Christian Dior

TRANSLATION OF THE FRENCH “RAPPORT ANNUEL”

AS OF JUNE 30, 2016

Combined Shareholders' Meeting
December 6, 2016

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.

This is a provisional version of the English translation and may be subject to change before the final version is published.

Christian Dior

Annual Report as of June 30, 2016

Chairman's message

Our Group thrives on creation, on talented men and women and on their desire for excellence. Openness to others, to the world and all its cultures has enabled our Maisons to grow and, in some cases, span centuries. Moving forward does not mean forgetting. At the scale of our business, at each stage of its development, we will continue to honor this exceptional human heritage, embodying the robust values we share with our customers, suppliers and shareholders. In France and worldwide, there are now more than 130,000 of us, and each and every one contributed to the achievements of the 2015/2016 fiscal year. But happy as we are with the Group's excellent results, the violence of the terrorist attacks perpetrated in Paris and other cities around the world has been seared into our memories.

Against a backdrop of economic uncertainty and geopolitical turmoil, we made progress in 2015/2016, achieving yet another record year thanks to the energy and responsiveness of our teams, the power of our brands, and the creativity and vision of excellence cultivated at every level of our Group. In a mixed global environment, with some of our Maisons exposed to adverse cyclical changes, particularly in Asia, all of our business groups contributed to revenue growth. Hennessy turned in a strong performance, with the number of cases shipped topping the six million mark; Louis Vuitton maintained its uninterrupted growth; Fendi and Bvlgari forged further ahead; Parfums Christian Dior won new market share; Sephora reinforced its leading position as it continues brilliantly to invent the beauty experience of tomorrow… These are just a few of the accomplishments that can make our employees proud.

A new bedrock

The 2015/2016 fiscal year marks the first anniversary of Fondation Louis Vuitton, an expression of our passion for art, culture and freedom that also embodies, in the magnificent building by Frank Gehry, our desire and our long-term commitment to make contemporary creative work accessible to a vast audience. Beyond even the prodigious act of creation that brought it to life, ushering Parisian architecture into the twenty-first century, I see it as a new bedrock which conveys our values and our vision for the Group.

Handing down the craft is another passion – I would even say a responsibility – of ours. The Institut des Métiers d'Excellence (IME), an initiative aimed at young people which we launched in July 2014, strives to preserve the know-how of our craftspeople by training the next generation. In only its second year of existence, the IME is already making strides, as it expands the range of professions taught. The courses it offers, designed in partnership with leading trade schools, are showing a great deal of promise. In leatherworking, the entire class of 2014 received hands-on training at Louis Vuitton's workshops and went on to win a prestigious apprenticeship award, Meilleur Apprenti de France. Eventually, we hope that the IME will embody the excellence of all our crafts, projecting them into the future.

Brands scaling new heights, highly engaged teams

Our strategy stems from a deeply held ambition for the Group. Our principal goal is to develop our Maisons over the long term and consolidate our leadership position. We own exceptional brands: they are emblematic, powerful, and scaling new heights. And that is an incomparable asset. Our employees at our Maisons and subsidiaries around the world are highly engaged, which is just as essential because the women and men who make up the Group are the ones who, through their diverse skills and creativity, make our brands ever more desirable. In their quest for excellence, they perpetuate the quality of their products, carrying them into the future with their enterprising mindset and market insights. We are number one in the world in our competitive environment. This position makes us proud, but it also means we have to be extremely vigilant. Everyone knows that it is even more challenging to stay in first place than it is to get there. Complacency is, in my opinion, the arch-enemy of creativity and excellence. The greatest accomplishments come when we set ambitious goals for ourselves and always strive to surpass our own limits. We achieve the best performance by remaining alert, always determined to improve on what we create for our brands.

To stay number one we have to keep moving forward, and the Group owes its success to our employees taking on board this core idea of our entrepreneurial philosophy.

Powerful new strategic levers

If there was ever a time for vigilance, it is now. Numerous factors of uncertainty have continued to prevail at the end of 2016. The agility that we have managed to preserve while growing, and the responsiveness of our organization, are now more crucial than ever. But aside from cyclical fluctuations, our market environment presents deeper challenges such as the diversification of our customers and their needs, the ever increasing emphasis on product quality and creativity as well as our brands' corporate social responsibility, and the explosion of all things digital. All of these trends represent powerful new strategic levers that our Maisons can use in a changing, wide-open world that is brimming with growth opportunities.

Although we will approach the coming months with the prudence warranted by a mixed economic outlook, we are also moving forward with confidence. The Group's managers can draw on the fundamentals of our solid financial position, family spirit and enterprising mindset, as well as our commitment to long-term value creation. On that basis, and to meet that goal, we will continue to invest for the future, selectively but resolutely, in innovation, new geographic locations, expanded manufacturing capacities, store renovations and openings.

A wide array of projects in 2015/2016

The 2015/2016 fiscal year featured a wide array of projects. To support its future growth, Hennessy began construction on a new ultra-modern, environmentally friendly site. Following the trail blazed by Hublot, which doubled the capacity of its watchmaking facility in 2015, Bvlgari will open a new jewelry workshop in Valenza, Italy to support its quest for excellence and its robust growth.

A highlight of the fiscal year for our Group was our third Journées Particulières event, in May. Over the course of a weekend, at the exceptional locations offered by our Maisons, tailors, perfume bottle finishers, watchmakers, jewelers, cellar masters, malletiers, leather craftspeople and others shared their passion for excellence with more than 145,000 visitors. Highlighting the richness of our heritage, the diversity and nobility of our artisanship, and the virtuosity of our craftspeople is another way of affirming our timeless values and our vision for the Group.

The next fiscal year will feature many new product launches and promising developments. In addition to other creative projects underway at the Group, Louis Vuitton will continue to enrich its flagship leather goods lines and will open a fragrance-creation laboratory in Grasse, marking the launch of its first perfume. DFS will continue expanding into the world's most sought-after travel destinations, following its arrival in Cambodia near the spectacular ruins of Angkor, by opening its first European store in the historic Fondaco dei Tedeschi building at the heart of Venice.

Bernard ARNAULT

Executive and Supervisory Bodies Statutory Auditors [*]

BOARD OF DIRECTORS [a]

Bernard ARNAULT
Chairman of the Board of Directors

Sidney TOLEDANO
Chief Executive Officer
Vice-Chairman

Delphine ARNAULT

Denis DALIBOT [b]

Hélène DESMARAIS [c]

Renaud DONNEDIEU de VABRES [b] [c]

Ségolène GALLIENNE [b] [c]

Pierre GODÉ

Christian de LABRIFFE [b] [c]

ADVISORY BOARD MEMBER

Jaime de MARICHALAR y SÁENZ de TEJADA

PERFORMANCE AUDIT COMMITTEE

Christian de LABRIFFE [c]
Chairman

Denis DALIBOT

Renaud DONNEDIEU de VABRES [c]

NOMINATIONS AND COMPENSATION COMMITTEE

Hélène DESMARAIS [c]
Chairman

Denis DALIBOT

Christian de LABRIFFE [c]

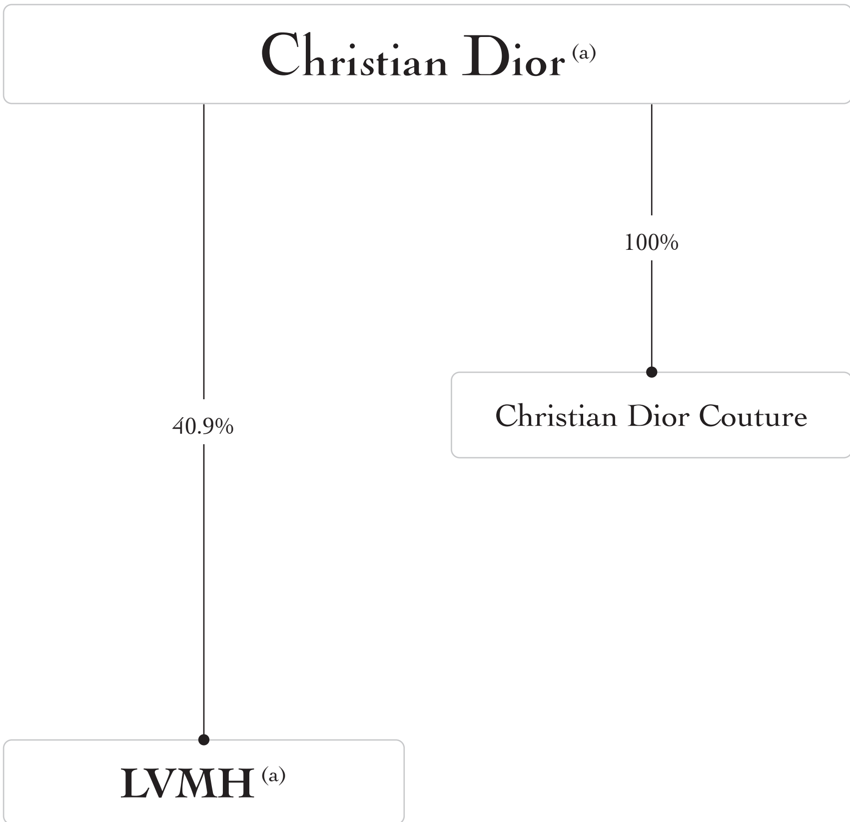
STATUTORY AUDITORS

ERNST & YOUNG et Autres
represented by Benoit Schumacher

MAZARS
represented by Simon Beillevaire

(*) Subject to the decisions of the Combined Shareholders' Meeting of December 6, 2016.
(a) The list of Directors' appointments can be found on pages 230 to 238 of the "*Other information* – Governance" section.
(b) Renewal proposed at the Combined Shareholders' Meeting of December 6, 2016.
(c) Independent Director.

Simplified organizational chart of the Group as of June 30, 2016



(a) Listed company.

Financial highlights

Key consolidated data

(EUR millions and %)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Revenue	37,968	35,081	30,867
Profit from recurring operations	6,792	6,296	6,051
Net profit	4,164	6,165 [a]	3,892
Net profit, Group share	1,569	2,378	1,425
Cash from operations before changes in working capital [b]	8,566	7,611	7,472
Operating investments arising from change in net cash position	2,242	1,947	1,953
Net cash from operating activities and operating investments (free cash flow)	3,659	3,481	2,537
Equity [c]	28,129	26,320	30,337
Net financial debt [d]	6,777	7,478	7,920
Net financial debt/Equity ratio	24%	28%	26%

Data per share

(EUR)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Earnings per share			
Basic Group share of net profit per share	8.75	13.29 [e]	7.97
Diluted Group share of net profit per share	8.69	13.18 [e]	7.90
Dividend per share			
Exceptional dividends in kind in the form of Hermès shares	-	4.20 [i]	11.67 [h]
Interim cash dividend	1.35	1.25	1.20
Final cash dividend	2.20	1.95	1.90
Gross amount paid in cash for the fiscal year [f]	**3.55 [g]**	**3.20**	**3.10**

Information by business group

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Revenue by business group			
Christian Dior Couture	1,854	1,765	1,501
Wines and Spirits	4,729	4,226	4,055
Fashion and Leather Goods	12,321	11,731	10,202
Perfumes and Cosmetics	4,780	4,347	3,800
Watches and Jewelry	3,365	3,068	2,688
Selective Retailing	11,398	10,423	9,077
Other activities and eliminations	(479)	(479)	(456)
TOTAL	**37,968**	**35,081**	**30,867**
Profit from recurring operations by business group			
Christian Dior Couture	209	226	187
Wines and Spirits	1,446	1,168	1,289
Fashion and Leather Goods	3,474	3,363	3,129
Perfumes and Cosmetics	547	456	418
Watches and Jewelry	432	381	319
Selective Retailing	917	922	894
Other activities and eliminations	(233)	(220)	(185)
TOTAL	**6,792**	**6,296**	**6,051**

(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) Including the impact of the distributions of Hermès shares.
(f) Excluding the impact of tax regulations applicable to the recipients.
(g) For the fiscal year ended June 30, 2016, amount proposed to the Shareholders' Meeting of December 6, 2016.
(h) Distribution of reserves and issue premiums under the seventh resolution of the Shareholders' Meeting of December 9, 2014.
(i) Exceptional interim dividend in kind.

Management report of the Board of Directors

CHRISTIAN DIOR GROUP

1. Consolidated results

Revenue for the Christian Dior group for the fiscal year ended June 30, 2016 was 37,968 million euros, up 8% from the previous fiscal year. It was favorably impacted by 3% as a result of the appreciation of the Group's main invoicing currencies against the euro, in particular the US dollar, the Japanese yen and the Swiss franc, which appreciated substantially on average.

The Group's scope of consolidation has changed as follows since July 1, 2015: in Other activities, acquisition of the daily newspaper Le Parisien/Aujourd'hui en France in October 2015. This change in the scope of consolidation did not have a significant impact on revenue growth for the year.

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

The Group achieved a gross margin of 24,890 million euros, up 9% compared to the prior fiscal year. As a percentage of revenue, the gross margin was 66%, up one point from the fiscal year ended June 30, 2015.

The Group's profit from recurring operations was 6,792 million euros, up 8% compared to the 2014/2015 fiscal year. As a percentage of revenue, the current operating margin was 18%, stable with respect to the previous fiscal year.

Other operating income and expenses amounted to a net expense of 196 million euros, compared to a net expense of 298 million euros in 2014/2015.

Operating profit was 6,596 million euros, up 10% compared to the previous fiscal year.

The net financial expense for the fiscal year was 367 million euros, compared with net financial income of 2,685 million euros as of June 30, 2015. This item comprises:

- the aggregate cost of net financial debt, which amounted to 97 million euros, versus 164 million euros as of June 30, 2015, thanks to the combined impacts of lower interest rates and the decrease in the average amount of debt outstanding;
- other financial income and expenses, which amounted to a net expense of 270 million euros, compared to net income of 2,849 million euros as of June 30, 2015. In 2014/2015, this positive result was essentially composed of 3.2 billion euros in capital gains realized by the Group on the exceptional distributions in kind in the form of Hermès International shares. The ineffective portion of foreign exchange derivatives represented an expense of 279 million euros, versus an expense of 473 million euros a year earlier; the sharp appreciation of the US dollar with respect to the euro led the Group to adapt its derivatives portfolio over the previous fiscal year.

The Group's effective tax rate was 33.2%, compared to 29.0% as of June 30, 2015. This change was essentially due to the specific impact of the distributions of Hermès International shares in 2014/2015.

Profit attributable to minority interests was 2,595 million euros, compared to 3,787 million euros for the 2014/2015 fiscal year. It amounted to 7% of revenue for the fiscal year, down 4 points from the 2014/2015 fiscal year. However, restated for the impact of the Hermès transaction, the share attributable to minority interests was up 17% compared to their share in fiscal year 2014/2015. Minority interests are essentially composed of LVMH SE shareholders excluding Christian Dior's controlling interest, i.e. shareholders owning 59% of LVMH SE, and minority interests in Moët Hennessy and DFS.

The Group's share of net profit was 1,569 million euros, down 34% compared to the previous fiscal year. It amounted to 4% of revenue for the fiscal year, down three points. Restated for the impact of the Hermès transaction, the Group's share of net profit in 2015/2016 was up 18% compared to the Group's share of net profit in the previous fiscal year.

The main financial items for the 2015/2016 fiscal year were as follows:

(EUR millions)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)
Revenue	37,968	35,081
Profit from recurring operations	6,792	6,296
Operating profit	6,596	5,998
Net profit	4,164	6,165
Of which: Group share	1,569	2,378

Compared to the fiscal year ended June 30, 2015, revenue growth by business group was as follows:

- Revenue from Christian Dior Couture increased by 5% at actual exchange rates and by 2% at constant exchange rates. Revenue from retail and Other activities increased 6% at actual exchange rates and 3% at constant exchange rates. This growth, achieved amidst a market slowdown, involved all geographic regions.
- Wines and Spirits saw an increase in revenue of 12% at actual exchange rates. Revenue for this business group increased by 9% on a constant consolidation scope and currency basis, with the net impact of exchange rate fluctuations raising it by 3 points. This performance was largely driven by an increase in volumes. Demand remained very strong in the United States and Europe, while China saw a clear improvement during the second half of the fiscal year.

- Revenue for Fashion and Leather Goods increased by 2% on a constant consolidation scope and currency basis, and by 5% based on published figures. This business group's performance was driven by Louis Vuitton, which maintained its exceptional level of profitability, and by Fendi, Kenzo, Loewe and Berluti, which confirmed their momentum with double-digit revenue growth.
- Revenue for Perfumes and Cosmetics increased by 8% on a constant consolidation scope and currency basis, and by 10% based on published figures. This growth confirmed the effectiveness of the value-enhancing strategy resolutely pursued by the Group's brands in the face of competitive pressures. The Perfumes and Cosmetics business group saw very appreciable revenue growth in the United States, Europe and Japan.
- Revenue for Watches and Jewelry increased by 6% on a constant consolidation scope and currency basis, and by 10% based on published figures. This business group saw a very strong set of performances by TAG Heuer, Hublot, Chaumet and Fred as well as growth by Bvlgari. For all of the business group's brands, Asia, Europe and Japan were the most dynamic regions.
- Revenue for Selective Retailing increased by 9% based on published figures, and by 5% on a constant consolidation scope and currency basis. This performance was driven by Sephora, which generated very appreciable growth in revenue across the main world regions, while DFS was penalized by the challenging tourism context in Asia.

Revenue by invoicing currency

(as %)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)
Euro	23	23
US dollar	31	29
Japanese yen	7	7
Hong Kong dollar	7	8
Other currencies	32	33
TOTAL	**100**	**100**

The breakdown of revenue by invoicing currency changed as follows compared to the fiscal year ended June 30, 2015: the contributions of the yen and the euro to revenue remained stable compared to the previous period, at 7% and 23% of consolidated revenue, respectively. The contributions of the Hong Kong dollar and other currencies fell by 1 point each to 7% and 32%, respectively, of consolidated revenue. The contribution of the US dollar rose by 2 points, amounting to 31% of consolidated revenue as of June 30, 2016.

Revenue by geographic region of delivery

(as %)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)
France	10	10
Europe (excluding France)	18	19
United States	26	24
Japan	7	7
Asia (excluding Japan)	27	28
Other markets	12	12
TOTAL	**100**	**100**

By geographic region and compared to the fiscal year ended June 30, 2015, the relative contributions of France, Japan and Other markets to consolidated revenue remained stable at 10%, 7% and 12%, respectively, while the contribution of Europe (excluding France) decreased by 1 point, accounting for 18% of Group revenue. The contribution of Asia (excluding Japan) decreased by 1 point, totaling 27%. The contribution of the United States was up 2 points, accounting for 26% of Group revenue.

Revenue and profit from recurring operations by business group

Revenue *(EUR millions)*	**June 30, 2016** (12 months)	%	**June 30, 2015** [(a)] (12 months)	%
Christian Dior Couture	1,854	5	1,765	5
Wines and Spirits	4,729	12	4,226	12
Fashion and Leather Goods	12,321	32	11,731	33
Perfumes and Cosmetics	4,780	13	4,347	12
Watches and Jewelry	3,365	9	3,068	9
Selective Retailing	11,398	30	10,423	30
Other activities and eliminations	(479)	-	(479)	-
TOTAL	**37,968**	**100**	**35,081**	**100**

(a) Taking into account the reclassification of the Kendo cosmetics company from Selective Retailing to Perfumes and Cosmetics. See Note 23.1 to the consolidated financial statements.

Profit from recurring operations *(EUR millions)*	**June 30, 2016** (12 months)	**June 30, 2015** [(a)] (12 months)
Christian Dior Couture	209	226
Wines and Spirits	1,446	1,168
Fashion and Leather Goods	3,474	3,363
Perfumes and Cosmetics	547	456
Watches and Jewelry	432	381
Selective Retailing	917	922
Other activities and eliminations	(233)	(220)
TOTAL	**6,792**	**6,296**

(a) Taking into account the reclassification of the Kendo cosmetics company from Selective Retailing to Perfumes and Cosmetics. See Note 23.1 to the consolidated financial statements.

Compared to the fiscal year ended June 30, 2015, the breakdown of Group revenue by business group remained nearly unchanged:

- the contributions of Christian Dior Couture, Wines and Spirits, Watches and Jewelry, and Selective Retailing remained stable at 5%, 12%, 9% and 30%, respectively;
- the contribution of Fashion and Leather Goods to total Group revenue fell by 1 point, to 32%;
- the contribution of Perfumes and Cosmetics rose by 1 point over the period, to 13%.

Investments

The net balance from investing activities (purchases and sales) was a disbursement of 3,081 million euros. This includes, on the one hand, net operating investments totaling 2,242 million euros (mainly related to the acquisition of property, plant and equipment), and on the other hand, net financial investments totaling 839 million euros.

Research and development

Research and development expenses posted during the fiscal year totaled 108 million euros as of June 30, 2016 (compared to 86 million as of June 30, 2015 and 73 million euros as of June 30, 2014). Most of these amounts cover scientific research and development costs for skincare and make-up products of the Perfumes and Cosmetics business group.

Comments on the impact of exchange rate fluctuations and 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 sold were no longer consolidated;
- for the prior period's disposals, prior period revenue generated by the entities sold.

2. Results by business group

2.1. CHRISTIAN DIOR COUTURE

2.1.1. Highlights

The key highlights of the fiscal year ended June 30, 2016 were as follows:

Excellent products

The House of Dior's exceptional craftsmanship and creative momentum were reflected in the success of its Leather Goods, Ready-to-Wear, Jewelry and Accessories collections.

Sales growth in the network of directly owned points of sale

Revenue generated by Dior's retail and other activities grew by 6% at actual exchange rates and by 3% at constant exchange rates compared to the fiscal year from July 1, 2014 to June 30, 2015. This growth involved all geographic regions.

Targeted investments

Christian Dior Couture continued to make targeted investments in its boutique network.

The impressive House of Dior boutique on New Bond Street in London opened its doors. Other boutiques were unveiled over the 2015/2016 fiscal year, including in the United States (Miami, San Francisco, Washington D.C. and Houston), Canada (Toronto and Vancouver), Germany (Stuttgart), and Saudi Arabia (Riyadh).

A number of extensions and renovations took place, notably in Cannes, Dubai (Mall of the Emirates), Beijing (China World) and Hong Kong (Times Square).

Communication and image

Several communications initiatives stood out in the 2015/2016 fiscal year.

The *2017 Cruise* collection of Women's Ready-to-Wear was unveiled at the sumptuous Blenheim Palace and accompanied the opening celebrations for the House of Dior boutique on New Bond Street in London.

The *Lady Dior* As Seen By exhibition, which showcased several contemporary artists' visions of the House of Dior's iconic handbag, opened in Seoul and Düsseldorf.

The traveling exhibition *Le Théâtre Dior*, which traces the history of Dior through miniature dresses recreated by the workshops, continued its journey to Osaka and Dubai.

The campaigns for the *Lady Dior*, *Diorama* and *Diorever* handbags, presented by Oscar-winning actresses Marion Cotillard and Jennifer Lawrence, drew a remarkable international audience.

2.1.2. Consolidated results of Christian Dior Couture

Consolidated revenue amounted to 1,854 million euros, up 5% at actual exchange rates and 2% at constant exchange rates, compared to the period from July 1, 2014 to June 30, 2015.

Profit from recurring operations came to 209 million euros, down 8%, particularly due to investments made in the retail network.

Operating profit amounted to 209 million euros, down 8%.

Net financial income/(expense) was a net expense of 21 million euros.

The tax expense totaled 75 million euros.

The Group share of net profit was 101 million euros, with the amount attributable to minority interests totaling 12 million euros.

2.1.3. Analysis of revenue by business activity

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	Change at actual rates	Change at constant rates
License royalties	29	26	12%	12%
Wholesale	96	106	-9%	-11%
Retail and other activities	1,729	1,633	6%	3%
TOTAL	**1,854**	**1,765**	**5%**	**2%**

License royalties

License royalties were up 12%.

Wholesale

The strategy pursued by Christian Dior Couture remained extremely selective.

Retail and other activities

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	Change at actual rates	Change at constant rates
Europe and the Middle East	764	722	6%	5%
Americas	202	177	14%	7%
Asia-Pacific	763	734	4%	0%
TOTAL	**1,729**	**1,633**	**6%**	**3%**

- Revenue from retail and other activities increased 6% at actual exchange rates and 3% at constant exchange rates amidst a market slowdown.
- Retail revenue increased in all geographic regions. In the Americas, in particular, it rose by 14% at actual exchange rates.
- In Leather Goods, the appeal of the iconic *Lady Dior* line was supplemented by the success of the new *Diorama* and *Diorever* lines. The Ready-to-Wear collections were unveiled to great acclaim. Accessories and Footwear posted strong growth.
- Jewelry had another very good year.

2.1.4. Outlook

In the next fiscal year, Christian Dior Couture will continue to pursue its growth strategy, drawing on the strengths of its new Creative Director for women's fashion, its exceptional craftsmanship and its successful retail network.

A number of events will support the brand's growth in its strategic markets.

2.2. WINES AND SPIRITS

2.2.1. Highlights

In the fiscal year from July 1, 2015 to June 30, 2016, Wines and Spirits posted revenue of 4,729 million euros, up 12% at actual exchange rates and 9% at constant structure and exchange rates compared to the previous fiscal year.

Profit from recurring operations amounted to 1,446 million euros. Operating margin as a percentage of revenue for this business group was 31%.

2.2.2. Main developments

In an uncertain economic environment worldwide, the Wines and Spirits business group achieved an excellent fiscal year, driven by the expertise of its brands, their strong innovative momentum, and its agile distribution network. The second half of the fiscal year saw strong advances in the United States and better momentum in China. Europe made headway despite a sluggish economy.

Champagnes and wines

Buoyed by the success of *Moët Ice Impérial*, **Moët & Chandon** unveiled *Moët Ice Impérial Rosé*, the first rosé champagne designed to be enjoyed over ice. The brand reinforced its footprint among influencers of its historical markets in order to enhance its visibility in this highly competitive segment. With *Dom Pérignon P2*, **Dom Pérignon** began the rollout of its strategy for conquering the ultra-premium wine market. Capitalizing on its expertise, the brand is developing innovative wine concepts to gain access to new opportunities in the most upscale segments. The results achieved by **Veuve Clicquot** in the second half of the fiscal year confirmed its momentum, especially in the United States, where the brand further enhanced its leadership position. Veuve Clicquot also demonstrated its capacity for oenological innovation with the launches of *Vintages 2008* and *Rich Rosé*, aptly complementing and enhancing the success of *Clicquot Rich*, the first champagne created with mixed drinks in mind. **Krug** saw excellent growth, built on *Krug Grande Cuvée* and enhanced by the releases of two long-awaited vintages: *Krug 2002* and *Krug Clos du Mesnil 2002*. **Ruinart** achieved strong results driven by the excellence of its products and its commitment to contemporary art. Celebrating 120 years of collaborations with artists, the brand commissioned the famed photographer Erwin Olaf to pay tribute to the medieval chalk quarries (“crayères”) converted into cellars where its champagnes are aged, instrumental to the listing of the Crayères region as a UNESCO World Heritage Site. **Mercier** worked to extend its range, benefiting from the appeal of its new communications campaign “Mercier, Champagne maison” (Mercier, the champagne to enjoy at home).

Estates & Wines continued the development of its portfolio of exceptional wines with the launch of **Cloudy Bay** *Te Wahi Pinot Noir 2014*, a new *Single Vineyards* range for **Newton** in Napa Valley, and the Chinese luxury wine *Ao Yun* in Shangri-La. **Chandon** maintained its position as the international benchmark for consumers of sparkling wines and launched a partnership with the McLaren Honda Formula 1 team.

Cognac and spirits

Hennessy confirmed the relevance of its balanced international growth model. It achieved particularly substantial momentum in the United States, the Caribbean, Africa, and the travel retail market, which serves as an excellent showcase for the range. Following the wave of retailer destocking in China in fiscal year 2014/2015, Hennessy’s sales there were encouraging, as they were throughout Asia. New communications campaigns, in particular the first worldwide campaign devoted to *Hennessy X.O* directed by Oscar winner Nicolas Winding Refn, helped to enhance the brand’s desirability.

Buoyed by awards garnered worldwide, **Glenmorangie** and **Ardbeg** whiskies achieved strong growth in the second half of 2015/2016 and confirmed their status as innovative leaders in the Scotch whisky segment.

Belvedere, the favored luxury vodka of the nightlife segment, continued to see growth.

2.2.3. Outlook

The results achieved by the Wines and Spirits business group underscored the excellence of its brand portfolio and the responsiveness of its distribution network. The business group’s strategic objectives are to further reinforce the desirability of its products, offer unique experiences to consumers, and put innovation at the heart of its brands’ operations more than ever before. Pursuing an ambitious plan to expand its production capacity and support the brand’s future development, **Hennessy** will reaffirm its strategy of sustainable growth in the cognac segment by investing in its current key markets as well as in those with significant growth potential.

2.3. FASHION AND LEATHER GOODS

2.3.1. Highlights

In the fiscal year from July 1, 2015 to June 30, 2016, Fashion and Leather Goods posted revenue of 12,321 million euros, up 5% at actual exchange rates and 2% at constant structure and exchange rates compared to the previous fiscal year.

Profit from recurring operations amounted to 3,474 million euros, up 3%. The business group's operating margin as a percentage of revenue was 28%.

2.3.2. Main developments

Louis Vuitton

In a climate of monetary and geopolitical uncertainty, **Louis Vuitton** maintained its creative momentum, illustrated by strong innovation across its various business lines. Leather goods benefited as much from the continuous development of the brand's legendary designs as from the success of more recent creations. In particular, the new designs in leather goods performed remarkably well. The brand's new *Blossom* Watches and Jewelry collection featured finely sculpted renditions of its iconic *Monogram* flowers. Louis Vuitton's communications policy continued to revolve around regular campaigns and high-profile events at prestigious venues. After heading to the Palm Springs estate of Bob and Dolores Hope, Louis Vuitton continued its architectural journey with a visit to the ranch designed by celebrated Mexican architect Luis Barragán, for a campaign featuring its newest ambassador, the French actress Léa Seydoux. Another high point of the second half of the 2015/2016 fiscal year was the presentation of the *2017 Cruise* collection against the exceptional backdrop of the Niterói Contemporary Art Museum in Brazil. In the spring, the brand's touring exhibition *Volez, Voguez, Voyagez* (Fly, Sail, Travel) docked in Tokyo, underscoring the close ties linking Louis Vuitton to Japan since the end of the 19th century.

Other brands

Fendi posted strong growth and increased its market shares in all world regions. The Rome-based brand continued to enhance its appeal by cultivating its image of audacity, refinement and sophistication. Fendi achieved excellent momentum across all its product categories, especially its spring/summer 2016 ready-to-wear and footwear collections, which were enthusiastically received. In leather goods, *Strap You*, the brand's mix-and-match shoulder straps that may be used with different Fendi handbags, were a huge hit. The brand continued the rollout of its new retail concept, with the opening of a flagship store in Moscow.

Drawing on its textile expertise and its exclusive supply sources for natural materials, **Loro Piana** continued its expansion with the constant aim of maintaining unparalleled quality. The *Gift of Kings* collection, featuring pieces crafted from the finest wool in the world, continued to perform well and is now available in a women's line. The brand recently opened a flagship store on Avenue Montaigne in Paris.

The robust momentum achieved by **Céline** was driven by the development of all its product categories. The brand's footwear and ready-to-wear lines made especially strong contributions to its excellent performance in the second half of the fiscal year. Céline opened its first store in Spain during the period, in an ideal location on the Paseo de Gracia, in central Barcelona.

Kenzo stepped up the pace of its growth, with its physical retail network and its online shopping site both achieving solid results. Following the success of its ready-to-wear collections, the brand is expanding its product lines, especially in leather goods and footwear. **Givenchy** focused its efforts during the period on women's ready-to-wear, leather goods and footwear, and strengthened its presence on social media.

Donna Karan and **Marc Jacobs** continued the strategic repositioning of their collections. **Loewe**'s latest designs, including the *Puzzle* handbag that epitomizes the Madrid-based fashion house's artisanship, consolidated their strong performance in the second half of the fiscal year. The momentum at **Berluti** continued. The brand pursued its international expansion with the opening of its first German store in Frankfurt.

2.3.3. Outlook

Louis Vuitton will again demonstrate its rich wellspring of innovation in the next fiscal year with a number of strong initiatives, especially in the world of leather goods and travel objects, featuring in particular an exceptional suitcase designed by Marc Newson. The brand will also continue to reinforce and revisit its timeless product lines. One of the high points of the next fiscal year will be the launch of a Louis Vuitton fragrance and the inauguration of the creative workshop in Grasse in support of the brand's ambitious goals in this area. Quality improvements in its retail network will continue, with the constant aim of offering customers a unique experience and unparalleled service. **Fendi** will maintain its strong momentum, with a series of events in Rome, including a fashion show held at the Trevi Fountain to celebrate the brand's 90th anniversary. New stores will open their doors in Paris and Hong Kong, and the brand will expand its retail presence to Austria, with the opening of a store in Vienna. **Loro Piana** will continue to focus its investments on textile research and the control of its supply sources. With respect to its network of stores, the brand will maintain its selective expansion strategy. By focusing on their specific objectives, all the brands will continue to underscore their creativity and their identities, while reinforcing their development models.

2.4. PERFUMES AND COSMETICS

2.4.1. Highlights

Perfumes and Cosmetics recorded revenue of 4,780 million euros in the fiscal year from July 1, 2015 to June 30, 2016. Revenue increased by 8% at constant structure and exchange rates, and by 10% at actual exchange rates, compared with the previous fiscal year.

Profit from recurring operations amounted to 547 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 posted robust revenue growth and continued to increase its market shares in a highly competitive environment. Momentum was particularly strong in Europe and the United States. This performance was driven by the image of the Group's brands, the creativity expressed through its products, and the care and attention devoted to their distribution.

Parfums Christian Dior

Parfums Christian Dior increased its market shares in all countries, demonstrating once again the brand's excellent momentum, fueled by the continuing vitality of its iconic fragrances *J'adore* and *Miss Dior* and by the exceptional success of *Sauvage*, which secured its leadership position in a number of markets. *Poison Girl*, the brand's new fragrance launched in early 2016, also contributed to its solid performance. The second half of the 2016 calendar year will also be an opportunity for Parfums Christian Dior to bring to the fore its vision of excellence and its luxury perfume expertise by reasserting its roots in Grasse, with the rehabilitation of the Château de La Colle Noire – Monsieur Dior's former residence – and the upcoming arrival of the brand's Perfumer-Creator François Demachy in his new creative studio at Les Fontaines Parfumées in the center of this Provençal town. Bolstered by its strong ties with fashion and the creative vision of Peter Philips, its creative Director, Dior's make-up division reaffirmed its leading position in international markets, particularly in Asia, where new additions such as the *Forever* foundation and the *Dior Addict* lipstick were extremely well received. Dior's skincare lines consolidated their positions in Asia, with its premium range reinforced by the success of *Prestige*, the brand's iconic anti-aging product line.

Guerlain continued its expansion, introducing a new make-up collection inspired by its fragrance *La Petite Robe Noire*, with the worldwide launch of palettes of lipsticks and nail polishes. In skincare, the *Abeille Royale* and *Orchidée Impériale* lines fueled the brand's growth in Asia and continued to illustrate Guerlain's lasting commitment to the protection of the environment and biodiversity. The opening in Paris of the brand's first store devoted entirely to perfume was a high point of the second half of the fiscal year. This exceptionally designed new space pays tribute to Guerlain's excellence as a perfume house, the cornerstone of its reputation since 1828.

Parfums Givenchy achieved strong revenue figures, driven by the success of its new scent *Live Irrésistible*, launched in fall 2015, and by the impressive performance of make-up, particularly the *Prisme Libre* line and its range of lipsticks. **Kenzo Parfums** benefited from the vitality of its long-successful fragrance *Flower* and the strong performance of its *Kenzoki* skincare line.

Buoyed by the success of *Roller Lash* mascara, its major innovation of 2015, **Benefit** maintained its strong momentum. The launch of its latest creation, the *Brow Collection*, the largest in the history of the brand, was nothing short of exceptional. **Make Up For Ever** recorded rapid revenue growth. In a worldwide exclusive event at the Sephora store on the Champs-Élysées, the brand introduced Go Pro Makeup, a fun and friendly make-up bar where the brand's products are presented on a conveyor belt. **Fresh** maintained its robust growth, driven by strong momentum in Asia and Europe. In France in particular, following the opening in 2015 of a counter at the Galeries Lafayette in Paris, the brand stepped up its expansion with a new point of sale at Le Bon Marché. **Acqua di Parma** celebrated its centenary at its birthplace in Parma, Italy. The portfolio of **Kendo** brands recorded strong growth, spurred by the success of *Kat von D* and *Marc Jacobs Beauty*. A contract was recently signed with the singer Rihanna for the launch of a full eponymous make-up line in 2017.

2.4.3. Outlook

With a new target of further increased market shares, the Group's brands will continue to capitalize on the successes of their star lines and their policy of vigorous innovation. **Parfums Christian Dior** will unveil its new version of *Rouge Dior*, the brand's iconic lipstick, with a major reinvention underscored by a new communications campaign featuring Natalie Portman. **Guerlain** will continue to innovate in the realm of fragrances, but also in skincare and make-up, in particular with the launch of a new *La Petite Robe Noire* opus. Upcoming highlights at **Kenzo Parfums** will include the launch of the new women's fragrance *Kenzo World*, the first collaboration with Carol Lim and Humberto Leon, the creative directors of Kenzo Mode. **Benefit** will continue to support the rollout of its new *Brow Collection*. Many other launches will take shape in the months to come for all of the Group's brands.

2.5. WATCHES AND JEWELRY

2.5.1. Highlights

In the fiscal year from July 1, 2015 to June 30, 2016, Watches and Jewelry posted revenue of 3,365 million euros, up 10% at actual exchange rates and 6% at constant structure and exchange rates compared to the previous fiscal year.

Profit from recurring operations for Watches and Jewelry was 432 million euros. The business group's operating margin came to 13%.

2.5.2. Main developments

The Watches and Jewelry business group continued to grow, fueled by the strength of its brands' iconic lines and the creativity of their new products. The reputations of the Watches and Jewelry brands were reinforced with the opening of new stores and the remodeling of existing stores in prestigious locations as well as by ongoing investments in communications.

Bvlgari maintained its strong creative momentum. Its growth performance far outstripped that of the market. Growth was particularly robust in China and the Middle East. The brand's jewelry offerings were further enhanced with new products in the emblematic *B.Zero1* and *Diva* lines. Bvlgari's new ladies' watch designs, *Serpenti Incantati* and *Lvcea Piccola*, were unveiled at Baselworld 2016 to great acclaim. In February, the brand reopened its New Bond Street store in London, in an entirely refreshed and stunning new look. Bvlgari's deep reserves of creativity, its special ties with the worlds of art and cinema, and its unique expertise in combining colored gemstones were celebrated once again with exhibitions held around the planet, including *Serpenti Form* in Rome, *Bvlgari, Cinecittà and Beyond* in Beijing, and *Bellissima* in Fort Lauderdale. The *Magnificent Inspirations* event in Cap Ferrat offered an opportunity to present the exceptional fine jewelry creations of *Scuola Bvlgari*.

The solid revenue growth reported by **TAG Heuer** despite challenges faced in the watch market worldwide demonstrated the relevance of the brand's strategy of refocusing on its core product ranges. TAG Heuer's strong momentum was reflected in the newest additions to the brand's iconic *Formula 1*, *Carrera* and *Aquaracer* collections. The *Carrera Heuer 02* and *Formula 1 Chronograph* models were particularly well received in Basel. The TAG Heuer Connected smartwatch, a major innovation unveiled at the end of 2015, met with continued success. TAG Heuer continued to enhance its retail network, with store openings in Tianjin, Macao and New Delhi. The brand's visibility among its target customers was reinforced thanks to a number of new partnerships, including those with the Coachella Valley Music and Arts Festival, the Paris and London marathons, the English Premier League, and the Chinese Football Association Super League.

Hublot continued its development, driven by the *Classic Fusion* line, which was enhanced alongside the brand's iconic *Big Bang*. Hublot's creativity and capacity for innovation were more than ever in evidence, through novel concepts such as the *Big Bang Unico Sapphire*, the *Meca-10* and the *Classic Fusion Berluti*, all of which were greeted with enthusiasm in Basel. High-impact communications and events in connection with the world of sports and culture, including an active role in the 2016 UEFA European Championship, helped to further build Hublot's reputation. A new store was opened on Fifth Avenue in New York, serving as an exceptional showcase for the brand.

Zenith focused on the models of its *El Primero* collection and strengthened its organization.

Chaumet ramped up its growth in Asia and the Middle East, driven by the success of its *Joséphine* and *Lien* lines, and continued its move upmarket. New designs in its collections include the *Voie Lactée* and *Aube Rosée*. The *Promenade Bucolique* (Walk in the Countryside) event in Taiwan was a chance to unveil pieces inspired by naturalistic themes dear to Chaumet. **De Beers** cemented its leadership position in diamonds. Fred pursued the active development of its *Force 10* line and its newly opened store in Hong Kong posted strong initial results.

2.5.3. Outlook

The Watches and Jewelry business group will continue to focus on increasing market shares. Given the current environment of economic and monetary uncertainty, selectivity in the allocation of resources and close attention to market developments are the key imperatives embraced by all of the business group's brands. Investments in marketing, particularly via digital channels, will be maintained at high levels, and the implementation of improvement plans for its own stores will continue. In the next fiscal year, **Bvlgari**'s new jewelry workshop in Valenza will launch operations, combining artisanal excellence and the latest advances in technology in ways never before seen.

2.6. SELECTIVE RETAILING

2.6.1. Highlights

In the fiscal year from July 1, 2015 to June 30, 2016, Selective Retailing posted revenue of 11,398 million euros, up 9% at actual exchange rates and 5% at constant structure and exchange rates compared to the previous fiscal year.

Profit from recurring operations amounted to 917 million euros. Operating margin as a percentage of revenue for the Selective Retailing business group totaled 8%.

2.6.2. Main developments

Sephora further increased its market shares around the world, again delivering double-digit revenue growth. The company's performance was remarkable. Its expansion continued with some fifty store openings worldwide. Several flagship stores, such as those at the Prudential Center in Boston and La Canopée in Paris, offer an enhanced customer experience with more digital content and services. Sephora also entered the Swiss market. The integration of the e-commerce platform Luxola, acquired in July 2015, was completed very smoothly, giving Sephora a digital presence in eight countries across Southeast Asia. In addition, the company accelerated its omni-channel strategy in Europe with the launch of online shopping sites in Spain and Romania. Maintaining its focus on product innovation, Sephora continued to broaden its exclusive offerings with a new selection targeting younger customers. The company's numerous social media initiatives further increased its visibility.

Le Bon Marché maintained its growth momentum, driven by its unique atmosphere, the warm welcome offered to its customers, and the success of its loyalty program. Le Bon Marché continued modernizing, introducing a new layout for its duty-free zone and unveiling novel design concepts in the revamped Fashion department. The first major exhibition in France of original works by the Chinese artist Ai Weiwei was one of the highlights of this fiscal year. The launch of La Grande Épicerie de Paris' own-label products was a major initiative in the fiscal year.

Challenging tourism figures continued to weigh on the Group's travel retail activities in Asia, especially in Macao and Hong Kong, where sales by **DFS** were down. In response, DFS focused on the development of groundbreaking marketing and loyalty programs and the transformation of its product offering to accommodate a rapidly changing customer base, and to win more market share. The company continued to expand to new tourist destinations, with the opening of the Siem Reap *T Galleria* in Cambodia, not far from the splendid Angkor ruins. In Macao, following the launch of new beauty concepts, the expansion and remodeling of the *T Galleria – City of Dreams* neared completion.

Starboard Cruise Services was buoyed by the development of cruise routes in Asia and worked to fine-tune its selection of products to best serve each cruise line.

2.6.3. Outlook

Sephora will continue to reinforce its strategic directions: innovation in the selection of products and the development of exclusive and personalized services. It will go on opening new stores at a sustained pace. Sephora's store at the World Trade Center in New York will open in the next fiscal year. Further transformations are planned for the Women's Fashion department at **Le Bon Marché**, part of the store's ongoing efforts to nurture its uniqueness and its status as a trend-setting shopping destination. A number of events will be held in the fall, including a large-scale exhibition taking the City of Paris as its theme. **DFS** will continue to build the attractiveness of its retail network, adapting to the preferred products and services and desired destinations of its customers. A highlight of the upcoming fiscal year will be the opening of a *T Galleria* in a historic building by the Grand Canal in Venice, one of the world's most visited tourist destinations, setting the scene for DFS's expanding presence in Europe.

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, and the promotional and marketing strategies applied. Products or marketing strategies not in line with brand image objectives; inappropriate behavior by brand ambassadors, the Group's employees, distributors or suppliers; or 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, 2016 amounted to 26.4 billion euros.

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

In its Wines and Spirits and Perfumes and Cosmetics business groups, and to a lesser extent in its Watches and Jewelry business group, the Group sells a portion of its products to distributors outside the Group, which are thus responsible for sales to end customers. The reputation of the Group's products thus rests in part on compliance by all distributors with the Group's requirements in terms of their approach to the handling and presentation of products, marketing and communications policies, and retail price management. 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 Group employees are conscious of the importance of acting in accordance with the ethical guidelines communicated within the Group at all times. Finally, to protect itself from the risk of a public campaign against the Group or one of its brands, the Group continuously monitors developments in the media 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 – leather goods, perfumes and cosmetics in particular – 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 gradually damage the brand image of the products concerned and lower consumer confidence. The Group takes all possible measures to protect itself from 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.

Anti-counterfeiting measures generated approximately 40.3 million euros in internal and external costs between July 1, 2015 and June 30, 2016.

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, 2016, the total amount of minimum commitments undertaken by the Group in respect of multi-year lease, concession, and procurement agreements amounted to 13.0 billion euros. Detailed descriptions of these commitments may be found in Notes 30.1 and 30.2 to the consolidated financial statements.

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, 2016, this commitment is valued at 7.9 billion euros and is recognized in the Group's balance sheet under Other non-current liabilities (see Note 20 to the consolidated financial statements).

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

3.1.4. Anticipating changes in expectations of Group customers

Brands must identify new trends and changes in consumer behavior and 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 since 2014 by the "anti-extravagance" measures instated by China in 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 the 2014 and 2015 calendar years 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 2014.

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 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 and insecurity, weakening of the economic environment, natural disasters, etc.) could 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. Thus, 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, especially in Wines and Spirits and Perfumes and Cosmetics. 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 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 of LVMH's businesses and around 27% for Christian Dior Couture – is generated during the peak holiday season in the fourth quarter of the calendar year. Unexpected events in the final months of the calendar 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; leathers, canvases, wools and furs in connection with the activities of the Fashion and Leather Goods business group; and 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.

The Group's professions also require highly specific skills and expertise, in the areas of leather goods or watchmaking, for example. To avoid any dissipation of this expertise, 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 meet 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 real estate expertise that it shares with companies across the Group, which 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 resulting from 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. To guard against this risk, the Group puts in place a decentralized architecture to avoid risk propagation. Supported by 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 "*Management report of the Board of Directors* – Workforce, Environmental and Social report".

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

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

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, in particular safety, quality and environmental managers.

Protecting the Group's assets is part of an industrial risk prevention policy that meets the highest safety standards (FM-Global and 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 2015, engineering consultants audited about 52 LVMH sites.

In addition, prevention and protection plans 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 borne by Group companies are around 0.15% of consolidated revenue at LVMH and 0.17% of consolidated revenue at Christian Dior Couture.

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, terrorism, construction, 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. For the LVMH group, the coverage limit of this program is 2 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 LVMH group's international property insurance program totals 75 million euros per claim and per year; for Christian Dior Couture, coverage is up to 350 million euros per claim and per year. Following a Japanese earthquake risk modeling study performed in 2014, specific coverage for 18 billion yen was taken out for this risk at the LVMH group. For Christian Dior Couture, specific coverage for 40 million euros was taken out. 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 and transportation insurance contract. The coverage limit of this program (around 60 million euros for LVMH and 5 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.

This program covers environmental losses arising from gradual or sudden accidental pollution and environmental liability (Directive 2004/35/EC).

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

Subject to certain conditions and limitations, the Group covers its senior executives and employees either directly or via an insurance policy for any individually or jointly incurred personal liability to third parties in the event of professional misconduct committed in the course of their duties.

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, construction project risks 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 is not exposed to customer credit risk. Sales are made directly to customers by Christian Dior Couture and through the Selective Retailing network, the Fashion and Leather Goods stores and, to a lesser extent, the Watches and Jewelry stores. Together, these sales accounted for approximately 75% of total revenue during the fiscal year ended June 30, 2016.

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 87% of LVMH's credit coverage requests granted by insurers as of June 30, 2016.

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. Diversification of this risk 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.

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 performance between different fiscal years.

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 as of December 31, 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 euros (primarily the US dollar and Swiss franc) is also a source of foreign exchange risk with respect to the Group's net assets. This currency risk may be hedged either partially or in full using borrowings or financial futures denominated in the same currency as the underlying asset. An analysis of the Group's exposure to foreign exchange risk related to its 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 6.8 billion euros as of June 30, 2016. After hedging, 55% of gross financial debt outstanding was subject to a fixed rate of interest and 45% 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 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.

Through its use of forwards and options to hedge foreign exchange risk as described in §3.3.3, the Group is also exposed to the spreads in interest rates between the euro and the hedged currencies.

3.3.5. Equity market risk

The Group's exposure to equity market risk mainly relates to its ownership interests in Christian Dior and LVMH as well as to Christian Dior and LVMH treasury shares, which are primarily held to cover 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 LVMH share price or certain risks related to changes 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, 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, 1.9 billion euros as of June 30, 2016, or (b) with regard to aggregate outstanding amounts in respect of its commercial paper programs, 2.2 billion euros. Should any of these borrowing facilities not be renewed, the Group has access to undrawn confirmed credit lines totaling 4.9 billion euros.

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

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, 2016, no significant loan agreements are concerned by those covenants.

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

4. Financial policy

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

- improving the Group's financial structure and flexibility, as evidenced by the following key indicators:
  - the significant increase in equity:

    equity before appropriation of profit came to 28.1 billion euros as of June 30, 2016, up 7% from 26.3 billion euros as of June 30, 2015. The 1.8 billion euro increase in equity reflects, in particular, the Group's strong earnings, only a portion of which has been distributed,
  - lower net debt:

    net debt came to 6.8 billion euros as of June 30, 2016, as against 7.5 billion euros as of June 30, 2015,
  - the Group's access to liquidity, notably through its commercial paper program, which benefits from extremely favorable rates and spreads, as well as the option to call on bond markets on a regular basis over medium/long-term maturities, with issue spreads at historically low levels in fiscal year 2015/2016,
  - maintaining a substantial level of cash and cash equivalents with a diversified range of top-tier banking partners:

    the Group's cash equivalents benefited from attractive yields offered by top-quality issuers, with a permanent focus on ensuring a proactive and dynamic approach to counterparty risk management,
  - the Group's financial flexibility, facilitated by a significant reserve of undrawn confirmed credit lines totaling 4.9 billion euros, including a 2 billion euro syndicated loan taken out by LVMH SE with a remaining term to maturity of three years, and a dual-tranche 635 million euro syndicated loan taken out by Christian Dior with remaining terms to maturity of three and 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 throughout the Group and optimal management of surplus cash. As a rule, the Group applies a diversified short-term and long-term investment policy;
- pursuing a dynamic policy of dividend payouts to shareholders, to enable them to benefit from the strong performance over the fiscal year, with the proposal of a total gross cash dividend payment of 3.55 euros per share for the fiscal year ended June 30, 2016, including an interim dividend of 1.35 euros per share that was paid as of April 2016.

