

Christian Dior



TRANSLATION OF THE FRENCH "RAPPORT ANNUEL"
AS OF JUNE 30, 2014

Combined Shareholders' Meeting

December 9, 2014

*This document is a free translation into English of the original French "Rapport annuel", hereafter referred to as the "Annual 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.*

Chairman's message	2	Consolidated financial statements	115
Executive and Supervisory Bodies – Statutory Auditors as of June 30, 2014	4	1. Consolidated income statement	116
Simplified organizational chart of the Group as of June 30, 2014	5	2. Consolidated statement of comprehensive gains and losses	117
Financial highlights	6	3. Consolidated balance sheet	118
Management report of the Board of Directors	7	4. Consolidated statement of changes in equity	119
CHRISTIAN DIOR GROUP		5. Consolidated cash flow statement	120
1. Consolidated results	8	6. Notes to the consolidated financial statements	121
2. Results by business group	11	7. Statutory Auditors' report	189
3. Business risk factors and insurance policy	18	Parent company financial statements	191
4. Financial policy	24	1. Balance sheet	192
5. Stock option and bonus share plans	27	2. Income statement	194
6. Exceptional events and litigation	28	3. Cash flow statement	195
7. Subsequent events	29	4. Notes to the parent company financial statements	196
8. Recent developments and prospects	29	5. Subsidiaries and equity investments	206
CHRISTIAN DIOR PARENT COMPANY		6. Portfolio of subsidiaries and equity investments, other long-term and short-term investments	207
1. Results of Christian Dior	32	7. Company results over the last five fiscal years	208
2. Share ownership of the Company	34	8. Statutory Auditors' reports	209
3. Stock option and bonus share plans	35	Resolutions for the approval of the Combined Shareholders' Meeting of December 9, 2014	213
4. Financial authorizations	44	Extraordinary resolution	214
5. Share repurchase program	47	Ordinary resolutions	214
6. Remuneration of company officers	50	Extraordinary resolutions	218
7. Administrative matters	52	Statutory Auditors' reports on the resolutions	227
8. Conversion of the Company into a Societas Europaea	53	Independent Conversion Auditors' report	233
9. Information that could have an impact on a takeover bid or exchange offer	54	Other information	235
WORKFORCE, ENVIRONMENTAL AND SOCIAL REPORT		GOVERNANCE	
1. Group reporting on employee-related issues	56	1. List of positions or offices exercised in all companies by company officers	236
2. Effects of operations on the environment	76	2. Statutory Auditors	245
3. Independent Verifier's report on consolidated workforce, environmental and social information	88	3. Charter of the Board of Directors	246
Report of the Board of Directors on the exceptional distribution in kind of Hermès International shares	91	4. Internal rules of the Performance Audit Committee	249
1. Amendment of the Bylaws	92	5. Internal rules of the Nominations and Compensation Committee	251
2. Allocation of retained earnings to the Optional Reserve account	92	6. Bylaws of the Company as a French Société Anonyme	253
3. Distributions in kind of Hermès International shares	93	7. Draft Bylaws of the Company as a Societas Europaea	262
Report of the Chairman of the Board of Directors	97	GENERAL INFORMATION CONCERNING THE COMPANY AND ITS CAPITAL – STOCK MARKET	
1. Corporate governance	98	1. History of the Group	272
2. Implementation of risk management and internal control procedures	103	2. Information regarding the parent company	274
3. Statutory Auditors' report	114	3. Information regarding the capital	275
		4. Analysis of share capital and voting rights	276
		5. Market for financial instruments issued by Christian Dior	279
		6. Main locations and properties	282
		Statement of the Company Officer responsible for the Annual Report	285

Christian Dior

Annual Report as of June 30, 2014

Chairman's message



The results of this fiscal year bear witness to the Christian Dior group's outstanding resilience in a climate characterized by economic and monetary uncertainty. While sticking firmly to our long-term strategy, we are adapting our decisions and actions to the ever faster changes in our market environment. We can count on the power of our brands, their alliance of quality, tradition and innovation, the responsiveness of a highly action-oriented organization, and the ambition shared by our talented teams for perfect strategy execution. In a competitive environment for all our business lines, these key strengths will maintain our competitive edge.

A dynamic year for all our business groups

We have made many, solid achievements. Christian Dior Couture continued its exceptional growth across all categories, particularly in its own network of stores. Haute Couture had a very big year, with Raf Simons, Artistic Director of the House of Dior, receiving an award from the prestigious Council of Fashion Designers of America. Wines and Spirits benefited from the positive momentum of the American market but felt the effects of destocking by distributors in China. That business group's brands stayed true to the key priorities of their value strategy and worked in particular on developing their manufacturing capacity. Louis Vuitton is reinventing its icons and upgrading its stores. Its unique savoir-faire and exceptional creative resources come to the fore in its collections. Nicolas Ghesquière, appointed Artistic Director for Louis Vuitton's women's collections, is one of the most talented designers. He shares Louis Vuitton's vision and values, and brings a great sense of enthusiasm to the task of working with our teams to build its future. Our Perfumes and Cosmetics brands have been strengthening their research facilities and increasing market share with an unwavering commitment to excellence. Bulgari's integration within the Watches and Jewelry business group has been a success. Our Selective Retailing businesses are exceptionally dynamic, combining an avant-garde mindset with innovative services, while consistently striving to offer a unique customer experience. As we strengthen our position in traditional markets, we continue to expand our reach into new territories. The wineries that Moët Hennessy created recently in India and China are beginning commercial operations. In South America, Southeast Asia and Africa, new countries are opening up to our products and the lifestyle they represent.

Growth drivers, selective investments

The market for luxury products has a bright future, and a passionate path lies ahead of us. We are confident in our growth model as we focus our efforts on three key long-term objectives: perpetuating the success of our flagship brands, nurturing other brands that have the potential to follow in their footsteps, and seizing growth opportunities when alliances based on common values can be conducted. A year rich in landmark projects and achievements, this fiscal year is but a prelude to further important developments.

Several of our high-potential brands have met with evident success. They have been developed over time and now represent a second wave of growth. This is true of Céline, Fresh, Benefit... and Marc Jacobs, which has really evolved since it joined the Group. After sixteen fantastic years as Creative Director for Louis Vuitton, co-founder Marc Jacobs is now planning to dedicate himself entirely to the future of his eponymous brand. This is a wonderful opportunity for this highly creative company with enormous potential ahead of it. The same goes for Berluti, which is booming in the men's fashion market. This legendary brand remains faithful to its inherited traditions of premium quality shoemaking, even as it seeks to grow creatively and gradually roll out a new store concept.

Loro Piana, an exceptional universe

The arrival of Loro Piana within the Group is a major event. This rapidly growing family business has its own unique savoir-faire in selecting the most beautiful natural textile fibers, developing fabrics and creating clothing of superlative quality. I am proud that Loro Piana, which symbolizes an exceptional universe for the most demanding international clientele, has chosen to join forces with our Group. Mr. Sergio Loro Piana, one of the leaders who forged this successful enterprise, has sadly passed away. We feel his absence sharply, and our pride is tinged with sorrow. Such sorrow, however, only increases our determination to do everything we can, alongside his brother Pier Luigi Loro Piana and his teams, to carry on the adventure of this beautiful brand, as it has always been: the epitome of excellence.

Entrepreneurial spirit, the drive to surpass ourselves

We enter the final months of 2014 in a still uncertain economic environment that leads us to remain extremely vigilant and selective in allocating our resources. Nevertheless, thanks to the strength of the Group and its flagship brands, we retain a clear-headed commitment to our objectives. All the efforts I mentioned above are focused on long-term value. I am confident in our teams' ability to meet challenges and seize the many opportunities for growth as they arise. Aside from an entrepreneurial spirit, one of the Group's core values is the drive to surpass ourselves. Excellence is never a foregone conclusion, and complacency is not part of our culture. I believe that our success derives from the fact that each of us, whatever our job, never stops striving to be better and to offer new ideas that will boost the quality of what our Group does. No one embodied these qualities of the entrepreneurial spirit and the drive to surpass oneself better than Yves Carcelle, who passed away recently. During more than twenty years at the head of Louis Vuitton, he used his exceptional vision, energy, and strategic sense to build this Maison into the world's leading luxury brand. He was a pioneer, always curious, passionate, in movement. He was one of the most inspiring leaders I have had the chance to meet, and will be remembered as an approachable, human, upright man. The Group has lost one of its dearest friends, and we miss him terribly.

A world of emotions, a special connection with our customers

Quality is what determines customers' loyalty to our brands, above and beyond specific products or stores. The success of the Journées Particulières event, during which our brands opened their legendary workshops to the public, shows the huge interest in our heritage, savoir-faire and traditional craftsmanship. We live in a world of emotions, where the Group's relations with our customers and our shareholders are profound. Because of this special connection, we are also committed to stronger corporate citizenship. We strive to pass on our expertise, to promote diversity and fulfillment among our employees, to coach talent and support young designers, and to protect the sometimes very scarce natural resources used in our products. The world is more and more concerned with such issues, and so are we, for they form the foundation of our Group's future. Together with developing our business, they must serve as a permanent wellspring of creativity. I am particularly pleased that the Louis Vuitton Foundation has opened this year. We have worked with the architect to make this an exceptional venue and a testament to our patronage of art, through which we intend to help promote French and Parisian culture worldwide. Here too, a passionate path lies ahead of us.

Bernard ARNAULT

Executive and Supervisory Bodies Statutory Auditors as of June 30, 2014

BOARD OF DIRECTORS

Bernard ARNAULT^(a)
Chairman and Chief Executive Officer

Eric GUERLAIN^(b)
Vice-Chairman

Sidney TOLEDANO^(a)
Group Managing Director

Delphine ARNAULT

Denis DALIBOT

Hélène DESMARAIS^(b)

Renaud DONNEDIEU de VABRES^(b)

Ségolène GALLIENNE^(b)

Pierre GODÉ^(a)

Christian de LABRIFFE^(b)

Jaime de MARICHALAR y SÁENZ de TEJADA^(b)

PERFORMANCE AUDIT COMMITTEE

Christian de LABRIFFE^{(b) (c)}
Chairman

Renaud DONNEDIEU de VABRES^(b)

Eric GUERLAIN^(b)

NOMINATIONS AND COMPENSATION COMMITTEE

Eric GUERLAIN^(b)
Chairman

Hélène DESMARAIS^(b)

Christian de LABRIFFE^(b)

STATUTORY AUDITORS

ERNST & YOUNG et Autres
represented by Jeanne Boillet and Benoit Schumacher

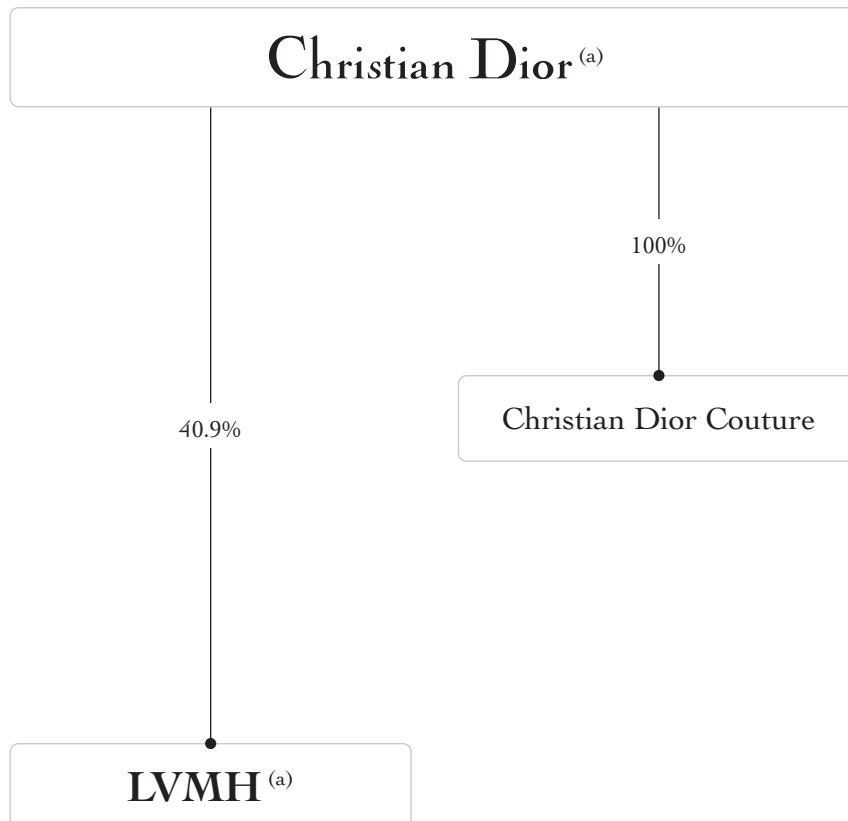
MAZARS
represented by Denis Grison

(a) Renewal proposed to the Shareholders' Meeting of December 9, 2014.

(b) Independent Director.

(c) Since February 2014.

Simplified organizational chart of the Group as of June 30, 2014



(a) Listed company.

Financial highlights

Key consolidated data

<i>(EUR millions and as %)</i>	June 30, 2014 (12 months)	June 30, 2013 (12 months pro forma)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Revenue	30,984	30,120	4,768	29,881
Profit from recurring operations	6,050	6,087	881	6,090
Net profit	3,892	3,839	566	3,931
Net profit, Group share	1,425	1,388	216	1,431
Cash from operations before changes in working capital ^(a)	7,539	7,407	1,092	7,464
Operating investments arising from change in net cash position	1,959	1,994	333	1,937
Net cash from operating activities and operating investments (free cash flow)	2,426	2,301	40	2,473
Total equity ^(b)	30,337	28,106	28,106	27,867
Net financial debt ^(c)	7,927	6,277	6,277	6,237
Net financial debt/Total equity ratio	26%	22%	22%	22%

Data per share

<i>(EUR)</i>	June 30, 2014 (12 months)	June 30, 2013 (12 months pro forma)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Earnings per share				
Basic Group share of net profit per share	7.97	7.75	1.21	8.00
Diluted Group share of net profit per share	7.90	7.67	1.20	7.90
Dividend per share				
Interim	1.90	-	-	1.10
Final	-	-	-	1.80
Gross amount paid for fiscal year ^{(d)(e)(f)}	3.10	-	-	2.90

Information by business group

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (12 months pro forma)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Revenue by business group				
Christian Dior Couture	1,505	1,324	237	1,289
Wines and Spirits	4,064	4,186	541	4,208
Fashion and Leather Goods	10,201	9,981	1,600	9,936
Perfumes and Cosmetics	3,752	3,690	551	3,678
Watches and Jewelry	2,776	2,803	467	2,826
Selective Retailing	9,123	8,504	1,406	8,303
Other activities and eliminations	(437)	(368)	(34)	(359)
TOTAL	30,984	30,120	4,768	29,881
Profit from recurring operations by business group				
Christian Dior Couture	192	139	35	131
Wines and Spirits	1,291	1,306	134	1,330
Fashion and Leather Goods	3,133	3,245	517	3,220
Perfumes and Cosmetics	418	411	34	414
Watches and Jewelry	331	331	71	335
Selective Retailing	885	888	121	877
Other activities and eliminations	(200)	(233)	(31)	(217)
TOTAL	6,050	6,087	881	6,090

(a) Before tax and interest paid.

(b) Including minority interests.

(c) Excluding purchase commitments for minority interests, included in Other non-current liabilities. See Note 18.1 of the consolidated financial statements.

(d) Excluding the impact of tax regulations applicable to the beneficiaries.

(e) For the fiscal year ended June 30, 2014, amount proposed to the Shareholders' Meeting of December 9, 2014.

(f) For the fiscal year ended June 30, 2014, excluding the exceptional dividend in kind in the form of Hermès International shares.

Management report of the Board of Directors

CHRISTIAN DIOR GROUP

1. Consolidated results	8
<hr/>	
2. Results by business group	11
2.1. Christian Dior Couture	11
2.2. Wines and Spirits	13
2.3. Fashion and Leather Goods	14
2.4. Perfumes and Cosmetics	15
2.5. Watches and Jewelry	16
2.6. Selective Retailing	17
<hr/>	
3. Business risk factors and insurance policy	18
3.1. Strategic and operational risks	18
3.2. Insurance policy	21
3.3. Financial risks	22
<hr/>	
4. Financial policy	24
4.1. Comments on the consolidated cash flow statement	25
4.2. Comments on the consolidated balance sheet	26
<hr/>	
5. Stock option and bonus share plans	27
<hr/>	
6. Exceptional events and litigation	28
<hr/>	
7. Subsequent events	29
<hr/>	
8. Recent developments and prospects	29

1. Consolidated results

Consolidated revenue for the Christian Dior group for the fiscal year ended June 30, 2014 was 30,984 million euros.

The following changes have been made in the Group's scope of consolidation since July 1, 2013:

- in Fashion and Leather Goods, on December 5, 2013, LVMH acquired an 80% stake in Italian company Loro Piana, which makes and sells luxury fabrics, clothing, and accessories, for 1,987 million euros. In the first half of the fiscal year, the Group also invested in a 52% stake in British luxury footwear company Nicholas Kirkwood and raised the stake in Marc Jacobs to 80%;
- in Wines and Spirits, in April 2014, the Group acquired the entire share capital of the Domaine du Clos des Lambrays (Grand cru de la Côte de Nuits);
- during the fiscal year, the Group also acquired a stake in Hotel Saint-Barth Isle de France. The percentage held as of June 30, 2014 came to 56%.

The Group's profit from recurring operations was 6,050 million euros. The current operating margin as a percentage of revenue was 20%.

Operating profit, after other operating income and expenses (a net expense of 161 million euros as of June 30, 2014), amounted to 5,889 million euros.

The net financial expense for the fiscal year was 231 million euros. This item comprises the aggregate cost of net financial debt, which amounted to 148 million euros, together with other financial income and expenses, which amounted to a net expense of 83 million euros.

The Group's effective tax rate was 31.4%, compared to 31.9% as of June 30, 2013.

As of June 30, 2014, income from investments in associates totaled 9 million euros.

Consolidated net profit amounted to 3,892 million euros. The Group share of consolidated net profit was 1,425 million euros.

The main financial items for the 2013/2014 fiscal year (12 months) were as follows:

<i>(EUR millions)</i>	June 30, 2013			
	June 30, 2014 (12 months)	(12 months pro forma)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Revenue	30,984	30,120	4,768	29,881
Profit from recurring operations	6,050	6,087	881	6,090
Operating profit	5,889	5,988	860	5,971
Net profit	3,892	3,839	566	3,931
Of which: Group share	1,425	1,388	216	1,431

Compared to the 12-month pro forma period ended June 30, 2013, revenue growth by business group was as follows:

- Revenue from Christian Dior Couture increased by 14% at actual exchange rates and by 19% at constant exchange rates. Revenue from retail and other activities increased 15% at actual exchange rates and 20% at constant exchange rates. This robust growth, achieved amidst a slowing market, involved all geographic regions.
- Wines and Spirits saw a decrease in revenue of 3% at actual exchange rates. Revenue for this business group increased by 3% on a constant consolidation scope and currency basis, with a negative 6-point impact from exchange rate fluctuations. Lower sales volumes in China were offset by the positive effects of the sustained policy of price increases. Demand remained very strong in the United States and China is still the second largest market for the Wines and Spirits business group.
- Fashion and Leather Goods posted organic revenue growth of 5%, and 2% based on published figures with Loro Piana being consolidated for the first time. This business group's performance benefited from that of Louis Vuitton. Céline, Givenchy, Berluti and Kenzo confirmed their potential, delivering double-digit growth over the period.

- Revenue for Perfumes and Cosmetics increased by 7% on a constant consolidation scope and currency basis, and by 2% based on published figures. This growth confirmed the effectiveness of the value-enhancing strategy resolutely pursued by the Group's brands in the face of competitive pressures spawned by the economic crisis. The Perfumes and Cosmetics business group achieved appreciable revenue growth in the United States and Asia, notably China.

- Revenue for Watches and Jewelry increased by 5% on a constant consolidation scope and currency basis, and fell 1% 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 and the Middle East were the most dynamic regions.

- Revenue for Selective Retailing increased by 7% based on published figures, and by 12% on a constant consolidation scope and currency basis. The drivers of this performance were Sephora, which generated very appreciable growth in revenue across all world regions, and DFS, which made substantial progress, spurred by the continuing development of Chinese tourism which boosted business particularly at its stores in Hong Kong and Macao.

Revenue by invoicing currency

<i>(as %)</i>	June 30, 2013			
	June 30, 2014 (12 months)	(12 months pro forma)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Euro	24	24	25	24
US dollar	27	27	27	27
Japanese yen	7	8	7	8
Hong Kong dollar	8	7	8	7
Other currencies	34	34	33	34
TOTAL	100	100	100	100

The breakdown of revenue by invoicing currency changed as follows compared to the 12-month pro forma period ended June 30, 2013: the contributions of the euro, the US dollar and other currencies to revenue remained stable compared to

the previous period, at 24%, 27% and 34%, respectively. The contribution of the yen fell by 1 point, representing 7% of consolidated revenue. The contribution of the Hong Kong dollar rose by 1 point, amounting to 8% as of June 30, 2014.

Revenue by geographic region of delivery

<i>(as %)</i>	June 30, 2013			
	June 30, 2014 (12 months)	(12 months pro forma)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
France	11	11	12	11
Europe (excluding France)	19	19	19	19
United States	22	22	23	22
Japan	7	8	7	8
Asia (excluding Japan)	30	29	29	29
Other markets	11	11	10	11
TOTAL	100	100	100	100

By geographic region and compared to the 12-month pro forma period ended June 30, 2013, the relative contributions of France, Europe (excluding France) and the United States to Group revenue remained stable. The contribution of Europe accounted for 30% of Group revenue, and that of the United States came

to 22%. The contribution of Asia (excluding Japan) amounted to 30% and increased by 1 point compared to the fiscal year ended June 30, 2013. The contribution of Japan decreased by 1 point, totaling 7%. Contributions from other markets remained stable, accounting for 11% of Group revenue.

Comments on the impact of exchange rate fluctuations and of changes in the scope of consolidation

The impact of exchange rate fluctuations is determined by translating the accounts for the period of entities having a functional currency other than the euro at the prior fiscal year's exchange rates.

The impact of changes in the scope of consolidation is determined by deducting:

- for the period's acquisitions, revenue generated during the period by the acquired entities, as of their initial consolidation;
- for the prior period's acquisitions, current period revenue generated over the months of the prior period during which the acquired entities were not yet consolidated, and by adding:
 - for the period's disposals, prior period revenue generated over the months of the current period during which the entities were no longer consolidated;
 - for the prior period's disposals, prior period revenue generated by the entities sold.

Revenue and profit from recurring operations by business group

Revenue (EUR millions)	June 30, 2014		June 30, 2013		June 30, 2013		April 30, 2013	
	(12 months)	%	(12 months pro forma)	%	(2 months)	%	(12 months)	%
Christian Dior Couture	1,505	5	1,324	4	237	5	1,289	4
Wines and Spirits	4,064	13	4,186	14	541	11	4,208	14
Fashion and Leather Goods	10,201	33	9,981	33	1,600	33	9,936	33
Perfumes and Cosmetics	3,752	12	3,690	12	551	12	3,678	12
Watches and Jewelry	2,776	9	2,803	9	467	10	2,826	9
Selective Retailing	9,123	29	8,504	28	1,406	29	8,303	28
Other activities and eliminations	(437)	-	(368)	-	(34)	-	(359)	-
TOTAL	30,984	100	30,120	100	4,768	100	29,881	100

Profit from recurring operations (EUR millions)	June 30, 2014		June 30, 2013		June 30, 2013		April 30, 2013	
	(12 months)		(12 months pro forma)		(2 months)		(12 months)	
Christian Dior Couture		192		139		35		131
Wines and Spirits		1,291		1,306		134		1,330
Fashion and Leather Goods		3,133		3,245		517		3,220
Perfumes and Cosmetics		418		411		34		414
Watches and Jewelry		331		331		71		335
Selective Retailing		885		888		121		877
Other activities and eliminations		(200)		(233)		(31)		(217)
TOTAL		6,050		6,087		881		6,090

With respect to the period from July 1, 2012 to June 30, 2013 (pro forma), the breakdown of Group revenue by business group varied significantly:

- the contributions of Fashion and Leather Goods, Perfumes and Cosmetics, and Watches and Jewelry remained stable at 33%, 12% and 9%, respectively;
- the contribution of Wines and Spirits to total Group revenue fell by 1 point, to 13%;
- the contributions of Selective Retailing and Christian Dior Couture rose by 1 point over the period, amounting to 29% and 5%, respectively.

At the initial consolidation of LVMH in 1988, all brands then owned by LVMH were revalued in the accounts of the Christian Dior group.

In the Christian Dior consolidated financial statements, LVMH's accounts are restated to account for valuation differences in brands recorded prior to 1988 in the consolidated accounts of each of these companies. See Note 1.3 to the consolidated financial statements.

Investments

The net balance from investing activities (purchases and sales) was a disbursement of 4,249 million euros. This includes, on the one hand, net operating investments totaling 1,959 million euros (mainly related to the acquisition of property, plant and equipment), and on the other hand, net financial investments totaling 2,290 million euros. Financial investments included purchases of consolidated investments amounting to 2,234 million euros. The main acquisition during the fiscal year involved Loro Piana and represented a disbursement of 1,987 million euros (excluding cash acquired).

Research and development

Research and development expenses posted during the fiscal year totaled 73 million euros as of June 30, 2014 (compared to 13 million as of June 30, 2013 and 70 million euros as of April 30, 2013). Most of these amounts cover scientific research and development costs for skincare and make-up products of the Perfumes and Cosmetics business group.

2. Results by business group

The business activity as well as the results by business group for the fiscal year ended June 30, 2014 have been compared to those for the period from July 1, 2012 to June 30, 2013 (12 months pro forma).

2.1 . CHRISTIAN DIOR COUTURE

2.1.1. Highlights

The key highlights of the fiscal year ended June 30, 2014 were as follows:

Success for all product lines

Once again, Dior's excellent expertise and capacity for innovation resulted in the success of its Leather Goods and Ready-to-Wear collections.

Its Timepieces and Jewelry creations were also remarkably well received. The launch of *Dior Fusion* sneakers met with great success. The *Tribales* earrings continued to win over new clients. Haute Couture also had an exceptional year.

Robust sales growth in the network of directly owned points of sale

Revenue generated by Dior's retail and other activities improved by 20% at constant exchange rates and by 15% at actual exchange rates compared to the period from July 1, 2012 to June 30, 2013. This robust growth, achieved amidst a slowing market, involved all geographic regions.

Solid growth in profit from recurring operations

Profit from recurring operations amounted to 192 million euros. This represents growth of 38% compared to the period from July 1, 2012 to June 30, 2013, thanks to a significant increase in sales.

Relevant investments

Christian Dior Couture continued the targeted expansion of its retail network, bolstered by renovations or extensions of existing boutiques.

New boutiques were opened in Italy (Venice), the Netherlands (Amsterdam), Austria (Vienna), Turkey (Istanbul), Azerbaijan (Baku), the United Arab Emirates (Abu Dhabi), Canada (Toronto), China (Tianjin, Chengdu), Hong Kong and Indonesia (Jakarta).

Renovations or extensions were also carried out in France (Paris), the United Kingdom (London, Manchester), Italy (Florence), Switzerland (Geneva), the United States (Manhasset, Las Vegas,

Hawaii), Japan (Tokyo, Osaka), China (Shanghai, Hangzhou), Hong Kong, Thailand (Bangkok), Malaysia (Kuala Lumpur), Singapore (Marina Bay) and South Korea (Seoul).

Unique communication and image

The inauguration of the Landmark and Pacific Place boutiques in Hong Kong coincided with the "Lady Dior As Seen By" exhibit. In Shanghai, the "Esprit Dior" exhibit attracted more than 80,000 visitors.

The Council of Fashion Designers of America recognized Raf Simons for his work as Artistic Director of the House of Dior by presenting him with the International Award for 2014.

Collections were shown in Paris and abroad, notably Autumn-Winter Ready-to-Wear 2013/2014 in Moscow, Haute Couture Spring-Summer 2014 in Hong Kong, and *Croisière* 2015 in New York.

The *Secret Garden* advertising campaign was completed by a third phase filmed in the gardens of the Château de Versailles. The new *Lady Dior* and *Miss Dior* campaigns, with Oscar-winning actresses Marion Cotillard and Jennifer Lawrence as brand ambassadors, were viewed around the world.

2.1.2. Consolidated results of Christian Dior Couture

Consolidated revenue amounted to 1,505 million euros, up 19% at constant exchange rates and 14% at actual exchange rates, compared to the period from July 1, 2012 to June 30, 2013.

Profit from recurring operations was 192 million euros, representing an increase of 38% compared to the period from July 1, 2012 to June 30, 2013.

Operating profit amounted to 182 million euros, representing growth of 29%.

Net financial income (expense) was a net expense of 19 million euros.

The tax expense totaled 52 million euros.

The Group share of net profit was 102 million euros, with the amount attributable to minority interests totaling 8 million euros.

2.1.3. Analysis of revenue by business activity

Business activity for the fiscal year ended June 30, 2014 has been compared to activity for the period from July 1, 2012 to June 30, 2013 (12 months pro forma).

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (12 months pro forma)	June 30, 2013 (2 months)	Changes 06/30/14 vs 06/30/13 (12 months)	
				At actual rates	At constant rates
License royalties	25	28	5	-10%	-10%
Wholesale activities	113	105	19	+7%	+8%
Retail and other activities	1,367	1,191	213	+15%	+20%
TOTAL	1,505	1,324	237	+14%	+19%

License royalties

The strategy pursued by Christian Dior Couture led to a reduction in the relative contribution of license royalties.

Wholesale activities

The strategy pursued by Christian Dior Couture led to a reduction in the relative contribution of multi-brand clients.

Retail and other activities

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (12 months pro forma)	June 30, 2013 (2 months)	Changes 06/30/14 vs 06/30/13 (12 months)	
				At actual rates	At constant rates
Europe and the Middle East	606	536	98	+13%	+16%
Americas	141	115	23	+22%	+29%
Asia-Pacific	620	540	92	+15%	+23%
TOTAL	1,367	1,191	213	+15%	+20%

- Revenue from retail and other activities continued to turn in strong performance, recording annual growth of 20% at constant exchange rates and 15% at actual exchange rates.
- All regions saw double-digit growth at both actual exchange rates and constant exchange rates. The Americas in particular recorded remarkable growth of 29% at constant exchange rates.
- Leather Goods once again posted strong performance buoyed by iconic models such as *Lady Dior*, and by the launch of new lines. Men's and Women's Ready-to-Wear recorded a very strong rise in their sales.

- Christian Dior Couture consolidated its position in luxury Timepieces, while continuing to expand the range of Fine Jewelry offerings.

2.1.4. Outlook

Over the course of the next fiscal year, Christian Dior Couture will continue its expansion, driven by the excellence of its products, the creativity and commitment of its teams and the strength of its network.

Several events will support its growth in strategic markets and the launch of new collections.

2.2. WINES AND SPIRITS

2.2.1. Highlights

During the fiscal year from July 1, 2013 to June 30, 2014, revenue for the Wines and Spirits business group amounted to 4,064 million euros, representing a decrease of 3% at actual exchange rates and an increase of 3% at constant structure and exchange rates, compared to the period from July 1, 2012 to June 30, 2013.

Profit from recurring operations amounted to 1,291 million euros. Operating margin as a percentage of revenue for this business group was 32%.

2.2.2. Main developments

In a mixed global market, the Wines and Spirits business group stayed true to the priorities of its value-enhancing strategy: firm prices, excellence and innovation, aimed at continuously boosting its brands' appeal. With economic uncertainty still prevailing in Europe, business was buoyed by a strong dynamic in the American marketplace. In China, sales of higher quality grade cognacs registered the impact of destocking by distribution channels. Hennessy partially offset this by targeting other market segments and capitalizing on its rapid progress in the United States.

Champagnes and Wines

Progress in champagne sales was perfectly balanced between volume growth, price increases and positive changes to the product mix reinforced by favorable demand for prestige cuvées. While showing good resilience in Europe, **Moët & Chandon** strengthened its footholds in the United States and continued making progress in Asia and the rest of the world. A culinary partnership with renowned chef Yannick Alléno helped boost the brand's global reach. For **Dom Pérignon**, the period was marked by the release of its *Deuxième Plénitude* Vintage 1998, and by a program highlighting Dom Pérignon Rosé. **Veuve Clicquot** continued to base its development on its policy of constant innovation, and strengthened its market share in key countries. **Krug** had a fine performance, underpinned by an original communication strategy. **Ruinart** continued to expand in all regions and further illustrated its involvement in the world of contemporary art. **Mercier** received a distinction for its Brut Rosé and expanded its offering with two new bottle types.

In **Estates & Wines**, the **Chandon** brand maintained its robust momentum. A decline in business activity from special quality wines weighed on Wines profit in the last six months of the fiscal year.

Cognac and Spirits

Hennessy succeeded in limiting the drop in volumes caused by reduced retail inventories in China thanks to its solid growth in the American market, where the brand has continued to invest and build strength, as well as in emerging markets. Active management of its geographic sales coverage allowed Hennessy to put its volumes to work for its most buoyant regions and market segments, and to leverage all of its growth prospects. The brand's strategy of diversifying its cognacs, markets and target clientele, which it has been implementing for a number of years, thus paid off.

Glenmorangie and **Ardbeg** whiskies and **Belvedere** vodka maintained their solid growth, fuelled by a policy of innovation and the brands' increasing renown.

LVMH acquired **Clos des Lambrays**, one of the oldest and most prestigious Bourgogne vineyards, covering more than eight hectares in Morey-Saint-Denis in the Côte de Nuits.

2.2.3. Outlook

Against a still uncertain economic backdrop, the Wines and Spirits business group will maintain its strategy of value creation to continue building on the reputation and appeal of its brands. Innovation will remain a key priority to build customer loyalty to the brands and attract new consumers. Investments in communication will primarily target the regions and market segments that present the greatest potential, be it in the months to come or over the long term. Production capacities will continue to be developed in order to enhance supply with the central aim of controlling quality. The power and responsiveness of Moët Hennessy's global distribution network, coupled with the experience and ambition of its teams, are essential strengths that will help consolidate the positions of the Group's brands in its major national markets, while actively pursuing development in new markets.

2.3. FASHION AND LEATHER GOODS

2.3.1. Highlights

Fashion and Leather Goods posted revenue of 10,201 million euros over the fiscal year from July 1, 2013 to June 30, 2014, representing organic growth of 5%, and 2% at actual exchange rates, compared with the period from July 1, 2012 to June 30, 2013.

Profit from recurring operations amounted to 3,133 million euros. The business group's operating margin as a percentage of revenue was 31%.

2.3.2. Main developments

Louis Vuitton

Louis Vuitton continued to illustrate its exceptional creative dynamic. Two high points punctuated the 2013/2014 fiscal year: Nicolas Ghesquière's first ready-to-wear show as new Artistic Director, in the Cour Carrée courtyard of the Louvre in Paris, followed by the presentation of the first *Croisière* collection in Louis Vuitton's history, in front of the Royal Palace in Monaco. Both events were enthusiastically received and marked a very promising start to this new creative collaboration.

Louis Vuitton expanded its leather goods lines with the addition of the *Damier Cobalt* men's collection and new designs in the *Monogram* collection and fine leather lines. The new *Lockett* handbag was a striking success.

In March, a new Louis Vuitton culture exhibit opened in Munich. Pursuing the quality-focused development of its retail network, in May Louis Vuitton opened a new store in Frankfurt.

Other brands

In the second half of the 2013/2014 fiscal year, **Loro Piana** began its first period operating as part of the Group. Drawing on a shared set of values, the integration of this Maison and its unique savoir-faire is progressing as hoped. It registered strong growth, with particularly outstanding performances at its boutiques in London, Switzerland and Hong Kong. A store was opened in Chengdu, China.

Fendi continued its upscaling strategy, maintaining a focus on the twin pillars of its product offering, leather goods and furs, both of which experienced strong sales growth. The iconic *Peekaboo* and *Selleria* lines, and the more recent *2jours* line, were among the main drivers of this growth. The brand's boutique network continued to improve its results. Two flagship stores opened in Munich and London in the second half of the year.

Céline continued its forward march, driven by the rapid rise of ready-to-wear and footwear sales and growth in its leather

goods lines. In May, a show of the Autumn-Winter 2014 ready-to-wear collection organized in Beijing attracted press coverage and significantly raised the brand's profile. Céline's retail network expanded with several flagship stores opening in locations including London, Tokyo, and the avenue Montaigne in Paris.

Donna Karan pursued the quality-driven expansion of its retail network while focusing on developing its *DKNY* sportswear line, reflecting the unique vibrancy of New York which is at the heart of the brand's values.

Marc Jacobs began working solely for his eponymous brand. A creativity building process was initiated in all product categories, and development continued on the brand's new foray into make-up.

Loewe presented its new Artistic Director Jonathan Anderson's first men's collection in June, preceding the first women's show which took place in October.

Kenzo continued to display good momentum, confirming the success of its creative renewal hailed by an increasingly young, international customer base.

Givenchy intensified its gains and selectively developed its boutique network. The brand made its return to the United States, in Las Vegas, and inaugurated a flagship store in Tokyo.

Berluti enjoyed the excellent reception of its menswear lines, while at the same time developing its footwear collections, which form the heart of its craft. Two new Maisons opened, in Milan and New York.

Thomas Pink enjoyed continuing development in its online sales.

2.3.3. Outlook

Louis Vuitton will use the coming months to pursue the process of creative evolution begun with Nicolas Ghesquière, and to preserve its strong innovation dynamic. Drawing on the talent of its craftspeople, Louis Vuitton will continue to value and promote its iconic product lines, while further developing its offering of high-end leather goods. In a particularly noteworthy initiative, the emblematic *Monogram*, revisited by six major designers, will appear in a never-before-seen limited collection.

Loro Piana will continue to pursue its extremely quality-focused development strategy. While continuing to invest in textile research and supply source management, the company will begin very selectively expanding its boutique network.

The other fashion brands will maintain their positioning and continue gathering strength to build on the progress they have made. Creative collections and excellence in retail will remain their core objectives.

2.4. PERFUMES AND COSMETICS

2.4.1. Highlights

Perfumes and Cosmetics recorded revenue of 3,752 million euros in the fiscal year from July 1, 2013 to June 30, 2014. Revenue increased by 7% at constant structure and exchange rates, and by 2% at actual exchange rates, compared with the period from July 1, 2012 to June 30, 2013.

Profit from recurring operations amounted to 418 million euros. The business group's operating margin as a percentage of revenue was 11%.

2.4.2. Main developments

In a still highly competitive market, the Perfumes and Cosmetics brands remained committed to pursuing excellence and upscaling their image. They displayed strong momentum and increased their market share, drawing on the vibrancy of their flagship product lines, an ambitious creative process and unwavering attention to the quality of their products and distribution.

Parfums Christian Dior

Parfums Christian Dior achieved an excellent performance and continued to hone its status as a luxury perfume house. The iconic *J'adore* fragrance consolidated its main regional market positions. While *Miss Dior* made solid progress thanks to the launch of its new *Blooming Bouquet* fragrance, *Dior Homme* received a boost from its male brand ambassador, Robert Pattinson. Several highly exclusive new creations, the *Élixirs Précieux*, were added to the *Collection Privée Christian Dior*, an assortment of exceptional perfumes. Dior make-up, which expresses a special kinship with Couture, maintained its leading international position with several innovative releases including *Dior Addict Fluid Stick*. In skincare, the premium *Prestige* line continued to grow and the revolutionary new product *Capture Totale Dreamskin* met with worldwide success.

Guerlain

The strong momentum of **Guerlain** was driven in particular by the continued success of *La Petite Robe Noire*. In France, the brand continued to win market share in all product categories. In Asia, skincare was the main driver of business development, riding on the success of *Orchidée Impériale* and the remarkable performance of *Abeille Royale*, a product range with ambitious growth prospects. Since it reopened at the end of 2013, the Champs-Élysées boutique, which incarnates the vision of

prestige and excellence cultivated by Guerlain, has seen record levels of customer visits and constant sales growth.

Other brands

Parfums Givenchy enjoyed solid growth in its cosmetics line and continued progress by the two mainstays of its product offering: *Very Irrésistible Givenchy* and *Gentlemen Only*.

Sales for **Kenzo Parfums** were up in a number of markets. Backed by the remarkable success of *Flower in the Air*, launched at the end of 2013, the brand's flagship product line recorded solid market share gains.

Acqua di Parma opened a boutique on the emblematic Piazza di Spagna in Rome.

Remaining loyal to the playful positioning on which it has built its success, **Benefit** kept up its excellent momentum. Its latest eyeliner *They're Real!* is already a bestseller. As part of its European strategy, the American brand opened its first boutique in Paris.

Make Up For Ever also maintained its strong growth. To celebrate its 30th anniversary, the brand revisited and rereleased its emblematic eyeshadow range in 210 different colors.

Fresh recorded a remarkable performance, buoyed by the success of its skincare products, which use many natural ingredients. The brand opened several points of sale in Asia and enhances its *Black Tea* and *Rose* flagship product ranges.

2.4.3. Outlook

The business group's brands will continue to push their flagship product lines and focus on a firm policy of innovation, with these efforts matched by heavy investments. For **Parfums Christian Dior**, the end of the first half-year 2014/2015 will be marked by the recent release of an eau de toilette version of *Dior Addict* and the development of *J'adore*. The brand will continue to innovate in make-up, namely in the foundation and lipstick segments, and in skincare by breathing new life into *One Essential* with an exceptional serum made from Granville rosebuds. **Guerlain** will launch a new men's fragrance and inaugurate its new cosmetics manufacturing site, a model facility designed to support ambitious development plans. **Parfums Givenchy** will release a new women's fragrance, *Dablia Divin*, and will enrich its make-up and skincare product ranges. **Fendi Parfums** will also launch a new women's fragrance, *Fendi Furiosa*, inspired by the brand's Roman roots.

2.5. WATCHES AND JEWELRY

2.5.1. Highlights

In the fiscal year from July 1, 2013 to June 30, 2014, Watches and Jewelry posted revenue of 2,776 million euros, representing a 5% increase at constant structure and exchange rates, and a 1% decrease at actual exchange rates, compared to the period from July 1, 2012 to June 30, 2013.

Profit from recurring operations for Watches and Jewelry was 331 million euros. The business group's operating margin came to 12%.

2.5.2. Main developments

The watches and jewelry brands continued to actively build on their renown and promote their savoir-faire, with new boutiques opening in prestigious locations and investments in communications. Efforts to optimize production capacity and the focus on creating synergies were continued. To varying degrees in different regions, general economic uncertainty continued to make multibrand retailers prudent in their purchasing. The Watches and Jewelry brands' own stores registered good momentum thanks to the strength of their iconic lines and the creativity embodied in their new products.

Bulgari's 130th anniversary was celebrated concurrently with the reopening of its historic store in Rome following a full renovation. A series of exclusive, extraordinarily crafted high-end jewelry pieces was showcased on the occasion. In May, an exhibit highlighting the brand's savoir-faire and unparalleled mastery of colored gemstone combinations had its grand opening in Houston. The new timepieces presented at Baselworld were very well received, particularly the *Lucea* and *Diva* women's jeweled watches and a hitherto unseen variation on the *Octo* men's watch.

TAG Heuer, whose own store network registered a steady flow of business, opened its first boutique in New York. In Basel, the brand showcased numerous new additions to its iconic *Carrena*

and *Aquaracer* lines, and unveiled its *Monaco V4 T* watch, the first ever to feature a belt-driven tourbillon. A sponsorship agreement was signed with soccer star Cristiano Ronaldo, illustrating TAG Heuer's commitment to sporting values.

Hublot continued to grow and raise its profile with a program of sports- and arts-related communications and events. Its spirit of innovation shone through in very promising new products such as the *Big Bang Pop Art* women's watch and the *Classic Fusion Tourbillon Firmament*, whose dial is made of osmium, one of the world's rarest and most exceptional metals. The opening of a new store in Zurich and the start of construction on a second manufacture in Nyon were two highlights of the fiscal year.

Zenith continued to develop its *El Primero* and *Pilot* collections. A new boutique opened in Hong Kong. A sponsorship agreement entered into with the Rolling Stones coupled the legendary sixties British rock band with another icon of that period, Zenith's famous *El Primero* watch movement.

Chaumet launched an original new communications campaign in support of the *Liens* watch and the *Joséphine* jewelry collection. **De Beers** again registered an increase in sales of its fine jewelry, remaining a benchmark in the diamond segment. **Fred** successfully developed its iconic lines, particularly *Force 10*.

2.5.3. Outlook

With the wider economic environment still uncertain, brand growth will be fuelled by the delivery of new items showcased at Baselworld and the opening of new stores, such as **Bulgari's** Canton Road location in Hong Kong. Marketing investments will remain strong but selective, and new communications campaigns will accompany product launches. Bulgari will benefit from the direct takeover of its distribution in the Middle East. Other initiatives will include a partnership deal by **Hublot** with FIFA during the soccer World Cup, which is expected to considerably raise the brand's profile.

2.6. SELECTIVE RETAILING

2.6.1. Highlights

In the fiscal year from July 1, 2013 to June 30, 2014, Selective Retailing posted revenue of 9,123 million euros, up 12% at constant structure and exchange rates and 7% at actual exchange rates compared to the period from July 1, 2012 to June 30, 2013.

Profit from recurring operations amounted to 885 million euros. Operating margin as a percentage of revenue for the Selective Retailing business group totaled 10%.

2.6.2. Main developments

DFS was buoyed by growth in sales to its Asian clientele, amidst a drop in purchases by Japanese travelers hindered by a weak yen. Of note were the excellent performance turned in by both stores in Macao, one of which will be refurbished and expanded in 2015, and the growing success of the concessions at Hong Kong International Airport. DFS continued converting its city-center stores to its new *T Galleria* brand, a process which includes modernizing and upscaling communication materials and storefronts. DFS also won a contract for wines and spirits at Changi Airport in Singapore, and continued its operations at the new Mumbai airport in India.

Starboard Cruise Services (the new name for Miami Cruiseline) developed its cruise routes in Asia, Australia and New Zealand. The brand continued to pursue the main thrusts of its strategy, upscaling and tailoring its offering to the different clienteles of its cruise lines.

Sephora continued its global expansion with particularly remarkable performances in North America, the Middle East and Asia. The brand opened around a hundred stores over the period and continued to gain market share in all of its key countries. Online sales showed strong growth in all countries, accompanied by an enriched mobile offering. Innovation, personalized customer relations and service enhancement remained the core of Sephora's strategy, which its team have truly taken to heart. A new social shopping platform, the "Beauty Board", was launched in the United States. Alongside the Sephora brand,

other exclusive brand offerings were expanded with the release of *Marc Jacobs* and *Formula X* lines in Europe and Asia, following their 2013 launch in America and the Middle East.

Le Bon Marché saw business boosted by the growing success of its new retail departments (Men's, Accessories, Watches) and by its increasing appeal to an international customer base. The revamping of its retail departments took shape over the course of the second half of the fiscal year, with all of Women's fashion grouped together in the main store and a first portion of the Home's creative universe installed above the Grande Épicerie de Paris food store. A new loyalty program was launched in May and has already shown promising results.

2.6.3. Outlook

Over the coming months, DFS will strengthen its marketing with the global rollout of an innovative loyalty program called "Loyal T", and will begin overhauling the Changi Airport concession in Singapore. With its unswerving market leadership among Asian customers, DFS is also poised to take advantage of growth in the local luxury market in Japan through its operations in Okinawa. The vibrancy of its recently revamped stores at airports in New York, San Francisco and Los Angeles is an additional asset.

Sephora will continue revamping and expanding its network of stores. The brand will inaugurate a presence in Indonesia and is actively preparing for its arrival in Australia. It will pursue further innovation in its products and services. The launch of new initiatives in merchandising as well as digital and mobile technology will help consolidate its lead by offering customers a unique selection of products and an ever more innovative beauty shopping experience.

By continuing to revamp its retail departments, **Le Bon Marché** will further enhance its profile as a trend-setting department store that offers a singular, distinctive purchasing experience. Autumn was punctuated by several major initiatives, including an extensive cultural and commercial exhibition devoted to Japan, and the opening of a new jewelry showroom measuring nearly 600 square meters.

3. Business risk factors and insurance policy

3.1. STRATEGIC AND OPERATIONAL RISKS

3.1.1. Group's image and reputation

Around the world, the Group is known for its brands, unrivaled expertise and production methods unique to its products. The reputation of the Group's brands rests on the quality and exclusiveness of its products, their distribution networks, as well as the promotional and marketing strategies applied. Products or marketing strategies not in line with brand image objectives, inappropriate behavior by our brand ambassadors, the Group's employees, distributors or suppliers, as well as detrimental information circulating in the media might endanger the reputation of the Group's brands and adversely impact sales. The net value of brands, trade names and goodwill recorded in the Group's balance sheet as of June 30, 2014 amounted to 24.4 billion euros.

The Group maintains an extremely high level of vigilance with respect to any inappropriate use by third parties of its brand names, in both the physical and digital worlds. In particular, this vigilance involves the systematic registration of all brand and product names, whether in France or in other countries, via communications to limit the risk of confusion between the Group's brands and others with similar names, and via constant monitoring, which may prompt legal action by the Group, if required. Initiatives pursued by the Group aim to promote a legal framework suited to the digital world, prescribing the responsibilities of all those involved and instilling a duty of vigilance in relation to unlawful acts online to be shared by all actors at every link in the digital value chain.

In its Wines and Spirits and Perfumes and Cosmetics business groups, and to a lesser extent in its Watches and Jewelry business group, the Group sells a portion of its products to distributors outside the Group, which are thus responsible for sales to end customers. The reputation of the Group's products thus rests in part on compliance by all distributors with the Group's requirements in terms of their approach to the handling and presentation of products, marketing and communications policies, retail price management, etc. In order to discourage inappropriate practices, distribution agreements include strict guidelines on these matters, which are also monitored on a regular basis by Group companies.

Furthermore, the Group supports and develops the reputations of its brands by working with seasoned and innovative professionals in various fields (creative directors, oenologists, cosmetics research specialists, etc.), with the involvement of the most senior executives in strategic decision-making processes (collections, distribution and communication). In this regard, the Group's key priority is to respect and bring to the fore each brand's unique personality. All employees of the Group are conscious of the importance of acting at all times in accordance with the ethical guidelines communicated within the Group. Finally, in order to protect against risks related to an eventual public campaign against the Group or one of its brands, the Group monitors developments in the media on a constant basis and maintains a permanent crisis management unit.

3.1.2. Counterfeit and parallel retail networks

The Group's brands, expertise and production methods can be counterfeited or copied. Its products, in particular leather goods, perfumes and cosmetics, may be distributed in parallel retail networks, including Web-based sales networks, without the Group's consent.

Counterfeiting and parallel distribution have an immediate adverse effect on revenue and profit. Activities in these illegitimate channels may damage the brand image of the relevant products over time and may also lower consumer confidence. The Group takes all possible measures to protect itself against these risks.

Action plans have been specifically drawn up to address the counterfeiting of products, in addition to the systematic protection of brand and product names discussed above. This involves close cooperation with governmental authorities, customs officials and lawyers specializing in these matters in the countries concerned, as well as with market participants in the digital world, whom the Group also ensures are made aware of the adverse consequences of counterfeiting. The Group also plays a key role in all of the trade bodies representing the major names in the luxury goods industry, in order to promote cooperation and a consistent global message, all of which are essential in successfully combating the problem. In addition, the Group takes various measures to fight the sale of its products through parallel retail networks, in particular by developing product traceability, prohibiting direct sales to those networks, and taking specific initiatives aimed at better controlling retail channels.

Beyond the borders of the European Union, the Group is not subject to any legal constraints that might impede the full exercise of its selective retail distribution policy, or limit its ability to bring proceedings against any third parties distributing Group products without proper approval. In the European Union, competition law guarantees strictly equal treatment of all economic operators, particularly in terms of distribution, potentially posing an obstacle to companies refusing to distribute their products outside a network of authorized distributors. However, Commission Regulation (EC) No. 2790/1999 of December 22, 1999 (known as the 1999 Block Exemption Regulation), by authorizing selective retail distribution systems, established an exemption to this fundamental principle, under which the Group operates, thus providing greater protection for Group customers. This exemption was confirmed in April 2010, when the Commission renewed the Block Exemption Regulation, and extended its application to retail sales over the Internet. This legal protection gives the Group more resources in the fight against counterfeit goods and the parallel distribution of its products, a battle waged as much in the digital as in the physical world.

From July 1, 2013 to June 30, 2014, anti-counterfeiting measures generated internal and external costs for the Group in the amount of approximately 35 million euros.

3.1.3. Contractual constraints

In the context of its business activities, the Group enters into multi-year agreements with its partners and some of its suppliers (especially lease, concession, distribution and procurement agreements). Should any of these agreements be terminated before its expiration date, compensation is usually provided for under the agreement in question, which would represent an expense without any immediate offsetting income item. As of June 30, 2014, the minimum total amount of commitments undertaken by the Group in respect of multi-year lease, concession, and procurement agreements amounted to 9.6 billion euros. Detailed descriptions of these commitments may be found in Notes 30.1 and 30.2 to the consolidated financial statements. However, no single agreement exists whose termination would be likely to result in significant costs at Group level.

Any potential agreement that would result in a commitment by the Group over a multi-year period is subjected to an approval process at the Group company involved, adjusted depending on the related financial and operational risk factors. Agreements are also reviewed by the Group's in-house legal counsel, together with its insurance brokers.

In addition, the Group has entered into commitments to its partners in some of its business activities to acquire the stakes held by the latter in the activities in question should they express an interest in such a sale, according to a contractual pricing formula. As of June 30, 2014, this commitment is valued at 5.9 billion euros and is recognized in the Group's balance sheet under "Other non-current liabilities" (see Note 20 to the consolidated financial statements).

The Group has also made commitments to some of the shareholders of its subsidiaries to distribute a minimum amount of dividends, provided the subsidiaries in question have access to sufficient cash resources. This relates in particular to the businesses of Moët Hennessy and DFS, for which the minimum dividend amount is contractually agreed to be 50% of the consolidated profit of these entities.

3.1.4. Anticipating changes in expectations of Group customers

Brands must identify new trends, changes in consumer behavior, and in consumers' tastes, in order to offer products and experiences that meet their expectations, failing which the continued success of their products would be threatened. By cultivating strong ties, continually replenishing their traditional sources of inspiration, ranging from art to sports, cinema and new technologies..., the Group's various brands aim at all times to better anticipate and fully respond to their customers' changing needs, in line with each brand's specific identity and its particular affinities in its sphere of activity.

3.1.5. International exposure of the Group

The Group conducts business internationally and as a result is subject to various types of risks and uncertainties. These include changes in customer purchasing power and the value of operating assets located abroad, economic changes that are not

necessarily simultaneous from one geographic region to another, and provisions of corporate or tax law, customs regulations or import restrictions imposed by some countries that may, under certain circumstances, penalize the Group, such as measures taken by China in 2013 relating to increased taxation of luxury goods.

In order to protect itself against the risks associated with an inadvertent failure to comply with a change in regulations, the Group has established a regulatory monitoring system in each of the regions where it operates.

The Group maintains very few operations in politically unstable regions. The legal and regulatory frameworks governing the countries where the Group operates are well established. It is also important to note that the Group's activity is spread for the most part between three geographical and monetary regions: Asia, Western Europe and the United States. This geographic balance helps to offset the risk of exposure to any one area.

Furthermore, a significant portion of Group sales is directly linked to fluctuations in the number of tourists. This is especially the case for the travel retail activities within Selective Retailing, but tourists also make up a large percentage of customers frequenting the boutiques operated by companies in the Fashion and Leather Goods business group. Events likely to reduce the number of tourists (geopolitical instability, weakening of the economic environment, natural catastrophes, etc.) might have an adverse impact on Group sales.

Lastly, the Group is an active participant in current global discussions in support of a new generation of free-trade agreements between the European Union and non-EU countries, which involves not only access to external markets, but also the signing of agreements facilitating access by tourists from non-EU countries to the European Union.

3.1.6. Consumer safety

In France, the European Union and all other countries in which the Group operates, many of its products are subject to specific regulations. Regulations apply to production and manufacturing conditions, as well as to sales, consumer safety, product labeling and composition.

In addition to industrial safety, the Group's companies also work to ensure greater product safety and traceability to reinforce the Group's anticipation and responsiveness in the event of a product recall.

A legal intelligence team has also been set up in order to better manage the heightened risk of liability litigation, notably that to which the Group's brands are particularly exposed.

3.1.7. Seasonality

Nearly all of the Group's activities are subject to seasonal variations in demand. A significant proportion of the Group's sales – approximately 30% of the annual total for all businesses – is generated during the peak holiday season in the fourth quarter of the calendar year. Unexpected events in the final months of the year may have a significant effect on the Group's business volume and earnings.

3.1.8. Supply sources and strategic competencies

The attractiveness of the Group's products depends, from a quantitative and qualitative standpoint, on being able to ensure adequate supplies of certain raw materials. In addition, from a qualitative perspective, these products must meet the Group's exacting quality standards. This mainly involves the supply of grapes and eaux-de-vie in connection with the activities of the Wines and Spirits business group, of leathers, canvases and furs in connection with the activities of the Fashion and Leather Goods business group, as well as watchmaking components, gemstones and precious metals in connection with the activities of the Watches and Jewelry business group. In order to guarantee sources of supply corresponding to its demands, the Group sets up preferred partnerships with the suppliers in question. Although the Group enters into these partnerships in the context of long-term commitments, it is constantly on the lookout for new suppliers also able to meet its requirements. By way of illustration, an assessment of the risk that a vendor may fail has been carried out and good practices have been exchanged, leading notably to implementing the policy of splitting supplies for strategic Perfumes and Cosmetics products.

In addition, for some rarer materials, or those whose preparation requires very specific expertise, such as certain precious leathers or high-end watchmaking components, the Group pursues a vertical integration strategy on an ad hoc basis.

For information on supply sources and subcontracting, please also refer to §1.8.2. "Supply sources and subcontracting by business group" under "Group reporting on employee-related issues" in the Management report of the Board of Directors – Workforce, Environmental and Social report.

The Group's professions also require highly specific skills and expertise, in the areas of leather goods or watchmaking, for example. In order to avoid any dissipation of this know-how, the Group implements a range of measures to encourage training and to safeguard these professions, which are essential to the quality of its products, notably by promoting the recognition of the luxury trades as professions of excellence, with criteria specific to the luxury sector and geared to respond in the best possible manner to its demands and requirements.

Lastly, the Group's success also rests on the development of its retail network and on its ability to obtain the best locations without undermining the future profitability of its points of sale. The Group has built up specific expertise in the real estate field which, shared with that of companies across the Group, contributes to the optimal development of its retail network.

3.1.9. Information systems

The Group is exposed to the risk of information systems failure, as a result of a malfunction or malicious intent. The occurrence of this type of risk event may result in the loss or corruption

of sensitive data, including information relating to products, customers or financial data. Such an event may also involve the partial or total unavailability of some systems, impeding the normal operation of the processes concerned. In order to protect against this risk, the Group puts in place a decentralized architecture to avoid any propagation of this risk. Through its network of IT security managers, the Group continues to implement a full set of measures to protect its sensitive data as well as business continuity plans at each Group company.

This sensitive data includes personal information, notably that of our customers and employees, which requires very specific protection procedures. The Group has thus developed good governance tools intended for use by all Group companies, including guidelines for online marketing and the protection of data.

3.1.10. Industrial, environmental and climate risks

A detailed presentation of the Group's environmental risk factors and of the measures taken to ensure compliance by its business activities with legal and regulatory provisions is provided in the "Effects of operations on the environment" section of the Workforce, Environmental and Social report within the Management report of the Board of Directors.

In Wines and Spirits, production activities depend upon weather conditions before the grape harvest. Champagne growers and merchants have set up a mechanism in order to cope with variable harvests, which involves stockpiling wines in a qualitative reserve.

In the context of its production and storage activities, the Group is exposed to the occurrence of losses such as fires, water damage, or natural catastrophes.

To identify, analyze and provide protection against industrial and environmental risks, the Group relies on a combination of independent experts and qualified professionals from various Group companies, and in particular safety, quality and environmental managers.

The protection of the Group's assets is part of a policy on industrial risk prevention meeting the highest safety standards (NFPA fire safety standards). Working with its insurers, the Group has adopted HPR (Highly Protected Risk) standards, the objective of which is to significantly reduce fire risk and associated operating losses. Continuous improvement in the quality of risk prevention is an important factor taken into account by insurers in evaluating these risks and, accordingly, in the granting of comprehensive coverage at competitive rates.

This approach is combined with an industrial and environmental risk monitoring program. In 2013, engineering consultants audited about one hundred LVMH sites.

In addition, prevention and protection schemes include contingency planning to ensure business continuity.

3.2. INSURANCE POLICY

The Group has a dynamic global risk management policy based primarily on the following:

- systematic identification and documentation of risks;
- risk prevention and mitigation procedures for both human risk and industrial assets;
- implementation of international contingency plans;
- a comprehensive risk financing program to limit the consequences of major events on the Group's financial position;
- optimization and coordination of global "master" insurance programs.

The Group's overall approach is primarily based on transferring its risks to the insurance markets at reasonable financial terms, and under conditions available in those markets both in terms of scope of coverage and limits. The extent of insurance coverage is directly related either to a quantification of the maximum possible loss, or to the constraints of the insurance market.

Compared with the Group's financial capacity, its level of self insurance is not significant. The deductibles payable by Group companies in the event of a claim reflect an optimal balance between coverage and the total cost of risk. Insurance costs paid by Group companies are less than 0.20% of their consolidated annual revenue.

The financial ratings of the Group's main insurance partners are reviewed on a regular basis, and if necessary one insurer may be replaced by another.

The main insurance programs coordinated by the Group are designed to cover property damage and business interruption, transportation, credit, third party liability and product recall.

3.2.1. Property and business interruption insurance

Most of the Group's manufacturing operations are covered under a consolidated international insurance program for property damage and resulting business interruption.

Property damage insurance limits are in line with the values of assets insured. Business interruption insurance limits reflect gross margin exposures of the Group companies for a period of indemnity extending from 12 to 24 months based on actual risk exposures. The coverage limit of this program is 1.750 billion euros per claim, an amount determined based on an analysis of the LVMH group's maximum possible losses. This limit amounts to 250 million euros per claim for Christian Dior Couture.

Coverage for "natural events" provided under the Group's international property insurance program totals 75 million euros per claim and per year for LVMH. For Christian Dior Couture, coverage amounts to 250 million euros per claim in France, and starts at 15 million for claims outside France. As a result of a Japanese earthquake risk modeling study performed in 2009, specific coverage in the amount of 140 million euros was taken out for this risk at the LVMH group. For Christian Dior Couture, specific coverage in the amount of 40 million euros was taken out in 2009. These limits are in line with the Group companies' risk exposures.

3.2.2. Transportation insurance

All Group operating entities are covered by an international cargo or goods transportation insurance contract. The coverage limit of this program (around 60 million euros for LVMH and 4 million euros for Christian Dior Couture) corresponds to the maximum possible single transport loss.

3.2.3. Third-party liability

The Group has established a third-party liability and product recall insurance program for all its subsidiaries throughout the world. This program is designed to provide the most comprehensive coverage for the Group's risks, given the insurance capacity and coverage available internationally.

Coverage levels are in line with those of companies with comparable business operations.

Both environmental losses arising from gradual as well as sudden and accidental pollution and environmental liability (Directive 2004/35/EC) are covered under this program.

Specific insurance policies have been implemented for countries where work-related accidents are not covered by state insurance or social security regimes, such as the United States. Coverage levels are in line with the various legal requirements imposed by the different states.

3.2.4. Coverage for special risks

Insurance coverage for political risks, company officers' liability, fraud and malicious intent, trade credit risk, acts of terrorism, loss of or corruption of computer data, and environmental risks is obtained through specific worldwide or local policies.

3.3. FINANCIAL RISKS

3.3.1. Credit risk

Because of the nature of its activities, a significant portion of the Group's sales are not exposed to customer credit risk; sales are made directly to customers by Christian Dior Couture, through the Selective Retailing network, the Fashion and Leather Goods stores and, to a lesser extent, the Watches and Jewelry stores. Together, these sales accounted for approximately 65% of total revenue during the fiscal year ended June 30, 2014.

Furthermore, for the remaining revenue, the Group's businesses are not dependent on a limited number of customers whose default would have a significant impact on Group activity level or earnings. The extent of insurance against customer credit risk is satisfactory, with around 91% of credit coverage requests granted by insurers as of June 30, 2014.

3.3.2. Counterparty risk

The financial crisis over the last few years has had a considerable impact on the banking sector worldwide, necessitating heightened controls and a more dynamic approach to the management of counterparty risk to which the Group is exposed. Risk diversification is a key objective. Special attention is given to the exposure of our bank counterparties to financial and sovereign credit risks, in addition to their credit ratings, which must always be in the top-level categories.

At the level of LVMH and Christian Dior, banking counterparty risk is monitored on a regular and comprehensive basis, a task facilitated by the centralization of market and liquidity risk management.

3.3.3. Foreign exchange risk

A substantial portion of the Group's sales is denominated in currencies other than the euro, particularly the US dollar (or currencies tied to the US dollar such as the Hong Kong dollar, among others), the Chinese yuan and the Japanese yen, while most of its manufacturing expenses are euro-denominated.

Exchange rate fluctuations between the euro and the main currencies in which the Group's sales are denominated can therefore significantly impact its revenue and earnings reported in euros, and complicate comparisons of its year-on-year performance.

The Group actively manages its exposure to foreign exchange risk in order to reduce its sensitivity to unfavorable currency fluctuations by implementing hedges such as forward sales and options.

Owning substantial assets denominated in currencies other than euros (primarily the US dollar and Swiss franc) is also a source of foreign exchange risk with respect to the Group's net assets. This currency risk may be hedged either partially or in full through the use of borrowings or financial futures denominated in the same currency as the underlying asset.

3.3.4. Interest rate risk

The Group's exposure to interest rate risk may be assessed with respect to the amount of its consolidated net financial debt, which totaled approximately 7.9 billion euros as of June 30, 2014. After hedging, 60% of gross financial debt was subject to a fixed rate of interest and 40% was subject to a floating rate. An analysis of borrowings by maturity and type of rate applicable as well as an analysis of the sensitivity of the cost of net financial debt to changes in interest rates are presented in Notes 18.5 and 18.7 to the consolidated financial statements.

Since the Group's debt is denominated in various different currencies, the Group's exposure to fluctuations in interest rates underlying the main currency-denominated borrowings (euro, Swiss franc, Japanese yen and US dollar) varies accordingly.

This risk is managed using interest rate swaps and by purchasing options (protections against an increase in interest rate) designed to limit the adverse impact of unfavorable interest rate fluctuations.

3.3.5. Equity market risk

The Group's exposure to equity market risk relates mainly to Christian Dior's ownership interest in LVMH as well as Christian Dior and LVMH treasury shares, which are held primarily for stock option plans and bonus share plans.

The Group is a shareholder in Hermès International SCA, with a 23.2% stake as of June 30, 2014. Other quoted securities may be held by some of the funds in which the Group has invested, or directly within non-current or current available for sale financial assets.

The Group may use derivatives in order to reduce its exposure to risk. Derivatives may serve as a hedge against fluctuations in share prices. For instance, they may be used to cover cash-settled compensation plans index-linked to the change in the LVMH share price. Derivatives may also be used to create a synthetic long position.

3.3.6. Commodity market risk

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 price of future deliveries of alloys with the 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, hedging consists of purchasing gold from banks, or taking out future and/or options contracts with physical delivery upon maturity.

3.3.7. Liquidity risk

The Group's local liquidity risks are generally not significant. Its overall exposure to liquidity risk can be assessed (a) with regard to outstanding amounts in respect of its commercial paper program, 2.8 billion euros, and (b) by comparing the amount of the short-term portion of its net financial debt before hedging (6.4 billion euros) to the amount of cash and cash equivalents (2.6 billion euros), amounting to 3.8 billion euros as of June 30, 2014. Should any of these borrowing facilities not be renewed, the Group has access to undrawn confirmed credit lines totaling 5.4 billion euros.

Therefore, the Group's liquidity is based on the large amount of its investments and long-term borrowings, the diversity of its investor base (bonds and short-term securities), and the quality of its banking relationships, whether evidenced or not by confirmed credit lines.

In connection with certain long-term credit lines, the Group has undertaken to comply with certain financial covenants (mainly based on a ratio of financial debt to assets). The current level of these ratios ensures that the Group has substantial financial flexibility with regard to these commitments.

In addition, as is customary, the applicable margin on drawdowns of certain long-term credit lines depends on LVMH's rating by Standard & Poor's. As of June 30, 2014, no drawdown had been performed under these schemes. Furthermore, should these clauses be triggered, this would not have a significant impact on the Group's cash flow.

Agreements governing financial debt and liabilities are not associated with any specific clause likely to significantly modify their terms and conditions.

The breakdown of financial liabilities by contractual maturity is presented in Note 22.7 to the consolidated financial statements.

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

The Group applies an exchange rate and interest rate management strategy designed primarily to reduce any negative impacts of foreign currency or interest rate fluctuations on its business and investments.

The Group has implemented policies, guidelines and procedures to measure, manage and monitor these market risks.

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

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

Hedging decisions are taken by means of a clearly established process that includes regular presentations to the management bodies concerned and detailed documentation.

4. Financial policy

During the fiscal year, the Group's financial policy was focused in the following areas:

- improving the Group's financial structure and its flexibility, as evidenced by the key indicators listed below:

- substantial growth in equity:

equity before appropriation of profit rose 8% to 30.3 billion euros as of June 30, 2014, compared to 28.1 billion euros as of June 30, 2013. This improvement reflects the strong earnings achieved by companies across the Group, which have only been partially distributed,

- the limited increase in net debt, in a context of external growth:

net debt came to 7.9 billion euros as of June 30, 2014, as against 6.3 billion euros as of June 30, 2013,

- the Group's ready access to liquidity, in particular through its commercial paper programs, appreciated by investors, as well as the option to call on bond markets on a regular basis for medium/long-term maturities with issue spreads at historically low levels over the 2013/2014 fiscal year,

- renewing the Group's long-term financing. LVMH SA issued two bonds under its EMTN program, with nominal values of 500 million and 600 million euros, redeemable on maturity at par value in September 2016 and November 2020, respectively. Moreover, Christian Dior issued a 500 million euro bond, redeemable in June 2019,

- maintaining a substantial level of cash and cash equivalents with a diversified range of top-tier banking partners: the Group's cash equivalents benefited from attractive yields offered by top-quality issuers, with a permanent focus on ensuring a proactive and dynamic approach to counterparty risk management,

- the Group's financial flexibility, facilitated by a significant reserve of undrawn confirmed credit lines totaling 5.4 billion euros, including a 2 billion euro syndicated loan taken

out by LVMH SA and a 635 million euro syndicated loan taken out by Christian Dior, both with a remaining term to maturity of four years;

- maintaining a prudent foreign exchange and interest rate risk management policy designed primarily to hedge the risks generated directly and indirectly by the Group's operations and to hedge its assets.

The Group maintained its debt position at a level allowing it to benefit from the significant decline in interest rates. With regard to foreign exchange risks, the Group continued to hedge the risks of exporting companies using call options or collars to limit the negative impact of currency depreciation while retaining most of the gains in the event of currency appreciation. This strategy was successful in an extremely volatile period;

- greater concentration of Group liquidity owing to the ongoing roll-out of cash pooling practices worldwide, ensuring the fluidity of cash flows across the Group and optimal management of surplus cash. As a rule, the Group applies a diversified short and long-term investment policy;

- pursuing a dynamic policy of dividend payouts to shareholders, to enable them to benefit from the strong performance over the fiscal year and the increase in value of its net assets:

- proposal of a total gross dividend payment of 3.10 euros per share for the fiscal year ended June 30, 2014, including an interim dividend of 1.20 euros per share that was paid as of April 2014. As a result, total dividend payments to shareholders by Christian Dior amounted to 563 million euros, corresponding to the total amount of dividends due in respect of the fiscal year ended June 30, 2014, before the impact of treasury shares. Dividends and interim dividends paid to minority interests of the consolidated subsidiaries amounted to 1.2 billion euros,

- proposal to pay out an exceptional dividend in kind in the form of Hermès International shares, with 1 Hermès International share being distributed for 23 Christian Dior shares.

4.1. COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement, presented in the consolidated financial statements, provides detail of the main financial flows in the fiscal year ended June 30, 2014.

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Cash from operations before changes in working capital	7,539	1,092
Cost of net financial debt: interest paid	(160)	(43)
Income taxes paid	(2,022)	(532)
Net cash from operating activities before changes in working capital	5,357	517
Change in working capital	(972)	(144)
Operating investments	(1,959)	(333)
Free cash flow	2,426	40
Financial investments	(2,290)	(24)
Transactions related to equity	(1,839)	(130)
Change in cash before financing activity	(1,703)	(114)

Cash from operations before changes in working capital totaled 7,539 million euros.

Interest paid came to 160 million euros.

Income taxes paid amounted to 2,022 million euros.

Net cash from operating activities before changes in working capital (i.e. after interest and income taxes paid) amounted to 5,357 million euros.

Working capital requirements increased by 972 million euros, primarily as a result of a rise in inventories, which generated a cash requirement of 1,029 million euros. The rise in inventories was related to the increase in champagne and eaux-de-vie inventories in Wines and Spirits, the increase in raw materials inventories in Watches and Jewelry, and growth in business volumes, in Selective Retailing and Fashion and Leather Goods notably due to the integration of Loro Piana. The change in other items of working capital generated a net inflow of 57 million euros.

Operating investments net of disposals resulted in a net cash outflow of 1,959 million euros. They consisted mainly of investments by Louis Vuitton, Sephora, DFS and Christian Dior Couture in their retail networks, investments by the Group's champagne brands in their production facilities, and real estate investments for administrative, commercial or rental purposes.

Over the course of the fiscal year, 94 million euros were used for acquisitions of non-current available for sale financial assets. Purchases of consolidated investments, net of disposals, generated an outflow of 2,234 million euros over the fiscal year, and were mainly related to Loro Piana, for the amount of 1,987 million euros. Disposals of non-current available for sale financial assets represented 38 million euros.

Transactions relating to equity generated an outflow of 1,839 million euros. This amount includes 536 million euros in dividends paid by Christian Dior excluding the impact of treasury shares, and 1,224 million euros in dividends paid to minority interests of the consolidated subsidiaries. These were essentially the minority interests of LVMH SA and of Diageo as a result of its 34% stake in Moët Hennessy.

Financing requirements, after all operating, investment and equity-related activities, thus amounted to 1,703 million euros. Proceeds from borrowings totaled 4,227 million euros during the fiscal year. At the same time, debt repayments amounted to 2,265 million euros.

At the close of operations for the fiscal year, net cash and cash equivalents increased by 404 million euros to reach 2,069 million euros as of June 30, 2014.

4.2. COMMENTS ON THE CONSOLIDATED BALANCE SHEET

<i>(EUR billions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	Change
Tangible and intangible fixed assets	35.8	32.1	+3.7
Other non-current assets	9.0	8.3	+0.7
Non-current assets	44.8	40.4	+4.4
Inventories	9.7	8.8	+0.9
Other current assets	6.7	5.9	+0.8
Current assets	16.4	14.7	+1.7
ASSETS	61.2	55.1	+6.1

<i>(EUR billions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	Change
Equity	30.3	28.1	+2.2
Non-current liabilities	17.8	16.4	+1.4
Equity and non-current liabilities	48.1	44.5	+3.6
Short-term borrowings	6.4	4.4	+2.0
Other current liabilities	6.7	6.2	+0.5
Current liabilities	13.1	10.6	+2.5
LIABILITIES AND EQUITY	61.2	55.1	+6.1

The consolidated balance sheet of the Christian Dior group totaled 61.2 billion euros as of June 30, 2014, representing a 6.1 billion euro increase from June 30, 2013, up 11% notably due to the consolidation of Loro Piana.

Non-current assets reached 44.8 billion euros, compared to 40.4 billion euros as of June 30, 2013. The 2.5 billion euro increase in brands and goodwill was essentially due to the acquisition of Loro Piana (including 1.3 billion euros related to the brand and 1.0 billion euros related to goodwill). Property, plant and equipment increased by 1.2 billion euros, with this amount arising from investments made during the fiscal year, net of depreciation, amortization, impairment and disposals as well as changes in scope. Non-current available for sale financial assets increased by 0.5 billion euros, mainly corresponding to the change in value of the investment in Hermès. At the close of the fiscal year, the 23.2% stake in Hermès amounted to 6.6 billion euros, compared to 6.0 billion euros as of June 30, 2013.

Inventories totaled 9.7 billion euros, compared to 8.8 billion euros as of June 30, 2013.

Other current assets totaled 6.7 billion euros, compared to 5.9 billion euros as of June 30, 2013, resulting from the Group's increased cash balance.

Non-current liabilities grew by 1.4 billion euros to 17.8 billion euros, from 16.4 billion euros as of June 30, 2013. This change was mainly the result of the consolidation of Loro Piana (including 0.4 billion euros in deferred tax related to the valuation of the brand and 0.5 billion euros related to commitments to buy back minority interests).

Current liabilities rose by 2.5 billion euros from their level as of June 2013, due to the increase in short-term financial debt outstanding.

<i>(EUR billions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	Change
Long-term borrowings	4.4	4.1	+0.3
Short-term borrowings and derivatives	6.4	4.4	+2.0
Gross borrowings after derivatives	10.8	8.5	+2.3
Cash and cash equivalents, and current available for sale financial assets	2.9	2.2	+0.7
Net financial debt	7.9	6.3	+1.6
Equity	30.3	28.1	+2.2
Net financial debt/Total equity ratio	26.1%	22.3%	+3.8

The ratio of net financial debt to equity rose 4 points from June 30, 2013, to 26.1% as of June 30, 2014. Equity expanded less rapidly than net financial debt over the course of the fiscal year due to the acquisition of Loro Piana (2.0 billion euros).

As of June 30, 2014, total equity accounted for 49.6% of the balance sheet total, compared to 51.0% recorded at June 30, 2013.

Gross borrowings after derivatives totaled 10.8 billion euros as of June 30, 2014, representing a 2.3 billion euro increase compared to June 30, 2013.

LVMH SA issued two bonds under its EMTN program, with nominal values of 500 million and 600 million euros, redeemable on maturity at par value in September 2016 and November 2020, respectively.

Christian Dior issued a 500 million euro bond, redeemable in June 2019.

During the period, LVMH repaid the 1 billion euro bond issued in 2009.

Commercial paper outstanding amounted to 2.8 billion euros as of the fiscal year-end, up 1.3 billion euros over the fiscal year.

Cash and cash equivalents and current available for sale financial assets totaled 2.9 billion euros at the end of the fiscal year, up 0.7 billion euros compared to June 30, 2013.

As of the fiscal year-end, the Group's undrawn confirmed credit lines amounted to 5.4 billion euros, substantially exceeding the outstanding portion of its commercial paper programs.

5. Stock option and bonus share plans

Detailed information on the stock option and bonus share plans is provided in Management report of the Board of Directors – Christian Dior parent company, page 35.

6. 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 retail networks, licensing agreements, employee relations, and any other matters inherent to its business. The Group is subject to verifications by customs, tax and administrative authorities on a regular basis in a large number of countries. These verifications sometimes consist of simple requests for information, but can also be followed by reassessment notifications, which may or may not be contested. The Group believes that the provisions recorded in the balance sheet in respect of these risks, litigation proceedings and disputes that are in progress and any others of which it is aware at the fiscal year-end, are sufficient to avoid its consolidated financial net worth being materially impacted in the event of an unfavorable outcome.

In 2006, Louis Vuitton Malletier, Christian Dior Couture and the French companies of the Perfumes and Cosmetics business group filed lawsuits against eBay in the Paris Commercial Court. Louis Vuitton Malletier and Christian Dior Couture demanded compensation for losses caused by eBay's participation in the commercialization of counterfeit products and its refusal to implement appropriate procedures to prevent the sale of such goods on its site. The Perfumes and Cosmetics brands sued eBay for undermining their selective retail networks. In a decision delivered on June 30, 2008, the Paris Commercial Court ruled in favor of the demands formulated, ordering eBay to pay 19.3 million euros to Louis Vuitton Malletier, 16.4 million euros to Christian Dior Couture and 3.2 million euros to the Group's Perfumes and Cosmetics companies. The court also barred eBay from running listings for perfumes and cosmetics under the Dior, Guerlain, Givenchy and Kenzo brands. eBay filed a petition with the Paris Court of Appeal. On July 11, 2008, the President of the Paris Court of Appeal denied eBay's petition to stay the provisional execution order delivered by the Paris Commercial Court. In September 2010, the Paris Court of Appeal confirmed the ruling against eBay handed down in 2008, classifying this company's business as that of a broker and not merely an Internet host. Asserting that it did not have jurisdiction to evaluate the extent of losses caused by some of eBay's sites outside France, the Court reduced the amount of punitive damages to 2.2 million euros for Louis Vuitton Malletier, 2.7 million euros for Christian Dior Couture and 0.7 million euros for the Group's Perfumes and Cosmetics companies, as the initial amount had been determined on the basis of eBay's worldwide operations. In response to the appeal filed by eBay, on May 3, 2012 the Cour de cassation confirmed the analysis carried out by the Paris Court of Appeal, which had held that eBay's activity was not merely that of a hosting service provider, but that it also acted as a broker. However, the Cour de cassation reversed the Paris Court of Appeal's decision with regard to its jurisdiction for activity conducted on the eBay Inc. and referred the case back for retrial by the Paris Court of

Appeal. After the fiscal year-end, on July 3, 2014, eBay and LVMH finalized a cooperation agreement aiming to protect intellectual property rights and combat the sale of counterfeit items online. As such, all ongoing legal proceedings related to this matter were ended.

Following the October 2010 announcement by LVMH of its acquisition of a stake in the share capital of Hermès International, the Autorité des Marchés Financiers (the French financial markets regulation authority), launched an investigation into the market and financial disclosures relating to Hermès and LVMH shares. On August 13, 2012, the AMF served LVMH with a statement of objections for alleged infringements of financial and public disclosure requirements, a copy of which was forwarded to AMF's Enforcement Committee. The Committee met on May 31, 2013 and on June 25, 2013 handed down its decision, holding that LVMH should have informed the public in June 2010 of the possibility that it had of deciding to acquire a stake in Hermès International, despite the fact that the matter was not put before its Board of Directors until October 21, 2010. It therefore ordered LVMH to pay a fine of eight million euros. No appeal has been made against this decision.

On June 18, 2013, Hermès International filed a suit with the Paris Commercial Court against LVMH and some of its subsidiaries requesting the cancellation of the equity swap contracts entered into by Group companies in 2008, along with subsequent transactions. The lawsuit refers to a criminal complaint filed in October 2012 for insider trading, share price manipulation and complicity. The LVMH group has filed a counter-complaint with the public prosecutor for false accusations. It also brought an action before the Paris Commercial Court against the senior executives of Hermès International for personal liability, in order to seek redress for the damage caused by the abovementioned action for annulment, which serves the personal objectives of these senior executives rather than the interest of the companies managed by them. After the fiscal year-end, on September 2, 2014, under the aegis of the President of the Commercial Court of Paris, a transaction was signed allowing for the distribution by LVMH to its shareholders of all the Hermès International shares held by the LVMH group, followed by the distribution by Christian Dior to its own shareholders of the Hermès International shares that it will thereby receive. LVMH, Christian Dior and Groupe Arnault have agreed not to acquire any new Hermès International shares during a five-year period. The various disputes that had existed between LVMH and Hermès International were ended through this agreement.

Two distinct building permits were granted 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 construction of a contemporary building designed by the architectural firm SANAA (Rivoli block). The company Grands Magasins de La Samaritaine and the City of Paris filed an appeal and requested a stay of execution of this judgment. On October 16, 2014, the Paris Court of Appeal granted this request for a stay of execution.

In the first half of 2011, Christian Dior Couture SA dismissed Mr. John Galliano and terminated the consulting agreement it had entered into with Cheyenne Freedom SARL, a company owned by Mr. Galliano. John Galliano SA, a subsidiary of

Christian Dior Couture, also terminated Mr. Galliano's employment contract. Mr. Galliano brought legal proceedings against these two Group companies. In a judgment issued on March 26, 2013, the Paris Commercial Court dismissed all of the claims lodged by Cheyenne Freedom and ordered the latter to pay Christian Dior Couture the sums of 1 million euros for damage to the Company's image, 150,000 euros for non-pecuniary damage, and 20,000 euros under Article 700 of the French Code of Civil Procedure. Cheyenne Freedom has appealed the judgment, which was issued with an order rendering it immediately enforceable.

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 twelve-month period, any significant impact on the financial position or profitability of the Company and/or the Group.

7. Subsequent events

After June 30, 2014, a settlement agreement was signed between the Group and Hermès International, the key terms and conditions of which may be found in the "Exceptional events and litigation" section of the Management report of the Board of Directors of the Christian Dior group.

No other significant subsequent events occurred between June 30, 2014 and October 16, 2014, the date on which the financial statements were approved for publication by the Board of Directors.

8. Recent developments and prospects

Despite an uncertain economic environment in Europe, the Christian Dior group is well-equipped to continue its growth momentum across all business groups. The Group will maintain a strategy focused on developing its brands by continuing to build up its savoir-faire, as well as through strong innovation and expansion in fast-growing markets.

Driven by the agility of its organization, the balance of its different businesses and geographic diversity, the Christian Dior group is looking to the future with confidence and has, once again, set an objective of increasing its global leadership position in luxury goods.

Management report of the Board of Directors

CHRISTIAN DIOR PARENT COMPANY

1. Results of Christian Dior	32
2. Share ownership of the Company	34
2.1. Main shareholders	34
2.2. Shares held by members of the management and supervisory bodies	34
2.3. Information on share purchases and disposals	34
2.4. Summary of transactions in Christian Dior securities during the fiscal year by senior executives and related persons	34
3. Stock option and bonus share plans	35
3.1. Options granted by the parent company, Christian Dior	35
3.2. Options granted by the Group's subsidiary, LVMH	37
3.3. Options granted to and exercised by company officers and by the Group's top ten employee recipients during the fiscal year	38
3.4. Allocation of bonus shares and performance shares by the parent company, Christian Dior	39
3.5. Allocation of bonus shares and performance shares by the Group's subsidiary, LVMH	41
3.6. Share allocations to company officers and to the Group's top ten employee beneficiaries during the fiscal year	42
4. Financial authorizations	44
4.1. Status of current delegations and authorizations	44
4.2. Authorizations proposed to the Shareholders' Meeting	45
5. Share repurchase program	47
5.1. Information on share repurchase programs	47
5.2. Description of the main characteristics of the share repurchase program presented to the Combined Shareholders' Meeting of December 9, 2014	48
5.3. Summary table disclosing the transactions performed by the issuer involving its own shares from July 1, 2013 to June 30, 2014	48
6. Remuneration of company officers	50
7. Administrative matters	52
7.1. List of positions and offices held by the Directors	52
7.2. Structure of the Board of Directors	52
7.3. Remuneration of senior executive officers	52
8. Conversion of the Company into a Societas Europaea (SE)	53
9. Information that could have an impact on a takeover bid or exchange offer	54

1. Results of Christian Dior

The results of Christian Dior consist primarily of dividend revenue related to its indirect investment in LVMH, less financial expenses corresponding to the financing of the Company.

Net financial income totaled 587.3 million euros. This consists principally of dividends received from subsidiaries totaling

628.3 million euros and, on the other hand, of net interest expense totaling 39.1 million euros.

The tax saving recognized under the tax consolidation agreement totaled 6 million euros as of June 30, 2014.

The net profit was 575.6 million euros.

The proposed appropriation of the distributable profit for the fiscal period ended June 30, 2014 is as follows:

Amount available for distribution (EUR)

Net profit	575,575,584.77
Allocated to retained earnings	143,668,421.80
DISTRIBUTABLE EARNINGS	719,244,006.57
Proposed appropriation	
Gross dividend distribution of 3.10 euros per share	563,353,848.80
Allocated to retained earnings	155,890,157.77
TOTAL	719,244,006.57

Should this appropriation be approved, the gross dividend distributed would be 3.10 euros per share. As an interim dividend of 1.20 euros was paid on April 17, 2014, the final dividend per share is 1.90 euros; this will be paid as of December 15, 2014.

Under existing applicable tax law as of June 30, 2014, with respect to this dividend distribution, individuals whose tax residence is in France will be entitled to the 40% tax deduction provided for in Article 158 of the French Tax Code.

Finally, as of this dividend payment, should the Company hold any treasury shares under authorizations granted, the corresponding amount of unpaid dividends will be allocated to retained earnings.

As provided by the agreement entered into in September 2014 by Christian Dior and LVMH with Hermès International, under which all the Hermès International shares held by the LVMH group will be distributed to its shareholders, the Combined Shareholders' Meeting of December 9, 2014 will be asked to make an exceptional distribution in kind of a portion of Hermès International shares, subject to conditions precedent. This exceptional dividend is covered in a report by the Board of Directors.

Distribution of dividends

As required by law, the Board of Directors observes that the gross dividends per share paid out in respect of the past three fiscal years were as follows:

Fiscal year	Type	Payment date	Gross dividend ^(a) (EUR)	Tax deduction ^(b) (EUR)
June 30, 2013	-	-	-	-
April 30, 2013	Interim	April 25, 2013	1.10	0.44
	Final	December 3, 2013	1.80	0.72
	TOTAL		2.90	1.16
April 30, 2012	Interim	-	-	-
	Final	December 4, 2012	1.10	0.44
	TOTAL		1.10	0.44

(a) Excluding the impact of tax regulations applicable to the beneficiaries.

(b) For individuals with tax residence in France.

Information relating to payment terms

As of June 30, 2014, trade accounts payable amounted to 978 thousand euros (6,100 thousand euros as of June 30, 2013). They comprise accrued expenses in the amount of 961 thousand euros (5,984 thousand euros as of June 30, 2013) and outstanding invoices past due in the amount of 17 thousand euros (116 thousand euros as of June 30, 2013).

2. Share ownership of the Company

2.1. MAIN SHAREHOLDERS

As of June 30, 2014, the Arnault family group controlled 70.77% of the Company's capital, compared with 70.45% as of June 30, 2013 and held 83.32% of the voting rights exercisable in Shareholders' Meetings, compared with 83.12% as of June 30, 2013.

2.2. SHARES HELD BY MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

As of June 30, 2014, the members of the Board of Directors held directly, personally and in the form of registered shares, less than 0.5% of the share capital.

2.3. INFORMATION ON SHARE PURCHASES AND DISPOSALS

Pursuant to Article L. 225-211 of the French Commercial Code, it is specifically stated that:

- at fiscal year-end, the number of shares allocated to cover current or future share purchase option plans and bonus share plans totaled 1,758,899 with a net value of 123,040,209.54 euros. They were purchased at an average price of 69.95 euros. Their par value was 2 euros. These shares represent 0.97% of the share capital;
- at fiscal year-end, the Company also held 19,532 treasury shares, with a carrying amount of 1,133,197.81 euros. These shares had been purchased with a view to stabilizing the share

price at an average price of 58.02 euros. With a par value of 2 euros, they represent 0.01% of the share capital;

- information on purchases and sales of shares acquired during the fiscal year commencing July 1, 2013 and ended June 30, 2014 under the terms described in Article L. 225-209 of the French Commercial Code as part of share repurchase programs authorized by the Combined Shareholders' Meetings of October 26, 2012 and October 18, 2013 is given in section 5 below.

In accordance with legal requirements, all of these shares are stripped of their voting rights.

2.4. SUMMARY OF TRANSACTIONS IN CHRISTIAN DIOR SECURITIES DURING THE FISCAL YEAR BY SENIOR EXECUTIVES AND RELATED PERSONS ^(a)

Director concerned	Type of transaction	Number of shares/ other securities	Average price (EUR)
Bernard Arnault	Purchase of shares ^(b)	220,000	49.79
Person(s) related to Bernard Arnault	Purchase of shares	331,319	141.39
Denis Dalibot	Purchase of shares ^(b)	40,000	62.53

(a) Related persons defined in Article R. 621-43-1 of the French Monetary and Financial Code.

(b) Exercise of share purchase options.

3. Stock option and bonus share plans

3.1. OPTIONS GRANTED BY THE PARENT COMPANY, CHRISTIAN DIOR

The beneficiaries of the option plans are selected in accordance with the following criteria: performance, development potential and contribution to a key position.

Six share purchase option plans set up by Christian Dior were in force as of June 30, 2014. The exercise price of the options is calculated in accordance with legal provisions. Each plan has a term of ten years. Share purchase options may be exercised, depending on the plan, after the end of a period of three or four years from the plan's commencement date.

For all plans, one option entitles the holder to purchase one share.

Apart from conditions relating to attendance within the Group, the exercise of options granted in 2009 is contingent on performance conditions, based on the following three indicators: profit from recurring operations, net cash from operating activities and operating investments, and the Group's current operating margin.

Options granted to senior executive officers could only be exercised if, in three of the four fiscal years from 2009 to 2012,

any of those three indicators showed a positive change compared to fiscal year 2008. The performance condition was met in 2009, 2010, 2011 and 2012.

Options granted to other beneficiaries could only be exercised if, for fiscal years 2009 and 2010, any of these indicators showed a positive change compared to fiscal year 2008. The performance condition was met in 2009 and 2010.

Company officers, whether executives or employees, must also comply with a number of other restrictions relating to the exercise period for their options.

In relation to options granted under plans set up since 2007, if the Chairman and Chief Executive Officer and the Group Managing Director, previously the Chairman of the Board of Directors and Chief Executive Officer respectively, decide to exercise their options, they must retain possession, until the conclusion of their term of office, of a number of shares determined on the basis of the exercise date and with reference to a percentage of their total gross compensation.

