Christian Dior

TRANSLATION OF THE FRENCH "RAPPORT ANNUEL"

AS OF JUNE 30, 2015

Combined Shareholders' Meeting December 1, 2015

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
Executive and Supervisory Bodies – Statutory Auditors as of June 30, 2015 4
Simplified organizational chart of the Group as of June 30, 2015 5
Financial highlights 6

Management report of the Board of Directors 7

CHRISTIAN DIOR GROUP

1. Consolidated results 8
2. Results by business group 11
3. Business risk factors and insurance policy 18
4. Financial policy 24
5. Stock option and bonus share plans 28
6. Subsequent events 28
7. Recent developments and prospects 28

CHRISTIAN DIOR PARENT COMPANY

1. Key events during the fiscal year 30
2. Results of Christian Dior 30
3. Share ownership of the Company 31
4. Stock option and bonus share plans 32
5. Financial authorizations 40
6. Share repurchase program 44
7. Remuneration of company officers 47
8. Summary of transactions in Christian Dior securities during the fiscal year by senior executives and related persons 53
9. Governance 53
10. Amendments to the Bylaws 54
11. Information that could have a bearing on a takeover bid or exchange offer 54

WORKFORCE, ENVIRONMENTAL AND SOCIAL REPORT

1. Group reporting on employee-related issues 56
2. Effects of operations on the environment 76
3. Independent Verifier's attestation and moderate assurance report on workforce, environmental and social information 88

Report of the Chairman of the Board of Directors 91

1. Corporate governance 92
2. Implementation of risk management and internal control procedures 98
3. Statutory Auditors' report 109

Consolidated financial statements 111

1. Consolidated income statement 112
2. Consolidated statement of comprehensive gains and losses 113
3. Consolidated balance sheet 114
4. Consolidated statement of changes in equity 115
5. Consolidated cash flow statement 116
6. Notes to the consolidated financial statements 118
7. Statutory Auditors' report 189

Parent company financial statements 191

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

Resolutions for the approval of the Combined Shareholders' Meeting of December 1, 2015 213

Ordinary resolutions 214
Extraordinary resolutions 217
Statutory Auditors' reports 219

Other information 221

GOVERNANCE

1. Principal positions and offices of members of the Board of Directors 222
2. Statutory Auditors 231
3. Charter of the Board of Directors 232
4. Internal rules of the Performance Audit Committee 235
5. Internal rules of the Nominations and Compensation Committee 237
6. Bylaws 239

GENERAL INFORMATION CONCERNING THE COMPANY AND ITS CAPITAL – STOCK MARKET

1. History of the Group 250
2. Information regarding the parent company 252
3. Information regarding the capital 253
4. Analysis of share capital and voting rights 255
5. Market for financial instruments issued by Christian Dior 258
6. Main locations and properties 262

Statement of the Company Officer responsible for the Annual Report 265

Christian Dior

Annual Report as of June 30, 2015

Chairman's message

The past fiscal year was an eventful one for our Group, mostly in positive ways. I will mention, of course, the opening of the Fondation Louis Vuitton, an enduring monument to our patronage of the arts. The magnificent building that houses it, due to the genius of Frank Gehry, is the perfect reflection of our values of excellence and innovation. I also see it as a symbol of our élan and our confidence in the future. Furthermore, I would like to recall two major initiatives that particularly illustrate the pillars underpinning our Group's strength: expert craftsmanship, showcased by the foundation of the Institut des Métiers d'Excellence, and creativity, recognized with the LVMH Prize for Young Designers. The end of 2014 will also be remembered, unfortunately, for the precipitous passing of Yves Carcelle, one of our Group's principal managers, and for the deep sadness we felt. Yves served as the head of Louis Vuitton for more than twenty years, and was at the heart of its success. A driven leader and visionary, he was a man of enthusiasm, warmth and generosity to all.

A strong dynamic materialized by major achievements

Against a backdrop of economic, monetary and geopolitical uncertainty, the Group continues to make progress, and posted record revenue and net profit for the 2014/2015 fiscal year. We succeeded in translating our growth dynamic into many achievements. An impressive new Maison Dior, as imagined by architect Christian de Portzampac, was unveiled in Seoul, a shining example of Christian Dior Couture's targeted, quality-driven investment policy. The champagne houses registered advances in all regions. Louis Vuitton began a new chapter in its creative history with Nicolas Ghesquière's enthusiastically received debut collections. The Maison also celebrated its *Monogram*, a timeless symbol of its fabulous heritage. It was also a great year for Parfums Christian Dior, which achieved growth in all product categories and continued to gain market share. Sephora maintained its remarkable dynamic around the world. Bvlgari celebrated its 130th anniversary, turning in an exceptional year boosted by its innovation and expanded global presence.

At the same time, destocking by distributors in China weighed on Hennessy's revenue. DFS had to deal with a complex situation in Asia, while TAG Heuer felt the effects of slower sales in the watchmaking industry. One of our Group's greatest strengths is its responsiveness: each of these Maisons demonstrated this yet again by adapting its strategy to the challenges at hand.

On a financial level, the Group withdrew its investment in Hermès International at the end of 2014 by distributing its stake to shareholders. This transaction enabled us to make a capital gain and share the corresponding value creation with our shareholders.

Solid foundations, getting stronger still

The climate in the first half of 2015 remained mixed. The economic horizon seems to be clearing up and the monetary situation improving. Solid European economic growth, however, has yet to arrive, and geopolitical disruptions are still creating uncertainty.

In a multipolar, ever-changing and yet also highly interconnected world, the Group enters the next few years in an even more robust position than before, and can depend on the agility of its organization to help it rise to new challenges and seize the best opportunities for growth and market share gains. Our fundamentals are stronger thanks to the Maisons that have found the keys to lasting success, such as Fendi and Céline, as well as those that joined our Group recently: Bvlgari, a jewelry house of singular style, which has blossomed over its first four years in the Group; and Loro Piana, master of the world's most exquisite materials and fabrics, fresh from its first year with us. These Maisons share our culture of excellence and creativity. They provide us with new exceptional savoir-faire, an additional source of growth potential. They also share the sense of family and entrepreneurial spirit which we have preserved in our management culture; which sustains the Group's success and that of its Maisons over the long term.

New generations

Attracting young creative talents and helping them develop their Maisons within the Group is another way to prepare for the future. Nicholas Kirkwood, renowned as one of the most promising designers in the booming footwear industry, joined us in 2013. As did J.W. Anderson, whose ready-to-wear brand is already influential, and who has also been appointed artistic director of Loewe. He will bring to Loewe his ability to marry the traditions of this Maison with modernity.

Maintaining our obsession with quality, the creation of desire, offering our customers an exceptional experience at our stores, and strengthening the influence of our brands remain the pillars of our strategy. Just as important is our creativity and innovation in everything we do. Innovation in products, distribution, communication, the digital sphere… Many new projects are under way for 2015 and beyond, across all our business lines. With a constant eye on managing our resources, we target the opportunities that offer the best prospects. Responsiveness, swift decision-making, operational agility and long-term vision: the strong dedication of our teams will continue to ensure that we keep making progress in the world's major markets.

Confidence in the future

I would like to reaffirm my confidence in the future and look back on two recent events in the Group's life that bear this out in more ways than one: the opening of La Ruche, Guerlain's new ultra-modern manufacturing facility, without doubt one of the highest-quality sites in the world in terms of production, employee working conditions and respect for the environment, preceded by that of the Hélios perfumes and cosmetics research center near Orléans. This cutting-edge resource for our researchers tasked with preparing the products of tomorrow was also built in compliance with France's High Environmental Quality standard: insofar as our future lies in innovation, it also depends on preserving the riches of nature. What is more, at Hélios we provide local teams with access to our skills to help them accelerate their own innovation processes: as a leader, we have a responsibility to build strong ties with the local community and help launch the start-ups and small businesses that will become our future partners. Our citizenship commitments are also a driver of long-term success.

Bernard ARNAULT

Executive and Supervisory Bodies Statutory Auditors (*)

BOARD OF DIRECTORS (a)

Bernard ARNAULT
Chairman of the Board of Directors (b)

Eric GUERLAIN (d)
Vice-Chairman

Sidney TOLEDANO
Chief Executive Officer (b)

Delphine ARNAULT (c)

Hélène DESMARAIS (c)(d)

Renaud DONNEDIEU de VABRES (d)

Ségolène GALLIENNE (d)

Pierre GODÉ

Christian de LABRIFFE (d)

ADVISORY BOARD MEMBERS

Denis DALIBOT (c)

Jaime de MARICHALAR y SÁENZ de TEJADA (c)

PERFORMANCE AUDIT COMMITTEE

Christian de LABRIFFE (d)
Chairman

Renaud DONNEDIEU de VABRES (d)

Eric GUERLAIN (d)

NOMINATIONS AND COMPENSATION COMMITTEE

Eric GUERLAIN (d)
Chairman

Hélène DESMARAIS (d)

Christian de LABRIFFE (d)

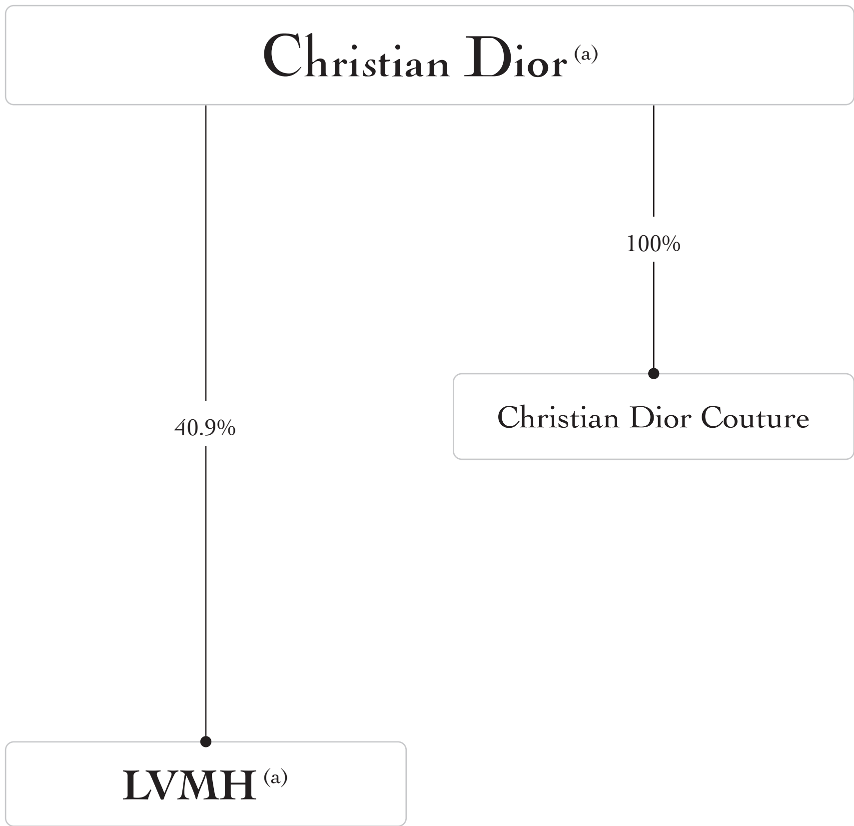
STATUTORY AUDITORS

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

MAZARS
represented by Denis Grison

(*) Subject to the decisions of the Shareholders' Meeting of December 1, 2015.
(a) The list of Directors' appointments can be found on pages 222 to 230 of the "Other information – Governance" section.
(b) Since October 15, 2015.
(c) Appointment/renewal proposed at the Shareholders' Meeting of December 1, 2015.
(d) Independent Director.

Simplified organizational chart of the Group as of June 30, 2015



(a) Listed company.

Financial highlights

Key consolidated data

(EUR millions and %)	**June 30, 2015** (12 months)	**June 30, 2014** [(1)] (12 months)	**June 30, 2013** [(1)] (2 months)
Revenue	35,081	30,867	4,750
Profit from recurring operations	6,296	6,051	882
Net profit	6,165 [(a)]	3,892	566
Net profit, Group share	2,378	1,425	216
Cash from operations before changes in working capital [(b)]	7,611	7,472	1,067
Operating investments arising from change in net cash position	1,947	1,953	334
Net cash from operating activities and operating investments (free cash flow)	3,481	2,537	12
Total equity [(c)]	26,320	30,337	28,106
Net financial debt [(d)]	7,478	7,920	6,277
Net financial debt/Total equity ratio	28%	26%	22%

Data per share

(EUR)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)	**June 30, 2013** (2 months)
Earnings per share			
Basic Group share of net profit per share	13.29 [(e)]	7.97	1.21
Diluted Group share of net profit per share	13.18 [(e)]	7.90	1.20
Dividend per share			
Exceptional distributions in kind in the form of Hermès shares	4.20 [(j)]	11.67 [(i)]	-
Interim cash dividend	1.25	1.20	-
Final cash dividend	1.95	1.90	-
Gross amount paid in cash for fiscal year [(f)]	**3.20 [(g)]**	**3.10 [(h)]**	**-**

Information by business group

(EUR millions)	**June 30, 2015** (12 months)	**June 30, 2014** [(1)] (12 months)	**June 30, 2013** [(1)] (2 months)
Revenue by business group			
Christian Dior Couture	1,765	1,501	237
Wines and Spirits	4,226	4,055	541
Fashion and Leather Goods	11,731	10,202	1,599
Perfumes and Cosmetics	4,236	3,752	552
Watches and Jewelry	3,068	2,688	453
Selective Retailing	10,443	9,087	1,398
Other activities and eliminations	(388)	(418)	(30)
TOTAL	**35,081**	**30,867**	**4,750**
Profit from recurring operations by business group			
Christian Dior Couture	226	187	35
Wines and Spirits	1,168	1,289	134
Fashion and Leather Goods	3,363	3,129	516
Perfumes and Cosmetics	459	418	34
Watches and Jewelry	381	319	70
Selective Retailing	912	894	122
Other activities and eliminations	(213)	(185)	(29)
TOTAL	**6,296**	**6,051**	**882**

(a) Of which 2,623 million euros resulting from the distributions of Hermès shares.
(b) Before tax and interest paid.
(c) Including minority interests.
(d) Excluding purchase commitments for minority interests, included in Other non-current liabilities. See Note 18.1 to the consolidated financial statements.
(e) Of which 6.07 euros per share before dilution (6.01 euros per share after dilution) resulting from the distributions of Hermès shares.
(f) Excluding the impact of tax regulations applicable to the beneficiaries.
(g) For the fiscal year ended June 30, 2015, amount proposed to the Shareholders' Meeting of December 1, 2015.
(h) For the fiscal year ended June 30, 2014.
(i) Distribution of reserves and issue premiums under the seventh resolution of the Shareholders' Meeting of December 9, 2014.
(j) Exceptional interim dividend in kind.

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

Management report of the Board of Directors

CHRISTIAN DIOR GROUP

1.	**Consolidated results**	**8**
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
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
4.	**Financial policy**	**24**
4.1.	Comments on the consolidated balance sheet	24
4.2.	Comments on the consolidated cash flow statement	27
5.	**Stock option and bonus share plans**	**28**
6.	**Subsequent events**	**28**
7.	**Recent developments and prospects**	**28**

1. Consolidated results

Revenue for the Christian Dior group for the fiscal year ended June 30, 2015 was 35,081 million euros, up 14% from the previous fiscal year. It was favorably impacted by the appreciation of the Group's main invoicing currencies against the euro, in particular the US dollar, which appreciated substantially.

No significant changes have been made in the Group's scope of consolidation since July 1, 2014.

On a constant consolidation scope and currency basis, revenue increased by 5%.

The Group posted a gross margin of 22,774 million euros, up 12% compared to the previous fiscal year. As a percentage of revenue, the gross margin was 65%, down one point from the fiscal year ended June 30, 2014.

The Group's profit from recurring operations was 6,296 million euros, up 4% compared to the 2013/2014 fiscal year. The current operating margin was 18%, down two points from the previous fiscal year-end.

Other operating income and expenses amounted to a net expense of 298 million euros, compared to a net expense of 153 million euros in 2013/2014.

Net financial income for the fiscal year was 2,685 million euros, compared with a net financial expense of 231 million euros as of June 30, 2014. This item comprises the aggregate cost of net financial debt, which amounted to 164 million euros, together with other financial income and expenses, which amounted to net income of 2,849 million euros compared to a net expense of 83 million euros as of June 30, 2014. This amount essentially consists of capital gains arising on the distributions in kind in the form of Hermès International shares for 3.2 billion euros.

The Group's effective tax rate was 29.0%, compared to 31.3% as of June 30, 2014. This change was essentially due to the specific impact of the distributions of Hermès International shares.

Profit attributable to minority interests was 3,787 million euros, compared to 2,467 million euros for the 2013/2014 fiscal year. This total mainly includes profit attributable to minority interests in LVMH, Moët Hennessy and DFS.

The Group's share of net profit was 2,378 million euros, up 67% compared to the previous fiscal year. This represented 7% of revenue for the fiscal year, up two points. Net of tax, the Hermès transaction contributed 1,085 million euros to the Group share of net profit. Excluding Hermès, the Group share of net profit was 1,293 million euros.

The main financial items for the 2014/2015 fiscal year were as follows:

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014 [(a)] (12 months)
Revenue	35,081	30,867
Profit from recurring operations	6,296	6,051
Operating profit	5,998	5,898
Net profit	6,165	3,892
Of which: Group share	2,378	1,425

(a) The financial statements as of June 30, 2014 have been restated to reflect the application of IFRS 11 Joint Arrangements.

Compared to the fiscal year ended June 30, 2014, revenue growth by business group was as follows:

- Revenue from Christian Dior Couture increased by 18% at actual exchange rates and by 10% at constant exchange rates. Revenue from retail and other activities increased 19% at actual exchange rates and 12% at constant exchange rates. This robust growth, achieved amidst a less dynamic market, involved all geographic regions.
- Wines and Spirits saw an increase in revenue of 4% at actual exchange rates. Revenue for this business group decreased by 1% on a constant consolidation scope and currency basis, with a positive 5-point impact from exchange rate fluctuations. This performance was mainly driven by higher volumes. Demand remained very strong in the United States and Europe, with China still the second-largest market for the Wines and Spirits business group.
- Fashion and Leather Goods posted organic revenue growth of 4%, and 15% based on published figures. This business group's performance continued to benefit from gains made by Louis Vuitton. Fendi, Céline, Kenzo, Givenchy and Berluti confirmed their potential for strong growth as of June 30, 2015.
- Revenue for Perfumes and Cosmetics increased by 7% on a constant consolidation scope and currency basis, and by 13% based on published figures. All of this business group's brands performed well. This performance 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 saw appreciable revenue growth in the United States and Asia, notably China.

- Revenue for Watches and Jewelry increased by 7% on a constant consolidation scope and currency basis, and by 14% based on published figures. This business group was boosted by the very strong momentum of Bvlgari throughout the world and by a very robust performance delivered by Chaumet and Hublot. For all of the business group's brands, Europe and Japan were the most dynamic regions.
- Revenue for Selective Retailing increased by 15% based on published figures, and by 6% on a constant consolidation scope and currency basis. This performance was driven by Sephora, which generated very appreciable growth in revenue across all world regions.

Revenue by invoicing currency

(as %)	June 30, 2015 (12 months)	June 30, 2014 [a] (12 months)
Euro	23	24
US dollar	29	27
Japanese yen	7	7
Hong Kong dollar	8	8
Other currencies	33	34
TOTAL	**100**	**100**

(a) The financial statements as of June 30, 2014 have been restated to reflect the application of IFRS 11 Joint Arrangements.

The breakdown of revenue by invoicing currency changed as follows compared to the fiscal year ended June 30, 2014: the contributions of the yen and the Hong Kong dollar to revenue remained stable compared to the previous period, at 7% and 8%, respectively. The contributions of the euro and other currencies fell by 1 point each to 23% and 33%, respectively, of consolidated revenue. The contribution of the US dollar rose by 2 points, amounting to 29% as of June 30, 2015.

Revenue by geographic region of delivery

(as %)	June 30, 2015 (12 months)	June 30, 2014 [a] (12 months)
France	10	11
Europe (excluding France)	19	19
United States	24	22
Japan	7	7
Asia (excluding Japan)	28	30
Other markets	12	11
TOTAL	**100**	**100**

(a) The financial statements as of June 30, 2014 have been restated to reflect the application of IFRS 11 Joint Arrangements.

By geographic region and compared to the fiscal year ended June 30, 2014, the relative contribution of Europe (excluding France) to Group revenue remained stable, while France's contribution decreased by 1 point. The contribution of Europe accounted for 29% of Group revenue. The contribution of Asia (excluding Japan) decreased by 2 points, totaling 28%. Japan's contribution remained stable at 7%. Contributions from Other markets rose by 1 point to 12%. The contribution of the United States was up 2 points, accounting for 24% 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, 2015** (12 months)	%	**June 30, 2014** [(a)] (12 months)	%
Christian Dior Couture	1,765	5	1,501	5
Wines and Spirits	4,226	12	4,055	13
Fashion and Leather Goods	11,731	33	10,202	33
Perfumes and Cosmetics	4,236	12	3,752	12
Watches and Jewelry	3,068	9	2,688	9
Selective Retailing	10,443	30	9,087	29
Other activities and eliminations	(388)	-	(418)	-
TOTAL	**35,081**	**100**	**30,867**	**100**

Profit from recurring operations *(EUR millions)*	**June 30, 2015** (12 months)	**June 30, 2014** [(a)] (12 months)
Christian Dior Couture	226	187
Wines and Spirits	1,168	1,289
Fashion and Leather Goods	3,363	3,129
Perfumes and Cosmetics	459	418
Watches and Jewelry	381	319
Selective Retailing	912	894
Other activities and eliminations	(213)	(185)
TOTAL	**6,296**	**6,051**

(a) The financial statements as of June 30, 2014 have been restated to reflect the application of IFRS 11 Joint Arrangements.

Compared to the fiscal year ended June 30, 2014, the breakdown of Group revenue by business group remained nearly unchanged:

- the contributions of Christian Dior Couture, Fashion and Leather Goods, Perfumes and Cosmetics, and Watches and Jewelry remained stable at 5%, 33%, 12% and 9%, respectively;
- the contribution of Wines and Spirits to total Group revenue fell by 1 point, to 12%;
- the contribution of Selective Retailing rose by 1 point over the period, to 30%.

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 2,117 million euros. This includes, on the one hand, net operating investments totaling 1,947 million euros (mainly related to the acquisition of property, plant and equipment), and on the other hand, net financial investments totaling 170 million euros.

Research and development

Research and development expenses posted during the fiscal year totaled 86 million euros as of June 30, 2015 (compared to 73 million as of June 30, 2014 and 13 million euros as of June 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

2.1. CHRISTIAN DIOR COUTURE

2.1.1. Highlights

The key highlights of the fiscal year ended June 30, 2015 were as follows:

Success for all product lines

The Leather Goods and Ready-to-Wear collections, recognized for their excellence and savoir-faire combining tradition and modernity, continued to win over new customers.

Accessories and Footwear continued to gain market share. Jewelry also had a very good year.

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

Revenue generated by Dior's retail and other activities grew by 19% at actual exchange rates and by 12% at constant exchange rates compared to the period from July 1, 2013 to June 30, 2014. Revenue grew in all world regions.

Solid growth in profit from recurring operations

Profit from recurring operations amounted to 226 million euros. Buoyed by strong sales growth, this item was up 21% compared to the period from July 1, 2013 to June 30, 2014.

Investments

Christian Dior Couture continued to make targeted, very high-quality investments in its retail network.

The impressive Maison Dior in Seoul, designed by architect Christian de Portzampac, opened its doors. Other boutiques were unveiled over the 2014/2015 fiscal year, in particular in Germany (Frankfurt and Düsseldorf), Hong Kong (airport), Australia (Melbourne) and New Zealand (Auckland).

Several extensions or renovations were carried out, in particular in Paris (Le Bon Marché), London (Harrods, Selfridges), New York (SoHo), Tokyo (Omotesando), Hong Kong (Landmark, Elements), Singapore (Marina Bay Sands) and China (Dalian Times Square).

Communication and image

Numerous events were held during the fiscal year. The "Esprit Dior" exhibition – which was shown first in Tokyo, then in Seoul – enabled a number of contemporary artists to unveil their vision of Maison Dior.

The traveling exhibition "Le Théâtre Dior", which tells the story of Dior through miniature dresses recreated by the workshops, continued its journey throughout China, from Shenyang to Shanghai, Guangzhou and Beijing.

In Paris, the *Archi Dior* fine jewelry collection, inspired by the architecture of Monsieur Dior's dresses, was presented at the Grand Palais for the Biennale des Antiquaires.

The documentary film *Dior & I* had its world premiere at the Tribeca Film Festival in New York, before being screened in several cities around the world.

Collections were unveiled in exceptional settings: Autumn-Winter 2015-2016 Women's Ready-to-Wear in the Cour Carrée courtyard of the Louvre in Paris, *Croisière* 2016 on the Côte d'Azur against the futuristic backdrop of the Palais Bulles, and the *Pre-Fall* 2015 collection presented at a sumotori arena in Tokyo.

The new phase of the *Secret Garden* advertising campaign, featuring Rihanna at the Château de Versailles, garnered an impressive following. The campaigns for the *Lady Dior* and *Be Dior* handbags, presented by Oscar-winning actresses Marion Cotillard and Jennifer Lawrence, also had a considerable international reach.

2.1.2. Consolidated results of Christian Dior Couture

Consolidated revenue amounted to 1,765 million euros, up 18% at actual exchange rates and 10% at constant exchange rates, compared to the period from July 1, 2013 to June 30, 2014.

Profit from recurring operations was 226 million euros, up 21% from the previous fiscal year.

Operating profit amounted to 226 million euros, representing growth of 25%.

Net financial income (expense) was a net expense of 22 million euros.

The tax expense totaled 68 million euros.

The Group share of net profit was 125 million euros, with the amount attributable to minority interests totaling 11 million euros.

2.1.3. Analysis of revenue by business activity

(EUR millions)	**June 30, 2015** (12 months)	**June 30, 2014**[a] (12 months)	**Change at actual rates**	**Change at constant rates**
License royalties	26	27	-2%	-2%
Wholesale activities	106	107	-2%	-4%
Retail and other activities	1,633	1,367	19%	12%
TOTAL	**1,765**	**1,501**	**18%**	**10%**

(a) The financial statements as of June 30, 2014 have been restated to reflect the application of IFRS 11 Joint Arrangements.

License royalties

The relative contribution of license royalties decreased, in line with the strategy pursued by Christian Dior Couture.

Wholesale activities

The strategy pursued by Christian Dior Couture helped reduce the relative contribution of multi-brand clients.

Retail and Other activities

(EUR millions)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)	**Change at actual rates**	**Change at constant rates**
Europe and the Middle East	722	606	19%	15%
Americas	177	141	26%	13%
Asia-Pacific	734	620	18%	8%
TOTAL	**1,633**	**1,367**	**19%**	**12%**

- Retail and other activities continued to turn in a strong revenue performance, recording annual growth of 19% at actual exchange rates and 12% at constant exchange rates.
- All regions saw double-digit growth at actual exchange rates. Retail revenue also saw satisfactory growth at constant exchange rates. The Europe/Middle East market in particular posted an increase of 15% at constant exchange rates and the Americas market rose 13% at constant exchange rates.
- Leather Goods recorded growth that was boosted by iconic handbag lines such as *Lady Dior* and *Diorissimo*, and by the success of the new *Be Dior* and *Diorama* lines. The Ready-to-Wear collections were as highly anticipated as ever. Accessories and Footwear also posted strong growth.
- Jewelry had a very good year.

2.1.4. Outlook

Over the course of the next fiscal year, Christian Dior Couture will continue to pursue its development strategy, backed by the quality of its savoir-faire, the strength of its brand and the commitment of its teams.

New collections along with major events will support its growth in strategic markets.

2.2. WINES AND SPIRITS

2.2.1. Highlights

During the fiscal year from July 1, 2014 to June 30, 2015, revenue for the Wines and Spirits business group amounted to 4,226 million euros, representing an increase of 4% at actual exchange rates and a decrease of 1% at constant structure and exchange rates, compared to the period from July 1, 2013 to June 30, 2014.

Profit from recurring operations amounted to 1,168 million euros. Operating margin as a percentage of revenue for this business group was 28%.

2.2.2. Main developments

Product excellence, the strong dynamic of innovation at the Group's Wines and Spirits brands, and the responsive distribution network of Moët Hennessy drove sales growth in a mixed market environment. Business was marked by strong performances in the United States and Japan, coupled with rebounding sales in Europe, while destocking by distributors in China continued to weigh on sales of higher-grade cognacs.

Champagnes and wines

Reflecting the Maisons' value-driven strategy, prestige cuvées recorded good growth. **Moët & Chandon** innovated and reinforced its place in the nightlife segment with the first luminous champagne bottles. The brand recorded an acceleration in sales of its premium quality grades and continued to thrive in Japan, now its second-largest market, while fresh growth prospects appeared in Africa. **Dom Pérignon** had a good fiscal year, marked by the launch of two vintages, Dom Pérignon Vintage Rosé 2004 and the exceptional Dom Pérignon Vintage 2005. The brand initiated a three-year partnership with the elBulli Foundation to showcase its uniqueness and craft a one-of-a-kind tasting experience. **Veuve Clicquot** benefited from the recovery observed in Europe, while also continuing its advances in the United States and Japan. Launched in April, *Veuve Clicquot Rich* is the first champagne designed for mixing, and has been very successful on the first markets to offer it. **Krug** turned in a fine performance and enhanced its brand reach with several stand-out events such as the celebration of its 170th Grande Cuvée. **Ruinart** continued to expand in all regions and further illustrated its engagement on behalf of contemporary art. **Mercier** expanded its range with a new premium cuvée, Mercier Blanc de Noirs.

The sales of **Estates & Wines** progressed strongly. The new **Chandon** wineries in Ningxia, China and Nashik, India became fully operational, with their storehouses and cellars taking in their first grapes. **Cloudy Bay** harvested its first Pinot Noir grapes at its Northburn vineyard in Central Otago on New Zealand's South Island.

Cognac and spirits

Faced with destocking by distributors in China, **Hennessy** capitalized on robust growth in its other markets, registering renewed organic sales growth and a 6% increase in volumes in the second half of the 2014/2015 fiscal year. It showed particularly significant momentum in the other Asian countries, where Hennessy has a great deal of brand power, and above all in the United States. In support of its long-term growth, Hennessy initiated an ambitious investment plan notably including the construction of a new bottling and dispatch facility.

Driven by their policy of quality and innovation, **Glenmorangie** and **Ardbeg** whiskies continued to deliver strong growth. They further enhanced their reputation by winning prestigious international awards. **Belvedere** vodka remained very robust, successfully leading the high-end nightlife segment.

2.2.3. Outlook

The Wines and Spirits business group will continue to capitalize on the power and exceptional quality of its portfolio of brands, as well as on its responsive distribution network, to consolidate its positions in major consumer countries and widen its lead in emerging markets. It will maintain its value strategy with a special emphasis on innovation, building the image and appeal of its brands, and striving to give customers a truly unique experience. The next fiscal year will feature many new product launches and events. While the destocking by distributors in China continues to impact high-quality grade cognacs, **Hennessy** should see a rebound in VSOP shipments in the region and benefit from the significant vibrancy of other Asian countries and the US market.

2.3. FASHION AND LEATHER GOODS

2.3.1. Highlights

In the fiscal year from July 1, 2014 to June 30, 2015, Fashion and Leather Goods posted revenue of 11,731 million euros, up 15% at actual exchange rates and 4% at constant structure and exchange rates compared to the period from July 1, 2013 to June 30, 2014.

Profit from recurring operations amounted to 3,363 million euros. The business group's operating margin as a percentage of revenue was 29%.

2.3.2. Main developments

Louis Vuitton

Louis Vuitton continued to illustrate its creative dynamic in all its collections. Leather goods once again posted solid growth, especially for handbags, with recent models and highly effective launches. This growth reflects the good balance sought between the legendary *Monogram* – as dynamic as ever and a constant source of inspiration – and leather lines such as the timeless *Capucines*. The new creative chapter begun with Nicolas Ghesquière has helped enhance the brand's reach. The fiscal year featured shows at emblematic locations: the ready-to-wear collections at the Fondation Louis Vuitton in Paris, which opened in the first half of the fiscal year, and the *Croisière* show at the villa of Bob and Dolores Hope in Palm Springs, California. Louis Vuitton continued the quality-driven development of its network of stores, particularly visible in the reopening of its Avenue Montaigne store in Paris.

In summer 2015, the Fondation Louis Vuitton presented its first "beyond the walls" exhibition in Beijing.

The Maison also strengthened its partnership with the America's Cup, the most prestigious international yachting competition.

Other brands

Fendi recorded strong growth and gained market share in all world regions. The Rome-based brand continued to enhance its appeal by cultivating its image of audacity, refinement and sophistication. It showed excellent momentum across all its product categories, especially leather goods and accessories. The new boutique concept continued its successful roll-out. During the fiscal year, Fendi held an exhibition in Hong Kong showcasing the most beautiful pieces from 1965 to the present day, celebrated fifty years of creative collaboration with Karl Lagerfeld and inaugurated its new headquarters at the Palazzo della Civiltà Italiana, an emblematic building in Rome.

Backed by its expertise and its exclusive sources of supplies in the noblest natural resources, and buoyed by the excellence of its savoir-faire in textiles and its creations in ready-to-wear, footwear and accessories, **Loro Piana** continued to grow. The *Gift of Kings* collection, made from the finest wool in the world, garnered rave reviews at launch. Its boutique network turned in a strong performance, especially in Paris, New York, Chicago, Venice, Tokyo and Taiwan. New stores were opened in Frankfurt and Macao.

Boosted by all its product categories, **Céline** turned in a solid performance and continued the selective development of its distribution network. Its iconic *Luggage* line remained in great demand. Ready-to-wear and footwear continued to vigorously reaffirm the brand's identity, associated with modernity and quality.

Givenchy and **Kenzo** boosted their momentum with heightened visibility and creativity, and a high revenue growth rate.

Berluti posted excellent performance in Europe and Japan and strengthened its core business with the opening of its new footwear workshop in Ferrara.

Loewe enjoyed a boost from the very positive response to its new Artistic Director Jonathan Anderson's collections and the successful launch of the *Puzzle* bag, which perfectly incarnates the Spanish Maison's creativity and its exceptional savoir-faire in leatherworking.

Pucci welcomed a new Creative Director, Massimo Giorgetti. **Donna Karan** and **Marc Jacobs** continued their creative reinforcement by focusing on repositioning their collections in the contemporary fashion segment. **Thomas Pink** recorded robust growth in its online sales.

2.3.3. Outlook

Louis Vuitton will maintain its creative momentum, with solid growth prospects for handbags, travel goods and leather accessories. The Maison's image will be enhanced by new events at emblematic locations. One of these highlights is the opening of the Louis Vuitton Galerie in Asnières, located on the grounds of the family home and workshop where Louis Vuitton himself refined his savoir-faire and where the most exceptional pieces are created. Louis Vuitton will also continue the quality-driven development of its network of stores, always seeking to provide its customers with a fascinating creative universe and exceptional service. In July 2015, Fendi presented its Fashion Furs collection for the first time during the Haute Couture segment of Paris Fashion Week. A number of launches are slated to take place during the next fiscal year, as are openings such as that of the Palazzo Fendi store in Rome. By focusing on their specific targets, all the fashion brands will continue to reinforce their positioning, the creativity of their collections and the excellence of their distribution.

2.4. PERFUMES AND COSMETICS

2.4.1. Highlights

Perfumes and Cosmetics recorded revenue of 4,236 million euros in the fiscal year from July 1, 2014 to June 30, 2015. Revenue increased by 7% at constant structure and exchange rates, and by 13% at actual exchange rates, compared with the period from July 1, 2013 to June 30, 2014.

Profit from recurring operations amounted to 459 million euros. The business group's operating margin as a percentage of revenue was 11%.

2.4.2. Main developments

The Perfumes and Cosmetics business group recorded good revenue growth and new market share gains. The Group's Maisons continued to capitalize on the vitality of their emblematic product lines, their firm policy of innovation and differentiation, and major investments in communication.

Parfums Christian Dior

Parfums Christian Dior again demonstrated remarkable momentum. In perfumes, Dior enjoyed the growth of its three global mainstays: *J'adore*, which continued to gain market share; *Miss Dior*, uplifted by its new communications featuring Natalie Portman; and *Dior Homme*, which is taking strong positions in the world's main regions. The arrival of Peter Philips as Creative Director of make-up design gave major impetus to the brand's collections, enhancing their creativity and their ties to Christian Dior Couture. Its innovations such as *Diorskin Nude Air* serum foundation and *Rouge Brillant* met with great success internationally. Skincare benefited from the performance of *Prestige*, notably in Asia, and the global success of *Dreamskin*, whose launch in China generated unprecedented results.

Guerlain

In February, **Guerlain** inaugurated its new cosmetics manufacturing site, La Ruche, in Chartres. The site represents an investment by Guerlain in growth for the decades to come, as well as a reaffirmation of its French identity and a demonstration of its environmental and social commitment. The fragrance *La Petite Robe Noire*, firmly positioned at number two on the French market, also performed well internationally. The brand's development in Asia was driven by skincare, in particular the very robust growth of *Abeille Royale*, whose face treatment oil and serum proved highly successful. The Maison at 68 Champs-Élysées, a perfect incarnation of Guerlain's vision of excellence and prestige, offered a unique experience, from exclusive never-before-seen products to personal pampering at its in-house Institute.

Other brands

Parfums Givenchy was buoyed by the achievements of the fragrances *Gentlemen Only* and *Dahlia Divin*, and by the growth of the *Le Makeup* make-up line and its lipstick range.

Kenzo Parfums benefited from the success of *Jeu d'Amour*, launched during the fiscal year, consolidated the positions of its mainstay *Flower by Kenzo* and increased sales of its *Kenzoki* skincare line.

Benefit confirmed its robust momentum. The US brand's latest major innovation, *Roller Lash* curling mascara, was a tremendous success and reinforced the leading position already earned with its *They're Real!* lengthening mascara.

Make Up For Ever recorded a nice acceleration in growth, helped along by business in the United States and Middle East. The brand celebrated its launch in the United Kingdom. **Fresh** had several major product launches, notably in its lotus-based range, and opened stores in Singapore and Thailand. **Acqua di Parma** debuted its new *Rosa Nobile* fragrance internationally.

2.4.3. Outlook

The business group's brands are setting new market share targets for the next fiscal year. In September, ten years after *Dior Homme*, **Parfums Christian Dior** launched a new, globally driven men's fragrance with a universally recognized brand ambassador, Johnny Depp. The brand will innovate in make-up and skincare, notably with the reinvention of the *Dior Addict Lipstick* worn by Jennifer Lawrence, an icon of the younger generation, and a powerful new approach to the iconic *Prestige* range of skin creams. News for **Guerlain** will include the international launch of *L'Homme Idéal Cologne* and the unveiling of new make-up products and skincare offerings in the *Orchidée Impériale* and *Abeille Royale* ranges. Numerous other launches will take shape in the months to come across all the business group's brands and a flurry of new stores will be opened in key cities, helping to make the first half of the 2015/2016 fiscal year quite an eventful period.

2.5. WATCHES AND JEWELRY

2.5.1. Highlights

In the fiscal year from July 1, 2014 to June 30, 2015, Watches and Jewelry posted revenue of 3,068 million euros, representing an increase of 14% at actual exchange rates and 7% at constant structure and exchange rates compared to the period from July 1, 2013 to June 30, 2014.

Profit from recurring operations for Watches and Jewelry was 381 million euros. The business group's operating margin came to 12%.

2.5.2. Main developments

The Watches and Jewelry business group recorded robust growth, mainly fueled by the strong performance of jewelry. Own-brand boutiques made solid progress, driven by the success of their iconic lines and the creativity of their new products. Wholesale activities were slowed by the cautious behavior of multi-brand watch retailers in an uncertain economic and monetary environment. The Group's brands remained committed to raising their profile with sustained investments in communication and implemented a selective store opening and renovation plan.

Bvlgari saw markedly rapid growth, particularly in China, the Middle East and Europe, thanks to the success of its flagship jewelry lines *Bvlgari Bvlgari*, *Serpenti*, *B.zero1* and *Diva*, and new extensions such as *BB Cuore* and *Divissima*. The watches business was just as dynamic, boosted by the confirmed success of its *Lucea* women's line and *Octo* men's line, and by the excellent welcome received at Baselworld by the *Diagono Magnesium*. The remarkable performance of its own stores came as a reward for the continued efforts made to open, enhance and enrich the offering of boutiques rolled out by the Maison. The Canton Road store in Hong Kong, which opened in January, has already asserted itself as one of Bvlgari's premier locations. An exhibition in Beijing followed by Shanghai celebrated the Maison's jewelry-making savoir-faire and its singular talent for artful colored gemstone arrangements. A new fine jewelry collection, *Giardini Italiani*, was unveiled in Florence in June.

At Baselworld, **TAG Heuer** presented new creations in its *Carrera*, *Aquaracer* and *Formula 1* flagship collections, accentuating its recentered focus on its core product ranges. The *Carrera Heuer 01* model was particularly well received. The announcement of a partnership with Google and Intel ahead of the upcoming launch of a smartwatch, a perfect illustration of the Maison's pioneering character, generated considerable interest.

Hublot once again posted solid growth and continued to illustrate its creativity with models presented at Baselworld such as the *Classic Britto*, the *Big Bang Poker Tour* and the *Big Bang Broderie*. The brand raised its profile through a communication program built around the worlds of art – notably with the pianist Lang Lang – and sports, expanding its presence in major global soccer events. The opening of boutiques in Frankfurt, Taipei and Osaka strengthened its retail network.

Zenith celebrated its 150th anniversary and continued to develop its emblematic *El Primero* line. At Baselworld, the Maison presented its new *Elite 6150* movement, a model that exemplifies elegant simplicity and the classic tradition of watchmaking.

Chaumet saw sales increase, particularly in its high-range categories inspired by the unique heritage of this prestigious brand. The roll-out of the *Hortensia* collection continued and the *Joséphine* line kept growing. **De Beers** consolidated its position as a benchmark in the diamond segment with original new creations. **Fred** continued to develop its iconic *Force 10* line and opened a new flagship boutique on Rue de la Paix in Paris.

2.5.3. Outlook

The Watches and Jewelry businesses have strong overall growth prospects for the first half of the 2015/2016 fiscal year. Revenue growth will be fueled by the delivery of new products and sustained by new marketing and communication campaigns. The store network will continue to grow, featuring in particular new points of sale in Moscow and the renovation of the **Bvlgari** store in London. **Hublot**'s opening of its second manufacturing facility in Nyon during the summer will boost its production capacity in response to the success of its products. The majority of **TAG Heuer**'s new products will be launched over the coming months, backed by a communication plan targeting the brand's key markets.

2.6. SELECTIVE RETAILING

2.6.1. Highlights

In the fiscal year from July 1, 2014 to June 30, 2015, Selective Retailing posted revenue of 10,443 million euros, up 15% at actual exchange rates and 6% at constant structure and exchange rates compared to the period from July 1, 2013 to June 30, 2014.

Profit from recurring operations amounted to 912 million euros. Operating margin as a percentage of revenue for the Selective Retailing business group totaled 9%.

2.6.2. Main developments

Against the backdrop of a weak yen and euro, and tensions affecting Macao and Hong Kong, **DFS** capitalized on its unique expertise to strengthen its position in travel retail with a number of new store openings and transformations as well as the creation of innovative new concepts. The wines and spirits duplex store that opened at Changi Airport in Singapore set a new benchmark for excellence in this category in terms of customer experience and architecture. One of the fiscal year's highlights was the announcement of DFS's plans to open its first European store at the Fondaco dei Tedeschi, in the heart of Venice. This much-venerated building, which DFS wants to restore to its former glory, will be a venue for commerce and culture for travelers and locals alike. A new standalone beauty concept was launched at the Galaxy complex in Macao, and the complex in Causeway Bay in Hong Kong underwent a major overhaul, in response to changing consumer patterns in these key markets. DFS also benefited from hitherto unattained levels of Chinese tourism in Okinawa. The "Loyal T" loyalty program continued its successful implementation, having evolved into a proactive engagement tool to both attract and retain customers.

Starboard Cruise Services continued to benefit from the development of routes in Asia, and to differentiate its in-store offerings by cruise line. Two highlights of the 2014/2015 fiscal year were the launch of a new high-capacity ship and the renewal of the contract with Royal Caribbean, expanding its fleet to around one hundred ships at the end of the first half-year period.

Sephora maintained its double-digit organic revenue growth, driven in particular by its performance in North America, France and the Middle East. It won new market share again in all its key countries and continued expanding, opening 24 stores in the second half of the fiscal year, while several of its flagship stores, including those on the Champs-Élysées and in the Dubai Mall, were renovated to offer their clientele an ever more quality-driven experience. Online sales also grew remarkably and the mobile offering got an additional boost. A boutique was opened on a Chinese e-commerce platform. Sephora maintained its focus on innovation in products, services and digital offerings. Several innovative offerings were floated during the fiscal year, such as 48-hour delivery in the United States and the "Click & Collect" service in France, where products ordered online can be picked up in-store three hours later. These initiatives are intended for wider roll-out, as is the innovative "Beauty To Go" pack of miniature beauty products for travel and day-to-day use.

Le Bon Marché reached a milestone in its modernization plan during the second half of the 2014/2015 fiscal year, unveiling a very smartly designed shoe department and debuting a new concept in Women's Fashion. The department store benefited from new sales momentum at the Grande Épicerie de Paris food store following its renovation, and more and more Parisians and international travelers became customers, attracted by its unique atmosphere and quality of service. These achievements were made possible in part by the success of the loyalty program launched in 2014 as well as new customer outreach initiatives.

2.6.3. Outlook

Over the coming months, **DFS** will strive to optimize the value proposition and composition of its stores' offerings to meet changing consumer preferences and give them an even richer experience. In 2016, the new face of the City of Dreams store in Macao will showcase the company's appetite for innovation and expertise in luxury. As part of its geographical diversification strategy, DFS is actively preparing to open stores in Siem Reap, Cambodia and Venice, Italy, slated for 2016.

Sephora will continue to reinforce the mainstays of its strategy: innovating offerings, newly developed exclusive services, and employee buy-in. It will go on opening new stores at a sustained pace. Two new communication campaigns will be launched in Europe and the United States. In-store digital initiatives will play a wider role, helping to extend Sephora's lead in developing a multi-channel approach. The acquisition of the e-commerce site Luxola, present in Southeast Asia, dovetails with this strategy.

Le Bon Marché will continue the transformation of its Women's Fashion department in order to enhance its profile as a trendsetter and reinforce the unique experience sought by its customers. Events are the department store's other stand-out feature; it organized a major show of products and culture in the fall showcasing the unique spirit of the emerging community of Brooklyn.

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, 2015 amounted to 25.6 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. As part of a joint effort aimed at developing new solutions to get consumers more engaged in their digital experience, while also preserving brand value and promoting creativity, the Group and several major Internet companies (pure plays) have announced that they are working together to protect the Group's intellectual property rights and combat the online advertising and sale of counterfeit products.

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, 2014 to June 30, 2015, anti-counterfeiting measures generated internal and external costs for the Group in the amount of approximately 39 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, 2015, the minimum total amount of commitments undertaken by the Group in respect of multi-year lease, concession, and procurement agreements amounted to 11.7 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, 2015, this commitment is valued at 6.8 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 and 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.

Some of the Group's activities have thus been penalized during the period by the "anti-extravagance" measures instated by China since late 2012. This was notably the case of the Cognac business, which, affected by the decline in receptions and banquets, suffered a drop in sales volumes in 2014 related to the substantial volumes of inventories held by its distributors at the end of 2013. The fall in volumes of corporate gift-giving also had an adverse impact on the Watches and Jewelry business.

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. Despite a tense security situation leading member states to request enhanced border checks, the European Commission has proposed the creation of a "touring visa" (with an extended stay period and permission to travel around the entire Schengen area) that will facilitate luxury tourism shopping in 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 §1.9.2. "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, for example in the areas of leather goods and watchmaking. 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 climate 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 2014, engineering consultants audited about 80 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 350 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 350 million euros per claim in France, and starts at 15 million euros for claims outside France. As a result of a Japanese earthquake risk modeling study performed in 2014, specific coverage in the amount of 150 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 transport loss arising as a result of transportation in progress at a given moment.

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 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 businesses and, to a lesser extent, the Watches and Jewelry businesses. Together, these sales accounted for approximately 65% of total revenue during the fiscal year ended June 30, 2015.

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, 2015.

3.3.2. Counterparty risk

Through its financing, investment and market risk hedging operations, the Group is exposed to counterparty risk, mainly banking-related, which must be regularly and actively managed. 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 or the Chinese yuan, among others) 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. An analysis of the sensitivity of the Group's net profit to fluctuations in the main currencies to which the Group is exposed, as well as a description of the extent of cash flow hedging for 2015/2016 relating to the main invoicing currencies are provided in Note 22.5 to the consolidated financial statements.

Owning substantial assets denominated in currencies other than the euro (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. An analysis of the exposure to foreign exchange risk related to net assets for the main currencies involved is presented in Note 22.5 to the consolidated financial statements.

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 7.5 billion euros as of June 30, 2015. After hedging, 50% of gross financial debt was subject to a fixed rate of interest and 50% 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.

The Group's debt is denominated in various currencies, with the portion denominated in currencies other than the euro being most often converted to euros via cross-currency swaps; the Group is then mainly exposed to fluctuations in euro interest rates. This interest rate risk is managed using swaps or 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.

Moreover, listed securities may be held by some of the funds in which the Group has invested, or directly in 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 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 of low significance. Its overall exposure to liquidity risk can be assessed either (a) with regard to the amount of the short-term portion of its net financial debt, excluding the impact of derivatives, net of cash and cash equivalents, 1.7 billion euros as of June 30, 2015, or (b) with regard to aggregate outstanding amounts in respect of its commercial paper programs, 2.4 billion euros. Should any of these borrowing facilities not be renewed, the Group has access to undrawn confirmed credit lines totaling 4.7 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 paper), and the quality of its banking relationships, whether evidenced or not by confirmed credit lines.

The Group has undertaken to maintain a customary financial ratio in connection with certain long-term credit lines ("assets to net financial debt"). As of June 30, 2015, no significant loan agreements are concerned by those provisions.

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 on the following areas:

- maintaining a solid financial structure and a high level of financial flexibility, with the following key indicators:
  - level of equity:

    equity before appropriation of profit came to 26.3 billion euros as of June 30, 2015, down 13% from 30.3 billion euros as of June 30, 2014. Excluding the exceptional distributions in kind of Hermès International shares, which had a negative impact of 7.0 billion euros (see Note 8 to the consolidated financial statements for further details on this transaction), the increase amounted to 3.0 billion euros,
  - lower net debt:

    net debt came to 7.5 billion euros as of June 30, 2015, as against 7.9 billion euros as of June 30, 2014,
  - the Group's ready access to liquidity, in particular through its commercial paper program, 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 2014/2015 fiscal year,
  - renewing the Group's long-term financing,
  - maintaining a substantial level of cash and cash equivalents with a diversified range of top-tier banking partners,
  - the Group's financial flexibility, facilitated by a significant reserve of undrawn confirmed credit lines totaling 4.7 billion euros, including a 2 billion euro syndicated loan taken out by LVMH SE 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;
- 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 generous policy of dividend payouts to shareholders, to enable them to benefit from the strong performance over the fiscal year:
  - distribution of an exceptional interim dividend in kind in the form of Hermès International shares, with 3 Hermès International shares being distributed for 200 Christian Dior shares held,
  - proposal of a total gross cash dividend payment of 3.20 euros per share for the fiscal year ended June 30, 2015, including an interim dividend of 1.25 euros per share that was paid as of April 2015.

    Total dividend payments to shareholders by Christian Dior SE amounted to 1,329 million euros, of which 578 million euros corresponded to ordinary dividend payments, in respect of the fiscal year ended June 30, 2015, before the impact of treasury shares. Dividends and interim dividends paid to minority interests of the consolidated subsidiaries amounted to 1,271 million euros.

4.1. COMMENTS ON THE CONSOLIDATED BALANCE SHEET

4.1.1. Restatements to the balance sheet as of June 30, 2014

The balance sheet as of June 30, 2014 has been restated to reflect the retrospective application as of May 1, 2013 of IFRS 11, which eliminates the possibility of using proportionate consolidation to consolidate jointly controlled entities, which are accounted for using only the equity method (see Note 1.2 to the consolidated financial statements).

The impact of these restatements on the main balance sheet items is presented below:

ASSETS *(EUR billions)*	June 30, 2014 reported	Retrospective application of IFRS 11	June 30, 2014 restated
Brands and trade names	14.7	(0.2)	14.5
Goodwill	9.7	(0.1)	9.6
Other tangible fixed assets	11.4	-	11.4
Tangible and intangible fixed assets	**35.8**	**(0.3)**	**35.5**
Investments in joint ventures and associates	0.2	0.3	0.5
Other non-current assets	8.8	-	8.8
NON-CURRENT ASSETS	**44.8**	**-**	**44.8**
Inventories	9.7	(0.1)	9.6
Other current assets	6.7	-	6.7
CURRENT ASSETS	**16.4**	**(0.1)**	**16.3**
ASSETS	**61.2**	**(0.1)**	**61.1**

LIABILITIES AND EQUITY *(EUR billions)*	June 30, 2014 reported	Retrospective application of IFRS 11	June 30, 2014 restated
Equity	30.3	-	30.3
Long-term borrowings	4.4	-	4.4
Deferred tax	5.3	(0.1)	5.2
Other non-current liabilities	8.1	-	8.1
EQUITY AND NON-CURRENT LIABILITIES	**48.1**	**(0.1)**	**48.0**
Short-term borrowings	6.4	-	6.4
Other current liabilities	6.7	-	6.7
CURRENT LIABILITIES	**13.1**	**-**	**13.1**
LIABILITIES AND EQUITY	**61.2**	**(0.1)**	**61.1**

4.1.2. Balance sheet as of June 30, 2015

ASSETS *(EUR billions)*	June 30, 2015	June 30, 2014	Change (12 months)
Tangible and intangible fixed assets	38.0	35.5	+2.5
Other non-current assets	3.8	9.3	-5.5
Non-current assets	**41.8**	**44.8**	**-3.0**
Inventories	10.7	9.6	+1.1
Other current assets	7.5	6.7	+0.8
Current assets	**18.2**	**16.3**	**+1.9**
ASSETS	**60.0**	**61.1**	**-1.1**

LIABILITIES AND EQUITY *(EUR billions)*	June 30, 2015	June 30, 2014	Change (12 months)
Equity	26.3	30.3	-4.0
Long-term borrowings	6.1	4.4	+1.7
Other non-current liabilities	15.4	13.3	+2.1
Equity and non-current liabilities	**47.8**	**48.0**	**-0.2**
Short-term borrowings	4.4	6.4	-2.0
Other current liabilities	7.8	6.7	+1.1
Current liabilities	**12.2**	**13.1**	**-0.9**
LIABILITIES AND EQUITY	**60.0**	**61.1**	**-1.1**

The consolidated balance sheet of the Christian Dior group totaled 60.0 billion euros as of June 30, 2015, representing a 1.1 billion euro decrease from June 30, 2014, down 1.7%.

Non-current assets declined by 3.0 billion euros and represented 70% of total assets, compared with 73% as of June 30, 2014.

Tangible and intangible fixed assets grew by 2.5 billion euros, mainly due to exchange rate fluctuations, which had a positive impact of 1.5 billion euros. Investments for the fiscal year, net of disposals as well as amortization and depreciation charges, represented an additional increase of 0.4 billion euros, while goodwill increased by 0.6 billion euros as a result of the increase in commitments to buy back minority interests for 0.8 billion euros and impairment for 0.2 billion euros.

The substantial reduction in other non-current assets of 5.5 billion euros mainly resulted from the distributions in kind of Hermès International shares to the shareholders of LVMH and Christian Dior, which reduced non-current assets by 6.8 billion euros (see Note 8 to the consolidated financial statements for further details on this transaction), partly offset by the positive impacts of exchange rate fluctuations for 0.3 billion euros, and the increase in deferred tax assets for 0.8 billion euros. Of that amount, 0.3 billion euros was due the de-offsetting of long-term balances, leading to an equivalent increase in deferred tax assets and liabilities.

Inventories totaled 10.7 billion euros, compared to 9.6 billion euros as of June 30, 2014. The comments on the cash flow statement provide further information on this change.

Other current assets totaled 7.5 billion euros, compared to 6.7 billion euros as of June 30, 2014.

Other non-current liabilities totaled 15.4 billion euros, versus 13.3 billion euros as of June 30, 2014, up 2.1 billion euros, influenced by the 0.9 billion euro increase in debt relating to purchase commitments for minority interests' shares, as well as the increase in deferred tax liabilities for 0.5 billion euros, the increase in provisions for contingencies and losses for 0.4 billion euros, and exchange rate fluctuations for 0.3 billion euros.

Other current liabilities increased by 1.1 billion euros, totaling 7.8 billion euros, of which 0.6 billion euros were related to exchange rate fluctuations, 0.2 billion euros to the increase in trade accounts payable, 0.2 billion euros to the increased value of derivatives and 0.1 billion euros to increased tax and social charge liabilities.