Total dividend payments to shareholders by Christian Dior SE in respect of the fiscal year ended June 30, 2016 will thus amount to 641 million euros, before the impact of treasury shares. Interim and final dividends paid to minority interests of the consolidated subsidiaries in the fiscal year amounted to 1,310 million euros.

4.1. COMMENTS ON THE CONSOLIDATED BALANCE SHEET

ASSETS *(EUR billions)*	**June 30, 2016**	**June 30, 2015**	**Change**
Tangible and intangible fixed assets	39.6	38.0	+1.6
Other non-current assets	4.3	3.8	+0.5
Non-current assets	**43.9**	**41.8**	**+2.1**
Inventories	11.1	10.7	+0.4
Other current assets	7.9	7.5	+0.4
Current assets	**19.0**	**18.2**	**+0.8**
ASSETS	**62.9**	**60.0**	**+2.9**

LIABILITIES AND EQUITY *(EUR billions)*	June 30, 2016	June 30, 2015	Change
Equity	28.1	26.3	+1.8
Long-term borrowings	5.5	6.1	-0.6
Other non-current liabilities	16.1	15.4	+0.7
Equity and non-current liabilities	**49.7**	**47.8**	**+1.9**
Short-term borrowings	4.9	4.4	+0.5
Other current liabilities	8.3	7.8	+0.5
Current liabilities	**13.2**	**12.2**	**+1.0**
LIABILITIES AND EQUITY	**62.9**	**60.0**	**+2.9**

The consolidated balance sheet of the Christian Dior group totaled 62.9 billion euros as of June 30, 2016, representing a 2.9 billion euro increase from June 30, 2015, up 5%.

Non-current assets rose by 2.1 billion euros and represented 70% of total assets, stable with respect to June 30, 2015.

Tangible and intangible fixed assets grew by 1.6 billion euros. Purchase commitments for minority interests' shares rose by 0.8 billion euros. Investments for the fiscal year, net of disposals as well as amortization and depreciation charges, represented an additional increase of 0.9 billion euros. Conversely, exchange rate fluctuations had a negative impact of 0.1 billion euros.

Other non-current assets increased by 0.5 billion euros. Investments in joint ventures and associates rose by 0.2 billion euros, mainly due to the investments in Repossi and L Catterton Management. The rest of this change resulted from net acquisitions of non-current available for sale financial assets for 0.2 billion euros, the increase in the value of derivatives for 0.1 billion euros, and the increase in deferred tax assets for 0.1 billion euros.

Inventories totaled 11.1 billion euros, compared to 10.7 billion euros as of June 30, 2015. The comments on the cash flow statement provide further information on this change.

Other current assets amounted to 7.9 billion euros, up 0.4 billion euros due to the 0.3 billion euro increase in the cash balance and the 0.1 billion euro increase in current available for sale financial assets and trade receivables.

Other non-current liabilities totaled 16.1 billion euros, versus 15.4 billion euros as of June 30, 2015, up 0.7 billion euros, mainly due to the 1.0 billion euro increase in debt relating to purchase commitments for minority interests' shares, which was partially offset by the 0.3 billion euro decrease in provisions for contingencies and losses.

Other current liabilities increased by 0.5 billion euros, totaling 8.3 billion euros, of which 0.2 billion euros were related to the increase in trade accounts payable and 0.3 billion euros to the increase in other current borrowings.

(EUR billions)	June 30, 2016	June 30, 2015	Change
Long-term borrowings	5.5	6.1	-0.6
Short-term borrowings and derivatives	4.8	4.4	+0.4
Gross borrowings after derivatives	**10.3**	**10.5**	**-0.2**
Cash and cash equivalents, and current and non-current available for sale financial assets used to hedge financial debt	(3.5)	(3.0)	-0.5
Net financial debt	**6.8**	**7.5**	**-0.7**
Equity	**28.1**	**26.3**	**+1.8**
Net financial debt/Equity ratio	**24.1%**	**28.4%**	**-4.3 pts**

The ratio of net financial debt to equity was 24.1% as of June 30, 2016, down 4.3 points with respect to June 30, 2015, affected by the decrease in net financial debt and the increase in equity.

Total equity amounted to 28.1 billion euros as of June 30, 2016, versus 26.3 billion euros as of June 30, 2015. The Group's earnings, net of dividends distributed, contributed an increase of 2.3 billion euros. After taking into account the negative impact of the change in purchase commitments for minority interests' shares for 0.3 billion euros, the negative impact of gains and losses recognized in equity for 0.4 billion euros, and the 0.1 billion euro increase due to capital increases in subsidiaries, equity increased by 1.8 billion euros. As of June 30, 2016, total equity accounted for 44.7% of the balance sheet total, compared to 43.8% as of June 30, 2015.

Gross borrowings after derivatives totaled 10.3 billion euros as of end-June 2016, representing a 0.2 billion euro decrease compared to end-June 2015.

This decrease was mainly due to the following:

- in February 2016, LVMH issued five-year convertible bonds (exclusively cash-settled – see Note 18.1 to the consolidated financial statements) with a total face value of 600 million US dollars. A 150 million US dollar tap issue was carried out in April 2016;
- Christian Dior redeemed its 300 million euro bond issued in 2011 and issued a 350 million euro bond maturing in June 2021;
- commercial paper outstanding amounted to 2.2 billion euros as of June 30, 2016, a decrease of 0.2 billion euros over the fiscal year;
- bank borrowings, bank overdrafts and other borrowings also contributed to the decrease in debt by 0.3 billion euros, 0.2 billion euros and 0.2 billion euros, respectively.

Cash and cash equivalents, current available for sale financial assets, and non-current available for sale financial assets used to hedge financial debt totaled 3.5 billion euros at the end of the fiscal year, up 0.5 billion euros compared to June 30, 2015.

As of the fiscal year-end, the Group's undrawn confirmed credit lines amounted to 4.9 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, 2016.

(EUR millions)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)
Cash from operations before changes in working capital	**8,566**	**7,611**
Cost of net financial debt: interest paid	(88)	(164)
Tax paid on operating activities	(1,998)	(1,551)
Net cash from operating activities before changes in working capital	**6,480**	**5,896**
Change in working capital	(579)	(468)
Operating investments	(2,242)	(1,947)
Free cash flow	**3,659**	**3,481**
Financial investments	(839)	(170)
Transactions related to equity	(1,986)	(2,229)
Change in cash before financing activities	**834**	**1,082**

Cash from operations before changes in working capital totaled 8,566 million euros for the fiscal year, up 13% from the 7,611 million euros recorded a year earlier.

Interest paid came to 88 million euros. It was down significantly, 76 million euros lower than June 30, 2015, thanks to the impacts of lower interest rates on borrowings and the change in the schedule of interest payments following the change in the debt portfolio.

Tax paid on operating activities over the fiscal year amounted to 1,998 million euros, up 447 million euros with respect to the previous fiscal year; this change was mainly due to the increase in operating profit.

Net cash from operating activities before changes in working capital (i.e. after interest and income taxes paid) amounted to 6,480 million euros, a 10% increase.

Working capital requirements increased by 579 million euros, primarily as a result of a rise in inventories, which generated a cash requirement of 847 million euros. This increase in inventories occurred in all business groups. The change in other items of working capital was a net inflow of 268 million euros, to which trade accounts payable contributed 146 million euros.

Operating investments net of disposals resulted in a net cash outflow of 2,242 million euros. They consisted mainly of investments by Louis Vuitton, Sephora, DFS, Bvlgari 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, such as La Samaritaine.

Over the course of the fiscal year, 839 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 had a positive impact of 27 million euros, while income taxes paid relating to non-current available for sale financial assets amounted to 510 million euros. Purchases of consolidated investments, net of disposals, generated an outflow of 359 million euros. They included the acquisition of the daily newspaper Le Parisien/Aujourd'hui en France, a 95% stake in the e-commerce site Luxola, and investments in Repossi, L Catterton Management and the La Pinède hotel.

Transactions relating to equity generated an outflow of 1,986 million euros. This mainly includes 591 million euros in cash dividends paid by Christian Dior, excluding the impact of treasury shares; 1,310 million euros in dividends paid to minority interests of the consolidated subsidiaries (essentially the shareholders of LVMH SE, excluding Christian Dior's controlling interest, i.e. 59% of LVMH SE and Diageo as a result of its 34% stake in Moët Hennessy); and 168 million euros in income taxes paid relating to dividends paid out.

All operating, investment, and equity-related activities thus generated an inflow of 834 million euros over the fiscal year.

With financing activities generating a cash outflow of 146 million euros, and the negative impact of the change in the cumulative translation adjustment coming in at 191 million euros, the cash balance as of fiscal year-end was 2,816 million euros, up 497 million euros from June 30, 2015.

5. Stock option and bonus share plans

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

6. Subsequent events

On July 22, 2016, LVMH and G-III Apparel Group, Ltd entered into an agreement under which G-III will acquire Donna Karan International from LVMH, in a transaction with an enterprise value of 650 million US dollars, subject to customary adjustments. The transaction is expected to close in late 2016 or early 2017.

On October 4, 2016, LVMH and Dieter Morszeck announced that they had entered into an agreement for LVMH to acquire an 80% stake in the share capital of Rimowa, global leader in high-quality luggage, for 640 million euros. Subject to the approval of the competition authorities, the transaction is expected to close in January 2017.

No other significant subsequent events occurred between June 30, 2016 and October 13, 2016, the date at which the financial statements were approved for publication by the Board of Directors.

7. Recent developments and prospects

Despite a climate of economic, currency and geopolitical uncertainties, the Christian Dior group is well equipped to continue its growth momentum across all business groups. The Group will maintain a strategy focused on developing its brands by continuing to build on strong innovation and a constant quest for quality in their products and their 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. Results of Christian Dior

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

Net financial income totaled 683,714 thousand euros. It mainly consisted of dividends received from subsidiaries totaling 716,272 thousand euros and net interest expense totaling 24,945 thousand euros.

Tax income recognized under the tax consolidation agreement totaled 1,004 thousand euros as of June 30, 2016.

Net profit was 664,601 thousand euros.

The proposed appropriation of the distributable profit for the fiscal year ended June 30, 2016 is as follows:

Amount available for distribution *(EUR)*	
Net profit	664,600,929.64
Retained earnings	2,095,362,569.08
DISTRIBUTABLE EARNINGS	**2,759,963,498.72**
Proposed appropriation	
Distribution of a gross dividend of 3.55 euros per share	640,801,681.80
Retained earnings	2,119,161,816.92
TOTAL	**2,759,963,498.72**

Should this appropriation be approved, the gross cash dividend distributed would be 3.55 euros per share.

As an interim cash dividend of 1.35 euros per share was paid on April 21, 2016, the final dividend per share is 2.20 euros; this will be paid as of December 13, 2016.

Under existing applicable tax law as of June 30, 2016, 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.

Lastly, 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.

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, 2015 [c]	Interim	April 23, 2015	1.25	0.50
	Final	December 15, 2015	1.95	0.78
	TOTAL		**3.20**	**1.28**
June 30, 2014 [d]	Interim	April 17, 2014	1.20	0.48
	Final	December 15, 2014	1.90	0.76
	TOTAL		**3.10**	**1.24**
June 30, 2013		-	-	-

(a) Excludes the impact of tax regulations applicable to the recipients.
(b) For individuals with tax residence in France.
(c) Excluding the exceptional interim dividend in kind in the form of Hermès International shares paid as of December 17, 2014, corresponding to 4.20150 euros per Christian Dior share, the entire amount of which qualifies as distributed income for tax purposes.
(d) 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 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.

Information relating to payment terms

As of June 30, 2016, trade accounts payable amounted to 4,340 thousand euros (4,173 thousand euros as of June 30, 2015). They comprise accrued expenses in the amount of 4,236 thousand euros (4,075 thousand euros as of June 30, 2015) and outstanding invoices past due in the amount of 104 thousand euros (98 thousand euros as of June 30, 2015).

2. Share ownership of the Company

2.1. MAIN SHAREHOLDERS

As of June 30, 2016, the Arnault Family Group directly and indirectly controlled 73.03% of the share capital, compared with 72.86% as of June 30, 2015, and held 84.36% of the voting rights exercisable at Shareholders' Meetings, compared with 84.32% as of June 30, 2015.

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

As of June 30, 2016, the members of the Board of Directors held directly, personally and in the form of registered shares, less than 0.30% of the share capital.

2.3. INFORMATION ON SHARE PURCHASES AND DISPOSALS

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

- at fiscal year-end, the number of shares allocated to cover current or future share purchase option plans and bonus share plans totaled 1,188,053 with a net value of 108,639,868.03 euros. They were purchased at an average price of 91.79 euros. Their par value is 2 euros. These shares represent 0.66% of the share capital;
- information on purchases and sales of shares acquired during the fiscal year that began on July 1, 2015 and ended June 30, 2016 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 December 9, 2014 and December 1, 2015 is provided in Section 5 below.

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

3. Stock option and bonus share plans

3.1. OPTIONS GRANTED BY THE PARENT COMPANY, CHRISTIAN DIOR

Option plan recipients are selected in accordance with the following criteria: performance, development potential and contribution to a key position.

Three share purchase option plans set up by Christian Dior between 2007 and 2009 were in force as of June 30, 2016. 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 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 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 recipients could only be exercised if, for fiscal years 2009 and 2010, at least one 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, in pure registered form and until the end 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, determined based on the closing share price on the day before the exercise date.

3.1.1. Share purchase option plans

Date of Shareholders' Meeting	05/14/2001	05/11/2006	05/11/2006	05/11/2006	05/11/2006	
Date of Board of Directors' meeting	**02/15/2006**	**09/06/2006**	**01/31/2007**	**05/15/2008**	**05/14/2009**	**Total**
Total number of options granted at plan inception	**475,000**	**20,000**	**480,000**	**484,000**	**332,000**	**1,791,000**
o/w Company officers [a]	305,000	-	285,000	320,000	150,000	**1,060,000**
Bernard Arnault [b]	220,000	-	200,000	200,000	100,000	**720,000**
Delphine Arnault [b]	25,000	-	25,000	25,000	25,000	**100,000**
Denis Dalibot [b]	35,000	-	35,000	70,000	-	**140,000**
Sidney Toledano [b]	50,000	-	50,000	50,000	50,000	**200,000**
o/w Top ten employee recipients [c]	144,000	20,000	133,000	147,000	159,000	**603,000**
Number of recipients	24	1	28	25	26	
Earliest option exercise date	02/15/2009	09/06/2009	01/31/2011	05/15/2012	05/14/2013	
Expiry date	02/14/2016	09/05/2016	01/30/2017	05/14/2018	05/13/2019	
Exercise price [d] *(EUR)*	66.95 [e]	68.86	78.11	67.31 [e]	47.88	
Number of options exercised [d]	243,097	4,027	17,359	17,061	24,762	**306,306**
Number of options expired	-	-	-	-	-	-
Total number of options exercised [d]	455,697	20,327	136,552	148,752	85,984	**847,312**
Total number of options expired [d]	39,000	-	66,000	32,000	45,000	**182,000**
OPTIONS OUTSTANDING AS OF FISCAL YEAR-END [d]	**-**	**-**	**303,549**	**332,415**	**220,928**	**856,892**

(a) Options granted to active company officers as of the plan's commencement date.
(b) Company officers active as of June 30, 2016.
(c) Options granted to active employees other than company officers as of the plan's commencement date.
(d) After adjusting for the distributions in kind of Hermès International shares on December 17, 2014.
(e) Purchase price for Italian residents:

Plans	Exercise price [d] *(EUR)*
02/15/2006	70.91
05/15/2008	67.52

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

3.1.2. Share subscription option plans

None.

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

3.2.1. Share purchase option plans

As of June 30, 2016, there are no longer any purchase option plans in effect.

3.2.2. Share subscription option plans

Date of Shareholders' Meeting	05/11/2006	05/11/2006	05/11/2006	05/11/2006	
Date of Board of Directors' meeting	**05/11/2006**	**05/10/2007**	**05/15/2008**	**05/14/2009**	**Total**
Total number of options granted at plan inception	**1,789,359**	**1,679,988**	**1,698,320**	**1,301,770**	**6,469,437**
o/w Company officers [(a)]	852,500	805,875	766,000	541,000	**2,965,375**
o/w Top ten employee recipients [(b)]	339,875	311,544	346,138	327,013	**1,324,570**
Number of recipients	520	524	545	653	
Earliest option exercise date	05/11/2010	05/10/2011	05/15/2012	05/14/2013	
Expiry date	05/10/2016	05/09/2017	05/14/2018	05/13/2019	
Subscription price *(EUR)* [(c)] [(d)]	70.972	77.526	65.265	50.861	
Number of options exercised [(c)]	772,956	98,411	36,008	62,036	**969,411**
Number of options expired [(c)]	7,709	556	556	2,780	**11,601**
Total number of options exercised [(c)]	1,758,113	944,231	867,446	748,410	**4,318,200**
Total number of options expired [(c)]	116,641	96,291	91,830	50,553	**355,315**
OPTIONS OUTSTANDING AS OF FISCAL YEAR-END [(c)]	**-**	**723,681**	**827,735**	**571,240**	**2,122,656**

(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) After adjusting for the exceptional distribution of a dividend in Hermès International shares on December 17, 2014.
(d) Subscription price for Italian residents:

Plans	Subscription price [(c)] *(EUR)*
05/11/2006	74.186
05/15/2008	65.445
05/14/2009	50.879

As of June 30, 2016, the potential dilutive effect resulting from the allocation of these options represents 0.42% of the LVMH share capital. However, since LVMH retires a number of shares equivalent to the number of shares issued in connection with the exercise of options, there is no dilutive effect for shareholders when the subscription options are exercised.

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

Information on company officers can be found in §6.4 of the "Compensation of company officers" section in the "*Management report of the Board of Directors* – Christian Dior parent company".

3.3.1. Options granted

No option plans were created in 2015/2016.

3.3.2. Options exercised by the ten employees of the Group, other than company officers, having exercised the largest number of options [(a)]

Company granting the options	Date of the plan	Number of options	Exercise price/ Subscription price *(EUR)*
Christian Dior	02/15/2006	3,701	66.95
"	09/06/2006	4,027	68.86
"	01/31/2007	13,859	78.11
"	05/15/2008	13,261	67.31
"	05/14/2009	4,353	47.88
LVMH Moët Hennessy - Louis Vuitton	05/11/2006	21,443	70.972
"	05/10/2007	17,679	77.526
"	05/15/2008	13,543	65.265
"	05/14/2009	10,282	50.861

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

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

Bonus share recipients 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 plans set up between 2012 and 2014, shares vest after a three-year period for French tax residents. Shares may be freely transferred after an additional two-year holding period, prior to any sale or transfer. Bonus shares allocated to recipients who are not French residents for tax purposes vest after a period of four years and become freely transferable at that time.

For the plan set up in 2015, shares vest after a three-year period, with no holding period.

The plans combine the allocation of bonus shares and the allocation of performance shares in proportions determined in accordance with the recipient's level in the hierarchy and status.

Performance shares granted under plans set up in 2012 and 2013 only vest if Christian Dior's consolidated financial statements for the calendar 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 at least one of the following indicators: the Group's profit from recurring operations, net cash from operating activities and operating investments, and current operating margin, hereafter referred to as the "Indicators".

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. Performance shares were fully vested as of (i) April 5, 2015 for recipients who were French residents for tax purposes as of that date and (ii) April 5, 2016 for recipients who were not French residents for tax purposes as of that date. 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 only vest if Christian Dior's consolidated financial statements for calendar year 2015 show a positive change compared to calendar year 2014 in relation to at least one of the aforementioned Indicators. This condition was satisfied.

Lastly, performance shares granted under the plan set up in 2015 only vest if Christian Dior's consolidated financial statements for calendar years Y+1 and Y+2 show a positive change compared to calendar year Y (the year in which the plan was set up) in relation to at least one of the aforementioned Indicators.

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 at the vesting date of the share allocations using the closing share price on the day before the vesting 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 recipients, the number of shares granted to them 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	03/31/2011		10/26/2012		10/26/2012		12/01/2015		
Date of Board of Directors' meeting	**04/05/2012**		**07/25/2013**		**10/16/2014**		**12/01/2015**		
	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	**6,000**	**87,288**	**6,000**	**82,521**	**6,000**	**89,185**	**5,000**	**64,511**	**346,505**
o/w Company officers [(a)]	-	40,568	-	36,694		39,302	-	28,585	**145,149**
Bernard Arnault [(b)]	-	22,982	-	19,108	-	20,466		14,656	**77,212**
Delphine Arnault [(b)]	-	6,095	-	6,095		6,528		4,675	**23,393**
Sidney Toledano [(b)]	-	11,491	-	11,491		12,308		9,254	**44,544**
o/w Top ten employee recipients [(c)]	6,000	26,441	6,000	24,370	6,000	27,653	5,000	18,296	**119,760**
Number of recipients	1	39	1	40	1	40	1	44	
Vesting date	04/05/2015	04/05/2015 [(d)]	07/25/2016	07/25/2016 [(d)]	10/16/2017	10/16/2017 [(d)]	12/01/2018	12/01/2018	
Date as of which the shares may be sold	04/05/2017	04/05/2017 [(d)]	07/25/2018	07/25/2018 [(d)]	10/16/2019	10/16/2019 [(d)]	12/01/2018	12/01/2018	
Performance conditions	**-**	**Satisfied**	**-**	**Satisfied**	**-**	**Satisfied**	**-**	**Not applicable in 2015**	
Number of share allocations vested between 07/01/2015 and 06/30/2016 [(e)]	-	3,248	-	-	-	-	-	-	**3,248**
Number of share allocations expired between 07/01/2015 and 06/30/2016	-	-	-	-	-	-	-	-	**-**
Total number of share allocations vested as of 06/30/2016 [(e)]	6,529	88,836	-	-	-	-	-	-	**95,365**
Total number of share allocations expired as of 06/30/2016 [(e)]	-	5,666	-	715	-	-	-	-	**6,381**
REMAINING ALLOCATIONS AS OF FISCAL YEAR-END [(e)]	**-**	**-**	**6,529**	**89,042**	**6,529**	**97,071**	**5,000**	**64,511**	**268,682**

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

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

Date of Shareholders' Meeting	03/31/2011	03/31/2011	03/31/2011	04/18/2013	04/18/2013	04/18/2013	04/18/2013	04/16/2015	04/16/2015	
Date of Board of Directors' meeting	**04/05/2012**	**07/26/2012**	**07/26/2012**	**07/25/2013**	**10/24/2013**	**07/24/2014**	**10/23/2014**	**04/16/2015**	**10/22/2015**	
	Performance shares	**Bonus shares**	**Performance shares**	**Performance shares**	**Performance shares**	**Bonus shares**	**Performance shares**	**Performance shares**	**Performance shares**	**Total**
Total number of shares provisionally allocated at plan inception	**416,609**	**45,000**	**830**	**397,406**	**6,228**	**61,000**	**307,548**	**73,262**	**315,532**	**1,623,415**
o/w Company officers (a)	85,913	45,000	-	78,572	-	-	19,235	41,808	46,990	**317,518**
o/w Top ten employee recipients (b)	90,078	-	830	69,606	6,228	61,000	36,280	31,454	61,858	**357,334**
Number of recipients	*747*	1	1	*748*	3	2	*772*	14	*740*	
Vesting date	04/05/2015 (c)	07/26/2015 (c)	07/26/2015 (c)	07/25/2016 (c)	10/24/2016 (c)	07/24/2017 (c)	10/23/2017 (c)	04/16/2018 (c)	10/22/2018 (c)	
Date as of which the shares may be sold	04/05/2017 (c)	07/26/2017 (c)	07/26/2017 (c)	07/25/2018 (c)	10/24/2018 (c)	07/24/2019 (c)	10/23/2019 (c)	04/16/2020 (c)	10/22/2020 (c)	
Performance conditions	**Satisfied**	**-**	**Satisfied**	**Satisfied**	**Satisfied**	**-**	**Satisfied**	**Satisfied**	**Not applicable in 2015**	
Number of share allocations vested between 07/01/2015 and 06/30/2016 (d)	196,936	-	923	-	-	-	-	-	-	**197,859**
Number of share allocations expired between 07/01/2015 and 06/30/2016 (d)	5,860	-	-	13,215	2,222	-	16,790	-	2,295	**40,382**
Total number of share allocations vested as of 06/30/2016 (d)	419,871	-	923	227	-	-	-	-	-	**421,021**
Total number of share allocations expired as of 06/30/2016 (d)	40,033	-	-	34,786	2,222	-	23,613	-	2,295	**102,949**
REMAINING ALLOCATIONS AS OF FISCAL YEAR-END (d)	**-**	**49,989**	**-**	**405,023**	**4,698**	**67,764**	**318,065**	**73,262**	**313,237**	**1,232,038**

(a) Bonus shares allocated to company officers active as of the provisional allocation date.
(b) Bonus shares allocated to active employees other than LVMH company officers as of the provisional allocation date.
(c) Vesting and availability of shares on April 5, 2016; July 26, 2016; July 25, 2017; October 24, 2017; July 24, 2018; October 23, 2018; April 16, 2019 and October 22, 2019 which then become transferable for recipients who are not French residents for tax purposes.
(d) After adjusting for the exceptional distribution of a dividend in Hermès International shares on December 17, 2014.

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

3.6. SHARES VESTED DURING THE FISCAL YEAR TO THE GROUP'S TOP TEN EMPLOYEE RECIPIENTS, OTHER THAN COMPANY OFFICERS

Information on company officers can be found in §6.5 of the "Compensation 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 [(b)]

Company granting the shares	Initial allocation date of the shares	Number of bonus shares	Number of performance shares
Christian Dior	04/05/2012	-	3,248
LVMH Moët Hennessy - Louis Vuitton	04/05/2012	-	41,175

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

4. Financial authorizations

4.1. STATUS OF CURRENT DELEGATIONS AND AUTHORIZATIONS

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

Type	Authorization date	Expiry/ Duration	Amount authorized	Use as of June 30, 2016
Share repurchase program Maximum purchase price: 300 euros	December 1, 2015 (12th resolution)	May 31, 2017 (18 months) [(a)]	10% of the share capital 18,050,751 shares	Movements during the fiscal year [(b)] Purchases: 32,500 Disposals: -
Reduction of capital through the retirement of shares purchased under the share repurchase program	December 1, 2015 (13th resolution)	May 31, 2017 (18 months) [(a)]	10% of the share capital per 24-month period 18,050,751 shares	Shares retired during the fiscal year: None

(a) A resolution renewing this authorization will be presented to the Shareholders' Meeting of December 6, 2016. See §4.2 below.
(b) Movements occurring between December 1, 2015 and June 30, 2016 are addressed in the following section on the share repurchase program approved by the Combined Shareholders' Meeting of December 1, 2015. For purchases, including calls exercised, see also §5.1 below in the "Share repurchase program" section.

4.1.2. Authorizations to increase the share capital

(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, 2016
Through capitalization of reserves (L. 225-130)	December 9, 2014 (14th resolution)	February 8, 2017 (26 months)	80 million euros (a) (b) 40,000,000 shares	Not 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) (c) 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) (c) 40,000,000 shares	At least equal to the minimum price required by regulations (d)	None
• by means of private placement (L. 225-135 et seq.)	December 9, 2014 (18th resolution)	February 8, 2017 (26 months)	80 million euros (a) (b) (c) 40,000,000 shares	At least equal to the minimum price required by regulations (d)	None
In connection with a public exchange offer (L. 225-148)	December 9, 2014 (21st resolution)	February 8, 2017 (26 months)	80 million euros (a) (b) 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	Free	None

(a) A resolution renewing this authorization will be presented to the Shareholders' Meeting of December 6, 2016. See §4.2 below.
(b) Maximum nominal amount. The nominal amount of any capital increase decided in application of other delegations of authority would be offset against this amount.
(c) Provided the overall maximum ceiling of 80 million euros referred to in (b) is not exceeded, this amount may be increased subject to the limit of 15% of the initial issue in the event that the issue is oversubscribed (Shareholders' Meeting of December 9, 2014 – 20th resolution) (L. 225-135-1).
(d) Up to 10% of the share capital, the Board of Directors may freely determine the issue price, provided that this price is at least equal to 90% of the weighted average of the share price over the three days preceding its determination (Shareholders' Meeting of December 9, 2014 – 19th resolution).

4.1.3. Employee share ownership

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method	Use as of June 30, 2016
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 [(a) (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 1, 2015 (14th resolution)	January 31, 2018 (26 months)	1% of the share capital [(c)] 1,805,075 shares	Not applicable	Granted: 69,511 Available to be granted: 1,735,564 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 [(a) (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 6, 2016. See §4.2 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 the 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.

4.2. AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING

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

Type	Resolution	Duration	Amount authorized
Share repurchase program Maximum purchase price: 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	14th	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 43 et seq.). Unless it obtains prior authorization from the Shareholders' Meeting, the Board of Directors may not 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.

4.2.2. Authorizations to increase the share capital

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

Type	Resolution	Duration	Amount authorized	Issue price determination method
Through capitalization of reserves (L. 225-130)	13th	26 months	80 million euros [(a)] 40,000,000 shares	Not applicable
With preferential subscription rights: ordinary shares and securities giving access to the share capital	15th	26 months	80 million euros [(a) (b)] 40,000,000 shares	Free
Without preferential subscription rights – ordinary shares and securities giving access to the share capital:				
• by means of public offering (L. 225-135 et seq.)	16th	26 months	80 million euros [(a) (b)] 40,000,000 shares	At least equal to the minimum price required by regulations [(c)]
• by means of private placement (L. 225-135 et seq.)	17th	26 months	80 million euros [(a) (b)] 40,000,000 shares	At least equal to the minimum price required by regulations [(c)]
In connection with a public exchange offer (L. 225-148)	20th	26 months	80 million euros [(a)] 40,000,000 shares	Free
In connection with in-kind contributions (L. 225-147 et seq.)	21st	26 months	10% of the share capital [(a)] 18,050,751 shares	Free

(a) Maximum nominal amount. The nominal amount of any capital increase decided in application of other delegations of authority would be offset against this amount (24th resolution).
(b) Provided the overall maximum ceiling of 80 million euros referred to in (a) is not exceeded, this amount may be increased subject to the limit of 15% of the initial issue in the event that the issue is oversubscribed (19th resolution) (L. 225-135-1).
(c) 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 (18th resolution).

It is proposed that you authorize the Board of Directors to:

- raise the share capital through the capitalization of profit, reserves, additional paid-in capital or other items and the allotment of new shares to the shareholders or an increase in the par value of existing shares;
- issue shares, either with preferential subscription rights, or without preferential subscription rights but with the possibility of priority rights for shareholders if the issues take place in the French market.

In the event of an issue without preferential subscription rights, the issue price of shares must be at least equal to the minimum price provided by the laws and regulations in force at the time of the issue.

In the event of an oversubscribed capital increase, the number of shares to be issued may be increased by the Board of Directors under the conditions provided by law.

It is also proposed that you authorize the Board of Directors to increase the share capital by issuing shares as consideration for either securities tendered to a public exchange offer or, up to 10% of the share capital, contributions in kind of equity securities or securities giving access to the share capital.

These authorizations in principle will allow your Board of Directors to react more quickly to seize market opportunities or carry out external growth transactions.

Unless it obtains prior authorization from the Shareholders' Meeting, the Board of Directors may not use these delegations of authority as from the date at which a third party files a proposal for a takeover bid or exchange offer for the shares of the Company; this restriction shall hold until the end of the offer period.

4.2.3. Employee share ownership

Type	Resolution	Duration	Amount authorized	Issue price determination method
Share subscription or purchase options (L. 225-177 et seq.)	22nd	26 months	1% of the share capital [(a)] 1,805,075 shares	Average share price over the 20 trading days preceding the grant date [(b)] with no discount
Capital increase reserved for employees who are members of a company savings plan (L. 225-129-6)	23rd	26 months	1% of the share capital [(a)] 1,805,075 shares	Average share price over the 20 trading days preceding the grant date Maximum discount: 20%

(a) Subject to not exceeding the total ceiling of 80 million euros set forth above, against which this amount would be offset.
(b) In the case of purchase options, the price may not be lower than the average purchase price of the shares.

The authorization to grant share purchase options to Group employees and senior executives provides the Board of Directors with ways to help build loyalty among the employees and managers of the Group who contribute most directly to its results by involving them in its future performance.

The various authorizations to increase the share capital proposed to the shareholders entail the obligation to submit to their vote a resolution to authorize the Board of Directors to increase the share capital through an issue reserved for Group employees enrolled in a company savings plan.

5. Share repurchase program

5.1. INFORMATION ON SHARE REPURCHASE PROGRAMS

The purpose of this subsection is to inform the Shareholders' Meeting of the purchase transactions in treasury shares that were carried out by the Company in the fiscal year from July 1, 2015 to June 30, 2016 as part of the share repurchase programs authorized by the Combined Shareholders' Meetings held on December 9, 2014 and December 1, 2015, respectively.

The Company acquired 97,843 Christian Dior shares at an average share price of 160.42 euros. No shares were sold.

These transactions generated expenses of 50 thousand euros.

The table below groups by purpose the transactions carried out at value date during the period from July 1, 2015 to June 30, 2016:

(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, 2015		**220,491**	**-**	**-**	**-**	**220,491**
Purchases	-	65,343	-	-	-	65,343
Average price *(EUR)*	-	169.30	-	-	-	169.30
Sales	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Share purchase options exercised	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Call options exercised	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Bonus share awards	-	-	-	-	-	-
Reallocations for other purposes	-	-	-	-	-	-
Shares retired	-	-	-	-	-	-
Balance as of December 1, 2015	**-**	**285,834**	**-**	**-**	**-**	**285,834**
Purchases	-	32,500	-	-	-	32,500
Average price *(EUR)*	-	142.55	-	-	-	142.55
Sales	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Share purchase options exercised	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Call options exercised	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Bonus share awards	-	-	-	-	-	-
Reallocations for other purposes	-	-	-	-	-	-
Shares retired	-	-	-	-	-	-
Balance as of June 30, 2016	**-**	**318,334**	**-**	**-**	**-**	**318,334**

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

5.2. DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE SHARE REPURCHASE PROGRAM PRESENTED TO THE COMBINED SHAREHOLDERS' MEETING OF DECEMBER 6, 2016

- Securities concerned: shares issued by Christian Dior.
- Maximum portion of the capital that may be purchased by the Company: 10%.
- Maximum number of the Company's own shares that it may acquire, based on the number of shares making up share capital as of June 30, 2016: 18,050,751 shares, but taking into account the 1,188,053 shares held as treasury shares as of June 30, 2016, only 16,862,698 treasury shares are available to be acquired (i.e. 9.34% of the share capital).
- Maximum price per share: 300 euros, with the understanding that the Company may not purchase shares at a price higher than the higher of the following two values: the last quoted share price resulting from the execution of a transaction in which the Company was not a stakeholder, or the highest current independent purchase offer on the trading platform where the purchase is to take place.
- 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 plans, 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 debt securities that may be exchanged for Company shares, and more generally 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 6, 2016,
  - buy shares to be held and later presented for consideration as an exchange or payment in connection with external growth operations,
  - more generally, carry out any eligible transactions or any transactions which in the future are authorized under the regulations in force at that time, particularly if such transaction involves a market practice that has become eligible under the Autorité des Marchés Financiers (the French financial markets regulator).
- Term of the program: 18 months from the Combined Shareholders' Meeting of December 6, 2016.

5.3. SUMMARY TABLE DISCLOSING THE TRANSACTIONS PERFORMED BY THE ISSUER INVOLVING ITS OWN SHARES FROM JULY 1, 2015 TO JUNE 30, 2016

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, 2015 to June 30, 2016:

As of June 30, 2016	
Percentage of own share capital held directly or indirectly	0.18% [(a)]
Number of shares retired in the last 24 months	1,200,000 [(b)]
Number of shares held in the portfolio	318,334
Book value of the portfolio *(EUR)*	50,448,691
Market value of the portfolio *(EUR)*	46,094,763

(a) Not taking into account shares acquired prior to the implementation of the share repurchase programs (§2.3 of the section entitled "Share ownership of the Company").
(b) 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, 2016			
			Open purchase positions		Open sale positions	
	Purchased	Sales/ Transfers	Purchases call options	Forward purchases	Sold call options	Forward sales
Number of shares	97,843	-	-	-	-	-
Of which:						
- liquidity contract	-	-	-	-	-	-
- purchases to cover plans	97,843	-	-	-	-	-
- purchase options exercised	-	-	-	-	-	-
- call options exercised	-	-	-	-	-	-
- bonus share awards	-	-	-	-	-	-
- purchases of shares to be retired	-	-	-	-	-	-
- share retirements	-	-	-	-	-	-
Average maximum maturity	-	-	-	-	-	-
Average trading price [(a)] *(EUR)*	160.42	-	-	-	-	-
Average exercise price *(EUR)*	-	-	-	-	-	-
Amounts [(a)] *(EUR)*	15,695,619.15	-	-	-	-	-

(a) Excluding bonus share allocations and share retirements.

6. Compensation of company officers

6.1. SUMMARY OF THE COMPENSATION, OPTIONS AND PERFORMANCE SHARES GRANTED TO SENIOR EXECUTIVE OFFICERS [(a)]

Senior executive officers	Compensation 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, 2016** (12 months)	**June 30, 2015** (12 months)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)
Bernard Arnault	2,246,949	2,209,211	-	-	4,491,698	4,487,809
Sidney Toledano	1,699,905	1,647,000	-	-	1,505,256	1,433,636

(a) Gross compensation 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 is presented in §6.5, and the performance conditions to be met for the vesting of shares are presented in §3.4 of the "Stock option and bonus share plans" section of the "*Management report of the Board of Directors* – Christian Dior parent company".

6.2. SUMMARY OF THE COMPENSATION OF EACH SENIOR EXECUTIVE OFFICER [(a)]

Christian Dior SE does not pay any fixed or variable compensation to Bernard Arnault. The fixed and variable compensation amounts listed below exclusively concern compensation due or paid to him by the LVMH group.

Bernard Arnault	Amounts due for the fiscal year		Amounts paid during the fiscal year	
Compensation *(EUR)*	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)
Fixed compensation [(b)]	1,146,949	1,109,211	1,146,949	1,434,211
Variable compensation [(b)]	1,100,000 [(c)]	1,100,000 [(d)]	-	4,400,000 [(e)]
Exceptional compensation	-	-	-	-
Directors' fees [(f)]	115,345	116,413	116,413	208,464 [(g)]
Benefits in kind	Company car	Company car	Company car	Company car
TOTAL	**2,362,294**	**2,325,624**	**1,263,362**	**6,042,675**

(a) Gross compensation 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) Amount corresponding to the six-month portion (from July 1, 2015 to December 31, 2015) of variable annual compensation decided with respect to the 2015 calendar year.
(d) Amount corresponding to the six-month portion (from July 1, 2014 to December 31, 2014) of variable annual compensation decided with respect to the 2014 calendar year.
(e) LVMH bonus paid in respect of fiscal years 2013 and 2014.
(f) The rules for attributing directors' fees at the Company are presented in the "*Report of the Chairman of the Board of Directors*", §1.11, page 98.
(g) Including the directors' fees due by LVMH in respect of the 2013 fiscal year and paid in the second half of 2014.

Sidney Toledano (b)	Amounts due for the fiscal year		Amounts paid during the fiscal year	
Compensation *(EUR)*	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)
Fixed compensation	1,069,905	1,035,000	1,069,905	1,035,000
Variable compensation	630,000 (c)	612,000 (d)	1,260,000	1,224,000
Exceptional compensation	-	-	-	*7,406,225* (e)
Directors' fees (f)	36,590	35,206	35,206	36,232
Benefits in kind	Company car	Company car	Company car	Company car
TOTAL	**1,736,495**	**1,682,206**	**2,365,111**	**9,701,457**

(a) Gross compensation 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) Medium-term incentive plan adopted by the Board of Directors on February 11, 2016.
(c) Amount corresponding to the six-month portion (from July 1, 2015 to December 31, 2015) of variable annual compensation decided with respect to the 2015 calendar year.
(d) Amount corresponding to the six-month portion (from July 1, 2014 to December 31, 2014) of variable annual compensation decided with respect to the 2014 calendar year.
(e) Medium-term incentive plan adopted by the Board of Directors on February 3, 2011, half of which was paid in March 2014 and the other half in March 2015.
(f) The rules for attributing directors' fees at the Company are presented in the *"Report of the Chairman of the Board of Directors"*, §1.11, page 98.

The variable portion of the compensation paid to senior executive officers is based on the attainment of both financial and qualitative targets. The variable portion of the compensation of the Chairman of the Board of Directors is paid by the LVMH group; quantitative and qualitative objectives carry an equal weighting for the purpose of determining the bonus.

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 150% of the fixed portion for the Chief Executive Officer. The Chief Executive Officer may also benefit from medium-term incentive plans based on achieving objectives relating to profit from recurring operations.

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

Members of the Board of Directors	Directors' fees [(b)] paid during the fiscal year		Fixed compensation paid during the fiscal year		Variable compensation paid during the fiscal year	
(EUR)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2016 (12 months)	June 30, 2015 (12 months)
Delphine Arnault [(c) (d)]	65,339	65,851	848,949	816,843	1,596,000	480,000
Denis Dalibot	33,929	33,933	60,426 [(e)]	288,000 [(e)]	-	-
Hélène Desmarais	13,848	9,232	-	-	-	-
Renaud Donnedieu de Vabres	13,848	12,310	-	-	-	-
Ségolène Gallienne	8,206	7,693	-	-	-	-
Pierre Godé	124,763	121,465	867,287	1,500,000	-	1,000,000
Eric Guerlain [(f)]	12,720	20,118	-	-	-	-
Christian de Labriffe	23,080	20,385	-	-	-	-
Jaime de Marichalar y Sáenz de Tejada [(g)]	24,041	25,105	-	-	-	-

(a) Directors' fees, gross compensation and/or fees and benefits in kind paid or borne by the Company and companies it controls, subject to the provisions of Article L. 225-102-1 of the French Commercial Code, and received by the company officer or a company he or she controls.
(b) The rules for attributing directors' fees at the Company are presented in the "*Report of the Chairman of the Board of Directors*", §1.11, page 98.
(c) 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 §3.4 of the "Stock option and bonus share plans" section of the "*Management report of the Board of Directors* – Christian Dior parent company", and in §6.5 below.
(d) Medium-term incentive plan.
(e) Contract as a consultant.
(f) End of term: December 1, 2015.
(g) Advisory Board member since December 1, 2015.

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

See also §3.1 of the "Stock option and bonus share plans" section of the "*Management report of the Board of Directors* – Christian Dior parent company" for the terms and conditions of allocation and conservation.

No option plans were created during the period from July 1, 2015 to June 30, 2016.

6.4.1. Options exercised by senior executive officers of the Company [(a)]

Recipient	Company granting the options	Date of the plan	Number of options	Exercise price/ Subscription price (EUR)
Bernard Arnault	Christian Dior	02/15/2006	239,396	66.95
	LVMH	05/11/2006	499,887	70.972

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

6.4.2. Options exercised by other executive officers of the Company [(a)]

Recipient	Company granting the options	Date of the plan	Number of options	Exercise price/ Subscription price *(EUR)*
Delphine Arnault	Christian Dior	05/14/2009	19,109	47.88

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

6.5. SHARE ALLOCATIONS TO COMPANY OFFICERS DURING THE FISCAL YEAR

See also §3.4 of the "Stock option and bonus share plans" section of the *"Management report of the Board of Directors* – Christian Dior parent company" for the terms and conditions of allocation and conservation.

6.5.1. Provisional allocations of performance shares to senior executive officers

Recipients	Company granting the shares	Date of Shareholders' Meeting	Date of the plan	Number of shares	% of share capital	Valuation of shares *(EUR)*
Bernard Arnault	Christian Dior	12/01/2015	12/01/2015	14,656	0.008	2,383,945
	LVMH	04/16/2015	10/22/2015	14,626	0.003	2,107,753
Sidney Toledano	Christian Dior	12/01/2015	12/01/2015	9,254	0.005	1,505,256

6.5.2. Provisional allocations of bonus and performance shares to other company officers

Recipient	Company granting the shares	Date of the plan	Number of bonus shares	Number of performance shares
Delphine Arnault	Christian Dior	12/01/2015	-	4,675
	LVMH	10/22/2015	-	2,093

6.5.3. Performance shares vested to senior executive officers

No bonus shares vested to senior executive officers during the fiscal year.

6.5.4. Bonus and performance shares vested to other company officers [(a)]

Recipient	Company granting the shares	Date of the plan	Number of bonus shares	Number of performance shares
Pierre Godé	LVMH	04/05/2012	-	17,285

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

6.6. PRIOR ALLOCATIONS OF OPTIONS TO COMPANY OFFICERS

No share subscription option plans were in effect as of June 30, 2016.

The terms and conditions of exercising purchase options and, for the plan set up in 2009, the performance conditions related to exercising options are presented in §3.1 of the section entitled "Stock option and bonus share plans" in the "*Management report of the Board of Directors* – Christian Dior parent company".

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, in pure registered form and until the end 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, determined based on the closing share price on the day before the exercise date.

Date of Shareholders' Meeting	05/14/2001	05/11/2006	05/11/2006	05/11/2006	05/11/2006	
Date of Board of Directors' meeting	**02/15/2006**	**09/06/2006**	**01/31/2007**	**05/15/2008**	**05/14/2009**	**Total**
Total number of options granted at plan inception	**475,000**	**20,000**	**480,000**	**484,000**	**332,000**	**1,791,000**
o/w Company officers [(a)]	305,000	-	285,000	320,000	150,000	**1,060,000**
Bernard Arnault [(b)]	220,000	-	200,000	200,000	100,000	**720,000**
Delphine Arnault [(b)]	25,000	-	25,000	25,000	25,000	**100,000**
Denis Dalibot [(b)]	35,000	-	35,000	70,000	-	**140,000**
Sidney Toledano [(b)]	50,000	-	50,000	50,000	50,000	**200,000**
o/w Top ten employee recipients [(c)]	144,000	20,000	133,000	147,000	159,000	**603,000**
Number of recipients	24	1	28	25	26	
Earliest option exercise date	02/15/2009	09/06/2009	01/31/2011	05/15/2012	05/14/2013	
Expiry date	02/14/2016	09/05/2016	01/30/2017	05/14/2018	05/13/2019	
Purchase price *(EUR)* [(d)]	66.95 [(e)]	68.86	78.11	67.31 [(e)]	47.88	

(a) Options granted to active company officers as of the plan's commencement date.
(b) Company officers active as of June 30, 2016.
(c) Options granted to active employees other than company officers as of the plan's commencement date.
(d) After adjusting for the distributions of Hermès International shares on December 17, 2014. See also §3.1 of the "Stock option and bonus share plans" section of the "*Management report of the Board of Directors* – Christian Dior parent company".
(e) Purchase price for Italian residents:

Plans	Exercise price [(d)] *(EUR)*
02/15/2006	70.91
05/15/2008	67.52

6.7. PRIOR ALLOCATIONS OF BONUS SHARES AND PERFORMANCE SHARES

The terms and conditions of allocation and performance conditions related to the vesting of shares are presented in §3.4 of the "Stock option and bonus share plans" section of the "*Management report of the Board of Directors* – Christian Dior parent company". Furthermore, in the event of the vesting of their share allocations, the Chairman of the Board of Directors and the Chief Executive Officer are 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 at the vesting date of the share allocations using the closing share price on the day before the vesting date.

Date of Shareholders' Meeting	03/31/2011		10/26/2012		10/26/2012		12/01/2015		
Date of Board of Directors' meeting	**04/05/2012**		**07/25/2013**		**10/16/2014**		**12/01/2015**		
	Bonus shares	**Performance shares**	**Bonus shares**	**Performance shares**	**Bonus shares**	**Performance shares**	**Bonus shares**	**Performance shares**	**Total**
Total number of shares provisionally allocated at plan inception	**6,000**	**87,288**	**6,000**	**82,521**	**6,000**	**89,185**	**5,000**	**64,511**	**346,505**
o/w Company officers [(a)]	-	40,568	-	36,694	-	39,302	-	28,585	**145,149**
Bernard Arnault [(b)]	-	22,982	-	19,108	-	20,466	-	14,656	**77,212**
Delphine Arnault [(b)]	-	6,095	-	6,095	-	6,528	-	4,675	**23,393**
Sidney Toledano [(b)]	-	11,491	-	11,491	-	12,308	-	9,254	**44,544**
o/w Top ten employee recipients [(c)]	6,000	26,441	6,000	24,370	6,000	27,653	5,000	18,296	**119,760**
Number of recipients	1	39	1	40	1	40	1	44	
Vesting date	04/05/2015	04/05/2015 [(d)]	07/25/2016	07/25/2016 [(d)]	10/16/2017	10/16/2017 [(d)]	12/01/2018	12/01/2018	
Date as of which the shares may be sold	04/05/2017	04/05/2017 [(d)]	07/25/2018	07/25/2018 [(d)]	10/16/2019	10/16/2019 [(d)]	12/01/2018	12/01/2018	
Performance conditions	**-**	**Satisfied**	**-**	**Satisfied**	**-**	**Satisfied**	**-**	**Not applicable in 2015**	

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

6.8. 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			X		X
Sidney Toledano Chief Executive Officer	X [(a)]			X		X	X [(a)]	

(a) 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.

LVMH SE has set up a defined-benefit pension plan, in accordance with the provisions of Article L. 137-11 of the French Social Security Code, for senior executives.

The supplementary pension only vests if the recipient has served for at least six years on the LVMH group's Executive Committee and claims all of his or her retirement benefits, acquired under the basic and mandatory supplementary plans, simultaneously with the end of his or her service at the Group. However, this last condition is not required if the recipient leaves at the Group's request after the age of 55, provided that the recipient does not engage in any other professional activity between his or her departure from the Group and the pension claim. Furthermore, in the event of the death of the potential recipient before his or her benefits are claimed, the derived rights are maintained with the surviving spouse as the beneficiary.

This supplementary pension is determined on the basis of a benchmark compensation amount equal to the average of the three highest amounts of annual compensation received or reconstituted over the course of the recipient's career with the Group, capped at 35 times the French annual social security ceiling (i.e. 1,331,400 euros as of December 31, 2015).

The annual supplementary pension is equal to the difference between 60% of the benchmark compensation (i.e. 798,840 euros as of December 31, 2015) and all benefits paid by the basic plans in France and abroad, as well as the supplementary pension plans in France and abroad. The maximum annual payout that would be owed to pension recipients under this plan would be 45% of the fixed and variable compensation paid to them in 2015, in accordance with the AFEP/MEDEF Code rules. As of December 31, 2015, the maximum amount of these payouts is estimated at 670,000 euros per year. The supplementary pension only vests when retirement benefits are claimed. Given the characteristics of the plan set up by LVMH SE and Bernard Arnault's personal situation, the supplementary pension that he may qualify for no longer gives rise to the annual vesting of additional benefits.