3.1.1. Share purchase option plans

Date of Shareholders' Meeting	05/14/2001	05/14/2001	05/14/2001	05/11/2006	05/11/2006	05/11/2006	05/11/2006	
Date of Board of Directors' meeting	02/17/2004	05/12/2005	02/15/2006	09/06/2006	01/31/2007	05/15/2008	05/14/2009	Total
Total number of options granted	527,000	493,000	475,000	20,000	480,000	484,000	332,000	2,811,000
o/w Company officers ^(a)	355,000	315,000	305,000	-	285,000	320,000	150,000	1,730,000
Bernard Arnault ^(b)	220,000	220,000	220,000	-	200,000	200,000	100,000	1,160,000
Delphine Arnault ^(b)	15,000	20,000	25,000	-	25,000	25,000	25,000	135,000
Denis Dalibot ^(b)	25,000	25,000	35,000	-	35,000	70,000	-	190,000
Pierre Godé ^(b)	65,000	20,000	-	-	-	-	-	85,000
Sidney Toledano ^(b)	45,000	50,000	50,000	-	50,000	50,000	50,000	295,000
o/w First ten employees ^(c)	128,000	124,000	144,000	20,000	133,000	147,000	159,000	855,000
Number of beneficiaries	26	27	24	1	28	25	26	
Earliest option exercise date	02/17/2007	05/12/2008	02/15/2009	09/06/2009	01/31/2011	05/15/2012	05/14/2013	
Expiry date	02/16/2014	05/11/2015	02/14/2016	09/05/2016	01/30/2017	05/14/2018	05/13/2019	
Purchase price (EUR)	49.79	52.21	72.85 ^(d)	74.93	85.00	73.24 ^(d)	52.10	
Number of options exercised between 07/01/2013 and 06/30/2014	220,000	21,200	20,000	8,794	-	5,250	14,850	290,094
Number of options expired between 07/01/2013 and 06/30/2014	12,000	23,000	9,000	-	9,000	5,000	18,000	76,000
Total number of options exercised as of 06/30/2014	459,000	216,200	197,600	14,500	83,000	51,250	55,000	1,076,550
Total number of options expired as of 06/30/2014	68,000	56,000	39,000	-	66,000	32,000	45,000	306,000
OPTIONS OUTSTANDING AS OF FISCAL YEAR-END	-	220,800	238,400	5,500	331,000	400,750	232,000	1,428,450

(a) Options granted to active company officers as of the plan's commencement date.

(b) Company officers active as of June 30, 2014.

(c) Options granted to active employees other than company officers as of the plan's commencement date.

(d) Exercise prices for options granted to Italian residents under the plans commencing on February 15, 2006 and May 15, 2008 are 77.16 euros and 73.47 euros, respectively.

Exercise of such options does not lead to any dilution for shareholders, since they are options to purchase existing shares.

3.1.2. Share subscription option plans

None.

3.2. OPTIONS GRANTED BY THE GROUP'S SUBSIDIARY, LVMH

3.2.1. Share purchase option plans

As of June 30, 2014 there are no longer any purchase option plans in effect.

3.2.2. Share subscription option plans

Date of Shareholders' Meeting	05/15/2003	05/15/2003	05/11/2006	05/11/2006	05/11/2006	05/11/2006	05/14/2009	
Date of Board of Directors' meeting	01/21/2004	05/12/2005	05/11/2006	05/10/2007	05/15/2008	05/14/2009	07/29/2009	Total
Total number of options granted	2,747,475	1,924,400	1,789,359	1,679,988	1,698,320	1,301,770	2,500	11,143,812
o/w Company officers ^(a)	972,500	862,500	852,500	805,875	766,000	541,000	-	4,800,375
o/w First ten employees ^(b)	457,500	342,375	339,875	311,544	346,138	327,013	2,500	2,126,945
Number of beneficiaries	906	495	520	524	545	653	1	
Earliest option exercise date	01/21/2008	05/12/2009	05/11/2010	05/10/2011	05/15/2012	05/14/2013	07/29/2013	
Expiry date	01/20/2014	05/11/2015	05/10/2016	05/09/2017	05/14/2018	05/13/2019	07/28/2019	
Subscription price (EUR)	55.70 ^(c)	52.82 ^(c)	78.84 ^(c)	86.12	72.50 ^(c)	56.50 ^(c)	57.10	
Number of options exercised between 07/01/2013 and 06/30/2014	578,775	64,557	62,714	85,036	169,302	241,653	2,500	1,204,537
Number of options expired between 07/01/2013 and 06/30/2014	121,776	8,875	-	-	-	1,726	-	132,377
Total number of options exercised as of 06/30/2014	2,502,749	1,691,175	899,435	795,893	766,105	496,244	2,500	7,154,101
Total number of options expired as of 06/30/2014	244,726	103,300	96,873	90,442	88,332	46,517	-	670,190
OPTIONS OUTSTANDING AS OF FISCAL YEAR-END	-	129,925	793,051	793,653	843,883	759,009	-	3,319,521

(a) Options granted to active company officers as of the plan's commencement date.

(b) Options granted to active employees other than company officers as of the plan's commencement date.

(c) Exercise price in euros for Italian residents:

Plans	Exercise price
01/21/2004	58.90
05/12/2005	55.83
05/11/2006	82.41
05/15/2008	72.70
05/14/2009	56.52

As of June 30, 2014, the potential dilutive effect resulting from the allocation of these options represents 0.65% of the LVMH share capital. However, since LVMH retires a number of shares equivalent to the number of shares issued in connection with the exercise of options, there is no dilutive effect for shareholders when the subscription options are exercised.

3.3. OPTIONS GRANTED TO AND EXERCISED BY COMPANY OFFICERS AND BY THE GROUP'S TOP TEN EMPLOYEE RECIPIENTS DURING THE FISCAL YEAR

3.3.1. Options granted

No option plans were created during the period from July 1, 2013 to June 30, 2014.

3.3.2. Options exercised by senior executive officers of the Company

Beneficiary	Company granting the options	Date of the plan	Number of options	Exercise price (EUR)
Bernard Arnault	Christian Dior	02/17/2004	220,000	49.79
	LVMH	01/21/2004	450,000	55.70

3.3.3. Options exercised by other executive officers of the Company

Beneficiary	Company granting the options	Date of the plan	Number of options	Exercise price (EUR)
Denis Dalibot	Christian Dior	05/12/2005	20,000	52.21
	"	02/15/2006	20,000	72.85

3.3.4. Options exercised by the ten employees of the Group, other than company officers, having exercised the largest number of options

Company granting the options	Date of the plan	Number of options	Exercise price (EUR)
Christian Dior	05/12/2005	1,200	52.21
"	09/06/2006	8,794	74.93
"	05/15/2008	2,250	73.24
"	05/14/2009	11,850	52.10
LVMH Moët Hennessy - Louis Vuitton	01/21/2004	5,750	55.70
"	05/12/2005	11,000	52.82
"	05/11/2006	19,500	78.84
"	05/10/2007	36,994	86.12
"	05/15/2008	61,400	72.50
"	05/14/2009	86,938	56.50

3.4. ALLOCATION OF BONUS SHARES AND PERFORMANCE SHARES BY THE PARENT COMPANY, CHRISTIAN DIOR

Beneficiaries of bonus shares are selected among the employees and senior executives of the Group's companies on the basis of their level of responsibility and their individual performance.

For French tax residents, the allocation of bonus shares to their beneficiaries is definitive after a two-year vesting period for the plan set up in 2010 and after a three-year vesting period since 2011. Bonus shares may be freely transferred after an additional two-year holding period, prior to any sale or transfer. The allocation of bonus shares to beneficiaries who are not French residents for tax purposes becomes definitive after a vesting period of four years and the shares may be freely transferred at that time.

Plans launched since April 15, 2010 combine the allocation of bonus shares and the allocation of performance shares in proportions determined in accordance with the beneficiary's level in the hierarchy and status.

Performance shares are definitively allocated only if Christian Dior's consolidated financial statements both for the fiscal year in which the plan is set up (fiscal year "Y") and for fiscal year Y+1 show a positive change compared to fiscal year Y-1 in relation to one or more of the following indicators: the Group's profit from recurring operations, net cash from operating activities and operating investments, current operating margin.

With respect to the plans set up on April 15, 2010 and in 2011, the performance conditions were satisfied in 2010 and 2011, and in 2011 and 2012, respectively. Performance shares allocated

to beneficiaries who were French residents for tax purposes as of that date were fully vested as of April 15, 2012 with respect to the plan set up on April 15, 2010, and as of March 31, 2014 with respect to the plan set up on March 31, 2011. Moreover, performance shares allocated to beneficiaries who were not French residents for tax purposes as of that date were fully vested as of April 15, 2014. Beginning in 2012, Christian Dior's fiscal year no longer corresponds to the calendar year. For this reason, changes in these indicators are henceforth to be determined on the basis of the pro forma financial statements as of December 31 of each calendar year concerned. For the plan set up on April 5, 2012, the performance condition was satisfied in 2012 and 2013. With respect to the plan set up on July 25, 2013, the performance condition was satisfied in 2013.

In the event of the vesting of their share allocations, the Chairman and Chief Executive Officer and the Group Managing Director, previously the Chairman of the Board of Directors and the Chief Executive Officer respectively, are for all outstanding plans required to retain possession, in pure registered form and until the conclusion of their respective terms in office, of a number of shares representing one half of the notional capital gain, net of tax and social charges, calculated using the shares' opening price at that date.

Exercise of such options does not lead to any dilution for shareholders, since they are allocations of existing shares.

Christian Dior

Management report of the Board of Directors
Christian Dior parent company

Date of Shareholders' Meeting	05/15/2008	05/15/2008	03/31/2011	03/31/2011	10/26/2012						
Date of Board of Directors' meeting	04/15/2010	03/31/2011	07/26/2011	04/05/2012	07/25/2013						
	Bonus shares	Performance shares	Bonus shares	Performance shares	Bonus shares	Performance shares	Bonus shares	Performance shares	Bonus shares	Performance shares	Total
Number of shares provisionally allocated	22,761	67,419	25,394	64,621	1,000	1,000	6,000	87,288	6,000	82,521	364,004
o/w Company officers ^(a)	-	40,500	-	38,175	-	-	-	40,568	-	36,694	155,937
Bernard Arnault ^(b)	-	27,000	-	25,450	-	-	-	22,982	-	19,108	94,540
Delphine Arnault ^(b)	2,362	4,388	2,362	4,388	-	-	-	6,095	-	6,095	25,690
Sidney Toledano ^(b)	-	13,500	-	12,725	-	-	-	11,491	-	11,491	49,207
o/w First ten employees ^(c)	14,322	21,048	15,200	24,220	1,000	1,000	6,000	26,441	6,000	24,370	139,601
Number of beneficiaries	26	28	32	34	1	1	1	39	1	40	
Vesting date	04/15/2012 ^(d)	04/15/2012 ^(d)	03/31/2014 ^(e)	03/31/2014 ^(e)	07/26/2014	07/26/2014	04/05/2015	04/05/2015 ^(e)	07/25/2016	07/25/2016 ^(e)	
Date as of which the shares may be sold	04/15/2014	04/15/2014	03/31/2016 ^(e)	03/31/2016 ^(e)	07/26/2016	07/26/2016	04/05/2017	04/05/2017 ^(e)	07/25/2018	07/25/2018 ^(e)	
Number of options exercised between 07/01/2013 and 06/30/2014	1,890	1,890	19,724	59,221	-	-	-	-	-	-	82,725
Number of options expired between 07/01/2013 and 06/30/2014	-	-	3,105	2,835	-	-	-	4,900	-	-	10,840
Total number of share allocations vested as of 06/30/2014	21,344	64,786	19,724	59,221	-	-	-	-	-	-	165,075
Total number of options expired as of 06/30/2014	1,417	2,633	3,105	2,835	-	-	-	4,900	-	-	14,890
REMAINING ALLOCATIONS AS OF FISCAL YEAR-END	-	-	2,565	2,565	1,000	1,000	6,000	82,388	6,000	82,521	184,039

(a) Bonus shares allocated to company officers active as of the provisional allocation date.

(b) Company officers active as of June 30, 2014.

(c) Bonus shares allocated to active employees other than company officers as of the provisional allocation date.

(d) Definitive allocation of shares on April 15, 2014, which then become transferable for beneficiaries who are not French residents for tax purposes.

(e) Definitive allocation of shares on March 31, 2015, April 5, 2016 and July 25, 2017 which then become transferable for beneficiaries who are not French residents for tax purposes.

3.5. ALLOCATION OF BONUS SHARES AND PERFORMANCE SHARES BY THE GROUP'S SUBSIDIARY, LVMH

Date of Shareholders' Meeting	05/15/2008	05/15/2008	05/15/2008	03/31/2011	03/31/2011			
Date of Board of Directors' meeting	07/29/2009	04/15/2010	03/31/2011	10/20/2011	10/20/2011			
	Bonus shares	Bonus shares	Performance shares	Bonus shares	Performance shares	Bonus shares	Bonus shares	Sub-total
Number of shares provisionally allocated	833	195,069	274,367	184,328	257,724	95,000	20,000	1,027,321
o/w Company officers ^(a)	-	-	108,837	-	100,071	-	-	208,908
o/w First ten employees ^(b)	833	27,372	67,350	23,387	64,611	95,000	20,000	298,553
Number of beneficiaries	1	627	639	698	712	1	1	
Vesting date	07/29/2013	04/15/2012 ^(c)	04/15/2012 ^(c)	3/31/2014 ^(d)	03/31/2014 ^(d)	10/20/2013 ^(e)	10/20/2013	
Date as of which the shares may be sold	07/29/2013	04/15/2014	04/15/2014	03/31/2016 ^(d)	03/31/2016 ^(d)	0/20/2015 ^(f)	10/20/2015	
Number of options exercised between 07/01/2013 and 06/30/2014	833	78,280	56,633	84,705	160,106	47,500	20,000	448,057
Number of options expired between 07/01/2013 and 06/30/2014	-	4,176	1,966	8,804	4,352	-	-	19,298
Total number of share allocations vested as of 06/30/2014	833	176,834	266,574	85,028	160,214	47,500	20,000	756,983
Total number of options expired as of 06/30/2014	-	18,235	7,793	21,089	9,157	-	-	56,274
REMAINING ALLOCATIONS AS OF FISCAL YEAR-END	-	-	-	78,211	88,353	47,500	-	214,064

(a) Bonus shares allocated to company officers active as of the provisional allocation date.

(b) Bonus shares allocated to active employees other than company officers as of the provisional allocation date.

(c) Definitive allocation of shares on April 15, 2014, which then become transferable for beneficiaries who are not French residents for tax purposes.

(d) Definitive allocation of shares on March 31, 2015, April 5, 2016 and July 26, 2016 which then become transferable for beneficiaries who are not French residents for tax purposes.

(e) Definitive allocation in two tranches of 47,500 shares, with the second tranche of shares to be definitively allocated on October 20, 2014.

(f) Shares in the first tranche will become transferable on October 20, 2015 and those in the second tranche will become transferable on October 20, 2016.

Date of Shareholders' Meeting	03/31/2011	03/31/2011	03/31/2011	03/31/2011	04/18/2013	04/18/2013		
Date of Board of Directors' meeting	04/05/2012	07/26/2012	07/26/2012	01/31/2013	07/25/2013	10/24/2013		
	Performance shares	Bonus shares	Performance shares	Bonus shares	Performance shares	Performance shares	Sub-total 2	Total 1 + 2
Number of shares provisionally allocated	416,609	45,000	830	32,800	397,406	6,228	898,873	1,926,194
o/w Company officers ^(a)	85,913	45,000	-	-	78,572	-	209,485	418,393
o/w First ten employees ^(b)	90,078	-	830	32,800	69,606	6,228	199,542	498,095
Number of beneficiaries	747	1	1	1	748	3		
Vesting date	04/05/2015 ^(d)	07/26/2015 ^(d)	07/26/2015 ^(d)	01/31/2015	07/25/2016 ^(e)	10/24/2016 ^(e)		
Date as of which the shares may be sold	04/05/2017 ^(d)	07/26/2017 ^(d)	07/26/2017 ^(d)	01/31/2017	07/25/2018 ^(e)	10/24/2018 ^(e)		
Number of options exercised between 07/01/2013 and 06/30/2014	-	-	-	-	-	-	-	448,057
Number of options expired between 07/01/2013 and 06/30/2014	15,197	-	-	-	7,693	-	22,890	42,188
Total number of share allocations vested as of 06/30/2014	203 ^(h)	-	-	-	-	-	203	757,186
Total number of options expired as of 06/30/2014	20,753	-	-	-	7,693	-	28,446	84,720
REMAINING ALLOCATIONS AS OF FISCAL YEAR-END	395,653	45,000	830	32,800	389,713	6,228	870,224	1,084,288

- (a) Bonus shares allocated to company officers active as of the provisional allocation date.
 (b) Bonus shares allocated to active employees other than company officers as of the provisional allocation date.
 (c) Definitive allocation of shares on April 15, 2014, which then become transferable for beneficiaries who are not French residents for tax purposes.
 (d) Definitive allocation of shares on March 31, 2015, April 5, 2016 and July 26, 2016 which then become transferable for beneficiaries who are not French residents for tax purposes.
 (e) Definitive allocation in two tranches of 47,500 shares, with the second tranche of shares to be definitively allocated on October 20, 2014.
 (f) Shares in the first tranche will become transferable on October 20, 2015 and those in the second tranche will become transferable on October 20, 2016.
 (g) Vesting and availability date of shares: July 25, 2017, and October 24, 2017, for beneficiaries who are not French residents for tax purposes.
 (h) Definitive allocations for beneficiaries who became French residents for tax purposes, or following decease in the fiscal year ended June 30, 2014.

Exercise of such options does not lead to any dilution for shareholders, since they are allocations of existing shares.

3.6. SHARE ALLOCATIONS TO COMPANY OFFICERS AND TO THE GROUP'S TOP TEN EMPLOYEE BENEFICIARIES DURING THE FISCAL YEAR

3.6.1. Performance shares allocated on a provisional basis to senior executive officers

Beneficiary	Company granting the shares	Date of Shareholders' Meeting	Date of the plan	Number of shares	% of share capital	Exercise price (EUR)
Bernard Arnault	Christian Dior	10/26/2012	07/25/2013	19,108	0.01	2,383,914
	LVMH	04/18/2013	07/25/2013	17,968	0.004	2,111,420
Sidney Toledano	Christian Dior	10/26/2012	07/25/2013	11,491	0.006	1,433,617

See also the table above for the other terms and conditions of allocation.

3.6.2. Bonus and performance shares allocated on a provisional basis to other company officers

Beneficiary	Company granting the shares	Date of the plan	Number of bonus shares	Number of performance shares
Delphine Arnault	Christian Dior	07/25/2013	-	6,095
	LVMH	07/25/2013	-	1,644
Pierre Godé	LVMH	07/25/2013	-	17,308

See also the table above for the other terms and conditions of allocation.

3.6.3. Performance shares vested to senior executive officers

Beneficiary	Company granting the shares	Date of the plan	Number of performance shares
Bernard Arnault	Christian Dior	03/31/2011	25,450
	LVMH	03/31/2011	36,994
Sidney Toledano	Christian Dior	03/31/2011	12,725

3.6.4. Bonus and performance shares vested to other company officers

Beneficiary	Company granting the shares	Date of the plan	Number of bonus shares	Number of performance shares
Delphine Arnault	Christian Dior	03/31/2011	2,362	4,388
	LVMH	03/31/2011	-	1,757

3.6.5. Shares vested to the Group's ten employees^(a), other than company officers, having received the largest number of shares

Company granting the shares	Date of the plan	Number of bonus shares	Number of performance shares
Christian Dior	04/15/2010	1,890	1,890
	03/31/2011	9,598	13,892
LVMH Moët Hennessy - Louis Vuitton	04/15/2010	12,903	11,303
	03/31/2011	10,610	26,562

(a) Active employees as of the vesting date.

4. Financial authorizations

4.1. STATUS OF CURRENT DELEGATIONS AND AUTHORIZATIONS

4.1.1. Share repurchase program (L. 225-209 et seq. of the French Commercial Code)

Type	Authorization date	Expiry/ Duration	Amount authorized	Use as of June 30, 2014
Share repurchase program Maximum purchase price: 250 euros	October 18, 2013 (11th resolution)	April 17, 2015 (18 months) ^(a)	10% of the share capital 18,172,704 shares	Movements during the fiscal year ^(b) Purchases: 300,000 Disposals: -
Share capital reduction through retirement of shares under the share repurchase program	October 18, 2013 (12th resolution)	April 17, 2015 (18 months) ^(a)	10% of the share capital per 24-month period 18,172,704 shares	None

(a) A resolution renewing this authorization will be presented to the Shareholders' Meeting of December 9, 2014. See §4.2 below.

(b) Movements occurring between October 18, 2013 and June 30, 2014 are addressed in section 5 below on the share repurchase program approved by the Combined Shareholders' Meeting of October 18, 2013. For purchases, including calls exercised, see also §5.1 below in the "Share repurchase program" section.

4.1.2. Share capital increases (L. 225-129, L. 225-129-2 and L. 228-92 of the French Commercial Code)

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method	Use as of June 30, 2014
Through incorporation of reserves (L. 225-130)	October 26, 2012 (6th resolution)	December 25, 2014 (26 months)	80 million euros ^{(a) (b)} 40,000,000 shares	Not applicable	None
With preferential subscription rights: ordinary shares and investment securities giving access to the share capital	October 26, 2012 (8th resolution)	December 25, 2014 (26 months)	80 million euros ^{(a) (b) (c)} 40,000,000 shares	Free	None
Without preferential subscription rights: ordinary shares and investment securities giving access to the share capital					
• by means of public offer (L. 225-135 et seq.)	October 26, 2012 (9th resolution)	December 25, 2014 (26 months)	80 million euros ^{(a) (b) (c)} 40,000,000 shares	At least equal to the minimum price required by regulations ^(d)	None
• by means of private placement (L. 225-135 et seq.)	October 26, 2012 (10th resolution)	December 25, 2014 (26 months)	80 million euros ^{(a) (b) (c)} 40,000,000 shares	At least equal to the minimum price required by regulations ^(d)	None
In connection with a public exchange offer (L. 225-148)	October 26, 2012 (13th resolution)	December 25, 2014 (26 months)	80 million euros ^{(a) (b) (c)} 40,000,000 shares	Free	None
In connection with in-kind contributions (L. 225-147)	October 26, 2012 (14th resolution)	December 25, 2014 (26 months)	10% of the share capital ^{(a) (b)} 18,172,704 shares	Free	None

(a) A resolution renewing this authorization will be presented to the Shareholders' Meeting of December 9, 2014. See §4.2 below.

(b) Maximum nominal amount. The nominal amount of any capital increase decided in application of other delegations of authority would be offset against this amount.

(c) Provided the overall maximum ceiling of 80 million euros referred to in (b) is not exceeded, this amount may be increased subject to the limit of 15% of the initial issue in the event that the issue is oversubscribed (Shareholders' Meeting of October 26, 2012, 12th resolution) (Article L. 225-135-1).

(d) Up to 10% of the share capital, the Board of Directors may freely determine the issue price, provided that this price is at least equal to 90% of the weighted average of the share price over the three trading days preceding its determination (Shareholders' Meeting of October 26, 2012, 11th resolution).

4.1.3. Employee share ownership

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method	Use as of June 30, 2014
Share subscription or purchase option allocation (L. 225-177 et seq.)	April 5, 2012 (11th resolution)	June 4, 2015 (38 months)	1% of the share capital ^(a) ^(b) 1,817,270 shares	Average share price over the 20 trading days preceding the grant date ^(c) not subject to any discount	None
Bonus share allocation (L. 225-197-1 et seq.)	October 26, 2012 (17th resolution)	December 25, 2014 (26 months)	1% of the share capital ^(a) ^(b) 1,817,270 shares	Not applicable	Granted: 88,521 Available to be granted: 1,728,749
Capital increase reserved for employees who are members of a company savings plan (L. 225-129-6)	October 26, 2012 (15th resolution)	December 25, 2014 (26 months)	1% of the share capital ^(a) ^(b) 1,817,270 shares	Average share price over the 20 trading days preceding the grant date Maximum discount: 20%	None

(a) A resolution renewing this authorization will be presented to the Shareholders' Meeting of December 9, 2014. See §4.2 below.

(b) Subject to not exceeding a total ceiling of 80 million euros set forth above, against which this amount would be offset.

(c) In the case of purchase options, the price may not be lower than the average purchase price of the shares.

4.2. AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING

4.2.1. Share repurchase program (L. 225-209 et seq. of the French Commercial Code)

Type	Resolution	Duration	Amount authorized
Share repurchase program Maximum purchase price: 250 euros	13th	18 months	10% of the share capital 18,172,704 shares
Share capital reduction through retirement of shares under the share repurchase program	15th	18 months	10% of the share capital per 24-month period 18,172,704 shares

It is proposed that you authorize your Board of Directors to acquire Company shares particularly in order to (i) provide market liquidity services; (ii) cover stock option plans, the allocation of bonus shares or any other employee share ownership operations; (iii) cover securities conferring entitlement

to the Company's shares; (iv) be retired; or (v) be held so as to be exchanged or presented as consideration at a later date for any external growth operations (further details on operations carried out under previous programs are set out in §5 below).

4.2.2. Share capital increases (L. 225-129, L. 225-129-2 and L. 228-92 of the French Commercial Code)

Type	Resolution	Duration	Amount authorized	Issue price determination method
Through incorporation of reserves (L. 225-130)	14th	26 months	80 million euros ^(a) 40,000,000 shares	Not applicable
Without preferential subscription rights: ordinary shares and investment securities giving access to the share capital	16th	26 months	80 million euros ^{(a) (b)} 40,000,000 shares	Free
Without preferential subscription rights: ordinary shares and investment securities giving access to the share capital:				
• by means of public offer (L. 225-135 et seq.)	17th	26 months	80 million euros ^{(a) (b)} 40,000,000 shares	At least equal to the minimum price required by regulations ^(c)
• by means of private placement (L. 225-135 et seq.)	18th	26 months	80 million euros ^{(a) (b)} 40,000,000 shares	At least equal to the minimum price required by regulations ^(c)
In connection with a public exchange offer (L. 225-148)	21st	26 months	80 million euros ^(a) 40,000,000 shares	Free
In connection with in-kind contributions (L. 225-147 et seq.)	22nd	26 months	10% of the share capital ^(a) 18,172,704 shares	Free

(a) Maximum nominal amount. The nominal amount of any capital increase decided in application of other delegations of authority would be offset against this amount (25th resolution).

(b) Provided the overall maximum ceiling of 80 million euros referred to in (a) is not exceeded, this amount may be increased subject to the limit of 15% of the initial issue in the event that the issue is oversubscribed (20th resolution) (L. 225-135-1).

(c) Up to a maximum of 10% of the share capital, the Board of Directors may freely determine the issue price, provided that this price is at least equal to 90% of the weighted average of the share price over the three days preceding its determination (19th resolution).

4.2.3. Employee share ownership

Type	Resolution	Duration	Amount authorized	Issue price determination method
Share subscription or purchase options (L. 225-177 et seq.)	23rd	26 months	1% of the share capital ^(a) 1,817,270 shares	Average share price over the 20 trading days preceding the grant date ^(b) with no discount
Bonus share allocation (L. 225-197-1 et seq.)	26th	26 months	1% of the share capital ^(a) 1,817,270 shares	Not applicable
Capital increase reserved for employees who are members of a company savings plan (L. 225-129-6)	24th	26 months	1% of the share capital ^{(a) (b)} 1,817,270 shares	Average share price over the 20 trading days preceding the grant date Maximum discount: 20%

(a) Subject to not exceeding a total ceiling of 80 million euros set forth above, against which this amount would be offset.

(b) In the case of purchase options, the price may not be lower than the average purchase price of the shares.

5. Share repurchase program

5.1. INFORMATION ON SHARE REPURCHASE PROGRAMS

The purpose of this subsection is to inform the Shareholders' Meeting of the purchase transactions in treasury shares that were carried out by the Company between July 1, 2013 and June 30, 2014 as part of the share repurchase programs authorized by the Combined Shareholders' Meetings held on October 26, 2012 and October 18, 2013.

The Company acquired 400,000 Christian Dior shares at the average price per share of 140.04 euros. No shares were sold.

These transactions did not generate any expenses.

The table below groups by purpose the transactions carried out at value date during the period from July 1, 2013 to June 30, 2014:

<i>(number of shares unless otherwise stated)</i>	Liquidity contract	Coverage of plans	Coverage of securities giving access to Company shares	Exchange or payment in connection with acquisitions	Shares pending retirement	Total
Balance as of July 1, 2013	-	-	-	-	900,000	900,000
Purchases	-	100,000	-	-	-	100,000
Average price (EUR)	-	136.57	-	-	-	136.57
Sales	-	-	-	-	-	-
Average price (EUR)	-	-	-	-	-	-
Share purchase options exercised	-	-	-	-	-	-
Average price (EUR)	-	-	-	-	-	-
Calls exercised	-	-	-	-	-	-
Average price (EUR)	-	-	-	-	-	-
Allocations of bonus shares	-	-	-	-	-	-
Reallocations for other purposes	-	-	-	-	-	-
Shares retired	-	-	-	-	-	-
Balance as of October 18, 2013	-	100,000	-	-	900,000	1,000,000
Purchases	-	-	-	-	300,000	300,000
Average price (EUR)	-	-	-	-	141.19	141.19
Sales	-	-	-	-	-	-
Average price (EUR)	-	-	-	-	-	-
Share purchase options exercised	-	-	-	-	-	-
Average price (EUR)	-	-	-	-	-	-
Calls exercised	-	-	-	-	-	-
Average price (EUR)	-	-	-	-	-	-
Allocations of bonus shares	-	-	-	-	-	-
Reallocations for other purposes	-	-	-	-	-	-
Shares retired	-	-	-	-	-	-
Balance as of June 30, 2014	-	100,000	-	-	1,200,000	1,300,000

Information on the number of shares registered in the Company's name as of the fiscal year-end date, other than that provided in the table above, is presented in §2.3 of the "Share ownership of the Company" section of the report on the Christian Dior parent company within the Management report of the Board of Directors.

5.2. DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE SHARE REPURCHASE PROGRAM PRESENTED TO THE COMBINED SHAREHOLDERS' MEETING OF DECEMBER 9, 2014

- Securities concerned: shares issued by Christian Dior.
- Maximum portion of the capital that may be purchased by the Company: 10%.
- Maximum number of its own shares that may be acquired by the Company, based on the number of shares making up share capital as of June 30, 2014: 18,172,704 shares, but taking into account the 2,978,431 shares held as treasury shares as of June 30, 2014, only 15,194,273 treasury shares are available to be acquired (i.e. 8.36% of the share capital).
- Maximum price per share: 250 euros.
- Objectives:
 - buy or sell the Company's shares by enlisting the services of an independent investment services provider under a liquidity contract in line with the Code of Conduct of AMAFI (the French association of financial market professionals),
 - buy shares to cover stock option plans, the granting of bonus shares or any other allocation of shares or share-based payment schemes, benefiting employees or company officers of Christian Dior or a related company as defined under Article L. 225-180 of the French Commercial Code,
 - buy shares to cover securities giving access to the Company's shares, notably by way of conversion, tendering of a coupon, reimbursement or exchange,
 - cancel shares under the authorization to be given to the Board of Directors by the Combined Shareholders' Meeting of December 9, 2014, or
 - buy shares to be held and later presented for consideration as an exchange or payment in connection with external growth operations.
- Term of the program: 18 months from the Combined Shareholders' Meeting of December 9, 2014.

5.3. SUMMARY TABLE DISCLOSING THE TRANSACTIONS PERFORMED BY THE ISSUER INVOLVING ITS OWN SHARES FROM JULY 1, 2013 TO JUNE 30, 2014

The table below, prepared in accordance with the provisions of AMF Instruction No. 2005-06 of February 22, 2005 in application of Article 241-2 of the AMF's General Regulations, provides a summary overview of the transactions performed by the Company involving its own shares from July 1, 2013 to June 30, 2014:

As of June 30, 2014

Percentage of own share capital held directly or indirectly	0.72% ^(a)
Number of shares retired in the last 24 months	-
Number of shares held in the portfolio	1,300,000 ^(a)
Book value of the portfolio (EUR)	177,778,571
Market value of the portfolio (EUR)	188,890,000

(a) Not taking into consideration shares acquired before the share purchase programs were set up (§2.3 of the "Share ownership of the Company" section).

	Cumulative gross transactions		Open positions as of June 30, 2014			
	Purchases	Sales/ Transfers	Open purchase positions		Open sale positions	
			Purchased call options	Forward purchases	Sold call options	Forward sales
Number of shares	400,000	-	-	-	-	-
Of which:						
- liquidity contract	-	-	-	-	-	-
- purchases to cover plans	100,000	-	-	-	-	-
- exercise of purchase options	-	-	-	-	-	-
- exercise of call options	-	-	-	-	-	-
- bonus share allocations	-	-	-	-	-	-
- purchases of shares to be retired	300,000	-	-	-	-	-
- share retirements	-	-	-	-	-	-
Average maximum maturity	-	-	-	-	-	-
Average trading price ^(a) (EUR)	140.04	-	-	-	-	-
Average exercise price (EUR)	-	-	-	-	-	-
Amounts (EUR)	56,014,320	-	-	-	-	-

(a) Excluding bonus share awards and share retirements.

6. Remuneration of company officers

• Summary of the remuneration, options and performance shares granted to senior executive officers ^(a)

Senior executive officers	Remuneration due in respect of the fiscal year		Valuation of options granted during the fiscal year ^(b)		Valuation of performance shares granted during the fiscal year ^(b)	
	June 30, 2014 (12 months)	June 30, 2013 (2 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)
<i>(EUR)</i>						
Bernard Arnault	2,162,647	183,597	-	-	4,495,334	-
Sidney Toledano	1,610,000	153,846	-	-	1,433,617	-

(a) Gross remuneration and benefits in kind paid or borne by the Company and companies controlled, subject to the provisions of Article L. 225-102-1 of the French Commercial Code, excluding directors' fees.

(b) The breakdown of equity securities or securities conferring entitlement to capital allocated to members of the Board of Directors during the fiscal year as well as the performance conditions to be met for the definitive allocation of shares are presented in §3.4 and §3.6 of the "Stock option and bonus share plans" section of the report on the Christian Dior parent company within the Management report of the Board of Directors.

• Summary of the remuneration of each senior executive officer ^(a)

Bernard Arnault	Amounts due for the fiscal year		Amounts paid in the fiscal year	
	June 30, 2014 (12 months)	June 30, 2013 (2 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Remuneration <i>(EUR)</i>				
Fixed compensation ^(b)	1,062,647	183,597	737,647	183,597
Variable compensation ^{(b) (c)}	1,100,000 ^(d)	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	118,464	18,719	3,719	28,464
Benefits in kind	Company car	Company car	Company car	Company car
TOTAL	2,281,111	202,316	741,366	212,061

Sidney Toledano ^(d)	Amounts due for the fiscal year		Amounts paid in the fiscal year	
	June 30, 2014 (12 months)	June 30, 2013 (2 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Remuneration <i>(EUR)</i>				
Fixed compensation	1,010,000	153,846	1,048,462	153,846
Variable compensation ^(e)	600,000 ^(d)	-	1,200,000	-
Exceptional compensation	-	-	7,406,225 ^(d)	-
Directors' fees	36,232	5,013	27,513	7,693
Benefits in kind	Company car	Company car	Company car	Company car
TOTAL	1,646,232	158,859	9,682,200	161,539

(a) Gross remuneration and benefits in kind paid or borne by the Company and companies controlled, subject to the provisions of Article L. 225-102-1 of the French Commercial Code.

(b) Compensation due or paid by the LVMH group, with no compensation being due or paid by Christian Dior.

(c) 50% based on the achievement of qualitative objectives and 50% based on the achievement of budget objectives regarding revenue, operating profit and cash flow, each item bearing the same weight.

(d) Medium-term incentive scheme, adopted by the Board of Directors on February 3, 2011.

(e) One-third based on the achievement of qualitative objectives and two-thirds based on the achievement of budget objectives regarding revenue, operating profit and cash flow, each item bearing the same weight.

(f) Amount corresponding to the six-month portion (from July 1, 2013 to December 31, 2013) of variable annual remuneration decided with respect to the 2013 calendar year.

• Work contract, specific pension, leaving indemnities and non-competition clause in favor of senior executive officers

	Work contract		Supplementary pension		Indemnities or benefits due or likely to become due on the cessation or change of functions		Indemnities relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Senior executive officers								
Bernard Arnault Chairman and Chief Executive Officer		X	X ^(a)			X		X
Sidney Toledano Group Managing Director	X ^(b)			X		X	X ^(b)	

(a) This supplementary pension put in place by LVMH is only acquired if the potential beneficiary has been present for at least six years on the LVMH group's Executive Committee and simultaneously asserts his rights to his standard legal pension entitlement. This is not required however if they leave the Group at the latter's request after the age of 55 and resume no other professional activity until their external pension plans are liquidated. It is determined on the basis of a reference remuneration corresponding to the average of the three highest yearly remunerations received over the course of their career within the LVMH group, subject to a maximum of thirty-five times the annual social security ceiling. The annual supplementary pension is equal to the difference between 60% of the reference remuneration (i.e. 788,508 euros as of January 1, 2014) and all pension amounts paid by the general social security regime and the additional ARRCO and AGIRC regimes. Amount of the commitment undertaken by LVMH as of June 30, 2014 for Mr. Bernard Arnault, determined in accordance with the principles defined by IAS 19 Employee benefits: 16,598,597 euros.

(b) Covenant not to compete for a period of twenty-four months included in the employment contract – suspended for the duration of the term of office of Chairman and Chief Executive Officer of Christian Dior Couture – allowing for the payment during each month of its application of a compensating indemnity equivalent to the average gross salary received over the previous twelve-month period.

• Summary of directors' fees, compensation, benefits in kind and commitments given to other company officers^(a)

Members of the Board of Directors	Directors' fees paid during the fiscal year		Fixed compensation paid during the fiscal year		Variable compensation paid during the fiscal year	
	June 30, 2014 (12 months)	June 30, 2013 (2 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)
(EUR)						
Delphine Arnault ^{(b) (c)}	58,802	9,232	673,667	84,231	446,667	-
Denis Dalibot	16,881	19,232	495,915 ^(d)	-	-	-
Hélène Desmarais	513	12,310	-	-	-	-
Renaud Donnedieu de Vabres	513	12,310	-	-	-	-
Ségoène Gallienne	513	7,693	-	-	-	-
Pierre Godé ^(b)	118,888	20,193 ^(e)	1,500,000	250,000	1,000,000	1,000,000 ^(f)
Eric Guerlain	513	26,158	-	-	-	-
Christian de Labriffe	513	18,464	-	-	-	-
Jaime de Marichalar y Sáenz de Tejada	17,754	7,693	-	-	-	-

(a) Directors' fees, gross remuneration and/or fees and benefits in kind paid or borne by the Company and companies controlled, subject to the provisions of Article L. 225-102-1 of the French Commercial Code and received by the company officer or a company controlled by the latter.

(b) The breakdown of equity securities or securities conferring entitlement to capital granted to members of the Board of Directors during the fiscal year is presented in §3.6 of the "Stock option and bonus share plans" section of the Management Report – Christian Dior parent company.

(c) Medium-term incentive scheme.

(d) Contract as a consultant.

(e) Adjusted amount of 700,000 euros, reclassified and included in variable compensation paid during the fiscal year ended June 30, 2013.

(f) Amount including 700,000 euros in variable compensation previously listed under directors' fees paid during the fiscal year ended June 30, 2013.

• Breakdown of equity shares or securities granting access to capital allocated to members of the Board of Directors during the fiscal year

This information is presented in §3.6 of the "Stock option and bonus share plans" section of the Management report of the Board of Directors – Christian Dior parent company section.

7. Administrative matters

7.1. LIST OF POSITIONS AND OFFICES HELD BY THE DIRECTORS

The list of all offices and positions held by each Director, currently as of June 30, 2014 and during the last five years, is provided in the “Other Information – Governance” section of the Annual Report.

7.2. STRUCTURE OF THE BOARD OF DIRECTORS

It is proposed that you renew the appointments of Bernard Arnault, Pierre Godé and Sidney Toledano as Directors for the period specified in the Bylaws of three years.

7.3. REMUNERATION OF SENIOR EXECUTIVE OFFICERS

You are asked, in application of the recommendation of the AFEP/MEDEF code of corporate governance of June 2013, to issue an opinion on the items of remuneration due or attributed to the Chairman and Chief Executive Officer and to the Group Managing Director in respect of the fiscal year under review. These items are presented in:

- the Management report of the Board of Directors – Christian Dior parent company on pages 50 et seq., as regards fixed compensation, variable compensation, exceptional compensation, directors’ fees, benefits in kind and supplementary pension plans, and on pages 35 et seq., as regards bonus share allocations;
- the Report of the Chairman of the Board of Directors on page 97, as regards rules governing the allotment of directors’ fees.

8. Conversion of the Company into a Societas Europaea (SE)

Over the last several years, all new Houses joining the Christian Dior group have had European roots. They have significantly increased the weighting of non-French European companies, already strongly represented, within the Group.

The Christian Dior group aims to position itself at the European level and not only at French level in its efforts to preserve, defend and develop the excellence of traditional savoir-faire and craftsmanship that underpin its harmonious creativity and enduring worldwide influence and prestige.

These considerations have led the Board of Directors to seek to reflect the Company's European dimension in its legal form, with a proposal to convert Christian Dior from a French Société anonyme (public limited-liability company) into an SE, as encouraged by the Community legislator precisely for circumstances like those of the Group.

Already adopted by a number of major corporations, this company legal form offers the advantage of a foundation built on a uniform system recognized throughout the European Union.

The Company would thus be endowed with a legal status being a strong symbol in most of the countries where it is present, consistent with its economic reality.

The conversion is governed by (i) the provisions of Council Regulation no. 2157/2001/EC of October 8, 2001 (hereafter the "SE Regulation") and in particular by Articles 2 §4 and 37 relating to the formation of an SE by conversion; (ii) Articles L. 225-245-1 and R. 229-20 to R. 229-22 of the French Commercial Code; and (iii) the provisions of Council Directive 2001/86/EC of October 8, 2001 supplementing the Statute for a European Company with regard to the involvement of employees (hereafter "the SE Directive"), together with the provisions transposing the SE Directive into French law, as provided for in Articles L. 2351-1 et seq. of the French Labor Code.

Pursuant to the provisions of the SE Regulation, a public limited-liability company formed under the law of a Member State, and having its registered office and its head office within the European Union, may convert itself into an SE if:

- it has for at least two years had a subsidiary company governed by the law of another Member State; and
- its subscribed capital is not less than 120,000 euros.

Christian Dior satisfies these conditions as it is a public limited-liability company (Société anonyme) formed under the law of

France, having both its registered office and its head office in France, with (i) share capital of 363,454,096 euros, and (ii) a subsidiary based in another European Union country for more than two years.

The Company will still be governed notably by French law as applicable to a Société anonyme with a Board of Directors.

The conversion will not result either in the dissolution of the Company or in the creation of a new legal entity. It will not entail any change in the corporate purpose, registered office or share capital of the Company, whose name will be followed by the words "Societas Europaea", "Société Européenne" or "SE".

The Company's current Bylaws will be adapted to include the provisions of the SE Regulation. The modifications will essentially cover the operating procedures and powers of the Board of Directors (Articles 12 and 13), the manner in which Shareholders' Meetings are convened, and the counting of votes on resolutions (Articles 17, 20 and 22).

The composition of the Company's governing and controlling bodies will not be modified by the conversion. All authorizations and delegations of authority or of powers which have been granted to the Board of Directors in its current form by any Meeting of the Company's shareholders, and which are in effect on the date the Company is registered as a Societas Europaea, will automatically accrue to the Board of Directors of the Company in its new form as a Societas Europaea.

The Bondholders' Meeting convened upon second notice on September 29, 2014 approved the conversion of the Company into a Societas Europaea (SE).

The proportionate voting rights and the financial rights of each shareholder in the Company will not be affected by the conversion. The conversion will not, in itself, have any impact on the value of Christian Dior's shares.

No change will be made to the employment contracts of the employees of the Company and of its subsidiaries and establishments as a result of the conversion into an SE. Accordingly, these employment contracts shall continue in effect under the same terms and conditions as those that were in force before the conversion became effective.

The agreement with the joint Special Negotiating Body composed of Christian Dior and its subsidiary LVMH Moët Hennessy - Louis Vuitton was signed on July 7, 2014. As a result, the condition relating to employee involvement was satisfied.

9. Information that could have an impact on a takeover bid or exchange offer

Pursuant to the provisions of Article L. 225-100-3 of the French Commercial Code, information that could have a bearing on a takeover bid or exchange offer is presented below:

- capital structure of the Company: the Company is controlled by the Arnault family group, which controlled 70.77% of the capital and 83.32% of the voting rights as of June 30, 2014;
- share issuance and buybacks: under various resolutions, the Shareholders' Meeting has delegated to the Board of Directors full powers to:
 - increase the share capital, with or without shareholders' preferential rights and via public offer or private placement, in a total nominal amount not to exceed 80 million euros, or 22% of the Company's current share capital,

- grant share subscription options, within the limit of 1% of the share capital,
- allocate bonus shares, to be issued, within the limit of 1% of the share capital,
- acquire Company shares up to 10% of the share capital.

In accordance with Article L. 233-32 of the French Commercial Code, as amended by Act No. 2014-384 of March 29, 2014, the Board of Directors may make contingent any decision, whose implementation is likely to cause the operation to fail, upon the powers expressly granted to the Shareholders' Meetings and within the limits of the Company's purpose.

Management report of the Board of Directors

WORKFORCE, ENVIRONMENTAL AND SOCIAL REPORT

1. Group reporting on employee-related issues	56
1.1. Analysis and development of the workforce	56
1.2. Work time	61
1.3. Compensation	62
1.4. Social responsibility	64
1.5. Professional development of employees	67
1.6. Health and safety	69
1.7. Employee relations	70
1.8. Relations with third parties	71
1.9. Compliance with international conventions	75
<hr/>	
2. Effects of operations on the environment	76
2.1. General environmental policy	77
2.2. Pollution and waste management	78
2.3. Sustainable use of resources	80
2.4. Combating and adapting to climate change	84
2.5. Protecting biodiversity	86
2.6. Consumer health and safety	86
<hr/>	
3. Independent Verifier's report on consolidated workforce, environmental and social information	88

1. Group reporting on employee-related issues

In accordance with Decree no. 2012-557 of April 24, 2012 regarding disclosure obligations for companies in the social and environmental fields in application of Article 225 of the “Grenelle II” law, the relevant and significant elements of Company information are provided in the following section. The indicators retained were selected by the Group’s Human Resources Department and then verified by the Environment and Sustainable Development Department of Ernst & Young, one of the Group’s Statutory Auditors. Their findings are expressed in the statement of opinion included at the end of the Workforce, Environmental and Social report.

Since 2010, all staff members involved in Group reporting on employee-related issues have had access to an e-learning module. The purpose of this online training tool is to familiarize users with the objectives of social reporting, and deepen understanding of key indicators and the calculation methodology used. Control procedures have also been reinforced at each organizational entity through the implementation of an electronic signature system on the final validation of social reporting documents and the signing of a representation letter by the Director of Human Resources of each House.

The mapping between organizational and legal entities ensures consistency between the social and financial reporting systems. Accordingly, the scope of social reporting covers all staff employed

by Group companies consolidated on a full or proportional basis, but does not include equity-accounted associates.

A descriptive sheet is available for each social indicator specifying its relevance, the elements of information tracked, the procedure to be applied to gather information, and the various controls to be performed when entering data. In addition, information system controls are in place throughout reporting procedures in order to verify the reliability and consistency of data entered.

Workforce information provided below relates to all consolidated companies on June 30, 2014, including LVMH’s and Christian Dior Couture’s share in joint ventures. Other social indicators were calculated for a scope of 627 organizational entities covering more than 99% of the global workforce and encompass all staff employed during the year, including those employed by joint-ventures. They do not cover Nicolas Kirkwood or Loro Piana, which were consolidated starting in October 2013 and January 2014, respectively.

The Group’s employees in China are counted in the number of staff working under permanent contracts (11,582 as of June 30, 2014). Although Chinese law limits the duration of employment contracts, which become permanent only after several years, the Christian Dior group considers employees working under such contracts as permanent, given the nature of Chinese labor legislation.

1.1. ANALYSIS AND DEVELOPMENT OF THE WORKFORCE

1.1.1. Breakdown of the workforce

The total workforce as of June 30, 2014 amounted to 117,806 employees. Of this total, 111,503 employees worked under permanent contracts and 6,303 worked under fixed-term contracts. Part-time employees represented some 15% of the total workforce, or 17,558 individuals. The portion of staff

outside France remained stable compared with the previous year, representing 80% of the workforce worldwide.

The Group’s average Full Time Equivalent (FTE) workforce comprised 107,012 employees during this fiscal year, a rise of 5.4% on the fiscal year ended June 30, 2013. The main changes are due to the opening of new stores, notably in Asia, the Middle East and Latin America.

The tables below show the breakdown of the workforce, by business group, geographic region and professional category.

Breakdown by business group

	June 30, 2014		June 30, 2013		April 30, 2013	
	(12 months)	%	(2 months)	%	(12 months)	%
Total workforce as of fiscal year-end^(a)						
Christian Dior Couture	4,924	4	4,483	4	4,389	4
Wines and Spirits	7,181	6	7,167	7	7,174	7
Fashion and Leather Goods	32,291	28	28,421	26	28,288	26
Perfumes and Cosmetics	21,413	18	20,343	19	20,111	19
Watches and Jewelry	7,604	7	7,368	7	7,770	7
Selective Retailing	42,766	36	39,520	36	39,256	36
Other activities	1,627	1	1,535	1	1,558	1
TOTAL	117,806	100	108,837	100	108,546	100

(a) Total permanent and fixed-term headcount.

Breakdown by geographic region

	June 30, 2014		June 30, 2013		April 30, 2013	
	(12 months)	%	(2 months)	%	(12 months)	%
Total workforce as of fiscal year-end^(a)						
France	23,276	20	22,681	21	22,444	21
Europe (excluding France)	28,582	24	26,061	24	26,056	24
United States	24,213	21	22,414	21	22,505	21
Japan	6,114	5	5,919	5	5,863	5
Asia (excluding Japan)	28,124	24	25,462	23	25,377	23
Other countries	7,497	6	6,300	6	6,301	6
TOTAL	117,806	100	108,837	100	108,546	100

(a) Total permanent and fixed-term headcount.

Breakdown of personnel by professional category

	June 30, 2014		June 30, 2013		April 30, 2013	
	(12 months)	%	(2 months)	%	(12 months)	%
Total workforce as of fiscal year-end^(a)						
Managers	21,561	18	20,024	18	19,878	18
Technicians and team leaders	11,839	10	10,882	10	10,706	10
Office and sales personnel	69,575	59	64,138	59	64,223	59
Labor and production workers	14,831	13	13,793	13	13,739	13
TOTAL	117,806	100	108,837	100	108,546	100

(a) Total permanent and fixed-term headcount.

Christian Dior

Management report of the Board of Directors
Workforce, environmental and social report

Average age and breakdown by age

As of June 30, 2014, the average age of the worldwide workforce employed under permanent contracts is 36 years and the median age is 33 years. The youngest age ranges are found among sales personnel, mainly in the Asia-Pacific region, in the United States and in the Other markets.

(as %)	Global workforce	France	Europe ^(a)	United States	Japan	Asia ^(b)	Other markets
Age: less than 25 years	12.6	5.6	7.9	21.6	3.8	14.4	21.5
25-29 years	21.8	15.7	18.0	22.2	15.3	30.8	24.1
30-34 years	19.6	16.0	19.5	16.5	23.8	23.9	20.7
35-39 years	14.5	15.1	17.8	10.6	25.8	12.0	13.9
40-44 years	10.9	14.1	14.2	8.0	16.3	7.4	8.1
45-49 years	8.3	12.3	10.2	6.9	8.1	5.4	5.5
50-54 years	6.1	10.7	6.7	5.7	4.8	3.4	3.1
55-59 years	4.1	8.1	3.7	4.4	2.0	1.8	2.0
60 years and over	2.1	2.4	2.0	4.1	0.1	0.9	1.1
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
AVERAGE AGE	36	40	37	35	37	33	33

(a) Excluding France.

(b) Excluding Japan.

Average length of service and breakdown by length of service

As of June 30, 2014, the average length of service within the Group is ten years in France and ranges from four to seven years in the other geographic regions. This difference is mainly due to the predominance in these other regions of retail activities characterized by a high turnover rate. It is also the result of recent expansion by Group companies into high-growth markets, where there is a greater fluidity of employment.

(as %)	Global workforce	France	Europe ^(a)	United States	Japan	Asia ^(b)	Other markets
Length of service:							
less than 5 years	60.5	38.7	52.0	73.7	40.6	74.6	76.2
5-9 years	19.8	20.7	26.4	16.4	31.0	15.1	15.7
10-14 years	9.5	15.8	11.7	5.9	18.5	4.8	4.0
15-19 years	4.0	7.1	5.0	1.9	5.7	2.5	2.0
20-24 years	2.5	6.0	2.4	1.0	2.8	1.5	0.7
25-29 years	1.9	5.6	1.3	0.7	1.1	1.0	0.8
30 years and over	1.8	6.1	1.2	0.4	0.3	0.5	0.6
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
AVERAGE LENGTH OF SERVICE	6	10	7	5	7	5	4

(a) Excluding France.

(b) Excluding Japan.

1.1.2. Recruitment policy

The Christian Dior group sees the recruitment of talent as a key management task and a determining element for the success of each of its entities in the short, medium and long term. For businesses where creativity and know-how are of the utmost importance, it is clearly essential to be able to enlist the highest performing, most appropriate and promising talent. In this highly competitive business environment, the quality of teams and of each of their members make the difference.

In 2013/2014, the Group gave its principal partner schools and universities an exceptional opportunity by inviting them behind the scenes of some of its iconic brands, thus reinforcing the prestige of its employer image and the uniqueness of its brands. In addition to the traditional relationships with schools and the on-campus events that are organized each year, this was a unique opportunity for participants to gain a closer insight into what makes up the exceptional character of each of the Group's brands. Alongside this initiative, several brands, such as Sephora and Guerlain, launched their own employer communication campaigns in order to attract the best candidates.

Since 2009, the Group has decided to make the career opportunities within what the Group calls its "ecosystem" better known. This has a unique appeal in the luxury world, and motivates the best applicants to join one of the Group's companies. This determination to give the Group the means to continually reinforce its image as an employer of choice is already very widely recognized in France. Initiatives taken by all Group companies enabled LVMH to maintain its position in 2013 as the preferred employer of French business school students in the Universum poll, and to move up with the top-ranking employers in European polls.

With the wide reach of its brands, growth and international expansion, the Christian Dior group naturally attracts talent from the world of luxury goods, and beyond, from all innovative fields. Furthermore, thanks to its strategic and exclusive partnerships with prominent schools around the world, the Group can showcase its brands, business lines and careers, enable the best candidates to be trained by its managers, and recruit the most talented among them. For example, the ESSEC Luxury Goods Marketing Chair trains around twenty students each year, giving them the opportunity to consider real-life cases related to the Group's brands. The same is true of SDA Bocconi's "Luxury Business Track" in Italy which, along with Bulgari, targets MBA students who want to focus their career on the luxury goods sector. In the United States and Asia, conferences on the retail professions are organized with

the most prestigious MBAs and local universities (Harvard business school, New York University and Columbia University in the United States, and Fudan, Shanghai Jiaotong and Shanghai International Studies University in Asia), in order to present careers within the Group to students. Finally, as part of its strategic partnership with the Central Saint Martins College of Art and Design, the Group offers scholarships to students of the Bachelor of Arts & Fashion.

A wide variety of professions are available within the Christian Dior group, some of which may not be familiar to students and young graduates. In 2013/2014, the Group launched a series of tailor-made events entitled "Talent Days", which covered key themes such as "Retail" and "Engineers and Creation", and provided selected students with the exceptional experience of a day at the heart of the Group's "ecosystem". These Talent Days each had a program that was adapted according to the theme of the day, such as visits to boutiques, workshops or unique locations like the construction site for the Fondation Louis Vuitton, speeches from chairmen of Group companies and former students currently working for the Group, discussions with managers and group work on specific scenarios. As well as discovering more about the Group and its professions, students had the opportunity for direct contact with the Group's recruiters, with some students being selected to proceed further in the recruitment process.

The LVMH Code of Conduct for Recruitment has been widely disseminated to all employees active in recruitment processes across the Group. It sets forth the ethical principles to be observed in recruitment at the Christian Dior group and guarantees that fair hiring practices are followed at all of the Group's operations worldwide. This Code of Conduct is embodied in fourteen commitments, which aim in particular to prevent any form of discrimination and to promote diversity. Ethical principles to be applied in recruitment and the Code of Conduct for Recruitment are reinforced by the training program "Recruitment without Discrimination". Since 2011, this training program has been mandatory for all Human Resources managers involved in recruiting. Group companies are therefore able to keep a close eye at all times on the fulfillment of their commitments. A training module specifically for Italy is currently being developed.

Lastly, since 2008, LVMH has organized ongoing checks of its practices in hiring diversity, by having an independent and highly-regarded firm test for discrimination in the job offers published on the Group's careers websites. By means of this scrupulous self-assessment procedure using the services of an independent, external provider on an ongoing basis, the Group strictly monitors the excellence of its recruitment practices.

1.1.3. Movements during the year: joiners, leavers and internal mobility

Over the course of the 2013/2014 fiscal year, 27,856 individuals were hired under permanent contracts, including 2,690 in France. 5,114 people were recruited in France under fixed-term contracts. The seasonal sales peaks, at the end of year holiday season and the harvest season, are two main reasons for using fixed-term contracts.

Departures from Group companies in 2013/2014 (all causes combined) affected a total of 22,427 employees working under permanent contracts, of which more than 44% were employed within the Selective Retailing business group, which traditionally experiences a high turnover rate. The leading causes for departure were resignations (75%) and individual dismissals (13%).

The overall turnover rate as of June 30, 2014 was down slightly compared to the previous fiscal year and showed marked differences across geographic regions: the highest rates were recorded in North America, Asia and Other markets, where labor markets are more fluid.

Turnover by geographic region

(as %)	June 30, 2014	France	Europe ^(d)	United States	Japan	Asia ^(e)	Other markets	April 30, 2013
Total turnover^(a)	20.6	9.4	16.8	28.7	11.7	26.8	26.0	20.8
Of which:								
voluntary turnover ^(b)	15.6	4.6	12.2	24.4	10.3	20.4	19.1	15.4
involuntary turnover ^(c)	4.6	3.8	4.3	4.0	1.1	6.2	6.8	5.0

- (a) All reasons.
(b) Resignations.
(c) Dismissals/end of trial period.
(d) Excluding France.
(e) Excluding Japan.

The Christian Dior group has made internal mobility, whether geographic or functional, one of the pillars of its human resources policy. The LVMH ecosystem offers an excellent springboard for career advancement: the diversity of business activities and jobs, the number of brands, and the Group's broad geographical presence all make it possible for employees to enjoy individually-tailored careers, while Group companies benefit from fresh skills, experience, and knowledge. Through its Human Resources department, the Group aims to support the professional development of its talent by applying a consistent set of practices and global initiatives. Actions in this area include the publication of a mobility guide made available to all employees detailing the Group's principles as well as an e-learning module

which takes a professional approach to mobility management. Human Resources coordination is expanding to new frontiers in Latin America and Oceania, complementing its already strong efforts in Europe, the United States, Asia and Japan. The network of existing mobility committees has thus been reinforced.

Over the course of the 2013/2014 fiscal year, more than 2,600 managers took advantage of internal mobility opportunities within the Group, nearly 24% more than in the previous fiscal year. This process was given greater impetus with the recent launch of MOVE, a new internal jobs portal accessible via the Group's Intranet.

1.2. WORK TIME

1.2.1. Work time organization

As of June 30, 2014, 12.4% of employees benefit from variable or adjusted working hours and 47% work as a team or alternate their working hours.

Global workforce affected by various forms of working hours adjustment: breakdown by geographic region

Employees concerned ^(a) (as % of total payroll)	Global workforce	France	Europe ^(b)	United States	Japan	Asia ^(c)	Other markets
Variable/adjusted schedules	12	35	16	1	12	2	2
Part-time	16	9	17	35	4	4	22
Teamwork or alternating hours	47	11	32	77	83	57	53

(a) The percentages are calculated in relation to the total number of employee under permanent and fixed-term contracts in France. For the other regions, they are calculated in relation to the number of employees under permanent contracts only, except for part-time workers, in which case the percentages are calculated with respect to the total headcount. Data are reported as of June 30, 2014.

(b) Excluding France.

(c) Excluding Japan.

Workforce in France affected by various forms of working hours adjustment: breakdown by professional category

Employees concerned ^(a) (as %)	France workforce	Managers	Technicians and team leaders	Office and sales personnel	Labor and production workers
Variable/adjusted schedules	35	25	53	58	3
Part-time	9	3	7	19	5
Teamwork or alternating hours	11	-	9	2	41
Employees benefiting from time off in lieu	10	1	13	15	12

(a) Percentages are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) as of June 30, 2014.

1.2.2. Overtime

The cost of the volume of overtime represents an average of 1.7% of the worldwide payroll, an estimated value of around 69 million euros for the fiscal year ended June 30, 2014.

Percentage of overtime by region ^(a)

(as % of total payroll)	Global workforce	France	Europe ^(b)	United States	Japan	Asia ^(c)	Other markets
Overtime	1.7	1.9	1.5	1.4	3.1	2.0	1.0

(a) Data are reported as of June 30, 2014.

(b) Excluding France.

(c) Excluding Japan.

1.2.3. Absence rate

The worldwide absence rate of the Group for employees working under permanent and fixed-term contracts was 4.9% for the fiscal year ended June 30, 2014. It was stable compared with the previous years (4.9% in the fiscal year ended April 30, 2013). The two main causes of absence are illness (2.3%) and maternity leave (1.6%). The overall absence rate of the European entities is twice as high as that recorded in other geographic regions.

Absence rate^(a) by region and by reason

<i>(as %)</i>	Global workforce	France	Europe ^(b)	United States	Japan	Asia ^(c)	Other markets
Illness	2.3	4.0	3.0	1.2	0.5	1.4	1.2
Work/work-travel accidents	0.2	0.5	0.1	0.1	0.0	0.1	0.1
Maternity	1.6	1.5	2.9	0.6	2.3	1.1	0.6
Paid absences (family events)	0.4	0.3	0.3	0.2	1.3	0.5	0.8
Unpaid absences	0.4	0.5	0.3	0.2	0.2	0.5	0.7
OVERALL ABSENCE RATE	4.9	6.9	6.6	2.3	4.2	3.8	3.7

(a) Number of days absent divided by the theoretical number of days worked.

(b) Excluding France.

(c) Excluding Japan.

1.3. COMPENSATION

Christian Dior group companies offer attractive and motivating compensation packages. International salary surveys, in relation to specific professions and sectors, are carried out annually and are used to ensure that the Group maintains a favorable position against the market on a permanent basis. By means of variable pay components based on both individual performance and their employing companies, managers have a vested interest in Group companies' success.

Initiatives and tools specific to each entity are put in place to reduce the salary gap between women and men within the same professional category. Studies and actions conducted at the brands in the field of professional equality mainly relate to pay and to the distribution of levels of individual performance.

The studies conducted in 2013/2014 on the distribution of levels of individual performance evidenced an identical distribution for women and men.

1.3.1. Average salary

The table below shows the gross average monthly compensation paid to Group employees in France under full-time permanent contracts who were employed throughout the fiscal year ended June 30, 2014:

Employees concerned (<i>as %</i>)	June 30, 2014 (12 months)	April 30, 2013 (12 months)	April 30, 2012 (4 months)
Less than 1,500 euros	1	2	1
1,501 to 2,250 euros	21	30	30
2,251 to 3,000 euros	26	21	25
Over 3,000 euros	52	47	44
TOTAL	100	100	100

1.3.2. Personnel costs

Worldwide personnel costs break down as follows:

(<i>EUR millions</i>)	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Gross payroll – Fixed-term or permanent contracts	3,998	648	3,812
Employers' social security contributions	1,035	163	961
Temporary staffing costs	179	27	158
TOTAL PERSONNEL COSTS	5,212	838	4,931

Outsourcing and temporary staffing costs accounted for 6% of the total payroll worldwide, including employer's social security contributions.

1.3.3. Incentive schemes, profit sharing and company savings plans

All companies in France with at least 50 employees have an incentive scheme, profit sharing or company savings plan. These plans accounted for a total expense of 174 million euros in the 2013/2014 fiscal year.

The table below shows the amounts paid during the fiscal years concerned.

(<i>EUR millions</i>)	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Profit sharing	99	15	103
Incentive	60	39	73
Employer's contribution to company savings plans	15	7	15
TOTAL	174	61	191

1.4. SOCIAL RESPONSIBILITY

Integrity, constant vigilance to maintain a healthy environment, and respect at all levels are the pillars of social responsibility at the Christian Dior group.

The Group's initiatives in this area have four main thrusts: constant attention to working conditions, the prevention of all forms of discrimination, the professional integration of people with disabilities, and employee involvement in solidarity actions to help local communities. The Group has reiterated its commitments in this regard and increased the number of programs in place wherever it is present.

Social responsibility policy is driven by the Group and adopted by all companies. It is applied in different ways in different places, depending on the human and societal issues at hand as well as specific history and heritage. Coordination then takes place at Group level through constant dialogue and meetings with the brands' main CSR (Corporate Social Responsibility) correspondents.

The Group communicates its civic engagement strategy widely via its CSR newsletter and the "LVMH Mind" Intranet. At their orientation seminars, all new managers are systematically informed of the CSR policy pursued by the Group, its role, and the measures put in place.

Christian Dior and Group companies frequently demonstrate their generosity, moving compassionately to act in solidarity with communities affected by extreme weather events. In 2013, this was the case in the Philippines, where financial assistance was provided by Louis Vuitton, Moët Hennessy and DFS.

Lastly, LVMH held its first Committed Brands Dinner at the Jardin d'Acclimatation in Paris on November 7, 2013, bringing together about thirty Group companies and more than 200 invited guests, including both internal and external partners active in the area of social responsibility. This event paid tribute to employee involvement in solidarity actions as well as the strong civic engagement of LVMH and its brands, and also raised funds to aid in the fight against sickle cell anemia, an under-researched and rare disease affecting nearly 50 million people worldwide.

LVMH is a signatory of the United Nations Global Compact and, in France, of the Diversity Charter and the Enterprise Charter for Equal Opportunity in Education. The Group supports

the Universal Declaration of Human Rights, OECD guidelines, and the International Labor Organization's Fundamental Conventions, as well as the United Nations' Millennium Development Goals and Women's Empowerment Principles.

In recognition of all of these actions, LVMH has been included as a member of the Dow Jones Sustainability Index, the Ethibel Sustainability Index Excellence Europe and the Euronext Vigeo Eurozone 120.

1.4.1. Equality of opportunity for women and men

Gender equality is an integral part of the Christian Dior group's corporate culture. As of June 30, 2014, women accounted for three-quarters of the Group's workforce. This strong feminine presence is an essential characteristic of the Group. Women are particularly prominent in Perfumes and Cosmetics (83% women), Selective Retailing (82% women), and Fashion and Leather Goods (71% women). Conversely, the majority of staff in Wines and Spirits are men, representing 64% of the workforce in this business group.

Over the course of the 2013/2014 fiscal year, LVMH and 32 Group companies signed the CEO Statement of Support for the Women's Empowerment Principles, an initiative of United Nations, thus indicating their commitment to offer both female and male employees the genuine possibility to realize their full potential.

The seven Women's Empowerment Principles relate in particular to education, training and professional development as well as a commitment to promote gender equality at the highest corporate levels.

This public commitment comes as confirmation of the Group's aim to grow the number of women in its governing bodies to 40% by 2015 (as compared with 37% in 2013 and 26% in 2010). The Group thus reiterates its ambition to build diverse leadership teams that reflect its true economic and social profile. Five Group companies are chaired by a woman: Krug, Fred, Loewe, Acqua di Parma and Starboard Cruise Services and On-Board Media.

Proportion of female employees in joiners^(a) and in the Group's active workforce

(% women)	Joiners		Workforce	
	June 30, 2014 (12 months)	April 30, 2013 (12 months)	June 30, 2014 (12 months)	April 30, 2013 (12 months)
Breakdown by business group				
Christian Dior Couture	70	66	70	70
Wines and Spirits	37	42	36	37
Fashion and Leather Goods	68	67	71	72
Perfumes and Cosmetics	84	84	83	83
Watches and Jewelry	60	62	59	62
Selective Retailing	84	81	82	81
Other activities	58	53	47	46
Breakdown of personnel by professional category				
Managers	64	62	63	63
Technicians and team leaders	73	68	69	68
Office and sales personnel	81	80	81	81
Labor and production workers	43	43	59	61
Breakdown by geographic region				
France	72	71	69	69
Europe (excluding France)	76	78	74	74
United States	81	77	78	78
Japan	75	73	75	75
Asia (excluding Japan)	74	74	74	75
Other markets	80	73	69	67
TOTAL	77	75	73	74

(a) Under permanent contracts, including internal mobility and transfers from fixed-term to permanent contract.

Through its "EllesVMH" program, the Group aims to facilitate women's access to positions of greater responsibility: access to management training, diversity considerations in the context of succession planning for key positions, and a specific initiative to support women's professional development through mentoring. This is in addition to the creation of women's networks across the Group in the five countries where it has the largest operations. During the fiscal year, a coaching program specifically designed for future female executives was launched with success.

EllesVMH Coaching applies a bold and innovative approach to coaching high-potential women to help them manage their career development. Women from Asia, Europe and the United States have been coached individually by four outside experts to help them find ways to overcome four career development obstacles they may encounter: work-life balance, expressing ambition, self-promotion, and international assignments for dual-career couples. This program has also provided a superb opportunity to begin building a multicultural women's network.

In the area of online networking, EllesVMH is now one of the Group's largest Intranet communities, with over 800 members around the world, including both men and women, a true forum for the sharing of information and best practices.

The Christian Dior group remains ever vigilant with regard to gender equality, from the hiring stage throughout each employee's career. During the 2013/2014 fiscal year, all Group companies in France either signed labor agreements or established action plans on the topic of gender equality. These measures include stipulations on working conditions, career development opportunities, and better work-life balance.

In 2013, the Group took part in the French national survey on relations between women and men in the workplace, conducted by the Conseil supérieur de l'égalité professionnelle (professional gender equality oversight board) at the request of France's ministry for women's rights. Survey responses received from Group companies reveal that they have developed a more effective culture of gender equality than that of the national benchmark

sample. Women at LVMH are better able to realize their potential and the full measure of their talent. They are also less hampered by gender stereotypes or other sexist practices. These good results are a testament to the quality of the approach pursued by the Group, which will continue its efforts over the years to come.

1.4.2. Actions in favor of older employees

The importance of preserving know-how for future generations in the Group's various professions makes passing on these skills central to the Group's actions in favor of older employees. As its key holders of craft expertise and precious know-how developed throughout their careers, the Group recognizes and draws on the vast knowledge and experience of its older employees through mentoring actions. Companies like Moët & Chandon, Berluti, Céline, Parfums Christian Dior and LVMH Fragrance Brands place considerable emphasis on these programs so as to ensure the successful transmission of their unique know-how. Louis Vuitton employees over the age of 55 are encouraged to impart their leatherworking expertise by serving as volunteer faculty members for its *École des savoir-faire maroquinières* (leatherworkers' training academy). Guerlain also invites its older employees to give instruction on its professions in schools offering related training.

The ability of older workers to find and keep jobs is thus a constant priority for the Christian Dior group. At the instigation of the Group's Human Resources Department, Group companies are careful to implement a global approach to the management and professional development of older staff. Group companies have been able to adapt this policy to their specific characteristics as pinpointed through diagnostic testing.

In France, 22 Group companies have made commitments in relation to the management of older employees' careers, via either agreements or action plans to foster the recruitment, employment and career development of staff over the age of 50. All Group companies in France, regardless of size, have negotiated or set up a "contrat de génération" (cross-generation contract), to promote the permanent employment of young people, to encourage the hiring of older employees, and to facilitate knowledge transfers across generations.

Improvement efforts have also focused on workstation ergonomics, the reduction of physical strain, and working conditions more generally for employees over the age of 55, especially for positions most affected by these issues in workshops and at production facilities. These measures are implemented in close collaboration with the Group's occupational medicine personnel. Efforts focused on workstations are combined with the introduction of more extensive and frequent medical check-ups for employees aged 55 and older.

Human Resources managers at all of the brands have received training in the conduct of a mid-career interview, following a program established by the Group's Human Resources Department. These interviews are used at Group companies to improve career management for older employees and offer systematic career plan assessments to those over the age of 50. Working time arrangements may then be proposed to employees approaching retirement, as well as retirement information meetings.

Commitments undertaken by Group companies also relate to hiring and training older employees. Special attention is paid to this issue by the Human Resources teams to ensure that this population continues to be fairly represented in both of these processes.

Worldwide, 12.3% of the Christian Dior group's active workforce were over the age of 50, and this population made up 21.2% of the Group's active workforce in France as of June 30, 2014.

1.4.3. Employment of disabled persons

Support for the professional integration and employment of people with disabilities is a fundamental part of the Christian Dior group's approach to social responsibility. The importance placed on employing the disabled is an apt reflection of the Group's CSR values, based on the respect for each person as an individual, the attitude expected of everyone working for the Group, with very special attention paid to developing the means to make this possible.

The Group's commitment is embodied by LVMH's Mission Handicap initiative, which coordinates a network of 30 disability correspondents in Group companies and steers the Group's actions in this area. In 2011-2012, this initiative enjoyed the assistance and support of AGEFIPH, the French agency responsible for facilitating the employment and retention of workers with disabilities. This partnership helped raise the Group's employment rate in France for disabled persons to 4.1% as of December 31, 2013, based on official standards for the definition of disabilities.

Initiatives to promote the employment and training of disabled persons extend considerably beyond French borders. As an example, in Japan, Group companies are demonstrating great sensitivity to this issue, including Louis Vuitton, Bulgari and Loewe, all of whom have introduced programs to hire these workers.

Promoting employment opportunities for disabled people requires a focus on special training efforts at the outset. LVMH chairs ARPEJEH, an association bringing together some sixty French companies to offer advice and guidance to disabled junior and senior high school students. In London, Donna Karan has drawn on its ties with the Down's Syndrome Association (DSA) since 2012 to give a young person assisted by the association the opportunity to join Donna Karan's teams in order to discover its professions. In Italy, Bulgari has worked with Associazione Italiana Persone Down (AIPD), in particular on the preparation of a 2014 calendar designed in partnership with Bulgari and marketed by the company to benefit AIPD.

The Christian Dior group encourages working with companies that employ permanently or temporarily severely disabled people and provide them with special facilities and support (sometimes known as "sheltered" employment). Since the Disabilities and Responsible Procurement forum held by LVMH in 2012, Group companies such as Louis Vuitton, Bulgari, Guerlain and Parfums Christian Dior have worked in depth on their purchasing policies to develop closer relations with employers. Services subcontracted to such employers amounted to a total of nearly 6 million euros over the 2013/2014 fiscal year, equivalent to over 144 direct or indirect jobs.

1.5. PROFESSIONAL DEVELOPMENT OF EMPLOYEES

The annual review of organization and talents run by the Human Resources department in close collaboration with operational managers forms the backbone of Christian Dior group's Human Resources policy. It is fueled by the business-related issues pinpointed in each Group company's strategic plan, and highlights their implications in terms of Human Resources. This review provides forward-looking insights into the most critical positions and succession plans. It also aims to identify and develop talents within the Group through short-term and medium-term career opportunities and by putting together individual development plans to prepare staff for their future responsibilities. Reviews have shown that the Group's pool of senior executives is stable and loyal, as well as increasingly international, with most key positions held by non-French managers. The organization is also proving capable of revealing talent within the Group, with more than two thirds of key positions filled by internal promotions. This policy has also reinforced the use of career interviews, adopting a complementary approach to existing annual assessments, with a greater focus on personal development. This overall review is supplemented by reviews of functions considered as having Group-wide importance, chief among them finance, human resources, supply chain, retail and digital.

The Group also fosters mobility between professional categories by encouraging its employees to acquire new skills, especially through certificate or degree programs. More than 7,300 staff members were promoted during the 2013/2014 fiscal year, i.e. 6.6% of the permanent workforce.

In order to foster creative passion and excellence, LVMH and Group companies offer numerous opportunities for training and apprenticeship to all employees. The main objectives are to allow Group employees to develop their qualifications and their employability, while making every effort to continually improve the experience of luxury offered to customers, but also to reinforce brand know-how and excellence. By way of example, Louis Vuitton, Berluti and Loewe have developed their own in-house schools in order to build the skills and expertise of leatherworkers over the course of their entire careers. Several Group companies have set up ambitious programs to develop the skills of their retail teams, allowing them to benefit from recognized expertise in the luxury field while contributing to their personal development and offering interesting career prospects. Examples of such programs across the Group include Sephora's five-year development program for its beauty consultants, Parfums Christian Dior's ambitious skincare training campaign, and the DFS School of Beauty and Fragrances, which received an accolade from the Hong Kong Management Association for its recruitment program.

These initiatives by Group companies are supplemented by training actions at Group level. Every year, the Group expands its selection of training courses on offer. During the 2013/2014 fiscal year, more than 3,400 executives and managers had the opportunity to take part in one of the several cross-cutting programs organized by the Group. These programs help executives and managers build their skills and share experiences with their peers at other Group companies, who come from economic environments with varying challenges and perspectives. In China, the LVMH Retail Academy offered training to build recruiting skills and promote the sharing of best practices in the retail field. This year, with the support of the Group's functional directors, the Information Systems and Human Resources functions also inaugurated their own training academies. Their key offering is an apprenticeship course designed for executives and managers including several specialized modules in order to better equip them to meet challenges considered as strategic, requiring the highest possible level of performance. These academies provide an unmatched opportunity to bring together functional leadership personnel from different contexts in order to work collectively and especially to prepare them to hold positions as functional directors in the future.

During the 2013/2014 fiscal year, more than 300 senior executives gave generously of their time by taking part in forums organized by LVMH House, thus offering members of Executive Management teams at Group companies the opportunity to share their knowledge of best practices in the luxury goods industry. Founded over 12 years ago, LVMH House is now recognized as one of leading institutes of its kind by top luxury goods executives.

New programs were inaugurated to give the Group's future leaders the tools to function effectively in the industry's increasingly international and diversified environments. The aim of these programs is to help key managers develop authentic leadership skills in harmony with their personal values. One example is LVMH Results in Social Entrepreneurship (LVMH RISE), which focuses on providing support to a social entrepreneur outside the Group over a period of six to nine months. By offering the benefit of their expertise in the fields of finance, retail or marketing, LVMH managers taking part in this program give social entrepreneurs access to a high-level professional network, together with an array of knowledge and skills. The mentoring relationships thus formed have already given rise to concrete results. This experience reaffirms the social sensitivity of the Group's future leaders, while testing their ability to work in very different organizational contexts.

A diverse selection of training programs is also available to non-executive employees for career development in the Group's boutiques, manufacturing facilities, and administrative offices.

Christian Dior

Management report of the Board of Directors
Workforce, environmental and social report

A substantial portion of training also takes place on the job on a daily basis and is not factored into the indicators presented below:

Global workforce	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Training investment (<i>EUR millions</i>)	93.8	15.8	95.0
Portion of total payroll (<i>as %</i>)	2.3	2.5	2.5
Number of days training per employee	2.5	0.4	2.3
Average cost of training per employee (<i>EUR</i>)	806	145	872
Employees trained during the year (<i>as %</i>)	57.7	NC	61.3

Note: Indicators are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) present at the workplace during the fiscal year, with the exception of the percentage of employees trained during the fiscal year, which is calculated on the basis of those employed under permanent contracts and present at the workplace as of June 30 of the year.

In the fiscal year ended June 30, 2014, training expenses incurred by the Christian Dior group's companies throughout the world remained stable compared with preceding years, at approximately 2.3% of total payroll.

The average training investment per full-time equivalent person amounts to approximately 806 euros. In 2013/2014, the total number of training days amounted to 285,476 days, representing 1,998,334 training hours over the course of the year and an equivalent of around 1,241 people receiving full-time training for the entire year.

A total of 57.7% of employees received training in 2013/2014 and the average number of days training came to 2.5 days per employee. The training investment is spread across all professional categories and geographic regions in accordance with the table below:

	France	Europe (excluding France)	USA	Japan	Asia (excluding Japan)	Other markets
Training investment (<i>EUR millions</i>)	28.2	13.6	22.7	5.6	18.7	4.8
Portion of total payroll (<i>as %</i>)	2.7	1.5	2.6	2.5	2.6	2.8
Employees trained during the year (<i>as %</i>)						
Of which:	58.1	52.0	47.0	80.1	65.6	61.6
Managers	61.2	66.5	52.5	60.8	64.9	68.5
Technicians and team leaders	73.6	58.6	38.5	84.6	61.1	64.6
Office and sales personnel	53.1	53.5	46.3	83.7	66.6	61.7
Labor and production workers	47.5	33.3	43.6	29.6	62.0	33.7

Note: Indicators are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) present at the workplace during the fiscal year, with the exception of the percentage of employees trained during the fiscal year, which is calculated on the basis of those employed under permanent contracts and present at the workplace as of June 30 of the year.

Moreover, the Christian Dior group organizes integration and awareness seminars for new hires focusing on the culture of the Group, its values, its key management principles and knowledge of its brands. 30,160 employees attended seminars of this type in the fiscal year ended June 30, 2014.

1.6. HEALTH AND SAFETY

During the 2013/2014 fiscal year, there were a total of 1,070 work accidents resulting in leave of absence which resulted in 25,794 lost working days. Frequency rates have been improving steadily for several years and severity rates are stable. 418 commuting accidents were also recorded, resulting in 9,088 lost working days.

Lost time accidents by business group and geographic region broke down as follows as of June 30, 2014:

	Frequency rate ^(a)	Severity rate ^(b)
Breakdown by business group		
Christian Dior Couture	3.42	0.09
Wines and Spirits	8.03	0.14
Fashion and Leather Goods	4.30	0.10
Perfumes and Cosmetics	2.86	0.06
Watches and Jewelry	2.84	0.04
Selective Retailing	6.53	0.19
Other activities	7.63	0.04
Breakdown by geographic region		
France	11.02	0.27
Europe (excluding France)	3.84	0.06
United States	3.04	0.15
Japan	0.59	0.01
Asia (excluding Japan)	3.77	0.07
Other countries	2.60	0.05
Group: June 30, 2014	4.95	0.12

(a) The frequency rate is equal to the number of accidents resulting in leave of absence, multiplied by 1,000,000 and divided by the total number of hours worked ^(c).

(b) The severity rate is equal to the number of workdays lost, multiplied by 1,000 and divided by the total number of hours worked ^(c).

(c) For companies located outside France, the total number of hours worked per employee is estimated at 2,000 on a full-time equivalent basis. This number of hours may vary slightly from the number of hours actually worked depending on the country.

Almost 23.3 million euros were invested in health and safety in the fiscal year ended June 30, 2014. This includes expenses for occupational medical services, protective equipment as well as programs for improving personal safety and health, such as compliance, the posting of warnings, replacement of protective devices, fire prevention training and noise reduction.

The total amount of expenditure and investments promoting health and safety in the workplace and improvements in working conditions amounted to nearly 62.7 million euros, representing 1.2% of the Group's gross payroll worldwide. Approximately 31,680 Group company employees received safety training worldwide.

The skills and motivation of the Group's employees are what underpin the excellence of the products and services offered by its brands. Their working conditions must enable them to express those skills and motivation as best they can, and to feel

fulfilled in carrying out their tasks. That is why the Group's engagement with regard to working conditions is all about focusing closely on employees' needs.

Diagnostics of health, safety and ergonomics are thus performed regularly at production sites, workshops and vineyards, but also more and more frequently in stores and headquarters, resulting in structured action plans. Parfums Christian Dior, for example, implemented a workstation ergonomics improvement process for headquarters staff, traveling personnel, and store workers, in conjunction with employee representatives. At Glenmorangie, in Scotland, the brand's "zero accident" policy remained the cornerstone of its entire health and safety culture. At Guerlain, a number of ergonomics initiatives were put in place at production sites and boutiques. Louis Vuitton is gradually rolling out a comprehensive health program addressing health policy, work organization, the physical work environment and a training plan for its manufacturing workshops and logistics warehouses.

Reported occupational illnesses are monitored by all of the Group's French entities and consolidated on an annual basis. Data relating to this indicator is currently being verified for relevance so as to allow for the indicator's publication and an enlargement of the scope of reporting. An analysis of the results obtained will be used to define priorities for action in the area of occupational health.

At the Group level, regular benchmarking of insurance plans and health costs is presented to labor and management at the Group Committee, so as to establish a common core of coverage for employees. Group companies have their own ambitious

programs, such as Loewe's in the Asia-Pacific region, which gives every employee free health and dental insurance, or Sephora's in China, which offers all workers a yearly health check-up.

Work-life balance is another essential part of quality of life at work, and a focus area for Group companies. Workplace concierge services and childcare are becoming more widespread within the Group. Parfums Christian Dior has set up the first "quality of life at work" day, while Berluti has enhanced the concierge services at its Paris headquarters, and Louis Vuitton in the Middle East is carrying out a discretionary increase in the length of maternity leave, from 9 to 12 weeks.

1.7. EMPLOYEE RELATIONS

1.7.1. Status of collective agreements

In France, Christian Dior group companies have works councils, employee representatives, as well as health and safety committees. The Group Committee was formed in 1985.

During the fiscal year ended June 30, 2014, employee representatives attended 1,592 meetings:

Nature of the meetings	Number
Works council	586
Employee representatives	515
Health and Safety Committee	211
Other	280
TOTAL	1,592

As a result of these meetings, 158 company-wide agreements were signed, such as annual negotiations on wages and work schedules, incentive and profit sharing agreements and company savings plans. Specific agreements and amendments have been signed at Group companies in relation to the employment of disabled persons, professional equality between women and men, anticipatory management of jobs and skills, labor-management dialogue, the prevention of psychosocial risks, and the combined hiring of younger and older workers ("contrat de génération").

In order to support a major investment of 150 million euros in a logistics and storage site in the region of Epernay (France), the leadership of Moët & Chandon – Ruinart and all union

organizations signed a significant agreement on employment, including training to help staff adapt to changes in their field and new technologies, as well as a hiring program planned until 2020.

1.7.2. Social and cultural activities

In France, during the fiscal year ended June 30, 2014, Christian Dior group companies allocated a budget of over 21.4 million euros to social and cultural activities in France via contributions to works councils.

Total catering costs for all Group employees represent a budget of 21.7 million euros.

1.8. RELATIONS WITH THIRD PARTIES

1.8.1. Subcontracting and relations with suppliers

The Christian Dior group places a priority on maintaining and promoting stable relations with responsible partners (suppliers, distributors, subcontractors, etc.).

Since 2008, all of the Group's brands have adopted and promulgated the Supplier Code of Conduct which sets forth the Group's requirements in terms of social responsibility (forced labor, discrimination, harassment, child labor, compensation, hours of work, freedom of association and collective bargaining, health and safety, etc.), the environment (reducing environmental impacts, use of green technologies, waste reduction, compliance with regulations and standards), and the fight against corruption. Relations with any partner necessitate the latter's commitment to comply with all ethical principles enunciated in this Code. This Code of Conduct also sets forth the principle and procedures for the control and audit of compliance with these guidelines.

Among many initiatives by Group companies illustrating this commitment, all the brands of Moët Hennessy establish a specifications document presented for signature to their subcontractors that addresses respect for the environment and fundamental labor law compliance, among other issues; every year, supplier audits are carried out to minimize the most significant risks. In its supplier specifications documents, Sephora includes clauses dealing with the individual rights of employees, child labor prevention, equality of opportunity and treatment, working time policy, and the protection of the environment. Louis Vuitton has put in place an ethical system of social audits founded on compliance with local regulations as well as the SA 8000 social accountability standard, which is based on international workplace norms included in the International Labor Organization (ILO) conventions: no child labor, working conditions, health and safety, freedom of association and the right to collective bargaining, no discrimination, disciplinary practices, compliance with working hour and wage regulations. In addition to these labor standards, environmental standards are also applied to measure and prevent various impacts on the ecosystem.

When carrying out a social audit, Louis Vuitton calls on international firms that specialize in auditing labor and environmental performance. Louis Vuitton purchasers receive classroom training in the evaluation process and criteria, so that they can be as effective as possible in helping suppliers to implement continuous improvement in their CSR goals. Marc Jacobs and Donna Karan each have a vendor compliance program. Their programs include the use of third-party audit firms to conduct independent assessments of suppliers and to assist in remediation efforts. During the 2013/2014 fiscal year, Marc Jacobs and Donna Karan jointly hosted a vendor training in China that was conducted by a third-party expert. The joint training was attended by approximately 200 participants, and covered topics including social, environmental, and restricted substances compliance. TAG Heuer and Loewe require that all new suppliers

submit a written pledge indicating their compliance with the SA 8000 standard. The same is true for Parfums Christian Dior, Parfums Givenchy, and Guerlain, who have introduced specifications documents including compliance with the SA 8000 standard among their provisions.

During the 2013/2014 fiscal year, 750 social and/or environmental audits were carried out, nearly 80% of which by specialized external service providers, at 624 of our suppliers. Among these audits, 540 related exclusively to social criteria. More than one-third of these audits showed results in line with the Group's standards and 40% identified minor non-compliance issues. Audits whose conclusions indicated a need for significant improvement by suppliers or the existence of major non-compliance issues accounted for 19% and 3% of audits performed, respectively. The causes of non-compliance that emerged from these audits were mainly related to two indicators: health and safety and working time. In all, 208 corrective action plans were implemented at our suppliers where audits had identified areas in need of improvement.

The Group's companies have been implementing tools and other resources to better identify problem suppliers and prevent any sort of risk. In Perfumes and Cosmetics, 95% of suppliers located in the geographic areas considered at-risk from a social accountability standpoint have been audited and produced encouraging results.

The use of preliminary audits (57 performed over the course of the 2013/2014 fiscal year) also enabled better advance identification of supplier practices, thus leading to the decision to refrain from working with certain potential suppliers. In keeping with this, Louis Vuitton has set up systematic audits for all new suppliers located in an at-risk area.

The use of preliminary audits also showed that Group companies regularly monitor their suppliers and support them in their efforts to improve.

In addition, where necessary, some Group companies ended their existing relationships with suppliers whose social audit findings revealed major issues of non-compliance with our Code of Conduct.

In the interest of continued improvement in this area, the Group's Houses will continue their supplier audit programs in the coming months of 2014, together with follow-ups on action plans.

1.8.2. Supply sources and subcontracting by business group

As they have not undergone any changes since December 31, 2013, the supply sources and subcontracting by business group shown below, with the exception of information relating to Christian Dior Couture, are the same as those presented in the "Business description" section of LVMH's 2013 Reference Document.

Champagnes and Wines

The Group owns 1,683 hectares of champagne under production, which provide a little more than one-fourth of its annual needs. In addition, Group companies purchase grapes and wines from wine growers and cooperatives on the basis of multi-year agreements; the largest supplier of grapes and wines represents less than 10% of total supplies for the Group's brands. Until 1996, a theoretical price was published by the industry; to this were added specific premiums negotiated individually between wine growers and merchants. Since 1996, industry agreements have been signed and renewed, with a view to limiting upward or downward fluctuations in grape prices. The most recent renewal of this agreement dates back to 2009, setting the framework for negotiations relating to harvests from 2009 to 2013. Each individual agreement must now include an indexation clause for grape prices. The recommended benchmark is the average sales price of a bottle of champagne, which ensures better value distribution for the market participants and more control over grape price speculation.

For about ten years, wine growers and merchants have established a qualitative reserve that will allow them to cope with variable harvests. The surplus inventories stockpiled this way can be sold in years with a poor harvest. These wines stockpiled in the qualitative reserve provide a certain security for future years with smaller harvests.

For the 2013 harvest, the Institut national de l'origine et de la qualité (INAO, the French organization responsible for regulating controlled place names) set the maximum yield for the Champagne appellation at 10,000 kg/ha. This maximum yield represents the maximum harvest level that can be made into wine and sold under the Champagne appellation. In 2006, the INAO redefined the legal framework for the abovementioned stockpiled reserves. It is now possible to harvest grapes beyond the marketable yield within the limits of a ceiling referred to as the Plafond Limite de Classement (PLC), the highest permitted yield per hectare. This ceiling is determined each year, depending on the maximum total yield. It was set at 3,100 kg/ha for the 2013 harvest. Grapes harvested over and above the marketable yield are stockpiled in reserve, kept in vats and used to complement poorer harvests. The maximum level of this stockpiled reserve is set at 10,000 kg/ha.

The price paid for each kilogram of grapes in the 2013 harvest ranged between 5.30 euros and 6.11 euros depending on the vineyard, a 2% increase compared to 2012.

Dry materials (bottles, corks, etc.) and all other elements representing containers or packaging are purchased from non-Group suppliers.

In 2013, the champagne houses used subcontractors for about 17 million euros of services, notably pressing, handling, and stocking bottles.

Cognac and Spirits

Hennessy owns 171 hectares under production. The Group's vineyard has remained virtually stable since 2000, after 60 hectares of vines were cleared in 1999 as part of the industry plan

implemented in 1998. The objective of the plan was to reduce the production area through premiums offered for clearing and assistance given to wine growers to encourage them to produce wines other than those used in the preparation of cognac.

Most of the wines and eaux-de-vie that Hennessy needs for its production are purchased from a network of approximately 2,500 independent producers, a collaboration which enables the company to ensure that exceptional quality is preserved. Purchase prices for wine and eaux-de-vie are established between the company and each producer based on supply and demand. In 2013, the price of eaux-de-vie from the harvest increased by 6.5% compared to the 2012 harvest.

With an optimal inventory of eaux-de-vie, the Group can manage the impact of price changes by adjusting its purchases from year to year.

Hennessy continued to control its purchase commitments for the year's harvest, and diversify its partnerships to prepare its future growth in various qualities.

Like the Champagne and Wine businesses, Hennessy obtains its dry materials (bottles, corks and other packaging) from non-Group suppliers. The barrels and casks used to age the cognac are also obtained from non-Group suppliers.

Hennessy makes only very limited use of subcontractors for its core business.

Fashion and Leather Goods

The seventeen leather goods manufacturing shops of Louis Vuitton Malletier – twelve in France, three in Spain and two in the United States – manufacture most of the brand's leather goods products. All development and manufacturing processes for the entire footwear line are handled at Louis Vuitton's workshops in Fiesso d'Artico, Italy. Louis Vuitton Malletier uses external manufacturers only to supplement its manufacturing and achieve production flexibility in terms of volumes.

Louis Vuitton Malletier purchases its materials from suppliers located around the world, with whom Louis Vuitton Malletier has established partnership relationships. The supplier strategy implemented over the last few years has enabled requirements to be fulfilled in terms of volumes, quality and innovation, thanks to a policy of concentration and supporting the best suppliers while limiting Louis Vuitton's dependence on them. For this reason, the leading leather supplier does not contribute more than 15% of Louis Vuitton's total leather supplies. In 2009, Louis Vuitton Malletier initiated an integration strategy particularly aimed at acquiring and mastering certain savoir-faire and securing access to strategic supplies. This strategy is illustrated by the acquisition of stakes in Heng Long, which specializes in exotic leather, and in Tanneries Roux, a French supplier of premium-quality calfskin.