(EUR billions)	June 30, 2015	June 30, 2014	Change (12 months)
Long-term borrowings	6.1	4.4	+1.7
Short-term borrowings and derivatives	4.4	6.4	-2.0
Gross borrowings after derivatives	**10.5**	**10.8**	**-0.3**
Cash and cash equivalents and current available for sale financial assets	(3.0)	(2.9)	-0.1
Net financial debt	**7.5**	**7.9**	**-0.4**
Equity	**26.3**	**30.3**	**-4.0**
Net financial debt/Total equity ratio	**28.4%**	**26.1%**	**+2.3%**

The ratio of net financial debt to equity rose 2.3 points from its position at June 30, 2014 to 28.4% as of June 30, 2015, due to the decrease in equity resulting from the distributions in kind of Hermès shares.

Total equity amounted to 26.3 billion euros as of June 30, 2015, representing a decrease of 4.0 billion euros compared to June 30, 2014. The distributions in kind of Hermès shares had a negative impact of 7.0 billion euros (see Note 8 to the consolidated financial statements for further details on this transaction). This was partially offset by the Group's earnings (excluding the impacts of the Hermès transaction on earnings) which, net of dividends distributed, contributed an increase of 1.7 billion euros. In addition to this, a positive impact of 1.4 billion euros was recorded due to exchange rate fluctuations on the reserves of entities reporting in foreign currency, mainly US dollars and Hong Kong dollars. As of June 30, 2015, total equity accounted for 43.8% of the balance sheet total, compared to 49.6% as of June 30, 2014.

Gross borrowings after derivatives totaled 10.5 billion euros as of end-June 2015, representing a 0.3 billion euro decrease compared to end-June 2014.

Over the fiscal year, LVMH issued four bonds and two taps to existing bonds, which provided total financing of 1.8 billion euros, and repaid two bonds for a total of 0.8 billion euros.

Christian Dior redeemed its 350 million euro bond issued in 2009.

Commercial paper outstanding amounted to 2.4 billion euros as of June 30, 2015, a decrease of 0.4 billion euros over the fiscal year.

Cash and cash equivalents and current available for sale financial assets totaled 3.0 billion euros at the end of the fiscal year, up 0.1 billion euros compared to June 30, 2014.

As of the fiscal year-end, the Group's undrawn confirmed credit lines amounted to 4.7 billion euros, substantially exceeding the outstanding portion of its commercial paper programs.

4.2. 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, 2015.

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014 [(a) (b)] (12 months)
Cash from operations before changes in working capital	**7,611**	**7,472**
Cost of net financial debt: interest paid	(164)	(159)
Income taxes paid relating to operating activities	(1,551)	(1,847)
Net cash from operating activities before changes in working capital	**5,896**	**5,466**
Change in working capital	(468)	(976)
Operating investments	(1,947)	(1,953)
Free cash flow	**3,481**	**2,537**
Financial investments	(170)	(2,228)
Transactions related to equity	(2,229)	(2,004)
Change in cash before financing activities	**1,082**	**(1,695)**

(a) Amounts restated to reflect the impacts described in §4.1.1.
(b) Restated to reflect the change, as from June 30, 2015, in the presentation of dividends received and income taxes paid. See Note 1.4 to the consolidated financial statements.

Cash from operations before changes in working capital totaled 7,611 million euros as of June 30, 2015, up 2% from the 7,472 million euros recorded a year earlier.

Interest paid came to 164 million euros, up slightly compared to the amount recorded in the previous fiscal year.

Income tax paid over the fiscal year amounted to 1,551 million euros, down 296 million euros.

Net cash from operating activities before changes in working capital (i.e. after interest and income taxes paid) amounted to 5,896 million euros, an 8% increase.

Working capital requirements increased by 468 million euros, primarily as a result of a rise in inventories, which generated a cash requirement of 670 million euros. This increase in inventories mainly related to Wines and Spirits, and to a lesser extent Watches and Jewelry and Selective Retailing. The change in other items of working capital generated a net inflow of 202 million euros, with trade accounts payable in particular contributing 209 million euros to the cash balance.

Operating investments net of disposals resulted in a net cash outflow of 1,947 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, 170 million euros were used for net acquisitions of non-current available for sale financial assets and purchases of consolidated investments. Purchases and disposals of non-current available for sale financial assets, notably the disposal of the stake in ST Lonia, had a positive impact of 137 million euros, while income taxes paid relating to non-current available for sale financial assets amounted to 252 million euros. Purchases of consolidated investments, net of disposals, generated an outflow of 55 million euros.

Transactions relating to equity generated an outflow of 2,229 million euros. This amount includes 575 million euros in cash dividends paid by Christian Dior excluding the impact of treasury shares, 1,271 million euros in dividends paid to minority interests of the consolidated subsidiaries (essentially the minority interests of LVMH SE and of Diageo as a result of its 34% stake in Moët Hennessy) and 392 million euros in income taxes paid relating to dividends paid out.

All operating, investment, and equity-related activities thus amounted to an inflow of 1,082 million euros over the fiscal year.

The Group consequently raised funding for an amount lower than that of its bond repayments and its purchases of current available for sale financial assets. Proceeds from borrowings totaled 2,637 million euros during the fiscal year, while repayments of borrowings represented 3,223 million euros.

At the close of operations for the fiscal year, after the positive impact of the change in the cumulative translation adjustment amounting to 115 million euros, net cash and cash equivalents totaled 2,319 million euros as of June 30, 2015, up 256 million euros from June 30, 2014.

5. Stock option and bonus share plans

Detailed information on the stock option and bonus share plans is provided on page 32 et seq. of the Management report of the Board of Directors of the Christian Dior parent company.

6. Subsequent events

No significant subsequent events occurred between June 30, 2015 and October 15, 2015, the date on which the financial statements were approved for publication by the Board of Directors.

7. Recent developments and prospects

Despite a climate of economic, monetary and geopolitical uncertainty, the Christian Dior group is well equipped to continue its growth momentum across all business groups. The Group will maintain a strategy focused on brand development driven by a strong innovation policy and a constant commitment to quality in its products and distribution.

Driven by the agility of its teams, the balance of its different businesses and its 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.	**Key events during the fiscal year**	**30**
2.	**Results of Christian Dior**	**30**
3.	**Share ownership of the Company**	**31**
3.1.	Main shareholders	31
3.2.	Shares held by members of the management and supervisory bodies	31
3.3.	Information on share purchases and disposals	32
4.	**Stock option and bonus share plans**	**32**
4.1.	Options granted by the parent company, Christian Dior	32
4.2.	Options granted by the Group's subsidiary, LVMH	34
4.3.	Options granted to and exercised during the fiscal year by the Group's top ten employees, other than company officers	35
4.4.	Allocation of bonus shares and performance shares by the parent Company, Christian Dior	36
4.5.	Allocation of bonus shares and performance shares by the Group's subsidiary, LVMH	38
4.6.	Shares definitively granted during the fiscal year to the Group's top ten employees, other than company officers	40
5.	**Financial authorizations**	**40**
5.1.	Status of current delegations and authorizations	40
5.2.	Authorizations proposed to the Shareholders' Meeting	42
6.	**Share repurchase program**	**44**
6.1.	Information on share repurchase programs	44
6.2.	Description of the main characteristics of the share repurchase program presented to the Combined Shareholders' Meeting of December 1, 2015	45
6.3.	Summary table disclosing the transactions performed by the issuer involving its own shares from July 1, 2014 to June 30, 2015	45
7.	**Remuneration of company officers**	**47**
7.1.	Summary of the remuneration, options and performance shares granted to senior executive officers	47
7.2.	Summary of the remuneration of each senior executive officer	47
7.3.	Summary of directors' fees, compensation, benefits in kind and commitments given to other company officers	48
7.4.	Prior allocations of options to company officers	49
7.5.	Options granted to and exercised by company officers during the fiscal year	49
7.6.	Prior allocations of bonus shares and performance shares	50
7.7.	Share allocations to company officers during the fiscal year	51
7.8.	Work contract, specific pension, leaving indemnities and non-competition clause in favor of senior executive officers	52
8.	**Summary of transactions in Christian Dior securities during the fiscal year by senior executives and related persons**	**53**
9.	**Governance**	**53**
9.1.	List of positions and offices held by the Directors	53
9.2.	Structure of the Board of Directors	53
9.3.	Say on pay	53
10.	**Amendments to the Bylaws**	**54**
11.	**Information that could have a bearing on a takeover bid or exchange offer**	**54**

1. Key events during the fiscal year

On September 2, 2014, under the aegis of the President of the Commercial Court of Paris, LVMH Moët Hennessy - Louis Vuitton, Christian Dior, Financière Jean Goujon and Hermès entered into a settlement agreement under the terms of which:

- LVMH agreed to distribute to its shareholders all of the Hermès shares held by the LVMH group, and Christian Dior, which held 40.9% of LVMH's share capital via Financière Jean Goujon, also agreed to distribute the Hermès shares received from LVMH (indirectly via Financière Jean Goujon) to its own shareholders;
- LVMH, Financière Jean Goujon, Christian Dior and Mr. Bernard Arnault undertook not to acquire any Hermès shares for a period of five years.

Details on the impact of this transaction are provided in Note 1 to the parent company financial statements of Christian Dior.

2. Results of Christian Dior

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

Net financial income totaled 3,439,703 thousand euros. This consists principally of dividends received from subsidiaries totaling 3,483,565 thousand euros and net interest expense totaling 31,161 thousand euros.

The tax expense recognized under the tax consolidation agreement totaled 7,483 thousand euros as of June 30, 2015.

The net profit was 3,414,393 thousand euros.

The proposed appropriation of the distributable profit for the fiscal year ended June 30, 2015 is as follows:

Amount available for distribution *(EUR)*

Net profit	3,414,392,854.14
Retained earnings	5,411,977.10
DISTRIBUTABLE EARNINGS	**3,419,804,831.24**
Proposed appropriation	
Exceptional interim dividend in kind paid on December 17, 2014 [(a)]	751,558,601.76
Gross cash interim dividend of 1.25 euros per share paid on April 23, 2015	225,634,395.00
Final gross cash dividend of 1.95 euros per share to be paid	351,989,656.20
Retained earnings	2,090,622,178.28
TOTAL	**3,419,804,831.24**

(a) An exceptional interim dividend in kind, consisting of three (3) Hermès International shares for two hundred (200) Christian Dior shares held, was paid on December 17, 2014. The amount of this interim dividend was 4.20150 euros per Christian Dior share. The entire amount qualifies as distributed income for tax purposes.

Should this appropriation be approved, the gross cash dividend distributed would be 3.20 euros per share.

As an interim cash dividend of 1.25 euros per share was paid on April 23, 2015, the final dividend per share is 1.95 euros; this will be paid as of December 15, 2015.

Under existing applicable tax law as of June 30, 2015, 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, should the Company hold, at the time of payment of this dividend, any treasury shares under authorizations granted, the corresponding amount of unpaid dividends will be allocated to retained earnings.

Distribution of dividends

As required by law, the Board of Directors observes that the gross cash 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, 2014 [(c)]	Interim	April 17, 2014	1.20	0.48
	Final	December 15, 2014	1.90	0.76
	TOTAL		**3.10**	**1.24**
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**

(a) Excluding the impact of tax regulations applicable to the beneficiaries.
(b) For individuals with tax residence in France.
(c) Excluding the exceptional dividend in kind in the form of Hermès International shares voted for by the Combined Shareholders' Meeting of December 9, 2014, corresponding to an amount of 11.67083 euros per Christian Dior share, of which 1.34223 euros qualifies as distributed income for tax purposes and 10.32860 euros qualifies as a repayment of capital for tax purposes.

Since the legal reserve exceeds 10% of the share capital after the share capital reduction through retirement of treasury shares of 2,439,064 euros, it is proposed that you allocate the fraction that has become available (243,906.40 euros) to the optional reserve account, which as a result will total 243,906.40 euros.

Information relating to payment terms

As of June 30, 2015, trade accounts payable amounted to 4,173 thousand euros (978 thousand euros as of June 30, 2014). They comprise accrued expenses in the amount of 4,075 thousand euros (961 thousand euros as of June 30, 2014) and outstanding invoices past due in the amount of 98 thousand euros (17 thousand euros as of June 30, 2014).

3. Share ownership of the Company

3.1. MAIN SHAREHOLDERS

As of June 30, 2015, the Arnault Family Group directly and indirectly controlled 72.86% of the share capital, compared with 70.77% as of June 30, 2014, and held 84.32% of the voting rights exercisable at Shareholders' Meetings, compared with 83.32% as of June 30, 2014.

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

As of June 30, 2015, the members of the Board of Directors held directly, personally and in the form of registered shares, less than 0.35% of the share capital.

3.3. 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 1,399,764 with a net value of 116,486,067.23 euros. They were purchased at an average price of 83.22 euros. Their par value is 2 euros. These shares represent 0.78% of the share capital;
- information on purchases and sales of shares acquired during the fiscal year commencing July 1, 2014 and ended June 30, 2015 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 18, 2013 and December 9, 2014 is given in Section 6 below.

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

4. Stock option and bonus share plans

4.1. 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.

Five share purchase option plans set up by Christian Dior were in force as of June 30, 2015. The exercise price of options as of the plan's commencement date was calculated in accordance with applicable laws. As a result of the exceptional distributions in kind in the form of Hermès International shares decided upon by the Combined Shareholders' Meeting on December 9, 2014 and by the Board of Directors on December 11, 2014, and to preserve the rights of the beneficiaries, the exercise price and the number of options granted that had not been exercised as of December 17, 2014 were adjusted as of that date as provided by law. Each plan has a term of ten years. Provided the conditions set by the plan are met, 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 was 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, at least one of those three indicators showed a positive change compared to 2008. The performance condition was met with respect to the 2009, 2010, 2011 and 2012 fiscal years.

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 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 the Chairman of the Board of Directors and the Chief Executive Officer 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.

4.1.1. Share purchase option plans

Date of Shareholders' Meeting	05/14/2001	05/14/2001	05/11/2006	05/11/2006	05/11/2006	05/11/2006	
Date of Board of Directors' meeting	**05/12/2005**	**02/15/2006**	**09/06/2006**	**01/31/2007**	**05/15/2008**	**05/14/2009**	**Total**
Total number of options granted at plan inception	**493,000**	**475,000**	**20,000**	**480,000**	**484,000**	**332,000**	**2,284,000**
o/w Company officers [(a)]	315,000	305,000	-	285,000	320,000	150,000	**1,375,000**
Bernard Arnault [(b)]	220,000	220,000	-	200,000	200,000	100,000	**940,000**
Delphine Arnault [(b)]	20,000	25,000	-	25,000	25,000	25,000	**120,000**
Denis Dalibot [(b)]	25,000	35,000	-	35,000	70,000	-	**165,000**
Pierre Godé [(b)]	20,000	-	-	-	-	-	**20,000**
Sidney Toledano [(b)]	50,000	50,000	-	50,000	50,000	50,000	**250,000**
o/w Top ten employees [(c)]	124,000	144,000	20,000	133,000	147,000	159,000	**727,000**
Number of beneficiaries	27	24	1	28	25	26	
Earliest option exercise date	05/12/2008	02/15/2009	09/06/2009	01/31/2011	05/15/2012	05/14/2013	
Expiry date	05/11/2015	02/14/2016	09/05/2016	01/30/2017	05/14/2018	05/13/2019	
Movements from July 1 to December 17, 2014 exclusive							
Purchase price *(EUR)*	52.21	72.85 [(d)]	74.93	85.00	73.24 [(d)]	52.10	
Number of options exercised	-	15,000	1,800	35,000	70,000	6,222	**128,022**
Number of options expired	-	-	-	-	-	-	**-**
Total number of options exercised	216,200	212,600	16,300	118,000	121,250	61,222	**745,572**
Total number of options expired	56,000	39,000	-	66,000	32,000	45,000	**238,000**
OPTIONS OUTSTANDING AS OF DECEMBER 17, 2014	**220,800**	**223,400**	**3,700**	**296,000**	**330,750**	**225,778**	**1,300,428**
Movements from December 17, 2014 to June 30, 2015							
Adjustments [(e)]	19,467	19,697	327	26,101	29,167	19,912	**114,671**
Adjusted exercise price *(EUR)*	47.98	66.95 [(d)]	68.86	78.11	67.31 [(d)]	47.88	
Number of options exercised	240,267	-	-	1,193	10,441	-	**251,901**
Number of options expired	-	-	-	-	-	-	**-**
Total number of options exercised	456,467	212,600	16,300	119,193	131,691	61,222	**997,473**
Total number of options expired	56,000	39,000	-	66,000	32,000	45,000	**238,000**
OPTIONS OUTSTANDING AS OF FISCAL YEAR-END	**-**	**243,097**	**4,027**	**320,908**	**349,476**	**245,690**	**1,163,198**

(a) Options granted to active company officers as of the plan's commencement date.
(b) Company officers active as of June 30, 2015.
(c) Options granted to active employees other than company officers as of the plan's commencement date.
(d) Purchase price for Italian residents:

Plans	Exercise price	Adjusted exercise price
02/15/2006	77.16	70.91
05/15/2008	73.47	67.52

(e) Adjustments related to the distributions in kind of Hermès International shares on December 17, 2014.

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

4.1.2. Share subscription option plans

None.

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

4.2.1. Share purchase option plans

As of June 30, 2015, there are no longer any purchase option plans in effect.

4.2.2. Share subscription option plans

Date of Shareholders' Meeting	05/15/2003	05/11/2006	05/11/2006	05/11/2006	05/11/2006	05/14/2009	
Date of Board of Directors' meeting	**05/12/2005**	**05/11/2006**	**05/10/2007**	**05/15/2008**	**05/14/2009**	**07/29/2009**	**Total**
Total number of options granted at plan inception	**1,924,400**	**1,789,359**	**1,679,988**	**1,698,320**	**1,301,770**	**2,500**	**8,396,337**
o/w Company officers [(a)]	862,500	852,500	805,875	766,000	541,000	-	**3,827,875**
o/w Top ten employees [(b)]	342,375	339,875	311,544	346,138	327,013	2,500	**1,669,445**
Number of beneficiaries	495	520	524	545	653	1	
Earliest option exercise date	05/12/2009	05/11/2010	05/10/2011	05/15/2012	05/14/2013	07/29/2013	
Expiry date	05/11/2015	05/10/2016	05/09/2017	05/14/2018	05/13/2019	07/28/2019	
Movements from July 1 to December 17, 2014 exclusive							
Subscription price *(EUR)*	52.82 [(c)]	78.84 [(c)]	86.12	72.50 [(c)]	56.50 [(c)]	57.10	
Number of options exercised	8,318	12,025	30,154	43,276	142,126	-	**235,899**
Number of options expired	2,600	11,225	4,500	1,413	700	-	**20,438**
Total number of options exercised	1,699,493	911,460	826,047	809,381	638,370	2,500	**4,887,251**
Total number of options expired	105,900	108,098	94,942	89,745	47,217	-	**445,902**
OPTIONS OUTSTANDING AS OF DECEMBER 17, 2014	**119,007**	**769,801**	**758,999**	**799,194**	**616,183**	**-**	**3,063,184**
Movements from December 17, 2014 to June 30, 2015							
Adjustments [(d)]	13,228	85,395	84,215	88,691	68,433	-	**339,962**
Adjusted subscription price *(EUR)*	47.55 [(c)]	70.97 [(c)]	77.53	65.26 [(c)]	50.86 [(c)]	-	
Number of options exercised	126,728	73,697	19,773	22,057	48,004	-	**290,259**
Number of options expired	5,507	834	793	1,529	556	-	**9,219**
Total number of options exercised	1,826,221	985,157	845,820	831,438	686,374	2,500	**5,177,510**
Total number of options expired	111,407	108,932	95,735	91,274	47,773	-	**455,121**
OPTIONS OUTSTANDING AS OF FISCAL YEAR-END	**-**	**780,665**	**822,648**	**864,299**	**636,056**	**-**	**3,103,668**

(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) Subscription price in euros for Italian residents:

Plans	Subscription price	Adjusted subscription price
05/12/2005	55.83	50.26
05/11/2006	82.41	74.19
05/15/2008	72.70	65.44
05/14/2009	56.52	50.88

(d) Adjustments related to the exceptional distribution of a dividend in Hermès International shares on December 17, 2014.

As of June 30, 2015, the potential dilutive effect resulting from the allocation of these options represents 0.61% 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.

4.3. OPTIONS GRANTED TO AND EXERCISED DURING THE FISCAL YEAR BY THE GROUP'S TOP TEN EMPLOYEES, OTHER THAN COMPANY OFFICERS

Information on company officers can be found in §7.5 of the "Remuneration of company officers" section in the Management report of the Board of Directors – Christian Dior parent company.

4.3.1. Options granted

No option plans were created in 2014/2015.

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

Options exercised from July 1 to December 17, 2014 exclusive:

Company granting the options	Date of the plan	Number of options	Exercise price/ Subscription price *(EUR)*
Christian Dior	09/06/2006	1,800	74.93
"	05/14/2009	2,000	52.10
LVMH Moët Hennessy - Louis Vuitton	05/12/2005	3,689	52.82
"	05/15/2008	3,563	72.50

Options exercised from December 17, 2014 (after adjusting for the distributions of dividends in kind in Hermès International shares on December 17, 2014) to June 30, 2015:

Company granting the options	Date of the plan	Number of options	Exercise price/ Subscription price *(EUR)*
Christian Dior	05/12/2005	871	47.98
"	01/31/2007	1,193	78.11
"	05/15/2008	10,441	67.31
LVMH Moët Hennessy - Louis Vuitton	05/12/2005	8,333	47.55
"	05/11/2006	8,333	70.97 (a)
"	05/10/2007	3,872	77.53
"	05/15/2008	9,933	65.26 (a)
"	05/14/2009	11,666	50.86 (a)

(a) Subscription price in euros for Italian residents:

Plans	Subscription price
05/11/2006	74.19
05/15/2008	65.44
05/14/2009	50.88

4.4. 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 shares to their beneficiaries is definitive after a three-year vesting period for any plans set up since 2011. Shares may be freely transferred after an additional two-year holding period, prior to any sale or transfer. Bonus shares allocated to beneficiaries who are not French residents for tax purposes are definitive after a vesting period of four years and freely transferable at that time.

The plans 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 calendar year in which the plan is set up (calendar year "Y") and for calendar year Y+1 show a positive change compared to calendar 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 plan set up on March 31, 2011, the performance condition was satisfied in 2011 and 2012. Performance shares were fully vested as of (i) March 31, 2014 for beneficiaries who were French residents for tax purposes as of that date and (ii) March 31, 2015 for beneficiaries with tax residence outside France as of that date. 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 and 2014.

For the plan set up on October 16, 2014, performance shares will be definitively allocated only if Christian Dior's consolidated financial statements for calendar year 2015 show a positive change compared to calendar year 2014 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 rate.

In the event of the vesting of their share allocations, the Chairman of the Board of Directors and the Chief Executive Officer 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.

As a result of the exceptional distributions in kind in the form of Hermès International shares decided upon by the Combined Shareholders' Meeting on December 9, 2014 and by the Board of Directors on December 11, 2014, and to preserve the rights of the beneficiaries, the number of shares granted to beneficiaries and still in their vesting period was adjusted as of December 17, 2014 as provided by law. Exercise of such options does not lead to any dilution for shareholders, since they are allocations of existing shares.

Date of Shareholders' Meeting	05/15/2008		03/31/2011		03/31/2011		10/26/2012		10/26/2012		
Date of Board of Directors' meeting	**03/31/2011**		**07/26/2011**		**04/05/2012**		**07/25/2013**		**10/16/2014**		
	Bonus shares	**Perfor-mance shares**	**Bonus shares**	**Perfor-mance shares**	**Bonus shares**	**Perfor-mance shares**	**Bonus shares**	**Perfor-mance shares**	**Bonus shares**	**Perfor-mance shares**	**Total**
Total number of shares provisionally allocated at plan inception	**25,394**	**64,621**	**1,000**	**1,000**	**6,000**	**87,288**	**6,000**	**82,521**	**6,000**	**89,185**	**369,009**
o/w Company officers [(a)]	-	38,175	-	-	-	40,568	-	36,694		39,302	**154,739**
Bernard Arnault [(b)]	-	25,450	-	-	-	22,982	-	19,108	-	20,466	**88,006**
Delphine Arnault [(b)]	2,362	4,388	-	-	-	6,095	-	6,095		6,528	**25,468**
Sidney Toledano [(b)]	-	12,725	-	-	-	11,491	-	11,491		12,308	**48,015**
o/w Top ten employees [(c)]	15,200	24,220	1,000	1,000	6,000	26,441	6,000	24,370	6,000	27,653	**137,884**
Number of beneficiaries	32	34	1	1	1	39	1	40	1	40	
Vesting date	03/31/2014[(d)]	03/31/2014[(d)]	07/26/2014	07/26/2014	04/05/2015	04/05/2015[(d)]	07/25/2016	07/25/2016[(d)]	10/16/2017	10/16/2017[(d)]	
Date as of which the shares may be sold	03/31/2016[(d)]	03/31/2016[(d)]	07/26/2016	07/26/2016	04/05/2017	04/05/2017[(d)]	07/25/2018	07/25/2018[(d)]	10/16/2019	10/16/2019[(d)]	
Performance conditions	**-**	**Satisfied**	**-**	**Satisfied**	**-**	**Satisfied**	**-**	**Satisfied**	**-**	**Not applicable in 2014**	
Adjustments [(e)]	**228**	**228**	**-**	**-**	**529**	**7,214**	**529**	**7,236**	**529**	**7,886**	**24,379**
Number of share allocations vested between 07/01/2014 and 06/30/2015	2,793	2,793	1,000	1,000	6,529	85,588	-	-	-	-	**99,703**
Number of share allocations expired between 07/01/2014 and 06/30/2015	-	-	-	-	-	766	-	715	-	-	**1,481**
Total number of share allocations vested as of 06/30/2015	22,517	62,014	1,000	1,000	6,529	85,588	-	-	-	-	**178,648**
Total number of share allocations expired as of 06/30/2015	3,105	2,835	-	-	-	5,666	-	715	-	-	**12,321**
REMAINING ALLOCATIONS AS OF FISCAL YEAR-END	**-**	**-**	**-**	**-**	**-**	**3,248**	**6,529**	**89,042**	**6,529**	**97,071**	**202,419**

(a) Bonus shares allocated to company officers active as of the provisional allocation date.
(b) Company officers active as of June 30, 2015.
(c) Bonus shares allocated to active employees other than company officers as of the provisional allocation date.
(d) Definitive allocation of shares on March 31, 2015, April 5, 2016, July 25, 2017 and October 16, 2018 which then become transferable for beneficiaries who are not French residents for tax purposes.
(e) Adjustments related to the distributions of Hermès International shares on December 17, 2014.

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

Date of Shareholders' Meeting	05/15/2008		03/31/2011		03/31/2011	03/31/2011		
Date of Board of Directors' meeting	**03/31/2011**		**10/20/2011**		**04/05/2012**	**07/26/2012**		
	Bonus shares	**Perfor-mance shares**	**Bonus shares**	**Bonus shares**	**Perfor-mance shares**	**Bonus shares**	**Perfor-mance shares**	**Subtotal 1**
Total number of shares provisionally allocated at plan inception	**184,328**	**257,724**	**95,000**	**20,000**	**416,609**	**45,000**	**830**	**1,019,491**
o/w Company officers [a]	-	100,071	-	-	85,913	45,000	-	230,984
o/w Top ten employees [b]	23,387	64,611	95,000	20,000	90,078	-	830	293,906
Number of beneficiaries	698	712	1	1	747	1	1	
Vesting date	03/31/2014 [c]	03/31/2014 [c]	10/20/2013	10/20/2013	04/05/2015 [c]	07/26/2015 [c]	07/26/2015 [c]	
Date as of which the shares may be sold	03/31/2016 [c]	03/31/2016 [c]	10/20/2015	10/20/2015	04/05/2017 [c]	07/26/2017 [c]	07/26/2017 [c]	
Performance conditions	**-**	**Satisfied**	**-**	**-**	**Satisfied**	**-**	**Satisfied**	
Adjustments [d]	**8,356**	**9,565**	**5,266**	**-**	**43,295**	**4,989**	**93**	**71,564**
Number of share allocations vested between 07/01/2014 and 06/30/2015	78,757	93,474	52,766	-	222,732	-	-	447,729
Number of share allocations expired between 07/01/2014 and 06/30/2015	7,810	4,444	-	-	13,420	-	-	25,674
Total number of share allocations vested as of 06/30/2015	163,785	253,688	100,266	20,000	222,935	-	-	760,674
Total number of share allocations expired as of 06/30/2015	28,899	13,601	-	-	34,173	-	-	76,673
REMAINING ALLOCATIONS AS OF FISCAL YEAR-END	**-**	**-**	**-**	**-**	**202,796**	**49,989**	**923**	**253,708**

(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 March 31, 2015, April 5, 2016 and July 26, 2016 which then become transferable for beneficiaries who are not French residents for tax purposes.
(d) Adjustments related to the exceptional distribution of a dividend in kind in the form of Hermès International shares on December 17, 2014.

Date of Shareholders' Meeting	03/31/2011	04/18/2013	04/18/2013	04/18/2013	04/18/2013	04/16/2015		
Date of Board of Directors' meeting	**01/31/2013**	**07/25/2013**	**10/24/2013**	**07/24/2014**	**10/23/2014**	**04/16/2015**		
	Bonus shares	**Perfor-mance shares**	**Perfor-mance shares**	**Bonus shares**	**Perfor-mance shares**	**Perfor-mance shares**	**Subtotal 2**	**Total 1+2**
Total number of shares provisionally allocated at plan inception	**32,800**	**397,406**	**6,228**	**61,000**	**307,548**	**73,262**	**878,244**	**1,897,735**
o/w Company officers [(a)]	-	78,572	-	-	19,235	41,808	139,615	**370,599**
o/w Top ten employees [(b)]	32,800	69,606	6,228	61,000	36,280	31,454	237,368	**531,274**
Number of beneficiaries	1	748	3	2	772	14		
Vesting date	01/31/2015	07/25/2016 [(c)]	10/24/2016 [(c)]	07/24/2017 [(c)]	10/23/2017 [(c)]	04/16/2018 [(c)]		
Date as of which the shares may be sold	01/31/2017	07/25/2018 [(c)]	10/24/2018 [(c)]	07/24/2019 [(c)]	10/23/2019 [(c)]	04/16/2020 [(c)]		
Performance conditions	**-**	**Satisfied**	**Satisfied**	**-**	**Not applicable in 2014**	**Not applicable in 2015**		
Adjustments [(d)]	**3,637**	**42,630**	**692**	**6,764**	**34,130**	**-**	**87,853**	**159,417**
Number of share allocations vested between 07/01/2014 and 06/30/2015	36,437 [(e)]	227 [(e)]	-	-	-	-	36,664	**484,393**
Number of share allocations expired between 07/01/2014 and 06/30/2015	-	13,878	-	-	6,823	-	20,701	**46,375**
Total number of share allocations vested as of 06/30/2015	36,437	227	-	-	-	-	36,664	**797,338**
Total number of share allocations expired as of 06/30/2015	-	21,571	-	-	6,823	-	28,394	**105,067**
REMAINING ALLOCATIONS AS OF FISCAL YEAR-END	**-**	**418,238**	**6,920**	**67,764**	**334,855**	**73,262**	**901,039**	**1,154,747**

(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 July 25, 2017, October 24, 2017, July 24, 2018, October 23, 2018 and April 16, 2019, respectively, which then become transferable for beneficiaries who are not French residents for tax purposes.
(d) Adjustments related to the exceptional distribution of a dividend in kind in the form of Hermès International shares on December 17, 2014.
(e) Definitive allocations following decease in the fiscal year ended June 30, 2015.

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

4.6. SHARES VESTED DURING THE FISCAL YEAR TO THE GROUP'S TOP TEN EMPLOYEES, OTHER THAN COMPANY OFFICERS

Information on company officers can be found in §7.7 of the "Remuneration of company officers" section in the Management report of the Board of Directors – Christian Dior parent company.

Bonus shares and performance shares vested to the Group's ten employees [(a)], other than company officers, having received the largest number of shares

Company granting the shares	Initial allocation date of the shares	Number of bonus shares [(b)]	Number of performance shares [(b)]
Christian Dior	03/31/2011	2,793	-
	04/05/2012	6,529	29,485
LVMH Moët Hennessy - Louis Vuitton	03/31/2011	8,544	21,555
	04/05/2012	-	37,970

(a) Active employees as of the vesting date.
(b) After adjusting for the distributions of Hermès International shares on December 17, 2014.

5. Financial authorizations

5.1. STATUS OF CURRENT DELEGATIONS AND AUTHORIZATIONS

5.1.1. 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, 2015
Share repurchase program Maximum purchase price: 250 euros	December 9, 2014 (13th resolution)	June 8, 2016 (18 months) [(a)]	10% of the share capital 18,050,751 shares [(b)]	Movements during the fiscal year [(c)] Purchases: 120,491 Disposals: -
Reduction of capital through the retirement of shares purchased under the share repurchase program	December 9, 2014 (15th resolution)	June 8, 2016 (18 months) [(a)]	10% of the share capital per 24-month period 18,050,751 shares [(b)]	Shares retired during the fiscal year: 1,219,532

(a) A resolution renewing this authorization will be presented to the Shareholders' Meeting of December 1, 2015. See §5.2 below.
(b) On the basis of the share capital after capital reduction.
(c) Movements occurring between December 9, 2014 and June 30, 2015 are addressed in the following section on the share repurchase program approved by the Combined Shareholders' Meeting of December 9, 2014. For purchases, including calls exercised, see also §6.1 below in the "Share repurchase program" section.

5.1.2. 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, 2015
Through capitalization of reserves (L. 225-130)	December 9, 2014 (14th resolution)	February 8, 2017 (26 months)	80 million euros [(a)] 40,000,000 shares	Non applicable	None
With preferential subscription rights – ordinary shares and securities giving access to the share capital	December 9, 2014 (16th resolution)	February 8, 2017 (26 months)	80 million euros [(a)(b)] 40,000,000 shares	Free	None
Without preferential subscription rights – ordinary shares and securities giving access to the share capital:					
• by means of public offering (L. 225-135 et seq.)	December 9, 2014 (17th resolution)	February 8, 2017 (26 months)	80 million euros [(a)(b)] 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.)	December 9, 2014 (18th resolution)	February 8, 2017 (26 months)	80 million euros [(a)(b)] 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)	December 9, 2014 (21st resolution)	February 8, 2017 (26 months)	80 million euros [(a)] 40,000,000 shares	Free	None
In connection with in-kind contributions (L. 225-147)	December 9, 2014 (22nd resolution)	February 8, 2017 (26 months)	10% of the share capital [(a) (b)] 18,050,751 shares [(c)]	Free	None

(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.
(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 (Shareholders' Meeting of December 9, 2014 – 20th resolution) (L. 225-135-1).
(c) After share capital reduction through retirement of treasury shares.
(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 days preceding its determination (Shareholders' Meeting of December 9, 2014 – 19th resolution).

5.1.3. Employee share ownership

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method	Use as of June 30, 2015
Share subscription or purchase options (L. 225-177 et seq.)	December 9, 2014 (23rd resolution)	February 8, 2017 (26 months)	1% of the share capital [b][c] 1,817,270 shares	Average share price over the 20 trading days preceding the grant date [d] with no discount	Granted: - Available to be granted: 1,817,270 options
Bonus share allocations (L. 225-197-1 et seq.)	December 9, 2014 (26th resolution)	February 8, 2017 (26 months)	1% of the share capital [a][b][c] 1,817,270 shares	Not applicable	Granted: - Available to be granted: 1,817,270 shares
Capital increase reserved for employees who are members of a company savings plan (L. 225-129-6)	December 9, 2014 (24th resolution)	February 8, 2017 (26 months)	1% of the share capital [b][c] 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 1, 2015. See §5.2 below.
(b) Maximum ceiling of 1% of the share capital as of the Combined Shareholders' Meeting of December 9, 2014.
(c) Subject to not exceeding a total ceiling of 80 million euros set forth above, against which this amount would be offset.
(d) In the case of purchase options, the price may not be lower than the average purchase price of the shares.

5.2. AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING

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

Type	Resolution	Duration	Amount authorized
Share repurchase program Maximum purchase price: 300 euros	12th	18 months	10% of the share capital 18,050,751 shares
Reduction of capital through the retirement of shares purchased under the repurchase program	13th	18 months	10% of the share capital per 24-month period 18,050,751 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 below in the "Share repurchase program" section on pages 44 et seq.). Unless it obtains prior authorization from the Shareholders' Meeting, the Board of Directors may not take the decision to use this authorization as from the date at which a third party files a proposal for a tender offer for the shares of the Company; this restriction shall hold until the end of the offer period.

5.2.2. Employee share ownership

Type	Resolution	Duration	Amount authorized	Issue price determination method
Bonus share allocations (L. 225-197-1 et seq.)	14th	26 months	1% of the share capital [(a)] 1,805,075 shares	Not applicable

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

It is proposed that you renew the authorization to allocate bonus shares to employees and senior executives of the Group. The allocation of bonus shares shall be subject to the legal provisions of the French law of August 6, 2015 for growth, business and equal economic opportunity. This authorization will give the Board of Directors access to a means by which to reward and retain those Group employees and managers contributing most directly to the results of its operations by giving them a share in the Group's future performance.

6. Share repurchase program

6.1. 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, 2014 and June 30, 2015 as part of the share repurchase programs authorized by the Combined Shareholders' Meetings held on October 18, 2013 and December 9, 2014.

The Company acquired 120,491 Christian Dior shares at the average price per share of 175.08 euros. No shares were sold.

These transactions generated expenses of 68 thousand euros.

The table below groups by purpose the transactions carried out at value date during the period from July 1, 2014 to June 30, 2015:

(number of shares unless otherwise stated)	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, 2014		**100,000**	**-**	**-**	**1,200,000**	**1,300,000**
Purchases	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Sales	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Share purchase options exercised	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Call options exercised	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Allocations of bonus shares	-	-	-	-	-	-
Reallocations for other purposes	-	-	-	-	-	-
Shares retired	-	-	-	-	-	-
Balance as of December 9, 2014	**-**	**100,000**	**-**	**-**	**1,200,000**	**1,300,000**
Purchases	-	120,491	-	-		120,491
Average price *(EUR)*	-	175.08	-	-		175.08
Sales	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Share purchase options exercised	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Call options exercised	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Allocations of bonus shares	-	-	-	-	-	-
Reallocations for other purposes	-	-	-	-	-	-
Shares retired	-	-	-	-	(1,200,000)	(1,200,000)
Balance as of June 30, 2015	**-**	**220,491**	**-**	**-**	**-**	**220,491**

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 §3.3 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.

6.2. DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE SHARE REPURCHASE PROGRAM PRESENTED TO THE COMBINED SHAREHOLDERS' MEETING OF DECEMBER 1, 2015

- 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, 2015: 18,050,751 shares, but taking into account the 1,399,764 shares held as treasury shares as of June 30, 2015, only 16,650,987 treasury shares are available to be acquired (i.e. 9.22% of the share capital).
- Maximum price per share: 300 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 Articles L. 225-180 and L. 225-197-2 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 1, 2015, 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 1, 2015.

6.3. SUMMARY TABLE DISCLOSING THE TRANSACTIONS PERFORMED BY THE ISSUER INVOLVING ITS OWN SHARES FROM JULY 1, 2014 TO JUNE 30, 2015

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, 2014 to June 30, 2015:

As of June 30, 2015

Percentage of own share capital held directly or indirectly	0.12%
Number of shares retired in the last 24 months	1,200,000 [(a)]
Number of shares held in the portfolio	220,491
Book value of the portfolio *(EUR)*	34,753,072
Market value of the portfolio *(EUR)*	38,607,974

(a) In addition, 19,532 shares acquired before the share purchase programs were set up were retired on February 12, 2015.

	Cumulative gross transactions		Open positions as of June 30, 2015			
			Open purchase positions		Open sale positions	
	Purchases	Sales/ Transfers	Purchased call options	Forward purchases	Sold call options	Forward sales
Number of shares	120,491	-	-	-	-	-
Of which:						
- liquidity contract	-	-	-	-	-	-
- purchases to cover plans	120,491	-	-	-	-	-
- exercise of purchase options	-	-	-	-	-	-
- exercise of call options	-	-	-	-	-	-
- bonus share awards	-	-	-	-	-	-
- purchases of shares to be retired	-	-	-	-	-	-
- share retirements	-	-	-	-	-	-
Average maximum maturity	-	-	-	-	-	-
Average trading price [(a)] *(EUR)*	175.08	-	-	-	-	-
Average exercise price *(EUR)*	-	-	-	-	-	-
Amounts *(EUR)*	21,096,082	-	-	-	-	-

(a) Excluding bonus share awards and share retirements.

7. Remuneration of company officers

7.1. 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)]	
(EUR)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)
Bernard Arnault	2,209,211	2,162,647	-	-	4,487,809	4,495,334
Sidney Toledano	1,647,000	1,610,000	-	-	1,433,636	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 §4.4 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, as well as in §7.7 below.

7.2. SUMMARY OF THE REMUNERATION OF EACH SENIOR EXECUTIVE OFFICER [(a)]

Bernard Arnault	Amounts due for the fiscal year		Amounts paid during the fiscal year	
Compensation *(EUR)*	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)
Fixed compensation [(b)]	1,109,211	1,062,647	1,434,211	*737,647*
Variable compensation [(b)] [(c)]	1,100,000 [(e)]	1,100,000 [(d)]	4,400,000 [(f)]	-
Exceptional compensation	-	-	-	-
Directors' fees [(g)]	116,413	118,464	208,464	3,719
Benefits in kind	Company car	Company car	Company car	Company car
TOTAL	**2,325,624**	**2,281,111**	**6,042,675**	**741,366**

(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) 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.
(e) Amount corresponding to the six-month portion (from July 1, 2014 to December 31, 2014) of variable annual remuneration decided with respect to the 2014 calendar year.
(f) LVMH bonus paid in respect of fiscal years 2013 and 2014.
(g) The rules for attributing directors' fees at the Company are presented in the Report of the Chairman of the Board of Directors, §1.10, page 96.

Sidney Toledano	Amounts due for the fiscal year		Amounts paid during the fiscal year	
Compensation *(EUR)*	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)
Fixed compensation	1,035,000	1,010,000	1,035,000	1,048,462
Variable compensation [b]	612,000 [e]	600,000 [d]	1,224,000	1,200,000
Exceptional compensation	-	-	7,406,225 [c]	7,406,225 [c]
Directors' fees [f]	35,206	36,232	36,232	27,513
Benefits in kind	Company car	Company car	Company car	Company car
TOTAL	**1,682,206**	**1,646,232**	**9,701,457**	**9,682,200**

(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) 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.
(c) Medium-term incentive scheme, adopted by the Board of Directors on February 3, 2011, half of which was paid in March 2014 and in March 2015.
(d) 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.
(e) Amount corresponding to the six-month portion (from July 1, 2014 to December 31, 2014) of variable annual remuneration decided with respect to the 2014 calendar year.
(f) The rules for attributing directors' fees at the Company are presented in the Report of the Chairman of the Board of Directors, §1.10, page 96.

7.3. SUMMARY OF DIRECTORS' FEES, COMPENSATION, BENEFITS IN KIND AND COMMITMENTS GIVEN TO OTHER COMPANY OFFICERS [a]

Members of the Board of Directors	Directors' fees [e] paid during the fiscal year		Fixed compensation paid during the fiscal year		Variable remuneration paid during the fiscal year	
(EUR)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)
Delphine Arnault [b] [c]	65,851	58,802	816,843	673,667	480,000	446,667
Denis Dalibot	33,933	16,881	288,000 [d]	495,915 [d]	-	-
Hélène Desmarais	9,232	513	-	-	-	-
Renaud Donnedieu de Vabres	12,310	513	-	-	-	-
Ségolène Gallienne	7,693	513	-	-	-	-
Pierre Godé [b]	121,465	118,888	1,500,000	1,500,000	1,000,000	1,000,000
Eric Guerlain	20,118	513	-	-	-	-
Christian de Labriffe	20,385	513	-	-	-	-
Jaime de Marichalar y Sáenz de Tejada	25,105	17,754	-	-	-	-

(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 allocated to members of the Board of Directors during the fiscal year is presented in §4.4 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, and in §7.7 below.
(c) Medium-term incentive scheme.
(d) Contract as a consultant.
(e) The rules for attributing directors' fees at the Company are presented in the Report of the Chairman of the Board of Directors, §1.10, page 96.

7.4. PRIOR ALLOCATIONS OF OPTIONS TO COMPANY OFFICERS

No share subscription option plans were in effect as of June 30, 2015.

A list of prior allocations of purchase options to company officers for the plans in effect as of July 1, 2014 is provided in the table below. The terms and conditions of allocation and performance conditions related to the exercise of options under the 2009 plan are presented in §4.1 of the "Stock option and bonus share plans" section of the Management report of the Board of Directors – Christian Dior parent company section. Furthermore, if the Chairman of the Board of Directors and the Chief Executive Officer 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.

Date of Shareholders' Meeting	05/14/2001	05/14/2001	05/11/2006	05/11/2006	05/11/2006	05/11/2006	
Date of Board of Directors' meeting	**05/12/2005**	**02/15/2006**	**09/06/2006**	**01/31/2007**	**05/15/2008**	**05/14/2009**	**Total**
Total number of options granted at plan inception	**493,000**	**475,000**	**20,000**	**480,000**	**484,000**	**332,000**	**2,284,000**
o/w Company officers [(a)]	315,000	305,000	-	285,000	320,000	150,000	1,375,000
Bernard Arnault [(b)]	220,000	220,000	-	200,000	200,000	100,000	940,000
Delphine Arnault [(b)]	20,000	25,000	-	25,000	25,000	25,000	120,000
Denis Dalibot [(b)]	25,000	35,000	-	35,000	70,000	-	165,000
Pierre Godé [(b)]	20,000	-	-	-	-	-	20,000
Sidney Toledano [(b)]	50,000	50,000	-	50,000	50,000	50,000	250,000
o/w Top ten employees [(c)]	124,000	144,000	20,000	133,000	147,000	159,000	727,000
Number of beneficiaries	27	24	1	28	25	26	
Earliest option exercise date	05/12/2008	02/15/2009	09/06/2009	01/31/2011	05/15/2012	05/14/2013	
Expiry date	05/11/2015	02/14/2016	09/05/2016	01/30/2017	05/14/2018	05/13/2019	
Purchase price *(EUR)* [(d)]	52.21	72.85 [(e)]	74.93	85.00	73.24 [(e)]	52.10	

(a) Options granted to active company officers as of the plan's commencement date.
(b) Company officers active as of June 30, 2015.
(c) Options granted to active employees other than company officers as of the plan's commencement date.
(d) Before adjusting for the distributions of Hermès International shares on December 17, 2014. See also §4.1 of the "Stock option and bonus share plans" section of the Management report of the Board of Directors – Christian Dior parent company section.
(e) Purchase price for Italian residents: plan dated 02/15/2006: 77.16 euros;
plan dated 05/15/2008: 73.47 euros.

7.5. OPTIONS GRANTED TO AND EXERCISED BY COMPANY OFFICERS DURING THE FISCAL YEAR

See also §4.1 of the "Stock option and bonus share plans" section of the Management report of the Board of Directors – Christian Dior parent company section for the terms and conditions of allocation and conservation.

No option plans were created during the period from July 1, 2014 to June 30, 2015.

7.5.1. Options exercised by senior executive officers of the Company

Beneficiary	**Company granting the options**	**Date of the plan**	**Number of options**	**Exercise price/ Subscription price** *(EUR)*
Bernard Arnault	Christian Dior	05/12/2005	239,396	47.98 [(a)]
	LVMH	05/12/2005	64,797	47.55 [(a)]

(a) After adjusting for the distributions of Hermès International shares on December 17, 2014.

7.5.2. Options exercised by other executive officers of the Company

Beneficiaries	Company granting the options	Date of the plan	Number of options	Exercise price/ Subscription price *(EUR)*
Delphine Arnault	Christian Dior	05/14/2009	4,222	52.10 [(a)]
Denis Dalibot	Christian Dior	02/15/2006	15,000	72.85 [(a)]
	Christian Dior	05/15/2008	70,000	73.24 [(a)]
	Christian Dior	01/31/2007	35,000	85.00 [(a)]
Pierre Godé	LVMH	05/14/2009	100,000	56.50 [(a)]

(a) Before adjusting for the distributions of Hermès International shares on December 17, 2014.

7.6. PRIOR ALLOCATIONS OF BONUS SHARES AND PERFORMANCE SHARES

A list of prior allocations of bonus shares and performance shares to company officers for the plans in effect as of July 1, 2014 is provided below. The terms and conditions of allocation and performance conditions related to the definitive allocation of shares are presented in §4.4 of the "Stock option and bonus share plans" section of the Management report of the Board of Directors – Christian Dior parent company section. Furthermore, in the event of the vesting of their share allocations, the Chairman of the Board of Directors and the Chief Executive Officer 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.

Date of Shareholders' Meeting	05/15/2008		03/31/2011		03/31/2011		10/26/2012		10/26/2012		
Date of Board of Directors' meeting	**03/31/2011**		**07/26/2011**		**04/05/2012**		**07/25/2013**		**10/16/2014**		
	Bonus shares	**Perfor-mance shares**	**Bonus shares**	**Perfor-mance shares**	**Bonus shares**	**Perfor-mance shares**	**Bonus shares**	**Perfor-mance shares**	**Bonus shares**	**Perfor-mance shares**	**Total**
Total number of shares provisionally allocated at plan inception	**25,394**	**64,621**	**1,000**	**1,000**	**6,000**	**87,288**	**6,000**	**82,521**	**6,000**	**89,185**	**369,009**
o/w Company officers [(a)]	-	38,175	-	-	-	40,568	-	36,694	-	39,302	154,739
Bernard Arnault [(b)]	-	25,450	-	-	-	22,982	-	19,108	-	20,466	88,006
Delphine Arnault [(b)]	2,362	4,388	-	-	-	6,095	-	6,095	-	6,528	25,468
Sidney Toledano [(b)]	-	12,725	-	-	-	11,491	-	11,491	-	12,308	48,015
o/w Top ten employees [(c)]	15,200	24,220	1,000	1,000	6,000	26,441	6,000	24,370	6,000	27,653	137,884
Number of beneficiaries	32	34	1	1	1	39	1	40	1	40	
Vesting date	03/31/2014 [(d)]	03/31/2014 [(d)]	07/26/2014	07/26/2014	04/05/2015	04/05/2015 [(d)]	07/25/2016	07/25/2016 [(d)]	10/16/2017	10/16/2017 [(d)]	
Date as of which the shares may be sold	03/31/2016 [(d)]	03/31/2016 [(d)]	07/26/2016	07/26/2016	04/05/2017	04/05/2017 [(d)]	07/25/2018	07/25/2018 [(d)]	10/16/2017	10/16/2017 [(d)]	
Performance conditions	-	Satisfied	-	Satisfied	-	Satisfied	-	Satisfied	-	Not applicable in 2014	

(a) Bonus shares allocated to company officers active as of the provisional allocation date.
(b) Company officers active as of June 30, 2015.
(c) Bonus shares allocated to active employees other than company officers as of the provisional allocation date.
(d) Definitive allocation of shares on March 31, 2015, April 5, 2016, July 25, 2017 and October 16, 2018 which then become transferable for beneficiaries who are not French residents for tax purposes.

7.7. SHARE ALLOCATIONS TO COMPANY OFFICERS DURING THE FISCAL YEAR

See also §4.4 of the "Stock option and bonus share plans" section of the Management report of the Board of Directors – Christian Dior parent company section for the terms and conditions of allocation and conservation.

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

Beneficiaries	Company granting the shares	Date of Shareholders' Meeting	Date of the plan	Number of shares [(a)]	% of the share capital	Valuation of shares *(EUR)*
Bernard Arnault	Christian Dior	10/26/2012	10/16/2014	20,466 [(a)]	0.01134 [(b)]	2,383,880
	LVMH	04/18/2013	10/23/2014	4,606 [(a)]	0.00090 [(b)]	527,940
	LVMH	04/16/2015	04/16/2015	10,012	0.0020 [(b)]	1,575,989
Sidney Toledano	Christian Dior	10/26/2012	10/16/2014	12,308 [(a)]	0.00682 [(b)]	1,433,636

(a) Before adjusting for the distributions of Hermès International shares on December 17, 2014.
(b) On the basis of the share capital under the Bylaws.

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

Beneficiaries	Company granting the shares	Date of the plan	Number of bonus shares	Number of performance shares
Delphine Arnault	Christian Dior	10/16/2014	-	6,528 [(a)]
	LVMH	10/23/2014	-	659 [(a)]
		04/16/2015	-	1,432
Pierre Godé	LVMH	10/23/2014	-	4,437 [(a)]
		04/16/2015	-	9,644

(a) Before adjusting for the distributions of Hermès International shares on December 17, 2014.

7.7.3. Performance shares vested to senior executive officers

Beneficiaries	Company granting the shares	Date of the plan	Number of performance shares [(a)]
Bernard Arnault	Christian Dior	04/05/2012	25,009
	LVMH	04/05/2012	31,113
Sidney Toledano	Christian Dior	04/05/2012	12,505

(a) After adjusting for the distributions of Hermès International shares on December 17, 2014.

7.7.4. Bonus and performance shares vested to other company officers

Beneficiaries	Company granting the shares	Date of the plan	Number of bonus shares	Number of performance shares [(a)]
Delphine Arnault	Christian Dior	04/05/2012	-	6,633
	LVMH	04/05/2012	-	1,642
Pierre Godé	LVMH	03/31/2011	-	20,549

(a) After adjusting for the distributions of Hermès International shares on December 17, 2014.

7.8. 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	
Senior executive officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Bernard Arnault Chairman of the Board of Directors		X	X [(a)]			X		X
Sidney Toledano Chief Executive Officer	X [(b)]			X		X	X [(b)]	

(a) This supplementary pension put in place by LMVH 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. 798,840 euros as of January 1, 2015) 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, 2015 for Mr. Bernard Arnault, determined in accordance with the principles defined by IAS 19 Employee benefits: 18,644,999 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.

8. Summary of transactions in Christian Dior securities during the fiscal year by senior executives and related persons

Director concerned	Type of transaction	Number of shares/ other securities	Average price *(EUR)*
Bernard Arnault	Purchase of shares [(b)]	239,396	47.98
Person(s) related to Bernard Arnault	Purchase of shares	2,637,889	145.99
	Monetization	1,148,413	143.68
Delphine Arnault	Purchase of shares [(b)]	4,222	52.10
Denis Dalibot	Purchase of shares [(b)]	120,000	76.62

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

9. Governance

9.1. 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, 2015 and during the last five years, is provided in the "Other information – Governance" section of the Annual Report.

9.2. STRUCTURE OF THE BOARD OF DIRECTORS

It is proposed that you renew the appointments of Delphine Arnault and Hélène Desmarais as Directors, and appoint Denis Dalibot and Jaime de Marichalar y Sáenz de Tejada as Advisory Board members for the period specified in the Bylaws of three years.

9.3. SAY ON PAY

You are hereby asked, pursuant to the guidelines expressed in the June 2013 AFEP/MEDEF Code of Corporate Governance, to give an opinion on the items of compensation due or awarded to Bernard Arnault and Sidney Toledano in respect of the fiscal year ended June 30, 2015, the breakdown of which appears in Section 7 "Remuneration of company officers" of the, namely for:

- fixed compensation: §7.1 and 7.2, page 47 for Bernard Arnault and page 48 for Sidney Toledano;
- variable compensation: §7.1 and 7.2, page 47 for Bernard Arnault and page 48 for Sidney Toledano;
- exceptional compensation: §7.1 and 7.2, page 47 for Bernard Arnault and page 48 for Sidney Toledano;
- benefits in kind: §7.2, page 47 for Bernard Arnault and page 48 for Sidney Toledano;
- directors' fees: §7.1 and 7.2, page 47 for Bernard Arnault and page 48 for Sidney Toledano;
- allocation of performance shares: §7.7.1, page 51; the Company did not grant any share purchase options or share subscription options during the fiscal year;
- supplementary pension: §7.8, page 52.

10. Amendments to the Bylaws

We propose that you bring the Bylaws of the Company into compliance with the new provisions arising from:

- the Decree of July 31, 2014 on the powers of the Board of Directors with regard to bond issues (Article 13 of the Bylaws);
- the Decree of December 10, 2014 on the right to participate in a Shareholders' Meeting (Article 17 of the Bylaws).

We also propose that you modify the dates on which the fiscal year begins and ends to January 1 and December 31, respectively, of each year (Article 24). Taking advantage of the impacts of the distributions in kind carried out in December 2014 on the Company's level of retained earnings after appropriation, this modification will realign Christian Dior's fiscal year with LVMH's, and facilitate and improve the Group's financial communication. If this amendment to the Bylaws is approved, it will not apply to the current fiscal year, which will end on June 30, 2016. Exceptionally, the following fiscal year will last six months, from July 1 to December 31, 2016.