Recipients' potential benefits are funded by contributions paid to an insurer, which are deductible from the corporate tax base and subject to the contribution tax provided for under Article L. 137-11, I, 2°, a) of the French Social Security Code, the rate of which is set at 24%.

7. Summary of transactions in Christian Dior securities during the fiscal year by senior executives and related persons [(a)]

Director concerned	Type of transaction	Number of shares/ other securities	Average price (EUR)
Bernard Arnault	Share purchases [(b)]	239,396	66.95
Person(s) related to Bernard Arnault	Share purchases	710,697	167.94
	Monetization [(c)]	1,290,093	166.65
	Reclassification of shares [(d)]	664,990	169.50
Delphine Arnault	Share purchases [(b)]	19,109	47.88

(a) Related persons defined in Article R. 621-43-1 of the French Monetary and Financial Code.
(b) Exercise of share purchase options.
(c) Financing or redemption by monetization.
(d) Within the Arnault Family Group.

8. Governance

8.1. LIST OF POSITIONS AND OFFICES HELD BY DIRECTORS

The list of all offices and positions held by each Director, currently and during the last five years, is provided in "*Other information – Governance*".

8.2. PROPOSED RESOLUTIONS

8.2.1. Approval of the annual financial statements and of related-party agreements

The first items of business relate to:

- the approval of the financial statements: you will be asked to vote on the approval of the financial statements of the parent company Christian Dior SE (first resolution) as well as the Group's consolidated financial statements (second resolution);
- approval of related-party agreements (third resolution): details of these agreements are set out in the Statutory Auditors' special report;
- the allocation of net profit (fourth resolution): the dividend to be distributed in cash will amount to 3.55 euros per share. Taking into account the interim dividend of 1.35 euros per share paid on April 21, 2016, the final dividend of 2.20 euros will be paid out on December 13, 2016.

8.2.2. Board of Directors and Statutory Auditors

Membership of the Board of Directors

It is proposed that you:

- ratify the appointment of Denis Dalibot, who was provisionally appointed by the Board of Directors on December 1, 2015 to replace Eric Guerlain, who stepped down, for the remainder of his term, namely until the Shareholders' Meeting convened in 2016 (fifth resolution);
- renew the appointments of Ségolène Gallienne, Denis Dalibot, Renaud Donnedieu de Vabres and Christian de Labriffe as Directors (sixth to ninth resolutions) for a three-year term, as stipulated in the Bylaws.

8.2.3. Compensation of senior executive officers

Pursuant to the guidelines expressed in the AFEP/MEDEF Code, you are hereby asked 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, 2016 (tenth and eleventh resolutions).

See also Section 6.

Summary of the compensation of each senior executive officer

Christian Dior SE does not pay any fixed or variable compensation to Bernard Arnault. The fixed and variable compensation amounts listed below exclusively concern compensation due or paid to him by the LVMH group.

Bernard Arnault	**Amounts due for the fiscal year**	**Amounts paid during the fiscal year**
Gross compensation *(EUR)*	**June 30, 2016** (12 months)	**June 30, 2016** (12 months)
Fixed compensation [(a)]	1,146,949	1,146,949
Variable compensation [(a)]	1,100,000 [(b)]	-
Exceptional compensation	-	-
Directors' fees [(c)]	115,345	116,413
Benefits in kind	Company car	Company car
TOTAL	**2,362,294**	**1,263,362**

(a) Compensation due or paid by the LVMH group, with no compensation being due or paid by Christian Dior.
(b) Amount corresponding to the six-month portion (from July 1, 2015 to December 31, 2015) of variable annual compensation set for the 2015 calendar year.
(c) The rules for attributing directors' fees at the Company are presented in the "*Report of the Chairman of the Board of Directors*", §1.11, page 98.

Sidney Toledano	**Amounts due for the fiscal year**	**Amounts paid during the fiscal year**
Gross compensation *(EUR)*	**June 30, 2016** (12 months)	**June 30, 2016** (12 months)
Fixed compensation	1,069,905	1,069,905
Variable compensation	630,000 [(a)]	1,260,000
Exceptional compensation	-	-
Directors' fees [(b)]	36,590	35,206
Benefits in kind	Company car	Company car
TOTAL	**1,736,495**	**2,365,111**

(a) Amount corresponding to the six-month portion (from July 1, 2015 to December 31, 2015) of variable annual compensation set for the 2015 calendar year.
(b) The rules for attributing directors' fees at the Company are presented in the "*Report of the Chairman of the Board of Directors*", §1.11, page 98.

Summary of the compensation due and performance shares granted to senior executive officers

Senior executive officers *(EUR)*	**Gross compensation due in respect of the fiscal year**	**Valuation of bonus performance shares granted during the fiscal year** [(a)]
Bernard Arnault	2,246,949	4,491,698
Sidney Toledano	1,699,905	1,505,256

(a) 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 §6.5, and the performance conditions to be met for the vesting of shares are presented in §3.4 of the "Stock option and bonus share plans" section of the "*Management report of the Board of Directors* – Christian Dior parent company".

Specific pension

LVMH SE has set up a defined-benefit pension plan, in accordance with the provisions of Article L. 137-11 of the French Social Security Code, for senior executives.

The supplementary pension is only acquired if the potential recipient has been present for at least six years on the LVMH group's Executive Committee and simultaneously asserts his or her rights to his or her standard legal pension entitlement. This is not required however if the potential recipient leaves at the Group's request after the age of 55 and resumes no other professional activity until his or her external pension plans are liquidated. It is determined based on a reference remuneration amount equal to the average of the three highest amounts of annual compensation received during the course of the recipient's career with the Group, capped at 35 times the annual social security ceiling (i.e. 1,331,400 euros as of December 31, 2015). The annual supplementary pension is equal to the difference between 60% of the reference compensation (i.e. 798,840 euros as of December 31, 2015) and all pension amounts paid in France (general social security system and additional ARRCO and AGIRC plans) and abroad.

As of December 31, 2015, the maximum amount of this supplementary pension is estimated at 670,000 euros per year. It does not vest until retirement benefits are claimed. Given the characteristics of the plan set up by the Company and his personal situation, the supplementary pension that Bernard Arnault may qualify for no longer gives rise to the annual vesting of additional benefits.

8.2.4. Authorizations proposed to the Shareholders' Meeting

See also §4.2.

8.2.4.1. Authorization granted to the Board of Directors to trade in the Company's shares

It is proposed that you authorize your Board of Directors to acquire Company shares (twelfth resolution). These purchases of Company shares may not exceed 10% of the share capital. The purchase price per share may not exceed 300 euros. The period of this authorization is eighteen months.

8.2.4.2. Authorization granted to the Board of Directors to reduce the share capital through the retirement of shares acquired under the share repurchase program

It is proposed that you authorize your Board of Directors to reduce the share capital (fourteenth resolution) by a total amount not to exceed 10% of the current share capital over a period of twenty-four months, through the retirement of shares acquired under the share repurchase program. The period of this authorization is eighteen months.

8.2.4.3. Authorizations granted to the Board of Directors to raise the share capital

It is proposed that you authorize your Board of Directors to:

- raise the share capital through the capitalization of profit, reserves, additional paid-in capital or other items and the allotment of new shares or an increase in the par value of existing shares (thirteenth resolution);
- issue shares, either with preferential subscription rights (fifteenth resolution) or without preferential subscription rights and through a public offering with the possibility of priority rights (sixteenth resolution) or through a private placement reserved for qualified investors or a restricted group of investors (seventeenth resolution); the Board of Directors being authorized to set the issue price in accordance with certain exceptional rules and in a total issue amount not to exceed 10% of the share capital per year (eighteenth resolution).

These authorizations include the option for the Board of Directors to increase the number of shares to be issued in the event that the issue is oversubscribed (nineteenth resolution);

- issue shares and/or equity securities giving access to other equity securities in the Company or to an allotment of debt securities in consideration for securities tendered to a public exchange offer (twentieth resolution) or in-kind contributions of equity securities (twenty-first resolution);
- increase the share capital through issues reserved for Group employees enrolled in a company savings plan, subject to a limit of 1% of the share capital (twenty-third resolution).

These authorizations are granted for twenty-six months.

The overall ceiling for these capital increases is set to the maximum nominal amount of 80 million euros (twenty-fourth resolution).

8.2.4.4. Authorization granted to the Board of Directors to allocate share subscription or purchase options

It is proposed that you renew the authorization to allocate share subscription or purchase options to employees and senior executives of the Group, subject to an overall limit of 1% of the share capital (twenty-second resolution). This authorization provides the Board of Directors with ways to help build loyalty among the employees and managers of the Group who contribute most directly to its results by involving them in its future performance.

This authorization is granted for twenty-six months.

9. 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 73.03% of the share capital and 84.36% of the voting rights as of June 30, 2016;
- share issuance and buybacks under various resolutions:
  - the Shareholders' Meeting has delegated to the Board of Directors the power to:
    - acquire Company shares within the limit of 10% of the share capital,
    - 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.

    A resolution will be presented to the Shareholders' Meeting of December 6, 2016 to suspend these authorizations during takeover bids or exchange offers.
  - The Shareholders' Meeting has moreover delegated to the Board of Directors the power to:
    - 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.

Management report of the Board of Directors

WORKFORCE, ENVIRONMENTAL AND SOCIAL REPORT

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 key indicators and the calculation methodology used. Control procedures have also been reinforced within each organizational entity. To ensure the quality of the data reported, 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 reconciliation of organizational and legal entities ensures consistency between the workforce and financial reporting systems. 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.

For each of the social responsibility metrics, a description states its relevance, defines the data, and sets out the procedure to be applied to collect the data and the various checks made when entering the data. Furthermore, computer checks are implemented throughout the reporting cycle to confirm the reliability and consistency of the data entered.

The headcounts provided below relate to all consolidated companies as of June 30, 2016, including LVMH's and Christian Dior Couture's shares in joint ventures. The Le Parisien group, which has been consolidated since January 2016, is also included in these headcounts. Other employee-related indicators were calculated for a scope of 673 organizational entities covering more than 97% of the global workforce and encompass all staff employed during the fiscal year, including those employed by joint ventures. The other employee-related indicators do not include the staff of the Le Parisien group.

Since fiscal year 2007, a selection of metrics from the Group's annual social responsibility report has been verified by one of the Statutory Auditors. For the 2015/2016 fiscal year, company data was verified by Ernst & Young, 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 companies provide an overview of their corporate social responsibility initiatives in a yearly CSR reporting survey, which supplements the Group's reporting on employee-related issues. This survey, which is run on all Group companies, covers the most common social responsibility issues: respect for human rights, diversity and preventing discrimination, skills development, working conditions, listening to and dialoguing with employees, and engaging with local communities. For each of these topics, the survey form includes references to the conventions and recommendations of the International Labor Organization.

The Christian Dior group's employees in China are included in the number of staff working under permanent contracts (11,290 as of June 30, 2016). Although Chinese law limits the duration of employment contracts, which become permanent only after several years, the Christian Dior group considers employees working under such contracts as permanent, given the nature of Chinese labor law.

1.2. BREAKDOWN AND DEVELOPMENT OF THE WORKFORCE

1.2.1. Breakdown of the workforce

The total workforce as of June 30, 2016 amounted to 131,523 employees, an increase of 7% compared to June 30, 2015. Of this total, 123,828 employees were working under permanent contracts and 7,695 were working under fixed-term contracts. Part-time employees represented 17% of the total workforce, or 22,088 individuals. Staff outside France represented 79% of the worldwide workforce.

The Group's average total Full Time Equivalent (FTE) workforce in 2015/2016 comprised 118,292 employees, up 4% compared to 2014/2015.

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, 2016 (12 months)	%	June 30, 2015 (12 months)	%
Christian Dior Couture	5,452	4	5,281	4
Wines and Spirits	7,479	6	7,042	6
Fashion and Leather Goods	33,102	25	33,142	27
Perfumes and Cosmetics	23,328	18	22,316	18
Watches and Jewelry	7,828	6	7,707	6
Selective Retailing	49,400	37	45,550	37
Other activities	4,934 [(b)]	4	1,698	2
TOTAL	**131,523**	**100**	**122,736**	**100**

(a) Total permanent and fixed-term headcount.
(b) The Le Parisien group was acquired by the LVMH group and its employees have been consolidated in "Other activities" since January 2016, which is the main reason behind the increase in this business group's headcount.

Breakdown by geographic region

Total workforce as of fiscal year-end [(a)]	June 30, 2016 (12 months)	%	June 30, 2015 (12 months)	%
France	27,957	21	24,048	19
Europe (excluding France)	30,812	24	29,485	24
United States	28,051	21	26,590	22
Japan	6,262	5	6,188	5
Asia (excluding Japan)	28,862	22	28,052	23
Other markets	9,579	7	8,373	7
TOTAL	**131,523**	**100**	**122,736**	**100**

(a) Total permanent and fixed-term headcount.

Breakdown by professional category

Total workforce as of fiscal year-end [(a)]	June 30, 2016 (12 months)	%	June 30, 2015 (12 months)	%
Executives and managers	24,416	19	22,570	19
Technicians and supervisors	13,240	10	12,475	10
Administrative and sales employees	76,380	58	72,850	59
Production workers	17,487	13	14,841	12
TOTAL	**131,523**	**100**	**122,736**	**100**

(a) Total permanent and fixed-term headcount.

Average age and breakdown by age

As of June 30, 2016, the average age of the worldwide workforce employed under permanent contracts is 36 and the median age is 33. 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:	under 25	12.4	5.9	6.8	23.5	4.2	10.5	25.3
	25-29	21.1	16.1	16.0	22.7	12.9	29.8	23.9
	30-34	19.5	15.9	18.8	16.4	20.8	25.7	19.6
	35-39	14.7	14.6	17.4	10.7	24.6	14.4	12.9
	40-44	11.0	13.8	14.8	7.2	19.3	7.8	7.8
	45-49	8.5	12.0	11.5	6.5	10.1	5.2	4.8
	50-54	6.4	10.8	8.0	5.3	5.2	3.6	3.1
	55-59	4.2	8.4	4.6	3.8	2.7	1.9	1.6
	60 and over	2.2	2.5	2.1	3.9	0.2	1.1	1.0
		100.0	100.0	100.0	100.0	100.0	100.0	100.0
AVERAGE AGE		**36**	**40**	**38**	**35**	**37**	**34**	**32**

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

Average length of service and breakdown by length of service

As of June 30, 2016, 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	59.0	38.5	46.3	74.7	44.5	70.6	78.7
5-9 years	20.1	21.9	27.0	15.2	22.7	18.4	12.9
10-14 years	8.7	11.9	12.5	5.3	19.4	4.7	3.9
15-19 years	5.8	10.6	8.0	2.9	8.2	2.9	2.4
20-24 years	2.6	5.4	3.1	1.0	2.9	1.7	0.9
25-29 years	2.1	6.0	1.8	0.6	1.8	1.1	0.5
30 years and over	1.7	5.7	1.3	0.3	0.5	0.6	0.7
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
AVERAGE LENGTH OF SERVICE	**7**	**10**	**8**	**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 are decisive elements 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 expertise are of the utmost importance, it is 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.

For many years, the Group has maintained close ties with business and engineering schools and universities, enabling it to develop its reputation and that of its companies among students and give them a window onto major career tracks and prospects.

LVMH's many privileged partnerships based on the Group's key recruitment priorities include the following:

- Design – with Central Saint Martins in London and Parsons The New School of Design in New York;
- Luxury brand management – with ESSEC (the LVMH Chair) and SDA Bocconi in Italy, and the Luxury Business Management track at Singapore Management University;
- Excellence in the customer experience – now in partnership with HEC;
- Supply chain operations – with Centrale Paris;
- Digital entrepreneurship – a new collaboration with Telecom Paris Tech.

In addition to these programs, the Group has developed new digital tools to reach a wider audience of students, streamline the job application experience and encourage a diverse pool of candidates to apply. Examples of these innovative initiatives include the "InMind" application (for digitizing CVs submitted on student forums), virtual job forums, pre-recorded video interviews and an online presence on platforms such as jobteaser.com.

LVMH continued to develop its digital presence in fiscal year 2015/2016, focusing in particular on describing its "ecosystem" on social media. Special emphasis was placed on its reputation as an employer on LinkedIn. In 2015, according to a survey by this leading professional networking site, LVMH's content made it the most influential luxury brand on LinkedIn.

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 tenth consecutive year in the Universum poll. The reputation of the Group's employer brand has 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 Group's launch of the "Recruitment without Discrimination" training program. Since 2011, this training program has been mandatory for all human resource managers involved in recruiting. Specific training sessions have been gradually introduced on a country-by-country basis in order to place the Group's commitment within the framework of national legislation (Italy and the United States in 2014). To verify this system's effectiveness, since 2008 LVMH has organized ongoing checks of its hiring practices by having an independent firm test its published job offers for discrimination. The 2014-2015 campaign took place worldwide. At the end of each test campaign, the findings are shared with Group companies' human resources departments. Campaigns to test for discrimination help monitor compliance with our commitments while managing the system for preventing discrimination in recruitment.

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

Over the course of the 2015/2016 fiscal year, 30,684 individuals were hired under permanent contracts, including 3,180 in France. 5,876 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.

In 2015/2016, departures from Group companies (all reasons combined) affected a total of 25,928 employees working under permanent contracts, of which 44% were employed within the Selective Retailing business group, which traditionally experiences a high turnover rate. The leading causes for departure were resignations (73%) and individual dismissals (13%).

The overall turnover rate was up from fiscal year 2014/2015 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, 2016	France	Europe (d)	United States	Japan	Asia (e)	Other markets	June 30, 2015
Total turnover (a)	**21.5**	**10.6**	**15.0**	**31.4**	**10.7**	**27.9**	**27.2**	**20.6**
Of which:								
voluntary turnover (b)	15.8	4.5	10.5	26.1	10.0	20.7	19.3	15.4
involuntary turnover (c)	5.2	4.8	4.1	5.0	0.6	6.9	7.7	4.7

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

The Christian Dior group's human resources department prides itself on offering a wealth of career development options and international opportunities. With more than 2,500 internal transfers of management personnel, this year was no exception. This process was given greater impetus by MOVe, the internal jobs portal accessible via the Group's Intranet.

As the Group's companies develop in evolving marketplaces, and new growth drivers such as digital technology come to the fore, we have been able to provide varied career opportunities at every level of the organization, prompting a cross-pollination of skills between different business segments.

Thanks to the engagement and close collaboration of our HR managers at Group companies around the world, especially through regular talent reviews, 73% of senior management vacancies have been filled via internal promotions. Specific working groups are now organized for retail, digital, finance and supply chain jobs, in addition to the 70 internal transfer review boards for different seniority levels and regions. This approach is underpinned by far-reaching changes in the tools and information systems used for human resource management and the integration of social media into an even more proactive talent outreach process.

We take special care to get to know our employees and to foster their professional development. The personalized support given to them has been improved by upgrading the quality of career discussions and annual interviews, with training for HR and line managers all around the world.

Lastly, the standard organizational and talent review was performed with special attention to indicators of cultural and gender diversity. This approach revealed a talent pool of 1,000 key individuals from 30 different countries, with women accounting for 60% of the "high-potential" group.

1.3. WORK TIME

1.3.1. Work time organization

As of June 30, 2016, 13% of employees benefit from variable or adjusted working hours and 50% work as a team or alternate their working hours.

Global workforce affected by various forms of working time 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	32	18	2	15	5	7
Part-time	17	9	17	35	4	4	22
Teamwork or alternating hours	50	10	31	78	81	68	61

(a) Percentages are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) in France. For the other regions, they are calculated based on the number of employees under permanent contracts, except for part-time workers, for which percentages are calculated based on the total headcount. Data are reported as of June 30, 2016.
(b) Excluding France.
(c) Excluding Japan.

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

Employees concerned [(a)] *(as %)*	**Workforce in France**	**Executives and managers**	**Technicians and supervisors**	**Administrative and sales employees**	**Production workers**
Variable/adjusted schedules	32	18	54	58	3
Part-time	9	3	7	18	6
Teamwork or alternating hours	10	0	9	1	38
Employees benefiting from time off in lieu	10	1	14	14	16

(a) Percentages are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) as of June 30, 2016.

1.3.2. Overtime

The cost of overtime was more than 81 million euros, an average of 1.6% of the worldwide payroll.

Overtime by region [(a)]

(as % of total payroll)	**Global workforce**	**France**	**Europe** [(b)]	**United States**	**Japan**	**Asia** [(c)]	**Other markets**
Overtime	1.6	1.5	1.6	1.4	3.3	1.9	0.8

(a) Data are reported as of June 30, 2016.
(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 4.8%. It was lower than in prior fiscal years (4.9% as of June 30, 2015 and June 30, 2014). This slight decrease was partly due to the decline in work accidents and commuting accidents (0.1% as of June 30, 2016 versus 0.2% as of June 30, 2015). The overall absence rate of the European entities is twice as high as that recorded in other geographic regions.

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

(as %)	**Global workforce**	**France**	**Europe** [(b)]	**United States**	**Japan**	**Asia** [(c)]	**Other markets**
Illness	2.3	3.8	3.3	1.2	0.4	1.8	1.4
Work/commuting accidents	0.1	0.4	0.1	0.1	0.0	0.0	0.1
Maternity leave	1.6	1.3	2.4	0.7	2.5	1.5	1.0
Paid absences (family events)	0.4	0.3	0.4	0.2	0.4	0.4	0.6
Unpaid absences	0.4	0.6	0.3	0.3	0.2	0.5	0.3
OVERALL ABSENCE RATE	**4.8**	**6.4**	**6.5**	**2.5**	**3.5**	**4.2**	**3.4**

(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 at all times.

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 any salary gaps between women and men within the same professional category.

1.4.1. Average compensation

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

Employees concerned *(as %)*	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)
Less than 1,500 euros	2	2
1,501 to 2,250 euros	23	24
2,251 to 3,000 euros	22	22
Over 3,000 euros	53	52
TOTAL	**100**	**100**

1.4.2. Personnel costs

Worldwide personnel costs break down as follows:

(EUR millions)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)
Gross payroll – Fixed-term or permanent contracts	5,072	4,757
Employers' social security contributions	1,323	1,198
Temporary staffing costs	237	217
TOTAL PERSONNEL COSTS	**6,632**	**6,172**

Outsourcing and temporary staffing costs were stable with respect to the previous fiscal year, accounting for 6% of the total payroll worldwide, including the employer's social security contributions.

1.4.3. Profit-sharing, incentive and company savings plans

All companies in France with at least 50 employees have a profit-sharing, incentive or company savings plan. These plans accounted for a total expense of 227 million euros in the 2015/2016 fiscal year, up 18% compared to the previous period.

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

(EUR millions)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)
Profit-sharing	104	93
Incentive	100	80
Employer's contribution to company savings plans	23	19
TOTAL	**227**	**192**

1.5. SOCIAL RESPONSIBILITY

Since 2003, the LVMH group has shown its support for universal values as a signatory to the United Nations Global Compact. 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. The Group also supports the Universal Declaration of Human Rights, OECD guidelines, the International Labor Organization's Fundamental Conventions, the United Nations' Millennium Development Goals, Women's Empowerment Principles, and the French Diversity Charter. These commitments are included in the LVMH and Christian Dior Couture Code of Conduct and transposed into principles that are disseminated throughout all Group companies.

Four priorities have been set for all Group companies which apply throughout the world, drawn from dialogue and interactions with its stakeholders: constant attention to working conditions, the prevention of all forms of discrimination, the employment of people with disabilities, and corporate involvement in regional solidarity actions to help local populations. These priorities for the Group are also the most basic shared attributes among Group companies that operate in very different universes. They provide those companies and entities with an overall framework for action, leaving them free to identify other priorities specific to their business and environment, and to set up their own action plans. Group companies implement their approach independently according to their business, their own human and societal issues and their local contexts.

Group companies provide an overview of their approach in a yearly CSR reporting survey, which supplements the Group's reporting on employee-related issues. This survey, which is run on all Group companies, covers the most common social responsibility issues: respect for human rights, diversity and preventing discrimination, skills development, working conditions, listening to and dialoguing with employees, and engaging with local communities. For each of these topics, the survey form includes references to the conventions and recommendations of the International Labor Organization.

At their level, the human resources department is responsible for managing the CSR approach. The Director appoints a CSR correspondent who liaises with the Group, ensures that the company's actions are consistent with Group policy, and handles CSR reporting.

At Group level, strategic priorities are pursued through regular dialogue between the social development department and CSR correspondents at Group companies who are connected through the CSR network. Once or twice a year, the members of the CSR network meet to review the year ended based on the annual survey, set shared priorities for the current year, look for ways to collaborate with each other and share their best practices. In 2015, the CSR network met on February 19 and October 29, in Paris.

LVMH reports on its social responsibility approach in the Annual Report, the Reference Document and – since 2012 – its Social Responsibility Report. Employee CSR education and awareness-raising is provided through the LVMH Voices Intranet and a semiannual CSR newsletter. Because social responsibility is a vital part of any manager's job, all newly hired managers systematically attend online or classroom training sessions on CSR and their role in its implementation.

Lastly, every year since 2013, Christian Dior Couture and LVMH have invited the Group companies to participate in the Engaged Maisons Dinner with their stakeholders. Attended by Antonio Belloni, the LVMH group's Group Managing Director, and Chantal Gaemperle, the LVMH group's Director of Human Resources and Synergies, this event brought together internal stakeholders who play an active role in social responsibility and the external partners of Group companies and the Group as a whole. On November 26, 2015, it was attended by more than 330 people, including 11 company Presidents and three Executive Committee members, as well as numerous partners, opinion leaders, and heads of NGOs and other non-profit organizations.

1.5.1. Gender equality

Gender equality is an integral part of the Christian Dior group's corporate culture. Women account for three-quarters (74%) of staff working under permanent contracts. This strong female presence is an essential characteristic of the Group. It is related in part to the very nature of the Group's businesses. Women are particularly prominent in Perfumes and Cosmetics (83% women), Selective Retailing (84% women), and Fashion and Leather Goods (71% women). Conversely, men make up the majority of staff in Wines and Spirits, representing 63% of this business group's 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 2014, all 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 2015/2016 fiscal year, corporate initiatives rallied more than 900 people around this issue. The regional EllesVMH networks across the different markets, which bring together talented women from all Group companies and divisions, held 15 career development and networking events.

These initiatives are aimed at addressing the most commonly identified areas for improvement regarding women's career development (ambition, self-marketing, international mobility and work-life balance).

In Singapore, on July 11, 2015, 50 women managers participated in a forum on women in leadership, with talks by senior executives of the Group.

In the United Kingdom, more than 150 people took part in meetings on gender equality over the course of the fiscal year. On September 23, 2015, 80 people attended a conference on ambition and work-life balance led by Group senior executives.

This event was followed by a private visit of the Louis Vuitton "Series 3" exhibition, which doubled as a professional networking opportunity for participants.

In France, the Odyssée conference cycle was launched to cover the same types of themes, led by the managers of different Group businesses and companies. In 2015/2016 it featured talks by representatives of Guerlain, Sephora, Moët Hennessy, Fred and Louis Vuitton, drawing more than 300 attendees.

In the United States, some of the Group's women senior executives shared their experiences with 90 female participants, and in New York on October 16, 2015, EllesVMH was recognized for all the initiatives it has led for a number of years now, winning CEW's Corporate Empowerment for Women Award.

LVMH places special emphasis on the career development of its talented women at its annual organizational review, with a set of targets and key indicators. The Group provides annual coaching for the most promising of its female talents, to smooth their transition into executive roles. During the 2015/2016 fiscal year, 30 people took part in this comprehensive program.

In Japan, this training program was specifically adapted to provide eleven female participants from different Group companies with three days of training over a five-month period.

Group companies also pursue their own initiatives in this area:

- in Italy, Fendi assembled 80 managers for a one-day session to work on gender equality in their teams;
- on the occasion of International Women's Day, Guerlain held a talk on inspiring, proactive women at its store at 68 Champs-Élysées in Paris;
- in France, Hennessy held its third "Vignoble au féminin" event, which promotes dialogue and development among women winegrowers.

The Christian Dior group will be continuing its efforts in 2016 to reach its target of 40% female representation on Executive Committees. At the fiscal year-end, 38% of Executive Committee members were women (37% as of June 30, 2014). LVMH's ambition is to ensure an environment of excellence where all types of talent can fully meet their potential. Five Group companies are chaired by women: Krug, Fred, Loewe, Acqua di Parma and Starboard Cruise Services.

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

	Joiners		Group employees	
(% women)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2016 (12 months)	June 30, 2015 (12 months)
Breakdown by business group				
Christian Dior Couture	66	67	69	69
Wines and Spirits	46	41	37	36
Fashion and Leather Goods	67	66	71	70
Perfumes and Cosmetics	85	85	83	83
Watches and Jewelry	61	60	60	60
Selective Retailing	84	85	84	83
Other activities	52	50	44	47
Breakdown by professional category				
Executives and managers	65	63	64	64
Technicians and supervisors	70	72	68	69
Administrative and sales employees	82	81	82	81
Production workers	52	51	61	61
Breakdown by geographic region				
France	70	70	68	68
Europe (excluding France)	77	77	74	74
United States	81	81	79	79
Japan	79	78	76	75
Asia (excluding Japan)	75	75	76	75
Other markets	81	79	73	70
TOTAL	**78**	**77**	**74**	**74**

(a) Under permanent contracts, including internal mobility and conversions of fixed-term contracts to permanent contracts.

1.5.2. Actions in favor of older employees

The Christian Dior group's various trades rely on precious expertise that is acquired and transmitted from one generation to the next. Preserving and passing on that know-how is thus a core priority for human resource management at Group companies. The people with this expertise tend to be older employees with an extensive background in their craft. Worldwide, 12.8% of the Group's workforce is over the age of 50. In France, this population accounts for 21.7% of employees.

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 develop their policies according to their specific characteristics as pinpointed through diagnostic testing. In France, 23 Group companies have made commitments in relation to the management of older employees' careers via 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 transfer across generations.

Depending on their situation, Group companies may place an emphasis on certain aspects rather than others, such as hiring or training older employees, sharing their skills or preparing for retirement. The Group's anti-discrimination policy organically leads to the hiring of older employees. Fred welcomed two senior recruits among the additions to its sales team in 2016. Seniors serve as mentors in the craftsmanship school at Louis Vuitton's workshops, and at Rossimoda's in-house trade school they help provide training that enables them to share their skills and experience. Senior employees already have considerable expertise, but their own continuing professional development is also a priority, as can be seen at Louis Vuitton, Guerlain and Bvlgari, for example. The next step, retirement, can be a challenging one. Hennessy, Hublot and LVMH Fragrance

Brands are good examples of how Group companies prepare their employees. Employees nearing retirement may be offered flexible working time arrangements.

Companies also pay special attention to retaining older employees. Improvement efforts have focused on workstation ergonomics, the reduction of physical strain, and working conditions more generally for employees over the age of 50, especially for the positions most exposed to physical or mental stress in workshops and at production facilities.

1.5.3. Employment of people with disabilities

Supporting access to employment for people with disabilities is at the heart of the Christian Dior group's corporate social responsibility policy. It is a top priority and an apt reflection of the Group's values: respect for each person as an individual and the same attitude expected of everyone working for the Group.

The "Mission Handicap" initiative, created in 2007, is tasked with making this ambition a reality, for which it relies on a network of 31 disability correspondents at Group companies. It steers the Group's actions in this area by raising employee awareness and providing support for training people with disabilities. It also promotes hiring and lasting employment through partnerships with organizations and institutions that support the social inclusion and employment of people with disabilities.

To send a far-reaching message of inclusion and compatibility between the luxury industry and workers with disabilities, LVMH celebrated the International Day of Persons with Disabilities on December 3, 2015. To mark the occasion, eight short videos presenting eight best practices in the employment and social inclusion of persons with disabilities were sent out to the Group via a newsletter and the LVMH Voices Intranet. The eight best practices were selected from a worldwide challenge put to Group companies in the spring of 2015. Mission Handicap received 25 submissions, eight of which were selected as the basis for the short videos of three minutes each. The winning practices reflect the diversity both of the Group's business lines and of its geographic locations. The winning best practices came from the Watches and Jewelry business group in China, Loewe in Spain, Sephora in the United States, Veuve Clicquot and Parfums Christian Dior in France, LVMH Watches and Jewelry in Japan, Donna Karan in the United Kingdom, and Louis Vuitton in Russia.

On the training front, in 2014/2015 the Group launched "EXCELLhanCE", a training program to facilitate access to employment for people with disabilities, which continued in 2015/2016 and for which the Group was awarded the "Trophée de la Diversité" in the training category. EXCELLhanCE benefited from the 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 people with disabilities 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. 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. In 2014, 24 people took part in the "EXCELLhanCE" program, and 14 received degrees in June 2016. In 2015, the human resource management work-education program was a success, with all four participants graduating, and the logistics program welcomed three new working students. Ten people in the sales and logistics classes will graduate in July 2016, when two new classes will start.

In terms of hiring new employees, the Christian Dior group uses mandatory anti-discrimination training to raise awareness at its companies of the importance of recruiting people from all walks of life, including those with disabilities and without. For example, Christian Dior Couture signed an agreement in 2013 (which it renewed in 2015) to promote the employment of people with disabilities.

When it comes to keeping people employed, Group companies offer solutions to enable employees with a declared disability to continue working, for example by adjusting their working conditions or helping them transfer to a different job. In March 2011, Moët & Chandon founded MHEA, a company that offers facilities adapted to employees with disabilities. A fully autonomous entity, MHEA maintains a disabled employment rate of 100% and provides the best possible working conditions for employees affected by disabilities, without any change in the terms of their compensation. MHEA had 16 staff as of June 30, 2016, and about forty persons have been on fixed-term or permanent contracts since the company opened, enabling them to start working again. Job preservation situations are usually handled on a case-by-case basis. In Switzerland, for example, Hublot gave a permanent contract to an individual seeking re-employment after a serious accident left him with a disability.

The Group works with organizations that support young people with disabilities in training programs, and with organizations that foster employment and social inclusion. LVMH chairs ARPEJEH, an association that brings together some sixty French companies to offer advice and guidance to junior and senior high school students with disabilities. Group employees are involved in this initiative and more than sixty young people were able to take part in it in fiscal year 2015/2016. The Christian Dior group also encourages its Group companies to develop their relations with companies that employ people with permanent or temporary severe disabilities, and provide them with special facilities and support (sometimes known as "sheltered" employment). At the Group level in France, services entrusted to such employers amounted to 6.9 million euros in the fiscal year, representing 173 jobs.

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.

This commitment helped raise the Group's employment of people with disabilities in France to 4.5% (sum of direct and indirect employment rates) in fiscal year 2015/2016, based on official standards for the definition of disabilities. Worldwide, people with disabilities make up 1% of the Group's workforce.

1.6. PROFESSIONAL DEVELOPMENT OF EMPLOYEES

Supporting digital transformation

The changes brought about by digital technology are having a profound impact on the behavior of both luxury consumers and the Christian Dior group's employees. In order to evolve in step with those changes, the Executive Development and Digital teams have built specific tools, which they have made available to the Maisons.

An online training course called Digital Discovery enables management staff to acquire a shared vocabulary and a core of critical skills for dealing with the implications of the digital revolution, including new tools, trends and customer behaviors, combined with insights into regional differences. This training explores all of the key topics selected with in-house experts, from the main functional job categories – marketing /communications, retail, and general management – to the five operational business groups.

In another initiative, Digital Journey, the Executive Committees of Group companies are invited to attend a special session where they can draw inspiration from new ways of working, experiment with new technologies, familiarize themselves with new tools, and interact with stakeholders in the digital community.

There are also regional initiatives. In China, our human resources teams have helped steer organizational change as part of a digital-age strategy to recruit the most digitally savvy people and offer them attractive career prospects.

Retail

We are also continuing to develop the retail skills of the Group's global organization. The Christian Dior group's retail network, which is one of a kind in both size and quality, serves as a foundation for customer relationships and brand experiences.

That is why retail support and sharing initiatives have been set up – designed globally but implemented locally – to give the Maisons a helping hand on the ground.

In China, the Retail Academy designs professional development programs that are suited to the pace, context and constraints of business at the shops, covering subjects such as interpersonal communication, understanding luxury, and the best ways for managers to coach their employees. These programs are open to the management staff of all of the locally represented brands. Since we started offering them in 2012, more than 300 managers have signed up.

Retail-specific initiatives have also been developed in the United States. The brands have held special round-table discussions to design customer relations training courses, outline shared career paths, and put together dedicated programs for their indirect retail networks. All of these initiatives are contributing to the Maisons' success in providing their customers with great experiences and support.

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, 2016 (12 months)	June 30, 2015 (12 months)
Training investment *(EUR millions)*	115.7	109.6
Portion of total payroll *(as %)*	2.3	2.3
Number of days of training per employee	2.1	2.3
Average cost of training per employee *(EUR)*	891	886
Employees trained during the year *(as %)*	58.4	59.1

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 fiscal year 2015/2016, the total number of training days amounted to more than 276,362 days, representing an equivalent of around 1,202 people receiving full-time training for the entire year.

During the fiscal year, 58.4% of employees received training and the average number of days of training was 2.1 days per employee.

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

	France	Europe (a)	United States	Japan	Asia (b)	Other markets
Training investment *(EUR millions)*	32.3	17.2	29.5	5.6	25.0	6.1
Portion of total payroll *(as %)*	2.7	1.6	2.2	2.0	2.7	2.5
Employees trained during the year *(as %)*	58.9	52.3	54.7	72.1	65.5	55.9
Of which:						
Executives and managers	61.1	69.1	50.7	62.4	70.5	51.7
Technicians and supervisors	72.3	58.4	33.2	78.9	63.0	61.2
Administrative and sales employees	51.5	55.6	56.5	74.2	66.0	57.3
Production workers	53.6	29.3	58.9	7.5	41.0	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.
(a) Excluding France.
(b) Excluding Japan.

Enabling everyone to learn about the Group

Each of our Group companies has its own culture, linked to its history and strategy. Each one also has a Group-related dimension, which is a powerful means for engaging our employees. In the regions where we operate and in some countries, there are already programs in place for inducting new employees, sharing the wealth of the Group ecosystem with them, and making them feel that they are a part of the Group.

LVMH wanted to take this one step further however and created the LVMH VIEW e-learning module to ensure that all of its managers would have an opportunity to discover the Group. The Group's 70 companies contributed to this training tool, which gives new hires their first experience of the Group and its brands. Interactive and engaging, it enables employees to learn about the values, the companies and the products of the Group and empowers them to become ambassadors for the Group. Users can easily browse between product descriptions, films and personal stories, and can play a game to test their knowledge. When the module was launched in July 2015, all LVMH executives and managers, regardless of their length of service with the Group, were invited to participate and over 6,000 employees have logged on so far.

Currently available in French and English, the module will be expanded to Spanish, Italian, Mandarin and Japanese by the end of 2016, and to all employees in the near future.

The Group also holds integration and awareness seminars for new hires focusing on its culture, its values, its key management principles and knowledge of its brands. 31,232 employees under permanent or fixed-term contracts attended seminars of this type in fiscal year 2015/2016.

1.7. HEALTH AND SAFETY

In 2015/2016, there were 1,099 lost-time work accidents which resulted in 31,212 lost working days. Frequency rates have been steadily improving for several years, while severity rates have slightly increased.

Work accidents resulting in leave of absence by business group and geographic region broke down as follows as of June 30, 2016:

	Frequency rate [(a)]	Severity rate [(b)]
Breakdown by business group		
Christian Dior Couture	2.66	0.04
Wines and Spirits	7.33	0.24
Fashion and Leather Goods	4.04	0.09
Perfumes and Cosmetics	3.46	0.09
Watches and Jewelry	2.79	0.03
Selective Retailing	5.29	0.18
Other activities	10.35	0.31
Breakdown by geographic region		
France	10.80	0.34
Europe (excluding France)	4.62	0.08
United States	2.83	0.14
Japan	0.48	0.01
Asia (excluding Japan)	1.96	0.03
Other markets	2.61	0.06
Group: June 30, 2016	**4.56**	**0.13**

(a) The frequency rate is equal to the number of work 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 following a work accident, 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 27.2 million euros in health and safety during the 2015/2016 fiscal year. This includes expenses for occupational medical services and 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 spent on and invested in improving health, safety and working conditions stood at over 60 million euros, or 1.2% of the Group's gross payroll worldwide. 34,536 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. The Christian Dior group therefore raises awareness at its companies, via their human resources departments, of the importance of protecting employees' health and safety. These issues come to the fore at employees' workstations and in their day-to-day working environment, which is why it is the responsibility of Group companies to implement health and safety policies.

Health, safety and ergonomics assessments, giving rise to structured action plans, are carried out at production sites, workshops and vineyards as well as stores and headquarters. Processes to improve workstation ergonomics are implemented, and workstations are redesigned so that employees can keep their jobs for as long as possible.

Christian Dior Couture pays close attention to the stressful situations that employees may experience. When they are hired, managers are alerted to the issue of workplace stress and handling pressure. In addition, special emphasis has been placed on preventing occupational stress since 2012, when the Group set up OMSAD (a unit to monitor signs of stress, anxiety and depression), which provides check-ups to gauge employee stress levels.

At Health and Safety Committee meetings, members ask for feedback from occupational health staff and employee representatives concerning areas for improvement in working conditions, health and safety.

As part of a project looking at the possibility of standardizing healthcare benefits, a study of the systems in place in each country has been launched along with discussions on how common core benefits might be implemented.

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. Employee representation

At the Group company level

In France, the Christian Dior group's companies – particularly through the LVMH group – have one or more of the following, depending on their workforce and structure: a works council, a combined staff representative body ("Délégation Unique du Personnel"), employee representatives, and health and safety committees.

During the fiscal year ended June 30, 2016, employee representatives attended 1,771 meetings:

Type of meeting	Number
Works council	607
Employee representatives	514
Health and Safety Committee	319
Other	331
TOTAL	**1,771**

Employee representatives also signed 124 company-wide agreements at Group companies. In France, Moët & Chandon, Veuve Clicquot, Hennessy, Sephora and Guerlain in particular signed workplace health and safety agreements that were in force in 2015. An agreement on quality of life was signed at Veuve Clicquot on December 1, 2015, and an agreement on working on Sundays was signed at Guerlain on December 17, 2015.

At Group level

The Group Committee was formed in 1985 at LVMH. It currently has 29 members who hold plenary meetings every year. Delegates receive and exchange information on the Group's strategic orientations, economic and financial issues, and CSR and employment-related topics together with the Presidents of all of LVMH's business groups.

At the European level

Over the past few years, the Christian Dior group (particularly via the LVMH group) has taken on a strong European dimension, and the conversion of its legal structure into that of an SE (Societas Europaea) was the natural extension of the economic reality of its business. As part of this conversion, a Common European Companies' Committee (SE works council) for Groupe Arnault, Christian Dior and LVMH SE was created, made up of 28 members from the 22 European countries (21 EU countries + guest member Switzerland) where the Group has a presence. The operating procedures of this representative body were laid down in an agreement that was signed unanimously on July 7, 2014 and an amendment signed on July 30, 2015 by the employee representatives from the relevant countries and by the Executive Management of Groupe Arnault, Christian Dior and LVMH SE. The most recent plenary meeting of the Common European Companies' Committee of Groupe Arnault, Christian Dior and LVMH SE was held on April 7, 2016.

The Common European Companies' Committee handles transnational issues at the European level.

1.8.2. Social and cultural activities

During the fiscal year, Group companies allocated a budget of over 23.3 million euros (2% of total payroll) to social and cultural activities in France via contributions to works councils.

Total catering costs for all Group employees represent a budget of 23.7 million euros.

1.9. RELATIONS WITH THIRD PARTIES

The Universal Declaration of Human Rights and the United Nations Global Compact, to which LVMH has been a signatory since 2003, are the inspiration behind the Code of Conduct adopted by the Group and widely disseminated among all employees. The Code of Conduct outlines the guiding principles for the Group's conduct of its business and provides a set of rules for all to follow in their roles and responsibilities, with a special emphasis on the high level of integrity demanded of everyone.

The Competition Law Compliance Charter, the Environmental Charter and the Suppliers' Code of Conduct cover more specific areas.

1.9.1. Integrity

The Code of Conduct specifies in particular that the Group prohibits any form of corruption, that it is concerned about preserving fair competition while respecting the laws and practices in force, that it is committed to operating independently in public life, and that every employee must be vigilant in avoiding any conflict of interest.

As has been done for fair competition practices, there are Charters on the subject of preventing corruption which are specially worded for different business groups, companies or regions. On this subject, in 2015, the Group implemented a Charter applicable to all entities operating in China, and organized awareness-raising sessions with employees there.

The system in place to prevent any infringement of money laundering rules was also enhanced in 2016.

1.9.2. 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.

Group commitments and organization

Under the tutelage of Group Managing Director Antonio Belloni, the Operations, Environment, Social Development and Financial Communications departments are working together to educate and coordinate the Group's companies and help them achieve progress in their relations with suppliers. Reporting to the LVMH Operations Department, the Purchasing Department has a team of several expert purchasers and can rely on a network of many purchasing managers and correspondents at Group companies.

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 require that partner's commitment to comply with all ethical principles enunciated in the Code.

Analyzing audit requirements

In 2012, the Group implemented a decision-making process to identify suppliers that might need to undergo a social and environmental audit. The methodology used enables each Group company to identify its at-risk suppliers on the basis of several criteria including the purchasing category, the supplier's degree of financial dependency, the strategic importance of the products, and the supplier's geographic location. For example, shortly after joining LVMH in 2014, Loro Piana completed its supplier risk assessment matrix using the methodology proposed by the Group.

Specific supplier assessment tools

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 2015, Louis Vuitton rolled out an environmental audit tool at its tanneries. The tool is an Environmental Acceptability Audit developed with the CTC ("Centre Technique du Cuir") that contains 31 questions on major tanning risks, with 24 disqualifying questions. The audit takes two days and is run by a member of the CTC with two Louis Vuitton representatives: one from the Environment Department and one from Leather Purchasing. So far, Louis Vuitton has performed these audits on four tanneries.

As a reminder, in 2014 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 suppliers over the long term, mutually improving business performance, choosing sustainable materials and responsible suppliers, innovating, and preserving materials and expertise.

External and internal support actions

Supplier support actions

Driven by the desire to interact closely with its suppliers, the 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. After the first Supplier Day in 2014 in Florence, Italy, a second Supplier Day was held in China in July 2015. It was attended by representatives of the main Group companies as well as their suppliers with production workshops in that country. This day-long event provided an opportunity to present the responsible purchasing standards of the Group and its companies, to hear feedback from suppliers who had achieved improvements by working more closely with its companies, and lastly to hold workshops so that participants could share best practices. Since the event was such a success, it will be held again with a focus on certain purchasing categories common to most Group companies.

See also §1.5.3 on the use of companies that employ people with disabilities in France.

Sharing best practices internally

It is also important to raise awareness among internal staff who are directly or indirectly involved in relations with suppliers (buyers, production teams, etc.).

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, together with the Group, to interact with one another on best practices. At the Suppliers Sustainability Meeting in November 2015, the decision was made to set up working groups specific to each business group so that their particular reporting requirements and needs could be better taken into account. The objective will be to identify, business group by business group, the most at-risk categories and the level of maturity in terms of responsible purchasing, and to think about the best way to improve in these areas.

Group companies pursued a range of initiatives in the 2015/2016 fiscal year. Donna Karan and Marc Jacobs, for example, organized a joint training day in Shenzhen, China on social and environmental topics as well as on the subject of undesirable substances. This event took place on the day after the aforementioned meeting held by the Group and provided a forum for detailed discussion of the action plans to be implemented to correct the main non-conformities cited in past periods.

Auditing and monitoring suppliers

In collaboration with Group companies, the audit process has been reinforced over the past several years 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 (ILO) 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. Bvlgari audited its packaging suppliers in China, thereby covering 70% of its total packaging purchases. All of TAG Heuer's at-risk suppliers have been audited over the past three years.

To improve its supply chain's performance for Tier 1 suppliers and beyond, in 2014 the Group also decided to join Sedex. Sedex is a non-profit organization that 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. By the end of 2015, more than 800 supplier sites had joined the Sedex platform.

At the Group level, 1,027 social and/or environmental audits were carried out over the 2015/2016 fiscal year – more than 90% of which by specialized external service providers – at 877 of our suppliers. 561 of these audits related exclusively to social criteria. 42% of these audits showed results in line with the Group's standards and 35% 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 6% 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, 505 corrective action plans were implemented at its suppliers where audit results had identified areas in need of improvement. For example, Louis Vuitton implemented a 12-month corrective action plan for one of its suppliers following an audit whose findings showed areas in need of improvement. Today, Louis Vuitton continues to follow the corrective measures set out and conducts regular visits to its supplier to take stock of the efforts made and continue its support.

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, based on its risk matrix, Louis Vuitton has set up and regularly renews systematic audits for all new suppliers located in an at-risk area.

The use of follow-up audits was relatively stable as of June 30, 2016 (431 follow-up audits versus 450 as of June 30, 2015) and 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. During the fiscal year, there were 40 cases in which the Group either stopped or did not start working with a supplier following an audit whose findings revealed inadequate results.

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

1.9.3. Supply sources and subcontracting by business group

As they have not undergone any changes since December 31, 2015, 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 2015 Reference Document.

Champagnes and wines

The Group owns 1,641 hectares under production, which provide slightly more than 20% of its annual needs. In addition, Group companies purchase grapes and wines from winegrowers 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. 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, winegrowers 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 level of security for future years with smaller harvests.

For the 2015 harvest, the "Institut national de l'origine et de la qualité" (INAO, the French organization responsible for regulating controlled place names) set the yield for the Champagne appellation at 10,000 kg/ha. This 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. Thus, it is 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 2015 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 2015 harvest ranged between 5.39 euros and 6.20 euros depending on the vineyard, an average increase of 0.5% compared to the 2014 harvest.

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

In 2015, the champagne houses used subcontractors for about 23 million euros of services, notably pressing, handling, and stocking bottles.

Cognac and spirits

Most of the cognac eaux-de-vie that Hennessy needs for its production are purchased from a network of approximately 1,500 independent producers, a collaboration which enables the company to ensure that exceptional quality is preserved. Hennessy directly operates about 170 hectares, providing for less than 1% of its eaux-de-vie needs.

Purchase prices for eaux-de-vie are agreed on between the company and each producer based on supply and demand and the quality of the eaux-de-vie. In 2015, the price of eaux-de-vie from the harvest increased by 0.7% compared to the 2014 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 under the contracts with its partners.

Hennessy continues to control its purchase commitments and diversify its partnerships to prepare for its future growth across the various quality grades.

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

Louis Vuitton's seventeen leather goods workshops – twelve in France, three in Spain and two in the United States – manufacture most of its Leather Goods products. All development and manufacturing processes for the entire footwear line are handled at Louis Vuitton's workshops in Fiesso d'Artico, Italy. Louis Vuitton 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 volume, quality and innovation requirements to be met 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 accounts for less than 20% of Louis Vuitton's total leather supplies.