Fendi and Loewe have leather workshops in their country of origin, and in Italy for Céline, which cover only a portion of their production needs. Generally, the subcontracting used by the business group is diversified in terms of the number of subcontractors and is located primarily in the country of origin of the brand: France, Italy and Spain.

Overall, the use of subcontractors for Fashion and Leather Goods operations represented about 38% of the cost of sales in 2013.

Finally, for the different Group companies, the fabric suppliers are often Italian, but on a non-exclusive basis.

The designers and style departments of each House ensure that manufacturing does not generally depend on patents or exclusive expertise owned by third parties.

Perfumes and Cosmetics

The five French production centers of Guerlain, Parfums Christian Dior and LVMH Fragrance Brands provide almost all the production for the four major French brands, including Kenzo Parfums, both in fragrances, and in make-up and beauty products. Make Up For Ever also has manufacturing capacities in France. The manufacturing of Benefit, Parfums Loewe, Fresh and Parfums Fendi's products is partly provided by the Group's other brands, the remainder being subcontracted externally.

In 2013, manufacturing subcontracting represented overall about 8% of the cost of sales for this activity, plus approximately 11 million euros for logistical subcontracting.

Dry materials, such as bottles, stoppers and any other items that form the containers or packaging, are acquired from suppliers outside the Group, as are the raw materials used to elaborate the finished products. In certain cases, these materials are available only from a limited number of French or foreign suppliers.

The product formulas are developed primarily in the Saint-Jean de Braye (France) laboratories, but the Group can also acquire or develop formulas from specialized companies, particularly for perfume essences.

Watches and Jewelry

With its Swiss workshops and manufactures, located in Le Locle, La Chaux-de-Fonds, Neuchâtel, Cornol, Le Sentier, Chevenez and Nyon, the Group provides almost the entire assembly of the watches and chronographs sold under the TAG Heuer, Hublot, Zenith, Bulgari, Christian Dior, Chaumet and Fred brands, as well as the design and manufacturing of the mechanical movements *El Primero* and *Elite* from Zenith, the *Calibre 1887* from TAG Heuer, *UNICO* from Hublot and the *Hautes Complications* from Bulgari. In 2011, TAG Heuer acquired the entire share capital of ArteCad, a leading Swiss manufacturer of watch dials, and Hublot acquired the entire share capital of Profusion, a supplier of carbon fiber parts and components, which complements TAG Heuer and Bulgari's current capacity for critical components such as dials, cases and straps. Zenith's manufacture in Le Locle underwent a major renovation in 2012. In 2013, TAG Heuer inaugurated a new movement manufacturing facility in Chevenez.

In this business, subcontracting represented 9% of the cost of sales in 2013.

Even though the Group can, in certain cases, use third parties to design its models, they are most often designed in its own studios.

Christian Dior Couture

Production capacities and the use of subcontracting vary significantly, depending on the products involved.

In Leather Goods, Christian Dior Couture may enlist the services of companies outside the Group to increase its production capacity and ensure greater flexibility in its manufacturing processes.

In this business, subcontracting represented approximately 32% of the cost of sales for the fiscal year ended June 30, 2014.

In Ready-to-Wear and Fine Jewelry, the Company is supplied solely through outside companies.

1.8.3. Impact of the business on local communities in terms of employment and regional development

The Christian Dior group follows a policy of maintaining and developing employment. Thanks to the strong and consistent growth achieved by its brands, many sales positions are created in all countries where the Group is present, particularly as a result of the expansion of the brands' retail networks.

As of June 30, 2014, non-disciplinary layoffs, including those due to economic conditions, represented 2.1% of total departures.

A number of the Group's companies have been established for many years in specific regions of France and play a major role in creating jobs in their respective regions: Parfums Christian Dior in Saint-Jean de Braye (near Orléans), Veuve Clicquot Ponsardin and Moët & Chandon in the Champagne region, and Hennessy in the Cognac region. They have developed long-standing relationships with local authorities, covering cultural and educational aspects as well as employment. Sephora, which has stores throughout France (two-thirds of its workforce is employed outside the Paris region), regularly carries out a range of measures encouraging the development of job opportunities at the local level.

As major employers in several labor markets, the Group's companies are attentive to the social particularities of their regions and have forged partnerships, as described below, with associations or non-governmental organizations to help with the social and professional integration of the underprivileged.

1.8.4. Promotion of education and relations with educational institutions and apprenticeship associations

Around the world, Christian Dior group companies are involved in efforts to facilitate access to education for young people in disadvantaged and natural disaster-stricken regions. Through the operation "Hand in Hand for Haiti" launched in the aftermath of the earthquake in January 2010, DFS took part in rebuilding and maintaining a school complex for the most

disadvantaged children in the region of Saint-Marc. Bulgari promoted childhood education with Save the Children in Italy. Louis Vuitton initiated a very close, global partnership with SOS Villages d'Enfants, leveraging all its energy and that of its teams to help regions where the brand is present. One illustration of this was Louis Vuitton's construction, in India, of the Bhubaneswar education center for 150 children. In Cambodia, Sephora supported "Toutes à l'école", an organization which promotes the education of young Cambodian girls, by selling plush toys through its distribution network and donating the proceeds to the association.

Locally, the Christian Dior group continues to nurture many partnerships and develop its multiple ties with educational institutions to raise the profile of the Group's professions. These partnerships often result in scholarships and funding for schools training young people in the fashion and leather goods professions. Over the years, LVMH has forged strong ties with the Institut français de la Mode, in relation to the training of its employees and the recruitment of the institute's graduates, whose dual specialization is appreciated. LVMH is also a privileged partner of CEMS, a strategic global alliance of leading business schools and multinational companies, that takes part in many actions in favor of graduates of top universities in more than twenty countries. Key Group companies give presentations on the campuses of these universities several times a year.

The Group is continually developing resources and partnerships to promote access to employment for disadvantaged populations. In France, many initiatives to promote occupational integration are undertaken to allow all employees to participate actively in the Group's commitment to society. For example, in partnership with the association "Nos Quartiers ont des Talents", about a hundred senior-level staff members have mentored more than 100 young graduates from underprivileged neighborhoods. Since 2007, 248 young people have found jobs after being mentored by a Group employee. Under partnerships with municipal authorities, presentations on the Group's professions are given to middle school students in these localities, thus contributing to youth guidance efforts, a condition for successful occupational integration.

Since 2010, LVMH has been involved in a partnership with Montfermeil, a diversely populated suburb of Paris benefiting from a strong commitment by its political leadership in favor of the more vulnerable members of its community. Driven by a shared commitment to excellence, this partnership is helping to facilitate social advancement for disadvantaged populations, by arranging internships for young people and hiring older members of the community. In this context, Montfermeil also receives support from the Group to raise awareness of its rich cultural makeup and the talents of its inhabitants. In February 2014, Lionel Morin was awarded the "Jeune Talent" trophy at the annual "Cultures et création" runway event. As a result, he will be able to present a collection at the Green Showroom during Fashion Week in Berlin, with the support of the Christian Dior group.

In the same vein, Parfums Christian Dior initiated the first "2 000 emplois, 2 000 sourires" job fair. The fair was organized at the Cosmetic Valley business cluster, and aimed to generate direct contacts between jobseekers and recruiters at local companies. A total of 80 companies participated, with 3,000 jobs

offered and interview coaching provided by Sephora. More than 6,000 people came, 74% of whom were between the ages of 18 and 25.

Always with the aim of furthering access to employment based only on merit and commitment, LVMH is a participating member of the "Réseau national des entreprises pour l'égalité des chances dans l'éducation", a network of French companies promoting equal opportunities in education and training. This association arranges actions by companies in schools located in underprivileged areas and welcomes their graduates as interns.

In order to promote the integration of young people through education regardless of their background or origin, LVMH supports the priority education program run by the Institut d'Études Politiques (Institute for political studies, or Sciences Po), which offers grants to students from disadvantaged backgrounds and gives young Sciences Po graduates the chance of being mentored by managers. Moreover, Hennessy funds scholarships for African-American students in the United States.

Lastly, as a signatory of the Apprenticeship Charter, the Group devotes considerable efforts to the development of apprenticeship opportunities, which facilitate young people's access to qualifications. As of June 30, 2014, there were 894 young people working under apprenticeship or professionalization contracts in all of the Group's French companies.

1.8.5. Corporate sponsorship

The Christian Dior group's corporate sponsorship initiatives are undertaken to preserve artistic heritage in France and elsewhere, by supporting the restoration of historical monuments, expanding the collections of leading museums, contributing to major national exhibits, and engaging in creation with artists emblematic of the contemporary era. During the 2013/2014 fiscal year, LVMH supported various cultural events, such as the ON/OFF exhibit presented in China at the Ullens Center for Contemporary Art, or the "Nuit Blanche" all-night arts festival held in Paris. LVMH also supported noteworthy initiatives for the preservation of France's artistic heritage, in partnership with the Château de Versailles, the Dubuffet Foundation and others. In addition to this, the Fondation Louis Vuitton, which is under construction at the Jardin d'Acclimatation in Paris, entered a key phase of its completion during the period, as it plans to open its doors in the autumn of 2014.

The Group has long been involved in educational and youth activities, including the ongoing loan of Stradivarius violins from its collection to young virtuosos, free tickets for Parisian conservatory students to the city's greatest concerts through the "1 000 places pour les jeunes" project for over 15 years, and support for the International Music Academy founded in Switzerland by the conductor Seiji Ozawa.

The Group also supports a great number of institutions known for their involvement with children, such as the Fondation des hôpitaux de Paris – Hôpitaux de France, Save the Children (Japan), the Robin Hood Foundation (New York), and more. The Group stands behind scientists conducting advanced research on public health, such as the teams at the Institut Pasteur in Paris, the American Foundation for AIDS Research, and the Parkinson's Disease Foundation in New York.

1.9. COMPLIANCE WITH INTERNATIONAL CONVENTIONS

Taking each individual, his or her freedom and dignity, personal growth and health into consideration in each decision is the foundation of a doctrine of responsibility to which all Group companies adhere.

Accordingly, all Group companies have policies for equal opportunity and treatment irrespective of gender, race, religion and political opinion, etc. as defined in the standards of the International Labor Organization. This culture and these practices also generate respect for freedom of association, respect for the individual, and the prohibition of child and forced labor.

2. Effects of operations on the environment

In accordance with Decree no. 2002-221 of February 20, 2002, known as the NRE decree (Nouvelles réglementations économiques) and Decree no. 2012-557 of April 24, 2012 regarding companies' transparency obligations with respect to social and environmental issues, the following sections provide information on the type and significance of relevant and significant impacts only, with regard to business operations. The information and indicators retained were selected by the Group's Environment Department and then verified by the Environment and Sustainable Development Department of Ernst & Young, the Independent Verifier, one of the Group's Statutory Auditors. Their findings are expressed in the statement of opinion included at the end of the Workforce, Environmental and Social report.

For the fiscal year ended June 30, 2013, environmental reporting exceptionally covered a two-month period, from May 1 to June 30, 2013. The indicators presented were calculated based

on information pertaining to the fiscal year from May 1, 2012 to April 30, 2013 and published in the Annual Report of the Christian Dior group for the fiscal year ended April 30, 2013, according to the following formula:

$$\text{Value May 2013-June 2013 (2 months)} = [\text{Value May 2012-April 2013 (12 months)}]/6$$

For the fiscal year ended June 30, 2014, the indicators presented were calculated based on information pertaining to the 2013 calendar year (12 months), according to the following formula:

$$\text{Value June 2013-June 2014} = [\text{Value 2013 (12 months)}/2] + [\text{Value 2013 (12 months)}/2] \times (1 + \text{revenue index for the business group over the first 6 months of 2014})$$

The reporting scope for environmental indicators included the following sites as of June 30, 2014:

Production facilities, warehouses and administrative sites

<i>(number)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Sites covered	227	228
Sites not covered ^(a)	33	40
Total number of sites	260	268

(a) Including mainly: a Louis Vuitton workshop recently opened, the Heng Long (Singapore) and La Comète (Belgium) tanneries and the administrative sites of Benefit, Fresh, Pucci, Acqua di Parma, Radio Classique, Marc Jacobs, De Beers, StefanoBi, Donna Karan, Thomas Pink and certain Christian Dior Couture sites.

Certain manufacturing, logistics and administrative sites are not covered by environmental reporting, essentially for operational reasons, and are of a low level of significance. A five-year integration plan has been implemented.

Sales floor area included in the scope of reporting, per indicator

<i>(as % of total sales floor area or of the Group company's sales floor area) ^(a)</i>	Energy consumption and greenhouse gas emissions		Water consumption	
	June 30, 2014 ^(b) (12 months)	June 30, 2013 ^(b) (2 months)	June 30, 2014 ^(c) (12 months)	June 30, 2013 ^(c) (2 months)
Group total	53	46	25	24
Of which, mainly:				
Christian Dior Couture	60	50	23	18
DFS	64	70	42	53
Louis Vuitton	51	43	15	10
Sephora Americas	61	57	21	53
Sephora Europe	74	45	11	10

(a) The reporting scope does not cover the stores operated under franchise for Fashion and Leather Goods, Perfumes and Cosmetics, and Watches and Jewelry.

(b) Also includes all French stores operated by Berluti, Givenchy, Guerlain, Kenzo, Le Bon Marché, Make Up For Ever, and certain stores operated by Bulgari, Céline, Chaumet, Christian Dior Couture, De Beers, Fendi, Loewe, Marc Jacobs and Thomas Pink.

(c) Also includes certain stores operated by Berluti, Bulgari, Christian Dior Couture, De Beers, Fendi, Kenzo and Guerlain.

For waste production, only stores operated by DFS or Le Bon Marché, and certain Louis Vuitton and Christian Dior Couture stores, are included in the scope. For one DFS store, 2012 data were applied again. The environmental indicators for the stores that are not part of the scope are deduced by extrapolation:

estimates are included in the comments rather than in the tables themselves. The Group has more than 3,200 stores, and certain environmental data is difficult for stores with small surface areas to obtain. Nevertheless, the Group has set an objective for gradual integration.

2.1. GENERAL ENVIRONMENTAL POLICY

2.1.1. Evaluation and certification programs and organization

The Group has had an Environment Management team since 1992. In 2001, LVMH established an Environment Charter signed by the Chairman of the Group, which requires that each Group company undertakes to set up an effective environment management system, create think-tanks to assess the environmental impacts of the Group's products, manage risks and adopt the best environmental practices. In 2003, Bernard Arnault joined the United Nations' Global Compact program. In 2007, he also endorsed Gordon Brown's Millennium Development Goals. During the 2013/2014 fiscal year, the Group was included in the main indices based on responsible investment criteria: Dow Jones Sustainability Index (World and Europe), FTSE4Good Global 100, Euronext Vigeo Eurozone 120, ESI (Ethibel Sustainability Indices) Europe. The Group has also participated in the CDP (Carbon Disclosure Project)'s Climate Change, Water and Forest programs since they were created.

The Group undertakes to adopt the following environmental measures:

- apply precaution to all issues impacting the environment;
- undertake initiatives to promote greater environmental responsibility;
- favor the development and distribution of environmentally friendly technologies.

The Group's environment management team was set up with the following objectives:

- deploy the LIFE – LVMH Indicators For the Environment program;
- implement the environmental policies of the Group companies, based on the LVMH Charter;
- conduct audits to assess Group companies' environmental performance;
- monitor regulatory and technical issues;
- create management tools that address subjects such as packaging design, supplier relations and regulatory monitoring;
- help Group companies anticipate risks;
- train employees and increase environmental awareness at all management levels, including integration seminars for new managers;
- define and consolidate the environmental indicators;

- work alongside the various key players (associations, rating agencies, government authorities, etc.).

It is supported by the Environment Committee, which meets several times a year, bringing together a network of nearly 50 environmental representatives from Group companies.

The LIFE program was designed in 2011 to reinforce the inclusion of environmental concerns in management processes, facilitate the development of new steering tools, and take into account the changes and enhancements resulting from Group companies' innovative practices. It will be rolled out to all Group companies by 2015. The LIFE program was implemented by the Steering Committee of each Group company and is based on nine key aspects of environmental performance:

- environmental design;
- securing access to strategic raw materials and supply channels;
- traceability and compliance of materials;
- environmental and social responsibility among suppliers;
- preserving critical savoir-faire;
- reduction of greenhouse gas emissions;
- environmental excellence in manufacturing processes;
- product life span and reparability;
- customer and key stakeholder information.

With regard to certification, all of the Cognac, Champagne and Vodka Houses have now obtained ISO 14001 certification. Parfums Christian Dior has also had all its manufacturing and logistics facilities certified. At Louis Vuitton, the supply chain has been ISO 14001 certified for leather goods and accessories. This is a world first, and the result of collaboration between the Logistics Division and its Transport and Logistics partners. Louis Vuitton is pursuing the certification process for its workshops. As of December 31, 2013, 43% of the Group's manufacturing, logistics and administrative sites were ISO 14001 certified.

The Watches and Jewelry business group is a member of the Responsible Jewellery Council (RJC), an organization bringing together more than 440 member companies committed to promoting ethical behavior, human rights and social and environmental practices throughout the industry, from mine to point of sale. The RJC has developed a certification system designed particularly to ensure that the diamonds used in manufacturing do not come from conflict zones and that the Kimberley Process is applied. Kimberley certification requires the input of independent, accredited auditors. The Watches and Jewelry companies have all been certified according to the Code of Practices (2009 version).

2.1.2. Training

During the fiscal year, almost all Group companies, in all business groups, continued their employee training and awareness programs on the environment. These programs comprised 20,018 hours.

2.1.3. Preventing environmental risks and pollution

Group companies are audited on a regular basis by third parties, insurers or internal auditors, which enables them to keep their compliance monitoring plan up to date. In 2013, 31% of the 260 manufacturing, logistics and administrative sites, as well as certain large stores, were audited, for a total of 64 external audits and 102 internal audits, with some sites being audited several times during the year. These audits correspond to an inspection of one or more sites of the same company based on all relevant environmental issues – waste, water, energy, and environmental management – and are documented in a written report including recommendations. This figure does not include the numerous compliance controls that may be performed on a specific environmental regulation topic, e.g. a waste sorting inspection, performed periodically by the Group companies on their sites.

2.1.4. Provisions and guarantees given for environmental risks

Amounts were recognized under the relevant environmental expense headings in accordance with the recommendations of the CNC (French National Accounting Council). Operating expenses and capital expenditure were recognized for each of the following headings:

- air and climate protection;
- waste water management;
- waste management;
- protection and purification of the ground, underground water and surface water;
- noise and vibration reduction;
- biodiversity and landscape protection;
- radiation protection;
- research and development;
- other environmental protection measures.

As of June 30, 2014, environmental protection expenses broke down as follows:

- operating expenses: 10.8 million euros;
- capital expenditure: 6.7 million euros.

The amount of provisions for environmental risks is 13 million euros as of June 30, 2014. This amount corresponds to the financial guarantees required by law for Seveso upper-tier establishments.

2.2. POLLUTION AND WASTE MANAGEMENT

2.2.1. Preventing and reducing air, water and soil discharges

The discharges of substances causing eutrophication by Wines and Spirits, Fashion and Leather Goods, and Perfumes and Cosmetics operations are considered the only significant and relevant emissions into water. The Group's other business groups have a very limited impact on water quality. Eutrophication is the excessive buildup of algae and aquatic plants caused by excess nutrients in the water (particularly phosphorus), which reduces water oxygenation and adversely impacts the

environment. The parameter used is the Chemical Oxygen Demand (COD) calculated after treatment of the discharges in the Group's own plants or external plants with which the Group has partnership agreements. The following operations are considered as treatment: city and county waste water collection and treatment, independent collection and treatment (aeration basin) and land application. During the 2013/2014 fiscal year, the Tanneries Roux and Heng Long were integrated into the scope of consolidation at Louis Vuitton. Research is underway to identify reduction opportunities at the Group's Wines and Spirits companies.

COD after treatment (in metric tons)

	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Wines and Spirits	3,563	476
Fashion and Leather Goods	158 ^(a)	-
Perfumes and Cosmetics	20	4
TOTAL	3,741	480

(a) Inclusion of the tanneries (Louis Vuitton).

Measurement frequencies at the highest-contributing Group companies are compliant with local regulations but remain limited with regard to the changes observed in quantities discharged. VOC (volatile organic compound) emissions are addressed through specific action plans, notably for Perfumes and Cosmetics operations and the tanneries. The subject of soil discharges is addressed in §2.3.4 Soil use.

2.2.2. Preventing, recycling and eliminating waste

As of June 30, 2014, 88% of waste was recovered, compared to 75% as of June 30, 2013. This higher rate of recovery is due

to Wines and Spirits operations (increased reliability of Wenjun data during the period). Recovered waste is waste for which the final use corresponds to one of the following channels, listed in descending order of interest in accordance with European and French laws:

- re-use, i.e. the waste is used for the same purpose for which the product was initially designed;
- recycling, i.e. the direct reintroduction of waste into its original manufacturing cycle resulting in the total or partial replacement of an unused raw material, controlled composting or land treatment of organic waste to be used as fertilizer;
- incineration for energy production, i.e. the recovery of the energy in the form of electricity or heat by burning the waste.

Waste produced

<i>(in metric tons)</i>	Waste produced as of June 30, 2014 (12 months)	Of which: hazardous waste produced as of June 30, 2014 ^(a) (12 months)	Waste produced as of June 30, 2013 (2 months)
Christian Dior Couture	751	20	107
Wines and Spirits	62,542	249	10,246
Fashion and Leather Goods	11,465	585	1,288
Perfumes and Cosmetics	7,864	1,228 ^(b)	1,235
Watches and Jewelry	303	34	45
Selective Retailing	6,447	162	1,180
Other activities	1,092	147	160
TOTAL	90,464	2,425	14,261

(a) Waste to be sorted and treated separately from other "common" waste (boxes, plastic, wood, paper, etc.).

(b) Some products that are removed from the manufacturing cycle are treated in the same way as hazardous waste to prevent counterfeiting attempts.

Waste recovery as of June 30, 2014

<i>(as % of waste produced)</i>	Re-used	Material recovery	Energy recovery	Total recovery
Christian Dior Couture	-	59	13	72
Wines and Spirits	47	40	3	90
Fashion and Leather Goods	4	35	28	67
Perfumes and Cosmetics	2	70	26	98
Watches and Jewelry	-	55	20	75
Selective Retailing	12	69	7	88
Other activities	-	82	18	100
TOTAL	34	45	9	88

The Perfumes and Cosmetics brands as well as Sephora since 2010, and Louis Vuitton since 2011, have used the CEDRE recovery and recycling facility (Centre environnemental de déconditionnement et de recyclage écologique) to handle all the waste generated by the manufacturing, packaging, distribution, and sale of cosmetic products. CEDRE accepts several types of articles: obsolete packaging, alcohol-based products, advertising materials, store testers, and empty packaging returned to stores by customers. The facility processed approximately 1,600 metric tons of waste in 2013 and was able to resell various materials such as glass, cardboard, wood, metal, plastics, alcohol and cellophane to a network of specialized recyclers.

2.2.3. Addressing noise pollution and other forms of pollution

The Group's business activities do not have a significant impact in terms of noise pollution and other forms of pollution. Nevertheless, the Group's companies remain vigilant, particularly with the help of the environmental management systems that have been put in place, and are attentive to their surroundings and civil society.

2.3. SUSTAINABLE USE OF RESOURCES

2.3.1. Water consumption and supply according to local constraints

Water consumption is analyzed based on the following:

- process requirements: use of water for cleaning purposes (tanks, products, equipment, floors), air conditioning, employees, product manufacturing, etc.; such water consumption generates waste water;

- agricultural requirements: water consumption for vine irrigation outside France, as irrigation is not used in France for the Group's vineyards. As such, water is taken directly from its natural environment for irrigation purposes. Its consumption varies each year according to changes in weather conditions. However, it is worth noting that the measurement by the sites of water consumption for agricultural purposes is less precise than the measurement of process water consumption.

<i>(in m³)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Process requirements	2,682,675	336,574
Agricultural requirements (vine irrigation)	6,873,089	1,096,402

Water consumption by retail sales areas excluded from the reporting scope (75% of total retail space) is estimated at 1,467,000 cubic meters, calculated by applying the average consumption per square meter to unreported areas.

Water consumption for process requirements can be broken down as follows, per business group:

Water consumption by business group

<i>(in m³)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Process requirements		
Christian Dior Couture	44,530	6,456
Wines and Spirits	1,473,501	211,413
Fashion and Leather Goods	624,394	29,566
Perfumes and Cosmetics	161,414	29,077
Watches and Jewelry	29,346	3,631
Selective Retailing	307,308	54,269
Other activities	42,182	2,162
TOTAL	2,682,675	336,574

An in-depth analysis of sensitivity to local constraints was carried out at each Group company using Pfister's 2009 water scarcity index and the 2012 Aquastat database. This analysis was based on measurements of each geographic area's sensitivity, obtained by comparing water consumption to available resources at the local level. Four Group companies with significant water consumption at the Group level were identified in areas where water stress is close to 100%, i.e. where water requirements are close to the level of resources available:

- the vineyards of Cheval des Andes and Terrazas de Los Andes, which represent 93% of the Group's agricultural water requirements;
- the vineyards of Domaine Chandon California and Newton, which represent 3% of the Group's agricultural water requirements.

Vineyard irrigation is an authorized and supervised practice in California and Argentina due to the climate. It is essential for the preservation of vines. The Group has also taken measures to limit water consumption: recovery of rain water, drafting of agreements on measures and specifications with respect to water requirements, standardized drip method of irrigation, weather forecasts for optimized irrigation or adoption of the "reduced loss irrigation" technique, which reduces water consumption and actually improves the quality of the grapes and the size of the vine, yielding an enhanced concentration of aroma and color.

Packaging that reaches customers

<i>(in metric tons)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Christian Dior Couture	513	70
Wines and Spirits	147,415	30,083
Fashion and Leather Goods	5,964	1,071
Perfumes and Cosmetics	22,973	3,391
Watches and Jewelry	430	81
Selective Retailing	2,442	274
TOTAL	179,737	34,970

2.3.2. Raw material consumption

The main raw materials consumed by the Group are:

- grapes (see §2.3.4. Soil use);
- leathers, raw lamb and calf skins, and exotic leathers (see §5. Protecting biodiversity);
- essential oils (see §5. Protecting biodiversity);
- precious metals and gemstones (see §2.1.1. Evaluation and certification programs and organization);
- regulated chemicals. All Group companies have therefore integrated the requirements of the REACH Commission Regulation into their contractual documents in order to engage all suppliers in this undertaking.

The only significant, relevant criterion used by all Group companies for the analysis of raw material consumption is the quantity, measured in metric tons, of primary and secondary packaging used for consumer goods that reaches customers:

- Christian Dior Couture: boutique bags, pouches, cases, etc.
- Wines and Spirits: bottles, boxes, caps, etc.
- Fashion and Leather Goods: boutique bags, pouches, cases, etc.
- Perfumes and Cosmetics: bottles, cases, etc.
- Watches and Jewelry: cases and boxes, etc.
- Selective Retailing: boutique bags, pouches, cases, etc.

The packaging used for transport is excluded from this analysis.

Breakdown of the total weight of packaging that reaches customers, by type of material, as of June 30, 2014

<i>(in metric tons)</i>	Glass	Paper- cardboard	Plastic	Metal	Fabric	Other packaging material
Christian Dior Couture	-	471	34	-	8	-
Wines and Spirits	124,645	19,026	1,164	1,194	49	1,337
Fashion and Leather Goods	-	5,171	42	1	686	64
Perfumes and Cosmetics	12,235	3,531	5,065	1,289	106	747
Watches and Jewelry	-	138	194	18	7	73
Selective Retailing	273	1,043	1,067	58	1	-
TOTAL	137,153	29,380	7,566	2,560	857	2,221

Group companies have adapted different tools and training to ensure that there is optimum consideration of the environment in product design. During the 2013/2014 fiscal year, Edibox was deployed at Parfums Christian Dior, Guerlain, LVMH Fragrance Brands, Make Up For Ever, Louis Vuitton and Bulgari in order to integrate environmental concerns into the early design stages for packaging. It enables the Environmental Performance Index (EPI) and the greenhouse gas emissions generated by packaging materials to be calculated. The launch of this new tool provided an opportunity to raise awareness among the marketing and development teams. The champagne houses, which have also implemented the EPI, have made significant progress. The production of all new boxes and cases is based on reducing the weight of their packaging, using materials made from renewable resources and recycling the products at the end of their lifecycles. The champagne houses have thus reduced the weight of their bottles and development teams only select materials sourced from FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification) forests. These seals of approval guarantee that the forests are managed sustainably. From now on, new boxes will be fully recyclable, with their constituent materials being easily separable or made from plant-based substances (wood, 100% biodegradable potato starch, etc.).

2.3.3. Energy consumption, measures taken to improve energy efficiency and renewable energy use

Energy consumption corresponds to primary energy sources (such as fuel oil, butane, propane and natural gas) added to secondary energy sources (such as electricity, steam and ice water) mainly used for the implementation of manufacturing processes in addition to buildings and stores' air conditioning and heating systems.

As of June 30, 2014, the subsidiaries included in the reporting scope consumed 809,371 MWh provided by the following sources: 68% electricity, 19% natural gas, 5% heavy fuel oil, 3% fuel oil, 2% renewable energies, 1% butane/propane, 1% steam, and 1% ice water.

This consumption corresponds in decreasing order of use to Selective Retailing, for 32%, Wines and Spirits, for 26%, Fashion and Leather Goods, for 23%, and Perfumes and Cosmetics, for 10% and finally Christian Dior Couture, for 4%. The remaining 5% was generated by Watches and Jewelry and the Other activities of the Group.

Energy consumption by retail sales areas excluded from the reporting scope, representing 47% of total retail space, is estimated at 294,842 MWh.

Energy consumption by business group

<i>(in MWh)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Christian Dior Couture	34,050	4,714
Wines and Spirits	212,303	32,178
Fashion and Leather Goods	186,968	27,419
Perfumes and Cosmetics	79,006	10,958
Watches and Jewelry	22,028	2,701
Selective Retailing	255,431	38,816
Other activities	19,585	1,903
TOTAL	809,371	118,689^(a)

(a) This indicator does not include Berluti, Château Cheval Blanc, Chaumet, Hublot or Marc Jacobs.

Consumption by energy source as of June 30, 2014

<i>(in MWh)</i>	Electricity	Natural gas	Fuel oil	Heavy fuel oil	Butane Propane	Steam	Ice water	Renewable energies
Christian Dior Couture	30,190	1,608	166	-	-	2,086	-	-
Wines and Spirits	72,806	76,018	19,740	38,045	5,056	-	-	638
Fashion and Leather Goods	151,344	26,200	3,289	-	3,761	1,121	549	704
Perfumes and Cosmetics	47,929	30,047	292	-	-	398	-	340
Watches and Jewelry	11,329	5,124	407	-	-	-	-	5,168
Selective Retailing	228,374	9,206	1,234	-	-	6,646	1,281	8,690
Other activities	11,494	3,727	528	-	18	356	3,462	-
TOTAL	553,466	151,930	25,656	38,045	8,835	10,607	5,292	15,540

Bilan Carbone® assessments and energy audits provide insights that Group companies can use to develop suitable strategies for reducing energy consumption. A variety of solutions are being implemented by Group companies with regard to store lighting and air conditioning, transport, energy efficiency, and the promotion of renewable energy sources. During the 2013/2014 fiscal year, TAG Heuer built a new factory in Chevenez, Switzerland, and fitted more than 600 sq.m of solar panels on the roof, with an annual capacity of 86,400 kWh.

In 2012, LVMH set up the Store Lighting Working Group in order to focus on the regulatory, technical and energy consumption issues in stores. Its goal is to consolidate efforts to reduce energy consumption, particularly in relation to lighting. LED technology is an efficient means of reducing energy consumption and CO₂ emissions. This type of light is also better suited to showcasing Group companies' products. Therefore, in September 2013 LVMH launched the LVMH Lighting program, whose objective is to secure and optimize the sourcing of high-performance lighting equipment for stores, production and storage sites, and office space. In addition to promoting LED technology, the LVMH Lighting program aims to ensure

that lights meet Group companies' demands for exceptional quality. A dozen pilot stores of different sizes and in different geographical areas were selected, and fitted with measuring points in order to determine the most efficient methods for reducing energy consumption.

2.3.4. Soil use

Soil pollution arising from old manufacturing facilities (cognac, wine and champagne production, trunk production) is insignificant. The more recent production facilities are generally located on farmland with no history of pollution. The Group's manufacturing operations require very little soil use, except for wine production.

The Group's Wines and Spirits houses are doubly committed to sustainable viticulture, for reasons both historic and strategic. They are pursuing a variety of initiatives in eco-conscious and organic farming that drastically reduce the need for phytosanitary products with a high environmental impact. The champagne houses obtained Certiphyto accreditation for their

use of vineyard treatments at their grape-growing sites, while Hennessy adopted a process designed to reduce the use of phytosanitary products. Since January 2011, Hennessy vineyards have been selected by the French government as benchmarks for its Ecophyto 2018 plan. An action plan has been put in place

on these parcels, and during the 2013/2014 fiscal year the use of treatment products was reduced by 60%. Insect mating disruption is being used experimentally as an alternative to insecticides for protecting grapevines against pests.

2.4. COMBATING AND ADAPTING TO CLIMATE CHANGE

2.4.1. Reducing greenhouse gas emissions

Given the nature of the Group's operations, the only emissions that have a significant impact on the environment are greenhouse gas emissions.

Estimated greenhouse gas emissions in tons of CO₂ (carbon dioxide) equivalent correspond to the site energy consumption emissions, as defined in §2.3.3. Energy consumption, measures taken to improve energy efficiency and renewable energy use. These include direct and indirect emissions (scope 1 and 2). Emissions caused by transport (scope 3) are presented separately:

- upstream transport: movement of raw materials and product components to the production sites. Only the main materials and components are taken into account;
- downstream transport: movement of finished products from the production sites to distribution platforms.

CO₂ emission factors are updated every year for each energy source, notably for electricity. This update may lead to significant changes. The main scope 1 and 2 greenhouse gas emission reduction initiatives involve reducing the amount of energy used for lighting and air conditioning, and optimizing the energy consumed by manufacturing processes.

Breakdown of emissions by business group as of June 30, 2014

	CO ₂ emissions June 30, 2014 (12 months)	Of which		CO ₂ emissions June 30, 2013 (2 months)
		% direct CO ₂ emissions	% indirect CO ₂ emissions	
<i>(in metric tons of CO₂ equivalent)</i>				
Christian Dior Couture	15,407	2	98	2,224
Wines and Spirits	48,276	68	32	7,437
Fashion and Leather Goods	65,890	11	89	9,414
Perfumes and Cosmetics	11,754	53	47	1,770
Watches and Jewelry	3,442	34	66	387
Selective Retailing	96,447	2	98	13,949
Other activities	2,930	31	69	366
TOTAL	244,146	21	79	35,547

Greenhouse gas emissions generated by retail space excluded from the reporting scope (47% of total retail space) are estimated at 148,739 metric tons of CO₂ equivalent based on extrapolated energy consumption levels. The Group has long stressed the importance of addressing climate change in its business activities, having carried out its first Bilan Carbone® assessments at the following Group companies in 2002: Christian Dior Couture, Moët & Chandon, Veuve Clicquot, Hennessy, Parfums Christian Dior, Guerlain, Parfums Kenzo, Parfums Givenchy, Givenchy, Make Up For Ever, DFS, Sephora and Le Bon Marché. Greenhouse gas emissions are retested using this assessment protocol every three years. In 2012, LVMH set up the Store Lighting Working Group in order to focus on the regulatory, technical and energy consumption issues in stores. See §2.3.3. Energy consumption, measures taken to improve energy efficiency and renewable energy use.

A number of Group companies use tools to measure and reduce the emissions generated by their logistics chains. For example, Loewe has implemented an internal tool that maps and manages the carbon footprint of international transport from its production facility in Madrid. Likewise, since January 2013 Louis Vuitton has developed a tool for calculating CO₂ emissions that enables it to monitor, in real time and for each affected route, the emissions produced by the freight transport of leather goods and accessories that pass through its Cergy Eole central depot. Finally, since 2008 Guerlain has employed a tool that monitors, on a monthly basis, its overall ratio of maritime transport for each geographic area. The results are examined by Guerlain's Executive Committee. A report that compares the cost and CO₂ assessments to the objective set for the current year is distributed to all entities. The maritime ratio target of 60% has been achieved since 2012. Synergies have been implemented within each business group in order to pool transport services.

Distribution of greenhouse gas emissions generated by upstream transport as of June 30, 2014

<i>(in metric tons of CO₂ equivalent)</i>	Road	Rail	Air	Maritime	Total
Christian Dior Couture	197	-	218	-	415
Wines and Spirits	13,422	32	47	228	13,729
Fashion and Leather Goods	7,303	-	4,183	1	11,487
Perfumes and Cosmetics	22,541	-	7,543	166	30,250
Watches and Jewelry	6	-	907	1	914
Selective Retailing	-	-	-	-	-
TOTAL	43,469	32	12,898	396	56,795

Distribution of greenhouse gas emissions generated by downstream transport as of June 30, 2014

<i>(in metric tons of CO₂ equivalent)</i>	Road	Rail	Air	Maritime	Total
Christian Dior Couture	128	-	24,462	-	24,590
Wines and Spirits	23,947	392	3,016	16,858	44,213
Fashion and Leather Goods	320	6	88,169	2,369	90,864
Perfumes and Cosmetics	3,906	-	117,076	971	121,953
Watches and Jewelry	17	-	6,074	-	6,091
Selective Retailing	1,997	-	8,590	-	10,587
TOTAL	30,315	398	247,387	20,198	298,298

Bulgari, Céline, Château Cheval Blanc, Château d'Yquem, Chaumet, Les Echos, Hublot, Le Bon Marché, Marc Jacobs and Thomas Pink did not report their data for this indicator.

2.4.2. Adapting to climate change

Over the course of the 2013/2014 fiscal year, the Christian Dior group also considered the different issues with regard to adapting to climate change. In the medium term, developing viticulture practices is the main component of the Group's adaptation

strategy. Several solutions are available for European vineyards depending on the extent of climate change, from altering harvest dates to developing different methods of vine management (wider rows, increasing the size of vine stocks, employing irrigation in certain countries, etc.) and testing new grape varieties. For vineyards in Argentina and California, the main issue is the availability of water (cf. §2.3.1. Water consumption and supply according to local constraints). Finally, according to current scientific knowledge, vineyards in New Zealand and western Australia are the least susceptible to climate change.

2.5. PROTECTING BIODIVERSITY

The Christian Dior group has a strategy in place for sourcing and preserving raw materials. Choosing components for product manufacturing is an essential part of preserving the environment, in particular rare resources that are vital for this type of manufacturing, such as leather and essential oils.

In 2013, LVMH launched a project to improve the impact of LVMH's activities on biodiversity, from upstream to downstream, in its capacity as a company recognized by the French government within the National Strategy for Biodiversity. Several projects are currently being run by the Perfumes and Cosmetics, Fashion and Leather Goods, and Watches and Jewelry business groups, such as carrying out audits of procedures to examine whether our practices conform to the Nagoya Protocol on Access and Benefit-sharing, or developing new sourcing procedures that are responsible and fair, for example for gold and cashmere.

Fashion and Leather Goods, as well as Watches and Jewelry, implemented procedures to ensure that all of their products comply with the terms of the requirements of international trade in endangered species (CITES). Through a system of import-export permits, this convention was set up to prevent certain species of endangered fauna and flora against overexploitation.

Leather sourcing is a strategic priority, and Group companies mainly use European cowhide leather. Group companies participate in working groups such as the Responsible Ecosystems Sourcing Platform (RESP), the Leather Working Group (LWG) and Business for Social Responsibility (BSR). They work with their suppliers to improve traceability, animal well-being and the preservation of certain species.

The Research & Development teams of the Perfumes and Cosmetics business group have been working in the field of ethnobotany for a number of years. They seek to identify plant species with a particular interest as components of cosmetics products while contributing to the preservation of these species and to local economic development. In recognition of its engagement in Ouessant (off the coast of Brittany) in protecting the European dark bee, whose honey is used in the *Abeille Royale* product range, Guerlain received the "Coup de cœur" Sustainable Development and Corporate Sponsorship trophy in 2013 from the French Ministry of the Environment, Sustainable Development and Energy.

The Wines and Spirits business group is active in sustainable winegrowing, notably for the purposes of reducing pesticide use (see §2.3.4. Soil use).

2.6. CONSUMER HEALTH AND SAFETY

The Group's policy concerning the sensitive issue of animal testing to evaluate the safety of finished products is clearly defined: its aim is to guarantee the safety of consumers who use our products while taking into account respect for animal life. It is for this reason that, since 1989, none of the Perfumes and Cosmetics companies have conducted tests on animals for the products they put on the market, thus well in advance of the official ban on animal testing imposed by European Union legislation in 2004. The development of alternatives to animal testing represents a genuine scientific challenge and the Group will continue to be very active in its efforts to rise to this challenge.

Furthermore, the European Union regulatory framework for cosmetics changed with the adoption on November 30, 2009 of Regulation (EC) No 1223/2009 of the European Parliament and of the Council on cosmetic products. This text, all of whose provisions entered into application in July 2013, replaces 76/768/EEC. The main objective of the Commission's legislation is to further raise the already high level of safety for cosmetic products:

- by reinforcing the manufacturer's responsibility through more explicit minimum requirements in the area of product safety assessment;
- by reinforcing market surveillance through the obligation to notify the competent authorities of serious undesirable effects.

The Group implemented procedures and initiatives to ensure that it was ready when the new regulation entered into force in July 2013. These initiatives are becoming more essential than ever, especially since cosmetics regulations are giving rise to an increasing amount of legislation worldwide. Other European regulations have entered into force, some relatively recently, and have been integrated into the Group's processes:

- the GHS (Globally Harmonized System), which aims to harmonize the classification and labeling of chemicals;
- the Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), which streamlines and improves the European Union's pre-existing legislative framework on chemicals. The main aims of REACH are to ensure a high level of protection of human health and of the environment against the risks that can be posed by chemicals, to promote alternative testing methods and the free circulation of substances on the internal market, and to enhance competitiveness and innovation.

The Group remains particularly vigilant to ensure continuing compliance with regulatory requirements, while monitoring the opinions of scientific committees, and the recommendations of industry associations. Moreover, products must abide by a set of strict internal guidelines imposed by the Group as criteria for their development. The Group also requires that its suppliers adhere to these same guidelines.

Honoring its commitments in this area for the last several years, the Group has accompanied this policy with an approach that aims to anticipate developments in international regulations. This anticipatory perspective is made possible thanks to the efforts of our experts, who regularly take part in the workgroups of national and European authorities and are very active in professional organizations. Ongoing monitoring of changes in regulatory frameworks and the development of scientific knowledge by the Group's experts has led the Group to prohibit the use of some substances and make efforts to reformulate some of its products.

These extremely high standards allow us to guarantee the safety of our cosmetic products, not only when the products are released into the market, but also throughout their whole commercialization period. A client relation network set up by the Group handles the analysis of all claims received from consumers and ensures the cosmetovigilance of our products. Any claim, whether relating to a simple intolerance or a severe allergic reaction, is given due consideration by a specialized team and evaluated by a professional. Visits to a dermatologist may be offered to consumers. Furthermore, the analysis of these claims and the

review of cosmetovigilance cases prompts us to explore new areas of research and improve the quality of our products.

During the course of the fiscal year, Moët Hennessy continued its commitment to responsible consumption. Its efforts in this area are directed at employees, consumers, guests and visitors.

For the benefit of consumers, Moët Hennessy not only adheres scrupulously to local regulations, it also self-regulates, especially in terms of information and communication, by implementing a Code of Good Practices for Marketing and Communications, guidelines for online communication, website filters to keep out underage viewers, etc. Each year, teams are deployed worldwide to teach hundreds of people how to properly enjoy the company's products for their aesthetic, cultural, gastronomic and historical value.

All wine bottles sold in the EU (except in France, for regulatory reasons) are labeled www.wineinmoderation.eu, and all spirits are labeled www.responsible drinking.eu. Lastly, Moët Hennessy actively supports numerous responsible drinking programs around the world, such as Wine in Moderation, ICAP initiatives, etc.

3. INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED WORKFORCE, ENVIRONMENTAL AND SOCIAL INFORMATION

To the Shareholders,

In our capacity as Independent Verifier accredited by COFRAC⁽¹⁾ under number 3-1050 and a member of the network of one of the Statutory Auditors of Christian Dior, we present our report on consolidated workforce, environmental and social information for the fiscal year ended June 30, 2014, as presented in the Management Report, hereafter referred to as the "CSR Information," pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

Responsibility of the Company

The Board of Directors is responsible for the preparation of the Management Report including CSR Information in accordance with the requirements of Article R. 225-105-1 of the French Commercial Code, as required by the Company's internal reporting standards (the "Guidelines"), which are summarized in the Management Report and available at the LVMH group's Human Resources and Environmental departments.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions of Article L. 822-11 of the French Commercial Code. In addition, we have implemented a quality control system, including documented policies and procedures designed to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the Independent Verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the Management Report or, in the case of its omission, that an explanation has been provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of presence of CSR Information);
- to express a limited assurance conclusion that, taken as a whole, the CSR Information is fairly presented, in all material aspects, in accordance with the Guidelines (Limited assurance on CSR Information).

Our work was undertaken by a team of three people between June 2014 and the date at which our report was signed, over a period of approximately three weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of May 13, 2013 determining the conditions under which an Independent Verifier should conduct its mission, and with regard to the opinion on the CSR Information's truth and fairness, in accordance with the ISAE 3000 international standard⁽²⁾.

1. Attestation of presentation of CSR Information

On the basis of interviews conducted with the management of the departments concerned, we obtained an understanding of the presentation of the Company's sustainable development strategy, which is based on the social and environmental consequences linked to the Company's activities and its societal commitments, as well as, where applicable, any resulting actions or programs.

We compared the CSR Information presented in the Management Report with the list specified in Article R. 225-105-1 of the French Commercial Code.

In the absence of certain consolidated information, we verified that the explanations were provided in accordance with the provisions of Article R. 225-105-1 paragraph 3 of the French Commercial Code.

(1) Scope available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

We verified that the CSR Information covers the consolidated perimeter, namely the Company and its subsidiaries within the meaning of Article L. 223-1 and the controlled entities within the meaning of Article L. 233-3 of the French Commercial Code, within the limits specified in the methodology note presented at the beginning of the “Group reporting on employee-related issues” and “Effects of operations on the environment” sections of the Management Report.

Based on this work, and given the limitations mentioned above, we confirm the presence of the required CSR Information in the Management Report.

2. Opinion on the CSR Information’s truth and fairness

Nature and scope of work

We undertook approximately ten interviews with the people responsible for preparing the CSR Information at the departments in charge of the data collection process and, if applicable, the people responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, where applicable, any industry standards;
- verify the implementation of the process for collecting, compiling, processing and verifying the CSR Information for completeness and consistency and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and verifications based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its activities’ social and environmental issues, its strategy with regard to sustainable development and industry best practices.

During our assessments we referred back to work done for the subsidiary LVMH, a listed company that is also governed by the provisions of Article L. 225-102-1 of the French Commercial Code.

For the CSR Information which we considered to be the most important⁽³⁾:

- at the level of the consolidated entity and the controlled entities, concerning environmental information, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and verified their coherence and consistency with the other information presented in the Management Report; concerning workforce information, we referred back to the Company’s internal control work;
- at the level of the representative sample of entities that we selected based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and carried out detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected represented an average of 28% of the workforce and between 39% and 98% of the quantitative environmental information.

For the other consolidated CSR Information, we assessed its consistency in relation to our knowledge of the Company.

Finally, we assessed the relevance of the explanations provided, where applicable, in response to the partial or complete absence of certain information.

We consider that the sampling methods and sample sizes that we applied using our professional judgment allow us to formulate a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the application of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

(3) **Environmental and social information:** general environmental policy, preventive, reduction and compensatory measures for discharges into the air, water and soil having a serious environmental impact; waste prevention, recycling and elimination measures, water consumption and water supply considering local constraints, raw material consumption and measures undertaken to enhance resource efficiency; energy consumption, measures undertaken to improve energy efficiency and to promote the use of renewable energy, release of greenhouse gases, measures undertaken to develop biodiversity; number of suppliers audits and their geographical breakdown; relation with third parties (relationships with suppliers, territorial impact with regard to employment, regional development, promotion of education and relations with educational institutions and associations promoting social and professional integration); consumer health and safety.

Workforce information: total headcount as of June 30 and breakdown by age and geographic region; voluntary and involuntary staff turnover; hiring; lost time accidents; frequency rate; severity rate; percentage of employees trained during the year (as %); number of days of training per employee; absence rate by reason for absence; proportion of women hired and in the Group’s workforce; employee relations.

Conclusion

Based on our work, we have not identified any significant misstatement that may have caused us to believe that the CSR Information, taken as a whole, has not been fairly presented in compliance with the Guidelines.

Observations

Without qualifying our conclusion above, we draw your attention to the following points:

- Quantitative environmental information was calculated based on restated information for the fiscal year ended December 31, 2013. The methodology used to prepare these estimates is described in the introduction to the section of the Management Report entitled “Effects of operations on the environment”.
- As specified for the “Chemical Oxygen Demand” indicator presented in the “Effects of operations on the environment” section of the Management Report, the measurement frequency of the highest contributing Group companies complies with local regulations but remains limited with regard to the variations observed in released quantities.
- Regarding the “Percentage of waste recovery” indicator, traceability of waste treatment channels is not systematically ensured.

Paris-La Défense, October 10, 2014

The Independent Verifier
ERNST & YOUNG et Associés

Sustainable Development Partner
Éric Mugnier

Partner
Bruno Perrin

This is a free translation into English of the Independent Verifier's report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Report of the Board of Directors on the exceptional distribution in kind of Hermès International shares

1.	Amendment of the Bylaws	92
2.	Allocation of retained earnings to the Optional Reserve account	92
3.	Distributions in kind of Hermès International shares	93
3.1.	Features of the Distribution in Kind	93
3.2.	Features of the Interim Dividend	94
3.3.	Protection of the holders of stock options and bonus shares	94
3.4.	Impact of the distributions of Hermès shares by LVMH, Financière Jean Goujon and Christian Dior on Christian Dior's consolidated equity, net profit and debt	95

Christian Dior

Report of the Board of Directors on the exceptional distribution in kind of Hermès International shares
Amendment of the Bylaws. Allocation of retained earnings to the Optional Reserve account

On September 2, 2014, under the aegis of the President of the Commercial Court of Paris, LVMH Moët Hennessy-Louis Vuitton (“LVMH”), Christian Dior (“**Christian Dior**”), Financière Jean Goujon (“**Financière Jean Goujon**”) and Hermès International (“**Hermès**”) entered into a settlement agreement aimed at restoring a climate of positive relations among them (the “**Settlement Agreement**”).

According to the terms of the Settlement Agreement, LVMH has agreed to distribute to its shareholders all of the Hermès shares held by the LVMH group; Christian Dior, which currently holds 40.9% of LVMH’s share capital through its wholly-owned subsidiary Financière Jean Goujon, has also agreed to distribute the Hermès shares that it will receive from LVMH (indirectly through Financière Jean Goujon) to its own shareholders.

Pursuant to the Settlement Agreement:

- LVMH, Financière Jean Goujon and Christian Dior and their respective subsidiaries have agreed not to acquire any Hermès shares during a five-year period as from the date on which all of the Hermès shares representing rights to fractional shares or non-distributed Hermès shares have been sold; and

- Mr. Bernard Arnault has agreed over the same aforementioned five-year period, on his own behalf and that of the companies which he controls or will control directly or indirectly as defined under Article L. 233-3 of the French Commercial Code (Code de commerce), not to hold, either on his own or jointly, directly or indirectly, a number of Hermès shares exceeding that which he will receive under the distributions, which will represent approximately 8.5% of Hermès share capital.

The terms and conditions of the distribution of Hermès shares by LVMH to its shareholders, and by Christian Dior to its own shareholders, are set forth in the press releases published on November 3, 2014 by LVMH and Christian Dior, respectively, which are available on the website of each of these companies (www.lvmh.com and www.dior-finance.com).

Following the completion of these transactions, LVMH, Financière Jean Goujon and Christian Dior will no longer hold any Hermès shares with the exception of Hermès shares representing rights to fractional interests or non-distributed shares due to the distribution ratios used. These shares will be sold no later than September 3, 2015.

We have convened this Shareholders’ Meeting to submit to your approval the decisions which will allow the implementation of the Settlement Agreement.

1. Amendment of the Bylaws

In order, in particular, to implement the distribution of Hermès shares provided for in the Settlement Agreement, we propose that Article 26 of the Bylaws relating to distributable earnings be amended to provide for the possibility to (i) carry out the exceptional distribution of assets recorded in the balance sheet

of the Company, in particular securities, by taking sums from the profits, retained earnings, reserves or premiums and (ii) distribute interim dividends, in cash or in kind, in particular through the allocation of assets recorded in the balance sheet of the Company (including securities).

2. Allocation of retained earnings to the Optional Reserve account

Given the exceptional nature and amount of the distribution of Hermès shares on which the Shareholders’ Meeting is convened to decide, we propose that all of the amounts recognized in the retained earnings account after the appropriation of earnings of the fiscal year ended June 30, 2014, including the amounts

not distributed in respect of treasury shares at the time of the 2013/2014 interim dividend, i.e. 159,466,074.97 euros, be allocated to the Optional Reserve account which will therefore amount to 240,095,879.87 euros.

3. Distributions in kind of Hermès International shares

The exceptional distribution which is submitted to your approval and the distribution of the interim dividend which will be carried out subject to the decision of Christian Dior's Board of Directors are contingent upon LVMH's and Financière Jean Goujon's prior approval of the distribution of Hermès shares to their respective shareholders according to the following terms:

- LVMH's Combined Shareholders' Meeting to be held on November 25, 2014 will decide on an exceptional distribution in kind of Hermès shares to its shareholders, including Financière Jean Goujon (the "LVMH Exceptional Distribution"); and

- Financière Jean Goujon's Chairman will decide on November 26, 2014 to distribute to Christian Dior, its sole shareholder, all of the Hermès shares received in connection with the LVMH Exceptional Distribution as an interim dividend (the "FJG Interim Dividend").

The detachment and the payment of both the LVMH Exceptional Distribution and the FJG Interim Dividend will both occur on December 17, 2014.

3.1. FEATURES OF THE DISTRIBUTION IN KIND

Provided that the LVMH Exceptional Distribution, on the one hand, and the FJG Interim Dividend, on the other hand, have been approved, we propose that you decide, contingent upon the effective payment of the LVMH Exceptional Distribution and the FJG Interim Dividend, an exceptional distribution in kind of Hermès shares offering one (1) Hermès share for twenty-three (23) Christian Dior shares held (the "Distribution in Kind").

The Distribution in Kind will be detached and paid on December 17, 2014.

Christian Dior shareholders whose shares have been recorded in the accounts in their name at the end of the trading day preceding the date of detachment and payment, i.e. December 16, 2014 (after taking into account orders executed during the day of December 16, 2014, even if these orders are settled and delivered after the date of detachment), will be entitled to receive the Distribution in Kind. In the case of a division of ownership of the shares, the beneficiary of the Distribution in Kind will be the bare owner. Christian Dior shares held in treasury at the date of detachment of the Distribution in Kind will not be eligible for the Distribution in Kind.

The amount corresponding to the Distribution in Kind will be determined by using the Hermès opening share price on December 17, 2014, i.e. the payment date, and will not exceed the amount of retained earnings, reserves and premiums distributable in accordance with current laws and regulations (assuming that the amount of shares held in treasury by Christian Dior compared to the amount on October 20, 2014 remains stable and that Christian Dior's Shareholders' Meeting approves the appropriation of earnings for the fiscal year ended on June 30, 2014, the distributable amount after the final dividend would be 2,169 million euros and the amount of the Distribution in Kind would be 1,796 million euros, on the assumption of (i) a distribution of 7,777,166 Hermès shares and (ii) a Hermès share price equal to 230.95 euros, i.e. the Hermès closing share price on October 20, 2014).

In the event that (i) LVMH's Board of Directors adjusts the distribution ratio set by its Shareholders' Meeting in such a manner that Christian Dior receives less than 7,777,166 Hermès shares from Financière Jean Goujon or (ii) the Distribution in Kind exceeds the authorized ceiling set forth above on the basis of the Hermès opening share price on the payment date, Christian Dior's Board of Directors will have all powers to adjust the aforementioned distribution ratio so that this distribution does not exceed the number of available Hermès shares nor such ceiling (this would be the case if the Hermès opening share price on the payment date exceeded 278.90 euros based on a distributable amount of 2,169 million euros and assuming that all the Hermès shares were distributed). In the event that the ratio for the Distribution in Kind is adjusted, Christian Dior will publish a press release on the morning of the payment date once the Hermès opening share price is ascertained.

Rights forming fractional shares shall neither be tradable nor assignable. As a consequence, if the allocation to which a shareholder is entitled is not a whole number of Hermès shares due to the distribution ratio used (i.e. a holding of Christian Dior shares lower than 23 or which does not correspond to a multiple of 23), the shareholder shall receive the number of Hermès shares immediately below this amount, together with a cash payment for the balance to be paid by Christian Dior, the amount of which will be calculated in proportion to the Hermès opening share price on December 17, 2014. Shareholders with less than 23 Christian Dior shares at December 16, 2014 will therefore solely receive a balance payment in cash.

From an accounting standpoint, the total amount corresponding to the Distribution in Kind as defined above, i.e. the number of distributed Hermès shares (whether they are delivered to Christian Dior shareholders or sold, in particular, because of fractional shares) multiplied by the opening share price on December 17, 2014, shall be deducted in order of priority from the Optional Reserve account, and for the surplus, from the Share Premium account.

3.2. FEATURES OF THE INTERIM DIVIDEND

Provided that (i) the Christian Dior's Bylaws have been amended in order to authorize the distribution of dividends in kind and interim dividends in kind, (ii) the LVMH Exceptional Distribution, on the one hand, and the FJG Interim Dividend, on the other hand, have been approved, (iii) the Distribution in Kind has been approved by the Christian Dior Combined Shareholders' Meeting to be held on December 9, 2014, and (iv) an interim balance sheet certified by the Statutory Auditors shows a sufficient amount of distributable earnings and on the basis of the ratio used in the Distribution in Kind, Christian Dior's Board of Directors will decide on December 11, 2014 to distribute to Christian Dior shareholders, subject to the effective payment of the LVMH Exceptional Distribution and the FJG Interim Dividend, an interim dividend in kind, with respect to the current fiscal year, by allocating Hermès shares at a ratio of one (1) Hermès share for seventy-six (76) Christian Dior shares held (the "Interim Dividend"). This distribution ratio keeps to a minimum the number of Hermès shares not distributed.

In consideration of the information set forth in paragraph 3.1 above, the Interim Dividend would include 2,353,616 Hermès shares.

The Interim Dividend will be detached and paid on December 17, 2014.

Christian Dior shareholders whose shares have been recorded in the accounts in their name at the end of the trading day preceding the date of detachment and payment, i.e. December 16, 2014 (after taking into account orders executed during the day of December 16, 2014, even if these orders are settled and delivered after the date of detachment), will be entitled to receive the Interim Dividend. In the case of a division of ownership of the shares, the beneficiary of the Interim Dividend will be the usufructuary. Christian Dior shares held in treasury at the date of detachment of the Interim Dividend will not be eligible to receive the Interim Dividend.

The amount corresponding to the Interim Dividend will be determined by using the Hermès opening share price on the payment date.

Rights forming fractional shares shall neither be tradable nor assignable. As a consequence, if the allocation to which a shareholder is entitled is not a whole number of Hermès shares

due to the distribution ratio used (i.e. a holding of Christian Dior shares lower than 76 or which does not correspond to a multiple of 76), the shareholder shall receive the number of Hermès shares immediately below this amount, together with a cash payment for the balance to be paid by Christian Dior, the amount of which will be calculated in proportion to the Hermès opening share price on December 17, 2014. Shareholders with less than 76 Christian Dior shares at December 16, 2014 will therefore solely receive a balance payment in cash.

In the event that, on the basis of the Hermès opening share price on December 17, 2014:

- (i) LVMH's Board of Directors adjusts the distribution ratio set by its Shareholders' Meeting so that Christian Dior receives less than 7,777,166 Hermès shares in connection with the FJG Interim Dividend or (ii) the Distribution in Kind exceeds the authorized ceiling set forth above in paragraph 3.1, Christian Dior's Board of Directors will adjust as appropriate the ratio set by the Shareholders' Meeting for the Distribution in Kind so that this distribution does not exceed the number of available Hermès shares nor such ceiling;
- Christian Dior's Board of Directors adjusts the distribution ratio set by the Combined Shareholders' Meeting so that the Distribution in Kind includes less than 7,777,166 Hermès shares, Christian Dior's Board of Directors will also adjust as appropriate the ratio set for the Interim Dividend so that a maximum of Hermès shares are allocated to Christian Dior shareholders.

In the event that the ratio for the Interim Dividend is adjusted, Christian Dior will publish a press release on the morning of the payment date once the Hermès opening share price is ascertained.

Using the theoretical assumption that there are no fractional shares (and therefore no balance payment in cash) or adjustments of the distribution ratio, Christian Dior would hold post-Interim Dividend 6,842 Hermès shares (calculated on the basis of the number of shares comprising Christian Dior's share capital less the number of shares held in treasury at October 20, 2014), it being specified that pursuant to the provisions of the Settlement Agreement, Christian Dior has agreed to sell these shares no later than September 3, 2015.

3.3. PROTECTION OF THE HOLDERS OF SHARE PURCHASE OPTIONS AND BONUS SHARES

In order to preserve the rights of the holders of share purchase options in effect and of the beneficiaries of bonus shares the vesting period of which has not expired, we propose that you grant all powers to the Board of Directors to adjust, in accordance with the principles set forth in Article R. 228-91 of the French Commercial Code, (i) the number and the price of the shares under option and (ii) the number of bonus shares awarded that are still in the vesting period by December 17, 2014.

Pursuant to the terms of the share purchase option plans in effect, the Board of Directors decided on October 16, 2014 to suspend the exercise of exercisable share purchase options beginning on November 21, 2014 and up until December 17, 2014.

3.4. IMPACT OF THE DISTRIBUTIONS OF HERMÈS SHARES BY LVMH, FINANCIÈRE JEAN GOUJON AND CHRISTIAN DIOR ON CHRISTIAN DIOR'S CONSOLIDATED EQUITY, NET PROFIT AND DEBT

3.4.1. Impact of the distributions of Hermès shares by LVMH, Financière Jean Goujon and Christian Dior on the Group share of Christian Dior consolidated equity

On the payment date, the distribution of Hermès shares made successively by LVMH, Financière Jean Goujon and Christian Dior will lead to a reduction in the Group share of Christian Dior consolidated equity, equal to the sum of:

- (i) the product of the number of Hermès shares distributed by Christian Dior (under the Distribution in Kind and the Interim Dividend) multiplied by the Hermès opening share price on the payment date;
- (ii) the taxes payable by the tax consolidation group consisting of Christian Dior and certain of its subsidiaries (including Financière Jean Goujon) under the LVMH Exceptional Distribution, the FJG Interim Dividend, the Distribution in Kind and the Interim Dividend;

(iii) the percentage of Christian Dior's interest in LVMH applied to the amount of the difference between:

1. the taxes payable by LVMH under the LVMH Exceptional Distribution, and
2. the deferred taxes related to the Hermès securities recognized by LVMH.

Furthermore, given that the Hermès shares were recorded in Christian Dior's consolidated financial statements at their market value, the Group share of Christian Dior consolidated equity will also vary since the most recent financial statements published as of June 30, 2014, in relation to the difference between the share price recorded at such date (i.e. 269.50 euros) and the Hermès opening share price on the payment date of the Distribution in Kind and the Interim Dividend.

The impact of this transaction and of the fluctuation in the Hermès share price on the Group share of Christian Dior consolidated equity compared to the consolidated balance sheet as of June 30, 2014, can therefore be summarized as follows (assuming an opening Hermès share price of 230.95 euros on the payment date of the Distribution in Kind and the Interim Dividend):

	Equity, Group share (EUR millions)	Equity per share, Group share ^(c) (EUR per share)
Position as of 06/30/2014	11,970	66.97
Impact (net of deferred taxes) of the change in the Hermès share price until the payment date ^(a)	(368)	(2.06)
Impact of the Distribution in Kind and Interim Dividend (including the taxes due and net of the reversal of deferred taxes) ^{(a) (b)}	(2,463)	(13.78)
Position post-Distribution in Kind and Interim Dividend	9,139	51.13

(a) By way of example, the Hermès opening share price on the payment date used in the table above is the Hermès closing share price on October 20, 2014, i.e. 230.95 euros per Hermès share.

(b) For the purposes of the calculation, it was assumed that all of the Hermès shares held by LVMH will be successively distributed by LVMH, Financière Jean Goujon and Christian Dior to their respective shareholders.

(c) Based on the number of shares comprising Christian Dior's share capital less treasury shares as of June 30, 2014, which amounted to 178,748,617.

3.4.2. Impact of the distributions of Hermès shares by LVMH, Financière Jean Goujon and Christian Dior on the Group share of Christian Dior consolidated net profit

The distribution of Hermès shares made successively by LVMH, Financière Jean Goujon and Christian Dior will have the following impacts on the Group share of Christian Dior consolidated net profit:

- (i) income equal to (a) the value of the Hermès shares distributed by Christian Dior (determined on the basis of the Hermès opening share price on the payment date), less (b) the total consolidated cost of the Hermès shares distributed;
- (ii) expenses related to taxes payable:
 - 1. by the tax consolidation group consisting of Christian Dior and certain of its subsidiaries (including Financière Jean Goujon) under the LVMH Exceptional Distribution,

the FJG Interim Dividend, the Distribution in Kind and the Interim Dividend, and

- 2. by LVMH under the LVMH Exceptional Distribution (in proportion to the percentage of Christian Dior's interest in LVMH).

On the basis of a Hermès share price of 230.95 euros and assuming that all of the Hermès shares held by LVMH are distributed by LVMH, Financière Jean Goujon and Christian Dior to their respective shareholders, the Group share of Christian Dior consolidated profit generated by these distributions would amount to 830 million euros pre-tax and 655 million euros post-tax.

Moreover, the distribution of Hermès shares made successively by LVMH, Financière Jean Goujon and Christian Dior will result in the exclusion, in the consolidated financial statements of Christian Dior, of the amount of the dividend received on a recurring basis from Hermès up until now. In respect of the 2013/2014 fiscal year, the Group share of profit net of tax with respect to this dividend amounted to 25 million euros. This exclusion will trigger the dilution of the Group share of net earnings per share as follows:

	Net profit, Group share (EUR millions)	Net earnings per share, Group share ^(b) (EUR per share)
Fiscal year ended June 30, 2014	1,425	7.97
Impact of the Distribution in Kind and Interim Dividend ^(a)	(25)	(0.14)
Position post-Distribution in Kind and Interim Dividend	1,400	7.83
Diluted earnings per share		-1.77%

(a) For the purposes of the calculation, it was assumed that all of the Hermès shares held by LVMH will be distributed successively by LVMH, Financière Jean Goujon and Christian Dior to their respective shareholders.

(b) Based on the average number of outstanding shares during the fiscal year ended June 30, 2014 (average number of shares comprising Christian Dior's share capital less treasury shares) i.e. 178,762,208 shares.

3.4.3. Impact of the distributions of Hermès shares by LVMH, Financière Jean Goujon and Christian Dior on Christian Dior's consolidated debt

The distributions of Hermès shares made successively by LVMH, Financière Jean Goujon and Christian Dior will have no impact on Christian Dior's consolidated net debt apart from the taxes arising therefrom. The cash balance payment to

shareholders not holding a number of Christian Dior shares entitling them to a whole number of Hermès shares (given that the Hermès shares representing fractional rights will be resold) and the sale of the Hermès shares undistributed as a result of the distribution ratios used, will not have a significant impact on Christian Dior's consolidated net debt.

The press release detailing the terms and conditions of the proposed distributions of Hermès shares and mentioning the risk factors relating to them is available on the website www.dior-finance.com.

Report of the Chairman of the Board of Directors

This report was drawn up in accordance with the provisions of Article L. 225-37 of the French Commercial Code and was approved by the Board of Directors at its meeting on October 16, 2014.

Its purpose is to give an account of the membership of the Board of Directors of the Company, the preparation and organization of its work, the compensation policy applied to senior executives and company officers, as well as the risk management and internal control procedures established by the Board and in particular the procedures relating to the preparation and processing of accounting and financial information.

1. Corporate governance

1.1. BOARD OF DIRECTORS

The Board of Directors is the strategic body of the Company which is primarily responsible for enhancing the Company's value and protecting its corporate interests. Its main missions involve the adoption of overall strategic orientations of the Company and the Group and ensuring these are implemented, the verification of the truthfulness and reliability of information concerning the Company and the Group and the overall protection of the Company's assets.

Christian Dior's Board of Directors acts as guarantor of the rights of each of its shareholders and ensures that shareholders fulfill all of their duties.

The Company refers to the AFEP/MEDEF code of corporate governance for listed companies, for guidance. This document may be viewed on the website: www.afep.com.

A Charter has been adopted by the Board of Directors which outlines rules governing its membership, duties, procedures, and responsibilities.

Two committees, the Performance Audit Committee and the Nominations and Compensation Committee, whose membership, role and missions are defined by internal rules, have been established by the Board of Directors.

The Charter of the Board of Directors and the internal rules governing the two Committees are communicated to all candidates for appointment as Director and to all permanent representatives of a legal entity before assuming their duties. These documents are presented in the "Other information – Governance" section of the Annual Report.

Pursuant to the provisions of the Board of Directors' Charter, all Directors must bring to the attention of the Chairman of the Board any instance, even potential, of a conflict of interest that may exist between their duties and responsibilities to the Company and their private interests and/or other duties and responsibilities. They must also provide the Chairman with details of any fraud conviction, any official public incrimination and/or sanctions, any disqualifications from acting as a member of an administrative or management body imposed by a court along with any bankruptcy, receivership or liquidation proceedings to which they have been a party. No information has been communicated with respect to this obligation.

The Company's Bylaws require each Director to hold, directly and personally, at least 200 of its shares.

1.2. MEMBERSHIP AND MISSIONS

- At its meeting of October 16, 2014, the Board of Directors voted to submit a proposal to the Shareholders' Meeting of December 9, 2014 to renew the appointments of Bernard Arnault, Pierre Godé and Sidney Toledano.

Directors are appointed for a term of three years, as specified in the Bylaws. In order to allow a renewal of Directors' terms which is as equally distributed as possible and in any case complete for each period of three years, the Board of Directors set up a system of rolling renewals that has been in place since 2010.

- The Board of Directors, subject to the decisions of the Shareholders' Meeting of December 9, 2014, will thus consist of eleven members: Delphine Arnault, Hélène Desmarais, Ségolène Gallienne, Bernard Arnault, Denis Dalibot, Renaud Donnedieu de Vabres, Pierre Godé, Eric Guerlain, Christian de Labriffe, Jaime de Marichalar y Sáenz de Tejada and Sidney Toledano. Six of these Directors – Hélène Desmarais, Ségolène Gallienne, Renaud Donnedieu de Vabres, Eric Guerlain, Christian de Labriffe and Jaime de Marichalar y Sáenz de Tejada – are considered as independent and as holding no interests in the Company. Moreover, three of the eleven members of the Board of Directors, or more than a quarter of its members, are women.

Personal information relating to the Directors is included in the section "Other information – Governance" of the Annual Report.

During its meeting of October 16, 2014 the Board of Directors reviewed the status of each Director currently in office as well as each proposed appointee, in particular with respect to the independence criteria set forth in the AFEP/MEDEF Code of Governance of Listed Companies, and considered that:

- (i) Hélène Desmarais satisfies all criteria;
- (ii) Ségolène Gallienne, given her personal circumstances, should be considered an independent Director notwithstanding her term of office on the Board of Directors of Château Cheval Blanc, an entity of the LVMH group;
- (iii) Renaud Donnedieu de Vabres, given his personal circumstances, should be considered an independent Director notwithstanding his membership on the Board of Directors of La Fondation d'Entreprise Louis Vuitton;
- (iv) Eric Guerlain, given his personal circumstances, should be considered an independent Director notwithstanding his membership on the Board of Directors of the Company for more than twelve years and his term of office on the Board of Directors of Guerlain, an entity of the LVMH group;
- (v) Christian de Labriffe, given his personal circumstances, should be considered an independent Director notwithstanding his membership on the Board of Directors of the Company for more than twelve years and his term of office on the Board of Directors of Christian Dior Couture, a subsidiary of Christian Dior;

(vi) Jaime de Marichalar y Sáenz de Tejada, given his personal circumstances, should be considered an independent Director notwithstanding his term of office on the Board of Directors of Loewe, an entity of the LVMH group, and his capacity as Advisor to the Chairman of LVMH for Spain;

In the matter of these individuals, the Board has departed from the criteria set forth by the AFEP/MEDEF code of corporate governance relating to the number of years of service on the Board and to membership on the Board of Directors of a consolidated company, considering that these elements are not likely to color the judgment of the Directors concerned, given their experience and status as well as their current personal and professional circumstances. Moreover, their in-depth knowledge of the Group is an incalculable asset during major strategic decision making.

Over the course of the 2013/2014 fiscal year, the Board of Directors met four times as convened by its Chairman. The average attendance rate of Directors at these meetings was 82%.

The Board approved the annual (fiscal years ended April 30, 2013 and June 30, 2013) and half-yearly (December 31, 2013) consolidated and parent company financial statements; it reviewed the Company's consolidated financial statements for the periods from January 1, 2013 to June 30, 2013 and from January 1, 2013 to December 31, 2013. The Board expressed its opinions on subjects including the compensation of company officers, the establishment of bonus share and performance share plans, the implementation of the share repurchase program, the authorization to modify various regulated agreements with related companies or with companies in which certain Directors hold Executive Management positions, the renewal of the authorization to issue bonds, and the draft terms of the Company's conversion into an SE. It also conducted an evaluation of its capacity to meet the expectations of shareholders, reviewing its membership, its organization, and its procedures. It amended the Charter of the Board of Directors so as to (i) permit Directors to take part in Board of Directors' meetings by videoconference or other means of telecommunication and (ii) clarify provisions relating to blackout periods affecting transactions carried out by Directors. It amended the specific holding period requirements applying to performance shares granted to the Chairman and Chief Executive Officer and to the Group Managing Director under the plans set

up between 2010 and 2012. It was informed of the sale of a building in London owned by the LVMH group to a subsidiary of Christian Dior Couture.

During its meeting of October 16, 2014, the Board of Directors reviewed its composition, organization and *modus operandi*. The Board came to the conclusion that its composition is balanced with regard to its percentage of external Directors, considering the breakdown of share capital, and with regard to the diversity and complementarity of the skills and experience of its members.

The Board noted that:

- the Directors are satisfied with the frequency of Board meetings and the quality of the information provided on such topics as strategic guidelines, current business activity, financial statements, budget and the three-year plan;
- the fact that more than a quarter of the members of the Board of Directors are not French nationals ensures a wide range of visions and various sensitivities essential to a Group with a worldwide dimension;
- the fact that more than a quarter of the members of the Board of Directors are women, thus exceeding the required ratio of 20%, ensures a wide range of visions and various sensitivities essential to a Group with a worldwide dimension;
- the Directors consider that the Board is fulfilling its role with respect to its objectives of increasing the Company's value and protecting its interests;
- the Directors have no observations on the Board's Charter, the rules for allocating directors' fees or the minimum number of shares that each Director must hold; this is also the case regarding the composition of the two Committees and the quality of their work.

The Board of Directors also reviewed the Group's policy to protect against the impact of future economic and financial developments.

Lastly, the Board of Directors decided to submit a proposal to the Shareholders' Meeting of December 9, 2014 to renew the appointments of Bernard Arnault, Pierre Godé and Sidney Toledano.

1.3. EXECUTIVE MANAGEMENT

The Board of Directors decided to combine the roles of Chairman and Chief Executive Officer. Upon the recommendation of the Chairman and Chief Executive Officer, the Board of Directors appointed a Group Managing Director, Sidney Toledano, who was granted the same powers as the Chairman and Chief Executive Officer.

It did not limit the powers vested in the Chairman and Chief Executive Officer or the Group Managing Director.

1.4. PERFORMANCE AUDIT COMMITTEE

The main tasks of the Performance Audit Committee are the monitoring of the process of preparing financial information, the effectiveness of internal control and risk management procedures, as well as the statutory audit of the individual company and consolidated financial statements by the Statutory Auditors. The Committee oversees the procedure for the selection of External Auditors and ensures their independence.

It currently consists of three members, all independent, appointed by the Board of Directors. The current members of the Performance Audit Committee are Christian de Labriffe (Chairman), Renaud Donnedieu de Vabres and Eric Guerlain, all of whom have, by virtue of their professional experience and their familiarity with financial and accounting procedures applicable to corporate groups, the expertise necessary to fulfill their responsibilities.

The Performance Audit Committee met five times in the 2013/2014 fiscal year, with a majority of its members in attendance.

Meetings are held in the presence of the Statutory Auditors, the Chief Financial Officer, the Deputy Chief Financial Officer, the Company's Accounting Director, and the Deputy Chief Financial Officer of LVMH.

On the basis of presentations made by Christian Dior's Chief Financial Officer, the work of the Performance Audit Committee

covered the following areas: the process for the preparation and publication of financial information; a review of the Group's operations; a detailed examination of the parent company and consolidated financial statements as of April 30, 2013, June 30, 2013 and the half-year financial statements as of December 31, 2013; a review of the consolidated financial statements and reports on the Group's operations for the periods from January 1, 2013 to June 30, 2013 and from January 1, 2013 to December 31, 2013; an examination of the financial statements; an assessment of the Group's exposure to risk, risk management procedures and off-balance sheet commitments; renewal of the mandates of the Statutory Auditors; Christian Dior share repurchase program. The Committee also verified the independence of Statutory Auditors and monitored the legal audit of Christian Dior's parent company and consolidated financial statements, on the basis of presentations and summary reports by the Statutory Auditors; the Committee met several times with the Statutory Auditors, without the members of the Group's Executive Management being present.

Furthermore, the Performance Audit Committee held a meeting specifically dedicated to monitoring the effectiveness of internal control and risk management systems within the Group, which was notably attended by the Chief Financial Officer and the Internal Audit Manager of Christian Dior Couture, as well as the Director of Internal Audit of LVMH.

1.5. NOMINATIONS AND COMPENSATION COMMITTEE

The main responsibilities of the Nominations and Compensation Committee are to issue:

- proposals on compensation, benefits in kind, bonus shares and share subscription or purchase options for the Chairman of the Board of Directors, the Chief Executive Officer and the Group Managing Director(s) of the Company, as well as on the allocation of directors' fees paid by the Company;
- opinions on candidates for the positions of Director, Advisory Board member or member of the Executive Management of the Company or of Christian Dior Couture.

It currently consists of three members, all independent, appointed by the Board of Directors. The current members of the Nominations and Compensation Committee are Eric Guerlain (Chairman), Christian de Labriffe and Hélène Desmarais.

The Committee met three times in the 2013/2014 fiscal year, with all of its members in attendance. It (i) issued proposals on the variable remuneration in respect of the 2013 calendar year and the fixed remuneration and benefits in kind to be allocated in respect of the 2014 calendar year by Christian Dior Couture to Sidney Toledano in his capacity as Chief Executive

Officer, as well as on the allocation of performance shares to the Chief Executive Officer and the Group Managing Director, and (ii) gave its opinion on performance shares to be granted by the Company to a Director. Lastly, it expressed an opinion on the appointment of Christian de Labriffe as Chairman of the Performance Audit Committee.

It examined the recommendations made by the Nominations and Compensation Committee of LVMH in favor of LVMH Directors performing the duties of company officers at Christian Dior, and the decisions of the Board of Directors of LVMH. The Committee also issued an opinion on the Directors' appointments to be put to a vote at the Shareholders' Meeting. The Committee received more detailed information, as requested, on compensation and incentive plans for the Group's senior executives.

In addition, the Committee issued an opinion on the status of all members with regard, in particular, to the independence criteria set forth within the AFEP/MEDEF Code.

Prior to the Board meeting of October 16, 2014, the Committee issued an opinion on the reappointments of Directors to be put to a vote at the Shareholders' Meeting of December 9, 2014.

1.6. ADVISORY BOARD

Advisors are invited to meetings of the Board of Directors and are consulted for decision making purposes, although their absence cannot undermine the validity of the Board of Directors' deliberations.

They are appointed by the Shareholders' Meeting upon the recommendation of the Board of Directors.

There are currently no Advisory Board members.

1.7. PARTICIPATION IN SHAREHOLDERS' MEETINGS

The terms and conditions of participation by shareholders in Shareholders' Meetings, and in particular the conditions for the attribution of dual voting rights to registered shares, are defined

in Articles 17 to 23 of the Bylaws (see the "Other information – Governance" section of the Annual Report).

1.8. INFORMATION THAT COULD HAVE A BEARING ON A TAKEOVER BID OR EXCHANGE OFFER

Information that might have an impact on a takeover bid or exchange offer, as required by Article L. 225-100-3 of the French Commercial Code, is published in the Management report of

the Board of Directors – Christian Dior parent company section of the Annual Report.

1.9. COMPENSATION POLICY FOR COMPANY OFFICERS

Directors' fees paid to the members of the Board of Directors

The Shareholders' Meeting shall set the total amount of directors' fees to be paid to the members of the Board of Directors.

This amount is divided among the members of the Board of Directors, in accordance with the rule defined by the Board of Directors, based on the proposal of the Directors' Nominations and Compensation Committee, namely:

- (i) two units for each Director;
- (ii) one additional unit for serving as a Committee member;
- (iii) two additional units for serving as both a Committee member and a Committee Chairman;
- (iv) two additional units for serving as Chairman of the Company's Board of Directors;

with the understanding that the amount corresponding to one unit is obtained by dividing the overall amount allocated to be paid as directors' fees by the total number of units to be distributed.

A portion of Directors' fees to be paid to its members is contingent upon their attendance at meetings of the Board of Directors and, where applicable, at those of the Committees to which they belong. A reduction in the amount to be paid is applied to two-thirds of the units described under (i) above, proportional to the number of Board Meetings the Director in question does not attend. In addition, for Committee members, a reduction in the amount to be paid is applied to the additional fees mentioned under (ii) and (iii) above, proportional to the number of meetings by Committee to which the Director in question participates which he or she does not attend.

In respect of the fiscal year commencing July 1, 2013 and ended June 30, 2014, Christian Dior granted a total gross amount of 129,747 euros in directors' fees to the members of its Board of Directors.

The Nominations and Compensation Committee is kept informed of the amount of directors' fees paid to senior executive officers by the Group's subsidiaries in which they perform the role of company officers.

Other compensation

Compensation of senior executive officers is determined with reference to principles listed in the AFEF/MEDEF code of corporate governance for listed companies.

Compensation and benefits awarded to company officers are mainly determined on the basis of the degree of responsibility ascribed to their missions, their individual performance, as well as the Group's performance and the achievement of targets. This determination also takes into account compensation paid by similar companies with respect to their size, industry segment and the extent of their international operations.

A portion of the compensation paid to the Company's senior executive officers and those of its main subsidiaries or operational departments is based on the attainment of both financial and qualitative targets. For the Group Managing Director, quantitative and qualitative objectives carry the weighting of 2/3 and 1/3, respectively. The financial criteria are growth in revenue, operating profit and cash flow as compared to the budget, with each of these items representing one-third of the total determination. The qualitative criteria have been precisely established but are not made public for reasons of confidentiality.

The variable portion is capped at 120% of the fixed portion for the Group Managing Director. Moreover, certain senior executive officers may benefit from medium-term incentive plans based on achieving objectives relating to profit from recurring operations.

The breakdown of compensation and benefits awarded to the Chairman and Chief Executive Officer, and the Group Managing Director, is presented in the Management report of the Board of Directors – Christian Dior parent company section of the Annual Report.

A non-competition indemnity, authorized by the Board of Directors on February 8, 2008, pursuant to Article L. 225-42-1 of the French Commercial Code, is set forth in the employment contract – currently suspended – entered into by Sidney Toledano with Christian Dior Couture, under the terms of which, in the event of his departure, he would receive, over a period of twenty-four months, an indemnity equivalent to the gross average monthly salary received over the previous twelve months. Sidney Toledano's employment contract is currently suspended but has been maintained, due to its longstanding nature (1994) and his personal circumstances; in 2002, while maintaining his operational responsibilities at the head of Christian Dior Couture, Sidney Toledano was appointed Chief Executive Officer of Christian Dior, but did not sign an employment contract with the latter company. Moreover, Article 22 of the AFEP/MEDEF code, which recommends terminating the employment contract of an employee who becomes a senior executive officer, does not apply to the position of Group Managing Director occupied by Sidney Toledano since December 20, 2012.

Notwithstanding this clause, no other senior executive officer of the Company currently benefits from provisions granting them a specific compensation payment should they leave the Company or derogations from the rules governing the exercise of share purchase options or the definitive allocation of performance shares.

Company officers are eligible for stock option or performance share plans instituted by the Company. The information relating to the allocation terms and conditions of these plans is presented in the Management report of the Board of Directors – Christian Dior parent company section of the Annual Report.

Certain senior executives of the Group, and where applicable also company officers are entitled to a supplementary pension provided that they liquidate any pensions acquired under external pension plans immediately upon terminating their duties in the Group. This is not required however if they leave the Group at the latter's request after the age of fifty-five and resume no other professional activity until their external pension plans are liquidated. This supplemental pension payment corresponds to a specific percentage of the beneficiary's salary, to which a ceiling is applied on the basis of the reference salary determined by the French social security scheme. The increase in provisions for these supplemental retirement benefits as of June 30, 2014 is included in the amount shown for post-employment benefits under Note 31.3 of the consolidated financial statements.

Exceptional compensation may be awarded to certain Directors with respect to any specific mission with which they have been entrusted. The amount of this remuneration shall be determined by the Board of Directors and reported to the Company's External Auditors.

2. Implementation of risk management and internal control procedures

The Christian Dior group uses an internal reference guide which is consistent with COSO principles (Committee of Sponsoring Organizations of the Treadway Commission) and which the Autorité des Marchés Financiers (French market regulator – AMF) has taken as the basis for its Reference Framework.

Under the impetus of the Board of Directors, the Performance Audit Committee and Executive Management, the purpose of the risk management and internal control procedures that are applied within the Group is to provide reasonable assurance that the following objectives will be achieved:

- to ensure that management and operations-related measures, as well as the conduct of personnel, are consistent with the definitions contained in the guidelines applying to the Company's activities by its management bodies, applicable laws and regulations, and the Company's internal values, rules, and regulations;
- to ensure that the accounting, financial, and management information communicated to the management bodies of Group companies reflect a fair view of these companies' activity and financial position.

One of the objectives of the risk management and internal control procedures is to prevent and control risks resulting from the

Company's activity and the risk of error or fraud, particularly in the areas of accounting and finance. As with any control system, however, it cannot provide an absolute guarantee that these risks are completely eliminated.

Christian Dior's risk management and internal control procedures take into consideration the Group's specific structure. Christian Dior is a holding company that controls, directly or indirectly, two main assets: a 40.9% equity stake in LVMH, and a 100% equity stake in Christian Dior Couture. LVMH is a listed company, whose Chairman is also Chairman and Chief Executive Officer of Christian Dior, with several Directors serving at both companies. Christian Dior Couture has a Board of Directors whose composition is similar to that of Christian Dior. This section of the Report of the Chairman of the Board of Directors deals first with procedures relating to LVMH, followed by those relating to Christian Dior Couture, and then those relating to the holding company, Christian Dior. As they have not changed since December 31, 2013, the risk management and internal control procedures implemented by LVMH and described below are the same as those presented in the Report of the Chairman of the Board of Directors included in LVMH's 2013 Reference Document.

2.1. LVMH

LVMH draws upon the Reference Framework issued by the AMF on July 22, 2010 relating to processes for monitoring the effectiveness of risk management and internal control systems, including its general principles and application guidelines on the internal control of financial and accounting information. It takes into account changes in laws and regulations introduced since 2007, in particular the Law of July 3, 2008 and the Decree of December 8, 2008. In line with the measures implemented since 2008 following the publication of the first internal control reference guide, LVMH has reviewed in 2010 the extent to which its monitoring processes are consistent with this new framework and has decided to make use of the new suggested structure, for the drafting of this portion of the Report of the Chairman of the Board of Directors.

2.1.1. Scope, organizational and formalization principles

LVMH is comprised of five main business groups: Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry, and Selective Retailing. Other activities comprise the media division managed by Les Echos group, the yacht builder Royal Van Lent, real estate activities and holding companies. The business groups are composed of companies of varying sizes owning prestigious brands, which are the parent companies of subsidiaries operating worldwide.

This organizational structure ensures that the different brands of the Group maintain their independence, while facilitating cohesion between the companies with similar businesses. Decentralization and the responsibilities of senior executives are among the fundamental principles underlying the Group's organization.

The risk management and internal control policy applied across the Group is based on the following organizational principles:

- the parent company, LVMH SA, is responsible for its own risk management and internal control systems and acts as leader and coordinator on behalf of all Group companies. It makes available to all Group companies the single reference guide and methodology to be applied as well as a computer platform that centralizes all risk and internal control data and provides a framework for the structured coordination of these two fields (see §2.1.2 below);
- the President of a brand is responsible for the risk management and internal control of all the subsidiaries that contribute to developing the brand worldwide;
- each subsidiary's President is similarly responsible for their own operations.

In line with European directives and the Decree of December 8, 2008, the Group introduced changes in 2010 to the approach in use since 2003: this revised approach, known by the acronym ERICA, for Enterprise Risk and Internal Control Assessment,

is a comprehensive process to improve and integrate risk management and internal control systems across the Group.

The main brands and business groups acknowledge their responsibility in relation to this process and the implemented systems each year by signing two letters of representation:

- a letter of representation covering both risk management and internal control procedures, signed on June 30. These letters signed by the Chairman and by the Chief Financial Officer of each subsidiary and parent company are analyzed, followed up upon, and consolidated at each superior level of the Group's organizational structure (Region, House, Business group) and then forwarded to the Finance Department and to the Audit and Internal Control Department. They are also made available to the Statutory Auditors. The June 30 deadline enables better integration into the planning cycle (strategic plan and budget);
- the annual letter of representation on financial reporting, including a paragraph devoted to internal control. The representation concerning internal control and the assessment of financial risks is thus extended to all of the transactions comprised within LVMH group's financial consolidation.

Since 2013, and depending on circumstances, entity Presidents have been required to provide information to the Performance Audit Committee on progress made in functions and activities under their supervision, achievements and benefits derived, as well as current action plans and the outlook for the following year.

In 2013, the Performance Audit Committee decided that the roll-out of this system to all entities of the LVMH group would be completed by June 30, 2015. A two-year grace period was granted to recently acquired entities to ensure that the new approach would only be applied once the integration process is complete. Accordingly, Loro Piana will be included in the scope of this assessment approach in 2015.

As of June 30, 2013, this self-appraisal system covered 69% of its operating entities and nearly 82% of Group revenue. This total includes both production and services companies, the regional holding companies as well as 11 central financial functions: Finance and Treasury, Tax, Consolidation, Financial Statements Closing, Interest and Exchange Rate Monitoring, Group Information Systems, Holding Company Information Systems, Financial Communication, Insurance, Management Control, and Mergers and Acquisitions.

2.1.2. Main risk management principles

Definition and objectives

According to the definition provided by the AMF's Reference Framework, risk represents the possibility of an event occurring that could affect the Company's personnel, assets, environment, objectives or reputation. The Group has defined a "major" risk as a risk with the potential to jeopardize either the continuity of operations or the attainment of its strategic objectives.

Risk management is understood to apply in this very broad sense, not solely to the financial realm, but also to the support of the longevity and excellence of our brands. It is a powerful

management tool requiring the involvement of all Group senior executives, in accordance with the principle of delegation and organization presented above. The objectives of risk management are to:

- protect the value, assets and reputation of the Group and its brands;
- enhance the security of decision-making and operational processes by way of a comprehensive perspective on the Group's potential threats and opportunities;
- promote consistency between the actions and the values of the brands;
- ensure that all employees embrace a shared vision of the main risks and challenges faced by our business activities.

Organization and components of the risk management system

Risks relating to our brands and business activities are managed at the level of each of our business groups and Houses. As part of the budget cycle and in connection with the preparation of the three-year plan, major risks affecting strategic, operational and financial objectives are systematically identified and evaluated, and a formal account of the conclusions reached, included in the corresponding sections of the reports issued.

Risk mitigation (in frequency and severity) is achieved through preventive actions, internal control actions, or through the implementation of business continuity plans or operational action plans. Depending on the types of risk to which a particular brand or entity is exposed, the latter may decide, in collaboration with the Group, to transfer residual risk to the insurance market or instead to assume this risk.

Specific monitoring procedures apply to some of the risks associated with the Group's businesses (damage to image or reputation, counterfeit goods and parallel markets, industrial and environmental risks, foreign currency and interest rate risk, etc.).

Finally, as a complement to these processes, and in order to institute a single approach for all brands, the Group has pursued a project launched in 2010 that seeks to create a formal framework for risk management and internal control called ERICA, which is discussed below.

Establishment of formal procedures for the ERICA system

The ERICA project provides structure and formal guidelines for risk management within the LVMH group, by offering:

- a framework: each business group or business unit included in the project determines its own roles and responsibilities with regard to a defined approach, as well as the eventual criticality;
- a process for the identification, analysis and handling of risks backed by a single Group-wide reference guide and methodology;
- action plan coordination and implementation with the aim of setting up or reinforcing coverage mechanisms;
- a follow-up on the effectiveness of existing control systems with a regular review of the level of exposure to the identified risks.

This project will be implemented at all LVMH group entities as of June 30, 2015. The approach is intentionally pragmatic and gradual, beginning with an in-depth focus on several major risks, with action plans rolled out to brands and subsidiaries according to the nature of the risks selected: to date, the Management Committees of each business unit and of the regional holding companies have selected an average of six major risks among the 42 identified in the LVMH risk framework.

To reinforce the system's effectiveness, the Performance Audit Committee has decided that each business unit should include six other key risks in its risk map (media risk, supplier risk, supply shortage risk, site accident risk, sensitive data loss or theft risk, and property damage or theft of merchandise).