11. Information that could have a bearing 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 72.86% of the capital and 84.32% of the voting rights as of June 30, 2015;
- share issuance and buybacks under various resolutions:
  - the Shareholders' Meeting has delegated to the Board of Directors the power to:
    - increase the share capital, with or without shareholders' preferential rights and via public offering or private placement, in a total nominal amount not to exceed 80 million euros, or 22% of the Company's current share capital,
    - increase the share capital in connection with a public exchange offer or in-kind contributions,
    - allocate share subscription options or bonus shares to be issued within the limit of 1% of the share capital,
    - increase the share capital through an issue for employees within the limit of 1% of the share capital.

These delegations of authority are not suspended during takeover bids or exchange offers.

- acquire Company shares within the limit of 10% of the share capital,

A resolution will be presented to the Shareholders' Meeting of December 1, 2015 to suspend during takeover bids or exchange offers the authorization granted to the Board of Directors to acquire Company shares up to 10% of the share capital.

Management report of the Board of Directors

WORKFORCE, ENVIRONMENTAL AND SOCIAL REPORT

1.	**Group reporting on employee-related issues**	**56**
1.1.	Note on methodology	56
1.2.	Breakdown and development of the workforce	56
1.3.	Work time	60
1.4.	Compensation	62
1.5.	Social responsibility	63
1.6.	Professional development of employees	67
1.7.	Health and safety	69
1.8.	Employee relations	70
1.9.	Relations with third parties	70
1.10.	Compliance with international conventions	75
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
3.	**Independent Verifier's attestation and moderate assurance report on workforce, environmental and social information**	**88**

1. Group reporting on employee-related issues

1.1. NOTE ON METHODOLOGY

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 reporting on employee-related issues, and deepen understanding of critical indicators and the calculation methodology used. Control procedures have also been reinforced within each organizational entity. To ensure the quality of the data transmitted, Group companies' directors of human resources appoint a reporter for each company under their responsibility, who is in charge of collecting and declaring all employee-related data, as well as a reviewer who is responsible for checking the data declared by the reporter and certifying that it is accurate by providing an electronic signature during the validation phase of the questionnaire completed online. Following these two preliminary validation stages, the Group company's Director of human resources – the supervisor – provides his or her final validation by signing a letter of representation.

The mapping between organizational and legal entities ensures consistency between reporting on employee-related issues and financial reporting. Accordingly, the scope of reporting on employee-related issues covers all staff employed by fully consolidated Group companies, but does not include equity-accounted associates.

A descriptive sheet is available for each employee-related 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, 2015, including LVMH's and Christian Dior Couture's share in joint ventures. Other social indicators were calculated for a scope of 660 organizational entities covering more than 99% of the global workforce and encompass all staff employed during the fiscal year, including those employed by joint ventures.

Since the 2007 fiscal year, selected employee-related disclosures for the Group have been audited each year by one of the Group's Statutory Auditors. For the 2014/2015 fiscal year, company data was verified by Deloitte, in accordance with Article R. 225-105-2 of the French Commercial Code. Its findings are expressed in the statement of opinion included at the end of the Workforce, Environmental and Social report.

Group reporting on employee-related issues includes a survey of the practices and actions carried out at Group companies with more than 50 employees in the area of social responsibility. It covers the four main topics of the Group's approach. Each reporting topic refers to the conventions and recommendations of the International Labor Organization.

LVMH's employees in China are included in the number of staff working under permanent contracts (11,614 as of June 30, 2015). Although Chinese law limits the duration of employment contracts, which become permanent only after several years, the LVMH group considers employees working under such contracts as permanent, given the nature of Chinese labor legislation.

1.2. BREAKDOWN AND DEVELOPMENT OF THE WORKFORCE

1.2.1. Breakdown of the workforce

The total workforce as of June 30, 2015 amounted to 122,736 employees, an increase of 4% compared to June 30, 2014. Of this total, 116,466 employees were working under permanent contracts and 6,270 were working under fixed-term contracts. Part-time employees represented 16% of the total workforce, or 19,186 individuals. Staff outside France represented 80% of the worldwide workforce.

The Group's average total Full Time Equivalent (FTE) workforce in 2014/2015 comprised 113,208 employees, up 5% compared to 2013/2014. The main changes are due to the opening of new stores, primarily in Asia, the Middle East and Latin America. Moreover, the Fashion and Leather Goods business group increased its average workforce by 7% as a result of the recognition of Loro Piana's staff over a full fiscal year.

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

Breakdown by business group

Total workforce as of fiscal year-end [(a)]	June 30, 2015 (12 months)	%	June 30, 2014 (12 months)	%
Christian Dior Couture	5,281	4	4,924	4
Wines and Spirits	7,042	6	7,181	6
Fashion and Leather Goods	33,142	27	32,291	28
Perfumes and Cosmetics	22,316	18	21,413	18
Watches and Jewelry	7,707	6	7,604	7
Selective Retailing	45,550	37	42,766	36
Other activities	1,698	2	1,627	1
TOTAL	**122,736**	**100**	**117,806**	**100**

(a) Total permanent and fixed-term headcount.

Breakdown by geographic region

Total workforce as of fiscal year-end [(a)]	June 30, 2015 (12 months)	%	June 30, 2014 (12 months)	%
France	24,048	19	23,276	20
Europe (excluding France)	29,485	24	28,582	24
United States	26,590	22	24,213	21
Japan	6,188	5	6,114	5
Asia (excluding Japan)	28,052	23	28,124	24
Other markets	8,373	7	7,497	6
TOTAL	**122,736**	**100**	**117,806**	**100**

(a) Total permanent and fixed-term headcount.

Breakdown of personnel by professional category

Total workforce as of fiscal year-end [(a)]	June 30, 2015 (12 months)	%	June 30, 2014 (12 months)	%
Executives and managers	22,570	19	21,561	18
Technicians and supervisors	12,475	10	11,839	10
Administrative and sales employees	72,850	59	69,575	59
Production workers	14,841	12	14,831	13
TOTAL	**122,736**	**100**	**117,806**	**100**

(a) Total permanent and fixed-term headcount.

Average age and breakdown by age

As of June 30, 2015, 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 Asia, the United States and Other markets.

(as %)		Global workforce	France	Europe [(a)]	United States	Japan	Asia [(b)]	Other markets
Age:	less than 25 years	12.1	5.8	6.9	22.6	4.7	11.4	22.9
	25-29 years	21.5	15.8	16.6	22.9	13.4	30.6	24.5
	30-34 years	19.5	15.8	19.1	16.4	21.5	25.2	20.2
	35-39 years	14.6	14.7	17.6	10.5	25.9	13.2	13.5
	40-44 years	11.1	14.3	14.8	7.4	17.9	7.8	7.7
	45-49 years	8.4	12.0	11.1	6.6	9.0	5.3	4.7
	50-54 years	6.4	10.8	7.6	5.3	5.1	3.5	3.5
	55-59 years	4.2	8.3	4.3	4.2	2.4	1.9	1.8
	60 years and over	2.2	2.5	2.0	4.1	0.1	1.1	1.2
		100.0	100.0	100.0	100.0	100.0	100.0	100.0
AVERAGE AGE		**36**	**40**	**38**	**35**	**37**	**33**	**33**

(a) Excluding France.
(b) Excluding Japan.

Average length of service and breakdown by length of service

As of June 30, 2015, the average length of service within the Group is 10 years in France and ranges from four to eight years in the other geographic regions. This difference is mainly due to the predominance in these other regions of retail activities characterized by a higher rate of turnover. 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	59.9	39.0	48.9	75.0	41.1	72.9	77.6
5-9 years	19.6	20.6	26.2	15.0	26.1	16.4	14.7
10-14 years	9.2	14.3	12.8	5.6	19.1	4.5	3.3
15-19 years	4.8	8.6	6.2	2.3	6.8	2.9	2.4
20-24 years	2.4	5.3	2.7	1.0	2.5	1.6	0.7
25-29 years	2.3	6.3	1.7	0.7	4.0	1.1	0.7
30 years and over	1.8	5.9	1.5	0.4	0.4	0.6	0.6
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
AVERAGE LENGTH OF SERVICE	**7**	**10**	**7**	**5**	**8**	**5**	**4**

(a) Excluding France.
(b) Excluding Japan.

1.2.2. Recruitment policy: attracting a diverse array of talent

Identifying and recruiting talent is a key management task and a decisive factor in the success of the Christian Dior group and each of its entities in the short, medium and long term. In this highly competitive world, 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 most promising talent.

The Group has put several ambitious action plans in place to make the career opportunities within what it calls its "ecosystem" better known. 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. The Group also focuses on raising awareness of the full extent of its highly diverse range of professions to guarantee excellence across all its business lines.

During the 2014/2015 fiscal year, the Group strengthened its long-standing partnerships with prominent, internationally renowned schools: the ESSEC Luxury Goods Marketing Chair, which celebrated its 25th anniversary in 2015; the Luxury Business Management Track with SDA Bocconi in Italy; awarding scholarships to students at Central Saint Martins College of Art and Design; and the Luxury Track with Singapore Management University. During the fiscal year, particular emphasis was placed on attracting more candidates with engineering backgrounds: LVMH launched a new strategic partnership with the Supply Chain Chair at the École Centrale Paris, and was also the official sponsor of X-Forum, the École Polytechnique's annual career fair, in November 2014. The aim of this sponsorship initiative was to raise awareness of the career opportunities for engineers at the Group. LVMH and its Group companies held a series of meetings outside the career fair to help students learn more about the Group, as well as a series of mock interviews and coaching sessions to prepare students for the key steps in entering the job market.

By building these strong relationships with universities and other top-tier educational institutions, the Group and its companies aim to develop their reputation and image among talented young people and help them better understand the challenges and key professions of the luxury industry.

Aside from the Group's on-campus presence and actions, a new form of recruitment via virtual forums was tested this year, which enabled the Group to reach a broader pool of students and hire a more diverse set of candidates.

The Group also enhanced its digital presence by focusing in particular on describing its "ecosystem" on social networks. Special emphasis was placed on its reputation as an employer on LinkedIn, the world's largest professional network. This high-quality digital footprint was recognized by Publicis Consultants, which ranked LVMH as the top CAC 40 company for its effectiveness on LinkedIn in terms of editorial strategy, based on the engagement rate of web surfers.

Alongside these Group-wide initiatives, several Group companies, such as Sephora, Parfums Christian Dior, Louis Vuitton and Guerlain, regularly launch their own employer communication campaigns in order to attract the best candidates.

The Group's determination to give itself and its Group companies the means to reinforce its image as an employer of choice is widely recognized. Initiatives taken by all Group companies have been popular with business school students in France, who ranked LVMH first among preferred employers for the ninth consecutive year in the Universum poll. The reputation of the Group's employer brand also continued to grow in European rankings and now features among the top names.

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 hiring principles to be observed at the Christian Dior group in the form of fourteen commitments. Special emphasis is placed on preventing any form of discrimination and on promoting diversity. It is backed by the launch of the "Recruitment without Discrimination" training program. Since 2011, this training program has been mandatory for all human resources managers involved in recruiting. Specific modules have been gradually introduced on a country-by-country basis in order to place the Group's commitment within the framework of local legislation (Italy and the United States in 2014). Lastly, to complement this system, since 2008 LVMH has organized ongoing checks of its hiring practices by having an independent firm test its job offers for discrimination. The 2014/2015 campaign took place worldwide. At the close of each campaign, the results are shared with Group companies' human resources teams. Campaigns to test for discrimination help inform and improve the system for preventing discrimination in recruitment.

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

Over the course of the 2014/2015 fiscal year, 28,560 individuals were hired under permanent contracts, including 2,885 in France. Nearly 5,260 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 during the period (all reasons combined) affected a total of 23,921 employees working under permanent contracts, of which 43% 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 was stable as of June 30, 2015 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, 2015	France	Europe (d)	United States	Japan	Asia (e)	Other markets	June 30, 2014
Total turnover (a)	**20.6**	**9.7**	**15.2**	**28.4**	**10.2**	**27.2**	**29.3**	**20.6**
Of which:								
voluntary turnover (b)	15.4	4.3	10.9	24.2	9.6	20.6	21.6	15.6
involuntary turnover (c)	4.7	4.3	3.9	4.0	0.5	6.4	7.5	4.6

(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 Group 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. 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 2014/2015 fiscal year, 2,380 managers took advantage of internal mobility opportunities within the Group. This process was given greater impetus by MOVe, the internal jobs portal accessible via the Group's Intranet.

1.3. WORK TIME

1.3.1. Work time organization

As of June 30, 2015, 13% of employees benefit from variable or adjusted working hours and 49% work as a team or alternate their working hours.

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

Employees concerned (a) *(as %)*	Global workforce	France	Europe (b)	United States	Japan	Asia (c)	Other markets
Variable/adjusted schedules	13	33	16	2	14	5	5
Part-time	16	9	16	36	4	4	21
Teamwork or alternating hours	49	9	32	76	81	66	58

(a) The percentages are calculated in relation to the total number of employees 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, 2015.
(b) Excluding France.
(c) Excluding Japan.

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

Employees concerned [(a)] *(as %)*	France workforce	Executive and managers	Technicians and supervisors	administrative and sales employees	Production workers
Variable/adjusted schedules	33	18	53	57	3
Part-time	9	3	7	18	6
Teamwork or alternating hours	11	-	8	1	37
Employees benefiting from time off in lieu	11	1	13	13	11

(a) Percentages are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) as of June 30, 2015.

1.3.2. Overtime

The cost of the volume of overtime represents an average of 1.6% of the worldwide payroll, an estimated value of around 77 million euros for the fiscal year ended June 30, 2015.

Percentage of overtime by region [(a)]

(as % of total payroll)	Global workforce	France	Europe [(b)]	United States	Japan	Asia [(c)]	Other markets
Overtime	1.6	1.2	1.5	1.5	2.9	2.3	0.9

(a) Data are reported as of June 30, 2015.
(b) Excluding France.
(c) Excluding Japan.

1.3.3. 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, 2015. It was stable compared with the previous two years. 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 regions.

Absence rate [(a)] by region and by reason

(as %)	Global workforce	France	Europe [(b)]	United States	Japan	Asia [(c)]	Other markets
Illness	2.3	3.8	3.1	1.2	0.5	1.9	1.5
Work/work-travel accidents	0.2	0.4	0.1	0.1	0.0	0.1	0.1
Maternity leave	1.6	1.4	2.7	0.6	1.9	1.6	1.0
Paid absences (family events)	0.4	0.3	0.4	0.1	1.1	0.4	1.3
Unpaid absences	0.4	0.5	0.3	0.3	0.2	0.4	0.4
OVERALL ABSENCE RATE	**4.9**	**6.5**	**6.7**	**2.4**	**3.6**	**4.4**	**4.4**

(a) Number of days absent divided by the theoretical number of days worked.
(b) Excluding France.
(c) Excluding Japan.

1.4. COMPENSATION

Christian Dior group companies offer compensation packages that are competitively positioned with respect to the market in order to attract and motivate talented staff. 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 2014/2015 on the distribution of levels of individual performance evidenced an identical distribution for women and men.

1.4.1. 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, 2015:

Employees concerned *(as %)*	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)
Less than 1,500 euros	2	1
1,501 to 2,250 euros	24	21
2,251 to 3,000 euros	22	26
Over 3,000 euros	52	52
TOTAL	**100**	**100**

1.4.2. Personnel costs

Worldwide personnel costs break down as follows:

(EUR millions)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)
Gross payroll – Fixed-term or permanent contracts	4,757	3,998
Employers' social security contributions	1,198	1,035
Temporary staffing costs	217	179
TOTAL PERSONNEL COSTS	**6,172**	**5,212**

Outsourcing and temporary staffing costs increased slightly compared to the previous fiscal year, accounting for 6% of the total payroll worldwide, including the employer's social security contributions.

1.4.3. 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 198.7 million euros in the 2014/2015 fiscal year, a 5% increase over the previous period.

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

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Profit sharing	93	99
Incentive	80	60
Employer's contribution to company savings plans	19	15
TOTAL	**192**	**174**

1.5. SOCIAL RESPONSIBILITY

Since 2013, the LVMH group has shown its support for universal values as a signatory of the United Nations Global Compact, reflecting its longstanding commitment to corporate social responsibility. It is committed to aligning its operations and its strategy with ten principles related to human rights, working standards, respect for the environment and the fight against corruption.

LVMH supports the Universal Declaration of Human Rights, OECD guidelines, the International Labor Organization (ILO)'s Fundamental Conventions, the United Nations' Millennium Development Goals and Women's Empowerment Principles, and the French Diversity Charter. These principles are included in the LVMH Code of Conduct, which is distributed throughout the Group.

In the area of social responsibility, the Christian Dior group has identified four priorities for all its companies which apply throughout the world: constant attention to working conditions, the prevention of all forms of discrimination, the professional integration of people with disabilities, and corporate involvement in solidarity actions to help local communities.

These priorities are pursued within a very decentralized structure in which each Group company is free to draw up its own action plans to address the different aspects of each of these priorities, within the framework of the overall policy defined at Group level. Group companies implement these priorities according to their own human and societal issues and their local contexts, in keeping with their history and heritage. They report on these priorities on an annual basis through CSR (Corporate Social Responsibility) reporting.

At Group companies and their subsidiaries, the Director of human resources is responsible for managing the social responsibility approach. He or she is assisted by a CSR correspondent to ensure that the Group company's actions are relevant and consistent with regard to the main focal points for action set by the Group.

At the Group level, the Social Development Department and CSR correspondents at Group companies maintain ongoing dialogue to ensure the overall consistency of the approach. It is guided by international reporting that covers Group companies with more than 50 employees. Such reporting lists all the social responsibility actions implemented by Group companies over the previous twelve months, every year. It covers the four main topics of the Group's approach. Each reporting topic refers to the conventions and recommendations of the International Labor Organization. Once a year, the members of the CSR network meet to review the year ended based on reporting and to set the priorities for the current year.

LVMH reports on its social responsibility approach in the Annual Report, the Reference Document and its Social Responsibility Report. Its commitments and actions are communicated internally through the CSR newsletter and the Group's "Voices" Intranet site. At their orientation seminars, all new managers are systematically informed of the CSR policy pursued by the Group, its implementation and their role.

Since 2013, LVMH has rallied the Presidents of its Group companies by inviting them to participate in its annual Engaged Maisons Dinner. This event brings together the internal and external partners who play an active role in the Group's social responsibility. In 2014, it brought together more than 250 people and 10 Presidents of Group companies, and was hosted by Antonio Belloni, Group Managing Director, and Chantal Gaemperle, the Group's Director of Human resources and Synergies. The Engaged Maisons Dinner celebrates the human, social and societal involvement of the Group's companies. On this occasion, a total of 130,000 euros was donated to the Robert Debré hospital in Paris to help fight sickle-cell anemia, and to the "K d'urgences" foundation, which supports single-parent families encountering difficulties.

1.5.1. Gender equality

Gender equality is an integral part of the Christian Dior group's corporate culture. As of June 30, 2015, women accounted for three-quarters of the Group's workforce. This strong female presence is an essential characteristic of the Group. Women are particularly prominent in Perfumes and Cosmetics (83% women), Selective Retailing (83% women), and Fashion and Leather Goods (70% women). Conversely, men make up the majority of staff in Wines and Spirits, where they represent 64% of the workforce. As of June 30, 2015, 64% of executives and managers were women.

Demonstrating the Group's strong culture of gender equality, 41 Group companies committed to upholding the United Nations' Women's Empowerment Principles (WEP). In the 2014/2015 fiscal year, all of the Group companies based in the United States were signatories to these principles. The seven Women's Empowerment Principles relate in particular to education, training and professional development for women as well as a commitment to promote gender equality at the highest corporate levels.

Launched in 2007, the "EllesVMH" initiative is aimed at supporting the career development of talented women and helping them achieve their full potential at the Group. During the 2014/2015 fiscal year, corporate initiatives rallied more than 850 people around this issue. The regional EllesVMH networks across the different markets, which bring together talented women from all Group companies and divisions, held ten career development and networking events. In September 2014, for example, the correspondents in charge of the EllesVMH initiative held their first international meeting.

On the occasion of International Women's Day, 150 women employees participated in the career development forum held in Spain, together with internal and external participants. In the United Kingdom, 40 people met for a workshop and training on networking. Lastly, in the United States, some of the Group's women senior executives shared their experiences with 90 female participants.

The Christian Dior group places special emphasis on the career development of its talented women at its annual organizational review, with a set of targets and key indicators. Every year, the Group runs a coaching program for its most promising women employees to help them move toward executive roles. During the 2014/2015 fiscal year, 50 people took part in this comprehensive program. In the area of online communication, EllesVMH is now one of the Group's largest Intranet communities, with over 800 members around the world, including both men and women.

The Group continues to work toward achieving its target by the end of 2015 for women serving on its executive committees, set at 40%. As of June 30, 2015, 38% of Executive Committee members were women (37% as of June 30, 2014). The Group's ambition is to ensure an environment of excellence where all types of talent can fully meet their potential. Six Group companies are chaired by women: Krug, Fred, Loewe, Donna Karan, Acqua di Parma and Starboard Cruise Services.

Group companies also pursue their own initiatives in this area. Loewe has introduced a diversity management e-learning system for its managers and, for its women managers, a three-day training program in conjunction with the University of Navarra. In Italy, Fendi raised awareness among its 200 employees at its headquarters by holding an exhibition on gender equality, and launched a partnership with an organization dedicated to the social reintegration of women. In France, Hennessy held its second "Vignoble au féminin" event, which promotes dialogue and development among women winegrowers.

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

	Joiners		Group employees	
(% women)	June 30, 2015 (12 months)	June 30, 2014 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Breakdown by business group				
Christian Dior Couture	67	70	69	70
Wines and Spirits	41	37	36	36
Fashion and Leather Goods	66	68	70	71
Perfumes and Cosmetics	85	84	83	83
Watches and Jewelry	60	60	60	59
Selective Retailing	85	84	83	82
Other activities	50	58	47	47
Breakdown of personnel by professional category				
Executives and managers	63	64	64	63
Technicians and supervisors	72	73	69	69
Administrative and sales employees	81	81	81	81
Production workers	51	43	61	59
Breakdown by geographic region				
France	70	72	68	69
Europe (excluding France)	77	76	74	74
United States	81	81	79	78
Japan	78	75	75	75
Asia (excluding Japan)	75	74	75	74
Other markets	79	80	70	69
TOTAL	**77**	**77**	**74**	**73**

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

1.5.2. Actions in favor of older employees

The importance of preserving know-how for future generations in the Christian Dior 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 artisanal 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. Worldwide, 12.7% of the Group's workforce is over the age of 50. In France, this population accounted for 21.6% of employees as of June 30, 2015.

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. They 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, encourage the hiring of older employees, and facilitate knowledge transfers across generations. Commitments undertaken by Group companies also relate to hiring and training older employees.

Companies pay special attention to retaining older employees. Improvement efforts have also focused on workstation ergonomics, the reduction of physical strain, and working conditions more generally for employees over the age of 50, especially for positions most affected by these issues in workshops and at production facilities, for example at Louis Vuitton. In Argentina, Domaine Chandon set up a workshop tailored to older equipment operators who would otherwise have been unable to continue working. Retaining older employees also involves preserving and developing their skills. At Guerlain and at Bvlgari in Asia, this is reflected in a special focus on training and internal mobility.

Human resources managers at all Group companies have received training on how to conduct a mid-career interview, according to a program established by the Group's human resources department. These interviews are used at Group companies (Moët & Chandon, Hennessy, Berluti, Parfums Christian Dior, Louis Vuitton, Le Bon Marché, among others) 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 (at Céline, Guerlain and LVMH Fragrance Brands, for example), as well as retirement information meetings, in particular at Hennessy and Louis Vuitton.

1.5.3. 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. Created in 2007, this initiative harnesses a network of 30 disability correspondents at Group companies and steers the Group's actions in this area. The aim of Mission Handicap is to implement actions to promote the hiring and lasting employment of disabled persons, and to build partnerships with organizations and institutions that support the social and professional integration of disabled persons. This commitment helped raise the Group's employment rate in France for disabled persons to 4.1% (sum of direct and indirect rates) as of December 31, 2014, based on official standards for the definition of disabilities.

During the 2014/2015 fiscal year, the Group launched "EXCELLhanCE", an original training program to facilitate access to employment for disabled persons. This initiative benefited from the assistance and support of AGEFIPH, the French agency responsible for facilitating the employment and retention of workers with disabilities, which led to the signing of a partnership agreement between the Group and AGEFIPH. This system enables disabled persons to simultaneously obtain a degree, significant experience at the Group's companies and expertise specific to the luxury industry. It is based on intensive dual work-education programs, lasting 12 to 24 months, in three professional fields: sales, logistics and human resource management. Candidates are selected using the "Handi-Talents" process based on professional-life scenarios for disabled applicants. These innovative recruitment sessions aim to make the hiring process as objective as possible and identify skills and competencies which are transferable into the professional sphere. During the period, 24 people took part in the "EXCELLhanCE" program.

Group companies' commitment in this area was also demonstrated through the signing of agreements with AGEFIPH at Veuve Clicquot and Parfums Christian Dior. Hennessy has had such an agreement in place since 2011; it was renewed for three years in 2013.

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. Group employees contributed their time and energy to help these young people by participating in five specific ARPEJEH activities.

Initiatives to promote the employment and training of disabled persons extend considerably beyond French borders. In Italy, for example, Berluti accepts trainees as part of its Académie du Savoir-Faire. In Spain, Sephora has developed a special welcome guide to help orient and integrate disabled individuals. In Japan, Group companies are demonstrating great sensitivity to this issue, including Louis Vuitton, Bvlgari and Loewe, all of whom have introduced programs to hire these workers.

The Christian Dior group encourages working with companies in France that employ permanently or temporarily severely disabled people and provide them with special facilities and support (sometimes known as "sheltered" employment). On July 17, 2014, on the occasion of the launch of the new LVMH listing of suppliers specializing in the employment of disabled persons, Mission Handicap held an event during which the Group companies visited these facilities to meet the people working there. It also allowed Group companies to share their best practices. Guerlain, for example, chose to work with an organization specializing in disability employment for all the laundry from its institute located at 68 avenue des Champs-Élysées in Paris. At the Group level in France, services entrusted to such employers amounted to 5.4 million euros in the 2014/2015 fiscal year.

1.6. PROFESSIONAL DEVELOPMENT OF EMPLOYEES

In a Group that is intrinsically decentralized, the human resources department is responsible for promoting skills exchange and cross-functional integration and cooperation. The annual review of the Group's talent pool and the organizational management which it coordinates, is a cross-disciplinary initiative involving all Group companies and subsidiaries, aimed at identifying internal talent and ensuring succession to key positions. As part of this review, mobility meetings are held between Group companies and different regions to provide an array of different succession options. More than 70 position-level and regional mobility committee meetings were held during the period. As a result, 75% of senior executive positions are now filled in-house.

All employees can also play an active role in their own career development thanks to the "MOVe" internal *job board*, which can be accessed from anywhere in the world using the Group's Intranet. MOVe saw a 50% increase in internal job listings over the course of the 2014/2015 fiscal year compared with the previous year.

Managers naturally play a key role in cultivating this type of organizational and career development. This skill is now a criterion by which they are systematically assessed at their annual performance and career reviews.

The Christian Dior group also fosters mobility between professional categories by encouraging its employees to acquire new skills, especially through certificate or degree programs. 7,953 staff members were promoted during the 2014/2015 fiscal year, i.e. 6.9% of the permanent workforce.

Lastly, preparing for the future also means supporting the Group's high-potential individuals through the FuturA in-house talent development program. These high-potential individuals are selected above all based on their potential, their creative abilities and the values that motivate them.

No matter how diverse the businesses and teams concerned may be, the Group and its Group companies always design their training activities with the aim of satisfying business requirements as well as personal expectations regarding career development. During the period, among management-level staff alone, more than 3,600 people took part in Group-level training activities. More and more countries are now involved: Mexico, Australia, India and South Korea joined the list of countries where the Group offers training.

For senior executives, the Christian Dior group has stepped up its commitment by investing even more heavily in effective leadership throughout the world to inspire strong performance, ensure that managers are actively dedicated to further developing their teams, and enhance our brands' appeal.

A new initiative launched by the Group during the 2014/2015 fiscal year is the Institut des Métiers d'Excellence, a certificate-granting professional qualification program that helps the Group ensure the successful transmission of its expertise by encouraging younger generations to pursue professions in the fields of design and craftsmanship, in order to meet Group companies' current and future needs. The first partnership agreements have been signed with the BJOP jewelry school, the ECSCP Paris couture school, and the Compagnons du Devoir et du Tour de France organization of craftspeople and artisans and its Institut des Matériaux Souples for leatherworking and textile studies. In September 2014, 28 students joined the LVMH classes as part of dual education programs. They are working under apprenticeship or professionalization contracts at Louis Vuitton, Givenchy, Kenzo and Le Bon Marché for the vocational qualification program in fashion design; and at Chaumet and Louis Vuitton for the vocational qualification programs in jewelry making and leatherworking. The Institut des Métiers d'Excellence aims to emphasize the key role played by apprenticeship supervisors and mentors in transmitting know-how to younger generations.

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

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

	June 30, 2015 (12 months)	**June 30, 2014** (12 months)
Training investment *(EUR millions)*	109.6	93.8
Portion of total payroll *(as %)*	2.3	2.3
Number of days of training per employee	2.3	2.5
Average cost of training per employee *(EUR)*	886	806
Employees trained during the year *(as %)*	59.1	57.7

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, 2015, training expenses incurred by the Christian Dior group's companies throughout the world represented a total of 109.6 million euros, or 2.3% of total payroll.

The average training investment per full-time equivalent person amounts to approximately 886 euros. In 2014/2015, the total number of training days amounted to 285,676 days, representing an equivalent of around 1,242 people receiving full-time training for the entire year.

In 2014/2015, 59.1% of employees received training and the average number of days of training came to 2.3 days per employee.

The training investment is spread across all professional categories and geographic regions as presented in the table below:

	France	**Europe** *(excluding France)*	**USA**	**Japan**	**Asia** *(excluding Japan)*	**Other markets**
Training investment *(EUR millions)*	29.5	17.2	29.7	4.7	23.4	5.2
Portion of total payroll *(as %)*	2.7	1.6	2.5	1.9	2.5	2.3
Employees trained during the year *(as %)*	60.6	57.9	53.5	60.9	64.9	54.6
Of which:						
Executives and managers	59.7	72.6	54.3	65.3	67.2	62.8
Technicians and supervisors	74.8	64.8	45.5	63.4	62.6	66.7
Administrative and sales employees	57.9	60.2	54.5	60.3	66.7	54.0
Production workers	53.7	38.2	46.5	2.0	30.8	26.8

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 Group organizes integration and awareness seminars for new hires focusing on its culture, its values, its key management principles and knowledge of its brands. 31,092 employees under permanent or fixed-term contracts attended seminars of this type during the fiscal year ended June 30, 2015.

1.7. HEALTH AND SAFETY

During the 2014/2015 fiscal year, there were a total of 1,118 work accidents resulting in leave of absence which resulted in 26,884 lost working days. Frequency rates have been improving steadily for several years, while severity rates have remained stable. 384 commuting accidents were also recorded, resulting in 7,684 lost working days. The fiscal year unfortunately saw one commuting accident which caused the death of the employee involved.

Work accidents resulting in leave of absence by business group and geographic region broke down as follows as of June 30, 2015:

	Frequency rate [(a)]	Severity rate [(b)]
Breakdown by business group		
Christian Dior Couture	2.36	0.04
Wines and Spirits	7.40	0.21
Fashion and Leather Goods	4.64	0.11
Perfumes and Cosmetics	3.18	0.08
Watches and Jewelry	2.52	0.01
Selective Retailing	6.24	0.16
Other activities	5.59	0.03
Breakdown by geographic region		
France	10.50	0.28
Europe (excluding France)	3.84	0.07
United States	3.12	0.13
Japan	0.32	0.00
Asia (excluding Japan)	3.73	0.05
Other markets	4.02	0.10
Group: June 30, 2015	**4.86**	**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.

The Group invested over 33.7 million euros in health and safety during the fiscal year ended June 30, 2015. 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 more than 62 million euros, representing 1.6% of the Group's gross payroll worldwide. 35,357 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 performed at production sites, workshops and vineyards, as well as at 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 health program addressing health policy, work organization, the physical work environment and a training plan for its manufacturing workshops and logistics warehouses.

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.

1.8. EMPLOYEE RELATIONS

1.8.1. Status of collective agreements

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

During the fiscal year ended June 30, 2015, employee representatives attended 1,712 meetings:

Nature of the meetings	Number
Works Council	575
Employee representatives	547
Health and Safety Committee	293
Other	297
TOTAL	**1,712**

As a result of these meetings, 100 company-wide agreements were signed. In France, Moët & Chandon, Veuve Clicquot, Hennessy, Sephora and Guerlain in particular signed workplace health and safety agreements that were in force in 2014/2015.

Over the past few years, the Christian Dior group has taken on a strong European dimension, and the conversion of its legal structure into that of an SE (Societas Europaea) was in line with this development. As part of this conversion, a Works Council for the SE was created to represent employees in the 21 European countries where the Group has a presence. The rules for this representative body were laid down in an agreement that was signed unanimously on July 7, 2014, by the elected employee representatives from these 21 countries and by the Group's management bodies. The first plenary meeting of the Works Council for the SE was held on March 26, 2015. This representative body supplements the employee representation system, which now has three levels: the first comprises the Works Councils which, in keeping with the Group's culture of decentralization, handle most employee-related issues. The second level consists of the Group Committee, where employee representatives receive and exchange information on strategic orientations, economic and financial issues, and human resources-related topics together with the Presidents of all the Group's business groups. The third level is the Works Council for the SE, which handles issues relating to this level.

1.8.2. Social and cultural activities

In France, during the fiscal year ended June 30, 2015, Christian Dior group companies allocated a budget of over 22 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 22.3 million euros.

1.9. RELATIONS WITH THIRD PARTIES

The fight against corruption features among the rules set out in the Group's Code of Conduct. This code has been widely disseminated throughout the Group, and provides the foundation on which our entire approach is based. The Environmental Charter and the Suppliers' Code of Conduct cover more specific areas. The Code of Conduct lists the fundamental principles that illustrate the Group's shared commitment and outlines the principles of conduct that serve as a guide for the principles of professional behavior expected on a daily basis. The Code of Conduct specifies that the Group prohibits any form of corruption, and that it is committed to operating independently in public life.

1.9.1. Relations with suppliers

The Christian Dior group considers its relations with suppliers to be an essential part of its value chain. As such, the Group places a priority on maintaining and promoting responsible relations with its partners, suppliers and subcontractors.

Supplier Code of Conduct

In 2008, the Group implemented a Supplier Code of Conduct which sets out its requirements in the fields of social responsibility, the environment and the fight against corruption. This Supplier Code of Conduct has been disseminated to Group companies, and any relations with a partner necessitate that partner's commitment to comply with all ethical principles enunciated in the Code. Certain Group companies such as Sephora and Moët Hennessy have implemented their own supplier specifications in order to best meet their businesses' specific requirements. In the same vein, during the 2014/2015 fiscal year the Perfumes and Cosmetics business group also launched a Responsible Purchasing Charter that specifies its requirements with regard to the following topics: maintaining high-quality relations with its suppliers over the long term, mutually improving economic performance, choosing sustainable materials and responsible suppliers, innovating, and preserving materials and savoir-faire. This charter has been rolled out to all Group companies in the business group.

Training and guidance for suppliers

Driven by the desire to interact closely with its suppliers, the Christian Dior group helps them implement and comply with environmental, workforce-related and societal best practices, while raising awareness and providing training on the sustainable development and responsible purchasing issues specific to their business. One of the highlights of 2014/2015 that perfectly illustrates this collaborative dimension is the Group's first "Suppliers Day" held in Florence, Italy. This event brought together the main Group companies with a significant industrial network in Italy (Louis Vuitton, Givenchy, Céline, Loewe, Kenzo, Fendi, Loro Piana, Emilio Pucci, Marc Jacobs, Donna Karan and Bvlgari) along with 140 of their suppliers (leather goods, footwear, ready-to-wear, furs, etc.), for a total of around 250 participants. In the same vein, in 2014/2015 more than 60 key suppliers – most of which are based in Asia – took part in an experimental series of six online training sessions held by Donna Karan. Three sessions focused on social compliance and the other three on regulated substances and the environment in general. Donna Karan plans to continue offering these online training sessions in 2015 to help suppliers in their continuous improvement initiatives.

It is also important to raise awareness among internal staff who are directly or indirectly involved in relations with suppliers (buyers, production teams, etc.). To this end, in 2014/2015 Marc Jacobs held a responsible purchasing training program for 45 of its employees in New York, which went over its environmental and social priorities with regard to industrial issues. Louis Vuitton's buyers receive theoretical training to help guide them in their continuous improvement approach. At the holding company level, a Suppliers Sustainability Meeting has been held each year since 2005, bringing together the purchasing, sustainable development, legal and internal control departments of the different Group companies. All of the Group's business activities in France and internationally are represented at the meeting. This annual meeting is a forum for Group companies to present their plans, projects, actions and progress regarding sustainable, responsible purchasing, and interact with one another on shared issues and best practices.

Auditing and monitoring our suppliers

The key challenge of the audit approach, which has been reinforced over the past several years, is to help Group companies develop tools and approaches to identify, assess and anticipate risks and opportunities related to suppliers. To this end, Louis Vuitton has put in place a responsible system of social audits founded on compliance with International Labor Organization conventions, local regulations and the SA 8000 social accountability standard. In addition to these labor standards, environmental standards are also applied to measure and prevent various impacts on the environment.

At the Group level, 925 social and/or environmental audits were carried out over the 2014/2015 fiscal year – more than 90% of which by specialized external service providers – at 787 of its suppliers. 543 of these audits related exclusively to social criteria. More than 40% of these audits showed results in line with the Group's standards and 37% 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 17% and 4% of audits performed, respectively. The non-compliance issues identified during these audits were mainly related to two indicators: health and safety and working time. In all, 261 corrective action plans were implemented at its suppliers where audit results had identified areas in need of improvement.

The use of preliminary audits 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, which are based on the Louis Vuitton risk matrix, and are updated on a regular basis.

The use of follow-up audits (450 as of June 30, 2015 vs. 373 as of June 30, 2014) 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 the Group's Code of Conduct.

To improve its supply chain's performance for Tier 1 suppliers and beyond, in 2014/2015 the Group also decided to join Sedex. Sedex is a non-profit organization based in London which aims to promote responsible, ethical improvements to current practices in supply chains. Its approach is based on two main objectives: for suppliers, lightening the administrative load related to the proliferation of requests for audits, certifications, etc.; for the Group, pooling supplier audits and assessments, not only among Group companies but also with other Sedex members.

In the interest of continued improvement in this area, in 2015/2016 Group companies will continue their supplier audit programs while following up on action plans and developing their partnership with Sedex.

1.9.2. Supply sources and subcontracting by business group

As they have not undergone any changes since December 31, 2014, 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 2014 Reference Document.

Champagnes and wines

The Group owns 1,642 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 2014, setting the framework for negotiations relating to harvests from 2014 to 2018 (CIVC decision no. 182).

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 2014 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 2014 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 2014 harvest ranged between 5.36 euros and 6.17 euros depending on the vineyard, a 2.1% increase compared to 2013.

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

In 2014, the champagne houses used subcontractors for about 20 million euros of services, notably pressing, handling, and stocking bottles.

Cognac and spirits

Hennessy owns 170 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 2014, the price of eaux-de-vie from the harvest increased by 3.1% compared to the 2013 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 eighteen leather goods manufacturing shops of Louis Vuitton – twelve in France, three in Spain and two in the United States – manufacture most of the brand's leather goods and watch 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 uses external manufacturers only to supplement its manufacturing and achieve production flexibility in terms of volumes.

Louis Vuitton purchases its materials from suppliers located around the world, with whom it 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 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 brand's country of origin: France, Italy and Spain.

Overall, the use of subcontractors for Fashion and Leather Goods operations represented about 34% of the cost of sales in 2014.

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 2014, manufacturing subcontracting represented overall about 6% of the cost of sales for this activity, plus approximately 9 million euros for logistics 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, Bvlgari, 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 Bvlgari. 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 Bvlgari'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 12% of the cost of sales in 2014.

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 around 29% of the cost of sales for the fiscal year ended June 30, 2015.

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

1.9.3. 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' own retail networks.

As of June 30, 2015, non-disciplinary layoffs – including those due to economic conditions – represented only 3% 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.

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

The Christian Dior group is aware of the critical role education plays in improving living conditions and facilitating social and professional integration. The excellence promoted by the Group is also a very effective catalyst for integration. Group companies are therefore involved in efforts to facilitate access to education for young people in disadvantaged and natural disaster-stricken regions around the world. De Beers launched a partnership with Women for Women International, which provides aid to women in war-torn areas in the form of training, information on their legal rights and help starting and running a business. The Hand in Hand for Haiti operation launched by DFS in the aftermath of the earthquake in January 2010 helped sustain a school complex for the most disadvantaged children in the region of Saint-Marc. This initiative was also supported by Starboard Cruise Services. Bvlgari lent its support to childhood education around the world through Save the Children. Louis Vuitton has developed partnerships in different countries. In Brazil, for example, it supported Spectaculu, a program that allows disadvantaged young people in Rio de Janeiro to complement their classes at school with additional artistic, cultural and professional initiatives. In Cambodia, the Sephora boutique network supported "Toutes à l'école", an organization which promotes education for young Cambodian girls, by selling plush toys through its boutiques during the end-of-year holiday season to benefit the organization. Locally, the Group continues to nurture many partnerships and develop its multiple ties with educational institutions to raise the profile of its professions. These partnerships often result in scholarships and funding for schools specialized in art, fashion design and leatherworking.

In order to promote the integration of young people through education regardless of their background or origin, the Group supports the priority education program run by the Institut d'Études Politiques (Institute for political studies, or Sciences Po Paris), which offers grants to students and gives young Sciences Po graduates the chance to be mentored by managers of the Group. 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, 2015, there were more than 1,017 young people working under apprenticeship or professionalization contracts in all of the Group's French companies.

The Group actively supports professional integration and employment. In France, it has forged a lasting partnership with Nos Quartiers ont des Talents, an organization of which it is a Board member. The organization offers young graduates from underprivileged backgrounds the chance to be mentored by an executive or manager working at the Group. In 2014/2015, 92 senior-level staff members mentored more than 100 young people. As of June 30, 2015, 95 of them were still being mentored. Since 2007, 297 young people have found jobs after being mentored by a Group employee. Each year, the Group takes part in the national meetings of Nos Quartiers ont des Talents to raise awareness of its professions and enable direct contact between the company and young people seeking employment.

To accelerate access to employment, the Group has created and carries out "Jobstyle" sessions. These job coaching sessions are led by Group company recruiters and beauty consultants from Make Up For Ever and Sephora. The goal is to give job candidates all the resources they need to fully prepare for a job interview. The program is aimed at groups that are underrepresented in the labor market. In 2014/2015, 12 sessions were held to benefit the Group's partners who are active in the fields of education, disability and integration. 313 people participated in these sessions during the period.

Since 2010, the Group has been involved in a partnership with Montfermeil, a diversely populated suburb of Paris. Driven by a shared commitment to excellence, this partnership helps facilitate social cohesion and employment for young people from underprivileged neighborhoods. Young people are the beneficiaries of a wide range of initiatives: "business discovery" internships for 50 middle school students who live in the city, visits to Group companies, internships for vocational school students, career orientation, etc. Montfermeil also receives support from the Group to raise awareness of its rich cultural makeup and the talents of its inhabitants, expressed through the annual "Cultures et création" runway event. LVMH provides young people with upstream training in the form of master classes led by Princess Esther Kamatari, holds meetings with Group designers and craftspeople (Givenchy in 2014), and has Guerlain beauty consultants do models' make-up on the day of the runway event. LVMH awards a "Jeune Talent" (Young Talent) trophy to one young, underprivileged fashion enthusiast, helping winners gain wider recognition within the profession. The 2014 winner of the "Jeune Talent" award got to exhibit designs at the Green Showroom, a trade fair dedicated to environmentally responsible fashion held during Fashion Week in Berlin. Three people entered Paris' couture union school under apprenticeship contracts with Group companies.

In the same vein, Parfums Christian Dior initiated the first "2000 emplois, 2000 sourires" job fair, which was held again in 2014/2015. The fair was organized at the Cosmetic Valley business cluster in France, and aimed to generate direct contacts between jobseekers and recruiters at companies in the region.

1.9.5. 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 contemporary artists.

2014/2015 was highlighted by the opening of the Fondation Louis Vuitton on Monday, October 20, 2014, by French President François Hollande. The Fondation Louis Vuitton reaffirms and sustains the Group's and Louis Vuitton's commitment to sponsoring art and culture. It enriches the heritage of Paris with an emblematic monument of 21st century architecture. From autumn 2014 to spring 2015, the opening of the Fondation Louis Vuitton took place in several stages, each one designed around an exhibition and a specific selection from within the Collection, and a varied array of cross-disciplinary events.

In 2014/2015, LVMH also continued to demonstrate its commitment to the artists of our time, renewing its support in the autumn for Nuit Blanche, an iconic event in the contemporary art world.

In the field of education and youth-centered initiatives, the Group designs and sets up educational programs for children in elementary and middle schools as well as art students to give them greater access to the best that culture has to offer. In 2014/2015, the Group notably helped create a master class for young Moroccan musicians taught by violinist Renaud Capuçon at the Arab World Institute in Paris as part of its exhibition on contemporary Morocco. It also renewed its support for the International Music Academy founded in Switzerland by conductor Seiji Ozawa, and continued to offer Parisian conservatory students free tickets to the city's greatest concerts through the "1000 places pour les jeunes" program in place for over 15 years, as well as the ongoing loan of Stradivarius violins from its collection.

Lastly, the Group supports many institutions known for their involvement with children, in particular the Hôpitaux de Paris-Hôpitaux de France foundation, the Pont Neuf association, Save the Children Japan, and the Robin Hood Foundation in New York, as well as the Claude Pompidou foundation, which serves senior citizens and disabled individuals, and for which a gala benefit evening was held at the Fondation Louis Vuitton in December 2014.

1.10. COMPLIANCE WITH INTERNATIONAL CONVENTIONS

Taking each individual and 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 labor 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 régulations 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, 2015, the indicators presented were calculated based on information pertaining to the 2014 calendar year (12 months), according to the following formula:

Value June 2014 to June 2015 = [Value 2014 (12 months)/2] + [Value 2014 (12 months)/2] X (1 + revenue index for the business group over the first 6 months of 2015)]

The reporting scope for environmental indicators included the following sites as of June 30, 2015:

Production facilities, warehouses and administrative sites

(number)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Sites covered	238	227
Sites not covered [(a)]	48	33
Total number of sites	286	260

(a) Of which, mainly: Loro Piana, certain regional administrative sites of Louis Vuitton and the administrative sites of Fresh, Pucci, Acqua di Parma, Marc Jacobs and Donna Karan.

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 gradual integration plan has been implemented.

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

	Energy consumption and greenhouse gas emissions [(b)]		Water consumption [(c)]	
(as % of total sales floor area or of the Group company's sales floor area) [(a)]	June 30, 2015 [(b)] (12 months)	June 30, 2014 [(b)] (12 months)	June 30, 2015 [(c)] (12 months)	June 30, 2014 [(c)] (12 months)
Group total	62	53	19	25
Of which, mainly:				
Christian Dior Couture	60	60	13	23
DFS	70	64	54	42
Louis Vuitton	64	51	0	15
Sephora Americas	64	61	19	21
Sephora Europe	84	74	24	11

(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 Bvlgari, Céline, Chaumet, Christian Dior Couture, De Beers, Fendi, Hublot, Loewe, Marc Jacobs, Parfums Christian Dior, Parfums Givenchy, Sephora North Asia, Sephora South East Asia, TAG Heuer, Thomas Pink and Zenith.
(c) Also includes certain Bvlgari, Céline, Christian Dior Couture, Fendi, Guerlain and Kenzo stores.

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. The Group has more than 3,600 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 Department 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 2014/2015 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 (leader in its sector).

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 dissemination of environmentally friendly technologies.

The Group's Environment Department has the following objectives:

- deploy the LIFE (LVMH Initiatives For the Environment) program;
- guide 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;
- 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. In 2014, Group Managing Director Antonio Belloni decided that Group companies should include the LIFE program in their strategic plan. 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;
- reducing 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, Wenjun and all of Guerlain's activities in France 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. During the 2014/2015 fiscal year, Make Up For Ever obtained certification for its two manufacturing facilities. As of December 31, 2014, 42% 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 550 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 (2013 version).

2.1.2. Training

During the fiscal year, almost all Group companies continued their employee training and awareness programs on the environment. These programs comprised a total of 27,701 hours, a 28% increase compared to the previous fiscal year (20,018 hours in 2013/2014).

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. During the 2014/2015 fiscal year, 32% of the 286 manufacturing, logistics and administrative sites, as well as certain large stores, were audited, for a total of 93 external audits and 124 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. The 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

Environmental expenses were recognized under the relevant headings in accordance with the recommendations of the French Accounting Standards Authority (ANC). 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, 2015, environmental protection expenses broke down as follows:

- operating expenses: 10.4 million euros;
- capital expenditure: 6.4 million euros.

The amount of provisions for environmental risks is 13 million euros as of June 30, 2015. 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 wastewater collection and treatment, independent collection and treatment (aeration basin) and land application.

COD after treatment *(in metric tons)*	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)	**Change** *(as %)*
Wines and Spirits	4,061	3,563	14 [a]
Fashion and Leather Goods	141	158	(11) [b]
Perfumes and Cosmetics	14	20	(30) [c]
TOTAL	**4,217**	**3,741**	**13**

(a) Change related to business activity at Glenmorangie and to progress made in the reporting at Bodegas Chandon Argentina.
(b) Change related to business activity.
(c) Improved cleaning performance during the fiscal year.

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, 2015, 85% of waste was recovered, compared to 88% as of June 30, 2014. 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

(in metric tons)	**Waste produced as of June 30, 2015** [a] (12 months)	**Of which: hazardous waste produced as of June 30, 2015** [b] (12 months)	**Waste produced as of June 30, 2014** (12 months)	**Change in waste produced** *(as %)*
Christian Dior Couture	1,026	41	751	37
Wines and Spirits	67,508	445	62,542	8
Fashion and Leather Goods	9,764	907	11,465	(15)
Perfumes and Cosmetics	9,319	1,467 [a]	7,864	18 [c]
Watches and Jewelry	689	130	303	127
Selective Retailing	5,383	116	6,447	(16)
Other activities	1,940	179	1,092	78
TOTAL	**95,630**	**3,286**	**90,464**	**6**

(a) Some products that are removed from the manufacturing cycle are treated in the same way as hazardous waste to prevent counterfeiting attempts.
(b) Waste to be sorted and treated separately from other "common" waste (boxes, plastic, wood, paper, etc.).
(c) Increase due to exceptional waste production related to work carried out at a Parfums Christian Dior facility.

Waste recovery as of June 30, 2015

(as % of waste produced)	**Re-used**	**Material recovery**	**Energy recovery**	**Total recovery**
Christian Dior Couture	-	64	14	78
Wines and Spirits	40	47	2	89
Fashion and Leather Goods	2	33	31	66
Perfumes and Cosmetics	3	72	22	97
Watches and Jewelry	11	31	5	47
Selective Retailing	5	28	9	42
Other activities	-	57	43	100
TOTAL	**29**	**47**	**8**	**85**

The Perfumes and Cosmetics companies, as well as Sephora since 2010 and Louis Vuitton since 2011, have used the CEDRE recovery and recycling facility (Centre Environnemental de Déconditionnement, 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. During the 2014/2015 fiscal year, the service expanded to accept textiles and around 1,600 metric tons of waste were treated. The various materials (glass, cardboard, wood, metal, plastics, alcohol, cellophane and textiles) are resold 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 air 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 requirements:

- 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.

(in m^3)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)	**Change** *(as %)*
Process requirements	2,578,678	2,682,675	(4)
Agricultural requirements (vine irrigation)	7,261,129	6,873,089	6

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

Water consumption by business group

Process requirements *(in m³)*	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)	**Change** *(as %)*
Christian Dior Couture	49,162	44,530	10
Wines and Spirits	1,504,084	1,473,501	2
Fashion and Leather Goods	354,604	624,394	(43) (a)
Perfumes and Cosmetics	174,388	161,414	8
Watches and Jewelry	47,603	29,346	62 (b)
Selective Retailing	395,224	307,308	29 (c)
Other activities	53,614	42,182	27
TOTAL	**2,578,678**	**2,682,675**	**(4)**

(a) Isolated decrease following the optimization of water management at a Louis Vuitton production site.
(b) Increase related to an increase in production at certain Bvlgari sites.
(c) Increase related to improved reporting at a DFS site.

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 83% of the Group's agricultural water requirements;
- the vineyards of Domaine Chandon California and Newton, which represent 4% 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 the following 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.

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 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 packaging used 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.

Packaging that reaches customers

(in metric tons)	June 30, 2015 (12 months)	June 30, 2014 (12 months)	Change *(as %)*
Christian Dior Couture	635	513	24
Wines and Spirits	151,742	147,415	3
Fashion and Leather Goods	5,226	5,964	(12) [(b)]
Perfumes and Cosmetics	24,561	22,973	7
Watches and Jewelry	3,962	430	821
Selective Retailing	5,373	2,442	120
TOTAL	**191,500** [(a)]	**179,737**	**7**

(a) Benefit, Céline, Donna Karan, Chaumet, Marc Jacobs and Pucci did not report their data for this indicator in 2014/2015.
(b) Change related to business activity.

Breakdown of the total weight of packaging placed on the market, by type of material, as of June 30, 2015

(in metric tons)	Glass	Paper-cardboard	Plastic	Metal	Fabric	Other packaging material
Christian Dior Couture	-	580	42	-	13	-
Wines and Spirits	130,979	16,286	1,570	1,281	68	1,559
Fashion and Leather Goods	-	4,181	66	1	965	14
Perfumes and Cosmetics	12,837	3,752	5,588	1,481	148	755
Watches and Jewelry	1,994	960	885	12	16	96
Selective Retailing	272	3,320	1,721	57	3	-
TOTAL	**146,081**	**29,079**	**9,871**	**2,832**	**1,212**	**2,424**

Group companies have adapted different tools and training to ensure that there is optimum consideration of the environment in product design. The Edibox application has been deployed at Parfums Christian Dior, Guerlain, LVMH Fragrance Brands, Make Up For Ever, Louis Vuitton, Bvlgari and Sephora 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 criteria taken into account are weight and volume, separability of materials and the number of packaging layers. The launch of this new tool provided an opportunity to raise awareness among the marketing and development teams. The champagne houses, Hennessy, Belvedere and Glenmorangie, 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. During the 2014/2015 fiscal year, all the cardboard packaging of the champagne houses was FSC certified. This certification effort was also extended to wooden cases, which are now all PEFC certified.

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.

Energy consumption by business group

(in MWh)	June 30, 2015 *(12 months)*	June 30, 2014 *(12 months)*	Change *(as %)*
Christian Dior Couture	38,902	34,050	14
Wines and Spirits	210,511	212,303	(1)
Fashion and Leather Goods	190,999	186,968	2
Perfumes and Cosmetics	77,670	79,006	(2)
Watches and Jewelry	27,632	22,028	25
Selective Retailing	289,091	255,431	13
Other activities	21,771	19,585	11
TOTAL	**856,576**	**809,371**	**6**

Consumption by energy source as of June 30, 2015

(in MWh)	Electricity	Natural gas	Heavy fuel oil	Fuel oil	Butane Propane	Steam	Ice water	Renewable energies
Christian Dior Couture	34,533	1,259	-	407	-	1,129	1,574	-
Wines and Spirits	73,203	71,676	38,218	20,690	5,208	-	-	1,517
Fashion and Leather Goods	160,735	19,841	-	2,097	3,630	3,385	658	653
Perfumes and Cosmetics	49,524	27,168	-	162	-	347	418	50
Watches and Jewelry	12,290	5,753	-	759	74	-	-	8,756
Selective Retailing	269,756	11,308	-	4,673	2	3,352	-	-
Other activities	13,177	4,285	-	653	44	679	2,933	-
TOTAL	**613,220**	**141,290**	**38,218**	**29,441**	**8,956**	**8,891**	**5,584**	**10,976**

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 2014/2015 fiscal year, Guerlain opened its new La Ruche facility, which obtained HQE certification. It is notably equipped with solar panels, a ground-coupled heat exchanger to ensure comfortable room temperatures, and heat recuperators on the compressors.

Following the creation of the Store Lighting Working Group in 2012, LVMH launched the LVMH Lighting Program in 2013. Its 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, which is an efficient means of reducing energy consumption and CO_2 emissions, the 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. During the 2014/2015 fiscal year, a catalog of 300 product descriptions and an e-commerce website were designed to allow the Group and the installers working on its behalf to optimize lighting, especially through the use of LED technology. An internal reference guide entitled The LVMH Stores' Environmental Guidelines was also developed during the year. It summarizes the best practices to implement during the construction, renovation and entire lifetime of a store.

2.3.4. Soil use

Soil pollution arising from old manufacturing facilities (cognac, wine and champagne production, trunk production) is not considered significant at the Group level. 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 the Sustainable Viticulture certification for all of their vineyards, 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 2014/2015 fiscal year the use of treatment products was reduced by up to 70%. Insect mating disruption is being used 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 air emissions that have a significant impact on the environment are greenhouse gas emissions.