Fendi and Loewe have leather workshops in their countries of origin, and in Italy for Céline and Berluti, 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.

Loro Piana manages all stages of production, from the sourcing of natural fibers to the delivery of finished products to stores. Loro Piana procures its unique materials (baby cashmere from northern China and Mongolia, vicuña from the Andes, and extra-fine Merino wool from Australia and New Zealand) through exclusive partnerships with suppliers all over the world. Its exquisite textiles and products are then manufactured in Italy.

Moreover, in order to safeguard and develop the Fashion and Leather Goods companies' access to the high-quality raw materials and expertise they need, the LVMH Métier d'Arts business segment created in 2015 invests in, and provides long-term support to, its best suppliers. In leather, for example, LVMH teamed up with the Koh brothers in 2011 to develop the business of the Heng Long tannery in Singapore. Founded in 1950, it is now a leading crocodile leather tannery. In 2012, LVMH acquired Tanneries Roux, founded in 1803 and one of the last French tanneries specializing in calfskin.

Overall, the use of subcontractors for Fashion and Leather Goods operations represented about 34% of the cost of sales in 2015.

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 Group company 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 meet almost all the manufacturing needs of the four major French brands, including Kenzo Parfums, in fragrances as well as make-up and beauty products. Make Up For Ever also has manufacturing capacities in France. Benefit, Parfums Loewe, Fresh and Parfums Fendi have some of their products manufactured by the Group's other brands, with the remainder subcontracted externally.

In 2015, manufacturing subcontracting represented about 6% of the cost of sales for this activity overall, plus approximately 10 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 create 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 laboratories in France, but the Group can also acquire or develop formulas from specialized companies, particularly for perfume essences.

Watches and Jewelry

At its Swiss workshops and manufacturing centers, located in Le Locle, La Chaux-de-Fonds, Neuchâtel, Cornol, Tramelan, Le Sentier, Chevenez and Nyon, the Group assembles most of the watches and chronographs sold under the TAG Heuer, Hublot, Zenith, Bvlgari, Montres Dior, Chaumet and Fred brands; it also designs and manufactures mechanical movements such as *El Primero* and *Elite* by Zenith, *Calibre 1887* by TAG Heuer, *UNICO* by Hublot and *Hautes Complications* by Bvlgari; and it manufactures some 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, and in 2015 Hublot opened a second one at its Nyon site.

In this business, subcontracting represented 13% of the cost of sales in 2015.

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 26% of the cost of sales for the fiscal year ended June 30, 2016.

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

1.9.4. 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.

Non-disciplinary layoffs – including those due to economic conditions – represented only 4.3% of total departures.

A number of Group companies have been established for many years in specific regions of France and play a major role in creating jobs there: Parfums Christian Dior in Saint-Jean de Braye (near Orléans), Veuve Clicquot 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, Group companies are attentive to the social particularities of their regions and have forged partnerships, as described below, with associations and non-governmental organizations to promote the social inclusion and employment of underprivileged populations.

1.9.5. Engaging with local communities

The Christian Dior group encourages its companies to support the causes it feels are most important, which include ensuring access to education for young people, promoting the social inclusion and employment of jobseekers, and helping the most vulnerable communities. The Christian Dior group thus puts its values to work in society, to ensure the successful integration of its Group companies and their activities at the local and national levels.

Helping young people get an education

The same focus on excellence that has enabled the Group's companies to succeed is what drives our efforts to provide educational opportunities for young people. Following the Group's lead, the Group's companies have developed numerous partnerships with schools located near their sites. Louis Vuitton, for example, has set up partnership arrangements between its production facilities in the French departments of Ardèche and Drôme and local schools to provide vocational training that leads to a CAP diploma in leather work and a BTS "Production Technician" diploma. Louis Vuitton's boutiques in Paris also partner with a vocational high school in nearby Seine-Saint-Denis. Partnerships may also include funding to improve the living conditions of disadvantaged students, as is the case with Parfums Christian Dior's "Project WeCan" initiative in Hong Kong.

Facilitating access to education may sometimes even involve helping to build a local school, as the Group's companies have done. The Hand in Hand for Haiti operation launched by DFS in the aftermath of the earthquake that struck Port-au-Prince in January 2010 helped sustain a school complex for the most disadvantaged children in the region of Saint-Marc. This initiative is also supported by Starboard Cruise Services. Sephora supported "Toutes à l'école", an organization that promotes education for young Cambodian girls, by selling a special item through its boutique network (particularly in France, Spain and the Middle East), the proceeds of which went to the organization during the end-of-year holiday season.

Lastly, LVMH has developed a partnership with Clichy-sous-Bois and Montfermeil, two adjacent suburbs of Paris with young, diverse populations. Driven by a shared commitment to excellence, this partnership helps facilitate employment for young people from underprivileged neighborhoods and social cohesion. Young people benefit from a wide range of initiatives: "business discovery" internships for nearly 60 middle school students in 2015/2016, visits to Group companies, internships for vocational school students, career orientation, etc. The Group sponsors the "Cultures et Création" parade that showcases region's creative talent. LVMH invests in the future by offering master classes for young people and holding meetings with Group designers and craftspeople (Le Bon Marché in 2016). The Group awards a "Jeune Talent" (Young Talent) trophy to one young but underprivileged fashion enthusiast, helping winners gain wider recognition within the profession. The 2016 winner got to exhibit designs at Greenshowroom, a trade fair dedicated to environmentally responsible fashion that was held in Berlin from June 28 to 30, 2016. Since the program was launched, four young people have had the opportunity to join Group companies under a long-term work-education program at Paris' couture union school.

To promote the integration of young people through education, LVMH 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. LVMH renewed its partnership with this institute for a further five years.

Launched in 2014, the Institut des Métiers d'Excellence (IME) is a professional training program that helps the Group ensure the successful transmission of its expertise by encouraging younger generations to pursue professions in the fields of craftsmanship, design and sales.

It is designed to meet the standards of our Group companies and help fulfill their current and future needs.

In 2014, IME signed its first partnership agreements with BJO Formation, the ECSCP Paris couture school and the Compagnons du Devoir et du Tour de France organization, opening LVMH apprenticeship programs at these three institutions in jewelry making, couture flou and leatherworking, respectively.

In 2015, IME entered into new partnerships with Avize Viti Campus, EMA Sup Paris and the École Boulle arts and design continuing education program, opening four new LVMH course tracks in couture tailleur, wine and winemaking, sales and retail design, with the number of apprentices growing from 28 to 99.

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, 2016, there were more than 1,131 young people working under apprenticeship or professionalization contracts (including Institut de Métiers d'Excellence) at all of the Group's French companies.

In September 2013, Christian Dior Couture opened its own training institute (École des Savoir-Faire). Since then, every year at its workshops, masters and apprentices work together in pairs, passing down the tradition of excellence.

Facilitating access to employment and social inclusion for jobseekers

The Christian Dior group actively supports access to employment. In France, the Group 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. As of end-June 2016, 123 experienced executives and managers were on board and 59 young people were being mentored. Since 2007, 448 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.

Lastly, to accelerate access to employment, the Group has created and holds "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 and develop their self-confidence. The program is aimed at groups that are underrepresented in the labor market, supported by our partners who are active in the fields of education, disability and integration. 12 sessions were held and 189 people were able to participate.

Helping those in need

The efforts of the Group and its companies to assist disadvantaged local communities go beyond corporate philanthropy and may include, for example, employee volunteering, donations of products or financial aid.

This is what Bvlgari has been doing in partnership with the NGO Save the Children since 2009. Bvlgari celebrated this organization's work with the publication of Stop Think Give, a book by Fabrizio Ferri that presents a collection of portraits of 250 international celebrities who have contributed to the success of this global partnership since its creation in 2009. Bvlgari's recent donation of 500,000 euros to the organization to support its humanitarian response to the earthquake in Nepal shows that this partnership is still going strong.

Two examples in local communities:

- Moët & Chandon, which is a major partner to local organizations that promote employment; the number-two investor in educational projects after the city of Epernay; a partner in the work discovery week for students initiative organized by the local chapter of MEDEF, the French employers' association; and a member of AJE, an association that connects young people and businesses, which awarded the company its "AJE label" for its engagement in initiatives to promote learning through entrepreneurship.
- In Japan, Louis Vuitton works closely with Kokkyo naki Kodomotachi – a non-profit organization that supports children living in Iwate-ken, a town that was destroyed by the earthquake and tsunami of March 11, 2011 – by helping to make sure that children who live in temporary housing are able to get an education, organizing Christmas festivities for some 500 children, and working with the local community association on various social solidarity and environmental projects.

As a final example in what is certainly not an exhaustive list, Benefit Cosmetics renewed its "Bold is Beautiful" initiative in nine countries (Australia, Canada, France, Ireland, Singapore, Spain, the United Arab Emirates, the United Kingdom and the United States). The objective is to raise funds for organizations that seek to empower women, promote their self-confidence and develop their potential. The company's employees succeeded in raising over 6 million dollars for local charities and they also were able to volunteer their services to such organizations as Dress For Success, Girl Develop It, Girls Inc., Step Up, Belle et Bien, Force Femmes, Look Good Feel Better, and the Dubai Foundation for Women and Children.

These partnerships and initiatives were celebrated in 2015 at the Engaged Maisons Dinner, where the Group made donations of 100,000 euros to the sickle-cell anemia center of the Robert Debré hospital in Paris and 30,000 euros to Kelina for the construction of a maternity ward in town of Aledjo, in north-western Benin.

1.9.6. Corporate sponsorship

For more than 20 years, the Christian Dior group has pursued a comprehensive communications policy that touches on its innovative and original sponsorship initiatives. This is only natural, since they are the cultural, artistic and social expression of the shared values that underlie the success of its Group companies while allowing each to express its own personality and image. It is also practical, because the Group intends its initiatives – on behalf of culture and artistic creation, education and young people, and major humanitarian causes – to illustrate what it means to be a socially responsible business.

Throughout 2015, the Fondation Louis Vuitton and its artistic program met with both popular and critical success. Since its inauguration in October 2014, the Foundation has hosted some 1.5 million visitors. Its collection and shows have earned it a place in the history of 20th and 21st century art, and it has been successful in helping to bring artists' latest work to the attention of the widest possible audience. In 2015/2016, LVMH also continued to demonstrate its commitment to the artists of our time, particularly by renewing its support for two iconic events in the contemporary art world: in spring, Monumenta, and in autumn, Nuit Blanche.

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, the Group renewed its sponsorship of the International Music Academy founded in Switzerland by conductor Seiji Ozawa, continued its "1,000 seats for young people" initiative which over the past 15 years has enabled young musicians at the Paris Conservatory to attend the finest concerts of the Paris season, and continued to lend from LVMH's Stradivarius collection.

Lastly, the Group has continued to support 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. LVMH has also chosen to support several foundations and research teams engaged in cutting-edge public health research.

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 France's 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 environmental information contained in this report has been verified by an independent auditor in accordance with Article 225 of the Grenelle II law of July 12, 2010. The Environment Department conducted an assessment to identify the disclosures and key indicators regarding the Group's operations to be subject, at the Group's request, to verification by this same independent auditor with the aim of obtaining a higher level of assurance than that required by law. Its 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, 2016, the indicators presented were calculated based on information pertaining to the 2015 calendar year (12 months), according to the following formula:

Value June 2015 to June 2016 = [Value 2015 (12 months)/2] + [Value 2015 (12 months)/2] X (1 + revenue index for the business group over the first 6 months of 2016)]

The reporting scope for environmental indicators included the following sites as of June 30, 2016:

Production facilities, warehouses and administrative sites

(number)	June 30, 2016 (12 months)	June 30, 2015 (12 months)
Sites covered	255	238
Sites not covered [(a)]	131	48
Total number of sites	386	286

(a) Main components: certain regional administrative sites of Louis Vuitton and Moët Hennessy as well as the administrative sites of Acqua di Parma, Marc Jacobs and Donna Karan.

The manufacturing, logistics and administrative sites that are not covered by environmental reporting are essentially excluded for operational reasons and are not material. A plan to gradually include them is underway.

The floor areas used to calculate energy consumption, greenhouse gas emissions and water consumption are as follows, expressed as a percentage of the Group's total sales floor space:

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, 2016[(b)] (12 months)	June 30, 2015[(b)] (12 months)	June 30, 2016[(c)] (12 months)	June 30, 2015[(c)] (12 months)
Group total	64	62	17	19
Main components:				
Christian Dior Couture	62	60	13	13
DFS	70	70	52	54
Louis Vuitton	68	64	-	-
Sephora North America and Latin America	61	64	11	19
Sephora Europe	80	84	19	24

(a) The reporting scope does not cover the stores operated under franchise by 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 and Make Up For Ever, and certain stores operated by Benefit, Bvlgari, Céline, Chaumet, De Beers, Fendi, Hublot, Loewe, Loro Piana, Marc Jacobs, Parfums Christian Dior, Sephora Middle East, Sephora North Asia, Sephora South East Asia, TAG Heuer, Thomas Pink and Zenith.
(c) Also includes certain stores operated by Berluti, Bvlgari, Chaumet, Fendi, Guerlain, Kenzo, Le Bon Marché and Sephora Middle East.

For waste production, only stores operated by DFS and Le Bon Marché and certain Berluti, Bvlgari, Fendi and Christian Dior Couture stores are included in the scope. The Group has more than 4,000 stores, and certain environmental data is difficult for small stores to obtain. However, the Group has set itself the target to gradually include those stores.

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. In 2015, the Group was included in the main indices based on responsible investment criteria: FTSE4Good Global 100, Euronext Vigeo Eurozone 120, and ESI (Ethibel Sustainability Indices) Europe.

The Group undertakes to adopt the following environmental measures:

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

The Group's Environment 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 60 environmental representatives from Group companies.

The LIFE program is designed 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. Group companies have integrated the LIFE program into their strategic plans since 2014. 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 expertise;
- 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, Make Up For Ever and LVMH Fragrance Brands have also had all of their 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 all of its workshops, including those in Ardèche and Issoudun this year. In 2015, Loewe certified two manufacturing sites in Spain and Fendi certified its shoe workshop in Italy. At the end of 2015, 33% of the Group's manufacturing, logistics and administrative sites were ISO 14001 certified (58% of LVMH's manufacturing sites).

LVMH's Watches and Jewelry business group and Christian Dior Couture are members 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. The Kimberly Process is applied to diamonds. Kimberly 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 17,417 hours.

2.1.3. Preventing environmental risks and pollution

Group companies are audited on a regular basis by third parties, insurers or internal auditors, which enables them to keep their compliance monitoring plan up to date. During the 2015/2016 fiscal year, 28% of the 386 manufacturing, logistics and administrative sites, as well as certain large stores, were audited, for a total of 103 external audits and 136 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, 2016, environmental protection expenses broke down as follows:

- operating expenses: 11.6 million euros;
- capital expenditure: 12 million euros.

Provisions for environmental risks amounted to 13 million euros as of June 30, 2016. 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 agreements. The following operations are considered treatment: city and county waste water collection and treatment, independent collection and treatment (aeration basin) and land application.

COD after treatment *(in metric tons)*	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)	**Change** *(as %)*
Wines and Spirits	3,406	4,061	(16) [(a)]
Fashion and Leather Goods	152	141	8 [(b)]
Perfumes and Cosmetics	7	14	(50) [(a)]
TOTAL	**3,565**	**4,217**	**(15)**

(a) Improved cleaning performance during the fiscal year.
(b) Change related to business activity.

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, 2016, 86% of waste was recovered, compared to 85% as of June 30, 2015. 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, 2016** (12 months)	**Of which: hazardous waste produced as of June 30, 2016**[(a)] (12 months)	**Waste produced as of June 30, 2015** (12 months)	**Change in waste produced** *(as %)*
Christian Dior Couture	937	93	1,026	(9)
Wines and Spirits	66,883	671	67,508	(1)
Fashion and Leather Goods	9,886	1,016	9,764	1
Perfumes and Cosmetics	8,498	1,536	9,319	(9)[(b)]
Watches and Jewelry	932	144	689	35
Selective Retailing	5,335	69	5,383	(1)
Other activities	1,623	109	1,940	(16)
TOTAL	**94,095**	**3,637**	**95,630**	**(2)**

(a) Waste to be sorted and processed separately from other "common" waste (cardboard, plastic, paper, etc.).
(b) Change related to process optimization.

Waste recovery as of June 30, 2016

(as % of waste produced)	**Re-used**	**Material recovery**	**Energy recovery**	**Total recovery**
Christian Dior Couture	-	50	36	86
Wines and Spirits	41	43	4	88
Fashion and Leather Goods	2	39	23	63
Perfumes and Cosmetics	3	66	27	96
Watches and Jewelry	1	64	9	74
Selective Retailing	11	57	21	90
Other activities	-	59	31	91
TOTAL	**30**	**46**	**10**	**86**

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 fiscal year, the service expanded to accept textiles and around 1,800 metric tons of waste were processed. 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 vineyard irrigation outside France, as irrigation is not used for the Group's vineyards in France. 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 sites' measurement of water consumption for agricultural purposes is less precise than the measurement of process water consumption.

(in m^3)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)	**Change** *(as %)*
Process requirements	3,531,363	2,578,678	37
Agricultural requirements (vineyard irrigation)	7,414,495	7,261,129	2

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

Water consumption by business group

Process requirements *(in m^3)*	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)	**Change** (as %)
Christian Dior Couture	43,613	49,162	(11)
Wines and Spirits	1,379,997	1,504,084	(8) [a]
Fashion and Leather Goods	1,352,015	354,604	281 [b]
Perfumes and Cosmetics	173,545	174,388	-
Watches and Jewelry	51,851	47,603	9
Selective Retailing	492,312	395,224	25
Other activities	38,031	53,614	(29)
TOTAL	**3,531,363**	**2,578,678**	**37**

(a) Change related to process improvement.
(b) Consolidation of Loro Piana and a crocodile farm in Florida.

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 80% 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 vineyards. The Group has also taken the following measures to limit water consumption: rainwater harvesting, 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 grape quality and grapevine size, 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 §2.5 Protecting biodiversity);
- plant species (see §2.5 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 of packaging that reaches customers, measured in metric tons:

- 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, 2016** (12 months)	**June 30, 2015** (12 months)	**Change** *(as %)*
Christian Dior Couture	669	635	5
Wines and Spirits	161,968	151,742	7
Fashion and Leather Goods	6,128	5,226	17 (a)
Perfumes and Cosmetics	29,240	24,561	19 (a)
Watches and Jewelry	4,027	3,962	2
Selective Retailing	5,857	5,373	9
TOTAL	**207,888**	**191,500**	**9**

(a) Change related to business activity.

Breakdown of the total weight of packaging that reaches customers, by type of material, as of June 30, 2016

(in metric tons)	Glass	Paper-cardboard	Plastic	Metal	Fabric	Other packaging material
Christian Dior Couture	-	610	42	-	17	-
Wines and Spirits	139,299	18,077	1,513	1,387	56	1,635
Fashion and Leather Goods	-	5,103	69	1	895	60
Perfumes and Cosmetics	14,589	5,194	7,050	1,914	228	265
Watches and Jewelry	2,040	954	885	24	34	90
Selective Retailing	366	2,757	2,670	31	3	30
TOTAL	**156,294**	**32,695**	**12,230**	**3,357**	**1,233**	**2,080**

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. This application calculates the Environmental Performance Index (EPI) and the greenhouse gas emissions generated by packaging materials. The criteria it uses are weight, volume, separability of materials and the number of packaging layers. During the fiscal year, Veuve Clicquot launched *Naturally Clicquot 3*, the world's first 100% recyclable paper champagne packaging made from grapes.

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, 2016 (12 months)	June 30, 2015 (12 months)	Change *(as %)*
Christian Dior Couture	40,119	38,902	3
Wines and Spirits	208,461	210,511	(1)
Fashion and Leather Goods	311,768	190,999	63 [(a)]
Perfumes and Cosmetics	86,649	77,670	12
Watches and Jewelry	28,413	27,632	3
Selective Retailing	308,068	289,091	7
Other activities	17,590	21,771	(19)
TOTAL	**1,001,068**	**856,576**	**17**

(a) Consolidation of Loro Piana and a crocodile farm in Florida.

Consumption by energy source as of June 30, 2016

(in MWh)	Electricity	Natural gas	Heavy fuel oil	Fuel oil	Butane Propane	Steam	Ice water	Renewable energies
Christian Dior Couture	35,435	1,864	-	19	-	1,332	1,470	-
Wines and Spirits	58,586	72,181	32,799	19,546	5,648	-	-	19,700
Fashion and Leather Goods	180,594	104,108	-	2,144	5,212	732	840	18,138
Perfumes and Cosmetics	52,509	31,327	-	36	-	530	542	1,705
Watches and Jewelry	10,939	6,499	-	1,370	126	-	-	9,478
Selective Retailing	285,722	13,005	3	1,385	5	6,795	-	1,153
Other activities	7,822	3,370	-	523	29	653	3,090	2,103
TOTAL	**631,606**	**232,355**	**32,802**	**25,022**	**11,021**	**10,042**	**5,942**	**52,277**

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.

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. In 2014, 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 in 2014. It summarizes the best practices to implement during the construction, renovation and entire lifetime of a store. Group companies expanded their use of LEDs in 2015. Bvlgari, for example, has equipped more than 200 stores with LED lighting for window displays, and 20 of those stores use only LED lighting. In the United States, 60% of Sephora's stores also use only LED lighting.

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 have obtained Sustainable Viticulture certification for all of their vineyards and are planning to expand this process to all of their grape suppliers. 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, with a more than 50% average reduction in the quantities of phytosanitary products used. 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:

- inbound transport: movement of raw materials and product components to production sites. Only the main materials and components are taken into account;
- outbound 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. These updates may lead to significant changes. Given the increasing importance of renewable energy issues within the Group, the CO_2 emissions calculation methodology will be reviewed in 2016. The main Scope 1 and 2 greenhouse gas emission reduction initiatives involve reducing the amount of energy used for lighting and air conditioning in stores, and optimizing the energy consumed by manufacturing processes.

Breakdown of emissions by business group as of June 30, 2016

		Of which:			
(in metric tons of CO_2 equivalent)	**CO_2 emissions June 30, 2016** (12 months)	**Percentage of direct CO_2 emissions**	**Percentage of indirect CO_2 emissions**	**CO_2 emissions June 30, 2015** (12 months)	**Change** *(as %)*
Christian Dior Couture	19,047	2	98	18,050	6
Wines and Spirits	45,439	68	32	48,280	(6)
Fashion and Leather Goods	104,120	22	78	75,031	39
Perfumes and Cosmetics	12,674	51	49	11,039	15
Watches and Jewelry	3,837	45	55	3,302	16
Selective Retailing	135,409	2	98	126,233	7
Other activities	2,615	32	68	3,639	(28)
TOTAL	**323,140**	**20**	**80**	**285,574**	**13**

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.

Group companies are working on ways to reduce energy consumption and greenhouse gas emissions at their own sites and stores (see §2.3.3). They are also taking action to reduce the emissions generated by their logistics chains. For example, in 2015, Hennessy was able to boast one of the largest private fleets of electric vehicles in France; 75 recharging stations have been installed at Hennessy's various sites. Sephora also uses all-electric trucks to deliver to its roughly twenty stores in Shanghai, China.

Distribution of greenhouse gas emissions generated by inbound transport as of June 30, 2016

(in metric tons of CO_2 equivalent)	Road	Rail	Air	Ship	Total
Christian Dior Couture	82	-	202	1	285
Wines and Spirits	3,037	-	625	1,171	4,833
Fashion and Leather Goods	10,524	-	7,154	23	17,701
Perfumes and Cosmetics	12,295	-	29,247	266	41,808
Watches and Jewelry	3	-	1,665	-	1,668
Selective Retailing	-	-	-	-	-
TOTAL	**25,941**	**-**	**38,893**	**1,462**	**66,295**

Distribution of greenhouse gas emissions generated by outbound transport as of June 30, 2016

(in metric tons of CO_2 equivalent)	Road	Rail	Air	Ship	Inland waterways	Recharging road	Total
Christian Dior Couture	122	-	25,439	-	-	-	25,561
Wines and Spirits	24,161	723	23,272	17,481	196	-	65,833
Fashion and Leather Goods	842	9	95,113	599	5	-	96,568
Perfumes and Cosmetics	2,264	-	155,860	1,949	-	-	160,073
Watches and Jewelry	167	-	34,652	117	-	-	34,936
Selective Retailing	2,069	-	5,550	150	-	65	7,834
TOTAL	**29,625**	**732**	**339,886**	**20,296**	**201**	**65**	**390,805**

Château Cheval Blanc, Château d'Yquem, Chaumet, DFS, Fred, Donna Karan and Les Echos did not report their data for this indicator.

2.4.2. Adapting to climate change

The Group has also considered the different issues with regard to adapting to climate change. In the medium term, developing viticulture practices is the main component of the Group's adaptation strategy. Several solutions are available for European vineyards depending on the extent of climate change, from altering harvest dates to developing different methods of vineyard management (wider rows, increasing the size of grapevine 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 (see §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 product manufacturing, such as leather and plant species.

LVMH was 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). LVMH is now an official member of the FRB, with whom it has been working for more than six years. Sylvie Bénard, LVMH's Environment Director, has also served as Vice President of the Foundation's Strategic Orientation Committee for four years. Within the framework of this committee, which brings together more than 160 stakeholders to jointly design research programs that favor biodiversity, the Group has mainly focused on accessing genetic resources and sharing the benefits resulting from their use. Several projects are currently being run by the Perfumes and Cosmetics, Fashion and Leather Goods, and Watches and Jewelry business groups, such as the development of new responsible supply channels.

The Fashion and Leather Goods and Watches and Jewelry business groups have implemented procedures to ensure that all of their products comply with CITES, a convention on international trade in endangered species. 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 (see "Group reporting on employee-related issues", §1.9.3 Supply sources and subcontracting). 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 plant species 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. For that reason, 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, new 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 anticipation is made possible thanks to the efforts of the Group's experts, who regularly take part in the working groups set up by 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 high standards allow the Group to guarantee the safety of its cosmetic products when they are released onto the market. In order to monitor the quality of their products after they are released, the Group's brands have customer relations departments which receive any complaints from consumers for analysis, including complaints about adverse effects. This "cosmetovigilance" process is managed by a team of specialists who provide the brands with a European network of healthcare professionals capable of responding quickly to help consumers in the event of side effects. A similar approach is in development in China. Such post-market surveillance makes it possible to explore new areas of research and continually improve the quality and safety of our products.

For many years, Moët Hennessy has emphasized the responsible enjoyment of its champagnes, wines and spirits. This engagement takes the form of numerous actions directed at its employees and customers as well as guests and visitors to its Maisons.

Moët Hennessy not only adheres scrupulously to local regulations, it also self-regulates across the entire spectrum of its communications and marketing practices, and follows online media guidelines, for example by using filters to keep underage viewers from entering its companies' websites. Every year, Moët Hennessy's teams teach hundreds of consumers the rituals for tasting its exceptional products, highlighting not only their exquisite quality but also the rich culture, heritage, and history behind them, to be appreciated properly in moderation.

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

In 2015, Moët Hennessy rolled out an internal communications campaign reminding employees that they are "all ambassadors for responsible drinking", using a series of visual presentations translated into eight languages worldwide.

Moët Hennessy is a member of the European Alcohol and Health Forum sponsored by the European Commission, and offers commitments every year to promote responsible drinking. The commitment for 2013-2014 was about training employees and was assessed by a European Commission-designated external consultant as being 89% satisfied. In 2015 it was about the responsible drinking campaign mentioned above.

Lastly, Moët Hennessy continues to lend its active support to numerous responsible drinking programs around the world: in addition to Wine in Moderation, Moët Hennessy participates in many local programs.

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

To the Shareholders,

In our capacity as an Independent Verifier accredited by COFRAC [(1)] (Accreditation No. 3-1050) and a member of the network of one of the Statutory Auditors of Christian Dior SE, we present our report on the consolidated workforce, environmental and social information for the fiscal year ended June 30, 2016, 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 drawing up a Management Report including the CSR Information referred to in Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the guidelines used by the Company (the "Guidelines"), which are summarized in the Management Report and available at the LVMH group's Human Resources and Environment Departments.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession and the provisions of Article L. 822-11 of the French Commercial Code. In addition, we have implemented a quality control system that includes documented policies and procedures aimed at ensuring compliance with ethical standards, professional standards and the 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 drew on the expertise of five people, and was carried out between May 2016 and October 2016 over a total of around four 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 limited assurance, in accordance with the ISAE 3000 international standard [(2)].

1. Attestation of presence of CSR Information

Nature and scope of work

On the basis of interviews conducted with the management of the departments concerned, we obtained an understanding of the presentation of the Company's sustainable development strategy, which is based on the social and environmental consequences linked to the Company's activities and its social 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 of accreditation 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. 233-1 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".

Conclusion

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 work

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

- assess the suitability of the Guidelines, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, where applicable, any industry 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' social and environmental issues, its strategy with regard to sustainable development and industry best practices.

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

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

- at the level of the consolidated entity and the controlled entities, 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;
- at the level of the representative sample of entities that we selected (4) based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and carried out detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected represented 22% of the workforce and 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.

(3) **Workforce information**: total workforce as of June 30, broken down by professional category; staff working under permanent contracts, broken down by gender; staff hired under permanent contracts, broken down by gender; staff hired under fixed-term contracts in France; departures of staff under permanent contracts, broken down by reason; absence rate; number of lost-time accidents; frequency rate; severity rate; employees trained during the year; total number of days of training.

Environmental and social information: general environmental policy; measures taken to prevent, reduce and compensate for discharges into the air, water and soil that seriously affect the environment; measures taken to prevent, recycle and eliminate waste; water consumption and water supply considering local constraints; raw material consumption and measures taken to improve resource efficiency; energy consumption; measures taken to improve energy efficiency and promote the use of renewable energy; greenhouse gas emissions; measures taken to develop biodiversity; consumer health and safety.

(4) **Workforce information**: Wines and Spirits: Hennessy (France); Fashion and Leather Goods: Louis Vuitton USA (USA), Loro Piana S.p.A. (Italy); Perfumes and Cosmetics: Parfums Christian Dior France (France), Parfums Christian Dior UK (United Kingdom); Watches and Jewelry: Bulgari Gioielli S.p.A. (Italy); Selective Retailing: Sephora USA Inc. (USA), Sephora Italy (Italy), Starboard Cruise Services (USA); Christian Dior Couture (France).

Environmental information: Wines and Spirits: Cloudy Bay (New Zealand), Glenmorangie (Ardbeg and Tain, Scotland), Hennessy (France), MHCS (France), Polmos Zyrardow (Poland); Fashion and Leather Goods: Céline (Italy), LVM Issoudun (France), LVM Les Ateliers de l'Ardèche (France); LVM Saint-Pourçain (France), Kenzo Mode (France), Tannerie Heng Long (China); Perfumes and Cosmetics: Givenchy Parfums (Beauvais, France), Parfums Christian Dior (SJDB, France), Parfums Christian Dior (Paris, France); Watches and Jewelry: Bulgari Neuchâtel (Switzerland), Hublot (Switzerland), De Beers (United Kingdom); Selective Retailing: DFS Hawaii Waikiki Square (United States), DFS Okinawa (Japan), DFS Saipan (Japan), Le Bon Marché (France), Sephora Americas Energy (United States); Other activities: Le Jardin d'Acclimatation (France); Christian Dior Couture (France).

Finally, we assessed the relevance of the explanations provided, where applicable, for 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; a higher level of assurance 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.

Conclusion

Based on this 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, 2015. 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”.
- The controls performed by certain Group companies remain inadequate. Those performed at Group level enable the main discrepancies identified at the level of these Group companies to be corrected.

Paris-La Défense, October 20, 2016

The Independent Verifier
ERNST & YOUNG et Associés

Éric MUGNIER
Sustainable Development Partner

Bruno PERRIN
Partner

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 readers. 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 13, 2016.

Its purpose is to give an account of the membership of the Board of Directors of the Company, the preparation and organization of its work, the compensation policy applied to senior executives and company officers, as well as the risk management and internal control procedures established by the Board and in particular the procedures relating to the preparation and processing of accounting and financial information.

1. Corporate governance

1.1. BOARD OF DIRECTORS

The Board of Directors is the strategic body of the Company which is primarily responsible for enhancing the Company's value and protecting its corporate interests. Its main missions involve the adoption of overall strategic orientations of the Company and the Group and ensuring these are implemented, the verification of the reliability and fair presentation 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.

A Charter has been adopted by the Board of Directors which 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 indictment and/or penalty, 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. CODE OF CORPORATE GOVERNANCE – APPLICATION OF RECOMMENDATIONS

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 set in abstracto concerning the length of service and the business relations maintained with the Group, as specified in §1.3. "Membership and missions";
- concerning the composition of the Board of Directors, to preserving the gender balance among its members, as specified in §1.3. "Membership and missions";
- and for authorizations to issue performance options or shares, to setting a cap on allocations to senior executive officers in the resolutions, as specified in §1.11 "Compensation policy for company officers".

1.3. MEMBERSHIP AND MISSIONS

- At its meeting of October 13, 2016, the Board of Directors (i) examined the appointments of Ségolène Gallienne, Denis Dalibot, Renaud Donnedieu de Vabres and Christian de Labriffe, expiring at the end of the Shareholders' Meeting of December 6, 2016, and (ii) decided to submit to said Meeting a proposal to renew the appointments of those individuals.

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 that has been in place since 2010.

- The Board of Directors, subject to the decisions of the Shareholders' Meeting of December 6, 2016, will thus consist of nine members: Delphine Arnault, Hélène Desmarais, Ségolène Gallienne, Bernard Arnault, Denis Dalibot, Renaud Donnedieu de Vabres, Pierre Godé, Christian de Labriffe, and Sidney Toledano.

Women make up 33% of the members of the Board of Directors; this figure will be increased to 40% in 2017, as provided by the French Commercial Code.

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 13, 2016 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. In this case, the Board has departed from the criterion related to the business relations resulting from the joint and equal ownership of Château Cheval Blanc by the LVMH group and the Frère-Bourgeois group, of which she is a Director, considering that these relations are not material in view of the size of the two groups and are not likely to call into question her independence;

(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) 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 this instance, 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 invaluable asset during major strategic decision-making.

Four out of nine Directors are thus considered to be independent and to hold no interests in the Company. They represent 44.5% of the composition of the Board of Directors. In regard to the criteria defined by the AFEP/MEDEF Code, Independent Directors constitute at least a third of the composition of the Board of Directors, as recommended by the Code in the case of controlled companies.

- Over the course of the 2015/2016 fiscal year, the Board of Directors met five times as convened by its Chairman. The attendance rate of Directors at these meetings was 83.67% on average.

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, 2015 to June 30, 2015 and from January 1, 2015 to December 31, 2015. It also reviewed the quarterly business activity as of March 31, 2016. The Board expressed its opinions on subjects including the compensation of company officers, the establishment of bonus share and performance share plans, and the implementation of a share repurchase program.

It renewed the authorizations granted to (i) the Chief Executive Officer to give sureties, collateral and guarantees to third parties and (ii) the Chairman and the Chief Executive Officer to issue bonds.

It decided to dissociate the roles of Chairman and Chief Executive Officer, in application of the legal and regulatory provisions applicable to the holding of multiple appointments; to appoint a Director to replace a Director whose term has expired; to appoint a Vice-Chairman to replace the departing Vice-Chairman; and to appoint a new member to the Audit Committee and the Nominations and Compensation Committee and a new Chairman of the Nominations and Compensation Committee.

It also conducted an evaluation of its capacity to meet the expectations of shareholders, reviewing its membership, its organization, and its procedures. It reviewed previously authorized regulated agreements that remained current during the 2014/2015 fiscal year.

The Board also changed its Charter to specify the conditions under which senior executive officers may accept an appointment to a new corporate office in a listed company, in accordance with the recommendations of the AFEP/MEDEF Code.

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

- At its meeting on October 13, 2016, the Board of Directors conducted a formal evaluation of its capacity to meet the expectations of shareholders using a questionnaire issued to each Director prior to the meeting. It 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:

- overall, 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, the financial statements, the budget and the three-year plan,
- attendance by Directors was high and stable with respect to 2014/2015,
- the gender balance and presence of non-French nationals ensures a wide range of visions and sensitivities 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,
- overall, the Directors have no observations on the amount or the rules for allocating directors' fees or the minimum number of shares that each Director must hold,
- nor were there any observations on the internal regulations of the Performance Audit Committee or the Nominations and Compensation Committee, or on the composition or quality of the work of those committees.

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

1.4. 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. Bernard Arnault is Chairman of the Board of Directors and Sidney Toledano is Chief Executive Officer. It did not limit the powers vested in the Chief Executive Officer.

The balance of powers within the Board of Directors is ensured by (i) the provisions of the Charter of the Board of Directors and the rules governing the two Committees it has formed, which specify the missions of each of these bodies, and (ii) their composition. More than a third of the Directors on the Board are independent, and two-thirds of the members of the Performance Audit Committee and the Nominations and Compensation Committee are Independent Directors.

1.5. 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.

As of June 30, 2016, it consisted of three members appointed by the Board of Directors: Christian de Labriffe (Chairman), who served as Managing Partner at Lazard Frères & Cie and at Rothschild & Cie Banque; Renaud Donnedieu de Vabres; and Denis Dalibot, who notably served as Chief Financial Officer at Groupe Arnault. 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, Independent Director, and Denis Dalibot have the specific expertise necessary to fulfill their responsibilities.

Two of the Committee's three members are independent. In regard to the criteria defined by the AFEP/MEDEF Code, Directors represent two-thirds of the composition of the Committee, as recommended by the Code.

The Performance Audit Committee met four times during the 2015/2016 fiscal year: three times with all of its members in attendance and once 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, 2015; 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, 2015 to December 31, 2015; an audit of the financial statements; 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 the Statutory Auditors and monitored the statutory 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.

As part of the review of the parent company and consolidated financial statements, the Statutory Auditors gave a presentation covering, in particular, internal control, major events, and the main audit issues identified and accounting treatments adopted.

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.

In addition, at its July 2016 meeting, the Audit Committee took note of the reform of the audit, in particular with respect to its responsibilities, based on presentations by the Statutory Auditors and the Finance Department. In particular, it pre-approved (i) non-audit services not related to the certification of accounts but provided for under current law, and (ii) current non-audit services required by professional standards or business practices.

1.6. NOMINATIONS AND COMPENSATION COMMITTEE

The main responsibilities of the Nominations and Compensation Committee are to issue:

- proposals on compensation, benefits in kind, performance 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.

As of June 30, 2016, it consisted of three members appointed by the Board of Directors. The current members of the Nominations and Compensation Committee are Hélène Desmarais (Chairman), Denis Dalibot and Christian de Labriffe.

Two of the Committee's three members are independent. In regard to the criteria defined by the AFEP/MEDEF Code, Directors constitute a majority of the composition of the Committee, as recommended by the Code.

The Nominations and Compensation Committee met three times during the 2015/2016 fiscal year: once with all of its members in attendance and twice with two-thirds of its members in attendance. It gave an opinion on dissociating the functions of Chairman of the Board of Directors and Chief Executive Officer, renewing the Directors' appointments expiring in 2015, appointing Advisory Board members and co-opting a Director to replace a resigning Director. It also expressed the wish that the co-opted Director be a member of both the Audit Committee and the Nominations and Compensation Committee. In particular, it (i) reviewed the fixed compensation to be allocated by Christian Dior Couture to Sidney Toledano in his capacity as Chairman and Chief Executive Officer; (ii) examined the criteria established for determining the amount of variable compensation to be allocated to him by Christian Dior Couture; (iii) issued recommendations, notably on the fixed compensation and variable compensation as well as the benefits in kind that will be allocated to him; and (iv) on the implementation of a medium-term incentive plan. 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 the requirement to retain possession of a portion of their shares which may have vested, and (ii) gave its opinion on performance shares to be granted by the Company to a Director. It also proposed to extend the rule for allocating directors' fees to Advisory Board members.

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 13, 2016, the Committee reviewed all the terms of office due to expire and expressed a favorable opinion on the renewal of the appointments of Ségolène Gallienne, Denis Dalibot, Renaud Donnedieu de Vabres and Christian de Labriffe, to be put to a vote at the Shareholders' Meeting of December 6, 2016.

1.7. 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. Sidney Toledano has been Vice-Chairman of the Board of Directors since December 1, 2015.

1.8. 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 Company has one Advisory Board member: Jaime de Marichalar y Sáenz de Tejada.

1.9. 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).

1.10. 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.

1.11. 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 total, annual amount has been set at 147,715 euros since the Shareholders' Meeting of May 15, 2008. It is divided among the members of the Board of Directors and members of the Advisory Board, 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 the 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 Committee meetings the Director in question does not attend.

In respect of the fiscal year that began July 1, 2015 and ended June 30, 2016, Christian Dior granted a total gross amount of 131,711 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 150% 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. In the resolutions submitted to a vote by the shareholders, the Board of Directors decided not to include a cap on the allocation of options or bonus performance shares to senior executive officers, considering that the Nominations and Compensation Committee – which is mainly composed of Independent Directors and is tasked with making proposals on the granting of options or bonus performance shares to senior executives – ensures an adequate degree of control over the allocation policy. Under the plans set up in 2013, 2014 and 2015, the bonus performance shares allocated to senior executive officers represent less than 35% of total allocations on average. This percentage is below the ceiling of 40% of the total allocation of bonus shares granted under these plans, which is the ceiling recommended by the Nominations and Compensation Committee. This percentage reflects the lack of regular compensation, fixed or variable, for the Chairman of the Board of Directors and the Chief Executive Officer of the Company and the small number of plan recipients, given that the LVMH group has its own plan.

In relation to options granted under plans set up since 2007 and bonus performance shares granted under plans set up since 2010, if the Chairman of the Board of Directors or the Chief Executive Officer decide to exercise their options or if their shares vest, they are required to retain possession, in pure registered form and until the conclusion of their respective terms in office, of a number of shares under the terms and conditions defined by the plans and detailed in the "*Management report of the Board of Directors* – Christian Dior parent company".

Furthermore, the Charter of the Board of Directors forbids 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.

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 supplementary pension payment corresponds to a specific percentage of the recipient's salary, to which a ceiling is applied on the basis of the reference salary determined by the French social security scheme. On the basis of compensation paid in 2015 to senior executive officers, the supplementary retirement benefit that would be paid to them would not be more than 45% of their last annual compensation amount in accordance with the AFEP/MEDEF Code recommendations. The increase in provisions for these supplementary retirement benefits as of June 30, 2016 is included in the amount shown for post-employment benefits under Note 32.4 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 indirectly controls 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 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, 2015, the risk management and internal control procedures implemented by LVMH and described below are the same as those presented in the 2015 "*Report of the Chairman of the Board of Directors*" included in LVMH's 2015 Reference Document.

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 the continuity of operations, 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 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, Le Parisien/Aujourd'hui en France, 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 parent company, LVMH SE – are responsible for their own risk management and internal control systems. LVMH SE also acts as leader and coordinator on behalf of all LVMH 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 LVMH group's ethical values

The LVMH 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, www.lvmh.com. Those LVMH charters and codes serve as a common foundation and a source of inspiration for all of the 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 to raise awareness of the risk of fraud, by means of periodic communiqués listing attempted and known cases of fraud within the Group. For each scenario a prevention plan is presented. Group companies and subsidiaries must check that appropriate measures are in place to prevent such scenarios. 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, "Internal Control Essentials", 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.

The "Major Risks" section of the Finance Intranet contains a risk list and the procedures and tools for the evaluation, prevention and coverage of such risks. Best practices for the operational risk families selected are 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. In particular, 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 businesses, 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 Group 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 that ensure the safety of travelers and employees of the Group abroad, and make any decisions required in exceptional situations;
- **a Strategic Committee** was set up in 2014 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, are intended to help prevent media crises harmful to the reputation of our brands.

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

Third line of defense

The LVMH group's Audit and Internal Control Department had a staff of a dozen professionals as of December 31, 2015. 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 annually. 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 2015 in the Fashion and Leather Goods, Perfumes and Cosmetics, and Selective Retailing business groups, as well as in the Asia region and France. 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 the 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 teams, which are all part of the LVMH group's Finance Department: Accounting and Consolidation and Management Control, Information Systems, Corporate Finance and Treasury, Tax and Financial Communication.

Accounting and Consolidation are 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 Standards and Practices team defines and disseminates the Group's accounting policies, monitors and enforces their application and organizes any related training programs that may be deemed necessary. The Consolidation team also coordinates the Group's Statutory Auditors.

Management Control is 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. Management Control 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.

These two teams are attached to the **Assistant Finance Department**.

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 cross-functional 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 team, 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, medium term liquidity and financing requirements of subsidiaries. It is also responsible for applying a centralized foreign exchange risk management strategy.

The Markets team, which is also part of Corporate Finance and Treasury, is delegated the responsibility of implementing the policy of hedging market risks generated 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, strict procedures and a management policy 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.

Tax, 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 a 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.

Financial Communications 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 teams is responsible for ensuring the quality of internal control in its own area of activity via the **Finance departments of the business groups, companies and 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 aforementioned teams of the parent company, LVMH, 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 control relating 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 (LVMH chart of accounts and manual of accounting policies) and the accounts and management reporting system operated by the Group, ensuring the 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.

Sub-consolidations are carried out at Group company and business group level, which act as primary control filters and help ensure consistency.

At the level of the LVMH group, 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 updates. 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.

Specific meetings to close out the half-yearly and annual financial statements are attended by the Finance Department teams 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 Enterprise Risk and Internal Control Assessment (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 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, 2015, this self-appraisal system covered 90% of the Group's operating entities and 97% of revenue. It includes all Group companies. The internal control and major risk assessment are input by each entity and centralized in a database application managed by the holding company of LVMH.

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 brand or 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.).

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.

Managers and operational staff at Group companies are empowered, with the support of internal controllers, 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 controls 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.

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 actions 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. A Group conference was held at the end of 2014 on supply chain risk. At the end of 2015, the Group started a process for the independent assessment of the business continuity plans of its 10 most significant companies. The assessments will take place over the course of 2016 and 2017 with the help of an external firm.

In terms of major risks, the ERICA approach that was rolled out three years ago has been raising Group companies' awareness of the need to identify and manage risks that may threaten their strategy, business or brand. The main risks actively managed by Group companies in 2015 were media risk; employee and general public safety and security risk; loss of sensitive data; major site accidents; property damage, loss or theft; strategic supplier default; critical failure of IT systems including production systems; supply risk; and social and environmental risks.

The importance of risk management was again reinforced at the beginning of 2015 with two practical workshops focusing notably on methodologies and best practices in the Group and at other publicly traded companies.

With regard to Internal Control, numerous initiatives were taken in a variety of areas. For example:

- our Maisons implemented the "Store MAnager Retail Toolkit" (SMART) developed by the Group in 2014;
- internal controls on inventory and receivables quality were enhanced in response to economic tensions in certain geographical regions;
- IT systems security was improved and awareness-raising was provided on cybersecurity risks;
- the Maisons engaged in ongoing fraud awareness initiatives.

Meanwhile, the scope of the self-assessment process was narrowed for the upcoming 2016 cycle, to focus on:

- a more targeted selection of entities, namely those deemed most significant or "at-risk";
- a more selective core self-assessment process, with 67 checks versus 82 in 2015 and 2014;
- extended guidelines covering the basic controls specific to our businesses – this project was initiated in 2015 with the Perfumes and Cosmetics, Watches and Jewelry, and Wines and Spirits business groups; it will be continued and expanded to the Group's other businesses in 2016.

2.2. CHRISTIAN DIOR COUTURE

Christian Dior Couture (hereinafter 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 67 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, particularly due to external uncertainties, 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 these managers, 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 IFRSs and Group accounting policies.

- 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 policies,
  - 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 period of time, 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

The 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 Christian Dior Couture group's consolidated entities produce a three-year strategic plan, a complete budget, and annual updates. 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 controls.

2.2.6. Outlook

- Finalization of the digital deployment of the internal control framework to ensure reliable operational management, particularly in stores.
- Strengthening of the risk-based approach in the determination of the audit plan.
- Continuing to carry out cross-functional reviews to ensure that processes and controls are consistently applied at headquarters and subsidiaries. These assignments can be modified in response to changes in the economic or political 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 indirectly controls 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, which also serve in the same capacity on behalf of LVMH, and one of which also serves as Statutory Auditors on behalf of Christian Dior Couture.

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 13, 2016.

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, 2016.

