, or directly by purchasing hedges from top-ranking banks. In the latter case, gold may be purchased from banks, or future and/or options contracts may be taken out with a physical delivery of the gold. Derivatives outstanding relating to the hedging of precious metal prices as of December 31, 2014 have a positive market value of 1.1 million euros. Considering nominal values of 51 million euros for those derivatives, a uniform 1% change in their underlying assets' prices as of December 31, 2014 would have a net impact on the Group's consolidated reserves in an amount of less than 0.5 million euros. These instruments mature in 2015 and 2016.

23. SEGMENT INFORMATION

The Group's brands and trade names are organized into seven business groups. Five business groups – Christian Dior Couture, Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry – comprise brands dealing with the same category of products that use similar production and distribution processes, in addition to a specific management team. The Selective Retailing business group comprises the Group's own-label retailing activities. Other activities and holding companies comprise brands and businesses that are not associated with any of the abovementioned business groups, most often relating to the Group's new businesses and holding or real estate companies.

23.1. Information by business group

***December 31, 2014** (6 months)*

(EUR millions)	Christian Dior Couture	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [a]	TOTAL
Sales outside the Group	851	2,280	5,784	1,786	1,480	5,134	158	-	17,473
Intra-group sales	3	16	14	291	36	18	18	(396)	-
TOTAL REVENUE	**854**	**2,296**	**5,798**	**2,077**	**1,516**	**5,152**	**176**	**(396)**	**17,473**
Profit from recurring operations	120	686	1,702	211	176	484	(115)	(17)	3,247
Other operating income and expenses	-	(28)	(90)	(15)	1	(71)	(33)	-	(236)
Depreciation and amortization expense	(53)	(64)	(312)	(83)	(90)	(160)	(16)	-	(778)
Impairment expense	-	(21)	(47)	(9)	(1)	(82)	(30)	-	(190)
Intangible assets and goodwill [b]	137	5,789	7,313	1,902	5,646	3,161	1,232	-	25,180
Property, plant and equipment	622	2,339	2,165	477	425	1,415	3,595	-	11,038
Inventories	279	4,567	1,561	398	1,240	1,668	239	(195)	9,757
Other operating assets	210	1,340	781	659	632	668	601	7,306 [c]	12,197
TOTAL ASSETS	**1,248**	**14,035**	**11,820**	**3,436**	**7,943**	**6,912**	**5,667**	**7,111**	**58,172**
Equity	-	-	-	-	-	-	-	24,662	24,662
Liabilities	368	1,461	2,265	1,310	741	2,053	956	24,356 [d]	33,510
TOTAL LIABILITIES AND EQUITY	**368**	**1,461**	**2,265**	**1,310**	**741**	**2,053**	**956**	**49,018**	**58,172**
Operating investments [e]	(88)	(102)	(311)	(129)	(98)	(212)	(74)	-	(1,014)

June 30, 2014 (12 months)

(EUR millions)	Christian Dior Couture	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [a]	TOTAL
Sales outside the Group	1,499	4,028	10,160	3,238	2,625	9,055	262	-	30,867
Intra-group sales	2	27	42	514	63	32	51	(731)	-
TOTAL REVENUE [1]	**1,501**	**4,055**	**10,202**	**3,752**	**2,688**	**9,087**	**313**	**(731)**	**30,867**
Profit from recurring operations [1]	192	1,289	3,129	418	319	894	(181)	(9)	6,051
Other operating income and expenses [1]	(10)	(12)	(66)	(5)	(13)	(5)	(42)	-	(153)
Depreciation and amortization expense [1]	90	116	466	136	159	285	40	-	1,292
Impairment expense [1]	13	-	70	-	-	8	10	-	101
Intangible assets and goodwill [b] [1]	139	5,906	7,342	1,786	5,634	3,010	1,172	-	24,989
Property, plant and equipment [1]	554	2,286	2,047	421	403	1,294	3,496	-	10,501
Inventories [1]	270	4,508	1,539	407	1,271	1,572	203	(177)	9,593
Other operating assets [1]	185	1,103	654	564	639	575	740	11,516 [c]	15,976
TOTAL ASSETS	**1,148**	**13,803**	**11,582**	**3,178**	**7,947**	**6,451**	**5,611**	**11,339**	**61,059**
Equity	-	-	-	-	-	-	-	30,337	30,337
Liabilities [1]	350	1,059	2,072	1,082	780	1,603	643	23,133 [d]	30,722
TOTAL LIABILITIES AND EQUITY	**350**	**1,059**	**2,072**	**1,082**	**780**	**1,603**	**643**	**53,470**	**61,059**
Operating investments [e] [1]	(260)	(158)	(600)	(232)	(183)	(388)	(132)	-	(1,953)