Discussion forums are organized by the Internal Control department for the main risk categories selected by most of the participants. These forums bring together risk managers, operational staff and internal control managers and have thus helped facilitate the sharing of best practices across the Group.

Coordination of risk management with internal control

Risk management and internal control systems jointly exert the necessary oversight over risks linked to the LVMH group's businesses.

The risk management system aims to identify and analyze the principal risks that could affect the Group. Risks that exceed the acceptable levels are evaluated and, if deemed necessary, are addressed through specific action plans. These plans may call for the implementation of controls, a transfer of the financial consequences (through insurance or an equivalent mechanism) or an adaptation of the entity's organization. The controls to be implemented are part of the internal control system, which also serves to guarantee their effectiveness.

For its part, the internal control system relies on the risk management system to identify the main risks and principles that need to be controlled.

This coordination between these two systems has been reflected in both:

- the new application features added to the ERICA evaluation platform;
- and the reference guide of major risks, with a presentation for each major risk of the coverage measures in the internal control reference guide.

2.1.3. General internal control principles

Definition and objectives

The LVMH group uses an internal reference guide which is consistent with COSO 3 principles (Committee of Sponsoring Organizations of the Treadway Commission) together with the new Reference Framework of the AMF.

Therefore, at the behest of the Board of Directors, the Performance Audit Committee, Executive Management and other senior managers of the parent companies and their subsidiaries and as specified in this reference guide, internal control implies a set of resources, behaviors, procedures and actions adapted to the individual characteristics of each Group company that:

- contributes to control over its activities, the efficiency of its operations and the efficient use of its resources;
- must enable the entity to appropriately assess significant operational, financial and compliance risks.

More specifically, internal control aims to provide reasonable assurance with respect to the achievement of the following objectives:

- compliance with applicable laws and regulations;
- the implementation of instructions and directions given by the Executive Management of the Group and the Management of operational units (the Houses or brands and their subsidiaries);
- the proper functioning of entity's internal processes, especially those relating to the protection of its assets and the value of its capital;
- the reliability of financial and accounting information.

The internal control system thus comprises a range of control procedures and activities over and above those directly connected to the financial and accounting system; as it aims to ensure the control and continuity of all existing and new activities, the system must enable the management of the Houses and subsidiaries to focus fully on the strategy, development and growth of the LVMH group.

Limits of internal control

No matter how well designed and applied, the internal control system cannot provide an absolute guarantee that the LVMH group's objectives will be achieved. All internal control systems have their limits, most notably because of the uncertainty of the outside world, individual judgment or malfunctions as a result of human or other errors.

The structure of the Group, which comprises a large number of subsidiaries with widely varying missions and purposes, some of which are relatively small in size, is a specific risk factor.

Internal control components

The Group's internal control system includes five closely interrelated components:

- a general control environment, based on clearly defined and appropriate roles and responsibilities;
- a risk management system;
- appropriate control activities, procedures and documentation;
- an information and communication system that enables responsibilities to be exercised efficiently and effectively;
- continual monitoring of the system.

All of these elements are centrally managed and coordinated, but they are also reviewed each year by the larger entities within the Group, through the established self-assessment procedure in place.

General control environment

The internal control mechanism, which applies to all of LVMH's operations, aims primarily to create appropriate conditions for a general internal control environment tailored to the Group's

specificities. It also aims to anticipate and control the risk of errors and fraud, without however guaranteeing their complete elimination.

The LVMH group has always expressed its determination with regard to these fundamentals, which are the management's commitment to integrity and ethical behavior, the principle of honesty in relations with customers, suppliers, employees and other business partners, clear organizational structures, responsibilities and authorities defined and formalized according to the principle of the segregation of duties, regular monitoring of staff performance, and a commitment to skills management and the professional development of Group employees.

These ethical and good governance principles are included in the LVMH Code of Conduct, which has been distributed since May 2009 to all Group employees and is available on the LVMH website. This Code of Conduct serves as the common foundation and source of inspiration in this area for all of our brands or business lines. In particular, in the Houses, the Group recommends and oversees the implementation of codes of conduct, supplier charters, formalized procedures for declaring and monitoring conflicts of interest, and the implementation of delegation matrices that outline the responsibilities and powers of each employee.

The Group's commitment to social and environmental responsibility is promoted in house via an Intranet website ("LVMH Mind") where registered users can consult recommendations, procedures, tools and best practices. On this website employees can also find the LVMH Code of Conduct, the Environmental Charter first adopted in 2001 and the Supplier Charter introduced in 2008, which ensure compliance across the entire supply chain with strict guidelines. These charters and codes of conduct are available on the LVMH website.

Skills management is a significant aspect of internal control. LVMH pays special attention to matching employees' profiles with corresponding responsibilities, formalizing annual performance reviews at individual and organizational level, ensuring the development of skills through training programs custom-designed for each level of seniority and encouraging internal mobility. Personnel reports are produced monthly by the Group's Human Resources Department, presenting changes in staff and related analyses as well as vacancies and internal movements. A dedicated Intranet site, "LVMH Talents", exists for use by Group Human Resources.

Since 2011, at the initiative of the Audit and Internal Control Department, the Group's brands have worked to strengthen their business continuity plans (BCPs). In 2012 and 2013, a questionnaire was disseminated to all of the Group's significant entities; training sessions and exchanges of BCP best practices have been held at the majority of Group companies. Sustained efforts will be required to further develop these procedures and ensure that they continue to meet the Group's requirements.

Furthermore, sessions for the sharing of best practices were organized in 2012 and 2013 on a range of issues: delegations of authority, payment processes (approval of payments, segregation of duties, signatures and banking delegations, secure payment flows), and the system for managing and controlling staff arrivals and departures.

Risk management

The risk management system is described in §2.1.2. Main risk management principles.

Since the launch of the Group's new approach to risk, all executive-level personnel responsible for risk management procedures across the Group have had access via the Finance Intranet to procedures and tools designed for the assessment, prevention and coverage of risks, together with the information provided by the Risk Management and Insurance Department.

Employees involved in risk management issues also take part in a community dedicated to these concerns on the Group's enterprise collaboration portal.

Control activities, procedures and documentation

Internal control practices and procedures are implemented by the companies' internal control managers under the responsibility of their Management Committees.

Through its Finance Intranet, the Group disseminates all of the regularly updated procedures contributing to accounting and financial information applicable to all the consolidated companies, covering: accounting and financial procedures and principally the accounting policies and standards, consolidation, taxation, investments, financial reporting (including budgetary procedures and strategic plans), cash flow and financing (including cash pooling, foreign exchange and interest rate hedging). The procedures available on the Finance Intranet also detail the format, content and frequency of financial reports.

The Finance Intranet is also used for the dissemination of Internal Control principles and best practices:

- a top-level guide, "The Essentials of Internal Control", describes the bases of the general environment and the salient features of the main processes: Sales, Retail Sales, Purchases, Inventory, Financial Statements Closing and Information Systems (general IT controls);
- in addition to this manual, the LVMH internal control reference guide covering a wide range of business processes has also been made available. This reference guide details, for each risk arising from a given process, the key control activities expected. This reference guide is regularly updated to take into account developments in information systems and procedures. Originally established in accordance with COSO principles, the reference guide covers most of the measures relating to the preparation of accounting and financial information that are also included in the Reference Framework of the AMF;
- best practices and implementation tools are available online via this Intranet site, covering the issues emphasized by the Group: fraud, conflicts of interest, delegations of authority, business continuity plans, IT disaster recovery plans, policies and guidelines for information system security, exception reports, the segregation of duties and resulting conflicts relating to sensitive transactions, the control of media expenses, and best practices in store.

The Group and its internal control managers in the Houses ensure the implementation of controls that are essential to achieving the key process internal control objectives, where necessary. The managers are asked to make a special effort in relation to

the documentation of key activities in the form of a procedure, so as to ensure consistent quality over time, regardless of the person implementing them.

The activities relating to the control and remediation of internal control weaknesses are reflected, documented and tracked as part of the management process that guides all of the Group's core entities (see below, "Continuous monitoring of the internal control system").

The Group's Guidelines may also be found on the Finance Intranet, together with specially designed tools for the evaluation, prevention and coverage of risks. These materials may be accessed by all personnel involved in the application of the Group's risk management procedures.

Employees involved in internal control issues also take part in a community dedicated to these concerns on the Group's enterprise collaboration portal.

Information and communication systems

The strategic plans related to information and communication systems are coordinated by the Information Systems Department, which ensures the standardization of the solutions implemented as well as business continuity. Aspects of internal control (segregation of duties and access rights) are integrated when employing new information systems and these are regularly reviewed.

The information and telecommunications systems and their associated risks (physical, technical, internal and external security, etc.) are also subject to special procedures: a Business Continuity Plan methodology tool kit has been distributed within the LVMH group in order to define, for each significant entity, the broad outline of such a plan as well as those of a Disaster Recovery Plan. A Business Continuity Plan and a Disaster Recovery Plan have been developed at the level of the LVMH SA parent company and both plans have been tested.

All significant entities have appointed a Chief Information & Security Officer (CISO). The activities of the CISOs are coordinated by the Group CISO. Together they constitute a vigilance network to monitor the development of risks affecting information systems, and implement adequate defenses depending on the likelihood of a given type of risk and its potential impact.

An overall approach of intrusion testing has also been applied to evaluate internal and external threats as well as third-party risks. Action plans are followed by the Group Information Systems Department.

Continuous monitoring of the internal control systems

There are several levels of monitoring, the main ones being:

Ongoing monitoring of the processes

Monitoring is organized by the operational departments in order to anticipate or detect incidents as soon as possible. Exception reports are used to determine whether corrective actions are required based on a departure from normal operating conditions, as a complement to preventive measures, such as the segregation of duties.

Periodic monitoring of the mechanism

Periodic monitoring is performed by management and by the internal auditors and Statutory Auditors:

- by management or operational staff under the responsibility of the internal control managers. The final deliverable of this supervision is the letter of representation on risk management and internal control; it is signed by the Chairman and CFO or by each member of the Management Committee of each significant entity, confirming their acceptance of responsibility for internal control, in connection with the relaying of information on areas of weakness and the remedies pursued (see §2.1.1. Scope, organizational and formalization principles);
- by LVMH Internal Audit and by External Auditors, who provide management of the entities and the Executive Management of the Group with the results of their review work and their recommendations. The overall review of the ERICA system and the qualitative analysis of self-assessments is an integral part of the audits conducted by the Internal Audit team at all audited entities.

The Management of each significant entity carries out an annual self-assessment process.

Self-assessment is based on the LVMH internal control reference guide. This reference guide covers 12 key processes: Sales, Retail Sales, Purchases, Licenses, Travel and Movements, Inventory, Production, Cash Management, Fixed Assets, Human Resources, Information Systems and Financial Statements Closing. Specific processes have been developed and evaluated to reflect the particular needs of certain activities (Eaux-de-Vie and Vineyard Land for Wines and Spirits, End-of-Season Operations for Fashion and Leather Goods, Concessions for Duty-Free businesses).

In addition, at the level of the parent company LVMH SA and the Group, the eleven key processes listed in §2.1.1. are analyzed to determine the related risks, action plans are subsequently defined and followed-up, so as to remediate any weaknesses.

The self-assessment approach involves a single list of 83 key controls drawn up by the Group's Internal Control team and extracted from the internal control framework described above. Each entity follows the same methodology, which has been in use since 2006:

- a review of shortcomings and a follow-up by the entity's senior managers of the measures implemented to remediate these weaknesses;
- the formal documentation of this review and assessment process as well as the resulting action plans in the internal control data modeling and guidance tool, which has also been adopted by other CAC 40 companies;
- the signing of the letter of representation by the Management of each entity.

The letters of representation are consolidated and "cascaded", from the subsidiaries to the parent companies, and from the parent companies to the Group.

Work and assessments performed by senior executives

These internal control formalization procedures are carried out on an internal basis. This approach maximizes the involvement of operational managers, capitalizing on their knowledge and facilitating the process of continuous improvement of internal control over time within the LVMH group. The Group's External Auditors are kept informed of the progress of this approach, as is the Performance Audit Committee, by means of regular reports.

2.1.4. Risk management and internal control stakeholders

In addition to the contribution of all Group employees to the success of these systems, the following participants fulfill specific roles with respect to internal control:

At Group level

The Board of Directors

As part of the responsibilities described above, the Board of Directors contributes to the general control environment through its underlying professional principles: the *savoir-faire* and responsibility of its members, the clarity and transparency of its decisions, and the efficiency and effectiveness of its controls. The Company refers to the AFEF/MEDEF code of corporate governance for listed companies, for guidance.

The Board of Directors is kept informed on a regular basis of the specific nature of risk management and internal control systems and procedures, and ensures that major risks, which are disclosed in its Management Report, are properly taken into account (see the section entitled "Business risk and insurance policy").

Also at regular intervals, the Board and its Performance Audit Committee receive information on the results of the operation of these systems, any weaknesses noted and the action plans decided with a view to their resolution.

The Executive Committee

The Executive Committee, comprised of executive, operational and functional directors, defines strategic objectives on the basis of the orientations decided by the Board of Directors, coordinates their implementation, ensures that the organization adapts to changes in the business environment, and oversees both the definition and the accomplishment of the responsibilities and delegations of authority of Executive Management.

The Performance Audit Committee

As part of its responsibilities described above, the Performance Audit Committee controls the existence and application of internal control procedures. It also examines the results of the work of Internal Audit and approves annual and midterm internal auditing orientation in terms of resources and geographic, business and risk coverage. The Committee also receives information on the management of major risks.

The Legal Department

The LVMH group's Legal Department is responsible for monitoring the proper application of laws and regulations in force in each of the countries where the Group has operations. It also

fulfils a central legal review function and provides advice on legal matters as required by each of LVMH group's business groups.

The Risk Management and Insurance Department

Apart from the operational managers, who are responsible for the risks inherent to their businesses, the Risk Management and Insurance Department ensures that Group companies have access to tools and methodologies for the identification and evaluation of risks, promotes effective loss prevention practices, and advises on risk coverage and financing strategies.

The Risk Management and Insurance Department collaborates with the Internal Audit team on the definition and implementation of evaluation methods and processes for handling certain major or large-scale risks.

The Audit and Internal Control Department

As of December 31, 2013, the Audit and Internal Control Department had a staff of some fifteen professionals, including two individuals responsible for the management of internal control. Although this team's supervision is centralized, its members operate out of two offices in Paris and Hong Kong and are active throughout the Group.

Between forty and fifty audit assignments are carried out each year. As planned, nearly 80 entities were covered in 2013, divided equally between regions and business groups, with slightly increased coverage of Fashion and Leather Goods and the Asia region in 2013.

Follow-ups on recommendations made in the context of past assignments are reinforced through systematic on-site visits to companies with the most significant issues.

The Internal Audit team applies a multi-year audit plan, which is revised each year. The multi-year audit plan allows the degree to which the internal control system has been understood and assimilated to be monitored and reinforced where necessary, and ensures the appropriate application of the procedures that are in place. The audit plan is prepared on the basis of an analysis of potential risks, either existing or emerging, by type of business (such as size, contribution to profits, geographical location, quality of local management, etc.) and on the basis of meetings held with the operational managers concerned. Internal Audit intervenes both in operational and financial matters. A review of the self-assessment process and its results is performed systematically for the significant entities involved.

The plan can be modified in response to changes in the political and economic environment or internal strategy.

Internal Audit reports on its work to management of the entity concerned and to Executive Management of the LVMH group by way of an Executive Summary and a detailed report explaining its recommendations and setting out managers' commitment to apply them within a reasonable period of time. Internal Audit sends copies of the reports that it issues to Statutory Auditors and meets with them periodically to discuss current internal control issues.

The main features of the annual and multi-year audit plan, together with the main conclusions of the year under review and the follow-up to the main recommendations of previous assignments, are presented to the Performance Audit Committee and to the business groups concerned.

Moreover, Internal Audit has coordinated the Group's compliance with LSF (French Financial Security Act) internal control measures, and has devoted a specific management team to internal controls. This team monitors and anticipates regulatory changes so that the measures can be adapted.

The LVMH group's internal control management team coordinates a network of internal controllers responsible for ensuring compliance with the Group's internal control procedures and for preparing internal controls, tailored to their businesses. These internal control managers are responsible for the various projects related to the internal control and risk management system and promote the dissemination and application of guidelines.

At subsidiary level

Management Committees

The Management Committee within each subsidiary is responsible for implementing the procedures necessary to ensure an effective internal control mechanism for its scope of operations. The fact that operational managers are personally accountable for internal controls, in each company and in each of the key business processes, is a cornerstone of the internal control system.

The Management Committees of brands or entities are responsible for the implementation of action plans for the management of the major risks they identify and evaluate in the course of internal control self-assessment, for their scope of operations.

Auditors and internal control managers at our brands

The most significant business groups and business units have dedicated in-house auditors or internal control managers whose role is to ensure compliance with the LVMH group's internal control rules and reference guide by the organization of parent companies and their subsidiaries.

2.1.5. Risk management and internal control procedures related to financial and accounting information

Organization

Risk management and internal controls of accounting and financial information are organized based on the cooperation and control of the following departments, which are all part of the Finance Team: Accounting and Consolidation, Management Control, Information Systems, Corporate Finance and Treasury, Tax and Financial Communication.

- **Accounting and Consolidation** is responsible for preparing and producing the individual company accounts of the holding companies and the consolidated financial statements, in particular the financial statements and financial documents published as of June 30 (the Interim Report) and as of December 31 (the Reference Document).

To this end, Accounting and Consolidation defines and disseminates the LVMH group's accounting policies, monitors and enforces their application and organizes any related training programs that may be deemed necessary. Accounting and Consolidation also ensures that an appropriate financial

reporting information system is maintained, while also coordinating the work of the Group's Statutory Auditors.

- **Management Control** is responsible for coordinating the budget process and its revisions during the year as well as the five-year strategic plan. It produces the monthly operating report and all reviews required by Executive Management (see "Management reporting" below); it also tracks capital expenditures and cash flow, as well as producing statistics and specific operational indicators.

By virtue of its area of competence and the high standards of the reports it produces, Management Control is an important and inevitable participant in the internal control and financial risk management system.

- **Information Systems** designs and implements the information systems needed by the Group's central functions. It disseminates the LVMH group's technical standards, which are indispensable given the decentralized structure of the Group's equipment, applications, networks, etc., and identifies any potential synergies between businesses, while respecting brand independence. It develops and maintains a telecommunications system, IT hosting platforms, and transversal applications shared by all entities in the Group. It drives policies for system and data security and helps the brands prepare emergency contingency plans. In cooperation with the subsidiaries, Information Systems supervises the creation of three-year plans for all information systems across the Group, by business group and by entity.
- **Corporate Finance and Treasury** is responsible for applying the LVMH group's financial policy, which includes effective balance sheet management, financing strategies, the monitoring of financing costs, returns on cash surpluses and investments, improvements to financial structure, and prudent management of solvency, liquidity, market and counterparty risks. Within this department, International Treasury focuses particularly on pooling the Group's surplus cash and forecasts the financing requirements of Group companies on the basis of quarterly updates prepared by these companies, while meeting the short- and medium-term liquidity and financing requirements of subsidiaries. It is also responsible for applying a centralized foreign exchange risk management strategy.

The Markets department, which is also in this department, is delegated the responsibility of implementing the policy of hedging market risks generated directly or indirectly by Group companies. In that respect, it is responsible for applying a centralized interest rate risk and counterparty risk management strategy, designed to limit the negative impact of interest rate fluctuations and of counterparty credit risk in financial transactions and investments.

To this end, a management policy and strict procedures have been established to measure, manage and consolidate these market risks. Within this team, the separation of Front office and Back office activities, combined with an independent control team reporting to the Accounting Director allow for a greater segregation of duties. This organization relies on an integrated computerized system allowing real-time controls on hedging transactions. The hedging mechanism is periodically presented to the Performance Audit Committee. Hedging decisions are taken by means of a clearly established

process that includes regular presentations to the Group's Executive Committee and detailed documentation.

- **The Tax team**, which coordinates the preparation of tax returns and ensures compliance with applicable tax laws and regulations, provides advice to the different business groups and companies and defines tax planning strategy based on the LVMH group's operational requirements. It organizes appropriate training courses in response to major changes in tax law and coordinates the uniform reporting system for tax data.
- **The Financial Communication department** is responsible for coordinating all information issued to the financial community to enable it to acquire a clear, transparent and precise understanding of the Group's performance and prospects. It also provides Executive Management with the perspectives of the financial community on the Group's strategy and its positioning within its competitive environment. It defines the key messages to be communicated in close collaboration with Executive Management and the business groups. It harmonizes and coordinates the distribution of corporate messages through various channels (publications such as the annual and half-yearly reports, financial presentations, meetings with shareholders and analysts, the website, etc.)

Each of these departments coordinates the financial aspects of the Group's internal control in its own area of activity via the finance departments of business groups, the main companies and their subsidiaries, which are in charge of similar functions in their respective entities. In this way, each of the central departments runs its control mechanism through its functional chain of command (controller, head of accounting, consolidation manager, treasurer, etc.).

The finance departments of the main companies of the Group and the Departments of the parent company, LVMH, described above periodically organize joint finance committees. Run and coordinated by the Central Departments, these committees deal particularly with applicable standards and procedures, financial performance and any corrective action needed, together with internal controls applied to accounting and management data.

Accounting and management policies

Subsidiaries adopt the accounting and management policies considered as appropriate for the individual company and consolidated financial statements. A consistent set of accounting standards is applied throughout, together with consistent formats and tools to submit data to be consolidated. Accounting and management reporting is also carried out through the same system, thus ensuring the consistency of internal and published data.

Consolidation process

The consolidation process is laid out in a detailed set of instructions and has a specially adapted data submission system designed to facilitate complete and accurate data processing, based on a consistent methodology and within suitable timeframes.

The Chairman and CFO of each company undertake to ensure the quality and completeness of financial information sent to the Group – including off-balance sheet items – in a signed letter of representation which gives added weight to the quality of their financial information.

There are sub-consolidations at business unit and business group level, which also act as primary control filters and help ensure consistency.

At LVMH group level, the teams in charge of consolidation are specialized by type of business and are in permanent contact with the business groups and companies concerned, thereby enabling them to better understand and validate the reported financial data and anticipate the treatment of complex transactions.

The quality of financial information, and its compliance with standards, are also guaranteed through ongoing exchanges with the Statutory Auditors whenever circumstances are complex and open to interpretation.

Management reporting

Each year, all of the LVMH group's consolidated entities produce a strategic plan, a complete budget and annual forecasts. Detailed instructions are sent to the companies for each process.

These key steps represent opportunities to perform detailed analyses of actual data compared with budget and prior year data, and to foster ongoing communication between companies and the Group – an essential feature of the financial internal control mechanism.

A team of controllers at the LVMH group level, specialized by business, is in permanent contact with the business groups and companies concerned, thus ensuring better knowledge of performance and management decisions as well as appropriate controls.

The half-yearly and annual financial statements are closed out at special results presentation meetings, in the presence of the Group's financial representatives and the companies concerned, during which the Statutory Auditors present their conclusions with regard to the quality of financial and accounting information and the internal control environment of the different companies of the LVMH group, on the basis of the work that they performed during their review and audit assignments.

2.1.6. Conclusions

The LVMH group is pursuing its policy of constantly improving its internal controls, which it has carried out since 2003, by bolstering the self-appraisal system and its adoption by the main stakeholders.

In response to changes in regulatory requirements, the LVMH group has been rolling out the ERICA project since 2010: an approach integrating risk management internal control, which has been extended to reach to all entities since 2011.

2.2. CHRISTIAN DIOR COUTURE

Christian Dior Couture (hereafter the Company) creates, produces and distributes all of the brand's products internationally. It also engages in retail activities in the various markets through its 65 subsidiaries.

Given this dual role, internal control and risk management are applied directly to Christian Dior Couture, and in an oversight capacity to all subsidiaries.

2.2.1. Definition of internal control and risks

The purpose of the internal control procedures that are applied, in line with the COSO framework, is to provide reasonable assurance with respect to the achievement of the following objectives:

- control over its activities and processes, the efficiency of its operations and the efficient use of its resources;
- the reliability of financial and accounting information;
- compliance with applicable laws and regulations.

This involves, therefore, ensuring that management-related and operations-related measures, as well as the conduct of personnel, are consistent with the definitions contained in the guidelines applying to the Company's activities by its management bodies, applicable laws and regulations, and the Company's internal values, rules, and regulations.

It also involves ensuring that the accounting, financial, and management information communicated to the Company's management bodies reflect a fair view of the Company's activity and financial position.

Moreover, the Company has defined as an additional objective the protection of assets (with a particular emphasis on the brand).

The Company has launched a process for the formalization of risk management procedures in line with the AMF Reference Framework issued in 2010.

2.2.2. Limits of internal control

No matter how well designed and applied, the internal control system cannot provide an absolute guarantee that the Company's objectives will be achieved. All internal control systems have their limits, most notably because of the uncertainty of the outside world, individual judgment or malfunctions as a result of human or other errors.

2.2.3. Components of internal control and risk management

The internal control system is based on the definition and identification of the following components:

- a general control environment;
- a risk assessment system;
- appropriate controls;
- an information and communication system that enables responsibilities to be exercised efficiently and effectively.

The risk management system identifies and assesses the major risks likely to affect to a material extent the achievement of the operational and financial objectives, as well as the objectives relating to compliance with the laws and regulations in force.

Major risks are classified by category (strategic, operational, financial, legal and intangible) and key process.

A mapping of these major risks, established in 2011, is reviewed annually, on the basis of their severity or frequency and the controls put in place. Related controls (prevention and reinforcement of internal controls) are put in place in order to mitigate their impact, although their absolute elimination cannot be guaranteed.

The internal control system makes use of this mapping to identify risks unable to be transferred (e.g. via insurance), which must therefore be managed in the course of the Group's operations.

Furthermore, it is bolstered by a formal self-assessment procedure that covers the general control environment at Group entities and includes a detailed review of the controls considered key to operational and financial processes.

This self-assessment procedure was in the process of being rolled out in 2013/2014 and now concerns all the Group's significant markets. It is based on a methodology with three main thrusts:

- a fully documented formal review of shortcomings by each subsidiary's management;
- the drafting of action plans by this management, and prioritization in agreement with the Audit and Internal Control Department;
- the introduction of formalized, regular monitoring of these plans, the progress level of which is formally presented to Executive Management.

2.2.4. Internal control stakeholders

- The Legal Department conducts upstream checks:
 - prior to the signing of any substantial agreement negotiated by the head office or subsidiaries,
 - on the length of time third-party designs and brands have been in existence.
- Executive Management and the Finance Department closely monitor management information so that they can intervene in the process of defining objectives and oversee the achievement of these objectives through:
 - three-year strategic plans,
 - the annual budget,
 - monthly reports on actual compared with budget data, including in-depth and documented analyses of any discrepancies.
- Executive Management and the Finance Department are also responsible for training all of the Group's financial personnel (internal or external administrative departments) in order to ensure the strict application of IFRS and Group rules.

- Christian Dior Couture's executives maintain a regular presence at subsidiaries and on their management bodies, in particular at Board level.
- Store Committees have been set up to formally authorize the signature of commercial leases and investments in the distribution network. They are made up of the Chairman, the Chief Executive Officer in charge of the network, the Chief Financial Officer, the Management Control Director, the Chief Legal Officer and the architects.
- The Audit and Internal Control Department completes audit assignments that notably cover:
 - points of sale: review of the main processes of store management (sales, pricing, cash flow, inventories, administration and security, personnel, external purchases, supplies),
 - country headquarters: review of main cycles (purchases of goods, external purchases and expense claims, human resources, inventories and logistics, information systems, investments, accounting and finance),
 - the accounts departments of countries responsible for producing subsidiaries' financial reports: audit of financial reports prepared by back offices and monitoring of the application of the Christian Dior Couture group's accounting principles.

On completion of these assignments, a summary report and a detailed report containing recommendations to be implemented, specifying the management's commitment to applying these recommendations within a reasonable delay, are presented to the Chairman and to the management of the subsidiaries. This implementation is checked at annual follow-ups, which are reinforced through on-site visits to companies with the most significant issues.

- Lastly, each subsidiary's management undertakes a commitment each year by signing a letter of representation attesting to the subsidiary's implementation of risk management and internal control procedures. These letters, signed jointly by the chief executive officers and chief financial officers of each subsidiary or territory, are analyzed, monitored and consolidated at the regional management level, and then forwarded to the Central Department and the Audit and Internal Control Department.

This system is supplemented by the signing of annual letters of representation certifying the entity's financial reporting, including a paragraph devoted to internal control. The representation concerning internal control and the assessment of financial risks is thus extended to all of the transactions comprised within the Christian Dior Couture group's financial consolidation.

2.2.5. Internal controls related to financial and accounting information

Organization

Internal controls of accounting and financial information are organized based on the cooperation and control of the following departments: Accounting and Consolidation, Management Control, Information Systems.

- **Accounting and Consolidation** is responsible for updating and distributing group-wide accounting standards and procedures. It oversees their application and establishes appropriate training programs. It is in charge of producing consolidated and individual company financial statements on a half-yearly and annual basis.
- **Management Control** is responsible for coordinating the budget process and its revisions during the year as well as the three-year strategic plan. It produces the monthly operating report and all reviews required by Executive Management; it also tracks capital expenditures and cash flow, as well as producing statistics and specific operational indicators.
- **Information Systems** disseminates the technical standards of the Christian Dior Couture group, which are indispensable given the decentralized structure of its equipment, applications, networks, etc., and identifies any potential synergies. It develops and maintains a telecommunications system in use across the entire Christian Dior Couture group. It coordinates policies for system and data security and the preparation of emergency contingency plans.

Accounting and management policies

Subsidiaries adopt the accounting and management policies considered by the Group as appropriate for the individual company and consolidated financial statements. A consistent set of accounting standards is applied throughout, together with consistent formats and tools to submit data to be consolidated.

Management Reports

Each year, all of the consolidated entities of the Christian Dior Couture group produce a three-year strategic plan, a complete budget, and annual forecasts. Detailed instructions are sent to the companies for each process.

These key steps represent opportunities to perform detailed analyses of actual data compared with budget and prior year data, and to foster ongoing communication between subsidiaries and Christian Dior Couture headquarters – an essential feature of the financial internal control mechanism.

A team of controllers at the parent company, specialized by geographic region and product category, is in permanent contact with the subsidiaries, thus ensuring better knowledge of performance and management decisions as well as appropriate control.

2.2.6. Outlook

- Finalization of the three-year audit plan launched in 2011, with the aim of covering all the Group's most significant subsidiaries by the end of this period.
- Continued implementation of controls considered key within the Group.
- Cross-functional review tasks, with the objective of reinforcing the standardization of processes and controls applied at the headquarters and in the subsidiaries. These assignments can be modified in response to changes in the political or economic environment, or following internal strategic realignments.

2.3. CHRISTIAN DIOR

2.3.1. The control environment

As noted above, Christian Dior is a holding company that controls, directly or indirectly, two main assets: a 40.9% equity stake in LVMH, and a 100% equity stake in Christian Dior Couture.

The business of Christian Dior is therefore essentially dedicated to:

- protecting the legal title of these two equity holdings;
- exercising the rights and authority of a majority shareholder, notably by way of:
 - its presence at the Board meetings and Shareholders' Meetings of the subsidiaries,
 - the monitoring of dividends paid by the subsidiaries,
 - the control of the subsidiaries' financial performance,
 - accurate financial reporting, provided in line with applicable laws, given its status as a listed company.

Given the limited number of tasks described above, and the fact that it belongs to a Group with the necessary administrative skills, Christian Dior uses the Group's specialized services in the areas specific to a holding company, namely legal, financial and accounting matters. An assistance agreement has been entered into with Groupe Arnault SAS.

Regarding the Group's external services, the Shareholders' Meeting of Christian Dior appointed two first-tier accounting firms as Statutory Auditors, one of which also serves in the same capacity on behalf of Christian Dior Couture and LVMH.

2.3.2. Risk management

Risk management is based first and foremost on a regular review of the risks incurred by the Company so that internal control procedures can be adapted.

2.3.3. Control activities

Key elements in internal control procedures

Given the nature of the Company's activity, the primary objective of internal control systems is to mitigate risks of error and fraud in accounting and finance. The following principles form the basis of the Company's organization:

- very limited, very precise delegation of powers, which are known by the counterparties involved, with sub-delegations reduced to a minimum;
- upstream legal control before signing agreements;
- separation of the expense and payment functions;
- secured payments;
- procedural rules known by potential users;
- integrated databases (single entry for all users);
- frequent audits (internal and external).

Legal and operational control exercised by the parent company over the subsidiaries

Asset control

Securities held by the subsidiaries are subject to a quarterly reconciliation between the Company's Accounting Department and the Securities departments of the companies concerned.

Operational control

Christian Dior exercises operational control over its subsidiaries through the following:

- legal bodies, Boards of Directors and Shareholders' Meetings, at which the Company is systematically represented;
- management information used by managers of Christian Dior in the process of defining objectives and monitoring their fulfillment:
 - three-year and annual budget plans,
 - monthly reporting presenting results compared to budget and variance analysis,
 - monthly meetings to analyze performance.

2.3.4. Information and communication systems

The strategic plans in terms of information and communication systems of the parent company Christian Dior are coordinated by the Finance Department.

Aspects of internal control, such as the segregation of duties or access rights, are integrated when employing new information systems.

2.3.5. Internal controls relating to the preparation of the parent company's financial and accounting information

The individual company and consolidated financial statements are subject to a detailed set of instructions and a specially adapted data submission system designed to facilitate complete and accurate data processing within suitable timeframes. The exhaustive controls performed at the sub-consolidation levels (LVMH and Christian Dior Couture) guarantee the integrity of the information.

Financial information intended for the financial markets (financial analysts, investors, individual shareholders, market authorities) is provided under the supervision of the Finance Department. This information is strictly defined by current market rules, specifically the principle of equal treatment of investors.

This report, based on the contribution of the above-mentioned internal control and risk management stakeholders, was conveyed in its draft form to the Performance Audit Committee for its opinion and approved by the Board of Directors at its meeting of October 16, 2014.

Statutory Auditors' report

PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF CHRISTIAN DIOR

To the Shareholders,

In our capacity as Statutory Auditors of Christian Dior and in accordance with Article L. 225-235 of the French Commercial Code (Code de commerce), we hereby report on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code for the fiscal year ended June 30, 2014.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the Company and to provide the other information required by Article L. 225-37 of the French Commercial Code relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- confirm that the report also includes the other information required by Article L. 225-37 of the French Commercial Code. It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Commercial Code.

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French Commercial Code.

Paris-La Défense, October 17, 2014

The Statutory Auditors

MAZARS

Denis Grison

ERNST & YOUNG et Autres

Jeanne Boillet

Benoit Schumacher

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Consolidated financial statements

1.	Consolidated income statement	116
2.	Consolidated statement of comprehensive gains and losses	117
3.	Consolidated balance sheet	118
4.	Consolidated statement of changes in equity	119
5.	Consolidated cash flow statement	120
6.	Notes to the consolidated financial statements	121
7.	Statutory Auditors' report	189

1. Consolidated income statement

<i>(EUR millions, except for earnings per share)</i>	<i>Notes</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Revenue	23-24	30,984	4,768	29,881
Cost of sales		(10,607)	(1,639)	(10,325)
Gross margin		20,377	3,129	19,556
Marketing and selling expenses		(11,951)	(1,854)	(11,162)
General and administrative expenses		(2,376)	(394)	(2,304)
Profit from recurring operations	23-24	6,050	881	6,090
Other operating income and expenses	25	(161)	(21)	(119)
Operating profit		5,889	860	5,971
Cost of net financial debt		(148)	(34)	(166)
Other financial income and expense		(83)	3	37
Net financial income (expense)	26	(231)	(31)	(129)
Income taxes	27	(1,775)	(264)	(1,916)
Income (loss) from investments in associates	7	9	1	5
Net profit before minority interests		3,892	566	3,931
Minority interests	17	2,467	350	2,500
Net profit, Group share		1,425	216	1,431
Basic Group share of net profit per share (EUR)	28	7.97	1.21	8.00
Number of shares on which the calculation is based		178,762,208	178,673,923	178,959,445
Diluted Group share of net profit per share (EUR)	28	7.90	1.20	7.90
Number of shares on which the calculation is based		179,594,235	179,724,966	179,964,904

2. Consolidated statement of comprehensive gains and losses

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Net profit before minority interests	3,892	566	3,931
Translation adjustments	(125)	(78)	(79)
Tax impact	(28)	(5)	(3)
	(153)	(83)	(82)
Change in value of available for sale financial assets	553	(224)	(222)
Amounts transferred to income statement	(16)	(7)	(10)
Tax impact	(12)	12	(4)
	525	(219)	(256)
Change in value of hedges of future foreign currency cash flows	205	11	195
Amounts transferred to income statement	(302)	(38)	(66)
Tax impact	26	1	(35)
	(71)	(26)	94
Gains and losses recognized in equity, transferable to income statement	301	(328)	(224)
Change in value of vineyard land	372	-	83
Amounts transferred to consolidated reserves	(6)	-	-
Tax impact	(127)	-	(27)
	239	-	56
Employee benefit commitments: changes in value resulting from actuarial gains and losses	17	9	(40)
Tax impact	(4)	(2)	13
	13	7	(27)
Gains and losses recognized in equity, not transferable to income statement	252	7	29
Gains and losses recognized in equity	553	(321)	(195)
Comprehensive income	4,445	245	3,736
Minority interests	2,793	161	2,397
COMPREHENSIVE INCOME, GROUP SHARE	1,652	84	1,339

3. Consolidated balance sheet

Assets

<i>(EUR millions)</i>	<i>Notes</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Brands and other intangible assets	5	15,550	14,174	14,210
Goodwill	4	9,713	8,584	8,998
Property, plant and equipment	6	10,572	9,354	9,286
Investments in associates	7	155	166	167
Non-current available for sale financial assets	8	7,200	6,665	6,853
Other non-current assets	9	515	491	497
Deferred tax	27	1,079	910	950
Non-current assets		44,784	40,344	40,961
Inventories and work in progress	10	9,670	8,797	8,774
Trade accounts receivable	11	2,013	1,837	1,828
Income taxes		346	241	214
Other current assets	12	1,702	1,769	1,910
Cash and cash equivalents	14	2,646	2,070	1,925
Current assets		16,377	14,714	14,651
TOTAL ASSETS		61,161	55,058	55,612

Liabilities and equity

<i>(EUR millions)</i>	<i>Notes</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Share capital	15.1	363	363	363
Share premium account		2,205	2,205	2,205
Christian Dior treasury shares	15.2	(288)	(252)	(263)
Cumulative translation adjustment	15.4	37	82	114
Revaluation reserves		1,613	1,347	1,446
Other reserves		6,615	7,052	5,618
Net profit, Group share		1,425	216	1,431
Equity, Group share		11,970	11,013	10,914
Minority interests	17	18,367	17,093	16,953
Total equity		30,337	28,106	27,867
Long-term borrowings	18	4,400	4,230	4,700
Non-current provisions	19	1,807	1,763	1,731
Deferred tax	27	5,270	4,784	4,870
Other non-current liabilities	20	6,275	5,657	6,024
Non-current liabilities		17,752	16,434	17,325
Short-term borrowings	18	6,421	4,392	3,834
Trade accounts payable		3,178	2,983	3,089
Income taxes		358	323	432
Current provisions	19	331	341	368
Other current liabilities	21	2,784	2,479	2,697
Current liabilities		13,072	10,518	10,420
TOTAL LIABILITIES AND EQUITY		61,161	55,058	55,612

4. Consolidated statement of changes in equity

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares and related derivatives	Cumulative translation adjustment	Revaluation reserves				Total equity			
						Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land	Employee benefit commitments	Net profit and other reserves	Group share	Minority interests	Total
<i>Notes</i>		15.1		15.2	15.4							17	
As of April 30, 2012	181,727,048	363	2,205	(152)	153	1,203	7	298	(6)	5,996	10,067	15,837	25,904
Gains and losses recognized in equity					(39)	(99)	37	18	(9)	-	(92)	(103)	(195)
Net profit										1,431	1,431	2,500	3,931
Comprehensive income					(39)	(99)	37	18	(9)	1,431	1,339	2,397	3,736
Stock option plan and similar expenses										25	25	26	51
(Acquisition)/disposal of treasury shares and related derivatives				(111)						(1)	(112)	-	(112)
Capital increase in subsidiaries										-	-	8	8
Interim and final dividends paid										(394)	(394)	(1,135)	(1,529)
Changes in control of consolidated entities										(5)	(5)	(6)	(11)
Acquisition and disposal of minority interests' shares				-	-	(2)	-	(1)	-	(21)	(24)	(52)	(76)
Purchase commitments for minority interests' shares										18	18	(122)	(104)
As of April 30, 2013	181,727,048	363	2,205	(263)	114	1,102	44	315	(15)	7,049	10,914	16,953	27,867
Gains and losses recognized in equity					(33)	(91)	(11)	-	3	-	(132)	(189)	(321)
Net profit										216	216	350	566
Comprehensive income					(33)	(91)	(11)	-	3	216	84	161	245
Stock option plan and similar expenses										3	3	2	5
(Acquisition)/disposal of Christian Dior treasury shares				11						1	12	-	12
Capital increase in subsidiaries										-	-	2	2
Interim and final dividends paid										-	-	(10)	(10)
Changes in control of consolidated entities										-	-	-	-
Acquisition and disposal of minority interests' shares					1	(1)	1	-	-	(3)	(2)	18	16
Purchase commitments for minority interests' shares										2	2	(35)	(31)
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	2	227	326	553
Net profit										1,425	1,425	2,467	3,892
Comprehensive income					(45)	218	(28)	76	4	1,427	1,652	2,793	4,445
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)
Changes in control of consolidated entities										(2)	(2)	233	231
Acquisition and disposal of minority interests' shares					-	(2)	-	(1)	(1)	(42)	(46)	13	(33)
Purchase commitments for minority interests' shares										(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	18,567	30,337

5. Consolidated cash flow statement

<i>(EUR millions)</i>	<i>Notes</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
I – OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		5,889	860	5,971
Net increase in depreciation, amortization and provisions		1,638	239	1,406
Other computed expenses		(8)	(29)	(50)
Dividends received		99	31	189
Other adjustments		(79)	(9)	(52)
Cash from operations before changes in working capital		7,539	1,092	7,464
Cost of net financial debt: interest paid		(160)	(43)	(186)
Income taxes paid		(2,022)	(532)	(1,952)
Net cash from operating activities before changes in working capital		5,357	517	5,326
Total change in working capital	<i>14.2</i>	(972)	(144)	(916)
Net cash from operating activities		4,385	373	4,410
Operating investments	<i>14.5</i>	(1,959)	(333)	(1,937)
Net cash from operating activities and operating investments (free cash flow)		2,426	40	2,473
II – FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets		(94)	(42)	(245)
Proceeds from sale of non-current available for sale financial assets	<i>8</i>	38	17	25
Impact of purchase and sale of consolidated investments	<i>2.4</i>	(2,234)	1	(44)
Net cash from (used in) financial investments		(2,290)	(24)	(264)
III – TRANSACTIONS RELATING TO EQUITY				
Capital increases of subsidiaries subscribed by minority interests		7	2	8
Acquisition and disposals of Christian Dior treasury shares		(40)	(65)	(40)
Interim and final dividends paid by Christian Dior SA	<i>15.5</i>	(536)	-	(395)
Interim and final dividends paid to minority interests in consolidated subsidiaries		(1,224)	(83)	(1,066)
Purchase and proceeds from sale of minority interests	<i>2.4</i>	(46)	16	(215)
Net cash from (used in) transactions relating to equity		(1,839)	(130)	(1,708)
Change in cash before financing activities		(1,703)	(114)	501
IV – FINANCING ACTIVITIES				
Proceeds from borrowings		4,227	855	1,260
Repayment of borrowings		(2,265)	(621)	(1,435)
Purchase and proceeds from sale of current available for sale financial assets		114	(3)	(16)
Net cash from (used in) financing activities		2,076	231	(191)
V – EFFECT OF EXCHANGE RATE CHANGES				
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		404	139	339
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<i>14</i>	1,665	1,526	1,187
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<i>14</i>	2,069	1,665	1,526
Transactions included in the table above, generating no change in cash:				
• acquisition of assets by means of finance leases		2	-	9

Notes to the consolidated financial statements

NOTE 1	ACCOUNTING POLICIES	122
NOTE 2	CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES	130
NOTE 3	BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS	132
NOTE 4	GOODWILL	134
NOTE 5	IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES	135
NOTE 6	PROPERTY, PLANT AND EQUIPMENT	136
NOTE 7	INVESTMENTS IN ASSOCIATES	139
NOTE 8	NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS	139
NOTE 9	OTHER NON-CURRENT ASSETS	140
NOTE 10	INVENTORIES AND WORK IN PROGRESS	141
NOTE 11	TRADE ACCOUNTS RECEIVABLE	142
NOTE 12	OTHER CURRENT ASSETS	143
NOTE 13	CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS	143
NOTE 14	CASH FLOW STATEMENT	144
NOTE 15	EQUITY	145
NOTE 16	STOCK OPTION AND SIMILAR PLANS	147
NOTE 17	MINORITY INTERESTS	150
NOTE 18	BORROWINGS	151
NOTE 19	PROVISIONS	154
NOTE 20	OTHER NON-CURRENT LIABILITIES	155
NOTE 21	OTHER CURRENT LIABILITIES	156
NOTE 22	FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT	156
NOTE 23	SEGMENT INFORMATION	164
NOTE 24	REVENUE AND EXPENSES BY NATURE	168
NOTE 25	OTHER OPERATING INCOME AND EXPENSES	169
NOTE 26	NET FINANCIAL INCOME (EXPENSE)	169
NOTE 27	INCOME TAXES	171
NOTE 28	EARNINGS PER SHARE	174
NOTE 29	PROVISIONS FOR PENSIONS, CONTRIBUTION TO MEDICAL COSTS AND OTHER EMPLOYEE BENEFIT COMMITMENTS	174
NOTE 30	OFF BALANCE SHEET COMMITMENTS	178
NOTE 31	RELATED PARTY TRANSACTIONS	180
NOTE 32	SUBSEQUENT EVENTS	181

6. Notes to the consolidated financial statements

NOTE 1 – ACCOUNTING POLICIES

1.1. General framework and environment

The consolidated financial statements for the twelve-month fiscal year ended June 30, 2014 were established in accordance with international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on June 30, 2014.

These standards and interpretations have been applied consistently to the fiscal years presented. The consolidated financial statements for the fiscal year ended June 30, 2014 were approved for publication by the Board of Directors on October 16, 2014.

1.2. Changes to the accounting framework for the coming fiscal years

Standards, amendments and interpretations for which application will be 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, eliminating the possibility to use proportionate consolidation to consolidate jointly controlled entities which will be accounted for only using the equity method, and introducing additional disclosure requirements in the notes to the consolidated financial statements.

The application of these standards will 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 these entities are fully integrated within the Group's operating activities, Christian Dior will disclose their net profit, as well as that of entities currently accounted for using the equity method (see Note 7), on a specific line within profit from recurring operations. The consolidation method of distribution subsidiaries jointly owned with the Diageo group will not be impacted (see Note 1.5 regarding the consolidation method of these subsidiaries).

- IFRIC Interpretation 21 on the accounting for levies;
- IAS 19 amendment on the accounting of employees' contributions to post-employment plans (not yet approved by the European Union).

The application of these standards will not have a material impact on the Group's consolidated 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 on how the Group accounts for these commitments.
- The Group is also following the development of the proposed standard on accounting for leases.

1.3. First-time adoption of IFRS

The first accounts prepared by the Group in accordance with IFRS were the financial statements for the year ended December 31, 2005, with a transition date of January 1, 2004. IFRS 1 allowed for exceptions to the retrospective application of IFRS at the transition date. The procedures implemented by the Group with respect to these exceptions are listed below:

- business combinations: the exemption from retrospective application was not applied. The Christian Dior group has retrospectively restated acquisitions made since 1988, the date of the initial consolidation of LVMH, and all subsequent acquisitions were restated in accordance with IFRS 3. IAS 36 Impairment of Assets and IAS 38 Intangible Assets were applied retrospectively as of this date;
- foreign currency translation of the financial statements of subsidiaries outside the euro zone: translation reserves relating to the consolidation of subsidiaries that prepare their accounts in foreign currency were reset to zero as of January 1, 2004 and offset against "Other reserves".

1.4. Use of estimates

For the purpose of preparing the consolidated financial statements, measurement of certain balance sheet and income statement items requires the use of hypotheses, estimates or other forms of judgment. This is particularly true of the valuation of intangible assets, purchase commitments for minority interests and of the determination of the amount of provisions for contingencies and losses or for impairment of inventories and, if applicable, deferred tax assets. Such hypotheses, estimates or other forms of judgment which are undertaken on the basis of the information available, or situations prevalent at the date of preparation of the accounts, may prove different from the subsequent actual events.

1.5. Methods of consolidation

The subsidiaries in which the Group holds a direct or indirect de facto or de jure controlling interest are fully consolidated.

Jointly controlled companies are consolidated on a proportionate basis. See Note 1.2 regarding the impacts of the implementation of IFRS 11 from July 1, 2014.

For distribution subsidiaries operating in accordance with the contractual distribution arrangements with the Diageo group, only the portion of assets and liabilities and results of operations relating to the Group's activities is included in the consolidated financial statements (see Note 1.24).

Companies where the Group has significant influence but no controlling interest are accounted for using the equity method.

1.6. Foreign currency translation of the financial statements of entities outside the euro zone

The consolidated financial statements are stated in euros; the financial statements of entities stated in a different functional currency are translated into euros:

- at the period-end exchange rates for balance sheet items;
- at the average rates for the period for income statement items.

Translation adjustments arising from the application of these rates are recorded in equity under "Cumulative translation adjustment".

1.7. Foreign currency transactions and hedging of exchange rate risks

Transactions of consolidated companies denominated in a currency other than their functional currencies are translated to their functional currencies at the exchange rates prevailing at the transaction dates.

Accounts receivable, accounts payable and debts denominated in currencies other than the entities' functional currencies are translated at the applicable exchange rates at the fiscal year-end.

Unrealized gains and losses resulting from this translation are recognized:

- within cost of sales in the case of commercial transactions;
- within net financial income/expense in the case of financial transactions.

Foreign exchange gains and losses arising from the translation or elimination of inter-company transactions or receivables and payables denominated in currencies other than the entity's functional currency are recorded in the income statement unless they relate to long-term inter-company financing transactions which can be considered as transactions relating to equity. In the latter case, translation adjustments are recorded in equity under "Cumulative translation adjustment".

Derivatives which are designated as hedges of commercial transactions denominated in a currency other than the functional currency of the entity are recognized in the balance sheet at their market value at the fiscal year-end and any change in the market value of such derivatives is recognized:

- within cost of sales for the effective portion of hedges of receivables and payables recognized in the balance sheet at the end of the period;
- within equity (as "Revaluation reserves") for the effective portion of hedges of future cash flows (this part is transferred to cost of sales at the time of recognition of the hedged assets and liabilities);
- within net financial income/expense for the ineffective portion of hedges; changes in the value of discount and premium associated with forward contracts, as well as the time value component of options, are systematically considered as ineffective portions.

When derivatives are designated as hedges of subsidiaries' equity outside the euro zone (net investment hedge), any change in fair value of the derivatives is recognized within equity under "Cumulative translation adjustment" for the effective portion and within net financial income/expense for the ineffective portion.

Market value changes of derivatives not designated as hedges are recorded within net financial income/expense.

See also Note 1.20 regarding the definition of the concepts of effective and ineffective portions.

1.8. Fair value measurement

Fair value (or market value) is the price that would be obtained from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants.

The assets and liabilities measured at fair value at each balance sheet date are as follows:

	Approaches to determining fair value (Level of the fair value hierarchy established by IFRS 13 Fair Value Measurement)	Amounts recorded as of fiscal year-end
Vineyard land	Based on recent transactions in similar assets (Level 2). See Note 1.12.	Note 6.1
Grape harvests	Based on purchase prices for equivalent grapes (Level 2). See Note 1.15.	Note 10
Derivatives	Based on market data and according to commonly used valuation models (Level 2). See Note 1.20.	Note 22.4
Borrowings hedged against changes in value due to interest rate fluctuations	Based on market data and according to commonly used valuation models (Level 2). See Note 1.19.	Note 18
Liabilities in respect of purchase commitments for minority interests' shares priced according to fair value	Generally, based on the market multiples of comparable companies (Level 2). See Note 1.11.	Note 20
Available for sale financial assets	Quoted investments: price quotations at the close of trading on the balance sheet date (Level 1). Non-quoted investments: estimated net realizable value, either according to formulas based on market data (Level 2) or based on private quotations (Level 3). See Note 1.14.	Note 8, Note 13, Note 22.2
Cash and cash equivalents	Closing price quotation (Level 1). See Note 1.17.	Note 14

No other asset or liability has been remeasured at market value as of fiscal year-end.

1.9. Brands, trade names and other intangible assets

Only acquired brands and trade names that are well known and individually identifiable are recorded as assets based on their market values when they are acquired.

Brands and trade names are chiefly valued on the basis of the present value of forecast cash flows, or of comparable transactions (i.e. using the revenue and net profit coefficients employed for recent transactions involving similar brands), or of stock market multiples observed for related businesses. Other complementary methods may also be employed: the royalty method, involving equating a brand's value with the present value of the royalties required to be paid for its use; the margin differential method, applicable when a measurable difference can be identified between the amount of revenue generated by a branded product in comparison with a similar unbranded product; and finally the equivalent brand reconstitution method involving, in particular, estimation of the amount of advertising and promotion expenses required to generate a similar brand.

Costs incurred in creating a new brand or developing an existing brand are expensed.

Brands, trade names and other intangible assets with finite useful lives are amortized over their estimated useful lives. The classification of a brand or trade name as an asset of definite or indefinite useful life is generally based on the following criteria:

- the brand or trade name's positioning in its market expressed in terms of volume of activity, international presence and notoriety;
- its expected long-term profitability;
- its degree of exposure to changes in the economic environment;
- any major event within its business segment liable to compromise its future development;
- its age.

Amortizable lives of brands and trade names with definite useful lives range from 15 to 40 years, depending on their estimated period of utilization.

Any impairment expense of brands and trade names and, in some cases, amortization expense, are recognized within "Other operating income and expenses".

Impairment tests are carried out for brands, trade names and other intangible assets using the methodology described in Note 1.13.

Research expenditure is not capitalized. New product development expenditure is not capitalized unless the final decision to launch the product has been taken.

Intangible assets other than brands and trade names are amortized over the following periods:

- leasehold rights, key money: based on market conditions, generally over the lease period;
- development expenditure: three years at most;
- software: one to five years.

1.10. Changes in the percentage interest in consolidated entities

When the Group takes de jure or de facto control of a business, its assets, liabilities and contingent liabilities are estimated at their fair value as of the date when control is obtained and the difference between the cost of taking control and the Group's share of the fair value of those assets, liabilities and contingent liabilities is recognized as goodwill.

The cost of taking control is the price paid by the Group in the context of an acquisition, or an estimate of this price if the transaction is carried out without any payment of cash, excluding acquisition costs which are disclosed under "Other operating income and expenses".

As from January 1, 2010, for transactions occurring after that date, in accordance with IAS 27 (Revised), the difference between the carrying amount of minority interests purchased after control is obtained and the price paid for their acquisition is deducted from equity.

Goodwill is accounted for in the functional currency of the acquired entity.

Goodwill is not amortized but is subject to annual impairment testing using the methodology described in Note 1.13. Any impairment expense recognized is included within "Other operating income and expenses".

1.11. Purchase commitments for minority interests' shares

The Group has granted put options to minority shareholders of certain fully consolidated subsidiaries.

Pending specific guidance from IFRSs regarding this issue, the Group recognizes these commitments as follows:

- the value of the commitment at the fiscal year-end appears in "Other non-current liabilities";
- the corresponding minority interests are cancelled;

- for commitments granted prior to January 1, 2010, the difference between the amount of the commitments and reclassified minority interests is maintained as an asset on the balance sheet under goodwill, as well as subsequent changes in this difference. For commitments granted as from January 1, 2010, the difference between the amount of the commitments and minority interests is recorded in equity, under "Other reserves".

This accounting policy has no effect on the presentation of minority interests within the income statement.

1.12. Property, plant and equipment

With the exception of vineyard land and Christian Dior Couture's real estate holdings, the gross value of property, plant and equipment is stated at acquisition cost. Any borrowing costs incurred prior to the placed-in-service date or during the construction period of assets are capitalized.

Vineyard land is recognized at the market value at the fiscal year-end. This valuation is based on official published data for recent transactions in the same region (Level 2 of the fair value hierarchy established by IFRS 13). Any difference compared to historical cost is recognized within equity in "Revaluation reserves". If market value falls below acquisition cost the resulting impairment is charged to the income statement.

Vines for champagnes, cognacs and other wines produced by the Group, are considered as biological assets as defined in IAS 41 Agriculture. As their valuation at market value differs little from that recognized at historical cost, no revaluation is undertaken for these assets.

Buildings mostly occupied by third parties are reported as investment property, at acquisition cost. Investment property is thus not remeasured at market value.

Assets acquired under finance leases are capitalized on the basis of the lower of their market value and the present value of future lease payments.

The depreciable amount of property, plant and equipment comprises the acquisition cost of their components less residual value, which corresponds to the estimated disposal price of the asset at the end of its useful life.

Property, plant and equipment is depreciated on a straight-line basis over its estimated useful life; the estimated useful lives are as follows:

- | | |
|---|-----------------|
| • buildings including investment property | 20 to 50 years; |
| • machinery and equipment | 3 to 25 years; |
| • leasehold improvements | 3 to 10 years; |
| • producing vineyards | 18 to 25 years. |

Expenses for maintenance and repairs are charged to the income statement as incurred.

1.13. Impairment testing of fixed assets

Intangible and tangible fixed assets are subject to impairment testing whenever there is any indication that an asset may be impaired, and in any event at least annually in the case of intangible assets with indefinite useful lives (mainly brands, trade names and goodwill). When the carrying amount of assets with indefinite useful lives is greater than the higher of their value in use or market value, the resulting impairment loss is recognized within "Other operating income and expenses", allocated in priority to any existing goodwill.

For the fiscal years presented in this report, December 31 was retained as the impairment testing date in all cases. As of these dates, there were no indications that any assets had suffered impairment losses in comparison to December 31, 2013 and 2012.

Value in use is based on the present value of the cash flows expected to be generated by these assets. Market value is estimated by comparison with recent similar transactions or on the basis of valuations performed by independent experts in the perspective of a disposal transaction.

Cash flows are forecast for each business segment defined as one or several brands or trade names under the responsibility of a dedicated management team. Smaller scale cash generating units, e.g. a group of stores, may be distinguished within a particular business segment.

The forecast data required for the cash flow methods is based on budgets and business plans prepared by management of the related business segments. Detailed forecasts cover a five-year period (with the exception of Christian Dior Couture whose business plans cover a three-year period), a period which may be extended in the case of certain brands undergoing strategic repositioning, or which have a production cycle exceeding five years. An estimated final value is added to the value resulting from discounted forecast cash flows which corresponds to the capitalization in perpetuity of cash flows most often arising from the last year of the plan. When several forecast scenarios are developed, the probability of occurrence of each scenario is assessed. Forecast cash flows are discounted on the basis of the rate of return to be expected by an investor in the applicable business and include assessment of the risk factor associated with each business.

1.14. Available for sale financial assets

Financial assets are classified as current or non-current based on their nature.

Non-current available for sale financial assets comprise strategic and non-strategic investments whose estimated period and form of ownership justify such classification.

Current available for sale financial assets include temporary investments in shares, shares of SICAVs, FCPs and other mutual funds, excluding investments made as part of the daily cash management, which are accounted for as "Cash and cash equivalents" (see Note 1.17).

Available for sale financial assets are measured at their listed value at the balance sheet date in the case of quoted investments (Level 1 of the value hierarchy established by IFRS 13), and at their net realizable value at that date in the case of unquoted investments (Level 2 or 3 of the value hierarchy established by IFRS 13).

Positive or negative changes in value are taken to equity within "Revaluation reserves". If an impairment loss is judged to be definitive, an impairment is recognized and charged to net financial income/expense; the impairment is only reversed through the income statement at the time of sale of the underlying available for sale financial assets.

1.15. Inventories and work in progress

Inventories other than wine produced by the Group are recorded at the lower of cost (excluding interest expense) and net realizable value; cost comprises manufacturing cost (finished goods) or purchase price, plus incidental costs (raw materials, merchandise).

Wine produced by the Group, especially champagne, is measured at the applicable harvest market value, which is determined by reference to the average purchase price of equivalent grapes (Level 2 of the fair value hierarchy established by IFRS 13), as if the grapes harvested had been purchased from third parties. Until the date of the harvest, the value of grapes is calculated pro rata temporis on the basis of the estimated yield and market value.

Inventories are valued using the weighted average cost or FIFO methods.

Due to the length of the aging process required for champagne and spirits (cognac, whisky), the holding period for these inventories generally exceeds one year. However, in accordance with industry practices, these inventories are classified as current assets.

Provisions for impairment of inventories are chiefly recognized for businesses other than Wines and Spirits. They are generally required because of product obsolescence (end of season or collection, date of expiry, etc.) or lack of sales prospects.

1.16. Trade accounts receivable, loans and other receivables

Trade accounts receivable are recorded at their face value. A provision for impairment is recorded if their net realizable value, based on the probability of their collection, is less than their carrying amount.

The amount of long-term loans and receivables (i.e. those falling due in more than one year) is subject to discounting, the effects of which are recognized under net financial income/expense using the effective interest rate method.

1.17. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and highly liquid monetary investments subject to an insignificant risk of changes in value over time.

Monetary investments are measured at their market value (Level 1 of the fair value hierarchy established by IFRS 13) and at the exchange rate prevailing at the balance sheet date, with any changes in value recognized as part of net financial income/expense.

1.18. Provisions

A provision is recognized whenever an obligation exists towards a third party resulting in a probable disbursement for the Group, the amount of which may be reliably estimated.

When execution of its obligation is expected to be deferred by more than one year, the provision amount is discounted, the effects of which are recognized in net financial income/expense using the effective interest rate method.

1.19. Borrowings

Borrowings are measured at amortized cost, i.e. nominal value net of premium and issue expenses, which are charged progressively to net financial income/expense using the effective interest method.

In the case of hedging against fluctuations in the capital amount of borrowings resulting from changes in interest rates, both the hedged amount of borrowings and the related hedges are measured at their market value at the balance sheet date, with any changes in those values recognized within net financial income/expense. Market value of hedged borrowings is determined using similar methods as those described hereafter in Note 1.20.

In the case of hedging against fluctuations in future interest payments, the related borrowings remain measured at their amortized cost whilst any changes in value of the effective hedge portions are taken to equity as part of revaluation reserves.

Changes in value of non-hedging derivatives, and of the ineffective portions of hedges, are recognized within net financial income/expense.

Financial debt bearing embedded derivatives is measured at fair value; changes in fair value are recognized within net financial income/expense.

Net financial debt comprises short and long-term borrowings, the market value at the fiscal year-end of interest rate derivatives, less the amount at the fiscal year-end of current available for sale financial assets, cash and cash equivalents, in addition to the market value at the fiscal year-end of foreign exchange derivatives related to any of the aforementioned items.

See also Note 1.20 regarding the definition of the concepts of effective and ineffective portions.

1.20. Derivatives

The Group enters into derivative transactions as part of its strategy for hedging foreign exchange and interest rate risks.

IAS 39 subordinates the use of hedge accounting to demonstration and documentation of the effectiveness of hedging relationships when hedges are implemented and subsequently throughout their existence. A hedge is considered to be effective if the ratio of changes in the value of the derivative to changes in the value of the hedged underlying remains within a range of 80 to 125%.

Derivatives are recognized in the balance sheet at their market value at the fiscal year-end. Changes in their value are accounted for as described in Note 1.7 in the case of foreign exchange hedges, and as described in Note 1.19 in the case of interest rate hedges.

Market value is based on market data and on commonly used valuation models (Level 2 of the fair value hierarchy established by IFRS 13), and may be confirmed in the case of complex instruments by reference to values quoted by independent financial institutions.

Derivatives with maturities in excess of twelve months are disclosed as non-current assets and liabilities.

1.21. Christian Dior and LVMH treasury shares

Christian Dior treasury shares

Christian Dior shares held by the Group are measured at their acquisition cost and recognized as a deduction from consolidated equity, irrespective of the purpose for which they are held.

The cost of disposals of shares is determined by allocation category (see Note 16.2) using the FIFO method. Gains and losses on disposal are taken directly to equity.

LVMH treasury shares

Purchases and sales by LVMH of its own shares, as well as LVMH SA capital increases in favor of share subscription option holders, resulting in changes in the percentage holding of Christian Dior group in LVMH, are accounted for in the consolidated financial statements of Christian Dior group as changes in percentage interest in consolidated entities.

As from January 1, 2010, in accordance with the revised version of IFRS 3, changes in the percentage of Christian Dior group's ownership interest in LVMH have been taken to equity.

As this provision is applied prospectively, goodwill recognized as of December 31, 2009 was maintained as an asset on the balance sheet.

1.22. Pensions, contribution to medical costs and other employee benefit commitments

When retirement indemnity plans, pension plans, contribution to medical costs and other commitments entail the payment by the Group of contributions to third party organizations which assume the exclusive responsibility for subsequently paying the retirement indemnities, pensions or contribution to medical costs, these contributions are expensed in the period in which they fall due with no liability recorded on the balance sheet.

When retirement indemnity plans, pension plans, contribution to medical costs and other commitments are to be borne by the Group, a provision is recorded in the balance sheet in the amount of the corresponding actuarial commitment for the Group. Since May 1, 2013, and retrospectively as of January 1, 2012, changes in this provision are recognized as follows:

- the portion related to the cost of services rendered by employees and net interest for the fiscal year is recognized in profit (loss) from recurring operations for the fiscal year;
- the portion related to changes in actuarial assumptions and to differences between projected and actual data (experience adjustments) is recognized in gains and losses taken to equity.

If this commitment is either partially or wholly funded by payments made by the Group to external financial organizations, these dedicated funds are deducted from the actuarial commitment recorded in the balance sheet.

The actuarial commitment is calculated based on assessments that are specifically designed for the country and the Group company concerned. In particular, these assessments include assumptions regarding salary increases, inflation, life expectancy and staff turnover.

1.23. Current and deferred tax

Deferred tax is recognized in respect of temporary differences arising between the value of assets and liabilities for purposes of consolidation and the value resulting from application of tax regulations.

Deferred tax is measured on the basis of the income tax rates enacted at the balance sheet date; the effect of changes in rates is recognized during the periods in which changes are enacted.

Future tax savings from tax losses carried forward are recorded as deferred tax assets on the balance sheet and impaired if they are deemed not recoverable; only amounts for which future use is deemed probable are recognized.

Deferred tax assets and liabilities are not discounted.

Taxes payable in respect of the distribution of retained earnings of subsidiaries are provided for if distribution is deemed probable.

1.24. Revenue recognition

Definition of revenue

Revenue mainly comprises retail sale within the Group's store network and sales through agents and distributors. Sales made in stores owned by third parties are treated as retail transactions if the risks and rewards of ownership of the inventories are retained by the Group.

Direct sales to customers are made through retail stores for Fashion and Leather Goods, Selective Retailing and Christian Dior Couture, as well as certain Watches and Jewelry and Perfumes and Cosmetics brands. These sales are recognized at the time of purchase by retail customers.

Wholesale sales concern Wines and Spirits, as well as certain Perfumes and Cosmetics and Watches and Jewelry brands. The Group recognizes revenue when title transfers to third party customers, generally upon shipment.

Revenue includes shipment and transportation costs re-billed to customers only when these costs are included in products' selling prices as a lump sum.

Revenue is presented net of all forms of discount. In particular, payments made in order to have products referenced or, in accordance with agreements, to participate in advertising campaigns with the distributors, are deducted from related revenue.

Provisions for product returns

Perfumes and Cosmetics and, to a lesser extent, Fashion and Leather Goods and Watches and Jewelry companies may accept the return of unsold or outdated products from their customers and distributors.

Where this practice is applied, revenue and the corresponding trade receivables are reduced by the estimated amount of such returns, and a corresponding entry is made to inventories. The estimated rate of returns is based on statistics of historical returns.

Businesses undertaken in partnership with Diageo

A significant proportion of revenue for the Group's Wines and Spirits businesses is generated within the framework of distribution agreements with Diageo generally taking the form of shared entities, which sell and deliver both groups' products to customers. On the basis of the distribution agreements, which provide specific rules for allocating these entities' income statement items and assets and liabilities between the Group and Diageo, the Group only recognizes the portion of the income statement and balance sheet attributable to its own brands.

The application of IFRS 11 as from July 1, 2014 will not impact this method. See Note 1.2.

1.25. Advertising and promotion expenses

Advertising and promotion expenses include the costs of producing advertising media, purchasing media space, manufacturing samples and publishing catalogs, and in general, the cost of all activities designed to promote the Group's brands and products.

Advertising and promotion expenses are recorded upon receipt or production of goods or upon completion of services rendered.

1.26. Stock option and similar plans

Share purchase and subscription option plans give rise to recognition of an expense based on the amortization of the expected benefit granted to beneficiaries calculated according to the Black & Scholes method on the basis of the closing share price on the day before the Board Meeting at which the plan is instituted.

For bonus share plans, the expected benefit is calculated on the basis of the closing share price on the day before the Board Meeting at which the plan is instituted, less the amount of dividends expected to accrue during the vesting period. A discount may be applied to the value of the bonus shares thus calculated to account for a period of non-transferability, where applicable.

For all plans, the amortization expense is apportioned on a straight-line basis in the income statement over the vesting period, with a corresponding impact on reserves in the balance sheet.

For cash-settled compensation plans index-linked to the change in LVMH share price, the gain over the vesting period is

estimated at each fiscal year-end based on the LVMH share price at that date, and is charged to the income statement on a pro rata basis over the vesting period, with a corresponding balance sheet impact on provisions. Between that date and the settlement date, the change in the expected benefit resulting from the change in the LVMH share price is recorded in the income statement.

1.27. Definitions of Profit from recurring operations and Other operating income and expenses

The Group's main business is the management and development of its brands and trade names. Profit from recurring operations is derived from these activities, whether they are recurring or non-recurring, core or incidental transactions.

Other operating income and expenses comprises income statement items which, due to their nature, amount or frequency, may not be considered as inherent to the Group's recurring operations. This caption reflects in particular the impact of changes in the scope of consolidation and the impairment of brands and goodwill, as well as any significant amount of gains or losses arising on the disposal of fixed assets, restructuring costs, costs in respect of disputes, or any other non-recurring income or expense which may otherwise distort the comparability of profit from recurring operations from one period to the next.

1.28. Earnings per share

Earnings per share are calculated based on the weighted average number of shares in circulation during the period, excluding treasury shares.

Diluted earnings per share are calculated based on the weighted average number of shares before dilution and adding the weighted average number of shares that would result from the exercise of existing subscription options during the period or any other diluting instrument. It is assumed for the purposes of this calculation that the funds received from the exercise of options, supplemented by the expense to be recognized for stock option and similar plans (see Note 1.26), would be employed to repurchase Christian Dior shares at a price corresponding to their average trading price over the fiscal year. Dilutive instruments issued by subsidiaries are also taken into consideration for the purposes of determining the Group's share of net profit after dilution.

NOTE 2 – CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES

2.1. Fiscal year 2013/2014 (July 1, 2013 – June 30, 2014)

Wines and Spirits

In April 2014, LVMH acquired the entire share capital of the Domaine du Clos des Lambrays (Grand cru de la Côte de Nuits), located in Morey-Saint-Denis, in France, on 8.66 continuous hectares.

Fashion and Leather Goods

Loro Piana

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.

Loro Piana acquisition expenses were recognized in Other operating income and expenses; they represent a total amount of 9 million euros, see Note 25.

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:

<i>(EUR million)</i>	Definitive allocation
Brand	1,300
Other intangible assets and tangible assets, net	198
Other non-current assets	37
Non-current provisions	(39)
Current assets	343
Current liabilities	(184)
Net financial debt	(114)
Deferred tax	(366)
Net assets acquired	1,175
Minority interests (20%)	(235)
Net assets, Group share at LVMH (80%)	940
Goodwill	1,047
Carrying amount of shares held as of December 5, 2013	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.

Nicholas Kirkwood

In September 2013, the Group acquired a 52% stake in British luxury footwear company Nicholas Kirkwood. This entity was consolidated with effect from October 1, 2013. The rest of the company's share capital is covered by reciprocal undertakings to buy and sell, mainly exercisable from 2020.

Marc Jacobs

During the first half of the fiscal year, the Group raised its stake in Marc Jacobs to 80%. The difference between the acquisition price and minority interests was deducted from equity.

Other activities

In August 2013, the Group acquired 100% of Hotel Saint-Barth Isle de France, which owns and operates a luxury hotel located on the island of Saint Barthélemy (French West Indies). This entity was consolidated with effect from September 2013. In June 2014, the Group sold 44% of this investment. The difference between the cash received and the carrying amount of the sold share has been recognized in consolidated reserves.

2.2. Fiscal year 2013 (May 1, 2013 – June 30, 2013)

Other activities

In June 2013, LVMH acquired an 80% stake in Cova, a patisserie business based in Milan (Italy) which is also present in Asia through its franchisee network. This investment is recognized in the balance sheet under Non-current available for sale financial assets as of June 30, 2013 and has been consolidated since July 1, 2013.

2.3. Fiscal year 2012/2013 (May 1, 2012 – April 30, 2013)

Christian Dior Couture

During the fiscal year, the Group acquired the entire share capital of the Vermont embroidery workshops, founded in 1954 by Jean Guy Vermont. This investment was consolidated with effect from June 30, 2012.

Wines and Spirits

In early 2013, the Group acquired an additional 30% stake in Château d'Yquem for 84 million euros, increasing its ownership interest to 95%. The difference between the acquisition price and minority interests, 33 million euros, was deducted from equity.

Fashion and Leather Goods

In May 2012, LVMH acquired the entire share capital of Les Tanneries Roux (France), a supplier of high quality leather. In June 2012, LVMH acquired a 100% ownership interest in Arnys (France), a ready-to-wear and made-to-measure menswear label. These entities were consolidated with effect from June 2012.

Perfumes and Cosmetics

In October 2012, LVMH acquired the 20% stake in the share capital of Benefit that it did not own; the price paid generated the recognition of a final goodwill in the amount of 133 million euros, previously recorded under Goodwill arising on purchase commitments for minority interests.

2.4. Impact on cash and cash equivalents of changes in the percentage interest in consolidated entities

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Purchase price of consolidated investments and of minority interests' shares	(2,429)	(9)	(339)
Positive cash balance/(net overdraft) of companies acquired	31	-	1
Proceeds from sale of consolidated investments	119	26	79
(Positive cash balance)/net overdraft of companies sold	(1)	-	-
IMPACT ON CASH AND CASH EQUIVALENTS OF CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES	(2,280)	17	(259)
Of which:			
Purchase and sale of consolidated investments	(2,234)	1	(44)
Purchase and proceeds from sale of minority interests	(46)	16	(215)

- As of June 30, 2014, the impact on the Group's cash position of changes in the percentage interest in consolidated entities mainly included the impact of the acquisition of Loro Piana, Clos des Lambrays, the Hotel Saint-Barth Isle de France, Nicholas Kirkwood, an additional investment in Marc Jacobs, and LVMH SA capital increases in favor of share subscription option holders.
- As of June 30, 2013, the impact on the Group's cash position of changes in the percentage interest in consolidated entities mainly included LVMH SA capital increases in favor of share subscription option holders.

- As of April 30, 2013, the impact on the Group's cash position of changes in the percentage interest in consolidated entities mainly included the effects of the acquisition of the 20% stake in Benefit not previously owned by the Group, the acquisition of an additional 30% stake in Château d'Yquem, LVMH SA capital increases in favor of share subscription option holders, and the acquisition of 100% stakes in Tanneries Roux and Arnys.

NOTE 3 – BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

<i>(EUR millions)</i>	June 30, 2014 (12 months)			June 30, 2013 (2 months)	April 30, 2013 (12 months)
	Gross	Amortization and impairment	Net	Net	Net
Brands	13,261	(543)	12,718	11,420	11,444
Trade names	3,285	(1,337)	1,948	2,024	2,025
License rights	24	(23)	1	-	-
Leasehold rights	723	(331)	392	306	310
Software, websites	981	(739)	242	199	203
Other	567	(318)	249	225	228
TOTAL	18,841	(3,291)	15,550	14,174	14,210
Of which:					
Assets held under finance leases	14	(14)	-	-	-

3.1. Movements in the fiscal year

Movements during the fiscal year ended June 30, 2014 in the net amounts of brands, trade names and other intangible assets were as follows:

Gross value <i>(EUR millions)</i>	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	Total
As of June 30, 2013	11,940	3,416	810	591	532	17,289
Acquisitions	-	-	105	71	117	293
Disposals and retirements	-	-	(16)	(18)	(44)	(78)
Changes in the scope of consolidation	1,307	-	47	67	17	1,438
Translation adjustment	14	(131)	(8)	-	(1)	(126)
Reclassifications	-	-	43	12	(30)	25
AS OF JUNE 30, 2014	13,261	3,285	981	723	591	18,841

Accumulated amortization and impairment <i>(EUR millions)</i>	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	Total
As of June 30, 2013	(520)	(1,392)	(611)	(285)	(307)	(3,115)
Amortization expense	(17)	(1)	(108)	(40)	(74)	(240)
Impairment expense	(9)	-	-	(1)	(1)	(11)
Disposals and retirements	-	-	16	18	42	76
Changes in the scope of consolidation	(2)	-	(41)	(14)	(6)	(63)
Translation adjustment	5	56	4	-	2	67
Reclassifications	-	-	1	(9)	3	(5)
AS OF JUNE 30, 2014	(543)	(1,337)	(739)	(331)	(341)	(3,291)
NET CARRYING AMOUNT AS OF JUNE 30, 2014	12,718	1,948	242	392	250	15,550

3.2. Movements in prior fiscal years

Net carrying amount (EUR millions)	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	Total
As of April 30, 2012	11,517	2,008	180	207	215	14,127
Acquisitions	-	-	78	102	121	301
Disposals and retirements	-	-	-	-	(1)	(1)
Changes in the scope of consolidation	-	-	-	17	-	17
Amortization expense	(45)	(1)	(91)	(23)	(61)	(221)
Impairment expense	-	-	-	-	-	-
Translation adjustment	(28)	18	(1)	(1)	(2)	(14)
Reclassifications	-	-	37	8	(44)	1
As of April 30, 2013	11,444	2,025	203	310	228	14,210
Acquisitions	-	-	9	4	11	24
Disposals and retirements	-	-	-	-	-	-
Changes in the scope of consolidation	-	-	-	-	-	-
Amortization expense	(6)	-	(18)	(6)	(10)	(40)
Impairment expense	-	-	-	-	1	1
Translation adjustment	(18)	(1)	1	(2)	(3)	(23)
Reclassifications	-	-	4	-	(2)	2
AS OF JUNE 30, 2013	11,420	2,024	199	306	225	14,174

3.3. Brands and trade names

The breakdown of brands and trade names by business group is as follows:

(EUR millions)	June 30, 2014 (12 months)			June 30, 2013 (2 months)	April 30, 2013 (12 months)
	Gross	Amortization and impairment	Net	Net	Net
Christian Dior Couture	34	(10)	24	32	32
Wines and Spirits	2,990	(77)	2,913	2,914	2,922
Fashion and Leather Goods	5,189	(369)	4,820	3,527	3,530
Perfumes and Cosmetics	1,284	(23)	1,261	1,264	1,264
Watches and Jewelry	3,524	(6)	3,518	3,498	3,509
Selective Retailing	3,243	(1,290)	1,953	2,029	2,030
Other activities	282	(105)	177	180	182
BRANDS AND TRADE NAMES	16,546	(1,880)	14,666	13,444	13,469

The brands and trade names recognized are those that the Group has acquired. The principal acquired brands and trade names as of June 30, 2014 are:

- Wines and Spirits: Hennessy, Moët & Chandon, Veuve Clicquot, Krug, Château d'Yquem, Château Cheval Blanc, Belvedere, Glenmorangie, Newton Vineyards and Numanthia Termes;
- Fashion and Leather Goods: Louis Vuitton, Loro Piana, Fendi, Donna Karan New York, Céline, Loewe, Givenchy, Kenzo, Thomas Pink, Berluti and Pucci;
- Perfumes and Cosmetics: Parfums Christian Dior, Guerlain, Parfums Givenchy, Make Up For Ever, Benefit Cosmetics, Fresh and Acqua di Parma;
- Watches and Jewelry: Bulgari, TAG Heuer, Zenith, Hublot, Chaumet and Fred;
- Selective Retailing: DFS Galleria, Sephora, Le Bon Marché, Ile de Beauté and Ole Henriksen;
- Other activities: the publications of the media group Les Echos-Investir, the Royal Van Lent-Feardship brand and the patisserie brand Cova.

These brands and trade names are recognized in the balance sheet at their value determined as of the date of their acquisition by the Group, which may be much less than their value in use or their net selling price as of the closing date for the consolidated financial statements of the Group. This is notably the case for the brands Louis Vuitton, Christian Dior Couture, Veuve Clicquot, and Parfums Christian Dior, or the trade name Sephora, with the understanding that this list must not be considered as exhaustive.

Brands developed by the Group, notably Dom Pérignon, as well as the De Beers Diamond Jewellers brand developed as a joint-venture with the De Beers group, are not capitalized in the balance sheet.

Brands and trade names developed by the Group, in addition to Louis Vuitton, Moët & Chandon, Ruinart, Hennessy, Veuve Clicquot, Parfums Christian Dior and Sephora, represented 34% of total brands and trade names capitalized in the balance sheet and 59% of the Group's consolidated revenue.

Please refer also to Note 5 for the impairment testing of brands, trade names and other intangible assets with indefinite useful lives.

NOTE 4 – GOODWILL

	June 30, 2014 (12 months)			June 30, 2013 (2 months)	April 30, 2013 (12 months)
	Gross	Impairment	Net	Net	Net
<i>(EUR millions)</i>					
Goodwill arising on consolidated investments	8,230	(1,256)	6,974	5,875	5,896
Goodwill arising on purchase commitments for minority interests	2,742	(3)	2,739	2,709	3,102
TOTAL	10,972	(1,259)	9,713	8,584	8,998

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

	June 30, 2014 (12 months)			June 30, 2013 (2 months)	April 30, 2013 (12 months)
	Gross	Impairment	Net	Net	Net
<i>(EUR millions)</i>					
At beginning of period	9,796	(1,212)	8,584	8,998	7,860
Changes in the scope of consolidation	1,187	3	1,190	1	48
Changes in purchase commitments for minority interests	24	-	24	(407)	1,114
Changes in impairment	-	(76)	(76)	(6)	(27)
Translation adjustment	(35)	26	(9)	(2)	3
AT END OF PERIOD	10,972	(1,259)	9,713	8,584	8,998

The main impact of changes in the scope of consolidation during the fiscal year was related to the recognition of a final goodwill amount for the Italian company Loro Piana in the amount of 1,047 million euros. The remainder is mainly attributable to goodwill related to the consolidation of Clos des Lambrays,

Hotel Saint-Barth Isle de France, Nicolas Kirkwood and the Cova patisserie business. See Note 2 for other changes in scope over the fiscal years presented.

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

NOTE 5 – IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Brands, trade names, and other intangible assets with indefinite useful lives as well as the goodwill arising on acquisition have been subject to annual impairment testing. As of June 30, 2014, in the absence of any new available plans and events affecting the results of impairment tests carried out as of December 31, 2013, no significant additional impairment expense was recognized.

As described in Note 1.13, these assets are generally valued on the basis of the present value of forecast cash flows determined in the context of multi-year business plans drawn up each year.

The main assumptions retained in 2012 and 2013 for the determination of forecast cash flows for multi-year plans are as follows:

Business group (as %)	December 31, 2013			December 31, 2012		
	Post-tax discount rate	Compound annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Compound annual growth rate for revenue during the plan period	Growth rate for the period after the plan
Christian Dior Couture	8.6	11.1	2.0	8.6	11.7	2.0
Wines and Spirits	7.5 to 11.2	9.2	2.0	7.5 to 11.2	10.3	2.0
Fashion and Leather Goods	8.0 to 13.1	11.1	2.0	8.0 to 13.1	11.7	2.0
Perfumes and Cosmetics	8.0 to 9.4	9.5	2.0	8.0 to 8.4	9.2	2.0
Watches and Jewelry	9.2 to 9.6	9.7	2.0	9.2 to 9.6	9.8	2.0
Selective Retailing	8.4 to 9.6	10.1	2.0	8.4 to 9.6	9.6	2.0
Other	6.5 to 8.2	2.7	2.0	6.5 to 8.2	10.9	2.0

Plans generally cover a five-year period, with the exception of Christian Dior Couture where they cover a three-year period, but may be prolonged up to ten years in case of brands for which production cycle exceeds five years or brands undergoing strategic repositioning. The compound annual growth rate for revenue and the improvement in profit margins over plan periods are comparable to the growth achieved over the past four years, except for brands undergoing strategic repositioning, for which the improvements projected were greater than historical performance due to the expected effects of the repositioning measures implemented.

Discount rates in 2013 were unchanged compared to 2012, reflecting the stability of interest rates. Annual growth rates applied for the period not covered by the plans are based on market estimates for the business groups concerned.

As of June 30, 2014, on the basis of the same assumptions applied as of December 31, 2013, adjusted to reflect the impact of exchange rate fluctuations over the period, the intangible assets with indefinite useful lives that are the most significant in terms of their net carrying amounts and the criteria used for their impairment testing are as follows:

	Brands and trade names (EUR millions)	Goodwill (EUR millions)	Total (EUR millions)	Post-tax discount rate (as %)	Growth rate for the period after the plan (as %)	Period covered by the forecast cash flows
Louis Vuitton	2,058	555	2,613	8.0	2.0	5 years
Loro Piana ^(a)	1,300	1,047	2,347	NA	NA	NA
Fendi	713	405	1,118	9.6	2.0	5 years
Bulgari	2,100	1,547	3,647	9.2	2.0	10 years
TAG Heuer	1,021	194	1,215	9.2	2.0	5 years
DFS Galleria	1,676	17	1,693	9.6	2.0	5 years
Hennessy	1,067	47	1,114	7.5	2.0	5 years
Sephora	277	600	877	8.4	2.0	5 years

(a) Given the recent acquisition date, no strategic plan has been drawn up to carry out an impairment test.

As of December 31, 2013, for the business segments listed above, a change of 0.5 points in the post-tax discount rate or in the growth rate for the period not covered by the plans, compared to rates used as of December 31, 2013, or a reduction of 2 points in the compound annual growth rate for revenue over the period covered by the plans would not result in the recognition of any impairment losses for these intangible assets. The Group considers that changes in excess of the limits mentioned above would entail assumptions at a level not deemed relevant, in view of the current economic environment and medium- to long-term growth prospects for the business segments concerned.

With respect to the other business segments, eight have disclosed intangible assets with a carrying amount close to their value in use. The carrying amount for each of these intangible assets as of June 30, 2014 as well as the impairment loss that would result from a change of 0.5 points in the post-tax discount rate or in the growth rate for the period not covered by the plans, or from a change of 2 points in the compound annual growth rate for revenue compared to rates used as of December 31, 2013, are indicated below:

<i>(EUR millions)</i>	Amount of intangible assets concerned as of June 30, 2014	Amount of impairment if:		
		Increase of 0.5% in post-tax discount rate	Decrease of 0.5% in growth rate for the period after the plan	Decrease of 2% in compound annual growth rate for revenue
Wines and Spirits	676	29	11	34
Fashion and Leather Goods	471	18	9	27
Other business groups	483	40	32	36
TOTAL	1,630	87	52	97

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

<i>(EUR millions)</i>	June 30, 2014 (12 months)			June 30, 2013 (2 months)	April 30, 2013 (12 months)
	Gross	Depreciation and impairment	Net	Net	Net
Land	1,322	(57)	1,265	1,209	1,211
Vineyard land and producing vineyards	2,497	(87)	2,410	1,966	1,970
Buildings	2,775	(1,313)	1,462	1,392	1,393
Investment property	664	(45)	619	604	606
Leasehold improvements, machinery and equipment	8,256	(5,291)	2,965	2,352	2,325
Assets in progress	903	-	903	791	744
Other tangible fixed assets	1,374	(426)	948	1,040	1,037
TOTAL	17,791	(7,219)	10,572	9,354	9,286
Of which:					
Assets held under finance leases	291	(187)	104	105	106
Historical cost of vineyard land and producing vineyards	751	(87)	664	572	574

6.1. Movements in the fiscal year

Movements in property, plant and equipment during the fiscal year break down as follows:

Gross value (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other tangible fixed assets	Total
				Stores	Production, logistics	Other			
As of June 30, 2013	2,048	4,084	677	3,812	1,673	983	791	1,690	15,758
Acquisitions	5	135	13	576	83	107	689	113	1,721
Change in the market value of vineyard land	371	-	-	-	-	-	-	-	371
Disposals and retirements	(25)	(49)	(2)	(214)	(64)	(44)	(2)	(25)	(425)
Changes in the scope of consolidation	96	253	-	58	198	13	-	4	622
Translation adjustment	(9)	(32)	(2)	(115)	(4)	(18)	(13)	(32)	(225)
Other movements, including transfers	11	(294)	(22)	995	63	154	(562)	(376)	(31)
AS OF JUNE 30, 2014	2,497	4,097	664	5,112	1,949	1,195	903	1,374	17,791

Depreciation and impairment (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other tangible fixed assets	Total
				Stores	Production, logistics	Other			
As of June 30, 2013	(82)	(1,483)	(73)	(2,334)	(1,095)	(687)	-	(650)	(6,404)
Depreciation expense	(6)	(127)	(6)	(580)	(132)	(120)	-	(81)	(1,052)
Impairment expense	-	(2)	-	(2)	-	-	(8)	(2)	(14)
Disposals and retirements	-	45	2	210	63	43	-	25	388
Changes in the scope of consolidation	-	(91)	-	(28)	(166)	(11)	-	(3)	(299)
Translation adjustment	1	24	1	66	2	13	-	17	124
Other movements, including transfers	-	264	31	(481)	-	(52)	8	268	38
AS OF JUNE 30, 2014	(87)	(1,370)	(45)	(3,149)	(1,328)	(814)	-	(426)	(7,219)
NET CARRYING AMOUNT AS OF JUNE 30, 2014	2,410	2,727	619	1,963	621	381	903	948	10,572

The impact of marking vineyard land to market was 1,746 million euros as of June 30, 2014 (1,394 million euros as of June 30, 2013 and 1,396 million euros as of April 30, 2013). See Notes 1.8 and 1.12 on the measurement method of vineyard land.

The market value of investment property, according to appraisals by independent third parties, was approximately 1 billion euros at Group level. The valuation methods used are based on market data (Level 2 of the fair value hierarchy established by IFRS 13).

The effects of changes in the scope of consolidation are mainly related to the consolidation of Loro Piana.

Purchases of property, plant and equipment include investments by Louis Vuitton, DFS, Christian Dior Couture, Sephora, Bulgari and Parfums Christian Dior in their retail network, as well as those of the champagne houses in their production equipment, and various real estate investments dedicated to administrative, commercial or rental purposes.

6.2. Movements in prior fiscal years

Net carrying amount (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other tangible fixed assets	Total
				Stores	Production, logistics	Other			
As of April 30, 2012	1,884	2,565	537	1,200	529	202	561	954	8,432
Acquisitions	-	181	82	530	109	101	641	150	1,794
Disposals and retirements	-	(2)	-	(3)	(3)	(2)	(4)	(25)	(39)
Depreciation expense	(6)	(157)	(5)	(426)	(116)	(102)	-	(98)	(910)
Impairment expense	-	(12)	-	1	-	-	-	(3)	(14)
Change in the market value of vineyard land	85	-	-	-	-	-	-	-	85
Changes in the scope of consolidation	-	6	-	1	-	-	-	-	7
Translation adjustment	(2)	(56)	(3)	(15)	(4)	(4)	(1)	-	(85)
Other movements, including transfers	9	79	(5)	168	56	103	(453)	59	16
As of April 30, 2013	1,970	2,604	606	1,456	571	298	744	1,037	9,286
Acquisitions	-	27	1	81	20	13	112	19	273
Disposals and retirements	-	-	-	1	(1)	-	-	1	1
Depreciation expense	(1)	(24)	(1)	(80)	(18)	(18)	-	(18)	(160)
Impairment expense	-	-	-	-	-	-	-	-	-
Change in the market value of vineyard land	-	-	-	-	-	-	-	-	-
Changes in the scope of consolidation	-	-	-	-	-	-	-	-	-
Translation adjustment	(4)	(15)	(2)	(12)	(3)	(3)	(2)	(7)	(48)
Other movements, including transfers	1	9	-	32	9	6	(63)	8	2
AS OF JUNE 30, 2013	1,966	2,601	604	1,478	578	296	791	1,040	9,354

Purchases of property, plant and equipment for the fiscal years ended June 30, 2013 and April 30, 2013 reflected investments by Louis Vuitton, Christian Dior Couture, Sephora, Bulgari and DFS in their retail networks, as well as those of Parfums Christian Dior and the champagne houses in their production equipment, in addition to the effects of real estate investments dedicated to administrative, commercial or rental purposes.

NOTE 7 – INVESTMENTS IN ASSOCIATES

<i>(EUR millions)</i>	June 30, 2014 (12 months)			June 30, 2013 (2 months)	April 30, 2013 (12 months)
	Gross	Impairment	Net	Net	Net
Share of net assets of associates at beginning of period	166	-	166	167	171
Share of net profit (loss) for the period	9	-	9	1	5
Dividends paid	(20)	-	(20)	(2)	(12)
Changes in the scope of consolidation	6	-	6	-	1
Translation adjustment	(10)	-	(10)	-	(4)
Other movements, including transfers	4	-	4	-	6
SHARE OF NET ASSETS OF ASSOCIATES AS OF PERIOD-END	155	-	155	166	167

As of June 30, 2014, investments in associates consisted primarily of:

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

NOTE 8 – NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

<i>(EUR millions)</i>	June 30, 2014 (12 months)			June 30, 2013 (2 months)	April 30, 2013 (12 months)
	Gross	Impairment	Net	Net	Net
TOTAL	7,355	(155)	7,200	6,665	6,853

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

<i>(EUR millions)</i>	June 30, 2014 (12 months)		June 30, 2013 (2 months)	April 30, 2013 (12 months)
	Total	of which Hermès		
At beginning of period	6,665	6,039	6,853	6,915
Acquisitions	93	30	42	241
Disposals at net realized value	(38)	-	(17)	(25)
Changes in market value	527	526	(210)	(249)
Changes in impairment	(5)	-	-	(5)
Changes in the scope of consolidation	1	-	-	-
Translation adjustment	(11)	-	-	3
Reclassifications	(32)	-	(3)	(27)
TOTAL AT END OF PERIOD	7,200	6,595	6,665	6,853

As of June 30, 2014, non-current available for sale assets mainly comprise an investment in Hermès International SCA (“Hermès”) with a gross and net amount of 6,595 million euros (6,039 million euros as of June 30, 2013 and 6,236 million euros as of April 30, 2013), corresponding to a 23.2% stake in the share capital. Among other factors, given the legal form of Hermès, a “Société en Commandite par Actions”, the investment stake held by the Group is not accounted for under the equity method.