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 pertaining 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

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 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 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, on in relation to the preparation and processing of the accounting and financial information contained in the "*Report of 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 of 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 20, 2016

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Simon Beillevaire	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

(EUR millions, except earnings per share)	*Notes*	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)
Revenue	*23-24*	**37,968**	**35,081**	**30,867**
Cost of sales		(13,078)	(12,307)	(10,558)
Gross margin		**24,890**	**22,774**	**20,309**
Marketing and selling expenses		(15,190)	(13,828)	(11,884)
General and administrative expenses		(2,907)	(2,647)	(2,365)
Income (loss) from investments in joint ventures and associates	*7*	(1)	(3)	(9)
Profit from recurring operations	*23-24*	**6,792**	**6,296**	**6,051**
Other operating income and expenses	*25*	(196)	(298)	(153)
Operating profit		**6,596**	**5,998**	**5,898**
Cost of net financial debt		(97)	(164)	(148)
Other financial income and expenses		(270)	2,849	(83)
Net financial income (expense)	*26*	**(367)**	**2,685**	**(231)**
Income taxes	*27*	(2,065)	(2,518)	(1,775)
Net profit before minority interests		**4,164**	**6,165**	**3,892**
Minority interests	*17*	2,595	3,787	2,467
Net profit, Group share		**1,569**	**2,378**	**1,425**
Basic Group share of net earnings per share *(EUR)*	*28*	**8.75**	**13.29**	**7.97**
Number of shares on which the calculation is based		179,213,608	178,928,184	178,762,207
Diluted Group share of net earnings per share *(EUR)*	*28*	**8.69**	**13.18**	**7.90**
Number of shares on which the calculation is based		179,894,454	179,684,869	179,594,235

2. Consolidated statement of comprehensive gains and losses

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Net profit before minority interests	**4,164**	**6,165**	**3,892**
Translation adjustments	(238)	1,183	(125)
Tax impact	(2)	220	(28)
	(240)	**1,403**	**(153)**
Change in value of available for sale financial assets	(130)	397	553
Amounts transferred to income statement	(22)	(3,406)	(16)
Tax impact	7	212	(12)
	(145)	**(2,797)**	**525**
Change in value of hedges of future foreign currency cash flows	(28)	(3)	205
Amounts transferred to income statement	27	(16)	(302)
Tax impact	(4)	14	26
	(5)	**(5)**	**(71)**
Gains and losses recognized in equity, transferable to income statement	**(390)**	**(1,399)**	**301**
Change in value of vineyard land	64	(20)	370
Amounts transferred to consolidated reserves	-	3	(10)
Tax impact	(22)	8	(127)
	42	**(9)**	**233**
Employee benefit commitments: change in value resulting from actuarial gains and losses	(40)	(148)	17
Tax impact	8	47	(4)
	(32)	**(101)**	**13**
Gains and losses recognized in equity, not transferable to income statement	**10**	**(110)**	**246**
Gains and losses recognized in equity	**(380)**	**(1,509)**	**547**
Comprehensive income	**3,784**	**4,656**	**4,439**
Minority interests	2,387	2,960	2,789
COMPREHENSIVE INCOME, GROUP SHARE	**1,397**	**1,696**	**1,650**

3. Consolidated balance sheet

Assets

(EUR millions)	*Notes*	June 30, 2016	June 30, 2015	June 30, 2014
Brands and other intangible assets	*3*	16,269	16,242	15,363
Goodwill	*4*	11,256	10,365	9,626
Property, plant and equipment	*6*	12,106	11,418	10,501
Investments in joint ventures and associates	*7*	753	521	497
Non-current available for sale financial assets	*8*	651	632	7,200
Other non-current assets	*9*	711	561	515
Deferred tax	*27*	2,158	2,031	1,077
Non-current assets		**43,904**	**41,770**	**44,779**
Inventories and work in progress	*10*	11,053	10,704	9,593
Trade accounts receivable	*11*	2,237	2,173	2,008
Income taxes		357	436	346
Other current assets	*12*	2,318	2,176	1,695
Cash and cash equivalents	*14*	3,035	2,771	2,638
Current assets		**19,000**	**18,260**	**16,280**
TOTAL ASSETS		**62,904**	**60,030**	**61,059**

Liabilities and equity

(EUR millions)	*Notes*	June 30, 2016	June 30, 2015	June 30, 2014
Share capital	*15.1*	361	361	363
Share premium account	*15.1*	194	194	2,205
Christian Dior treasury shares	*15.2*	(109)	(116)	(288)
Cumulative translation adjustment	*15.4*	441	554	37
Revaluation reserves		351	412	1,613
Other reserves		8,260	6,490	6,615
Net profit, Group share		1,569	2,378	1,425
Equity, Group share		**11,067**	**10,273**	**11,970**
Minority interests	*17*	17,062	16,047	18,367
Equity		**28,129**	**26,320**	**30,337**
Long-term borrowings	*18*	5,453	6,130	4,390
Non-current provisions	*19*	2,037	2,377	1,827
Deferred tax	*27*	5,584	5,738	5,194
Other non-current liabilities	*20*	8,475	7,262	6,275
Non-current liabilities		**21,549**	**21,507**	**17,686**
Short-term borrowings	*18*	4,918	4,425	6,416
Trade accounts payable	*21.1*	3,835	3,602	3,164
Income taxes		425	431	358
Current provisions	*19*	355	323	331
Other current liabilities	*21.2*	3,693	3,422	2,767
Current liabilities		**13,226**	**12,203**	**13,036**
TOTAL LIABILITIES AND EQUITY		**62,904**	**60,030**	**61,059**

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 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 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' shares										(96)	(96)	(568)	(664)
As of June 30, 2014	**181,727,048**	**363**	**2,205**	**(288)**	**37**	**1,226**	**6**	**390**	**(9)**	**8,040**	**11,970**	**18,367**	**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 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 Christian 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' shares										(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**
Gains and losses recognized in equity					(112)	(61)	(1)	14	(12)		(172)	(208)	(380)
Net profit										1,569	1,569	2,595	4,164
Comprehensive income					**(112)**	**(61)**	**(1)**	**14**	**(12)**	**1,569**	**1,397**	**2,387**	**3,784**
Stock option plan expenses										25	25	24	49
(Acquisition)/disposal of Christian Dior treasury shares				7						(3)	4	-	4
Capital increase in subsidiaries											-	92	92
Interim and final dividends paid										(591)	(591)	(1,307)	(1,898)
Changes in control of consolidated entities										1	1	27	28
Acquisition and disposal of minority interests' shares					(1)			(1)		(10)	(12)	21	9
Purchase commitments for minority interests' shares										(30)	(30)	(229)	(259)
As of June 30, 2016	**180,507,516**	**361**	**194**	**(109)**	**441**	**5**	**4**	**399**	**(57)**	**9,829**	**11,067**	**17,062**	**28,129**

5. Consolidated cash flow statement

(EUR millions)	*Notes*	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
I – OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		6,596	5,998	5,898
Income/(loss) and dividends from joint ventures and associates	*7*	21	17	39
Net increase in depreciation, amortization and provisions		2,225	2,136	1,622
Other computed expenses		(177)	(473)	(5)
Other adjustments		(99)	(67)	(82)
Cash from operations before changes in working capital		**8,566**	**7,611**	**7,472**
Cost of net financial debt: interest paid		(88)	(164)	(159)
Tax paid on operating activities		(1,998)	(1,551)	(1,847)
Net cash from operating activities before changes in working capital		**6,480**	**5,896**	**5,466**
Change in working capital	*14.2*	(579)	(468)	(976)
Net cash from operating activities		**5,901**	**5,428**	**4,490**
Operating investments	*14.3*	(2,242)	(1,947)	(1,953)
Net cash from operating activities and operating investments (free cash flow)		**3,659**	**3,481**	**2,537**
II – FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets [(b)]	*8, 13*	(66)	(41)	(105)
Proceeds from sale of non-current available for sale financial assets	*8*	93	178	38
Dividends received	*8*	3	-	79
Income taxes paid related to financial investments		(510)	(252)	(11)
Impact of purchase and sale of consolidated investments	*2.4*	(359)	(55)	(2,229)
Net cash from (used in) financial investments		**(839)**	**(170)**	**(2,228)**
III – TRANSACTIONS RELATING TO EQUITY				
Capital increases of subsidiaries subscribed by minority interests	*17*	84	7	6
Acquisitions and disposals of Christian Dior treasury shares		5	1	(40)
Interim and final dividends paid by Christian Dior SE [(a)]	*15.3*	(591)	(575)	(536)
Interim and final dividends paid to minority interests in consolidated subsidiaries [(a)]	17	(1,310)	(1,271)	(1,224)
Income tax related to interim and final dividends paid		(168)	(392)	(164)
Purchase and proceeds from sale of minority interests	*2.4*	(6)	1	(46)
Net cash from (used in) transactions relating to equity		**(1,986)**	**(2,229)**	**(2,004)**
Change in cash before financing activities		**834**	**1,082**	**(1,695)**
IV – FINANCING ACTIVITIES				
Proceeds from borrowings		1,664	2,637	4,203
Repayment of borrowings		(1,933)	(3,223)	(2,242)
Purchase and proceeds from sale of current available for sale financial assets [(b)]	*8, 13*	123	(355)	114
Net cash from (used in) financing activities		**(146)**	**(941)**	**2,075**
V – EFFECT OF EXCHANGE RATE CHANGES		**(191)**	**115**	**31**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		**497**	**256**	**411**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	*14*	**2,319**	**2,063**	**1,652**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*14*	**2,816**	**2,319**	**2,063**
TOTAL TAX PAID		**(2,676)**	**(2,195)**	**(2,022)**

(a) The distributions in kind of Hermès shares had no impact on cash, excluding tax impacts. See Note 8.
(b) The impacts on cash of non-current available for sale financial assets used to hedge net financial debt (see Note 18) are presented under the heading entitled "IV. Financing activities", as "Purchase and proceeds from sale of current available for sale financial assets".

Notes to the consolidated financial statements

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, 2016 were established in accordance with international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on June 30, 2016.

These standards and interpretations have been applied consistently to the fiscal years presented. The consolidated financial statements for the fiscal year ended June 30, 2016 were approved for publication by the Board of Directors on October 13, 2016.

1.2. Changes in the accounting framework applicable to the Group

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

The following standard applied to the Group as of July 1, 2015:

- the amendment to IAS 19 relating to the recognition of employee contributions to post-employment benefits;

The application of this standard did not have a material impact on the Group's financial statements.

Other changes in the accounting framework and standards for which application will become mandatory later than July 1, 2016

The application of the amendments to IAS 16 and IAS 41 for biological assets will not have any impact on the Group's financial statements since LVMH does not revalue these assets, given that their market value differs little from their historical cost (see Note 1.13).

The impact of the application of IFRS 15 on revenue recognition 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.

The impact of the application of IFRS 9 on financial instruments with effect from January 1, 2018 and of IFRS 16 on leases with effect from January 1, 2019 are also being assessed.

The Group receives information on the progress of ongoing discussions held at IFRIC and IASB related to the recognition of purchase commitments for minority interests' shares and changes in their amount. See Note 1.12 for a description of the recognition method applied by the Group to these 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 as follows:

- 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 that date;
- foreign currency translation of the financial statements of subsidiaries outside the eurozone: 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 or its profit from 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 as of December 31, 2014:

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

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

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 (see Note 10) and, if applicable, deferred tax assets (see Note 27). 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 and companies where the Group has significant influence but no controlling interest are accounted for using the equity method. Although jointly controlled, those entities are fully integrated within the Group's operating activities. The Group discloses their net profit, as well as that of entities using the equity method (see Note 7), on a separate line, which forms part of profit from recurring operations.

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).

1.7. Foreign currency translation of the financial statements of subsidiaries outside the eurozone

The consolidated financial statements are presented in euros; the financial statements of entities presented 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 that are designated as hedges of commercial transactions denominated in a currency other than the functional currency of the entity are recognized in the balance sheet at their market value (see Note 1.9) at the fiscal year-end, and any change in the market value of such derivatives is recognized:

- within cost of sales for the effective portion of hedges of receivables and payables recognized in the balance sheet at the end of the period;
- within equity (as "Revaluation reserves") for the effective portion of hedges of future cash flows (this part is transferred to cost of sales at the time of recognition of the hedged assets and liabilities);
- within net financial income/expense for the ineffective portion of hedges; changes in the value of discount and premium associated with forward contracts, as well as in the time value component of options, are systematically considered as ineffective portions.

When derivatives are designated as hedges of subsidiaries' equity outside the eurozone (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 in the balance sheet 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
Other current and non-current assets, trade accounts receivable (Loans and receivables)	Using the effective interest rate method. See Note 1.17.	Note 9, Note 11, Note 12
Trade accounts payable, other current and non-current liabilities, excluding commitments to purchase minority interests (Financial liabilities)	Using the effective interest rate method.	Note 20, Note 21
Cash and cash equivalents	Closing price quotation. See Note 1.18.	Note 14

No other asset or liability has been remeasured at market value at the 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 ownership interests 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' shares

The Group has granted put options to minority shareholders of certain fully consolidated subsidiaries.

Pending specific guidance from IFRSs regarding this issue, the Group recognizes these commitments as follows:

- the value of the commitment at the fiscal year-end appears in "Other non-current liabilities";
- the corresponding minority interests are cancelled;
- for commitments granted prior to January 1, 2010, the difference between the amount of the commitments and reclassified minority interests is maintained as an asset on the balance sheet under goodwill, as well as subsequent changes in this difference. For commitments granted as from January 1, 2010, the difference between the amount of the commitments and minority interests is recorded in equity, under "Other reserves".

This recognition method 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.

Vine stocks and vineyards for champagnes, cognacs and other wines produced by the Group are considered 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, 2015 and 2014.

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).

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, expiration date approaching, 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 in Note 1.21 below.

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, non-current available for sale financial assets used to hedge financial debt (see Note 18), 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 SE capital increases reserved for recipients of share subscription options, resulting in changes in the percentage held by Christian Dior group in LVMH, are accounted for in the consolidated financial statements of Christian Dior group as changes in ownership interests in consolidated entities.

As from January 1, 2010, in accordance with the revised version of IFRS 3, changes in the Christian Dior group's ownership interest in LVMH have been taken to equity.

As this standard is applied prospectively, goodwill recognized as of December 31, 2009 has been 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.

If this commitment is 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

The tax expense comprises current tax payable by consolidated companies and deferred tax resulting from temporary differences.

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; the income statement and balance sheet of these entities is apportioned between the Group and Diageo based on distribution agreements. 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 has not had any impact on this method.

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

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.

Share purchase and subscription option plans give rise to the recognition of an expense based on the amortization of the expected gain for the recipients 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 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 OWNERSHIP INTERESTS IN CONSOLIDATED ENTITIES

2.1. Fiscal year 2015/2016 (July 1, 2015 – June 30, 2016)

Selective Retailing

In July 2015, Sephora acquired a 95% equity interest in the e-commerce site Luxola, which is present in nine countries of Southeast Asia.

Other activities

In October 2015, LVMH acquired a 100% equity interest in the daily newspaper Le Parisien-Aujourd'hui en France. The acquisition comprises the publishing, printing and sales activities of this daily newspaper and the weekly Le Parisien Magazine. In January 2016, LVMH acquired a 100% equity interest in Hôtel La Pinède as well as an adjacent plot of land in Saint-Tropez, France. See also Note 7 regarding the percentage interest in joint ventures and associates.

2.2. 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% equity interest in Sephora Brazil (formerly known as Sack's), increasing its stake to 100%. The difference between the acquisition price and the minority interests amount was recorded as a deduction from equity.

2.3. 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, which may be exercised until December 31, 2019.

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 the British luxury footwear company Nicholas Kirkwood. This entity was consolidated with effect from October 1, 2013. The rest of the company's share capital is covered by reciprocal undertakings to buy and sell, mainly exercisable from 2020.

Marc Jacobs

During the first half of the fiscal year, the Group raised its stake in Marc Jacobs to 80%. The difference between the acquisition price and minority interests was deducted from equity.

Other activities

In August 2013, the Group acquired 100% of Hôtel Saint-Barth Isle de France, which owns and operates a luxury hotel located on the island of Saint-Barthélemy in the 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.

2.4. Impact on cash and cash equivalents of changes in ownership interests in consolidated entities

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Purchase price of consolidated investments and of minority interests' shares	(442)	(90)	(2,457)
Positive cash balance/(net overdraft) of companies acquired	41	7	31
Proceeds from sale of consolidated investments	44	33	119
(Positive cash balance)/net overdraft of companies sold	(8)	(4)	(1)
IMPACT ON CASH AND CASH EQUIVALENTS OF CHANGES IN OWNERSHIP INTERESTS IN CONSOLIDATED ENTITIES	**(365)**	**(54)**	**(2,308)**
Of which:			
Purchase and sale of consolidated investments	(359)	(55)	(2,262)
Purchase and proceeds from sale of minority interests	(6)	1	(46)

- As of June 30, 2016, the cash impact of changes in ownership interests in consolidated entities was mainly related to the acquisition of the daily newspaper Le Parisien-Aujourd'hui en France, the 95% stake acquired by Sephora in the e-commerce site Luxola and the investments in Repossi and L Catterton, as well as various payments in respect of performance clauses provided for during past acquisitions. See also Note 7. It also includes LVMH SE's capital increases reserved for recipients of share subscription options.
- As of June 30, 2015, the cash impact of changes in ownership interests in consolidated entities was mainly related to the acquisition of an additional 30% stake in Sephora Brazil and LVMH SE's capital increases reserved for recipients of share subscription options.
- As of June 30, 2014, the cash impact of changes in ownership interests in consolidated entities was mainly related to the acquisitions of Loro Piana, Clos des Lambrays, Hôtel Isle de France and Nicholas Kirkwood; the additional stake in Marc Jacobs; and LVMH SE's capital increases reserved for recipients of share subscription options.

NOTE 3 – BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

	June 30, 2016			June 30, 2015	June 30, 2014
(EUR millions)	Gross	Amortization and impairment	Net	Net	Net
Brands	13,428	(615)	12,813	12,892	12,535
Trade names	3,962	(1,632)	2,330	2,315	1,948
License rights	28	(28)	-	1	1
Leasehold rights	815	(410)	405	428	389
Software, websites	1,339	(1,017)	322	289	241
Other	847	(448)	399	317	249
TOTAL	**20,419**	**(4,150)**	**16,269**	**16,242**	**15,363**
Of which:					
Assets held under finance leases	14	(14)	-	-	-

3.1. Movements in the fiscal year

Movements during the fiscal year ended June 30, 2016 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, 2015	**13,491**	**3,935**	**1,160**	**798**	**713**	**20,097**
Acquisitions	-	-	124	22	267	413
Disposals and retirements	-	-	(14)	(11)	(49)	(74)
Changes in the scope of consolidation	45	-	17	4	11	77
Translation adjustment	(108)	27	-	(10)	(4)	(95)
Reclassifications	-	-	52	12	(63)	1
AS OF JUNE 30, 2016	**13,428**	**3,962**	**1,339**	**815**	**875**	**20,419**

Accumulated amortization and impairment *(EUR millions)*	**Brands**	**Trade names**	**Software, websites**	**Leasehold rights**	**Other intangible assets**	**Total**
As of June 30, 2015	**(599)**	**(1,620)**	**(871)**	**(370)**	**(395)**	**(3,855)**
Amortization expense	(20)	(1)	(142)	(49)	(126)	(338)
Impairment expense	-	-	(1)	(3)	-	(4)
Disposals and retirements	-	-	14	10	48	72
Changes in the scope of consolidation	-	-	(14)	-	(4)	(18)
Translation adjustment	4	(11)	(1)	2	(1)	(7)
Reclassifications	-	-	(2)	-	2	-
AS OF JUNE 30, 2016	**(615)**	**(1,632)**	**(1,017)**	**(410)**	**(476)**	**(4,150)**
CARRYING AMOUNT AS OF JUNE 30, 2016	**12,813**	**2,330**	**322**	**405**	**399**	**16,269**

Translation adjustments arose mainly on intangible assets recognized in US dollars, Swiss francs and pounds sterling, based on fluctuations in the exchange rate between these currencies and the euro by the close of the fiscal year. This affected in particular the DFS Galleria trade name and the Donna Karan brand as regards fluctuations relative to the US dollar, the TAG Heuer and Hublot brands for the Swiss franc, and Glenmorangie for the pound sterling.

3.2. Movements in prior fiscal years

Carrying amount *(EUR millions)*	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	Total
As of June 30, 2013	**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	**12,535**	**1,948**	**241**	**389**	**250**	**15,363**
Acquisitions	-	-	105	74	175	354
Disposals and retirements	-	-	(1)	(2)	-	(3)
Changes in the scope of consolidation	-	-	-	-	1	1
Amortization expense	(19)	-	(131)	(44)	(87)	(281)
Impairment expense	(3)	-	-	-	(1)	(4)
Translation adjustment	379	367	20	15	19	800
Reclassifications	-	-	55	(4)	(39)	12
AS OF JUNE 30, 2015	**12,892**	**2,315**	**289**	**428**	**318**	**16,242**

3.3. Brands and trade names

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

	June 30, 2016			June 30, 2015	June 30, 2014
(EUR millions)	Gross	Amortization and impairment	Net	Net	Net
Christian Dior Couture	34	(10)	24	24	24
Wines and Spirits	2,842	(122)	2,720	2,774	2,730
Fashion and Leather Goods	5,276	(386)	4,890	4,891	4,820
Perfumes and Cosmetics	1,351	(30)	1,321	1,272	1,261
Watches and Jewelry	3,689	(6)	3,683	3,751	3,518
Selective Retailing	3,915	(1,585)	2,330	2,321	1,953
Other activities	283	(108)	175	174	177
BRANDS AND TRADE NAMES	**17,390**	**(2,247)**	**15,143**	**15,207**	**14,483**

The brands and trade names recognized are those that the Group has acquired. As of June 30, 2016, the principal acquired brands and trade names were:

- 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, KVD Beauty LLC and Ole Henriksen;

- Watches and Jewelry: Bvlgari, TAG Heuer, Zenith, Hublot, Chaumet and Fred;
- Selective Retailing: DFS Galleria, Sephora, Le Bon Marché and Île de Beauté;
- Other activities: the publications of the media group Les Échos-Investir, the Royal Van Lent-Feadship brand, La Samaritaine and the Cova pastry shop brand.

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 market value as of the closing date for the Group's consolidated financial statements. This is notably the case for the brands Louis Vuitton, Veuve Clicquot, and Parfums Christian Dior, or the trade name Sephora, with the understanding that this list must not be considered as exhaustive.

Brands developed by the Group, notably Dom Pérignon, 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 33% of total brands and trade names capitalized in the balance sheet and 59% of the Group's consolidated revenue.

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.

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, 2016			June 30, 2015	June 30, 2014
(EUR millions)	Gross	Impairment expense	Net	Net	Net
Goodwill arising on consolidated investments	8,633	(1,719)	6,914	6,874	6,887
Goodwill arising on purchase commitments for minority interests	4,342	-	4,342	3,491	2,739
TOTAL	**12,975**	**(1,719)**	**11,256**	**10,365**	**9,626**

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

	June 30, 2016 (12 months)			June 30, 2015 (12 months)	June 30, 2014 (12 months)
(EUR millions)	Gross	Impairment expense	Net	Net	Net
At beginning of period	**11,993**	**(1,628)**	**10,365**	**9,626**	**8,497**
Changes in the scope of consolidation (See Note 2)	180	-	180	26	1,190
Changes in purchase commitments for minority interests	790	-	790	775	24
Changes in impairment	-	(88)	(88)	(215)	(76)
Translation adjustment	12	(3)	9	153	(9)
AT END OF PERIOD	**12,975**	**(1,719)**	**11,256**	**10,365**	**9,626**

The main effects of changes in the scope of consolidation during the fiscal year ended June 30, 2016 related to the acquisition of the daily newspaper Le Parisien-Aujourd'hui en France, the 95% stake acquired by Sephora in the e-commerce site Luxola, and the acquisition of 100% of Hôtel La Pinède in Saint-Tropez, France. See Note 2.

The main effect of changes in the scope of consolidation during the fiscal year ended June 30, 2014 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, Hôtel Saint-Barth Isle de France, Nicolas Kirkwood and the Cova pastry shop business. See Note 2.

Translation adjustments arose mainly on goodwill recognized in Swiss francs and pounds sterling, particularly in respect of TAG Heuer and Hublot for the Swiss franc and Glenmorangie for the pound sterling.

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

NOTE 5 – IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Brands, trade names, and other intangible assets with indefinite useful lives as well as the goodwill arising on acquisition are tested for impairment at least once a year. As of June 30, 2016, due to the fact that the valuations of intangible assets on the basis of 2016 strategic plans were not available at the fiscal year-end, the assumptions applied for the December 31, 2015 valuations, identified as still pertinent, were maintained. As a result, no impairment losses have been recognized for intangible assets at this stage. 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 2014 and 2015 for the determination of forecast cash flows for multi-year plans are as follows:

	December 31, 2015			December 31, 2014		
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	9.5	8.9	2.0	9.4	9.1	2.0
Wines and Spirits	6.2 to 9.9	6.3	2.0	7.5 to 11.2	8.1	2.0
Fashion and Leather Goods	8.0 to 12.0	8.9	2.0	8.0 to 13.1	9.1	2.0
Perfumes and Cosmetics	7.4	8.9	2.0	8.0 to 8.5	8.7	2.0
Watches and Jewelry	8.1 to 8.5	7.1	2.0	9.2 to 9.6	8.7	2.0
Selective Retailing	7.3 to 8.5	8.3	2.0	8.4 to 9.6	9.4	2.0
Other	5.5 to 7.1	5.8	2.0	6.5 to 8.2	0.9	2.0

Plans generally cover a five-year period, with the exception of Christian Dior Couture where they cover a three-year period, but may be prolonged up to ten years in 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 are down compared to 2014, following the drop in interest rates in 2015. 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, 2016, on the basis of the same assumptions applied for the December 31, 2015 valuations, 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
Loro Piana	1,300	1,047	2,347	8.5	2.0	5 years
Fendi	713	405	1,118	8.5	2.0	5 years
Bvlgari	2,100	1,547	3,647	8.1	2.0	10 years
TAG Heuer	1,142	217	1,359	8.1	2.0	5 years
DFS Galleria	2,061	20	2,081	8.5	2.0	5 years
Hennessy	1,067	47	1,114	6.2	2.0	5 years

As of June 30, 2016, 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, 2015, 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, 2016 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, 2015, break down as follows:

		Amount of impairment if:		
(EUR millions)	**Amount of intangible assets concerned as of June 30, 2016**	**Post-tax discount rate increases by 0.5%**	**Compound annual growth rate for revenue decreases by 2%**	**Growth rate for the period after the plan decreases by 0.5%**
Fashion and Leather Goods	39	(29)	(28)	(24)
Other business groups	545	(86)	(27)	(70)
TOTAL	**584**	**(115)**	**(55)**	**(94)**

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

	June 30, 2016			June 30, 2015	June 30, 2014
(EUR millions)	Gross	Depreciation and impairment	Net	Net	Net
Land	1,542	(83)	1,459	1,437	1,263
Vineyard land and producing vineyards	2,536	(100)	2,436	2,370	2,369
Buildings	3,398	(1,587)	1,811	1,660	1,449
Investment property	621	(52)	569	566	619
Leasehold improvements, machinery and equipment	10,641	(7,155)	3,486	3,389	2,952
Assets in progress	946	(4)	942	715	901
Other tangible fixed assets	1,860	(457)	1,403	1,281	948
TOTAL	**21,544**	**(9,438)**	**12,106**	**11,418**	**10,501**
Of which:					
Assets held under finance leases	332	(197)	135	103	104
Historical cost of vineyard land and producing vineyards	739	(100)	639	634	624

6.1. Movements in the fiscal year

Movements in property, plant and equipment during the fiscal year break down as follows:

Gross value *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other tangible fixed assets	Total
				Stores	Production, logistics	Other			
As of June 30, 2015	**2,465**	**4,670**	**610**	**6,231**	**2,086**	**1,387**	**719**	**1,810**	**19,978**
Acquisitions	3	235	1	552	105	75	852	252	2,075
Change in the market value of vineyard land	64	-	-	-	-	-	-	-	64
Disposals and retirements	-	(65)	(1)	(380)	(50)	(48)	(1)	(18)	(563)
Changes in the scope of consolidation	-	43	-	2	35	14	(1)	-	93
Translation adjustment	(6)	(22)	(2)	(19)	(28)	(5)	(4)	(8)	(94)
Other movements, including transfers	10	79	13	829	78	(223)	(619)	(176)	(9)
AS OF JUNE 30, 2016	**2,536**	**4,940**	**621**	**7,215**	**2,226**	**1,200**	**946**	**1,860**	**21,544**

Depreciation and impairment *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other tangible fixed assets	Total
				Stores	Production, logistics	Other			
As of June 30, 2015	**(95)**	**(1,573)**	**(44)**	**(3,947)**	**(1,443)**	**(925)**	**(4)**	**(529)**	**(8,560)**
Depreciation expense	(6)	(161)	(4)	(910)	(133)	(114)	-	(60)	(1,388)
Impairment expense	-	(15)	-	8	-	-	(1)	-	(8)
Disposals and retirements	-	65	1	376	46	47	1	18	554
Changes in the scope of consolidation	-	(4)	-	(1)	(35)	(12)	-	-	(52)
Translation adjustment	1	(20)	(3)	9	18	4	-	4	13
Other movements, including transfers	-	38	(2)	(299)	(3)	159	-	110	3
AS OF JUNE 30, 2016	**(100)**	**(1,670)**	**(52)**	**(4,764)**	**(1,550)**	**(841)**	**(4)**	**(457)**	**(9,438)**
CARRYING AMOUNT AS OF JUNE 30, 2016	**2,436**	**3,270**	**569**	**2,451**	**676**	**359**	**942**	**1,403**	**12,106**

Other tangible fixed assets include in particular the works of art owned by the Group.

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 and by Hennessy 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 pounds sterling and in Swiss francs, as a result of movements in the exchange rates of those currencies with respect to the euro as of June 30, 2016.

The impact of marking vineyard land to market was 1,797 million euros as of June 30, 2016 (1,737 million euros as of June 30, 2015 and 1,745 million euros as of June 30, 2014). 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 LVMH group level. The valuation methods used are based on market data.

6.2. Movements in prior fiscal years

Carrying amount *(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, 2013	**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 movements, including transfers	11	(31)	9	513	63	102	(555)	(104)	8
As of June 30, 2014	**2,369**	**2,712**	**619**	**1,947**	**619**	**386**	**901**	**948**	**10,501**
Acquisitions	4	166	15	530	100	111	586	151	1,663
Disposals and retirements	(1)	(6)	-	-	(3)	(3)	(2)	(2)	(17)
Depreciation expense	(6)	(145)	(3)	(788)	(138)	(133)	-	(71)	(1,284)
Impairment expense	-	(15)	(2)	13	(1)	-	(5)	-	(10)
Change in the market value of vineyard land	(20)	-	-	-	-	-	-	-	(20)
Changes in the scope of consolidation	-	-	-	1	-	-	(6)	1	(4)
Translation adjustment	11	175	32	229	20	30	74	20	591
Other movements, including transfers	13	210	(95)	351	46	72	(833)	234	(2)
AS OF JUNE 30, 2015	**2,370**	**3,097**	**566**	**2,284**	**643**	**462**	**715**	**1,281**	**11,418**

Purchases of property, plant and equipment in the fiscal years ended June 30, 2015 and June 30, 2014 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.

NOTE 7 – INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(EUR millions)	June 30, 2016 Gross	Impairment	Net	*Of which joint arrangements*	June 30, 2015 Net	*Of which joint arrangements*	June 30, 2014 Net	*Of which joint arrangements*
Share of net assets of joint ventures and associates at beginning of period	**521**	**-**	**521**	*354*	**497**	*342*	**524**	*357*
Share of net profit (loss) for the period	(1)	-	(1)	(1)	(3)	2	(9)	(18)
Dividends paid	(14)	-	(14)	-	(21)	(11)	(30)	(11)
Changes in the scope of consolidation	239	-	239	-	7	-	5	-
Capital increases subscribed	-	-	-	-	15	9	7	7
Translation adjustment	(2)	-	(2)	(2)	12	9	(11)	(1)
Other movements, including transfers	10	-	10	3	14	3	11	8
SHARE OF NET ASSETS OF JOINT VENTURES AND ASSOCIATES AT END OF PERIOD	**753**	**-**	**753**	*354*	**521**	*354*	**497**	*342*

As of June 30, 2016, investments in joint ventures and associates consisted primarily of:

- for joint arrangements:
  - a 50% stake in the Château Cheval Blanc wine estate (Gironde, France), which produces the eponymous Saint-Émilion Grand Cru Classé A,
  - a 50% stake in De Beers Diamond Jewellers, whose network of boutiques sells the De Beers brand of jewelry;
- for other companies:
  - a 40% stake in Mongoual SA, the real estate company that owns the office building in Paris, France serving as the head office of LVMH Moët Hennessy-Louis Vuitton,
  - a 45% stake in PT. Sona Topas Tourism Industry Tbk (STTI), an Indonesian retail company, which notably holds duty-free sales licenses in airports,
  - a 46% stake in JW Anderson, a London-based ready-to-wear brand, acquired in September 2013,
  - a 42% stake in Repossi, an Italian jewelry brand, acquired in November 2015,
  - a 40% stake in L Catterton Management, an investment fund management company created in December 2015 in partnership with Catterton.

NOTE 8 – NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	June 30, 2016 Gross	Impairment expense	Net	June 30, 2015 Net	June 30, 2014 Net
TOTAL	**857**	**(206)**	**651**	**632**	**7,200**

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

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
At beginning of period	**632**	**7,200**	**6,665**
Acquisitions	185	38	93
Disposals at net realized value	(46)	(179)	(38)
Distributions in kind of Hermès shares	-	(6,785)	-
Changes in market value	(80)	388	527
Changes in impairment	(28)	(10)	(5)
Changes in the scope of consolidation	-	-	1
Translation adjustment	6	55	(11)
Reclassifications	(18)	(75)	(32)
TOTAL AT END OF PERIOD	**651**	**632**	**7,200**

The fiscal year's acquisitions include the 120 million euro impact of non-current available for sale financial assets used to hedge cash-settled convertible bonds issued during the period. See Note 18.

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 ended June 30, 2015 as described below.

On September 2, 2014, under the aegis of the President of the Paris Commercial Court, Hermès International as the party of the first part and LVMH, Christian Dior and Financière Jean Goujon as the parties of the second part 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 opening Hermès share price on December 17, 2014, which was 280.10 euros. Because fractional shares were made neither tradable nor assignable, shareholders whose allocation based on the distribution ratio was not a whole number of Hermès shares received the next lower whole number of Hermès shares, plus a cash equalization payment.

After 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 for a total of 74 million euros.

The Hermès share price used to value the shares was 269.50 euros as of June 30, 2014.

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

	Revaluation reserves as of June 30, 2014	Profit	Other reserves	Total	Of wich: Group share	Of wich: 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)	(157)	(222)
NET	**(2,757)**	**2,623**	**(6,855)**	**(6,989)**	**(2,894)**	**(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 was 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 was 3.2 billion euros, corresponding to the difference between the value of the stake as measured using the Hermès opening share price on December 17, 2014, i.e. 6.9 billion euros, and the total cost price of the shares for accounting purposes, which is 3.7 billion euros (2.7 billion euros in cash after deduction of the gain recognized in 2010 on the unwinding of equity-linked swaps covering 12.8 million shares).

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

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, 2016 include the following:

(EUR millions)	Percentage interest	Net value	Revaluation reserves	Dividends received
Hengdeli Holdings Ltd (China)	6.3%	32	2	-
Tod's S.p.A. (Italy)	3.5%	51	5	2
L Real Estate SCA (Luxembourg)	32.2%	152	66	-
Other investments [(a)]		416	12	1
TOTAL		**651**	**85**	**3**

(a) Including non-current available for sale financial assets used to hedge cash-settled convertible bonds.

Other investments mainly include shares in unlisted investment funds.

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, 2016	June 30, 2015	June 30, 2014
Warranty deposits	334	309	278
Derivatives	147	66	51
Loans and receivables	196	158	165
Other	34	28	21
TOTAL	**711**	**561**	**515**

NOTE 10 – INVENTORIES AND WORK IN PROGRESS

	June 30, 2016			June 30, 2015	June 30, 2014
(EUR millions)	Gross	Impairment expense	Net	Net	Net
Wines and eaux-de-vie in the process of aging	4,269	(41)	4,228	4,089	3,835
Other raw materials and work in progress	1,694	(370)	1,324	1,301	1,377
	5,963	**(411)**	**5,552**	**5,390**	**5,212**
Goods purchased for resale	1,873	(191)	1,682	1,568	1,291
Finished products	4,674	(855)	3,819	3,746	3,090
	6,547	**(1,046)**	**5,501**	**5,314**	**4,381**
TOTAL	**12,510**	**(1,457)**	**11,053**	**10,704**	**9,593**

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

	June 30, 2016 (12 months)			June 30, 2015 (12 months)	June 30, 2014 (2 months)
(EUR millions)	Gross	Impairment expense	Net	Net	Net
At beginning of period	**12,074**	**(1,370)**	**10,704**	**9,593**	**8,716**
Change in gross inventories	847	-	847	670	1,030
Effect of provision for returns [(a)]	(7)	-	(7)	13	2
Impact of marking harvests to market	(15)	-	(15)	(9)	2
Changes in provision for impairment	-	(417)	(417)	(300)	(287)
Changes in the scope of consolidation	1	-	1	(3)	280
Translation adjustment	(74)	14	(60)	740	(156)
Other, including reclassifications	(316)	316	-	-	6
AT END OF PERIOD	**12,510**	**(1,457)**	**11,053**	**10,704**	**9,593**

(a) See Note 1.25.

Translation adjustments arose mainly on inventories denominated in pounds sterling 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, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (2 months)
Effect of marking the period's harvest to market	19	23	35
Effect of inventory sold during the period	(34)	(32)	(33)
NET EFFECT ON COST OF SALES OF THE PERIOD	**(15)**	**(9)**	**2**
NET EFFECT ON THE VALUE OF INVENTORY AS OF PERIOD-END	**151**	**166**	**175**

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

NOTE 11 – TRADE ACCOUNTS RECEIVABLE

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
Trade accounts receivable, nominal amount	2,506	2,456	2,239
Provision for impairment	(74)	(72)	(70)
Provision for product returns [(a)]	(195)	(211)	(161)
NET AMOUNT	**2,237**	**2,173**	**2,008**

(a) See Note 1.25.

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

	June 30, 2016 (12 months)			June 30, 2015 (12 months)	June 30, 2014 (2 months)
(EUR millions)	Gross	Impairment expense	Net	Net	Net
At beginning of period	**2,456**	**(283)**	**2,173**	**2,008**	**1,832**
Changes in gross receivables	(55)	-	(55)	15	202
Changes in provision for impairment	-	(3)	(3)	(7)	(2)
Changes in provision for product returns	-	10	10	(33)	(3)
Changes in the scope of consolidation	136	(1)	135	15	55
Translation adjustment	(41)	6	(35)	172	(99)
Reclassifications	10	2	12	3	23
AT END OF PERIOD	**2,506**	**(269)**	**2,237**	**2,173**	**2,008**

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, 2016, 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 expense	Carrying amount of receivables
Not due			
less than 3 months	1,997	(11)	1,986
more than 3 months	169	(5)	164
	2,166	**(16)**	**2,150**
Overdue			
less than 3 months	202	(9)	193
more than 3 months	138	(49)	89
	340	**(58)**	**282**
TOTAL	**2,506**	**(74)**	**2,432**

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.

NOTE 12 – OTHER CURRENT ASSETS

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
Current available for sale financial assets	351	257	184
Derivatives	296	394	251
Tax accounts receivable, excluding income taxes	610	524	408
Advances and payments on account to vendors	125	142	154
Prepaid expenses	434	403	355
Other receivables	502	456	343
TOTAL	**2,318**	**2,176**	**1,695**

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, 2016	June 30, 2015	June 30, 2014
Unlisted securities, shares in non-money market SICAVs and funds	151	-	12
Listed securities	200	257	172
TOTAL	**351**	**257**	**184**
Of which: historical cost of current available for sale financial assets	429	272	136

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

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (2 months)
At beginning of period	**257**	**184**	**187**
Acquisitions	278	256	-
Disposals at net realized value	(150)	(267)	(27)
Changes in market value	(52)	7	25
Changes in impairment	-	7	-
Reclassifications [(a)]	18	70	-
Translation adjustment	-	-	(1)
AT END OF PERIOD	**351**	**257**	**184**

(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.

NOTE 14 – CASH FLOW STATEMENT

14.1. Cash and cash equivalents

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
Fixed-term deposits (less than 3 months)	473	516	728
SICAV and FCP money market funds	457	325	109
Ordinary bank accounts	2,105	1,930	1,801
CASH AND CASH EQUIVALENTS PER BALANCE SHEET	**3,035**	**2,771**	**2,638**

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, 2016	June 30, 2015	June 30, 2014
Cash and cash equivalents	3,035	2,771	2,638
Bank overdrafts	(219)	(452)	(575)
NET CASH AND CASH EQUIVALENTS PER CASH FLOW STATEMENT	**2,816**	**2,319**	**2,063**

14.2. Change in working capital

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

(EUR millions)	*Notes*	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (2 months)
Change in inventories and work in progress	*10*	(847)	(670)	(1,030)
Change in trade accounts receivable [(a)]	*11*	51	(12)	(198)
Change in trade accounts payable	*21.1*	146	209	115
Change in other receivables and payables		71	5	137
Change in working capital [(b)]		**(579)**	**(468)**	**(976)**

(a) Including a negative effect of 4 million euros related to amounts owed to customers (positive effects of 3 million euros as of June 30, 2015 and of 4 million euros as of June 30, 2014).
(b) 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, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (2 months)
Purchase of intangible fixed assets	*3*	(413)	(354)	(293)
Purchase of tangible fixed assets [(a)]	*6*	(2,075)	(1,663)	(1,721)
Deduction of purchase under finance lease		46	-	-
Changes in accounts payable related to fixed asset purchases		173	104	44
Net cash used in purchases of fixed assets [(b)]		**(2,269)**	**(1,913)**	**(1,970)**
Net cash from fixed asset disposals [(b)]		28	10	41
Guarantee deposits paid and other cash flows related to operating investments		(1)	(44)	(24)
OPERATING INVESTMENTS		**(2,242)**	**(1,947)**	**(1,953)**

(a) Including finance lease acquisitions.
(b) Increase/(Decrease) in cash and cash equivalents.

NOTE 15 – EQUITY

15.1. Share capital and share premium account

As of June 30, 2016, the share capital consisted of 180,507,516 fully paid-up shares (180,507,516 as of June 30, 2015 and 181,727,048 as of June 30, 2014), each with a par value of 2 euros; 126,302,864 shares with double voting rights, attached to registered shares held for more than three years (126,090,731 as of June 30, 2015 and 123,296,342 as of June 30, 2014).

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

	June 30, 2016				June 30, 2015	June 30, 2014
				Amount	Amount	Amount
(EUR millions, except number of shares)	Number of shares	Share Capital	Share premium account	Total	Total	Total
At beginning of period	**180,507,516**	**361**	**194**	**555**	**2,568**	**2,568**
Distributions in kind of Hermès shares [(a)]	-	-	-	-	(1,848)	-
Retirement of shares	-	-	-	-	(165)	-
AT END OF PERIOD	**180,507,516**	**361**	**194**	**555**	**555**	**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, 2016	June 30, 2015	June 30, 2014
Christian Dior treasury shares	(109)	(116)	(288)
TREASURY SHARES	**(109)**	**(116)**	**(288)**

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

	June 30, 2016		June 30, 2015	June 30, 2014
(EUR millions, except number of shares)	Number of shares	Amount	Amount	Amount
Share purchase option plans	856,892	66	88	94
Bonus share and performance share plans	268,682	34	22	16
Future plans	62,479	9	6	13
Other	-	-	-	1
Shares pending retirement	-	-	-	164
Christian Dior SHARES	**1,188,053**	**109**	**116**	**288**

The portfolio movements of Christian Dior shares during the fiscal year ended June 30, 2016 were as follows:

(EUR millions, except number of shares)	Number of shares	Value	Cash impact
As of June 30, 2015	**1,399,764**	**116**	**-**
Share purchases	97,843	16	(16)
Exercise of share purchase options	(306,306)	(23)	21
Vested bonus shares and performance shares	(3,248)	-	-
Retirement of shares	-	-	-
AS OF JUNE 30, 2016	**1,188,053**	**109**	**5**

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 reserves available for distribution of the parent company, after deducting applicable withholding tax and the value attributable to treasury shares. As of June 30, 2016, the distributable amount was 2,602 million euros; after taking into account the proposed dividend distribution in respect of the fiscal year ended June 30, 2016 it was 2,205 million euros.

(EUR millions, except data per share in EUR)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)
Interim dividend for the current fiscal year (June 30, 2016: 1.35 euros; June 30, 2015: 1.25 euros; June 30, 2014: 1.20 euros)	244	226	218
Distribution in kind of Hermès shares	-	751	-
Impact of treasury shares	(2)	(2)	(3)
Gross amount disbursed for the fiscal year	**242**	**975**	**215**
Final dividend for the previous fiscal years (June 30, 2015: 1.95 euros; June 30, 2014: 1.90 euros; April 30, 2013: 1.80 euros)	352	345	327
Distribution in kind of Hermès shares	-	2,088	-
Impact of treasury shares	(3)	(5)	(6)
Gross amount disbursed for the previous fiscal years	**349**	**2,428**	**321**
TOTAL GROSS AMOUNT DISBURSED DURING THE FISCAL YEAR [(a)]	**591**	**3,403**	**536**

(a) Excludes the impact of tax regulations applicable to the recipient.

The final cash dividend for the fiscal year ended June 30, 2016, as proposed at the Shareholders' Meeting of December 6, 2016, is 2.20 euros per share, representing a total amount of 397 million euros before deduction of the amount attributable to treasury shares held at the date of payment.

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, 2016**	**Change** (12 months)	**June 30, 2015**	**June 30, 2014**
US dollar	162	8	154	(74)
Swiss franc	301	(39)	340	178
Japanese yen	35	(17)	52	18
Hong Kong dollar	195	22	173	(1)
Pound sterling	(26)	(57)	31	(8)
Other currencies	(20)	(34)	14	12
Foreign currency net investment hedges	(206)	4	(210)	(88)
TOTAL, GROUP SHARE	**441**	**(113)**	**554**	**37**

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 share purchase options to employees or executives of Group companies, 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 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.

Bonus share and performance share plans

The Shareholders' Meeting of December 1, 2015 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in February 2018, to award bonus shares to employees and/or executive company officers of Group companies, on one or more occasions, in an amount not to exceed 1% of the Company's share capital on the date of this authorization.

For plans earlier than November 30, 2015 (set up between 2012 and 2014) shares vest after a three-year period for French tax residents. Shares may be freely transferred or sold only after an additional two-year holding period. Bonus shares awarded to recipients who are not French residents for tax purposes vest after a period of four years and become freely transferable at that time.

For plans later than November 30, 2015 (plan set up in December 2015), bonus shares awarded to all recipients vest, provided certain conditions are met and irrespective of their residence for tax purposes, after a period of three years, without any subsequent holding period.

The plans combine awards of bonus shares and of performance shares in proportions determined in accordance with the recipient's level in the hierarchy and status.

Performance conditions

Certain share purchase option plans and bonus share plans are subject to performance conditions that determine whether the recipients are entitled to definitively receive their award under these plans.

Performance shares awarded under pre-2014 plans are allowed to vest only if Christian Dior's consolidated financial statements for the calendar 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.

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 consolidated financial statements as of December 31 of each calendar year concerned.

For the October 16, 2014 plan, performance shares were to be definitively awarded only if Christian Dior's consolidated financial statements for the 2015 calendar year showed a positive change compared to calendar year 2014 in relation to one or more of the indicators mentioned above. This condition was satisfied.

For the plan set up on December 1, 2015, performance shares will vest only if Christian Dior's consolidated financial statements for the calendar years 2016 and 2017 show a positive change compared to calendar year 2015 with respect 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.

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 of 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 recipients 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 *(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, 2016
February 15, 2006	494,697	66.95	3 years	243,097	-	-
September 6, 2006	20,327	68.86	3 years	4,027	-	-
January 31, 2007	506,101	78.11	4 years	17,359	-	303,549
May 15, 2008	513,167	67.31	4 years	17,061	-	332,415
May 14, 2009 [(b)]	351,912	47.88	4 years	24,762	-	220,928
TOTAL	**1,886,204**			**306,306**	**-**	**856,892**

(a) After adjusting for the distributions in kind of Hermès shares.
(b) Plan 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:

	June 2016		June 2015		June 2014	
(EUR millions)	Number	Weighted average exercise price *(EUR)*	Number	Weighted average exercise price *(EUR)*	Number	Weighted average exercise price *(EUR)*
Share purchase options outstanding at beginning of period	1,163,198	66.12	1,428,450	69.22	1,794,544	66.17
Options granted						
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	(306,306)	66.09	(251,901) [(a)]	48.92	(290,094)	52.86
Share purchase options outstanding at end of period	856,892	66.13	1,163,198	66.12	1,428,450	69.22

(a) After distributions in kind in the form 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 awarded 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, 2016	Shares expired as of June 30, 2016	Non-vested shares as of June 30, 2016
April 5, 2012	101,031	94,502	2012 and 2013	yes	3 [(c)] or 4 [(d)] years	3,248	-	-
July 25, 2013	96,286	89,757	2013 and 2014	yes	3 [(c)] or 4 [(d)] years	-	-	95,571
October 16, 2014	103,600	97,071	2015	yes	3 [(c)] or 4 [(d)] years	-	-	103,600
December 1, 2015	69,511	64,511	2016 and 2017	[(e)]	3 years	-	-	69,511
TOTAL	**370,428**	**345,841**				**3,248**	**-**	**268,682**

(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) Recipients with tax residence in France.
(d) Recipients 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 2015/2016.

The number of non-vested shares awarded changed as follows during the fiscal year:

(number of shares)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Non-vested shares at beginning of period	**202,419**	**184,039**	**189,083**
Shares initially awarded during the period	69,511	95,185	88,521
Adjustments for the distributions in kind of Hermès shares [(a)]	-	24,379	-
Shares vested during the period	(3,248)	(99,703)	(82,725)
Shares expired during the period	-	(1,481)	(10,840)
NON-VESTED SHARES AT END OF PERIOD	**268,682**	**202,419**	**184,039**

(a) See Note 8.

16.4. Expense for the fiscal year

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Share purchase option and bonus share plans – Christian Dior	10	9	9
Share subscription option, share purchase option and bonus share plans – LVMH	39	38	41
EXPENSE FOR THE FISCAL YEAR	**49**	**47**	**50**

See Note 1.27 regarding the method used to determine the accounting expense.

For LVMH

The LVMH share price on the day before the grant date of the plans was 158.05 euros for the plan dated October 22, 2015.

The average unit value of non-vested bonus shares awarded during the fiscal year was 144.11 euros for recipients with tax residence in France and 142.91 euros for recipients with tax residence outside France.

For Christian Dior

The Christian Dior share price on the day before the grant date of the plan dated December 1, 2015 was 173.20 euros.

The average unit value of non-vested bonus shares awarded in the period was 162.66 euros for recipients.

NOTE 17 – MINORITY INTERESTS

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
At beginning of period	**16,047**	**18,367**	**17,093**
Minority interests' share of net profit	2,595	3,787	2,467
Dividends paid to minority interests	(1,307)	(1,215)	(1,231)
Distributions in kind of Hermès shares	-	(4,016)	-
Effects of changes in control of consolidated entities:			
• consolidation of Loro Piana	-	-	235
• other movements	27	-	2
Impact of acquisition and disposal of minority interests' shares:			
• movements in LVMH SE share capital and treasury shares	22	30	16
• other movements	(1)	1	(3)
Total effects of changes in ownership interests in consolidated entities	**48**	**31**	**250**
Capital increases subscribed by minority interests	92	6	9
Minority interests' share in gains and losses recognized in equity	(208)	(827)	322
Minority interests' share in stock option plan expenses	24	23	25
Impact of changes in minority interests with purchase commitments	(229)	(109)	(568)
AT END OF PERIOD	**17,062**	**16,047**	**18,367**

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 June 30, 2013	**95**	**1,421**	**58**	**605**	**(26)**	**2,153**
Movements in the fiscal year	(108)	307	(43)	157	9	322
Changes due to LVMH SE treasury shares	-	2	-	1	-	3
As of June 30, 2014	**(13)**	**1,730**	**15**	**763**	**(17)**	**2,478**
Movements in the fiscal year	886	(1,638)	(4)	(6)	(65)	(827)
Changes due to LVMH SE treasury shares	-	1	-	1	-	2
As of June 30, 2015	**873**	**93**	**11**	**758**	**(82)**	**1,653**
Movements in the fiscal year	(128)	(84)	(4)	28	(20)	(208)
Changes due to LVMH SE treasury shares	1	-	-	1	-	2
AS OF JUNE 30, 2016	**746**	**9**	**7**	**787**	**(102)**	**1,447**

Minority interests are essentially composed of LVMH SE shareholders excluding Christian Dior's controlling interest, i.e. shareholders owning 59% of LVMH SE.

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. See Notes 1.12 and 20.

There is also a minority interest of 39% held by Robert Miller in DFS, which is part of the Selective Retailing business group.