December 31, 2013 (6 months)

(EUR millions)	Christian Dior Couture	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [a]	TOTAL
Sales outside the Group	756	2,363	5,149	1,659	1,391	4,690	117	-	16,125
Intra-group sales	-	15	23	254	31	15	28	(366)	-
TOTAL REVENUE [1]	**756**	**2,378**	**5,172**	**1,913**	**1,422**	**4,705**	**145**	**(366)**	**16,125**
Profit from recurring operations [1]	108	828	1,642	214	212	496	(114)	13	3,399
Other operating income and expenses [1]	-	(6)	(46)	(6)	(9)	(1)	(22)	-	(90)
Depreciation and amortization expense [1]	43	57	237	70	76	139	20	-	642
Impairment expense [1]	-	-	46	1	-	5	4	-	56
Intangible assets and goodwill [b] [1] [2]	123	5,977	7,284	1,787	5,583	2,989	1,241	-	24,984
Property, plant and equipment [1] [2]	528	2,182	2,031	404	390	1,313	3,330	-	10,178
Inventories [1] [2]	230	4,242	1,371	356	1,079	1,438	159	(154)	8,721
Other operating assets [1] [2]	183	1,384	738	590	650	552	661	11,998 [c]	16,756
TOTAL ASSETS	**1,064**	**13,785**	**11,424**	**3,137**	**7,702**	**6,292**	**5,391**	**11,844**	**60,639**
Equity [2]	-	-	-	-	-	-	-	29,409	29,409
Liabilities [1][2]	312	1,296	2,128	1,130	713	1,814	735	23,102 [d]	31,230
TOTAL LIABILITIES AND EQUITY	**312**	**1,296**	**2,128**	**1,130**	**713**	**1,814**	**735**	**52,511**	**60,639**
Operating investments [e] [1]	(162)	(108)	(326)	(140)	(90)	(211)	30	-	(1,007)

(a) Eliminations correspond to sales between business groups; these generally consist of sales from business groups other than Selective Retailing to Selective Retailing. Selling prices between the different business groups correspond to the prices applied in the normal course of business for sales transactions to wholesalers or distributors outside the Group.

(b) Intangible assets and goodwill correspond to the net carrying amounts shown under Notes 3 and 4.

(c) Assets not allocated include available for sale financial assets, other financial assets, and income tax receivables. As of June 30, 2014, they notably included the 23.2% shareholding in Hermès International, representing an amount of 6,595 million euros (6,437 million euros as of December 31, 2013). The Hermès shares were distributed as exceptional distributions on December 17, 2014; see Note 8.

(d) Liabilities not allocated include financial debt and both current and deferred tax liabilities.

(e) Increase/(Decrease) in cash and cash equivalents.

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(1) The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

(2) The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

23.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	Dec. 31, 2014 (6 months)	June 30, 2014 [(1)] (12 months)	Dec. 31, 2013 [(1)] (6 months)
France	1,896	3,338	1,798
Europe (excluding France)	3,488	5,909	3,215
United States	4,187	6,869	3,626
Japan	1,119	2,141	1,079
Asia (excluding Japan)	4,761	9,227	4,670
Other countries	2,022	3,383	1,737
REVENUE	**17,473**	**30,867**	**16,125**

Operating investments by geographic region are as follows:

(EUR millions)	Dec. 31, 2014 (6 months)	June 30, 2014 [(1)] (12 months)	Dec. 31, 2013 [(1)] (6 months)
France	307	713	336
Europe (excluding France)	188	426	243
United States	169	245	141
Japan	39	24	3
Asia (excluding Japan)	238	437	220
Other countries	73	108	64
OPERATING INVESTMENTS	**1,014**	**1,953**	**1,007**

No geographic breakdown of segment assets is provided since a significant portion of these assets consists of brands and goodwill, which must be analyzed on the basis of the revenue generated by these assets in each region, and not in relation to the region of their legal ownership.