As of June 30, 2014, the stake in Hermès, corresponding to 24.5 million shares, represented, on the basis of the Hermès share price at that date on Paris stock exchange, an amount of 6.6 billion euros, for a total amount of 3.6 billion euros on initial recognition (2.6 billion euros in cash after deducting the gain

recognized in 2010, upon the settlement of equity linked swaps covering 12.8 million shares).

As of June 30, 2014, the Hermès share price, applied for the purpose of valuing this investment, was 269.50 euros (248.00 euros as of June 30, 2013, 256.10 euros as of April 30, 2013). See also Note 32 Subsequent events.

The market value of non-current available for sale financial assets is determined using the methods described in Note 1.8 (see also Note 22.2 for the breakdown of these assets according to the measurement methods used). Impairment of non-current available for sale financial assets is determined in accordance with the accounting policies described in Note 1.14.

Non-current available for sale financial assets held by the Group as of June 30, 2014 include the following:

<i>(EUR millions)</i>	Percentage interest	Net value	Revaluation reserve ^(f)	Dividends received	Equity	Net profit ^(c)
Hermès International SCA (France) ^(a)	23.2	6,595	2,947	66	2,971 ^(d)	413 ^(d)
Hengdeli Holdings Ltd (China) ^(a)	6.3	39	20	1	680 ^(d)	38 ^(d)
Tod's SpA (Italy) ^(a)	3.5	99	51	3	767 ^(d)	56 ^(d)
L Real Estate SCA (Luxembourg) ^(b)	32.2	112	30	-	352 ^{(c) (e)}	27 ^(e)
L Capital 2 FCPR (France) ^(b)	18.6	38	(2)	-	216 ^{(c) (e)}	(4) ^(e)
Sociedad Textil Lonía SA (Spain) ^(b)	25.0	40	32	8	160 ^{(c) (e)}	33 ^(d)
Other investments		277	38	1		
TOTAL		7,200	3,116	79		

(a) Market value of securities as of the close of trading as of June 30, 2014.

(b) Valuation at estimated net realizable value.

(c) Figures provided reflect company information prior to June 30, 2014, as June 30, 2014 accounting data was not available at the date of preparation of the financial statements.

(d) Consolidated half-year data as of June 30, 2014.

(e) Company data.

(f) Excluding tax impact.

NOTE 9 – OTHER NON-CURRENT ASSETS

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Warranty deposits	281	272	238
Derivatives	51	92	138
Loans and receivables	162	113	114
Other	21	14	7
TOTAL	515	491	497

NOTE 10 – INVENTORIES AND WORK IN PROGRESS

<i>(EUR millions)</i>	June 30, 2014 (12 months)			June 30, 2013 (2 months)	April 30, 2013 (12 months)
	Gross	Impairment	Net	Net	Net
Wines and eaux-de-vie in the process of aging	3,865	(16)	3,849	3,621	3,677
Other raw materials and work in progress	1,737	(350)	1,387	1,172	1,194
	5,602	(366)	5,236	4,793	4,871
Goods purchased for resale	1,419	(122)	1,297	1,266	1,258
Finished products	3,852	(715)	3,137	2,738	2,645
	5,271	(837)	4,434	4,004	3,903
TOTAL	10,873	(1,203)	9,670	8,797	8,774

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

<i>(EUR millions)</i>	June 30, 2014 (12 months)			June 30, 2013 (2 months)	April 30, 2013 (12 months)
	Gross	Impairment	Net	Net	Net
At beginning of period	9,849	(1,052)	8,797	8,774	8,129
Change in gross inventories ^(a)	1,032	-	1,032	107	979
Fair value adjustment for the harvest of the period	2	-	2	4	(27)
Changes in impairment	-	(293)	(293)	(29)	(239)
Changes in the scope of consolidation	319	(39)	280	-	7
Translation adjustment	(167)	13	(154)	(60)	(80)
Other, including reclassifications	(162)	168	6	1	5
AT END OF PERIOD	10,873	(1,203)	9,670	8,797	8,774

(a) Including the impact of product returns. See Note 1.24.

Changes in the scope of consolidation during the fiscal year are 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:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Fair value adjustment for the harvest of the period	35	9	10
Adjustment for inventory consumed	(33)	(5)	(37)
NET EFFECT ON COST OF SALES OF THE PERIOD	2	4	(27)
NET EFFECT ON THE VALUE OF INVENTORY AS OF PERIOD-END	175	172	168

See Notes 1.8 and 1.15 on the method of marking harvests to market.

NOTE 11 – TRADE ACCOUNTS RECEIVABLE

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Trade accounts receivable, nominal amount	2,245	2,066	2,064
Provision for impairment	(71)	(67)	(69)
Provision for product returns ^(a)	(161)	(162)	(167)
NET AMOUNT	2,013	1,837	1,828

(a) See Note 1.24.

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

<i>(EUR millions)</i>	June 30, 2014 (12 months)			June 30, 2013 (2 months)	April 30, 2013 (12 months)
	Gross	Impairment	Net	Net	Net
At beginning of period	2,066	(229)	1,837	1,828	1,677
Change in gross receivables	189	-	189	36	174
Changes in provision for impairment	-	(3)	(3)	2	(1)
Changes in provision for product returns	-	(2)	(2)	3	(5)
Changes in the scope of consolidation	54	(2)	52	(1)	(4)
Translation adjustment	(98)	4	(94)	(24)	(45)
Reclassifications	34	-	34	(7)	32
AT END OF PERIOD	2,245	(232)	2,013	1,837	1,828

Approximately 65% of the Group's sales is generated through its own stores (66% as of June 30, 2013; 64% as of April 30, 2013).

The receivable auxiliary balance is comprised primarily of receivables from wholesalers or agents, who are limited in number and with whom the Group maintains ongoing relationships for the most part. Credit insurance is taken out whenever the likelihood that receivables may not be recoverable is justified on reasonable grounds.

As of June 30, 2014, the breakdown of the nominal amount of trade receivables and of provisions for impairment by age was as follows:

<i>(EUR millions)</i>	Nominal amount of receivables	Impairment	Net amount of receivables
Not due			
less than 3 months	1,645	(8)	1,637
more than 3 months	131	(10)	121
	1,776	(18)	1,758
Overdue			
less than 3 months	251	(4)	247
more than 3 months	218	(49)	169
	469	(53)	416
TOTAL	2,245	(71)	2,174

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.

NOTE 12 – OTHER CURRENT ASSETS

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Current available for sale financial assets	184	187	201
Derivatives	251	370	426
Tax accounts receivable, excluding income taxes	411	400	370
Advances and payments on account to vendors	154	158	173
Prepaid expenses	360	341	389
Other receivables	342	313	351
TOTAL	1,702	1,769	1,910

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.

NOTE 13 – CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Unlisted securities, shares in non-money market SICAVs and funds	12	12	13
Listed securities	172	175	188
TOTAL	184	187	201
Of which: historical cost of current available for sale financial assets	136	176	176

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

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
At beginning of period	187	201	154
Acquisitions	-	-	-
Disposals at net realized value	(27)	-	(4)
Changes in market value	25	(14)	26
Changes in impairment	-	-	1
Reclassifications (as)/from Non-current available for sale financial assets ^(a)	-	-	25
Translation adjustment	(1)	-	(1)
AT END OF PERIOD	184	187	201

(a) See Note 8.

The market value of current available for sale financial assets is determined using the methods described in Note 1.8. See also Note 1.14 for the method used to determine impairment losses on current available for sale financial assets, and Note 22.2 for the breakdown of these assets according to the measurement methods used.

NOTE 14 – CASH FLOW STATEMENT

14.1. Cash and cash equivalents

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Fixed term deposits (less than 3 months)	728	421	338
SICAV and FCP money market funds	116	92	96
Ordinary bank accounts	1,802	1,557	1,491
CASH AND CASH EQUIVALENTS PER BALANCE SHEET	2,646	2,070	1,925

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:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Cash and cash equivalents	2,646	2,070	1,925
Bank overdrafts	(577)	(405)	(399)
NET CASH AND CASH EQUIVALENTS PER CASH FLOW STATEMENT	2,069	1,665	1,526

14.2. Change in working capital

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

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Change in inventories and work in progress	(1,029)	(108)	(982)
Change in trade accounts receivable	(197)	(36)	(189)
Change in trade accounts payable	117	(88)	305
Change in other receivables and payables	137	88	(50)
Change in working capital ^(a)	(972)	(144)	(916)

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

14.3. Operating investments

Operating investments comprise the following elements for the periods presented:

<i>(EUR millions)</i>	<i>Notes</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Purchase of intangible fixed assets	5	(293)	(24)	(301)
Purchase of tangible fixed assets	6	(1,721)	(273)	(1,794)
Changes in accounts payable related to fixed asset purchases		67	(2)	150
Net cash used in purchases of fixed assets ^(a)		(1,947)	(299)	(1,945)
Net cash from fixed assets disposals ^(a)		41	1	40
Guarantee deposits paid and other cash flows related to operating investments ^(a)		(53)	(35)	(32)
OPERATING INVESTMENTS		(1,959)	(333)	(1,937)

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

NOTE 15 – EQUITY

15.1. Share capital

As of June 30, 2014, issued and fully paid-up shares totaled 181,727,048 (181,727,048 as of June 30, 2013 and April 30, 2013), with a par value of 2 euros; 123,296,342 shares with double voting rights, granted to registered shares held for more than three years (123,286,894 as of June 30, 2013, 123,285,600 as of April 30, 2013).

15.2. Christian Dior treasury shares

The impact on the net assets of the Group of Christian Dior treasury shares held breaks down as follows:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Christian Dior treasury shares ^(a)	288	252	263
TREASURY SHARES	288	252	263

(a) As of April 30, 2013, this amount included the recognition of a forward contract for the repurchase of shares concluded on April 26, 2013 and relating to 550,000 shares at an average purchase price of 137.71 euros, which was settled on June 11, 2013.

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

<i>(EUR millions)</i>	June 30, 2014 (12 months)		June 30, 2013 (2 months)	April 30, 2013 (12 months)
	Number	Value	Value	Value
Share purchase option plans	1,428,450	94	114	125
Bonus share and performance share plans	184,039	16	12	12
Future plans	146,410	13	3	3
Other	19,532	1	1	1
Shares pending retirement ^(a)	1,200,000	164	122	122
CHRISTIAN DIOR SHARES	2,978,431	288	252	263

(a) As of April 30, 2013, this included shares receivable resulting from the forward share repurchase contract not yet settled at the fiscal year-end.

As of June 30, 2014, the stock market value of other Christian Dior shares held was 2.8 million euros.

The portfolio movements of Christian Dior shares during the fiscal year ended June 30, 2014 were as follows:

<i>(EUR millions)</i>	Number of shares	Value	Effect on cash
As of June 30, 2013	2,951,250	252	
Purchase of shares	400,000	56	(56)
Exercise of share purchase options	(290,094)	(16)	16
Vested bonus shares and performance shares	(82,725)	(4)	-
AS OF JUNE 30, 2014	2,978,431	288	(40)

15.3. Dividends paid by the parent company Christian Dior

In accordance with French regulations, dividends are deducted from the profit for the year and reserves available for distribution of the parent company, after deducting applicable withholding tax and the value attributable to treasury shares. As of June 30,

2014, the amount available for distribution was 2,716 million euros; after taking into account the proposed dividend distribution in respect of the fiscal year ended June 30, 2014, the amount available for distribution is 2,153 million euros.

<i>(EUR millions, except for data per share in EUR)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Interim dividend for the current fiscal year (June 30, 2014: 1.20 euros; April 30, 2013: 1.10 euros)	218	-	200
Impact of treasury shares	(3)	-	(3)
	215	-	197
Final dividend for the previous fiscal year (April 30, 2013: 1.80 euros; April 30, 2012: 1.10 euros)	327	-	200
Impact of treasury shares	(6)	-	(2)
	321	-	198
TOTAL GROSS AMOUNT DISBURSED DURING THE FISCAL YEAR ^(a) ^(b)	536	-	395

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

(b) For the fiscal year ended June 30, 2014, excluding the exceptional dividend in kind in the form of Hermès International shares.

The final cash dividend for the fiscal year ended June 30, 2014, as proposed to the Shareholders' Meeting of December 9, 2014 is 1.90 euros per share, representing a total amount of 345 million euros, excluding the amount to be deducted in relation to treasury shares held at date of payment.

As provided by the agreement entered into in September 2014 by Christian Dior and LVMH with Hermès, under which all

the Hermès shares held by the LVMH group will be distributed to its shareholders, the Combined Shareholders' Meeting of December 9, 2014 will be asked to make an exceptional distribution in kind of a portion of Hermès International shares, subject to conditions precedent.

See also Note 32 Subsequent events.

15.4. Cumulative translation adjustment

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

<i>(EUR millions)</i>	June 30, 2014 (12 months)	Change	June 30, 2013 (2 months)	April 30, 2013 (12 months)
US dollar	(74)	(37)	(37)	(36)
Swiss franc	178	11	167	175
Japanese yen	18	(5)	23	26
Hong Kong dollar	(1)	(32)	31	31
Pound sterling	(8)	24	(32)	(28)
Other currencies	12	-	12	33
Foreign currency net investment hedges	(88)	(6)	(82)	(87)
TOTAL, GROUP SHARE	37	(45)	82	114

15.5. Strategy relating to the Group's financial structure

The Group firmly believes that the management of its financial structure contributes, together with the development of the companies it owns and the management of its brand portfolio, to its objective of driving value creation for its shareholders. Maintaining a suitable quality credit rating is a core objective for the Group, ensuring good access to markets and favorable conditions, allowing it both to seize opportunities and benefit from the resources that it needs to develop its business.

To this end, the Group monitors a certain number of financial ratios and aggregate measures of financial risk, including:

- net financial debt (see Note 18) to equity;
- cash from operations before changes in working capital to net financial debt;
- net cash from operations before changes in working capital;

- net cash from operating activities and operating investments (free cash flow);
- long-term resources to fixed assets;
- proportion of long-term debt in net financial debt.

Long-term resources are understood to correspond to the sum of equity and non-current liabilities.

Where applicable, these indicators are adjusted to reflect the Group's off-balance sheet financial commitments.

The Group also promotes financial flexibility by maintaining numerous and varied banking relationships, through the frequent recourse to several negotiable debt markets (both short and long-term), by holding a large amount of cash and cash equivalents, and through the existence of sizable amounts in undrawn confirmed credit lines, so as to largely exceed the outstanding portion of its commercial paper program, while continuing to represent a reasonable cost for the Group.

NOTE 16 – STOCK OPTION AND SIMILAR PLANS

Share purchase option plans

The Shareholders' Meeting of April 5, 2012 renewed the authorization given to the Board of Directors, for a period of thirty-eight months expiring in June 2015, to grant share subscription or purchase options to Group company employees or directors, on one or more occasions, in an amount not to exceed 1% of the Company's share capital as of the date of the authorization.

Each purchase plan is valid for ten years and the options may be exercised after a three- to four-year period, depending on the plan.

For all plans, one option entitles the holder to purchase one share.

Bonus share plans

The Shareholders' Meeting of October 26, 2012 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in December 2014, to grant bonus shares to Company or Group company employees or senior

executive officers, on one or more occasions, in an amount not to exceed 1% of the Company's share capital on the date of this authorization.

The allocation of bonus shares to beneficiaries who are French residents for tax purposes is definitive after a three-year vesting period (two years for allocations related to plans having commenced in 2010), which is followed by a two-year holding period during which the beneficiaries may not sell their shares.

Bonus shares allocated to beneficiaries who are not French residents for tax purposes shall be definitive after a vesting period of four years and shall be freely transferable at that time.

Performance conditions

Since 2009, certain share purchase option plans and bonus share plans have been subject to performance conditions in proportions determined based on the hierarchical level and status of the beneficiary, that determine whether the beneficiaries are entitled to receive the definitive allocation of these plans.

16.1. Share purchase option plans

The main characteristics of share purchase option plans and changes having occurred during the fiscal year are as follows:

Plan commencement date	Number of options granted	Exercise price (EUR)	Vesting periods of rights	Number of options exercised in the fiscal year	Number of options expired in the fiscal year	Number of options to be exercised as of June 30, 2014
February 17, 2004	527,000	49.79	3 years	220,000	12,000	-
May 12, 2005	493,000	52.21	3 years	21,200	23,000	220,800
February 15, 2006	475,000	72.85 ^(a)	3 years	20,000	9,000	238,400
September 6, 2006	20,000	74.93	3 years	8,794	-	5,500
January 31, 2007	480,000	85.00	4 years	-	9,000	331,000
May 15, 2008	484,000	73.24 ^(b)	4 years	5,250	5,000	400,750
May 14, 2009	332,000	52.10	4 years	14,850	18,000	232,000
TOTAL	2,811,000			290,094	76,000	1,428,450

(a) Exercise price in euros for Italian residents: 77.16 euros.

(b) Exercise price in euros for Italian residents: 73.47 euros.

The number of unexercised purchase options and the weighted average exercise price changed as follows during the fiscal years presented:

	June 30, 2014 (12 months)		June 30, 2013 (2 months)		April 30, 2013 (12 months)	
	Number	Weighted average exercise price (EUR)	Number	Weighted average exercise price (EUR)	Number	Weighted average exercise price (EUR)
Share purchase options outstanding at beginning of period	1,794,544	66.17	1,998,294	65.43	2,123,500	64.84
Allocations in the fiscal year	-	-	-	-	-	-
Options expired	(76,000)	59.53	-	-	-	-
Options exercised	(290,094)	52.86	(203,750)	58.91	(125,206)	55.36
SHARE PURCHASE OPTIONS OUTSTANDING AT END OF PERIOD	1,428,450	69.22	1,794,544	66.17	1,998,294	65.43

16.2. Bonus share and performance share plans

The main characteristics of bonus/performance share plans and changes having occurred during the fiscal year are as follows:

Plan commencement date	Number of shares allocated initially	Vesting periods of rights	Shares vested as of June 30, 2014	Expired allocations as of June 30, 2014	Non-vested shares as of June 30, 2014
April 15, 2010	90,180	2 ^(a) or 4 years ^(b)	3,780	-	-
March 31, 2011	90,015	3 ^(a) or 4 years ^(b)	78,945	5,940	5,130
July 26, 2011	2,000	3 years ^(a)	-	-	2,000
April 15, 2012	93,288	3 ^(a) or 4 years ^(b)	-	4,900	88,388
July 25, 2013	88,521	3 ^(a) or 4 years ^(b)	-	-	88,521
TOTAL	364,004		82,725	10,840	184,039

(a) Beneficiaries with tax residence in France.

(b) Beneficiaries with tax residence outside France.

The number of non-vested shares allocated changed as follows during the fiscal year:

<i>(number of shares)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Non-vested shares at beginning of period	189,083	189,083	189,083
Non-vested allocations during the period	88,521	-	-
Allocations vested during the period	(82,725)	-	-
Allocations expired during the period	(10,840)	-	-
NON-VESTED SHARES AT END OF PERIOD	184,039	189,083	189,083

The plans launched on April 15, 2010, March 31 and July 26, 2011, April 5, 2012 and July 25, 2013 combine the allocation of bonus shares and the allocation of performance shares in proportions determined in accordance with the beneficiary's level in the hierarchy and status.

Performance shares are definitively allocated only if Christian Dior's consolidated financial statements both for the fiscal year in which the plan is set up (fiscal year "Y") and for fiscal year Y+1 show a positive change compared to fiscal year Y-1 in relation to one or more of the following indicators: profit from recurring operations, net cash from operating activities and operating investments, current operating margin. With respect to the plan set up on April 15, 2010, the performance condition was satisfied in 2010 and 2011 and performance shares allocated to beneficiaries who were French residents for tax purposes as of that date were fully vested as of April 15, 2012. With respect to the plans set up on March 31, 2011 and July 26, 2011, the performance condition was satisfied from 2011 to 2013. With respect to the plan set up on April 5, 2012, the performance condition was satisfied in 2012 and 2013. For the plan set up on

July 25, 2013, the performance condition was satisfied in 2013 and considered satisfied in 2014 for the purposes of determining the accounting expense.

Beginning in 2012, Christian Dior's fiscal year no longer corresponds to the calendar year. For this reason, changes in these indicators are henceforth to be determined on the basis of the pro forma financial statements as of December 31 of each calendar year concerned.

In the event of the vesting of their share allocations, the Chairman and Chief Executive Officer and the Group Managing Director, previously the Chairman of the Board of Directors and the Chief Executive Officer respectively, are henceforth and for all outstanding plans required to retain possession, in pure registered form and until the conclusion of their respective terms in office, of a number of shares representing one half of the notional capital gain, net of tax and social charges, calculated using the shares' opening price at that date.

Exercise of such options does not lead to any dilution for shareholders, since they are allocations of existing shares.

16.3. Expense for the fiscal year

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Share purchase option and bonus share plans – Christian Dior	9	1	8
Share subscription option, purchase option and bonus share plans – LVMH	41	4	43
Cash-settled share-based compensation plans index-linked to the change in the LVMH share price	-	-	-
EXPENSE FOR THE FISCAL YEAR	50	5	51

See Note 1.26 regarding the method used to determine the accounting expense.

LVMH

The LVMH share price on the date preceding the attribution date of the plans was 130.40 euros for the plan dated July 25, 2013 and 139.70 euros for the plan dated October 24, 2013.

The average unit value of non-vested bonus shares granted during the fiscal year was 117.60 euros for beneficiaries who are French residents for tax purposes and 115.90 euros for beneficiaries with tax residence outside France.

Christian Dior

The Christian Dior share price on the date preceding the attribution date of the plan dated July 25, 2013 was 134.60 euros.

The average unit value of non-vested bonus shares granted during the fiscal year was 124.76 euros for beneficiaries who are French residents for tax purposes and 120.91 euros for beneficiaries with tax residence outside France.

NOTE 17 – MINORITY INTERESTS

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
At beginning of period	17,093	16,953	15,837
Minority interests' share of net profit	2,467	350	2,500
Dividends paid to minority interests	(1,231)	(10)	(1,135)
Impact of changes in control of consolidated entities:			
• consolidation of Loro Piana	235	-	-
• other movements	(2)	-	(6)
Impact of acquisition and disposal of minority interests' shares:			
• acquisition of minority interests in Château d'Yquem	-	-	(51)
• movements in LVMH SA share capital and treasury shares	16	19	69
• other movements	(3)	(1)	(70)
Total impact of changes in the percentage interest in consolidated entities	246	18	(58)
Capital increases subscribed by minority interests	9	2	8
Minority interests' share in gains and losses recognized in equity	326	(189)	(103)
Minority interests' share in stock option plan expenses	25	2	26
Impact of changes in minority interests with purchase commitments	(568)	(33)	(122)
AT END OF PERIOD	18,367	17,093	16,953

The change in minority interests' share in gains and losses recognized in equity, including the tax impact, breaks down as follows:

<i>(EUR millions)</i>	Cumulative translation adjustment	Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land	Revaluation adjustments of employee benefits	Amounts transferred to consolidated reserves	Total share of minority interests
As of April 30, 2012	188	1,685	16	567	(12)		2,444
Changes for the fiscal year	(43)	(137)	57	38	(18)		(103)
Changes due to LVMH SA treasury shares	-	2	-	1	-		3
As of April 30, 2013	145	1,550	73	606	(30)		2,344
Changes for the fiscal year	(50)	(128)	(15)	-	4		(189)
Changes due to LVMH SA treasury shares	-	1	-	-	-		1
As of June 30, 2013	95	1,423	58	606	(26)	-	2,156
Changes for the fiscal year	(108)	307	(43)	157	9	4	326
Changes due to LVMH SA treasury shares	-	2	-	1	-	-	3
AS OF JUNE 30, 2014	(13)	1,732	15	764	(17)	4	2,485

NOTE 18 – BORROWINGS

18.1. Net financial debt

<i>(EUR millions)</i>	June 30, 2014	June 30, 2013	April 30, 2013
Long-term borrowings	4,400	4,230	4,700
Short-term borrowings	6,421	4,392	3,834
Gross borrowings	10,821	8,622	8,534
Interest rate risk derivatives	(64)	(88)	(171)
Gross borrowings after derivatives	10,757	8,534	8,363
Current available for sale financial assets	(184)	(187)	(201)
Cash and cash equivalents	(2,646)	(2,070)	(1,925)
NET FINANCIAL DEBT	7,927	6,277	6,237

LVMH SA issued two bonds during the fiscal year under its EMTN program, with nominal values of 500 million euros and 600 million euros. These bonds are redeemable on maturity at par in September 2016 and November 2020 respectively. The bond redeemable in 2016 is a floating rate note. The last bond, redeemable in 2020, was issued at 99.399% of par value. It has a coupon rate of 1.75% and has not been subject to any swaps for hedging purposes.

Furthermore, during the fiscal year LVMH SA reimbursed the 300 million Swiss franc bond issued in 2007, the 1,000 million euro bond issued in 2009, and a portion of debt relating to foreign currency denominated private placements (5 billion Japanese yen and 100 million US dollars).

During the second half of the fiscal year, Christian Dior issued a 500 million euro bond, redeemable in June 2019.

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

18.2. Analysis of gross borrowings

<i>(EUR millions)</i>	June 30, 2014	June 30, 2013	April 30, 2013
Bonds and Euro Medium Term Notes (EMTNs)	3,739	3,415	3,970
Finance and other long-term leases	108	119	121
Bank borrowings	553	696	609
LONG-TERM BORROWINGS	4,400	4,230	4,700
Bonds and Euro Medium Term Notes (EMTNs)	1,281	1,388	676
Finance and other long-term leases	14	15	16
Bank borrowings	627	523	636
Commercial paper	2,766	1,513	1,611
Other borrowings and credit facilities	1,113	510	396
Bank overdrafts	577	405	399
Accrued interest	43	38	100
SHORT-TERM BORROWINGS	6,421	4,392	3,834
TOTAL GROSS BORROWINGS	10,821	8,622	8,534

The market value of gross borrowings was 10,971 million euros as of June 30, 2014 (8,757 million euros as of June 30, 2013, 8,697 million euros as of April 30, 2013).

As of June 30, 2014 and 2013, as well as April 30, 2013, no amount of financial debt was recognized in accordance with the fair value option. See Note 1.19.

18.3. Bonds and EMTNs

Nominal amount <i>(in local currency)</i>	Date of issuance	Maturity	Initial effective interest rate ^(a) <i>(as %)</i>	June 30, 2014 <i>(EUR millions)</i>	June 30, 2013 <i>(EUR millions)</i>	April 30, 2013 <i>(EUR millions)</i>
EUR 500,000,000	2014	2019	1.56	495	-	-
EUR 600,000,000	2013	2020	1.89	595	-	-
EUR 500,000,000	2013	2016	Floating	500	-	-
EUR 500,000,000	2013	2019	1.38	500	490	-
USD 850,000,000	2012	2017	1.75	625	652	657
EUR 500,000,000	2011	2018	4.08	514	518	518
EUR 500,000,000	2011	2015	3.47	510	520	524
EUR 300,000,000	2011	2016	4.22	299	298	298
EUR 150,000,000	2009	2017	4.81	165	163	166
EUR 250,000,000	2009	2015	4.59	257	263	265
EUR 1,000,000,000	2009	2014	4.52	-	1,024	1,029
EUR 350,000,000	2009	2014	4.02	350	349	349
CHF 200,000,000	2008	2015	4.04	163	162	164
CHF 300,000,000	2007	2013	3.46	-	248	249
Private placements in foreign currencies				47	116	427
TOTAL BONDS AND EMTNs				5,020	4,803	4,646

(a) Before impact of interest rate hedges set up at the time of, or subsequent to, each issuance.

18.4. Finance and other long-term leases

The amount of the Group's debt resulting from finance and other long-term lease agreements, which corresponds to the present value of future payments, breaks down as follows, by maturity:

<i>(EUR millions)</i>	June 30, 2014		June 30, 2015		April 30, 2015	
	Minimum future payments	Present value of payments	Minimum future payments	Present value of payments	Minimum future payments	Present value of payments
Less than one year	18	17	21	19	21	19
One to five years	55	40	65	49	68	51
More than five years	295	65	320	66	323	67
Total minimum future payments	368		406		412	
Impact of discounting	(246)		(272)		(275)	
TOTAL DEBT UNDER FINANCE AND OTHER LONG-TERM LEASE AGREEMENTS	122	122	134	134	137	137

Assets financed or refinanced under finance or other long-term leases relate mainly to property assets or industrial machinery.

18.5. Analysis of gross borrowings as of June 30, 2014 by payment date and by type of interest rate

<i>(EUR millions)</i>	Gross borrowings			Effects of derivatives			Gross borrowings after derivatives		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity									
06/30/2015	4,750	1,671	6,421	(731)	708	(23)	4,019	2,379	6,398
06/30/2016	325	124	449	28	(34)	(6)	353	90	443
06/30/2017	864	548	1,412	(772)	750	(22)	92	1,298	1,390
06/30/2018	520	50	570	-	(5)	(5)	520	45	565
06/30/2019	501	256	757	-	-	-	501	256	757
06/30/2020	503	-	503	(250)	242	(8)	253	242	495
Thereafter	709	-	709	-	-	-	709	-	709
TOTAL	8,172	2,649	10,821	(1,725)	1,661	(64)	6,447	4,310	10,757

See Note 22.4 regarding the market value of interest rate risk derivatives.

Gross borrowings maturing before June 30, 2015 break down as follows by quarter:

<i>(EUR millions)</i>	Maturing in June 2015
First quarter	4,682
Second quarter	369
Third quarter	169
Fourth quarter	1,201
TOTAL	6,421

18.6. Analysis of gross borrowings by currency after derivatives

<i>(EUR million)</i>	June 30, 2014	June 30, 2013	April 30, 2013
Euro	8,366	6,340	6,309
US dollar	160	234	213
Swiss franc	1,008	993	1,011
Japanese yen	286	334	237
Other currencies	937	633	593
TOTAL	10,757	8,554	8,363

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.

18.7. Sensitivity

On the basis of debt as of June 30, 2014:

- an instantaneous increase of 1 point in the yield curves of the Group's debt currencies would raise the cost of net financial debt by 44 million euros after hedging, and would lower the market value of gross fixed-rate borrowings by 117 million euros after hedging;
- an instantaneous decline of 1 point in these same yield curves would lower the cost of net financial debt by 44 million euros after hedging, and would raise the market value of gross fixed-rate borrowings by 117 million euros after hedging.

These changes would have no impact on the amount of equity as of June 30, 2014, due to the absence of hedging of future interest payments.

18.8. Covenants

As is normal practice for syndicated loans, the Christian Dior group has signed commitments to maintain a percentage interest and voting rights for certain of its subsidiaries.

In connection with certain long-term credit lines, the Group has undertaken to comply with certain financial covenants (mainly based on a ratio of financial debt to assets). The current level of these ratios ensures that the Group has substantial financial flexibility with regard to these commitments.

18.9. Undrawn confirmed credit lines

As of June 30, 2014, unused confirmed credit lines totaled 5.4 billion euros.

18.10. Guarantees and collateral

As of June 30, 2014, borrowings secured by collateral were less than 200 million euros.

NOTE 19 – PROVISIONS

<i>(EUR million)</i>	June 30, 2014	June 30, 2013	April 30, 2013
Provisions for pensions, medical costs and similar commitments	491	500	483
Provisions for contingencies and losses	1,299	1,247	1,231
Provisions for reorganization	17	16	17
Non-current provisions	1,807	1,763	1,731
Provisions for pensions, medical costs and similar commitments	4	2	12
Provisions for contingencies and losses	303	309	318
Provisions for reorganization	24	30	38
Current provisions	331	341	368
TOTAL	2,138	2,104	2,099

During the fiscal year ended June 30, 2014, the changes in provisions were as follows:

<i>(EUR millions)</i>	June 30, 2013	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other items (including translation adjustment)	June 30, 2014
Provisions for pensions, medical costs and similar commitments	502	92	(88)	(5)	14	(20)	495
Provisions for contingencies and losses	1,556	305	(137)	(141)	20	(1)	1,602
Provisions for reorganization	46	28	(28)	(3)	-	(2)	41
TOTAL	2,104	425	(253)	(149)	34	(23)	2,138
Of which:							
Profit from recurring operations		246	(202)	(60)			
Net financial income (expense)		-	-	-			
Other		179	(51)	(89)			

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.

Provisions for retirement benefit obligations, contribution to medical costs and other employee benefit commitments are analyzed in Note 29.

NOTE 20 – OTHER NON-CURRENT LIABILITIES

<i>(EUR millions)</i>	June 30, 2014	June 30, 2013	April 30, 2013
Purchase commitments for minority interests' shares	5,889	5,220	5,601
Derivatives (see Note 22)	32	53	42
Employee profit sharing	82	80	79
Other liabilities	272	304	302
TOTAL	6,275	5,657	6,024

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 and Château Cheval Blanc, and excluding certain Champagne vineyards.

As of June 30, 2014 and 2013 as well as April 30, 2013, 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.

NOTE 21 – OTHER CURRENT LIABILITIES

<i>(EUR million)</i>	June 30, 2014	June 30, 2013	April 30, 2013
Derivatives (see Note 22)	117	61	100
Employees and social institutions	972	892	855
Employee profit sharing	49	57	45
Taxes other than income taxes	317	283	320
Advances and payments on account from customers	199	134	121
Deferred payment for tangible and financial non-current assets	342	330	339
Prepaid income	166	147	176
Other liabilities	622	575	741
TOTAL	2,784	2,479	2,697

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

NOTE 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 risk measurement, 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.

22.2. Presentation of financial assets and liabilities in the balance sheet

Breakdown and fair value of financial assets and liabilities according to the measurement categories defined by IAS 39

<i>(EUR millions)</i>	<i>Notes</i>	June 30, 2014		June 30, 2013		April 30, 2013	
		Balance sheet value	Fair value ^(d)	Balance sheet value	Fair value ^(d)	Balance sheet value	Fair value ^(d)
Non-current available for sale financial assets	8	7,200	7,200	6,665	6,665	6,853	6,853
Current available for sale financial assets	13	184	184	187	187	201	201
Available for sale financial assets (see Note 1.14)		7,384	7,384	6,852	6,852	7,054	7,054
Other non-current assets, excluding derivatives	9	464	464	399	399	359	359
Trade accounts receivable	11	2,013	2,013	1,837	1,837	1,828	1,828
Other current assets ^(a)	12	907	907	871	871	894	894
Loans and receivables (see Note 1.16)		3,384	3,384	3,107	3,107	3,081	3,081
Cash and cash equivalents (see Note 1.17)	14	2,646	2,646	2,070	2,070	1,925	1,925
Financial assets, excluding derivatives		13,414	13,414	12,029	12,029	12,060	12,060
Long-term borrowings	18	4,400	4,537	4,230	4,356	4,700	4,865
Short-term borrowings	18	6,421	6,434	4,392	4,401	3,834	3,832
Trade accounts payable		3,178	3,178	2,983	2,983	3,089	3,089
Other non-current liabilities ^(b)	20	354	354	384	384	381	381
Other current liabilities ^(c)	21	2,501	2,501	2,271	2,271	2,421	2,421
Financial liabilities, excluding derivatives (see Note 1.19)		16,854	17,004	14,260	14,395	14,425	14,588
Derivatives (see Note 1.20)	22.5	153	153	348	348	422	422

(a) Excluding derivatives, available for sale financial assets and prepaid expenses.

(b) Excluding derivatives and purchase commitments for minority interests.

(c) Excluding derivatives and deferred income.

(d) See Note 1.8 on fair value measurement methods.

Breakdown of financial assets and liabilities measured at fair value by measurement method

(EUR millions)	June 30, 2014			June 30, 2013			April 30, 2013		
	Available for sale financial assets	Derivatives	Cash and cash equivalents	Available for sale financial assets	Derivatives	Cash and cash equivalents	Available for sale financial assets	Derivatives	Cash and cash equivalents
Valuation ^(a) based on:									
Published price quotations	6,927	-	2,646	6,402	-	2,070	6,623	-	1,925
Formula based on market data	139	302	-	137	462	-	133	564	-
Private quotations	318	-	-	313	-	-	298	-	-
ASSETS	7,384	302	2,646	6,852	462	2,070	7,054	564	1,925
Valuation ^(a) based on:									
Published price quotations		-			-			-	
Formula based on market data		149			114			142	
Private quotations		-			-			-	
LIABILITIES		149			114			142	

(a) See Note 1.8 for information on the correspondence between valuation approaches used and the levels in the IFRS 13 fair value measurement hierarchy.

Derivatives used by the Group are measured at fair value according to generally accepted models and on the basis of observable market data. The counterparty risk associated with these derivatives (i.e. the credit valuation adjustment) is assessed on

the basis of credit spreads from observable market data, as well as on the basis of the derivatives' market value adjusted by flat-rate add-ons depending on the type of underlying and the maturity of the derivative.

The amount of financial assets valued on the basis of private quotations changed as follows in the fiscal year ended June 30, 2014:

(EUR millions)	June 30, 2014
At beginning of period	313
Acquisitions	50
Disposals (at net realized value)	(27)
Gains and losses recognized in income statement	(21)
Gains and losses recognized in equity	3
AT END OF PERIOD	318

22.3. Summary of derivatives

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

<i>(EUR millions)</i>		<i>Notes</i>	June 30, 2014	June 30, 2013	April 30, 2013
Interest rate risk					
Assets:	non-current		41	74	117
	current		32	34	65
Liabilities:	non-current		(1)	(12)	(1)
	current		(8)	(8)	(10)
		<i>22.4</i>	64	88	171
Foreign exchange risk					
Assets:	non-current		10	18	21
	current		180	303	326
Liabilities:	non-current		(31)	(41)	(41)
	current		(109)	(40)	(6)
		<i>22.5</i>	50	240	300
Other risks					
Assets:	non-current		-	-	-
	current		39	33	35
Liabilities:	non-current		-	-	-
	current		-	(13)	(84)
			39	20	(49)
TOTAL					
Assets:	non-current	<i>9</i>	51	92	138
	current	<i>12</i>	251	370	426
Liabilities:	non-current	<i>20</i>	(32)	(53)	(42)
	current	<i>21</i>	(117)	(61)	(100)
			153	348	422

22.4. 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 June 30, 2014 break down as follows:

<i>(EUR millions)</i>	Nominal amounts by maturity			Total	Market value ^{(a) (b)}		
	One year	One to five years	Thereafter		Fair value hedges	Not allocated	Total
Interest rate swaps in euros:							
- fixed rate payer	-	-	-	-	-	-	-
- floating rate payer	750	150	250	1,150	59	-	59
- floating rate/floating rate	152	-	-	152	-	-	-
Foreign currency swaps	19	1,642	26	1,687	4	1	5
Other interest rate risk derivatives	-	500	-	500	-	-	-
TOTAL					63	1	64

(a) Gain/(Loss).

(b) See Note 1.8 regarding the methodology used for market value measurement.

22.5. 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 June 30, 2014 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation			Market value ^{(a) (b)}				Total
	2014	2015	Total	Fair value hedges	Future cash flow hedges	Foreign currency net investment hedges	Not allocated	
Options purchased								
Put USD	454	886	1,340	-	22	-	-	22
Put JPY	6	-	6	-	-	-	-	-
Put GBP	28	5	33	-	-	-	-	-
	488	891	1,379	-	22	-	-	22
Collars								
Written USD	1,694	1,328	3,022	23	65	-	2	90
Written JPY	338	449	787	5	15	-	1	21
Written Other	107	94	201	-	1	-	-	1
	2,139	1,871	4,010	28	81	-	3	112
Forward exchange contracts ^(c)								
USD	(6)	22	16	-	1	-	-	1
JPY	21	11	32	-	-	-	-	-
GBP	35	39	74	-	(1)	-	(1)	(2)
Other	54	(126)	(72)	(3)	-	-	(5)	(8)
	104	(54)	50	(3)	-	-	(6)	(9)
Foreign exchange swaps ^(c)								
USD	3,233	15	3,248	4	-	(8)	(73)	(77)
CHF	663	-	663	-	-	1	-	1
GBP	178	-	178	-	-	-	(3)	(3)
JPY	354	-	354	-	-	-	2	2
Other	255	-	255	-	-	(8)	10	2
	4,685	15	4,698	4	-	(15)	(64)	(75)
TOTAL				29	103	(15)	(67)	50

(a) Gain/(Loss).

(b) See Note 1.8 regarding the methodology used for market value measurement.

(c) Sale/(Purchase).

The impact on income statement of gains and losses on hedges of future cash flows as well as the future cash flows hedged, using these instruments, will be recognized after June 30, 2014; the amount will depend on exchange rates at this date.

As of June 30, 2014, at Group level, forecast cash collections for 2014 in US dollars and Japanese yen are hedged to 84% and 80%, respectively.

22.6. 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 June 30, 2014, derivatives used to manage equity risk with an impact on the Group's net profit have a positive market value of 38 million euros. Considering nominal values of 20 million euros for those derivatives, a uniform 1% change in their underlying assets' share prices as of June 30, 2014 would induce a net impact on the Group's profit for an amount 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 June 30, 2014 have a negative market value of 0.5 million euros. Considering nominal values of 51 million euros for those derivatives, a uniform 1% change in their underlying assets' prices as of June 30, 2014 would induce a net impact on the Group's consolidated reserves in an amount of less than 0.5 million euros. These instruments mature in 2014 and 2015.

22.7. Liquidity risk

The Group's local liquidity risks are generally not significant. Its overall exposure to liquidity risk can be assessed (a) with regard to outstanding amounts in respect of its commercial paper program, 2.8 billion euros, and (b) by comparing the amount of the short-term portion of its net financial debt before hedging (6.4 billion euros) to the amount of cash and cash equivalents (2.6 billion euros), amounting to 3.8 billion euros as of June 30, 2014. Should any of these instruments not be renewed, the Group has access to undrawn confirmed credit lines totaling 5.4 billion euros.

The Group's liquidity is based on the amount of its investments, its capacity to raise long-term borrowings, the diversity of its investor base (short-term paper and bonds), and the quality of its banking relationships, whether evidenced or not by confirmed lines of credit.

The following table presents the contractual schedule of disbursements for financial liabilities recognized as of June 30, 2014 (excluding derivatives), at nominal value and with interest, excluding discounting effects:

<i>(EUR millions)</i>	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	Over 5 years	Total
Bonds and EMTNs	1,383	376	1,381	539	524	1,117	5,320
Bank borrowings	639	147	75	56	260	31	1,208
Other borrowings and credit facilities	1,122	-	-	-	-	-	1,122
Finance and other long-term leases	18	17	14	13	12	294	368
Commercial paper	2,766	-	-	-	-	-	2,766
Bank overdrafts	577	-	-	-	-	-	577
Gross borrowings	6,505	540	1,470	608	796	1,442	11,361
Other liabilities, current and non-current ^(a)	2,501	41	30	33	16	97	2,718
Trade accounts payable	3,178	-	-	-	-	-	3,178
Other financial liabilities	5,679	41	30	33	16	97	5,896
TOTAL FINANCIAL LIABILITIES	12,184	581	1,500	641	812	1,539	17,257

(a) Corresponds to "Other current liabilities" (excluding derivatives and deferred income) for 2,501 million euros and to "Other non-current liabilities" (excluding derivatives, purchase commitments for minority interests and deferred income in the amount of 137 million euros) for 217 million euros. See Note 22.2.

See Note 30.3 regarding contractual maturity dates of collateral and other guarantees commitments. See Notes 18.6 and 22.5 regarding foreign exchange derivatives and Notes 18.5 and 22.4 regarding interest rate risk derivatives.

NOTE 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 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

June 30, 2014 (12 months)

<i>(EUR millions)</i>	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	1,498	4,037	10,162	3,236	2,701	9,092	258	-	30,984
Intra-group sales	7	27	39	516	75	31	21	(716)	-
TOTAL REVENUE	1,505	4,064	10,201	3,752	2,776	9,123	279	(716)	30,984
Profit from recurring operations	192	1,291	3,133	418	331	885	(190)	(10)	6,050
Other operating income and expenses	(10)	(12)	(66)	(5)	(13)	(5)	(50)	-	(161)
Depreciation and amortization expense	90	114	474	136	156	282	40	-	1,292
Impairment expense	13	-	70	-	-	8	10	-	101
Intangible assets and goodwill ^(b)	139	6,177	7,342	1,786	5,635	3,014	1,170	-	25,263
Property, plant and equipment	554	2,342	2,047	421	411	1,301	3,496	-	10,572
Inventories	275	4,518	1,539	407	1,331	1,581	206	(187)	9,670
Other operating assets	185	848	648	564	576	515	661	11,659 ^(c)	15,656
TOTAL ASSETS	1,153	13,885	11,576	3,178	7,953	6,411	5,533	11,472	61,161
Equity								30,337	30,337
Liabilities	350	1,068	2,072	1,082	765	1,606	679	23,202 ^(d)	30,824
TOTAL LIABILITIES AND EQUITY	350	1,068	2,072	1,082	765	1,606	679	53,539	61,161
Operating investments ^(e)	(260)	(160)	(583)	(232)	(188)	(389)	(147)	-	(1,959)

June 30, 2013 (2 months)

<i>(EUR millions)</i>	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	235	538	1,591	478	457	1,401	68	-	4,768
Intra-group sales	2	3	9	73	10	5	4	(106)	-
TOTAL REVENUE	237	541	1,600	551	467	1,406	72	(106)	4,768
Profit from recurring operations	35	134	517	34	71	121	(31)	-	881
Other operating income and expenses	-	(2)	(3)	-	-	1	(17)	-	(21)
Depreciation and amortization expense	14	18	76	20	25	41	6	-	200
Impairment expense	-	1	2	(1)	-	1	2	-	5
Intangible assets and goodwill ^(b)	118	6,192	4,888	1,763	5,573	3,034	1,190	-	22,758
Property, plant and equipment	442	1,955	1,836	334	386	1,273	3,128	-	9,354
Inventories	215	4,268	1,231	378	1,246	1,524	117	(182)	8,797
Other operating assets	148	770	630	544	605	478	465	10,509 ^(c)	14,149
TOTAL ASSETS	923	13,185	8,585	3,019	7,810	6,309	4,900	10,327	55,058
Equity								28,106	28,106
Liabilities	327	1,049	1,783	1,015	712	1,572	660	19,834 ^(d)	26,952
TOTAL LIABILITIES AND EQUITY	327	1,049	1,783	1,015	712	1,572	660	47,940	55,058
Operating investments ^(e)	(25)	(33)	(92)	(31)	(30)	(71)	(51)	-	(333)

April 30, 2013 (12 months)

<i>(EUR millions)</i>	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	1,280	4,183	9,880	3,215	2,750	8,272	301	-	29,881
Intra-group sales	9	25	56	463	76	31	22	(682)	-
TOTAL REVENUE	1,289	4,208	9,936	3,678	2,826	8,303	323	(682)	29,881
Profit from recurring operations	131	1,330	3,220	414	335	877	(194)	(23)	6,090
Other operating income and expenses	1	(5)	(55)	(7)	(5)	(22)	(26)	-	(119)
Depreciation and amortization expense	78	105	433	116	127	240	32	-	1,131
Impairment expense	-	-	20	1	-	3	17	-	41
Intangible assets and goodwill ^(b)	115	6,822	4,900	1,765	5,595	3,057	954	-	23,208
Property, plant and equipment	437	1,949	1,816	326	380	1,257	3,121	-	9,286
Inventories	198	4,293	1,204	366	1,253	1,521	115	(176)	8,774
Other operating assets	144	812	590	670	591	497	397	10,643 ^(c)	14,344
TOTAL ASSETS	894	13,876	8,510	3,127	7,819	6,332	4,587	10,467	55,612
Equity								27,867	27,867
Liabilities	306	1,279	1,781	1,076	758	1,541	881	20,123 ^(d)	27,745
TOTAL LIABILITIES AND EQUITY	306	1,279	1,781	1,076	758	1,541	881	47,990	55,612
Operating investments ^(e)	(160)	(172)	(644)	(200)	(176)	(340)	(245)	-	(1,937)

(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 investments in associates, available for sale financial assets, other financial assets, and income tax receivables. As of June 30, 2014, they include the 23.2% shareholding in Hermès International, representing an amount of 6,595 million euros; see Note 8 (6,039 million euros as of June 30, 2013 and 6,236 million euros as of April 30, 2013).

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

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

23.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
France	3,360	553	3,318
Europe (excluding France)	5,953	889	5,782
United States	6,884	1,101	6,601
Japan	2,148	343	2,392
Asia (excluding Japan)	9,249	1,379	8,683
Other countries	3,390	503	3,105
REVENUE	30,984	4,768	29,881

Operating investments by geographic region are as follows:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
France	716	95	681
Europe (excluding France)	426	64	364
United States	244	43	313
Japan	26	41	69
Asia (excluding Japan)	439	73	379
Other countries	108	17	131
OPERATING INVESTMENTS	1,959	333	1,937

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:

<i>(EUR millions)</i>	Christian Dior Couture	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations	Total
Period from July 1 to September 30, 2013	369	1,032	2,428	879	677	2,101	55	(164)	7,377
Period from October 1 to December 31, 2013	389	1,347	2,743	1,034	797	2,622	71	(193)	8,810
Period from January 1 to March 31, 2014	357	896	2,639	941	624	2,231	77	(179)	7,586
Period from April 1 to June 30, 2014	390	789	2,391	898	678	2,169	76	(180)	7,211
TOTAL AS OF JUNE 30, 2014	1,505	4,064	10,201	3,752	2,776	9,123	279	(716)	30,984
Period from May 1 to June 30, 2013	237	541	1,600	551	467	1,406	72	(106)	4,768
TOTAL AS OF JUNE 30, 2013	237	541	1,600	551	467	1,406	72	(106)	4,768
Period from May 1 to July 31, 2012	323	843	2,413	805	733	1,834	97	(146)	6,902
Period from August 1 to October 31, 2012	309	1,177	2,463	1,000	714	1,880	71	(173)	7,441
Period from November 1, 2012 to January 31, 2013	339	1,324	2,760	951	724	2,477	78	(189)	8,464
Period from February 1 to April 30, 2013	318	864	2,300	922	655	2,112	77	(174)	7,074
TOTAL AS OF APRIL 30, 2013	1,289	4,208	9,936	3,678	2,826	8,303	323	(682)	29,881

NOTE 24 – REVENUE AND EXPENSES BY NATURE

24.1. Analysis of revenue

Revenue consists of the following:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Revenue generated by brands and trade names	30,492	4,697	29,421
Royalties and license revenue	193	28	183
Income from investment property	12	6	20
Other revenue	287	37	257
TOTAL	30,984	4,768	29,881

24.2. Expenses by nature

Profit from recurring operations includes the following expenses:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Advertising and promotion expenses	3,601	545	3,537
Commercial lease expenses	2,779	438	2,308
Personnel costs	5,580	889	5,170
Research and development expenses	73	13	70

Advertising and promotion expenses mainly consist of the cost of media campaigns and point-of-sale advertising, and also include personnel costs dedicated to this function.

As of June 30, 2014, a total of 3,758 stores were operated by the Group worldwide (3,440 as of June 30, 2013, 3,423 as of April 30, 2013), particularly by the Christian Dior Couture,

Fashion and Leather Goods, and Selective Retailing business groups.

In certain countries, leases for stores are contingent on the payment of minimum amounts in addition to a variable amount, especially for stores with lease payments indexed to revenue. The total lease expense for the Group's stores breaks down as follows:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Fixed or minimum lease payments	1,243	189	1,010
Variable portion of indexed leases	458	86	519
Airport concession fees – fixed portion or minimum amount	575	23	379
Airport concession fees – variable portion	503	140	400
COMMERCIAL LEASE EXPENSES	2,779	438	2,308

Personnel costs consist of the following elements:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Salaries and social charges	5,444	866	5,035
Pensions, contribution to medical costs and expenses in respect of defined benefit plans	86	18	84
Stock option plan and related expenses	50	5	51
PERSONNEL COSTS	5,580	889	5,170

NOTE 25 – OTHER OPERATING INCOME AND EXPENSES

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Net gains (losses) on disposals of fixed assets	2	(5)	(2)
Restructuring costs	(27)	4	(31)
Transaction costs relating to the acquisition of consolidated companies	(29)	-	(2)
Impairment or amortization of brands, trade names, goodwill and other property	(106)	(11)	(84)
Other items, net	(1)	(9)	-
OTHER OPERATING INCOME AND EXPENSES	(161)	(21)	(119)

Amounts booked as impairment or amortization for the fiscal years ended June 30, 2014 and June 30, 2013 mainly relate to brands and goodwill.

Amounts recognized as impairment, depreciation or amortization for the fiscal year ended April 30, 2013 included an impairment loss of 11 million euros related to tangible fixed assets, with the balance comprised of amortization or impairment charges for brands and goodwill.

NOTE 26 – NET FINANCIAL INCOME (EXPENSE)

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Borrowing costs	(196)	(29)	(193)
Income from cash, cash equivalents and current available for sale financial assets	33	4	24
Fair value adjustment of borrowings and interest rate hedges	15	(9)	3
Cost of net financial debt	(148)	(34)	(166)
Dividends received from non-current available for sale financial assets	79	27	177
Ineffective portion of foreign exchange derivatives	(144)	(25)	(121)
Net gain (loss) related to available for sale financial assets and other financial instruments	16	6	13
Other items, net	(34)	(5)	(32)
Other financial income and expense	(83)	3	37
NET FINANCIAL INCOME (EXPENSE)	(231)	(31)	(129)

Income from cash, cash equivalents and current available for sale financial assets comprises the following items:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Income from cash and cash equivalents	23	1	15
Interest from current available for sale financial assets	10	3	9
INCOME FROM CASH, CASH EQUIVALENTS AND CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS	33	4	24

The revaluation effects of financial debt and interest rate derivatives are attributable to the following items:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Hedged financial debt	32	28	4
Hedging instruments	(21)	(34)	(5)
Unallocated derivatives	4	(3)	4
EFFECTS OF REVALUATION OF FINANCIAL DEBT AND RATE INSTRUMENTS	15	(9)	3

The ineffective portion of exchange rate derivatives breaks down as follows:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Financial cost of commercial foreign exchange hedges	(139)	(22)	(121)
Financial cost of foreign-currency denominated net investment hedges	(2)	(1)	7
Change in the fair value of unallocated derivatives	(3)	(2)	(7)
INEFFECTIVE PORTION OF FOREIGN EXCHANGE DERIVATIVES	(144)	(25)	(121)

As of April 30, 2013, dividends received in respect of non-current available for sale financial assets included an exceptional dividend paid by Hermès International SCA in the amount of 120 million euros (5 euros per share).

For the three fiscal years shown, the net gain/loss related to available for sale financial assets and other financial instruments, excluding the Hermès transactions, is due to changes in market performance and the recognition of impairment losses on current and non-current available for sale financial assets.

NOTE 27 – INCOME TAXES**27.1. Analysis of the income tax expense**

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Current income taxes for the fiscal year	(2,039)	(297)	(2,064)
Current income taxes relating to previous fiscal years	18	(2)	14
Current income taxes	(2,021)	(299)	(2,050)
Change in deferred tax	218	35	134
Impact of changes in tax rates on deferred taxes	28	-	-
Deferred tax	246	35	134
TOTAL TAX EXPENSE PER INCOME STATEMENT	(1,775)	(264)	(1,916)
TAX ON ITEMS RECOGNIZED IN EQUITY	(145)	6	(56)

Total income tax expense for the fiscal year includes 58 million euros in respect of the exceptional contribution applicable in France from 2011 to 2014 (10.7% of the corporate income tax due for the fiscal year ended June 30, 2014, 5% of the corporate income tax due for the fiscal years ended June 30 and April 30, 2013).

27.2. Analysis of net deferred tax on the balance sheet

Net deferred taxes on the balance sheet include the following assets and liabilities:

<i>(EUR millions)</i>	June 30, 2014	June 30, 2013	April 30, 2013
Deferred tax assets	1,079	910	950
Deferred tax liabilities	(5,270)	(4,784)	(4,870)
NET DEFERRED TAX ASSET (LIABILITY)	(4,191)	(3,874)	(3,920)

27.3. Analysis of the difference between the theoretical and effective income tax rates

The effective tax rate is as follows:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Profit before tax	5,658	829	5,842
Total income tax expense	(1,775)	(264)	(1,916)
EFFECTIVE TAX RATE	31.4%	31.9%	32.8%

The theoretical income tax rate, defined as the rate applicable in law to the Group's French companies, including the 3.3% social contribution, may be reconciled as follows to the effective income tax rate disclosed in the consolidated financial statements:

<i>(as % of income before tax)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
French statutory tax rate	34.4	34.4	34.4
Changes in tax rates	(0.5)	-	-
Differences in tax rates for foreign companies	(5.9)	(6.8)	(6.2)
Profit and losses carried forward, and other changes in deferred taxes	(1.0)	1.5	0.6
Difference between consolidated and taxable income, and income taxable at reduced rates	2.6	1.3	2.9
Tax on distribution ^(a)	1.8	1.5	1.1
EFFECTIVE TAX RATE OF THE GROUP	31.4	31.9	32.8

(a) Tax on distribution is mainly related to intra-group dividends. It also includes the 3% tax on dividends paid by LVMH SA and Christian Dior SA.

27.4. Sources of deferred taxes

In the income statement

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Valuation of brands	45	(1)	9
Other revaluation adjustments	32	(3)	6
Gains and losses on available for sale financial assets	3	(1)	(1)
Gains and losses on hedges of future foreign currency cash flows	-	(2)	(4)
Provisions for contingencies and losses ^(a)	80		
Intercompany margin included in inventories	33	25	101
Other consolidation adjustments ^(a)	62	20	40
Losses carried forward	(9)	(3)	(17)
TOTAL	246	35	134

(a) Mainly tax-driven provisions, accelerated tax depreciation and finance leases.

In equity

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Fair value adjustment of vineyard land	(127)	-	(27)
Gains and losses on available for sale financial assets	(36)	12	(2)
Gains and losses on hedges of future foreign currency cash flows	26	1	(36)
Actuarial gains and losses arising on employee benefit commitments	(4)	(2)	13
TOTAL	(141)	11	(52)

In the balance sheet

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Valuation of brands	(4,444)	(4,096)	(4,096)
Fair value adjustment of vineyard land	(752)	(607)	(607)
Other revaluation adjustments	(345)	(362)	(360)
Gains and losses on available for sale financial assets	(216)	(185)	(196)
Gains and losses on hedges of future foreign currency cash flows	2	(26)	(25)
Intercompany margin included in inventories	706	629	605
Other consolidation adjustments ^(a)	804	710	693
Losses carried forward	54	63	66
TOTAL ^(b)	(4,191)	(3,874)	(3,920)

(a) Mainly tax-driven provisions, accelerated tax depreciation and finance leases.

(b) Asset/(Liability).

27.5. Losses carried forward

As of June 30, 2014, at the level of the tax group whose lead company is LVMH SA, unused tax loss carryforwards and tax credits, for which no deferred tax assets were recognized, had a potential positive impact on the future tax expense estimated at 281 million euros (286 million euros as of June 30, 2013, 290 million euros as of April 30, 2013).

For the fiscal year ended June 30, 2014, at the level of the tax group whose lead company is Christian Dior, there were no unused Group tax loss carryforwards or tax credits. As of June 30, 2014, the Christian Dior parent company's tax loss carryforwards amounted to 165 million euros, remaining stable compared to June 30, 2013.

For the fiscal year ended June 30, 2013, at the level of the tax group whose lead company is Christian Dior, unused tax loss carryforwards of 165 million euros were allocated to the Christian Dior parent company. Unused tax loss carryforwards totaled 165 million euros as of April 30, 2013.

27.6. Tax consolidation

- Tax consolidation agreements in France allow virtually all French companies of the Group to combine their taxable profits to calculate the overall tax expense for which only the parent company is liable.

This tax consolidation agreement led to a decrease in the current tax expense for the Group of 78 million euros in the fiscal year ended June 30, 2014, including 72 million euros for LVMH and 6 million euros for Christian Dior (6 million euros as of June 30, 2013 and 103 million euros as of April 30, 2013 for the Group).

- The application of other tax consolidation agreements, notably in the United States, led to current tax savings of 1 million euros in the fiscal year ended June 30, 2014 (1 million euros as of June 30, 2013 and 24 million euros as of April 30, 2013).

NOTE 28 – EARNINGS PER SHARE

	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Net profit, Group share (<i>EUR millions</i>)	1,425	216	1,431
Impact of diluting instruments on the subsidiaries (<i>EUR millions</i>)	(6)	(1)	(10)
NET PROFIT, DILUTED GROUP SHARE (<i>EUR millions</i>)	1,419	215	1,421
Average number of shares in circulation during the fiscal year	181,727,048	181,727,048	181,727,048
Average number of Christian Dior treasury shares owned during the fiscal year	(2,964,840)	(3,053,125)	(2,767,603)
Average number of shares in circulation on which the calculation before dilution is based	178,762,208	178,673,923	178,959,445
BASIC GROUP SHARE OF NET PROFIT PER SHARE (<i>EUR</i>)	7.97	1.21	8.00
Average number of shares in circulation on which the above calculation is based	178,762,208	178,673,923	178,959,445
Dilution effect of stock option plans	832,028	1,051,043	1,005,459
AVERAGE NUMBER OF SHARES IN CIRCULATION AFTER DILUTION	179,594,235	179,724,966	179,964,904
DILUTED GROUP SHARE OF NET PROFIT PER SHARE (<i>EUR</i>)	7.90	1.20	7.90

As of June 30, 2014, all of the instruments in circulation that may dilute earnings per share have been taken into consideration when determining the impact of dilution, given that all of the outstanding purchase and subscription options are considered to be available to be exercised at that date, since the Christian Dior share price is higher than the exercise price of these options.

For information on programs under which the Company repurchases its own shares to be retired, see Note 15.2.

NOTE 29 – PROVISIONS FOR PENSIONS, CONTRIBUTION TO MEDICAL COSTS AND OTHER EMPLOYEE BENEFIT COMMITMENTS

29.1. Expense for the fiscal year

The expense recognized in the fiscal years presented for retirement benefit obligations, contribution to medical costs, and other employee benefit commitments is as follows:

(<i>EUR millions</i>)	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Service cost	81	13	68
Net interest cost	11	5	12
Actuarial gains and losses	2	-	5
Past service cost	-	-	1
Changes in regimes and other	(8)	-	(2)
TOTAL EXPENSE FOR THE PERIOD FOR DEFINED BENEFIT PLANS	86	18	84

29.2. Net recognized commitment

<i>(EUR millions)</i>	June 30, 2014	June 30, 2013	April 30, 2013
Benefits covered by plan assets	1,054	997	1,026
Benefits not covered by plan assets	161	157	150
Defined benefit obligation	1,215	1,154	1,176
Market value of plan assets	(741)	(666)	(688)
NET RECOGNIZED COMMITMENT	474	488	488
Of which:			
Non-current provisions	491	500	483
Current provisions	4	2	12
Other assets	(21)	(14)	(7)
TOTAL	474	488	488

29.3. Breakdown of the change in net recognized commitment

<i>(EUR millions)</i>	Defined benefit obligation	Market value of plan assets	Net recognized commitment
As of June 30, 2013	1,154	(666)	488
Service cost	81	-	81
Net interest cost	32	(21)	11
Payments to beneficiaries	(73)	48	(25)
Contributions to plan assets	-	(69)	(69)
Contributions of employees	7	(9)	(2)
Changes in scope and reclassifications	15	(3)	12
Changes in regimes	(5)	(1)	(6)
Actuarial gains and losses: experience adjustments ^(a)	-	(22)	(22)
Actuarial gains and losses: changes in demographic assumptions	(4)	-	(4)
Actuarial gains and losses: changes in financial assumptions ^(a)	10	-	10
Translation adjustment	(2)	2	-
AS OF JUNE 30, 2014	1,215	(741)	474

(a) Gains/(Losses).

Actuarial gains and losses resulting from changes in assumptions related mainly to the decline in discount rates.

Actuarial gains and losses resulting from experience adjustments related to the fiscal years 2011 to 2013 amounted to:

<i>(EUR million)</i>	Dec. 31, 2011	April 30, 2012	April 30, 2013	June 30, 2013
Experience adjustments on the defined benefit obligation	9	-	13	-
Experience adjustments on the market value of plan assets	34	(25)	(37)	-
ACTUARIAL GAINS AND LOSSES RESULTING FROM EXPERIENCE ADJUSTMENTS ^(a)	43	(25)	(24)	-

(a) Gains/(Losses).

The actuarial assumptions applied to estimate commitments in the main countries where such commitments have been undertaken, were as follows:

<i>(as %)</i>	June 30, 2014 (12 months)					June 30, 2013 (2 months)					April 30, 2013 (12 months)				
	France	United States	United Kingdom	Japan	Switzerland	France	United States	United Kingdom	Japan	Switzerland	France	United States	United Kingdom	Japan	Switzerland
Discount rate ^(a)	3.0	4.5	4.4	1.3	2.3	3.0	3.7	4.3	1.5	2.0	3.0	3.2	4.3	1.5	2.0
Future rate of increase of salaries	3.0	4.5	4.1	2.0	2.3	3.0	4.0	3.8	2.0	2.5	3.0	4.0	3.8	2.0	2.5

(a) Discount rates were determined with reference to market yields of AA-rated corporate bonds at the year-end in the countries concerned. Bonds with maturities comparable to those of the commitments were used.

The assumed rate of increase for medical expenses in the United States is 7.2% for 2014, then it is assumed to decline progressively as of 2014 to reach a rate of 4.5% in 2029.

A rise of 0.5% in the discount rate would result in a reduction of 67 million euros in the amount of the defined benefit obligation as of June 30, 2014; a decrease of 0.5% in the discount rate would result in a rise of approximately 74 million euros.

29.4. Analysis of benefits

The breakdown of the defined benefit obligation by type of benefit plan is as follows:

<i>(EUR million)</i>	June 30, 2014	June 30, 2013	April 30, 2013
Supplementary pensions	918	881	907
Retirement and other indemnities	230	200	200
Medical costs of retirees	46	50	44
Jubilee awards	19	20	23
Early retirement indemnities	-	-	-
Other	2	3	2
DEFINED BENEFIT OBLIGATION	1,215	1,154	1,176

The geographic breakdown of the defined benefit obligation is as follows:

<i>(EUR millions)</i>	June 30, 2014	June 30, 2013	April 30, 2013
France	403	374	387
Europe (excluding France)	463	437	435
United States	213	207	218
Japan	91	96	98
Asia (excluding Japan)	41	36	35
Other countries	4	4	3
DEFINED BENEFIT OBLIGATION	1,215	1,154	1,176

The main components of the Group's net commitment for retirement and other benefit obligations as of June 30, 2014 are as follows:

- in France, these commitments include the commitment to members of the Group's management bodies who are covered by a supplementary pension plan after a certain number of years of service, the amount of which is determined on the basis of the average of their three highest amounts of annual remuneration; they also include retirement indemnities and jubilee awards, the payment of which is determined by French law and collective bargaining agreements, respectively upon retirement or after a certain number of years of service;
- in Europe (excluding France), the main commitments concern pension plans, set up in the United Kingdom by certain Group companies, in Switzerland, participation by Group companies in the mandatory Swiss occupational pension plan, the LPP (Loi pour la prévoyance professionnelle), as well as the TFR (Trattamento di Fine Rapporto) in Italy, a legally required end-of-service allowance, paid regardless of the reason for the employee's departure from the Company;
- in the United States, the commitment relates to defined benefit pension plans or systems for the reimbursement of medical expenses of retirees set up by certain Group companies.

29.5. Analysis of related plan assets

The breakdown of market value of plan assets by type of investment is as follows:

<i>(as % of market value of related plan assets)</i>	June 30, 2014	June 30, 2013	April 30, 2013
Shares	35	35	35
Bonds			
- private issues	29	29	29
- public issues	15	15	15
Cash, investment funds, real estate and other assets	21	21	21
TOTAL	100	100	100

These assets do not include any real estate assets operated by the Group nor any LVMH or Christian Dior shares for significant amounts.

The Group plans to increase the related plan assets in 2014 by paying in approximately 73 million euros.

NOTE 30 – OFF BALANCE SHEET COMMITMENTS

30.1. Purchase commitments

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Grapes, wines and eaux-de-vie	1,340	1,128	1,104
Other purchase commitments for raw materials	83	72	83
Industrial and commercial fixed assets	435	374	215
Investments in joint venture shares and non-current available for sale financial assets	84	74	40

Some Wines and Spirits companies have contractual purchase arrangements with various local producers for the future supply of grapes, still wines and eaux-de-vie. These commitments are

valued, depending on the nature of the purchases, on the basis of the contractual terms or known fiscal year-end prices and estimated production yields.

As of June 30, 2014, the maturity dates of these commitments break down as follows:

<i>(EUR millions)</i>	Less than one year	One to five years	More than five years	Total
Grapes, wines and eaux-de-vie	543	792	5	1,340
Other purchase commitments for raw materials	76	7	-	83
Industrial and commercial fixed assets	209	226	-	435
Investments in joint venture shares and non-current available for sale financial assets	43	30	11	84

30.2. Lease and similar commitments

In connection with its business activities, the Group enters into agreements for the rental of premises or airport concession contracts. The Group also finances a portion of its equipment through long-term operating leases.

The fixed or minimum portion of commitments in respect of the irrevocable period of operating lease or concession contracts were as follows as of June 30, 2014:

<i>(EUR millions)</i>	June 30, 2014	June 30, 2013	April 30, 2013
Less than one year	1,631	1,380	1,347
One to five years	4,193	3,642	3,352
More than five years	2,344	1,719	1,585
COMMITMENTS GIVEN FOR OPERATING LEASES AND CONCESSION FEES	8,168	6,741	6,284
Less than one year	12	13	11
One to five years	16	19	19
More than five years	-	-	-
COMMITMENTS RECEIVED FOR SUB-LEASES	28	32	30

In addition, the Group may enter into operating leases or concession contracts including variable payment amounts. For example, in June 2012, DFS was granted three additional five-year concessions at Hong Kong International Airport.

The concession agreement provides for the payment of variable concession fees, calculated in particular on the basis of the number of passengers passing through the airport. In 2013, these fees amounted to 320 million euros for one calendar year.

30.3. Collateral and other guarantees

These commitments break down as follows:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Securities and deposits	440	311	312
Other guarantees	75	68	70
GUARANTEES GIVEN	515	379	382
GUARANTEES RECEIVED	29	15	11

As of June 30, 2014, the maturity dates of these commitments are as follows:

<i>(EUR millions)</i>	Less than one year	One to five years	More than five years	Total
Securities and deposits	194	232	14	440
Other guarantees	40	26	9	75
GUARANTEES GIVEN	234	258	23	515
GUARANTEES RECEIVED	8	8	13	29

30.4. Contingent liabilities and outstanding litigation

As part of its day-to-day management, the Group is party to various legal proceedings concerning brand rights, the protection of intellectual property rights, the set-up of Selective Retailing networks, licensing agreements, employee relations, tax audits and other areas relating 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.

30.5. Other commitments

The Group is not aware of any significant off-balance sheet commitments other than those described above.

NOTE 31 – RELATED PARTY TRANSACTIONS

31.1. Relations of the Christian Dior group with Groupe Arnault and the Financière Agache group

The Christian Dior group is consolidated in the accounts of Financière Agache, which is controlled by Groupe Arnault SAS.

Relations of the Christian Dior group with Groupe Arnault

Groupe Arnault SAS provides assistance to the Christian Dior group in the areas of development, engineering, corporate and real estate law. In addition, Groupe Arnault leases office premises to LVMH.

Groupe Arnault leases office space from the Christian Dior group and the latter also provides Groupe Arnault with various forms of administrative assistance.

Transactions between the Christian Dior group and Groupe Arnault may be summarized as follows:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
• Purchases by Christian Dior group from Groupe Arnault	(10)	(2)	(10)
Amount payable outstanding at the end of the fiscal year	(2)	(2)	(1)
• Sales by Christian Dior group to Groupe Arnault	3	-	2
Amount receivable outstanding at the end of the fiscal year	-	-	-

Relations of the Christian Dior group with the Financière Agache group

As of June 30, 2014, transactions between the Christian Dior group and the Financière Agache group were not significant.

31.2. Relations of the Christian Dior group with Diageo

Moët Hennessy SNC and Moët Hennessy International SAS (hereafter referred to as “Moët Hennessy”) are the holding companies for LVMH’s Wines and Spirits businesses, with the exception of Château d’Yquem, Château Cheval Blanc and certain Champagne vineyards. Diageo holds a 34% stake in Moët Hennessy. When Diageo acquired this 34% stake in 1994, an agreement was concluded between Diageo and LVMH for

the apportionment of holding company expenses between Moët Hennessy and the other holding companies of the LVMH group.

Under this agreement, Moët Hennessy assumed 18% of shared expenses as of June 30, 2014 (16% for the fiscal year ended June 30, 2013, 19% for the fiscal year ended April 30, 2013), representing an amount of 24 million euros as of June 30, 2014 (3 million euros for the two-month fiscal year ended June 30, 2013, 15 million euros for the fiscal year ended April 30, 2013).

31.3. Executive bodies

The total compensation paid to the members of the Board of Directors, in respect of their functions within the Group, breaks down as follows:

<i>(EUR millions)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Gross compensation, employers’ charges and benefits in kind ^(a)	9	2	12
Post-employment benefits	2	-	2
Other long-term benefits	4	1	9
End-of-contract indemnities	-	-	-
Stock option and similar plans	9	1	9
TOTAL	24	4	32

(a) Excluding previously provisioned items of compensation.

The commitment recognized as of June 30, 2014 for post-employment benefits, net of related financial assets was 13 million euros (9 million euros as of June 30, 2013 and 9 million euros as of April 30, 2013), after taking into account the retrospective adjustment as of January 1, 2012 required by IAS 19 Employee Benefits.

NOTE 32 – SUBSEQUENT EVENTS

On September 3, 2014, Christian Dior and LVMH announced that they had entered into an agreement with Hermès, under which all of the Hermès shares held by the LVMH group will be distributed to its shareholders, with the understanding that Christian Dior will offer to distribute to its own shareholders the shares it receives. LVMH, Christian Dior and Groupe Arnault have agreed not to acquire any new Hermès shares for a period of 5 years. The distributions of Hermès shares by LVMH and Christian Dior are expected to occur no later than December 20,

2014. After the distributions, Groupe Arnault would hold about 8.5% of the share capital of Hermès International. The various disputes that had existed between LVMH and Hermès have been ended by virtue of this agreement.

No other significant subsequent events occurred between June 30, 2014 and October 16, 2014, the date on which the financial statements were approved for publication by the Board of Directors.

Christian Dior

Consolidated financial statements

Notes to the consolidated financial statements

Consolidated companies

Company	Registered office	Method of consolidation	% interest	Company	Registered office	Method of consolidation	% interest
Christian Dior SA	Paris, France	Parent company		Christian Dior Austria GmbH	Vienna, Austria	FC	100%
Financière Jean Goujon SAS	Paris, France	FC	100%	Christian Dior Netherlands BV	Amsterdam, Netherlands	FC	100%
Sadifa SA	Paris, France	FC	100%	Christian Dior Couture Azerbaijan LLC	Baku, Azerbaijan	FC	100%
Lakenbleker BV	Amsterdam, Netherlands	FC	100%	Draupnir SA	Luxembourg	FC	100%
Grandville SA	Luxembourg	FC	100%	Myolnir SA	Luxembourg	FC	100%
CHRISTIAN DIOR COUTURE				WINES AND SPIRITS			
Christian Dior Couture SA	Paris, France	FC	100%	MHCS SCS	Épernay, France	FC	27%
Christian Dior Fourrure M. C. S.A.M	Monaco			Champagne Des Moutiers SA	Épernay, France	FC	27%
	Principality of Monaco	FC	100%	Société Viticole de Reims SA	Épernay, France	FC	27%
Christian Dior GmbH	Pforzheim, Germany	FC	100%	Cie Française du Champagne			
Christian Dior Inc.	New York, USA	FC	100%	et du Luxe SA	Épernay, France	FC	27%
Christian Dior UK Ltd	London, United Kingdom	FC	100%	Chamfipar SA	Épernay, France	FC	27%
Christian Dior Suisse SA	Geneva, Switzerland	FC	100%	GIE MHIS	Épernay, France	FC	27%
Manufactures Dior Srl	Milan, Italy	FC	100%	Moët Hennessy Entreprise Adaptée	Épernay, France	FC	27%
Ateliers AS	Pierre Bénite, France	EM	25%	Champagne Bernard Breuzon SAS	Colombe le Sec, France	FC	27%
Christian Dior Far East Ltd	Hong Kong, China	FC	100%	Champagne de Mansin SAS	Gye sur Seine, France	FC	27%
Christian Dior Fashion (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	100%	Société Civile des Crus de Champagne SA	Reims, France	FC	27%
Christian Dior Hong Kong Ltd	Hong Kong, China	FC	100%	Moët Hennessy Italia Spa	Milan, Italy	FC	27%
Christian Dior Taiwan Limited	Hong Kong, China	FC	90%	Moët Hennessy UK Ltd	London, United Kingdom	FC	27%
Christian Dior Singapore Pte Ltd	Singapore	FC	100%	Moët Hennessy España SA	Barcelona, Spain	FC	27%
Christian Dior Saipan Ltd	Saipan, Saipan	FC	100%	Moët Hennessy (Suisse) SA	Geneva, Switzerland	FC	27%
Christian Dior Australia PTY Ltd	Sydney, Australia	FC	100%	Moët Hennessy Deutschland GmbH	Munich, Germany	FC	27%
Christian Dior New Zealand Ltd	Auckland, New Zealand	FC	100%	Moët Hennessy de Mexico, SA de C.V.	Mexico City, Mexico	FC	27%
Christian Dior (Thailand) Co. Ltd	Bangkok, Thailand	FC	100%	Moët Hennessy Belux SA	Brussels, Belgium	FC	27%
Christian Dior K.K. (Kabushiki Kaisha)	Tokyo, Japan	FC	100%	Moët Hennessy Osterreich GmbH	Vienna, Austria	FC	27%
Christian Dior Couture Korea Ltd	Seoul, South Korea	FC	100%	Moët Hennessy Suomi OY	Helsinki, Finland	FC	27%
Christian Dior Guam Ltd	Tumon Bay Guam, Guam	FC	100%	Moët Hennessy Polska SP Z.O.O.	Warsaw, Poland	FC	27%
Christian Dior Espanola SL	Madrid, Spain	FC	100%	Moët Hennessy Czech Republic Sro	Prague, Czech Republic	FC	27%
Christian Dior do Brasil Ltda	São Paulo, Brazil	FC	100%	Moët Hennessy Sverige AB	Stockholm, Sweden	FC	27%
Christian Dior Italia Srl	Milan, Italy	FC	100%	Moët Hennessy România Srl	Bucharest, Romania	FC	27%
Christian Dior Belgique SA	Brussels, Belgium	FC	100%	Moët Hennessy Norge AS	Hoevik, Norway	FC	27%
Bopel Srl	Lugagnano Val d'Arda, Italy	FC	85%	Moët Hennessy Danmark A/S	Copenhagen, Denmark	FC	27%
Christian Dior Puerto Banus SL	Marbella-Puerto Banus, Spain	FC	75%	Moët Hennessy Nederland BV	Baarn, Netherlands	FC	27%
Lucilla Srl	Sieci-Pontassieve, Italy	FC	100%	Moët Hennessy USA Inc.	New York, USA	FC	27%
Christian Dior Couture CZ s.r.o.	Prague, Czech Republic	FC	100%	Moët Hennessy Turkey Ltd	Istanbul, Turkey	FC	27%
Christian Dior Couture Maroc SA	Casablanca, Morocco	FC	100%	Moët Hennessy Korea Ltd	Seoul, South Korea	FC	27%
Christian Dior Couture FZE	Dubai, United Arab Emirates	FC	100%	MHD Moët Hennessy Diageo SAS	Courbevoie, France	(a)	27%
Christian Dior Macau PZL Shareholder Company Limited	Macao, China	FC	100%	Clicquot Inc.	New York, USA (c)	FC	27%
Les Ateliers Bijoux GmbH	Pforzheim, Germany	FC	100%	Société du domaine des Lambrays	Gevrey Chambertin, France	FC	41%
Christian Dior S. de RL de CV	Lomas, Mexico	FC	100%	Cheval des Andes SA	Buenos Aires, Argentina	PC	14%
Christian Dior Commercial (Shanghai) Co. Ltd	Shanghai, China	FC	100%	Domaine Chandon Inc.	California, USA	FC	27%
Ateliers Modèles SAS	Paris, France	FC	100%	Cape Mentelle Vineyards Ltd	Margaret River, Australia	FC	27%
Baby Siam Couture Company Ltd	Bangkok, Thailand	FC	100%	Veuve Clicquot Properties, Pty Ltd	Margaret River, Australia	FC	27%
CDC Abu-Dhabi LLC	Abu Dhabi, United Arab Emirates	(b)	(b)	Moët Hennessy do Brasil – Vinhos E Destilados Ltda	São Paulo, Brazil	FC	27%
CDCH SA	Luxembourg, Luxembourg	FC	75%	Cloudy Bay Vineyards Ltd	Blenheim, New Zealand	FC	27%
Dior Grèce SA Garments Trading	Athens, Greece	FC	51%	Bodegas Chandon Argentina SA	Buenos Aires, Argentina	FC	27%
Christian Dior Couture RUS LLC	Moscow, Russia	FC	100%	Domaine Chandon Australia Pty Ltd	Coldstream Victoria, Australia	FC	27%
Christian Dior Couture Stolesnikov LLC	Moscow, Russia	FC	100%	Newton Vineyards LLC	California, USA	FC	24%
CDC General Trading LLC	Dubai, United Arab Emirates	(b)	(b)	Domaine Chandon (Ningxia)			
Christian Dior Istanbul Magazacilik Anonim Sirketi	Maslak-Istanbul, Turkey	FC	51%	Moët Hennessy Co., Ltd	Yinchuan, China	FC	27%
Christian Dior Trading India Private Limited	Mumbai, India	FC	51%	Moët Hennessy Chandon (Ningxia) Vineyards Co., Ltd	Yinchuan, China	FC	17%
John Galliano SA	Paris, France	FC	100%	Château d'Yquem SA	Sauternes, France	FC	39%
Les Ateliers Horlogers Dior SA	La Chaux-de-Fonds, Switzerland	FC	71%	Château d'Yquem SC	Sauternes, France	FC	40%
Dior Montres SARL	Paris, France	FC	71%	Société Civile Cheval Blanc (SCCB)	Saint Emilion, France	PC	21%
Christian Dior Couture Qatar LLC	Doha, Qatar	(b)	(b)	MH Shangri-La (Deqin) Winery Company Ltd	Deqin, China	FC	22%
Christian Dior Couture Ukraine SARL	Kiev, Ukraine	FC	100%	Jas Hennessy & Co. SCS	Cognac, France	FC	27%
CDCG FZCO	Dubai, United Arab Emirates	(b)	(b)	Distillerie de la Groie SARL	Cognac, France	FC	27%
PT Fashion Indonesia Trading Company	Jakarta, Indonesia	FC	100%	SICA de Bagnolet	Cognac, France	FC	1%
Christian Dior Couture Bahrain W.L.L.	Manama, Bahrain	(b)	(b)	Sodepa SARL	Cognac, France	FC	27%
COU.BO. Srl	Arzano, Italy	FC	85%	Diageo Moët Hennessy BV	Amsterdam, Netherlands	(a)	27%
Christian Dior Vietnam LLC	Hanoi, Vietnam	FC	100%	Hennessy Dublin Ltd	Dublin, Ireland	FC	27%
Vermont SAS	Paris, France	FC	100%	Edward Dillon & Co. Ltd	Dublin, Ireland	EM	11%
Christian Dior Couture Kazakhstan LLP	Almaty, Kazakhstan	FC	100%	Hennessy Far East Ltd	Hong Kong, China	FC	27%
				Moët Hennessy Diageo Hong Kong Ltd	Hong Kong, China	(a)	27%
				Moët Hennessy Diageo Macau Ltd	Macao, China	(a)	27%
				Riche Monde (China) Ltd	Hong Kong, China	(a)	27%
				Moët Hennessy Diageo Singapore Pte Ltd	Singapore	(a)	27%
				Moët Hennessy Ukraine	Kiev, Ukraine	FC	27%

Company	Registered office	Method of consolidation	% interest	Company	Registered office	Method of consolidation	% interest
MH Services UK Ltd	London, United Kingdom	FC	27%	Louis Vuitton Ltd	Tel Aviv, Israel	FC	41%
MH Services Singapore Limited Pte	Singapore	FC	27%	Louis Vuitton Danmark A/S	Copenhagen, Denmark	FC	41%
Moët Hennessy Diageo				Louis Vuitton Aktiebolag SA	Stockholm, Sweden	FC	41%
Malaysia SDN BHD	Kuala Lumpur, Malaysia	(a)	27%	Louis Vuitton Suisse SA	Geneva, Switzerland	FC	41%
Diageo Moët Hennessy Thailand Ltd	Bangkok, Thailand	(a)	27%	Louis Vuitton Polska sp. zoo.	Warsaw, Poland	FC	41%
Moët Hennessy Shanghai Ltd	Shanghai, China	FC	27%	Louis Vuitton Ceska s.r.o.	Prague, Czech Republic	FC	41%
Moët Hennessy India Pvt. Ltd	New Delhi, India	FC	27%	Louis Vuitton Österreich GmbH	Vienna, Austria	FC	41%
Moët Hennessy Taiwan Ltd	Taipei, Taiwan	FC	27%	Louis Vuitton Kazakhstan LLP	Almaty, Kazakhstan	FC	41%
MHD Chine Co. Ltd	Shanghai, China	(a)	27%	LV US Manufacturing, Inc.	New York, USA	FC	41%
MHWH Limited	Limassol, Cyprus	FC	27%	Somarest SARL	Sibiu, Romania	FC	41%
Moët Hennessy Whitehall Russia SA	Moscow, Russia	FC	27%	Louis Vuitton Hawaii Inc.	Hawaii, USA	FC	41%
Moët Hennessy Vietnam				Atlantic Luggage Company Ltd	Hamilton, Bermuda	FC	17%
Importation Co. Ltd	Ho Chi Minh City, Vietnam	FC	27%	Louis Vuitton Guam Inc.	Guam	FC	41%
Moët Hennessy Vietnam				Louis Vuitton Saipan Inc.	Saipan,		
Distribution Co. Pte Ltd	Ho Chi Minh City, Vietnam	FC	14%		Northern Marianas Islands	FC	41%
Phnom Penh, Cambodia Co. Ltd	Phnom Penh, Cambodia	FC	14%	Louis Vuitton Norge AS	Oslo, Norway	FC	41%
Moët Hennessy Philippines Inc.	Makati City, Philippines	FC	21%	San Dimas Luggage Company	New York, USA	FC	41%
Moët Hennessy Rus LLC	Moscow, Russia	FC	27%	Louis Vuitton North America Inc.	New York, USA	FC	41%
MHD Moët Hennessy Diageo	Tokyo, Japan	(a)	27%	Louis Vuitton USA Inc.	New York, USA	FC	41%
Moët Hennessy Asia-Pacific Pte Ltd	Singapore	FC	27%	Louis Vuitton Liban retail SAL	Beirut, Lebanon	FC	41%
Moët Hennessy Australia Ltd	Rosebury, Australia	FC	27%	Louis Vuitton Liban Holding SAL	Beirut, Lebanon	FC	41%
Polmos Zyrardow LLC	Zyrardow, Poland	FC	27%	Louis Vuitton Vietnam Company Ltd	Hanoi, Vietnam	FC	41%
The Glenmorangie Company Ltd	Edinburgh, United Kingdom	FC	27%	Louis Vuitton Suomy Oy	Helsinki, Finland	FC	41%
Macdonald & Muir Ltd	Edinburgh, United Kingdom	FC	27%	Louis Vuitton România Srl	Bucharest, Romania	FC	41%
The Scotch Malt Whisky Society Ltd	Edinburgh, United Kingdom	FC	27%	LVMH FG Brasil Ltda	São Paulo, Brazil	FC	41%
Wenjun Spirits Company Ltd	Chengdu, China	FC	15%	Louis Vuitton Panama Inc.	Panama City, Panama	FC	41%
Wenjun Spirits Sales Company Ltd	Chengdu, China	FC	15%	Louis Vuitton Mexico S de RL de CV	Mexico City, Mexico	FC	41%
				Louis Vuitton Uruguay SA	Montevideo, Uruguay	FC	41%
				Louis Vuitton Chile Ltda	Santiago de Chile, Chile	FC	41%
				Louis Vuitton (Aruba) N.V	Oranjestad, Aruba	FC	41%
				Louis Vuitton Republica Dominicana Srl	Santo Domingo,		
					Dominican Republic	FC	41%
				LVMH Fashion Group Pacific Ltd	Hong Kong, China	FC	41%
				Louis Vuitton Trading			
				Hong Kong Ltd	Hong Kong, China	FC	41%
				Louis Vuitton Hong Kong Ltd	Hong Kong, China	FC	41%
				Louis Vuitton (Philippines) Inc.	Makati, Philippines	FC	41%
				Louis Vuitton Singapore Pte Ltd	Singapore	FC	41%
				LV IOS Private Ltd	Singapore	FC	41%
				PT Louis Vuitton Indonesia LLC	Jakarta, Indonesia	FC	41%
				Louis Vuitton (Malaysia) SDN BHD	Kuala Lumpur, Malaysia	FC	41%
				Louis Vuitton (Thailand) SA	Bangkok, Thailand	FC	41%
				Louis Vuitton Taiwan Ltd	Taipei, Taiwan	FC	41%
				Louis Vuitton Australia PTY Ltd	Sydney, Australia	FC	41%
				Louis Vuitton (China) Co. Ltd	Shanghai, China	FC	41%
				Louis Vuitton Mongolia LLC	Ulaanbaatar, Mongolia	FC	41%
				Louis Vuitton New Zealand Limited	Auckland, New Zealand	FC	41%
				Louis Vuitton India			
				Retail Private Limited	New Delhi, India	FC	21%
				Louis Vuitton EAU LLC	Dubai, United Arab Emirates	FC	(b)
				Louis Vuitton Middle East	Dubai, United Arab Emirates	FC	27%
				Louis Vuitton – Jordan PCLS	Amman, Jordan	FC	41%
				Louis Vuitton Orient LLC	Emirate of Ras Khaime,		
					United Arab Emirates	FC	27%
				Louis Vuitton Korea Ltd	Seoul, South Korea	FC	41%
				LVMH Fashion Group			
				Trading Korea Ltd	Seoul, South Korea	FC	41%
				Louis Vuitton Hungaria SARL	Budapest, Hungary	FC	41%
				Louis Vuitton Argentina SA	Buenos Aires, Argentina	FC	41%
				Louis Vuitton Vostock LLC	Moscow, Russia	FC	41%
				LV Colombia SA	Santafé de Bogota,		
					Colombia	FC	41%
				Louis Vuitton Maroc SARL	Casablanca, Morocco	FC	41%
				Louis Vuitton South Africa Ltd	Johannesburg,		
					South Africa	FC	41%
				Louis Vuitton Macau Company Ltd	Macao, China	FC	41%
				LVMH Fashion (Shanghai)			
				Trading Co., Ltd	Shanghai, China	FC	41%
				LVJ Group KK	Tokyo, Japan	FC	41%
				Louis Vuitton Services KK	Tokyo, Japan	FC	41%
				Louis Vuitton Canada Inc.	Toronto, Canada	FC	41%
				Louis Vuitton (Barbados) Ltd	Saint Michael, Barbados	FC	41%
				Louis Vuitton Kuwait	Kuwait City, Kuwait	FC	27%
				Starke Holding LLC	Starke, USA (c)	FC	33%
				Cypress Creek Farms LLC	Starke, USA (c)	FC	33%
				Florida Alligator Company LLC	Starke, USA (c)	FC	33%
				Pellefina LLC	Starke, USA (a)	FC	33%
				FG Industries	Paris, France	FC	41%

FASHION AND LEATHER GOODS

Louis Vuitton Malletier SA	Paris, France	FC	41%
Manufacture de Souliers			
Louis Vuitton Srl	Fiesso d'Artico, Italy	FC	41%
Louis Vuitton South Europe Srl	Milan, Italy	FC	41%
Louis Vuitton Saint-Barthélemy SNC	Saint-Barthélemy,		
	French Antilles	FC	41%
Louis Vuitton Cantacilik Ticaret AS	Istanbul, Turkey	FC	41%
Louis Vuitton Editeur SAS	Paris, France	FC	41%
Louis Vuitton International SNC	Paris, France	FC	41%
Louis Vuitton India Holding & Services Private Limited	Bangalore, India	FC	41%
Société des Ateliers Louis Vuitton SNC	Paris, France	FC	41%
Les Tanneries de la Comète SA	Estaimpuis, Belgium	FC	41%
Manufacture des accessoires			
Louis Vuitton Srl	Milan, Italy	FC	41%
Louis Vuitton Bahrain WLL	Manama, Bahrain	FC	(b)
Société Louis Vuitton Services SNC	Paris, France	FC	41%
Louis Vuitton Qatar LLC	Doha, Qatar	FC	(b)
Société des Magasins			
Louis Vuitton France SNC	Paris, France	FC	41%
Belle Jardinière SA	Paris, France	FC	41%
Les Ateliers Horlogers Louis Vuitton			
La Fabrique du Temps SA	La Chaux-de-Fonds,		
	Switzerland	FC	41%
Les Ateliers Joaillers Louis Vuitton SAS	Paris, France	FC	41%
Operadora Louis Vuitton			
Mexico SRLCV	Mexico City, Mexico	FC	41%
Louis Vuitton Monaco SA	Monaco	FC	41%
ELV SNC	Paris, France	FC	41%
Louis Vuitton Services Europe Sprl	Brussels, Belgium	FC	41%
Louis Vuitton UK Ltd	London, United Kingdom	FC	41%
Finnina Srl	Stra, Italy	FC	41%
Louis Vuitton Ireland Ltd	Dublin, Ireland	FC	41%
Louis Vuitton Deutschland GmbH	Düsseldorf, Germany	FC	41%
Louis Vuitton Ukraine LLC	Kiev, Ukraine	FC	41%
Sociedad de Catalana Talleres			
Artesanos Louis Vuitton SA	Barcelona, Spain	FC	41%
Sociedad de Talleres de Accesorios en Cuero LV SL	Barcelona, Spain	FC	41%
Atepli – Ateliers de Ponte de Lima SA	Ponte de Lima, Portugal	FC	41%
La Fabrique de Maroquinerie			
Louis Vuitton	Paris, France	FC	41%
Louis Vuitton BV	Amsterdam, Netherlands	FC	41%
Louis Vuitton Belgium SA	Brussels, Belgium	FC	41%
Louis Vuitton Luxembourg SARL	Luxembourg	FC	41%
Louis Vuitton Hellas SA	Athens, Greece	FC	41%
Louis Vuitton Cyprus Limited	Nicosia, Cyprus	FC	41%
Louis Vuitton Portugal Maleiro, Ltda.	Lisbon, Portugal	FC	41%