Estimated greenhouse gas emissions in metric tons of CO_2 (carbon dioxide) equivalent correspond to site energy consumption emissions, as defined in §2.3.3. 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 production sites. Only the main materials and components are taken into account;
- downstream transport: movement of finished products from production sites to distribution platforms.

CO_2 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 lessening 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, 2015

(in metric tons of CO_2 equivalent)	**CO_2 emissions June 30, 2015** (12 months)	**Including: Percentage of direct CO_2 emissions**	**Including: Percentage of indirect CO_2 emissions**	**CO_2 emissions June 30, 2014** (12 months)	**Change** *(as %)*
Christian Dior Couture	18,050	2	98	15,407	17
Wines and Spirits	48,280	67	33	48,276	-
Fashion and Leather Goods	75,031	7	93	65,890	14
Perfumes and Cosmetics	11,039	51	49	11,754	(6)
Watches and Jewelry	3,302	43	57	3,442	(4)
Selective Retailing	126,233	3	97	96,447	31
Other activities	3,639	29	71	2,930	24
TOTAL	**285,574**	**17**	**83**	**244,146**	**17**

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 site in Madrid. Likewise, since 2013, Louis Vuitton has been using a tool for calculating CO_2 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. Since the 2014/2015 fiscal year, Guerlain has made deliveries to its Paris boutiques from its logistics center in Béville using a completely electric 16-metric-ton truck.

Distribution of greenhouse gas emissions generated by upstream transport as of June 30, 2015

(in metric tons of CO_2 equivalent)	Road	Rail	Air	Sea	Total
Christian Dior Couture	86	-	377	2	465
Wines and Spirits	4,585	10	439	471	5,506
Fashion and Leather Goods	7,297	-	2,724	14	10,036
Perfumes and Cosmetics	8,650	-	9,966	131	18,747
Watches and Jewelry	8	-	1,538	-	1,547
Selective Retailing	-	-	-	-	-
TOTAL	**20,627**	**10**	**15,045**	**618**	**36,300**

Distribution of greenhouse gas emissions generated by downstream transport as of June 30, 2015

(in metric tons of CO_2 equivalent)	Road	Rail	Air	Sea	Inland waterways	Recharging road	Total
Christian Dior Couture	144	-	26,898	-	-	-	27,042
Wines and Spirits	22,127	573	19,778	15,948	209	-	58,635
Fashion and Leather Goods	761	10	69,606	443	10	-	70,830
Perfumes and Cosmetics	2,073	-	162,496	1,790	-	-	166,359
Watches and Jewelry	57	-	33,071	134	-	-	33,262
Selective Retailing	1,700	-	6,384	133	-	64	8,281
TOTAL	**26,862**	**583**	**318,233**	**18,448**	**219**	**64**	**364,409**

Céline, Château Cheval Blanc, Château d'Yquem, Chaumet, Donna Karan, Les Echos, Fresh, Marc Jacobs and Pucci did not report their data for this indicator.

2.4.2. Adapting to climate change

Since 2013, the Christian Dior group has also taken into account 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, especially rare resources that are vital for this type of manufacturing, such as leather and essential oils in particular.

In November 2014, LVMH became the first private-sector entity to join the eight public research bodies on the Board of Directors of the French Foundation for Research on Biodiversity (FRB). This event emphasized the Group's involvement alongside the FRB, which it has supported for more than six years. Sylvie Bénard, LVMH's Director of Environmental Affairs, has also served as Vice President of the Foundation's Strategic Orientation Committee for four years. As part of that committee, which included upwards of 160 stakeholders working on ways to build joint research programs in biodiversity, the Group devoted special attention to the issue of access to genetic resources and benefit sharing. Several projects are currently being run by the Perfumes and Cosmetics, Fashion and Leather Goods, and Watches and Jewelry business groups, such as developing new responsible sourcing procedures. During the 2014/2015 fiscal year, LVMH was recognized as a leader in its sector and "the most improved company for the Textiles, Apparel & Luxury Goods sector" by the CDP's Forests program, a non-financial index that aims to assess the practices of companies involved in supplying raw materials that have an impact on deforestation (wood, paper, leather, palm oil and soy).

Fashion and Leather Goods, along with 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.

In the Perfumes and Cosmetics business group, the Research & Development department and Group companies have been working together on ethnobotany for a number of years. They seek to identify essential oils with a particular interest as components of cosmetics products while contributing to the preservation of these species and to local economic development. As part of this initiative, Parfums Christian Dior's Dior Gardens are plots dedicated to cultivating flowering plants chosen for their exceptional properties. Guerlain has also launched a number of partnerships focused on orchids in China's Yunnan province, vetiver in India and black bees in Ouessant in France.

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 has always been clear: 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. Since then, the development of alternatives to animal testing has remained a genuine scientific challenge and the Group will continue to be very active in its efforts to rise to this challenge.

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 in Europe and throughout the world. 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 the Group's 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 its experts has regularly led the Group to prohibit the use of some substances and make efforts to reformulate some of its products.

These extremely high standards allow the Group to guarantee the safety of its cosmetic products, not only when the products are released into the market, but also throughout their whole commercialization period. In addition, a client relation network set up by the Group handles the analysis of all claims received from consumers and ensures the cosmetovigilance of the 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. Lastly, the analysis of these claims and the review of cosmetovigilance cases prompts the Group to explore new areas of research and continually improve the quality and safety of our products.

During the fiscal year, Moët Hennessy continued its commitment to responsible alcohol 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 communication, by implementing a code of good practices for marketing and communications, guidelines for online communication, website filters to keep out underage viewers, etc. In addition, teams are deployed worldwide each year to teach hundreds of people how to properly enjoy the company's products for their esthetic, cultural, gastronomic and historical value.

In Europe, Moët Hennessy mentions www.wineinmoderation.eu on the labels of its wine bottles (except in France for legal reasons), and www.responsibledrinking.eu on its spirits bottles. These two websites provide consumers with information on responsible drinking.

In 2013 and 2014, Moët Hennessy made a commitment to the European Commission's EU Alcohol and Health Forum to provide its employees with training on responsible drinking. Moët Hennessy's final report on this commitment was evaluated by an outside consultant designated by the European Commission and received a score of 89%.

Lastly, during the fiscal year Moët Hennessy continued to actively support numerous responsible drinking programs around the world, such as Wine in Moderation and ICAP.

3. INDEPENDENT VERIFIER'S ATTESTATION AND MODERATE ASSURANCE REPORT ON 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, 2015, 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 2015 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 [2] international standard.

1. Attestation of presence 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 societal 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 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 covered the consolidated scope, namely the Company and its subsidiaries as construed under Article L. 223-1 of the French Commercial Code and the companies that it controls as construed under Article L. 233-3 of the same code, subject to the limits specified in the introduction to the sections of the Management Report entitled "Group reporting on employee-related issues" and "Effects of operations on the environment".

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

2. Limited assurance on CSR Information

Nature and scope of procedures

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 best practices;
- 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' societal 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 consolidation of the information, and we verified the coherence and consistency thereof 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 represents on average 56% 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 material misstatement in the CSR Information cannot be entirely eliminated.

(3) **Environmental and societal 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; the number of suppliers audits and their geographical breakdown; relations 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 material 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, 2014. 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 one of the highest-contributing sites complies with local regulations but remains limited with regard to the variations observed in released quantities.

Paris-La Défense, October 12, 2015

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 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 approved by the Board of Directors at its meeting on October 15, 2015.

Its purpose is notably 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 that 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 AFEP/MEDEF website: www.afep.com.

The Company applies the recommendations of that code, subject, in the case of the assessment of Director independence, to criteria concerning the length of service and the business relations maintained with the Group, as specified in §1.2. "Membership and missions".

A Charter has been adopted by the Board of Directors that outlines rules governing its membership, duties, procedures, and responsibilities.

Two committees have been established by the Board of Directors: the Performance Audit Committee and the Nominations and Compensation Committee, whose membership, role and missions are defined by internal rules.

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 full 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 15, 2015, the Board of Directors voted to submit a proposal to the Shareholders' Meeting of December 1, 2015 to renew the appointments of Delphine Arnault and Hélène Desmarais as Directors. It also proposed a resolution for the appointment of Denis Dalibot and Jaime de Marichalar y Sáenz de Tejada as Advisory Board members.

  Directors are appointed for three-year terms as stipulated in the Bylaws. To make the renewal of Directors' appointments as egalitarian as possible, and in any event to make them complete for each three-year period, the Board of Directors set up a system of rolling renewals since 2010.

- The Board of Directors, subject to the decisions of the Shareholders' Meeting of December 1, 2015, will thus consist of nine members: Delphine Arnault, Hélène Desmarais, Ségolène Gallienne, Bernard Arnault, Renaud Donnedieu de Vabres, Pierre Godé, Eric Guerlain, Christian de Labriffe and Sidney Toledano.

  Personal information relating to the Directors is included in the "Other information – Governance" section of the Annual Report.

Bernard Arnault (Chairman of the Board of Directors) and Sidney Toledano (Chief Executive Officer) do not hold more than two directorships in non-Group listed companies, including foreign companies.

During its meeting of October 15, 2015 the Board of Directors reviewed the status of each Director, in particular with respect to the independence criteria set forth in the AFEP/MEDEF Code, and considered that:

(i) Hélène Desmarais satisfies all criteria;

(ii) Ségolène Gallienne should be considered an independent Director notwithstanding her term of office on the Board of Directors of Château Cheval Blanc, a Société Civile (non-trading company) in which the group does not hold a controlling interest and in which she represents an external group alongside the LVMH group;

(iii) Renaud Donnedieu de Vabres should be considered an independent Director notwithstanding his membership on the Board of Directors of La Fondation d'Entreprise Louis Vuitton, a non-profit institution intended to pursue cultural public interest initiatives not falling within the scope of application of the AFEP/MEDEF Code, which only applies to offices held in companies. Furthermore, no compensation is paid to him under this appointment;

(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. The Group values his presence on the Board of Directors of Guerlain, for obvious reasons related to this Group company's family history. Furthermore, no compensation is paid to him under this appointment;

(v) Christian de Labriffe 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, firstly because of his personal circumstances and secondly because no conflicts of interest seem likely to arise between Christian Dior and Christian Dior Couture, the latter's share capital being wholly controlled by the former and no compensation being paid to the interested party under his appointment at Christian Dior Couture.

In the matter of these two individuals, the Board has departed from the criteria set forth by the AFEP/MEDEF code of corporate governance relating, on the one hand, to the number of years of service on the Board and, on the other hand, to relations with the Company's management, considering that these are not likely to cloud the critical faculties or color the judgment of the Directors in question, given both 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.

Five out of nine Directors are thus considered to be independent and to hold no interests in the Company. They represent 55% of the composition of the Board of Directors.

Over the course of the 2014/2015 fiscal year, the Board of Directors met six times as convened by its Chairman. The attendance rate of Directors at these meetings was 81.82% on average and 83.33% excluding the exceptional meeting on September 2, 2014.

The Board approved the annual and half-yearly consolidated and parent company financial statements; it reviewed the Company's consolidated financial statements for the periods from January 1, 2014 to June 30, 2014 and from January 1, 2014 to December 31, 2014. It also reviewed the quarterly business activity as of March 31, 2015. 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 a share repurchase program, and the renewal of the authorization to issue bonds and to give guarantees to third parties. It also conducted an evaluation of its capacity to meet the expectations of shareholders, reviewing its membership, its organization, and its procedures. It authorized the entry into the settlement agreement signed on September 2, 2014 between LVMH, Christian Dior, Financière Jean Goujon and Hermès International, approved the proposed exceptional distribution in kind of Hermès International shares and approved an interim dividend in kind of Hermès International shares. It reviewed previously authorized agreements that remained current during the 2013/2014 fiscal year. It was informed of the proposed sale of a building in Tokyo owned by the LVMH group to a subsidiary of Christian Dior Couture. Lastly, it reduced the share capital through the retirement of treasury shares.

During its meeting of October 15, 2015, the Board of Directors reviewed its composition, organization and modus operandi. The Board concluded that its composition is balanced with regard to its percentage of external Directors, considering the breakdown of share capital, and 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;
- attendance by Directors, excluding exceptional meetings, was stable versus 2013/2014;
- subject to the decisions of the Shareholders' Meeting of December 1, 2015, the presence on the Board of Directors of non-French nationals (over one-fifth of members) and of women (one-third of members) ensures a wide range of vision and sensitivity essential to a Group with a worldwide dimension;
- the Board is fulfilling its role with respect to its missions and objectives of increasing the Company's value and protecting its interests;
- the Directors have no observations on 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.

On the recommendation of the Nominations and Compensation Committee, the Board extended the rule for allocating directors' fees to Advisory Board members.

The Board has changed its Charter to a) specify the missions of the Board of Directors regarding (i) significant operations outside the scope of the strategic guidelines defined by the Board of Directors and (ii) information on the financial position of the company, b) forbid senior executive officers from using hedging transactions on their share purchase or subscription options or their performance shares until the end of the holding period set by the Board, c) allow options to be exercised during blackout periods, provided that the shares are not resold before expiry of the blackout period, and d) stipulate that senior executive officers must seek the opinion of the Board of Directors before accepting a new appointment as a company officer at a listed company outside their group, including foreign companies.

It also changed the internal rules of the Nominations and Compensation Committee, specifying its operating rules when determining the compensation of senior executive officers.

In addition, the Board of Directors reviewed the Group's policy to protect against the impact of future economic and financial developments.

1.3. EXECUTIVE MANAGEMENT

Pursuant to regulatory provisions applicable to the holding of multiple appointments, the Board of Directors decided to dissociate the roles of Chairman of the Board of Directors and Chief Executive Officer. It did not limit the powers vested in the Chief Executive Officer.

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 Statutory Auditors and ensures their independence.

It currently consists of three members appointed by the Board of Directors: Christian de Labriffe (Chairman), who served as Managing Partner at Lazard Frères et Cie and at Rothschild et Compagnie Banque; Renaud Donnedieu de Vabres; and Eric Guerlain, who notably served as Director of the international financial affairs department, then co-director at investment bank J.P. Morgan. By virtue of their professional experience (see also under "Other Information – Governance" the section entitled "Principal positions and offices of members of the Board of Directors") and their familiarity with financial and accounting procedures applicable to corporate groups, Christian de Labriffe and Eric Guerlain, in particular, have the expertise necessary to fulfill their responsibilities.

All of its members are independent. The Performance Audit Committee met five times during the 2014/2015 fiscal year: once with all of its members in attendance and the other four times with two-thirds of its members in attendance. The meetings to review and approve the financial statements were held no later than two days before the review of the financial statements by the Board of Directors.

These meetings were also attended by 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 audit of the parent company and consolidated financial statements as of June 30, 2015 and the half-year financial statements as of December 31, 2014; a review of the consolidated financial statements and reports on the Group's operations for the periods from January 1, 2015 to June 30, 2015 and from January 1, 2014 to December 31, 2014; an audit of the financial statements; the terms and conditions of the exceptional distribution of Hermès International shares and the interim dividend in kind in the form of Hermès International shares; an assessment of the Group's exposure to risk, risk management procedures and off-balance sheet commitments; and the 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.

It was given the Statutory Auditors' independence declaration as well as the amount of the fees paid to the Statutory Auditors' network by companies controlled by the Company or the entity that controls it, in respect of services not directly related to the Statutory Auditors' engagement, and was informed of the services provided in respect of work directly related to the Statutory Auditors' engagement.

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 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.

All of its members are independent.

The Nominations and Compensation Committee met twice during the 2014/2015 fiscal year: once with all of its members in attendance and once with two-thirds of its members in attendance. It (i) reviewed the fixed compensation to be allocated by Christian Dior Couture to Sidney Toledano in his capacity as Chief Executive Officer, (ii) examined the criteria established for determining the amount of variable compensation to be allocated to him by Christian Dior Couture, and (iii) issued recommendations, notably on the fixed compensation and variable compensation as well as the benefits in kind that will be allocated to him. It also (i) issued proposals on the allocation of performance shares to the Chairman of the Board of Directors and the Chief Executive Officer, and (ii) gave its opinion on performance shares to be granted by the Company to a Director.

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 received specific information 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 15, 2015, the Committee reviewed all the terms of office due to expire and expressed a favorable opinion on the appointment of Denis Dalibot and Jaime de Marichalar y Sáenz de Tejada as Advisory Board members, to be put to a vote at the Shareholders' Meeting of December 1, 2015. It was also proposed to extend the rule for allocating directors' fees to Advisory Board members.

1.6. VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

The Vice-Chairman is responsible for chairing the meetings of the Board of Directors or the Shareholders' Meeting in the absence of the Chairman of the Board of Directors.

1.7. ADVISORY BOARD

Advisory Board members 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 on the proposal of the Board of Directors and are chosen from among the shareholders on the basis of their competences.

The Advisory Board, subject to the decisions of the Shareholders' Meeting of December 1, 2015, will consist of two members: Denis Dalibot and Jaime de Marichalar y Sáenz de Tejada.

1.8. 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).

1.9. 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.

1.10. 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 or member of the Advisory Board;

(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 that began July 1, 2014 and ended June 30, 2015, Christian Dior granted a total gross amount of 128,122 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 AFEP/MEDEF Corporate Governance Code for Listed Companies.

Compensation and benefits awarded to senior executive 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 Chief Executive Officer, 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 Chief Executive Officer. 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 of the Board of Directors and the Chief Executive Officer is presented in the Management report of the Board of Directors – Christian Dior parent company section.

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.

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.

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, 2015 is included in the amount shown for post-employment benefits under Note 32.3 to 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 shall be determined by the Board of Directors and reported to the Company's Statutory 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 of the Board of Directors [1] 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, 2014, 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 2014 Reference Document.

(1) Subject to the decisions of the Shareholders' Meeting of December 1, 2015.

2.1. LVMH

2.1.1. Definitions and objectives of risk management and internal control

Benchmarks

This section of the report and plan draw 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.

With more specific regard to internal control, the LVMH group uses an internal reference guide that is consistent with COSO principles.

Definitions and objectives of risk management

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 LVMH group has defined "major" risks as risks with the potential to jeopardize either the continuity of operations or the attainment of its strategic objectives, or its reputation.

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;
- ensure that all employees embrace a shared vision of the main risks and challenges faced by our business activities.

Definitions and objectives of internal control

Internal control refers to a set of control procedures and actions that apply to the specific characteristics of each LVMH group company and which:

- contribute 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 legal risks.

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 Group companies or brands and their subsidiaries);
- the proper functioning of internal processes, especially those relating to the protection of assets and brand value;

- the reliability and completeness of financial and operating information.

Internal control covers more than just accounting and finance, and must enable the management of the Group companies and subsidiaries to focus fully on the strategy, development and growth of the LVMH group.

Limits

No matter how well designed and applied, the risk management and internal control system can only provide reasonable (not absolute) assurance that the Group's overall risks and objectives are properly managed. There are inherent limitations to internal control because of external uncertainties, the judgment required to negotiate opportunity costs and trade-offs, and possible malfunctions due to human error or failure.

The structure of the LVMH group, which comprises a large number of subsidiaries with widely varying missions and purposes, some of which are relatively small in size, which is a specific risk factor.

2.1.2. Organization and stakeholders of the risk management and internal control systems

Organization of the system

LVMH comprises five main business groups: Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry, and Selective Retailing. Other activities comprise the Les Echos media group, Royal Van Lent yachts, hotel and real estate activities and holding companies. The business groups are composed of companies of varying sizes owning prestigious brands, established on every continent. The autonomy of the brands, 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 holding companies – including the LVMH parent company – are responsible for their own risk management and internal control systems; LVMH also acts as leader and coordinator on behalf of all Group companies. It makes available to them the single reference guide and methodology to be applied as well as a computer platform that centralizes all risk and internal control data (see below);
- the President of a Group company 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 its own operations.

Elements of the overall compliance framework

The Group's ethical values

The Group has always expressed its commitment to integrity and ethical behavior in relations with customers, suppliers, employees and other business partners; it demands 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 governance principles are set out in the Code of Conduct, the Supplier Code of Conduct, and the LVMH Environmental Charter, all of which are available on the corporate website, lvmh.com. Those LVMH charters and codes serve as the common foundation and a source of inspiration for all of our brands. The Group oversees the proper application of these principles at the Group companies as well as the implementation of their own codes of conduct, supplier charters, procedures for declaring conflicts of interest, and delegation matrices that outline the responsibilities and powers of each employee.

Skills and talent management

Skills management is a significant aspect of internal control. LVMH devotes special care to matching employees' profiles and responsibilities, formalizing annual performance reviews, developing skills through continuing training, and promoting internal mobility.

Fraud prevention

The Group has introduced a program for raising awareness of the risks of fraud, by means of monthly communiqués listing attempted and known cases of fraud within the Group. For each scenario a prevention plan is presented, the existence of which must be checked by the Group companies and subsidiaries. These communiqués are disseminated widely within the Group.

Internal standards and procedures

Through its Finance Intranet, the Group disseminates all of the regularly updated procedures contributing to accounting and financial information and applicable to all consolidated companies, i.e. procedures applying notably to accounting policies and standards, consolidation, taxation, investments, reporting (budgets and strategic plans), cash flows and financing (cash pooling, foreign exchange and interest rate hedging, etc.); those procedures also specify the formats, contents and frequency of financial reporting.

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", which 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);
- the LVMH internal control reference guide, which covers 12 key business processes: Sales, Retail Sales, Purchases, Licenses, Travel and Movements, Inventory, Production, Cash Management, Fixed Assets, Human Resources, Information Systems and Financial Statements Closing. Special processes have been developed to reflect the specific characteristics 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). This reference guide details the key controls expected for each risk. It is regularly updated to take into account developments in information systems and procedures;

- best practices and tools for issues that the Group considers important: fraud, conflicts of interest, delegations of authority, business continuity plans, IT disaster recovery plans, policies and guidelines for information system security, the segregation of duties, the control of media expenses, and best practices in-store.

A "Major Risks" section of the Finance Intranet contains the procedures and tools for the evaluation, prevention and coverage of such risks. Best practice for the operational risk families selected is also available on the site. These materials may be accessed by all personnel involved in the application of the Group's risk management. Risk managers, operational staff and internal control personnel also take part in a community dedicated to these concerns on the Group's enterprise collaboration portal.

Information and communication systems

Strategic plans related to the LVMH group's 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, access rights, etc.) are integrated when implementing new information systems and then regularly reviewed.

The information and telecommunications systems and their associated risks (physical, technical, internal and external security, etc.) are 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 and tested at the level of the French holding companies.

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.

System stakeholders

Stakeholders are presented according to the three-lines-of-defense model, with the control and supervision of systems provided by governing bodies.

Group governing bodies

The Performance Audit Committee ensures that the effectiveness of internal control and risk management is monitored. It examines the results of Internal Audit work and approves Internal Audit program strategy in terms of geographic, business and risk coverage.

The Board of Directors contributes to the general control environment through the know-how and responsibility of its members and the clarity and transparency of its decisions. The Board is kept informed on a regular basis of the maturity of the internal control system, and oversees the effective management of major risks, which are disclosed in its Management Report.

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, comprised of the Group's 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 proper application of the responsibilities and delegations of authority of Executive Management.

First line of defense

All Group employees help to support and enrich the internal control system.

Operational management: a key aspect of the internal control system applied to business processes is the appropriation of internal control within each entity by the operational managers; each day they implement suitable controls on the processes they are responsible for and pass on appropriate information to the second line of defense.

The Management Committees of the Group companies and subsidiaries are responsible for the introduction and smooth functioning of the internal control system for all operations within their sector. The Management Committees of the Group companies are also in charge of the system for managing major risks; they review the risk mapping each year, assess the level of control and the progress of risk coverage strategies and the associated action plans.

Second line of defense

The Group Legal Department has a key advisory role for the Group's various business groups and ensures that the laws and regulations in force in the countries where it operates are applied.

The Group Risk Management and Insurance Department, alongside the operational staff who are responsible for risks inherent in their business, is particularly involved at Group level in providing tools and methods, cataloguing risks, preventing losses and defining the strategy for risk coverage and financing.

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 other functional departments (see "Organization and stakeholders") contribute to risk management related to financial and accounting information.

The Internal Control Department, which reports to the Director of Internal Audit of the Group, coordinates the implementation of internal control and risk management systems. It monitors and anticipates regulatory changes in order to adapt the systems. It coordinates a **network of internal controllers** responsible, within the Group companies and under the responsibility of their Management Committees, for ensuring compliance with the Group's internal control procedures and preparing controls tailored to their businesses. They also spearhead the various projects related to the internal control and risk management systems and promote the dissemination and application of guidelines.

Dedicated committees:

- **The Employee Safety Committee** meets twice a year to analyze the effectiveness of the systems for ensuring the safety of travelers and employees of the Group abroad, and make any decisions required in exceptional situations.
- **A Strategic Committee** was set up this year with the mission of providing proactive analysis of matters related to the Group's social and environmental responsibility; this mission is carried out in close collaboration with the operational departments in the business groups and Group companies. These studies and decisions, made well in advance, must make it possible to prevent media crises harmful to the reputation of our brands.

Equivalent departments in the business groups and brands: the organization described above at Group level has its equivalent in the main business groups and Group companies.

Third line of defense

The Audit and Internal Control Department had a staff of a dozen professionals as of December 31, 2014. Although this team's supervision is centralized, its members operate out of two offices in Paris and Hong Kong and are active throughout the LVMH group.

The Internal Audit team applies a multi-year audit plan, which is revised each year. The audit plan allows the degree to which expected control activities have been understood and correctly applied to be monitored and reinforced. 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; it can be modified during the year in response to changes in the political and economic environment or internal strategy. The audit plan is also prepared with a view to covering all Group companies.

Internal Audit intervenes both in operational and financial matters. About fifty audit assignments are carried out each year; as planned, coverage was slightly increased in 2014 in the Wines and Spirits and Watches and Jewelry business groups, as well as in the Europe region. A review of the self-assessment process and its results is performed systematically for the significant entities involved. 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.

Internal Audit reports on its conclusions to management of the entity concerned and to Executive Management of the 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 audit plan, the main conclusions of the current year and the follow-up of the main recommendations of previous assignments are presented to the Performance Audit Committee and to the business groups concerned.

External stakeholders

The external auditors and the various certifying bodies (RJC, ISO 14001, etc.) help to reinforce the current system through their audits.

2.1.3. Risk management and internal control procedures related to financial and accounting information

Organization and stakeholders

Risk management and internal controls of accounting and financial information are the responsibility of the following Departments, which are all part of the LVMH group's Finance Team: Accounting and Consolidation and Management Control, Information Systems, Corporate Finance and Treasury, Tax and Financial Communication.

The Assistant Finance Department (Direction financière adjointe) includes:

- **accounting and consolidation**, responsible for preparing and producing the individual company accounts of the holding companies, the consolidated financial statements, and the half-year and annual publications, in particular the Interim Financial Report and Reference Document. To this end, the accounting and consolidation department defines and disseminates the Group's accounting policies, monitors and enforces their application and organizes any related training programs that may be deemed necessary; it also ensures that an appropriate financial reporting information system is maintained, while also coordinating the work of the Group's Statutory Auditors.
- **management control**, responsible for coordinating the budget process, its revisions during the year and the five-year strategic plan, as well as the impairment testing of fixed assets. The management control department 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 structure of the reports it produces, management control is an essential 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 Deputy CFO allow for a greater segregation of duties. The backbone of this organization is an integrated information system that allows hedging transactions to be monitored in real time. The hedging mechanism is periodically presented to the Performance Audit Committee. Hedging decisions are made according to 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 of 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 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

The subsidiaries adopt the accounting and management policies circulated by the LVMH group for the purposes of published consolidated financial statements and internal reporting; they all use this benchmark and the accounts and management reporting system operated by the Group, ensuring consistency of internal and published data.

Consolidation process

The consolidation process is laid out in a detailed set of instructions; it has a data submission system designed to facilitate consistent, complete and reliable data processing 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 Group company and business group level, which also act as primary control filters and help ensure consistency.

At the LVMH group level, the teams in charge of consolidation are organized 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 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 attended by the Finance Team departments concerned; during those meetings 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.

2.1.4. Formalization and management of the risk management and internal control systems

The ERICA approach

In line with European directives and the ordinance of December 2008, the Group introduced changes to its Enterprise Risk and Internal Control Assessment (ERICA) approach, a comprehensive process for improving and integrating systems for managing major risks and internal control related to our ordinary activities.

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:

- an ERICA letter of representation concerning the risk management and internal control systems, signed on June 30. By signing the letter, the Chairman, Chief Financial Officer and/or members of the Management Committee confirm their responsibility for these systems, and give their assessment of them, identifying major weaknesses and the corresponding remediation plans. The letters are analyzed, followed up on and consolidated at each higher level of the Group's organizational structure (Region, Group company, business group); they are forwarded to the Finance Team and to the Group 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, mentioned above ("Consolidation process").

Since 2013, and depending on circumstances, Presidents of Group companies have been required to present to the Audit Committee the approach implemented to achieve progress within their area of responsibility as well as their achievements, action plans in progress and outlook.

Finally, the Audit Committee decided in 2013 to implement the ERICA system within all Group entities by 2015; recently acquired entities are allowed two years to apply the approach, once the integration process is complete.

As of June 30, 2014, this self-appraisal system covered 80% of the Group's operating entities and 96% of revenue. It includes all Group companies. The assessment data from controls and for major risks is input by each entity and centralized in a database application, RVR-GRC, also used by other CAC 40 companies.

Management of major risks

Risks relating to our brands and business activities are managed at the level of each of our business groups and Group companies. 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 identified and evaluated, and formalized in specific chapters.

Once an acceptable risk level has been determined and validated, risks are handled via preventive and protective measures; the latter include business continuity plans (BCP) and crisis management plans in order to organize the best response to risks once they have arisen. Finally, depending on the types of risk to which a particular brand or entity is exposed and the amount of residual risk, the entity may decide, in collaboration with the Group, to use the insurance market to transfer part or all of the residual risk and/or 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.).

The ERICA project provides structure and formal guidelines for risk management within the Group, by offering:

- a framework: each business group/Group company included in the project determines its own roles and responsibilities within the approach;
- 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 to establish or reinforce coverage mechanisms;
- management of the effectiveness of existing control systems with regular reviews of the level of exposure to identified risks;
- centralization of assessment data for major risks in the ERICA database (cf. "The ERICA approach" above);
- an attestation of responsibility by means of the ERICA letter.

This system is deployed in all significant Group companies; the approach is deliberately pragmatic and gradual, beginning with an in-depth focus on several major risks chosen by the Management Committees from among the 42 risks identified in the LVMH risk framework.

To reinforce the system's effectiveness, each Group company includes in its risk map an assessment of the following six risks: media risk, supplier risk, supply shortage risk, site accident risk, sensitive data loss or theft risk, and property damage or theft of merchandise risk.

Management of the internal control system

Ongoing monitoring of the internal control system and periodic reviews of its functioning are carried out on several levels.

There is a **high level of accountability of managers within the Group companies and operational staff**, with the support of internal controllers, in order to assess the level of internal control based on key controls, identify weaknesses and take corrective action. Exception reports make it possible to enhance detective control in addition to preventive measures.

There is a **formal annual self-assessment process**, including a single list of 82 key controls drawn up by the Group internal control department and taken from the internal control reference guide described above ("Elements of the overall compliance framework") applied by the Management of each significant entity. Each entity follows the same methodology, which has been in use since 2006:

- review of shortcomings and follow-up by supervisors and management of the measures implemented to remedy them;
- formal documentation of this review, in the ERICA database (cf. "The ERICA approach").

The final result of this monitoring process is the ERICA letter of representation drawn up by each Group entity. The Statutory Auditors are kept informed on the progress of this approach, as is the Performance Audit Committee, by means of regular reports.

Reviews are carried out by Group Internal Audit and the Statutory Auditors, the results and recommendations of which are passed on to the management of the entities and the Executive Management of the Group. 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.

Recent action taken to reinforce the risk management and internal control system

Since 2011, at the instigation of the Audit and Internal Control Department, the brands have worked to implement and maintain their business continuity plans (BCPs); sessions are organized to provide training and exchange good practice. In particular, a Group conference was held at the end of 2014 concerning supply chain risk. Sustained efforts will be required to further develop these procedures and ensure that they continue to meet the Group's requirements.

The internal control teams were reinforced in our Group companies in 2014, particularly for Fashion and Leather Goods, Perfumes and Cosmetics and Selective Retailing. Numerous measures were taken by the Group companies in diverse areas, such as reputational risk and crisis management, data security and failure of suppliers. Finally, vigilance against fraud has also been specifically monitored and the related controls have been reinforced.

These various initiatives were enriched by meetings to exchange good practice and training courses organized by the Group Internal Control Department, in particular:

- coordination of a retail project in close collaboration with the brands which led to the provision for store managers of a tool giving an overview of internal control;
- changes in the regulations and Group standards taken into account in the internal reference guide.

The Group has reviewed its compliance with the new COSO Framework (2013); it has included in its priorities for the future four of the points of focus put forward in that new version: the anti-fraud system, internal control of outsourced processes, security of information systems, infrastructures, applications and data, and updating and tightening up of our guidelines on the basic controls applicable to our businesses.

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 66 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:

- the protection of assets, inventories and brands, in particular;
- the reliability of financial and accounting information;
- the efficiency of its operations and the efficient use of its resources;
- 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 (preventive actions or detective 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.

It is further bolstered by a formal self-assessment procedure that covers the general control environment at Group entities and a detailed review of the key controls to apply for operational and financial processes. The main steps are as follows:

- a fully documented formal review of shortcomings by each subsidiary's management;
- the drafting of action plans by this management, and shared prioritization with the Audit and Internal Control Department;
- formal monitoring on a regular basis of local implementation, reported to the Audit and Internal Control Department;
- a review during audit assignments of the actual level of progress, and taking this criterion into account in the overall audit assessment.

Launched in 2013, this approach now covers all the Group's entities.

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 versus 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 Architecture Department.
- The Audit and Internal Control Department completes audit assignments that cover all the Group's activities:
  - 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,
  - manufacturing facilities: review of main cycles (inventory management, strategic purchases, investments, personnel management, cost monitoring),
  - head office-specific activities.

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 Executive Management 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

- Audit of the Group's manufacturing facilities.
- Finalized implementation of controls considered key within the Group.
- Bolstering 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 SE.

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 15, 2015.

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, 2015.

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 may 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 29, 2015

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres	
Denis Grison	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.

Consolidated financial statements

1.	**Consolidated income statement**	**112**
2.	**Consolidated statement of comprehensive gains and losses**	**113**
3.	**Consolidated balance sheet**	**114**
4.	**Consolidated statement of changes in equity**	**115**
5.	**Consolidated cash flow statement**	**116**
6.	**Notes to the consolidated financial statements**	**117**
7.	**Statutory Auditors' report**	**189**

1. Consolidated income statement

(EUR millions, except for earnings per share)	*Notes*	**June 30, 2015** (12 months)	**June 30, 2014** [(1)] (12 months)	**June 30, 2013** [(1)] (2 months)
Revenue	*23-24*	**35,081**	**30,867**	**4,750**
Cost of sales		(12,307)	(10,558)	(1,631)
Gross margin		**22,774**	**20,309**	**3,119**
Marketing and selling expenses		(13,828)	(11,884)	(1,846)
General and administrative expenses		(2,647)	(2,365)	(388)
Income (loss) from investments in joint ventures and associates		(3)	(9)	(3)
Profit from recurring operations	*23-24*	**6,296**	**6,051**	**882**
Other operating income and expenses	*25*	(298)	(153)	(21)
Operating profit		**5,998**	**5,898**	**861**
Cost of net financial debt		(164)	(148)	(34)
Other financial income and expenses		2,849	(83)	3
Net financial income (expense)	*26*	**2,685**	**(231)**	**(31)**
Income taxes	*27*	(2,518)	(1,775)	(264)
Net profit before minority interests		**6,165**	**3,892**	**566**
Minority interests	*17*	3,787	2,467	350
Net profit, Group share		**2,378**	**1,425**	**216**
Basic Group share of net earnings per share *(EUR)*	*28*	**13.29**	**7.97**	**1.21**
Number of shares on which the calculation is based		178,928,184	178,762,207	178,673,923
Diluted Group share of net earnings per share *(EUR)*	*28*	**13.18**	**7.90**	**1.20**
Number of shares on which the calculation is based		179,684,869	179,594,235	179,724,966

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

2. Consolidated statement of comprehensive gains and losses

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014 [(1)] (12 months)	June 30, 2013 [(1)] (2 months)
Net profit before minority interests	**6,165**	**3,892**	**566**
Translation adjustments	1,183	(125)	(78)
Tax impact	220	(28)	(5)
	1,403	**(153)**	**(83)**
Change in value of available for sale financial assets	397	553	(224)
Amounts transferred to income statement	(3,406)	(16)	(7)
Tax impact	212	(12)	12
	(2,797)	**525**	**(219)**
Change in value of hedges of future foreign currency cash flows	(3)	205	11
Amounts transferred to income statement	(16)	(302)	(38)
Tax impact	14	26	1
	(5)	**(71)**	**(26)**
Gains and losses recognized in equity, transferable to income statement	**(1,399)**	**301**	**(328)**
Change in value of vineyard land	(20)	370	-
Amounts transferred to consolidated reserves	3	(10)	-
Tax impact	8	(127)	-
	(9)	**233**	**-**
Employee benefit commitments: change in value arising on actuarial gains and losses	(148)	17	9
Tax impact	47	(4)	(2)
	(101)	**13**	**7**
Gains and losses recognized in equity, not transferable to income statement	**(110)**	**246**	**7**
Gains and losses recognized in equity	**(1,509)**	**547**	**(321)**
Comprehensive income	**4,656**	**4,439**	**245**
Minority interests	2,960	2,789	161
COMPREHENSIVE INCOME, GROUP SHARE	**1,696**	**1,650**	**84**

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

3. Consolidated balance sheet

Assets

(EUR millions)	*Notes*	June 30, 2015	June 30, 2014 (1)	June 30, 2013 (1)
Brands and other intangible assets	*3*	16,242	15,363	13,987
Goodwill	*4*	10,365	9,626	8,497
Property, plant and equipment	*6*	11,418	10,501	9,282
Investments in joint ventures and associates	*7*	521	497	524
Non-current available for sale financial assets	*8*	632	7,200	6,665
Other non-current assets	*9*	561	515	490
Deferred tax	*27*	2,031	1,077	908
Non-current assets		**41,770**	**44,779**	**40,353**
Inventories and work in progress	*10*	10,704	9,593	8,716
Trade accounts receivable	*11*	2,173	2,008	1,832
Income taxes		436	346	241
Other current assets	*12*	2,176	1,695	1,761
Cash and cash equivalents	*14*	2,771	2,638	2,055
Current assets		**18,260**	**16,280**	**14,605**
TOTAL ASSETS		**60,030**	**61,059**	**54,958**

Liabilities and equity

(EUR millions)	*Notes*	June 30, 2015	June 30, 2014 (1)	June 30, 2013 (1)
Share capital	*15.1*	361	363	363
Share premium account		194	2,205	2,205
Christian Dior treasury shares	*15.2*	(116)	(288)	(252)
Cumulative translation adjustment	*15.4*	554	37	82
Revaluation reserves		412	1,613	1,347
Other reserves		6,490	6,615	7,052
Net profit, Group share		2,378	1,425	216
Equity, Group share		**10,273**	**11,970**	**11,013**
Minority interests	*17*	16,047	18,367	17,093
Equity		**26,320**	**30,337**	**28,106**
Long-term borrowings	*18*	6,130	4,390	4,219
Non-current provisions	*19*	2,377	1,827	1,781
Deferred tax	*27*	5,738	5,194	4,708
Other non-current liabilities	*20*	7,262	6,275	5,658
Non-current liabilities		**21,507**	**17,686**	**16,366**
Short-term borrowings	*18*	4,425	6,416	4,388
Trade accounts payable		3,602	3,164	2,971
Income taxes		431	358	323
Current provisions	*19*	323	331	340
Other current liabilities	*21*	3,422	2,767	2,464
Current liabilities		**12,203**	**13,036**	**10,486**
TOTAL LIABILITIES AND EQUITY		**60,030**	**61,059**	**54,958**

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

4. Consolidated statement of changes in equity

						Revaluation reserves					Total equity		
(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares	Cumulative translation adjustment	Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land	Employee benefit commit-ments	Net profit and other reserves	Group share	Minority interests	Total
Notes		*15.1*		*15.2*	*15.4*							*17*	
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 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										2	2	(33)	(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		225	322	547
Net profit										1,425	1,425	2,467	3,892
Comprehensive income					**(45)**	**218**	**(28)**	**76**	**4**	**1,425**	**1,650**	**2,789**	**4,439**
Stock option plan and similar expenses										25	25	25	50
(Acquisition)/disposal of Christian Dior treasury shares				(36)						(4)	(40)		(40)
Capital increase in subsidiaries												9	9
Interim and final dividends paid										(536)	(536)	(1,231)	(1,767)
Acquisition of a controlling interest in Loro Piana												235	235
Changes in control of consolidated entities												2	2
Acquisition and disposal of minority interests' shares						(2)		(1)	(1)	(42)	(46)	13	(33)
Purchase commitments for minority interests										(96)	(96)	(568)	(664)
As of June 30, 2014	**181,727,048**	**363**	**2,205**	**(288)**	**37**	**1,226**	**6**	**390**	**(9)**	**8,040**	**11,970**	**18,367**	**30,337**
Gains and losses recognized in equity					517	(1,159)	(1)	(3)	(36)		(682)	(827)	(1,509)
Net profit										2,378	2,378	3,787	6,165
Comprehensive income					**517**	**(1,159)**	**(1)**	**(3)**	**(36)**	**2,378**	**1,696**	**2,960**	**4,656**
Stock option plan and similar expenses										24	24	23	47
(Acquisition)/disposal of Christian Dior treasury shares				172						(6)	166		166
Capital increase in subsidiaries												6	6
Interim and final dividends paid										(564)	(564)	(1,215)	(1,779)
Distributions in kind of Hermès shares. See Note 8.			(1,848)							(991)	(2,839)	(4,016)	(6,855)
Retirement of Dior shares	(1,219,532)	(2)	(163)								(165)		(165)
Changes in control of consolidated entities										(6)	(6)		(6)
Acquisition and disposal of minority interests' shares						(1)		(1)		(2)	(4)	31	27
Purchase commitments for minority interests										(5)	(5)	(109)	(114)
As of June 30, 2015	**180,507,516**	**361**	**194**	**(116)**	**554**	**66**	**5**	**386**	**(45)**	**8,868**	**10,273**	**16,047**	**26,320**

5. Consolidated cash flow statement

(EUR millions)	*Notes*	June 30, 2015 (12 months)	June 30, 2014 [1] (12 months)	June 30, 2013 [1] (2 months)
I – OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		5,998	5,898	861
Income/(loss) and dividends from joint ventures and associates [a]		17	39	5
Net increase in depreciation, amortization and provisions		2,136	1,622	238
Other computed expenses		(473)	(5)	(29)
Other adjustments		(67)	(82)	(8)
Cash from operations before changes in working capital		**7,611**	**7,472**	**1,067**
Cost of net financial debt: interest paid		(164)	(159)	(43)
Income taxes paid relating to operating activities [a]		(1,551)	(1,847)	(533)
Net cash from operating activities before changes in working capital		**5,896**	**5,466**	**491**
Total change in working capital	*14.2*	(468)	(976)	(145)
Net cash from operating activities		**5,428**	**4,490**	**346**
Operating investments	*14.3*	(1,947)	(1,953)	(334)
Net cash from operating activities and operating investments (free cash flow)		**3,481**	**2,537**	**12**
II – FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets	*8*	(41)	(105)	(42)
Proceeds from sale of non-current available for sale financial assets	*8*	178	38	17
Dividends received [a]		-	79	29
Income taxes paid relating to financial investments [a]		(252)	(11)	-
Impact of purchase and sale of consolidated investments	*2.4*	(55)	(2,229)	1
Net cash from (used in) financial investments		**(170)**	**(2,228)**	**5**
III – TRANSACTIONS RELATING TO EQUITY				
Capital increases of subsidiaries subscribed by minority interests		7	6	1
Acquisitions and disposals of Christian Dior treasury shares		1	(40)	(64)
Interim and final dividends paid by Christian Dior	*15.3*	(575) [b]	(536)	-
Interim and final dividends paid to minority interests in consolidated subsidiaries		(1,271) [b]	(1,224)	(83)
Income taxes paid related to interim and final dividends paid [a]		(392)	(164)	-
Purchase and proceeds from sale of minority interests	*2.4*	1	(46)	16
Net cash from (used in) transactions relating to equity		**(2,229)**	**(2,004)**	**(130)**
Change in cash before financing activities		**1,082**	**(1,695)**	**(113)**
IV – FINANCING ACTIVITIES				
Proceeds from borrowings		2,637	4,203	855
Repayment of borrowings		(3,223)	(2,242)	(621)
Purchase and proceeds from sale of current available for sale financial assets		(355)	114	(3)
Net cash from (used in) financing activities		**(941)**	**2,075**	**231**
V – EFFECT OF EXCHANGE RATE CHANGES		**115**	**31**	**22**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		**256**	**411**	**140**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	*14*	**2,063**	**1,652**	**1,512**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*14*	**2,319**	**2,063**	**1,652**
TOTAL TAX PAID		**(2,195)**	**(2,022)**	**(533)**
Transactions included in the table above, generating no change in cash:				
• acquisition of assets by means of finance leases		6	2	-

(a) Taking into account the amended presentation of dividends received and income tax paid, starting in fiscal year 2014/2015. See Note 1.4.
(b) The distributions in kind of Hermès shares had no impact on cash, apart from related income tax effects. See Note 8.
(1) The financial statements as of June 30, 2014 and June 30, 2013 have been restated to reflect the retrospective application as of May 1, 2013 of IFRS 11 Joint Arrangements. See Note 1.2.

Notes to the consolidated financial statements

NOTE 1	ACCOUNTING POLICIES	118
NOTE 2	CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES	126
NOTE 3	BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS	128
NOTE 4	GOODWILL	131
NOTE 5	IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES	132
NOTE 6	PROPERTY, PLANT AND EQUIPMENT	133
NOTE 7	INVESTMENTS IN JOINT VENTURES AND ASSOCIATES	136
NOTE 8	NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS	136
NOTE 9	OTHER NON-CURRENT ASSETS	138
NOTE 10	INVENTORIES AND WORK IN PROGRESS	139
NOTE 11	TRADE ACCOUNTS RECEIVABLE	140
NOTE 12	OTHER CURRENT ASSETS	141
NOTE 13	CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS	141
NOTE 14	CASH FLOW STATEMENT	142
NOTE 15	EQUITY	143
NOTE 16	STOCK OPTION AND SIMILAR PLANS	145
NOTE 17	MINORITY INTERESTS	148
NOTE 18	BORROWINGS	149
NOTE 19	PROVISIONS	154
NOTE 20	OTHER NON-CURRENT LIABILITIES	155
NOTE 21	OTHER CURRENT LIABILITIES	155
NOTE 22	FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT	156
NOTE 23	SEGMENT INFORMATION	162
NOTE 24	REVENUE AND EXPENSES BY NATURE	167
NOTE 25	OTHER OPERATING INCOME AND EXPENSES	168
NOTE 26	NET FINANCIAL INCOME/(EXPENSE)	168
NOTE 27	INCOME TAXES	170
NOTE 28	EARNINGS PER SHARE	173
NOTE 29	PROVISIONS FOR PENSIONS, CONTRIBUTION TO MEDICAL COSTS AND OTHER EMPLOYEE BENEFIT COMMITMENTS	173
NOTE 30	OFF-BALANCE SHEET COMMITMENTS	177
NOTE 31	EXCEPTIONAL EVENTS AND LITIGATION	178
NOTE 32	RELATED PARTY TRANSACTIONS	180
NOTE 33	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, 2015 were established in accordance with international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on June 30, 2015.

These standards and interpretations have been applied consistently to the fiscal years presented. The consolidated financial statements for the fiscal year ended June 30, 2015 were approved for publication by the Board of Directors on October 15, 2015.

1.2. Changes in the accounting framework applicable to the Group

Standards, amendments and interpretations for which application became mandatory as of 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 (see Note 1.6), eliminate the possibility to use proportionate consolidation to consolidate jointly controlled entities, which are accounted for only using the equity method, and introduce additional disclosure requirements in the notes to the consolidated financial statements.

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

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

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

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

Impacts on the income statement

(EUR millions)	**June 30, 2014** (12 months)	**June 30, 2013** (2 months)
Revenue	**(117)**	**(18)**
Cost of sales	49	8
Gross margin	**(68)**	**(10)**
Marketing and selling expenses	67	8
General and administrative expenses	11	6
Income (loss) from investments in joint ventures and associates	(9)	(3)
Profit from recurring operations	**1**	**1**
Other operating income and expenses	8	-
Operating profit	**9**	**1**
Net financial income (expense)	**-**	**-**
Income taxes	-	-
Income (loss) from investments in joint ventures and associates	(9)	(1)
Net profit, Group share	**-**	**-**

Impacts on the balance sheet

Assets *(EUR millions)*	June 30, 2014	June 30, 2013
Tangible and intangible fixed assets	(345)	(346)
Investments in joint ventures and associates	342	358
Other	(2)	(3)
Non-current assets	**(5)**	**9**
Inventories	(77)	(81)
Other	(20)	(28)
Current assets	**(97)**	**(109)**
TOTAL ASSETS	**(102)**	**(100)**

Liabilities and equity *(EUR millions)*	June 30, 2014	June 30, 2013
Equity	-	-
Long-term borrowings	(10)	(11)
Non-current provisions and deferred tax	(56)	(57)
Equity and non-current liabilities	**(66)**	**(68)**
Short-term borrowings	(5)	(4)
Other	(31)	(28)
Current liabilities	**(36)**	**(32)**
TOTAL LIABILITIES AND EQUITY	**(102)**	**(100)**

- IFRIC Interpretation 21 on the accounting for levies is applicable as of 1 July 2014. Its application did not have a material impact on the Group's financial statements.

Standards, amendments and interpretations for which application became mandatory as of July 1, 2015

The standards, amendments and interpretations applicable to the Group with effect from July 1, 2015 are as follows:

- IAS 19 amendment on the accounting for employees' contributions to post-employment plans;
- IAS 41 amendment on the accounting for biological assets.

The application of these standards will not have a material impact on the Group's financial statements.

The impact of the application of IFRS 15 on revenue recognition, applicable with effect from January 1, 2018, is being assessed. It should be of little significance in light of the nature of the Group's business activities.

Other changes in standards and interpretations

- The Group receives information on the progress of ongoing discussions held at the IFRS Interpretations Committee and IASB related to the recognition of purchase commitments for minority interests' shares and changes in their amount. See Note 1.12 to the consolidated financial statements on how the Group accounts for these commitments.
- The Group also monitors developments with regard to the exposure draft on accounting for lease commitments.

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. Presentation of the financial statements

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 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, trade names 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.

Cash flow statement

Net cash from operating activities is determined on the basis of operating profit, adjusted for non-cash transactions. Moreover, since the interim financial statements at December 31, 2014:

- dividends received are presented according to the nature of the underlying investments; thus, dividends from joint ventures and associates are presented in Net cash from operating activities, while dividends from other unconsolidated entities are presented in Net cash from financial investments;

- tax paid is presented according to the nature of the transaction from which it arises: in Net cash from operating activities for the portion attributable to operating transactions; in Net cash from financial investments for the portion attributable to transactions in available for sale financial assets, notably tax paid on gains from their sale; in Net cash from transactions relating to equity for the portion attributable to transactions in equity, notably distribution taxes arising on the payment of dividends.

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

1.5. 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 (see Note 5), purchase commitments for minority interests (see Note 20) and of the determination of the amount of provisions for contingencies and losses (see Note 19) 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.

1.6. 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 accounted for using the equity method. See Note 1.2 regarding the impacts of the implementation of IFRS 10, IFRS 11 and IFRS 12 as of July 1, 2014.

The assets, liabilities, income, and expenses of the Wines and Spirits distribution subsidiaries held jointly with the Diageo group are consolidated only in proportion to the Group's share of operations (see Note 1.25).

Companies where the Group has significant influence but no controlling interest are accounted for using the equity method.

1.7. Foreign currency translation of the financial statements of subsidiaries 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".

1.8. 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 consolidated entity are recognized in the balance sheet at their market value (see Note 1.9) at the fiscal year-end date 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 in 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 1.21 regarding the definition of the concepts of effective and ineffective portions.

1.9. 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 fiscal year-end date are as follows:

	Approaches to determining fair value	Amounts recorded at fiscal year-end date
Vineyard land	Based on recent transactions in similar assets. See Note 1.13.	Note 6
Grape harvests	Based on purchase prices for equivalent grapes. See Note 1.16.	Note 10
Derivatives	Based on market data and according to commonly used valuation models. See Note 1.21.	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. See Note 1.20.	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. See Note 1.12.	Note 20
Available for sale financial assets	Quoted investments: price quotations at the close of trading on the fiscal year-end date. Non-quoted investments: estimated net realizable value, either according to formulas based on market data or based on private quotations. See Note 1.15.	Note 8, Note 13
Cash and cash equivalents	Closing price quotation. See Note 1.18.	Note 14

No other asset or liability has been remeasured at market value as of fiscal year-end.

1.10. 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 using the method of the forecast discounted 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 relief from 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 in 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 1.14.

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;

- rights attached to sponsorship agreements and media partnerships: over the life of the agreements, depending on how the rights are used;
- development expenditure: three years at most;
- software: one to five years.

1.11. 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 market 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 market 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".

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 1.14. Any impairment expense recognized is included within "Other operating income and expenses".

1.12. Purchase commitments for minority interests

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.

1.13. 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. 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.

1.14. 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 on a priority basis 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, 2014 and 2013.

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 for the purposes 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, such as a group of stores, may be distinguished within a particular business segment.

The forecast data required for the cash flow method is based on annual budgets and multi-year 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), which may be extended in the case of certain brands undergoing strategic repositioning, or which have a production cycle exceeding five years. An estimated terminal 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 an assessment of the risk premium associated with that business.

1.15. 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 1.18).

Available for sale financial assets are measured at their listed value at the fiscal year-end date in the case of quoted investments, and at their estimated net realizable value at that date in the case of unquoted investments.

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.

1.16. 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), and may not exceed the net realizable value.

Wine produced by the Group, especially champagne, is measured on the basis of the applicable harvest market value, which is determined by reference to the average purchase price of equivalent grapes, 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 method, depending on the type of business.

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.

1.17. Trade accounts receivable, loans and other receivables

Trade accounts receivable, loans and other receivables 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.

1.18. Cash and cash equivalents

Cash and cash equivalents comprise cash and highly liquid money-market investments subject to an insignificant risk of changes in value over time.

Money-market investments are measured at their market value, based on price quotations at the close of trading and on the exchange rate prevailing at the fiscal year-end date, with any changes in value recognized as part of net financial income/expense.

1.19. 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 occur in 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.

1.20. 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 value of borrowings resulting from changes in interest rates, both the hedged amount of borrowings and the related hedging instruments are measured at their market value at the fiscal year-end date, with any changes in those values recognized within net financial income/expense. Market value of hedged borrowings is determined using similar methods to those described hereafter in Note 1.21.

In the case of hedging against fluctuations in future interest payments, the related borrowings remain measured at their amortized cost while 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 market value; changes in market 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 date of interest rate derivatives, less the amount at the fiscal year-end date of current available for sale financial assets, cash and cash equivalents, in addition to the market value at the fiscal year-end date of foreign exchange derivatives related to any of the aforementioned items.

See also Note 1.21 regarding the definition of the concepts of effective and ineffective portions.

1.21. 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 date. Changes in their value are accounted for as described in Note 1.8 in the case of foreign exchange hedges, and as described in Note 1.20 in the case of interest rate hedges.

Market value is based on market data and on commonly used valuation models 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.

1.22. 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.

In the event of disposal, the cost of the shares disposed of is determined by allocation category (see Note 15.2) 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 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.

1.23. 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. 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 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, in accordance with the amendment to IAS 19 applicable by the Group as of May 1, 2013.

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 discount rates, salary increases, inflation, life expectancy and staff turnover.

1.24. 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 fiscal year-end; 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 give rise to provisions if distribution is deemed probable.

1.25. 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 in 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. According to those agreements, the assets, liabilities, income, and expenses of such entities are consolidated only in proportion to the Group's share of operations. The application of IFRS 11 as from July 1, 2014 did not impact this method. See Note 1.2.

1.26. 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.

1.27. Stock option and similar plans

Share purchase and subscription option plans give rise to the recognition of an expense based on the amortization of the expected gain for the 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 gain 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 gain resulting from the change in the LVMH share price is recorded in the income statement.

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 purchase 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, plus the amount not yet expensed for stock option and similar plans (see Note 1.27), 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 2014/2015 (July 1, 2014 – June 30, 2015)

Selective Retailing

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

2.2. 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, 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 Italian company Loro Piana, which makes and sells luxury fabrics, clothing, and accessories. On December 5, 2013, pursuant to that memorandum of understanding, LVMH acquired 80% of Loro Piana for 1,987 million euros. Loro Piana was fully consolidated with effect from December 5, 2013. The 20% of the share capital that has not been acquired is covered by reciprocal undertakings to buy and sell, exercisable no later than three years from December 5, 2013.

The difference in value between the purchase commitment (recorded in "Other non-current liabilities", see Note 20) and the minority interest, i.e. 244 million euros, was deducted from consolidated reserves.