23.3. Quarterly information

Periodic sales by business group break down as follows:

(EUR millions)	Christian Dior Couture	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations	TOTAL
First quarter (Jul.-Sept. 2014)	417	948	2 647	961	706	2 234	74	(188)	7 799
Second quarter (Oct.-Dec. 2014)	437	1 348	3 151	1 116	810	2 918	102	(208)	9 674
TOTAL FIRST HALF 2014/2015	**854**	**2 296**	**5 798**	**2 077**	**1 516**	**5 152**	**176**	**(396)**	**17 473**

(EUR millions)	Christian Dior Couture	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations	TOTAL
First quarter (Jul.-Sept. 2013)	368	1 032	2 428	879	655	2 093	67	(170)	7 352
Second quarter (Oct.-Dec. 2013)	388	1 346	2 744	1 034	767	2 612	78	(196)	8 773
TOTAL FIRST HALF 2013/2014	**756**	**2 378**	**5 172**	**1 913**	**1 422**	**4 705**	**145**	**(366)**	**16 125**
Third quarter (Jan.-Mar. 2014)	356	888	2 639	941	607	2 222	84	(181)	7 556
Fourth quarter (Apr.-Jun. 2014)	389	789	2 391	898	659	2 160	84	(184)	7 186
TOTAL SECOND HALF 2013/2014	**745**	**1 677**	**5 030**	**1 839**	**1 266**	**4 382**	**168**	**(365)**	**14 742**
TOTAL FISCAL YEAR 2013/2014	**1 501**	**4 055**	**10 202**	**3 752**	**2 688**	**9 087**	**313**	**(731)**	**30 867**

(1) The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

24. EXPENSES BY NATURE

Profit from recurring operations includes the following expenses:

(EUR millions)	Dec. 31, 2014 (6 months)	June 30, 2014 [(1)] (12 months)	Dec. 31, 2013 [(1)] (6 months)
Advertising and promotion expenses	1,981	3,580	1,844
Commercial lease expenses	1,546	2,762	1,360
Personnel costs	3,023	5,554	2,670
Research and development expenses	42	72	35

25. OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	Dec. 31, 2014 (6 months)	June 30, 2014 [(1)] (12 months)	Dec. 31, 2013 [(1)] (6 months)
Net gains (losses) on disposals	1	2	2
Restructuring costs	(38)	(19)	(13)
Transaction costs relating to the acquisition of consolidated companies	-	(29)	(21)
Impairment or amortization of brands, trade names, goodwill and other property	(205)	(106)	(56)
Other items, net	6	(1)	(2)
OTHER OPERATING INCOME AND EXPENSES	**(236)**	**(153)**	**(90)**

Impairment and amortization expenses recorded as of December 31, 2014 and June 30, 2014 were mostly for brands and goodwill.

26. NET FINANCIAL INCOME (EXPENSE)

(EUR millions)	Dec. 31, 2014 (6 months)	June 30, 2014 [(1)] (12 months)	Dec. 31, 2013 [(1)] (6 months)
Borrowing costs	(101)	(196)	(101)
Income from cash, cash equivalents and current available for sale financial assets	15	33	19
Fair value adjustment of borrowings and interest rate hedges	(5)	15	11
Cost of net financial debt	**(91)**	**(148)**	**(71)**
Dividends received from non-current available for sale financial assets	-	79	5
Ineffective portion of foreign exchange derivatives	(173)	(144)	(77)
Net gain/(loss) related to available for sale financial assets and other financial instruments	3,256	16	9
Other items, net	(23)	(34)	(18)
Other financial income and expense	**3,060**	**(83)**	**(81)**
NET FINANCIAL INCOME (EXPENSE)	**2,969**	**(231)**	**(152)**

In 2014, income from available for sale financial assets and other financial instruments consisted mainly of the 3,189 million euro pre-tax capital gain recognized following the exceptional distributions in kind of Hermès shares. See Note 8.

As of June 30, 2014 and December 31, 2013, the net gain/(loss) related to available for sale financial assets and other financial instruments was due to changes in market performance and the recognition of impairment losses on current and non-current available for sale financial assets.

(1) The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

27. INCOME TAXES

(EUR millions)	Dec. 31, 2014 (6 months)	June 30, 2014 [(1)] (12 months)	Dec. 31, 2013 [(1)] (6 months)
Current income taxes for the period	(1,691)	(2,039)	(1,148)
Current income taxes relating to previous periods	30	18	18
Current income taxes	**(1,661)**	**(2,021)**	**(1,130)**
Change in deferred tax	85	218	127
Impact of changes in tax rates on deferred tax	(19)	28	7
Deferred tax	**66**	**246**	**134**
TOTAL TAX EXPENSE PER INCOME STATEMENT	**(1,595)**	**(1,775)**	**(996)**
TAX ON ITEMS RECOGNIZED IN EQUITY	**352**	**(145)**	**(198)**

In 2014, the current income tax expense included 568 million euros in taxes relating to the distribution in kind of Hermès shares in the form of exceptional distributions of in-kind interim and final dividends. See Note 8.