NOTE 18 – BORROWINGS

18.1. Net financial debt

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
Long-term borrowings	5,453	6,130	4,390
Short-term borrowings	4,918	4,425	6,416
Gross borrowings	**10,371**	**10,555**	**10,806**
Interest rate risk derivatives	(86)	(49)	(64)
Gross borrowings after derivatives	**10,285**	**10,506**	**10,742**
Current available for sale financial assets	(351)	(257)	(184)
Non-current available for sale financial assets used to hedge financial debt	(122)	-	-
Cash and cash equivalents	(3,035)	(2,771)	(2,638)
NET FINANCIAL DEBT	**6,777**	**7,478**	**7,920**

In the second half of the fiscal year, Christian Dior issued a 350 million euro fixed-rate bond maturing in June 2021. These bonds were issued at 99.90% of their face value and are redeemable at par. The coupon rate is 0.75% per year. During the same period, Christian Dior repaid a 300 million euro bond issued in 2011.

In February 2016, LVMH issued exclusively cash-settled five-year convertible bonds with a total face value of 600 million US dollars; a 150 million US dollar tap issue was carried out in April 2016. These bonds, which were issued at 103% and 104.27% of their face value respectively, are redeemable at par (if they are not converted) and do not bear interest.

In addition to these issues, LVMH subscribed to financial instruments with the same maturity, enabling it to fully cover its exposure to any positive or negative changes in the share price. This set of transactions, which were covered by euro-denominated swaps, provides the Group with the equivalent of classic euro-denominated bond financing at an advantageous cost.

As provided by applicable accounting policies, the optional components of convertible bonds and financial instruments subscribed for hedging purposes are recorded under "Derivatives" (see Note 22), with hedging instruments other than these optional components recorded under "Non-current available for sale financial assets" (see Note 8). Given their connection to the bonds issued, hedging instruments are presented as deducted from gross financial debt in calculating net financial debt, and their impact on cash and cash equivalents is presented under "Financing activities" in the cash flow statement.

Net financial debt does not take into consideration purchase commitments for minority interests, which are classified as "Other non-current liabilities" (see Note 20).

18.2. Analysis of gross borrowings

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
Bonds and Euro Medium-Term Notes (EMTNs)	4,723	5,390	3,739
Finance and other long-term leases	166	129	108
Bank borrowings	564	611	543
LONG-TERM BORROWINGS	**5,453**	**6,130**	**4,390**
Bonds and Euro Medium-Term Notes (EMTNs)	1,636	299	1,281
Finance and other long-term leases	17	8	14
Bank borrowings	375	608	627
Commercial paper	2,202	2,432	2,766
Other borrowings and credit facilities	441	595	1,110
Bank overdrafts	219	452	575
Accrued interest	28	31	43
SHORT-TERM BORROWINGS	**4,918**	**4,425**	**6,416**
TOTAL GROSS BORROWINGS	**10,371**	**10,555**	**10,806**

The market value of gross borrowings was 10,495 million euros as of June 30, 2016 (10,700 million euros as of June 30, 2015; 10,956 million euros as of June 30, 2014).

As of June 30, 2016, 2015 and 2014, no financial debt was recognized using the fair value option. See Note 1.20.

18.3. Bonds and EMTNs

Nominal amount *(in currency)*	Date of issuance	Maturity	Initial effective interest rate [(b)] *(as %)*	June 30, 2016 *(EUR millions)*	June 30, 2015 *(EUR millions)*	June 30, 2014 *(EUR millions)*
USD 750,000,000 [(a)]	2016	2021	1.92	642	-	-
EUR 350,000,000	2016	2021	0.86	349	-	-
EUR 650,000,000	2014	2021	1.12	676	649	-
AUD 150,000,000	2014	2019	3.68	103	103	-
EUR 500,000,000	2014	2019	1.56	497	497	495
EUR 300,000,000	2014	2019	floating	300	300	-
GBP 350,000,000	2014	2017	1.83	429	495	-
EUR 600,000,000	2013	2020	1.89	610	597	595
EUR 650,000,000 [(c)]	2013	2016	floating	650	650	500
EUR 600,000,000 [(d)]	2013	2019	1.25	610	607	500
USD 850,000,000	2012	2017	1.75	773	765	625
EUR 500,000,000	2011	2018	4.08	506	510	514
EUR 500,000,000	2011	2015	3.47	-	-	510
EUR 300,000,000	2011	2016	4.22	-	299	299
EUR 150,000,000	2009	2017	4.81	155	159	165
EUR 250,000,000	2009	2015	4.59	-	-	257
EUR 350,000,000	2009	2014	4.02	-	-	350
CHF 200,000,000	2008	2015	4.04	-	-	163
Other placements in foreign currency				59	58	47
TOTAL BONDS AND EMTNs				**6,359**	**5,689**	**5,020**

(a) Cumulative amounts and weighted average initial effective interest rate based on a 600 million euro bond issued in February 2016 at an initial effective interest rate of 1.96% and a 150 million US dollar tap issue carried out in April 2016 at an effective interest rate of 1.74%. These yields were determined excluding the option component.
(b) Before the impact of interest rate hedges implemented when or after the bonds were issued.
(c) Cumulative amounts based on a 500 million euro floating-rate bond issued in 2013 and a 150 million euro floating-rate tap issue carried out in 2014.
(d) 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% and a 100 million euro tap issue carried out 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, 2016		June 30, 2015		June 30, 2014	
(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	24	17	18	13	18	17
One to five years	87	59	59	39	55	40
More than five years	361	107	342	85	295	65
Total minimum future payments	**472**		**419**		**368**	
Impact of discounting	(289)		(282)		(246)	
TOTAL DEBT UNDER FINANCE AND OTHER LONG-TERM LEASE AGREEMENTS	**183**	**183**	**137**	**137**	**122**	**122**

Assets financed or refinanced under finance or other long-term leases relate mainly to 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									
06/30/2017	3,727	1,191	4,918	(925)	916	(9)	2,802	2,107	4,909
06/30/2018	1,011	139	1,150	(475)	466	(9)	536	605	1,141
06/30/2019	529	625	1,154	-	-	-	529	625	1,154
06/30/2020	727	-	727	(349)	331	(18)	378	331	709
06/30/2021	1,616	10	1,626	(400)	384	(16)	1,216	394	1,610
06/30/2022	692	-	692	(650)	616	(34)	42	616	658
Thereafter	103	1	104	-	-	-	103	1	104
TOTAL	**8,405**	**1,966**	**10,371**	**(2,799)**	**2,713**	**(86)**	**5,606**	**4,679**	**10,285**

See Note 22.4 regarding the market value of interest rate risk derivatives.

Gross borrowings maturing before June 30, 2017 break down as follows by quarter:

(EUR millions)	Maturing in June 2017
First quarter	3,614
Second quarter	59
Third quarter	238
Fourth quarter	1,007
TOTAL	**4,918**

18.6. Analysis of gross borrowings by currency after derivatives

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
Euro	7,928	8,003	8,355
US dollar	646	258	157
Swiss franc	902	944	1,007
Japanese yen	298	329	286
Other currencies	511	972	937
TOTAL	**10,285**	**10,506**	**10,742**

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

18.7. Sensitivity

On the basis of debt as of June 30, 2016:

- 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 46 million euros after hedging, and would lower the market value of gross fixed-rate borrowings by 104 million euros after hedging;
- an instantaneous decline of 1 point in these same yield curves would lower the cost of net financial debt by 46 million euros after hedging, and would raise the market value of gross fixed-rate borrowings by 104 million euros after hedging.

These changes would have no impact on the amount of equity as of June 30, 2016, 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 an ownership interest and voting rights in certain of its subsidiaries.

In connection with certain loan agreements, the Group has undertaken to comply with certain financial covenants. As of June 30, 2016, no significant loan agreements are concerned by those provisions.

18.9. Undrawn confirmed credit lines

As of June 30, 2016, undrawn confirmed credit lines totaled 4.9 billion euros.

18.10. Guarantees and collateral

As of June 30, 2016, borrowings secured by collateral were less than 200 million euros.

NOTE 19 – PROVISIONS

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
Provisions for pensions, medical costs and similar commitments	741	687	491
Provisions for contingencies and losses	1,271	1,642	1,325
Provisions for reorganization	25	48	11
Non-current provisions	**2,037**	**2,377**	**1,827**
Provisions for pensions, medical costs and similar commitments	4	4	4
Provisions for contingencies and losses	325	303	302
Provisions for reorganization	26	16	25
Current provisions	**355**	**323**	**331**
TOTAL	**2,392**	**2,700**	**2,158**

During the fiscal year ended June 30, 2016, the changes in provisions were as follows:

(EUR millions)	June 30, 2015	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other [(a)]	June 30, 2016
Provisions for pensions, medical costs and similar commitments [(b)]	691	115	(94)	(9)	10	32	745
Provisions for contingencies and losses	1,945	421	(715)	(91)	9	27	1,596
Provisions for reorganization	64	49	(67)	(7)	14	(2)	51
TOTAL	**2,700**	**585**	**(876)**	**(107)**	**33**	**57**	**2,392**
Of which:							
Profit from recurring operations		381	(186)	(79)			
Net financial income (expense)		2	(1)	-			
Other		202	(689)	(28)			

(a) Including the effect of translation adjustment and change in revaluation reserves.
(b) Following the decrease in interest rates as of June 30, 2016, the discount rates used to measure provisions for pensions, medical costs and similar commitments were reduced by 0.5% as of June 30, 2016.

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 and changes over time, and applies to areas ranging from product composition and packaging 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. Changes in provisions notably reflect the resolution of certain discussions with the tax authorities, customs or other administrations, both in France and abroad.

Provisions for retirement benefit obligations, contribution to medical costs and other employee benefit commitments are analyzed in Note 29.

NOTE 20 – OTHER NON-CURRENT LIABILITIES

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
Purchase commitments for minority interests' shares	7,871	6,823	5,889
Derivatives	68	12	32
Employee profit sharing	78	79	82
Other liabilities	458	348	272
TOTAL	**8,475**	**7,262**	**6,275**

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, 2016, June 30, 2015 and June 30, 2014, 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), Fresh (20%), Île de Beauté (35%), Heng Long (35%) and distribution subsidiaries in various countries, mainly in the Middle East.

NOTE 21 – TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

21.1. Trade accounts payable

(EUR millions)	*Notes*	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
At beginning of period		**3,602**	**3,164**	**2,971**
Changes in trade accounts payable	*14.2*	146	209	115
Changes in amounts owed to customers		(4)	3	4
Changes in the scope of consolidation		125	(9)	116
Translation adjustment		(33)	246	(64)
Reclassifications		(1)	(11)	22
AT END OF PERIOD		**3,835**	**3,602**	**3,164**

21.2. Other current liabilities

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
Derivatives	202	278	117
Employees and social institutions	1,121	1,091	970
Employee profit sharing	57	57	49
Taxes other than income taxes	421	390	316
Advances and payments on account from customers	237	171	188
Deferred payment for tangible and financial non-current assets	519	415	341
Deferred income	205	221	166
Other liabilities	931	799	620
TOTAL	**3,693**	**3,422**	**2,767**

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 sub-consolidation level.

The Group has implemented a stringent policy and 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. Financial assets and liabilities at fair value by measurement method

(EUR millions)	June 30, 2016 Available for sale financial assets	June 30, 2016 Derivatives	June 30, 2016 Cash and cash equivalents	June 30, 2015 Available for sale financial assets	June 30, 2015 Derivatives	June 30, 2015 Cash and cash equivalents	June 30, 2014 Available for sale financial assets	June 30, 2014 Derivatives	June 30, 2014 Cash and cash equivalents
Valuation [(a)] based on:									
Published price quotations	601	-	3,035	413	-	2,771	6,927	-	2,638
Formula based on market data	191	443	-	220	460	-	139	302	-
Private quotations	210	-	-	256	-	-	318	-	-
ASSETS	**1,002**	**443**	**3,035**	**889**	**460**	**2,771**	**7,384**	**302**	**2,638**
Valuation [(a)] based on:									
Published price quotations		-			-			-	
Formula based on market data		270			290			149	
Private quotations		-			-			-	
LIABILITIES		**270**			**290**			**149**	

(a) See Note 1.9 for information on 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, 2016:

(EUR millions)	June 30, 2016 (12 months)
At beginning of period	**256**
Acquisitions	13
Disposals (at net realized value)	(72)
Gains and losses recognized in income statement	(27)
Gains and losses recognized in equity	42
Reclassifications	(2)
AT END OF PERIOD	**210**

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, 2016	June 30, 2015	June 30, 2014
Interest rate risk					
Assets:	non-current		75	45	41
	current		22	16	32
Liabilities:	non-current		-	(1)	(1)
	current		(11)	(11)	(8)
		22.4	**86**	**49**	**64**
Foreign exchange risk					
Assets:	non-current		45	21	10
	current		268	378	180
Liabilities:	non-current		(40)	(11)	(31)
	current		(191)	(266)	(109)
		22.5	**82**	**122**	**50**
Other risks					
Assets:	non-current		27	-	-
	current		6	-	39
Liabilities:	non-current		(28)	-	-
	current		-	(1)	-
			5	**(1)**	**39**
TOTAL					
Assets:	non-current	*9*	147	66	51
	current	*12*	296	394	251
Liabilities:	non-current	*20*	(68)	(12)	(32)
	current	*21*	(202)	(278)	(117)
			173	**170**	**153**

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 interest rate risk outstanding as of June 30, 2016 break down as follows:

	Nominal amounts by maturity				Market value [(a)] [(b)]		
(EUR millions)	Within one year	One to five years	Thereafter	Total	Fair value hedges	Not allocated	Total
- fixed rate payer	-	-	-	-	-	-	-
- floating rate payer	931	1,878	-	2,809	92	-	92
Foreign currency swaps	1,017	562	-	1,579	(6)	-	(6)
Other interest rate risk derivatives	575	276	-	851	-	-	-
TOTAL					**86**	**-**	**86**

(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 intercompany 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.

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

Derivatives used to manage foreign exchange risk outstanding as of June 30, 2016 break down as follows:

	Nominal amounts by year of allocation				Market value (a) (b)				
(EUR millions)	2016	2017	Thereafter	Total	Fair value hedges	Future cash flow hedges	Foreign currency net investment hedges	Not allocated	Total
Options purchased									
Put USD	40	-	-	40	-	-	-	-	-
Put JPY	-	-	-	-	-	-	-	-	-
Put GBP	10	-	-	10	-	-	-	-	-
	50	**-**	**-**	**50**	**-**	**-**	**-**	**-**	**-**
Collars									
Written USD	2,385	2,509	-	4,894	8	87	-	1	96
Written JPY	569	734	-	1,303	(5)	(29)	-	(2)	(36)
Written Other	161	-	-	161	7	11	-	2	20
	3,115	**3,243**	**-**	**6,358**	**10**	**69**	**-**	**1**	**80**
Forward exchange contracts (c)									
USD	11	(2)	-	9	-	-	-	-	-
CHF	(73)	-	-	(73)	1	-	-	-	1
GBP	31	-	-	31	3	2	-	-	5
Other	173	-	-	173	(1)	-	-	(1)	(2)
	142	**(2)**	**-**	**140**	**3**	**2**	**-**	**(1)**	**4**
Foreign exchange swaps (c)									
USD	2,461	-	-	2,461	99	-	(23)	7	83
CHF	487	-	-	487	-	-	(33)	-	(33)
GBP	194	-	-	194	4	-	-	1	5
JPY	569	-	-	569	(31)	(1)	(3)	-	(35)
HKD	110	-	-	110	-	-	(3)	-	(3)
Other	631	22	30	683	(20)	1	-	-	(19)
	4,452	**22**	**30**	**4,504**	**52**	**-**	**(62)**	**8**	**(2)**
TOTAL					**65**	**71**	**(62)**	**8**	**82**

(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, 2016; the amount will depend on exchange rates at the date of the cash flow in question.

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 subsidiaries, equity investments and current available for sale financial assets, or indirectly, as a result of its holding of funds which are themselves partially invested in shares.

The Group may also use equity-based derivatives to create synthetically an economic exposure to certain assets, to hedge cash-settled compensation plans index-linked to the LVMH share price, or to hedge certain risks related to changes in the LVMH share price. If applicable, 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, 2016 have a market value of 6 million euros. Considering nominal values of 103 million euros for those derivatives, a uniform 1% change in their underlying assets' prices as of June 30, 2016 would have a net impact on the Group's consolidated reserves in an amount of less than 1 million euros. These instruments mature in 2016 and 2017.

22.7. Liquidity risk

Aside from the Group's local liquidity risks, which 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 (2.2 billion euros) and (b) by comparing the amount of the short-term portion of its net financial debt before hedging (4.9 billion euros) to the amount of cash and cash equivalents (3.0 billion euros), amounting to 1.9 billion euros as of June 30, 2016. Should any of these instruments not be renewed, the Group has access to undrawn confirmed credit lines totaling 4.9 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, 2016 (excluding derivatives), at nominal value and with interest, excluding discounting effects:

(EUR millions)	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	After 5 years	Total
Bonds and EMTNs	1,682	985	838	731	1,646	657	6,539
Bank borrowings	387	206	345	-	10	13	961
Other borrowings and credit facilities	478	-	-	-	-	-	478
Finance and other long-term leases	24	21	23	21	22	361	472
Commercial paper	2,202	-	-	-	-	-	2,202
Bank overdrafts	219	-	-	-	-	-	219
Gross borrowings	**4,992**	**1,212**	**1,206**	**752**	**1,678**	**1,031**	**10,871**
Other liabilities, current and non-current [(a)]	3,286	92	47	36	17	123	3,601
Trade accounts payable	3,835	-	-	-	-	-	3,835
Other financial liabilities	**7,121**	**92**	**47**	**36**	**17**	**123**	**7,436**
TOTAL FINANCIAL LIABILITIES	**12,113**	**1,304**	**1,253**	**788**	**1,695**	**1,154**	**18,307**

(a) Corresponds to "Other current liabilities" (excluding derivatives and deferred income) for 3,286 million euros and to "Other non-current liabilities" (excluding derivatives, purchase commitments for minority interests and deferred income in the amount of 221 million euros) for 315 million euros.

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 group comprises the Group's own-label retailing activities. Other activities and holding companies comprise brands and businesses that are not associated with any of the 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, 2016** (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	1,850	4,698	12,282	3,974	3,306	11,362	496	-	37,968
Intra-group sales	4	31	39	806	59	36	48	(1,023)	-
TOTAL REVENUE	**1,854**	**4,729**	**12,321**	**4,780**	**3,365**	**11,398**	**544**	**(1,023)**	**37,968**
Profit from recurring operations	209	1,446	3,474	547	432	917	(207)	(26)	6,792
Other operating income and expenses	-	(52)	(123)	(7)	(32)	(4)	22	-	(196)
Depreciation and amortization expense	(134)	(141)	(634)	(196)	(208)	(372)	(41)	-	(1,726)
Impairment expense	-	(15)	(71)	-	-	(3)	(11)	-	(100)
Intangible assets and goodwill [(b)]	184	7,367	7,222	2,016	5,872	3,470	1,394	-	27,525
Property, plant and equipment	810	2,494	2,059	530	495	1,631	4,108	(21)	12,106
Inventories	399	4,980	1,618	580	1,526	2,021	203	(274)	11,053
Other operating assets	230	1,086	839	783	706	740	1,134	6,702 [(c)]	12,220
TOTAL ASSETS	**1,623**	**15,927**	**11,738**	**3,909**	**8,599**	**7,862**	**6,839**	**6,407**	**62,904**
Equity	-	-	-	-	-	-	-	28,129	28,129
Liabilities	464	1,276	2,337	1,331	895	2,200	1,195	25,077 [(d)]	34,775
TOTAL LIABILITIES AND EQUITY	**464**	**1,276**	**2,337**	**1,331**	**895**	**2,200**	**1,195**	**53,206**	**62,904**
Operating investments [(e)]	(231)	(237)	(473)	(240)	(197)	(492)	(377)	5	(2,242)

***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	3,644	3,004	10,387	394	-	35,081
Intra-group sales	5	29	36	703	64	36	42	(915)	-
TOTAL REVENUE	**1,765**	**4,226**	**11,731**	**4,347**	**3,068**	**10,423**	**436**	**(915)**	**35,081**
Profit from recurring operations	226	1,168	3,363	456	381	922	(196)	(24)	6,296
Other operating income and expenses	-	(34)	(136)	(14)	2	(74)	(42)	-	(298)
Depreciation and amortization expense	(112)	(127)	(613)	(169)	(180)	(329)	(35)	-	(1,565)
Impairment expense	-	(22)	(72)	(10)	(1)	(84)	(40)	-	(229)
Intangible assets and goodwill [(b)]	179	6,647	7,407	1,946	5,918	3,339	1,171	-	26,607
Property, plant and equipment	693	2,387	2,186	499	461	1,439	3,753	-	11,418
Inventories	334	4,814	1,695	490	1,500	1,882	244	(255)	10,704
Other operating assets	232	1,133	895	749	693	670	493	6,436 [(c)]	11,301
TOTAL ASSETS	**1,438**	**14,981**	**12,183**	**3,684**	**8,572**	**7,330**	**5,661**	**6,181**	**60,030**
Equity	-	-	-	-	-	-	-	26,320	26,320
Liabilities	465	1,189	2,338	1,264	792	1,974	871	24,817 [(d)]	33,710
TOTAL LIABILITIES AND EQUITY	**465**	**1,189**	**2,338**	**1,264**	**792**	**1,974**	**871**	**51,137**	**60,030**
Operating investments [(e)]	(205)	(189)	(591)	(234)	(200)	(348)	(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	562	63	22	51	(769)	-
TOTAL REVENUE	**1,501**	**4,055**	**10,202**	**3,800**	**2,688**	**9,077**	**313**	**(769)**	**30,867**
Profit from recurring operations	187	1,289	3,129	418	319	894	(176)	(9)	6,051
Other operating income and expenses	(10)	(12)	(66)	(5)	(13)	(5)	(42)	-	(153)
Depreciation and amortization expense	(90)	(116)	(466)	(136)	(159)	(285)	(40)	-	(1,292)
Impairment expense	(13)	-	(70)	-	-	(8)	(10)	-	(101)
Intangible assets and goodwill [(b)]	139	5,906	7,342	1,809	5,634	2,987	1,172	-	24,989
Property, plant and equipment	554	2,286	2,047	423	403	1,292	3,496	-	10,501
Inventories	270	4,508	1,539	439	1,271	1,559	203	(196)	9,593
Other operating assets	185	1,103	654	597	639	564	754	11,480 [(c)]	15,976
TOTAL ASSETS	**1,148**	**13,803**	**11,582**	**3,268**	**7,947**	**6,402**	**5,625**	**11,284**	**61,059**
Equity	-	-	-	-	-	-	-	30,337	30,337
Liabilities	350	1,059	2,072	1,098	780	1,607	643	23,113 [(d)]	30,722
TOTAL LIABILITIES AND EQUITY	**350**	**1,059**	**2,072**	**1,098**	**780**	**1,607**	**643**	**53,450**	**61,059**
Operating investments [(e)]	(260)	(160)	(583)	(232)	(188)	(389)	(141)	-	(1,953)

(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 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.

As of 2016, Kendo's activities, which were previously presented under the Selective Retailing business group, are now presented under Perfumes and Cosmetics. Comparative data have been restated to reflect this change, the impact of which is not significant.

23.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)
France	3,842	3,662	3,338
Europe (excluding France)	6,964	6,491	5,909
United States	9,977	8,334	6,869
Japan	2,677	2,332	2,141
Asia (excluding Japan)	10,142	9,958	9,227
Other countries	4,366	4,304	3,383
REVENUE	**37,968**	**35,081**	**30,867**

Operating investments by geographic region are as follows:

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
France	770	614	713
Europe (excluding France)	445	378	426
United States	380	315	245
Japan	54	79	24
Asia (excluding Japan)	460	430	437
Other countries	133	131	108
OPERATING INVESTMENTS	**2,242**	**1,947**	**1,953**

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 revenue 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, 2015	471	1,199	2,939	1,143	852	2,603	88	(249)	9,046
Period from October 1 to December 31, 2015	490	1,474	3,497	1,300	904	3,315	128	(251)	10,857
Period from January 1 to March 31, 2016	429	1,033	2,965	1,213	774	2,747	158	(278)	9,041
Period from April 1 to June 30, 2016	464	1,023	2,920	1,124	835	2,733	170	(245)	9,024
TOTAL AS OF JUNE 30, 2016	**1,854**	**4,729**	**12,321**	**4,780**	**3,365**	**11,398**	**544**	**(1,023)**	**37,968**
Period from July 1 to September 30, 2014	417	948	2,647	981	706	2,232	74	(206)	7,799
Period from October 1 to December 31, 2014	437	1,348	3,151	1,138	810	2,916	102	(228)	9,674
Period from January 1 to March 31, 2015	433	992	2,975	1,129	723	2,648	96	(245)	8,751
Period from April 1 to June 30, 2015	478	938	2,958	1,099	829	2,627	164	(236)	8,857
TOTAL AS OF JUNE 30, 2015	**1,765**	**4,226**	**11,731**	**4,347**	**3,068**	**10,423**	**436**	**(915)**	**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	957	607	2,219	84	(194)	7,556
Period from April 1 to June 30, 2014	389	789	2,391	930	659	2,153	84	(209)	7,186
TOTAL AS OF JUNE 30, 2014	**1,501**	**4,055**	**10,202**	**3,800**	**2,688**	**9,077**	**313**	**(769)**	**30,867**

NOTE 24 – REVENUE AND EXPENSES BY NATURE

24.1. Analysis of revenue

Revenue consists of the following:

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Revenue generated by brands and trade names	37,461	34,574	30,375
Royalties and license revenue	160	150	193
Income from investment property	10	32	12
Other revenue	337	325	287
TOTAL	**37,968**	**35,081**	**30,867**

The portion of total revenue generated by the Group at its own stores, including online sales, was approximately 66% in 2016 (65% in both 2015 and 2014), i.e. 24,963 million euros in 2016 (22,960 million euros in 2015 and 20,078 million euros in 2014).

24.2. Expenses by nature

Profit from recurring operations includes the following expenses:

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Advertising and promotion expenses	4,406	4,007	3,590
Commercial lease expenses	3,672	3,326	2,760
Personnel costs	6,959	6,357	5,509
Research and development expenses	108	86	73

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, 2016, a total of 4,077 stores were operated by the Group worldwide (3,966 as of June 30, 2015 and 3,758 as of June 30, 2014), 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, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Fixed or minimum lease payments	1,803	1,581	1,229
Variable portion of indexed leases	721	597	456
Airport concession fees – fixed portion or minimum amount	573	606	573
Airport concession fees – variable portion	575	542	502
COMMERCIAL LEASE EXPENSES	**3,672**	**3,326**	**2,760**

Personnel costs consist of the following elements:

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Salaries and social charges	6,797	6,213	5,378
Pensions, contribution to medical costs and expenses in respect of defined-benefit plans	113	97	81
Stock option plan and related expenses	49	47	50
PERSONNEL COSTS	**6,959**	**6,357**	**5,509**

NOTE 25 – OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Net gains (losses) on disposals	(15)	(1)	2
Restructuring costs	(68)	(65)	(19)
Transaction costs relating to the acquisition of consolidated companies	(2)	-	(29)
Impairment or amortization of brands, trade names, goodwill and other property	(109)	(251)	(106)
Other items, net	(2)	19	(1)
OTHER OPERATING INCOME AND EXPENSES	**(196)**	**(298)**	**(153)**

Restructuring costs recognized during the year ended June 30, 2016 mainly concern certain activities in Fashion and Leather Goods and Watches and Jewelry.

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, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Borrowing costs	(127)	(184)	(196)
Income from cash, cash equivalents and current available for sale financial assets	31	30	33
Fair value adjustment of borrowings and interest rate hedges	(1)	(10)	15
Cost of net financial debt	**(97)**	**(164)**	**(148)**
Dividends received from non-current available for sale financial assets	3	5	79
Ineffective portion of foreign currency hedges	(279)	(473)	(144)
Net gain/(loss) related to available for sale financial assets and other financial instruments	43	3,355	16
Other items, net	(37)	(38)	(34)
Other financial income and expenses	**(270)**	**2,849**	**(83)**
NET FINANCIAL INCOME/(EXPENSE)	**(367)**	**2,685**	**(231)**

Income from cash, cash equivalents and current available for sale financial assets comprises the following items:

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Income from cash and cash equivalents	17	18	23
Income from current available for sale financial assets	14	12	10
INCOME FROM CASH, CASH EQUIVALENTS AND CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS	**31**	**30**	**33**

The revaluation effects of financial debt and interest rate derivatives are attributable to the following items:

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Hedged financial debt	(43)	-	32
Hedging instruments	46	(5)	(21)
Unallocated derivatives	(4)	(5)	4
EFFECTS OF REVALUATION OF FINANCIAL DEBT AND RATE INSTRUMENTS	**(1)**	**(10)**	**15**

The ineffective portion of exchange rate derivatives breaks down as follows:

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Ineffective portion of commercial foreign exchange derivatives	(187)	(440)	(139)
Ineffective portion of foreign exchange derivatives related to net investments denominated in foreign currency	(14)	6	(2)
Ineffective portion of other foreign exchange derivatives	(78)	(39)	(3)
INEFFECTIVE PORTION OF FOREIGN EXCHANGE DERIVATIVES	**(279)**	**(473)**	**(144)**

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.

NOTE 27 – INCOME TAXES

27.1. Analysis of the income tax expense

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Current income taxes for the fiscal year	(2,334)	(2,736)	(2,039)
Current income taxes relating to previous fiscal years	-	50	18
Current income taxes	**(2,334)**	**(2,686)**	**(2,021)**
Change in deferred tax	170	184	218
Impact of changes in tax rates on deferred taxes	99	(16)	28
Deferred tax	**269**	**168**	**246**
TOTAL TAX EXPENSE PER INCOME STATEMENT	**(2,065)**	**(2,518)**	**(1,775)**
TAX ON ITEMS RECOGNIZED IN EQUITY	**(13)**	**501**	**(145)**

The current income tax expense for the fiscal year 2014/2015 included 570 million euros in tax relating to the exceptional in-kind distributions of Hermès shares as interim and final dividends. See Note 8.

Total income tax expense for the fiscal year includes 40 million euros in respect of the exceptional contribution applicable in France from 2011 to 2016 (10.7% of the corporate income tax due in respect of the last three fiscal years).

The income tax expense for the fiscal year includes the additional 3% dividend tax in the amount of 75 million euros with respect to dividends paid in cash.

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, 2016	June 30, 2015	June 30, 2014
Deferred tax assets	2,158	2,031	1,077
Deferred tax liabilities	(5,584)	(5,738)	(5,194)
NET DEFERRED TAX ASSET (LIABILITY)	**(3,426)**	**(3,707)**	**(4,117)**

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, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Profit before tax	6,229	8,683	5,667
Total income tax expense	(2,065)	(2,518)	(1,775)
EFFECTIVE TAX RATE	**33.2%**	**29.0%**	**31.3%**

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:

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
French statutory tax rate	**34.4**	**34.4**	**34.4**
Changes in tax rates	(1.6)	0.3	(0.5)
Differences in tax rates for foreign companies	(5.1)	(4.8)	(5.9)
Tax losses and tax loss carry forwards, and other changes in deferred tax	1.4	0.5	(1.0)
Difference between consolidated and taxable income, and income taxable at reduced rates	1.5	2.2	2.5
Effect of the distribution of Hermès shares	-	(6.2)	-
Tax on distribution [(a)]	2.6	2.6	1.8
EFFECTIVE TAX RATE OF THE GROUP	**33.2**	**29.0**	**31.3**

(a) Tax on distribution is mainly related to intercompany dividends. It also includes the 3% dividend tax paid by LVMH SE and Christian Dior.

27.4. Sources of deferred taxes

In the income statement [(a)]

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Valuation of brands	155	(30)	45
Other revaluation adjustments	6	(23)	32
Gains and losses on available for sale financial assets	1	(3)	3
Gains and losses on hedges of future foreign currency cash flows	(38)	86	-
Provisions for contingencies and losses [(b)]	138	96	80
Intercompany margin included in inventories	12	61	33
Other consolidation adjustments [(b)]	(3)	(10)	62
Losses carried forward	(2)	(9)	(9)
TOTAL	**269**	**168**	**246**

(a) Income/(Expenses).
(b) Mainly regulated provisions, accelerated tax depreciation and finance leases.

In equity [(a)]

(EUR millions)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Fair value adjustment of vineyard land	(22)	8	(127)
Gains and losses on available for sale financial assets	7	212	(36)
Gains and losses on hedges of future foreign currency cash flows	(4)	14	26
Actuarial gains and losses arising on employee benefit commitments	8	47	(4)
TOTAL	**(11)**	**281**	**(141)**

(a) (Gains)/Losses.

In the balance sheet [(a)]

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
Valuation of brands	(4,412)	(4,582)	(4,381)
Fair value adjustment of vineyard land	(758)	(737)	(740)
Other revaluation adjustments	(358)	(357)	(345)
Gains and losses on available for sale financial assets	-	(8)	(216)
Gains and losses on hedges of future foreign currency cash flows	31	73	2
Provisions for contingencies and losses [(b)]	764	493	332
Intercompany margin included in inventories	804	796	706
Other consolidation adjustments [(b)]	467	574	473
Losses carried forward	36	41	52
TOTAL	**(3,426)**	**(3,707)**	**(4,117)**

(a) Asset/(Liability).
(b) Mainly regulated provisions, accelerated tax depreciation and finance leases.

27.5. Tax consolidation

- Tax consolidation agreements in France allow French companies within the same consolidated group to combine their taxable profits to calculate the overall tax expense, for which only the head company is liable.

  Most of LVMH's French subsidiaries in which it has an ownership interest of more than 95% have elected to form a consolidated tax group, with LVMH as the head company.

  Most of Christian Dior's French subsidiaries in which it has an ownership interest of more than 95% have also elected to form a consolidated tax group, with LVMH as the head company.

  The accounting estimate of the reduction in the current tax expense for the Group by virtue of these tax consolidation agreements amounted to 91 million euros as of June 30, 2016 (245 million euros as of June 30, 2015 and 78 million euros as of June 30, 2014). These amounts are (i) actual figures with respect to the Christian Dior consolidated tax group and (ii) estimates, as a matter of necessity, with respect to the LVMH consolidated tax group, whose fiscal year-end does not coincide with that of Christian Dior.

- The application of other tax consolidation agreements, notably in the United States, led to a reduction in the current tax expense of 39 million euros for the fiscal year ended June 30, 2016 (1 million euros as of both June 30, 2015 and June 30, 2014).

27.6. Losses carried forward

As of June 30, 2016, 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 546 million euros (508 million euros as of June 30, 2015 and 483 million euros as of June 30, 2014).

For the fiscal year ended June 30, 2016, at the level of the consolidated tax group whose head company is Christian Dior, there were no unused Group tax loss carryforwards or tax credits (the same was true as of both June 30, 2015 and June 30, 2014).

For the fiscal year ended June 30, 2016, at the level of the consolidated tax group whose head company is LVMH SE, there were also no unused Group tax loss carryforwards or tax credits (the same was true as of both June 30, 2015 and June 30, 2014).

NOTE 28 – EARNINGS PER SHARE

	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Net profit, Group share *(EUR millions)*	**1,569**	**2,378**	**1,425**
Impact of diluting instruments on the subsidiaries *(EUR millions)*	(6)	(10)	(6)
NET PROFIT, DILUTED GROUP SHARE *(EUR millions)*	**1,563**	**2,368**	**1,419**
Average number of shares in circulation during the fiscal year	180,507,516	181,117,282	181,727,048
Average number of Christian Dior treasury shares owned during the fiscal year	(1,293,909)	(2,189,098)	(2,964,841)
Average number of shares on which the calculation before dilution is based	**179,213,608**	**178,928,184**	**178,762,207**
BASIC GROUP SHARE OF NET EARNINGS PER SHARE *(EUR)*	**8.75**	**13.29**	**7.97**
Average number of shares in circulation on which the above calculation is based	179,213,608	178,928,184	178,762,207
Dilution effect of stock option plans	680,846	756,685	832,028
AVERAGE NUMBER OF SHARES IN CIRCULATION AFTER DILUTION	**179,894,454**	**179,684,869**	**179,594,235**
DILUTED GROUP SHARE OF NET EARNINGS PER SHARE *(EUR)*	**8.69**	**13.18**	**7.90**

As of June 30, 2016, 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.

No events occurred between June 30, 2016 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.

As of June 30, 2015, the Group share of net profit had reflected the effect of distributions in kind in the form of Hermès shares (see Note 8).

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, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Service cost	101	92	81
Net interest cost	16	15	11
Actuarial gains and losses	3	4	2
Past service cost	-	-	-
Changes in plans	(7)	(14)	(8)
TOTAL EXPENSE FOR THE PERIOD FOR DEFINED-BENEFIT PLANS	**113**	**97**	**86**

29.2. Net recognized commitment

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
Benefits covered by plan assets	1,464	1,392	1,050
Benefits not covered by plan assets	205	177	161
Defined-benefit obligation	**1,669**	**1,569**	**1,211**
Market value of plan assets	**(958)**	**(906)**	**(738)**
NET RECOGNIZED COMMITMENT	**711**	**663**	**473**
Of which:			
Non-current provisions	741	687	491
Current provisions	4	4	4
Other assets	(34)	(28)	(22)
TOTAL	**711**	**663**	**473**

29.3. Analysis of the change in net recognized commitment

(EUR millions)	Defined-benefit obligation	Market value of plan assets	Net recognized commitment
As of June 30, 2015	**1,569**	**(906)**	**663**
Service cost	101	-	101
Net interest cost	38	(22)	16
Payments to recipients	(85)	61	(24)
Contributions to plan assets	-	(81)	(81)
Contributions of employees	9	(9)	-
Changes in scope and reclassifications	11	-	11
Changes in plans	-	(7)	(7)
Actuarial gains and losses: experience adjustments [(a)]	(11)	(15)	(26)
Actuarial gains and losses: changes in demographic assumptions	1	-	1
Actuarial gains and losses: changes in financial assumptions [(a)]	67	-	67
Translation adjustment	(31)	21	(10)
AS OF JUNE 30, 2016	**1,669**	**(958)**	**711**

(a) Gains/(Losses).

Actuarial gains and losses resulting from changes in assumptions related mainly to the decrease in discount rates.

Actuarial gains and losses resulting from experience adjustments related to the fiscal years 2013 to 2015 amounted to:

(EUR millions)	June 30, 2015	June 30, 2014	April 30, 2013	April 30, 2013
Experience adjustments on the defined-benefit obligation	3	-	-	13
Experience adjustments on the market value of plan assets	(20)	(22)	-	(37)
ACTUARIAL GAINS AND LOSSES RESULTING FROM EXPERIENCE ADJUSTMENTS [(a)]	**(17)**	**(22)**	**-**	**(24)**

(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, (12 months)					June 30, 2015 (12 months)					June 30, 2014 (12 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)]	1.5	3.5	3.2	0.5	0.3	2.0	4.0	3.7	1.0	1.3	3.0	4.5	4.4	1.3	2.3
Future rate of increase of salaries	2.8	4.9	3.9	2.0	1.9	3.0	5.0	4.0	2.0	2.3	3.0	4.5	4.1	2.0	2.3

(a) Discount rates were determined with reference to 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 7.0% for 2017, after which it is assumed to decline progressively to reach a rate of 4.5% in 2037.

A rise of 0.5 points in the discount rate would result in a reduction of 99 million euros in the amount of the defined-benefit obligation as of June 30, 2016; a decrease of 0.5 points in the discount rate would result in a rise of 108 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, 2016	June 30, 2015	June 30, 2014
Supplementary pensions	1,289	1,226	914
Retirement and other indemnities	298	270	230
Medical costs of retirees	53	51	46
Jubilee awards	24	22	19
Other	5	-	2
DEFINED-BENEFIT OBLIGATION	**1,669**	**1,569**	**1,211**

The geographic breakdown of the defined-benefit obligation is as follows:

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
France	534	523	403
Europe (excluding France)	602	586	459
United States	341	304	213
Japan	135	98	91
Asia (excluding Japan)	50	55	41
Other countries	7	3	4
DEFINED-BENEFIT OBLIGATION	**1,669**	**1,569**	**1,211**

The main components of the Group's net commitment for retirement and other benefit obligations as of June 30, 2016 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, 2016	June 30, 2015	June 30, 2014
Shares	26	30	35
Bonds			
- private issues	38	35	29
- public issues	10	13	15
Cash, investment funds, real estate and other assets	26	22	21
TOTAL	**100**	**100**	**100**

These assets do not include any debt securities issued by Group companies, nor any LVMH or Christian Dior shares in significant amounts.

The Group plans to increase the related plan assets in 2016 by paying in approximately 80 million euros.

NOTE 30 – OFF-BALANCE SHEET COMMITMENTS

30.1. Purchase commitments

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
Grapes, wines and eaux-de-vie	2,242	1,745	1,340
Other purchase commitments for raw materials	113	68	83
Industrial and commercial fixed assets	900	685	435
Investments in joint venture shares and non-current available for sale financial assets	132	110	84

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 for champagne.

As of June 30, 2016, 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	782	1,156	304	2,242
Other purchase commitments for raw materials	87	23	3	113
Industrial and commercial fixed assets	815	78	7	900
Investments in joint venture shares and non-current available for sale financial assets	49	78	5	132

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, 2016:

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
Less than one year	2,136	2,004	1,631
One to five years	5,234	4,809	4,193
More than five years	3,282	3,034	2,344
COMMITMENTS GIVEN FOR OPERATING LEASES AND CONCESSIONS	**10,652**	**9,847**	**8,168**
Less than one year	16	13	12
One to five years	12	17	16
More than five years	2	2	-
COMMITMENTS RECEIVED FOR SUB-LEASES	**30**	**32**	**28**

In addition, the Group may enter into operating leases or concession contracts that have variable guaranteed amounts. For example, in June 2012, DFS was awarded three additional five-year concessions at Hong Kong International Airport. The concession agreement provides for the payment of a variable concession fee which is dependent notably on the number of passengers using the airport. For fiscal year 2015/2016, this fee amounted to 448 million euros.

30.3. Collateral and other guarantees

As of June 30, 2016, these commitments break down as follows:

(EUR millions)	June 30, 2016	June 30, 2015	June 30, 2014
Securities and deposits	410	459	440
Other guarantees	115	99	75
GUARANTEES GIVEN	**525**	**558**	**515**
GUARANTEES RECEIVED	**33**	**27**	**29**

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	227	175	8	410
Other guarantees	45	60	10	115
GUARANTEES GIVEN	**272**	**235**	**18**	**525**
GUARANTEES RECEIVED	**11**	**8**	**14**	**33**

30.4. Other commitments

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 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 canceled 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 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 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 SE.

Relations of the Christian Dior group with Groupe Arnault and its subsidiaries

Groupe Arnault 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.

In December 2015, LVMH and Groupe Arnault took a joint 35.8% stake in L Catterton Management via LC Investissements. In 2016, after obtaining the required authorizations, LVMH and Groupe Arnault sold their fund management firms to L Catterton Management. In addition, LC Investissements subscribed to a capital increase by L Catterton Management, raising its stake in this company to 40%.

Transactions between the Christian Dior group and Groupe Arnault may be summarized as follows:

(EUR millions)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)
• Purchases by Christian Dior group from Groupe Arnault	(11)	(10)	(10)
Amount payable outstanding at the fiscal year-end	(2)	(2)	(2)
• Sales by Christian Dior group to Groupe Arnault	3	3	3
Amount receivable outstanding at the fiscal year-end	1	-	-

Relations of the Christian Dior group with the Financière Agache group

As of June 30, 2016, 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 (hereinafter 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, Domaine du Clos des Lambrays and certain champagne vineyards. Diageo holds a 34% stake in Moët Hennessy. In 1994, at the time when Diageo acquired this 34% stake, 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 17.5% of the shared expenses for the fiscal year ended June 30, 2016 (17% for the fiscal year ended June 30, 2015 and 18% for the fiscal year ended June 30, 2014), representing an amount of 15 million euros as of June 30, 2016 (15 million euros for the fiscal year ended June 30, 2015 and 14 million euros for the fiscal year ended June 30, 2014).

32.3. Relations with the Fondation Louis Vuitton

In October 2014, the Fondation Louis Vuitton opened a modern and contemporary art museum in Paris. the LVMH group provides financing to the Fondation Louis Vuitton as part of its corporate sponsorship activities. Its net contributions to this project are included in “Property, plant and equipment” and are depreciated from the time the museum opened (October 2014) over the remaining duration of the public property use agreement awarded by the City of Paris. The Fondation Louis Vuitton also obtains external financing guaranteed by LVMH. These guarantees are part of LVMH’s off-balance sheet commitments (See Note 30.3).

32.4. 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, 2016** (12 months)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)
Gross compensation, employers’ charges and benefits in kind [(a)]	9	16	9
Post-employment benefits	2	2	2
Other long-term benefits	7	-	4
End of contract indemnities	-	-	
Stock option and similar plans	8	8	9
TOTAL	**26**	**26**	**24**

(a) Excluding previously provisioned items of compensation.

The commitment recognized as of June 30, 2016 for post-employment benefits, net of related financial assets, was 11 million euros (20 million euros as of June 30, 2015 and 13 million euros as of June 30, 2014).

NOTE 33 – SUBSEQUENT EVENTS

On July 22, 2016, LVMH and G-III Apparel Group, Ltd entered into an agreement under which G-III will acquire Donna Karan International from LVMH, in a transaction with an enterprise value of 650 million US dollars, subject to customary adjustments at closing. The transaction is expected to close in late 2016 or early 2017.

On October 4, 2016, LVMH and Dieter Morszeck announced that they had entered into an agreement for LVMH to acquire an 80% stake in the share capital of Rimowa, global leader in high-quality luggage, for 640 million euros. Subject to the approval of the competition authorities, the transaction is expected to close in January 2017.

No other significant subsequent events occurred between June 30, 2016 and October 13, 2016, the date at which the financial statements were approved for publication by the Board of Directors.