Christian Dior

Consolidated financial statements

Notes to the consolidated financial statements

Company	Registered office	Method of consolidation	% interest	Company	Registered office	Method of consolidation	% interest
Les tanneries Roux SA	Romans sur Isère, France	FC	41%	Givenchy SA	Paris, France	FC	41%
Heng Long International Holding Pte Ltd	Singapore	FC	27%	Givenchy Corporation	New York, USA	FC	41%
Heng Long International Ltd	Singapore	FC	27%	Givenchy China Co. Ltd	Hong Kong, China	FC	41%
Heng Long Leather Co. (Pte) Ltd	Singapore	FC	27%	Givenchy Shanghai Commercial and Trading Co. Ltd	Shanghai, China	FC	41%
Heng Long Leather (Guangzhou) Co. Ltd	Guangzhou, China	FC	27%	GCCL Macau Co. Ltd	Macao, China	FC	41%
HL Australia Proprietary Ltd	Sydney, Australia	FC	27%	Givenchy Italia Srl	Florence, Italy	FC	41%
Marc Jacobs International LLC	New York, USA ^(*)	FC	33%	Gabrielle Studio Inc.	New York, USA	FC	41%
Marc Jacobs International (UK) Ltd	London, United Kingdom	FC	33%	Donna Karan International Inc.	New York, USA ^(*)	FC	41%
Marc Jacobs Trademark LLC	New York, USA ^(*)	FC	33%	The Donna Karan Company LLC	New York, USA	FC	41%
Marc Jacobs Japon KK	Tokyo, Japan	FC	17%	Donna Karan Service Company BV	Oldenzaal, Netherlands	FC	41%
Marc Jacobs International Italia Srl	Milan, Italy	FC	33%	Donna Karan Company Store Ireland Ltd	Dublin, Ireland	FC	41%
Marc Jacobs International France SAS	Paris, France	FC	33%	Donna Karan Studio LLC	New York, USA	FC	41%
Marc Jacobs Commercial & Trading (Shanghai)	Shanghai, China	FC	33%	The Donna Karan Company Store LLC	New York, USA	FC	41%
Marc Jacobs Hong Kong Ltd	Hong Kong, China	FC	33%	Donna Karan International (Canada) Inc.	Vancouver, Canada	FC	41%
Marc Jacobs Holdings LLC	New York, USA ^(*)	FC	33%	Donna Karan Company Store UK Holdings Ltd	London, United Kingdom	FC	41%
Loewe SA	Madrid, Spain	FC	41%	Donna Karan Management Company UK Ltd	London, United Kingdom	FC	41%
Loewe Hermanos SA	Madrid, Spain	FC	41%	Donna Karan Company Stores	London, United Kingdom	FC	41%
Manufacturas Loewe SL	Madrid, Spain	FC	41%	UK Retail Ltd	London, United Kingdom	FC	41%
LVMH Fashion Group France SNC	Paris, France	FC	41%	Donna Karan Company Store (UK) Ltd	London, United Kingdom	FC	41%
Loewe Hermanos UK Ltd	London, United Kingdom	FC	41%	Donna Karan H. K. Ltd	Hong Kong, China	FC	41%
Loewe Hong Kong Ltd	Hong Kong, China	FC	41%	Donna Karan (Italy) Srl	Milan, Italy	FC	41%
Loewe Commercial & Trading (Shanghai) Co. Ltd	Shanghai, China	FC	41%	Donna Karan (Italy) Production Services Srl	Milan, Italy	FC	41%
Loewe Fashion Pte Ltd	Singapore	FC	41%	Fendi International BV	Baarn, Netherlands	FC	41%
Loewe Fashion (M) SDN BHD	Johor, Malaysia	FC	41%	Fun Fashion Bari Srl	Bari, Italy	FC	41%
Loewe Taiwan Ltd	Taipei, Taiwan	FC	41%	Fendi Prague S.r.o.	Prague, Czech Republic	FC	41%
Loewe Korea Ltd	Seoul, South Korea	FC	41%	Luxury Kuwait for Ready Wear Company WLL	Kuwait City, Kuwait	FC	(b)
Loewe Macau Ltd	Macao, China	FC	41%	Fun Fashion Qatar LLC	Doha, Qatar	FC	(b)
Loewe Italy Spa	Milan, Italy	FC	41%	Fendi International SA	Paris, France	FC	41%
Loewe Alemania GmbH	Frankfurt, Germany	FC	41%	Fun Fashion Emirates LLC	Dubai, United Arab Emirates	FC	(b)
Loewe Hawaii Inc.	Honolulu, USA	FC	41%	Fendi SA	Luxembourg	FC	41%
LVMH Fashion Group Support	Paris, France	FC	41%	Fun Fashion Bahrain WLL	Manama, Bahrain	FC	(b)
Berluti SA	Paris, France	FC	41%	Fendi Srl	Rome, Italy	FC	41%
Manifattura Ferrarese Srl	Ferrare, Italy	FC	41%	Fendi Dis Ticaret LSI	Istanbul, Turkey	FC	41%
Berluti LLC	New York, USA	FC	41%	Fendi Adele Srl	Rome, Italy	FC	41%
Berluti UK Ltd	London, United Kingdom	FC	41%	Fendi Italia Srl	Rome, Italy	FC	41%
Berluti Macau Company Ltd	Macao, China	FC	41%	Fendi UK Ltd	London, United Kingdom	FC	41%
Berluti (Shanghai) Company Ltd	Shanghai, China	FC	41%	Fendi France SAS	Paris, France	FC	41%
Berluti Hong Kong Company Ltd	Hong Kong, China	FC	41%	Fendi North America Inc.	New York, USA ^(*)	FC	41%
Berluti Singapore Private Ltd	Singapore	FC	41%	Fendi Guam Inc.	Guam	FC	41%
Berluti Orient FZ LLC	Raz Al-Kamah, United Arab Emirates	FC	27%	Fendi (Thailand) Company Ltd	Bangkok, Thailand	FC	41%
Berluti UAE LLC	Dubai, United Arab Emirates	FC	(b)	Fendi Asia-Pacific Ltd	Hong Kong, China	FC	41%
Berluti Taiwan Ltd	Taipei, Taiwan	FC	41%	Fendi Korea Ltd	Seoul, South Korea	FC	41%
Rossimoda Spa	Vigonza, Italy	FC	41%	Fendi Taiwan Ltd	Taipei, Taiwan	FC	41%
Rossimoda USA Ltd	New York, USA	FC	41%	Fendi Hong Kong Ltd	Hong Kong, China	FC	41%
Rossimoda France SARL	Paris, France	FC	41%	Fendi China Boutiques Ltd	Hong Kong, China	FC	41%
Brenta Suole Srl	Vigonza, Italy	FC	27%	Fendi (Singapore) Pte Ltd	Singapore	FC	41%
LVMH Fashion Group Services SAS	Paris, France	FC	41%	Fendi Fashion (Malaysia) Snd. Bhd.	Kuala Lumpur, Malaysia	FC	41%
Montaigne KK	Tokyo, Japan	FC	41%	Fendi Switzerland SA	Geneva, Switzerland	FC	41%
Interlux Company Ltd	Hong Kong, China	FC	41%	Fun Fashion FZCO LLC	Dubai, United Arab Emirates	FC	30%
Céline SA	Paris, France	FC	41%	Fendi Marianas Inc.	Guam	FC	41%
Avenue M International SCA	Paris, France	FC	41%	Fendi Macau Company Ltd	Macao, China	FC	41%
Enilec Gestion SARL	Paris, France	FC	41%	Fendi Germany GmbH	Stuttgart, Germany	FC	41%
Céline Montaigne SA	Paris, France	FC	41%	Fendi (Shanghai) Co. Ltd	Shanghai, China	FC	41%
Céline Monte-Carlo SA	Monaco	FC	41%	Fun Fashion India Pte Ltd	Mumbai, India	FC	30%
Céline Germany GmbH	Berlin, Germany	FC	41%	Interservices & Trading SA	Lugano, Switzerland	FC	41%
Céline Production Srl	Florence, Italy	FC	41%	Fendi Silk SA	Lugano, Switzerland	FC	21%
Céline Suisse SA	Geneva, Switzerland	FC	41%	Fendi Kids SA	Mendrisio, Switzerland	FC	21%
Céline UK Ltd	London, United Kingdom	FC	41%	Outshine Mexico, S. de RL de C.V.	Mexico City, Mexico	FC	41%
Céline Inc.	New York, USA ^(*)	FC	41%	Maxelle SA	Neuchâtel, Switzerland	FC	41%
Céline Hong Kong Ltd	Hong Kong, China	FC	41%	Fendi Timepieces USA Inc.	New Jersey, USA	FC	41%
Céline Commercial & Trading (Shanghai) Co. Ltd	Shanghai, China	FC	41%	Fendi Timepieces Service Inc.	New Jersey, USA	FC	41%
Céline Taiwan Ltd	Taipei, Taiwan	FC	41%	Fendi Timepieces SA	Neuchâtel, Switzerland	FC	41%
RC Diffusion Rive Droite	Paris, France	FC	41%	Fendi Timepieces Japan KK	Tokyo, Japan	FC	41%
CPC International Ltd	Hong Kong, China	FC	41%	Support Retail Mexico, S. de RL de C.V.	Mexico City, Mexico	FC	41%
CPC Macau Ltd	Macao, China	FC	41%	de RL de C.V. – Grupo de Moda Ltda	São Paulo, Brazil	FC	41%
LVMH FG Services UK Ltd	London, United Kingdom	FC	41%	Emilio Pucci Srl	Florence, Italy	FC	41%
Kenzo SA	Paris, France	FC	41%	Emilio Pucci International BV	Baarn, Netherlands	FC	28%
Kenzo Belgique SA	Brussels, Belgium	FC	41%	Emilio Pucci, Ltd	New York, USA	FC	41%
Kenzo UK Ltd	London, United Kingdom	FC	41%	Emilio Pucci Hong Kong Co. Ltd	Hong Kong, China	FC	41%
Kenzo Japan KK	Tokyo, Japan	FC	41%	Emilio Pucci (Shanghai) Commercial Ltd	Shanghai, China	FC	41%
Kenzo Accessories Srl	Lentate Sul Seveso, Italy	FC	41%				
Kenzo Paris KK	Tokyo, Japan	FC	21%				
Kenzo Paris Singapore Pte Ltd	Singapore	FC	41%				
Kenzo Seta Srl	Grandate, Italy	FC	21%				

Company	Registered office	Method of consolidation	% interest	Company	Registered office	Method of consolidation	% interest
Emilio Pucci UK Ltd	London, United Kingdom	FC	41%	LVMH P&C de Mexico SA de CV	Mexico City, Mexico	FC	41%
Emilio Pucci (Singapore) Pte. Ltd	Singapore	FC	41%	Parfums Christian Dior Japon KK	Tokyo, Japan	FC	41%
Thomas Pink Holdings Ltd	London, United Kingdom	FC	41%	Parfums Christian Dior (Singapore) Pte Ltd	Singapore	FC	41%
Thomas Pink Ltd	London, United Kingdom	FC	41%	Inalux SA	Luxembourg	FC	41%
Thomas Pink BV	Rotterdam, Netherlands	FC	41%	LVMH P&C Asia-Pacific Ltd	Hong Kong, China	FC	41%
Thomas Pink Inc.	New York, USA ^(*)	FC	41%	Fa Hua Fragrance & Cosmetic Co. Ltd	Hong Kong, China	FC	41%
Thomas Pink Ireland Ltd	Dublin, Ireland	FC	41%	Parfums Christian Dior China	Shanghai, China	FC	41%
Thomas Pink France SAS	Paris, France	FC	41%	LVMH P&C Korea Ltd	Seoul, South Korea	FC	41%
Thomas Pink Canada Inc.	Toronto, Canada	FC	41%	Parfums Christian Dior Hong Kong Ltd	Hong Kong, China	FC	41%
Edun Apparel Ltd	Dublin, Ireland	EM	20%	LVMH P&C Malaysia Sdn Berhad Inc.	Kuala Lumpur, Malaysia	FC	41%
Edun Americas Inc.	North Carolina, USA	EM	20%	Pardior SA de CV	Mexico City, Mexico	FC	41%
Nowness LLC	New York, USA ^(*)	FC	41%	Parfums Christian Dior A/S Ltd	Copenhagen, Denmark	FC	41%
Nowness SAS	Paris, France	FC	41%	LVMH Perfumes & Cosmetics Group Pty Ltd	Sydney, Australia	FC	41%
Perida Financière SA	Romans sur Isère, France	FC	41%	Parfums Christian Dior AS Ltd	Hoevik, Norway	FC	41%
Loro Piana S.p.A.	Quarona, Italy	FC	33%	Parfums Christian Dior AB	Stockholm, Sweden	FC	41%
Loro Piana Switzerland SA	Lugano, Switzerland	FC	33%	Parfums Christian Dior (New Zealand) Ltd	Auckland, New Zealand	FC	41%
Loro Piana France SARL	Paris, France	FC	33%	Parfums Christian Dior GmbH Austria	Vienna, Austria	FC	41%
Loro Piana GmbH	Munich, Germany	FC	33%	L Beauty Luxury Asia Inc.	Taguig City, Philippines	FC	21%
Loro Piana GB Ltd	London, United Kingdom	FC	33%	SCI Annabell	Paris, France	FC	41%
Warren Corporation	Connecticut, USA	FC	33%	PT. L Beauty Brands	Jakarta, Indonesia	FC	21%
Loro Piana & C. Inc.	New York, USA	FC	33%	L Beauty Pte Ltd	Singapore	FC	21%
Loro Piana USA LLC	New York, USA	FC	33%	L Beauty Vietnam Ltd Liability	Ho Chi Minh City, Vietnam	FC	21%
Loro Piana Ltd	Hong Kong, China	FC	33%	Cosmetic of France Inc.	Florida, USA	FC	41%
Loro Piana Com. Ltd	Shanghai, China	FC	33%	LVMH Recherche GIE	Saint-Jean de Braye, France	FC	41%
Loro Piana Textile Trading Ltd	Shanghai, China	FC	33%	Parfums et Cosmétiques Information Services – PCIS GIE	Levallois Perret, France	FC	41%
Loro Piana Mongolia Ltd	Ulaanbaatar, Mongolia	FC	33%	Perfumes Loewe SA	Madrid, Spain	FC	41%
Loro Piana Korea Ltd	Seoul, South Korea	FC	33%	Acqua di Parma Srl	Milan, Italy	FC	41%
Loro Piana Ltd	Macao, China	FC	33%	Acqua di Parma LLC	New York, USA	FC	41%
Loro Piana Monaco SARL	Monaco	FC	33%	Acqua di Parma Ltd	London, United Kingdom	FC	41%
Loro Piana España S.L.U.	Madrid, Spain	FC	33%	Acqua di Parma Srl (Paris branch)	Paris, France	FC	41%
Loro Piana Japan Ltd	Tokyo, Japan	FC	33%	LVMH Parfums & Kosmetik Deutschland GmbH	Düsseldorf, Germany	FC	41%
Loro Piana Belgique	Brussels, Belgium	FC	33%	Guerlain SA	Paris, France	FC	41%
Loro Piana Far East Pte Ltd	Singapore	FC	33%	Guerlain GmbH	Vienna, Austria	FC	41%
Loro Piana Peru S.A.C.	Lucanas, Ayacucho, Peru	FC	33%	Guerlain SA (Belgique)	Fleurus, Belgium	FC	41%
SDM Maglierie Srl	Sillavengo, Italy	FC	33%	Guerlain Ltd	London, United Kingdom	FC	41%
Fibre Nobili Srl	Verrone, Italy	FC	33%	LVMH Perfumes e Cosmetics Lda	Lisbon, Portugal	FC	41%
Filatura Vertex Srl	Quarona, Italy	FC	33%	PC Parfums Cosmétiques SA	Zurich, Switzerland	FC	41%
Loro Piana Oesterreich GesmbH	Vienna, Austria	FC	33%	Guerlain Inc.	New York, USA	FC	41%
Loro Piana Nederland BV	Amsterdam, Netherlands	FC	33%	Guerlain Canada Ltd	Montreal, Canada	FC	41%
Loro Piana Czech Republic s.r.o.	Prague, Czech Republic	FC	33%	Guerlain De Mexico SA	Mexico City, Mexico	FC	41%
SANIN	Rawson, Argentina	FC	20%	Guerlain Asia-Pacific Ltd	Hong Kong, China	FC	41%
Linen NEWCO	Borgosesia, Italy	FC	33%	Guerlain KK	Tokyo, Japan	FC	41%
Nicholas Kirkwood Limited	London, United Kingdom	FC	22%	Guerlain KSA	Paris, France	FC	41%
Nicholas Kirkwood Corp.	New York, USA	FC	22%	Guerlain Orient – JLT	Dubai, United Arab Emirates	FC	41%
NK Washington LLC	Delaware, USA	FC	22%	Guerlain Oceania Australia Pty Ltd	Melbourne, Australia	FC	41%
Nicholas Kirkwood LLC	New York, USA	FC	22%	Make Up For Ever SA	Paris, France	FC	41%
NK WLV LLC	Nevada, USA	FC	22%	SCI Edison	Paris, France	FC	41%
JW Anderson Limited	London, United Kingdom	EM	19%	Make Up For Ever LLC	New York, USA ^(*)	FC	41%
				Make Up For Ever Canada Ltd	Montreal, Canada	FC	41%
				LVMH Fragrance Brands SA	Levallois Perret, France	FC	41%
				LVMH Fragrance Brands Ltd	London, United Kingdom	FC	41%
				LVMH Fragrance Brands GmbH	Düsseldorf, Germany	FC	41%
				LVMH Fragrance Brands LLC	New York, USA ^(*)	FC	41%
				LVMH Fragrance Brands Ltd	Toronto, Canada	FC	41%
				LVMH Fragrance Brands KK	Tokyo, Japan	FC	41%
				LVMH Fragrance Brands WHD Inc.	New York, USA ^(*)	FC	41%
				LVMH Fragrance Brands Singapore Pte Ltd	Singapore	FC	41%
				Benefit Cosmetics LLC	California, USA	FC	41%
				Benefit Cosmetics Ireland Ltd	Dublin, Ireland	FC	41%
				Benefit Cosmetics UK Ltd	Chelmsford, United Kingdom	FC	41%
				Benefit Cosmetics Canada Inc.	Toronto, Canada	FC	41%
				Benefit Cosmetics Korea	Seoul, South Korea	FC	41%
				Benefit Cosmetics SAS	Boulogne Billancourt, France	FC	41%
				Benefit Cosmetics Hong Kong Limited	Hong Kong, China	FC	41%
				L Beauty Sdn Bhn	Kuala Lumpur, Malaysia	FC	21%
				L Beauty Thailand	Bangkok, Thailand	FC	20%
				Nude Brands Ltd	London, United Kingdom	FC	29%
				Nude Skincare Inc.	California, USA	FC	29%
				Fresh Inc.	Massachusetts, USA	FC	33%
				Fresh Cosmetics Ltd	London, United Kingdom	FC	33%
				Fresh Hong Kong Ltd	Hong Kong, China	FC	33%
				Fresh Korea Ltd	Seoul, South Korea	FC	33%
PERFUMES AND COSMETICS							
Parfums Christian Dior SA	Paris, France	FC	41%				
LVMH P&C Thailand Co. Ltd	Bangkok, Thailand	FC	20%				
LVMH Parfums & Cosmétiques do Brasil Ltda	São Paulo, Brazil	FC	41%				
France Argentine Cosmetics SA	Buenos Aires, Argentina	FC	41%				
LVMH P&C Shanghai Co. Ltd	Shanghai, China	FC	41%				
Parfums Christian Dior Finland Oy	Helsinki, Finland	FC	41%				
LVMH P&C Inc.	New York, USA	FC	41%				
SNC du 33 avenue Hoche	Paris, France	FC	41%				
LVMH Fragrances & Cosmetics (Singapore) Pte Ltd	Singapore	FC	41%				
Parfums Christian Dior Orient Co.	Dubai, United Arab Emirates	FC	25%				
Parfums Christian Dior Emirates	Dubai, United Arab Emirates	FC	13%				
LVMH Cosmetics KK	Tokyo, Japan	FC	41%				
Parfums Christian Dior Arabia	Jeddah, Saudi Arabia	FC	19%				
EPCD SP.Z.O.O.	Warsaw, Poland	FC	41%				
EPCD CZ & SK SRO	Prague, Czech Republic	FC	41%				
EPCD RO Distribution Srl	Bucharest, Romania	FC	41%				
Parfums Christian Dior (UK) Ltd	London, United Kingdom	FC	41%				
Parfums Christian Dior BV	Rotterdam, Netherlands	FC	41%				
Iparkos BV	Rotterdam, Netherlands	FC	41%				
Parfums Christian Dior S.A.B.	Brussels, Belgium	FC	41%				
Parfums Christian Dior (Ireland) Ltd	Dublin, Ireland	FC	41%				
Parfums Christian Dior Hellas SA	Athens, Greece	FC	41%				
Parfums Christian Dior AG	Zurich, Switzerland	FC	41%				
Christian Dior Perfumes LLC	New York, USA	FC	41%				
Parfums Christian Dior Canada Inc.	Montreal, Canada	FC	41%				

Company	Registered office	Method of consolidation	% interest	Company	Registered office	Method of consolidation	% interest
WATCHES AND JEWELRY				Bulgari International Corporation (BIC) NV			
TAG Heuer International SA	Luxembourg	FC	41%	Bulgari Corporation of America Inc.	Amsterdam, Netherlands	FC	41%
LVMH Swiss Manufactures SA	La Chaux-de-Fonds, Switzerland	FC	41%	Bulgari SA	New York, USA	FC	41%
LVMH Relojería & Joyería España SA	Madrid, Spain	FC	41%	Bulgari Horlogerie SA	Geneva, Switzerland	FC	41%
LVMH Montres & Joaillerie France SA	Paris, France	FC	41%	Bulgari France SAS	Neuchâtel, Switzerland	FC	41%
LVMH Watch & Jewelry Central Europe GmbH	Bad Homburg, Germany	FC	41%	Bulgari Montecarlo SAM	Paris, France	FC	41%
LVMH Watch & Jewelry UK Ltd	Manchester, United Kingdom	FC	41%	Bulgari (Deutschland) GmbH	Monaco	FC	41%
LVMH Watch & Jewelry USA Inc.	New Jersey, USA	FC	41%	Bulgari España SA Unipersonal	Munich, Germany	FC	41%
LVMH Watch & Jewelry Canada Ltd	Toronto, Canada	FC	41%	Bulgari South Asian Operations Pte Ltd	Madrid, Spain	FC	41%
LVMH Watch & Jewelry Far East Ltd	Hong Kong, China	FC	41%	Bulgari (UK) Ltd	Singapore	FC	41%
LVMH Watch & Jewelry Singapore Pte Ltd	Singapore	FC	41%	Bulgari (Belgium) SA	London, United Kingdom	FC	41%
LVMH Watch & Jewelry Malaysia Sdn Bhd.	Kuala Lumpur, Malaysia	FC	41%	Bulgari Austria Pty Ltd	Brussels, Belgium	FC	41%
LVMH Watch & Jewelry Capital Pte Ltd	Singapore	FC	41%	Bulgari (Australia) Pty Ltd	Sydney, Australia	FC	41%
LVMH Watch & Jewelry Japan KK	Tokyo, Japan	FC	41%	Bulgari (Malaysia) Sdn Bhd.	Kuala Lumpur, Malaysia	FC	41%
LVMH Watch & Jewelry Australia Pty Ltd	Melbourne, Australia	FC	41%	Bulgari Global Operations SA	Neuchâtel, Switzerland	FC	41%
LVMH Watch & Jewelry Hong Kong Ltd	Hong Kong, China	FC	41%	Bulgari Asia-Pacific Ltd	Hong Kong, China	FC	41%
LVMH Watch & Jewelry Taiwan Ltd	Hong Kong, China	FC	41%	Bulgari (Taiwan) Ltd	Taipei, Taiwan	FC	41%
LVMH Watch & Jewelry India Pvt Ltd	New Delhi, India	FC	41%	Bulgari Korea Ltd	Seoul, South Korea	FC	41%
LVMH Watch & Jewelry (Shanghai) Commercial Co. Ltd	Shanghai, China	FC	41%	Bulgari Saint Barth SAS	Saint-Barthélemy, French Antilles	FC	41%
LVMH Watch & Jewelry Russia SARL	Moscow, Russia	FC	41%	Bulgari Gioielli SpA	Valenza, Italy	FC	41%
Cortech SA	Cornol, Switzerland	FC	41%	Bulgari Accessori Srl	Florence, Italy	FC	41%
Timecrown Ltd	Worsley, United Kingdom	FC	41%	Bulgari Holdings (Thailand) Ltd	Bangkok, Thailand	FC	41%
ArteCad SA	Tramelan, Switzerland	FC	41%	Bulgari (Thailand) Ltd	Bangkok, Thailand	FC	41%
Alpha Time Corp. Ltd	Hong Kong, China	FC	41%	Bulgari Commercial (Shanghai) Co. Ltd	Shanghai, China	FC	41%
Dream Tech (Shanghai) Co. Ltd	Shanghai, China	FC	41%	Bulgari Japan Ltd	Tokyo, Japan	FC	41%
Dream Tech Intl Trading Co. Ltd	Shanghai, China	FC	41%	Bulgari Panama Inc.	Panama City, Panama	FC	41%
Chaumet International SA	Paris, France	FC	41%	Bulgari Ireland Ltd	Dublin, Ireland	FC	41%
Chaumet London Ltd	London, United Kingdom	FC	41%	Bulgari Qatar Lcc	Doha, Qatar	FC	(b)
Chaumet Horlogerie SA	Bienne, Switzerland	FC	41%	Bulgari Kuwait Wll	Kuwait City, Kuwait	FC	(b)
Chaumet Korea Chusik Hoesa	Seoul, South Korea	FC	41%	Bulgari do Brazil Ltda	São Paulo, Brazil	FC	41%
Chaumet Middle East FZCO	Dubai, United Arab Emirates	FC	25%	Bulgari Hotels and Resorts Milano Srl	Rome, Italy	PC	21%
Chaumet UAE	Dubai, United Arab Emirates	FC	(b)	Famaf Accessori S.r.l.	Florence, Italy	FC	41%
Farouk Trading	Riyadh, Saudi Arabia	FC	(b)	Bulgari Turkey Liks Ürtin Ticareti Limited Sirketi	Istanbul, Turkey	FC	41%
LVMH Watch & Jewelry Italy Spa	Milan, Italy	FC	41%	Gulf Luxury Trading LLC	Dubai, United Arab Emirates	FC	21%
Delano SA	La Chaux-de-Fonds, Switzerland	FC	41%	India Luxco Retail Private Limited	New Delhi, India	FC	21%
Fred Paris SA	Paris, France	FC	41%	BK for Jewelry and Precious Metals and Stones Co. W.L.L.	Kuwait City, Kuwait	FC	20%
Joaillerie de Monaco SA	Monaco	FC	41%	SELECTIVE RETAILING			
Fred Inc.	California, USA ^(c)	FC	41%	LVMH Iberia SL	Madrid, Spain	FC	41%
Fred Londres Ltd	London, United Kingdom	FC	41%	LVMH Italia SpA	Milan, Italy	FC	41%
Hublot SA	Nyon, Switzerland	FC	41%	Sephora SA	Boulogne Billancourt, France	FC	41%
Bentim International SA	Luxembourg	FC	41%	Sephora Luxembourg SARL	Luxembourg	FC	41%
Hublot SA Genève	Geneva, Switzerland	FC	41%	Sephora Portugal Perfumaria Lda	Lisbon, Portugal	FC	41%
Hublot of America, Inc.	Florida, USA	FC	41%	Sephora Pologne Spzoo	Warsaw, Poland	FC	41%
Hublot Japan KK Ltd	Tokyo, Japan	FC	41%	Sephora Marinopoulos SA	Alimos, Greece	FC	41%
Profusion SARL	Gland, Switzerland	FC	41%	Sephora Marinopoulos Romania SA	Bucharest, Romania	FC	41%
Nyon LLC	Florida, USA	FC	21%	Sephora S.R.O.	Prague, Czech Republic	FC	41%
Nyon Services LLC	Miami, USA ^(c)	FC	21%	Sephora Monaco SAM	Monaco	FC	41%
Atlanta Boutique LLC	Atlanta, USA	FC	21%	Sephora Cosmetics España S+	Madrid, Spain	PC	21%
Echidna Distribution Company LLC	Dallas, USA	FC	21%	Boulogne Billancourt, France	Boulogne Billancourt, France	FC	41%
Furioso LLC	Orlando, USA	FC	21%	Sephora Marinopoulos Bulgaria EOOD	Sofia, Bulgaria	FC	41%
Fusion World Dallas LLC	Dallas, USA	FC	21%	Sephora Marinopoulos Cyprus Ltd	Nicosia, Cyprus	FC	41%
Fusion World Houston LLC	Houston, USA	FC	21%	Sephora Unim Kozmetik AS	Istanbul, Turkey	FC	41%
New World of Fusion LLC	Miami, USA ^(c)	FC	21%	Perfumes & Cosmetics Gran Via SL	Madrid, Spain	PC	19%
De Beers Diamond Jewellers Ltd	London, United Kingdom	PC	21%	Sephora Marinopoulos D. O.O.	Zagreb, Croatia	FC	41%
De Beers Diamond Jewellers Trademark Ltd	London, United Kingdom	PC	21%	Sephora Marinopoulos Cosmetics D. O.O.	Belgrade, Serbia	FC	41%
De Beers Diamond Jewellers UK Ltd	London, United Kingdom	PC	21%	Sephora Nederland BV	Amsterdam, Netherlands	FC	41%
De Beers Diamond Jewellers Japan KK Co.	Tokyo, Japan	PC	21%	Sephora Danmark ApS	Copenhagen, Denmark	FC	41%
De Beers Diamond Jewellers (Hong Kong) Ltd	Hong Kong, China	PC	21%	Sephora Sweden AB	Malmö, Sweden	FC	41%
De Beers Diamond Jewellers Limited Taiwan	Taipei, Taiwan	PC	21%	Sephora Moyen Orient SA	Fribourg, Switzerland	FC	25%
De Beers Diamond Jewellers US. Inc.	Delaware, USA	PC	21%	Sephora Middle East FZE	Dubai, United Arab Emirates	FC	25%
De Beers Jewellers Commercial (Shanghai) Co., Ltd	Shanghai, China	PC	21%	Sephora Asia Pte Ltd	Shanghai, China	FC	41%
Bulgari SpA	Rome, Italy	FC	41%	Sephora (Shanghai) Cosmetics Co. Ltd	Shanghai, China	FC	34%
Bulgari Italia SpA	Rome, Italy	FC	41%	Sephora (Beijing) Cosmetics Co. Ltd	Beijing, China	FC	34%
				Sephora Xiangyang (Shanghai) Cosmetics Co., Ltd	Shanghai, China	FC	34%
				Sephora Singapore Pte Ltd	Singapore	FC	41%
				Sephora Thailand Company Ltd	Bangkok, Thailand	FC	41%
				Sephora Australia	Sydney, Australia	FC	41%
				Sephora USA Inc.	California, USA ^(c)	FC	41%
				Sephora Cosmetics Private Ltd	New Delhi, India	FC	41%
				Sephora Beauty Canada, Inc.	California, USA	FC	41%
				Sephora Puerto Rico LLC	California, USA	FC	41%

Company	Registered office	Method of consolidation	% interest	Company	Registered office	Method of consolidation	% interest
Sephora Mexico, SRLCV	Lomas de Chapultepec, Mexico	FC	41%	TRS Saipan Ltd	Saipan, Northern Marianas Islands	EM	12%
Servicios Ziphorah, SRLCV	Mexico City, Mexico	FC	41%	TRS Guam LLC	Guam	EM	12%
Sephora Emirates LLC	Dubai, United Arab Emirates	FC	12%	Tumon Entertainment LLC	Guam	FC	41%
Sephora Bahrain WLL	Manama, Bahrain	FC	12%	Comete Guam Inc.	Guam	FC	41%
Sephora Do Brasil Participacoes SA	Rio de Janeiro, Brazil	FC	41%	Tumon Aquarium LLC	Guam	FC	40%
PT Sephora Indonesia	Jakarta, Indonesia	FC	41%	Comete Saipan Inc.	Saipan, Northern Marianas Islands	FC	41%
Dotcom group Comercio de Presentes SA	Rio de Janeiro, Brazil	FC	29%	Tumon Games LLC	Guam	FC	41%
Kendo Holdings Inc.	California, USA	FC	41%	DFS Vietnam LLC	Ho Chi Minh City, Vietnam	FC	25%
LGCS Inc.	New York, USA	FC	41%	PT Sona Topas Tourism industry Tbk	Jakarta, Indonesia	EM	12%
Ole Henriksen of Denmark Inc.	California, USA	FC	41%	Cruise Line Holdings Co.	Delaware, USA	FC	41%
Sephora Do Brazil – avenue Hoche	São Paulo, Brazil	FC	41%	Starboard Cruise Services Inc.	Delaware, USA	FC	41%
Galantia Holdings Limited	Nicosia, Cyprus	FC	27%	Starboard Holdings Ltd	Delaware, USA	FC	41%
United Europe – Securities OJSC	Moscow, Russia	FC	27%	International Cruise Shops Ltd	Cayman Islands	FC	41%
Beauty in Motion Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	41%	Vacation Media Ltd	Kingston, Jamaica	FC	41%
Le Bon Marché SA	Paris, France	FC	41%	STB Srl	Florence, Italy	FC	41%
SEGEP SNC	Paris, France	FC	41%	On Board Media Inc.	Delaware, USA	FC	41%
Franck & Fils SA	Paris, France	FC	41%	Parazul LLC	Delaware, USA	FC	41%
DFS Holdings Ltd	Hamilton, Bermuda	FC	25%	Onboard.com LLC	Delaware, USA	FC	41%
DFS Australia Pty Ltd	Sydney, Australia	FC	25%	Y.E.S. Your Extended Services LLC	Delaware, USA	PC	14%
DFS Group Ltd	Delaware, USA	FC	25%				
DFS China Partners Ltd	Hong Kong, China	FC	25%	OTHER ACTIVITIES			
DFS Hong Kong Ltd	Hong Kong, China	FC	25%	Groupe Les Echos SA	Paris, France	FC	41%
TRS Hong Kong Ltd	Hong Kong, China	EM	12%	Les Echos Management SAS	Paris, France	FC	41%
DFS France SAS	Paris, France	FC	25%	Régiepress SAS	Paris, France	FC	41%
DFS Okinawa KK	Okinawa, Japan	FC	25%	Les Echos Légal SAS	Paris, France	FC	41%
TRS Okinawa	Okinawa, Japan	EM	12%	Radio Classique SAS	Paris, France	FC	41%
JAL/DFS Co., Ltd	Chiba, Japan	EM	10%	Les Echos Medias SAS	Paris, France	FC	41%
DFS Korea Ltd	Seoul, South Korea	FC	25%	SFPA SARL	Paris, France	FC	41%
DFS Seoul Ltd	Seoul, South Korea	FC	25%	Les Echos SAS	Paris, France	FC	41%
DFS India Private	Mumbai, India	FC	13%	Percier Publications SNC	Paris, France	FC	41%
DFS Cotai Limitada	Macao, China	FC	25%	Investir Publications SAS	Paris, France	FC	41%
DFS Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	25%	Les Echos Business SAS	Paris, France	FC	41%
Gateshire Marketing Sdn Bhd.	Kuala Lumpur, Malaysia	FC	25%	SID Presse SAS	Paris, France	FC	41%
DFS Middle East LLC	Abu Dhabi, United Arab Emirates	FC	25%	Magasins de La Samaritaine SA	Paris, France	FC	41%
DFS Venture Brasil Participações Ltda	São Paulo, Brazil	FC	25%	DMB Gestion SARL	Paris, France	FC	41%
DFS Merchandising Ltd	Delaware, USA	FC	25%	Mongoual SA	Paris, France	EM	17%
DFS New Caledonia Sarl	Nouméa, New Caledonia	FC	25%	Le Jardin d'Acclimatation	Paris, France	FC	41%
DFS New Zealand Ltd	Auckland, New Zealand	FC	25%	RVL Holding BV	Kaag, Netherlands	FC	38%
TRS New Zealand Ltd	Auckland, New Zealand	EM	12%	Royal Van Lent Shipyard BV	Kaag, Netherlands	FC	38%
Commonwealth Investment Company Inc.	Saipan, Northern Marianas Islands	FC	24%	Tower Holding BV	Kaag, Netherlands	FC	38%
DFS Saipan Ltd	Saipan, Northern Marianas Islands	FC	25%	Green Bell BV	Kaag, Netherlands	FC	38%
Kinkai Saipan LP	Saipan, Northern Marianas Islands	FC	25%	Gebroeders Olie Beheer BV	Waddinxveen, Netherlands	FC	38%
Saipan International Boutique Partners	Saipan, Northern Marianas Islands	EM	13%	Van der Loo Yachtinteriors BV	Waddinxveen, Netherlands	FC	38%
DFS Business consulting (Shanghai) Co. Ltd	Shanghai, China	FC	25%	Red Bell BV	Kaag, Netherlands	FC	38%
Hainan DFS Retail Company Limited	Hainan, China	FC	25%	De Voogt Naval Architects BV	Haarlem, Netherlands	EM	19%
DFS Taiwan Ltd	Taipei, Taiwan	FC	25%	Feadship Holland BV	Amsterdam, Netherlands	EM	19%
Tou You Duty Free Shop Co. Ltd	Taipei, Taiwan	FC	25%	Feadship America Inc.	Florida, USA	EM	19%
DFS Singapore (Pte) Ltd	Singapore	FC	25%	OGMNL BV	Nieuw-Lekkerland, Netherlands	EM	19%
DFS Venture Singapore (Pte) Ltd	Singapore	FC	25%	Probinvest SAS	Paris, France	FC	41%
TRS Singapore Pte Ltd	Singapore	EM	12%	Ufipar SAS	Paris, France	FC	41%
Singapore International Boutique Partners	Singapore	EM	13%	L Capital Management SAS	Paris, France	FC	41%
DFS India Private Ltd	Mumbai, India	FC	18%	Sofidiv SAS	Paris, France	FC	41%
DFS Vietnam (S) Pte Ltd	Singapore	FC	18%	GIE LVMH Services	Paris, France	FC	35%
New Asia Wave International Pte Ltd	Singapore	FC	18%	Moët Hennessy SNC	Paris, France	FC	27%
IPP Group Pte Ltd	Singapore	FC	18%	LVMH Services Ltd	London, United Kingdom	FC	41%
L Development & Management Ltd	Hong Kong, China	EM	10%	UFIP (Ireland) PRU	Dublin, Ireland	FC	41%
DFS Group LP	Delaware, USA	FC	25%	Moët Hennessy Investissements SA	Paris, France	FC	27%
LAX Duty Free Joint Venture 2000	California, USA	FC	19%	LV Group	Paris, France	FC	41%
Royal Hawaiian Insurance Company Ltd	Hawaii, USA	FC	25%	Moët Hennessy International SAS	Paris, France	FC	27%
Hawaii International Boutique Partners	Hawaii, USA	EM	13%	Creare SA	Luxembourg	FC	36%
JFK Terminal 4 Joint Venture 2001	New York, USA	FC	20%	Creare Pte Ltd	Singapore	FC	36%
DFS Guam LP	Guam	FC	25%	Société Montaigne Jean Goujon SAS	Paris, France	FC	41%
Guam International Boutique Partners	Guam	EM	13%	Delphine SAS	Paris, France	FC	41%
DFS Liquor Retailing Ltd	Delaware, USA	FC	25%	LVMH Finance SA	Paris, France	FC	41%
Twenty Seven – Twenty Eight Corp.	Delaware, USA	FC	25%	Primae SAS	Paris, France	FC	41%
DFS Credit Systems Ltd	Hamilton, Bermuda	FC	25%	Eutrope SAS	Paris, France	FC	41%
DFS European Logistics Ltd	Hamilton, Bermuda	FC	25%	Flavius Investissements SA	Paris, France	FC	41%
DFS Italy S.r.L.	Milan, Italy	FC	25%	LBD Holding SA	Paris, France	FC	41%
Preferred Products Ltd	Hong Kong, China	FC	25%	Eley Finance SA	Paris, France	FC	41%
TRS Hawaii LLC	Hawaii, USA	EM	12%	Ashbury Finance SA	Paris, France	FC	41%
				Ivelford Business SA	Paris, France	FC	41%
				Bratton Service SA	Paris, France	FC	41%
				LVMH Hotel Management SAS	Paris, France	FC	41%
				Ufinvest SAS	Paris, France	FC	41%
				Delta	Paris, France	FC	41%
				Hôtel Les Tovets	Courchevel, France	FC	41%
				Société Immobilière Paris			
				Savoie Les Tovets	Courchevel, France	FC	41%

Christian Dior

Consolidated financial statements

Notes to the consolidated financial statements

Company	Registered office	Method of consolidation	% interest	Company	Registered office	Method of consolidation	% interest
Altair Holding LLC	New York, USA ^(*)	FC	41%	Naxara SA	Luxembourg	FC	41%
Moët Hennessy Inc.	New York, USA ^(*)	FC	27%	Pronos SA	Luxembourg	FC	41%
One East 57th Street LLC	New York, USA ^(*)	FC	41%	Hanninvest SA	Brussels, Belgium	FC	41%
LVMH Moët Hennessy				LVMH Publica SA	Brussels, Belgium	FC	41%
Louis Vuitton Inc.	New York, USA ^(*)	FC	41%	Sofidiv UK Ltd	London, United Kingdom	FC	41%
Sofidiv Art Trading LLC	New York, USA ^(*)	FC	41%	LVMH Moët Hennessy			
Sofidiv Inc.	New York, USA ^(*)	FC	41%	Louis Vuitton KK	Tokyo, Japan	FC	41%
598 Madison Leasing Corp	New York, USA ^(*)	FC	41%	Osaka Fudosan Company Ltd	Tokyo, Japan	FC	41%
1896 Corp	New York, USA ^(*)	FC	41%	LVMH Asia-Pacific Ltd	Hong Kong, China	FC	41%
319-325 N. Rodeo LLC	New York, USA ^(*)	FC	41%	LVMH Shanghai Management and Consultancy Co., Ltd	Shanghai, China	FC	41%
LVMH MJ LLC	New York, USA ^(*)	FC	41%	L Capital Asia Advisors PLC	Port Louis, Mauritius	FC	41%
LVMH MJ Holding Inc.	New York, USA ^(*)	FC	41%	LVMH South & South			
Arbelos Insurance Inc.	New York, USA	FC	41%	East Asia Pte Ltd	Singapore	FC	41%
Meadowland Florida LLC	New York, USA	FC	41%	Vicuna Holding Spa	Milan, Italy	FC	41%
LVMH Participations BV	Naarden, Netherlands	FC	41%	Pasticceria Confetteria Cova S.r.l	Milan, Italy	FC	33%
LVMH Moët Hennessy				Cova Montenapoleone S.r.l	Milan, Italy	FC	33%
Louis Vuitton BV	Naarden, Netherlands	FC	41%	Investissement Hotelier Saint Barth Plage des Flamands SAS	Saint-Barthélemy, French Antilles	FC	23%
LVP Holding BV	Naarden, Netherlands	FC	41%	Isle de France SARL	Saint-Barthélemy, French Antilles	FC	23%
LVMH Services BV	Baarn, Netherlands	FC	41%	Isle de France Group Limited	London, United Kingdom	FC	23%
LVMH Finance Belgique SA	Brussels, Belgium	FC	41%	Drift Saint Barth Holding Limited	London, United Kingdom	FC	23%
LVMH International SA	Brussels, Belgium	FC	41%	CT Saint Barth Limited	London, United Kingdom	FC	23%
Marithé SA	Luxembourg	FC	41%	Drift Saint Barth Limited	London, United Kingdom	FC	23%
Ginza SA	Luxembourg	FC	41%	LVMH Moët Hennessy - Louis Vuitton SA	Paris, France	FC	41%
LVMH EU	Luxembourg	FC	41%				
L Real Estate SA	Luxembourg	EM	20%				
Ufilug SA	Luxembourg	FC	41%				
Delphilug SA	Luxembourg	FC	41%				
Glacea SA	Luxembourg	FC	41%				

(*) The address given corresponds to the company's administrative headquarters; the corporate registered office is located in the state of Delaware.

(a) Joint venture companies with Diageo: only the Moët Hennessy activity is consolidated.

(b) The Group's percentages of control and interest are not disclosed, the result of these companies being consolidated on the basis of the Group's contractual share in their business.

FC Full consolidation

PC Proportionate consolidation

EM Equity method

7. Statutory Auditors' report

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Shareholders' Meeting, we hereby report to you for the fiscal year ended June 30, 2014 on:

- the audit of the accompanying consolidated financial statements of the company Christian Dior;
- the justification of our assessments;
- the specific verification required by law.

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

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statements presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group and of the results of its operations for the fiscal year under review in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring the following matters to your attention:

- The valuation of brands, trade names and goodwill has been tested under the method described in Note 1.13 under Note 1 (Accounting policies) to the consolidated financial statements. Based on the aforementioned, we have assessed the appropriateness of the methodology applied based on certain estimates and have reviewed the data and assumptions used by the Group to perform these valuations.
- We have verified that Note 1.11 to the consolidated financial statements provides an appropriate disclosure on the accounting treatment of commitments to purchase minority interests, as such treatment is not specifically provided for by the IFRS framework as adopted by the European Union.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's Management Report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense, October 17, 2014

The Statutory Auditors

MAZARS

Denis Grison

ERNST & YOUNG et Autres

Jeanne Boillet

Benoit Schumacher

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Parent company financial statements

1.	Balance sheet	192
2.	Income statement	194
3.	Cash flow statement	195
4.	Notes to the parent company financial statements	196
5.	Subsidiaries and equity investments	206
6.	Portfolio of subsidiaries and equity investments, other long-term and short-term investments	207
7.	Company results over the last five fiscal years	208
8.	Statutory Auditors' reports	209
	Statutory Auditors' report on the parent company financial statements	209
	Statutory Auditors' special report on related party agreements and commitments	211

1. Balance sheet

Assets

<i>(EUR thousands)</i>	<i>Notes</i>	June 30, 2014 (12 months)			June 30, 2013 (2 months)	April 30, 2013 (12 months)
		Gross	Depreciation, amortization and provisions	Net	Net	Net
Intangible assets	2.1/2.2	34	(2)	32	20	10
Property, plant and equipment	2.1/2.2	284	(284)	-	-	-
Subsidiaries and equity investments	2.10	3,981,901	-	3,981,901	3,981,875	3,981,875
Other long-term investments	2.4	164,121	-	164,121	121,764	46,026
Loans		5	-	5	5	5
Non-current financial assets	2.1/2.2/2.10	4,146,028	-	4,146,028	4,103,645	4,027,906
NON-CURRENT ASSETS		4,146,346	(286)	4,146,060	4,103,665	4,027,917
Trade accounts receivable		15	-	15	-	-
Financial accounts receivable		1,650	-	1,650	-	-
Other receivables		21,331	-	21,331	29,784	20,928
Short-term investments	2.4	124,173	-	124,173	130,083	141,675
Cash and cash equivalents		262,053	-	262,053	7	229
CURRENT ASSETS	2.5/2.9/2.10	409,222	-	409,222	159,874	162,832
Prepaid expenses	2.5	347	-	347	350	904
Bond redemption premiums	2.5	2,980	-	2,980	1,502	1,637
TOTAL ASSETS		4,558,895	(286)	4,558,609	4,265,391	4,193,290

Liabilities and equity

<i>(EUR thousands)</i>	<i>Notes</i>	June 30, 2014	June 30, 2013	April 30, 2013
		(12 months)	(2 months)	(12 months)
		Prior to appropriation	Prior to appropriation	Prior to appropriation
Share capital		363,454	363,454	363,454
Share premium account		2,204,623	2,204,623	2,204,623
Revaluation adjustments		16	16	16
Legal reserve		36,345	36,345	36,345
Regulated reserves		-	-	-
Optional reserves		80,630	80,630	80,630
Retained earnings ^(a)		143,668	136,106	136,106
Earnings pending appropriation		-	507,456	-
Profit for the fiscal year		575,576	18,290	507,456
Interim dividends	1.6	(218,072)	(199,900)	(199,900)
EQUITY	2.5	3,186,240	3,147,020	3,128,730
PROVISIONS FOR CONTINGENCIES AND LOSSES	2.6	22,017	25,949	24,398
Bonds	2.8	1,161,974	661,748	669,549
Bank loans and borrowings		125,075	384,836	301,056
Miscellaneous loans and borrowings		52,550	27,693	52,961
Borrowings		1,339,599	1,074,277	1,023,567
Trade accounts payable		979	6,100	4,410
Tax and social security liabilities		104	89	131
Other operating liabilities ^(a)		3,604	2,892	2,893
Operating liabilities		4,687	9,081	7,434
Other liabilities		6,066	9,064	9,162
LIABILITIES	2.7/2.8/2.9/2.10	1,350,352	1,092,423	1,040,162
Prepaid income		-	-	-
TOTAL LIABILITIES AND EQUITY		4,558,609	4,265,391	4,193,290

(a) Dividends attributable to treasury shares were reclassified under retained earnings as of April 30, 2013 and as of June 30, 2014.

2. Income statement

<i>(EUR thousands)</i>	<i>Notes</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Services provided		-	-	135
Net revenue		-	-	135
Reversals of depreciation, amortization and provisions		11,057	-	1,500
Other income and expense transfers		5,408	(68)	3,973
Operating income		16,465	(68)	5,608
Other purchases and external expenses		6,282	2,531	12,999
Taxes, duties and similar levies		1,769	40	935
Wages and salaries		14,999	(68)	4,073
Social security expenses		741	1	53
Depreciation and amortization		2	-	-
Provisions for contingencies and losses		5,951	1,207	8,707
Other expenses		129	7	137
Operating expenses		29,873	3,719	26,903
OPERATING PROFIT (LOSS)		(13,408)	(3,786)	(21,295)
NET FINANCIAL INCOME (EXPENSE)	<i>2.11</i>	587,251	18,768	516,203
RECURRING PROFIT		573,843	14,982	494,907
EXCEPTIONAL INCOME (EXPENSE)	<i>2.12</i>	(4,231)	411	(563)
Income taxes	<i>2.15/2.14</i>	5,964	2,896	13,112
NET PROFIT		575,576	18,290	507,456

3. Cash flow statement

<i>(EUR millions)</i>		June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
I – OPERATING ACTIVITIES				
Net profit		576	18	507
Net depreciation, amortization and provisions		(4)	2	11
Gain (loss) on sale of fixed assets		-	-	-
Cash from operations before changes in working capital		572	20	518
Change in current assets		6	(8)	(17)
Change in current liabilities		(8)	1	(5)
Changes in working capital		(2)	(7)	(22)
Net cash from operating activities	I	570	13	496
II – INVESTING ACTIVITIES				
Purchase of tangible and intangible fixed assets		-	-	-
Purchase of equity investments		-	-	-
Purchase of other non-current investments		(42)	(76)	(46)
Proceeds from sale of non-current financial assets		-	-	-
Net cash from (used in) investing activities	II	(42)	(76)	(46)
III – FINANCING ACTIVITIES				
Capital increase		-	-	-
Changes in other equity		-	-	-
Proceeds from financial debt		650	133	327
Repayments in respect of financial debt		(409)	(57)	(428)
Change in inter-company current accounts		23	(25)	39
Net cash from (used in) financing activities	III	264	51	(62)
IV – DIVIDENDS PAID DURING THE FISCAL YEAR	IV	(536)	-	(395)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	I + II + III + IV	256	(12)	(7)
Cash and cash equivalents at beginning of fiscal year		130	142	149
Cash and cash equivalents at end of fiscal year		386	130	142
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		256	(12)	(7)

The cash flow statement analyzes the changes in cash from one fiscal year to the next (after deducting bank overdrafts) as well as cash equivalents comprised of short-term investments, net of any potential provisions for impairment.

4. Notes to the parent company financial statements

Amounts are expressed in thousands of euros unless otherwise indicated.

The balance sheet total as of June 30, 2014 was 4,558,609 thousand euros. These parent company financial statements were approved for issue on October 16, 2014 by the Board of Directors.

NOTE 1 – ACCOUNTING POLICIES AND METHODS

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

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

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

1.1. Intangible assets

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

1.2. Property, plant and equipment

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

- furniture: 10 years.

1.3. Non-current financial assets

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

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

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

Christian Dior shares purchased for retirement are recorded under Non-current financial assets and are not impaired.

1.4. Accounts receivable and liabilities

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

1.5. Short-term investments

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

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

In the event of partial investment sales, any gains or losses are calculated based on the FIFO method.

With respect to Christian Dior treasury shares allocated to share purchase option plans:

- if the plan is non-exercisable (market value of the Christian Dior share lower than the exercise price of the option), the calculation of the impairment, charged to net financial income/expense, is made in relation to the weighted average price of the plan in question;
- if the plan is exercisable (market value of the Christian Dior share greater than the exercise price of the option), a provision for losses is recorded on the balance sheet under liabilities whenever the expected exercise price is lower than the purchase price of the shares. Where applicable, this provision is apportioned using the straight-line method over the period over which the options are granted and is then recognized in the income statement under the heading "Wages and salaries".

With respect to Christian Dior treasury shares allocated to bonus share and performance share plans:

- they are not subject to impairment;
- their expense (portfolio value of shares allocated to these plans) is allocated on a straight-line basis over the vesting periods for the plans. It is recognized in the income statement under the heading "Wages and salaries", offset by a provision for losses recorded in the balance sheet.

Upon disposals of treasury shares, the cost of the shares sold is calculated for each plan individually based on the FIFO method. Gains or losses on the sale of treasury shares are recorded within exceptional income/expense, as well as under the heading "Wages and salaries" by way of the "Expense transfer" account.

1.6. Equity

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

1.7. Provisions for contingencies and losses

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

1.8. Foreign currency transactions

During the fiscal year, foreign currency transactions are recorded at the rates of exchange in euros prevailing on the dates of transactions.

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

Provisions are recorded for unrealized losses unless hedged.

1.9. Net financial income (expense)

Net gains and losses on sales of short-term investments (excluding sales of treasury shares) comprise expenses and income associated with sales.

NOTE 2 – ADDITIONAL INFORMATION RELATING TO THE BALANCE SHEET AND INCOME STATEMENT

2.1. Non-current assets

<i>(EUR thousand)</i>	Gross value as of July 1, 2013	Increases		Decreases	
		Acquisitions, creations, contributions, transfers	Disposals		Gross value as of June 30, 2014
Concessions, patents, and similar rights (software)	37	34	37		34
Advances and payments on account	20	14	34		-
Intangible assets	57	48	71		34
Property, plant and equipment:					
• furniture	284	-	-		284
Property, plant and equipment	284	-	-		284
Subsidiaries and equity investments	3,981,875	26	-		3,981,901
Other long-term investments	121,764	42,357	-		164,121
Loans	5	-	-		5
Other non-current financial assets	-	-	-		-
Non-current financial assets	4,103,645	42,383	-		4,146,028
TOTAL	4,103,986	42,431	71		4,146,346

2.2. Depreciation, amortization and impairment of fixed assets

<i>(EUR thousands)</i>	Position and changes in the period			Depreciation, amortization and impairment as of June 30, 2014
	Depreciation, amortization and impairment as of July 1, 2013	Increases	Decreases	
Concessions, patents, and similar rights (software)	37	2	37	2
Intangible assets	37	2	37	2
Property, plant and equipment:				
• furniture	284	-	-	284
Property, plant and equipment	284	-	-	284
TOTAL	321	2	37	286

2.3. Accounts receivable by maturity

<i>(EUR thousands)</i>	Gross amount	Up to 1 year	More than 1 year
Current assets			
Trade accounts receivable	15	15	-
Financial accounts receivable	1,650	1,650	-
State and other public authorities:			
• income taxes	10,312	10,312	-
• State – prepaid income	9	9	-
Other receivables	11,010	11,010	-
Prepaid expenses	347	347	-
Bond redemption premiums ^(a)	2,980	885	2,095
TOTAL	26,323	24,228	2,095

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

2.4. Transactions in the Company's own shares

2.4.1. Treasury shares

As of June 30, 2014, the value of treasury shares held, broken down according to the allocation of shares held, was as follows:

<i>(EUR thousands)</i>	As of June 30, 2014			
	Number of shares	Gross carrying amount	Impairment	Net book value
277-2 Treasury shares pending retirement	1,200,000	164,121	-	164,121
LONG-TERM INVESTMENTS	1,200,000	164,121	-	164,121
502-1 Shares available to be granted to employees and allocated to specific plans	1,612,489	110,096	-	110,096
502-2 Shares available to be granted to employees	165,942	14,077	-	14,077
SHORT-TERM INVESTMENTS	1,778,431	124,173	-	124,173

Portfolio movements over the fiscal year were as follows:

Long-term investments (EUR thousands)	Pending retirement	
	Number of shares	Gross carrying amount
As of July 1, 2013	900,000	121,764
Purchases	300,000	42,357
Transfers	-	-
Shares retired	-	-
AS OF JUNE 30, 2014	1,200,000	164,121

Short-term investments (EUR thousands)	Purchase option plans		Bonus share plans		Non-allocated shares	
	Number of shares	Gross carrying amount	Number of shares	Gross carrying amount	Number of shares	Gross carrying amount
As of July 1, 2013	1,794,544	113,646	189,083	12,142	67,623	4,295
Purchases					100,000	13,656
Disposals						
Transfers	(76,000)	(4,129)	77,681	8,003	(1,681)	(3,874)
Options exercised	(290,094)	(15,612)				
Shares allocated			(82,725)	(3,954)		
AS OF JUNE 30, 2014	1,428,450	93,905	184,039	16,191	165,942	14,077

2.4.2. Stock option and similar plans

Purchase option plans

The beneficiaries of the option plans are selected in accordance with the following criteria: performance, development potential and contribution to a key position.

Six share purchase option plans set up by Christian Dior were in force as of June 30, 2014. The exercise price of the options is calculated in accordance with legal provisions.

Each plan has a life of ten years. Options may be exercised, depending on the plan, after the end of a period of three or four years from the plan's commencement date.

For all plans, one option entitles the holder to purchase one share.

Apart from conditions relating to attendance within the Group, the exercise of options granted in 2009 is contingent on performance conditions, based on the following three indicators: recurring profit, net cash from operating activities and operating investments, and the Group's current operating margin.

Company officers, whether senior executives or employees, must also comply with a number of other restrictions relating to the exercise period for their options.

In relation to options granted under plans set up since 2007, if either the Chairman and Chief Executive Officer or the Group Managing Director, previously the Chairman of the Board of Directors and Chief Executive Officer respectively, decides to

exercise his options, he must retain possession, until the conclusion of his term of office, of a number of shares determined on the basis of the exercise date and corresponding to a percentage of his total gross compensation.

Allocation of bonus shares and performance shares

Beneficiaries of bonus shares are selected among the employees of the Group's companies on the basis of their level of responsibility and their individual performance.

For French tax residents, the allocation of bonus shares to their beneficiaries is definitive after a two-year vesting period for the plan set up in 2010 and after a three-year vesting period since 2011. Bonus shares may be freely transferred after an additional two-year holding period, prior to any sale or transfer. The allocation of bonus shares to beneficiaries who are not French residents for tax purposes becomes definitive after a vesting period of four years and the shares may be freely transferred at that time.

Plans launched since April 15, 2010 combine the allocation of bonus shares and the allocation of performance shares in proportions determined in accordance with the beneficiary's level in the hierarchy and status.

Performance shares are definitively allocated only if Christian Dior's consolidated financial statements both for the fiscal year in which the plan is set up (fiscal year "Y") and for fiscal year Y+1 show a positive change compared to fiscal year Y-1 in

relation to one or more of the following indicators: the Group's profit from recurring operations, net cash from operating activities and operating investments, current operating margin.

Beginning in 2012, Christian Dior's fiscal year no longer corresponds to the calendar year. For this reason, changes in these indicators are henceforth to be determined on the basis of the pro forma financial statements as of December 31 of each calendar year concerned.

In the event of the vesting of their share allocations, the Chairman and Chief Executive Officer and the Group Managing Director, previously the Chairman of the Board of Directors and the Chief Executive Officer respectively, are henceforth and for all outstanding plans required to retain possession, in

pure registered form and until the conclusion of their respective terms in office, of a number of shares representing one half of the notional capital gain, net of tax and social charges, calculated using the shares' opening price at that date. Exercise of such options does not lead to any dilution for shareholders, since they are allocations of existing shares.

2.5. Equity

2.5.1. Share capital

The share capital comprises 181,727,048 shares, each with a par value of 2 euros, of which 123,296,342 shares carry double voting rights.

2.5.2. Changes in equity

(EUR thousands)

Equity as of June 30, 2013 (prior to appropriation of net profit)	3,147,020
Net profit for the fiscal year ended June 30, 2014	575,576
Dividends paid for the fiscal year ended April 30, 2013	(318,284)
Interim dividends for the fiscal year ended June 30, 2014	(218,072)
Equity as of June 30, 2014 (prior to appropriation of net profit)	3,186,240

2.6. Provisions for contingencies and losses

(EUR thousands)	Amount as of July 1, 2013	Provisions of period	Reversals of period	Amount as of June 30, 2014
Provision for losses ^(a)	25,949	10,826	14,758	22,017
TOTAL	25,949	10,826	14,758	22,017

(a) Including provisions for losses with respect to share purchase option plans presumed to be exercisable as of June 30, 2014 (market value of the Christian Dior share greater than the exercise price of the option) as well as bonus share allocation plans (see Note 1.5 Accounting policies).

2.7. Liabilities by maturity

(EUR thousands)	Gross amount	Up to 1 year	From 1 year to 5 years	More than 5 years
Bonds	1,161,974	361,974	800,000	-
Bank loans and borrowings	125,075	75	125,000	-
Miscellaneous loans and borrowings	52,550	52,550	-	-
Trade accounts payable	979	979	-	-
Tax and social security liabilities	104	104	-	-
Other operating liabilities	3,604	3,604	-	-
Other liabilities	6,066	6,066	-	-
TOTAL	1,350,352	425,352	925,000	-

2.8. Bonds

Nominal amount in local currency (EUR thousands)	Nominal interest rate	Issuance rate (as % of par value)	Maturity	Nominal value as of June 30, 2014	Accrued interest	Total
EUR 350,000,000 – 2009	3.750%	99.290	2014	350,000	10,104	360,104
EUR 300,000,000 – 2011	4.000%	99.481	2016	300,000	1,644	301,644
EUR 500,000,000 – 2014	1.375%	99.540	2019	500,000	226	500,226
TOTAL				1,150,000	11,974	1,161,974

2.9. Accrued expenses and prepaid income

(EUR thousands)	Accrued expenses	Prepaid income
Receivables		
Tax and social security receivables	-	9
Liabilities		
Bonds	11,974	-
Bank loans and borrowings	58	-
Trade accounts payable	961	-
Tax and social security liabilities	102	-
Other liabilities	79	-

2.10. Items involving related companies

Balance sheet items

<i>(EUR thousands)</i>	Items involving the companies	
	Related ^(a)	Connected to equity investments ^(b)
Non-current assets		
Subsidiaries and equity investments	3,981,901	-
Current assets		
Trade accounts receivable	15	-
Financial accounts receivable	1,650	-
Other receivables	11,010	-
Liabilities		
Miscellaneous loans and borrowings	52,550	-
Trade accounts payable	169	-
Other liabilities	5,987	-

(a) Companies that can be fully consolidated into one consolidated unit (e.g. parent company, subsidiaries, consolidated affiliates).
(b) Percentage control between 10% and 50%.

Income statement items

<i>(EUR thousands)</i>	Income	Expense
Operating expenses	-	14,283
Dividends received	628,309	-
Interest and similar income	939	-
Interest and similar expenses	-	1,321

2.11. Financial income and expenses

<i>(EUR thousands)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Income from subsidiaries and equity investments	628,309	25,132	556,053
Income from other short-term investments and non-current receivables	-	-	-
Other interest and similar income	978	-	12
Reversals of provisions and expenses transferred	3,700	328	496
Foreign exchange gains	1	-	1
Net gains on sales of short-term investments	-	-	-
Financial income	632,988	25,460	556,562
Amortization and provision charges	5,698	807	4,760
Interest and similar expenses	40,039	5,885	35,599
Foreign exchange losses	-	-	-
Net losses on sales of short-term investments	-	-	-
Financial expenses	45,737	6,692	40,359
NET FINANCIAL INCOME (EXPENSE)	587,251	18,768	516,203

2.12. Exceptional income and expenses

<i>(EUR thousands)</i>	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Income from management transactions	-	-	-
Other exceptional capital transactions	344	813	233
Income from capital transactions	344	813	233
Reversals of provisions and expenses transferred	-	-	-
Exceptional income	344	813	233
Exceptional expenses on management transactions	-	-	47
Expenses from management transactions	-	-	47
Other exceptional expenses on capital transactions	4,575	402	749
Expenses from capital transactions	4,575	402	749
Depreciation, amortization and provisions	-	-	-
Exceptional expenses	4,575	402	796
EXCEPTIONAL INCOME (EXPENSE)	(4,231)	411	(563)

2.13. Income taxes

<i>(EUR thousands)</i>	June 30, 2014 (12 months)			June 30, 2013 (2 months)			April 30, 2013 (12 months)		
	Before tax	Tax	After tax	Before tax	Tax	After tax	Before tax	Tax	After tax
Recurring profit	573,843	-	573,843	14,982	-	14,982	494,907	-	494,907
Exceptional income (expense)	(4,231)	5,964 ^(a)	1,733	411	2,896	3,307	(563)	13,112	12,549
	569,612	5,964	575,576	15,393	2,896	18,289	494,344	13,112	507,456

(a) Of which, income from subsidiaries under the tax consolidation agreement of 45,306 thousand euros.

2.14. Tax position

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

For the fiscal year ended June 30, 2014, this tax consolidation group included Christian Dior, Financière Jean Goujon, Sadifa, CD Investissements, Christian Dior Couture, Ateliers Modèles and John Galliano.

The tax consolidation agreement in force for the fiscal year ended June 30, 2014 does not change the tax position of the subsidiaries concerned, which remains identical to that which would have been reported if the subsidiaries had been taxed individually.

In the event of a subsidiary's exit from the tax consolidation group, Christian Dior is required, under the aforementioned tax consolidation agreement, to compensate the exiting subsidiary for its share of any unused tax loss carryforwards.

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

Tax savings recognized over the fiscal year amounted to 5,964 thousand euros; the amount of these savings as of June 30, 2013 came to 2,896 thousand euros.

As of June 30, 2014, the ordinary loss of Christian Dior amounted to 164,929 thousand euros, and can be carried forward indefinitely.

NOTE 3 – OTHER INFORMATION

3.1. Financial commitments

Hedging instruments

Christian Dior does not use any interest-rate hedging instruments.

Covenants

Under the terms of certain loan agreements or bond issues, the Company has made commitments to hold specific percentages of interest and voting rights in certain subsidiaries.

3.2. Lease commitments

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

3.3. Compensation of management bodies

In respect of the fiscal year ended June 30, 2014, the gross amount of compensation set aside for members of management bodies was 130 thousand euros.

3.4. Identity of the companies consolidating the accounts of Christian Dior

Company name	Registered office
Financière Agache	11, rue François 1 ^{er} 75008 Paris (France)
Groupe Arnault	41, avenue Montaigne 75008 Paris (France)

NOTE 4 – SUBSEQUENT EVENTS

On September 3, 2014, Christian Dior and LVMH announced that they had entered into an agreement with Hermès, under which all of the Hermès shares held by the LVMH group will be distributed to its shareholders, with the understanding that Christian Dior will offer its own shareholders to distribute the shares it receives. LVMH, Christian Dior and Groupe Arnault have agreed not to acquire any new Hermès shares for a period of 5 years. The distributions of Hermès shares by LVMH and Christian Dior are expected to occur no later than December 20,

2014. After the distributions, Groupe Arnault would hold about 8.5% of the share capital of Hermès International. The various disputes that had existed between LVMH and Hermès have been ended by virtue of this agreement.

No other significant subsequent events occurred between June 30, 2014 and October 16, 2014, the date on which the financial statements were approved for publication by the Board of Directors.

5. Subsidiaries and equity investments

(EUR thousand)

	Share capital	Equity other than share capital and excluding net profit	Percentage of share capital held	Carrying amount of shares held		Loans and advances provided	Deposits and sureties granted	Revenue excluding taxes for the prior fiscal year	Net profit (loss) for the prior fiscal year	Dividends received from 07/01/2013 to 06/30/2014
				Gross	Net					
A. Details involving the subsidiaries and equity investments below										
1. Subsidiaries										
• Financière Jean Goujon	1,005,294	1,718,499	100.00%	3,478,680	3,478,680	-	-	-	633,179	628,309
• Sadifa	81	1,573	99.66%	836	836	-	-	132	(298)	-
• Grandville	100,000	401,775	100.00%	502,284	502,284	-	-	-	695	-
• CD Investissements	50	4	100.00%	101	101	-	-	-	(4)	-
2. Equity investments										
B. General information involving the other subsidiaries and equity investments										
None										

6. Portfolio of subsidiaries and equity investments, other long-term and short-term investments

<i>(EUR thousands)</i>	As of June 30, 2014	
	Number of shares	Net book value
French subsidiaries and equity investments		
Financière Jean Goujon shares	62,830,900	3,478,680
Grandville shares	100,000,000	502,284
Sadifa shares	5,019	836
CD Investissements shares	5,000	101
Subsidiaries and equity investments (shares)		3,981,901

<i>(EUR thousands)</i>	As of June 30, 2014	
	Number of shares	Net book value
Treasury shares pending retirement	1,200,000	164,121
Other long-term investments		164,121

<i>(EUR thousands)</i>	As of June 30, 2014	
	Number of shares	Net book value
Treasury shares	1,778,431	124,173
Short-term investments	1,778,431	124,173
TOTAL PORTFOLIO OF SUBSIDIARIES AND EQUITY INVESTMENTS, OTHER LONG-TERM AND SHORT-TERM INVESTMENTS		4,270,195

	At beginning of period	Increase	Decrease	At end of period
Number of treasury shares	2,051,250	100,000	372,819	1,778,431
TOTAL	2,051,250	100,000	372,819	1,778,431

7. Company results over the last five fiscal years

<i>(EUR thousands)</i>	Dec. 31, 2011 (12 months)	April 30, 2012 (4 months)	April 30, 2013 (12 months)	June 30, 2013 (2 months)	June 30, 2014 (12 months)
1. Share capital					
Share capital at fiscal year-end	363,454	363,454	363,454	363,454	363,454
Number of ordinary shares outstanding	181,727,048	181,727,048	181,727,048	181,727,048	181,727,048
Maximum number of future shares to be created:					
• through exercise of equity warrants	-	-	-	-	-
• through exercise of share subscription options	-	-	-	-	-
2. Operations and profit for the fiscal year					
Revenue	52	-	135	-	-
Profit before taxes, depreciation, amortization and movements in provisions	391,145	321,101	505,815	17,079	566,505
Income tax (income)/expense	(6,308)	11,175	(13,112)	(2,896)	(5,964)
Profit after taxes, depreciation, amortization and movements in provisions	390,560	311,413	507,456	18,290	575,576
Profit distributed as dividends ^(a)	474,308	199,900	527,008	-	563,354
3. Earnings per share (EUR)					
Earnings per share after taxes but before depreciation, amortization and movements in provisions	2.19	1.71	2.86	0.11	3.21
Earnings per share after taxes, depreciation, amortization and movements in provisions	2.15	1.71	2.79	0.10	3.17
Gross dividend distributed per share ^(b)	2.61	1.10	2.90	-	3.10
4. Employees					
Average number of employees	-	-	-	-	-
Total payroll ^(c)	6,522	1,114	4,073	(68)	14,999
Amount paid in respect of social security	1,043	338	53	1	741

(a) Amount of the distribution resulting from the resolution of the Shareholders' Meeting, before the effect of Christian Dior treasury shares as of the date of distribution. For the fiscal year ended June 30, 2014, amount proposed to the Shareholders' Meeting of December 9, 2014.

(b) Excluding the impact of tax regulations applicable to the beneficiaries.

(c) Including provisions, on plans presumed to be exercisable relating to purchase options and the allocation of bonus shares and performance shares, recognized under personnel expenses.

8. Statutory Auditors' reports

STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Shareholders' Meeting, we hereby report to you for the fiscal year ended June 30, 2014 on:

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

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

1. Opinion on the financial statements

We conducted our audit in accordance with professional practice standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of the fiscal year-end and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

2. Justification of our assessments

In accordance with Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring the following matters to your attention:

Note 1.3 to the financial statements sets out the accounting principles and methods applicable to non-current financial assets. As part of our assessment of the accounting principles used by your Company, we have verified the appropriateness of the above-mentioned accounting methods and that of the disclosures in the notes to the financial statements, and have verified that they were properly applied.

These assessments were performed as part of our audit approach to the financial statements taken as a whole and therefore contributed to the opinion expressed in the first part of this report.

3. Specific procedures and disclosures

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

We have no matters to report regarding the fair presentation and consistency with the financial statements of the information given in the Management report of the Board of Directors and the documents addressed to the shareholders in respect of the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits granted to the company officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company, from companies controlling your Company or controlled by it. Based on this work, we attest that such information is accurate and fair; it being specified that, as indicated in the Management Report, this information relates to the remuneration and benefits in kind paid or incurred by your Company and the companies which it controls.

Pursuant to the law, we have verified that the Management Report contains the appropriate disclosures as to the identity of and percentage interests and votes held by shareholders.

Paris-La Défense, October 17, 2014

The Statutory Auditors

MAZARS

Denis Grison

ERNST & YOUNG et Autres

Jeanne Boillet Benoit Schumacher

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on certain related party agreements and commitments.

Our responsibility is to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments that have been indicated to us or that we would have identified performing our role. We are not required to comment as to whether they are beneficial or appropriate, or to ascertain the existence of any other agreements or commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

However, we are required to report to you the information referred to in Article R. 225-31 of the French Commercial Code concerning the implementation during the year of any related party agreements and commitments already approved by a Shareholders' Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des Commissaires aux comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us was consistent with the documentation from which it had been extracted.

Agreements and commitments submitted to the approval of the Shareholders' Meeting

In accordance with Article L. 225-40 of the French Commercial Code, we have been advised of the following related party agreements and commitments previously authorized by your Board of Directors.

Agreement entered into with LVMH, a subsidiary of your Company

Nature and purpose

Service agreement.

Conditions

This service agreement entered into with LVMH for the provision of legal services, particularly for corporate law issues and the management of your company's Securities Department, was maintained in the fiscal year ended June 30, 2014.

By way of a rider dated May 16, 2014, the fixed remuneration was increased from 45,750 euros (exclusive of VAT) to 60,000 euros (exclusive of VAT), with retroactive effect from January 1, 2014.

Under this agreement, the expense incurred by your Company in respect of the fiscal year ended June 30, 2014 was 54,808 euros including taxes.

Agreements and commitments already authorized by a Shareholders' Meeting

In accordance with Article R. 225-30 of the French Commercial Code, we have been advised that the following agreements and commitments which were approved in prior fiscal years remained in effect during the fiscal year under review.

Agreement entered into with Groupe Arnault SAS, a shareholder of your Company

Nature and purpose

Assistance agreement.

Conditions

A service agreement concerning financial services, the management of cash requirements and surpluses, accounting methods, tax, financial engineering, and human resources and personnel management assistance has been concluded between your Company and Groupe Arnault SAS. In this respect, your Company incurred an expense of 3,871,214 euros including taxes for the fiscal year June 30, 2014.

Paris-La Défense, October 17, 2014

The Statutory Auditors

MAZARS

Denis Grison

ERNST & YOUNG et Autres

Jeanne Boillet

Benoit Schumacher

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Resolutions for the approval of the Combined Shareholders' Meeting of December 9, 2014

Extraordinary resolution	214
Ordinary resolutions	214
Extraordinary resolutions	218
Statutory Auditors' report on the decrease in share capital	227
Statutory Auditors' report on the issue of shares and miscellaneous securities with or without shareholders' preferential rights	228
Statutory Auditors' report on the authorization to grant share subscription or purchase options	230
Statutory Auditors' report on the issue of shares and miscellaneous securities reserved for employees who are members of a company savings plan	231
Statutory Auditors' report on the authorization to grant existing or newly issued bonus shares	232
Independent Conversion Auditors' report on the conversion of Christian Dior into a Societas Europaea	233

Resolutions for the approval of the Combined Shareholders' Meeting of December 9, 2014

EXTRAORDINARY RESOLUTION

First resolution

(Amendment to Article 26 of the Bylaws)

The Shareholders' Meeting, having met the conditions of quorum and majority required for Extraordinary Shareholders' Meetings, having examined the report of the Board of Directors, decides:

- to add a final paragraph to point 3 of Article 26 of the Bylaws ("Distributable earnings") to read as follows:

"In addition, the Shareholders' Meeting may decide to distribute assets recorded in the balance sheet of the Company and, in particular, securities by taking sums from the profits, retained earnings, reserves or premiums. The Shareholders' Meeting may decide that rights forming fractional shares shall neither be tradable nor assignable. The Shareholders' Meeting may notably decide that, when the portion of the distribution to which the shareholder is entitled does not correspond to a whole number in the unit of measure used for the distribution, the shareholder shall receive the whole number; in the unit of measure, immediately below that amount, together with an equalization payment in cash";

- to add a point 5 to Article 26 of the Bylaws ("Distributable earnings") to read as follows:

"5. When a balance sheet, drawn up during or at the end of the fiscal year and certified by a Statutory Auditor, shows that the Company,

since the close of the preceding fiscal year, after having made the necessary charges to depreciation, amortization and provisions, and after deduction of prior losses, if any, as well as of the amounts which are to be allocated to the reserves provided by law or by these Bylaws, and taking into account profits carried forward, if any, has available earnings, the Board of Directors may resolve to distribute interim dividends prior to the approval of the financial statements of the fiscal year; and may determine the terms thereof notably with regard to the amount and date. These interim dividends may be distributed in cash or in kind, notably in the form of assets from the Company's balance sheet (which may include securities). In the event of an interim distribution in kind, the Board of Directors may decide that rights forming fractional shares shall neither be tradable nor assignable. The Board of Directors may notably decide that, when the portion of the distribution to which the shareholder is entitled does not correspond to a whole number in the unit of measure used for the distribution, the shareholder shall receive the whole number; in the unit of measure, immediately below that amount, together with an equalization payment in cash. The amount of such interim dividends cannot exceed the amount of available earnings as defined in this paragraph".

The rest of Article 26 of the Bylaws will remain unchanged.

ORDINARY RESOLUTIONS

Second resolution

(Approval of the parent company financial statements)

The Shareholders' Meeting, after examining the reports of the Board of Directors, the Chairman of the Board of Directors, and the Statutory Auditors, hereby approves the parent company financial statements for the fiscal year ended June 30, 2014, including the balance sheet, income statement and notes, as presented to the Meeting, as well as the transactions reflected in these statements and summarized in these reports.

Third resolution

(Approval of the consolidated financial statements)

The Shareholders' Meeting, after examining the reports of the Board of Directors and the Statutory Auditors, hereby approves the consolidated financial statements for the fiscal year ended June 30, 2014, including the balance sheet, income statement and notes, as presented to the Meeting, as well as the transactions reflected in these statements and summarized in these reports.

Fourth resolution

(Approval of related party agreements)

The Shareholders' Meeting, after examining the special report of the Statutory Auditors on the related party agreements described in Article L. 225-38 of the French Commercial Code, hereby declares that it approves said agreements.

Fifth resolution**(Allocation of net profit – determination of dividend)**

The Shareholders' Meeting, on the recommendation of the Board of Directors, decides to allocate and appropriate the distributable profit for the fiscal year ended June 30, 2014 as follows:

Amount available for distribution (EUR)

Net profit	575,575,584.77
Allocated to retained earnings	143,668,421.80
DISTRIBUTABLE EARNINGS	719,244,006.57

Proposed appropriation

Gross dividend distribution of 3.10 euros per share	563,353,848.80
Allocated to retained earnings	155,890,157.77
TOTAL	719,244,006.57

Should this appropriation be approved, the gross dividend distributed would be 3.10 euros per share. As an interim dividend of 1.20 euros was paid on April 17, 2014, the final dividend per share is 1.90 euros; this will be paid as of December 15, 2014.

Under existing applicable tax law as of June 30, 2014, with respect to this dividend distribution, individuals whose tax residence is in France will be entitled to the 40% tax deduction provided for in Article 158 of the French Tax Code.

Finally, as of this dividend payment, should the Company hold any treasury shares under authorizations granted, the corresponding amount of unpaid dividends will be allocated to retained earnings.

As required by law, the Shareholders' Meeting observes that the gross dividends per share paid out in respect of the past three fiscal years were as follows:

Fiscal year	Type	Payment date	Gross dividend ^(a) (EUR)	Tax deduction ^(b) (EUR)
June 30, 2013	-	-	-	-
April 30, 2013	Interim	April 25, 2013	1.10	0.44
	Final	December 3, 2013	1.80	0.72
	TOTAL		2.90	1.16
April 30, 2012	Interim	-	-	-
	Final	December 4, 2012	1.10	0.44
	TOTAL		1.10	0.44

(a) Excluding the impact of tax regulations applicable to the beneficiaries.

(b) For individuals with tax residence in France.

Sixth resolution**(Allocation of retained earnings to Optional Reserves)**

The Shareholders' Meeting, having met the quorum and majority conditions required for Ordinary Shareholders' Meetings, and having examined the Management report of the Board of Directors, decides, at the proposal of the Board of Directors, that all amounts contained in the retained earnings account after the allocation of net profit for the fiscal year ended June 30, 2014, including amounts not distributed in respect of treasury shares for the 2013/2014 interim dividend, i.e. 159,466,074.97 euros, will be allocated to Optional Reserves, bringing the amount of Optional Reserves to 240,095,879.87 euros.

Seventh resolution**(Exceptional distribution in kind of portfolio securities, subject to conditions precedent)**

The Shareholders' Meeting, having met the quorum and majority conditions required for Ordinary Shareholders' Meetings, and having examined:

- the report of the Board of Directors;
- the Annual Financial Report as of June 30, 2014;
- the detailed press release relating to the proposed distribution in kind of Hermès International shares which was published prior to this Shareholders' Meeting;

acknowledges (i) the approval by the Shareholders' Meeting of LVMH Moët Hennessy-Louis Vuitton of an exceptional distribution in kind of Hermès International shares to its shareholders and (ii) the decision of the Chairman of Financière Jean Goujon to distribute to the Company an interim dividend through the allocation of Hermès International shares;

acknowledges the amounts recognized in the Optional Reserve account and in the Share Premium account (which includes the contribution premiums);

decides, subject to the effective payment of (i) the exceptional distribution of Hermès International shares decided by the Shareholders' Meeting of LVMH Moët Hennessy-Louis Vuitton and (ii) the interim dividend in Hermès International shares decided by the Chairman of Financière Jean Goujon:

- to proceed, according to the conditions and in the manner described below, with an exceptional distribution in the form of an allocation of Hermès International shares, on the basis of 1 Hermès International share for 23 Company shares, i.e. an aggregate amount of Hermès International shares estimated at 7,777,166 given the number of treasury shares as of October 20, 2014;
- that those entitled to the allocation of Hermès International shares will be the shareholders of the Company whose shares have been recorded in the accounts in their name at the end of the trading day preceding the date of detachment and payment (i.e. after taking into account orders executed during the day before that of detachment of the exceptional distribution, even if these orders are settled and delivered after the date of detachment);
- that the rights forming fractional shares shall neither be tradable nor assignable. As a consequence, if the allocation to which a shareholder is entitled by application of the distribution ratio used is not a whole number of Hermès International shares (i.e. a holding of Company shares lower than 23 or which does not correspond to a multiple of 23), the shareholder shall receive the number of Hermès International shares immediately below this amount, together with a cash payment for the balance to be paid by the Company, the amount of which will be calculated in proportion to the Hermès International opening share price on the payment date of the exceptional distribution;
- that the Hermès International shares thus allocated will be valued at the Hermès International opening share price on the payment date of the exceptional distribution;
- that the amount corresponding to the exceptional distribution, i.e. the number of distributed Hermès International shares (whether they are delivered to the shareholders or sold, in particular, because of fractional shares) multiplied by the Hermès International opening share price on the payment date of the exceptional distribution, shall be deducted in order of priority from the Optional Reserve account and, for the surplus, from the Share Premium account, it being specified that the total amount of the exceptional distribution of Hermès International shares shall not exceed the amount of retained earnings, reserves and premiums distributable in accordance with current laws and regulations (assuming that the amount of shares held in treasury by the Company compared to the amount on October 20, 2014 remains stable and that the Shareholders' Meeting approves the appropriation of earnings

for the fiscal year ended June 30, 2014, the distributable amount after the final dividend would be 2,169 million euros and the amount of the exceptional distribution would be 1,796 million euros, on the assumption of (i) a distribution of 7,777,166 Hermès International shares and (ii) a Hermès International share price equal to 230.95 euros, i.e. the Hermès International closing share price on October 20, 2014);

- that in the event that (i) the Board of Directors of LVMH Moët Hennessy-Louis Vuitton adjusts the distribution ratio set by its Shareholders' Meeting in such a manner that the Company receives, under the interim dividend decided by the Chairman of Financière Jean Goujon, less than 7,777,166 Hermès International shares or (ii) the distribution exceeds the authorized ceiling set forth above on the basis of the Hermès International opening share price on the payment date, the Board of Directors would have all powers to adjust the aforementioned distribution ratio so that this distribution does not exceed the number of available Hermès International shares nor such ceiling;
- that the date of detachment and payment of the exceptional distribution as set by the Board of Directors will be communicated to shareholders at the latest four business days before the payment;
- that the rights of holders of share purchase options of the Company in effect on the date of detachment of the exceptional distribution will be preserved and that the Board of Directors shall have all powers in order to adjust the number and the price of the shares under option in accordance with the principles set out in Article R. 228-91 of the French Commercial Code;
- that the rights of beneficiaries of bonus share plans the vesting period of which has not expired before the date of detachment of the exceptional distribution will be preserved and that the Board of Directors shall have all powers in order to adjust the number of the bonus shares granted and still in the vesting period in accordance with the principles set out in Article R. 228-91 of the French Commercial Code.

The Shareholders' Meeting acknowledges:

- that the Christian Dior shares held by the Company at the payment date will not be entitled to the distribution that is the subject of this resolution, in accordance with Article L. 225-210 of the French Commercial Code;
- that the exercise of the share purchase options granted by the Company has been suspended with effect from November 21, 2014 until the payment date of the exceptional distribution;
- that, in the case of an adjustment, the distribution ratio set for the exceptional distribution will be communicated through a press release on the morning of the payment date once the Hermès International opening share price is ascertained;
- that, in the case of a division of ownership of the Company shares, those entitled to the exceptional distribution will be the bare owners;
- that a meeting of the Board of Directors will be held in the days following this Shareholders' Meeting in order to decide on the distribution to the shareholders of an interim dividend in kind by allocating the remaining Hermès International shares received by the Company and not allocated to the shareholders under the exceptional distribution.

The Shareholders' Meeting grants all powers to the Board of Directors, with the ability to sub-delegate such powers to the Chief Executive Officer and the Group Managing Director, in order to take all appropriate measures for the completion of the transactions set out in this resolution, perform the necessary calculations and adjustments, in particular with respect to the distribution ratio, deduct the exact amount of the exceptional distribution from the Optional Reserve account and the Share Premium account, sell, as the case may be, the Hermès International shares not allocated, and more generally undertake any action which will be useful or necessary.

Eighth resolution

(Renewal of Mr. Bernard Arnault's appointment as Director)

The Shareholders' Meeting decides to renew Mr. Bernard Arnault's appointment as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2017 to approve the financial statements for the previous fiscal year.

Ninth resolution

(Renewal of Mr. Pierre Godé's appointment as Director)

The Shareholders' Meeting decides to renew Mr. Pierre Godé's appointment as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2017 to approve the financial statements for the previous fiscal year.

Tenth resolution

(Renewal of Mr. Sidney Toledano's appointment as Director)

The Shareholders' Meeting decides to renew Mr. Sidney Toledano's appointment as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2017 to approve the financial statements for the previous fiscal year.

Eleventh resolution

(Opinion on items of compensation due or awarded to Mr. Bernard Arnault, Chairman and Chief Executive Officer)

The Shareholders' Meeting, after having examined the items of compensation due or awarded in respect of the fiscal year ended June 30, 2014 to the Chairman and Chief Executive Officer, Mr. Bernard Arnault, and mentioned respectively on pages 35 et seq., 50, 51 and 97 of the Annual Report, renders an opinion in favor of those items.

Twelfth resolution

(Opinion on items of compensation due or awarded to Mr. Sidney Toledano, Group Managing Director)

The Shareholders' Meeting, after having examined the items of compensation due or awarded in respect of the fiscal year ended June 30, 2014 to the Group Managing Director, Mr. Sidney Toledano, and mentioned respectively on pages 35 et seq., 50, 51 and 97 of the Annual Report, renders an opinion in favor of those items.

Thirteenth resolution

(Authorization to be granted to the Board of Directors to trade in the Company's shares for a maximum purchase price of 250 euros per share, i.e. a maximum overall price of 4.6 billion euros)

The Shareholders' Meeting, having examined the report of the Board of Directors, authorizes the latter to acquire Company shares, in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code and of Commission Regulation (EC) 2273/2003 of December 22, 2003.

The shares may be acquired in particular in order (i) to provide market liquidity services (purchases/sales) under a liquidity contract set up by the Company, (ii) to cover stock option plans, the allotment of bonus shares or any other form of share allocation or share-based payment, in favor of employees or company officers either of the Company or of an affiliated company pursuant to the French Commercial Code, in particular as provided for in its Articles L. 225-180 and L. 225-197-2, (iii) to cover securities giving access to the Company's shares, notably by way of conversion, tendering of a warrant, redemption or exchange, (iv) to be retired subject to the approval of the fifteenth resolution, or (v) to be held so as to be exchanged or presented as consideration at a later date for any external growth operations.

The purchase price at which the Company may buy its own shares may not exceed 250 euros per share. In the event of a capital increase through the capitalization of reserves and the allotment of bonus shares as well as in cases of a stock split or reverse stock split, the purchase price indicated above will be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the Company's share capital before and after the operation.

The maximum number of shares that may be purchased shall not exceed 10% of the share capital, adjusted to reflect operations affecting the share capital occurring after this Meeting, with the understanding that if this authorization is used, (i) the number of treasury shares in the Company's possession will need to be taken into consideration so that the Company remains at all times within the limit for the number of treasury shares held, which must not exceed 10% of the share capital and (ii) the number of treasury shares provided as consideration or exchanged in the context of a merger, spin-off or contribution operation may not exceed 5% of the share capital as of the date of the operation.

As of June 30, 2014, this limit of 10% of the share capital corresponded to 18,172,704 shares. The maximum total amount dedicated to these purchases may not exceed 4.6 billion euros.

The share acquisition transactions described above, as well as any sale or transfer of these shares, may be carried out by any method in compliance with applicable laws and regulations, including through the use of derivatives and through block purchases or sales.

All powers are granted to the Board of Directors to implement this authorization. The Board may delegate said powers to the Chief Executive Officer, or, where applicable, with the latter's consent, to a Group Managing Director, in order to place any stock market orders, enter into any agreements, sign any document, file any declarations, carry out any formalities and generally take any other actions required.

This authorization, which replaces the authorization granted by the Combined Shareholders' Meeting of October 18, 2013, is hereby granted for a term of eighteen months as of the date of this Meeting.

EXTRAORDINARY RESOLUTIONS

Fourteenth resolution

(Delegation of authority to be granted to the Board of Directors to increase the share capital through the capitalization of profit, reserves, additional paid-in capital, or other items)

The Shareholders' Meeting, having examined the report of the Board of Directors and in accordance with the provisions of the French Commercial Code, in particular its Articles L. 225-129, L. 225-129-2 and L. 225-130, and having met the conditions of quorum and majority required for Ordinary Shareholders' Meetings,

1. delegates its authority to the Board of Directors to carry out, in such amounts and at such times as it may deem fit, one or more capital increases through the capitalization of all or a portion of profit, reserves, additional paid-in capital, or other items as permitted by law and the Bylaws, through the issue of new shares, or through an increase in the par value of existing shares;
2. grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;
3. decides, should the Board of Directors use the authority thus delegated, that the total nominal amount of capital increases that may thereby be carried out shall not exceed eighty (80) million euros, subject to the provisions of the twenty-fifth resolution;
4. takes note that this delegation of authority entails the granting to the Board of Directors of all necessary powers, including the option to sub-delegate said powers to the Chief Executive Officer or, where applicable, with the latter's consent, to a Group Managing Director, in order to implement this delegation, under the terms and conditions set forth by law, and in particular in order to:
 - determine the amount and nature of the items to be capitalized, determine the number of new shares to be issued and/or the new par value of the shares comprising the

- share capital, set the date, even with retroactive effect, from which the new shares shall have dividend rights or the date on which the increase in the par value shall take effect,
 - decide that rights forming fractional shares will not be tradable, that the corresponding shares shall be sold and that the proceeds of the sale shall be allotted to the holders of the rights,
 - enter into any agreement, take any action, and complete any formalities required for the issue;
5. decides that this delegation of authority shall replace that granted by the Combined Shareholders' Meeting of October 26, 2012.