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

(EUR millions)	**Definitive purchase price allocation**
Brand	1,300
Other intangible and tangible fixed 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 sourcing of high quality natural fibers, as well as its expertise and artisanal skill developed in the creation of products made from these exceptional materials.

Loro Piana acquisition expenses were recognized in "Other operating income and expenses"; they represented a total amount of 9 million euros as of June 30, 2014; see Note 25.

In 2013, the Loro Piana acquisition generated an outlay of 1,982 million euros, net of cash acquired in the amount of 5 million euros.

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 the minority interests amount was recorded as a deduction 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 Barthélémy (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 stake was recognized in consolidated reserves.

2.3. 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.

2.4. Impact on cash and cash equivalents of changes in the percentage interest in consolidated entities

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[1] (12 months)	June 30, 2013[1] (2 months)
Purchase price of consolidated investments and of minority interests' shares	(90)	(2,457)	(9)
Positive cash balance/(net overdraft) of companies acquired	7	31	-
Proceeds from sale of consolidated investments	33	119	26
(Positive cash balance)/net overdraft of companies sold	(4)	(1)	-
IMPACT ON CASH AND CASH EQUIVALENTS OF CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES	**(54)**	**(2,308)**	**17**
Of which:			
purchase and sale of consolidated investments	(55)	(2,262)	1
Purchase and proceeds from sale of minority interests	1	(46)	16

- As of June 30, 2015, the cash impact of changes in the percentage interest in consolidated entities was mainly related to the acquisition of an additional 30% stake in Sephora Brasil and the LVMH capital increases caused by the recipients of share subscription options.
- As of June 30, 2014, the cash impact of changes in the percentage interest in consolidated entities was mainly related to the acquisitions of Loro Piana, Clos des Lambrays, Hotel Isle de France and Nicholas Kirkwood; the additional stake in Marc Jacobs; and the LVMH capital increases caused by the recipients of share subscription options.
- As of June 30, 2013, the cash impact of changes in the percentage interest in consolidated entities was mainly related to the LVMH capital increases caused by the recipients of share subscription options.

NOTE 3 – BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

	June 30, 2015			June 30, 2014[1]	June 30, 2013[1]
(EUR millions)	Gross	Amortization and impairment	Net	Net	Net
Brands	13,491	(599)	12,892	12,535	11,237
Trade names	3,935	(1,620)	2,315	1,948	2,024
License rights	24	(23)	1	1	-
Leasehold rights	798	(370)	428	389	303
Software, websites	1,160	(871)	289	241	198
Other	689	(372)	317	249	225
TOTAL	**20,097**	**(3,855)**	**16,242**	**15,363**	**13,987**
Of which:					
Assets held under finance leases	14	(14)	-	-	-

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

3.1. Movements in the fiscal year

Movements during the fiscal year ended June 30, 2015 in the net amounts of brands, trade names and other intangible assets were as follows:

Gross value *(EUR millions)*	**Brands**	**Trade names**	**Software, websites**	**Leasehold rights**	**Other intangible assets**	**Total**
As of June 30, 2014 (1)	**13,078**	**3,285**	**977**	**718**	**591**	**18,649**
Acquisitions	-	-	105	74	175	354
Disposals and retirements	-	-	(26)	(7)	(48)	(81)
Changes in the scope of consolidation	-	-	-	-	1	1
Translation adjustment	413	650	51	21	39	1,174
Reclassifications	-	-	53	(8)	(45)	-
AS OF JUNE 30, 2015	**13,491**	**3,935**	**1,160**	**798**	**713**	**20,097**

Accumulated amortization and impairment *(EUR millions)*	**Brands**	**Trade names**	**Software, websites**	**Leasehold rights**	**Other intangible assets**	**Total**
As of June 30, 2014 (1)	**(543)**	**(1,337)**	**(736)**	**(329)**	**(341)**	**(3,286)**
Amortization expense	(19)	-	(131)	(44)	(87)	(281)
Impairment	(3)	-	-	-	(1)	(4)
Disposals and retirements	-	-	25	5	48	78
Changes in the scope of consolidation	-	-	-	-	-	-
Translation adjustment	(34)	(283)	(31)	(6)	(20)	(374)
Reclassifications	-	-	2	4	6	12
AS OF JUNE 30, 2015	**(599)**	**(1,620)**	**(871)**	**(370)**	**(395)**	**(3,855)**
NET CARRYING AMOUNT AS OF JUNE 30, 2015	**12,892**	**2,315**	**289**	**428**	**318**	**16,242**

Translation adjustments arose mainly on intangible assets recognized in US dollars, based on fluctuations in the US dollar to euro exchange rate at the close of the fiscal year. This affected in particular the DFS Galleria trade name and the Donna Karan brand.

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

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, 2013 (1)	**11,261**	**2,025**	**202**	**307**	**228**	**14,023**
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 (1)	**11,237**	**2,024**	**198**	**303**	**225**	**13,987**
Acquisitions	-	-	105	71	117	293
Disposals and retirements	-	-	-	-	(2)	(2)
Changes in the scope of consolidation	1,305	-	6	53	11	1,375
Amortization expense	(17)	(1)	(108)	(40)	(74)	(240)
Impairment expense	(9)	-	-	(1)	(1)	(11)
Translation adjustment	19	(75)	(4)	-	1	(59)
Reclassifications	-	-	44	3	(27)	20
AS OF JUNE 30, 2014 (1)	**12,535**	**1,948**	**241**	**389**	**250**	**15,363**

3.3. Brands and trade names

The breakdown of brands and trade names by business group is as follows:

	June 30, 2015			June 30, 2014 (1)	June 30, 2013 (1)
(*EUR millions*)	Gross	Amortization and impairment	Net	Net	Net
Christian Dior Couture	34	(10)	24	24	32
Wines and Spirits	2,882	(108)	2,774	2,730	2,731
Fashion and Leather Goods	5,279	(388)	4,891	4,820	3,527
Perfumes and Cosmetics	1,300	(28)	1,272	1,261	1,264
Watches and Jewelry	3,757	(6)	3,751	3,518	3,498
Selective Retailing	3,894	(1,573)	2,321	1,953	2,029
Other activities	280	(106)	174	177	180
BRANDS AND TRADE NAMES	**17,426**	**(2,219)**	**15,207**	**14,483**	**13,261**

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

The brands and trade names recognized are those that the Group has acquired. The principal acquired brands and trade names as of June 30, 2015 are:

- Wines and Spirits: Hennessy, Moët & Chandon, Veuve Clicquot, Krug, Château d'Yquem, Belvedere, Glenmorangie, Newton Vineyards and Numanthia Termes;
- Fashion and Leather Goods: Louis Vuitton, Fendi, Donna Karan New York, Céline, Loewe, Givenchy, Kenzo, Thomas Pink, Berluti, Pucci and Loro Piana;
- Perfumes and Cosmetics: Parfums Christian Dior, Guerlain, Parfums Givenchy, Make Up For Ever, Benefit Cosmetics, Fresh and Acqua di Parma;
- Watches and Jewelry: Bvlgari, 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-Feadship 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 exhaustive.

Brands developed by the Group, notably Dom Pérignon, 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 32% of total brands and trade names capitalized in the balance sheet and 58% 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, 2015			June 30, 2014[1]	June 30, 2013[1]
(EUR millions)	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	8,502	(1,628)	6,874	6,887	5,788
Goodwill arising on purchase commitments for minority interests	3,491	-	3,491	2,739	2,709
TOTAL	**11,993**	**(1,628)**	**10,365**	**9,626**	**8,497**

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

	June 30, 2015 (12 months)			June 30, 2014[1] (12 months)	June 30, 2013[1] (2 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
At beginning of period	**10,884**	**(1,258)**	**9,626**	**8,497**	**8,911**
Changes in the scope of consolidation (See Note 2)	26	-	26	1,190	1
Changes in purchase commitments for minority interests	772	3	775	24	(407)
Changes in impairment	-	(215)	(215)	(76)	(6)
Translation adjustment	311	(158)	153	(9)	(2)
AT END OF PERIOD	**11,993**	**(1,628)**	**10,365**	**9,626**	**8,497**

The main impact of changes in the scope of consolidation during the fiscal year ended June 30, 2014 was related to the recognition of a final goodwill amount of 1,047 million euros for the Italian company Loro Piana. The remainder was 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.

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

Translation adjustments arose mainly on goodwill recognized in Swiss francs and US dollars, particularly in respect of TAG Heuer and Hublot for the Swiss franc and Benefit and Donna Karan for the US dollar.

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

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, 2015, in the absence of any new available plans and events affecting the results of impairment tests carried out as of December 31, 2014, no significant additional impairment expense was recognized. As described in Note 1.14, 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 2013 and 2014 for the determination of forecast cash flows for multi-year plans are as follows:

	December 31, 2014			December 31, 2013		
Business group *(as %)*	**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	9.4	9.1	2.0	8.6	11.1	2.0
Wines and Spirits	7.5 to 11.2	8.1	2.0	7.5 to 11.2	9.2	2.0
Fashion and Leather Goods	8.0 to 13.1	9.1	2.0	8.0 to 13.1	11.1	2.0
Perfumes and Cosmetics	8.0 to 8.5	8.7	2.0	8.0 to 9.4	9.5	2.0
Watches and Jewelry	9.2 to 9.6	8.7	2.0	9.2 to 9.6	9.7	2.0
Selective Retailing	8.4 to 9.6	9.4	2.0	8.4 to 9.6	10.1	2.0
Other	6.5 to 8.2	0.9	2.0	6.5 to 8.2	2.7	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 the case of brands whose 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 for 2014 are unchanged compared to 2013, as lower interest rates were offset by the rise in risk premiums. 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, 2015, on the basis of the same assumptions applied at December 31, 2014, 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 carrying amounts and the criteria used for 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 plans** *(as %)*	**Period covered by the forecast cash flows**
Louis Vuitton	2,058	558	2,616	8.0	2.0	5 years
Fendi	713	405	1,118	9.6	2.0	5 years
Bvlgari	2,100	1,547	3,647	9.2	2.0	10 years
TAG Heuer	1,191	226	1,417	9.2	2.0	5 years
DFS Galleria	2,045	20	2,065	9.6	2.0	5 years
Hennessy	1,067	47	1,114	7.5	2.0	5 years
Sephora	275	557	832	8.4	2.0	5 years

See Note 2.2 for information on Loro Piana's intangible assets with indefinite useful lives.

As of December 31, 2014, 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 the rates used as of December 31, 2014, 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, seven 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, 2015 and 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 reduction of 2 points in the compound annual growth rate for revenue compared to the rates used as of December 31, 2014, break down as follows:

		Amount of impairment if:		
(EUR millions)	**Amount of intangible assets concerned as of June 30, 2015**	**Increase of 0.5% in post-tax discount rate**	**Decrease of 2% in compound annual growth rate for revenue**	**Decrease of 0.5% in growth rate for the period after the plan**
Fashion and Leather Goods	540	(33)	(21)	(51)
Other business groups	548	(56)	(45)	(30)
TOTAL	**1,088**	**(89)**	**(66)**	**(81)**

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

	June 30, 2015			June 30, 2014[(1)]	June 30, 2013[(1)]
(EUR millions)	Gross	Depreciation and impairment	Net	Net	Net
Land	1,509	(72)	1,437	1,263	1,208
Vineyard land and producing vineyards	2,465	(95)	2,370	2,369	1,925
Buildings	3,161	(1,501)	1,660	1,449	1,379
Investment property	610	(44)	566	619	604
Leasehold improvements, machinery and equipment	9,704	(6,315)	3,389	2,952	2,340
Assets in progress	719	(4)	715	901	790
Other tangible fixed assets	1,810	(529)	1,281	948	1,036
TOTAL	**19,978**	**(8,560)**	**11,418**	**10,501**	**9,282**
Of which:					
Assets held under finance leases	306	(203)	103	104	105
Historical cost of vineyard land and producing vineyards	729	(95)	634	624	532

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

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: Stores	Leasehold improvements, machinery and equipment: Production, logistics	Leasehold improvements, machinery and equipment: Other	Assets in progress	Other tangible fixed assets	Total
As of June 30, 2014 (1)	**2,456**	**4,066**	**664**	**5,066**	**1,943**	**1,206**	**901**	**1,372**	**17,674**
Acquisitions	4	166	15	530	100	111	586	151	1,663
Change in the market value of vineyard land	(20)	-	-	-	-	-	-	-	(20)
Disposals and retirements	(1)	(50)	(2)	(308)	(46)	(116)	(3)	(23)	(549)
Changes in the scope of consolidation	-	-	-	(1)	-	(1)	(6)	2	(6)
Translation adjustment	13	266	33	610	55	97	74	66	1,214
Other movements, including transfers	13	222	(100)	334	34	90	(833)	242	2
AS OF JUNE 30, 2015	**2,465**	**4,670**	**610**	**6,231**	**2,086**	**1,387**	**719**	**1,810**	**19,978**

Depreciation and impairment (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment: Stores	Leasehold improvements, machinery and equipment: Production, logistics	Leasehold improvements, machinery and equipment: Other	Assets in progress	Other tangible fixed assets	Total
As of June 30, 2014 (1)	**(87)**	**(1,354)**	**(45)**	**(3,118)**	**(1,324)**	**(821)**	**-**	**(424)**	**(7,173)**
Depreciation expense	(6)	(145)	(3)	(788)	(138)	(133)	-	(71)	(1,284)
Impairment expense	-	(15)	(2)	13	(1)	-	(5)	-	(10)
Disposals and retirements	-	44	2	308	43	113	1	21	532
Changes in the scope of consolidation	-	-	-	2	-	1	-	(1)	2
Translation adjustment	(2)	(91)	(1)	(381)	(35)	(67)	-	(46)	(623)
Other movements, including transfers	-	(12)	5	17	12	(18)	-	(8)	(4)
AS OF JUNE 30, 2015	**(95)**	**(1,573)**	**(44)**	**(3,947)**	**(1,443)**	**(925)**	**(4)**	**(529)**	**(8,560)**
NET CARRYING AMOUNT AS OF JUNE 30, 2015	**2,370**	**3,097**	**566**	**2,284**	**643**	**462**	**715**	**1,281**	**11,418**

The impact of marking vineyard land to market was 1,737 million euros as of June 30, 2015 (1,745 million euros as of June 30, 2014 and 1,393 million euros as of June 30, 2013). See Notes 1.9 and 1.13 on the measurement method for 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.

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

Translation adjustments arose mainly on property, plant and equipment recognized in US dollars, based on fluctuations in the US dollar to euro exchange rate as of June 30, 2015.

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

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: Stores	Production, logistics	Other	Assets in progress	Other tangible fixed assets	Total
As of April 30, 2013 (1)	**1,929**	**2,590**	**606**	**1,441**	**569**	**303**	**743**	**1,033**	**9,214**
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, including transfers	1	9		32	9	6	(63)	8	2
As of June 30, 2013 (1)	**1,925**	**2,587**	**604**	**1,463**	**576**	**301**	**790**	**1,036**	**9,282**
Acquisitions	5	135	13	576	83	107	689	113	1,721
Disposals and retirements	(25)	(4)	-	(4)	(1)	(1)	(2)	-	(37)
Depreciation expense	(6)	(127)	(6)	(580)	(132)	(120)	-	(81)	(1,052)
Impairment expense	-	(2)	-	(2)	-	-	(8)	(2)	(14)
Change in the market value of vineyard land	371	-	-	-	-	-	-	-	371
Changes in the scope of consolidation	96	162	-	30	32	2	-	1	323
Translation adjustment	(8)	(8)	(1)	(49)	(2)	(5)	(13)	(15)	(101)
Other, including transfers	11	(31)	9	513	63	102	(555)	(104)	8
AS OF JUNE 30, 2014 (1)	**2,369**	**2,712**	**619**	**1,947**	**619**	**386**	**901**	**948**	**10,501**

Purchases of property, plant and equipment in the fiscal years ended June 30, 2014 and June 30, 2013 included investments by Louis Vuitton, Christian Dior Couture, Sephora, DFS, Bvlgari and Berluti in their retail networks, as well as investments by the champagne houses in their production equipment and investments by Parfums Christian Dior in new counters. The effects of changes in the scope of consolidation for the fiscal year ended June 30, 2014 were mainly related to the consolidation of Loro Piana.

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

NOTE 7 – INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	June 30, 2015				June 30, 2014 (1)		June 30, 2013 (1)	
(EUR millions)	Gross	Impairment	Net	*Of which joint arrangements (a)*	Net	*Of which joint arrangements (a)*	Net	*Of which joint arrangements (a)*
Share of net assets of joint ventures and associates at beginning of period	**498**	**-**	**498**	***342***	**524**	***357***	**525**	***358***
Share of net profit (loss) for the period	(3)	-	(3)	*2*	(9)	*(18)*	1	*(4)*
Dividends paid	(21)	-	(21)	*(11)*	(30)	*(11)*	(2)	*(2)*
Changes in the scope of consolidation	7	-	7	*-*	5	*-*	-	*-*
Capital increases subscribed	15	-	15	*9*	7	*7*	-	*-*
Translation adjustment	12	-	12	*9*	(11)	*(1)*	-	*-*
Other, including transfers	13	-	13	*3*	11	*8*	-	*5*
SHARE OF NET ASSETS OF JOINT VENTURES AND ASSOCIATES AS OF PERIOD-END	**521**	**-**	**521**	***354***	**497**	***342***	**524**	***357***

(a) Proportionately consolidated entities prior to the application of IFRS 11. See Note 1.2.

As of June 30, 2015, investments in joint ventures and associates consisted primarily of:

- for joint arrangements:
  - a 50% equity stake in the Château Cheval Blanc wine estate (Gironde, France), which produces the eponymous Saint-Émilion Grand Cru Classé A,
  - a 50% equity stake in De Beers Diamond Jewellers, whose network of boutiques sells the De Beers brand of jewelry;
- for other companies:
  - a 40% equity stake in Mongoual SA, a real estate company which owns an office building in Paris (France), which is the head office of LVMH Moët Hennessy-Louis Vuitton,
  - a 46% equity stake in JW Anderson, a London-based ready-to-wear brand, acquired in September 2013,
  - a 45% equity stake in PT. Sona Topas Tourism Industry Tbk (STTI), an Indonesian retail company, which notably holds duty-free sales licenses in airports.

NOTE 8 – NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

	June 30, 2015			June 30, 2014	June 30, 2013
(EUR millions)	Gross	Impairment	Net	Net	Net
TOTAL	**812**	**(180)**	**632**	**7,200**	**6,665**

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

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

(EUR millions)	June 30, 2015 (12 months) Total	of which Hermès	June 30, 2014 (12 months)	June 30, 2013 (2 months)
At beginning of period	**7,200**	**6,595**	**6,665**	**6,853**
Acquisitions	38	1	93	42
Disposals at net realized value	(179)	-	(38)	(17)
Distributions in kind of Hermès shares	(6,785)	(6,785)	-	-
Changes in market value	388	259	527	(210)
Changes in impairment	(10)	-	(5)	-
Changes in the scope of consolidation	-	-	1	-
Translation adjustment	55	-	(11)	-
Reclassifications	(75)	(70)	(32)	(3)
TOTAL AT END OF PERIOD	**632**	**-**	**7,200**	**6,665**

As of June 30, 2014, non-current available for sale assets mainly included an investment in Hermès International SCA ("Hermès") of a gross and net amount of 6,595 million euros (6,039 million euros as of June 30, 2013). This shareholding was distributed to the shareholders of LVMH and Christian Dior during the fiscal year as described below.

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

- LVMH agreed to distribute to its shareholders all of the Hermès shares it owned, namely 24,473,545 shares equal to 23.18% of the share capital and 16.56% of the voting rights of Hermès. Christian Dior, which as of the date of the distribution held 40.9% of LVMH's share capital through its wholly-owned subsidiary Financière Jean Goujon, also agreed to distribute the Hermès shares received from LVMH to its own shareholders;
- LVMH, Financière Jean Goujon, Christian Dior and Mr. Bernard Arnault undertook not to acquire any Hermès shares for a period of five years.

In accordance with the terms of the Agreement, LVMH and Christian Dior distributed the Hermès shares to their shareholders on December 17, 2014, in the form of exceptional distributions in kind. LVMH decided at its Combined Shareholders' Meeting of November 25, 2014 on a distribution in kind of 2 Hermès shares for every 41 LVMH shares. Christian Dior decided at its Combined Shareholders' Meeting of December 9, 2014 on a distribution in kind of 1 Hermès share for every 24 Christian Dior shares and at its Board of Directors meeting of December 11, 2014 on an interim dividend in kind of 3 Hermès shares for every 200 Christian Dior shares.

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

After the distributions of Hermès shares to the shareholders, the Group's remaining stake in Hermès, corresponding to shares not distributed in respect of remainders and fractional shares, was reclassified under current available for sale financial assets for an amount of 70 million euros. In accordance with the terms of the Agreement entered into with Hermès, the companies of the Group sold their remaining shares during the fiscal year for a total of 74 million euros.

The Hermès share price used to value the shares was 269.50 euros at June 30, 2014 (248.00 euros at June 30, 2013).

The impact of the Hermès share distribution on consolidated equity as of June 30, 2015 is as follows:

	Revaluation reserves as of June 30, 2014	Profit	Other reserves	Total	Group share	Minority interests
Distributions in kind of Hermès shares	(2,948)	3,193 [(a)]	(6,855)	(6,610)	(2,737)	(3,873)
Related tax [(b)]	191	(570)	-	(379)	(156)	(222)
NET	**(2,757)**	**2,623**	**(6,855)**	**(6,988)**	**(2,893)**	**(4,095)**

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

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

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

The market value of non-current available for sale financial assets is determined using the methods described in Note 1.9. See also Note 22.2 for the breakdown of those 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, 2015 include the following:

(EUR millions)	Percentage interest	Net value	Revaluation reserves [(f)]	Dividends received	Equity	Net profit
Hengdeli Holdings Ltd (China) [(a)]	6.3%	55	25	1	876 [(d)]	34 [(d)]
Tod's SpA (Italy) [(a)]	3.5%	90	44	2	812 [(d)]	50 [(d)]
L Real Estate SCA (Luxembourg) [(b)]	32.2%	182	103	-	583 [(e)]	1 [(e)]
L Capital 2 FCPR (France) [(b)]	18.5%	35	(3)	-	177 [(c) (e)]	(3) [(c) (e)]
Other investments		270	6	-		
TOTAL		**632**	**175**	**3**		

(a) Market value of securities at the close of trading on June 30, 2015.
(b) Estimated net realizable value.
(c) The figures provided reflect company information prior to June 30, 2015 as data for the year 2015 was not available at the date of preparation of the financial statements.
(d) Consolidated half-year data as of June 30, 2015.
(e) Company data.
(f) Excluding tax impact.

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

NOTE 9 – OTHER NON-CURRENT ASSETS

(EUR millions)	June 30, 2015	June 30, 2014 [(1)]	June 30, 2013 [(1)]
Warranty deposits	309	278	269
Derivatives (See Note 22)	66	51	92
Loans and receivables	158	165	115
Other	28	21	14
TOTAL	**561**	**515**	**490**

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

NOTE 10 – INVENTORIES AND WORK IN PROGRESS

(EUR millions)	June 30, 2015 Gross	June 30, 2015 Impairment	June 30, 2015 Net	June 30, 2014[1] Net	June 30, 2013[1] Net
Wines and eaux-de-vie in the process of aging	4,103	(14)	4,089	3,835	3,608
Other raw materials and work in progress	1,679	(378)	1,301	1,377	1,157
	5,782	**(392)**	**5,390**	**5,212**	**4,765**
Goods purchased for resale	1,750	(182)	1,568	1,291	1,260
Finished products	4,542	(796)	3,746	3,090	2,691
	6,292	**(978)**	**5,314**	**4,381**	**3,951**
TOTAL	**12,074**	**(1,370)**	**10,704**	**9,593**	**8,716**

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

(EUR millions)	June 30, 2015 (12 months) Gross	June 30, 2015 (12 months) Impairment	June 30, 2015 (12 months) Net	June 30, 2014[1] (12 months) Net	June 30, 2013[1] (2 months) Net
At beginning of period	**10,791**	**(1,198)**	**9,593**	**8,716**	**8,693**
Change in gross inventories [a]	683	-	683	1,032	107
Impact of marking harvests to market	(9)	-	(9)	2	4
Change in provision for impairment	-	(300)	(300)	(287)	(29)
Changes in the scope of consolidation	(3)	-	(3)	280	-
Translation adjustment	879	(139)	740	(156)	(60)
Other, including reclassifications	(267)	267	-	6	1
AT END OF PERIOD	**12,074**	**(1,370)**	**10,704**	**9,593**	**8,716**

(a) Including the impact of product returns. See Note 1.25.

Translation adjustments arose mainly on inventories denominated in US dollars and Swiss francs, as a result of fluctuations in the exchange rates of those currencies with respect to the euro during the fiscal year.

Changes in the scope of consolidation in the fiscal year ended June 30, 2014 were mainly related to the consolidation of Loro Piana.

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

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[1] (12 months)	June 30, 2013[1] (2 months)
Effect of marking the period's harvest to market	23	35	9
Effect of inventory sold during the period	(32)	(33)	(5)
NET EFFECT ON COST OF SALES OF THE PERIOD	**(9)**	**2**	**4**
NET EFFECT ON VALUE OF INVENTORY AT PERIOD-END	**166**	**175**	**173**

See Notes 1.9 and 1.16 on the method of marking harvests to market.

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

NOTE 11 – TRADE ACCOUNTS RECEIVABLE

(EUR millions)	June 30, 2015	June 30, 2014[(1)]	June 30, 2013[(1)]
Trade accounts receivable, nominal amount	2,456	2,239	2,060
Provision for impairment	(72)	(70)	(66)
Provision for product returns	(211)	(161)	(162)
NET AMOUNT	**2,173**	**2,008**	**1,832**

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

	June 30, 2015 (12 months)			June 30, 2014[(1)] (12 months)	June 30, 2013[(1)] (2 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
At beginning of period	**2,240**	**(232)**	**2,008**	**1,832**	**1,817**
Change in gross receivables	15	-	15	204	36
Change in provision for impairment	-	(7)	(7)	(2)	2
Change in provision for product returns	-	(33)	(33)	(3)	3
Changes in the scope of consolidation	15	-	15	55	(1)
Translation adjustment	189	(17)	172	(99)	(24)
Reclassifications	(3)	6	3	21	(1)
AT END OF PERIOD	**2,456**	**(283)**	**2,173**	**2,008**	**1,832**

The trade accounts receivable balance is comprised essentially of receivables from wholesalers or agents, who are limited in number and with whom the Group maintains ongoing relationships for the most part. Credit insurance is taken out where justified by the likelihood that receivables may not be recoverable.

As of June 30, 2015, the breakdown of the nominal amount of trade receivables and of the provision for impairment by age was as follows:

(EUR millions)	Nominal amount of receivables	Impairment	Net amount of receivables
Not due			
less than 3 months	1,801	(11)	1,790
more than 3 months	189	(7)	182
	1,990	**(18)**	**1,972**
Overdue			
less than 3 months	285	(6)	279
more than 3 months	181	(48)	133
	466	**(54)**	**412**
TOTAL	**2,456**	**(72)**	**2,384**

For each of the periods presented, no single customer accounted for more than 10% of the Group's consolidated revenue.

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

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

NOTE 12 – OTHER CURRENT ASSETS

(EUR millions)	June 30, 2015	June 30, 2014[1]	June 30, 2013[1]
Current available for sale financial assets (see Note 13)	257	184	187
Derivatives (see Note 22)	394	251	370
Tax accounts receivable, excluding income taxes	524	408	395
Advances and payments on account to vendors	142	154	158
Prepaid expenses	403	355	338
Other receivables	456	343	313
TOTAL	**2,176**	**1,695**	**1,761**

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

(EUR millions)	June 30, 2015	June 30, 2014	June 30, 2013
Unlisted securities, shares in non-money market SICAVs and funds	-	12	12
Listed securities	257	172	175
TOTAL	**257**	**184**	**187**
Of which: historical cost of current available for sale financial assets	272	136	176

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

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)
At beginning of period	**184**	**187**	**201**
Acquisitions	256	-	-
Disposals at net realized value	(267)	(27)	-
Changes in market value	7	25	(14)
Changes in impairment	7	-	-
Reclassifications [(a)]	70	-	-
Translation adjustment	-	(1)	-
AT END OF PERIOD	**257**	**184**	**187**

(a) See Note 8.

The market value of current available for sale financial assets is determined using the methods described in Note 1.9. See also Note 1.15 for the method used to determine impairment losses on current available for sale financial assets, and Note 22.2 for the breakdown of those assets according to the measurement methods used.

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

NOTE 14 – CASH FLOW STATEMENT

14.1. Cash and cash equivalents

(EUR millions)	June 30, 2015	June 30, 2014[(1)]	June 30, 2013[(1)]
Fixed term deposits (less than 3 months)	516	728	420
SICAV and FCP money-market funds	325	109	77
Ordinary bank accounts	1,930	1,801	1,558
CASH AND CASH EQUIVALENTS PER BALANCE SHEET	**2,771**	**2,638**	**2,055**

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

(EUR millions)	June 30, 2015	June 30, 2014[(1)]	June 30, 2013[(1)]
Cash and cash equivalents	2,771	2,638	2,055
Bank overdrafts	(452)	(575)	(403)
NET CASH AND CASH EQUIVALENTS PER CASH FLOW STATEMENT	**2,319**	**2,063**	**1,652**

14.2. Change in working capital

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

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[(1)] (12 months)	June 30, 2013[(1)] (2 months)
Change in inventories and work in progress	(670)	(1,030)	(109)
Change in trade accounts receivable	(12)	(198)	(32)
Change in trade accounts payable	209	115	(91)
Change in other receivables and payables	5	137	87
Change in working capital [(a)]	**(468)**	**(976)**	**(145)**

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

14.3. Operating investments

Operating investments comprise the following elements for the periods presented:

(EUR millions)	*Notes*	June 30, 2015 (12 months)	June 30, 2014[(1)] (12 months)	June 30, 2013[(1)] (2 months)
Purchase of intangible fixed assets	*3*	(354)	(293)	(24)
Purchase of tangible fixed assets	*6*	(1,663)	(1,721)	(273)
Changes in accounts payable related to fixed asset purchases		104	44	(2)
Net cash used in purchases of fixed assets [(a)]		**(1,913)**	**(1,970)**	**(299)**
Net cash from fixed asset disposals [(a)]		10	41	1
Guarantee deposits paid and other cash flows related to operating investments [(a)]		(44)	(24)	(36)
OPERATING INVESTMENTS		**(1,947)**	**(1,953)**	**(334)**

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

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

NOTE 15 – EQUITY

15.1. Share capital

As of June 30, 2015, the share capital consisted of 180,507,516 fully paid-up shares (181,727,048 as of June 30, 2014 and 2013) with a par value of 2 euros; 126,090,731 shares with double voting rights, attached to registered shares held for more than three years (123,296,342 as of June 30, 2014; 123,286,894 as of June 30, 2013).

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

	June 30, 2015				June 30, 2014	June 30, 2013
	Number of shares	Value			Value	Value
(EUR millions)		Share capital	Share premium account	Total	Total	Total
At beginning of period	**181,727,048**	**363**	**2,205**	**2,568**	**2,568**	**2,568**
Exceptional distribution in kind in the form of Hermès shares [(a)]	-	-	(1,848)	(1,848)	-	-
Retirement of shares	(1,219,532)	(2)	(163)	(165)	-	-
As of period-end	**180,507,516**	**361**	**194**	**555**	**2,568**	**2,568**

(a) See Note 8.

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:

(EUR millions)	June 30, 2015	June 30, 2014	June 30, 2013
Christian Dior treasury shares	(116)	(288)	(252)
TREASURY SHARES	**(116)**	**(288)**	**(252)**

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

	June 30, 2015		June 30, 2014	June 30, 2013
(EUR millions)	Number	Value	Value	Value
Share purchase option plans	1,163,198	88	94	114
Bonus share and performance share plans	202,419	22	16	12
Future plans	34,147	6	13	3
Other	-	-	1	1
Shares pending retirement	-	-	164	122
CHRISTIAN DIOR SHARES	**1,399,764**	**116**	**288**	**252**

The portfolio movements of Christian Dior shares during the fiscal year ended June 30, 2015 were as follows:

(EUR millions)	Number of shares	Value	Effect on cash
As of June 30, 2014	**2,978,431**	**288**	**-**
Share purchases	120,491	21	(21)
Exercise of share purchase options	(379,923)	(20)	22
Vested bonus shares and performance shares	(99,703)	(8)	-
Retirement of shares	(1,219,532)	(165)	-
AS OF JUNE 30, 2015	**1,399,764**	**116**	**1**

15.3. Dividends paid by the parent company Christian Dior

In accordance with French regulations, dividends are taken from the profit for the fiscal year and the distributable reserves of the parent company, after deducting applicable withholding tax and the value attributable to treasury shares. As of June 30, 2015, the distributable amount was 2,520 million euros; after taking into account the proposed dividend distribution in respect of the fiscal year ended June 30, 2015 it was 2,168 million euros.

(EUR millions, except for data per share in EUR)	June 30, 2015 (12 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Interim cash dividend for the current fiscal year (June 30, 2015: 1.25 euros; June 30, 2014: 1.20 euros)	226	218	-
Exceptional in-kind distribution of Hermès shares (3 Hermès shares for every 200 Christian Dior shares held)	751	-	-
Impact of treasury shares	(2)	(3)	-
	975	215	-
Final dividend for the previous fiscal year (June 30, 2014: 1.90 euros; April 30, 2013: 1.80 euros)	345	327	-
In-kind distribution of Hermès shares (1 Hermès share for every 24 Christian Dior shares held)	2,088		
Impact of treasury shares	(5)	(6)	-
	2,428	321	-
TOTAL GROSS AMOUNT DISBURSED DURING THE PERIOD (a)	**3,403**	**536**	**-**

(a) Excludes the impact of tax regulations applicable to the beneficiary.

The final cash dividend for the fiscal year ended June 30, 2015, as proposed at the Shareholders' Meeting of December 1, 2015, is 1.95 euros per share, representing a total amount of 352 million euros before deduction of the amount attributable to treasury shares held at the date of payment. It will be paid as of December 15, 2015.

15.4. Cumulative translation adjustment

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

(EUR millions)	June 30, 2015	Change (12 months)	June 30, 2014	June 30, 2013
US dollar	154	228	(74)	(37)
Swiss franc	340	162	178	167
Japanese yen	52	34	18	23
Hong Kong dollar	173	174	(1)	31
Pound sterling	31	39	(8)	(32)
Other currencies	14	2	12	12
Foreign currency net investment hedges	(210)	(122)	(88)	(82)
TOTAL, GROUP SHARE	**554**	**517**	**37**	**82**

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 under favorable conditions, allowing it both to seize opportunities and procure the resources that it needs to develop its business.

To this end, the Group monitors a certain number of financial ratios and aggregates 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 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 of undrawn confirmed credit lines intended 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

16.1. General characteristics of plans

Share purchase option plans

The Shareholders' Meeting of December 9, 2014 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in February 2017, 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 December 9, 2014 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in February 2017, 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 as of the date of the 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 are freely transferable at that time.

Performance conditions

Certain share purchase option plans and bonus share plans are subject to performance conditions that determine whether the beneficiaries are entitled to receive the definitive allocation of these plans. Performance shares and options granted under pre-2014 plans are allowed to vest only if Christian Dior's consolidated financial statements for the year in which the plan was set up (calendar year "Y") and year Y+1 show a positive change compared to calendar 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, and current operating margin.

For the October 16, 2014 plan, performance shares will be definitively allocated only if Christian Dior's consolidated financial statements for the 2015 calendar year show a positive change compared to calendar year 2014 in relation to one or more of the indicators mentioned above.

Impacts of the distributions in kind of Hermès shares (see Note 8) on stock option and similar plans

As a result of the exceptional distributions in kind in the form of Hermès International shares decided upon at the Combined Shareholders' Meeting on December 9, 2014 and by the Board of Directors on December 11, 2014, and to preserve (i) the rights of share purchase option recipients and (ii) the rights of bonus and performance share recipients, the exercise price and the number of options granted that had not been exercised as of December 17, 2014 were adjusted as of that date and the number of bonus and performance shares still in the vesting period was adjusted on December 17, 2014, in both cases as provided by law.

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

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

16.2. 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 [(a)]	Exercise price [(a)] *(EUR)*	Vesting period 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, 2015
May 12, 2005	512,467	47.98	3 years	240,267	-	-
February 15, 2006	494,697	66.95	3 years	15,000	-	243,097
September 6, 2006	20,327	68.86	3 years	1,800	-	4,027
January 31, 2007	506,101	78.11	4 years	36,193	-	320,908
May 15, 2008	513,167	67.31	4 years	80,441	-	349,476
May 14, 2009 [(b)]	351,912	47.88	4 years	6,222	-	245,690
TOTAL	**2,398,671**			**379,923**	**-**	**1,163,198**

(a) After adjusting for the distributions in kind of Hermès shares.
(b) Plans subject to performance conditions. See Note 16.1 General characteristics of plans.

The number of unexercised purchase options and the weighted average exercise price changed as follows during the fiscal years presented:

(EUR millions)	June 2015 Number	June 2015 Weighted average exercise price *(EUR)*	June 2014 Number	June 2014 Weighted average exercise price *(EUR)*	June 2013 Number	June 2013 Weighted average exercise price *(EUR)*
Share purchase options outstanding at beginning of period	1,428,450	69.22	1,794,544	66.17	1,998,294	65.43
Allocations						
Options exercised before the distributions in kind of Hermès shares	(128,022)	75.41	-	-	-	-
Adjustments to outstanding options because of the distributions in kind of Hermès shares:						
• Exercise price:	1,300,428	(5.56)	-	-	-	-
• Quantity:	114,671	63.06	-	-	-	-
Options expired	-	-	(76,000)	59.53	-	-
Options exercised	(251,901) [(a)]	48.92	(290,094)	52.86	(203,750)	58.91
Share purchase options outstanding at end of period	1,163,198	66.12	1,428,450	69.22	1,794,544	66.17

(a) After distributions in kind of Hermès shares.

16.3. 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 [(a)]	Of which: performance shares [(a) (b)]	Calendar years to which performance conditions apply	Conditions satisfied?	Vesting period of rights	Shares vested as of June 30, 2015	Expired allocations as of June 30, 2015	Non-vested shares as of June 30, 2015
March 31, 2011	90,471	64,849	2011 and 2012	yes	3 [(c)] or 4 years [(d)]	5,586	-	-
July 26, 2011	2,000	1,000	-	yes	3 years [(c)]	2,000	-	-
April 5, 2012	101,031	94,502	2012 and 2013	yes	3 [(c)] or 4 years [(d)]	92,117	766	3,248
July 25, 2013	96,286	89,757	2013 and 2014	yes	3 [(c)] or 4 years [(d)]	-	715	95,571
October 16, 2014	103,600	97,071	2015	[(e)]	3 [(c)] or 4 years [(d)]	-	-	103,600
TOTAL	**393,388**	**347,179**				**99,703**	**1,481**	**202,419**

(a) After adjusting for the distributions in kind of Hermès shares. See Notes 8 and 16.1.
(b) See Note 16.1 General characteristics of plans.
(c) Beneficiaries with tax residence in France.
(d) Beneficiaries with tax residence outside France.
(e) The performance conditions were considered to have been met for the purpose of determining the expense for fiscal year 2014/2015.

The number of non-vested shares allocated changed as follows during the fiscal year:

(number of shares)	June 30, 2015 (12 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Non-vested shares at beginning of period	**184,039**	**189,083**	**189,083**
Non-vested allocations during the period	95,185	88,521	-
Adjustments for the distributions in kind of Hermès shares [(a)]	24,379	-	-
Allocations vested during the period	(99,703)	(82,725)	-
Allocations expired during the period	(1,481)	(10,840)	-
NON-VESTED SHARES AT END OF PERIOD	**202,419**	**184,039**	**189,083**

(a) See Note 8.

16.4. Expense for the fiscal year

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Share purchase option and bonus share plans – Christian Dior	9	9	1
Share subscription option, purchase option and bonus share plans – LVMH	38	41	4
EXPENSE FOR THE FISCAL YEAR	**47**	**50**	**5**

See Note 1.27 regarding the method used to determine the accounting expense.

LVMH

The LVMH share price on the day before the grant date of the plans was 139.80 euros for the plan dated July 24, 2014, 127.05 euros for the plan dated October 23, 2014 and 171.20 euros for the plan dated April 16, 2015.

The average unit value of non-vested bonus shares granted during the fiscal year was 125.04 euros for beneficiaries who are French residents for tax purposes and 120.40 euros for beneficiaries with their tax residence outside France.

Christian Dior

The Christian Dior share price on the day before the grant date of the plan dated October 16, 2014 was 129.25 euros.

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

NOTE 17 – MINORITY INTERESTS

(EUR millions)	June 30, 2015	June 30, 2014	June 30, 2013
At beginning of period	**18,367**	**17,093**	**16,953**
Minority interests' share of net profit	3,787	2,467	350
Dividends paid to minority interests	(1,215)	(1,231)	(10)
Distributions in kind of Hermès shares	(4,016)	-	-
Impact of changes in control of consolidated entities:			
• consolidation of Loro Piana	-	235	-
• other movements	-	2	-
Impact of acquisition and disposal of minority interests' shares:			
• movements in LVMH share capital and treasury shares	30	16	19
• other movements	1	(3)	(1)
Total impact of changes in the percentage interest in consolidated entities	**31**	**250**	**18**
Capital increases subscribed by minority interests	6	9	2
Minority interests' share in gains and losses recognized in equity	(827)	322	(189)
Minority interests' share in stock option plan expenses	23	25	2
Impact of changes in minority interests with purchase commitments	(109)	(568)	(33)
AT END OF PERIOD	**16,047**	**18,367**	**17,093**

The change in minority interests' share in gains and losses recognized in equity, including the tax impact, breaks down as follows:

(EUR millions)	Cumulative translation adjustment	Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land	Revaluation adjustments of employee benefits	Total share of minority interests
As of April 30, 2013	**146**	**1,548**	**74**	**605**	**(30)**	**2,343**
Changes for the fiscal year	(50)	(128)	(15)	-	4	(189)
Changes due to LVMH treasury shares	(1)	1	(1)	-	-	(1)
As of June 30, 2013	**95**	**1,421**	**58**	**605**	**(26)**	**2,153**
Changes for the fiscal year	(108)	307	(43)	157	9	322
Changes due to LVMH treasury shares	-	2	-	1	-	3
As of June 30, 2014	**(13)**	**1,730**	**15**	**763**	**(17)**	**2,478**
Changes for the fiscal year	886	(1,638)	(4)	(6)	(65)	(827)
Changes due to LVMH treasury shares	-	1	-	1	-	2
AS OF JUNE 30, 2015	**873**	**93**	**11**	**758**	**(82)**	**1,653**

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

Minority interests are also composed of Diageo's 34% stake in Moët Hennessy. Diageo's stake in Moët Hennessy may be assessed using the revenue, operating profit, and core assets of the Wines and Spirits business group, which are presented in Note 23. Since the 34% stake held by Diego in Moët Hennessy is subject to a purchase commitment, it is reclassified under "Other non-current liabilities" at the fiscal year-end date. See Notes 1.12 and 20.

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

NOTE 18 – BORROWINGS

18.1. Net financial debt

(EUR millions)	June 30, 2015	June 30, 2014[(1)]	June 30, 2013[(1)]
Long-term borrowings	6,130	4,390	4,219
Short-term borrowings	4,425	6,416	4,388
Gross borrowings	**10,555**	**10,806**	**8,607**
Interest rate risk derivatives	(49)	(64)	(88)
Gross borrowings after derivatives	**10,506**	**10,742**	**8,519**
Current available for sale financial assets	(257)	(184)	(187)
Cash and cash equivalents	(2,771)	(2,638)	(2,055)
NET FINANCIAL DEBT	**7,478**	**7,920**	**6,277**

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

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

LVMH carried out the following operations during the fiscal year under its EMTN program:

- three fixed-rate issues totaling 350 million pounds sterling, 650 million euros and 150 million Australian dollars, redeemable at par at their respective maturities in 2017, 2021 and 2019. At the time of these issues, swaps were entered into that effectively converted them into floating-rate financing arrangements. The foreign currency-denominated issues are fully covered by euro-denominated swaps entered into at the time of their issue;
- one floating-rate issue totaling 300 million euros and maturing in 2019;
- a reopening of the issues maturing in 2016 and 2019 for additional amounts of 150 million euros and 100 million euros;
- repayments of the 250 and 500 million euro issues of 2009 and 2011 and the 200 million Swiss franc issue of 2008.

During the first half of the fiscal year, Christian Dior redeemed its 350 million euro bond issued in 2009.

18.2. Analysis of gross borrowings

(EUR millions)	June 30, 2015	June 30, 2014 (1)	June 30, 2013 (1)
Bonds and Euro Medium Term Notes (EMTNs)	5,390	3,739	3,415
Finance and other long-term leases	129	108	119
Bank borrowings	611	543	685
LONG-TERM BORROWINGS	**6,130**	**4,390**	**4,219**
Bonds and Euro Medium Term Notes (EMTNs)	299	1,281	1,388
Finance and other long-term leases	8	14	15
Bank borrowings	608	627	523
Commercial paper	2,432	2,766	1,513
Other borrowings and credit facilities	595	1,110	508
Bank overdrafts	452	575	403
Accrued interest	31	43	38
SHORT-TERM BORROWINGS	**4,425**	**6,416**	**4,388**
TOTAL GROSS BORROWINGS	**10,555**	**10,806**	**8,607**

The market value of gross borrowings was 10,700 million euros as of June 30, 2015 (10,956 million euros as of June 30, 2014; 8,742 million euros as of June 30, 2013).

As of June 30, 2015, 2014 and 2013, no amount of financial debt was recognized using the fair value option. See Note 1.20.

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

18.3. Bonds and EMTNs

Nominal amount *(in local currency)*	**Date of issuance**	**Maturity**	**Initial effective interest rate** [(a)] *(as %)*	**June 30, 2015** *(EUR millions)*	**June 30, 2014** *(EUR millions)*	**June 30, 2013** *(EUR millions)*
EUR 650,000,000	2014	2021	1.12	649	-	-
AUD 150,000,000	2014	2019	3.68	103	-	-
EUR 500,000,000	2014	2019	1.56	497	495	-
EUR 300,000,000	2014	2019	Floating	300	-	-
GBP 350,000,000	2014	2017	1.83	495	-	-
EUR 600,000,000	2013	2020	1.75	597	595	-
EUR 650,000,000 [(b)]	2013	2016	Floating	650	500	-
EUR 600,000,000 [(c)]	2013	2019	1.25	607	500	490
USD 850,000,000	2012	2017	1.75	765	625	652
EUR 500,000,000	2011	2018	4.08	510	514	518
EUR 500,000,000	2011	2015	3.47	-	510	520
EUR 300,000,000	2011	2016	4.22	299	299	298
EUR 150,000,000	2009	2017	4.81	159	165	163
EUR 250,000,000	2009	2015	4.59	-	257	263
EUR 1,000,000,000	2009	2014	4.52	-	-	1,024
EUR 350,000,000	2009	2014	4.02	-	350	349
CHF 200,000,000	2008	2015	4.04	-	163	162
CHF 300,000,000	2007	2013	3.46	-	-	248
Other placements in foreign currency				58	47	116
TOTAL BONDS AND EMTNs				**5,689**	**5,020**	**4,803**

(a) Before the impact of interest rate hedges set up at the time of, or subsequent to, the issue.
(b) Cumulative amounts based on a 500 million euro floating-rate bond issued in 2013 plus an additional floating-rate amount of 150 million euros issued in 2014.
(c) Cumulative amounts and weighted average initial effective interest rate based on a 500 million euro bond issued in 2013 at an initial effective interest rate of 1.38% plus an additional amount of 100 million euros when the issue was reopened in 2014 at an effective interest rate of 0.62%.

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:

	June 30, 2015		June 30, 2014		June 30, 2013	
(EUR millions)	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	13	18	17	21	19
One to five years	59	39	55	40	65	49
More than five years	342	85	295	65	320	66
Total minimum future payments	**419**		**368**		**406**	
Impact of discounting	(282)		(246)		(272)	
TOTAL DEBT UNDER FINANCE AND OTHER LONG-TERM LEASE AGREEMENTS	**137**	**137**	**122**	**122**	**134**	**134**

Most of the assets financed or refinanced under finance or other long-term leases are property assets or manufacturing equipment.

18.5. Analysis of gross borrowings by payment date and by type of interest rate

	Gross borrowings			Effects of derivatives			Gross borrowings after derivatives		
(EUR millions)	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity									
06/30/2016	4,007	418	4,425	-	-	-	4,007	418	4,425
06/30/2017	1,010	758	1,768	(982)	972	(10)	28	1,730	1,758
06/30/2018	1,093	122	1,215	(495)	475	(20)	598	597	1,195
06/30/2019	502	553	1,055	-	-	-	502	553	1,055
06/30/2020	714	-	714	(710)	698	(12)	4	698	702
06/30/2021	602	-	602	(598)	596	(2)	4	596	600
Thereafter	770	6	776	(649)	644	(5)	121	650	771
TOTAL	**8,698**	**1,857**	**10,555**	**(3,434)**	**3,385**	**(49)**	**5,264**	**5,242**	**10,506**

See Note 22.4 regarding the market value of interest rate risk derivatives.

Gross borrowings maturing before June 30, 2016 break down as follows by quarter:

(EUR millions)	Maturing in June 2016
First quarter	3,454
Second quarter	421
Third quarter	100
Fourth quarter	450
TOTAL	**4,425**

18.6. Analysis of gross borrowings by currency after derivatives

(EUR millions)	June 30, 2015	June 30, 2014 (1)	June 30, 2013 (1)
Euro	8,003	8,355	6,328
US dollar	258	157	231
Swiss franc	944	1,007	993
Japanese yen	329	286	334
Other currencies	972	937	633
TOTAL	**10,506**	**10,742**	**8,519**

In general, the purpose of foreign currency borrowings is to hedge the 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, 2015:

- 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 53 million euros after hedging, and would lower the market value of gross fixed-rate borrowings by 59 million euros after hedging;
- an instantaneous decline of 1 point in these same yield curves would lower the cost of net financial debt by 53 million euros after hedging, and would raise the market value of gross fixed-rate borrowings by 59 million euros after hedging.

These changes would have no impact on the amount of equity as of June 30, 2015, 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 in certain of its subsidiaries.

In connection with certain credit lines, the Group has undertaken to comply with certain financial covenants (mainly based on a ratio of financial debt to assets). As of June 30, 2015, no significant loan agreements are concerned by those covenants.

18.9. Undrawn confirmed credit lines

As of June 30, 2015, undrawn confirmed credit lines totaled 4.7 billion euros.

18.10. Guarantees and collateral

As of June 30, 2015, borrowings secured by collateral were less than 200 million euros.

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

NOTE 19 – PROVISIONS

(EUR millions)	June 30, 2015	June 30, 2014 (1)	June 30, 2013 (1)
Provisions for pensions, medical costs and similar commitments	687	491	498
Provisions for contingencies and losses	1,642	1,325	1,267
Provisions for reorganization	48	11	16
Non-current provisions	**2,377**	**1,827**	**1,781**
Provisions for pensions, medical costs and similar commitments	4	4	2
Provisions for contingencies and losses	303	302	308
Provisions for reorganization	16	25	30
Current provisions	**323**	**331**	**340**
TOTAL	**2,700**	**2,158**	**2,121**

During the fiscal year ended June 30, 2015, the changes in provisions were as follows:

(EUR millions)	June 30, 2014 (1)	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other items (including translation adjustment)	June 30, 2015
Provisions for pensions, medical costs and similar commitments	495	88	(80)	(2)	-	190	691
Provisions for contingencies and losses	1,627	517	(177)	(99)	-	77	1,945
Provisions for reorganization	36	60	(21)	(2)	-	(9)	64
TOTAL	**2,158**	**665**	**(278)**	**(103)**	**-**	**258**	**2,700**
Of which:							
Profit from recurring operations		296	(232)	(69)			
Net financial income (expense)		10	(1)	-			
Other		359	(45)	(34)			

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, give rise to appropriate provisions, the amount of which is regularly reviewed in accordance with the criteria of IAS 37 Provisions and IAS 12 Income Taxes.

Provisions for retirement benefit obligations, contribution to medical costs and other employee benefit commitments are analyzed in Note 29.

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

NOTE 20 – OTHER NON-CURRENT LIABILITIES

(EUR millions)	June 30, 2015	June 30, 2014 (1)	June 30, 2013 (1)
Purchase commitments for minority interests	6,823	5,889	5,220
Derivatives (see Note 22)	12	32	54
Employee profit sharing	79	82	80
Other liabilities	348	272	304
TOTAL	**7,262**	**6,275**	**5,658**

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

As of June 30, 2015 and 2014 as well as June 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

(EUR millions)	June 30, 2015	June 30, 2014 (1)	June 30, 2013 (1)
Derivatives (see Note 22)	278	117	61
Employees and social institutions	1,091	970	891
Employee profit sharing	57	49	57
Taxes other than income taxes	390	316	282
Advances and payments on account from customers	171	188	124
Deferred payment for tangible and financial non-current assets	415	341	330
Prepaid income	221	166	146
Other liabilities	799	620	573
TOTAL	**3,422**	**2,767**	**2,464**

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

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

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, is 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

		June 30, 2015		June 30, 2014 (1)		June 30, 2013 (1)	
(EUR millions)	*Notes*	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*	632	632	7,200	7,200	6,665	6,665
Current available for sale financial assets	*13*	257	257	184	184	187	187
Available for sale financial assets (see Note 1.15)		**889**	**889**	**7,384**	**7,384**	**6,852**	**6,852**
Other non-current assets, excluding derivatives	*9*	495	495	464	464	398	398
Trade accounts receivable	*11*	2,173	2,173	2,008	2,008	1,832	1,832
Other current assets (a)	*12*	1,122	1,122	905	905	866	866
Loans and receivables (see Note 1.17)		**3,790**	**3,790**	**3,377**	**3,377**	**3,096**	**3,096**
Cash and cash equivalents (see Note 1.18)	*14*	2,771	2,771	2,638	2,638	2,055	2,055
Financial assets, excluding derivatives		**7,450**	**7,450**	**13,399**	**13,399**	**12,003**	**12,003**
Long-term borrowings	*18*	6,130	6,266	4,390	4,527	4,219	4,345
Short-term borrowings	*18*	4,425	4,434	6,416	6,429	4,388	4,397
Trade accounts payable		3,602	3,602	3,164	3,164	2,971	2,971
Other non-current liabilities (b)	*20*	427	427	354	354	384	384
Other current liabilities (c)	*21*	2,923	2,923	2,484	2,484	2,257	2,257
Financial liabilities, excluding derivatives (see Note 1.20)		**17,507**	**17,652**	**16,808**	**16,958**	**14,219**	**14,354**
Derivatives (see Note 1.21)	*22.3*	**170**	**170**	**153**	**153**	**348**	**348**

(a) Excluding derivatives, current 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 1.9 on fair value measurement methods.

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

Breakdown of financial assets and liabilities measured at fair value by measurement method

(EUR millions)	June 30, 2015 Available for sale financial assets	June 30, 2015 Deriva-tives	June 30, 2015 Cash and cash equivalents	June 30, 2014 [(1)] Available for sale financial assets	June 30, 2014 [(1)] Deriva-tives	June 30, 2014 [(1)] Cash and cash equivalents	June 30, 2013 [(1)] Available for sale financial assets	June 30, 2013 [(1)] Deriva-tives	June 30, 2013 [(1)] Cash and cash equivalents
Valuation [(a)] based on:									
Published price quotations	413	-	2,771	6,927	-	2,638	6,402	-	2,055
Formula based on market data	220	460	-	139	302	-	137	462	-
Private quotations	256	-	-	318	-	-	313	-	-
ASSETS	**889**	**460**	**2,771**	**7,384**	**302**	**2,638**	**6,852**	**462**	**2,055**
Valuation [(a)] based on:									
Published price quotations		-			-			-	
Formula based on market data		290			149			114	
Private quotations		-			-			-	
LIABILITIES		**290**			**149**			**114**	

(a) See Note 1.9 for the valuation approaches used.

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, 2015:

(EUR millions)	**June 30, 2015** (12 months)
At beginning of period	**318**
Acquisitions	23
Disposals (at net realized value)	(149)
Gains and losses recognized in income statement	-
Gains and losses recognized in equity	64
AT END OF PERIOD	**256**

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

22.3. Summary of derivatives

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

(EUR millions)		*Notes*	June 30, 2015	June 30, 2014[(1)]	June 30, 2013[(1)]
Interest rate risk					
Assets:	non-current		45	41	74
	current		16	32	34
Liabilities:	non-current		(1)	(1)	(12)
	current		(11)	(8)	(8)
		22.4	**49**	**64**	**88**
Foreign exchange risk					
Assets:	non-current		21	10	18
	current		378	180	303
Liabilities:	non-current		(11)	(31)	(41)
	current		(266)	(109)	(40)
		22.5	**122**	**50**	**240**
Other risks					
Assets:	non-current		-	-	-
	current		-	39	33
Liabilities:	non-current		-	-	-
	current		(1)	-	(13)
			(1)	**39**	**20**
TOTAL					
Assets:	non-current	*9*	66	51	92
	current	*12*	394	251	370
Liabilities:	non-current	*20*	(12)	(32)	(53)
	current	*21*	(278)	(117)	(61)
			170	**153**	**348**

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

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.