Main consolidated companies

Company	Registered office	Method of consolidation	% interest
CHRISTIAN DIOR COUTURE			
Christian Dior Couture SA	Paris, France	FC	100%
Christian Dior Fourrure MCAM	Monaco, Principality of Monaco	FC	100%
Christian Dior GmbH	Pforzheim, Germany	FC	100%
Christian Dior Inc.	New York, USA	FC	100%
Christian Dior UK Limited	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 Limited	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	FC	100%
Christian Dior Saipan Ltd	Saipan, Northern Mariana Islands	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 KK (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	São 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 R. L. de C.V.	Lomas, Mexico	FC	100%
Christian Dior Commercial (Shanghai) Co. Ltd	Shanghai, China	FC	100%
Ateliers Modèles SAS	Paris, France	FC	100%
CDC Abu-Dhabi LLC Couture	Abu Dhabi, United Arab Emirates	FC	(b)
CDCH SA	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	FC	(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%
Christian Dior Couture Qatar LLC	Doha, Qatar	FC	(b)
Christian Dior Couture Ukraine SARL	Kiev, Ukraine	FC	100%
CDCG FZCO	Dubai, United Arab Emirates	FC	(b)
PT Fashion Indonesia Trading Company	Jakarta, Indonesia	FC	100%
Christian Dior Couture Bahrain WLL	Manama, Bahrain	FC	(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%
Draupnir SA	Luxembourg	FC	100%
Myolnir SA	Luxembourg	FC	100%
Christian Dior Couture Luxembourg SA	Luxembourg	FC	100%
Christian Dior Couture Canada Inc.	Ottawa, Canada	FC	100%
Christian Dior Couture Panama Inc.	Panama City, Panama	FC	100%
IDMC manufacture SAS	Paris, France	FC	52%
GINZA SA	Luxembourg	FC	100%
GFEC. Srl	Casoria, Italy	FC	100%

Company	Registered office	Method of consolidation	% interest
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	Colombé-le-Sec, France	FC	27%
Champagne de Mansin SAS	Gyé-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, S.A. 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 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%
Moët Hennessy South Africa	Johannesburg, South Africa	FC	27%
Moët Hennessy Korea Ltd	Seoul, South Korea	FC	27%
MHD Moët Hennessy Diageo SAS	Courbevoie, France	(a)	27%
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	25%
Domaine Chandon (Ningxia) Moët Hennessy Co., Ltd	Yinchuan, China	FC	27%
Moët Hennessy Chandon (Ningxia) Vineyards Co., Ltd	Yinchuan, China	FC	16%
Château d'Yquem SA	Sauternes, France	FC	40%
Château d'Yquem SC	Sauternes, France	FC	40%
Moët Hennessy Diageo	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 Cambodia Co. Ldt	Phnom Penh, Cambodia	FC	14%
Moët Hennessy Philippines Inc.	Makati, Philippines	FC	20%
Société du domaine des Lambrays	Gevrey Chambertin, France	FC	41%
MH Services UK Ltd	London, United Kingdom	FC	27%
MH Services Singapore Limited Pte	Singapore	FC	27%
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%

Company	Registered office	Method of consolidation	% interest
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 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			
Louis Vuitton Malletier SA	Paris, France	FC	41%
Manufacture de Souliers Louis Vuitton Srl	Fiesso d'Artico, 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%
Société des Ateliers Louis Vuitton SNC	Paris, France	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%
La Fabrique Du Temps Louis Vuitton SA	La Chaux-de-Fonds, Switzerland	FC	41%
Les Ateliers Joailliers Louis Vuitton SAS	Paris, France	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%
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 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%
Louis Vuitton Polska Sp. z o.o.	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%
Louis Vuitton Hawaii Inc.	Hawaii, USA	FC	41%
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 Vietnam Company Ltd	Hanoi, Vietnam	FC	41%
Louis Vuitton Suomy Oy	Helsinki, Finland	FC	41%

Company	Registered office	Method of consolidation	% interest
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 R.L. de C.V.	Mexico City, Mexico	FC	41%
Louis Vuitton Chile Ltda	Santiago de Chile, Chile	FC	41%
Louis Vuitton (Aruba) NV	Oranjestad, Aruba	FC	41%
Louis Vuitton Republica Dominica Srl	Santo Domingo, Dominican Republic	FC	41%
Louis Vuitton Pacific Ltd	Hong Kong, China	FC	41%
Louis Vuitton Kuwait	Kuweit City, Kuweit	FC	(b)
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	40%
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	40%
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	41%
Louis Vuitton EAU LLC	Dubai, United Arab Emirates	FC	(b)
LV Saudi Arabia	Saudi Arabia	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%
Louis Vuitton Japan 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%
Atepeli – Ateliers de Ponte de Lima SA	Ponte de Lima, Portugal	FC	41%
Somarest SARL	Sibiu, Romania	FC	41%
LVMH – Métiers d'Art	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%
Heng Long Leather (Guangzhou) Co. Ltd	Guangzhou, China	FC	27%
HL Australia Proprietary Ltd	Sydney, Australia	FC	26%
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 (*)	FC	33%
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	22%
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 Hong Kong Distribution Company Ltd	Hong Kong, China	FC	33%
Marc Jacobs Macau Distribution Company Ltd	Macao, China	FC	33%
Marc Jacobs HK and Macau Holding Company Ltd	Hong Kong, China	FC	33%
Loewe SA	Madrid, Spain	FC	41%

Company	Registered office	Method of consolidation	% interest
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 Taiwan Ltd	Taipei, Taiwan	FC	40%
Loewe Macao Ltd	Macao, China	FC	41%
Loewe Italy S.p.A.	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 Deutschland GmbH	Munich, Germany	FC	41%
Berluti Singapore Private Ltd	Singapore	FC	41%
LV Japan KK	Tokyo, Japan	FC	41%
Berluti Orient FZ LLC	Ras al-Khaimah, United Arab Emirates	FC	27%
Berluti UAE LLC	Dubai, United Arab Emirates	FC	(b)
Berluti Taiwan Ltd	Taipei, Taiwan	FC	41%
Berluti Korea Company Ltd	Seoul, South Korea	FC	27%
Rossimoda S.p.A.	Vigonza, Italy	FC	41%
Rossimoda USA Ltd	New York, USA	FC	41%
Brenta Suole Srl	Vigonza, Italy	FC	41%
Rossimoda Romania Srl	Cluj-Napoca, Romania	FC	41%
LVMH Fashion Group Services SAS	Paris, France	FC	41%
Montaigne KK	Tokyo, Japan	FC	41%
Interlux Company Ltd	Hong Kong, China	FC	41%
Celine SA	Paris, France	FC	41%
Avenue M International SCA	Paris, France	FC	41%
Enilec Gestion SARL	Paris, France	FC	41%
Celine Montaigne SA	Paris, France	FC	41%
Celine Monte-Carlo SA	Monaco	FC	41%
Celine Germany GmbH	Berlin, Germany	FC	41%
Celine Production Srl	Florence, Italy	FC	41%
Celine Suisse SA	Geneva, Switzerland	FC	41%
Celine UK Ltd	London, United Kingdom	FC	41%
Celine Inc.	New York, USA (*)	FC	41%
Celine Hong Kong Ltd	Hong Kong, China	FC	41%
Celine Commercial & Trading (Shanghai) Co. Ltd	Shanghai, China	FC	41%
Celine Taiwan Ltd	Taipei, Taiwan	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%
RC Diffusion Rive Droite	Paris, France	FC	41%
Celine Netherlands BV	Baarn, Netherlands	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 Seta Srl	Grandate, Italy	FC	21%
Kenzo Paris KK	Tokyo, Japan	FC	21%
Kenzo Paris Singapore Pte Ltd	Singapore	FC	41%
Kenzo Paris Hong Kong Company Ltd	Hong Kong, China	FC	41%
Kenzo Paris USA LLC	New York, USA	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%
LVMH Fashion Group Japan KK Givenchy Japan	Tokyo, Japan	FC	41%
Givenchy Couture Limited	London, United Kingdom	FC	41%
Givenchy Taiwan Ltd	Taipei, Taiwan	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	Kuweit City, Kuweit	FC	(b)
Fendi Canada Inc.	Toronto, Canada	FC	41%
Fendi Private Suites Srl	Rome, Italy	FC	41%
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) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	41%
Fendi Switzerland SA	Geneva, Switzerland	FC	41%
Fendi Kids SA	Mendrisio, 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 Austria GmbH	Vienna, Austria	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	41%
Outshine Mexico, S. de R. L. de C.V.	Mexico City, Mexico	FC	41%
Fendi Timepieces USA Inc.	New Jersey, USA	FC	41%
Fendi Timepieces Service Inc.	New Jersey, USA	FC	41%
Fendi Timepieces SA	Neuchâtel, Switzerland	FC	41%
Taramax Japan KK	Tokyo, Japan	FC	41%
Support Retail Mexico, S. de R. L. 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%
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) 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%
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%

Company	Registered office	Method of consolidation	% interest
Loro Piana GmbH	Munich, Germany	FC	33%
Loro Piana GB Ltd	London, United Kingdom	FC	33%
Warren Corporation	Stafford Springs, 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 Ltda	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 Far East Pte Ltd	Singapore	FC	33%
Loro Piana Peru S.A.C.	Lucanas, Ayacucho, Peru	FC	33%
SDM Maglierie Srl	Sillavengo, Italy	FC	33%
Fibre Nobili Srl	Verona, 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%
Loro Piana Belgique	Brussels, Belgium	FC	33%
SANIN	Rawson, Argentina	FC	20%
Linen NEWCO	Borgosesia, Italy	FC	33%
Nicholas Kirkwood Limited	London, United Kingdom	FC	21%
Nicholas Kirkwood Corp.	New York, USA	FC	21%
NK Washington LLC	Delaware, USA	FC	21%
Nicholas Kirkwood LLC	New York, USA	FC	21%
NK WLV LLC	Nevada, USA	FC	21%
JW Anderson Limited	London, United Kingdom	EM	19%
Marco De Vincenzo Srl	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 s.r.o.	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%
LVMH P&C de Mexico S.A. de C.V.	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 S.A. de C.V.	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%
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 Limited Liability	Ho Chi Minh City, Vietnam	FC	21%
SCI Rose Blue	Paris, France	FC	41%
PCD Saint Honoré	Paris, France	FC	41%
LVMH Perfumes & Cosmetics Macau Ltd	Macao, China	FC	41%
DP SELDICO	Kiev, Ukraine	FC	41%
OOO SELDICO	Moscow, Russia	FC	41%
LVMH P&C Kazakhstan LLP	Almaty, Kazakhstan	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%
Cha Ling SCA	Paris, France	FC	41%
Cha Ling Hong Kong Ltd	Hong Kong, China	FC	41%
Guerlain SA	Paris, France	FC	41%
LVMH Parfums & Kosmetik Deutschland GmbH	Düsseldorf, Germany	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	33%
Guerlain Orient – JLT	Dubai, United Arab Emirates	FC	41%
Guerlain Saudi Arabia	Jeddah, Saudi Arabia	FC	25%
Guerlain Oceania Australia Pty Ltd	Melbourne, Australia	FC	41%
PT Guerlain Cosmetics Indonesia	Jakarta, Indonesia	FC	21%
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 Canada 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 Hong Kong Ltd	Hong Kong, China	FC	41%
LVMH Fragrance Brands Singapore Pte Ltd	Singapore	FC	41%
Benefit Cosmetics LLC	California, USA	FC	41%
Benefit Cosmetics Ireland Ltd	Dublin, Ireland	FC	41%
Benefit Cosmetics UK Ltd	Chelmsford, United Kingdom	FC	41%
Benefit Cosmetics Canada Inc.	Toronto, Canada	FC	41%
Benefit Cosmetics Korea	Seoul, South Korea	FC	41%
Benefit Cosmetics SAS	Boulogne-Billancourt, France	FC	41%
Benefit Cosmetics Hong Kong Limited	Hong Kong, China	FC	41%
L Beauty Sdn. Bhn.	Kuala Lumpur, Malaysia	FC	21%
L Beauty Thailand	Bangkok, Thailand	FC	20%
Nude Brands Ltd	London, United Kingdom	FC	29%
Nude Skincare Inc.	California, USA	FC	29%
Fresh Inc.	Massachusetts, USA	FC	33%
Fresh SAS	Boulogne-Billancourt, France	FC	41%
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%
Kendo Holdings Inc.	California, USA	FC	41%
Ole Henriksen of Denmark Inc.	California, USA	FC	41%
SLF USA Inc.	Delaware, USA	FC	41%
Suzanne Lang Fragrance Inc.	Toronto, Canada	FC	41%
BHUSA Inc.	Delaware, USA	FC	41%
Kat Von D Beauty LLC	Delaware, USA	FC	29%
Fenty Beauty LLC	California, USA	FC	21%

Company	Registered office	Method of consolidation	% interest
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 Central Europe GmbH	Bad Homburg, Germany	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 Taiwan 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)
LVMH Watch and Jewellery Macau Company Limited	Macao, China	FC	41%
Zenith International SA	Le Locle, Switzerland	FC	41%
Farouk Trading	Riyadh, Saudi Arabia	FC	(b)
LVMH Watch & Jewelry Italy S.p.A.	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	(*)	41%
Fred Londres Ltd	London, United Kingdom	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%
Nyon LLC	Miami, 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, China	EM	21%
Bulgari S.p.A.	Rome, Italy	FC	41%
Bulgari Italia S.p.A.	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 S.p.A.	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	Kuweit City, Kuweit	FC	(b)
Gulf Luxury Trading LLC	Dubai, United Arab Emirates	FC	21%
Bulgari do Brazil Ltda	São Paulo, Brazil	FC	41%
Bulgari Hotels and Resorts Milano Srl	Rome, Italy	EM	21%
Lux Jewels Kuwait for Trading in Gold Jewelry and Precious Stones WLL	Kuweit City, Kuweit	FC	(b)
Lux Jewels Bahrain WLL	Manama, Bahrain	FC	(b)
India Luxco Retail Private Limited	New Delhi, India	FC	(b)
BK for Jewelry and Precious Metals and Stones Co. WLL	Kuweit City, Kuweit	FC	(b)
Bulgari Turkey Lüks Ürün Ticareti Limited Sirketi	Istanbul, Turkey	FC	41%
Bulgari Russia LLC	Moscow, Russia	FC	41%
Bulgari Prague s.r.o.	Prague, Czech Republic	FC	41%
Bulgari Mexico S.A. de C.V.	Cancún, Mexico	FC	41%
Bulgari Canada Inc.	Quebec, Canada	FC	41%
Bulgari Portugal Lda	Lisbon, Portugal	FC	41%
Actar International SA	Luxembourg	EM	17%
SELECTIVE RETAILING			
LVMH Iberia SL	Madrid, Spain	FC	41%
LVMH Italia S.p.A.	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 Sp. z o.o.	Warsaw, Poland	FC	41%
Sephora Marinopoulos SA	Alimos, Greece	FC	41%
Sephora Marinopoulos Romania SA	Bucharest, Romania	FC	41%
Sephora Switzerland	Geneva, Switzerland	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 Danmark ApS	Copenhagen, Denmark	FC	41%
Sephora Sweden AB	Malmö, Sweden	FC	41%
Sephora Moyen Orient SA	Fribourg, Switzerland	FC	25%
Sephora Middle East FZE	Dubai, United Arab Emirates	FC	25%
Sephora Qatar	Doha, Qatar	FC	22%
Sephora Arabia Limited LLC	Jeddah, Saudi Arabia	FC	(b)
Sephora Asia Pte Ltd	Shanghai, China	FC	41%
Sephora (Shanghai) Cosmetics Co. Ltd	Shanghai, China	FC	33%
Sephora (Beijing) Cosmetics Co. Ltd	Beijing, China	FC	33%
Sephora Xiangyang (Shanghai) Cosmetics Co., Ltd	Shanghai, China	FC	33%
Sephora Singapore Pte Ltd	Singapore	FC	41%
Sephora Thailand Company Ltd	Bangkok, Thailand	FC	41%

Company	Registered office	Method of consolidation	% interest
Sephora Australia	Sydney, Australia	FC	41%
Luxola	Singapore	FC	39%
Luxola Trading Pte Ltd	Singapore	FC	39%
LX Holding Pte Ltd	Singapore	FC	39%
LXEDIT (Thailand) Ltd	Bangkok, Thailand	FC	39%
Luxola (Thailand) Ltd	Bangkok, Thailand	FC	39%
Luxola India Services Pvt Ltd	Bangalore, India	FC	39%
PT Luxola Services Indonesia	Jakarta, Indonesia	FC	39%
LX Services Pte Ltd	Singapore	FC	39%
PT MU and SC Trading	Jakarta, Indonesia	FC	39%
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, S. de R. L. de C.V.	Lomas de Chapultepec, Mexico	FC	41%
Servicios Ziphorah, S. de R. L. de C.V.	Mexico City, Mexico	FC	41%
Sephora Emirates LLC	Dubai, United Arab Emirates	FC	(b)
Sephora Bahrain WLL	Manama, Bahrain	FC	(b)
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	41%
LGCS Inc.	New York, 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	11%
DFS France SAS	Paris, France	FC	25%
DFS Okinawa KK	Okinawa, Japan	FC	25%
TRS Okinawa	Okinawa, Japan	EM	11%
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 Cotai Limitada	Macao, China	FC	25%
DFS Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	25%
DFS Middle East LLC	Abu Dhabi, United Arab Emirates	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	11%
Commonwealth Investment Company Inc.	Saipan, Northern Mariana Islands	FC	24%
DFS Saipan Ltd	Saipan, Northern Mariana Islands	FC	25%
Kinkai 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	11%
DFS India Private Ltd	Mumbai, India	EM	13%
DFS Vietnam (S) Pte Ltd	Singapore	FC	18%
New Asia Wave International Pte Ltd	Singapore	FC	18%
IPP Group Pte Ltd	Singapore	FC	18%
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%
DFS Credit Systems Ltd	Hamilton, Bermuda	FC	25%
DFS European Logistics Ltd	Hamilton, Bermuda	FC	25%
DFS Italy Srl	Milan, Italy	FC	25%
Preferred Products Ltd	Hong Kong, China	FC	25%
DFS (Cambodia) Limited	Phnom Penh, Cambodia	FC	18%
TRS Hawaii LLC	Hawaii, USA	EM	11%
TRS Saipan Ltd	Saipan, Northern Mariana Islands	EM	11%

Company	Registered office	Method of consolidation	% interest
TRS Guam LLC	Guam	EM	11%
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	11%
Cruise Line Holdings Co.	Delaware, USA	FC	41%
Starboard Cruise Services Inc.	Delaware, USA	FC	41%
Starboard Holdings Ltd	Delaware, USA	FC	41%
International Cruise Shops Ltd	Cayman Islands	FC	41%
Vacation Media Ltd	Kingston, Jamaica	FC	41%
STB Srl	Florence, Italy	FC	41%
On Board Media Inc.	Delaware, USA	FC	41%
Parazul LLC	Delaware, USA	FC	41%
Onboard.com LLC	Delaware, USA	FC	41%
Rhapsody	Paris, France	FC	41%

OTHER ACTIVITIES

Company	Registered office	Method of consolidation	% interest
Christian Dior SE	Paris, France	Parent company	
Financière Jean Goujon SAS	Paris, France	FC	100%
Sadifa SA	Paris, France	FC	100%
Lakenbleker BV	Amsterdam, Netherlands	FC	100%
Grandville SA	Luxembourg	FC	100%
Les Ateliers Horlogers Dior SA	La Chaux-de-Fonds, Switzerland	FC	71%
Dior Montres SARL	Paris, France	FC	71%
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%
Pelham Media Ltd	London, United Kingdom	FC	24%
WordAppeal	Paris, France	FC	24%
Pelham Media	Paris, France	FC	24%
L'Eclaireur	Paris, France	FC	24%
KCO Event	Paris, France	FC	24%
Pelham Media Inc.	California, USA	FC	24%
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	37%
Royal Van Lent Shipyard BV	Kaag, Netherlands	FC	37%
Tower Holding BV	Kaag, Netherlands	FC	37%
Green Bell BV	Kaag, Netherlands	FC	37%
Gebroeders Olie Beheer BV	Waddinxveen, Netherlands	FC	37%
Van der Loo Yachtinteriors BV	Waddinxveen, Netherlands	FC	37%
Red Bell BV	Kaag, Netherlands	FC	37%
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%
Sonata Yachting Limited	La Valette, Malta	FC	37%
Probinvest SAS	Paris, France	FC	41%
Ufipar 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	41%
Creare Pte Ltd	Singapore	FC	41%
Bayard (Shanghai) Investment and Consultancy Co. Ltd	Shanghai, China	FC	41%
Villa Foscarini Srl	Milan, Italy	FC	41%
Liszt Invest SA	Luxembourg	FC	41%
Gorgias SA	Luxembourg	FC	41%
LC Investissements	Paris, France	FC	21%

Company	Registered office	Method of consolidation	% interest
LVMH Canada Inc.	Toronto, Canada	FC	41%
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%
Hôtel Les Tovets	Courchevel, France	FC	41%
Société Immobilière Paris Savoie Les Tovets	Courchevel, France	FC	41%
SEH La Samaritaine	Paris, France	FC	41%
SEH Isle de France	Saint-Barthélemy, French Antilles	FC	23%
SICBI	Saint-Barthélemy, French Antilles	FC	23%
Hôtel de la Pinède	Saint-Tropez, France	FC	41%
Villa Jacquemone	Saint-Tropez, 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 Holding Inc.	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%

Company	Registered office	Method of consolidation	% interest
LVMH EU	Luxembourg	FC	41%
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%
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%
LVMH Shanghai Management and Consultancy Co., Ltd	Shanghai, China	FC	41%
LVMH South & South East Asia Pte Ltd	Singapore	FC	41%
Vicuna Holding S.p.A.	Milan, Italy	FC	41%
Pasticceria Confetteria Cova Srl	Milan, Italy	FC	33%
Cova Montenapoleone Srl	Milan, Italy	FC	33%
Investissement Hotelier Saint Barth Plage des Flamands SAS	Saint-Barthélemy, French Antilles	FC	23%
Alderande SAS	Paris, France	FC	23%
Le Parisien Libéré	Saint-Ouen, France	FC	41%
AM Diffusion	Saint-Ouen, France	FC	41%
Amaury Medias	Boulogne-Billancourt, France	FC	41%
Société Nouvelle SICAVIC	Saint-Ouen, France	FC	41%
SICAP	Saint-Ouen, France	FC	41%
L.P.M.	Paris, France	FC	41%
Société de Distribution et de Ventes du Parisien (S.D.V.P.)	Saint-Ouen, France	FC	41%
Proximy	Saint-Ouen, France	FC	31%
Media Presse	Saint-Ouen, France	FC	31%
LP Management	Saint-Ouen, France	FC	41%
Wagner Capital SA	Luxembourg	FC	21%
L Catterton Management Ltd	London, United Kingdom	EM	8%
LVMH Representações Ltda	São Paulo, Brazil	FC	41%
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 company 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, 2016 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 the accounting policies used and the reasonableness of the accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group and of the results of its operations for the fiscal year under review in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring the following matters to your attention:

- The valuation of brands 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 20, 2016
The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Simon Beillevaire	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

Assets

(EUR thousands)	Notes	June 30, 2016 (12 months) Gross	Amortization and impairment	Net	June 30, 2015 (12 months) Net	June 30, 2014 (12 months) Net
Intangible assets	2.1/2.2	**34**	**(9)**	**25**	**29**	**32**
Property, plant and equipment	2.1/2.2	**284**	**(284)**	**-**	**-**	**-**
Investments	2.10	3,983,725	-	3,983,725	3,981,901	3,981,901
Other long-term investments	2.4	-	-	-	-	164,121
Loans		5	-	5	5	5
Other non-current financial assets		-	-	-	-	-
Non-current financial assets	2.1/2.2/2.10	**3,983,730**	**-**	**3,983,730**	**3,981,906**	**4,146,028**
NON-CURRENT ASSETS		**3,984,048**	**(293)**	**3,983,755**	**3,981,935**	**4,146,060**
Trade accounts receivable		-	-	-	-	15
Financial accounts receivable		-	-	-	1,651	1,650
Other receivables		13,653	-	13,653	52,574	21,331
Short-term investments	2.4	109,055	(415)	108,640	116,486	124,173
Cash and cash equivalents		1,162	-	1,162	384	262,053
CURRENT ASSETS	2.3/2.9/2.10	**123,870**	**(415)**	**123,455**	**171,095**	**409,222**
Prepaid expenses	2.3	416	-	416	349	347
Bond redemption premiums	2.3	1,706	-	1,706	2,095	2,980
TOTAL ASSETS		**4,110,040**	**(708)**	**4,109,332**	**4,155,474**	**4,558,609**

Liabilities and equity

(EUR thousands)	Notes	June 30, 2016 (12 months) Before appropriation	June 30, 2015 (12 months) Before appropriation	June 30, 2014 (12 months) Before appropriation
Share capital		361,015	361,015	363,454
Share premium account		194,241	194,241	2,204,623
Revaluation reserves		16	16	16
Legal reserve		36,101	36,345	36,345
Regulated reserves		-	-	-
Optional reserves		244	-	80,630
Retained earnings [(a)]		2,095,362	5,412	143,668
Earnings pending appropriation		-	-	-
Net profit		**664,601**	**3,414,393**	**575,576**
Interim dividends	*1.6*	(243,685)	(977,193)	(218,072)
EQUITY	*2.5*	**3,107,895**	**3,034,229**	**3,186,240**
PROVISIONS FOR CONTINGENCIES AND LOSSES	*2.6*	**34,718**	**20,839**	**22,017**
Bonds	*2.8*	850,276	801,865	1,161,974
Bank loans and borrowings		95,051	216,729	125,075
Miscellaneous loans and borrowings		-	51,905	52,550
Borrowings		**945,327**	**1,070,499**	**1,339,599**
Trade accounts payable		4,340	4,172	979
Tax and social security liabilities		108	23,358	104
Other operating liabilities [(a)]		1,645	1,984	3,604
Operating liabilities		**6,093**	**29,514**	**4,687**
Other liabilities		15,299	393	6,066
LIABILITIES	*2.7/2.8/2.9/2.10*	**966,719**	**1,100,406**	**1,350,352**
Deferred income		-	-	-
TOTAL LIABILITIES AND EQUITY		**4,109,332**	**4,155,474**	**4,558,609**

(a) Dividends attributable to treasury shares were reclassified under retained earnings as of June 30, 2014 and as of June 30, 2015.

2. Income statement

(EUR millions)	*Notes*	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Services provided		-	-	-
Net revenue		**-**	**-**	**-**
Reversals of provisions, depreciation, amortization and impairment		-	12,996	11,057
Other income and expense transfers		9,351	17,490	5,408
Operating income		**9,351**	**30,486**	**16,465**
Other purchases and external expenses		9,345	13,556	6,282
Taxes, duties and similar levies		313	1,778	1,769
Wages and salaries		9,351	26,639	14,999
Social security expenses		26	1,171	741
Depreciation, amortization and impairment		3	3	2
Provisions for contingencies and losses		7,413	-	5,951
Other losses		132	128	129
Operating expenses		**26,583**	**43,275**	**29,873**
OPERATING PROFIT/(LOSS)		**(17,232)**	**(12,789)**	**(13,408)**
NET FINANCIAL INCOME/(EXPENSE)	*2.11*	**683,714**	**3,439,703**	**587,251**
RECURRING PROFIT		**666,482**	**3,426,914**	**573,843**
EXCEPTIONAL INCOME/(EXPENSE)	*2.12*	**(2,885)**	**(5,038)**	**(4,231)**
Income taxes	*2.13/2.14*	1,004	(7,483)	5,964
NET PROFIT		**664,601**	**3,414,393**	**575,576**

3. Cash flow statement

(EUR millions)		June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
I – OPERATING ACTIVITIES				
Net profit		665	3,414	576
Net depreciation, amortization, impairment and provisions		15	-	(4)
Dividends in kind received		-	(2,840)	-
Gain (loss) on sale of fixed assets		-	(1)	-
Cash from operations before changes in working capital		**680**	**573**	**572**
Change in current assets		38	(31)	6
Change in current liabilities		(8)	21	(8)
Change in working capital		**30**	**(10)**	**(2)**
Net cash from operating activities	**I**	**710**	**563**	**570**
II – INVESTING ACTIVITIES				
Purchase of tangible and intangible fixed assets		-	-	-
Purchase of equity investments		(2)	-	-
Purchase of other non-current investments		-	-	(42)
Proceeds from sale of non-current financial assets		-	1	-
Net cash from (used in) investing activities	**II**	**(2)**	**1**	**(42)**
III – FINANCING ACTIVITIES				
Capital increase		-	-	-
Proceeds from financial debt		412	139	650
Repayments in respect of financial debt		(486)	(407)	(409)
Change in current accounts		(50)	(1)	23
Net cash from (used in) financing activities	**III**	**(124)**	**(269)**	**264**
IV – DIVIDENDS PAID DURING THE FISCAL YEAR	**IV**	**(591)**	**(564)**	**(536)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**I + II + III + IV**	**(7)**	**(269)**	**256**
Cash and cash equivalents at beginning of fiscal year		**117**	**386**	**130**
Cash and cash equivalents at end of fiscal year		**110**	**117**	**386**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(7)**	**(269)**	**256**

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 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, 2016 was 4,109,332 thousand euros. These parent company financial statements were approved by the Board of Directors on October 13, 2016.

NOTE 1 – 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.

1.1. Intangible assets

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

1.2. Property, plant and equipment

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

- furniture: 10 years.

1.3. Non-current financial assets

Equity investments 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.

Gains or losses on partial sales of equity investments are recognized in net financial income/expense and calculated according to the weighted average cost method.

Christian Dior shares purchased for retirement are recorded under Non-current financial assets and are not impaired.

1.4. Accounts receivable and liabilities

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

1.5. Short-term investments

Short-term investments are valued at their acquisition cost (excluding transaction costs). Impairment is recorded if their acquisition cost is higher 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 deemed 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 deemed 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, and under the heading "Wages and salaries" by way of the "Expense transfer" account.

1.6. Equity

In accordance with the recommendations of the Compagnie nationale des Commissaires aux comptes (France's national board of auditors), interim dividends are recorded as a deduction from equity.

1.7. Provisions for contingencies and losses

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

1.8. Foreign currency transactions

During the fiscal year, foreign currency transactions are recorded at the rates of exchange in euros prevailing on the transaction dates.

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 foreign exchange losses unless hedged.

1.9. Net financial income/(expense)

Net gains and losses on sales of short-term investments (excluding sales of treasury shares) comprise expenses and income associated with sales.

NOTE 2 – ADDITIONAL INFORMATION RELATING TO THE BALANCE SHEET AND INCOME STATEMENT

2.1. Non-current assets

		Increases	Decreases	
(EUR thousands)	Gross value as of July 1, 2015	Acquisitions, creations, contributions, transfers	Shares retired disposals	Gross value as of June 30, 2016
Concessions, patents, and similar rights (software)	34	-	-	34
Advances and payments on account	-	-	-	-
Intangible assets	**34**	**-**	**-**	**34**
Other property, plant and equipment:				
• furniture	284	-	-	284
Property, plant and equipment	**284**	**-**	**-**	**284**
Subsidiaries and equity investments	3,981,901	1,824	-	3,983,725
Loans	5	3	3	5
Non-current financial assets	**3,981,906**	**1,827**	**3**	**3,983,730**
TOTAL	**3,982,224**	**1,827**	**3**	**3,984,048**

The increase in "Subsidiaries and equity investments" essentially corresponds to a capital increase made by a subsidiary.

2.2. Depreciation and amortization of fixed assets

(EUR thousands)	Position and changes in the period			
	Depreciation and amortization as of July 1, 2015	Increases	Decreases	Depreciation and amortization as of June 30, 2016
Concessions, patents, and similar rights (software)	5	4	-	9
Intangible assets	**5**	**4**	**-**	**9**
Other property, plant and equipment:				
• furniture	284	-	-	284
Property, plant and equipment	**284**	**-**	**-**	**284**
TOTAL	**289**	**4**	**-**	**293**

2.3. Accounts receivable by maturity

(EUR thousands)	Gross amount	Up to 1 year	More than 1 year
Current assets			
State and other public authorities:			
• income taxes	5,817	5,817	-
Other receivables	7,836	7,836	-
Prepaid expenses	416	416	-
Bond redemption premiums [(a)]	1,706	529	1,177
TOTAL	**15,775**	**14,598**	**1,177**

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

2.4. Transactions in the Company's own shares

2.4.1. Treasury shares

The value of the treasury shares held is allocated as follows as of June 30, 2016:

(EUR thousands)	As of June 30, 2016			
	Number of shares	Gross carrying amount	Impairment	Carrying amount
277-2 Treasury shares pending retirement	-	-	-	-
LONG-TERM INVESTMENTS	**-**	**-**	**-**	**-**
502-1 Shares available to be granted to employees and allocated to specific plans	1,125,574	99,549	-	99,549
502-2 Shares available to be granted to employees	62,479	9,506	415	9,091
SHORT-TERM INVESTMENTS	**1,188,053**	**109,055**	**415**	**108,640**

Portfolio movements over the fiscal year were as follows:

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, 2015	**1,163,198**	**88,416**	**202,419**	**21,877**	**34,147**	**6,193**
Purchases					97,843	15,696
Sales						
Transfers			69,511	12,383	(69,511)	(12,383)
Options exercised	(306,306)	(22,851)				
Shares allocated			(3,248)	(276)		
AS OF JUNE 30, 2016	**856,892**	**65,565**	**268,682**	**33,984**	**62,479**	**9,506**

2.4.2. *Stock option and similar 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 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.

Each purchase 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.

Bonus share and performance share plans

The Shareholders' Meeting of December 1, 2015 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in February 2018, to award bonus shares to employees and/or executive company officers of Group companies, on one or more occasions, in an amount not to exceed 1% of the Company's share capital on the date of this authorization.

For plans earlier than November 30, 2015 (set up between 2012 and 2014) shares vest after a three-year period for French tax residents. Bonus shares may be freely transferred after an additional two-year holding period, prior to any sale or transfer. Bonus shares allocated to recipients who are not French residents for tax purposes vest after a period of four years and become freely transferable at that time.

For plans later than November 30, 2015 (plan set up in December 2015), bonus shares awarded to all recipients vest, provided certain conditions are met and irrespective of their residence for tax purposes, after a period of three years, without any subsequent holding period.

The plans combine the allocation of bonus shares and the allocation of performance shares in proportions determined in accordance with the recipient's level in the hierarchy and status.

Performance conditions

Certain share purchase option plans and bonus share plans are subject to performance conditions that determine whether the recipients are entitled to have their shares vest under these plans.

Performance shares granted under pre-2014 plans are allowed to vest only if Christian Dior's consolidated financial statements for the calendar 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.

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 October 16, 2014 plan, performance shares vest only if Christian Dior's consolidated financial statements for the 2015 calendar year showed a positive change compared to calendar year 2014 in relation to one or more of the indicators mentioned above. This condition was satisfied.

For the plan set up on December 1, 2015, performance shares vest only if Christian Dior's consolidated financial statements for calendar years 2016 and 2017 show a positive change compared to calendar year 2015 with respect 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.

Impacts of the distributions in kind of Hermès shares 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.

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	Bonus share and performance share plans
Rights not exercised as of July 1, 2015	**1,163,198**	**202,419**
Provisional allocations for the period	-	69,511
Options and allocations expired between 07/01/2015 and 06/30/2016	-	-
Options exercised and allocations vested between 07/01/2015 and 06/30/2016	306,306	3,248
Rights not exercised as of June 30, 2016	**856,892**	**268,682**

2.5. Equity

2.5.1. Share capital

The share capital comprises 180,507,516 shares, each with a par value of 2 euros, of which 126,302,864 shares carry double voting rights.

2.5.2. Change in equity

(EUR thousands)	
Equity as of June 30, 2015 (prior to appropriation of net profit)	**3,034,229**
Net profit for the fiscal year ended June 30, 2016	664,601
Dividends paid for the fiscal year ended June 30, 2015	(351,990)
Impact of treasury shares	4,740
Interim dividends for the fiscal year ended June 30, 2016	(243,685)
Equity as of June 30, 2016 (prior to appropriation of net profit)	**3,107,895**

2.6. Provisions for contingencies and losses

(EUR thousands)	Amount as of July 1, 2015	Provisions of period	Reversals of period	Amount of as June 30, 2016
Provision for losses [(a)]	20,839	16,873	2,994	34,718
TOTAL	**20,839**	**16,873**	**2,994**	**34,718**

(a) Including provision for losses with respect to share purchase option plans deemed exercisable as of June 30, 2016 (market value of the Christian Dior share greater than the exercise price of the option) and bonus share allocation plans (see Note 1.5 "Accounting policies").

2.7. Liabilities by maturity

(EUR thousands)	Gross amount	Up to 1 year	From 1 year to 5 years	More than 5 years
Bonds	850,276	276	850,000	-
Bank loans and borrowings	95,051	35,051	60,000	-
Trade accounts payable	4,340	4,340	-	-
Tax and social security liabilities	108	108	-	-
Other operating liabilities	1,645	1,645	-	-
Other liabilities	15,299	15,299	-	-
TOTAL	**966,719**	**56,719**	**910,000**	**-**

2.8. Bonds

(EUR thousands)	Nominal interest rate	Issue price *(as % of the par value)*	Maturity	Par value as of June 30, 2016	Accrued interest	Total
EUR 500,000,000 – 2014	1.375%	99.540%	2019	500,000	226	500,226
EUR 350,000,000 – 2016	0.750%	99.902%	2021	350,000	50	350,050
TOTAL				**850,000**	**276**	**850,276**

In the second half of the fiscal year, Christian Dior repaid a 300 million euro bond issued in 2011 and issued a 350 million euro fixed-rate bond maturing in 2021.

2.9. Accrued income and expenses by asset/liability line

(EUR thousands)	Accrued expenses	Accrued income
Receivables		
Tax and social security receivables	-	-
Liabilities		
Bonds	276	-
Bank loans and borrowings	9	-
Trade accounts payable	4,236	-
Tax and social security liabilities	108	-
Other liabilities	89	-

2.10. Items involving related companies

Balance sheet items

(EUR thousands)	Items involving companies that are Related [a]	Items involving companies that are Other [b]
Non-current assets		
Subsidiaries and equity investments	3,983,725	-
Current assets		
Financial accounts receivable	-	-
Other receivables	7,836	-
Liabilities		
Miscellaneous loans and borrowings	-	-
Trade accounts payable	3,573	-
Other liabilities	15,210	-

(a) Companies that can be fully consolidated into one consolidated unit (e.g. parent company, subsidiaries, and consolidated affiliates).
(b) Percentage control between 10% and 50%.

Income statement items

(EUR thousands)	Income	Expenses
Operating expenses	-	4,709
Dividends received	716,272	-
Interest and similar income	25	-
Interest and similar expenses	-	475

2.11. Financial income and expenses

(EUR thousands)	June 30, 2016 (12 months)	June 30, 2015 (12 months)	June 30, 2014 (12 months)
Income from subsidiaries and equity investments	716,272	3,483,565	628,309
Income from other securities and non-current investments	-	-	-
Other interest and similar income	26	364	978
Reversals of provisions, impairment and expenses transferred	2,994	5,326	3,700
Foreign exchange gains	-	1	1
Net gains on sales of short-term investments	-	-	-
Financial income	**719,292**	**3,489,256**	**632,988**
Depreciation, amortization, impairment and provisions	10,607	18,028	5,698
Interest and similar expenses	24,971	31,525	40,039
Foreign exchange losses	-	-	-
Net losses on sales of short-term investments	-	-	-
Financial expenses	**35,578**	**49,553**	**45,737**
NET FINANCIAL INCOME/(EXPENSE)	**683,714**	**3,439,703**	**587,251**

2.12. Exceptional income and expenses

Exceptional income *(EUR thousands)*	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)	**June 30, 2014** (12 months)
Income from management transactions	-	4	-
Income from capital transactions	166	2,843,141	344
Reversals of provisions, impairment and expenses transferred	-	-	-
Exceptional income	**166**	**2,843,145**	**344**
Expenses on management transactions	-	-	-
Expenses on capital transactions	3,051	2,848,183	4,575
Depreciation, amortization, impairment and provisions	-	-	-
Exceptional expenses	**3,051**	**2,848,183**	**4,575**
EXCEPTIONAL INCOME/(EXPENSE)	**(2,885)**	**(5,038)**	**(4,231)**

2.13. Income taxes

	June 30, 2016 (12 months)			**June 30, 2015** (12 months)			**June 30, 2014** (12 months)		
(EUR thousands)	**Before tax**	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Recurring profit	666,482	-	666,482	3,426,914	-	3,426,914	573,843	-	573,843
Exceptional income/(expense)	(2,885)	1,004 [(a)]	(1,881)	(5,038)	(7,483)	(12,521)	(4,231)	5,964	1,733
	663,597	**1,004**	**664,601**	**3,421,876**	**(7,483)**	**3,414,393**	**569,612**	**5,964**	**575,576**

(a) Including income from subsidiaries under the tax consolidation agreement of 71,910 thousand euros.

2.14. Tax position

Christian Dior SE is the parent company of a tax consolidation group that includes some of its subsidiaries.

For the fiscal year ended June 30, 2016, this tax consolidation group comprised 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, 2016 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.

If a subsidiary leaves 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.

Any additional tax savings or tax expense – i.e. any difference between the tax recognized by each company and the tax resulting from the calculation of taxable income for the tax group – is recognized by Christian Dior SE.

Tax savings recognized amounted to 1,004 thousand euros; the tax expense as of June 30, 2015 came to 7,483 thousand euros.

As of June 30, 2016, the ordinary loss of Christian Dior amounted to 108,124 thousand euros, and can be carried forward indefinitely.

NOTE 3 – OTHER INFORMATION

3.1. Financial commitments

Hedging instruments

Christian Dior does not use any interest-rate hedging instruments.

Covenants

Under the terms of certain loan agreements or bond issues, the Company has made commitments to hold specific percentages of interest and voting rights in certain subsidiaries.

3.2. Lease commitments

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

3.3. Compensation of management bodies

In respect of the fiscal year ended June 30, 2016, the gross amount of compensation set aside for members of management bodies was 132 thousand euros.

3.4. 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 between 07/01/2015 to 06/30/2016
				Gross	Net					
A. Details involving the subsidiaries and equity investments below										
1. Subsidiaries										
• Financière Jean Goujon	1,005,294	1,602,138	100.00%	3,478,680	3,478,680	-	-	-	724,592	716,272
• Sadifa	1,901	1,187	99.99%	2,656	2,656	-	-	146	(47)	-
• Grandville	100,000	402,755	100.00%	502,284	502,284	-	-	-	1,710	-
• CD Investissements	50	(5)	100.00%	101	101	-	-	-	(3)	-
2. Equity investments										
B. General information involving the other subsidiaries and equity investments										
None										

6. Portfolio of subsidiaries and equity investments and short-term investments

	As of June 30, 2016	
(EUR thousands, except number of shares)	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	118,788	2,656
CD Investissements shares	5,000	101
LVMH shares	25	4
Subsidiaries and equity investments (shares)		**3,983,725**

	As of June 30, 2016	
(EUR thousands, except number of shares)	Number of shares	Carrying amount
Treasury shares	1,188,053	108,640
Short-term investments	**1,188,053**	**108,640**
TOTAL PORTFOLIO OF SUBSIDIARIES AND EQUITY INVESTMENTS AND SHORT-TERM INVESTMENTS		**4,092,365**

Number of treasury shares	At beginning of period	Increases	Decreases	At end of period
	1,399,764	97,843	309,554	1,188,053
TOTAL	**1,399,764**	**97,843**	**309,554**	**1,188,053**

7. Company results over the last five fiscal years

(EUR thousands, unless stated otherwise)	**April 30, 2013** (12 months)	**April 30, 2013** (2 months)	**June 30, 2014** (12 months)	**June 30, 2015** (12 months)	**June 30, 2016** (12 months)
1. Share capital					
Share capital at fiscal year-end	363,454	363,454	363,454	361,015	361,015
Number of ordinary shares outstanding	181,727,048	181,727,048	181,727,048	180,507,516	180,507,516
Maximum number of future shares to be created:					
• through exercise of equity warrants	-	-	-	-	-
• through exercise of share subscription options	-	-	-	-	-
2. Operations and profit for the fiscal year					
Revenue before taxes	135	-	-	-	-
Profit before taxes, depreciation, amortization, impairment and movements in provisions	505,815	17,079	566,505	3,421,585	678,626
Income tax (income)/expense	(13,112)	(2,896)	(5,964)	7,483	(1,004)
Profit after taxes, depreciation, amortization, impairment and movements in provisions	507,456	18,290	575,576	3,414,393	664,601
Profit distributed as dividends [(a)]	527,008	-	563,354	1,329,183	640,802
3. Earnings per share *(EUR)*					
Earnings per share after taxes but before depreciation, amortization, impairment and movements in provisions	2.86	0.11	3.15	18.91	3.77
Profit after taxes, depreciation, amortization, impairment and movements in provisions	2.79	0.10	3.17	18.92	3.68
Gross dividend distributed per share [(b)]	2.90	-	3.10 [(c)]	3.20 [(d)]	3.55
4. Employees					
Average number of employees	-	-	-	-	-
Total payroll [(e)]	4,073	(68)	14,999	26,639	9,351
Amounts paid in respect of employee benefits	53	1	741	1,171	26

(a) Amount of the distribution resulting from the resolution of the Shareholders' Meeting, before the impact of Christian Dior treasury shares held as of the distribution date. For the fiscal year ended June 30, 2016, amount proposed to the Shareholders' Meeting of December 6, 2016.
(b) Excluding the impact of tax regulations applicable to recipients.
(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 deemed 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, 2016 on:

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

The parent company 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, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the parent company 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 the provisions of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring the following matters to your attention:

Note 1.3 to the financial statements, under the section entitled "Accounting policies and methods", 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 for the financial statements taken as a whole and therefore contributed to the expression of our opinion 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 provisions of Article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits received by company officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest that such information is accurate and fair, it being specified that, as indicated in the Management Report, this information relates to the remuneration and benefits in kind paid or borne by your Company and the companies it controls.

Pursuant to the law, we have verified that the Management Report contains the appropriate disclosures as to shareholders' identities, ownership interests and voting rights.

Paris-La Défense, October 20, 2016

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Simon Beillevaire	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 main terms and conditions of the agreements and commitments that have been indicated to us or that we may have identified while performing our role, and of the reasons given for those agreements being in the Company's interest. 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 accordance with Article R. 225-31 of the French Commercial Code, we are also required, if applicable, to inform you 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 approved at a Shareholders' Meeting

In accordance with Article R. 225-30 of the French Commercial Code, we have been advised that the following agreements and commitments, which were already approved at a Shareholders' Meeting in a prior fiscal year, remained in effect during the fiscal year under review.

1. With Groupe Arnault, a shareholder of your Company

Persons concerned

Bernard Arnault and Denis Dalibot.

Nature, purpose, terms and conditions

Assistance agreement.

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 entered into by your Company and Groupe Arnault SE. Under this agreement, your Company incurred an expense of 3,990,491.64 euros including taxes for the fiscal year ended June 30, 2016.

2. With LVMH Moët Hennessy - Louis Vuitton, a subsidiary of your Company

Persons concerned

Delphine Arnault, Bernard Arnault and Pierre Godé.

Nature, purpose, terms and conditions

Service agreement.

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, 2016.

Under this agreement, the expense incurred by your Company in respect of the fiscal year ended June 30, 2016 was 72,000 euros including taxes.

Paris-La Défense, October 20, 2016

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Simon Beillevaire	Benoit Schumacher

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Resolutions for the approval of the Combined Shareholders' Meeting of December 6, 2016

Resolutions for the approval of the Combined Shareholders' Meeting of December 6, 2016

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, approves the parent company financial statements for the fiscal year ended June 30, 2016, 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, approves the consolidated financial statements for the fiscal year ended June 30, 2016, 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, 2016 as follows:

Amount available for distribution *(EUR)*	
Net profit	664,600,929.64
Retained earnings	2,095,362,569.08
DISTRIBUTABLE EARNINGS	**2,759,963,498.72**
Proposed appropriation	
Distribution of a gross dividend of 3.55 euros per share	640,801,681.80
Retained earnings	2,119,161,816.92
TOTAL	**2,759,963,498.72**

Should this appropriation be approved, the gross cash dividend distributed would be 3.55 euros per share.

As an interim cash dividend of 1.35 euros per share was paid on April 21, 2016, the final dividend per share is 2.20 euros; this will be paid as of December 13, 2016.

Under existing applicable tax law as of June 30, 2016, 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.

Lastly, 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.

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, 2015 [c]	Interim	April 23, 2015	1.25	0.50
	Final	December 15, 2015	1.95	0.78
	TOTAL		**3.20**	**1.28**
June 30, 2014 [d]	Interim	April 17, 2014	1.20	0.48
	Final	December 15, 2014	1.90	0.76
	TOTAL		**3.10**	**1.24**
June 30, 2013		-	-	-

(a) Excludes the impact of tax regulations applicable to the recipients.
(b) For individuals with tax residence in France.
(c) Excluding the exceptional interim dividend in kind in the form of Hermès International shares paid as of December 17, 2014, corresponding to 4.20150 euros per Christian Dior share, the entire amount of which qualifies as distributed income for tax purposes.
(d) 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 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
(Ratification of the appointment of Denis Dalibot as Director)

The Shareholders' Meeting decides to ratify the appointment of Denis Dalibot, who had been co-opted as Director to replace Eric Guerlain, who had resigned. Denis Dalibot will serve as Director for the remaining term of office of his predecessor, thus until the end of the Ordinary Shareholders' Meeting convened in 2016 to approve the financial statements for the previous fiscal year.

Sixth resolution
(Renewal of Denis Dalibot's appointment as Director)

The Shareholders' Meeting decides to renew Denis Dalibot's appointment as Director for a three-year term that will expire at the end of the Ordinary Shareholders' Meeting convened in 2019 to approve the financial statements for the previous fiscal year.

Seventh resolution
(Renewal of Renaud Donnedieu de Vabres' appointment as Director)

The Shareholders' Meeting decides to renew Renaud Donnedieu de Vabres' appointment as Director for a three-year term that will expire at the end of the Ordinary Shareholders' Meeting convened in 2019 to approve the financial statements for the previous fiscal year.

Eighth resolution
(Renewal of Ségolène Gallienne's appointment as Director)

The Shareholders' Meeting decides to renew Ségolène Gallienne's appointment as Director for a three-year term that will expire at the end of the Ordinary Shareholders' Meeting convened in 2019 to approve the financial statements for the previous fiscal year.

Ninth resolution
(Renewal of Christian de Labriffe's appointment as Director)

The Shareholders' Meeting decides to renew Christian de Labriffe's appointment as Director for a three-year term that will expire at the end of the Ordinary Shareholders' Meeting convened in 2019 to approve the financial statements for the previous fiscal year.

Tenth resolution
(Opinion on items of compensation due or granted to Bernard Arnault, Chairman of the Board of Directors)

The Shareholders' Meeting, consulted pursuant to the guidelines expressed in §24.3 of the AFEP/MEDEF Code of Corporate Governance of November 2015, which is the Company's reference code pursuant to Article L. 225-37 of the French Commercial Code, after having examined the items of compensation due or granted, in respect of the fiscal year ended June 30, 2016, to Bernard Arnault and mentioned in Section 6, "Compensation of company officers," of the "*Management report of the Board of Directors* – Christian Dior parent company"; §6.1 and 6.2 as regards fixed, variable and exceptional compensation; §6.2 as regards directors' fees and benefits in kind; §6.8 as regards the supplementary pension plan; and §6.1 and 6.5 as regards allocations of performance shares (page 46 et seq. of the Annual

Report); and §1.11 of the *"Report of the Chairman of the Board of Directors"* as regards the rules for allocating directors' fees (page 98 of the Annual Report), renders a favorable opinion on these items.

Eleventh resolution

(Opinion on items of compensation due or granted to Sidney Toledano, Chief Executive Officer)

The Shareholders' Meeting, consulted pursuant to the guidelines expressed in §24.3 of the AFEP/MEDEF Code of Corporate Governance of November 2015, which is the Company's reference code pursuant to Article L. 225-37 of the French Commercial Code, after having examined the items of compensation due or granted, in respect of the fiscal year ended June 30, 2016, to Sidney Toledano and mentioned in Section 6, "Compensation of company officers," of the *"Management report of the Board of Directors* – Christian Dior parent company"; §6.1 and 6.2 as regards fixed, variable and exceptional compensation; §6.2 as regards directors' fees and benefits in kind; §6.8 as regards the supplementary pension plan; and §6.1 and 6.5 as regards allocations of performance shares (page 46 and following of the Annual Report); and §1.11 of the "Report of the Chairman of the Board of Directors" as regards the rules for allocating directors' fees (page 98 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, to have the Company acquire its own shares.

Shares may be acquired to meet any objective compatible with provisions in force at the time, and in particular 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 code of ethics;

(ii) cover stock option plans, the awarding of bonus shares or any other allocation of shares or share-based payment plans, benefiting employees or company officers of the Company or any affiliated company under the conditions provided by the French Commercial Code, notably Articles L. 225-180 and L. 225-197-2;

(iii) cover debt securities that may be exchanged for Company shares, and more generally securities giving access to the Company's shares, notably by way of conversion, tendering of a coupon, reimbursement or exchange;

(iv) be retired subject to the approval of the fourteenth resolution;

(v) be held and later presented for consideration as an exchange or payment in connection with external growth operations; or

(vi) carry out, more generally, any permitted transaction or any transaction that would be authorized in future under regulations in force, particularly if such transaction involves a market practice that would have come to be accepted by the AMF.

The purchase price at which the Company may acquire its own shares may not exceed 300 euros per share, with the understanding that the Company may not purchase shares at a price greater than the higher of the following two values: the last quoted share price resulting from the execution of a transaction in which the Company was not a stakeholder, or the highest current independent purchase offer on the trading platform where the purchase is to take place.

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 may 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, 2016, 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 means and in application of any procedure compatible with provisions in force at the time, 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 terms and conditions laid down by law, in order to:

- decide to implement this authorization;
- set the terms and conditions under which will be protected, if applicable, the rights of the holders of securities giving access to the share capital or of share subscription or share purchase options, or the rights of those eligible to receive performance shares, in accordance with legal, regulatory or contractual provisions;
- place any stock market orders, enter into any contracts, sign any documents, or enter into any agreements, in particular with respect to the keeping of records of share purchases and sales, in accordance with applicable regulations;
- file any declarations, carry out any formalities and generally take the necessary actions.

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 that granted by the Combined Shareholders' Meeting of December 1, 2015, is granted for a period of eighteen months from the date of this Meeting.

EXTRAORDINARY RESOLUTIONS

Thirteenth resolution

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to increase the share capital through the capitalization of profit, reserves, additional paid-in capital, or other items)

The Shareholders' Meeting, having examined the report of the Board of Directors and in accordance with the provisions of the French Commercial Code, in particular its Articles L. 225-129, L. 225-129-2 and L. 225-130, and having met the conditions of quorum and majority required for Ordinary Shareholders' Meetings,

1. delegates its authority to the Board of Directors to carry out, in such amounts and at such times as it may deem fit, one or more capital increases through the capitalization of all or a portion of profit, reserves, additional paid-in capital, or other items as permitted by law and the Bylaws, by way of the allocation of ordinary shares or an increase in the par value of existing shares or by combining these two approaches;
2. grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;
3. decides, should the Board of Directors use this delegation of authority, that the total nominal amount of capital increases that may be carried out may not exceed eighty (80) million euros, subject to the provisions of the twenty-fourth resolution, it being specified that to this ceiling will be added, where applicable, the nominal amount of the shares to be issued to protect the rights of holders of securities giving access to the share capital or of share subscription or share purchase options, or the rights of those eligible to receive bonus shares or performance shares;
4. takes note that this delegation of authority entails the granting to the Board of Directors of all necessary powers, including the option to sub-delegate said powers to the Chief Executive Officer or, where applicable, with the latter's consent, to a Group Managing Director, in order to implement this delegation, subject to the terms and conditions laid down by law, and in particular in order to:
   - determine the amount and nature of the items to be capitalized, determine the number of new shares to be issued and/or the new par value of the shares comprising the share capital, set the date, even with retroactive effect, from which the new shares will have dividend rights or the date on which the increase in the par value will take effect,
   - decide that rights to fractions of shares may not be transferred or traded, that the corresponding shares will be sold in accordance with the procedures set forth in applicable regulations, and that the proceeds of the sale will be allocated to the holders of rights to fractions of shares,
   - enter into any agreement, take all steps, and complete any and all formalities required for the issuance;
5. decides that this authorization replaces 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 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 from 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 the Company's current share 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 the necessary actions;
5. decides that this authorization replaces that granted by the Combined Shareholders' Meeting of December 1, 2015.