Fifteenth resolution

(Authorization to be granted to the Board of Directors to reduce the share capital by retiring shares held by the Company subsequent to a repurchase of its own shares)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors,

1. authorizes the Board of Directors to reduce the share capital of the Company, on one or more occasions, by retiring shares acquired pursuant to the provisions of Article L. 225-209 of the French Commercial Code;
2. grants this authorization for a period of eighteen months as of the date of this Meeting;
3. sets the maximum amount of the capital reduction that may be performed over a twenty-four month period to 10% of Company's current capital;
4. grants all powers to the Board of Directors to perform and record the capital reduction transactions, carry out all required acts and formalities, amend the Bylaws accordingly, and generally take any necessary action;
5. decides that this authorization shall replace that granted by the Combined Shareholders' Meeting of October 18, 2013.

Sixteenth resolution

(Delegation of authority to be granted to the Board of Directors to issue ordinary shares, and/or equity securities giving access to other equity securities or giving access to an allotment of debt securities, and/or securities giving access to equity securities to be issued with preferential subscription rights)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code, in particular its Articles L. 225-129, L. 225-129-2 and L. 228-92,

1. delegates its authority to the Board of Directors to proceed with the issue, on one or more occasions, in such amounts and at such times as it may deem fit, on the French and/or international market, by way of a public offering, whether denominated in euros or in any other currency or unit of account based on a basket of currencies, with preferential subscription rights, of ordinary shares, equity securities giving access to other equity securities or giving access to an allotment of debt securities, and more generally of any securities, hybrid or not, including subscription warrants issued on a standalone basis, giving either immediate or future access, at any time or on a predetermined date, to newly issued equity securities of the Company, by subscription either in cash or by offsetting of receivables, conversion, exchange, redemption, tendering of a warrant or in any other manner, with the understanding that debt securities may be issued with or without guarantees, in forms, at rates and under terms and conditions that the Board of Directors shall deem appropriate, it being specified that the issuance of preference shares is excluded from the scope of this delegation;
2. grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;
3. decides, should the Board of Directors use the authority thus delegated, that the total nominal amount of capital increases that may be carried out, whether immediately or over time, shall not exceed eighty (80) million euros, subject to the provisions of the twenty-fifth resolution, it being specified that:
 - in the event of a capital increase by way of the capitalization of additional paid-in capital, reserves, profit or other items in the form of an allotment of bonus shares during the validity period of this delegation of authority, the aforementioned total nominal amount (excluding issue premiums) shall be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the share capital after the operation to this number before the operation,
 - to this ceiling shall be added, where applicable, the nominal amount of any additional shares to be issued in the event of further financial transactions to protect, as provided by law and where applicable by agreements stipulating other adjustment scenarios, the rights of holders of securities giving future access to the share capital, share subscription or purchase options, or bonus share allotment rights;

4. decides that, in the event of use of this delegation of authority:
 - the shareholders will have preferential subscription rights and will be entitled to subscribe on an irreducible basis in proportion to the number of shares they hold at the time; the Board of Directors having the capacity to grant reducible subscription rights and to provide an overallotment option designed exclusively to meet unfilled reducible subscription orders,
 - if the subscriptions made on an irreducible basis and, where applicable, on an irreducible basis, have failed to absorb the full number of securities issued, the Board of Directors may use, subject to the terms set forth by law and in such order as it may determine, any of the rights set forth under Article L. 225-134 of the French Commercial Code and, in particular, may offer to the public, in whole or in part, the unsubscribed shares and/or securities;
5. takes note that, should the authority thus delegated be used, the decision to issue securities giving access to the share capital shall entail, in favor of the holders of the issued securities, the express waiver by the shareholders of their preferential rights to subscribe for the shares to which the securities so issued shall give access;
6. grants all powers to the Board of Directors, including the capacity to delegate to the Chief Executive Officer or, where applicable, with the latter's consent, to a Group Managing Director, in order to:
 - implement this delegation of authority, within the conditions specified by law,
 - offset the costs of the share capital increases against the amount of the corresponding premiums and deduct from that amount the sums necessary to bring the legal reserve to one-tenth of the new share capital following each increase,
 - make all adjustments required in accordance with applicable laws and regulations and determine the terms ensuring, where applicable, the protection of the rights of holders of securities giving future access to the share capital;
7. decides that this delegation of authority shall replace that granted by the Combined Shareholders' Meeting of October 26, 2012.

Seventeenth resolution

(Delegation of authority to be granted to the Board of Directors to make a public offering of ordinary shares, and/or equity securities giving access to other equity securities or giving access to an allotment of debt securities, and/or securities giving access to equity securities to be issued, without preferential subscription rights with the possibility of priority rights)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code, in particular its Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136 et seq. and L. 228-92,

1. delegates its authority to the Board of Directors to proceed with the issue, on one or more occasions, in such amounts and at such times as it may deem fit, on the French and/or international market, by way of a public offering, whether denominated in euros or in any other currency or unit of account based on a basket of currencies, of ordinary shares, equity securities giving access to other equity securities or giving access to an allotment of debt securities, and more generally of any securities, hybrid or not, including subscription warrants issued on a standalone basis, giving either immediate or future access, at any time or on a predetermined date, to newly issued equity securities of the Company, by subscription either in cash or by offsetting of receivables, conversion, exchange, redemption, tendering of a warrant or in any other manner, with the understanding that debt securities may be issued with or without guarantees, in forms, at rates and under terms and conditions that the Board of Directors shall deem appropriate, it being specified that the issuance of preference shares is excluded from the scope of this delegation;
2. grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;
3. decides, should the Board of Directors use the authority thus delegated, that the total nominal amount of capital increases that may be carried out, whether immediately or over time, shall not exceed eighty (80) million euros, subject to the provisions of the twenty-fifth resolution, it being specified that:
 - in the event of a capital increase by way of the capitalization of additional paid-in capital, reserves, profit or other items in the form of an allotment of bonus shares during the validity period of this delegation of authority, the aforementioned total nominal amount (excluding issue premiums) shall be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the share capital after the operation to this number before the operation,
 - to this ceiling shall be added, where applicable, the nominal amount of any additional shares to be issued in the event of further financial transactions to protect, as provided by law and where applicable by agreements stipulating other adjustment scenarios, the rights of holders of securities giving future access to the share capital, share subscription or purchase options, or bonus share allotment rights;
4. decides to exclude the preferential right of shareholders to subscribe for the shares and other securities that may be issued under this resolution, while leaving the Board of Directors the option to grant to shareholders, for such a period and under such terms as it shall determine in accordance with the provisions of Article L. 225-135 of the French Commercial Code and for all or part of an issue made, a priority subscription right not giving rise to the creation of tradable rights and that shall be exercised in proportion to the number of shares held by each shareholder, and that may potentially be supplemented by a reducible subscription;
5. takes note that, should the authority thus delegated be used, the decision to issue securities giving access to the share capital shall entail, in favor of the holders of the issued securities, the express waiver by the shareholders of their preferential rights to subscribe for the shares to which the securities so issued shall give access;
6. decides, in accordance with Article L. 225-136 1° subparagraph 1 of the French Commercial Code, that the amount of the consideration accruing and/or to accrue at a later date to the Company for each of the shares issued or to be issued under this delegation of authority, taking into account, in the event of the issue of standalone share subscription warrants, the issue price of such warrants, shall be at least equal to the minimum price set forth in legislative and regulatory provisions in force at the time of the issue (as of the date of this Meeting, the weighted average of the share price over the last three trading days on the regulated market of Euronext Paris preceding the determination of the subscription price for the capital increase, less a potential maximum discount of 5%, after adjusting, where applicable, this average in the event of a difference in the dividend rights dates);
7. grants the same powers to the Board of Directors, including the capacity to delegate to the Chief Executive Officer or, where applicable, with the latter's consent, to a Group Managing Director, as those specified under point 6 of the sixteenth resolution;
8. decides that this delegation of authority shall replace that granted by the Combined Shareholders' Meeting of October 26, 2012.

Eighteenth resolution

(Delegation of authority to be granted to the Board of Directors to issue ordinary shares, and/or equity securities giving access to other equity securities or giving access to an allotment of debt securities, and/or securities giving access to equity securities to be issued, without preferential subscription rights, through a private placement reserved for qualified investors or a restricted group of investors)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code, in particular its Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136 et seq. and L. 228-92,

1. delegates its authority to the Board of Directors to proceed with the issue, on one or more occasions, in such amounts and at such times as it may deem fit, on the French and/or international market, by way of an offering provided in Article L. 411 2 II of the French Monetary and Financial Code, whether denominated in euros or in any other currency or unit of account based on a basket of currencies, of ordinary shares, equity securities giving access to other equity securities or giving access to an allotment of debt securities,

and more generally of any securities, hybrid or not, including subscription warrants issued on a standalone basis, giving either immediate or future access, at any time or on a predetermined date, to newly issued equity securities of the Company, by subscription either in cash or by offsetting of receivables, conversion, exchange, redemption, tendering of a warrant or in any other manner, with the understanding that debt securities may be issued with or without guarantees, in forms, at rates and under terms and conditions that the Board of Directors shall deem appropriate, it being specified that the issuance of preference shares is excluded from the scope of this delegation;

2. grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;
3. decides, should the Board of Directors use the authority thus delegated, that the total nominal amount of capital increases that may be carried out, whether immediately or over time, shall not exceed eighty (80) million euros, subject to the provisions of the twenty-fifth resolution, it being specified that:
 - in the event of a capital increase by way of the capitalization of additional paid-in capital, reserves, profit or other items in the form of an allotment of bonus shares during the validity period of this delegation of authority, the aforementioned total nominal amount (excluding issue premiums) shall be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the share capital after the operation to this number before the operation,
 - to this ceiling shall be added, where applicable, the nominal amount of any additional shares to be issued in the event of further financial transactions to protect, as provided by law and where applicable by agreements stipulating other adjustment scenarios, the rights of holders of securities giving future access to the share capital, share subscription or purchase options, or bonus share allotment rights;

Furthermore, in accordance with the provisions of Article L. 225-136 of the French Commercial Code, the amount of shares that may be issued per year shall not in any event exceed 20% of the share capital as of the date of the issue,

4. decides, in accordance with Article L. 225-135 of the French Commercial Code, to exclude the preferential right of shareholders to subscribe for the securities that may be issued under this resolution;
5. takes note that, should the authority thus delegated be used, the decision to issue securities giving access to the share capital shall automatically entail, in favor of the holders of the issued securities, the express waiver by the shareholders of their preferential right to subscribe for the shares to which the securities so issued shall give access;
6. decides, in accordance with Article L. 225-136 1° subparagraph 1 of the French Commercial Code, that the amount of the consideration accruing and/or to accrue at a later date to the Company for each of the shares issued or to be issued under this delegation of authority, taking into account, in the event of the issue of standalone share subscription warrants, the issue price of such warrants, shall be at least equal to the minimum

price set forth in legislative and regulatory provisions in force at the time of the issue (as of the date of this Meeting, the weighted average of the share price over the last three trading days on the regulated market of Euronext Paris preceding the determination of the subscription price for the capital increase, less a potential maximum discount of 5%, after adjusting, where applicable, this average in the event of a difference in the dividend rights dates);

7. grants the same powers to the Board of Directors, including the capacity to delegate to the Chief Executive Officer or, where applicable, with the latter's consent, to a Group Managing Director, as those specified under point 6 of the sixteenth resolution;
8. decides that this delegation of authority shall replace that granted by the Combined Shareholders' Meeting of October 26, 2012.

Nineteenth resolution

(Authorization to be granted to the Board of Directors to set the issue price of shares and/or securities giving access to the share capital, in a total issue amount not to exceed 10% of the share capital per year, in connection with a capital increase issued without preferential share subscription rights)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of Article L. 225-136 1° subparagraph 2 of the French Commercial Code, authorizes the Board of Directors, with the capacity to subdelegate as provided by law, for issues decided under the seventeenth and eighteenth resolutions and in a total issue amount not to exceed 10% of the share capital per year as of the date of the issue, to depart from the rules for the determination of the issue price of shares under the aforementioned resolutions by applying a maximum discount of 10% to the weighted average of the share price over the last three trading days, on the regulated market of Euronext Paris, preceding the determination of the subscription price for the capital increase.

Twentieth resolution

(Delegation of authority to be granted to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights for the shareholders in connection with over-allotment options)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors, authorizes the Board of Directors, in connection with issues decided pursuant to the delegations of authority granted to the Board of Directors under the sixteenth, seventeenth and/or eighteenth resolutions, to increase the number of securities initially planned for issue, if an issue is oversubscribed, under the conditions and within the limits provided by Articles L. 225-135-1 and R. 225-118 of the French Commercial Code, subject to the ceilings specified by the aforementioned resolutions.

Twenty-first resolution

(Delegation of authority to be granted to the Board of Directors to issue shares and/or securities giving access to a portion of the Company's share capital or, provided the first security is a share, to an allotment of debt securities in consideration for securities tendered to any public exchange offer initiated by the Company)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code, in particular its Articles L. 225-129, L. 225-129-2, L. 225-148 and L. 228-92,

1. delegates its authority to the Board of Directors to proceed with the issue, on one or more occasions, at such times as it may deem fit, of shares and more generally of any securities giving access to the share capital or, provided the first security is a share, conferring entitlement to a debt security in consideration for securities tendered to a public exchange offer initiated in France or abroad by the Company for the securities of another company admitted to trading on a regulated market as defined under said Article L. 225-148;
2. grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;
3. decides that the maximum nominal value of the capital increases that may be carried out under this resolution shall be eighty (80) million euros, subject to the provisions of the twenty-fifth resolution, it being specified that:
 - in the event of a capital increase by way of the capitalization of additional paid-in capital, reserves, profit or other items in the form of an allotment of bonus shares during the validity period of this delegation of authority, the aforementioned total nominal amount (excluding issue premiums) shall be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the share capital after the operation to this number before the operation,
 - to this ceiling shall be added, where applicable, the nominal amount of any additional shares to be issued in the event of further financial transactions to protect, as provided by law and where applicable by agreements stipulating other adjustment scenarios, the rights of holders of securities giving future access to the share capital, share subscription or purchase options, or bonus share allotment rights;
4. takes note that the shareholders of the Company shall not have preferential subscription rights to the shares and/or securities issued pursuant to this delegation of authority, which are exclusively to be presented as consideration for securities tendered to a public exchange offer initiated by the Company;
5. takes note that the price of the shares and/or securities issued under this delegation of authority shall be determined on the basis of applicable law regarding public exchange offers;
6. decides, should the authority thus delegated be used, that the Board of Directors shall have all powers, including the capacity to delegate within legal limits, particularly in order to:

- approve the list of securities tendered to the exchange, set the conditions for the issue, the exchange ratio and, where applicable, the amount of the cash equalization payment to be paid, and determine the means of the issue within the framework of a public exchange offer, a purchase or exchange alternative offer, or a public offer to purchase or exchange the target securities for consideration in securities and cash, or a primary offer in the form of a public tender offer (OPA) or public exchange offer (OPE) together with a secondary OPE or OPA,
 - determine the date from which the new shares shall have dividend rights,
 - offset, where applicable, the costs of the capital increases against the amount of contribution premiums and deduct from that amount the sums necessary to bring the legal reserve to one-tenth of the new share capital following each increase,
 - amend the Bylaws accordingly;
7. decides that this delegation of authority shall replace that granted by the Combined Shareholders' Meeting of October 26, 2012.

Twenty-second resolution

(Delegation of authority to be granted to the Board of Directors to issue shares as consideration for contributions in kind of equity securities or securities giving access to the share capital, subject to a limit of 10% of the share capital)

The Shareholders' Meeting, having examined the report of the Board of Directors, pursuant to the provisions of the French Commercial Code, in particular its Articles L. 225-147 and L. 225-147-1,

1. delegates to the Board of Directors the powers necessary to proceed with the issue, on one or more occasions, at such times as it may deem fit, of shares as consideration for contributions in kind made to the Company and consisting of equity securities or securities giving access to the share capital, in cases where the provisions of Article L. 225-148 of the French Commercial Code do not apply;
2. grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;
3. decides that the total number of shares that may be issued under this resolution shall not exceed 10% of the Company's share capital as of the date of issue, subject to the provisions of the twenty-fifth resolution.

To this ceiling shall be added, where applicable, the nominal amount of any additional shares to be issued in the event of further financial transactions to protect, as provided by law and where applicable by agreements stipulating other adjustment scenarios, the rights of holders of securities giving future access to the share capital, share subscription or purchase options, or bonus share allotment rights;

4. decides, should the authority thus delegated be used, the Board of Directors shall have all powers, particularly in order to:
 - approve the valuation of the contribution based on the report of the Contribution Auditor(s) (Commissaire(s) aux Apports) if one is required,
 - determine the date from which the new shares shall have dividend rights,
 - offset, where applicable, the costs of the capital increases against the amount of contribution premiums and deduct from that amount the sums necessary to bring the legal reserve to one-tenth of the new share capital following each increase,
 - amend the Bylaws accordingly;
5. takes note that the shareholders of the Company shall not have preferential subscription rights to the shares issued pursuant to this delegation of authority, which are exclusively to be presented as consideration for contributions in kind;
6. decides that this authorization shall replace that granted by the Combined Shareholders' Meeting of October 26, 2012.

Twenty-third resolution

(Authorization to be granted to the Board of Directors to grant subscription options without preferential subscription rights for the shareholders or share purchase options to employees and senior executive officers of the Company and affiliated entities, subject to a limit of 1% of the share capital)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors,

1. authorizes the Board of Directors, as provided by Articles L. 225-117 et seq. of the French Commercial Code, to grant, on one or more occasions, to employees or senior executive officers of the Company or of affiliated entities within the meaning of Article L. 225-180 of the French Commercial Code, or to certain categories of them, options conferring entitlement either to subscribe for new shares of the Company to be issued in a capital increase or to acquire existing shares resulting from repurchases by the Company, with the understanding that the total amount of options granted under this authorization shall not confer entitlement to a number of shares exceeding 1% of the Company's share capital as of the date of this Meeting, it being specified that the amount of such a capital increase shall be offset against the overall ceiling of eighty (80) million euros set forth in the twenty-fifth resolution below;
2. takes note that this authorization comprises an express waiver, in favor of the beneficiaries of subscription options, by the shareholders of their preferential right to subscribe to the shares that will be issued as the options are exercised, and that it will be implemented under the terms and conditions laid down by law and regulations in force on the opening date of the options;
3. takes note that the granting of share subscription or purchase options to the Chairman of the Board of Directors, the Chief Executive Officer or the Group Managing Director(s) may only occur subject to the conditions set forth in Article L. 225-186-1 of the French Commercial Code;
4. decides that the subscription or purchase price of the shares shall be determined by the Board of Directors on the date when the option is granted in accordance with the provisions in force on that date, it being specified that this price shall not be lower than the average quoted share price during the twenty trading days prior to said date. In addition, in the case of share purchase options, it shall not be lower than the average purchase price of the shares to be allocated upon the exercise of said options.

The subscription or purchase price of shares under option shall not be modified except under the circumstances set forth by law, on the occasion of financial operations or corporate actions. In which case the Board of Directors shall apply an adjustment, pursuant to regulations, to the number and price of shares under option in order to take into account the impact of these operations and actions;
5. decides that, subject to the provisions of Article L. 225-185 of the French Commercial Code with respect to senior executive officers, options must be exercised within a maximum period of ten years following their grant date;
6. grants full powers to the Board of Directors under the limits set forth above in order to:
 - determine the terms of the plan(s) and the conditions under which the options shall be granted, conditions which may include clauses prohibiting the immediate resale of all or a portion of the shares, although the compulsory holding period shall not exceed three years from the exercise of the options, it being specified that, in any event, the Board of Directors shall be responsible, with respect to options granted to senior executive officers as set forth in Article L. 225-185, subparagraph 4 of the French Commercial Code, either for deciding that the options shall not be exercised by the parties concerned prior to the conclusion of their term of office, or for setting the number of shares issued as a result of the exercise of options that they shall be required to hold in registered form until the conclusion of their term of office,
 - decide upon the grant date or dates,
 - where applicable, make the exercise of all or a portion of the options subject to one or more performance conditions that it shall determine,
 - draw up the list of option beneficiaries,
 - complete, either directly or through an intermediary, all acts and formalities to finalize any capital increase made pursuant to the authorization contained in this resolution,
 - take the necessary measures to protect the interests of the option beneficiaries if one of the events enumerated in Article L. 225-181 of the French Commercial Code takes place,
 - amend the Bylaws accordingly and generally take any necessary action;

7. takes note that the Board of Directors shall inform the Ordinary Shareholders' Meeting every year of the operations carried out under this resolution, indicating the number and price of options granted and their beneficiaries, as well as the number of shares subscribed or purchased;
8. grants this authorization for a period of twenty-six months as of the date of this Meeting;
9. decides that this authorization shall replace that granted by the Combined Shareholders' Meeting of April 5, 2012.

Twenty-fourth resolution

(Delegation of authority to be granted to the Board of Directors to issue shares and/or securities giving access to the Company's share capital without preferential subscription rights for the shareholders, in favor of members of Company Savings Plans (PEE) of the Group, subject to a limit of 1% of the share capital)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and acting in accordance with the provisions of Articles L. 225-129-2, L. 225-138 and L. 225 138-1 of the French Commercial Code and L. 3332-1 et seq. of the French Labor Code, and in order to comply with the provisions of Article L. 225-129-6 of the French Commercial Code,

1. delegates its authority to the Board of Directors to (i) carry out, on one or more occasions, within the conditions provided by Articles L. 3332-18 et seq. of the French Labor Code, an increase of the share capital through the issue of shares or more generally of any securities giving access to the Company's share capital, reserved for employees of the Company and of affiliated companies within the meaning of Article L. 3344-1 of the French Labor Code, who are members of a Company Savings Plan (PEE) and (ii) make, where applicable, allotments of performance shares or securities giving access to the share capital in full or partial replacement of the discount set forth in 4 below, within the conditions and limits provided by Article L. 3332-21 of the French Labor Code, it being specified that, as necessary, the Board of Directors may replace all or part of this capital increase with the transfer, under the same conditions, of securities already issued by the Company;
2. grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;
3. decides, subject to the provisions of the twenty-fifth resolution, that the total number of shares that may result from all share issues under this delegation of authority, including those resulting from the shares or securities giving access to the share capital that may be allotted free of charge in full or partial replacement of the discount as provided by Articles L. 3332-18 et seq. of the French Labor Code, shall not exceed 1% of the Company's share capital as of the date of this Meeting. To this number shall be added, where applicable, the number of additional shares to be issued to protect, as provided by law, the rights of holders of securities giving access to the Company's share capital;
4. decides that (i) the subscription price of newly issued shares shall be neither higher than the average of the opening price

for existing shares on the regulated market of Euronext Paris during the twenty trading sessions preceding the date of the decision by the Board of Directors or by the Chief Executive Officer setting the opening date for subscription, nor more than 20% lower than this average; it being specified that the Board of Directors or the Chief Executive Officer may, where applicable, reduce or eliminate the discount which might otherwise apply, in order to take into account, in particular, legal frameworks or tax regimes applicable outside France, or may decide to fully or partially replace this maximum discount of 20% with the allotment, free of charge, of shares and/or securities giving access to the share capital and that (ii) the issue price of the securities giving access to the share capital shall be determined as provided by Article L. 3332-21 of the French Labor Code;

5. decides to exclude the preferential right of shareholders to subscribe for the shares or securities giving access to the Company's share capital that may be issued under this delegation of authority for employees as set forth above, and to waive any rights to shares or securities giving access to the share capital that might be allotted free of charge on the basis of this resolution;
6. grants all powers to the Board of Directors, including the capacity to subdelegate as provided by law, to implement this delegation and in particular to:
 - determine the length of service requirements that must be met in order to participate in the operation, within legal limits, and, where applicable, the maximum number of shares that may be subscribed for by each employee,
 - decide whether shares must be subscribed for directly by employees enrolled in the Group's Company Savings Plans (PEE) or whether they must be subscribed for via a corporate investment fund (FCPE) or via a mutual fund available exclusively to employee shareholders (SICAVAS),
 - draw up the list of companies whose employees may benefit from the subscription offer,
 - determine whether a specific time period should be granted to employees in order to pay up their securities,
 - set the conditions for enrollment in the Group's Company Savings Plan(s) (PEE) and draw up or amend their regulations,
 - set the opening and closing dates for the subscription period and the issue price for securities,
 - proceed, within the limits set forth by Articles L. 3332-18 et seq. of the French Labor Code, with the allotment of bonus shares or securities giving access to the share capital, and set the type and amount of reserves, profit, or additional paid-in capital to be capitalized,
 - approve the number of new shares to be issued and the reduction rules applicable in the event of oversubscription,
 - offset the costs of the share capital increases and issues of other securities giving access to the share capital against the amount of the premiums corresponding to those increases, and deduct from that amount the sums necessary to bring the legal reserve to one-tenth of the new share capital following each increase;

7. decides that this delegation of authority shall replace that granted by the Combined Shareholders' Meeting of October 26, 2012.

Twenty-fifth resolution

(Determination of an overall ceiling of 80,000,000 euros for capital increases decided pursuant to delegations of authority)

The Shareholders' Meeting, having examined the report of the Board of Directors and in accordance with the provisions of Article L. 225-129-2 of the French Commercial Code, decides to set at eighty (80) million euros the cumulative maximum nominal amount of the issues that may be decided pursuant to the delegations of authority granted to the Board of Directors under the preceding resolutions. It is specified that this amount shall be increased by the nominal amount of the capital increases to be carried out to protect, as provided by law, the rights of the holders of securities issued previously. In the event of a capital increase by way of the capitalization of additional paid-in capital, reserves, profit or other items in the form of an allotment of bonus shares during the validity period of this delegation of authority, the aforementioned total nominal amount (excluding issue premiums) shall be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the share capital after the operation to this number before the operation.

Twenty-sixth resolution

(Authorization to be granted to the Board of Directors to allot, as bonus shares, shares to be issued without preferential subscription rights for the shareholders, or existing shares, to employees and/or senior executive officers of the Company and affiliated entities, subject to a limit of 1% of the share capital)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code,

1. authorizes the Board of Directors, at its sole discretion, to allot, on one or more occasions, to employees or senior executive officers of the Company or of its affiliated entities within the meaning of Article L. 225-197-2 of the French Commercial Code, or to certain categories of them, existing or newly issued shares as bonus shares, with the understanding that the total amount of bonus shares allotted shall not exceed 1% of the Company's share capital as of the date of this Meeting, it being specified that the amount of this capital increase shall be offset against the overall ceiling of eighty (80) million euros defined in the twenty-fifth resolution above;
2. grants this authorization for a period of twenty-six months as of the date of this Meeting;
3. decides that the allotment of the shares to their beneficiaries shall become definitive either (i) after a minimum vesting period of two years, with the beneficiaries being required in this case to hold said shares for a minimum period of two years once vested, or (ii) after a minimum vesting period of four years, without any minimum holding period. The Board

of Directors shall have the capacity to choose between these two options and to use them alternately or concurrently, and may, in the first case, extend the vesting period and/or the holding period and, in the second case, extend the vesting period and/or set a holding period.

However, the allotment of the shares to their beneficiaries shall become definitive before the end of the applicable vesting period in the event of beneficiary disability corresponding to a classification in the second or third category set forth in Article L. 341-4 of the French Social Security Code. Moreover, in this case, said shares shall be freely transferable;

4. authorizes the Board of Directors to make, where applicable, during the vesting period, adjustments to the number of shares in connection with any transactions involving the share capital, so as to protect the rights of beneficiaries;
5. takes note that if the allotment involves shares to be issued, this authorization automatically entails, in favor of the beneficiaries of the bonus shares, a waiver by the shareholders of their preferential subscription rights;
6. decides, should this authorization be used, that the Board of Directors shall have all powers, including the capacity to delegate within legal limits, particularly in order to:
 - draw up the lists of bonus share beneficiaries,
 - set the conditions and, where applicable, criteria for allotment,
 - make, where applicable, the vesting of all or a portion of the shares subject to one or more performance conditions that it shall determine,
 - determine, subject to the abovementioned minimum period, the holding period for the shares, it being understood that the Board of Directors shall be responsible, with respect to the shares allotted, where applicable, to senior executive officers as set forth in Article L. 225-197-1, II subparagraph 4 of the French Commercial Code, either for deciding that those shares shall not be transferred by the parties concerned prior to the conclusion of their term of office, or for setting the number of those shares that they shall be required to hold in registered form until the conclusion of their term of office,
 - set the dates from which the shares shall have dividend rights,
 - decide whether it is necessary, in the event of operations impacting the share capital during the vesting period of the allotted shares, to adjust the number of allotted shares so as to preserve the rights of the beneficiaries and, in that case, decide on the terms of such an adjustment,
 - carry out, if the allotment is of shares to be issued, the capital increases via capitalization of reserves or issue premiums of the Company that would be necessary at the time of vesting of the shares to their beneficiaries, set the dates as of which the new shares will have dividend rights, and amend the Bylaws accordingly,
 - where applicable, record the capital increases, amend the Bylaws accordingly, and more generally take any necessary action;
7. decides that this authorization shall replace that granted by the Combined Shareholders' Meeting of October 26, 2012.

Twenty-seventh resolution

(Approval of the conversion of the Company's corporate form by adopting the form of a Societas Europaea (SE), and the terms and conditions of the proposed conversion)

The Shareholders' Meeting, having examined:

- the draft terms of the Company's conversion into an SE prepared by the Board of Directors on February 13 and July 24, 2014 and filed at the Clerk's Office of the Paris Commercial Court on October 10, 2014, which explain and substantiate the economic and legal aspects of the Company's conversion, and indicate the consequences of adopting the legal form of an SE for the shareholders and employees;
- the report of the Board of Directors;
- the report of Ms. Isabelle de Kerviler and Mr. Olivier Péronnet, Independent Conversion Auditors, appointed by order of the President of the Paris Commercial Court on July 29, 2014;

after having noted that:

- the Company satisfies the conditions required by the provisions of Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European company (SE), notably those mentioned in Articles 2§4 and 37 of said Regulation, and of Article L. 225-245-1 of the French Commercial Code on the conversion of a Société Anonyme (French public limited-liability company) into an SE;
- and after having noted that, in accordance with Article 12§2 of the aforementioned Regulation, the Company cannot be registered as an SE unless the procedure relating to employee involvement, as provided for in Articles L. 2351-1 et seq. of the French Labor Code, has been successfully completed, with these negotiations resulting in either (i) an agreement setting out the terms and conditions relating to the involvement of employees in the SE, (ii) a decision, taken by a qualified majority, not to enter into negotiations or to bring an end to negotiations, and to apply regulations relating to information and consultation in force in the Member States where the Company has employees, or (iii) a disagreement, in which case the secondary provisions relating to the works council for the SE provided for in Articles L. 2353-1 et seq. of the French Labor Code shall apply; that this condition has been met by the signing on July 7, 2014 of the Agreement with the Joint Special Negotiating Group composed of Christian Dior and its subsidiary LVMH Moët Hennessy - Louis Vuitton;
- the proposed conversion was approved by the Bondholders' Meeting on September 29, 2014, pursuant to Article L. 228-65 of the French Commercial Code;

after having noted that:

- the conversion of the Company into an SE shall not result either in the dissolution of the Company or in the creation of a new legal entity;
- following the conversion, the Company's corporate name shall be followed by the words "Societas Europaea", "Société européenne", or the initials "SE";
- the Company's term, corporate purpose and registered office shall not undergo any change;
- the Company's share capital shall remain at the same amount and the same number of shares with a par value of 2 euros each;
- the length of the current fiscal year shall not undergo any change as a result of adopting the form of an SE, and the financial statements for this fiscal year shall be prepared, presented and audited according to the conditions defined by the Company's Bylaws under its new legal form and the provisions of the French Commercial Code on SEs;
- all authorizations and delegations of authority and of powers granted to the Company's Board of Directors under its current form as a Société Anonyme by all the Company's Shareholders' Meetings and in force on the date of the Company's registration as an SE, shall automatically apply to the Company's Board of Directors under its new legal form as an SE;
- all the Company's Directors and Statutory Auditors shall continue to serve the Company for the duration of their terms of office under the same conditions as those applying before the Company's registration in the form of an SE;

decides to approve the conversion of the Company's legal form into an SE with a Board of Directors, and to approve the draft terms and conditions of the conversion approved by the Board of Directors, and takes note that this conversion of the Company into an SE shall take effect upon the Company's registration as an SE with the Paris Commercial and Companies Registry.

Twenty-eighth resolution

(Approval of the Company's Bylaws in its new form as a Societas Europaea (SE))

The Shareholders' Meeting, having examined the draft terms of the Company's conversion into an SE and the report of the Board of Directors, as well as the proposed Bylaws, and subject to the approval of the previous resolution, hereby adopts, article by article, then in its entirety, the text of the Bylaws of the Company in its new legal form as an SE. These Bylaws, a copy of which is annexed to the minutes of this Meeting, shall come into effect upon the definitive conversion of the Company into an SE, as ratified by its registration.

STATUTORY AUDITORS' REPORT ON THE DECREASE IN SHARE CAPITAL

(Fifteenth resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Article L. 225-209 of the French Commercial Code (Code de commerce) on the decrease in share capital by the cancellation of shares purchased, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed decrease in share capital.

Shareholders are requested to confer all necessary powers on the Board of Directors, during a period of eighteen months starting from the day of this Meeting, to cancel, up to a maximum of 10% of its share capital by 24-month period, the shares purchased by the Company pursuant to the authorization to purchase its own shares under the provisions of the abovementioned Article.

We performed those procedures which we considered necessary having regard to professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des Commissaires aux comptes) relating to this type of engagement. Our procedures consisted, in particular, in verifying the fairness of the reasons for and the terms and conditions of the proposed decrease in share capital, which does not interfere with the equal treatment of shareholders.

We have no comments on the reasons for and the terms and conditions of the proposed decrease in share capital.

Paris-La Défense, October 29, 2014

The Statutory Auditors

MAZARS

Denis Grison

ERNST & YOUNG et Autres

Jeanne Boillet

Benoit Schumacher

This document is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users.

STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND MISCELLANEOUS SECURITIES WITH OR WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHTS

(Sixteenth, seventeenth, eighteenth, nineteenth, twentieth and twenty-first resolutions)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby report to you on the proposed delegations of authority to the Board of Directors to issue various shares and securities, actions on which you are being asked to vote.

Based on its report, your Board of Directors proposes that you:

- confer on it, for a period of twenty-six months as of the date of this Meeting, the authority to decide on the following actions and set the definitive terms and conditions of these issues, and proposes, where applicable, that you waive your preferential subscription rights:
 - issue of ordinary shares, and/or equity securities giving access to other equity securities or giving access to an allotment of debt securities, and/or securities giving access to equity securities in the Company to be issued with preferential subscription rights (sixteenth resolution);
 - issue of ordinary shares, and/or equity securities giving access to other equity securities or giving access to an allotment of debt securities, and/or securities giving access to equity securities in the Company to be issued without preferential subscription rights, by means of public offer (seventeenth resolution);
 - issue of ordinary shares, and/or equity securities giving access to other equity securities or giving access to an allotment of debt securities, and/or securities giving access to equity securities in the Company to be issued without preferential subscription rights, by way of an offering provided in Article L. 411 2 II of the French Monetary and Financial Code and up to a maximum of 20% of the share capital per year (eighteenth resolution);
 - issue of shares and/or securities giving access to the share capital or giving access to debt securities, provided the first security is a share, in consideration for securities tendered in the event of a public exchange offer initiated by your Company (twenty-first resolution);
- confer on it the authority, via the nineteenth resolution and in connection with the implementation of the delegation specified in the seventeenth and eighteenth resolutions, to set the issue price within the annual legal limit of 10% of the share capital.

The maximum nominal amount of the capital increases that may be decided pursuant to the delegations of authority granted to the Board of Directors shall not exceed 80 million euros, as provided by the twenty-fifth resolution, it being specified that:

- this ceiling applies to capital increases resulting from issues decided under the sixteenth, seventeenth, eighteenth and twenty-first resolutions submitted to you for your approval at this Shareholders' Meeting;
- the aforementioned amounts shall be adjusted under the conditions provided by said resolutions in the event of a capital increase through the capitalization of premiums, reserves, profits or other items in the form of bonus shares.

These ceilings take into account the additional number of securities to be created in connection with the implementation of delegations of authority specified in the sixteenth, seventeenth and eighteenth resolutions, as provided by Article L. 225-135-1 of the French Commercial Code, if you adopt the twentieth resolution.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R. 225-113 et seq. of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data extracted from the financial statements, on the proposed waiver of preferential subscription rights and on certain other information pertaining to these actions as presented in this report.

We performed those procedures which we considered necessary having regard to professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des Commissaires aux comptes) relating to this type of engagement. Such procedures consisted in verifying the content of the Board of Directors' report as it relates to these actions and the terms and conditions for determining the issue price of the equity securities to be issued.

Subject to our review in due course of the terms and conditions of the proposed issues, we have no comments to make on the procedures presented in the Board of Directors' report for determining the issue price of the equity securities to be issued under the seventeenth, eighteenth and nineteenth resolutions.

Furthermore, since this report does not specify the terms and conditions for determining the issue price of the equity securities to be issued in connection with the implementation of the sixteenth and twenty-first resolutions, we cannot express an opinion on the selection of items used to calculate this issue price.

Since the final terms and conditions under which the issues may be carried out have not yet been set, we express no opinion on them and, consequently, on the proposed waiver of the preferential subscription rights on which you are being asked to vote in the seventeenth, eighteenth and nineteenth resolutions.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue a supplementary report, where applicable, when these delegations of authority are utilized by your Board of Directors in the event of issues of securities giving access to the share capital or giving access to an allotment of debt securities, and in the event of issues without preferential subscription rights.

Paris-La Défense, October 29, 2014

The Statutory Auditors

MAZARS

Denis Grison

ERNST & YOUNG et Autres

Jeanne Boillet

Benoit Schumacher

This document is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users.

STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION TO GRANT SHARE SUBSCRIPTION OR PURCHASE OPTIONS

(Twenty-third resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your Company, and in accordance with the procedures provided for in Articles L. 225-177 and R. 225-144 of the French Commercial Code (Code de commerce), we have prepared this report on the authorization to grant share subscription or purchase options to employees and senior executive officers of the Company and affiliated companies within the meaning of Article L. 225-180 of the French Commercial Code, or to certain categories of employees and senior executive officers, an action on which you are being asked to vote.

The total amount of options granted under this authorization shall not confer entitlement to a number of shares exceeding 1% of the Company's share capital as of the date of this Meeting, it being specified that the amount of such a capital increase shall be offset against the overall ceiling of 80 million euros set forth in the twenty-fifth resolution.

Based on its report, your Board of Directors proposes that you confer on it the authority to grant share subscription or purchase options on one or more occasions for a period of twenty-six months as of the date of this Meeting.

The Board of Directors is responsible for preparing a report on the reasons for granting share subscription or purchase options and the proposed terms and conditions governing the determination of the subscription or purchase price. Our role is to express an opinion on the proposed terms and conditions governing the determination of the share subscription or purchase price.

We performed those procedures which we considered necessary having regard to professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des Commissaires aux comptes) relating to this type of engagement. Our work consisted notably in verifying that the proposed terms and conditions governing the determination of the share subscription or purchase price are presented in the Board of Directors' report and comply with legal and regulatory provisions.

We have no comments on the proposed terms and conditions for determining the share subscription or purchase price.

Paris-La Défense, October 29, 2014

The Statutory Auditors

MAZARS

Denis Grison

ERNST & YOUNG et Autres

Jeanne Boillet

Benoit Schumacher

This document is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users.

**STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES
AND MISCELLANEOUS SECURITIES RESERVED FOR EMPLOYEES
WHO ARE MEMBERS OF A COMPANY SAVINGS PLAN**

(Twenty-fourth resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby report to you on the proposed delegation to the Board of Directors of the authority to decide on the issue of shares or more generally any securities giving access to the share capital of the Company, without preferential subscription rights, reserved for employees of the Company and its affiliated companies within the meaning set forth in Article L. 3344-1 of the French Labor Code (Code du travail) who are members of a company savings plan, an action on which you are being asked to vote.

Subject to the maximum nominal amount of 80 million euros set forth in the twenty-fifth resolution for all the delegations of authority granted to the Board of Directors pursuant to the resolutions of this Meeting, the total number of shares that may result from issues under this delegation of authority, including those resulting from shares or securities giving access to the share capital that may be granted free of charge in full or partial replacement of the discount under the terms and conditions set forth in Articles L. 3332-18 et seq. of the French Labor Code, shall not exceed 1% of the share capital of the Company as of the date of this Meeting.

This action is submitted to you for your approval pursuant to Articles L. 225-129-6 of the French Commercial Code and L. 3332-18 et seq. of the French Labor Code.

Based on its report, your Board of Directors recommends that you confer on it, for a period of 26 months as of the date of this Meeting, the authority to decide on an issue and waive your preferential subscription rights to the various securities to be issued. If applicable, it shall be responsible for determining the final issue terms and conditions of this action.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R. 225-113 et seq. of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data extracted from the financial statements, on the proposed waiver of preferential subscription rights and on certain other information pertaining to the issue as presented in this report.

We performed those procedures which we considered necessary having regard to professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des Commissaires aux comptes) relating to this type of engagement. Such procedures consisted in verifying the content of the Board of Directors' report as it relates to this action and the terms and conditions for determining the issue price of the equity securities to be issued.

Subject to our review in due course of the terms and conditions of the proposed issue, we have no comments to make on the procedures presented in the Board of Directors' report for determining the issue price of the equity securities to be issued.

As the final terms and conditions under which the issue may be carried out have not yet been set, we express no opinion on them and, consequently, on the proposed waiver of the preferential subscription rights on which you are being asked to vote.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue a supplementary report, where applicable, in the event this delegation of authority is utilized by your Board of Directors.

Paris-La Défense, October 29, 2014

The Statutory Auditors

MAZARS

Denis Grison

ERNST & YOUNG et Autres

Jeanne Boillet

Benoit Schumacher

This document is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users.

STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION TO GRANT EXISTING OR NEWLY ISSUED BONUS SHARES

(Twenty-sixth resolution)

To the Shareholders,

In our capacity as Statutory Auditors of Christian Dior, and in accordance with the procedures provided for in Article L. 225-197-1 of the French Commercial Code (Code de commerce), we have prepared this report on the proposed authorization to grant existing or newly issued bonus shares to employees and senior executive officers of the Company and affiliated companies within the meaning of Article L. 225-197-2 of the French Commercial Code, or to certain categories of employees and senior executive officers, an action on which you are being asked to vote.

The total amount of bonus shares issued cannot exceed 1% of the Company's share capital as of the date of this Meeting, it being specified that the amount of this capital increase shall be offset against the overall amount of 80 million euros set forth in the twenty-fifth resolution.

Based on its report, your Board of Directors proposes that you confer on it the authority to grant existing or newly issued bonus shares for a period of twenty-six months as of the date of this Meeting.

The Board of Directors is responsible for preparing a report on the action that it wishes to carry out. Our role is to inform you of our comments, where applicable, on the information thus given to you on the proposed action.

We performed those procedures which we considered necessary having regard to professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des Commissaires aux comptes) relating to this type of engagement. Our work consisted notably in verifying that the proposed terms and conditions given in the Board of Directors' report are consistent with the provisions of law.

We have no comments on the information given in the Board of Directors' report in connection with the proposed authorization to grant bonus shares.

Paris-La Défense, October 29, 2014

The Statutory Auditors

MAZARS

Denis Grison

ERNST & YOUNG et Autres

Jeanne Boillet

Benoit Schumacher

This document is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users.

INDEPENDENT CONVERSION AUDITORS' REPORT ON THE CONVERSION OF CHRISTIAN DIOR INTO A SOCIETAS EUROPAEA

To the Shareholders,

In accordance with our appointment as Independent Conversion Auditors by order of the President of the Paris Commercial Court on July 29, 2014, concerning the conversion of Christian Dior SA into a European Company or Societas Europaea (SE), we hereby report to you pursuant to the provisions of Article 37 of Council Regulation (EC) No. 2157/2001 dated October 8, 2001 on the Statute for a European Company and of Article L. 225-245-1 of the French Commercial Code.

This operation was approved by your Board of Directors at its meeting on February 13, 2014, subject to the conditions precedent of its approval by your Shareholders' Meeting and of its approval by Bondholders' Meetings.

We hereby report to you in order to comment on the amount of net assets of your Company compared to the share capital plus those reserves which may not be distributed under the law or the Bylaws.

We performed those procedures which we considered necessary having regard to professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des Commissaires aux comptes) relating to this type of engagement. Our work consisted in verifying that the amount of net assets is at least equivalent to the amount of the share capital plus those reserves which may not be distributed under the law or the Bylaws. This verification notably consisted of assessing the potential impact, on the carrying amount of elements that contribute to determining the amount of net assets, of events that took place between the date of the latest parent company financial statements and the date of our report.

We thus assessed the impact of the proposal made to your Shareholders' Meeting of an exceptional distribution of Hermès International shares, following (i) the exceptional distribution of Hermès International shares by the company LVMH Moët Hennessy - Louis Vuitton and (ii) the payment to your Company of the interim dividend in Hermès International shares decided on by the Chairman of Financière Jean Goujon.

On the basis of our work, at the date of this report, we attest that the Company has net assets at least equivalent to its share capital plus those reserves which may not be distributed under the law or the Bylaws.

Paris, October 31, 2014

The Independent Conversion Auditors

Isabelle de Kerviler

Olivier Péronnet

Statutory Auditors

Members of the Compagnie régionale de Paris

This document is a free translation into English of the Independent Conversion Auditors' report issued in French and is provided solely for the convenience of English speaking users.

Other information

GOVERNANCE

1.	List of positions or offices exercised in all companies by company officers	236
1.1.	Appointments to be renewed	236
1.2.	Currently serving Directors	239
2.	Statutory Auditors	245
2.1.	Principal Statutory Auditor	245
2.2.	Alternate Statutory Auditors	245
2.3.	Fees paid as of June 30, 2014	245
3.	Charter of the Board of Directors	246
3.1.	Structure of the Board of Directors	246
3.2.	Missions of the Board of Directors	246
3.3.	Operating procedures of the Board of Directors	246
3.4.	Responsibilities	247
3.5.	Compensation	247
3.6.	Scope of application	248
4.	Internal rules of the Performance Audit Committee	249
4.1.	Structure of the Committee	249
4.2.	Role of the Committee	249
4.3.	Operating procedures of the Committee	249
4.4.	Prerogatives of the Committee	250
4.5.	Compensation of Committee members	250
5.	Internal rules of the Nominations and Compensation Committee	251
5.1.	Structure of the Committee	251
5.2.	Role of the Committee	251
5.3.	Operating procedures of the Committee	252
5.4.	Prerogatives of the Committee	252
5.5.	Compensation of Committee members	252
6.	Bylaws of the Company as a French Société Anonyme	253
7.	Draft Bylaws of the Company as a Societas Europaea	262

1. List of positions or offices exercised in all companies by company officers

Pursuant to Article L. 225-102-1 of the French Commercial Code, the following are all offices and positions exercised in all companies by each company officer as well as the positions and offices they have exercised since July 1, 2009.

1.1. APPOINTMENTS TO BE RENEWED

Mr. Bernard ARNAULT, Chairman and Chief Executive Officer

Date of birth: March 5, 1949. French.
Business address: LVMH – 22, avenue Montaigne – 75008 Paris (France).
Date of first appointment: March 20, 1985.
Number of Christian Dior shares held in a personal capacity: 315,447 shares.

Bernard Arnault began his career as an engineer with Ferret-Savinell, where he became Senior Vice President for Construction in 1974, Chief Executive Officer in 1977 and finally Chairman and Chief Executive Officer in 1978.

He remained with this company until 1984, when he became Chairman and Chief Executive Officer of Financière Agache and of Christian Dior. Shortly thereafter he spearheaded a reorganization of Financière Agache following a development strategy focusing on luxury brands. Christian Dior was to become the cornerstone of this new structure.

In 1989, he became the leading shareholder of LVMH Moët Hennessy - Louis Vuitton, and thus created the world's leading luxury products group. He assumed the position of Chairman and Chief Executive Officer in January 1989.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA ^(a)	Chairman and Chief Executive Officer
	Christian Dior Couture SA	Director
	Financière Jean Goujon SAS	Member of the Supervisory Committee
	Groupe Arnault SAS	Chairman
	LVMH Moët Hennessy - Louis Vuitton SA ^(a)	Chairman and Chief Executive Officer
	Château Cheval Blanc	Director
	Louis Vuitton, Fondation d'Entreprise	Chairman of the Board of Directors
International	LVMH International SA (Belgium)	Director
	LVMH Moët Hennessy - Louis Vuitton Inc. (United States)	Director
	LVMH Moët Hennessy - Louis Vuitton Japan KK (Japan)	Director
	LVMH Services Ltd (United Kingdom)	Director

Other

France	Carrefour SA ^(a)	Director
--------	-----------------------------	----------

Positions and offices that have terminated since July 1, 2009

France	Lagardère SCA ^(a)	Member of the Supervisory Board
	Métropole Télévision "M6" SA ^(a)	Member of the Supervisory Board
	Raspail Investissements SA	Director

(a) Listed company.

Mr. Sidney TOLEDANO, Group Managing Director

Date of birth: July 25, 1951. French.

Business address: Christian Dior Couture – 11, rue François 1^{er} – 75008 Paris (France).

Date of first appointment: September 11, 2002.

Number of Christian Dior shares held in a personal capacity: 46,425 shares.

Sidney Toledano began his career in 1977 as a marketing consultant with Nielsen International. He then served as Company Secretary of Kickers before joining the Executive Management of Lancel in 1984. In 1994, he joined Christian Dior Couture as Deputy Chief Executive Officer. He has been its Chairman since 1998.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA ^(a) Christian Dior Couture SA John Galliano SA MHS SAS	Group Managing Director and Director Chairman and Chief Executive Officer Chairman of the Board of Directors Member of the Management Committee
International	CDCH SA (Luxembourg) Christian Dior Australia Pty Ltd (Australia) Christian Dior Belgique SA (Belgium) Christian Dior Commercial (Shanghai) Co. Ltd LLC (China) Christian Dior Couture CZ SARM (Czech Republic) Christian Dior Couture Korea JSC (South Korea) Christian Dior Couture Maroc SA (Morocco) Christian Dior Far East Ltd (Hong Kong) Christian Dior Fashion (Malaysia) Sdn Bhd. Ltd (Malaysia) Christian Dior GmbH (Germany) Christian Dior Guam Ltd (Guam) Christian Dior Hong Kong Ltd (Hong Kong) Christian Dior Inc. Corp (United States) Christian Dior Italia Srl (Italy) Christian Dior KK (Japan) Christian Dior Macau Ltd (Macao) Christian Dior New Zealand Ltd (New Zealand) Christian Dior S. de RL de CV LLC (Mexico) Christian Dior Saipan Ltd (Saipan) Christian Dior Singapore Pte Ltd (Singapore) Christian Dior Taiwan Ltd (Taiwan) Christian Dior UK Limited (United Kingdom) Christian Dior Vietnam LLC (Vietnam) Fendi SA (Luxembourg) Les Ateliers Horlogers Dior SA (Switzerland) Manufactures Dior Srl (Italy)	Chairman of the Board of Directors Director Permanent Representative of Christian Dior Couture SA, Director delegate Chairman Managing Director Director Chairman of the Board of Directors Director Director Managing Director Director Chairman Chairman Director Director Director Director Director Chairman Chairman Director Director Chairman of the Board of Directors

(a) Listed company.

Positions and offices that have terminated since July 1, 2009

France	Christian Dior SA ^(a)	Chief Executive Officer
	Fendi France SAS	Chairman
	Fendi International SA	Chairman of the Board of Directors
International	Bopel Srl (Italy)	Chairman
	Cato Srl (Italy)	Chairman
	Christian Dior Couture Ukraine SARL (Ukraine)	Chairman
	Fendi Adele Srl (Italy)	Director
	Fendi Asia-Pacific Limited (Hong Kong)	Director
	Fendi Italia Srl (Italy)	Director
	Fendi North America Inc. (United States)	Director
	FNLB BV (Netherlands)	Chairman
	Les Jardins d'Avron LLC (United States)	Chairman
	Lucilla Srl (Italy)	Chairman
	Manifatturauno Srl (Italy)	Chairman of the Board of Directors
Mardi SpA (Italy)	Chairman and Director delegate	

Mr. Pierre GODÉ

Date of birth: December 4, 1944. French.

Business addresses: LVMH – 22, avenue Montaigne – 75008 Paris (France) – LVMH Italia SpA – Via Tommaso Grossi, 2 – 20121 Milan (Italy).

Date of first appointment: May 14, 2001.

Number of Christian Dior shares held in a personal capacity: 40,275 shares.

Pierre Godé began his career as a lawyer admitted to the Lille bar and has taught at the Lille and Nice university law faculties.

He has served as Advisor to the Chairman of LVMH and Chief Executive Officer of Groupe Arnault. Currently, he is Vice-Chairman of LVMH's Board of Directors and Vice-Chairman of LVMH Italia.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA ^(a)	Director
	LVMH Moët Hennessy - Louis Vuitton SA ^(a)	Vice-Chairman and Director
	Château Cheval Blanc	Director
International	Fendi Adele SRL (Italy)	Director
	Fendi SRL (Italy)	Director
	LVMH International SA (Belgium)	Director
	LVMH Italia SpA (Italy)	Vice-Chairman
	LVMH Moët Hennessy - Louis Vuitton Inc. (United States)	Director
	LVMH Publica SA (Belgium)	Director
	Sofidiv UK Limited (United Kingdom)	Director
	Vicuna Holding SpA (Italy)	Chairman of the Board of Directors
Other		
France	Redeg SARL	Managing Director

(a) Listed company.

Positions and offices that have terminated since July 1, 2009

France	Christian Dior SA ^(a) Christian Dior Couture SA Financière Agache SA Financière Jean Goujon SAS Groupe Arnault SAS Havas SA ^(a) Les Echos SAS Louis Vuitton Malletier SA Raspail Investissements SAS SA du Château d'Yquem Semyrhamis SAS Sofidiv SAS Sevrilux SNC Fondation Maeght	Group Managing Director Director Chairman and Chief Executive Officer Chairman Chief Executive Officer Director Member of the Supervisory Board Director Chairman Director Member of the Supervisory Committee Member of the Management Committee Legal Representative of Financière Agache, Managing Director Director
--------	--	--

1.2. CURRENTLY SERVING DIRECTORS**Ms. Delphine ARNAULT**

Date of birth: April 4, 1975. French.

Business address: Louis Vuitton Malletier – 2, rue du Pont Neuf – 75001 Paris (France).

Date of first appointment: April 5, 2012.

Expiration of term: Annual Shareholders' Meeting held in 2015.

Number of Christian Dior shares held in a personal capacity: 13,500 shares.

Delphine Arnault began her career at the international strategy consultancy firm McKinsey, where she worked as a consultant

for two years. In 2000, she moved to designer John Galliano's company, where she helped in development, acquiring concrete experience in the fashion industry. In 2001, she joined the Executive Committee of Christian Dior Couture, where she served as Deputy Managing Director until August 2013. Since September 2013, she has been Executive Vice President of Louis Vuitton, in charge of supervising all of Louis Vuitton's product-related activities. She also is a member of Loewe's Board of Directors, where she is Senior Vice President for product strategy.

Current positions and offices**Christian Dior group/Groupe Arnault group**

France	Christian Dior SA ^(a) Céline SA Les Echos SAS LVMH Moët Hennessy - Louis Vuitton SA ^(a) Château Cheval Blanc	Director Director Member of the Supervisory Board Director Director
International	Emilio Pucci International BV (Netherlands) Emilio Pucci Srl (Italy) Loewe SA (Spain)	Director Director Director

Other

France	Havas ^(a) Métropole Télévision "M6" SA ^(a)	Director Member of the Supervisory Board
International	21st Century Fox (United States) ^(a)	Director

Positions and offices that have terminated since July 1, 2009

France	Établissement Public de Sèvres – Cité de la Céramique	Director
--------	---	----------

(a) Listed company.

Mr. Denis DALIBOT

Date of birth: November 15, 1945. French.
Mailing address: avenue Mercure, 9 – “Le Chéridreux” – 1180 Brussels (Belgium).
Date of first appointment: May 17, 2000.
Expiration of term: Annual Shareholders’ Meeting held in 2015.
Number of Christian Dior shares held in a personal capacity: 110,000 shares.

Denis Dalibot began his career with the ITT group. From 1984 to 1987 he served as Deputy Administration and Finance Director for Sagem. He joined Groupe Arnault in 1987 as Group Finance Director, a position he held until February 2008. Mr. Denis Dalibot is currently Belgium General Delegate of Groupe Arnault SAS.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA ^(a)	Director	
	Agache Développement SA	Director	
	Belle Jardinière SA	Director	
	Christian Dior Couture SA	Director	
	Europatweb SA	Director	
	Financière Agache SA	Director	
	Financière Jean Goujon SAS	Member of the Supervisory Committee	
	Franck & Fils SA	Permanent Representative of Le Bon Marché – Maison Aristide Boucicaut, Director	
	Groupe Arnault SAS	Member of the Management Committee	
	Le Jardin d’Acclimatation SA	Permanent Representative of Ufipar, Director	
	Semyrhamis SAS	Member of the Supervisory Committee	
	International	Aurea Finance SA (Luxembourg)	Chairman
		Cervinia SA (Belgium)	Director
Courtinvest SA (Belgium)		Director	
DYD Conseil (Belgium)		Managing Director	
Giminvest SA (Belgium)		Director	
GMPI SA (Belgium)		Director	
Le Peigné Invest SA (Belgium)		Director	
Le Peigné SA (Belgium)		Director	
Mercure Conseil Sprl (Belgium)		Managing Director	
Willinvest SA (Belgium)		Director	

Positions and offices that have terminated since July 1, 2009

France	Agache Développement SA	Chairman and Chief Executive Officer
	Ateliers AS SA	Permanent Representative of Christian Dior Couture SA, Director
	Europatweb SA	Chairman and Chief Executive Officer
	Europatweb Placements SAS	Legal Representative of Europatweb, Chairman
	Financière Agache SA	Group Managing Director
	Financière Agache Private Equity SA	Director
	Fusac Finances SC	Managing Director
	GA Placements SA	Permanent Representative of Europatweb, Director
	Groupement Foncier Agricole Dalibot	Managing Director
	Kléber Participations SARL	Managing Director
	Montaigne Finance SAS	Chairman
	Montaigne Investissements SCI	Managing Director
	Montaigne Services SNC	Managing Director
	Raspail Investissements SA	Permanent Representative of Financière Agache, Director
	Sevrilux SNC	Legal Representative of Financière Agache, Managing Director
International	GO Invest SA (Belgium)	Chairman

(a) Listed company.

Ms. Hélène DESMARAIS

Date of birth: June 7, 1955. Canadian.

Business address: Centre d'Entreprises et d'Innovation de Montréal (CEIM) – 751 square Victoria – Montréal (Québec) H2Y 2J3 (Canada).

Date of first appointment: April 5, 2012.

Expiration of term: Annual Shareholders' Meeting held in 2015.
Number of Christian Dior shares held in a personal capacity: 200 shares.

Since it was founded in 1996, Hélène Desmarais has been Chairman and Chief Executive Officer of Centre d'Entreprises

et d'Innovation de Montréal, the biggest technology enterprise incubator in Canada. She holds directorships in a large number of companies and organizations in both the public and private sectors and has led initiatives in the areas of economics, education and healthcare. Ms. Desmarais is Chairman of the Boards of Directors of HEC Montréal (Hautes Études Commerciales de Montréal) and of the Montreal Economic Institute. She also serves as Director of Garda World Security Corporation and is a member of the Board of Governors of the International Economic Forum of the Americas.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA ^(a)	Director
--------	----------------------------------	----------

Other

Canada	Centre d'Entreprises et d'Innovation de Montréal (CEIM) C.D. Howe Institute Garda World Security Corporation International Economic Forum of the Americas Hautes Études Commerciales de Montréal (HEC Montréal) Institute for Governance of Private and Public Organizations Société de développement économique Ville-Marie (SDÉVM)	Founder and Chairman of the Board of Directors Director and Chairman of Canadian Regional Committees Director Governor Director and Chairman of the Board of Directors Director Founder and Chairman of the Board of Directors
--------	--	--

Positions and offices that have terminated since July 1, 2009

Canada	Montreal Metropolitan Chamber of Commerce Centre d'entrepreneurship HEC/Polytechnique/Université de Montréal Société de valorisation des recherches du CHUM (VAL-CHUM)	Chairman of the Board of Directors Director Member of the Board of Directors
--------	---	--

Mr. Renaud DONNEDIEU de VABRES

Date of birth: March 13, 1954. French.

Business address: 50, rue de Bourgogne – 75007 Paris (France).

Date of first appointment: February 5, 2009.

Expiration of term: Annual Shareholders' Meeting held in 2016.
Number of Christian Dior shares held in a personal capacity: 200 shares.

After serving in the prefectural administration as a sub-prefect, Renaud Donnedieu de Vabres was appointed as a member of France's highest administrative body, the Council of State,

and embarked on a political career in 1986, notably serving as an aide to the Minister of Defense. He was elected as a deputy to the National Assembly representing the Indre-et-Loire département in 1997 and remained in this post until 2007. In 2002, he was appointed as Minister Delegate for European Affairs and then as Minister of Culture and Communication, from 2004 to 2007. In 2008, he was named the Ambassador for Culture during the French presidency of the European Union. He is now Chairman of the company RDDV Partner.

(a) Listed company.

Christian Dior

Other information
Governance

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA ^(a)	Director
	Louis Vuitton, Fondation d'Entreprise	Director

Other

France	FPPM L'Européenne de Marbre RDDV Partner SAS	Chairman of the Supervisory Committee Chairman
--------	---	---

Positions and offices that have terminated since July 1, 2009

France	Atout France GIE Groupe Allard La Royale SAS	Chairman of the Board of Directors Advisor for Strategy, Development and Culture to Alexandre Allard Chief Executive Officer
--------	--	---

Ms. Ségolène GALLIENNE

Date of birth: June 7, 1977. Belgian.
Business address: 17, allée des Peupliers – 6280 Gerpinnes (Belgium).
Date of first appointment: April 15, 2010
Expiration of term: Annual Shareholders' Meeting held in 2016.
Number of Christian Dior shares held in a personal capacity: 200 shares.

Ségolène Gallienne holds a Bachelor of Arts in Business and Economics from Collège Vesalius in Brussels. She has worked as Public Relations Manager at Belgacom and as Director of Communications for Dior Fine Jewelry.

Ms. Gallienne currently serves on the Boards of Directors of various companies, in France and abroad, and is Chairman of the Board of Directors of Diane, a company specializing in the purchase, sale and rental of art objects.

Current positions and offices

Frère-Bourgeois group

International	Diane SA (Switzerland) Erbé SA (Belgium) Stichting Administratiekantoor Peupleraie (Netherlands)	Chairman of the Board of Directors Director Chairman of the Board of Directors
---------------	--	--

Christian Dior group/Groupe Arnault group

France	Christian Dior SA ^(a) Château Cheval Blanc	Director Director
--------	--	----------------------

Other

International	Pargesa Holding SA (Switzerland)	Director
---------------	----------------------------------	----------

Positions and offices that have terminated since July 1, 2009

Other

France	Taittinger SA	Director
International	France Compagnie Nationale à Portefeuille SA (Belgium)	Director

(a) Listed company.

Mr. Eric GUERLAIN, Vice-Chairman

Date of birth: May 2, 1940. French.

Mailing address: c/o Christian Dior – 30, avenue Montaigne – 75008 Paris (France).

Date of first appointment: June 29, 1994.

Expiration of term: Annual Shareholders' Meeting held in 2016.

Number of Christian Dior shares held in a personal capacity: 57,836 shares.

Eric Guerlain began his career as a financial analyst and served in various roles with the Morgan Stanley group between 1968 and 1974, in New York and Paris.

In 1974, he joined J.P. Morgan as Director of the international financial affairs department. In 1979, the bank assigned him to co-lead J.P. Morgan Ltd. Investment Bank in London as Vice-Chairman. He then worked at Lazard Brothers Ltd in London as a consultant until 1989.

In parallel, since 1970 he has been a Director of Guerlain SA and, in 1990, assumed the chairmanship of the Supervisory Board of the controlling holding company of the Guerlain group. He served in that position until 1994. Since 1994, he has been Vice-Chairman of Christian Dior SA.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA ^(a) Guerlain SA	Vice-Chairman and Director Permanent Representative of LV Group, Director
--------	---	--

Other

France	MAAT SC Société Hydroélectrique d'Énergie SAS	Managing Director Chairman
--------	--	-------------------------------

Positions and offices that have terminated since July 1, 2009

None.

Mr. Christian de LABRIFFE

Date of birth: March 13, 1947. French.

Business address: Tikehau/Salvepar – 134, boulevard Haussmann – 75008 Paris (France).

Date of first appointment: May 14, 1986.

Expiration of term: Annual Shareholders' Meeting held in 2016.

Number of Christian Dior shares held in a personal capacity: 204 shares.

Christian de Labriffe began his career with Lazard Frères & Cie, where he was Managing Partner from 1987 to 1994. He then served as Managing Partner of Rothschild & Cie Banque until September 2013. He has been Chairman and Chief Executive Officer of Salvepar since September 15, 2013.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA ^(a) Christian Dior Couture SA	Director Director
--------	---	----------------------

Other

France	Bénéteau SA ^(a) Parc Monceau SARL Salvepar SA ^(a) TCA Partnership SAS	Member of the Supervisory Board Managing Director Chairman and Chief Executive Officer Chairman
--------	--	--

(a) Listed company.

Positions and offices that have terminated since July 1, 2009

France	Delahaye Passion SC Financière Rabelais SAS Montaigne Rabelais SAS	Managing Director Chairman Permanent Representative of Rothschild & Compagnie Banque SCS, Chairman
	Paris Orléans SA RCB Partenaires SNC Rothschild & Cie Banque SCS Rothschild & Cie SCS Transaction R SCS	Member of the Supervisory Board Managing Partner Non-Partner Managing Director Managing Partner Managing Partner

Mr. Jaime de MARICHALAR y SÁENZ de TEJADA

Date of birth: April 7, 1963. Spanish.

Business address: Crédit Suisse – Ayala, 42 – 28001 Madrid (Spain).

Date of first appointment: May 11, 2006.

Expiration of term: Annual Shareholders' Meeting held in 2015.

Number of Christian Dior shares held in a personal capacity: 200 shares.

Jaime de Marichalar y Sáenz de Tejada began his career in 1986 in Paris where he worked for Banque Indosuez on the MATIF Futures Market. He then joined Credit Suisse and worked for the Investment Bank and in Private Banking. In January 1998, he was appointed Chief Executive Officer of Credit Suisse in Madrid.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA ^(a)	Director
International	LVMH group Loewe SA (Spain)	Advisor to the Chairman for Spain Director

Other

International	Art+Auction Editorial (United States and United Kingdom) FCC Medio Ambiente (Spain) Sociedad General Inmobiliaria de España SA (Spain)	Member of the Supervisory Board Director Director
---------------	--	---

Positions and offices that have terminated since July 1, 2009

International	Axa Mediterranean Holding SA, Axa Aurora Ibérica SA de Seguros y Reaseguros, y Axa Aurora Vida SA de Seguros y Reaseguros (Spain) Credit Suisse (Spain) Portland Valderrivas (Spain) Waste Recycling Group (United Kingdom)	Director Chief Executive Officer and Advisor Director Director
---------------	--	---

(a) Listed company.

2. Statutory Auditors

2.1. PRINCIPAL STATUTORY AUDITOR

	Start date of first term	Current term	
		Date of appointment/ renewal	End of term
ERNST & YOUNG et Autres 1-2, place des Saisons, 92400 Courbevoie – Paris la Défense 1 represented by Jeanne Boillet and Benoit Schumacher	May 14, 2009	December 19, 2013	Fiscal year ending June 30, 2019
MAZARS Tour Exaltis 61, rue Henri Regnault, 92400 Courbevoie represented by Denis Grison	May 15, 2003	December 19, 2013	Fiscal year ending June 30, 2019

2.2. ALTERNATE STATUTORY AUDITORS

AUDITEX 1-2, place des Saisons, 92400 Courbevoie – Paris la Défense 1	May 14, 2009	December 19, 2013	Fiscal year ending June 30, 2019
Gilles RAINAUT Tour Exaltis 61, rue Henri Regnault, 92400 Courbevoie	December 19, 2013	December 19, 2013	Fiscal year ending June 30, 2019

2.3. FEES PAID AS OF JUNE 30, 2014

<i>(in thousands of euros, excluding VAT)</i>	Ernst & Young et Autres				Mazars			
	June 30, 2014 (12 months)		June 30, 2013 (2 months)		June 30, 2014 (12 months)		June 30, 2013 (2 months)	
	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
Statutory audit, certification, audit of the individual company and consolidated financial statements:								
• Christian Dior	97	1	65	2	87	2	65	22
• Fully consolidated subsidiaries	13,500	69	1,744	66	3,890	96	215	73
Other services relating directly to the statutory audit assignment:								
• Christian Dior	57	-	25	1	31	1	13	5
• Fully consolidated subsidiaries	2,151	11	149	6	53	1	-	-
Subtotal	15,805	81	1,983	75	4,061	100	293	100
Other services provided by the firms to fully consolidated subsidiaries:								
• Legal, tax, employee-related ^(a)	3,434	17	567	22	-	-	-	-
• Other	396	2	88	3	-	-	-	-
Subtotal	3,830	19	655	25	-	-	-	-
TOTAL	19,635	100	2,638	100	4,061	100	293	100

(a) Mainly tax advisory services performed outside France, to ensure that the Group's subsidiaries and expatriates meet their local tax declaration obligations.

3. Charter of the Board of Directors

The Board of Directors is the strategic body of Christian Dior. The competence, integrity and responsibility of its members, clear and fair decisions reached collectively, and effective and secure controls are the ethical principles that govern the Board.

The key priorities pursued by Christian Dior's Board of Directors are enterprise value creation and the defense of the Company's interests.

Christian Dior's Board of Directors acts as guarantor of the rights of each of its shareholders and ensures that shareholders fulfill all of their duties.

The Company adheres to the code of corporate governance for listed companies published by AFEP and MEDEF.

Each of these elements contributes to preserving the level of enterprise performance and transparency required to retain the confidence of shareholders and partners in the Group.

3.1. STRUCTURE OF THE BOARD OF DIRECTORS

The Board of Directors shall have a maximum of 12 members, a third of whom at least are appointed from among prominent independent persons with no interests in the Company.

In determining whether a Director may be considered as independent, the Board of Directors refers among others to the criteria set forth in the AFEP/MEDEF code of corporate governance.

The number of Directors or permanent representatives of legal entities from outside companies, in which the Chairman of the Board of Directors or any Director serving as Chief Executive Officer or Group Managing Director holds an office, shall be limited to two.

3.2. MISSIONS OF THE BOARD OF DIRECTORS

Apart from the selection of the Company's management structure and the appointment of the Chairman of the Board of Directors, Chief Executive Officer and Group Managing Director(s), the principal missions of the Board of Directors are to:

- ensure that the Company's interests and assets are protected;
- define the broad strategic orientations of the Company and the Group and ensure that their implementation is monitored;
- approve the Company's annual and half-yearly financial statements;
- review the essential characteristics of the internal control and risk management systems adopted and implemented by the Group;
- ensure that major risks to which the Company is exposed are in keeping with its strategies and its objectives, and that they are taken into account in the management of the Company;

- verify the quality, reliability and fairness of the information provided to shareholders concerning the Company and the Group, in particular to ensure that the management structure and the internal control and risk management systems are able to guarantee the quality and reliability of financial information published by the Company and to give a true and fair view of the results and the financial position of the Company and the Group;
- set out the organization principles and procedures for the Performance Audit Committee;
- disseminate the collective values that guide the Company and its employees and that govern relationships with consumers and with partners and suppliers of the Company and the Group;
- promote a policy of economic development consistent with a social and citizenship policy based on concepts that include respect for human beings and the preservation of the environment in which it operates.

3.3. OPERATING PROCEDURES OF THE BOARD OF DIRECTORS

The Board of Directors shall hold at least three meetings a year.

Any individual who accepts the position of Director or permanent representative of a legal entity appointed as Director of the Company shall agree to attend Board of Directors' and Shareholders' Meetings regularly.

The Board may use videoconferencing or other means of telecommunication to organize meetings with remotely participating Directors. No such means shall be used, however, when the Board is meeting to draft and approve the parent company financial statements and Management Report, or when it is meeting to draft the consolidated financial statements and the report on Group management.

In order to ensure the identification and effective participation of the Directors concerned in a Board meeting, these means of telecommunication shall, at a minimum, transmit participants' voices as well as satisfy technical criteria for a continuous, real-time connection with the meeting. All remote participants in the meeting shall provide their identity. The attendance of any non-Board members shall be reported to, and subject to approval by, all Directors participating in the meeting.

Directors participating remotely by videoconferencing or conference call shall be deemed present for the purposes of calculating the quorum and majority.

The minutes of the meeting shall include the identities of the Directors who participated in the meeting remotely, the means of communication used and any connection problems that may occur during the meeting or disrupt it.

On the recommendation of the Board's Nominations and Compensation Committee, repeated unjustified absenteeism by a Director may cause the Board of Directors to reconsider his appointment.

3.4. RESPONSIBILITIES

The members of the Board of Directors shall be required to familiarize themselves with the general and specific obligations of their office, and with all applicable laws and regulations.

The members of the Board of Directors shall be required to respect the confidentiality of any information of which they may become aware in the course of their duties concerning the Company or the Group, until such information is made public by the Company.

The members of the Board of Directors agree not to trade in the Company's shares, either directly or indirectly, for their own account or on behalf of any third parties, based on information disclosed to them in the course of their duties that is not known to the public. Moreover, members of the Board of Directors shall refrain from engaging in any transactions involving the Company's shares or related financial instruments, and from any exercise of options for the duration of periods:

- beginning, as applicable, on either the 30th calendar day preceding the date of publication of the Company's annual or half-yearly consolidated financial statements, or the 15th calendar day preceding the date of publication of the Company's quarterly consolidated revenue announcement; and

3.5. COMPENSATION

The Shareholders' Meeting shall set the total amount of Directors' fees to be paid to the members of the Board of Directors.

This amount shall be distributed among all members of the Board of Directors and the Advisors, if any, on the recommendation of

So that members of the Board of Directors can fully serve the function entrusted to them, the Chief Executive Officer provides members with any and all information necessary for the performance of their duties.

Decisions by the Board of Directors shall be made by simple majority vote and are adopted as a board.

If they deem appropriate, independent Directors may meet without requiring the presence of the other members of the Board of Directors.

For special or important issues, the Board of Directors may establish one or more ad hoc committees.

Each member of the Board of Directors shall act in the interests and on behalf of all shareholders.

Once each year, the Board of Directors evaluates its procedures and informs shareholders as to its conclusions in a report presented to the Shareholders' Meeting. In addition, at least once every three years, a fully documented review of the work of the Board, its organization and its procedures is conducted.

- ending (i) the day after said publication at 2: 00 pm, if the publication concerned occurs in the afternoon, or (ii) the day after said publication at 9: 00 am, if it occurs in the morning.

The Directors agree to:

- warn the Chairman of the Board of Directors of any instance, even potential, of a conflict of interest between their duties and responsibilities to the Company and their private interests and/or other duties and responsibilities;
- abstain from voting on any issue that concerns them directly or indirectly;
- inform the Chairman of the Board of Directors of any operation or agreement entered into with any Christian Dior group company to which they are a party;
- provide details to the Chairman of the Board of Directors of any formal investigation, conviction in relation to fraudulent offenses, any official public incrimination and/or sanctions, any disqualifications from acting as a member of an administrative, management or supervisory body imposed by a court as well as of any bankruptcy, receivership or liquidation proceedings to which they have been a party.

The Chairman of the Board of Directors shall apprise the Performance Audit Committee upon receiving any information of this type.

the members of the Directors' Nominations and Compensation Committee, taking into account their specific responsibilities on the Board (e.g. Chairman, participation on committees created within the Board).

The settlement of a portion of these fees shall be contingent upon attendance by Directors at the meetings of the Board of Directors and, where applicable, the Committee(s) of which they are members, calculated according to a formula to be determined by the Board of Directors, acting upon a proposal submitted by the Nominations and Compensation Committee.

Exceptional compensation may be paid to some Directors for any special assignment they assume. The amount of this remuneration shall be determined by the Board of Directors and reported to the Company's External Auditors.

3.6. SCOPE OF APPLICATION

This Charter shall apply to all members of the Board of Directors as well as all the members of the Advisory Board. It must be given to each candidate for the position of Director and to each

permanent representative of a legal entity prior to the start of the letter's term of office.

4. Internal rules of the Performance Audit Committee

A specialized Committee responsible for auditing performance operates within the Board of Directors, acting under the responsibility of the Board of Directors.

4.1. STRUCTURE OF THE COMMITTEE

The Performance Audit Committee shall be made up of at least three Directors appointed by the Board of Directors. At least two-thirds of the members shall be independent Directors. The majority of the Committee's members must have held a position as a Managing Director or a position involving equivalent responsibilities or possess specific expertise in financial and accounting matters.

The Board of Directors shall appoint a Chairman of the Committee from among its members. The maximum term of the Chairman of the Committee is five years.

Neither the Chairman of the Board of Directors nor any Director performing the duties of Chief Executive Officer or Group Managing Director of Christian Dior may be a member of the Committee.

A Director may not be appointed as a member of the Committee if he or she comes from a company for which a Christian Dior Director serves as a member of a committee comparable in function.

4.2. ROLE OF THE COMMITTEE

The principal missions of the Committee are to:

- monitor the process for preparing financial information, particularly the individual company and consolidated financial statements, and verify the quality of this information;
- monitor the statutory audit of the individual company and consolidated financial statements by the Statutory Auditors, whose conclusions and recommendations it examines;
- ensure the existence, pertinence, application and effectiveness of internal control and risk management systems, monitor the ongoing effectiveness of these systems, and make recommendations to the Chief Executive Officer concerning the priorities and general guidelines for the work of the Internal Audit team;
- examine risks to the Statutory Auditors' independence and, if necessary, identify safeguards to be put in place in order to minimize the potential of risks to compromise their independence, issue an opinion on the fees paid to the Statutory Auditors, as well as those paid to the network to which they belong, by the Company and the companies it controls or is controlled by, whether in relation to their statutory

audit responsibilities or other related assignments, oversee the procedure for the selection of the Company's Statutory Auditors, and make a recommendation on the appointments to be submitted to the Shareholders' Meeting in consideration of the results of this procedure;

- analyze the exposure of the Company and the Group to risks, and in particular to those identified by the internal control and risk management systems, as well as material off-balance sheet commitments of the Company and the Group;
- review major agreements entered into by Group companies and agreements entered into by any Group company with a third-party company in which a Director of the Christian Dior parent company is also a senior executive or principal shareholder. Significant operations within the scope of the provisions of Article L. 225-38 of the French Commercial Code require an opinion issued by an independent expert appointed upon the proposal of the Performance Audit Committee;
- assess any instances of conflict of interest that may affect a Director and recommend suitable measures to prevent or correct them.

4.3. OPERATING PROCEDURES OF THE COMMITTEE

A Director's agreement to serve on the Committee implies that he will devote the necessary time and energy to his duties on the Committee.

The Committee shall meet at least twice a year, without the Chairman of the Board of Directors, the Chief Executive Officer and the Group Managing Director(s), before the Board

of Directors' meetings in which the agenda includes a review of the annual or half-yearly parent company and consolidated financial statements.

If necessary, the Committee may be required to hold special meetings, when an event occurs that may have a significant effect on the parent company or consolidated financial statements.

Before each meeting, all pertinent documents and analyses relating to the different items on the agenda for the meeting are sent to each member of the Committee.

Any document submitted to the Committee in connection with its responsibilities shall be considered confidential as long as it has not been made public by the Company.

The proceedings of the Committee are confidential and shall not be discussed outside the Board of Directors.

Decisions of the Committee shall be made by simple majority vote and shall be deemed to have been reached as a board.

The proceedings of each Committee meeting shall be recorded in minutes of the meeting.

4.4. PREROGATIVES OF THE COMMITTEE

The Committee shall report on its work to the Board of Directors. It shall submit to the Board its findings, recommendations and suggestions.

The Committee may request any and all accounting, legal or financial documents it deems necessary to carry out its responsibilities.

The Committee may call upon the Company's staff members responsible for preparing the financial statements, carrying out internal control procedures, conducting internal audits, applying risk management or cash management procedures,

investigating tax or legal matters, as well as the Statutory Auditors, to appear before it on any number of occasions to address issues in detail, without requiring the presence of the Chairman of the Board, the Chief Executive Officer, or Group Managing Director(s) of Christian Dior. These meetings may also take place in the absence of those responsible for the accounting and financial functions.

After having duly notified the Chairman of the Board of Directors, the Committee may seek assistance from external experts if circumstances require.

4.5. COMPENSATION OF COMMITTEE MEMBERS

The Committee members and its Chairman may receive a special Director's fee, the amount of which shall be determined by the

Board of Directors and charged to the total financial package allocated by the Shareholders' Meeting.

5. Internal rules of the Nominations and Compensation Committee

A specialized committee responsible for the nomination and compensation of Directors operates within the Board of Directors, acting under the authority of the Board of Directors.

5.1. STRUCTURE OF THE COMMITTEE

The Board's Nominations and Compensation Committee shall be made up of at least three Directors and/or Advisors. The majority of its members shall be independent. Its members shall be appointed by the Board of Directors.

The Board of Directors shall appoint a Chairman of the Committee from among its members.

Neither the Chairman of the Board of Directors, nor any Director serving as Chief Executive Officer or Group Managing Director of Christian Dior, or who are compensated by any Christian Dior subsidiary, may be a member of the Committee.

A Director may not be appointed as a member of the Committee if he or she comes from a company for which a Christian Dior Director serves as a member of a committee comparable in function.

5.2. ROLE OF THE COMMITTEE

After undertaking its own review, the Committee is responsible for issuing opinions on applications and renewals for the positions of Director and Advisor, making certain that the Company's Board of Directors includes prominent independent persons outside the Company. In particular, it discusses the independence of Board members with respect to applicable criteria.

The Committee's opinion may also be sought by the Chairman of the Board of Directors or by any Directors serving as Chief Executive Officer or Group Managing Director, on candidates for senior management positions at the Company or Christian Dior Couture. It is the consultative body responsible for defining the measures to be taken in the event that such an office falls prematurely vacant.

After review, the Committee shall make recommendations on the distribution of directors' fees paid by the Company and prepares a summary table of directors' fees effectively paid to each Director.

It makes proposals to the Board on the fixed and variable portions of compensation and the benefits in kind to be received (i) by the Chairman of the Company's Board of Directors, its Chief Executive Officer and its Group Managing Director(s) and (ii) by Directors and Advisors who are employees of the Company or any of its subsidiaries by virtue of an employment contract; it also issues an opinion on any consultancy agreements entered into, either directly or indirectly, with these same individuals. The Committee issues recommendations regarding the qualitative and quantitative criteria on the basis of which the variable portion of compensation for senior executive officers is to be determined as well as the performance conditions applicable to the exercise of options and the definitive allocation of bonus shares.

The Committee expresses its opinion on the general policy for the allocation of options and bonus shares at the Company, also making proposals on the granting of options and bonus shares to senior executive officers and to Directors and Advisors who are employees of the Company or any of its subsidiaries by virtue of an employment contract.

It adopts positions on any supplemental pension schemes established by in favor of senior executive officers of the Company and those of Christian Dior Couture, and issues recommendations on any retirement benefits that might be paid to them upon leaving the Company.

The Committee issues an opinion relating to the fixed and variable portions of compensation, whether immediate or deferred, and benefits in kind, in addition to options and bonus shares to be granted by the Company or by Christian Dior Couture to their Directors and senior executive officers. To this end, the Committee may request copies of any agreements concluded with these individuals and of any accounting information relating to payments made.

The Committee is also entitled to receive information on procedures relating to the payment of external contractors' fees and the reimbursement of their expenses, issuing any recommendations deemed necessary on this subject.

The Committee shall prepare a draft report every year for the Shareholders' Meeting, which it shall submit to the Board of Directors, on the compensation of Company officers, any bonus shares granted to them during the year as well as any stock options granted or exercised by said officers in the same period. The report shall also list the ten employees of the Company that received and exercised the most options.

5.3. OPERATING PROCEDURES OF THE COMMITTEE

A Director's agreement to serve on the Committee implies that he will devote the necessary time and energy to his duties on the Committee.

The Committee shall meet whenever necessary, either at the initiative of the Chairman of the Board of Directors, or the Director serving as Chief Executive Officer, or of two Committee members.

The proceedings of the Committee are confidential and shall not be discussed outside the Board of Directors.

Decisions of the Committee shall be made by simple majority vote and shall be deemed to have been reached as a board.

5.4. PREROGATIVES OF THE COMMITTEE

The Committee shall report on its work to the Board of Directors. It shall submit to the Board its findings, recommendations and suggestions.

Members of the Committee may request any and all available information that they deem necessary for the purposes of carrying out their responsibilities.

Any unfavorable opinion issued by the Committee on any proposal must be substantiated.

5.5. COMPENSATION OF COMMITTEE MEMBERS

The Committee members and its Chairman may receive a special Director's fee, the amount of which shall be determined

by the Board of Directors and charged to the total financial package allocated by the Shareholders' Meeting.

The Bylaws take into account the amendments proposed at the Shareholders' Meeting of December 9, 2014.

6. Bylaws of the Company as a French Société Anonyme

Part I

Legal form – Corporate purpose – Corporate name – Registered office – Duration

Article 1 – Legal form

Christian Dior, first established in the form of a limited liability partnership under the terms of a private agreement concluded on October 8, 1946 in Paris, filed on October 18, 1946 with the clerk of the Paris commercial court and published in the Journal Special des Sociétés Françaises par Actions of October 18, 1946, was transformed into a joint-stock corporation (société anonyme) without creating a new legal entity, following a decision of the Extraordinary Meeting of Partners held on December 21, 1979.

It is governed by all applicable laws as well as the regulations established hereinafter and it shall also be governed by any laws and regulations that may enter into effect in future.

Article 2 – Corporate purpose

The Company's purpose, in France and in any other country, is the taking and management of interests in any company or entity, whether commercial, industrial, or financial, whose direct or indirect activity involves the manufacture and/or dissemination of Prestige products, through the acquisition, in any form whatsoever, of shares, corporate interests, bonds, or other securities or investment rights.

It may also pursue direct or indirect equity investment in any industrial or commercial operations by creating new companies, contributions, subscriptions, or purchases of shares or corporate interests, merger, takeover, joint venture, or other method.

More generally, it may also engage in any commercial, financial, and industrial activities and those involving real and moveable assets, in such a way as to facilitate, favor, or develop the Company's activity.

Article 3 – Corporate name

The name of the Company is: **Christian Dior**.

In all legal instruments or documents issued by the Company and addressed to third parties, this name must always be immediately preceded or followed by the words "Société Anonyme" or the initials "SA", which should appear legibly, and by the disclosure of the amount of the share capital.

Article 4 – Registered office

The address of the Company's registered office is 30, avenue Montaigne, 75008 Paris, France.

It may be transferred to any other place within the same French administrative district (département) or any neighboring administrative district pursuant to a decision of the Board of Directors subject to the ratification of said decision by the next Ordinary Shareholders' Meeting, and to any other place pursuant to a resolution of the Extraordinary Shareholders' Meeting.

Agencies, branch offices, warehouses and retail outlets may be established in any place and in any country, by simple resolution of the Board of Directors, which may later relocate or close these entities at its discretion.

Article 5 – Duration

The duration of the Company is ninety-nine years, starting from its date of incorporation, on the eighth day of October, in the year one thousand nine hundred and forty-six.

Part II

Share capital – Shares

Article 6 – Share capital

The share capital of the Company is 363,454,096 euros, consisting of 181,727,048 fully paid-up shares with a par value of 2 euros each, all of which belong to the same category.

The Company issued 4,351,808 shares further to the contribution by the various shareholders of Djedi Holding SA of 5,159,349 shares held in absolute ownership and 206,374 shares held in bare ownership in the said company, valued at 1,958,313,600 French francs.

Article 7 – Changes in the share capital

The share capital may be increased or decreased by a resolution of the Extraordinary Shareholders' Meeting, as provided by law.

The Shareholders' Meeting may delegate the authority or powers necessary to effect such a change to the Board of Directors.

Article 8 – Shares

PAYMENT

Shares subscribed in cash must be paid up, upon subscription, in an amount equivalent to at least one-quarter of their par value, plus, where applicable, the entirety of the issue premium. The remainder shall be called by the Board of Directors within a maximum period of five years.

Payment for shares may be made by offsetting against liquid and demandable receivables due from the Company.

Shareholders shall be informed of calls for funds at least fifteen days in advance, either by a notice inserted in a legal gazette published where the registered office is located or by registered letter with acknowledgment of receipt sent to each shareholder.

Shares allocated in the form of a contribution in kind or by way of the capitalization of unappropriated retained earnings, reserves or issue premiums as well as shares the amount of which results, in part, from an incorporation of reserves, unappropriated retained earnings or issue premiums and in part, from a cash payment, must be fully paid up upon issue.

Any late payment for shares incurs, automatically and without prior formal notice, an interest charge due to the Company, calculated at the legal rate in commercial matters as of the payment date, plus three percentage points.

FORM

Fully paid-up shares may be in registered or bearer form, at the discretion of the shareholder.

When the owner of the shares is not a French resident within the meaning applied Article 102 of the French Civil Code, any intermediary may be registered on behalf of such owner. Such registration may be made in the form of a joint account or several individual accounts, each corresponding to one owner.

At the time such account is opened through either the issuing company or the financial intermediary authorized as account holder, the registered intermediary shall be required to declare, under the terms and conditions laid down by decree, its capacity as intermediary holding shares on behalf of another party.

TRANSFER OF SHARES

Shares are freely negotiable, unless as prohibited by applicable laws or regulations, in particular as regards shares with payments in arrears and contributing shares.

Registered shares are transferred via inter-account transfer based on the instructions of the account holder or his or her legal representative.

INDIVISIBILITY

Shares are indivisible as far as the Company is concerned. Joint holders of shares shall be required to be represented vis-à-vis the Company by only one of the joint holders or by a mutually agreed permanent representative.

RIGHTS ATTACHED TO THE SHARES

Ownership of a share automatically implies acceptance of these Bylaws and of resolutions passed by Shareholders' Meetings.

Each share entails the right to take part, as provided by law and these Bylaws, in Shareholders' Meetings and in votes on resolutions.

Each share entitles the holder to a share of corporate profits and assets proportional to the number of outstanding shares, in consideration of the par value of the shares.

All shares currently comprising, or that shall comprise in future, the Company's share capital are equivalent for tax purposes. Accordingly, each share shall entitle the holder, as much during

the active existence of the Company as in the event of liquidation, to the payment of the same net amount at the time of any distribution or redemption, such that all taxes or tax exemptions relating to said distribution or redemption shall be consolidated, without distinction between the shares.

The liability of shareholders is limited to the amount of their contribution to the Company's share capital.

Under no circumstances may a shareholder's heirs, representatives or creditors apply for seals to be placed on or initiate proceedings against the Company's property and assets, request the division or public sale by auction of the same, nor interfere in any way with the actions of the Company's management. These individuals must refer to the Company's schedules of assets and liabilities and must respect the decisions of Shareholders' Meetings.

CROSSING OF SHAREHOLDER THRESHOLD

Any legal entity or natural person who comes to possess a number of shares representing more than 1% of the Company's share capital shall notify the Company no later than eight days after the crossing of this threshold and each time that a further threshold of 1% is crossed. However, this obligation shall cease to be applicable when the portion of capital held is equal to or greater than 60% of the Company's share capital.

In the event of a failure to comply with this disclosure obligation, the shares in excess of the percentage that should have been declared shall be deprived of their voting rights at any Shareholders' Meeting to be held within a period of three months following the date on which proper notification is made, provided that a request to this effect has been recorded in the minutes of the Shareholders' Meeting by one or more shareholders holding at least 5% of the Company's share capital.

IDENTIFIABLE BEARER SHARES

In order to identify the holders of securities, the Company is entitled to request, at any time, at its own expense, that the central custodian of financial instruments provide the name, or in the case of a legal entity, the Company name, the nationality, the year of birth or incorporation, and the address of the holders of shares conferring the right to vote, immediately or at some point in the future, at its own Shareholders' Meetings, as well as the number of shares held by such natural persons or legal entities and the restrictions, if any, which may exist upon the shares.

In light of the list sent by the aforementioned body, the Company shall be entitled to request information concerning the owners of the shares listed above, either through the intervention of that body, or directly, under the same terms and conditions and subject to the penalties stipulated in Article L. 228-3-2 of the French Commercial Code, of the persons appearing on that list and who might be, in the Company's opinion, registered on behalf of third parties.

When they act as intermediaries, such persons shall be required to disclose the identity of the owners of such shares. The information shall be provided directly to the authorized financial intermediary holding the account, who shall, in turn, be responsible for communicating it to the issuing company or the aforementioned body, as applicable.

Part III

Chapter I: Corporate governance

Article 9 – Composition of the Board of Directors

Subject to the exceptions provided by law, the Company is administered by a Board of Directors composed of at least three and no more than eighteen members, appointed by the Shareholders' Meeting for a term of office lasting three years.

A legal entity may be appointed as a Director but is required, at the time of its appointment, to designate an individual who shall serve as its permanent representative on the Board of Directors. The term of office of a permanent representative is the same as that of the legal entity Director he or she represents and must be reconfirmed at each renewal of the latter's term of office.

When the legal entity dismisses its permanent representative, it must at the same time provide for its replacement, and must send notification to the Company, by registered letter, of this dismissal as well as the identity of the new permanent representative. The same provision applies in case of death or resignation of the permanent representative.

A Director's appointment shall terminate at the close of the Ordinary Shareholders' Meeting convened to approve the accounts of the preceding fiscal year and held in the year during which the term of office of said Director comes to an end.

However, in order to allow a renewal of the terms which is as egalitarian as possible and in any case complete for each period of three years, the Board of Directors will have the option to determine the order of retirement of the Directors by the impartial selection in a Board Meeting of one-third of the Directors each year. Once the rotation has been established, renewals will take place according to seniority.

Nobody being more than eighty-five years old shall be appointed Director if, as a result of his or her appointment, the number of Directors who are more than eighty-five years old would exceed one-third of the members of the Board. The number of members of the Board of Directors who are more than eighty-five years old may not exceed one-third, rounded to the next higher number if this total is not a whole number, of the Directors in office. Whenever this limit is exceeded, the term in office of the oldest appointed member shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was exceeded.

Directors may be re-elected indefinitely. They may be revoked at any time by decision of the Ordinary Shareholders' Meeting.