The effective tax rate is as follows:

(EUR millions)	Dec. 31, 2014 (6 months)	June 30, 2014 [(1)] (12 months)	Dec. 31, 2013 [(1)] (6 months)
Profit before tax	5,980	5,667	3,157
Total income tax expense	(1,595)	(1,775)	(996)
EFFECTIVE TAX RATE	**26.7%**	**31.9%**	**31.5%**

28. EARNINGS PER SHARE

	Dec. 31, 2014 (6 months)	June 30, 2014 (12 months)	Dec. 31, 2013 (6 months)
Net profit, Group share *(EUR millions)*	1 704	1 425	794
Impact of diluting instruments on the subsidiaries *(EUR millions)*	(8)	(6)	(2)
NET PROFIT, DILUTED GROUP SHARE *(EUR millions)*	1 696	1 419	792
Average number of shares in circulation during the period	181 727 048	181 727 048	181 727 048
Average number of Christian Dior treasury shares owned during the period	(2 982 945)	(2 964 840)	(3 130 028)
Average number of shares in circulation on which the calculation before dilution is based	**178 744 103**	**178 762 208**	**178 597 020**
BASIC GROUP SHARE OF NET PROFIT PER SHARE *(EUR)*	9,53	7,97	4,45
Average number of shares in circulation on which the above calculation is based	178 744 103	178 762 208	178 597 020
Dilution effect of stock option plans	860 046	832 028	1 066 759
AVERAGE NUMBER OF SHARES IN CIRCULATION AFTER DILUTION	179 604 149	179 594 236	179 663 779
DILUTED GROUP SHARE OF NET PROFIT PER SHARE *(EUR)*	9,44	7,90	4,41

The impact of the distributions in kind of Hermès shares on the Group's net profit (see Note 8) was 1,085 million euros, i.e. 6.07 euros per share (6.01 euros after dilution).

No events occurred between December 31 and the date on which the financial statements were approved for publication that would have significantly affected the number of shares outstanding or the potential number of shares.

(1) The financial statements as of June 30, 2014 and December 31, 2013 have been restated to reflect the retrospective application as of July 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

29. OFF-BALANCE SHEET COMMITMENTS

During the six-month period, the Group's off-balance sheet commitments increased essentially as a result of commitments given in respect of purchases of grapes and wines as well as operating leases and concessions, which increased by approximately 0.5 billion euros.

30. EXCEPTIONAL EVENTS AND LITIGATION

As part of its day-to-day management, the Group is party to various legal proceedings concerning trademark rights, the protection of intellectual property rights, the protection of selective retailing networks, licensing agreements, employee relations, tax audits, and any other matters inherent to its business. The Group believes that the provisions recorded in the balance sheet in respect of these risks, litigation or disputes, known or outstanding at fiscal year-end, are sufficient to avoid its consolidated financial net worth being materially impacted in the event of an unfavorable outcome.

Since 2006, several cases of litigation had been ongoing by LVMH subsidiaries against eBay for undermining their selective retailing networks and selling counterfeit products. After several rulings confirmed that eBay's business was that of a broker and not merely an internet host, LVMH and eBay announced in July 2014 that they had terminated the ongoing litigation and entered into a cooperation agreement to protect intellectual property rights and combat the sale of counterfeit items online.

On September 2, 2014, under the aegis of the President of the Paris Commercial Court, LVMH Moët Hennessy - Louis Vuitton ("LVMH") and Hermès International ("Hermès") entered into a settlement agreement aimed at definitively ending the litigation to which LVMH's acquisition of an equity stake in Hermès had given rise, and at restoring a climate of positive relations between them. According to the terms of this agreement, (i) in December 2014, LVMH distributed to its shareholders all of the Hermès shares held by the LVMH group, and Christian Dior, which at that date held 40.9% of LVMH's share capital via Financière Jean Goujon, distributed the Hermès shares received from LVMH (indirectly via Financière Jean Goujon) to its own shareholders, and (ii) LVMH and Hermès ceased all proceedings and actions undertaken against one another. See Note 8 for the impacts of this transaction on the consolidated financial statements as of December 31, 2014.