For these purposes, the Group uses interest rate swaps and options.

Derivatives used to manage the interest rate risk outstanding as of June 30, 2015 break down as follows:

	Nominal amounts by maturity				Market value [(a) (b)]		
(EUR millions)	One year	One to five years	Thereafter	Total	Fair value hedges	Not allocated	Total
- fixed rate payer	-	-	-	-	-	-	-
- floating rate payer	-	1,445	650	2,095	39	-	39
Foreign currency swaps	-	2,627	-	2,627	10	-	10
Other interest rate risk derivatives	500	-	-	500	-	-	-
TOTAL					**49**	**-**	**49**

(a) Gain/(Loss).
(b) See Note 1.9 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 the foreign exchange risk outstanding as of June 30, 2015 break down as follows:

	Nominal amounts by fiscal year of allocation			Market value (a) (b)				
(EUR millions)	2015	2016	Total	Fair value hedges	Future cash flow hedges	Foreign currency net investment hedges	Not allocated	Total
Options purchased								
Put USD	2,091	132	2,223	-	6	-	-	6
Put JPY	7	-	7	-	-	-	-	-
Put GBP	1	-	1	-	-	-	-	-
	2,099	**132**	**2,231**	**-**	**6**	**-**	**-**	**6**
Collars								
Written USD	643	2,582	3,225	(15)	23	-	(4)	4
Written JPY	423	338	761	2	23	-	-	25
Written Other	225	106	331	(2)	(5)	-	-	(7)
	1,291	**3,026**	**4,317**	**(15)**	**41**	**-**	**(4)**	**22**
Forward exchange contracts (c)								
USD	35	(31)	4	-	-	-	-	-
CHF	(162)	(18)	(180)	4	28	-	-	32
GBP	54	5	59	-	(1)	-	-	(1)
Other	218	-	218	2	(2)	-	-	-
	145	**(44)**	**101**	**6**	**25**	**-**	**-**	**31**
Foreign exchange swaps (c)								
USD	3,830	(40)	3,790	10	-	34	1	45
CHF	613	-	613	(41)	-	2	-	(39)
GBP	237	(22)	215	(9)	2	-	-	(7)
JPY	392	-	392	49	-	(1)	1	49
HKD	127	-	127	(43)	-	54	-	11
Other	368	16	384	2	-	-	2	4
	5,567	**(46)**	**5,521**	**(32)**	**2**	**89**	**4**	**63**
TOTAL				**(41)**	**74**	**89**	**-**	**122**

(a) Gain/(Loss).
(b) See Note 1.9 regarding the methodology used for market value measurement.
(c) Sale/(Purchase).

The impact on the income statement of gains and losses on cash flow hedges, as well as the future cash flows hedged using these instruments, will be recognized after June 30, 2015; the amount will depend on exchange rates at this date.

As of June 30, 2015, at LVMH group level, forecast cash collections for 2015-2016 in US dollars and Japanese yen are 83% and 71% hedged, 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 synthetically create 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.

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, 2015 have a negative market value of 1 million euros. Considering nominal values of 126 million euros for those derivatives, a uniform 1% change in their underlying assets' prices as of June 30, 2015 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 2015 and 2016.

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, 2.4 billion euros, and (b) by comparing the amount of the short-term portion of its net financial debt before hedging (4.4 billion euros) to the amount of cash and cash equivalents (2.8 billion euros), amounting to 1.7 billion euros as of June 30, 2015. Should any of these instruments not be renewed, the Group has access to undrawn confirmed credit lines totaling 4.7 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, 2015 (excluding derivatives), at nominal value and with interest, excluding discounting effects:

(EUR millions)	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	Over 5 years	Total
Bonds and EMTNs	347	1,640	1,012	807	710	1,246	5,762
Bank borrowings	612	335	207	52	-	13	1,219
Other borrowings and credit facilities	599	-	-	2	-	-	601
Finance and other long-term leases	18	16	15	13	14	341	417
Commercial paper	2,432	-	-	-	-	-	2,432
Bank overdrafts	452	-	-	-	-	-	452
Gross borrowings	**4,460**	**1,991**	**1,234**	**874**	**724**	**1,600**	**10,883**
Other liabilities, current and non-current [(a)]	2,923	126	48	44	16	4	3,161
Trade accounts payable	3,602	-	-	-	-	-	3,602
Other financial liabilities	**6,525**	**126**	**48**	**44**	**16**	**4**	**6,763**
TOTAL FINANCIAL LIABILITIES	**10,985**	**2,117**	**1,282**	**918**	**740**	**1,604**	**17,646**

(a) Corresponds to "Other current liabilities" (excluding derivatives and deferred income) for 2,923 million euros and to "Other non-current liabilities" (excluding derivatives, purchase commitments for minority interests and deferred income in the amount of 189 million euros) for 238 million euros. See Note 22.2.

See Note 30.3 for the contractual maturity dates of collateral and other guarantee commitments. See Notes 18.6 and 22.5 for foreign exchange derivatives and Notes 18.5 and 22.4 for 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 above-mentioned 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, 2015** (12 months)*

(EUR millions)	Christian Dior Couture	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Elimi-nations and not allocated [a]	Total
Sales outside the Group	1,760	4,197	11,695	3,624	3,004	10,407	394	-	35,081
Intra-group sales	5	29	36	612	64	36	42	(824)	-
TOTAL REVENUE	**1,765**	**4,226**	**11,731**	**4,236**	**3,068**	**10,443**	**436**	**(824)**	**35,081**
Profit from recurring operations	226	1,168	3,363	459	381	912	(196)	(17)	6,296
Other operating income and expenses	-	(34)	(136)	(14)	2	(74)	(42)	-	(298)
Depreciation and amortization expense	(112)	(127)	(613)	(168)	(180)	(330)	(35)	-	(1,565)
Impairment expense	-	(22)	(72)	(10)	(1)	(84)	(40)	-	(229)
Intangible assets and goodwill [b]	179	6,647	7,407	1,923	5,918	3,362	1,171	-	26,607
Property, plant and equipment	693	2,387	2,186	497	461	1,441	3,753	-	11,418
Inventories	334	4,814	1,695	458	1,500	1,895	244	(236)	10,704
Other operating assets	232	1,133	895	716	693	681	493	6,458 [c]	11,301
TOTAL ASSETS	**1,438**	**14,981**	**12,183**	**3,594**	**8,572**	**7,379**	**5,661**	**6,222**	**60,030**
Equity	-	-	-	-	-	-	-	26,320	26,320
Liabilities	465	1,189	2,338	1,248	792	1,970	871	24,837 [d]	33,710
TOTAL LIABILITIES AND EQUITY	**465**	**1,189**	**2,338**	**1,248**	**792**	**1,970**	**871**	**51,157**	**60,030**
Operating investments [e]	(205)	(189)	(591)	(230)	(200)	(352)	(180)	-	(1,947)

June 30, 2014 (12 months)

(EUR millions)	Christian Dior Couture	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Elimi-nations and not allocated [(a)]	Total
Sales outside the Group	1,499	4,028	10,160	3,238	2,625	9,055	262	-	30,867
Intra-group sales	2	27	42	514	63	32	51	(731)	-
TOTAL REVENUE [(1)]	**1,501**	**4,055**	**10,202**	**3,752**	**2,688**	**9,087**	**313**	**(731)**	**30,867**
Profit from recurring operations [(1)]	187	1,289	3,129	418	319	894	(176)	(9)	6,051
Other operating income and expenses [(1)]	(10)	(12)	(66)	(5)	(13)	(5)	(42)	-	(153)
Depreciation and amortization expense [(1)]	(90)	(116)	(466)	(136)	(159)	(285)	(40)	-	(1,292)
Impairment expense [(1)]	(13)	-	(70)	-	-	(8)	(10)	-	(101)
Intangible assets and goodwill [(b)] [(1)]	139	5,906	7,342	1,786	5,634	3,010	1,172	-	24,989
Property, plant and equipment [(1)]	554	2,286	2,047	421	403	1,294	3,496	-	10,501
Inventories [(1)]	270	4,508	1,539	407	1,271	1,572	203	(177)	9,593
Other operating assets [(1)]	185	1,103	654	564	639	575	754	11,502 [(c)]	15,976
TOTAL ASSETS	**1,148**	**13,803**	**11,582**	**3,178**	**7,947**	**6,451**	**5,625**	**11,325**	**61,059**
Equity								30,337	30,337
Liabilities [(1)]	350	1,059	2,072	1,082	780	1,603	643	23,133 [(d)]	30,722
TOTAL LIABILITIES AND EQUITY	**350**	**1,059**	**2,072**	**1,082**	**780**	**1,603**	**643**	**53,470**	**61,059**
Operating investments [(e)] [(1)]	(260)	(158)	(600)	(232)	(183)	(388)	(132)	-	(1,953)

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

June 30, 2013 *(12 months)*

(EUR millions)	Christian Dior Couture	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [(a)]	Total
Sales outside the Group	235	538	1,591	479	444	1,393	70	-	4,750
Intra-group sales	2	3	8	73	9	5	3	(103)	-
TOTAL REVENUE [(1)]	**237**	**541**	**1,599**	**552**	**453**	**1,398**	**73**	**(103)**	**4,750**
Profit from recurring operations [(1)]	35	134	516	34	70	122	(30)	1	882
Other operating income and expenses [(1)]	-	(2)	(4)	-	-	1	(16)	-	(21)
Depreciation and amortization expense [(1)]	(14)	(18)	(75)	(20)	(24)	(41)	(8)	-	(200)
Impairment expense [(1)]	-	-	(1)	-	-	(1)	(3)	-	(5)
Intangible assets and goodwill [(b)] [(1)]	121	5,920	4,955	1,763	5,573	3,040	1,112	-	22,484
Property, plant and equipment [(1)]	442	1,899	1,836	334	378	1,264	3,129	-	9,282
Inventories [(1)]	215	4,258	1,231	378	1,181	1,514	121	(182)	8,716
Other operating assets [(1)]	148	1,034	630	544	674	554	772	10,120 [(c)]	14,476
TOTAL ASSETS	**926**	**13,111**	**8,652**	**3,019**	**7,806**	**6,372**	**5,134**	**9,938**	**54,958**
Equity								28,106	28,106
Liabilities [(1)]	327	1,040	1,783	1,015	717	1,569	667	19,734 [(d)]	26,852
TOTAL LIABILITIES AND EQUITY	**327**	**1,040**	**1,783**	**1,015**	**717**	**1,569**	**667**	**47,840**	**54,958**
Operating investments [(e)] [(1)]	(25)	(33)	(92)	(31)	(30)	(71)	(52)	-	(334)

(a) Eliminations correspond to sales between business groups; these generally consist of sales from business groups other than Selective Retailing to Selective Retailing. Selling prices between the different business groups correspond to the prices applied in the normal course of business for sales transactions to wholesalers or distributors outside the Group.
(b) Intangible assets and goodwill correspond to the net carrying amounts shown under Notes 3 and 4.
(c) Assets not allocated include available for sale financial assets, other financial assets, and income tax receivables. As of June 30, 2014, they notably included the 23.2% shareholding in Hermès International, representing an amount of 6,595 million euros (3,039 million euros as of June 30, 2013); see Note 8.
(d) Liabilities not allocated include financial debt and both current and deferred tax liabilities.
(e) Increase/(Decrease) in cash and cash equivalents.

23.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[(1)] (12 months)	June 30, 2013[(1)] (2 months)
France	3,662	3,338	548
Europe (excluding France)	6,491	5,909	881
United States	8,334	6,869	1,100
Japan	2,332	2,141	342
Asia (excluding Japan)	9,958	9,227	1,377
Other countries	4,304	3,383	502
REVENUE	**35,081**	**30,867**	**4,750**

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

Operating investments by geographic region are as follows:

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[(1)] (12 months)	June 30, 2013[(1)] (2 months)
France	614	713	95
Europe (excluding France)	378	426	65
United States	315	245	43
Japan	79	24	41
Asia (excluding Japan)	430	437	73
Other countries	131	108	17
OPERATING INVESTMENTS	**1,947**	**1,953**	**334**

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

23.3. Quarterly information

Periodic sales by business group break down as follows:

(EUR millions)	Christian Dior Couture	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Elimi-nations	Total
Period from July 1 to September 30, 2014	417	948	2,647	961	706	2,234	74	(188)	7,799
Period from October 1 to December 31, 2014	437	1,348	3,151	1,116	810	2,918	102	(208)	9,674
Period from January 1 to March 31, 2015	433	992	2,975	1,094	723	2,656	96	(218)	8,751
Period from April 1 to June 30, 2015	478	938	2,958	1,065	829	2,635	164	(210)	8,857
TOTAL AS OF JUNE 30, 2015	**1,765**	**4,226**	**11,731**	**4,236**	**3,068**	**10,443**	**436**	**(824)**	**35,081**
Period from July 1 to September 30, 2013	368	1,032	2,428	879	655	2,093	67	(170)	7,352
Period from October 1 to December 31, 2013	388	1,346	2,744	1,034	767	2,612	78	(196)	8,773
Period from January 1 to March 31, 2014	356	888	2,639	941	607	2,222	84	(181)	7,556
Period from April 1 as of June 30, 2014	389	789	2,391	898	659	2,160	84	(184)	7,186
TOTAL AS OF JUNE 30, 2014[(1)]	**1,501**	**4,055**	**10,202**	**3,752**	**2,688**	**9,087**	**313**	**(731)**	**30,867**
Period from May 1 to June 30, 2013	237	541	1,599	552	453	1,398	73	(103)	4,750
TOTAL AS OF JUNE 30, 2013[(1)]	**237**	**541**	**1,599**	**552**	**453**	**1,398**	**73**	**(103)**	**4,750**

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

NOTE 24 – REVENUE AND EXPENSES BY NATURE

24.1. Analysis of revenue

Revenue consists of the following:

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[(1)] (12 months)	June 30, 2013[(1)] (2 months)
Revenue generated by brands and trade names	34,574	30,375	4,679
Royalties and license revenue	150	193	28
Income from investment property	32	12	6
Other revenue	325	287	37
TOTAL	**35,081**	**30,867**	**4,750**

24.2. Expenses by nature

Profit from recurring operations includes the following expenses:

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[(1)] (12 months)	June 30, 2013[(1)] (2 months)
Advertising and promotion expenses	4,007	3,590	541
Commercial lease expenses	3,326	2,760	438
Personnel costs	6,357	5,509	866
Research and development expenses	86	73	13

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, 2015, a total of 3,966 stores were operated by the Group worldwide (3,758 as of June 30, 2014; 3,440 as of June 30, 2013), particularly by the Christian Dior Couture, Fashion and Leather Goods, and Selective Retailing business groups.

In certain countries, leases for stores entail the payment of both minimum amounts and variable amounts, especially for stores with lease payments indexed to revenue. The total lease expense for the Group's stores breaks down as follows:

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[(1)] (12 months)	June 30, 2013[(1)] (2 months)
Fixed or minimum lease payments	1,581	1,229	189
Variable portion of indexed leases	597	456	84
Airport concession fees – fixed portion or minimum amount	606	573	23
Airport concession fees – variable portion	542	502	142
COMMERCIAL LEASE EXPENSES	**3,326**	**2,760**	**438**

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

Personnel costs consist of the following elements:

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[1] (12 months)	June 30, 2013[1] (2 months)
Salaries and social charges	6,213	5,378	846
Pensions, contribution to medical costs and expenses in respect of defined benefit plans	97	81	15
Stock option plan and related expenses	47	50	5
PERSONNEL COSTS	**6,357**	**5,509**	**866**

NOTE 25 – OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[1] (12 months)	June 30, 2013[1] (2 months)
Net gains (losses) on disposals	(1)	2	(5)
Restructuring costs	(65)	(19)	4
Transaction costs relating to the acquisition of consolidated companies	-	(29)	-
Impairment or amortization of brands, trade names, goodwill and other property	(251)	(106)	(11)
Other items, net	19	(1)	(9)
OTHER OPERATING INCOME AND EXPENSES	**(298)**	**(153)**	**(21)**

Amounts booked as impairment or amortization for the fiscal years shown here mainly relate to brands and goodwill.

NOTE 26 – NET FINANCIAL INCOME/(EXPENSE)

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[1] (12 months)	June 30, 2013[1] (2 months)
Borrowing costs	(184)	(196)	(29)
Income from cash, cash equivalents and current available for sale financial assets	30	33	4
Fair value adjustment of borrowings and interest rate hedges	(10)	15	(9)
Cost of net financial debt	**(164)**	**(148)**	**(34)**
Dividends received from non-current available for sale financial assets	5	79	27
Ineffective portion of foreign exchange derivatives	(473)	(144)	(25)
Net gain/(loss) related to available for sale financial assets and other financial instruments	3,355	16	6
Other items, net	(38)	(34)	(5)
Other financial income and expenses	**2,849**	**(83)**	**3**
NET FINANCIAL INCOME/(EXPENSE)	**2,685**	**(231)**	**(31)**

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

Income from cash, cash equivalents and current available for sale financial assets comprises the following items:

(EUR millions)	**June 30, 2015** (12 months)	**June 30, 2014[(1)]** (12 months)	**June 30, 2013[(1)]** (2 months)
Income from cash and cash equivalents	18	23	1
Interest from current available for sale financial assets	12	10	3
INCOME FROM CASH, CASH EQUIVALENTS AND CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS	**30**	**33**	**4**

The revaluation effects of financial debt and interest rate derivatives are attributable to the following items:

(EUR millions)	**June 30, 2015** (12 months)	**June 30, 2014[(1)]** (12 months)	**June 30, 2013[(1)]** (2 months)
Hedged financial debt	-	32	28
Hedging instruments	(5)	(21)	(34)
Unallocated derivatives	(5)	4	(3)
EFFECTS OF REVALUATION OF FINANCIAL DEBT AND RATE INSTRUMENTS	**(10)**	**15**	**(9)**

The ineffective portion of exchange rate derivatives breaks down as follows:

(EUR millions)	**June 30, 2015** (12 months)	**June 30, 2014[(1)]** (12 months)	**June 30, 2013[(1)]** (2 months)
Financial cost of commercial foreign exchange hedges	(440)	(139)	(22)
Financial cost of foreign-currency denominated net investment hedges	6	(2)	(1)
Change in the market value and financial cost of financial derivatives and unallocated derivatives	(39)	(3)	(2)
INEFFECTIVE PORTION OF FOREIGN EXCHANGE DERIVATIVES	**(473)**	**(144)**	**(25)**

For the fiscal year ended June 30, 2015, income from available for sale financial assets and other financial instruments consisted mainly of the 3,193 million euro pre-tax capital gain recognized following the exceptional distributions in kind of Hermès shares. See Note 8.

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.

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

NOTE 27 – INCOME TAXES

27.1. Analysis of the income tax expense

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[1] (12 months)	June 30, 2013[1] (2 months)
Current income taxes for the fiscal year	(2,736)	(2,039)	(297)
Current income taxes relating to previous fiscal years	50	18	(2)
Current income taxes	**(2,686)**	**(2,021)**	**(299)**
Change in deferred tax	184	218	35
Impact of changes in tax rates on deferred taxes	(16)	28	-
Deferred tax	**168**	**246**	**35**
TOTAL TAX EXPENSE PER INCOME STATEMENT	**(2,518)**	**(1,775)**	**(264)**
TAX ON ITEMS RECOGNIZED IN EQUITY	**501**	**(145)**	**6**

The income tax expense for the fiscal year includes 64 million euros in respect of the exceptional contribution applicable in France from 2011 to 2016 (10.7% of the corporate income tax due for the fiscal years ended June 30, 2015 and June 30, 2014; 5% of the corporate income tax due for the fiscal year ended June 30, 2013).

The income tax expense for the fiscal year includes the French 3% tax on cash dividends in the amount of 65 million euros.

The current income tax expense for the fiscal year also includes 570 million euros in tax relating to the exceptional in-kind distributions of Hermès shares as interim and final dividends. See Note 8.

27.2. Analysis of net deferred tax on the balance sheet

Net deferred taxes on the balance sheet include the following assets and liabilities:

(EUR millions)	June 30, 2015	June 30, 2014[1]	June 30, 2013[1]
Deferred tax assets	2,031	1,077	908
Deferred tax liabilities	(5,738)	(5,194)	(4,708)
NET DEFERRED TAX ASSET (LIABILITY)	**(3,707)**	**(4,117)**	**(3,800)**

27.3. Analysis of the difference between the theoretical and effective income tax rates

The effective tax rate is as follows:

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[1] (12 months)	June 30, 2013[1] (2 months)
Profit before tax	8,683	5,667	830
Total income tax expense	(2,518)	(1,775)	(264)
EFFECTIVE TAX RATE	**29.0%**	**31.3%**	**31.8%**

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

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:

(as % of income before tax)	June 30, 2015 (12 months)	June 30, 2014[1] (12 months)	June 30, 2013[1] (2 months)
French statutory tax rate	**34.4**	**34.4**	**34.4**
Changes in tax rates	0.3	(0.5)	-
Differences in tax rates for foreign companies	(4.8)	(5.9)	(6.8)
Profit and losses carried forward, and other changes in deferred taxes	0.5	(1.0)	1.5
Difference between consolidated and taxable income, and income taxable at reduced rates	2.2	2.5	1.2
Impact of Hermès share distributions	(6.2)	-	-
Tax on distribution [a]	2.6	1.8	1.5
EFFECTIVE TAX RATE OF THE GROUP	**29.0**	**31.3**	**31.8**

(a) Tax on distribution is mainly related to intra-group dividends. It also includes the 3% tax on dividends paid by LVMH SE and Christian Dior SE.

27.4. Sources of deferred taxes

In the income statement [a]

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[1] (12 months)	June 30, 2013[1] (2 months)
Valuation of brands	(30)	45	(1)
Other revaluation adjustments	(23)	32	(3)
Gains and losses on available for sale financial assets	(3)	3	(1)
Gains and losses on hedges of future foreign currency cash flows	86	-	(2)
Provisions for contingencies and losses [b]	96	80	-
Intercompany margin included in inventories	61	33	25
Other consolidation adjustments [b]	(10)	62	20
Losses carried forward	(9)	(9)	(3)
TOTAL	**168**	**246**	**35**

(a) Income/(Expenses)
(b) Mainly regulated provisions, accelerated tax depreciation and finance leases.

In equity [a]

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[1] (12 months)	June 30, 2013[1] (2 months)
Fair value adjustment of vineyard land	8	(127)	-
Gains and losses on available for sale financial assets	212	(36)	12
Gains and losses on hedges of future foreign currency cash flows	14	26	1
Actuarial gains and losses arising on employee benefit commitments	47	(4)	(2)
TOTAL	**281**	**(141)**	**11**

(a) Gains/(Losses).

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

In the balance sheet [(a)]

(EUR millions)	June 30, 2015	June 30, 2014[(1)]	June 30, 2013[(1)]
Valuation of brands	(4,582)	(4,381)	(4,033)
Fair value adjustment of vineyard land	(737)	(740)	(595)
Other revaluation adjustments	(357)	(345)	(362)
Gains and losses on available for sale financial assets	(8)	(216)	(185)
Gains and losses on hedges of future foreign currency cash flows	73	2	(26)
Intercompany margin included in inventories	796	706	629
Other consolidation adjustments [(b)]	1,067	805	711
Losses carried forward	41	52	61
TOTAL [(b)]	**(3,707)**	**(4,117)**	**(3,800)**

(a) Asset/(Liability).
(b) Mainly regulated provisions, accelerated tax depreciation and finance leases.

27.5. Losses carried forward

As of June 30, 2015, at the level of the tax group whose lead company is LVMH, 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 311 million euros (281 million euros as of June 30, 2014; 286 million euros as of June 30, 2013).

For the fiscal year ended June 30, 2015, at the level of the tax group whose lead company is Christian Dior, there were no unused Group tax loss carryforwards or tax credits (likewise as of June 30, 2014 and June 30, 2013).

As of June 30, 2015, the Christian Dior parent company's tax loss carryforwards amounted to 108 million euros (165 million euros as of June 30, 2014 and June 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 245 million euros in the fiscal year ended June 30, 2015, including 187 million euros for LVMH and 58 million euros for Christian Dior (78 million euros as of June 30, 2014 and 6 million euros as of June 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, 2015 (1 million euros as of June 30, 2014; 1 million euros as of June 30, 2013).

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

NOTE 28 – EARNINGS PER SHARE

	June 30, 2015 (12 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Net profit, Group share *(EUR millions)*	**2,378**	**1,425**	**216**
Impact of diluting instruments on the subsidiaries *(EUR millions)*	(10)	(6)	(1)
NET PROFIT, DILUTED GROUP SHARE *(EUR millions)*	**2,368**	**1,419**	**215**
Average number of shares in circulation during the fiscal year	181,117,282	181,727,048	181,727,048
Average number of Christian Dior treasury shares owned during the fiscal year	(2,189,098)	(2,964,841)	(3,053,125)
Average number of shares on which the calculation before dilution is based	**178,928,184**	**178,762,207**	**178,673,923**
BASIC GROUP SHARE OF NET EARNINGS PER SHARE *(EUR)*	**13.29**	**7.97**	**1.21**
Average number of shares in circulation on which the above calculation is based	178,928,184	178,762,207	178,673,923
Dilution effect of stock option plans	756,685	832,028	1,051,043
AVERAGE NUMBER OF SHARES IN CIRCULATION AFTER DILUTION	**179,684,869**	**179,594,235**	**179,724,966**
DILUTED GROUP SHARE OF NET EARNINGS PER SHARE *(EUR)*	**13.18**	**7.90**	**1.20**

As of June 30, 2015, 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 share repurchase programs, related transactions and share retirements, see Note 15.1.

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

No events occurred between June 30, 2015 and the date on which the financial statements were approved for publication that would have significantly affected the number of shares outstanding or the potential number of shares.

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 provisions for pensions, contribution to medical costs and other employee benefit commitments is as follows:

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014[(1)] (12 months)	June 30, 2013[(1)] (2 months)
Service cost	92	81	13
Net interest cost	15	11	5
Actuarial gains and losses	4	2	-
Past service cost	-	-	-
Changes in regimes	(14)	(8)	-
TOTAL EXPENSE FOR THE PERIOD FOR DEFINED BENEFIT PLANS	**97**	**86**	**18**

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

29.2. Net recognized commitment

(EUR millions)	June 30, 2015	June 30, 2014[1]	June 30, 2013[1]
Benefits covered by plan assets	1,392	1,050	993
Benefits not covered by plan assets	177	161	157
Defined benefit obligation	**1,569**	**1,211**	**1,150**
Market value of plan assets	**(906)**	**(738)**	**(665)**
NET RECOGNIZED COMMITMENT	**663**	**473**	**485**
Of which:			
Non-current provisions	687	491	498
Current provisions	4	4	2
Other assets	(28)	(22)	(15)
TOTAL	**663**	**473**	**485**

29.3. Breakdown of the change in net recognized commitment

(EUR millions)	Defined benefit obligation	Market value of plan assets	Net recognized commitment
As of June 30, 2014 [1]	**1,211**	**(738)**	**473**
Service cost	92	-	92
Net interest cost	39	(23)	16
Payments to beneficiaries	(65)	44	(21)
Contributions to plan assets	-	(72)	(72)
Contributions of employees	7	(5)	2
Changes in scope and reclassifications	(2)	-	(2)
Changes in regimes	(14)	-	(14)
Actuarial gains and losses: experience adjustments [a]	3	(20)	(17)
Actuarial gains and losses: changes in demographic assumptions	5	-	5
Actuarial gains and losses: changes in financial assumptions [a]	163	-	163
Translation adjustment	130	(92)	38
AS OF JUNE 30, 2015	**1,569**	**(906)**	**663**

(a) Gains/(Losses).

Actuarial gains and losses resulting from changes in financial assumptions are related mainly to the decrease in discount rates.

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

Actuarial gains and losses resulting from experience adjustments related to the fiscal years 2012 to 2014 amounted to:

(EUR millions)	June 30, 2014	June 30, 2013	April 30, 2013	April 30, 2012
Experience adjustments on the defined benefit obligation	-	-	13	-
Experience adjustments on the market value of plan assets	(22)	-	(37)	(25)
ACTUARIAL GAINS AND LOSSES RESULTING FROM EXPERIENCE ADJUSTMENTS [(a)]	**(22)**	**-**	**(24)**	**(25)**

(a) Gains/(Losses).

The actuarial assumptions applied to estimate commitments in the main countries where such commitments have been undertaken were as follows:

	June 30, 2015 (12 months)					June 30, 2014 (12 months)					June 30, 2013 (2 months)				
(as %)	France	United States	United Kingdom	Japan	Switzer-land	France	United States	United Kingdom	Japan	Switzer-land	France	United States	United Kingdom	Japan	Switzer-land
Discount rate [(a)]	2.0	4.0	3.7	1.0	1.3	3.0	4.5	4.4	1.3	2.3	3.0	3.7	4.3	1.5	2.0
Future rate of increase of salaries	3.0	5.0	4.0	2.0	2.3	3.0	4.5	4.1	2.0	2.3	3.0	4.0	3.8	2.0	2.5

(a) Discount rates were determined with reference to the market yields of AA-rated corporate bonds at the period-end in the countries concerned. Bonds with maturities comparable to those of the commitments were used.

The assumed rate of increase of medical expenses in the United States is 7% for 2015, after which it is assumed to decline progressively to reach a rate of 4.5% in 2029.

A rise of 0.5% in the discount rate would result in a reduction of 87 million euros in the amount of the defined benefit obligation as of June 30, 2015; a decrease of 0.5% in the discount rate would result in a rise of approximately 99 million euros.

29.4. Analysis of benefits

The breakdown of the defined benefit obligation by type of benefit plan is as follows:

(EUR millions)	June 30, 2015	June 30, 2014 [(1)]	June 30, 2013 [(1)]
Supplementary pensions	1,226	914	877
Retirement and other indemnities	270	230	200
Medical costs of retirees	51	46	50
Jubilee awards	22	19	20
Other	-	2	3
DEFINED BENEFIT OBLIGATION	**1,569**	**1,211**	**1,150**

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

The geographic breakdown of the defined benefit obligation is as follows:

(EUR millions)	June 30, 2015	June 30, 2014[1]	June 30, 2013[1]
France	523	403	374
Europe (excluding France)	586	459	433
United States	304	213	207
Japan	98	91	96
Asia (excluding Japan)	55	41	36
Other countries	3	4	4
DEFINED BENEFIT OBLIGATION	**1,569**	**1,211**	**1,150**

The main components of the Group's net commitment for retirement and other benefit obligations as of June 30, 2015 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); and 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 the market value of plan assets by type of investment is as follows:

(as % of market value of related plan assets)	June 30, 2015	June 30, 2014	June 30, 2013
Shares	30	35	35
Bonds			
- private issues	35	29	29
- public issues	13	15	15
Cash, investment funds, real estate and other assets	22	21	21
TOTAL	**100**	**100**	**100**

These assets do not include any real estate assets belonging to the Group nor any LVMH or Christian Dior shares in significant amounts.

The Group plans to increase the related plan assets in 2015 by paying in approximately 80 million euros.

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

NOTE 30 – OFF-BALANCE SHEET COMMITMENTS

30.1. Purchase commitments

(EUR millions)	June 30, 2015	June 30, 2014[1]	June 30, 2013[1]
Grapes, wines and eaux-de-vie	1,745	1,340	1,128
Other purchase commitments for raw materials	68	83	72
Industrial and commercial fixed assets	685	435	374
Investments in joint-venture shares and non-current available for sale financial assets	110	84	74

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. The increase in those commitments over the fiscal year is related to the renewal, during that period, of a significant portion of the purchase commitments in the Champagne region.

As of June 30, 2015, the maturity dates of these commitments break down as follows:

(EUR millions)	Less than one year	One to five years	More than five years	Total
Grapes, wines and eaux-de-vie	658	1,067	20	1,745
Other purchase commitments for raw materials	59	8	1	68
Industrial and commercial fixed assets	334	351	-	685
Investments in joint venture shares and non-current available for sale financial assets	32	53	25	110

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, 2015:

(EUR millions)	June 30, 2015	June 30, 2014[1]	June 30, 2013[1]
Less than one year	2,004	1,631	1,380
One to five years	4,809	4,193	3,642
More than five years	3,034	2,344	1,719
COMMITMENTS GIVEN FOR OPERATING LEASES AND CONCESSION FEES	**9,847**	**8,168**	**6,741**
Less than one year	13	12	13
One to five years	17	16	19
More than five years	2	-	-
COMMITMENTS RECEIVED FOR SUB-LEASES	**32**	**28**	**32**

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

In addition, the Group may enter into operating leases or concession contracts that have variable guaranteed 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 a variable concession fee, calculated in particular on the basis of the number of passengers passing through the airport. In 2014, this fee amounted to 340 million euros for one calendar year.

30.3. Collateral and other guarantees

As of June 30, 2015, these commitments break down as follows:

(EUR millions)	June 30, 2015	June 30, 2014[(1)]	June 30, 2013[(1)]
Securities and deposits	459	440	311
Other guarantees	99	75	68
GUARANTEES GIVEN	**558**	**515**	**379**
GUARANTEES RECEIVED	**27**	**29**	**15**

The maturity dates of these commitments are as follows:

(EUR millions)	Less than one year	One to five years	More than five years	Total
Securities and deposits	253	199	7	459
Other guarantees	57	32	10	99
GUARANTEES GIVEN	**310**	**231**	**17**	**558**
GUARANTEES RECEIVED	**9**	**5**	**13**	**27**

30.4. Other commitments

On May 26, 2015, following a firm offer addressed to the Amaury group, LVMH announced that it had entered into exclusive negotiations with the Amaury group to acquire the newspaper Le Parisien/Aujourd'hui en France. The proposed acquisition, which would cover the publishing, printing and distribution of that newspaper as well as the weekly Le Parisien Magazine, is currently in the consultation stage with the relevant bodies at the Amaury group; completion of the transaction will be contingent on authorization from the Competition Authority (Autorité de la Concurrence) in France. Subject to those reservations, the acquisition is expected to take place in the second half of 2015.

The Group is not aware of any significant off-balance sheet commitments other than those described above.

NOTE 31 – EXCEPTIONAL EVENTS AND LITIGATION

As part of its day-to-day management, the Group may be party to various legal proceedings concerning trademark rights, the protection of intellectual property rights, the protection of Selective Retailing networks, licensing agreements, employee relations, tax audits, and any other matters inherent to its business. The Group believes that the provisions recorded in the balance sheet in respect of these risks, litigation 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 position 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 Retailing networks. In a decision delivered on June 30, 2008, the Paris Commercial Court ruled in favor of the demands formulated, ordering eBay

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

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. website and referred the case back for retrial by the Paris Court of Appeal. On July 17, 2014, eBay and LVMH announced a cooperative effort to protect intellectual property rights and combat counterfeits in online commerce. Thanks to the cooperation measures put in place, the companies have settled the ongoing litigation.

On September 2, 2014, under the aegis of the President of the Paris Commercial Court, LVMH Moët Hennessy - Louis Vuitton, Christian Dior, Financière Jean Goujon and Hermès entered into a settlement agreement aimed at definitively ending the litigation to which LVMH's acquisition of an equity stake in Hermès had given rise, and at restoring a climate of positive relations between them. According to the terms of this agreement, (i) in December 2014, LVMH distributed to its shareholders all of the Hermès shares held by the LVMH group, and Christian Dior, which at that date held 40.9% of LVMH's share capital via Financière Jean Goujon, distributed the Hermès shares received from LVMH, and (ii) LVMH and Hermès ceased all proceedings and actions undertaken against one another. See Note 8 for the impacts of this transaction on the consolidated financial statements as of June 30, 2015.

On December 17, 2012, the Mayor of Paris granted two distinct building permits authorizing the architectural project for the restructuring and reconstruction of the former La Samaritaine department stores 2 (Seine block) and 4 (Rivoli block). Both of these permits were the subject of an action for cancellation before the Paris Administrative Court (Tribunal administratif de Paris). On April 11, 2014, the Paris Administrative Court rejected the action for cancellation filed against the building permit authorizing the restructuring of former department store 2, which is registered as a Historic Monument (Seine block). That first permit thereby became definitive. On May 13, 2014, the Paris Administrative Court cancelled the second building permit order authorizing the partial demolition of former department store 4 and the reconstruction of a contemporary building designed by the architectural firm SANAA (Rivoli block). The company Grands Magasins de La Samaritaine and the City of Paris appealed against this judgment. On January 5, 2015, the Paris Administrative Court of Appeal (Cour administrative d'appel de Paris) dismissed their appeals. La Samaritaine and the City of Paris filed a cassation appeal before the Council of State (Conseil d'État), which, in a judgment dated June 19, 2015, overturned the judgment of the Administrative Court of Appeal, thereby definitively validating the second building permit.

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. Following an appeal by Cheyenne Freedom, this ruling was upheld by the Paris Court of Appeals on 7 May 2015, with the exception of the pecuniary damages which the previous judges had ordered Cheyenne Freedom to pay.

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.

NOTE 32 – RELATED PARTY TRANSACTIONS

32.1. 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.

Relations of the Christian Dior group with Groupe Arnault

Groupe Arnault SE provides assistance to the Christian Dior group in the areas of development, engineering and 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:

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)
• Purchases by Christian Dior group from Groupe Arnault	(10)	(10)	(2)
Amount payable outstanding at the end of the fiscal year	(2)	(2)	(2)
• Sales by Christian Dior group to Groupe Arnault	3	3	-
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, 2015, transactions between the Christian Dior group and the Financière Agache group were not significant.

32.2. 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 17% of the shared expenses for the fiscal year ended June 30, 2015 (18% for the fiscal year ended June 30, 2014; 16% for the fiscal year ended June 30, 2013), representing an amount of 15 million euros as of June 30, 2015 (14 million euros for the fiscal year ended June 30, 2014; 3 million euros for the two-month fiscal year ended June 30, 2013).

32.3. 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:

(EUR millions)	June 30, 2015 (12 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Gross compensation, employers' charges and benefits in kind [(a)]	16	9	2
Post-employment benefits	2	2	
Other long-term benefits	-	4	1
End-of-contract indemnities	-	-	-
Stock option and similar plans	8	9	1
TOTAL	**26**	**24**	**4**

(a) Excluding previously provisioned items of compensation.

The commitment recognized as of June 30, 2015 for post-employment benefits net of related financial assets is 20 million euros (13 million euros as of June 30, 2014 and 9 million euros as of June 30, 2013, after taking into account the retrospective adjustment as of May 1, 2013 required by the amendments to IAS 19 Employee Benefits).

NOTE 33 – SUBSEQUENT EVENTS

No significant subsequent events occurred between June 30, 2015 and October 15, 2015, the date on which the financial statements were approved for publication by the Board of Directors.

Consolidated companies

Company	Registered office	Method of consolidation	% interest
Christian Dior SE	Paris, France	Parent company	
Sadifa SA	Paris, France	FC	100%
Lakenbleker BV	Amsterdam, Netherlands	FC	100%
Grandville SA	Luxembourg, Luxembourg	FC	100%
CHRISTIAN DIOR COUTURE			
Christian Dior Couture SA	Paris, France	FC	100%
Christian Dior Fourrure M. C. S.A.M	Monaco, Principality of Monaco	FC	100%
Christian Dior GmbH	Pforzheim, Germany	FC	100%
Christian Dior Inc.	New York, USA	FC	100%
Christian Dior UK Ltd	London, United Kingdom	FC	100%
Christian Dior Suisse SA	Geneva, Switzerland	FC	100%
Manufactures Dior Srl	Milan, Italy	FC	100%
Ateliers AS	Pierre Bénite, France	EM	25%
Christian Dior Far East Ltd	Hong Kong, China	FC	100%
Christian Dior Fashion (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	100%
Christian Dior Hong Kong Ltd	Hong Kong, China	FC	100%
Christian Dior Taiwan Limited	Hong Kong, China	FC	90%
Christian Dior Singapore Pte Ltd	Singapore, Republic of Singapore	FC	100%
Christian Dior Saipan Ltd	Saipan, Saipan	FC	100%
Christian Dior Australia PTY Ltd	Sydney, Australia	FC	100%
Christian Dior New Zealand Ltd	Auckland, New Zealand	FC	100%
Christian Dior (Thailand) Co. Ltd	Bangkok, Thailand	FC	100%
Christian Dior K.K. (Kabushiki Kaisha)	Tokyo, Japan	FC	100%
Christian Dior Couture Korea Ltd	Seoul, South Korea	FC	100%
Christian Dior Guam Ltd	Tumon Bay, Guam	FC	100%
Christian Dior Espanola SL	Madrid, Spain	FC	100%
Christian Dior do Brasil Ltda	Sao Paulo, Brazil	FC	100%
Christian Dior Italia Srl	Milan, Italy	FC	100%
Christian Dior Belgique SA	Brussels, Belgium	FC	100%
Bopel Srl	Lugagnano Val d'Arda, Italy	FC	85%
Christian Dior Puerto Banus SL	Marbella-Puerto Banus, Spain	FC	75%
Christian Dior Couture CZ s.r.o.	Prague, Czech Republic	FC	100%
Christian Dior Couture Maroc SA	Casablanca, Morocco	FC	100%
Christian Dior Couture FZE	Dubai, United Arab Emirates	FC	100%
Christian Dior Macau Single Shareholder Company Limited	Macao, China	FC	100%
Les Ateliers Bijoux GmbH	Pforzheim, Germany	FC	100%
Christian Dior S. de RL de CV	Lomas, Mexico	FC	100%
Christian Dior Commercial (Shanghai) Co. Ltd	Shanghai, China	FC	100%
Ateliers Modèles SAS	Paris, France	FC	100%
Baby Siam Couture Company Ltd	Bangkok, Thailand	FC	100%
CDC Abu-Dhabi LLC	Abu Dhabi, United Arab Emirates	[b]	[b]
CDCH SA	Luxembourg, Luxembourg	FC	75%
Dior Grèce SA Garments Trading	Athens, Greece	FC	100%
Christian Dior Couture RUS LLC	Moscow, Russia	FC	100%
Christian Dior Couture Stoleshnikov LLC	Moscow, Russia	FC	100%
CDC General Trading LLC	Dubai, United Arab Emirates	[b]	[b]
Christian Dior Istanbul Magazacilik Anonim Sirketi	Maslak-Istanbul, Turkey	FC	51%
Christian Dior Trading India Private Limited	Mumbai, India	FC	51%
John Galliano SA	Paris, France	FC	100%
Les Ateliers Horlogers Dior SA	La Chaux-de-Fonds, Switzerland [c]	FC	71%
Dior Montres SARL	Paris, France [c]	FC	71%
Christian Dior Couture Qatar LLC	Doha, Qatar	[b]	[b]
Christian Dior Couture Ukraine SARL	Kiev, Ukraine	FC	100%
CDCG FZCO	Dubai, United Arab Emirates	[b]	[b]
PT Fashion Indonesia T rading Company	Jakarta, Indonesia	FC	100%
Christian Dior Couture Bahrain W.L.L.	Manama, Bahrain	[b]	[b]
COU.BO. Srl	Arzano, Italy	FC	85%
Christian Dior Vietnam LLC	Hanoi, Vietnam	FC	100%
Vermont SAS	Paris, France	FC	100%
Christian Dior Couture Kazakhstan LLP	Almaty, Kazakhstan	FC	100%
Christian Dior Austria Gmbh	Vienna, Austria	FC	100%
Christian Dior Netherlands BV	Amsterdam, Netherlands	FC	100%
Christian Dior Couture Azerbaijan LLC	Baku, Azerbaijan	FC	100%

Company	Registered office	Method of consolidation	% interest
Draupnir SA	Luxembourg, Luxembourg	FC	100%
Myolnir SA	Luxembourg, Luxembourg	FC	100%
Christian Dior Luxembourg SA	Luxembourg, Luxembourg	FC	100%
Christian Dior Canada Inc.	Ottawa, Canada	FC	100%
Christian Dior Panama Inc.	Panama City, Panama	FC	100%
IDMC Manufacture SAS	Paris, France	FC	52%
WINES AND SPIRITS			
MHCS SCS	Épernay, France	FC	27%
Champagne Des Moutiers SA	Épernay, France	FC	27%
Société Viticole de Reims SA	Épernay, France	FC	27%
Cie Française du Champagne et du Luxe SA	Épernay, France	FC	27%
Chamfipar SA	Épernay, France	FC	27%
GIE MHIS	Épernay, France	FC	27%
Moët Hennessy Entreprise Adaptée	Épernay, France	FC	27%
Champagne Bernard Breuzon SAS	Colombe le Sec, France	FC	27%
Champagne de Mansin SAS	Gye sur Seine, France	FC	27%
Société Civile des Crus de Champagne SA	Reims, France	FC	27%
Moët Hennessy Italia Spa	Milan, Italy	FC	27%
Moët Hennessy UK Ltd	London, United Kingdom	FC	27%
Moët Hennessy España SA	Barcelona, Spain	FC	27%
Moët Hennessy (Suisse) SA	Geneva, Switzerland	FC	27%
Moët Hennessy Deutschland GmbH	Munich, Germany	FC	27%
Moët Hennessy de Mexico, SA de C.V.	Mexico City, Mexico	FC	27%
Moët Hennessy Belux SA	Brussels, Belgium	FC	27%
Moët Hennessy Osterreich GmbH	Vienna, Austria	FC	27%
Moët Hennessy Suomi OY	Helsinki, Finland	FC	27%
Moët Hennessy Polska SP Z.O.O.	Warsaw, Poland	FC	27%
Moët Hennessy Czech Republic Sro	Prague, Czech Republic	FC	27%
Moët Hennessy Sverige AB	Stockholm, Sweden	FC	27%
Moët Hennessy România Srl	Bucharest, Romania	FC	27%
Moët Hennessy Norge AS	Hoevik, Norway	FC	27%
Moët Hennessy Danmark A/S	Copenhagen, Denmark	FC	27%
Moët Hennessy Nederland BV	Baarn, Netherlands	FC	27%
Moët Hennessy USA Inc.	New York, USA	FC	27%
Moët Hennessy Turkey Ltd	Istanbul, Turkey	FC	27%
MHD Moët Hennessy Diageo SAS	Courbevoie, France	[a]	27%
Société du domaine des Lambrays	Gevrey Chambertin, France	FC	41%
Cheval des Andes SA	Buenos Aires, Argentina	EM	14%
Domaine Chandon Inc.	California, USA	FC	27%
Cape Mentelle Vineyards Ltd	Margaret River, Australia	FC	27%
Veuve Clicquot Properties, Pty Ltd	Margaret River, Australia	FC	27%
Moët Hennessy do Brasil – Vinhos E Destilados Ltda	São Paulo, Brazil	FC	27%
Cloudy Bay Vineyards Ltd	Blenheim, New Zealand	FC	27%
Bodegas Chandon Argentina SA	Buenos Aires, Argentina	FC	27%
Domaine Chandon Australia Pty Ltd	Coldstream Victoria, Australia	FC	27%
Newton Vineyards LLC	California, USA	FC	24%
Domaine Chandon (Ningxia) Moët Hennessy Co., Ltd	Yinchuan, China	FC	27%
Moët Hennessy Chandon (Ningxia) Vineyards Co., Ltd	Yinchuan, China	FC	17%
Château d'Yquem SA	Sauternes, France	FC	39%
Château d'Yquem SC	Sauternes, France	FC	40%
Société Civile Cheval Blanc (SCCB)	Saint-Émilion, France	EM	21%
MH Shangri-La (Deqin) Winery Company Ltd	Deqin, China	FC	22%
Jas Hennessy & Co. SCS	Cognac, France	FC	27%
Distillerie de la Groie SARL	Cognac, France	FC	27%
SICA de Bagnolet	Cognac, France	FC	1%
Sodepa SARL	Cognac, France	FC	27%
Diageo Moët Hennessy BV	Amsterdam, Netherlands	[a]	27%
Hennessy Dublin Ltd	Dublin, Ireland	FC	27%
Edward Dillon & Co. Ltd	Dublin, Ireland	EM	11%
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%
MH Services UK Ltd	London, United Kingdom	FC	27%
MH Services Singapore Limited Pte	Singapore	FC	27%

Company	Registered office	Method of consolidation	% interest
Moët Hennessy Diageo Malaysia SDN BHD	Kuala Lumpur, Malaysia	(a)	27%
Diageo Moët Hennessy Thailand Ltd	Bangkok, Thailand	(a)	27%
Moët Hennessy Shanghai Ltd	Shanghai, China	FC	27%
Moët Hennessy India Pvt. Ltd	New Delhi, India	FC	27%
Moët Hennessy Taiwan Ltd	Taipei, Taiwan	FC	27%
MHD Chine Co. Ltd	Shanghai, China	(a)	27%
Moët Hennessy Whitehall Russia SA	Moscow, Russia	FC	27%
Moët Hennessy Vietnam Importation Co. Ltd	Ho Chi Minh City, Vietnam	FC	27%
Moët Hennessy Vietnam Distribution Co. Pte Ltd	Ho Chi Minh City, Vietnam	FC	14%
Moët Hennessy Cambodia Co. Ldt	Phnom Penh, Cambodia	FC	14%
Moët Hennessy Philippines Inc.	Makati City, Philippines	FC	21%
Moët Hennessy Rus LLC	Moscow, Russia	FC	27%
MHD Moët Hennessy Diageo	Tokyo, Japan	(a)	27%
Moët Hennessy Asia-Pacific Pte Ltd	Singapore	FC	27%
Moët Hennessy Australia Ltd	Rosebury, Australia	FC	27%
Polmos Zyrardow LLC	Zyrardow, Poland	FC	27%
The Glenmorangie Company Ltd	Edinburgh, United Kingdom	FC	27%
Macdonald & Muir Ltd	Edinburgh, United Kingdom	FC	27%
The Scotch Malt Whisky Society Ltd	Edinburgh, United Kingdom	FC	27%
Wenjun Spirits Company Ltd	Chengdu, China	FC	15%
Wenjun Spirits Sales Company Ltd	Chengdu, China	FC	15%

FASHION AND LEATHER GOODS

Company	Registered office	Method of consolidation	% interest
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 Joailliers 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%
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%
Atepeli – 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%
Louis Vuitton Ltd	Tel Aviv, Israel	FC	41%
Louis Vuitton Danmark A/S	Copenhagen, Denmark	FC	41%
Louis Vuitton Aktiebolag SA	Stockholm, Sweden	FC	41%
Louis Vuitton Suisse SA	Geneva, Switzerland	FC	41%

Company	Registered office	Method of consolidation	% interest
Louis Vuitton Polska sp. zoo.	Warsaw, Poland	FC	41%
Louis Vuitton Ceska s.r.o.	Prague, Czech Republic	FC	41%
Louis Vuitton Osterreich GmbH	Vienna, Austria	FC	41%
Louis Vuitton Kazakhstan LLP	Almaty, Kazakhstan	FC	41%
LV US Manufacturing, Inc.	New York, USA	FC	41%
Somarest SARL	Sibiu, Romania	FC	41%
Louis Vuitton Hawaii Inc.	Hawaii, USA	FC	41%
Atlantic Luggage Company Ltd	Hamilton, Bermuda	FC	17%
Louis Vuitton Guam Inc.	Guam	FC	41%
Louis Vuitton Saipan Inc.	Saipan, Northern Mariana Islands	FC	41%
Louis Vuitton Norge AS	Oslo, Norway	FC	41%
San Dimas Luggage Company	New York, USA	FC	41%
Louis Vuitton North America Inc.	New York, USA	FC	41%
Louis Vuitton USA Inc.	New York, USA	FC	41%
Louis Vuitton Liban retail SAL	Beirut, Lebanon	FC	41%
Louis Vuitton Liban Holding SAL	Beirut, Lebanon	FC	41%
Louis Vuitton Vietnam Company Ltd	Hanoi, Vietnam	FC	41%
Louis Vuitton Suomy Oy	Helsinki, Finland	FC	41%
Louis Vuitton România Srl	Bucharest, Romania	FC	41%
LVMH FG Brasil Ltda	São Paulo, Brazil	FC	41%
Louis Vuitton Panama Inc.	Panama City, Panama	FC	41%
Louis Vuitton Mexico S de RL de CV	Mexico City, Mexico	FC	41%
Louis Vuitton Uruguay S.A.	Montevideo, Uruguay	FC	41%
Louis Vuitton Chile Ltda	Santiago de Chile, Chili	FC	41%
Louis Vuitton (Aruba) N.V	Oranjestad, Aruba	FC	41%
Louis Vuitton Republica Dominica 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 Vostock LLC	Moscow, Russia	FC	41%
LV Colombia SA	Santafe 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 (*)	FC	33%
Cypress Creek Farms LLC	Starke, USA (*)	FC	33%
Florida Alligator Company LLC	Starke, USA (*)	FC	33%
Pellefina LLC	Starke, USA	(a)	33%
FG Industries	Paris, France	FC	41%
Les tanneries Roux SA	Romans sur Isère, France	FC	41%
Heng Long International Holding Pte Ltd	Singapore	FC	27%
Heng Long International Ltd	Singapore	FC	27%
Heng Long Leather Co. (Pte) Ltd	Singapore	FC	27%