In case of death or resignation of one or more Advisors, the Board of Directors may, between two Shareholders' Meetings, make provisional appointments, subject to their ratification by the next Ordinary Shareholders' Meeting.

When the number of members of the Board of Directors falls below the statutory minimum, the remaining Directors must immediately convene an Ordinary Shareholders' Meeting in order to supplement the membership of the Board of Directors.

A Director appointed to replace another Director shall serve as Director only for the remainder of the predecessor's term of office.

Article 10 – Shares held by Directors

Each Director must own at least two hundred shares of the Company for the entire duration of his, her or its term of office.

If, when appointed, a member of the Board of Directors does not own the required number of shares, or if the member ceases to own this required number at any point in his, her or its term of office, the member shall be allowed a period of six months to purchase a sufficient number of shares, failing which he, she or it shall be automatically considered to have resigned.

Article 11 – Organization of the Board of Directors

The Board of Directors shall elect a Chairman, who must be an individual, from among its members. It shall determine his term of office, which cannot exceed that of his office as Director.

The Chairman of the Board of Directors cannot be more than seventy-five years old. Should the Chairman reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached. Subject to this provision, the Chairman of the Board may always be re-elected.

In case of temporary disability or death of the Chairman, the Board may temporarily delegate a Director to perform the duties of the Chairman. In case of temporary disability this delegation is granted for a limited duration and is renewable. In case of death it is granted until the election of the new Chairman.

The Board of Directors may also appoint a Secretary, who may or may not be chosen from among the members of the Board.

Article 12 – Operating procedures of the Board of Directors

1. The Board meets as often as required by the interests of the Company and is convened by its Chairman on his own initiative, or if he is not also the Chief Executive Officer, at the request of the Chief Executive Officer or the Director temporarily delegated to perform the duties of Chairman.

If the Board of Directors has not met for more than two months, a meeting may also be convened by any group of Directors, representing at least one-third of the members of the Board, who shall indicate the agenda of the meeting.

Meetings are held at the registered office or at any other location specified in the convening notice. Meetings of the Board are chaired by the Chairman of the Board of Directors, or by the Director temporarily designated to perform the duties of Chairman or, if unavailable, by another Director selected by the Board of Directors.

Notice is served in the form of a letter sent to each Director, at least eight days prior to the meeting; it shall mention the agenda of the meeting as set by the person(s) convening the meeting. However, the Board may meet without notice upon verbal notice and the agenda may be set at the opening of the meeting if all Directors in office are present or represented or when it is convened by the Chairman during a Shareholders' Meeting.

Any Director may give a proxy to another Director, even by letter or cable, to represent him and vote on his behalf on

resolutions of the Board of Directors, for a specific meeting. However, each Director may only dispose of one proxy during the meeting.

An attendance register shall be kept and signed by all the Directors attending each meeting.

2. The Board may validly act only if at least one-half of its members are present.

Directors who participate in Board meetings by means of videoconferencing or other telecommunication methods under the conditions defined by the internal rules and regulations of the Board of Directors shall be deemed to be present for the purposes of calculating the quorum and majority. However, actual presence or representation shall be necessary for any Board resolutions relating to the preparation of the parent company financial statements and consolidated financial statements, and to the drafting of the Management Report and the report on the Group's Management.

Decisions are made by a majority of the votes of members present or represented. In the event of a tie vote, the Chairman's vote is the deciding vote.

3. Proceedings of the Board of Directors shall be officially recorded in the form of minutes in a special numbered and initialed minute book kept at the registered office, or on separate sheets, consecutively numbered and initialed.

These minutes shall be signed by the Chairman of the meeting and by a Director. If the Chairman of the meeting is unavailable, they may be signed by two Directors.

The production of abstracts or copies of the minutes to a meeting shall serve as sufficient justification of the number of Directors in office and their presence or representation by proxy at the meeting.

To be valid, copies or abstracts of the minutes of the meeting shall be certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Secretary, the Director temporarily delegated to perform the duties of Chairman, or by a representative duly authorized to that effect.

In the event of the liquidation of the Company, these copies or abstracts shall be validly certified by a single liquidator.

Article 13 – Powers of the Board of Directors

The Board of Directors sets guidelines for the Company's activities and shall ensure their implementation. Subject to the powers expressly granted to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses any issue relating to the Company's proper operation and settles the affairs concerning it through its resolutions.

In its relations with third parties, the Company is bound even by acts of the Board of Directors falling outside the scope of the corporate purpose, unless it demonstrates that the third party

knew that the act exceeded such purpose or that it could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient proof thereof.

The Board of Directors performs such monitoring and verifications as it deems appropriate. Each Director receives all necessary information for completing his assignment and may request any documents he deems useful.

The Board of Directors distributes among its members the total amount of attendance fees voted by the Shareholders' Meeting.

The decisions of the Board of Directors shall be carried out either by the Chief Executive Officer or by any person specifically appointed by the Board for that purpose.

Furthermore, the Board may grant one of its members or any third parties, whether shareholders or not, any special offices for one or more specific purposes, with or without the option, for the persons so appointed, to themselves delegate, whether in full or in part, the performance of these duties.

It may also resolve to create Committees responsible for studying such issues as it may submit thereto for examination.

Article 14 – Remuneration of the Directors

The Shareholders' Meeting may allocate to the Directors in remuneration for their services a fixed sum as attendance fees, the amount of which is to be included in the overhead expenses of the Company.

The Board shall divide the amount of these attendance fees among its members as it deems fit. In particular, it may decide to allow Directors who serve on committees a greater portion of these fees.

It may also allow exceptional remuneration for specific duties or offices assigned to Directors.

These payments shall be subject to the legal provisions applicable to agreements requiring the prior authorization of the Board of Directors.

Article 14 bis – Advisory Board members

Between one and three Advisors may be appointed. They may each be appointed for a term of no longer than three years, although they may be re-elected. Their appointment or dismissal is subject to the same rules as those applying to Directors. However, Advisors need not be shareholders and as such are not subject to rules relating to the holding of multiple appointments as Directors or to similar positions.

Advisors are convened to the Meetings of the Board of Directors, in which they have a consultative vote. The remuneration paid to Advisors is determined each year by the Board of Directors and is set off from the total attendance fees allocated by the Shareholders' Meeting to the members of the Board of Directors.

Chapter II: Management of the Company**Article 15 – Chairman – General Management****I – CHAIRMAN OF THE BOARD OF DIRECTORS**

The Chairman of the Board of Directors chairs the meetings of the Board, and organizes and directs its work, for which he reports to the Shareholders' Meeting. He ensures the proper operation of the corporate bodies and verifies, in particular, that the Directors are capable of fulfilling their assignments.

The Board shall determine the compensation to be paid to the Chairman.

II – GENERAL MANAGEMENT**1. Choice between the two methods of General Management**

The Company's General Management is performed, under his responsibility, either by the Chairman of the Board of Directors, or by another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer, depending upon the decision of the Board of Directors choosing between the two methods of exercising the General Management function. It shall inform the shareholders thereof in accordance with the regulatory conditions.

When the Company's General Management is assumed by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer shall apply to him.

2. Chief Executive Officer

The Chief Executive Officer may or may not be chosen from among the Directors. The Board sets his term of office as well as his compensation. The age limit for serving as Chief Executive Officer is seventy years. Should the Chief Executive Officer reach this age limit, his term of office shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. If the dismissal is decided without just cause, it may give rise to damages, unless the Chief Executive Officer assumes the duties of Chairman of the Board of Directors.

The Chief Executive Officer is vested with the most extensive powers to act under any circumstances on behalf of the Company. He exercises such powers within the limits of the corporate purpose, and subject to the powers expressly granted by law to the Shareholders' Meeting and to the Board of Directors.

He shall represent the Company in its relations with third parties. The Company is bound even by acts of the Chief Executive Officer falling outside the scope of the corporate purpose, unless it demonstrates that the third party knew that the act exceeded such purpose or could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient to establish such proof.

The provisions of the Bylaws or decisions of the Board of Directors limiting the powers of the Chief Executive Officer are not binding on third parties.

3. Group Managing Directors

Upon the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer, with the title of Group Managing Director, for whom it shall set the compensation.

There may not be more than five Group Managing Directors serving in this capacity at the same time.

Group Managing Directors may be dismissed at any time by the Board of Directors, upon the proposal of the Chief Executive Officer. If the dismissal is decided without just cause, it may give rise to damages.

When the Chief Executive Officer ceases to exercise his duties or is prevented from doing so, the Group Managing Directors remain in office with the same powers until the appointment of the new Chief Executive Officer, unless resolved otherwise by the Board.

In agreement with the Chief Executive Officer, the Board of Directors sets the scope and duration of the powers granted to Group Managing Directors. With regard to third parties, they shall have the same powers as the Chief Executive Officer.

The age limit for eligibility to perform the duties of Group Managing Director is seventy years. Should a Group Managing Director reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

Chapter III: Company audit**Article 16 – Statutory Auditors**

The Company shall be audited by one or more Statutory Auditors appointed by the Ordinary Shareholders' Meeting.

One or more alternate Statutory Auditors shall also be appointed.

The term of office for a Statutory Auditor is six fiscal years, expiring following the Ordinary Shareholders' Meeting convened to approve the financial statements for the sixth fiscal year.

Statutory Auditors may be removed from office by the Shareholders' Meeting in the event of negligence or inability.

They are required to attend Meetings of the Board of Directors convened to approve the annual or half-yearly financial statements of the preceding fiscal year as well as all Shareholders' Meetings.

The remuneration paid to Statutory Auditors is determined in accordance with applicable regulatory procedures.

A Statutory Auditor appointed to replace another shall remain in office only until the expiration of the term of office of his or her predecessor.

Part IV

Shareholders' Meetings

Chapter I: General provisions

Article 17

IMPACT OF DECISIONS

Shareholders' Meetings deemed to be duly convened and held represent all shareholders. Decisions taken during Shareholders' Meetings, in accordance with the law and the provisions of these Bylaws, shall be binding for all shareholders, even those who are absent, indisposed or dissenting.

CONVENING NOTICES

Shareholders meet every year, within six months from the end of each fiscal year, in an Ordinary Shareholders' Meeting.

Additional Shareholders' Meetings may be convened at any time during the year, whether as Ordinary Shareholders' Meetings held on an extraordinary basis or as Extraordinary Shareholders' Meetings.

Shareholders' Meetings shall be convened and held as provided by law.

Convening notices are sent to shareholders at least fifteen days prior to the planned date of the Shareholders' Meeting. This period is reduced to ten days for reconvened Shareholders' Meetings and for postponed Meetings.

ATTENDANCE

The Shareholders' Meeting is made up of all shareholders, irrespective of the number of shares they own.

The right to attend and vote at Shareholders' Meetings is subject to the registration of the shareholder in the Company's share register.

A shareholder is entitled to attend and vote at any Meeting provided that the shares held are registered in the name of the shareholder or intermediary authorized to act on his or her behalf as of the fourth business day preceding the Meeting at midnight, Paris time, either in the accounts of registered shares maintained by the Company or in the accounts of bearer shares maintained by the officially authorized financial intermediary. The recording or registration of bearer shares is certified by a statement delivered by the financial intermediary authorized as account holder.

Holder of shares shall not be admitted to Shareholders' Meetings with respect to the shares not paid up within a period of thirty calendar days from the notice issued by the Company. These shares shall be subtracted when calculating the quorum.

A shareholder can always be represented in a valid manner at a Shareholders' Meeting by another shareholder, his or her spouse, the partner with whom he or she has entered into a *Pacte civil de solidarité* (PACS, the French civil union contract), or any other private individual or legal entity of his or her choice. Written notice must be sent to the Company of the appointment of any proxy, and where applicable the rescindment of this appointment.

Shareholders may address their proxy form and/or their voting form for any Meeting, in accordance with applicable laws and regulations, either by mail or, if decided by the Board of Directors, by electronic transmission.

Pursuant to the provisions of Article 1316-4, paragraph 2 of the French Civil Code, in the event of the use of an electronically submitted form, the shareholder's signature shall make use of a reliable identification process that ensures the link with the document to which it is attached.

A shareholder having voted by mail or by electronic transmission, sent a proxy or requested an admittance card or certificate stating the ownership of shares may not select another means of taking part in the meeting.

Any shareholder not deprived of voting rights may be appointed as a proxy by another shareholder in order to be represented at a Meeting.

Any intermediary who meets the requirements set forth in paragraphs 7 and 8 of Article L. 228-1 of the French Commercial Code may, pursuant to a general securities management agreement, transmit to a Shareholders' Meeting the vote or proxy of a shareholder, as defined in paragraph 7 of that same article.

Before transmitting any proxies or votes to a Shareholders' Meeting, the intermediary registered pursuant to Article L. 228-1 of the French Commercial Code shall be required, at the request of the issuing company or its agent, to provide a list of the non-resident owners of the shares to which such voting rights are attached. Such list shall be supplied as provided by either Article L. 228-2 or Article L. 228-3 of the French Commercial Code, whichever is appropriate.

A vote or proxy issued by an intermediary who either is not declared as such, or does not disclose the identity of the shareholders, may not be counted.

Legal representatives of legally incapacitated shareholders, and natural persons representing shareholders that are legal entities, shall take part in meetings regardless of whether or not they personally are shareholders.

Shareholders have as many votes as they hold shares. However, a voting right equal to twice the voting right attached to other shares with respect to the portion of the share capital that they represent, is granted:

- to all fully paid-up registered shares for which evidence of registration under the name of the same shareholder, over a period of least three years, may be demonstrated;
- to registered shares allocated to a shareholder in case of increase of the capital by capitalization of reserves, or of profits carried forward or of issue premiums due to existing shares for which it was entitled to benefit from this right.

This double voting right shall automatically lapse in the case of registered shares being converted into bearer shares or conveyed in property. However, any transfer by right of inheritance, by way of liquidation of community property between spouses or deed of gift *inter vivos* to the benefit of a spouse or an heir shall neither cause the acquired right to be lost nor interrupt the abovementioned three-year qualifying period. This is also the case for any transfer due to a merger or spin-off of a shareholding company.

When a Works Council exists within the Company, two of its members, appointed by the Council, may attend Shareholders' Meetings. At their request, their opinions must be heard on the occasion of any vote requiring the unanimous approval of shareholders.

Article 18 – Convening and conduct of Shareholders' Meetings

Shareholders' Meetings shall be convened as provided by law.

Meetings are held at the registered office or at any other place mentioned in the convening notice.

In accordance with the conditions set by applicable legal and regulatory provisions, and pursuant to a decision of the Board of Directors, Shareholders' Meetings may also be held by means of video conference or through the use of any telecommunications media allowing the identification of shareholders.

A Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his absence, by the Vice Chairman of the Board of Directors or, in the absence of both of these individuals, by a member of the Board of Directors appointed by the Board for that purpose. If no such person has been appointed, the meeting elects its Chairman.

The agenda of the meeting shall be set, in the usual course of events, by the person(s) convening the meeting.

The two members of the Meeting present, having the greatest number of votes, and accepting that role, are appointed as Scrutineers.

The Officers of the Meeting appoint a Secretary, who may but need not be a shareholder.

An attendance sheet is drawn up and initialed by the shareholders present, and certified as accurate by the Officers of the Meeting.

Proceedings of the Shareholders' Meeting shall be officially recorded in the form of minutes in a special numbered and initialed minute book kept at the registered office, or on separate sheets, consecutively numbered and initialed.

These minutes shall be signed by the Officers of the meeting. Copies or abstracts of the minutes shall be validly certified by the Chairman of the Board of Directors, by a Director temporarily delegated to perform the duties of the Chief Executive Officer, or by the Secretary of the Meeting.

Chapter II: Ordinary Shareholders' Meetings

Article 19 – Powers

The Ordinary Shareholders' Meeting shall hear the reports prepared by the Board of Directors, its Chairman, and the Statutory Auditors. It also reviews the financial statements prepared by the Company.

The Meeting discusses, approves, amends or rejects the financial statements submitted. It decides upon the distribution and appropriation of profits.

It decides upon any amounts to be allocated to reserve funds. It also determines the amounts to be withdrawn from reserves and decides upon their distribution.

It determines the total amount of attendance fees to be allocated to the members of the Board of Directors.

It appoints, replaces, re-elects or dismisses Directors.

It ratifies any appointments of Directors made on a provisional basis by the Board of Directors.

It appoints the Statutory Auditors and examines their special report.

It hears all proposals that do not fall within the exclusive remit of the Extraordinary Shareholders' Meeting.

Article 20 – Quorum and majority

In order to pass valid resolutions, the Ordinary Shareholders' Meeting, convened upon first notice, must consist of shareholders, present or represented, holding at least one-fifth of total voting shares.

When convened upon second notice, the deliberations of an Ordinary Shareholders' Meeting shall be valid regardless of the number of shares represented.

The resolutions of the Ordinary Shareholders' Meeting are approved by a majority of the votes held by the shareholders present or represented.

Chapter III: Extraordinary Shareholders' Meetings

Article 21 – Powers

The Extraordinary Shareholders' Meeting may amend the Bylaws in any of its provisions and it may also decide upon the transformation of the Company into a company having any other legal form.

However, in no event, unless by unanimous decision of the shareholders, may it increase the duties of the latter, nor may it violate the principle of equal treatment of all shareholders, except in the case of transactions resulting from a duly completed regrouping of shares.

Article 22 – Quorum and majority

1. In order to pass valid resolutions, the Extraordinary Shareholders' Meeting, convened upon first notice, must consist of shareholders, present or represented, holding at least one-fourth of total voting shares. The deliberations of an Extraordinary Shareholders' Meeting convened upon second notice or held as a result of the postponement of the meeting convened upon second notice shall be valid provided it consists of shareholders holding at least one-fifth of total voting shares.

The resolutions of the Extraordinary Shareholders' Meeting shall be adopted by a two-thirds majority of the votes of the shareholders present or represented.

2. When deciding upon or authorizing the Board of Directors to effect a capital increase through the incorporation of reserves, unappropriated retained earnings, or issue premiums, resolutions are passed subject to the quorum and majority conditions of Ordinary Shareholders' Meetings.

3. A capital increase effected by way of an increase in the par value of shares to be paid up in cash, or through the offsetting of receivables, requires the unanimous approval of shareholders, representing the entirety of shares making up the share capital.

Chapter IV: Constitutive Shareholders' Meetings

Article 23 – Quorum and majority

Constitutive Shareholders' Meetings, which are those convened to approve contributions in kind or benefits in kind, shall pass valid resolutions subject to the quorum and majority conditions of Extraordinary Shareholders' Meetings specified in the previous Article.

At these Meetings, neither the contributor nor the beneficiary may vote, on his or her own behalf or as a proxy. His or her shares shall not be taken into account when calculating the quorum and majority.

Part V

Parent company financial statements

Article 24 – Fiscal year

Each fiscal year has a duration of twelve months, commencing on the first day of July and ending on the thirtieth day of June of the following civil year.

Article 25 – Company accounts

Regular accounts shall be kept of the Company's operations in conformity with the law and normal commercial practice.

At the end of each fiscal year, the Board of Directors shall draw up the schedule of the assets and liabilities existing as of the fiscal year-end as well as the annual accounts. The amount of commitments in the form of sureties, guarantees or collateral shall be mentioned in the balance sheet.

The Board of Directors shall also draw up a Management Report.

All of these documents shall be made available to the Statutory Auditors in accordance with applicable laws and regulations.

Article 26 – Distributable earnings

1. The net proceeds of each fiscal year, minus general expenses and other expenses incurred by the Company, including all amortization, depreciation and provisions, represents the net profit or loss of the fiscal year.
2. From the net profit for each fiscal year, minus prior losses, if any, an amount equal to at least one-twentieth must be deducted and allocated to the formation of a "legal reserve" fund. This deduction is no longer required when the amount of the legal reserve has reached one-tenth of the share capital of the Company. It is resumed when, for any reason, the legal reserve falls below this fraction.
3. Distributable earnings consist of the remaining balance, plus any profits carried forward.

From these distributable earnings:

The Shareholders' Meeting may deduct the necessary amounts for allocation to the special reserve for long-term capital gains, as provided for by current tax provisions, if other legal or optional reserves do not allow such contribution at the

time the allocation is taxable in order to defer payment at the full corporate income tax rate applicable to long-term capital gains realized during the fiscal year.

The Shareholders' Meeting may then deduct from the balance such sums as it deems appropriate, either to be carried forward to the following fiscal year, or to be applied to one or more general or special reserve funds, whose allocation or use it shall freely determine.

Any remaining balance is to be distributed among all shareholders in the form of a dividend, prorated in accordance with the share capital represented by each share.

The Shareholders' Meeting convened to approve the fiscal year's financial statements may grant each shareholder, upon the proposal of the Board of Directors, in relation to all or part of the dividend distributed, a choice between payment of the dividend in cash or in shares. The Board of Directors has the same authority for the distribution of interim dividends.

In addition, the Shareholders' Meeting may decide to distribute assets recorded in the balance sheet of the Company and, in particular, securities by taking sums from the profits, retained earnings, reserves or premiums. The Shareholders' Meeting may decide that rights forming fractional shares shall neither be tradable nor assignable. The Shareholders' Meeting may for example decide that, when the fraction of the distribution to which the shareholder is entitled does not correspond to a whole number in the unit of measure used for the distribution, the shareholder will receive the next lower whole number of that unit of measure plus an equalization payment in cash.

4. Except in the case of a capital reduction, no distribution may be made to shareholders when equity is or would subsequently become less than the total share capital.
5. When a balance sheet, drawn up during or at the end of the fiscal year and certified by a Statutory Auditor, shows that the Company, since the close of the preceding fiscal year, after having made the necessary depreciations, amortizations and provisions and after deduction of any prior losses as well as of the amounts to be allocated to reserves according to law or these Bylaws, and after having taken into account any prior profits carried forward, has available earnings, the Board of Directors may resolve to distribute interim dividends prior to the approval of the financial statements of the fiscal year, and may determine the terms thereof notably with regard to amount and timing. Said interim dividends may be distributed in cash or in kind, including in the form of assets from the Company's balance sheet (which may include negotiable securities). In the event of an interim distribution in kind, the Board of Directors may decide that fractional rights will be neither negotiable nor transferable. The Board of Directors may for example decide that, when the fraction of the distribution to which the shareholder is entitled does not correspond to a whole number in the unit of measure used for the distribution, the shareholder will receive the next lower whole number of that unit of measure plus an equalization payment in cash. The amount of such interim dividends cannot exceed the amount of the profits as defined in this paragraph.

Part VI

Transformation – Dissolution – Extension – Liquidation – Litigation

Article 27 – Transformation

The Company may be transformed into a company having a different legal form provided that, at the time of the transformation, it has been in existence for at least two years and the balance sheets of its first two years of existence have been approved by the shareholders.

Any transformation of the Company must be decided upon and published as provided by law.

Article 28 – Net assets amounting to less than one-half of the share capital

If, as a consequence of losses showed by the Company's accounts, the equity of the Company is reduced to below one-half of the share capital of the Company, the Board of Directors shall, within four months from the approval of the accounts showing such loss, convene an Extraordinary Shareholders' Meeting in order to decide whether the Company ought to be dissolved before its statutory term.

If the dissolution is not resolved, the Company must, no later than the end of the second fiscal year following the fiscal year during which the losses were established, reduce its share capital by an amount at least equal to the losses which could not be charged to reserves if, by the conclusion of the aforementioned period, the net assets have not been replenished to an amount at least equal to one-half of the share capital.

In either case, the resolution adopted by the Shareholders' Meeting shall be published, in accordance with the law.

Article 29 – Premature dissolution and extension

An Extraordinary Shareholders' Meeting may at any time declare the premature dissolution of the Company or, at the expiration of the Company's term of existence, its extension.

At least one year prior to the expiration of the Company's term of existence, the Board of Directors shall convene an Extraordinary

Shareholders' Meeting, in order to decide whether the Company's term ought to be extended.

Article 30 – Liquidation

Upon the expiration of the Company's term of existence or in the event of its premature dissolution, the Shareholders' Meeting shall decide the methods of liquidation and appoint one or several liquidators whose powers it shall determine.

The appointment of the liquidator(s) terminates the office of the Directors and that of the Statutory Auditors.

During the period of the liquidation, the Shareholders' Meeting shall retain the same powers as those it exercised during the existence of the Company.

The net proceeds of the liquidation, after payment of liabilities, shall be used first for the repayment of the amount paid up on shares that has not already been repaid to shareholders by the Company, with the balance divided among all the shares.

The shareholders are convened at the end of the liquidation in order to decide on the final accounts, to discharge the liquidators from liability for their acts of management and the performance of their office, and to formally acknowledge the termination of the liquidation process. The conclusion of the liquidation shall be published as provided by law.

Article 31 – Litigation – Election of domicile

Any litigation that may arise, during the term of existence of the Company or its liquidation, either between the shareholders and the Company, or among the shareholders themselves, with respect to Company activities, shall be heard by the competent courts with jurisdiction over the location of the Company's registered office.

To this end, all shareholders must elect domicile within the same area of jurisdiction as the registered office and all summons or notices shall be validly served at this domicile.

Where no such domicile is elected, summons and notices shall be validly served before the Procureur de la République (French public prosecutor) at the Tribunal de Grande Instance (French civil court) that has jurisdiction over the location of the registered office.

7. Draft Bylaws of the Company as a Societas Europaea

These Bylaws will come into force as from the definitive completion of the Company's transformation into a Societas Europaea (SE), as validated by its registration.

Part I

Legal form – Corporate purpose – Corporate name – Registered office – Duration

Article 1 – Legal form

Christian Dior, first established in the form of a limited liability partnership under the terms of a private agreement concluded on October 8, 1946 in Paris, filed on October 18, 1946 with the clerk of the Paris commercial court and published in the Journal Special des Sociétés Françaises par Actions of October 18, 1946, was transformed into a joint-stock corporation (société anonyme) without creating a new legal entity, following a decision of the Extraordinary Meeting of Partners held on December 21, 1979.

The Company was then transformed into a European Company (Societas Europaea or "S.E.") by decision of the Combined Shareholders' Meeting of December 9, 2014. It is governed by European Community and national provisions in effect, and by these Bylaws.

Article 2 – Corporate purpose

The Company's purpose, in France and in any other country, is the taking and management of interests in any company or entity, whether commercial, industrial, or financial, whose direct or indirect activity involves the manufacture and/or dissemination of Prestige products, through the acquisition, in any form whatsoever, of shares, corporate interests, bonds, or other securities or investment rights.

It may also pursue direct or indirect equity investment in any industrial or commercial operations by creating new companies, contributions, subscriptions, or purchases of shares or corporate interests, merger, takeover, joint venture, or other method.

More generally, it may also engage in any commercial, financial, and industrial activities and those involving real and moveable assets, in such a way as to facilitate, favor, or develop the Company's activity.

Article 3 – Corporate name

The name of the Company is: **Christian Dior**.

In all legal instruments or documents issued by the Company and addressed to third parties, this name must always be immediately preceded or followed by the words "société européenne" or the initials "S.E.", which should appear legibly, and by the disclosure of the amount of the share capital.

Article 4 – Registered office

The address of the Company's registered office is 30, avenue Montaigne, 75008 Paris, France.

It may be transferred to any other place within the same French administrative district (département) or any neighboring administrative district pursuant to a decision of the Board of Directors subject to the ratification of said decision by the next Ordinary Shareholders' Meeting, and to any other place pursuant to a resolution of the Extraordinary Shareholders' Meeting.

Agencies, branch offices, warehouses and retail outlets may be established in any place and in any country, by simple resolution of the Board of Directors, which may later relocate or close these entities at its discretion.

Article 5 – Duration

The duration of the Company is ninety-nine years, starting from its date of incorporation, on the eighth day of October, in the year one thousand nine hundred and forty-six.

Part II

Share capital – Shares

Article 6 – Share capital

The share capital of the Company is 363,454,096 euros, consisting of 181,727,048 fully paid-up shares with a par value of 2 euros each, all of which belong to the same category.

The Company issued 4,351,808 shares further to the contribution by the various shareholders of Djedi Holding SA of 5,159,349 shares held in absolute ownership and 206,374 shares held in bare ownership in the said company, valued at 1,958,313,600 French francs.

Article 7 – Changes in the share capital

The share capital may be increased or decreased by a resolution of the Extraordinary Shareholders' Meeting, as provided by law.

The Shareholders' Meeting may delegate the authority or powers necessary to effect such a change to the Board of Directors.

Article 8 – Shares

PAYMENT

Shares subscribed in cash must be paid up, upon subscription, in an amount equivalent to at least one-quarter of their par value, plus, where applicable, the entirety of the issue premium. The remainder shall be called by the Board of Directors within a maximum period of five years.

Payment for shares may be made by offsetting against liquid and demandable receivables due from the Company.

Shareholders shall be informed of calls for funds at least fifteen days in advance, either by a notice inserted in a legal gazette published where the registered office is located or by registered letter with acknowledgment of receipt sent to each shareholder.

Shares allocated in the form of a contribution in kind or by way of the capitalization of unappropriated retained earnings, reserves or issue premiums as well as shares the amount of which results, in part, from an incorporation of reserves, unappropriated retained earnings or issue premiums and in part, from a cash payment, must be fully paid up upon issue.

Any late payment for shares incurs, automatically and without prior formal notice, an interest charge due to the Company, calculated at the legal rate in commercial matters as of the payment date, plus three percentage points.

FORM

Fully paid-up shares may be in registered or bearer form, at the discretion of the shareholder.

When the owner of the shares is not a French resident within the meaning applied Article 102 of the French Civil Code, any intermediary may be registered on behalf of such owner. Such registration may be made in the form of a joint account or several individual accounts, each corresponding to one owner.

At the time such account is opened through either the issuing company or the financial intermediary authorized as account holder, the registered intermediary shall be required to declare, under the terms and conditions laid down by decree, its capacity as intermediary holding shares on behalf of another party.

TRANSFER OF SHARES

Shares are freely negotiable, unless as prohibited by applicable laws or regulations, in particular as regards shares with payments in arrears and contributing shares.

Registered shares are transferred via inter-account transfer based on the instructions of the account holder or his or her legal representative.

INDIVISIBILITY

Shares are indivisible as far as the Company is concerned. Joint holders of shares shall be required to be represented vis-à-vis the Company by only one of the joint holders or by a mutually agreed permanent representative.

RIGHTS ATTACHED TO THE SHARES

Ownership of a share automatically implies acceptance of these Bylaws and of resolutions passed by Shareholders' Meetings.

Each share entails the right to take part, as provided by law and these Bylaws, in Shareholders' Meetings and in votes on resolutions.

Each share entitles the holder to a share of corporate profits and assets proportional to the number of outstanding shares, in consideration of the par value of the shares.

All shares currently comprising, or that shall comprise in future, the Company's share capital are equivalent for tax purposes. Accordingly, each share shall entitle the holder, as much during

the active existence of the Company as in the event of liquidation, to the payment of the same net amount at the time of any distribution or redemption, such that all taxes or tax exemptions relating to said distribution or redemption shall be consolidated, without distinction between the shares.

The liability of shareholders is limited to the amount of their contribution to the Company's share capital.

Under no circumstances may a shareholder's heirs, representatives or creditors apply for seals to be placed on or initiate proceedings against the Company's property and assets, request the division or public sale by auction of the same, nor interfere in any way with the actions of the Company's management. These individuals must refer to the Company's schedules of assets and liabilities and must respect the decisions of Shareholders' Meetings.

CROSSING OF SHAREHOLDER THRESHOLD

Any legal entity or natural person who comes to possess a number of shares representing more than 1% of the Company's share capital shall notify the Company no later than eight days after the crossing of this threshold and each time that a further threshold of 1% is crossed. However, this obligation shall cease to be applicable when the portion of capital held is equal to or greater than 60% of the Company's share capital.

In the event of a failure to comply with this disclosure obligation, the shares in excess of the percentage that should have been declared shall be deprived of their voting rights at any Shareholders' Meeting to be held within a period of three months following the date on which proper notification is made, provided that a request to this effect has been recorded in the minutes of the Shareholders' Meeting by one or more shareholders holding at least 5% of the Company's share capital.

IDENTIFIABLE BEARER SHARES

In order to identify the holders of securities, the Company is entitled to request, at any time, at its own expense, that the central custodian of financial instruments provide the name, or in the case of a legal entity, the Company name, the nationality, the year of birth or incorporation, and the address of the holders of shares conferring the right to vote, immediately or at some point in the future, at its own Shareholders' Meetings, as well as the number of shares held by such natural persons or legal entities and the restrictions, if any, which may exist upon the shares.

In light of the list sent by the aforementioned body, the Company shall be entitled to request information concerning the owners of the shares listed above, either through the intervention of that body, or directly, under the same terms and conditions and subject to the penalties stipulated in Article L. 228-3-2 of the French Commercial Code, of the persons appearing on that list and who might be, in the Company's opinion, registered on behalf of third parties.

When they act as intermediaries, such persons shall be required to disclose the identity of the owners of such shares. The information shall be provided directly to the authorized financial intermediary holding the account, who shall, in turn, be responsible for communicating it to the issuing company or the aforementioned body, as applicable.

Part III

Chapter I: Corporate governance

Article 9 – Composition of the Board of Directors

Subject to the exceptions provided by law, the Company is administered by a Board of Directors composed of at least three and no more than eighteen members, appointed by the Shareholders' Meeting for a term of office lasting three years.

A legal entity may be appointed as a Director but is required, at the time of its appointment, to designate an individual who shall serve as its permanent representative on the Board of Directors. The term of office of a permanent representative is the same as that of the legal entity Director he or she represents and must be reconfirmed at each renewal of the latter's term of office.

When the legal entity dismisses its permanent representative, it must at the same time provide for its replacement, and must send notification to the Company, by registered letter, of this dismissal as well as the identity of the new permanent representative. The same provision applies in case of death or resignation of the permanent representative.

A Director's appointment shall terminate at the close of the Ordinary Shareholders' Meeting convened to approve the accounts of the preceding fiscal year and held in the year during which the term of office of said Director comes to an end.

However, in order to allow a renewal of the terms which is as egalitarian as possible and in any case complete for each period of three years, the Board of Directors will have the option to determine the order of retirement of the Directors by the impartial selection in a Board Meeting of one-third of the Directors each year. Once the rotation has been established, renewals will take place according to seniority.

Nobody being more than eighty-five years old shall be appointed Director if, as a result of his or her appointment, the number of Directors who are more than eighty-five years old would exceed one-third of the members of the Board. The number of members of the Board of Directors who are more than eighty-five years old may not exceed one-third, rounded to the next higher number if this total is not a whole number, of the Directors in office. Whenever this limit is exceeded, the term in office of the oldest appointed member shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was exceeded.

Directors may be re-elected indefinitely. They may be revoked at any time by decision of the Ordinary Shareholders' Meeting.

In case of death or resignation of one or more Advisors, the Board of Directors may, between two Shareholders' Meetings, make provisional appointments, subject to their ratification by the next Ordinary Shareholders' Meeting.

When the number of members of the Board of Directors falls below the statutory minimum, the remaining Directors must immediately convene an Ordinary Shareholders' Meeting in order to supplement the membership of the Board of Directors.

A Director appointed to replace another Director shall serve as Director only for the remainder of the predecessor's term of office.

Article 10 – Shares held by Directors

Each Director must own at least two hundred shares of the Company for the entire duration of his, her or its term of office.

If, when appointed, a member of the Board of Directors does not own the required number of shares, or if the member ceases to own this required number at any point in his, her or its term of office, the member shall be allowed a period of six months to purchase a sufficient number of shares, failing which he, she or it shall be automatically considered to have resigned.

Article 11 – Organization of the Board of Directors

The Board of Directors shall elect a Chairman, who must be an individual, from among its members. It shall determine his term of office, which cannot exceed that of his office as Director.

The Chairman of the Board of Directors cannot be more than seventy-five years old. Should the Chairman reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached. Subject to this provision, the Chairman of the Board may always be re-elected.

In case of temporary disability or death of the Chairman, the Board may temporarily delegate a Director to perform the duties of the Chairman. In case of temporary disability this delegation is granted for a limited duration and is renewable. In case of death it is granted until the election of the new Chairman.

The Board of Directors may also appoint a Secretary, who may or may not be chosen from among the members of the Board.

Article 12 – Operating procedures of the Board of Directors

1. The Board meets as often as required by the interests of the Company and at least every three months, and is convened by its Chairman on his own initiative, or if he is not also the Chief Executive Officer, at the request of the Chief Executive Officer or the Director temporarily delegated to perform the duties of Chairman.

If the Board of Directors has not met for more than two months, a meeting may also be convened by any group of Directors, representing at least one-third of the members of the Board, who shall indicate the agenda of the meeting.

Meetings are held at the registered office or at any other location specified in the convening notice. Meetings of the Board are chaired by the Chairman of the Board of Directors, or by the Director temporarily designated to perform the duties of Chairman or, if unavailable, by another Director selected by the Board of Directors.

Notice is served in the form of a letter sent to each Director, at least eight days prior to the meeting; it shall mention the agenda of the meeting as set by the person(s) convening the meeting. However, the Board may meet without notice upon verbal notice and the agenda may be set at the opening of the meeting if all Directors in office are present or represented or when it is convened by the Chairman during a Shareholders' Meeting.

Any Director may give a proxy to another Director, even by letter or cable, to represent him and vote on his behalf on

resolutions of the Board of Directors, for a specific meeting. However, each Director may only dispose of one proxy during the meeting.

An attendance register shall be kept and signed by all the Directors attending each meeting.

2. A meeting of the Board of Directors shall be valid if at least half of its members are present or represented.

Directors who participate in Board meetings by means of videoconferencing or other telecommunication methods under the conditions defined by the internal rules and regulations of the Board of Directors shall be deemed to be present for the purposes of calculating the quorum and majority. However, actual presence or representation shall be necessary for any Board resolutions relating to the preparation of the parent company financial statements and consolidated financial statements, and to the drafting of the Management Report and the report on the Group's Management.

Decisions are made by a majority of the votes of members present or represented. In the event of a tie vote, the Chairman's vote is the deciding vote.

3. Proceedings of the Board of Directors shall be officially recorded in the form of minutes in a special numbered and initialed minute book kept at the registered office, or on separate sheets, consecutively numbered and initialed.

These minutes shall be signed by the Chairman of the meeting and by a Director. If the Chairman of the meeting is unavailable, they may be signed by two Directors.

The production of abstracts or copies of the minutes to a meeting shall serve as sufficient justification of the number of Directors in office and their presence or representation by proxy at the meeting.

To be valid, copies or abstracts of the minutes of the meeting shall be certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Secretary, the Director temporarily delegated to perform the duties of Chairman, or by a representative duly authorized to that effect.

In the event of the liquidation of the Company, these copies or abstracts shall be validly certified by a single liquidator.

Article 13 – Powers of the Board of Directors

The Board of Directors sets guidelines for the Company's activities and shall ensure their implementation. Subject to the powers expressly granted to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses any issue relating to the Company's proper operation and settles the affairs concerning it through its resolutions.

In its relations with third parties, the Company is bound even by acts of the Board of Directors falling outside the scope of the corporate purpose, unless it demonstrates that the third party knew that the act exceeded such purpose or that it could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient proof thereof.

The Board of Directors performs such monitoring and verifications as it deems appropriate. Each Director receives all necessary information for completing his assignment and may request any documents he deems useful.

The Board of Directors shall exercise the powers defined by the law and regulations applicable in France, or delegated or authorized by a Shareholders' Meeting pursuant to said law and regulations; these powers shall include inter alia:

- setting, annually, either an overall limit within which the Chief Executive Officer may undertake commitments on behalf of the Company in the form of sureties, endorsements, guarantees or letters of intent involving an obligation of means; or a maximum amount for each of the above commitments. The decision to exceed the overall limit or the maximum amount set for a commitment may be made only by the Board of Directors. The Chief Executive Officer may delegate all or part of the powers granted to him in accordance with law and regulations.
- being able to set an annual limit on bond issues, and delegate to one or more of its members or the Chief Executive Officer or, with the latter's consent, to one or more Group Managing Directors, the necessary powers to carry out and define the terms of bond issues within that limit. The Board of Directors must be notified of any use of such delegation of powers at its next meeting after a bond issue is launched.

Members of the Board of Directors shall be forbidden from divulging any information about the Company, even after their terms of office have ceased, where such disclosure may be prejudicial to the Company's interests, except where such disclosure is permitted by current law and regulations or for the public benefit.

The Board of Directors may adopt internal rules and regulations establishing, inter alia, its composition, missions, operating procedures and its members' liability.

The Board of Directors may also create special-purpose committees of Directors, which may be permanent or temporary. Such committees may include but are not limited to: a special-purpose Committee to monitor the preparation and auditing of accounting and financial information, a Committee that oversees the remuneration of Directors and a Committee that oversees appointments; a single Committee may oversee both remuneration and appointments Directors. Committee composition and responsibilities shall be set forth in internal regulations adopted by the Board of Directors.

The decisions of the Board of Directors shall be carried out either by the Chief Executive Officer or by any person specifically appointed by the Board for that purpose.

Furthermore, the Board may grant one of its members or any third parties, whether shareholders or not, any special offices for one or more specific purposes, with or without the option, for the persons so appointed, to themselves delegate, whether in full or in part, the performance of these duties.

Article 14 – Remuneration of the Directors

The Shareholders' Meeting may allocate to the Directors in remuneration for their services a fixed sum as attendance fees, the amount of which is to be included in the overhead expenses of the Company.

The Board shall divide the amount of these attendance fees among its members as it deems fit. In particular, it may decide to allow Directors who serve on committees a greater portion of these fees.

It may also allow exceptional remuneration for specific duties or offices assigned to Directors.

These payments shall be subject to the legal provisions applicable to agreements requiring the prior authorization of the Board of Directors.

Article 14 bis – Advisory Board members

Between one and three Advisors may be appointed. They may each be appointed for a term of no longer than three years, although they may be re-elected. Their appointment or dismissal is subject to the same rules as those applying to Directors. However, Advisors need not be shareholders and as such are not subject to rules relating to the holding of multiple appointments as Directors or to similar positions.

Advisors are convened to the Meetings of the Board of Directors, in which they have a consultative vote.

The remuneration paid to Advisors is determined each year by the Board of Directors and is set off from the total attendance fees allocated by the Shareholders' Meeting to the members of the Board of Directors.

Chapter II: Management of the Company

Article 15 – Chairman – General Management

I – CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors chairs the meetings of the Board, and organizes and directs its work, for which he reports to the Shareholders' Meeting. He ensures the proper operation of the corporate bodies and verifies, in particular, that the Directors are capable of fulfilling their assignments.

The Board shall determine the compensation to be paid to the Chairman.

II – GENERAL MANAGEMENT

1. Choice between the two methods of General Management

The Company's General Management is performed, under his responsibility, either by the Chairman of the Board of Directors, or by another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer, depending upon the decision of the Board of Directors choosing between the two methods of exercising the General Management function. It shall inform the shareholders thereof in accordance with the regulatory conditions.

When the Company's General Management is assumed by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer shall apply to him.

2. Chief Executive Officer

The Chief Executive Officer may or may not be chosen from among the Directors. The Board sets his term of office as well as his compensation. The age limit for serving as Chief Executive Officer is seventy years. Should the Chief Executive

Officer reach this age limit, his term of office shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. If the dismissal is decided without just cause, it may give rise to damages, unless the Chief Executive Officer assumes the duties of Chairman of the Board of Directors.

The Chief Executive Officer is vested with the most extensive powers to act under any circumstances on behalf of the Company. He exercises such powers within the limits of the corporate purpose, and subject to the powers expressly granted by law to the Shareholders' Meeting and to the Board of Directors.

He shall represent the Company in its relations with third parties. The Company is bound even by acts of the Chief Executive Officer falling outside the scope of the corporate purpose, unless it demonstrates that the third party knew that the act exceeded such purpose or could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient to establish such proof.

The provisions of the Bylaws or decisions of the Board of Directors limiting the powers of the Chief Executive Officer are not binding on third parties.

3. Group Managing Directors

Upon the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer, with the title of Group Managing Director, for whom it shall set the compensation.

There may not be more than five Group Managing Directors serving in this capacity at the same time.

Group Managing Directors may be dismissed at any time by the Board of Directors, upon the proposal of the Chief Executive Officer. If the dismissal is decided without just cause, it may give rise to damages.

When the Chief Executive Officer ceases to exercise his duties or is prevented from doing so, the Group Managing Directors remain in office with the same powers until the appointment of the new Chief Executive Officer, unless resolved otherwise by the Board.

In agreement with the Chief Executive Officer, the Board of Directors sets the scope and duration of the powers granted to Group Managing Directors. With regard to third parties, they shall have the same powers as the Chief Executive Officer.

The age limit for eligibility to perform the duties of Group Managing Director is seventy years. Should a Group Managing Director reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

Chapter III: Company audit**Article 16 – Statutory Auditors**

The Company shall be audited by one or more Statutory Auditors appointed by the Ordinary Shareholders' Meeting.

One or more alternate Statutory Auditors shall also be appointed.

The term of office for a Statutory Auditor is six years, expiring following the Ordinary Shareholders' Meeting convened to approve the financial statements for the sixth fiscal year.

Statutory Auditors may be removed from office by the Shareholders' Meeting in the event of negligence or inability.

They are required to attend Meetings of the Board of Directors convened to approve the annual or half-yearly financial statements of the preceding fiscal year as well as all Shareholders' Meetings.

The remuneration paid to Statutory Auditors is determined in accordance with applicable regulatory procedures.

A Statutory Auditor appointed to replace another shall remain in office only until the expiration of the term of office of his or her predecessor.

Part IV**Shareholders' Meetings****Chapter I: General provisions****Article 17****IMPACT OF DECISIONS**

Shareholders' Meetings deemed to be duly convened and held represent all shareholders. Decisions taken during Shareholders' Meetings, in accordance with the law and the provisions of these Bylaws, shall be binding for all shareholders, even those who are absent, indisposed or dissenting.

CONVENING NOTICES

Shareholders meet every year, within six months from the end of each fiscal year, in an Ordinary Shareholders' Meeting.

Additional Shareholders' Meetings may be convened at any time during the year, whether as Ordinary Shareholders' Meetings held on an extraordinary basis or as Extraordinary Shareholders' Meetings.

Shareholders' Meetings shall be convened and held as provided by law.

One or more shareholders who together hold at least 10% of the company's subscribed share capital may also request that the Board of Directors convene a Shareholders' Meeting, and draw up its agenda.

Convening notices are sent to shareholders at least fifteen days prior to the planned date of the Shareholders' Meeting. This period is reduced to ten days for reconvened Shareholders' Meetings and for postponed Meetings.

ATTENDANCE

The Shareholders' Meeting is made up of all shareholders, irrespective of the number of shares they own.

The right to attend and vote at Shareholders' Meetings is subject to the registration of the shareholder in the Company's share register.

A shareholder is entitled to attend and vote at any Meeting provided that the shares held are registered in the name of the shareholder or intermediary authorized to act on his or her behalf as of the fourth business day preceding the Meeting at midnight, Paris time, either in the accounts of registered shares maintained by the Company or in the accounts of bearer shares maintained by the officially authorized financial intermediary. The recording or registration of bearer shares is certified by a statement delivered by the financial intermediary authorized as account holder.

Holders of shares shall not be admitted to Shareholders' Meetings with respect to the shares not paid up within a period of thirty calendar days from the notice issued by the Company. These shares shall be subtracted when calculating the quorum.

A shareholder can always be represented in a valid manner at a Shareholders' Meeting by another shareholder, his or her spouse, the partner with whom he or she has entered into a Pacte civil de solidarité (PACS, the French civil union contract), or any other private individual or legal entity of his or her choice. Written notice must be sent to the Company of the appointment of any proxy, and where applicable the rescindment of this appointment.

Shareholders may address their proxy form and/or their voting form for any Meeting, in accordance with applicable laws and regulations, either by mail or, if decided by the Board of Directors, by electronic transmission.

Pursuant to the provisions of Article 1316-4, paragraph 2 of the French Civil Code, in the event of the use of an electronically submitted form, the shareholder's signature shall make use of a reliable identification process that ensures the link with the document to which it is attached.

A shareholder having voted by mail or by electronic transmission, sent a proxy or requested an admittance card or certificate stating the ownership of shares may not select another means of taking part in the meeting.

Any shareholder not deprived of voting rights may be appointed as a proxy by another shareholder in order to be represented at a Meeting.

Any intermediary who meets the requirements set forth in paragraphs 7 and 8 of Article L. 228-1 of the French Commercial Code may, pursuant to a general securities management agreement, transmit to a Shareholders' Meeting the vote or proxy of a shareholder, as defined in paragraph 7 of that same article.

Before transmitting any proxies or votes to a Shareholders' Meeting, the intermediary registered pursuant to Article L. 228-1 of the French Commercial Code shall be required, at the request of the issuing company or its agent, to provide a list of the non-resident owners of the shares to which such voting rights are attached. Such list shall be supplied as provided by either Article L. 228-2 or Article L. 228-3 of the French Commercial Code, whichever is appropriate.

A vote or proxy issued by an intermediary who either is not declared as such, or does not disclose the identity of the shareholders, may not be counted.

Legal representatives of legally incapacitated shareholders, and natural persons representing shareholders that are legal entities, shall take part in meetings regardless of whether or not they personally are shareholders.

Shareholders have as many votes as they hold shares. However, a voting right equal to twice the voting right attached to other shares with respect to the portion of the share capital that they represent, is granted:

- to all fully paid-up registered shares for which evidence of registration under the name of the same shareholder, over a period of least three years, may be demonstrated;
- to registered shares allocated to a shareholder in case of increase of the capital by capitalization of reserves, or of profits carried forward or of issue premiums due to existing shares for which it was entitled to benefit from this right.

This double voting right shall automatically lapse in the case of registered shares being converted into bearer shares or conveyed in property. However, any transfer by right of inheritance, by way of liquidation of community property between spouses or deed of gift inter vivos to the benefit of a spouse or an heir shall neither cause the acquired right to be lost nor interrupt the abovementioned three-year qualifying period. This is also the case for any transfer due to a merger or spin-off of a shareholding company.

When a Works Council exists within the Company, two of its members, appointed by the Council, may attend Shareholders' Meetings. At their request, their opinions must be heard on the occasion of any vote requiring the unanimous approval of shareholders.

Article 18 – Convening and conduct of Shareholders' Meetings

Shareholders' Meetings shall be convened as provided by law.

Meetings are held at the registered office or at any other place mentioned in the convening notice.

In accordance with the conditions set by applicable legal and regulatory provisions, and pursuant to a decision of the Board of Directors, Shareholders' Meetings may also be held by means of video conference or through the use of any telecommunications media allowing the identification of shareholders.

A Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his absence, by the Vice Chairman of the Board of Directors or, in the absence of both of these individuals, by a member of the Board of Directors appointed by the Board for that purpose. If no such person has been appointed, the meeting elects its Chairman.

The agenda of the meeting shall be set, in the usual course of events, by the person(s) convening the meeting.

The two members of the Meeting present, having the greatest number of votes, and accepting that role, are appointed as Scrutineers.

The Officers of the Meeting appoint a Secretary, who may but need not be a shareholder.

An attendance sheet is drawn up and initialed by the shareholders present, and certified as accurate by the Officers of the Meeting.

Proceedings of the Shareholders' Meeting shall be officially recorded in the form of minutes in a special numbered and initialed minute book kept at the registered office, or on separate sheets, consecutively numbered and initialed.

These minutes shall be signed by the Officers of the meeting. Copies or abstracts of the minutes shall be validly certified by the Chairman of the Board of Directors, by a Director temporarily delegated to perform the duties of the Chief Executive Officer, or by the Secretary of the Meeting.

Chapter II: Ordinary Shareholders' Meetings

Article 19 – Powers

The Ordinary Shareholders' Meeting shall hear the reports prepared by the Board of Directors, its Chairman, and the Statutory Auditors. It also reviews the financial statements prepared by the Company.

The Meeting discusses, approves, amends or rejects the financial statements submitted. It decides upon the distribution and appropriation of profits.

It decides upon any amounts to be allocated to reserve funds. It also determines the amounts to be withdrawn from reserves and decides upon their distribution.

It determines the total amount of attendance fees to be allocated to the members of the Board of Directors.

It appoints, replaces, re-elects or dismisses Directors.

It ratifies any appointments of Directors made on a provisional basis by the Board of Directors.

It appoints the Statutory Auditors and examines their special report.

It hears all proposals that do not fall within the exclusive remit of the Extraordinary Shareholders' Meeting.

Article 20 – Quorum and majority

In order to pass valid resolutions, the Ordinary Shareholders' Meeting, convened upon first notice, must consist of shareholders, present or represented, holding at least one-fifth of total voting shares.

When convened upon second notice, the deliberations of an Ordinary Shareholders' Meeting shall be valid regardless of the number of shares represented.

The resolutions are approved by a majority of validly cast votes. Votes cast do not include votes attaching to shares in respect of which the shareholder has not taken part in the vote, has abstained, or has returned an uncompleted or invalid voting paper.

Chapter III: Extraordinary Shareholders' Meetings

Article 21 – Powers

The Extraordinary Shareholders' Meeting may amend the Bylaws in any of its provisions and it may also decide upon the transformation of the Company into a company having any other legal form.

However, in no event, unless by unanimous decision of the shareholders, may it increase the duties of the latter, nor may it violate the principle of equal treatment of all shareholders, except in the case of transactions resulting from a duly completed regrouping of shares.

Article 22 – Quorum and majority

1. In order to pass valid resolutions, the Extraordinary Shareholders' Meeting, convened upon first notice, must consist of shareholders, present or represented, holding at least one-fourth of total voting shares. The deliberations of an Extraordinary Shareholders' Meeting convened upon second notice or held as a result of the postponement of the meeting convened upon second notice shall be valid provided it consists of shareholders holding at least one-fifth of total voting shares.

The resolutions are approved by a two-thirds majority of validly cast votes. Votes cast do not include votes attaching to shares in respect of which the shareholder has not taken part in the vote, has abstained, or has returned an uncompleted or invalid voting paper.

2. When deciding upon or authorizing the Board of Directors to effect a capital increase through the incorporation of reserves, unappropriated retained earnings, or issue premiums, resolutions are passed subject to the quorum and majority conditions of Ordinary Shareholders' Meetings.
3. A capital increase effected by way of an increase in the par value of shares to be paid up in cash, or through the offsetting of receivables, requires the unanimous approval of shareholders, representing the entirety of shares making up the share capital.

Chapter IV: Constitutive Shareholders' Meetings

Article 23 – Quorum and majority

Constitutive Shareholders' Meetings, which are those convened to approve contributions in kind or benefits in kind, shall pass valid resolutions subject to the quorum and majority conditions of Extraordinary Shareholders' Meetings specified in the previous Article.

At these Meetings, neither the contributor nor the beneficiary may vote, on his or her own behalf or as a proxy. His or her shares shall not be taken into account when calculating the quorum and majority.

Part V

Parent company financial statements

Article 24 – Fiscal year

Each fiscal year has a duration of twelve months, commencing on the first day of July and ending on the thirtieth day of June of the following civil year.

Article 25 – Company accounts

Regular accounts shall be kept of the Company's operations in conformity with the law and normal commercial practice.

At the end of each fiscal year, the Board of Directors shall draw up the schedule of the assets and liabilities existing as of the

fiscal year-end as well as the annual accounts. The amount of commitments in the form of sureties, guarantees or collateral shall be mentioned in the balance sheet.

The Board of Directors shall also draw up a Management Report.

All of these documents shall be made available to the Statutory Auditors in accordance with applicable laws and regulations.

Article 26 – Distributable earnings

1. The net proceeds of each fiscal year, minus general expenses and other expenses incurred by the Company, including all amortization, depreciation and provisions, represents the net profit or loss of the fiscal year.
2. From the net profit for each fiscal year, minus prior losses, if any, an amount equal to at least one-twentieth must be deducted and allocated to the formation of a "legal reserve" fund. This deduction is no longer required when the amount of the legal reserve has reached one-tenth of the share capital of the Company. It is resumed when, for any reason, the legal reserve falls below this fraction.
3. Distributable earnings consist of the remaining balance, plus any profits carried forward.

From these distributable earnings:

The Shareholders' Meeting may deduct the necessary amounts for allocation to the special reserve for long-term capital gains, as provided for by current tax provisions, if other legal or optional reserves do not allow such contribution at the time the allocation is taxable in order to defer payment at the full corporate income tax rate applicable to long-term capital gains realized during the fiscal year.

The Shareholders' Meeting may then deduct from the balance such sums as it deems appropriate, either to be carried forward to the following fiscal year, or to be applied to one or more general or special reserve funds, whose allocation or use it shall freely determine.

Any remaining balance is to be distributed among all shareholders in the form of a dividend, prorated in accordance with the share capital represented by each share.

The Shareholders' Meeting convened to approve the fiscal year's financial statements may grant each shareholder, upon the proposal of the Board of Directors, in relation to all or part of the dividend distributed, a choice between payment of the dividend in cash or in shares. The Board of Directors has the same authority for the distribution of interim dividends.

In addition, the Shareholders' Meeting may decide to distribute assets recorded in the balance sheet of the Company and, in particular, securities by taking sums from the profits, retained earnings, reserves or premiums. The Shareholders' Meeting may decide that rights forming fractional shares shall neither be tradable nor assignable. The Shareholders' Meeting may for example decide that, when the fraction of the distribution to which the shareholder is entitled does not correspond to a whole number in the unit of measure used for the distribution, the shareholder will receive the next lower whole number of that unit of measure plus an equalization payment in cash.

4. Except in the case of a capital reduction, no distribution may be made to shareholders when equity is or would subsequently become less than the total share capital.
5. When a balance sheet, drawn up during or at the end of the fiscal year and certified by a Statutory Auditor, shows that the Company, since the close of the preceding fiscal year, after having made the necessary depreciations, amortizations and provisions and after deduction of any prior losses as well as of the amounts to be allocated to reserves according to law or these Bylaws, and after having taken into account any prior profits carried forward, has available earnings, the Board of Directors may resolve to distribute interim dividends prior to the approval of the financial statements of the fiscal year, and may determine the terms thereof notably with regard to amount and timing. Said interim dividends may be distributed in cash or in kind, including in the form of assets from the Company's balance sheet (which may include negotiable securities). In the event of an interim distribution in kind, the Board of Directors may decide that fractional rights will be neither negotiable nor transferable. The Board of Directors may for example decide that, when the fraction of the distribution to which the shareholder is entitled does not correspond to a whole number in the unit of measure used for the distribution, the shareholder will receive the next lower whole number of that unit of measure plus an equalization payment in cash. The amount of such interim dividends cannot exceed the amount of the profits as defined in this paragraph.

Part VI

Transformation – Dissolution – Extension – Liquidation – Litigation

Article 27 – Transformation

The Company may be transformed into a company having a different legal form provided that, at the time of the transformation, it has been in existence for at least two years and the balance sheets of its first two fiscal years of existence have been approved by the shareholders.

Any transformation of the Company must be decided upon and published as provided by law.

Article 28 – Net assets amounting to less than one-half of the share capital

If, as a consequence of losses showed by the Company's accounts, the equity of the Company is reduced to below one-half of the share capital of the Company, the Board of Directors shall, within four months from the approval of the accounts showing such loss, convene an Extraordinary Shareholders' Meeting in order to decide whether the Company ought to be dissolved before its statutory term.

If the dissolution is not resolved, the Company must, no later than the end of the second fiscal year following the fiscal year during which the losses were established, reduce its share

capital by an amount at least equal to the losses which could not be charged to reserves if, by the conclusion of the aforementioned period, the net assets have not been replenished to an amount at least equal to one-half of the share capital.

In either case, the resolution adopted by the Shareholders' Meeting shall be published, in accordance with the law.

Article 29 – Premature dissolution and extension

An Extraordinary Shareholders' Meeting may at any time declare the premature dissolution of the Company or, at the expiration of the Company's term of existence, its extension.

At least one year prior to the expiration of the Company's term of existence, the Board of Directors shall convene an Extraordinary Shareholders' Meeting, in order to decide whether the Company's term ought to be extended.

Article 30 – Liquidation

Upon the expiration of the Company's term of existence or in the event of its premature dissolution, the Shareholders' Meeting shall decide the methods of liquidation and appoint one or several liquidators whose powers it shall determine.

The appointment of the liquidator(s) terminates the office of the Directors and that of the Statutory Auditors.

During the period of the liquidation, the Shareholders' Meeting shall retain the same powers as those it exercised during the existence of the Company.

The net proceeds of the liquidation, after payment of liabilities, shall be used first for the repayment of the amount paid up on shares that has not already been repaid to shareholders by the Company, with the balance divided among all the shares.

The shareholders are convened at the end of the liquidation in order to decide on the final accounts, to discharge the liquidators from liability for their acts of management and the performance of their office, and to formally acknowledge the termination of the liquidation process. The conclusion of the liquidation shall be published as provided by law.

Article 31 – Litigation – Election of domicile

Any litigation that may arise, during the term of existence of the Company or its liquidation, either between the shareholders and the Company, or among the shareholders themselves, with respect to Company activities, shall be heard by the competent courts with jurisdiction over the location of the Company's registered office.

To this end, all shareholders must elect domicile within the same area of jurisdiction as the registered office and all summons or notices shall be validly served at this domicile.

Where no such domicile is elected, summons and notices shall be validly served before the Procureur de la République (French public prosecutor) at the Tribunal de Grande Instance (French civil court) that has jurisdiction over the location of the registered office.

Other information

GENERAL INFORMATION CONCERNING THE COMPANY AND ITS CAPITAL – STOCK MARKET

1. History of the Group	272
<hr/>	
2. Information regarding the parent company	274
2.1. Role of the parent company within the Group	274
2.2. General information	274
2.3. Additional information	274
<hr/>	
3. Information regarding the capital	275
3.1. Share capital	275
3.2. Authorized share capital	275
3.3. Status of delegations and authorizations granted to the Board of Directors	275
3.4. Shareholders' identification	275
3.5. Non-capital shares	275
3.6. Securities giving access to the Company's share capital	275
3.7. Three-year summary of changes in the Company's share capital	275
<hr/>	
4. Analysis of share capital and voting rights	276
4.1. Share ownership of the Company	276
4.2. Changes in share ownership during the last three fiscal years	277
4.3. Pledges of pure registered shares by main shareholders	278
4.4. Natural persons or legal entities that may exercise control over the Company	278
<hr/>	
5. Market for financial instruments issued by Christian Dior	279
5.1. Market for Christian Dior shares	279
5.2. Bonds issued by Christian Dior	281
5.3. Dividend	281
5.4. Change in share capital	282
5.5. Performance per share	282
<hr/>	
6. Main locations and properties	282
6.1. Production	282
6.2. Distribution	284
6.3. Administrative sites and investment property	285

1. History of the Group

1905	Birth of Christian Dior in Granville (Normandy, France), on January 21.
1946	Backed by Marcel Boussac, Christian Dior founds his own couture house, in a private house at 30, avenue Montaigne in Paris.
1947	On February 12, Christian Dior presents the 90 designs in his first collection on six models. The <i>Corolle</i> and <i>Huit</i> lines are very quickly rechristened <i>New Look</i> . Parfums Christian Dior is founded, headed by Serge Heftler Louiche. Dior names the first <i>Miss Dior</i> fragrance in honor of his sister Catherine. Pierre Cardin begins at Christian Dior, as the “leading man” in the workshop. He remains there until 1950.
1948	In November, a luxury ready-to-wear house is established in New York at the corner of 5th Avenue and 57th Street, the first of its kind. Creation of Christian Dior Parfums New York.
1949	Launch of the perfume <i>Diorama</i> . By marketing Dior stockings in the United States, the brand creates the licensing system.
1950	License for neckties. All accessories follow. Within three years, this system will be copied by all the couture houses.
1952	The Christian Dior brand consolidates its presence in Europe by creating Christian Dior Models Limited in London. Agreement with the <i>House of Youth</i> in Sydney for exclusive Christian Dior New York models. Exclusive agreement with <i>Los Gobelinos</i> of Santiago, Chile for the Christian Dior Paris Haute Couture collections.
1955	At age 19, Yves Saint Laurent becomes Christian Dior’s first and only assistant. Opening of the Grande Boutique at the corner of avenue Montaigne and rue François 1 ^{er} . Launch of Dior lipstick. A line of beauty products will follow.
1957	Christian Dior succumbs to a heart attack at the Montecatini spa on October 24. Yves Saint Laurent is named to provide artistic direction for the brand.
1960	Called up for National Service, Yves Saint Laurent leaves Dior after completing six collections. Marc Bohan succeeds him. He is 34 years old.
1961	Marc Bohan presents his first collection, <i>Slim Look</i> under the Dior label.
1962	Yves Saint Laurent opens his own couture house.
1963	Launch of the perfume <i>Diorling</i> .
1966	Launch of the men’s fragrance <i>Eau Sauvage</i> .
1967	Philippe Guibourgé, assistant to Marc Bohan, creates the <i>Miss Dior</i> line, the first Dior women’s ready-to-wear line in France. Opening of the <i>Baby Dior</i> boutique.
1968	Launch of the Christian Dior Coordinated Knits line. The Dior perfume company is sold to Moët Hennessy. Frédéric Castet assumes management of the Fashion Furs Department – Christian Dior Paris.
1970	Creation of the <i>Christian Dior Monsieur</i> line. At Parly II, a new Christian Dior boutique is decorated by Gae Aulenti.
1972	Launch of the perfume <i>Diorella</i> .
1973	Creation in France of the ready-to-wear fur collection, which will then be manufactured under license in the United States, Canada, and Japan.
1978	Bankruptcy of the Marcel Boussac group, whose assets, under the authorization of the Paris Commercial Court, are purchased by the Willot group.
1979	Launch of the perfume <i>Dioressence</i> .
1980	Launch of the men’s fragrance <i>Jules</i> .
1981	The Willot group declares bankruptcy.
1984	A group of investors, led by Bernard Arnault, takes control of the former Willot group.

1985	Bernard Arnault becomes Chairman and Chief Executive Officer of Christian Dior. Launch of the perfume <i>Poison</i> .
1987	The Paris Fashion Museum dedicates an exhibition to Christian Dior, on the fortieth anniversary of his first collection.
1988	Through its subsidiary Jacques Rober, held jointly with the Guinness group, Christian Dior takes a 32% equity stake in the share capital of LVMH. The share capital of Christian Dior is offered to French and foreign institutional investors who subscribe to a capital increase of 3.3 billion francs in a private placement.
1989	Gianfranco Ferré joins Christian Dior as creator of the Haute Couture, Fashion Furs, and Women's ready-to-wear collections. His first Haute Couture collection is awarded the Dé d'Or. Opening of a boutique in Hawaii. Jacques Rober's stake in LVMH is increased to 44%.
1990	Opening of boutiques in Los Angeles and New York. LVMH stake is increased to 46%.
1991	Listing of Christian Dior on the spot market, and then the monthly settlement market of the Paris stock exchange. Launch of the perfume <i>Dune</i> .
1992	Patrick Lavoix is named artistic Director of <i>Christian Dior Monsieur</i> . Relaunch of <i>Miss Dior</i> .
1994	A revision of agreements with Guinness has the effect of increasing Christian Dior's consolidated stake in LVMH from 24.5% to 41.6%.
1995	The Couture line is transferred to a wholly-owned subsidiary that takes the corporate name "Christian Dior Couture".
1996	John Galliano is named creative Director of Christian Dior Couture.
1997	Christian Dior Couture takes over the network of 13 boutiques operated under franchise by its Japanese licensee, Kanebo.
1998	Christian Dior Couture takes over the direct marketing of ready-to-wear and women's accessories in Japan after terminating its licensing agreement with Kanebo.
1999	Launch of the perfume <i>J'adore</i> . Creation of a new business group, Fine Jewelry, whose collections are created by Victoire de Castellane.
2001	In January 2001, Hedi Slimane, new creator of the <i>Homme</i> line, presents his first collection based on a new contemporary masculine concept. Launch of the men's fragrance <i>Higber</i> . Opening of the Fine Jewelry boutique at Place Vendôme, created under the supervision of Victoire de Castellane.
2002	Launch of the perfume <i>Addict</i> .
2003	Opening of a flagship boutique in the Omotesando district (Tokyo).
2004	Opening of a flagship boutique in the Ginza district (Tokyo).
2005	Celebration of the centennial of Christian Dior's birth. Launch of the perfumes <i>Miss Dior Chérie</i> and <i>Dior Homme</i> .
2006	Christian Dior Couture directly takes over the activity of its Moscow agent and opens a boutique in the GUM department store.
2007	Celebration of the 60th anniversary of the creation of Maison Dior (1947). Kris Van Assche, the new creator of the <i>Homme</i> menswear line, presents his first collections.
2008	Major exhibition organized in Beijing, in association with Chinese artists, to celebrate the brand's entrance into the Chinese marketplace.
2009	New online advertising campaign for <i>Lady Dior</i> handbags featuring Marion Cotillard.
2010	Organization of an event in Shanghai to celebrate the expansion and reopening of the boutique in the Plaza 66 shopping mall.
2011	Organization of the exhibition Inspiration Dior at the Pushkin Museum in Moscow.
2012	Raf Simons is named Creative Director of the Haute Couture, Women's Ready-to-Wear and Women's Accessories collections.
2013	Unveiling of Raf Simons' first collection and boutique openings in Vietnam.
2014	Haute Couture collection show in Hong Kong and presentation of the <i>Croisière</i> collection in New York.

2. Information regarding the parent company

2.1. ROLE OF THE PARENT COMPANY WITHIN THE GROUP

Christian Dior is a holding company that controls 100% of Christian Dior Couture and 40.88% of LVMH.

2.2. GENERAL INFORMATION

The complete text of the Bylaws is presented in “Other information – Governance” in the Annual Report.

Company name (Article 3 of the Bylaws): Christian Dior.

Registered office (Article 4 of the Bylaws): 30, avenue Montaigne – 75008 Paris. Telephone: +33 (0) 1 44 13 22 22.

Legal form (Article 1 of the Bylaws): Société anonyme (limited liability company). A resolution approving the conversion of the Company into a Societas Europaea (SE) will be presented to the Shareholders’ Meeting of December 9, 2014.

Jurisdiction (Article 1 of the Bylaws): the Company is governed by French law.

Register of Commerce and Companies: the Company is registered in the Paris Register of Commerce and Companies under number 582 110 987. APE code (company activity code): 6420Z.

Date of incorporation – Term (Article 5 of the Bylaws): Christian Dior was incorporated on October 8, 1946 for a term of 99 years, which expires on October 7, 2045, unless the Company is dissolved early or extended by a resolution of the Extraordinary Shareholders’ Meeting.

Location where documents concerning the Company may be consulted: the Bylaws, financial statements and reports, and the minutes of Shareholders’ Meetings may be consulted at the registered office at the address indicated above.

2.3. ADDITIONAL INFORMATION

The complete text of the Bylaws is presented in “Other information – Governance” in the Annual Report.

Corporate purpose (Article 2 of the Bylaws): the taking and management of interests in any company or entity, whether commercial, industrial, or financial, whose direct or indirect activity involves the manufacture and/or dissemination of prestige products, through the acquisition, in any form whatsoever, of shares, corporate interests, bonds, or other securities or investment rights.

Fiscal year (Article 24 of the Bylaws): from July 1 until June 30 of the following year.

Distribution of profits under the Bylaws (Article 26 of the Bylaws): The Shareholders’ Meeting may deduct from the profit for the fiscal year such sums as it deems appropriate, either to be carried forward to the following fiscal year, or to be applied to one or more general or special reserve funds, whose allocation or use it shall freely determine. Any remaining balance is to be distributed among all shareholders in the form of a dividend, prorated in accordance with the share capital represented by each share.

Shareholders’ Meetings (Articles 17 to 23 of the Bylaws): Shareholders’ Meetings are convened and held under the conditions provided by the laws and decrees in effect.

Rights, preferences and restrictions attached to shares (Articles 6, 8, 17 and 30 of the Bylaws): all shares belong to the same category, whether issued in registered or bearer form.

Each share gives the right to a proportional stake in the ownership of the Company’s assets, as well as in the sharing of profits and of any liquidation surplus.

A voting right equal to twice the voting right attached to other shares is granted to all fully paid up registered shares for which evidence of registration under the name of the same shareholder during at least three years will be brought, as well as to registered shares allocated to a shareholder, in case of increase of the capital by capitalization of reserves, or of profits carried forward or of issue premiums due to existing shares for which it was entitled to benefit from this right. This right was granted by the Extraordinary Shareholders’ Meeting of June 14, 1991 and may be removed by a decision of the Shareholders’ Meeting, after ratification by a Special Meeting of beneficiaries of this right.

Declaration of thresholds (Article 8 of the Bylaws): independently of legal obligations, the Bylaws stipulate that any individual or legal entity that becomes the owner of a fraction of capital greater than or equal to 1% shall notify the total number of shares held to the Company. The same obligation applies whenever the portion of capital held increases by at least one percent. It ceases to apply when the shareholder in question reaches the threshold of 60% of the share capital.

Necessary action to modify the rights of shareholders: the Bylaws do not contain any stricter provision governing the modification of shareholders’ rights than those required by the law.

Provisions governing changes in the share capital: the Bylaws do not contain any stricter provision governing changes in the share capital than those required by the law.

3. Information regarding the capital

3.1. SHARE CAPITAL

As of June 30, 2014, the Company's share capital was 363,454,096 euros, consisting of 181,727,048 fully paid-up shares with a par value of 2 euros each.

The shares issued by the Company are all of the same class.

Of these 181,727,048 shares, 123,296,342 shares conferred double voting rights as of June 30, 2014.

3.2. AUTHORIZED SHARE CAPITAL

As of June 30, 2014, the Company's authorized share capital was 443,454,096 euros, consisting of 221,727,048 fully paid-up shares with a par value of 2 euros each.

that the share capital could reach should the Board of Directors make use of all of the authorizations and delegations of authority granted by the Shareholders' Meeting that permit the Company to increase its amount.

The authorized share capital represents the maximum amount

3.3. STATUS OF DELEGATIONS AND AUTHORIZATIONS GRANTED TO THE BOARD OF DIRECTORS

This statement is included under §4.1 "Status of current delegations and authorizations" in the Management report of the Board of Directors – Christian Dior parent company, in the Annual Report.

3.4. SHAREHOLDERS' IDENTIFICATION

Article 8 of the Bylaws authorizes the Company to set up a shareholder identification procedure.

3.5. NON-CAPITAL SHARES

The Company has not issued any non-capital shares.

3.6. SECURITIES GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL

No securities giving access to the Company's capital were outstanding as of June 30, 2014.

3.7. THREE-YEAR SUMMARY OF CHANGES IN THE COMPANY'S SHARE CAPITAL

Type of transaction		Par value issued (EUR)	Issue premium (EUR)	Successive amounts of share capital (EUR)	Cumulative number of Company shares	Par value per share (EUR)
April 30, 2013	No shares created	-	-	363,454,096	181,727,048	2.00
June 30, 2013	No shares created	-	-	363,454,096	181,727,048	2.00
June 30, 2014	No shares created	-	-	363,454,096	181,727,048	2.00

4. Analysis of share capital and voting rights

4.1. SHARE OWNERSHIP OF THE COMPANY

As of June 30, 2014, the Company's share capital comprised 181,727,048 shares:

- 125,394,326 pure registered shares;
- 6,009,298 administered registered shares;
- 50,323,424 bearer shares.

Taking into account treasury shares, 178,748,617 shares carried voting rights, including 123,296,342 shares with double voting rights.

As of June 30, 2014, a total of 294 registered shareholders held at least 100 shares.

Shareholders	Number of shares	Number of voting rights	% of share capital	% of voting rights
Arnault family group ^(a)	128,602,561	251,657,629	70.77	83.32
Other shareholders	53,124,487	50,387,330	29.23	16.68
TOTAL AS OF JUNE 30, 2014	181,727,048	302,044,959	100.00	100.00

(a) Voting rights exercisable in Shareholders' Meetings.

Subject to the provisions of paragraph 4.4 below, to the Company's knowledge:

- no shareholder held at least 5% of the share capital and voting rights as of June 30, 2014;
- no shareholder held 5% or more of the Company's share capital or voting rights, either directly, indirectly, or acting in concert;
- no shareholders' agreement or any other agreement constituting an action in concert existed involving at least 0.5% of the Company's share capital or voting rights.

As of June 30, 2014, senior executives of the Company and members of the Board of Directors directly and personally held in registered form less than 0.5% of the Company's share capital and voting rights.

As of June 30, 2014, the Company held 2,978,431 shares as treasury shares. Of these shares, 1,778,431 were recognized under short-term investments, including 1,758,899 shares mainly

held to cover share purchase options and bonus share allocation plans, and 19,532 held for the purpose of being retired. The remaining 1,200,000 treasury shares were recognized under other long-term investments for the purpose of being retired.

During the fiscal year ended June 30, 2014, no public tender or exchange offer nor price guarantee was made by a third party involving the Company's shares.

According to the latest notice received on May 14, 2014, AKO Capital LLP held more than 1% of the share capital.

The Company's main shareholders have voting rights identical to those of other shareholders.

In order to protect the rights of each and every shareholder, the Charter of the Board of Directors requires that at least one-third of its appointed members be Independent Directors. In addition, at least two-thirds of the members of the Performance Audit Committee must be Independent Directors. A majority of the members of the Nominations and Compensation Committee must also be Independent Directors.

4.2. CHANGES IN SHARE OWNERSHIP DURING THE LAST THREE FISCAL YEARS*As of June 30, 2014*

Shareholders	Number of shares	% of share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable in SM ^(a)	% of voting rights exercisable in SM ^(a)
Arnault family group including:	128,602,561	70.77	251,657,629	82.50	251,657,629	83.32
- <i>Semyrbamis</i>	108,461,444	59.68	216,446,569	70.96	216,446,569	71.66
- <i>Arnault family and other controlled entities</i>	20,141,117	11.09	35,211,060	11.54	35,211,060	11.66
Treasury shares	2,978,431	1.64	2,978,431	0.98	-	-
Public registered	1,852,856	1.02	2,094,130	0.69	2,094,130	0.69
Public bearer	48,293,200	26.57	48,293,200	15.83	48,293,200	15.99
TOTAL	181,727,048	100.00	305,023,390	100.00	302,044,959	100.00

As of June 30, 2013

Shareholders	Number of shares	% of share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable in SM ^(a)	% of voting rights exercisable in SM ^(a)
Arnault family group including:	128,019,042	70.45	251,074,110	82.32	251,074,110	83.12
- <i>Semyrbamis</i>	108,150,125	59.50	216,115,250	70.85	216,115,250	71.55
- <i>Arnault family and other controlled entities</i>	19,888,917	10.95	34,958,860	11.47	34,958,860	11.57
Treasury shares	2,951,250	1.62	2,951,250	0.97	-	-
Public registered	1,600,998	0.88	1,832,824	0.60	1,832,824	0.61
Public bearer	49,155,758	27.05	49,155,758	16.11	49,155,758	16.27
TOTAL	181,727,048	100.00	305,013,942	100.00	302,062,692	100.00

As of April 30, 2013

Shareholders	Number of shares	% of share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable in SM ^(a)	% of voting rights exercisable in SM ^(a)
Arnault family group including:	127,874,042	70.37	250,929,110	82.27	250,929,110	82.98
- <i>Semyrbamis</i>	107,985,125	59.42	215,970,250	70.81	215,970,250	71.42
- <i>Arnault family and other controlled entities</i>	19,888,917	10.95	34,958,860	11.46	34,958,860	11.56
Treasury shares	2,605,000	1.43	2,605,000	0.86	-	-
Public registered	850,959	0.47	1,081,491	0.35	1,081,491	0.35
Public bearer	50,397,047	27.73	50,397,047	16.52	50,397,047	16.67
TOTAL	181,727,048	100.00	305,012,648	100.00	302,407,648	100.00

(a) SM: Shareholders' Meeting.

4.3. PLEDGES OF PURE REGISTERED SHARES BY MAIN SHAREHOLDERS

The Company is not aware of any pledge of pure registered shares by the main shareholders.

4.4. NATURAL PERSONS OR LEGAL ENTITIES THAT MAY EXERCISE CONTROL OVER THE COMPANY

As of June 30, 2014, the persons comprising the Arnault family group, together with Groupe Arnault SAS, held directly or indirectly 70.77% of the Company's capital and 83.32% of voting rights.

As of the same date, Semyrhamis held 108,461,444 shares in the Company, representing 59.68% of its share capital and 71.66% of its voting rights. The main purpose of Semyrhamis is to hold Christian Dior shares.

The Arnault family group indirectly holds 100% of Semyrhamis' share capital.

As of June 30, 2014, the Arnault family group held, directly and indirectly, 70.77% of the share capital of Christian Dior.

5. Market for financial instruments issued by Christian Dior

5.1. MARKET FOR CHRISTIAN DIOR SHARES

The fiscal year from July 1, 2013 to June 30, 2014 saw most equity markets maintain their strong performance, buoyed by accommodative monetary policies that continued providing a powerful boost to risk assets.

The European Central Bank went ahead with its cycle of key interest rate reductions and quantitative easing, making its last rate cut on June 5, 2014 and promising more liquidity injections to counteract the persistent drop in inflation and prop up Europe's economies, hit by high rates of unemployment and lower than expected GDP growth. The resulting abundance of liquidity contributed in particular to a pronounced convergence of European bond yields, as well as further decreases in long term rates. The rate of interest earned on ECB deposits even passed into negative territory.

In the United States, monetary policy remained non restrictive despite tapering of the Federal Reserve's Treasury purchases. The real estate market confirmed its recovery, although the economy showed some signs of weakness in first quarter 2014.

Even in the face of a decoupling of European Central Bank and Federal Reserve monetary policies, the euro appreciated against the US dollar during the period, strengthened by flows of investment capital into Europe.

In Japan, the government's vast bond buying program and boosts to public spending were finally of little benefit to exporters,

in spite of the yen's fall in value against other currencies. The slowdown of household consumption in the wake of the April 1, 2014 VAT increase was more significant than expected.

In China, surveys of confidence among economic actors were weighed down by fears that real estate prices could fall in parallel with an increase in doubtful debts. Chinese GDP growth continued to decelerate in the first half of 2014.

In this promising environment, the Christian Dior share price rose 17.2% between July 1, 2013 and June 30, 2014, compared to increases of 24.0% and 19.5%, respectively, for the DJ Euro Stoxx 50 and Euronext 100 indexes. Over the same period, the S&P 500 rose 22.0%, Japan's Topix rose 11.4%, and the Shanghai SSE 180 slipped 1.2%.

Christian Dior's closing share price on June 30, 2014 was 145.30 euros. As of the same date, Christian Dior's market capitalization was 26.4 billion euros.

Market for issuer's shares

Christian Dior's shares are listed on Compartment A of NYSE Euronext Paris (Reuters: DIOR.PA, Bloomberg: CDI FP, ISIN: FR0000130403).

In addition, negotiable options based on the Christian Dior share are traded on Euronext-Liffe.

Trading volumes and amounts on Euronext Paris and price trend over the last twelve months

	Opening price 1st day (EUR)	Closing price last day (EUR)	Highest share price ^(a) (EUR)	Lowest share price ^(a) (EUR)	Number of shares traded	Value of share capital traded (EUR millions)
July 2013	125.50	133.10	139.05	123.15	1,721,835	228
August 2013	133.95	129.65	142.35	128.50	1,310,573	179
September 2013	130.65	144.95	147.30	128.50	1,530,887	215
October 2013	145.35	140.00	147.20	136.25	2,132,146	304
November 2013	142.00	143.55	145.65	139.00	1,489,722	213
December 2013	143.10	137.35	143.80	128.65	1,533,138	205
January 2014	137.50	135.70	138.00	126.70	1,958,654	257
February 2014	135.65	143.30	145.65	131.20	1,480,473	208
March 2014	141.40	139.75	141.70	132.00	1,377,327	188
April 2014	140.65	148.15	149.30	138.85	1,176,133	170
May 2014	148.35	153.50	153.50	144.10	844,815	125
June 2014	153.60	145.30	153.60	144.45	1,060,115	157

Source: NYSE Euronext.

(a) Share price during market trading.

Price trend of the Christian Dior share and volume of shares traded in Paris



Stock market capitalization

(EUR millions)

As of April 30, 2012	20,690
As of April 30, 2013	24,052
As of June 30, 2013	22,534
As of June 30, 2014	26,405

5.2. BONDS ISSUED BY CHRISTIAN DIOR

Bonds issued by Christian Dior that were outstanding on June 30, 2014 are listed for trading as shown below:

Bonds listed in Luxembourg

Currency	Amount outstanding (in currency)	Year of issue	Year of maturity	Coupon rate (as %)
EUR	350,000,000	2009	2014	3.75
EUR	300,000,000	2011	2016	4.00
EUR	500,000,000	2014	2019	1.375

5.3. DIVIDEND

A dividend of 3.10 euros per share is being proposed for the fiscal year ended June 30, 2014. The total Christian Dior distribution will amount to 563 million euros in cash for the fiscal year ended June 30, 2014, before the effect of treasury shares.

Dividend distribution in respect of fiscal years 2011 to 2014

Fiscal year	Gross ^(a) dividend per share (EUR)	Dividend distribution (EUR millions)	Gross dividend per share (EUR)
June 30, 2014 ^(b)	3.10 ^(c)	563 ^(c)	3.10
June 30, 2013 (2 months)	-	-	1.10
April 30, 2013	2.90	527	2.90
April 30, 2012 (4 months)	1.10	200	1.10
2011	2.61	474	2.61

(a) Excluding the impact of tax regulations applicable to the beneficiaries.

(b) Proposed to the Shareholders' Meeting of December 9, 2014.

(c) Excluding the exceptional dividend in kind in the form of Hermès International shares.

Furthermore, pursuant to the agreement concluded in September 2014 by Christian Dior and LVMH with Hermès International, a proposal will be made to proceed with an exceptional distribution in kind of a portion of Hermès International shares, subject to conditions precedent.

The Company has a steady dividend distribution policy, designed to ensure a stable return to shareholders, while making them partners in the growth of the Group.

Pursuant to current laws in France, dividends and interim dividends uncollected within five years become void and are paid to the French state.

5.4. CHANGE IN SHARE CAPITAL

As of June 30, 2014, Christian Dior's share capital amounted to 363,454,096 euros, consisting of 181,727,048 shares with a par value of 2 euros.

The number of shares remained unchanged during the fiscal year from July 1, 2013 to June 30, 2014.

5.5. PERFORMANCE PER SHARE

(EUR)	June 30, 2014 (12 months)	June 30, 2013 (2 months)	April 30, 2013 (12 months)
Diluted Group share of net profit per share	7.90	1.20	7.90
Dividend	3.10	-	2.90
<i>Change compared to previous fiscal year</i>	+7% ^(a)	-	+11% ^(b)
Highest share price (during normal trading hours)	153.60	148.10	136.80
Lowest share price (during normal trading hours)	123.15	120.70	98.08
Share price as of the fiscal year-end date (closing share price)	145.30	124.00	132.35
<i>Change compared to previous fiscal year</i>	+17%	-6%	+16%

(a) Percentage calculated with respect to the 12-month fiscal year ended April 30, 2013.

(b) Percentage calculated with respect to the 12-month fiscal year ended December 31, 2011.

6. Main locations and properties

6.1. PRODUCTION

6.1.1. Wine and Spirits

The vineyards owned by the Group in France and internationally are as follows:

<i>(in hectares)</i>	June 30, 2014		June 30, 2013	
	Total	Of which under production	Total	Of which under production
France				
Champagne appellation	1,861	1,683	1,857	1,717
Cognac appellation	245	171	245	171
Vineyards in Bordeaux	253	148	253	151
International				
California (United States)	440	305	448	304
Argentina	1,527	928	1,398	899
Australia, New Zealand	525	476	555	476
Brazil	232	70	231	71
Spain	112	83	111	54
China	68	-	88	-

In the table above, the total number of hectares owned presented is determined exclusive of surfaces not useable for viticulture. The difference between the total number of hectares owned and the number of hectares under production represents areas that are planted, but not yet productive, and areas left fallow.

The Group also owns industrial and office buildings, wineries, cellars, warehouses, and visitor and customer centers for each of its main Champagne brands or production operations in France, California, Argentina, Australia, Spain, Brazil and New Zealand, as well as distilleries and warehouses in Cognac, the United Kingdom and Poland. The total surface area is approximately 1,280,000 square meters in France and 400,000 square meters abroad.

6.1.2. Fashion and Leather Goods

Louis Vuitton owns seventeen leather goods and shoe production facilities located primarily in France, although some significant workshops are also located near Barcelona in Spain, in Fiesso, Italy and in San Dimas, California. The company owns its warehouses in France; those located outside France are leased. Overall, production facilities and warehouses owned by the Group represent approximately 180,000 square meters.

Fendi owns its own manufacturing facility near Florence, Italy, as well as its company headquarters, the Fendi Palazzo, in Rome, Italy.

Céline also owns manufacturing and logistics facilities near Florence in Italy.

Berluti's shoe production factory in Ferrara (Italy) is owned by the Group.

Rossimoda owns its office premises and its production facility in Strà and Vigonza in Italy.

The other facilities utilized by this business group are leased.

6.1.3. Perfumes and Cosmetics

Buildings located near Orleans in France housing the Group's Research and Development operations of Perfumes and Cosmetics as well as the manufacturing and distribution of Parfums Christian Dior are owned by Parfums Christian Dior and occupy a surface area of 122,000 square meters.

Guerlain acquired a 90,000 sq.m plot of land in Chartres in 2012, where it plans to build a new production site to replace its current site in the same region. The brand also owns another production site in Orphin, France.

Parfums Givenchy owns two plants in France, one in Beauvais and the other in Vervins, which handles the production of both Givenchy and Kenzo product lines, corresponding to a total surface area of 19,000 square meters. The company also owns distribution facilities in Hershram, United Kingdom.

6.1.4. Watches and Jewelry

TAG Heuer leases all of its manufacturing facilities in La Chaux-de-Fonds and the Jura region of Switzerland.

Zenith owns the manufacture, which houses its movement and watch manufacturing facilities in Le Locle, Switzerland. All of its European warehouses are leased.

Hublot owns its production facilities and its office premises.

Bulgari owns its production facilities in Italy and Switzerland.

The facilities operated by this business group's remaining brands, Chaumet, Fred, De Beers and Montres Dior, are leased.

6.1.5. Christian Dior Couture

Christian Dior Couture operates six production units for leather goods and footwear, in its own stores or in association with its Italian partners, in Florence, Piacenza, Milan, and Padua. Among these sites, Christian Dior Couture owns two manufacturing facilities through its subsidiaries: one in Florence for leather goods and one in Padua for footwear, currently being refurbished.

For costume jewelry, Christian Dior Couture has a state-of-the-art production workshop at Pforzheim, Germany.

Baby Dior has a production facility in Redon (France).

Through a joint venture with LVMH, Les Ateliers Horlogers (LAH), Christian Dior Couture owns a watch assembly unit in La Chaux-de-Fonds, Switzerland.

6.2. DISTRIBUTION

Retail distribution of the Group's products is most often carried out through exclusive stores. Most of the stores in the Group's retail network are leased and only in exceptional cases does the Group own the buildings that house its stores.

Louis Vuitton owns certain buildings that house its stores in Tokyo, Guam, Hawaii, Seoul, Cannes, Saint-Tropez, for a total surface area of approximately 8,000 square meters.

Céline, Fendi and Loewe also own the buildings housing some of their stores in Paris, Italy and Spain.

With the exception of the Avenue Montaigne boutique in Paris, a boutique in Cannes, a boutique in Tokyo and a boutique in Sydney, the Madrid boutique, and the boutique in Saint-Tropez,

the stores wholly operated by Christian Dior Couture are leased. In 2011, Christian Dior Couture acquired a building in Seoul intended to house a boutique, with the opening planned for 2015. Christian Dior Couture owns a logistics center in Blois. In 2013, Christian Dior Couture acquired a building in London in order to operate a boutique.

In the Selective Retailing business group:

- Le Bon Marché and Franck et Fils own the buildings in Paris that house their department stores, corresponding to a total sales area of about 80,000 square meters;
- DFS owns its stores in Guam, Saipan and Hawaii.

As of June 30, 2014, the Group's store network breaks down as follows:

<i>(in number of stores)</i>	June 30, 2014 (12 months)	June 30, 2013 ^(a) (2 months)	April 30, 2013 ^(a) (12 months)
France	473	441	433
Europe (excluding France)	1,012	930	936
United States	723	686	681
Japan	406	391	390
Asia (excluding Japan)	886	766	760
Other	258	226	223
TOTAL	3,758	3,440	3,423

<i>(in number of stores)</i>	June 30, 2014 (12 months)	June 30, 2013 ^(a) (2 months)	April 30, 2013 ^(a) (12 months)
Christian Dior Couture	200	192	188
Fashion and Leather Goods ^(b)	1,477	1,306	1,304
Perfumes and Cosmetics	139	99	99
Watches and Jewelry	366	351	346
Selective Retailing: - <i>Sephora</i>	1,499	1,415	1,407
- <i>Other; including DFS</i>	59	62	62
Subtotal Selective Retailing	1,558	1,475	1,469
Other	18	17	17
TOTAL	3,758	3,465	3,448

(a) The number of Christian Dior Couture boutiques as of June 30, 2013 and as of April 30, 2013 has been restated to reflect an adjustment to the calculation method involving a reduction in the number of stores by 25 units.

(b) Of which 122 additional stores as a result of the integration of Loro Piana, as of June 30, 2014.

6.3. ADMINISTRATIVE SITES AND INVESTMENT PROPERTY

The Group owns buildings located at 11-17 rue Francois 1^{er} and 28-30 avenue Montaigne in Paris.

The headquarters of the main Christian Dior Couture subsidiaries outside France are leased.

Most of the Group's administrative buildings are leased, with the exception of the headquarters of certain brands, particularly those of Louis Vuitton, Parfums Christian Dior and Zenith.

The Group holds a 40% stake in the Company owning the building housing the headquarters of LVMH on avenue Montaigne

in Paris. The Group also owns three buildings in New York (about 24,000 square meters) and a building in Osaka (about 5,000 square meters) that house subsidiaries.

Lastly, the Group owns investment property, in central Paris and in London, corresponding to a total surface area of 50,000 square meters and 8,000 square meters, respectively.

The group of properties previously used for the business operations of La Samaritaine's department store are the focus of a redevelopment project, which will transform it into a complex comprising mainly offices, shops and a luxury hotel.

Statement of the Company Officer responsible for the Annual Report

We declare that, to the best of our knowledge, the 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 parent company and of all consolidated companies, and that the Management Report presented on page 7 gives a true and fair picture of the business performance, profit or loss and financial position of the parent company and of all consolidated companies as well as a description of the main risks and uncertainties faced by all of these entities.

Paris, November 4, 2014

Under delegation from the Group Managing Director

Florian OLLIVIER
Chief Financial Officer

Christian Dior

30, avenue Montaigne – Paris 8^e