On December 17, 2012, the Mayor of Paris granted two distinct building permits authorizing the architectural project for the restructuring and reconstruction of the former La Samaritaine department stores 2 (Seine block) and 4 (Rivoli block). Both of these permits were the subject of an action for cancellation before the Paris Administrative Court (Tribunal administratif de Paris). On April 11, 2014, the Paris Administrative Court rejected the action for cancellation filed against the building permit authorizing the restructuring of former department store 2, which is registered as a Historic Monument (Seine block). On May 13, 2014, the Paris Administrative Court cancelled the building permit order authorizing the partial demolition of former department store 4 and the reconstruction of a contemporary building designed by the architectural firm SANAA (Rivoli block). The company Grands Magasins de La Samaritaine and the City of Paris have filed an appeal and have requested a stay of execution of this judgment. On October 16, 2014, the Paris Administrative Court of Appeal (Cour administrative d'appel de Paris) ordered the stay of execution of this judgment while awaiting the substantive decision. On January 5, 2015, with regard to the substantive merits of the case, the Paris Administrative Court of Appeal dismissed the appeal and ordered La Samaritaine to pay 1,500 euros under Article 761-1 of the Code of Administrative Justice (Code de justice administrative). The company Grands Magasins de La Samaritaine and the City of Paris decided to file a cassation appeal before the Council of State (Conseil d'État).

To the best of the Company's knowledge, there are no pending or impending administrative, judicial or arbitration procedures that are likely to have, or have had over the six-month period under review, any significant impact on the financial position or profitability of the Company and/or the Group.

31. SUBSEQUENT EVENTS

No significant events occurred between December 31, 2014 and the date on which the financial statements were approved for publication by the Board of Directors, February 12, 2015.

Statutory Auditors' report on the half-year financial information from July 1 to December 31, 2014

MAZARS Tour Exaltis 61, rue Henri-Regnault F-92400 Courbevoie – Paris-La Défense 1 S.A. with share capital of 8,320,000 euros Statutory Auditors Member of the Compagnie Régionale de Versailles	ERNST & YOUNG et Autres 1/2, place des Saisons F-92400 Courbevoie – Paris-La Défense 1 S.A.S. with variable share capital Statutory Auditors Member of the Compagnie Régionale de Versailles

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with the Article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the limited review of the accompanying condensed half-year consolidated financial statements of Christian Dior, for the period from July 1 to December 31, 2014;
- the verification of the information contained in the interim management report.

These condensed half-year consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express our conclusion on these financial statements based on our limited review.

1. Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France. A limited review essentially consists of making inquiries, primarily of members of management responsible for financial and accounting matters, and applying analytical procedures. This work is less extensive than that required for an audit conducted in accordance with the professional standards applicable in France. Therefore, the level of assurance obtained from a limited review that the financial statements, taken as a whole, are free from significant anomalies, is lower than that obtained from an audit.

Based on our limited review, we did not note any material misstatements that may have called into question the compliance of the condensed half-year financial statements with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion expressed above, we draw your attention to:

- Note 1.2 detailing the change in the presentation of income/loss from joint ventures and associates, now presented within profit from recurring operations;
- Note 1.3 detailing the change in presentation within the cash flow statement of dividends received, now presented according to the nature of the underlying investments, and of taxes paid, now presented according to the nature of the transactions from which they arise.

2. Specific verification

We have also verified the information provided in the interim management report in respect of the condensed consolidated half-year financial statements that were covered by our limited review.

We have no matters to report on the fairness and consistency of this information with the condensed consolidated half-year financial statements.

Paris-La Défense, March 11, 2015

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres	
Denis Grison	Jeanne Boillet	Benoit Schumacher

Statement of the Company Officer responsible for the Interim Financial Report

We declare that, to the best of our knowledge, the condensed interim consolidated financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and of all consolidated companies, and that the interim management report presented on page 1 gives a true and fair picture of the significant events during the first six months of the fiscal year and their impact on the financial statements, of the main related party transactions as well as a description of the main risks and uncertainties for the remaining six months of the fiscal year.

Paris, March 12, 2015

Under delegation from the Chief Executive Officer

Florian Ollivier
Chief Financial Officer

Christian Dior
30, avenue Montaigne – Paris 8^{e}