Company	Registered office	Method of consolidation	% interest
Heng Long Leather (Guangzhou) Co. Ltd	Guangzhou, China	FC	27%
HL Australia Proprietary Ltd	Sydney, Australia	FC	27%
Marc Jacobs International LLC	New York, USA (*)	FC	33%
Marc Jacobs International (UK) Ltd	London, United Kingdom	FC	33%
Marc Jacobs Trademark LLC	New York, USA (*)	FC	33%
Marc Jacobs Japon KK	Tokyo, Japan	FC	17%
Marc Jacobs international Italia Srl	Milan, Italy	FC	33%
Marc Jacobs International France SAS	Paris, France	FC	33%
Marc Jacobs Commercial & Trading (Shanghai)	Shanghai, China	FC	33%
Marc Jacobs Hong Kong Ltd	Hong Kong, China	FC	33%
Marc Jacobs Holdings LLC	New York, USA (*)	FC	33%
Marc Jacobs HK and Macau Holding Company Ltd	Hong Kong, China	FC	17%
Marc Jacobs Hong Kong Distribution Company Limited	Hong Kong, China	FC	17%
Marc Jacobs Macau Distribution Company Limited	Macao, China	FC	17%
Loewe SA	Madrid, Spain	FC	41%
Loewe Hermanos SA	Madrid, Spain	FC	41%
Manufacturas Loewe SL	Madrid, Spain	FC	41%
LVMH Fashion Group France SNC	Paris, France	FC	41%
Loewe Hermanos UK Ltd	London, United Kingdom	FC	41%
Loewe Hong Kong Ltd	Hong Kong, China	FC	41%
Loewe Commercial & Trading (Shanghai) Co. Ltd	Shanghai, China	FC	41%
Loewe Fashion Pte Ltd	Singapore	FC	41%
Loewe Fashion (M) SDN BHD	Johor, Malaysia	FC	41%
Loewe Taiwan Ltd	Taipei, Taiwan	FC	41%
Loewe Korea Ltd	Seoul, South Korea	FC	41%
Loewe Macau Ltd	Macao, China	FC	41%
Loewe Italy Spa	Milan, Italy	FC	41%
Loewe Alemania Gmbh	Frankfurt, Germany	FC	41%
Loewe Hawaii Inc.	Honolulu, USA	FC	41%
LVMH Fashion Group Support	Paris, France	FC	41%
Berluti SA	Paris, France	FC	41%
Manifattura Ferrarese Srl	Ferrara, Italy	FC	41%
Berluti LLC	New York, USA	FC	41%
Berluti UK Ltd	London, United Kingdom	FC	41%
Berluti Macau Company Ltd	Macao, China	FC	41%
Berluti (Shanghai) Company Ltd	Shanghai, China	FC	41%
Berluti Hong Kong Company Ltd	Hong Kong, China	FC	41%
Berluti Singapore Private Ltd	Singapore	FC	41%
Berluti Orient FZ LLC	Raz Al-Kamah, United Arab Emirates	FC	27%
Berluti UAE LLC	Dubai, United Arab Emirates	FC	(b)
Berluti Taiwan Ltd	Taipei, Taiwan	FC	41%
Rossimoda Spa	Vigonza, Italy	FC	41%
Rossimoda USA Ltd	New York, USA	FC	41%
Rossimoda France SARL	Paris, France	FC	41%
Brenta Suole Srl	Vigonza, Italy	FC	27%
LVMH Fashion Group Services SAS	Paris, France	FC	41%
Montaigne KK	Tokyo, Japan	FC	41%
Interlux Company Ltd	Hong Kong, China	FC	41%
Céline SA	Paris, France	FC	41%
Avenue M International SCA	Paris, France	FC	41%
Enilec Gestion SARL	Paris, France	FC	41%
Céline Montaigne SA	Paris, France	FC	41%
Céline Monte-Carlo SA	Monaco	FC	41%
Céline Germany GmbH	Berlin, Germany	FC	41%
Céline Production Srl	Florence, Italy	FC	41%
Céline Suisse SA	Geneva, Switzerland	FC	41%
Céline UK Ltd	London, United Kingdom	FC	41%
Céline Inc.	New York, USA (*)	FC	41%
Céline Hong Kong Ltd	Hong Kong, China	FC	41%
Céline Commercial & Trading (Shanghai) Co. Ltd	Shanghai, China	FC	41%
Céline Taiwan Ltd	Taipei, Taiwan	FC	41%
RC Diffusion Rive Droite	Paris, France	FC	41%
CPC International Ltd	Hong Kong, China	FC	41%
CPC Macau Ltd	Macao, China	FC	41%
LVMH FG Services UK Ltd	London, United Kingdom	FC	41%
Celine Distribution Spain	Madrid, Spain	FC	41%
Celine Distribution Singapore PTE Ltd	Singapore	FC	41%
Kenzo SA	Paris, France	FC	41%
Kenzo Belgique SA	Brussels, Belgium	FC	41%
Kenzo UK Ltd	London, United Kingdom	FC	41%
Kenzo Japan KK	Tokyo, Japan	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%
Kenzo Paris Hong Kong Company limited	Hong Kong, China	FC	41%
Givenchy SA	Paris, France	FC	41%
Givenchy Corporation	New York, USA	FC	41%
Givenchy China Co. Ltd	Hong Kong, China	FC	41%
Givenchy Shanghai Commercial and Trading Co. Ltd	Shanghai, China	FC	41%
GCCL Macau Co. Ltd	Macao, China	FC	41%
Givenchy Italia Srl	Florence, Italy	FC	41%
Givenchy Couture Limited	London, United Kingdom	FC	41%
Gabrielle Studio Inc.	New York, USA	FC	41%
Donna Karan International Inc.	New York, USA (*)	FC	41%
The Donna Karan Company LLC	New York, USA	FC	41%
Donna Karan Service Company BV	Oldenzaal, Netherlands	FC	41%
Donna Karan Company Store Ireland Ltd	Dublin, Ireland	FC	41%
Donna Karan Studio LLC	New York, USA	FC	41%
The Donna Karan Company Store LLC	New York, USA	FC	41%
Donna Karan International (Canada) Inc.	Vancouver, Canada	FC	41%
Donna Karan Company Store UK Holdings Ltd	London, United Kingdom	FC	41%
Donna Karan Management Company UK Ltd	London, United Kingdom	FC	41%
Donna Karan Company Stores UK Retail Ltd	London, United Kingdom	FC	41%
Donna Karan Company Store (UK) Ltd	London, United Kingdom	FC	41%
Donna Karan H. K. Ltd	Hong Kong, China	FC	41%
Donna Karan (Italy) Srl	Milan, Italy	FC	41%
Donna Karan (Italy) Production Services Srl	Milan, Italy	FC	41%
Fendi Prague S.r.o.	Prague, Czech Republic	FC	41%
Luxury Kuwait for Ready Wear Company WLL	Kuwait City, Kuwait	FC	(b)
Fun Fashion Qatar LLC	Doha, Qatar	FC	(b)
Fendi International SA	Paris, France	FC	41%
Fun Fashion Emirates LLC	Dubai, United Arab Emirates	FC	(b)
Fendi SA	Luxembourg	FC	41%
Fun Fashion Bahrain WLL	Manama, Bahrain	FC	(b)
Fendi Srl	Rome, Italy	FC	41%
Fendi Dis Ticaret LSi	Istanbul, Turkey	FC	41%
Fendi Adele Srl	Rome, Italy	FC	41%
Fendi Italia Srl	Rome, Italy	FC	41%
Fendi UK Ltd	London, United Kingdom	FC	41%
Fendi France SAS	Paris, France	FC	41%
Fendi North America Inc.	New York, USA (*)	FC	41%
Fendi (Thailand) Company Ltd	Bangkok, Thailand	FC	41%
Fendi Asia-Pacific Ltd	Hong Kong, China	FC	41%
Fendi Korea Ltd	Seoul, South Korea	FC	41%
Fendi Taiwan Ltd	Taipei, Taiwan	FC	41%
Fendi Hong Kong Ltd	Hong Kong, China	FC	41%
Fendi China Boutiques Ltd	Hong Kong, China	FC	41%
Fendi (Singapore) Pte Ltd	Singapore	FC	41%
Fendi Fashion (Malaysia) Snd. Bhd.	Kuala Lumpur, Malaysia	FC	41%
Fendi Switzerland SA	Geneva, Switzerland	FC	41%
Fun Fashion FZCO LLC	Dubai, United Arab Emirates	FC	30%
Fendi Macau Company Ltd	Macao, China	FC	41%
Fendi Germany GmbH	Stuttgart, Germany	FC	41%
Fendi (Shanghai) Co. Ltd	Shanghai, China	FC	41%
Fun Fashion India Pte Ltd	Mumbai, India	FC	30%
Interservices & Trading SA	Lugano, Switzerland	FC	41%
Fendi Silk SA	Lugano, Switzerland	FC	21%
Fendi Kids SA	Mendrisio, Switzerland	FC	21%
Outshine Mexico, S. de RL de C.V.	Mexico City, Mexico	FC	41%
Taramax USA Inc.	New Jersey, USA	FC	41%
Primetime Inc.	New Jersey, USA	FC	41%
Taramax SA	Neuchâtel, Switzerland	FC	41%
Taramax Japan KK	Tokyo, Japan	FC	41%
Support Retail Mexico, S. de RL de C.V.	Mexico City, Mexico	FC	41%
Fendi Brasil – Grupo de Moda Ltda	São Paulo, Brazil	FC	41%
Fendi RU Llc	Moscow, Russia	FC	41%
Fendi Canada Inc.	Montreal, Canada	FC	41%
Emilio Pucci Srl	Florence, Italy	FC	41%
Emilio Pucci International BV	Baarn, Netherlands	FC	28%
Emilio Pucci, Ltd	New York, USA	FC	41%
Emilio Pucci Hong Kong Co. Ltd	Hong Kong, China	FC	41%
Emilio Pucci (Shanghai)			

Company	Registered office	Method of consolidation	% interest
Commercial Ltd	Shanghai, China	FC	41%
Emilio Pucci UK Ltd	London, United Kingdom	FC	41%
Emilio Pucci (Singapore) Pte. Ltd	Singapore	FC	41%
Thomas Pink Holdings Ltd	London, United Kingdom	FC	41%
Thomas Pink Ltd	London, United Kingdom	FC	41%
Thomas Pink BV	Rotterdam, Netherlands	FC	41%
Thomas Pink Inc.	New York, USA (*)	FC	41%
Thomas Pink Ireland Ltd	Dublin, Ireland	FC	41%
Thomas Pink France SAS	Paris, France	FC	41%
Thomas Pink Canada Inc.	Toronto, Canada	FC	41%
Edun Apparel Ltd	Dublin, Ireland	EM	20%
Edun Americas Inc.	North Carolina, USA	EM	20%
Nowness LLC	New York, USA (*)	FC	41%
Nowness SAS	Paris, France	FC	41%
Perida Financière SA	Romans sur Isère, France	FC	41%
Loro Piana S.p.A.	Quarona, Italy	FC	33%
Loro Piana Switzerland SA	Lugano, Switzerland	FC	33%
Loro Piana France SARL	Paris, France	FC	33%
Loro Piana GmbH	Munich, Germany	FC	33%
Loro Piana GB Ltd	London, United Kingdom	FC	33%
Warren Corporation	Connecticut, USA	FC	33%
Loro Piana & C. Inc.	New York, USA	FC	33%
Loro Piana USA LLC	New York, USA	FC	33%
Loro Piana Ltd	Hong Kong, China	FC	33%
Loro Piana Com. Ltd	Shanghai, China	FC	33%
Loro Piana Textile Trading Ltd	Shanghai, China	FC	33%
Loro Piana Mongolia Ltd	Ulaanbaatar, Mongolia	FC	33%
Loro Piana Korea Ltd	Seoul, South Korea	FC	33%
Loro Piana Ltd	Macao, China	FC	33%
Loro Piana Monaco SARL	Monaco	FC	33%
Loro Piana España S.L.U.	Madrid, Spain	FC	33%
Loro Piana Japan Ltd	Tokyo, Japan	FC	33%
Loro Piana Belgique	Brussels, Belgium	FC	33%
Loro Piana Far East Pte Ltd	Singapore	FC	33%
Loro Piana Peru S.A.C.	Lucanas, Ayacucho, Peru	FC	33%
SDM Maglierie S.r.l.	Sillavengo, Italy	FC	33%
Fibre Nobili S.r.l.	Verona, Italy	FC	33%
Filatura Vertex S.r.l.	Quarona, Italy	FC	33%
Loro Piana Oesterreich GesmbH	Vienna, Austria	FC	33%
Loro Piana Nederland BV	Amsterdam, Netherlands	FC	33%
Loro Piana Czech Republic s.r.o.	Prague, Czech Republic	FC	33%
SANIN	Rawson, Argentina	FC	20%
Linen NEWCO	Borgosesia, Italy	FC	33%
Mede Knitwear Srl	Vercelli, Italy	FC	33%
Nicholas Kirkwood Limited	London, United Kingdom	FC	22%
Nicholas Kirkwood Corp.	New York, USA	FC	22%
NK Washington LLC	Delaware, USA	FC	22%
Nicholas Kirkwood LLC	New York, USA	FC	22%
NK WLV LLC	Nevada, USA	FC	22%
JW Anderson Limited	London, United Kingdom	EM	19%
Marco De Vincenzo S.R.L	Rome, Italy	EM	19%

PERFUMES AND COSMETICS

Company	Registered office	Method of consolidation	% interest
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
LVMH P&C de Mexico SA de CV	Mexico City, Mexico	FC	41%
Parfums Christian Dior Japon KK	Tokyo, Japan	FC	41%
Parfums Christian Dior (Singapore) Pte Ltd	Singapore	FC	41%
Inalux SA	Luxembourg	FC	41%
LVMH P&C Asia-Pacific Ltd	Hong Kong, China	FC	41%
Fa Hua Fragrance & Cosmetic Co. Ltd	Hong Kong, China	FC	41%
Fa Hua Frag & Cosm Taiwan	Taipei, Taiwan	FC	41%
Parfums Christian Dior China	Shanghai, China	FC	41%
LVMH P&C Korea Ltd	Seoul, South Korea	FC	41%
Parfums Christian Dior Hong Kong Ltd	Hong Kong, China	FC	41%
LVMH P&C Malaysia Sdn Berhad Inc.	Kuala Lumpur, Malaysia	FC	41%
Pardior SA de CV	Mexico City, Mexico	FC	41%
Parfums Christian Dior A/S Ltd	Copenhagen, Denmark	FC	41%
LVMH Perfumes & Cosmetics Group Pty Ltd	Sydney, Australia	FC	41%
Parfums Christian Dior AS Ltd	Hoevik, Norway	FC	41%
Parfums Christian Dior AB	Stockholm, Sweden	FC	41%
Parfums Christian Dior (New Zealand) Ltd	Auckland, New Zealand	FC	41%
Parfums Christian Dior GmbH Austria	Vienna, Austria	FC	41%
OOO SELDICO	Moscow, Russia	FC	41%
DP SELDICO	Kiev, Ukraine	FC	41%
LVMH P&C KAZAKHSTAN LLP	Almaty, Kazakhstan	FC	41%
L Beauty Luxury Asia Inc.	Taguig City, Philippines	FC	21%
SCI Annabell	Paris, France	FC	41%
PT. L Beauty Brands	Jakarta, Indonesia	FC	21%
L Beauty Pte Ltd	Singapore	FC	21%
L Beauty Vietnam Ltd Liability	Ho Chi Minh City, Vietnam	FC	21%
SCI ROSE BLUE	Paris, France	FC	41%
PCD St Honore	Paris, France	FC	41%
Cosmetic of France Inc.	Florida, USA	FC	41%
LVMH Recherche GIE	Saint-Jean de Braye, France	FC	41%
Parfums et Cosmétiques Information Services – PCIS GIE	Levallois-Perret, France	FC	41%
Perfumes Loewe SA	Madrid, Spain	FC	41%
Acqua di Parma Srl	Milan, Italy	FC	41%
Acqua di Parma LLC	New York, USA	FC	41%
Acqua di Parma Ltd	London, United Kingdom	FC	41%
LVMH Parfums & Kosmetik Deutschland GmbH	Düsseldorf, Germany	FC	41%
Guerlain SA	Paris, France	FC	41%
Guerlain GmbH	Vienna, Austria	FC	41%
Guerlain SA (Belgique)	Fleurus, Belgium	FC	41%
Guerlain Ltd	London, United Kingdom	FC	41%
LVMH Perfumes e Cosmetica Lda	Lisbon, Portugal	FC	41%
PC Parfums Cosmétiques SA	Zurich, Switzerland	FC	41%
Guerlain Inc.	New York, USA	FC	41%
Guerlain Canada Ltd	Montreal, Canada	FC	41%
Guerlain De Mexico SA	Mexico City, Mexico	FC	41%
Guerlain Asia-Pacific Ltd	Hong Kong, China	FC	41%
Guerlain KK	Tokyo, Japan	FC	41%
Guerlain KSA	Paris, France	FC	41%
Guerlain Orient – JLT	Dubai, United Arab Emirates	FC	41%
Guerlain Oceania Australia Pty Ltd	Melbourne, Australia	FC	41%
Make Up For Ever SA	Paris, France	FC	41%
SCI Edison	Paris, France	FC	41%
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%
LVMH Fragrance Brands Hong Kong Limited	Hong Kong, China	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%

Company	Registered office	Method of consolidation	% interest
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%
WATCHES AND JEWELRY			
TAG Heuer International SA	Luxembourg	FC	41%
LVMH Relojeria & Joyeria España SA	Madrid, Spain	FC	41%
LVMH Montres & Joaillerie France SA	Paris, France	FC	41%
LVMH Watch & Jewelry UK Ltd	Manchester, United Kingdom	FC	41%
LVMH Watch & Jewelry USA Inc.	New Jersey, USA	FC	41%
LVMH Watch & Jewelry Canada Ltd	Toronto, Canada	FC	41%
LVMH Watch & Jewelry Far East Ltd	Hong Kong, China	FC	41%
LVMH Watch & Jewelry Singapore Pte Ltd	Singapore	FC	41%
LVMH Watch & Jewelry Malaysia Sdn Bhd.	Kuala Lumpur, Malaysia	FC	41%
LVMH Watch & Jewelry Capital Pte Ltd	Singapore	FC	41%
LVMH Watch & Jewelry Japan KK	Tokyo, Japan	FC	41%
LVMH Watch & Jewelry Australia Pty Ltd	Melbourne, Australia	FC	41%
LVMH Watch & Jewelry Hong Kong Ltd	Hong Kong, China	FC	41%
LVMH Watch & Jewelry India Pvt Ltd	New Delhi, India	FC	41%
LVMH Watch & Jewelry (Shanghai) Commercial Co. Ltd	Shanghai, China	FC	41%
LVMH Watch & Jewelry Russia SARL	Moscow, Russia	FC	41%
Cortech SA	Cornol, Switzerland	FC	41%
Timecrown Ltd	Worsley, United Kingdom	FC	41%
ArteCad SA	Tramelan, Switzerland	FC	41%
Alpha Time Corp. Ltd	Hong Kong, China	FC	41%
Dream Tech (Shanghai) Co. Ltd	Shanghai, China	FC	41%
Dream Tech Intl Trading Co. Ltd	Shanghai, China	FC	41%
Chaumet International SA	Paris, France	FC	41%
Chaumet London Ltd	London, United Kingdom	FC	41%
Chaumet Horlogerie SA	Bienne, Switzerland	FC	41%
Chaumet Korea Chusik Hoesa	Seoul, South Korea	FC	41%
Chaumet Middle East FZCO	Dubai, United Arab Emirates	FC	25%
Chaumet UAE	Dubai, United Arab Emirates	FC	(b)
Farouk Trading	Riyadh, Saudi Arabia	FC	(b)
LVMH Watch and Jewellery Macau Company Limited	Macao, Macao	FC	41%
Zenith International SA	Le Locle, Switzerland	FC	41%
LVMH Watch & Jewelry Italy Spa	Milan, Italy	FC	41%
Delano SA	La Chaux-de-Fonds, Switzerland	FC	41%
Fred Paris SA	Paris, France	FC	41%
Joaillerie de Monaco SA	Monaco	FC	41%
Fred Inc.	California, USA (*)	FC	41%
Fred Londres Ltd	London, United Kingdom	FC	41%
FRED Paris Neuilly-sur-Seine (Succursale de Genève)	Geneva, Switzerland	FC	41%
Hublot SA	Nyon, Switzerland	FC	41%
Bentim International SA	Luxembourg	FC	41%
Hublot SA Genève	Geneva, Switzerland	FC	41%
Hublot of America, Inc.	Florida, USA	FC	41%
Hublot Japan KK Ltd	Tokyo, Japan	FC	41%
Nyon LLC	Florida, USA	FC	21%
Nyon Services LLC	Miami, USA (*)	FC	21%
Atlanta Boutique LLC	Atlanta, USA	FC	21%
Echidna Distribution Company LLC	Dallas, USA	FC	21%
Furioso LLC	Orlando, USA	FC	21%
Fusion World Dallas LLC	Dallas, USA	FC	21%
Fusion World Houston LLC	Houston, USA	FC	21%
New World of Fusion LLC	Miami, USA (*)	FC	21%
De Beers Diamond Jewellers Ltd	London, United Kingdom	EM	21%
De Beers Diamond Jewellers Trademark Ltd	London, United Kingdom	EM	21%
De Beers Diamond Jewellers UK Ltd	London, United Kingdom	EM	21%
De Beers Diamond Jewellers Japan KK Co.	Tokyo, Japan	EM	21%
De Beers Diamond Jewellers (Hong Kong) Ltd	Hong Kong, China	EM	21%
De Beers Diamond Jewellers Limited Taiwan	Taipei, Taiwan	EM	21%
De Beers Diamond Jewellers US. Inc.	Delaware, USA	EM	21%
De Beers Jewellers Commercial (Shanghai) Co., Ltd	Shanghai, China	EM	21%
De Beers Diamond Jewellers (Macau) Company Limited	Macao, Macao	EM	21%
Bulgari SpA	Rome, Italy	FC	41%
Bulgari Italia SpA	Rome, Italy	FC	41%
Bulgari International Corporation (BIC) NV	Amsterdam, Netherlands	FC	41%
Bulgari Corporation of America Inc.	New York, USA	FC	41%
Bulgari SA	Geneva, Switzerland	FC	41%
Bulgari Horlogerie SA	Neuchâtel, Switzerland	FC	41%
Bulgari France SAS	Paris, France	FC	41%
Bulgari Montecarlo SAM	Monaco	FC	41%
Bulgari (Deutschland) GmbH	Munich, Germany	FC	41%
Bulgari Espana SA Unipersonal	Madrid, Spain	FC	41%
Bulgari South Asian Operations Pte Ltd	Singapore	FC	41%
Bulgari (UK) Ltd	London, United Kingdom	FC	41%
Bulgari Belgium SA	Brussels, Belgium	FC	41%
Bulgari Australia Pty Ltd	Sydney, Australia	FC	41%
Bulgari (Malaysia) Sdn Bhd.	Kuala Lumpur, Malaysia	FC	41%
Bulgari Global Operations SA	Neuchâtel, Switzerland	FC	41%
Bulgari Asia-Pacific Ltd	Hong Kong, China	FC	41%
Bulgari (Taiwan) Ltd	Taipei, Taiwan	FC	41%
Bulgari Korea Ltd	Seoul, South Korea	FC	41%
Bulgari Saint Barth SAS	Saint-Barthélemy, French Antilles	FC	41%
Bulgari Gioielli SpA	Valenza, Italy	FC	41%
Bulgari Accessori Srl	Florence, Italy	FC	41%
Bulgari Holdings (Thailand) Ltd	Bangkok, Thailand	FC	41%
Bulgari (Thailand) Ltd	Bangkok, Thailand	FC	41%
Bulgari Commercial (Shanghai) Co. Ltd	Shanghai, China	FC	41%
Bulgari Japan Ltd	Tokyo, Japan	FC	41%
Bulgari Panama Inc.	Panama City, Panama	FC	41%
Bulgari Ireland Ltd	Dublin, Ireland	FC	41%
Bulgari Qatar Lcc	Doha, Qatar	FC	(b)
Bulgari Kuwait Wll	Kuwait City, Kuwait	FC	(b)
Bulgari do Brazil Ltda	São Paulo, Brazil	FC	41%
Bulgari Hotels and Resorts Milano Srl	Rome, Italy	EM	21%
Famaf Accessori S.r.l.	Florence, Italy	FC	41%
Bulgari Turkey Lüks Ürün Ticareti Limited Sirketi	Istanbul, Turkey	FC	41%
Gulf Luxury Trading LLC	Dubai, United Arab Emirates	FC	21%
India Luxco Retail Private Limited	New Delhi, India	FC	21%
BK for Jewelry and Precious Metals and Stones Co. W.L.L	Kuwait City, Kuwait	FC	20%
Lux Jewels Kuwait For Trading In gold Jewelery and Precious Stones WLL	Kuwait City, Kuwait	FC	33%
Lux Jewels Bahrain Wll	Manama, Bahrain	FC	33%
Bulgari Russia Llc	Moscow, Russia	FC	41%
Bulgari Mexico SA DE CV	Cancun, Mexico	FC	41%
Bulgari Canada Inc.	Quebec, Canada	FC	41%
Bulgari Czech S.r.o.	Prague, Czech Republic	FC	41%
SELECTIVE RETAILING			
LVMH Iberia SL	Madrid, Spain	FC	41%
LVMH Italia SpA	Milan, Italy	FC	41%
Sephora SA	Boulogne-Billancourt, France	FC	41%
Sephora Luxembourg SARL	Luxembourg	FC	41%
Sephora Portugal Perfumaria Lda	Lisbon, Portugal	FC	41%
Sephora Pologne Spzoo	Warsaw, Poland	FC	41%
Sephora Marinopoulos SA	Alimos, Greece	FC	41%
Sephora Marinopoulos Romania SA	Bucharest, Romania	FC	41%
Sephora S.R.O.	Prague, Czech Republic	FC	41%
Sephora Monaco SAM	Monaco	FC	41%
Sephora Cosmeticos España	Madrid, Spain	EM	21%
S+	Boulogne-Billancourt, France	FC	41%
Sephora Marinopoulos Bulgaria EOOD	Sofia, Bulgaria	FC	41%
Sephora Marinopoulos Cyprus Ltd	Nicosia, Cyprus	FC	41%
Sephora Unitim Kozmetik AS	Istanbul, Turkey	FC	41%
Perfumes & Cosmeticos Gran Via SL	Madrid, Spain	EM	19%
Sephora Marinopoulos D. O.O.	Zagreb, Croatia	FC	41%
Sephora Marinopoulos Cosmetics D. O.O.	Belgrade, Serbia	FC	41%
Sephora Nederland BV	Amsterdam, Netherlands	FC	41%
Sephora Danmark ApS	Copenhagen, Denmark	FC	41%
Sephora Sweden AB	Malmö, Sweden	FC	41%

Company	Registered office	Method of consolidation	% interest
Sephora Moyen Orient SA	Fribourg, Switzerland	FC	25%
Sephora Middle East FZE	Dubai, United Arab Emirates	FC	25%
Sephora Asia Pte Ltd	Shanghai, China	FC	41%
Sephora (Shanghai) Cosmetics Co. Ltd	Shanghai, China	FC	34%
Sephora (Beijing) Cosmetics Co. Ltd	Beijing, China	FC	34%
Sephora Xiangyang (Shanghai) Cosmetics Co., Ltd	Shanghai, China	FC	34%
Sephora Qatar company W.L.L	Doha, Qatar	FC	12%
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 (*)	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%
Sephora Mexico, SRLCV	Lomas de Chapultepec, Mexico	FC	41%
Servicios Ziphorah, SRLCV	Mexico City, Mexico	FC	41%
Sephora Emirates LLC	Dubai, United Arab Emirates	FC	12%
Sephora Bahrain WLL	Manama, Bahrain	FC	12%
Sephora Do Brasil Participacoes SA	Rio de Janeiro, Brazil	FC	41%
PT Sephora Indonesia	Jakarta, Indonesia	FC	41%
Dotcom group Comercio de Presentes SA	Rio de Janeiro, Brazil	FC	29%
Kendo Holdings Inc.	California, USA	FC	41%
LGCS Inc.	New York, USA	FC	41%
Ole Henriksen of Denmark Inc.	California, USA	FC	41%
Sephora Do Brazil – avenue Hoche	São Paulo, Brazil	FC	41%
Galonta Holdings Limited	Nicosia, Cyprus	FC	27%
United Europe – Securities OJSC	Moscow, Russia	FC	27%
Beauty in Motion Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	41%
Le Bon Marché SA	Paris, France	FC	41%
SEGEP SNC	Paris, France	FC	41%
Franck & Fils SA	Paris, France	FC	41%
DFS Holdings Ltd	Hamilton, Bermuda	FC	25%
DFS Australia Pty Ltd	Sydney, Australia	FC	25%
DFS Group Ltd	Delaware, USA	FC	25%
DFS Hong Kong Ltd	Hong Kong, China	FC	25%
TRS Hong Kong Ltd	Hong Kong, China	EM	12%
DFS France SAS	Paris, France	FC	25%
DFS Okinawa KK	Okinawa, Japan	FC	25%
TRS Okinawa	Okinawa, Japan	EM	12%
JAL/DFS Co., Ltd	Chiba, Japan	EM	10%
DFS Korea Ltd	Seoul, South Korea	FC	25%
DFS Seoul Ltd	Seoul, South Korea	FC	25%
DFS India Private	Mumbai, India	FC	13%
DFS Cotai Limitada	Macao, China	FC	25%
DFS Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	25%
Gateshire Marketing Sdn Bhd.	Kuala Lumpur, Malaysia	FC	25%
DFS Middle East LLC	Abu Dhabi, United Arab Emirates	FC	25%
DFS Venture Brasil Participações Ltda	São Paulo, Brazil	FC	25%
DFS Merchandising Ltd	Delaware, USA	FC	25%
DFS New Zealand Ltd	Auckland, New Zealand	FC	25%
TRS New Zealand Ltd	Auckland, New Zealand	EM	12%
Commonwealth Investment Company Inc.	Saipan, Northern Mariana Islands	FC	24%
DFS Saipan Ltd	Saipan, Northern Mariana Islands	FC	25%
Kinkaï Saipan LP	Saipan, Northern Mariana Islands	FC	25%
DFS Business consulting (Shanghai) Co. Ltd	Shanghai, China	FC	25%
Hainan DFS Retail Company Limited	Hainan, China	FC	25%
DFS Taiwan Ltd	Taipei, Taiwan	FC	25%
DFS Singapore (Pte) Ltd	Singapore	FC	25%
DFS Venture Singapore (Pte) Ltd	Singapore	FC	25%
TRS Singapore Pte Ltd	Singapore	EM	12%
DFS India Private Ltd	Mumbai, India	FC	18%
DFS Vietnam (S) Pte Ltd	Singapore	FC	18%
New Asia Wave International Pte Ltd	Singapore	FC	18%
IPP Group Pte Ltd	Singapore	FC	18%
L Development & Management Ltd	Hong Kong, China	EM	10%
DFS Group LP	Delaware, USA	FC	25%
LAX Duty Free Joint Venture 2000	California, USA	FC	19%
Royal Hawaiian Insurance Company Ltd	Hawaii, USA	FC	25%
JFK Terminal 4 Joint Venture 2001	New York, USA	FC	20%
DFS Guam LP	Guam	FC	25%
DFS Liquor Retailing Ltd	Delaware, USA	FC	25%
Twenty Seven – Twenty Eight Corp.	Delaware, USA	FC	25%

Company	Registered office	Method of consolidation	% interest
DFS Credit Systems Ltd	Hamilton, Bermuda	FC	25%
DFS European Logistics Ltd	Hamilton, Bermuda	FC	25%
DFS Italy S.r.L.	Milan, Italy	FC	25%
Preferred Products Ltd	Hong Kong, China	FC	25%
DFS (Cambodia) Limited	Phnom Penh, Cambodia	FC	18%
DFS China Partners Limited	Hong Kong, China	FC	25%
TRS Hawaii LLC	Hawaii, USA	EM	12%
TRS Saipan Ltd	Saipan, Northern Mariana Islands	EM	12%
TRS Guam LLC	Guam	EM	12%
Tumon Entertainment LLC	Guam	FC	41%
Comete Guam Inc.	Guam	FC	41%
Tumon Aquarium LLC	Guam	FC	40%
Comete Saipan Inc.	Saipan, Northern Mariana Islands	FC	41%
Tumon Games LLC	Guam	FC	41%
DFS Vietnam LLC	Ho Chi Minh City, Vietnam	FC	25%
PT Sona Topas Tourism industry Tbk	Jakarta, Indonesia	EM	12%
Cruise Line Holdings Co.	Delaware, USA	FC	41%
Starboard Cruise Services Inc.	Delaware, USA	FC	41%
Starboard Holdings Ltd	Delaware, USA	FC	41%
STB Srl	Florence, Italy	FC	41%
On Board Media Inc.	Delaware, USA	FC	41%
Onboard.com LLC	Delaware, USA	FC	41%
BHUSA Inc.	Delaware, USA	FC	41%
SLF USA Inc.	Delaware, USA	FC	41%
Suzanne Lang Fragrance Inc.	Toronto, Canada	FC	41%

OTHER ACTIVITIES

Company	Registered office	Method of consolidation	% interest
Groupe Les Echos SA	Paris, France	FC	41%
Dematis SAS	Paris, France	FC	33%
Les Echos Management SAS	Paris, France	FC	41%
Régiepress SAS	Paris, France	FC	41%
Les Echos Légal SAS	Paris, France	FC	41%
Radio Classique SAS	Paris, France	FC	41%
Les Echos Medias SAS	Paris, France	FC	41%
SFPA SARL	Paris, France	FC	41%
Les Echos SAS	Paris, France	FC	41%
Investir Publications SAS	Paris, France	FC	41%
Les Echos Business SAS	Paris, France	FC	41%
SID Presse SAS	Paris, France	FC	41%
Magasins de La Samaritaine SA	Paris, France	FC	41%
Mongoual SA	Paris, France	EM	17%
Le Jardin d'Acclimatation	Paris, France	FC	41%
RVL Holding BV	Kaag, Netherlands	FC	38%
Royal Van Lent Shipyard BV	Kaag, Netherlands	FC	38%
Tower Holding BV	Kaag, Netherlands	FC	38%
Green Bell BV	Kaag, Netherlands	FC	38%
Gebroeders Olie Beheer BV	Waddinxveen, Netherlands	FC	38%
Van der Loo Yachtinteriors BV	Waddinxveen, Netherlands	FC	38%
Red Bell BV	Kaag, Netherlands	FC	38%
Sonata Yachting Limited	Malta	FC	38%
De Voogt Naval Architects BV	Haarlem, Netherlands	EM	19%
Feadship Holland BV	Amsterdam, Netherlands	EM	19%
Feadship America Inc.	Florida, USA	EM	19%
OGMNL BV	Nieuw-Lekkerland, Netherlands	EM	19%
Probinvest SAS	Paris, France	FC	41%
Ufipar SAS	Paris, France	FC	41%
L Capital Management SAS	Paris, France	FC	41%
Sofidiv SAS	Paris, France	FC	41%
GIE LVMH Services	Paris, France	FC	35%
Moët Hennessy SNC	Paris, France	FC	27%
LVMH Services Ltd	London, United Kingdom	FC	41%
UFIP (Ireland) PRU	Dublin, Ireland	FC	41%
Moët Hennessy Investissements SA	Paris, France	FC	27%
LV Group	Paris, France	FC	41%
Moët Hennessy International SAS	Paris, France	FC	27%
Creare SA	Luxembourg	FC	36%
Creare Pte Ltd	Singapore	FC	36%
Société Montaigne Jean Goujon SAS	Paris, France	FC	41%
Delphine SAS	Paris, France	FC	41%
LVMH Finance SA	Paris, France	FC	41%
Primae SAS	Paris, France	FC	41%
Eutrope SAS	Paris, France	FC	41%
Flavius Investissements SA	Paris, France	FC	41%
LBD HOLDING SA	Paris, France	FC	41%
LVMH Hotel Management SAS	Paris, France	FC	41%
Ufinvest SAS	Paris, France	FC	41%
Delta	Paris, France	FC	41%

Company	Registered office	Method of consolidation	% interest
Hôtel Les Tovets	Courchevel, France	FC	41%
Société Immobilière Paris Savoie Les Tovets	Courchevel, France	FC	41%
Moët Hennessy Inc.	New York, USA (*)	FC	27%
One East 57th Street LLC	New York, USA (*)	FC	41%
LVMH Moët Hennessy Louis Vuitton Inc.	New York, USA (*)	FC	41%
Sofidiv Art Trading LLC	New York, USA (*)	FC	41%
Sofidiv Inc.	New York, USA (*)	FC	41%
598 Madison Leasing Corp	New York, USA (*)	FC	41%
1896 Corp	New York, USA (*)	FC	41%
319-323 N. Rodeo LLC	New York, USA (*)	FC	41%
LVMH MJ LLC	New York, USA (*)	FC	41%
Arbelos Insurance Inc.	New York, USA	FC	41%
Meadowland Florida LLC	New York, USA	FC	41%
LVMH Participations BV	Naarden, Netherlands	FC	41%
LVMH Moët Hennessy Louis Vuitton BV	Naarden, Netherlands	FC	41%
LVP Holding BV	Naarden, Netherlands	FC	41%
LVMH Services BV	Baarn, Netherlands	FC	41%
LVMH Finance Belgique SA	Brussels, Belgium	FC	41%
LVMH International SA	Brussels, Belgium	FC	41%
Marithé SA	Luxembourg	FC	41%
Ginza SA	Luxembourg	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%
Naxara SA	Luxembourg	FC	41%
Pronos SA	Luxembourg	FC	41%
Sofidil SA	Luxembourg	FC	41%
Liszt Investment SA	Luxembourg	FC	41%
Hanninvest SA	Brussels, Belgium	FC	41%
LVMH Publica SA	Brussels, Belgium	FC	41%
Sofidiv UK Ltd	London, United Kingdom	FC	41%
LVMH Moët Hennessy Louis Vuitton KK	Tokyo, Japan	FC	41%
Osaka Fudosan Company Ltd	Tokyo, Japan	FC	41%
LVMH Asia-Pacific Ltd	Hong Kong, China	FC	41%
Bayard (Shanghai) Investment and Consultancy Co. Ltd.	Shanghai, China	FC	41%
LVMH Shanghai Management and Consultancy Co., Ltd	Shanghai, China	FC	41%
L Capital Asia Advisors PLC	Port Louis, Mauritius	FC	41%
LVMH South & South East Asia Pte Ltd	Singapore	FC	41%
Vicuna Holding Spa	Milan, Italy	FC	41%
Pasticceria Confetteria Cova S.r.l	Milan, Italy	FC	33%
Cova Montenapoleone S.r.l	Milan, Italy	FC	33%
Investissement Hotelier Saint Barth Plage des Flamands SAS	Saint-Barthélemy, French Antilles	FC	23%
Isle de France SARL	Saint-Barthélemy, French Antilles	FC	23%
Isle de France Group Limited	London, United Kingdom	FC	23%
Drift Saint Barth Holding Limited	London, United Kingdom	FC	23%
CT Saint Barth Limited	London, United Kingdom	FC	23%
Drift Saint Barth Limited	London, United Kingdom	FC	23%
Alderande SAS	Paris, France	FC	23%
LVMH Moët Hennessy - Louis Vuitton SE	Paris, France	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 results of these companies being consolidated on the basis of the Group's contractual share in their business.
FC Full 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, 2015 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 evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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.

Without qualifying our opinion, we draw your attention to:
- Note 1.2 detailing the change in the presentation of income/loss from investments in joint ventures and associates, now presented within profit from recurring operations;
- Note 1.4 detailing the change in presentation within the cash flow statement of dividends received, now presented according to the nature of the underlying investments, and of taxes paid, now presented according to the nature of the transactions from which they arise.

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 and goodwill has been tested under the method described in Note 1.14 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 1.12 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 29, 2015

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres	
Denis Grison	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: Christian Dior

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 regulated related party agreements and commitments	211

1. Balance sheet

Assets

(EUR thousands)	Notes	June 30, 2015 (12 months) Gross	Amortization and impairment	Net	June 30, 2014 (12 months) Net	June 30, 2013 (2 months) Net
Intangible assets	3.1/3.2	**34**	**(5)**	**29**	**32**	**20**
Property, plant and equipment	3.1/3.2	**284**	**(284)**	**-**	**-**	**-**
Investments	3.10	3,981,901	-	3,981,901	3,981,901	3,981,875
Other long-term investments	3.4	-	-	-	164,121	121,764
Loans		5	-	5	5	5
Other non-current financial assets		-	-	-	-	-
Non-current financial assets	3.1/3.2/3.10	**3,981,906**	**-**	**3,981,906**	**4,146,028**	**4,103,645**
NON-CURRENT ASSETS		**3,982,224**	**(289)**	**3,981,935**	**4,146,060**	**4,103,665**
Trade accounts receivable		-	-	-	15	-
Financial accounts receivable		1,651	-	1,651	1,650	-
Other receivables		52,574	-	52,574	21,331	29,784
Short-term investments	3.4	116,486	-	116,486	124,173	130,083
Cash and cash equivalents		384	-	384	262,053	7
CURRENT ASSETS	3.3/3.9/3.10	**171,095**	**-**	**171,095**	**409,222**	**159,874**
Prepaid expenses	3.3	349	-	349	347	350
Bond redemption premiums	3.3	2,095	-	2,095	2,980	1,502
TOTAL ASSETS		**4,155,763**	**(289)**	**4,155,474**	**4,558,609**	**4,265,391**

Liabilities and equity

(EUR thousands)	Notes	June 30, 2015 (12 months) Before appropriation	June 30, 2014 (12 months) Before appropriation	June 30, 2013 (2 months) Before appropriation
Share capital		361,015	363,454	363,454
Share premium account		194,241	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
Retained earnings [(a)]		5,412	143,668	136,106
Earnings pending appropriation		-	-	507,456
Profit for the fiscal year		**3,414,393**	**575,576**	**18,290**
Interim dividends	*2.6*	(977,193)	(218,072)	(199,900)
EQUITY	*3.5*	**3,034,229**	**3,186,240**	**3,147,020**
PROVISIONS FOR CONTINGENCIES AND LOSSES	*3.6*	**20,839**	**22,017**	**25,949**
Bonds	*3.8*	801,865	1,161,974	661,748
Bank loans and borrowings		216,729	125,075	384,836
Miscellaneous loans and borrowings		51,905	52,550	27,693
Borrowings		**1,070,499**	**1,339,599**	**1,074,277**
Trade accounts payable		4,172	979	6,100
Tax and social security liabilities		23,358	104	89
Other operating liabilities [(a)]		1,984	3,604	2,892
Operating liabilities		**29,514**	**4,687**	**9,081**
Other liabilities		393	6,066	9,064
LIABILITIES	*3.7/3.8/3.9/3.10*	**1,100,406**	**1,350,352**	**1,092,423**
Deferred income		-	-	-
TOTAL LIABILITIES AND EQUITY		**4,155,474**	**4,558,609**	**4,265,391**

(a) Dividends attributable to treasury shares were reclassified under retained earnings as of June 30, 2013 and as of June 30, 2014.

2. Income statement

(EUR millions)	*Notes*	June 30, 2015 (12 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Services provided		-	-	-
Net revenue		**-**	**-**	**-**
Reversals of provisions, depreciation, amortization and impairment		12,996	11,057	-
Other income and expense transfers		17,490	5,408	(68)
Operating income		**30,486**	**16,465**	**(68)**
Other purchases and external expenses		13,556	6,282	2,531
Taxes, duties and similar levies		1,778	1,769	40
Wages and salaries		26,639	14,999	(68)
Social security expenses		1,171	741	1
Depreciation, amortization and impairment		3	2	-
Provisions for contingencies and losses		-	5,951	1,207
Other losses		128	129	7
Operating expenses		**43,275**	**29,873**	**3,719**
OPERATING PROFIT (LOSS)		**(12,789)**	**(13,408)**	**(3,786)**
NET FINANCIAL INCOME (EXPENSE)	*3.11*	**3,439,703**	**587,251**	**18,768**
RECURRING PROFIT		**3,426,914**	**573,843**	**14,982**
EXCEPTIONAL INCOME (EXPENSE)	*3.12*	**(5,038)**	**(4,231)**	**411**
Income taxes	*3.13/3.14*	(7,483)	5,964	2,896
NET PROFIT		**3,414,393**	**575,576**	**18,290**

3. Cash flow statement

(EUR millions)		June 30, 2015 (12 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)
I – OPERATING ACTIVITIES				
Net profit		3,414	576	18
Net depreciation, amortization, impairment and provisions		(0)	(4)	2
Dividends in kind received		(2,840)	-	-
Gain (loss) on sale of fixed assets		(1)	-	-
Cash from operations before changes in working capital		**573**	**572**	**20**
Change in current assets		(31)	6	(8)
Change in current liabilities		21	(8)	1
Changes in working capital		**(10)**	**(2)**	**(7)**
Net cash from operating activities	**I**	**563**	**570**	**13**
II – INVESTING ACTIVITIES				
Purchase of tangible and intangible fixed assets		-	-	-
Purchase of equity investments		-	-	-
Purchase of other non-current investments		-	(42)	(76)
Proceeds from sale of non-current financial assets		1	-	-
Net cash from (used in) investing activities	**II**	**1**	**(42)**	**(76)**
III – FINANCING ACTIVITIES				
Capital increase		-	-	-
Proceeds from financial debt		139	650	133
Repayments in respect of financial debt		(407)	(409)	(57)
Change in inter-company current accounts		(1)	23	(25)
Net cash from (used in) financing activities	**III**	**(269)**	**264**	**51**
IV – DIVIDENDS PAID DURING THE FISCAL YEAR	**IV**	**(564)**	**(536)**	**-**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**I + II + III + IV**	**(269)**	**256**	**(12)**
Cash and cash equivalents at beginning of fiscal year		**386**	**130**	**142**
Cash and cash equivalents at end of fiscal year		**117**	**386**	**130**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(269)**	**256**	**(12)**

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 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, 2015 was 4,155,474 thousand euros. These parent company financial statements were approved for issue on October 15, 2015 by the Board of Directors.

NOTE 1 – KEY EVENTS OF THE YEAR

1.1. Exceptional distribution in kind of Hermès shares

On September 2, 2014, under the aegis of the President of the Paris Commercial Court, Hermès and LVMH entered into a settlement agreement (the “Agreement”) under the terms of which:

- LVMH undertook to distribute to its shareholders all of the Hermès shares held by the LVMH group;
- LVMH, Financière Jean Goujon, Christian Dior and Mr. Bernard Arnault undertook not to acquire any Hermès shares for a period of five years.

Pursuant to the provisions of the Settlement Agreement, on December 17, 2014, the following distributions in kind, determined on the basis of the opening Hermès share price, which was 280.10 euros, were carried out:

- LVMH paid its shareholders an exceptional distribution in kind of Hermès shares for 6.9 billion euros;
- Christian Dior, which held 40.9% of LVMH’s share capital through its wholly owned subsidiary Financière Jean Goujon, received an interim dividend in kind in Hermès shares for a total of 2.8 billion euros;
- Christian Dior distributed the Hermès shares to its shareholders in the form of two exceptional distributions:
  - a distribution in kind, approved at the Combined Shareholders’ Meeting of December 9, 2014, for which the share ratio used was one (1) Hermès share for every twenty-four (24) Christian Dior shares. This distribution in kind totaled 2.1 billion euros,
  - an interim dividend in kind, decided on by the Company’s Board of Directors at its meeting held on December 11, 2014, for which the share ratio used was three (3) Hermès shares for every two hundred (200) Christian Dior shares, for a total of 0.8 billion euros.

Under these different distributions, because fractional shares were made neither tradable nor assignable, shareholders whose allocation based on the distribution ratio was not a whole number of Hermès shares received the next lower whole number of Hermès shares, plus a cash equalization payment.

Under the terms of the Agreement, the Group undertook to dispose of the shares not distributed on account of the existence of fractional rights no later than September 3, 2015.

As of June 30, 2015, the Group no longer held any Hermès shares.

1.2. Change of the Company’s legal form

The Combined Shareholders’ Meeting of December 9, 2014 approved, subject to the condition precedent of approval by the Bondholders’ Meetings, the conversion of the corporate form of the Company into a Societas Europaea with a Board of Directors. The conversion of Christian Dior into a Societas Europaea became final on January 21, 2015.

NOTE 2 – ACCOUNTING POLICIES AND METHODS

The parent company financial statements have been prepared in accordance with Regulation 2014-03 dated June 5, 2014 of the Autorité des Normes Comptables, France’s accounting standards authority.

General accounting conventions have been applied observing the principle of prudence in conformity with the basic assumptions of going concern, consistency of accounting methods and accrual basis, 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.

2.1. Intangible assets

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

2.2. Property, plant and equipment

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

- furniture: 10 years.

2.3. Non-current financial assets

Equity investments and 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.

2.4. 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.

2.5. 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.

2.6. 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.

2.7. 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.

2.8. 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.

2.9. 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 3 – ADDITIONAL INFORMATION RELATING TO THE BALANCE SHEET AND INCOME STATEMENT

3.1. Non-current assets

(EUR thousands)	Gross value as of July 1, 2014	Increases: Acquisitions, creations, contributions, transfers	Decreases: Shares retired Disposals	Gross value as of June 30, 2015
Concessions, patents, and similar rights (software)	34			34
Advances and payments on account	-			-
Intangible assets	**34**	**-**	**-**	**34**
Property, plant and equipment:				
• furniture	284	-	-	284
Property, plant and equipment	**284**	**-**	**-**	**284**
Subsidiaries and equity investments	3,981,901	2,839,548	2,839,548	3,981,901
Other long-term investments	164,121	1,133	165,254	-
Loans	5	-	-	5
Other non-current financial assets	-	-	-	-
Non-current financial assets	**4,146,028**	**2,840,681**	**3,004,802**	**3,981,906**
TOTAL	**4,146,346**	**2,840,681**	**3,004,802**	**3,982,224**

The increase of 2,839.5 million euros in “Subsidiaries and equity investments” and the equivalent decrease in that item correspond exclusively to (i) the value of the Hermès International shares received in the form of dividends in kind on December 17, 2014 and recognized on the basis of a share price of 280.10 euros per share; and (ii) the simultaneous transfer of those Hermès shares to the Company’s shareholders on December 17, 2014, on the basis of an identical share price of 280.10 per share. See Note 1.1.

3.2. Depreciation and amortization of fixed assets

	Position and changes in the period			
(EUR thousands)	Depreciation and amortization as of July 1, 2014	Increases	Decreases	Depreciation and amortization as of June 30, 2015
Concessions, patents, and similar rights (software)	2	3		5
Intangible assets	**2**	**3**	**-**	**5**
Property, plant and equipment:				
• furniture	284	-	-	284
Property, plant and equipment	**284**	**-**	**-**	**284**
TOTAL	**286**	**3**	**-**	**289**

3.3. Accounts receivable by maturity

(EUR thousands)	Gross amount	Less than 1 year	More than 1 year
Current assets			
Financial accounts receivable	1,651	1,651	-
State and other public authorities:			
• income taxes	-	-	-
• State – accrued income	-	-	-
Other receivables	52,574	52,574	-
Prepaid expenses	349	349	-
Bond redemption premiums [(a)]	2,095	729	1,366
TOTAL	**56,669**	**55,303**	**1,366**

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

3.4. Transactions in the Company's own shares

3.4.1. Treasury shares

As of June 30, 2015, the value of treasury shares held, broken down according to the allocation of shares held, was as follows:

	As of June 30, 2015			
(EUR thousands)	Number of shares	Gross carrying amount	Impairment	Net book value
277-2 Treasury shares pending retirement	-	-	-	-
LONG-TERM INVESTMENTS	**-**	**-**	**-**	**-**
502-1 Shares available to be granted to employees and allocated to specific plans	1,365,617	110,293	-	110,293
502-2 Shares available to be granted to employees	34,147	6,193	-	6,193
SHORT-TERM INVESTMENTS	**1,399,764**	**116,486**	**-**	**116,486**

Portfolio movements over the fiscal year were as follows:

	Pending retirement	
Long-term investments *(EUR thousands)*	Number of shares	Gross carrying amount
As of July 1, 2014	**1,200,000**	**164,121**
Purchases	-	-
Transfers	19,532	1,133
Shares retired	(1,219,532)	(165,254)
AS OF JUNE 30, 2015	**-**	**-**

Short-term investments (EUR thousands)	Share 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, 2014	**1,428,450**	**93,905**	**184,039**	**16,191**	**165,942**	**14,077**
Purchases					120,491	21,096
Sales						
Transfers	114,671	14,568	118,083	13,279	(252,286)	(28,980)
Options exercised	(379,923)	(20,057)				
Shares allocated			(99,703)	(7,593)		
AS OF JUNE 30, 2015	**1,163,198**	**88,416**	**202,419**	**21,877**	**34,147**	**6,193**

3.4.2. Stock option and similar plans

Share purchase option plans

The Shareholders' Meeting of December 9, 2014 renewed the authorization granted to the Board of Directors, for a period of twenty-six months expiring in February 2017, to allocate share purchase options to employees or directors of Group companies, on one or more occasions, in an amount not to exceed 1% of the Company's share capital.

Each plan is valid for ten years and the options may be exercised after a three- or four-year period.

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

Bonus share plans

The Shareholders' Meeting of December 9, 2014 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in February 2017, to grant bonus shares to Group company employees or directors, 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 becomes definitive after a three-year vesting period for allocations related to plans having commenced from 2011 onwards, 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

Certain bonus share plans are subject to performance conditions that determine whether the beneficiaries are entitled to receive the definitive allocation of these plans. Performance shares/options are definitively allocated only if Christian Dior's consolidated financial statements (where applicable pro forma after 2012) both for the calendar year in which the plan is set up (calendar year "Y") and for calendar year Y+1 show a positive change compared to calendar 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.

For the October 16, 2014 plan, performance shares will be definitively allocated only if Christian Dior's consolidated financial statements for the 2015 calendar year show a positive change compared to calendar year 2014 in relation to one or more of the indicators mentioned above.

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

Movements relating to stock option and similar plans

Movements during the fiscal year relating to rights allocated under the various plans based on Christian Dior shares were as follows:

(number)	Share purchase option plans	Allocation of bonus shares and performance shares
Rights not exercised as of July 1, 2014	**1,428,450**	**184,039**
Adjustments for the distribution in kind of Hermès shares	114,671	24,379
Non-vested allocations during the period	-	95,185
Options and allocations expired between 07/01/2014 and 06/30/2015	-	1,481
Options exercised and allocations vested between 07/01/2014 and 06/30/2015	379,923	99,703
Rights not exercised as of June 30, 2015	**1,163,198**	**202,419**

In order to protect the holders of share purchase options and bonus shares, the shareholders authorized the Board of Directors, during the Shareholders' Meeting of December 9, 2014, to adjust the number and price of shares under option, as well as the number of bonus shares whose vesting period had not expired before December 17, 2014. Consequently, the quantities of share purchase options and bonus shares concerned were increased by 8.82%, while the exercise price of these options was reduced by 8.10%. These adjustments only had the objective of maintaining the benefit awarded to the beneficiaries at the level prevailing prior to the distributions.

Previously owned shares were remitted in settlement of the bonus shares definitively allocated.

3.5. Equity

3.5.1. Share capital

The share capital comprises 180,507,516 shares, each with a par value of 2 euros, of which 126,090,731 shares carry double voting rights.

During the fiscal year, 1,219,532 shares were retired.

3.5.2. Change in equity

(EUR thousands)	
Equity as of June 30, 2014 (prior to appropriation of net profit)	**3,186,240**
Net profit for the fiscal year ended June 30, 2015	3,414,393
Dividends paid (balance for fiscal year ended June 30, 2014)	(345,281)
Impact of treasury shares	8,987
Exceptional distribution in kind in the form of Hermès shares	(2,087,663)
Exceptional interim dividend in kind in the form of Hermès shares for the fiscal year ended June 30, 2015	(751,559)
Interim cash dividend for the fiscal year ended June 30, 2015	(225,634)
Retirement of shares	(165,254)
Equity as of June 30, 2015 (prior to appropriation of net profit)	**3,034,229**

3.6. Provisions for contingencies and losses

(EUR thousands)	Amount as of July 1, 2014	Provisions of period	Reversals of period	Amount of as June 30, 2015
Provision for losses [(a)]	22,017	17,143	18,321	20,839
TOTAL	**22,017**	**17,143**	**18,321**	**20,839**

(a) Including provision for losses with respect to share purchase option plans presumed to be exercisable as of June 30, 2015 (market value of the Christian Dior share greater than the exercise price of the option) and bonus share allocation plans (see Note 2.5 Accounting policies).

3.7. Liabilities by maturity

(EUR thousands)	Gross amount	Less than 1 year	From 1 year to 5 years	More than 5 years
Bonds	801,865	301,865	500,000	-
Bank loans and borrowings	216,729	29	216,700	-
Miscellaneous loans and borrowings	51,905	51,905	-	-
Trade accounts payable	4,172	4,172	-	-
Tax and social security liabilities	23,358	23,358	-	-
Other operating liabilities	1,984	1,984	-	-
Other liabilities	393	393	-	-
TOTAL	**1,100,406**	**383,706**	**716,700**	**-**

3.8. Bonds

(EUR thousands)	Nominal interest rate	Issue price *(as % of the par value)*	Maturity	Par value as of June 30, 2015	Accrued interest	Total
EUR 300,000,000 - 2011	4.000%	99.481%	2016	300,000	1,640	301,640
EUR 500,000,000 - 2014	1.375%	99.540%	2019	500,000	225	500,225
TOTAL				**800,000**	**1,865**	**801,865**

During the first half of the fiscal year, the Company redeemed its 350 million euro bond issued in 2009.

3.9. Accruals and prepayments by asset/liability line

(EUR thousands)	Accrued expenses	Accrued income
Receivables		
Tax and social security receivables	-	-
Liabilities		
Bonds	1,865	-
Bank loans and borrowings	28	-
Trade accounts payable	4,075	-
Tax and social security liabilities	101	-
Other liabilities	86	-

3.10. Items involving related companies

Balance sheet items

(EUR thousands)	Items involving companies that are: Related [(a)]	Connected to equity investments [(b)]
Non-current assets		
Subsidiaries and equity investments	3,981,901	-
Current assets		
Financial accounts receivable	1,651	-
Other receivables	52,574	-
Liabilities		
Miscellaneous loans and borrowings	51,905	-
Trade accounts payable	3,431	-
Other liabilities	307	-

(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

(EUR thousands)	Income	Expense
Operating expenses	-	4,676
Dividends received	3,483,565	-
Interest and similar income	199	-
Interest and similar expenses	-	1,878

3.11. Financial income and expenses

(EUR thousands)	June 30, 2015 (12 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Income from subsidiaries and equity investments	3,483,565	628,309	25,132
Income from other securities and non-current investments	-	-	-
Other interest and similar income	364	978	-
Reversals of provisions, impairment and expenses transferred	5,326	3,700	328
Foreign exchange gains	1	1	-
Net gains on sales of short-term investments	-	-	-
Financial income	**3,489,256**	**632,988**	**25,460**
Depreciation, amortization, impairment and provisions	18,028	5,698	807
Interest and similar expenses	31,525	40,039	5,885
Foreign exchange losses	-	-	-
Net losses on sales of short-term investments	-	-	-
Financial expenses	**49,553**	**45,737**	**6,692**
NET FINANCIAL INCOME/(EXPENSE)	**3,439,703**	**587,251**	**18,768**

The change in income from subsidiaries and equity investments is mainly due to the interim dividend in kind in the form of Hermès shares, for 2,840 million euros, paid by Financière Jean Goujon.

3.12. Exceptional income and expenses

(EUR thousands)	June 30, 2015 (12 months)	June 30, 2014 (12 months)	June 30, 2013 (2 months)
Income from management transactions	**-**	**-**	**-**
Exceptional income from management transactions	4	-	-
Other exceptional income from capital transactions	2,843,141	344	813
Income from capital transactions	**2,843,145**	**344**	**813**
Reversals of provisions, impairment and expenses transferred	**-**	**-**	**-**
Exceptional income	**2,843,145**	**344**	**813**
Exceptional expenses on management transactions	-	-	-
Expenses on management transactions	**-**	**-**	**-**
Other exceptional expenses on capital transactions	2,848,183	4,575	402
Expenses on capital transactions	**2,848,183**	**4,575**	**402**
Depreciation, amortization, impairment and provisions	**-**	**-**	**-**
Exceptional expenses	**2,848,183**	**4,575**	**402**
EXCEPTIONAL INCOME (EXPENSE)	**(5,038)**	**(4,231)**	**411**

3.13. Income taxes

	June 30, 2015 (12 months)			June 30, 2014 (12 months)			June 30, 2013 (2 months)		
(EUR thousands)	Before tax	Tax	After tax	Before tax	Tax	After tax	Before tax	Tax	After tax
Recurring profit	3,426,914	-	3,426,914	573,843	-	573,843	14,982	-	14,982
Exceptional income/(expense)	(5,038)	(7,483) [(a)]	(12,521)	(4,231)	5,964	1,733	411	2,896	3,307
	3,421,876	**(7,483)**	**3,414,393**	**569,612**	**5,964**	**575,576**	**15,393**	**2,896**	**18,289**

(a) Including income from subsidiaries under the tax consolidation agreement of 100,127 thousand euros.

3.14. 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, 2015, 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, 2015 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.

The tax expense recognized amounted to 7,483 thousand euros; tax savings as of June 30, 2014 came to 5,964 thousand euros.

As of June 30, 2015, the ordinary loss of Christian Dior amounted to 108,123 thousand euros, and can be carried forward indefinitely.

NOTE 4 – OTHER INFORMATION

4.1. 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.

4.2. Lease commitments

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

4.3. Compensation of management bodies

In respect of the fiscal year ended June 30, 2015, the gross amount of compensation set aside for members of management bodies was 128 thousand euros.

4.4. Identity of the companies consolidating the accounts of Christian Dior

Company name	Registered office
Financière Agache	11, rue François 1er 75008 Paris, France
Groupe Arnault	41, avenue Montaigne 75008 Paris, France

5. Subsidiaries and equity investments

(EUR thousands)	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 07/01/2014 to 06/30/2015
				Gross	Net					
A. Details involving the subsidiaries and equity investments below										
1. Subsidiaries										
• Financière Jean Goujon	1,005,294	(1,131,886)	100.00%	3,478,680	3,478,680	-	-	-	3,450,296	3,483,565
• Sadifa	81	1,275	99.66%	836	836	-	-	140	(88)	-
• Grandville	100,000	402,470	100.00%	502,284	502,284	-	-	-	365	-
• CD Investissements	50	(1)	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

	As of June 30, 2015	
(EUR thousands)	Number of shares	Carrying amount
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**

	As of June 30, 2015	
(EUR thousands)	Number of shares	Carrying amount
Treasury shares	1,399,764	116,486
Short-term investments	**1,399,764**	**116,486**
TOTAL PORTFOLIO OF SUBSIDIARIES AND EQUITY INVESTMENTS, OTHER LONG-TERM AND SHORT-TERM INVESTMENTS		**4,098,387**

Number of treasury shares	At beginning of period	Increase	Decrease	At end of period
	1,778,431	120,491	499,158	1,399,764
TOTAL	**1,778,431**	**120,491**	**499,158**	**1,399,764**

7. Company results over the last five fiscal years

(EUR thousands)	**April 30, 2012** (4 months)	**April 30, 2013** (12 months)	**June 30, 2013** (2 months)	**June 30, 2014** (12 months)	**June 30, 2015** (12 months)
1. Share capital					
Share capital at fiscal year-end	363,454	363,454	363,454	363,454	361,015
Number of ordinary shares outstanding	181,727,048	181,727,048	181,727,048	181,727,048	180,507,516
2. Operations and profit for the fiscal year					
Revenue before taxes	-	135	-	-	-
Profit before taxes, depreciation, amortization, impairment and movements in provisions	321,101	505,815	17,079	566,505	3,421,585
Income tax (income)/expense	11,175	(13,112)	(2,896)	(5,964)	7,483
Profit after taxes, depreciation, amortization, impairment and movements in provisions	311,413	507,456	18,290	575,576	3,414,393
Profit distributed as dividends [(a)]	199,900	527,008	-	563,354	1,329,183
3. Earnings per share *(EUR)*					
Earnings per share after taxes but before depreciation, amortization, impairment and movements in provisions	1.71	2.86	0.11	3.15	18.91
Earnings per share after taxes, depreciation, amortization, impairment and movements in provisions	1.71	2.79	0.10	3.17	18.92
Gross cash dividend distributed per share [(b)]	**1.10**	**2.90**	**-**	**3.10** [(c)]	**3.20** [(d)]
4. Employees					
Average number of employees	-	-	-	-	-
Total payroll [(e)]	1,114	4,073	(68)	14,999	26,639
Amounts paid in respect of social security	338	53	1	741	1,171

(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, 2015, amount proposed to the Shareholders' Meeting of December 1, 2015.
(b) Excluding the impact of tax regulations applicable to the beneficiaries.
(c) On December 17, 2014, an exceptional distribution in kind in the form of Hermès International shares was carried out for 11.67 euros per share (distribution of reserves and issue premiums under the seventh resolution of the Shareholders' Meeting of December 9, 2014).
(d) Furthermore, on December 17, 2014, an exceptional interim dividend in kind was also paid, in the form of Hermès International shares, for 4.20 euros per share for the fiscal year ended June 30, 2015.
(e) 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, 2015 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 parent company financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis or by other sampling methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 2.3 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 policies implemented by your Company, we have verified the appropriateness of the above-mentioned accounting methods and that of the disclosures in the Notes to the financial statements, and have ascertained that they were properly applied.

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 provided in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits received by the corporate 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 29, 2015

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Denis Grison	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 REGULATED RELATED PARTY AGREEMENTS AND COMMITMENTS

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby submit our report on regulated 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 may have identified while 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.

In addition, we are required, if applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code of the implementation during the fiscal year of related party agreements and commitments already approved by the 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 is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval at the Shareholders' Meeting

We hereby inform you that we were not informed of any agreements or commitments authorized during the fiscal year under review to be submitted for approval at the Shareholders' Meeting, pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

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 have already been approved by a Shareholders' Meeting in prior fiscal years remained in effect during the fiscal year under review.

1. With LVMH Moët Hennessy - Louis Vuitton, 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, 2015.

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, 2015 was 80,550 euros including taxes.

2. With Groupe Arnault, 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 SE. Under this agreement, your Company incurred an expense of 3,936,167.60 euros including taxes for the fiscal year June 30, 2015.

Paris-La Défense, October 29, 2015

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Denis Grison	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 1, 2015

Ordinary resolutions	**214**
Extraordinary resolutions	**217**
Statutory Auditors' report on the decrease in share capital	**219**
Statutory Auditors' report on the authorization to grant existing or newly issued bonus shares	**220**

Resolutions for the approval of the Combined Shareholders' Meeting of December 1, 2015

ORDINARY RESOLUTIONS

First 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, 2015, 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.

Second 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, 2015, 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 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.

Fourth 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, 2015 as follows:

Amount available for distribution *(EUR)*	
Net profit	3,414,392,854.14
Retained earnings	5,411,977.10
DISTRIBUTABLE EARNINGS	**3,419,804,831.24**
Proposed appropriation	
Exceptional interim dividend in kind paid on December 17, 2014 [(a)]	751,558,601.76
Gross cash interim dividend of 1.25 euros per share paid on April 23, 2015	225,634,395.00
Final gross cash dividend of 1.95 euros per share to be paid	351,989,656, 20
Retained earnings	2,090,622,178.28
TOTAL	**3,419,804,831.24**

(a) An exceptional interim dividend in kind, consisting of three (3) Hermès International shares for two hundred (200) Christian Dior shares held, was paid on December 17, 2014. The amount of this interim dividend was 4.20150 euros per Christian Dior share. The entire amount qualifies as distributed income for tax purposes.

Should this appropriation be approved, the gross cash dividend distributed would be 3.20 euros per share. As an interim cash dividend of 1.25 euros per share was paid on April 23, 2015, the final dividend per share is 1.95 euros; this will be paid as of December 15, 2015.

Under existing applicable tax law as of June 30, 2015, 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, should the Company hold, at the time of payment of this dividend, any treasury shares under authorizations granted, the corresponding amount of unpaid dividends would 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, 2014 [c]	Interim	April 17, 2014	1.20	0.48
	Final	December 15, 2014	1.90	0.76
	TOTAL		**3.10**	**1.24**
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**

(a) Excluding the impact of tax regulations applicable to the beneficiaries.
(b) For individuals with tax residence in France.
(c) Excluding the exceptional dividend in kind in the form of Hermès International shares of one (1) Hermès International share for every twenty-four (24) Christian Dior shares held, voted for by the Combined Shareholders' Meeting of December 9, 2014, corresponding to an amount of 11.67083 euros per Christian Dior share, of which 1.34223 euros qualifies as distributed income for tax purposes and 10.32860 euros qualifies as a repayment of capital for tax purposes.

Fifth resolution
(Allocation of the portion of the Legal Reserve that has become available to the Optional Reserve account)

The Shareholders' Meeting, having noted that the fraction of the legal reserve exceeding 10% of the share capital after the share capital reduction through retirement of treasury shares of an amount of 2,439,064 euros has become available, decides to allocate this fraction (243,906.40 euros) to the optional reserve account, which as a result will total 243,906.40 euros.

Sixth resolution
(Renewal of Delphine Arnault's appointment as Director)

The Shareholders' Meeting decides to renew Delphine Arnault's appointment as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2018 to approve the financial statements for the previous fiscal year.

Seventh resolution
(Renewal of Hélène Desmarais' appointment as Director)

The Shareholders' Meeting decides to renew Hélène Desmarais' appointment as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2018 to approve the financial statements for the previous fiscal year.

Eighth resolution
(Appointment of Denis Dalibot as Advisory Board member)

The Shareholders' Meeting decides to appoint Denis Dalibot as Advisory Board member for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2018 to approve the financial statements for the previous fiscal year.

Ninth resolution
(Appointment of Jaime de Marichalar y Sáenz de Tejada as Advisory Board member)

The Shareholders' Meeting decides to appoint Jaime de Marichalar y Sáenz de Tejada as Advisory Board member for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2018 to approve the financial statements for the previous fiscal year.

Tenth resolution
(Opinion on items of compensation due or awarded to Bernard Arnault)

The Shareholders' Meeting, having examined the items of compensation due or awarded to Bernard Arnault in respect of the fiscal year ended June 30, 2015 and mentioned in §7 of the Management report of the Board of Directors of the Christian Dior parent company as regards fixed, variable and exceptional compensation, directors' fees, benefits in kind, supplementary pension plans, and bonus share allocations (pages 47 et seq. of the Annual Report) and §1.10 of the Report of the Chairman of the Board of Directors, as regards the rules for attributing directors' fees at the Company (page 96 of the Annual Report), renders a favorable opinion on these items.

Eleventh resolution
(Opinion on items of compensation due or awarded to Sidney Toledano)

The Shareholders' Meeting, having examined the items of compensation due or awarded to Sidney Toledano in respect of the fiscal year ended June 30, 2015 and mentioned in §7 of the Management report of the Board of Directors of the Christian Dior parent company as regards fixed, variable and exceptional compensation, directors' fees, benefits in kind, supplementary pension plans, and bonus share allocations (pages 47 et seq. of the Annual Report), and §1.10 of the Report of the Chairman of the Board of Directors, as regards the rules for attributing directors' fees at the Company (page 96 of the Annual Report), renders a favorable opinion on these items.

Twelfth resolution

(Authorization to be granted to the Board of Directors, for a period of eighteen months, to trade in the Company's shares for a maximum purchase price of 300 euros per share, i.e. a maximum overall price of 5.4 billion euros)

The Shareholders' Meeting, having examined the report of the Board of Directors, authorizes the latter, 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, to have the Company acquire its own shares.

In particular, shares may be acquired in order to:

(i) provide market liquidity or share liquidity services (purchases/sales) under a liquidity contract set up by the Company in compliance with the AMF-approved AMAFI ethics charter,

(ii) cover stock option plans, the granting of bonus shares or any other allocation of shares or share-based payment plans, benefiting employees or company officers of the Company or a related company under the conditions provided by the French Commercial Code, notably Articles L. 225-180 and L. 225-197-2,

(iii) cover securities giving access to the Company's shares, notably by way of conversion, tendering of a warrant, redemption or exchange,

(iv) be retired subject to the approval of the thirteenth resolution, or

(v) be held and later presented for consideration as an exchange or payment in connection with external growth operations.

The purchase price at which the Company may buy its own shares may not exceed 300 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, 2015, the limit of 10% of the share capital corresponded to 18,050,751 shares. The maximum total amount dedicated to these purchases may not exceed 5.4 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 under the conditions provided by law, in order to:

- decide to implement this authorization,
- set the terms and conditions according to which shall be protected, where applicable, the rights of the holders of securities giving access to the share capital, share subscription or purchase options, or performance share allocation rights in accordance with legal, regulatory or contractual provisions,
- place any stock market orders; enter into any contracts; sign any documents; enter into any agreements, particularly, for keeping records of stock purchases and sales, in accordance with applicable regulations,
- file any declarations, carry out any formalities and generally take any necessary action.

Unless it obtains prior authorization from the Shareholders' Meeting, the Board of Directors may not take the decision to use this delegation of authority as from the date at which a third party files a proposal for a tender offer for the shares of the Company; this restriction shall hold until the end of the offer period.

This authorization, which replaces the authorization granted by the Combined Shareholders' Meeting of December 9, 2014, is hereby granted for a term of eighteen months as of the date of this Meeting.

EXTRAORDINARY RESOLUTIONS

Thirteenth resolution

(Authorization to be granted to the Board of Directors, for a period of eighteen months, 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 December 9, 2014.

Fourteenth resolution

(Authorization to be granted to the Board of Directors, for a period of twenty-six months, 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 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 voted for by the Shareholders' Meeting of December 9, 2014;
2. grants this authorization for a period of twenty-six months as of this date;
3. decides that (i) the allotment of the shares to their beneficiaries shall become definitive after a minimum vesting period of one year, and (ii) the Board of Directors shall have the capacity to extend the vesting period and/or set a holding period; the minimum combined total of the vesting and, where applicable, holding periods may not be less than two years.

   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 death or disability corresponding to a classification in the second or third category set forth in Article L. 341-4 of the French Social Security Code, subject to the conditions – notably performance conditions – that will be set by the Board of Directors. Moreover, in those cases, said shares shall be freely transferable;
4. decides that the definitive allocation of the shares to senior executive officer beneficiaries shall be subject to meeting the performance conditions determined by the Board of Directors;
5. 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;
6. 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;
7. decides, should this authorization be used, that the Board of Directors shall have all powers, including the capacity to sub-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 the vesting period and where applicable 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;

8. decides that this authorization shall replace that granted by the Combined Shareholders' Meeting of December 9, 2014.

Fifteenth resolution
(Amendment of the Bylaws)

The Shareholders' Meeting, having examined the report of the Board of Directors, decides to:

1. align the Bylaws with the new provisions of the ordonnance of July 31, 2014 and the decree of December 10, 2014.

The Shareholders' Meeting consequently amends Articles 13 and 17 of the Bylaws as follows:

• Article 13: Powers of the Board of Directors

The second dash of the fourth paragraph is amended as follows:

"Being able to set an annual limit on issues of bonds that may or may not entitle the holder to other bonds or existing equity securities, and delegate to one or more of its members, 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. Any use of such delegation of powers must be addressed to the Board of Directors at the next meeting after a bond issue is launched."

• Article 17: Shareholders' Meetings – Participation

The third paragraph of the "Participation" item is amended to read as follows:

"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 second business day preceding the Meeting at 0: 00 a.m., 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 registration of bearer shares is certified by a statement delivered by the financial intermediary authorized as account holder."

2. amend the Company's Bylaws to modify the dates on which the fiscal year begins and ends to the first day of January and the thirty-first day of December, respectively, of each year (Article 24). This modification shall not apply to the current fiscal year, which will end on the thirtieth day of June 2016. Exceptionally, the following fiscal year will last six months from the first day of July 2016 to the thirty-first day of December 2016.

The Shareholders' Meeting consequently amends Article 24 – Fiscal year of the Bylaws as follows:

"Each fiscal year has a duration of twelve months, commencing on the first day of January and ending on the thirty-first day of December of each year."

STATUTORY AUDITORS' REPORT ON THE DECREASE IN SHARE CAPITAL

(Thirteenth 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, for a period of eighteen months starting from the day of this Meeting, to cancel, up to a maximum of 10% of its share capital per 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 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. Our procedures consisted 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, 2015

The Statutory Auditors

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

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. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION TO GRANT EXISTING OR NEWLY ISSUED BONUS SHARES

(Fourteenth 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 entities 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 voted for by the Shareholders' Meeting of December 9, 2014.

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 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 more specifically that the proposed procedures and data presented in the Board of Directors' report comply with the legal provisions.

We have no matters to report on the information provided in the Board of Directors' report in connection with the proposed granting of shares for no consideration.

Paris-La Défense, October 29, 2015

The Statutory Auditors

ERNST & YOUNG et Autres

Jeanne Boillet Benoit Schumacher

MAZARS

Denis Grison

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Other information

GOVERNANCE

1.	**Principal positions and offices of members of the Board of Directors**	**222**
1.1.	Currently serving directors	222
1.2.	Directors' appointments to be renewed	227
1.3.	Appointments of Advisory Board members	229
2.	**Statutory Auditors**	**231**
2.1.	Principal Statutory Auditors	231
2.2.	Alternate Statutory Auditors	231
2.3.	Fees paid as of June 30, 2015	231
3.	**Charter of the Board of Directors**	**232**
3.1.	Structure of the Board of Directors	232
3.2.	Missions of the Board of Directors	232
3.3.	Operating procedures of the Board of Directors	233
3.4.	Responsibilities	233
3.5.	Compensation	234
3.6.	Scope of application	234
4.	**Internal rules of the Performance Audit Committee**	**235**
4.1.	Structure of the Committee	235
4.2.	Role of the Committee	235
4.3.	Operating procedures of the Committee	235
4.4.	Prerogatives of the Committee	236
4.5.	Compensation of Committee members	236
5.	**Internal rules of the Nominations and Compensation Committee**	**237**
5.1.	Structure of the Committee	237
5.2.	Role of the Committee	237
5.3.	Operating procedures of the Committee	238
5.4.	Prerogatives of the Committee	238
5.5.	Compensation of Committee members	238
6.	**Bylaws**	**239**

1. Principal positions and offices of members of the Board of Directors

1.1. CURRENTLY SERVING DIRECTORS

Mr. Bernard ARNAULT, Chairman of the Board of Directors

Date of birth: March 5, 1949. French.
Business address: LVMH – 22, avenue Montaigne – 75008 Paris (France).
Date of first appointment: March 20, 1985.
Expiration of term: Annual Shareholders' Meeting convened in 2017.
Number of Christian Dior shares held in a personal capacity: 579,852 shares.

Bernard Arnault began his career as an engineer with Ferret-Savinel, 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 in January 1989.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SE [(a)]	Chairman of the Board of Directors
	Christian Dior Couture SA	Director
	Financière Jean Goujon SAS	Member of the Supervisory Committee
	Groupe Arnault SE	Chairman of the Executive Board
	LVMH Moët Hennessy - Louis Vuitton SE [(a)]	Chairman and Chief Executive Officer
	Château Cheval Blanc SC	Director
	Louis Vuitton, Fondation d'Entreprise	Chairman of the Board of Directors
International	LVMH Moët Hennessy - Louis Vuitton Inc. (United States)	Director
	LVMH Moët Hennessy - Louis Vuitton Japan KK (Japan)	Director
	LVMH Services Limited (United Kingdom)	Director

Other

France	Carrefour SA [(a)]	Director

Positions and offices that have terminated since July 1, 2010

France	Christian Dior SA	Chief Executive Officer
	Groupe Arnault SAS	Chairman
	Groupe Arnault SA	Group Managing Director
	Lagardère SCA [(a)]	Member of the Supervisory Board
International	LVMH International SA (Belgium)	Director

(a) Listed company.

Mr. Sidney TOLEDANO, Chief Executive Officer

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.
Expiration of term: Annual Shareholders' Meeting convened in 2017.
Number of Christian Dior shares held in a personal capacity: 58,930 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 SE [(a)]	Chief Executive Officer and Director
	Christian Dior Couture SA	Chairman and Chief Executive Officer
	John Galliano SA	Chairman of the Board of Directors
	IDMC Manufacture SAS	Permanent Representative of Christian Dior Couture SA, Chairman
International	CDCH SA (Luxembourg)	Chairman of the Board of Directors
	Christian Dior Australia Pty Ltd, private company limited by shares (Australia)	Director
	Christian Dior Belgique SA (Belgium)	Permanent Representative of Christian Dior Couture SA, Director delegate
	Christian Dior Commercial Shanghai Co. Ltd, Limited Liability Company (China)	Chairman
	Christian Dior Couture CZ s.r.o., Limited Liability Company (Czech Republic)	Managing Director
	Christian Dior Couture Korea Ltd, Joint Stock Company (South Korea)	Director delegate
	Christian Dior Couture Maroc SA (Morocco)	Chairman of the Board of Directors
	Christian Dior Far East Limited, private company limited by shares (Hong Kong, China)	Director
	Christian Dior Fashion (Malaysia) Sdn Bhd., private company limited by shares (Malaysia)	Director
	Christian Dior GmbH (Germany)	Managing Director
	Christian Dior Guam Ltd, Corporation (Guam)	Director
	Christian Dior Hong Kong Ltd, private company limited by shares (Hong Kong, China)	Director
	Christian Dior Inc., Corporation, (United States)	Chairman
	Christian Dior Italia Srl (Italy)	Chairman
	Christian Dior K.K. (Kabushiki Kaisha) (Japan)	Director
	Christian Dior Macau Single Shareholder Company Limited (Macao)	Director
	Christian Dior New Zealand Ltd, private company limited by shares (New Zealand)	Director
	Christian Dior S. de RL de CV, Limited Liability Company (Mexico)	Chairman
	Christian Dior Saipan Ltd, Corporation (Saipan)	Director
	Christian Dior Singapore Pte Ltd, private company limited by shares (Singapore)	Director
	Christian Dior Taiwan Limited, private company limited by shares (Hong Kong, China)	Director

(a) Listed company.

	Christian Dior UK Limited (United Kingdom)	Chairman
	Christian Dior Vietnam LLC, Limited Liability Company, (Vietnam)	Chairman
	Fendi SA (Luxembourg)	Director
	Les Ateliers Horlogers Dior SA (Switzerland)	Director
	Manufactures Dior Srl (Italy)	Chairman of the Board of Directors

Positions and offices that have terminated since July 1, 2010

France	Christian Dior SA [(a)]	Group Managing Director
	Fendi International SAS	Chairman of the Board of Directors
	MHS SAS	Member of the Management Committee
International	Bopel Srl (Italy)	Chairman
	Calto Srl (Italy)	Chairman
	Christian Dior Couture Ukraine SARL (Ukraine)	Chairman
	Fendi Adele Srl (Italy)	Director
	Fendi Asia-Pacific Limited (Hong Kong, China)	Director
	Fendi Srl (Italy)	Director
	Fendi Italia Srl (Italy)	Director
	Fendi North America Inc. (United States)	Director
	FNLB BV (Netherlands)	Chairman
	Lucilla Srl (Italy)	Chairman
	Manifatturauno Srl (Italy)	Chairman of the Board of Directors
	Mardi SpA (Italy)	Chairman and Director delegate

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 convened 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.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SE [(a)]	Director
	Louis Vuitton, Fondation d'Entreprise	Director

Other

France	RDDV Partner SAS	Chairman

Positions and offices that have terminated since July 1, 2010

France	Atout France GIE	Chairman of the Board of Directors
	FPPM L'Européenne de Marbre	Chairman of the Supervisory Committee
	Groupe Allard	Advisor for Strategy, Development and Culture to Alexandre Allard
	La Royale SAS	Chief Executive Officer

(a) Listed company.

Ms. Ségolène GALLIENNE

Date of birth: June 7, 1977. Belgian.
Business address: 547 avenue Louise – 1050 Brussels (Belgium).
Date of first appointment: April 15, 2010.
Expiration of term: Annual Shareholders' Meeting convened 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)	Chairman of the Board of Directors
	Erbé SA (Belgium)	Director
	Stichting Administratiekantoor Peupleraie (Netherlands)	Chairman of the Board of Directors

Christian Dior group/Groupe Arnault group

France	Christian Dior SE [a]	Director
	Château Cheval Blanc SC	Director

Other

International	Pargesa Holding SA (Switzerland)	Director

Positions and offices that have terminated since July 1, 2010

Other

International	Compagnie Nationale à Portefeuille SA (Belgium)	Director

Mr. Pierre GODÉ

Date of birth: December 4, 1944. French.
Business address: LVMH – 22, avenue Montaigne – 75008 Paris (France); LVMH Italia SpA – Largo Augusto, 8 – 20141 Milan (Italy).
Date of first appointment: May 14, 2001.
Expiration of term: Annual Shareholders' Meeting convened in 2017.
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 SE [a]	Director
	LVMH Moët Hennessy – Louis Vuitton SE [a]	Vice-Chairman and Director
	Château Cheval Blanc SC	Director

(a) Listed company.

International	Fendi Adele Srl (Italy)	Director
	Fendi Srl (Italy)	Director
	LVMH Italia SpA (Italy)	Vice-Chairman
	Vicuna Holding SpA (Italy)	Chairman of the Board of Directors

Other

France	Redeg SARL	Managing Director

Positions and offices that have terminated since July 1, 2010

France	Christian Dior SA [(a)]	Group Managing Director
	Christian Dior Couture SA	Director
	Financière Agache SA	Chairman and Chief Executive Officer
	Financière Jean Goujon SAS	Chairman
	Groupe Arnault SAS	Chief Executive Officer
	Havas SA [(a)]	Director
	Les Echos SAS	Member of the Supervisory Board
	Louis Vuitton Malletier SA	Director
	Raspail Investissements SAS	Chairman
	SA du Château d'Yquem	Director
	Semyrhamis SAS	Member of the Supervisory Committee
	Sofidiv SAS	Member of the Management Committee
	Sevrilux SNC	Legal representative of Financière Agache, Managing Director
	Fondation Maeght	Director
International	LVMH International SA (Belgium)	Director
	LVMH Moët Hennessy - Louis Vuitton Inc. (United States)	Director
	LVMH Publica SA (Belgium)	Director
	Sofidiv UK Limited (United Kingdom)	Director

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 convened 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 SE.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SE [(a)]	Vice-Chairman and Director
	Guerlain SA	Permanent Representative of LV Group, Director

Other

France	MAAT SC	Managing Director
	Société Hydroélectrique d'Énergie SAS	Chairman

Positions and offices that have terminated since July 1, 2010

None.

(a) Listed company.

Mr. Christian de LABRIFFE

Date of birth: March 13, 1947. French.
Business address: Tikehau/Salvepar – 32, rue de Monceau – 75008 Paris (France).
Date of first appointment: May 14, 1986.
Expiration of term: Annual Shareholders' Meeting convened 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 SE [(a)]	Director
	Christian Dior Couture SA	Director

Other

France	Bénéteau SA [(a)]	Member of the Supervisory Board
	Parc Monceau SARL	Managing Director
	Salvepar SA [(a)]	Chairman and Chief Executive Officer
	TCA Partnership SAS	Chairman
	HDL Développement SAS	Permanent Representative of Salvepar SA, Director
	Fondation Nationale des Arts Graphiques et Plastiques	Director
	DRT SA	Permanent Representative of Salvepar SA, Director

Positions and offices that have terminated since July 1, 2010

France	Delahaye Passion SC	Managing Director
	Financière Rabelais SAS	Chairman
	Montaigne Rabelais SAS	Permanent Representative of Rothschild & Compagnie Banque SCS, Chairman
	Paris Orléans SA	Member of the Supervisory Board
	RCB Partenaires SNC	Managing Partner
	Rothschild & Cie Banque SCS	Non-Partner Managing Director
	Rothschild & Cie SCS	Managing Partner
	Transaction R SCS	Managing Partner

1.2. DIRECTORS' APPOINTMENTS TO BE RENEWED

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.
Number of Christian Dior shares held in a personal capacity: 24,355 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.

(a) Listed company.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SE [a]	Director
	Céline SA	Director
	Les Echos SAS	Member of the Supervisory Board
	LVMH Moët Hennessy - Louis Vuitton SE [a]	Director
	Château Cheval Blanc SC	Director
International	Emilio Pucci International BV (Netherlands)	Director
	Emilio Pucci Srl (Italy)	Director
	Loewe SA (Spain)	Director

Other

France	Havas [a]	Director
	Métropole Télévision “M6” SA [a]	Member of the Supervisory Board
International	21st Century Fox (United States) [a]	Director

Positions and offices that have terminated since July 1, 2010

France	Établissement Public de Sèvres – Cité de la Céramique	Director

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.
Number of Christian Dior shares held in a personal capacity: 200 shares.

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, since it was founded in 1996. 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 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 SE [a]	Director

Other

Canada	Centre d'entreprises et d'innovation de Montréal (CEIM)	Founder and Chairman of the Board of Directors
	C.D. Howe Institute	Director
	Garda World Security Corporation	Director and member of the Verification Committee and the Corporate Governance Committee
	International Economic Forum of the Americas	Member of the Board of Governors and Chairman of the Strategic Orientation Committee
	Hautes Études Commerciales de Montréal (HEC Montréal)	Chairman of the Board of Directors
	Institute for Governance of Private and Public Organizations	Founder and Director
	Société de développement économique Ville-Marie (SDÉVM)	Founder and Chairman of the Board of Directors

(a) Listed company.

Positions and offices that have terminated since July 1, 2010

Canada	C.D. Howe Institute	Chairman of Canadian Regional Committees
	Economic Orientation Committee of the City of Montreal	Member

1.3. APPOINTMENTS OF ADVISORY BOARD MEMBERS

Mr. Denis DALIBOT

Date of birth: November 15, 1945. French.
Mailing address: avenue Mercure, 9 – "Le Chéridreux" – 1180 Brussels (Belgium).
Date of first appointment on the Board of Directors: May 17, 2000.
Number of Christian Dior shares held in a personal capacity: 230,000 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. Dalibot is currently Chairman of the Supervisory Board and Belgium General Delegate of Groupe Arnault SE.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SE [(a)]	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 SE	Chairman of the Supervisory Board
	Le Jardin d'Acclimatation SA	Permanent Representative of Ufipar, Director
	Semyrhamis SAS	Member of the Supervisory Committee
International	Cervinia SA (Belgium)	Director
	Courtinvest SA (Belgium)	Director
	Giminvest SA (Belgium)	Director
	GMPI SA (Belgium)	Director
	Le Peigné Invest SA (Belgium)	Director
	Le Peigné SA (Belgium)	Director
	Willinvest SA (Belgium)	Director

Other

International	Aurea Finance SA (Luxembourg)	Chairman
	DYD Conseil (Belgium)	Managing Director
	Mercure Conseil Sprl (Belgium)	Managing Director

(a) Listed company.

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 on the Board of Directors: May 11, 2006.
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 SE [(a)]	Director
International	LVMH group	Advisor to the Chairman for Spain
	Loewe SA (Spain)	Director

Other

International	Art+Auction Editorial (United States and United Kingdom)	Member of the Supervisory Board
	FCC Medio Ambiente (Spain)	Director
	Sociedad General Immobiliaria de España SA (Spain)	Director

(a) Listed company.

2. Statutory Auditors

2.1. PRINCIPAL STATUTORY AUDITORS

	Start date of first term	Current term: Date of appointment/ renewal	Current term: End of term
ERNST & YOUNG et Autres 1-2, place des Saisons, 92400 Courbevoie – Paris la Défense 1 (France), 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 (France), 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 (France)	May 14, 2009	December 19, 2013	Fiscal year ending June 30, 2019
Gilles Rainaut Tour Exaltis 61, rue Henri Regnault, 92400 Courbevoie (France)	December 19, 2013	December 19, 2013	Fiscal year ending June 30, 2019

2.3. FEES PAID AS OF JUNE 30, 2015

	Ernst & Young et Autres				Mazars			
	June 30, 2015 (12 months)		June 30, 2014 (12 months)		June 30, 2015 (12 months)		June 30, 2014 (12 months)	
(EUR thousands, excluding VAT)	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
Statutory audit, certification, audit of the individual company and consolidated financial statements:								
• Christian Dior	187	1	97	1	87	2	87	2
• Consolidated subsidiaries	13,399	73	13,500	69	3,927	90	3,890	96
Other services relating directly to the statutory audit assignment:								
• Christian Dior	85	-	57	-	103	2	31	1
• Consolidated subsidiaries	485	3	2,151 (b)	11	231	5	53	1
Subtotal	**14,156**	**77**	**15,805**	**81**	**4,348**	**99**	**4,061**	**100**
Other services provided by the firms to fully consolidated subsidiaries:								
• Legal, tax, employee-related (a)	4,003	21	3,434	17	38	1	-	-
• Other	311	2	396	2	-	-	-	-
Subtotal	**4,314**	**23**	**3,830**	**19**	**38**	**1**	**-**	**-**
TOTAL	**18,470**	**100**	**19,635**	**100**	**4,386**	**100**	**4,061**	**100**

(a) Mainly tax advisory services performed outside France, to ensure that the Group's subsidiaries and expatriates meet their local tax declaration obligations.
(b) These amounts include work carried out in relation with the acquisition and integration of Loro Piana.

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 for Listed Companies.

The number of Directors or permanent representatives of legal entities from outside listed 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. The Chairman of the Board of Directors or a Director performing the duties of Chief Executive Officer or Group Managing Director must seek the opinion of the Board of Directors before accepting a new appointment at a listed company.

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 any significant operation that does not fall within the scope of the strategic orientations defined by the Board of Directors;
- stay abreast of the Company's financial position, cash position and commitments;
- 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 four 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 remotely located Directors in a Board meeting, these means of telecommunication shall at least 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 absences by a Director may cause the Board of Directors to reconsider his or her appointment.

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.

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 privileged 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
- 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.

However, this restriction does not apply to the exercise of share purchase or share subscription options, provided that no shares are resold before the end of the blackout period in question.

Senior executive officers shall refrain from engaging in any hedging transactions, either on their share subscription or purchase options, or on their shares acquired from the exercise of options, or their performance shares; this restriction shall apply until the end of their respective holding periods as established by the Board of Directors.

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.

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 Advisory Board members, if any, on the recommendation of the members of the Directors' Nominations and Compensation Committee, taking into account their specific responsibilities on the Board (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 certain Directors for any special assignments they take on. The amount shall be determined by the Board of Directors and reported to the Company's Statutory Auditors.

3.6. SCOPE OF APPLICATION

This Charter shall apply to all members of the Board of Directors and all Advisory Board members. 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 his or her 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 or she will devote the necessary time and energy to his or her 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 members and Chairman of the Committee 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 Advisory Board members. 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 Advisory Board member, 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 Advisory Board members 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 Advisory Board members 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 on 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 entered into 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 or she will devote the necessary time and energy to his or her duties on the Committee.

The Committee shall meet whenever necessary, at the initiative of either its Chairman, the Chairman of the Board of Directors, the Director serving as Chief Executive Officer, or two Committee members.

The Chairman of the Board of Directors, the Chief Executive Officer and the Group Managing Director shall not participate in the Committee's work relating to their compensation.

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 members and Chairman of the Committee 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.

6. Bylaws

The Bylaws take into account the amendments proposed at the Shareholders' Meeting of December 1, 2015.

Part I

Legal form – Corporate name – Corporate purpose – Registered office – Term

Article 1 – Legal form

Christian Dior, first established in the form of a limited liability partnership under the terms of a private agreement entered into 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 "SE") 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 "SE", 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 – Term

The term 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 361,015,032 euros, consisting of 180,507,516 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 a capitalization 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.

Where 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 an 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 an 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 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.

No one over the age of eighty-five years 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 the event of the death or resignation of one or more Directors, the Board of Directors may make provisional appointments between two Shareholders' Meetings, 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 his, her or its 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 or her term of office, which cannot exceed that of his or her 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 or her term of office, his or her 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 or her own initiative, or if he or she 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 or her and vote on his or her 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 a 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 or her assignment and may request any documents he or she 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 laws 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 the issuance of bonds giving access or not to other bonds or to existing equity securities, and to delegate to one or more of its members, 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. 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 14a – Advisory Board members

Between one and three Advisory Board members 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, Advisory Board members 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.

Advisory Board members are convened to the Meetings of the Board of Directors, in which they have a consultative vote.

The remuneration paid to Advisory Board members 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 or she reports to the Shareholders' Meeting. He or she 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 or her 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 on the Board of Directors' choice 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 or her.

2. Chief Executive Officer

The Chief Executive Officer may or may not be chosen from among the Directors. The Board sets his or her term of office and compensation. The age limit for serving as Chief Executive Officer is seventy years. Should the Chief Executive Officer reach this age limit, his or her 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 or she 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 or she 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 or her 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 or her term of office, his or her 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 of 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 comprises 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 accounts in the name of the shareholder or intermediary authorized to act on his or her behalf as of 00:00 (midnight), Paris time, two business days prior to the meeting, 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 registration of bearer shares in the accounts is certified by a statement delivered by the financial intermediary authorized as account holder.

Holders of shares not paid up within a period of thirty calendar days from the notice issued by the Company shall not be admitted to Shareholders' Meetings. 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 who has 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 a 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 can be demonstrated of registration under the name of the same shareholder over a period of least three years;
- 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 or her 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 capitalization 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 lasts twelve months, commencing on the first day of January and ending on the thirty-first day of December of the following calendar 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. It is resumed when, for whatever 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 a 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 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.

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 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 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 of the approval of the accounts showing such a 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 – 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**	**250**
2.	**Information regarding the parent company**	**252**
2.1.	Role of the parent company within the Group	252
2.2.	General information	252
2.3.	Additional information	252
3.	**Information regarding the capital**	**253**
3.1.	Share capital	253
3.2.	Authorized share capital	253
3.3.	Status of delegations and authorizations granted to the Board of Directors	253
3.4.	Shareholders' identification	253
3.5.	Non-capital shares	253
3.6.	Securities giving access to the company's capital	253
3.7.	Three-year summary of changes in the company's share capital	254
4.	**Analysis of share capital and voting rights**	**255**
4.1.	Share ownership of the Company	255
4.2.	Changes in share ownership during the last three fiscal years	256
4.3.	Pledges of pure registered shares by main Shareholders	257
4.4.	Natural persons or legal entities that may exercise control over the Company	257
5.	**Market for financial instruments issued by Christian Dior**	**258**
5.1.	Market for Christian Dior shares	258
5.2.	Bonds issued by Christian Dior	260
5.3.	Dividend	260
5.4.	Change in share capital	261
5.5.	Performance per share	261
6.	**Main locations and properties**	**262**
6.1.	Production	262
6.2.	Distribution	263
6.3.	Administrative sites and investment property	264

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 *Corolle* and *Huit* lines are very quickly rechristened *New Look*. Parfums Christian Dior is founded, headed by Serge Heftler Louiche. Dior names the first *Miss Dior* 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 *Diorama*. 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 *House of Youth* in Sydney for exclusive Christian Dior New York models. Exclusive agreement with *Los Gobelinos* 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 Francois 1er . 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, *Slim Look* under the Dior label.
1962	Yves Saint Laurent opens his own couture house.
1963	Launch of the perfume *Diorling*.
1966	Launch of the men's fragrance *Eau Sauvage*.
1967	Philippe Guibourgé, assistant to Marc Bohan, creates the *Miss Dior* line, the first Dior women's ready-to-wear line in France. Opening of the *Baby Dior* 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 *Christian Dior Monsieur* line. At Parly II, a new Christian Dior boutique is decorated by Gae Aulenti.
1972	Launch of the perfume *Diorella*.
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 *Dioressence*.
1980	Launch of the men's fragrance *Jules*.
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 *Poison*.
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 *Dune*.
1992	Patrick Lavoix is named artistic Director of *Christian Dior Monsieur*. Relaunch of *Miss Dior*.
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 *J'adore*. 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 Homme line, presents his first collection based on a new contemporary masculine concept. Launch of the men's fragrance *Higher*. Opening of the Fine Jewelry boutique at Place Vendôme, created under the supervision of Victoire de Castellane.
2002	Launch of the perfume *Addict*.
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 *Miss Dior Chérie* and *Dior Homme*.
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 Homme 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 *Lady Dior* 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 Inspiration Dior exhibition 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 *Croisière* collection in New York.
2015	Opening of the Maison Dior in Seoul. Rihanna takes part in the *Secret Garden* campaign as brand ambassador for the *Diorama* handbag. *Croisière* collection show in Cannes.

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 40.91% of LVMH.

2.2. GENERAL INFORMATION

The complete text of the Bylaws is presented in the "Other information – Governance" section of the Annual Report.

Corporate name (Article 3 of the Bylaws): Christian Dior.

Registered office (Article 4 of the Bylaws): 30, avenue Montaigne – 75008 Paris, France. Telephone: +33 (0) 1 44 13 22 22.

Legal form (Article 1 of the Bylaws): Société Européenne (Societas Europaea). The Company was converted from a Société Anonyme (SA) to a Société Européenne (SE) on December 9, 2014.

Jurisdiction (Article 1 of the Bylaws): Company governed by European Community and national provisions in effect, and by the Bylaws.

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): 7010Z.

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 the "Other information – Governance" section of 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. A resolution will be presented to the Shareholders' Meeting of December 1, 2015 to modify the dates on which the fiscal year begins and ends to January 1 and December 31 of each year. If this modification is approved, it will not apply to the current fiscal year, which will end on the thirtieth day of June 2016. Exceptionally, the following fiscal year will last six months from the first day of July 2016 to the thirty-first day of December 2016.

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, 2015 and October 15, 2015, the Company's share capital was 361,015,032 euros, consisting of 180,507,516 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 180,507,516 shares, 126,090,731 shares conferred double voting rights as of June 30, 2015.

The Board of Directors, at its meeting on February 12, 2015, reduced the share capital by 2,439,064 euros through the retirement of treasury shares.

3.2. AUTHORIZED SHARE CAPITAL

As of June 30, 2015, the Company's authorized share capital was 441,015,032 euros, consisting of 220,507,516 fully paid-up shares with a par value of 2 euros each.

The authorized share capital represents the maximum amount 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.

3.3. STATUS OF DELEGATIONS AND AUTHORIZATIONS GRANTED TO THE BOARD OF DIRECTORS

This statement is included under §5.1 "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 CAPITAL

No securities giving access to the Company's capital were outstanding as of June 30, 2015.

3.7. THREE-YEAR SUMMARY OF CHANGES IN THE COMPANY'S SHARE CAPITAL

			Change in capital		Capital after transaction	
(EUR)	Type of transaction	Number of shares	Par value	Issue premium	Amount	Cumulative number of Company shares
As of April 30, 2013					**363,454,096**	**181,727,048**
June 30, 2013	None	-	-	-	363,454,096	181,727,048
June 30, 2014	None	-	-	-	363,454,096	181,727,048
February 12, 2015	Retirement of shares	1,219,532	(2,439,064)	(162,815,715)	361,015,032	180,507,516
As of June 30, 2015					**361,015,032**	**180,507,516**

4. Analysis of share capital and voting rights

4.1. SHARE OWNERSHIP OF THE COMPANY

As of June 30, 2015, the Company's share capital comprised 180,507,516 shares:

- 123,695,706 pure registered shares;
- 7,731,286 administered registered shares;
- 49,080,524 bearer shares.

Taking into account treasury shares, 179,107,752 shares carried voting rights, including 126,090,731 shares with double voting rights.

As of June 30, 2015, a total of 300 registered shareholders held at least 100 shares.

Shareholders	Number of shares	Number of voting rights [a]	% of the share capital	% of voting rights
Semyrhamis [b]	111,099,333	219,084,458	61.55	71.78
Arnault Family and other companies in the Arnault Family Group [b]	20,416,377	38,248,070	11.31	12.53
Other shareholders	48,991,806	47,865,955	27.14	15.68
TOTAL AS OF JUNE 30, 2015	**180,507,516**	**305,198,483**	**100.00**	**100.00**

(a) Voting rights exercisable in Shareholders' Meetings.
(b) The Arnault Family Group, made up of the Arnault Family and controlled companies, including Semyrhamis, directly or indirectly held 72.86% of the Company's share capital and 84.32% of the voting rights exercisable at Shareholders' Meetings (see also §4.2. and 4.4. below).

Subject to the provisions of §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, 2015;
- 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, 2015, senior executives of the Company and members of the Board of Directors directly and personally held in registered form less than 0.35% of the Company's share capital and voting rights.

As of June 30, 2015, the Company held 1,399,764 shares as treasury shares recognized under short-term investments, mainly to cover share purchase options and bonus share allocation plans.

According to the latest notice dated March 19, 2015, Southeastern Asset Management Inc. held less than 1% of the share capital.

During the fiscal year ended June 30, 2015 and as of October 15, 2015, no public tender or exchange offer nor price guarantee was made by a third party involving the Company's shares.

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, 2015

Shareholders	Number of shares	% of the share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable in SM [(b)]	% of voting rights exercisable in SM [(b)]
Semyrhamis [(a)]	111,099,333	61.55	219,084,458	71.46	219,084,458	71.78
Arnault Family and other companies in the Arnault Family Group [(a)]	20,416,377	11.31	38,248,070	12.47	38,248,070	12.53
Treasury shares	1,399,764	0.78	1,399,764	0.46	-	-
Free-float registered	541,742	0.30	815,655	0.27	815,655	0.27
Free-float bearer	47,050,300	26.06	47,050,300	15.34	47,050,300	15.41
TOTAL	**180,507,516**	**100.00**	**306,598,247**	**100.00**	**305,198,483**	**100.00**

(a) The Arnault Family Group, made up of the Arnault Family and controlled companies, including Semyrhamis, directly or indirectly held 72.86% of the Company's share capital and 84.32% of the voting rights exercisable at Shareholders' Meetings.
(b) SM: Shareholders' Meeting.

As of June 30, 2014

Shareholders	Number of shares	% of the share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable in SM [(b)]	% of voting rights exercisable in SM [(b)]
Semyrhamis [(a)]	108,461,444	59.68	216,446,569	70.96	216,446,569	71.66
Arnault Family and other companies in the Arnault Family Group [(a)]	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	-	-
Free-float registered	1,852,856	1.02	2,094,130	0.69	2,094,130	0.69
Free-float 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**

(a) The Arnault Family Group, made up of the Arnault Family and controlled companies, including Semyrhamis, directly or indirectly held 70.77% of the Company's share capital and 83.32% of the voting rights exercisable at Shareholders' Meetings.
(b) SM: Shareholders' Meeting.

As of June 30, 2013

Shareholders	Number of shares	% of the share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable in SM [b]	% of voting rights exercisable in SM [b]
Semyrhamis [a]	108,130,125	59.50	216,115,250	70.85	216,115,250	71.55
Arnault Family and other companies in the Arnault Family Group [a]	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	-	-
Free-float registered	1,600,998	0.88	1,832,824	0.60	1,832,824	0.61
Free-float 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**

(a) The Arnault Family Group, made up of the Arnault Family and controlled companies, including Semyrhamis, directly or indirectly held 70.45% of the Company's share capital and 83.12% of the voting rights exercisable at Shareholders' Meetings.
(b) 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, 2015, the Arnault Family Group directly or indirectly held 72.86% of the Company's share capital and 84.32% of the voting rights exercisable in Shareholders' Meetings.

The Arnault Family Group is composed of the Arnault Family and companies it controls, notably (i) Groupe Arnault and (ii) Semyrhamis, 100% of whose share capital is indirectly held by the Arnault Family Group.

As of June 30, 2015, Semyrhamis held 111,099,333 shares in the Company representing 61.55% of the share capital and 71.78% of the voting rights exercisable in Shareholders' Meetings. The main purpose of Semyrhamis is to hold Christian Dior shares.

Christian Dior, a company listed on Euronext Paris, controls 100% of Christian Dior Couture SA.

5. Market for financial instruments issued by Christian Dior

5.1. MARKET FOR CHRISTIAN DIOR SHARES

During the fiscal year from July 1, 2014 to June 30, 2015, stock markets continued to fluctuate with the decisions of the different central banks, in a context characterized by fierce competition between the major currencies, the lower price of raw materials and the persistent drop in global inflation.

European markets were especially boosted by the European Central Bank's decision in January 2015 to launch an extensive sovereign debt buyback program totaling over one trillion euros slated to last from March 2015 to September 2016. This decision, which surpassed market expectations, had the effect of driving down 10-year government bond yields to record lows (reaching less than 0.20% for the German Bund before a sudden sharp increase starting in May 2015) and amplifying the euro's decline, particularly against the US dollar, which its value came close to equaling. This drop in the euro was desired by the ECB in order to make European exports more competitive and combat the risk of deflation amidst persistently weak GDP growth rates and high unemployment. The second quarter of 2015 witnessed the uncertainties generated by the fate of Greece within the eurozone, triggering substantial stock market volatility.

In the United States, the second half of 2014 saw the end of the Treasury bond purchase program, with the Federal Reserve preparing markets for a future hike in US key interest rates from June 2015. However, with inflation straying from its 2% target, economic growth weaker than expected and the continuing decline in raw materials prices, Federal Reserve Chair Janet Yellen's rhetoric became more dovish and expectations for the first rate increase have been repeatedly postponed. The dollar remains buoyed by this anticipated normalization of US monetary policy.

In Japan, stock markets greatly benefited from intervention by the central bank, which launched a new quantitative easing program in fall 2014 to stimulate the economy, still hindered by the VAT increase and the sluggish global economy.

In China, despite the resurgence of fears about the pace of growth, up to June 30, 2015 stock market indices regularly beat records, spurred on by authorities' ambitious rhetoric in spite of the undeniable slowdown in China's economic growth.

Emerging economies are still being hit by the drop in the price of raw materials and weak global demand. Oil prices hit new lows of around 40 dollars a barrel in March, as did gold at 1,100 dollars an ounce.

In this environment, the Christian Dior share price rose 35.3% between July 1, 2014 and June 30, 2015, compared to increases of 6.1% and 11.9%, respectively, for the DJ Euro Stoxx 50 and Euronext 100 indexes. Over the same period, the S&P 500 rose 5.2%, Japan's Topix rose 29.1%, and the Shanghai SSE 180 rose 105.6%.

Christian Dior's closing share price on June 30, 2015 was 175.10 euros. As of the same date, Christian Dior's market capitalization was 31.6 billion euros.

Market for issuer's shares

Christian Dior's shares are listed on Compartment A of Euronext Paris (Reuters: DIOR.PA, Bloomberg: CDI FP, ISIN: FR0000130403).

In addition, Christian Dior share-based tradable options may be exchanged on MONEP.

Trading volumes and amounts on Euronext Paris and price trend over the last twelve months

	Opening price first 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 2014	129.85	115.96	131.64	115.73	1,570,765	198
August 2014	116.54	120.59	122.95	115.02	1,301,754	154
September 2014	120.77	118.23	127.09	117.38	1,540,811	189
October 2014	118.14	125.76	126.34	112.35	2,407,960	284
November 2014	125.71	137.20	137.20	123.89	1,681,517	219
December 2014	136.54	142.90	144.45	124.15	2,718,209	369
January 2015	143.00	153.50	156.50	135.60	1,914,497	281
February 2015	151.50	173.35	173.85	151.50	1,857,705	305
March 2015	174.00	175.75	183.35	168.45	2,109,400	373
April 2015	175.10	175.00	185.35	169.55	2,073,771	373
May 2015	175.90	182.80	188.20	167.85	1,723,430	308
June 2015	182.60	175.10	192.80	174.85	2,761,861	508

Source: Euronext.
(a) Intra-day share price.

Price trend of the Christian Dior share and volume of shares traded in Paris

Stock market capitalization

(EUR millions)	
As of April 30, 2013	24,052
As of June 30, 2013	22,534
As of June 30, 2014	26,405
As of June 30, 2015	31,607

5.2. BONDS ISSUED BY CHRISTIAN DIOR

Bonds issued by Christian Dior that were outstanding on June 30, 2015 are listed for trading as shown below:

Bonds listed in Luxembourg

Currency	Amount outstanding *(in currency)*	Year of issue	Year of maturity	Coupon Currency *(as %)*
EUR	300,000,000	2011	2016	4.00
EUR	500,000,000	2014	2019	1.375

5.3. DIVIDEND

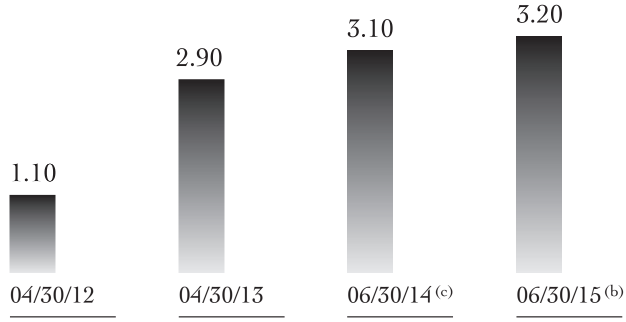
A gross cash dividend of 3.20 euros per share is being proposed for the fiscal year ended June 30, 2015, representing an increase of 0.10 euros compared to the dividend paid for fiscal year 2013/2014. Based on the number of shares of 180,507,516 making up the share capital as of June 30, 2015, Christian Dior's gross cash dividend will amount to 578 million euros for the fiscal year ended June 30, 2015, before the effect of treasury shares.

Dividend distribution in respect of fiscal years 2012 to 2015

Fiscal year	Gross dividend (a) per share *(EUR)*	Gross cash Dividend distribution *(EUR millions)*
June 30, 2015 (b)	3.20	578
June 30, 2014	3.10 (c)	563 (c)
June 30, 2013 (2 months)	-	-
April 30, 2013	2.90	527
April 30, 2012 (4 months)	1.10	200

(a) Excluding the impact of tax regulations applicable to the beneficiaries.
(b) Proposed to the Shareholders' Meeting of December 1, 2015. In addition, an exceptional interim distribution in kind was made in the form of Hermès International shares.
(c) Excluding exceptional distribution in kind in the form of Hermès International shares for 11.67083 euros per share.

Gross cash dividend per share
(EUR)



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

Following the retirement of 1,219,532 shares, as of June 30, 2015 the share capital amounted to 361,015,032 euros, consisting of 180,507,516 fully paid-up shares with a par value of 2 euros each.

5.5. PERFORMANCE PER SHARE

(EUR)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)
Diluted Group share of net profit per share	13.18	7.90
Dividend	3.20	3.10
Change compared to previous fiscal year	*+3%*	*+7%* (b)
Highest share price (intra-day)	192.80	136.85 (a)
Lowest share price (intra-day)	112.35	109.72 (a)
Share price as of the fiscal year-end date (closing share price)	175.10	129.45 (a)
Change compared to previous fiscal year	*+35.3%*	-

(a) After adjusting for the distributions of Hermès International shares on December 17, 2014.
(b) Percentage calculated with respect to the 12-month fiscal year ended April 30, 2013.

6. Main locations and properties

6.1. PRODUCTION

6.1.1. Wines and Spirits

The vineyards owned by the Group in France and internationally are as follows:

(in hectares)	June 30, 2015 Total	June 30, 2015 Of which under production	June 30, 2014 Total	June 30, 2014 Of which under production
France				
Champagne appellation	1,838	1,645	1,861	1,683
Cognac appellation	245	170	245	171
Vineyards in Bordeaux	194	150	253	148
Vineyards in Bourgogne	11	11	11	11
International				
California (United States)	440	304	440	305
Argentina	1,670	997	1,527	928
Australia, New Zealand	612	533	525	476
Brazil	232	69	232	70
Spain	113	83	112	83
China	68	-	68	-
India	4	-		

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 1,760,000 square meters in France and 410,000 square meters abroad.

6.1.2. Fashion and Leather Goods

Louis Vuitton owns its eighteen 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.

Loro Piana has several manufacturing workshops in Italy as well as a site in Ulan Bator in Mongolia.

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 127,000 square meters.

Guerlain has a 20,000 square meter production site in Chartres. The brand also owns another production site in Orphin, France, measuring 10,500 square meters.

Parfums Givenchy owns two plants in France – one in Beauvais and one in Vervins that 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 Hersham, United Kingdom.

6.1.4. Watches and Jewelry

TAG Heuer has two workshops in Switzerland, one in Cornol and the other in Chevenez, together totaling about 4,700 square meters.

Zenith owns the manufacture that 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.

Bvlgari owns its production facilities in Italy and Switzerland.

The facilities operated by this business group's remaining brands – Chaumet, Fred and De Beers – 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.

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 and 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, a boutique in Sydney, the Madrid boutique, the boutique in Saint-Tropez and a boutique in Seoul, the stores wholly operated by Christian Dior Couture are leased. 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, 2015, the Group's store network breaks down as follows:

(in number of stores)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
France	489	473
Europe (excluding France)	1,038	1,012
United States	745	723
Japan	426	406
Asia (excluding Japan)	973	886
Other	295	258
TOTAL	**3,966**	**3,758**

(in number of stores)		June 30, 2015 (12 months)	June 30, 2014 (12 months)
Christian Dior Couture		194	200
Fashion and Leather Goods [(a)]		1,550	1,477
Perfumes and Cosmetics		175	139
Watches and Jewelry		390	366
Selective Retailing:	*- Sephora*	*1,584*	*1,499*
	- Other, including DFS	*55*	*59*
	Subtotal: Selective Retailing	1,639	1,558
Other		18	18
TOTAL		**3,966**	**3,758**

(a) Of which 122 additional stores as a result of the integration of Loro Piana.

6.3. ADMINISTRATIVE SITES AND INVESTMENT PROPERTY

The Group owns buildings located at 11-17 rue Francois 1er 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 that owns the building housing the headquarters of LVMH on avenue Montaigne in Paris. The Group also owns three buildings in New York (about 20,000 square meters) and a building in Osaka (about 5,000 square meters) that house subsidiaries.

Lastly, the Group owns investment property totaling 50,000 square meters in central Paris and 8,000 square meters in London.

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, October 30, 2015

Under delegation from the Chief Executive Officer

Florian OLLIVIER

Chief Financial Officer

MIXTE
Papier issu de sources responsables
FSC® C074713

Design and production: Agence Marc Praquin

Christian Dior

30, avenue Montaigne – Paris 8e