Fifteenth resolution

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue ordinary shares, and/or equity securities giving access to other equity securities or conferring entitlement to receive allocations of debt securities, and/or securities giving access to equity securities to be issued, with preferential subscription rights)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code, in particular its Articles L. 225-129, L. 225-129-2 and L. 228-92,

1. delegates its authority to the Board of Directors to proceed with the issue, on one or more occasions, in such amounts and at such times as it may deem fit, on the French and/or

international market, by way of a public offering, whether denominated in euros or in any other currency or unit of account based on a basket of currencies, with preferential subscription rights, of ordinary shares and/or equity securities giving access to other equity securities or conferring entitlement to receive allocations of debt securities and/or any other securities, hybrid or not, including subscription warrants issued on a standalone basis, giving either immediate or future access, at any time or on a predetermined date, to newly issued equity securities of the Company, by subscription either in cash or by offsetting of receivables, conversion, exchange, redemption, tendering of a warrant or in any other manner, with the understanding that debt securities may be issued with or without guarantees, in forms, at rates and under terms and conditions deemed appropriate by the Board of Directors, it being specified that the issuance of preference shares and securities giving immediate or future access to preference shares is excluded from the scope of this delegation;

2. grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;

3. decides, should the Board of Directors use this delegation of authority, that the total nominal amount (excluding issue premiums) of capital increases that may be carried out, whether immediately or over time, may not exceed eighty (80) million euros, subject to the provisions of the twenty-fourth resolution, it being specified that:

- in the event of a capital increase by way of the capitalization of additional paid-in capital, reserves, profit or other items in the form of an award of bonus shares during the validity period of this delegation of authority, the aforementioned total nominal amount will be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the share capital after the operation to this number before the operation,
- to this ceiling will be added, where applicable, the nominal amount of any additional shares to be issued in the event of further financial transactions to protect the rights of holders of securities giving future access to the share capital or of share subscription or share purchase options, or the rights of those eligible to receive bonus shares;

4. decides, should this delegation of authority be used, that:

- the shareholders will have preferential subscription rights and will be entitled to subscribe on an irreducible basis in proportion to the number of shares they hold at the time, with the understanding that the Board of Directors will have the power to grant reducible subscription rights and to provide an overallotment option designed exclusively to meet unfilled reducible subscription orders,
- if the subscriptions made on an irreducible basis and, where applicable, on an irreducible basis, have failed to absorb the full number of securities issued, the Board of Directors may use, subject to the terms and conditions laid down by law and in such order as it may determine, any of the rights set forth under Article L. 225-134 of the French Commercial Code and, in particular, may offer to the public, in whole or in part, the unsubscribed shares and/or securities;

5. takes note that, should this delegation of authority be used, the decision to issue securities giving access to the share capital will entail, in favor of the holders of these securities, the express waiver by the shareholders of their preferential rights to subscribe for the shares to which these securities will give access;

6. decides that the Board of Directors may suspend the exercise of the rights attached to the shares issued, for a period of up to three months, and take any useful measures with regard to adjustments to be made in accordance with legal and regulatory provisions in force and, where applicable, with contractual stipulations to protect the holders of rights attached to securities giving access to the Company's share capital;

7. grants all powers to the Board of Directors, including the capacity to delegate to the Chief Executive Officer or, where applicable, with the latter's consent, to a Group Managing Director, in order to:

- implement this delegation of authority, subject to the terms and conditions laid down by law,
- offset the costs of the share capital increases against the amount of the corresponding premiums and deduct from that amount any sums necessary in order to bring the legal reserve to one-tenth of the new share capital following each increase,
- make all adjustments required in accordance with applicable laws and regulations and determine the procedures ensuring, where applicable, the protection of the rights of holders of securities giving future access to the share capital;

8. decides that, 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 of the filing of a proposed tender offer for the Company's shares by a third party, this restriction remaining in force until the end of the offer period;

9. decides that this authorization replaces that granted by the Combined Shareholders' Meeting of December 9, 2014.

Sixteenth resolution

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to make a public offering of ordinary shares, and/or equity securities giving access to other equity securities or conferring entitlement to receive allocations of debt securities, and/or securities giving access to equity securities to be issued, without preferential subscription rights and with the possibility of priority rights)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code, in particular its Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136 et seq. and L. 228-92,

1. delegates its authority to the Board of Directors to proceed with the issue, on one or more occasions, in such amounts and at such times as it may deem fit, on the French and/or international market, by way of a public offering, whether denominated in euros or in any other currency or unit of account based on a basket of currencies, of ordinary shares and/or equity securities giving access to other equity securities or conferring entitlement to receive allocations of debt securities and/or any other securities, hybrid or not, including subscription warrants issued on a standalone basis, giving either immediate or future access, at any time or on a predetermined date, to newly issued equity securities of the Company, by subscription either in cash or by offsetting of receivables, conversion, exchange, redemption, tendering of a warrant or in any other manner, with the understanding that debt securities may be issued with or without guarantees, in forms, at rates and under terms and conditions deemed appropriate by the Board of Directors, it being specified that the issuance of preference shares and securities giving immediate or future access to preference shares is excluded from the scope of this delegation;

2. grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;

3. decides, should the Board of Directors use this delegation of authority, that the total nominal amount (excluding issue premiums) of capital increases that may be carried out, whether directly or indirectly, may not exceed eighty (80) million euros, subject to the provisions of the twenty-fourth resolution, it being specified that:

   - in the event of a capital increase by way of the capitalization of additional paid-in capital, reserves, profit or other items in the form of an award of bonus shares during the validity period of this delegation of authority, the aforementioned total nominal amount will be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the share capital after the operation to this number before the operation,

   - to this ceiling will be added, where applicable, the nominal amount of any shares to be issued in the event of further financial transactions to protect the rights of holders of securities giving future access to the share capital or of share subscription or share purchase options, or the rights of those eligible to receive bonus shares;

4. decides to exclude the preferential right of shareholders to subscribe for the shares and other securities that may be issued under this resolution, while leaving the Board of Directors the option to grant to shareholders, for such a period and under such terms as it will determine in accordance with the provisions of Articles L. 225-135 and R. 225-131 of the French Commercial Code and for all or part of an issue made, a priority subscription right not giving rise to the creation of transferable or tradable rights and that must be exercised in proportion to the number of shares held by each shareholder, and that may potentially be supplemented by a reducible subscription;

5. decides that the Board of Directors may suspend the exercise of the rights attached to the shares issued, for a period of up to three months, and take any useful measures with regard to adjustments to be made in accordance with legal and regulatory provisions in force and, where applicable, with contractual stipulations to protect the holders of rights attached to securities giving access to the Company's share capital;

6. takes note that, should this delegation of authority be used, the decision to issue securities giving access to the share capital will entail, in favor of the holders of these securities, the express waiver by the shareholders of their preferential rights to subscribe for the shares to which these securities will give access;

7. decides, in accordance with the provisions of the first subparagraph of Article L. 225-136 1° of the French Commercial Code, that the amount of the consideration accruing and/or to accrue at a later date to the Company for each of the shares issued or to be issued under this delegation of authority, taking into account, in the event of the issue of standalone share subscription warrants, the issue price of such warrants, will be at least equal to the minimum price set forth in legislative and regulatory provisions in force at the time of the issue (as of the date of this Meeting, the weighted average of the share price over the last three trading days on the regulated market of NYSE Euronext Paris preceding the determination of the subscription price for the capital increase, less a potential maximum discount of 5%, after adjusting, where applicable, this average in the event of a difference in the dividend rights dates);

8. grants the same powers to the Board of Directors, including the capacity to delegate to the Chief Executive Officer or, where applicable, with the latter's consent, to a Group Managing Director, as those specified under point 7 of the fifteenth resolution;

9. decides that, 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 of the filing of a proposed tender offer for the Company's shares by a third party, this restriction remaining in force until the end of the offer period;

10. decides that this authorization replaces that granted by the Combined Shareholders' Meeting of December 9, 2014.

Seventeenth resolution

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue ordinary shares, and/or equity securities giving access to other equity securities or conferring entitlement to receive allocations of debt securities, and/or securities giving access to equity securities to be issued, without preferential subscription rights, through a private placement reserved for qualified investors or a restricted group of investors)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code, in particular its Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136 et seq. and L. 228-92,

1. delegates its authority to the Board of Directors to proceed with the issue, on one or more occasions, in such amounts and at such times as it may deem fit, on the French and/or international market, by way of an offering pursuant to Article L. 411-2 II of the French Monetary and Financial Code, whether denominated in euros or in any other currency or unit of account based on a basket of currencies, of ordinary shares and/or equity securities giving access to other equity securities or conferring entitlement to receive allocations of debt securities and/or any other securities, hybrid or not, including subscription warrants issued on a standalone basis,

giving either immediate or future access, at any time or on a predetermined date, to newly issued equity securities of the Company, by subscription either in cash or by offsetting of receivables, conversion, exchange, redemption, tendering of a warrant or in any other manner, with the understanding that debt securities may be issued with or without guarantees, in forms, at rates and under terms and conditions deemed appropriate by the Board of Directors, it being specified that the issuance of preference shares and securities giving immediate or future access to preference shares is excluded from the scope of this delegation;

2. grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;

3. decides, should the Board of Directors use this delegation of authority, that the total nominal amount (excluding issue premiums) of capital increases that may be carried out, whether directly or indirectly, may not exceed eighty (80) million euros, subject to the provisions of the twenty-fourth resolution, it being specified that:

   - in the event of a capital increase by way of the capitalization of additional paid-in capital, reserves, profit or other items in the form of an award of bonus shares during the validity period of this delegation of authority, the aforementioned total nominal amount will be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the share capital after the operation to this number before the operation,
   - to this ceiling will be added, where applicable, the nominal amount of any shares to be issued in the event of further financial transactions to protect the rights of holders of securities giving future access to the share capital or of share subscription or share purchase options, or the rights of those eligible to receive bonus shares;

   Moreover, the total amount of securities issued may not exceed 20% of the share capital per year, determined as of the issue date;

4. decides to exclude the preferential right of shareholders to subscribe for the securities that may be issued under this resolution;

5. decides that the Board of Directors may suspend the exercise of the rights attached to the shares issued, for a period of up to three months, and take any useful measures with regard to adjustments to be made in accordance with legal and regulatory provisions in force and, where applicable, with contractual stipulations to protect the holders of rights attached to securities giving access to the Company's share capital;

6. takes note that, should this delegation of authority be used, the decision to issue securities giving access to the share capital will entail, in favor of the holders of these securities, the express waiver by the shareholders of their preferential rights to subscribe for the shares to which these securities will give access;

7. decides, in accordance with the provisions of the first subparagraph of Article L. 225-136 1° of the French Commercial Code, that the amount of the consideration accruing and/or to accrue at a later date to the Company for each of the shares issued or to be issued under this delegation of authority, taking into account, in the event of the issue of standalone share subscription warrants, the issue price of such warrants, will be at least equal to the minimum price set forth in legislative and regulatory provisions in force at the time of the issue (as of the date of this Meeting, the weighted average of the share price over the last three trading days on the regulated market of NYSE Euronext Paris preceding the determination of the subscription price for the capital increase, less a potential maximum discount of 5%, after adjusting, where applicable, this average in the event of a difference in the dividend rights dates);

8. grants the same powers to the Board of Directors, including the capacity to delegate to the Chief Executive Officer or, where applicable, with the latter's consent, to a Group Managing Director, as those specified under point 7 of the fifteenth resolution;

9. decides that, 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 of the filing of a proposed tender offer for the Company's shares by a third party, this restriction remaining in force until the end of the offer period;

10. decides that this authorization replaces that granted by the Combined Shareholders' Meeting of December 9, 2014.

Eighteenth resolution

(Authorization to be granted to the Board of Directors, for a period of twenty-six months, to set the issue price of shares and/or securities giving access to the share capital, in a total issue amount not to exceed 10% of the share capital per year, in connection with a capital increase issued without preferential share subscription rights under the sixteenth and seventeenth resolutions)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the second subparagraph of Article L. 225-136 1° of the French Commercial Code, authorizes the Board of Directors, with the capacity to sub-delegate as provided by law, for issues decided under the sixteenth and seventeenth resolutions and in a total issue amount not to exceed 10% of the share capital per year, determined as of the issue date, to depart from the rules for the determination of the issue price of shares under the aforementioned resolutions by applying a maximum discount of 10% to the weighted average of the share price over the last three trading days, on the regulated market of NYSE Euronext Paris, preceding the determination of the subscription price for the capital increase.

This authorization is granted for a period of twenty-six months from the date of this Shareholders' Meeting and replaces that granted by the Shareholders' Meeting of December 9, 2014.

Nineteenth resolution

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights for the shareholders in connection with overallotment options in the event that the securities on offer are oversubscribed)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors, delegates its authority to the Board of Directors, in connection with issues decided pursuant to the delegations of authority granted to the Board of Directors under the fifteenth, sixteenth and/or seventeenth resolutions, to increase the number of securities initially planned for issue, if an issue is oversubscribed, under the conditions and within the limits provided by Articles L. 225-135-1 and R. 225-118 of the French Commercial Code, subject to the ceilings specified by the aforementioned resolutions and for the period specified by the aforementioned resolutions.

Twentieth resolution

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue shares and/or equity securities giving access to other equity securities or conferring entitlement to receive allocations of debt securities in consideration for securities tendered to any public exchange offer initiated by the Company)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code, in particular its Articles L. 225-129, L. 225-129-2, L. 225-148 and L. 228-92,

1. delegates its authority to the Board of Directors to proceed with the issue, on one or more occasions, at such times as it may deem fit, of shares, equity securities giving access to other equity securities or conferring entitlement to receive allocations of debt securities in consideration for securities tendered to a public exchange offer initiated in France or abroad by the Company for the securities of another company admitted to trading on a regulated market as defined under said Article L. 225-148;
2. grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;
3. decides that the total nominal amount (excluding issue premiums) of the capital increases that may be carried out under this resolution may not exceed eighty (80) million euros, subject to the provisions of the twenty-fourth resolution, it being specified that:
   - in the event of a capital increase by way of the capitalization of additional paid-in capital, reserves, profit or other items in the form of an award of bonus shares during the validity period of this delegation of authority, the aforementioned total nominal amount will be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the share capital after the operation to this number before the operation,
   - to this ceiling will be added, where applicable, the nominal amount of any shares to be issued in the event of further financial transactions to protect the rights of holders of securities giving access to the share capital or of share subscription or share purchase options, or the rights of those eligible to receive bonus shares;
4. takes note that the shareholders of the Company will not have preferential subscription rights to the shares and/or securities issued pursuant to this delegation of authority, which are exclusively to be presented as consideration for securities tendered to a public exchange offer initiated by the Company;
5. takes note that the price of the shares and/or securities issued under this delegation of authority will be determined on the basis of applicable law regarding public exchange offers;
6. decides, should the Board of Directors use this delegation of authority, with the option to sub-delegate this authority as provided by law, that it will have all powers, in particular to implement this delegation and the related capital increases, to offset the costs of the capital increases against the amount of the corresponding premiums, and deduct from that amount any sums necessary to bring the legal reserve to one-tenth of the new share capital following each increase;
7. decides that, 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 of the filing of a proposed tender offer for the Company's shares by a third party, this restriction remaining in force until the end of the offer period;
8. decides that this authorization replaces that granted by the Combined Shareholders' Meeting of December 9, 2014.

Twenty-first resolution

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue shares as consideration for contributions in kind of equity securities or securities giving access to the share capital, subject to a limit of 10% of the share capital)

The Shareholders' Meeting, having examined the report of the Board of Directors, pursuant to the provisions of the French Commercial Code, in particular its Articles L. 225-147 and L. 225-147-1,

1. delegates to the Board of Directors the powers necessary to proceed with the issue, on one or more occasions, at such times as it may deem fit, of shares as consideration for contributions in kind made to the Company and consisting of equity securities or securities giving access to the share capital, in cases where the provisions of Article L. 225-148 of the French Commercial Code do not apply;
2. grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;
3. decides that the total number of shares to be issued under this resolution may not exceed 10% of the Company's share capital as of the issue date, subject to the provisions of the twenty-fourth resolution.

To this ceiling will be added, where applicable, the nominal amount of any shares to be issued in the event of further financial transactions to protect the rights of holders of securities giving access to the share capital or of share subscription or share purchase options, or the rights of those eligible to receive bonus shares;

4. decides, should the Board of Directors use this delegation of authority, with the option to sub-delegate this authority as provided by law, that it will have all powers, in particular to implement this delegation and the related capital increases, to offset the costs of the capital increases against the amount of the corresponding premiums, and deduct from that amount any sums necessary to bring the legal reserve to one-tenth of the new share capital following each increase;

5. takes note that the shareholders of the Company will not have preferential subscription rights to the shares issued pursuant to this delegation of authority, which are exclusively to be presented as consideration for contributions in kind;

6. decides that, 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 of the filing of a proposed tender offer for the Company's shares by a third party, this restriction remaining in force until the end of the offer period;

7. decides that this authorization replaces that granted by the Combined Shareholders' Meeting of December 9, 2014.

Twenty-second resolution

(Authorization to be granted to the Board of Directors, for a period of twenty-six months, to grant subscription options without preferential subscription rights for the shareholders or share purchase options to employees and executive company officers of the Company and affiliated entities, subject to a limit of 1% of the share capital)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors,

1. authorizes the Board of Directors, pursuant to the provisions of Articles L. 225-177 et seq. of the French Commercial Code, to grant options either to subscribe for new shares of the Company to be issued in the framework of a capital increase or to purchase existing shares held by the Company, in accordance with applicable laws and regulations, on one or more occasions, to employees or executive company officers of the Company or of any affiliated entities within the meaning of Article L. 225-180 of the French Commercial Code, or to certain categories of these employees or executive company officers;

2. decides that, without prejudice to the adjustment referred to below, the total number of shares to which the options granted under this authorization may give access may not exceed 1% of the Company's share capital as of the date of this Meeting, it being specified that the amount of the capital increase resulting from the exercise of options will be deducted from the overall ceiling of eighty (80) million euros set forth in the twenty-fourth resolution below;

3. takes note that this authorization entails the automatic waiver by shareholders, in favor of the recipients of options to subscribe to shares, of their preferential right to subscribe for the shares to be issued as these options are exercised and that it will be executed in accordance with the legal and regulatory provisions applicable as of the date on which the options are made available;

4. takes note that the granting of share subscription or share purchase options to the Chairman of the Board of Directors, the Chief Executive Officer or the Group Managing Director(s) may only occur subject to the conditions set forth in Article L. 225-186-1 of the French Commercial Code;

5. decides that the exercise of options granted to executive company officers will be subject to meeting the performance conditions determined by the Board of Directors;

6. decides that the subscription or purchase price of the shares will be determined by the Board of Directors on the date when the option is granted in accordance with the provisions in force on that date, it being specified that this price may not be lower than the average quoted share price over the twenty trading days prior to said date. Moreover, in the case of share purchase options, it may not be lower than the average purchase price of the shares to be allocated upon the exercise of said options.

   The subscription or purchase price of shares under option may not be modified except under the circumstances set forth by law, on the occasion of financial transactions or securities transactions. In this case, the Board of Directors will apply an adjustment, pursuant to regulations, to the number and price of shares under option in order to take into account the impact of these transactions;

7. decides that, subject to the provisions of Article L. 225-185 of the French Commercial Code with respect to executive company officers, options must be exercised within a maximum period of ten years following their grant date;

8. grants full powers to the Board of Directors under the limits set forth above in order to:

   - determine the terms of the plan(s) and the conditions under which the options may be granted, conditions which may include clauses prohibiting the immediate resale of all or a portion of the shares, although the mandatory holding period may not exceed three years from the exercise of the options, it being specified that, in any event, the Board of Directors will be responsible, with respect to options granted to executive company officers referred to in the fourth subparagraph of Article L. 225-185 of the French Commercial Code, either for deciding that the options may not be exercised by the parties concerned prior to the conclusion of their term of office, or for setting the number of shares issued as a result of the exercise of options that they will be required to hold in registered form until the conclusion of their term of office,
   - set the prices for subscribing for new shares or purchasing existing shares,
   - decide upon the grant date or dates,

- where applicable, make the exercise of any portion or all of the options subject to one or more performance conditions that it will determine,
- draw up the list of option recipients,
- complete, either directly or through an intermediary, all acts and formalities to finalize any capital increase made pursuant to the authorization contained in this resolution,
- take the necessary measures to protect the interests of the option recipients if one of the events enumerated in Article L. 225-181 of the French Commercial Code takes place,
- provide for the possibility to temporarily suspend the exercise of options for a period not to exceed three months in the event of financial transactions involving the exercise of a right attached to the shares,
- record the capital increases resulting from the exercise of options,
- amend the Bylaws accordingly and generally take any necessary action;

9. takes note that the Board of Directors will inform the Ordinary Shareholders' Meeting every year of the transactions carried out under this resolution, indicating the number and price of options granted and their recipients, as well as the number of shares subscribed or purchased;

10. grants this authorization for a period of twenty-six months from the date of this Meeting;

11. decides that this authorization replaces that granted by the Combined Shareholders' Meeting of December 9, 2014.

Twenty-third resolution

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue shares and/or securities giving access to the Company's share capital without preferential subscription rights for the shareholders, in favor of members of company savings plans (PEEs) within the Group, subject to a limit of 1% of the share capital)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and acting in accordance with the provisions of Articles L. 225-129-2, L. 225-138, L. 225-138-1, L. 228-91, and L. 228-92 of the French Commercial Code and Article L. 3332-1 et seq. of the French Labor Code, and in order to comply with the provisions of Article 225-129-6 of the French Commercial Code,

1. delegates its authority to the Board of Directors to (i) carry out, on one or more occasions, within the conditions provided by Articles L. 3332-18 et seq. of the French Labor Code, an increase of the share capital through the issue of shares or more generally of any securities giving access to the Company's share capital, reserved for employees of the Company and of affiliated companies within the meaning of Article L. 3344-1 of the French Labor Code, who are members of a company savings plan (PEE) and (ii) allocate, where applicable, performance shares or securities giving access to the share capital in full or partial replacement of the discount set forth in point 4 below, within the conditions and limits provided by Article L. 3332-21 of the French Labor Code, it being specified that, as necessary, the Board of Directors may replace all or part of this capital increase with the transfer, under the same conditions, of securities already issued by the Company;

2. grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;

3. decides, subject to the provisions of the twenty-fourth resolution, that the total number of shares that may be issued under this delegation of authority, including those resulting from shares or securities giving access to the Company's share capital that may be awarded as bonus shares in full or partial replacement for the discount, as provided by Articles L. 3332-18 et seq. of the French Labor Code, may not exceed 1% of the Company's share capital as of the date of this Meeting. To this total number will be added, where applicable, the additional number of shares to be issued, as provided by law, to protect the rights of holders of securities giving access to the Company's share capital.

4. decides that (i) the subscription price of newly issued shares may be neither higher than the average of the opening price for existing shares on the regulated market of NYSE Euronext Paris over the twenty trading days preceding the date of the decision by the Board of Directors or by the Chief Executive Officer setting the opening date for subscription nor more than 20% lower than this average; it being specified that the Board of Directors or the Chief Executive Officer may, where applicable, reduce or eliminate the discount that might otherwise apply, in order to take into account, in particular, legal frameworks or tax regimes applicable outside France, or may decide to fully or partially replace this discount with the granting of bonus shares and/or securities giving access to the share capital and that (ii) the issue price of the securities giving access to the share capital will be determined as provided by Article L. 3332-21 of the French Labor Code;

5. decides to exclude the preferential right of shareholders to subscribe for the shares or securities giving access to the Company's share capital that may be issued under this delegation of authority to employees as set forth above, and to waive any rights to bonus shares or securities giving access to the share capital that might be awarded on the basis of this resolution;

6. grants full powers to the Board of Directors, including the option to sub-delegate its authority as provided by law, to implement this delegation of authority and in particular to:

- determine the length of service requirements that must be met in order to participate in the operation, within legal limits, and, where applicable, the maximum number of shares that may be subscribed for by each employee,
- decide whether shares must be subscribed for directly by employees enrolled in the Group's company savings plans (PEEs) or whether they must be subscribed for via a corporate investment fund (FCPE) or via a mutual fund available exclusively to employee shareholders (SICAVAS),
- draw up the list of companies whose employees may benefit from the subscription offer,
- determine whether a specific time period should be granted to employees in order to pay up their securities,

- set the conditions for enrollment in the Group's company savings plan(s) (PEEs) and draw up or amend their regulations,
- set the opening and closing dates for the subscription period and the issue price for securities,
- proceed, within the limits set forth by Articles L. 3332-18 et seq. of the French Labor Code, with awards of bonus shares or securities giving access to the share capital, and set the type and amount of reserves, profit, or additional paid-in capital to be capitalized,
- approve the number of new shares to be issued and the reduction rules applicable in the event that an issue is oversubscribed,
- offset the costs of the share capital increases and the issues of other securities giving access to the share capital against the amount of the premiums corresponding to those increases, and deduct from that amount the sums necessary to bring the legal reserve to one-tenth of the new share capital following each increase;

7. decides that this authorization replaces that granted by the Combined Shareholders' Meeting of December 9, 2014.

Twenty-fourth resolution

(Determination of an overall ceiling of 80 million euros for capital increases decided pursuant to delegations of authority)

The Shareholders' Meeting, having examined the report of the Board of Directors and in accordance with the provisions of Article L. 225-129-2 of the French Commercial Code, decides to set at eighty (80) million euros the cumulative maximum nominal amount (excluding issue premiums) of the issues that may be decided pursuant to the delegations of authority granted to the Board of Directors under the preceding resolutions. It is specified that this amount will be increased by the nominal amount of the capital increases to be carried out to protect, as provided by law, the rights of the holders of securities issued previously. In the event of a capital increase by way of the capitalization of additional paid-in capital, reserves, profit or other items in the form of an award of bonus shares during the validity period of this delegation of authority, the aforementioned total nominal amount (excluding issue premiums) will be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the share capital after the operation to this number before the operation.

STATUTORY AUDITORS' REPORT ON THE PROPOSED DECREASE IN SHARE CAPITAL

(Fourteenth resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Article L. 225-209 of the French Commercial Code (Code de commerce) on the decrease in share capital by the cancellation of shares purchased, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed decrease in share capital.

Shareholders are requested to confer all necessary powers on the Board of Directors, during a period of eighteen months from the date of this Meeting, to retire, up to a maximum of 10% of its share capital by 24-month period, the shares purchased by the Company pursuant to the authorization to purchase its own shares under the provisions of the above-mentioned Article.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des Commissaires aux comptes) applicable to this 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 27, 2016

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Simon Beillevaire	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' REPORT ON THE ISSUE OF SHARES AND OTHER SECURITIES WITH AND/OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS

(Fifteenth to twenty-first resolutions and twenty-fourth resolution)

To the Shareholders,

As Statutory Auditors of your Company and in accordance with the procedures provided for in Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby report to you on the proposed delegation to the Board of Directors of the authority to proceed with a number of issues of shares and/or securities, transactions on which you are asked to vote.

Your Board of Directors proposes, based on its report:

- that you delegate to it, for a period of twenty-six months from the date of this Shareholders' Meeting, the authority to decide on the following transactions and to set the final terms and conditions of these issues and proposes, when necessary, that you waive your preferential subscription rights:
  - the issue of ordinary shares and/or equity securities giving access to other equity securities or conferring entitlement to receive allocations of debt securities and/or securities giving access to equity securities to be issued, with preferential subscription rights (fifteenth resolution),
  - the issue, by way of a public offering, of ordinary shares and/or equity securities giving access to other equity securities or conferring entitlement to receive allocations of debt securities and/or securities giving access to equity securities to be issued, with preferential subscription rights (sixteenth resolution),
  - the issue, by way of offerings referred to in Article L. 411-2 II of the French Monetary and Financial Code (Code monétaire et financier), of ordinary shares and/or equity securities giving access to other equity securities or conferring entitlement to receive allocations of debt securities, and/or securities giving access to equity securities to be issued, without preferential subscription rights, and for up to a maximum of 20% of the share capital per year (seventeenth resolution),
  - the issue, in the event of a public exchange offer initiated by your Company of shares and/or equity securities giving access to other equity securities or conferring entitlement to receive allocations of debt securities (twentieth resolution);
- that you authorize it, pursuant to the eighteenth resolution and as part of the implementation of the delegation referred to in the sixteenth and seventeenth resolutions, to set the issue price in a total issue amount not to exceed the legal limit of 10% of the share capital per year.

The total nominal amount of capital increases that may be carried out, whether immediately or over time, may not exceed 80 million euros under the fifteenth, sixteenth, seventeenth, eighteenth, twentieth and twenty-first resolutions, it being specified that:

- the total nominal amount of capital increases that may result, whether immediately or over time, from all the delegations of authority submitted for the approval of this Meeting may not exceed 80 million euros (twenty-fourth resolution).

These ceilings include the additional number of securities to be created as part of the implementation of the delegations referred to in the fifteenth, sixteenth and seventeenth resolutions, under the conditions set forth in Article L. 225-135-1 of the French Commercial Code, should you adopt the nineteenth resolution.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 et seq. of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified information extracted from the accounts, on the proposed waiver of preferential subscription rights and on certain other information concerning these transactions, contained in this report.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des Commissaires aux comptes) applicable to this engagement. These procedures consisted in verifying the content of the Board of Directors' report in respect of these transactions and the procedures for determining the issue price of equity securities to be issued.

Subject to the subsequent review of the terms and conditions of the issues that would be decided, we have no comments on the procedures for determining the issue price of equity securities to be issued presented in the Board of Directors' report in connection with the sixteenth, seventeenth and eighteenth resolutions.

Furthermore, as the report does not include information on the procedures for determining the issue price of equity securities to be issued pursuant to the fifteenth, twentieth and twenty-first resolutions, we cannot express an opinion on the selection of elements used to calculate this issue price.

As the final terms and conditions of the share issues have not yet been determined, we do not express an opinion on the latter and, as such, on the proposed waiver of preferential subscription rights submitted for your approval in the sixteenth and seventeenth resolutions.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue an additional report, if necessary, on the use of these delegations by your Board of Directors in the event of issues of equity securities giving access to other equity securities or conferring entitlement to receive allocations of debt securities, issues of securities giving access to equity securities to be issued, and issues of shares, without preferential subscription rights.

Paris-La Défense, October 27, 2016

The Statutory Auditors

MAZARS

Simon Beillevaire

ERNST & YOUNG et Autres

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' REPORT ON THE AUTHORIZATION TO GRANT SHARE SUBSCRIPTION OR SHARE PURCHASE OPTIONS

(Twenty-second resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Articles L. 225-177 and R. 225-144 of the French Commercial Code (Code de commerce), we hereby report to you on the authorization to grant share subscription or share purchase options to employees or executive company officers of your Company or affiliated entities within the meaning of Article L. 225-180 of the French Commercial Code, or to certain categories of these employees or executive company officers, a transaction on which you are asked to vote.

The total number of options granted pursuant to this authorization may not confer the right to purchase or subscribe for a number of shares representing more than 1% of your Company's share capital as of the date of this Shareholders' Meeting, it being specified that the amount of this capital increase will be applied to the overall ceiling for capital increases of 80 million euros set forth in the twenty-fourth resolution.

Based on its report, your Board of Directors recommends that you confer on it the authority to grant share subscription or share purchase options, for a period of twenty-six months from the date of this Shareholders' Meeting, on one or several occasions.

It is the responsibility of your Board of Directors to prepare a report on the reasons for granting share subscription or share purchase options and the proposed procedures for determining the subscription or purchase price. Our role is to express an opinion on the proposed procedures for determining the share subscription or share purchase price.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des Commissaires aux comptes) applicable to this engagement. These procedures consisted in verifying more specifically that the proposed procedures for determining the share subscription or share purchase price presented in the Board of Directors' report comply with legal and regulatory provisions.

We have no matters to report on the proposed procedures for determining the share subscription or share purchase price.

Paris-La Défense, October 27, 2016

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Simon Beillevaire	Benoit Schumacher

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STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND OTHER SECURITIES OF THE COMPANY RESERVED FOR EMPLOYEES WHO ARE MEMBERS OF A COMPANY SAVINGS PLAN

(Twenty-third resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby report to you on the proposed delegation to the Board of Directors of the authority to decide on the issue of shares or securities giving access to the share capital of the Company, without preferential subscription rights, reserved for employees of the Company and its affiliated entities, within the meaning of Article L. 3344-1 of the French Labor Code (Code du travail), who are members of a company savings plan, a transaction on which you are being asked to vote.

The total nominal amount of capital increases that may result, whether immediately or over time, from this delegation of authority may not exceed 1% of the Company's share capital as of this Shareholders' Meeting, it being specified that this amount will be applied to the overall ceiling for capital increases of 80 million euros set forth in the twenty-fourth resolution.

This capital increase is subject to your approval pursuant to Articles L. 225-129-6 of the French Commercial Code and L. 3332-18 et seq. of the French Labor Code.

Based on its report, your Board of Directors recommends that you confer on it the authority to decide on an issue, for a period of twenty-six months from the date of this Shareholders' Meeting, and that you waive your preferential subscription rights to the securities to be issued. If applicable, the Board will be responsible for determining the final issuance terms and conditions of this transaction.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 et seq., of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data extracted from the financial statements, on the proposed waiver of preferential subscription rights, and on certain other information pertaining to the issuance, as presented in this report.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des Commissaires aux comptes) applicable to this engagement. These procedures consisted in verifying the content of the Board of Directors' report as it relates to this transaction and the procedures for determining the issue price of the equity securities to be issued.

Subject to our review in due course of the terms and conditions of the proposed issues, we have no comments to make on the procedures for determining the issue price of the equity securities to be issued presented in the Board of Directors' report.

As the final terms and conditions under which the issues will be carried out have not yet been set, we do not express an opinion on them and, consequently, on the proposed waiver of the preferential subscription rights on which you are being asked to vote.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue an additional report, if necessary, on the use of this delegation of authority by your Board of Directors in the event of issues of shares or equity securities giving access to other equity securities or conferring entitlement to receive allocations of debt securities, or of issues of securities giving access to equity securities to be issued.

Paris-La Défense, October 27, 2016

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Simon Beillevaire	Benoit Schumacher

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Other information

GOVERNANCE

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.
End of term: Annual Shareholders' Meeting convened in 2017.
Number of Christian Dior shares held in a personal capacity: 359,854 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 SEDCS	Chairman of the Executive Board
	LVMH Moët Hennessy - Louis Vuitton SE (a)	Chairman and Chief Executive Officer
	Château Cheval Blanc SC	Chairman of the Board of Directors
	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, 2011

France	Christian Dior SE (a)	Chief Executive Officer
	Groupe Arnault SAS	Chairman
	Lagardère SCA (a)	Member of the Supervisory Board
International	LVMH International SA (Belgium)	Director

(a) Listed company.

Mr. Sidney TOLEDANO, Vice-Chairman and Chief Executive Officer

Date of birth: July 25, 1951. French.
Business address: Christian Dior Couture – 11, rue François 1er – 75008 Paris (France).
Date of first appointment: September 11, 2002.
End 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)	Vice-Chairman, 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 KK (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 R. L. de C.V., 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
	Christian Dior UK Limited (United Kingdom)	Chairman
	Christian Dior Vietnam LLC, Limited Liability Company, (Vietnam)	Chairman
	Les Ateliers Horlogers Dior SA (Switzerland)	Director
	Manufactures Dior Srl (Italy)	Director

(a) Listed company.

Positions and offices that have terminated since July 1, 2011

France	Christian Dior SE [(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
	Fendi Adele Srl (Italy)	Director
	Fendi Asia-Pacific Limited (Hong Kong, China)	Director
	Fendi SA (Luxembourg)	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
	Manufactures Dior Srl (Italy)	Chairman of the Board of Directors
	Mardi S.p.A. (Italy)	Chairman and Director delegate

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.
End of term: Annual Shareholders' Meeting convened in 2018.
Number of Christian Dior shares held in a personal capacity: 138,004 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.

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 and Member of the Ethical and Sustainable Development Committee
	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 and Member of the Compensation and Selection/Nomination Committee
	Métropole Télévision "M6" SA [(a)]	Member of the Supervisory Board
International	21st Century Fox (United States) [(a)]	Director
	Actar International SA Luxembourg (Luxembourg)	Permanent representative of Ufipar, Director

Positions and offices that have terminated since July 1, 2011

France	Établissement Public de Sèvres – Cité de la Céramique	Director

(a) Listed company.

Ms. Hélène DESMARAIS

Date of birth: June 7, 1955. Canadian.
Business address: Centre d'Entreprises et d'Innovation de Montréal (CEIM) – 751 square Victoria – Montréal (Québec) H2Y 2J3 (Canada).
Date of first appointment: April 5, 2012.
End of term: Annual Shareholders' Meeting convened in 2018.
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, Chairman of the Nominations and Compensation Committee

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
	PME MTL Centre-Ville	Founder and Chairman of the Board of Directors

Positions and offices that have terminated since July 1, 2011

Canada	C.D. Howe Institute	Chairman of Canadian Regional Committees
	Economic Orientation Committee of the City of Montreal	Member

(a) Listed company.

Mr. Pierre GODÉ

Date of birth: December 4, 1944. French.
Business address: LVMH – 22, avenue Montaigne – 75008 Paris (France); LVMH Italia S.p.A. – Largo Augusto, 8 – 20141 Milan (Italy).
Date of first appointment: May 14, 2001.
End of term: Annual Shareholders' Meeting convened in 2017.
Number of Christian Dior shares held in a personal capacity: 40,500 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
International	Fendi Adele Srl (Italy)	Director
	LVMH Italia S.p.A. (Italy)	Vice-Chairman
	Vicuna Holding S.p.A. (Italy)	Chairman of the Board of Directors

Other

France	Redeg SARL	Managing Director

Positions and offices that have terminated since July 1, 2011

France	Christian Dior SA [(a)]	Group Managing Director
	Christian Dior Couture SA	Director
	Fendi Srl (Italy)	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

(a) Listed company.

1.2. DIRECTORS' APPOINTMENTS TO BE RENEWED

Mr. Denis DALIBOT

Date of birth: November 15, 1945. French.
Mailing address: avenue Mercure, 9/27 – "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.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SE [(a)]	Director, Member of the Performance Audit Committee and the Nominations and Compensation Committee
	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 SEDCS	Chairman of the Supervisory Board
	Le Jardin d'Acclimatation SA	Permanent representative of Ufipar, Director
	Semyrhamis SA	Director
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
	Pilinvest SA (Belgium)	Director
	Roginvest 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

Positions and offices that have terminated since July 1, 2011

France	Agache Développement SA	Chairman and Chief Executive Officer
	Ateliers AS SA	Permanent Representative of Christian Dior Couture SA, Director
	Christian Dior SE [(a)]	Advisory Board member
	Financière Agache Private Equity SA	Director
	Groupe Arnault SAS	Member of the Management Committee
	Semyrhamis SAS	Member of the Supervisory Committee
International	GO Invest SA (Belgium)	Chairman

(a) Listed company.

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.
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, Member of the Performance Audit Committee
	Louis Vuitton, Fondation d'Entreprise	Director

Other

France	RDDV Partner SAS	Chairman

Positions and offices that have terminated since July 1, 2011

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

Ms. Ségolène GALLIENNE

Date of birth: June 7, 1977. Belgian.
Business address: 17 allée des Peupliers – 6280 Gerpinnes (Belgium).
Date of first appointment: April 15, 2010.
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
	Domaine Frère Bourgeois SA (Belgium)	Director
	Erbé SA (Belgium)	Director
	Frère Bourgeois SA (Belgium)	Director
	Fonds Charles Albert Frère ASBL (Belgium)	Director
	Groupe Bruxelles Lambert SA (Belgium) [a]	Director and Member of the Standing Committee
	Pargesa Holding SA (Switzerland) [a]	Director
	Stichting Administratiekantoor Frère-Bourgeois (Netherlands)	Director
	Stichting Administratiekantoor Peupleraie (Netherlands)	Chairman of the Board of Directors

(a) Listed company.

Christian Dior group/Groupe Arnault group

France	Christian Dior SE [(a)]	Director
	Château Cheval Blanc SC	Director

Other

France	Cheval Blanc Finance SAS	Director
International	Compagnie Nationale à Portefeuille SA (Belgium)	Director
	Esso SDC (Belgium)	Managing Director

Positions and offices that have terminated since July 1, 2011

None.

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.
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, Chairman of the Performance Audit Committee and Member of the Nominations and Compensation Committee
	Christian Dior Couture SA	Director

Other

France	Bénéteau SA [(a)]	Member of the Supervisory Board
	DRT SA	Permanent Representative of Salvepar SA, Director
	HDL Développement SAS	Permanent Representative of Salvepar SA, Director
	Parc Monceau SARL	Managing Director
	Salvepar SA [(a)]	Chairman and Chief Executive Officer
	TCA Partnership SAS	Chairman
	Fondation Nationale des Arts Graphiques et Plastiques	Director

Positions and offices that have terminated since July 1, 2011

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

(a) Listed company.

1.3. ADVISORY BOARD MEMBERS' APPOINTMENTS

Mr. Jaime de MARICHALAR y SÁENZ de TEJADA

Date of birth: April 7, 1963. Spanish.
Business address: SGIE – CC Plaza Norte 2, Plaza del Commercio – 28703 San Sebastián de los Reyes – Madrid (Spain).
Date of first appointment on the Board of Directors: May 11, 2006.
End of term: Annual Shareholders' Meeting convened in 2018.
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)]	Advisory Board member
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
	La Sociedad General Inmobiliaria de Canarias 2000 SA (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 Benoit Schumacher	May 14, 2009	December 19, 2013	Fiscal year ending December 31, 2018
MAZARS Tour Exaltis 61, rue Henri Regnault – 92400 Courbevoie (France) represented by Simon Beillevaire	May 15, 2003	December 19, 2013	Fiscal year ending December 31, 2018

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 December 31, 2018
Gilles RAINAUT Tour Exaltis 61, rue Henri Regnault – 92400 Courbevoie (France)	December 19, 2013	December 19, 2013	Fiscal year ending December 31, 2018

2.3. FEES PAID AS OF JUNE 30, 2016

	Ernst & Young et Autres				Mazars			
	June 30, 2016 (12 months)		June 30, 2015 (12 months)		June 30, 2016 (12 months)		June 30, 2015 (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	88	1	187	1	88	2	87	2
• Consolidated subsidiaries	14,288	74	13,399	73	5,307	92	3,927	90
Other services relating directly to the statutory audit engagement:								
• Christian Dior	39	-	85	-	28	-	103	2
• Consolidated subsidiaries	685	4	485	3	344	6	231	5
Subtotal	**15,100**	**79**	**14,156**	**77**	**5,767**	**100**	**4,348**	**99**
Other services provided by the firms to fully consolidated subsidiaries:								
• Legal, tax, employee-related [(a)]	3,838	20	4,003	21	-	-	38	1
• Other	244	1	311	2	-	-	-	-
Subtotal	**4,082**	**21**	**4,314**	**23**	**-**	**-**	**38**	**1**
TOTAL	**19,182**	**100**	**18,470**	**100**	**5,767**	**100**	**4,386**	**100**

(a) Mainly tax advisory services performed outside France, to ensure that the Group's subsidiaries and expatriates meet their local tax declaration obligations.

3. Charter of the Board of Directors

The Board of Directors is the strategic body of Christian Dior. The competence, integrity and responsibility of its members, clear and fair decisions reached collectively, and effective and secure controls are the ethical principles that govern the Board.

The key priorities pursued by Christian Dior's Board of Directors are enterprise value creation and the defense of the Company's interests.

Christian Dior's Board of Directors acts as guarantor of the rights of each of its shareholders and ensures that shareholders fulfill all of their duties.

The Company adheres to the Code of Corporate Governance for Listed Companies published by AFEP and MEDEF.

Each of these elements contributes to preserving the level of enterprise performance and transparency required to retain the confidence of shareholders and partners in the Group.

3.1. STRUCTURE OF THE BOARD OF DIRECTORS

The Board of Directors shall have a maximum of 12 members, a third of whom at least are appointed from among prominent independent persons with no interests in the Company.

In determining whether a Director may be considered as independent, the Board of Directors refers among others to the criteria set forth in the AFEP/MEDEF Code of Corporate Governance 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 Directors participating remotely. No such means shall be used, however, when the Board is meeting to draft and approve the parent company financial statements and Management Report, or when it is meeting to draft the consolidated financial statements and the report on Group management.

In order to ensure the identification and effective participation of the Directors concerned in a Board meeting, these means of telecommunication shall, at a minimum, transmit participants' voices as well as satisfy technical criteria for a continuous, real-time connection with the meeting. All remote participants in the meeting shall provide their identity. The attendance of any non-Board members shall be reported to, and subject to approval by, all Directors participating in the meeting.

Directors participating remotely by videoconferencing or conference call shall be deemed present for the purposes of calculating the quorum and majority.

The minutes of the meeting shall include the identities of the Directors who participated in the meeting remotely, the means of communication used and any connection problems that may occur during the meeting or disrupt it.

On the recommendation of the Board's Nominations and Compensation Committee, repeated unjustified absenteeism by a Director may cause the Board of Directors to reconsider his appointment.

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 apprize 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 as well as all the members of the Advisory Board. It must be given to each candidate for the position of Director, and to each permanent representative of a legal entity prior to the start of 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.

A summary report shall be drawn up after each Committee 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 Advisor, making certain that the Company's Board of Directors includes prominent independent persons outside the Company. In particular, it discusses the independence of Board members with respect to applicable criteria.

The Committee's opinion may also be sought by the Chairman of the Board of Directors or by any Directors serving as Chief Executive Officer or Group Managing Director, on candidates for senior management positions at the Company or Christian Dior Couture. It is the consultative body responsible for defining the measures to be taken in the event that such an office falls prematurely vacant.

After review, the Committee shall make recommendations on the distribution of directors' fees paid by the Company and prepares a summary table of directors' fees effectively paid to each Director.

It makes proposals to the Board on the fixed and variable portions of compensation and the benefits in kind to be received by (i) 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 vesting 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 concluded with these individuals and of any accounting information relating to payments made.

The Committee is also entitled to receive information on procedures relating to the payment of external contractors' fees and the reimbursement of their expenses, issuing any recommendations deemed necessary on this subject.

The Committee shall prepare a draft report every year for the Shareholders' Meeting, which it shall submit to the Board of Directors, on the compensation of Company officers, any bonus shares granted to them during the year as well as any stock options granted or exercised by said officers in the same period. The report shall also list the ten employees of the Company that received and exercised the most options.

5.3. OPERATING PROCEDURES OF THE COMMITTEE

A Director's agreement to serve on the Committee implies that he 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

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 class.

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.

When the owner of the shares is not a French resident within the meaning of Article 102 of the French Civil Code, any intermediary may be registered on behalf of such owner. Such registration may be made in the form of a joint account or several individual accounts, each corresponding to one owner.

At the time such 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 – Membership 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 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. 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 compensation of Directors and a Committee that oversees appointments; a single Committee may oversee both compensation 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 – Compensation of the Directors

The Shareholders' Meeting may allocate to the Directors in compensation 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 compensation 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 compensation 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 responsibility, either by the Chairman of the Board of Directors, or by another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer, depending upon the decision of the Board of Directors choosing between the two methods of exercising the General Management function. It shall inform the shareholders thereof in accordance with the regulatory conditions.

When the Company's General Management is assumed by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer shall apply to him 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 as well as his or her 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 compensation 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 which entitle the shareholder to 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 Chairman 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 recipient 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 each 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 notably decide that, when the portion of the distribution to which the shareholder is entitled does not correspond to a whole number in the unit of measure used for the distribution, the shareholder shall receive the whole number, in the unit of measure, immediately below that amount, together with an equalization payment in cash. The amount of such interim dividends cannot exceed the amount of 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 REGARDING THE PARENT COMPANY; STOCK MARKET INFORMATION

1. History

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* menswear 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 *Cruise* 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. *Cruise* collection show in Cannes.
2016	Maria Grazia Chiuri is appointed Creative Director of the Haute Couture, Women's Ready-to-Wear and Women's Accessories collections and becomes the first woman in the history of Dior to head the design of its womenswear collections.

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 40.94% of LVMH.

2.2. GENERAL INFORMATION

The complete text of the Bylaws is presented in the "*Other information* – Governance" section of the Annual Report.

Company 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 these 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): 6420Z.

Date of incorporation – Term (Article 5 of the Bylaws): Christian Dior was incorporated on October 8, 1946 for a term of 99 years, which expires on October 7, 2045, unless the Company is dissolved early or extended by a resolution of the Extraordinary Shareholders' Meeting.

Location where documents concerning the Company may be consulted: the Bylaws, financial statements and reports, and the minutes of Shareholders' Meetings may be consulted at the registered office at the address indicated above.

2.3. ADDITIONAL INFORMATION

The complete text of the Bylaws is presented in 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): The Shareholders' Meeting of December 1, 2015 modified the dates on which the fiscal year begins and ends to January 1 and December 31 of each year. Since this modification will take effect from the fiscal year beginning January 1, 2017, the preceding fiscal year will last six months, from July 1, 2016 to December 31, 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 class, 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 which entitle the shareholder to 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 the holders 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. This obligation applies each time the portion of capital owned increases by at least 1%. 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, 2016 and October 13, 2016, 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, 126,302,864 shares conferred double voting rights as of June 30, 2016.

3.2. AUTHORIZED SHARE CAPITAL

As of June 30, 2016, 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 §4.1 "Status of current delegations and authorizations" in the "*Management report of the Board of Directors* – Christian Dior parent company".

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, 2016.

3.7. THREE-YEAR SUMMARY OF CHANGES IN THE COMPANY'S SHARE CAPITAL

			Change in capital		Capital after transaction	
(EUR, except number of shares)	Type of transaction	Number of shares	Par value	Issue premium	Amount	Cumulative number of shares
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	None	-	-	-	361,015,032	180,507,516
As of June 30, 2016	**None**	**-**	**-**	**-**	**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, 2016, the Company's share capital comprised 180,507,516 shares:

- 124,959,430 pure registered shares;
- 7,205,068 administered registered shares;
- 48,343,018 bearer shares.

Taking into account treasury shares, 179,319,463 shares carried voting rights, including 126,302,864 shares with double voting rights.

As of June 30, 2016, a total of 334 registered shareholders held at least 100 shares.

Shareholders	Number of shares	Number of voting rights [(a)]	% of share capital	% of voting rights
Semyrhamis [(b)]	111,099,333	219,229,458	61.55	71.73
Arnault Family and other companies in the Arnault Family Group [(b)]	20,720,599	38,579,292	11.48	12.63
Other shareholders	48,687,584	47,813,577	26.97	15.64
TOTAL AS OF JUNE 30, 2016	**180,507,516**	**305,622,327**	**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 73.03% of the Company's share capital and 84.36% 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, 2016;
- 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, 2016, senior executives of the Company and members of the Board of Directors directly and personally held in registered form less than 0.30% of the Company's share capital and voting rights.

As of June 30, 2016, the Company held 1,188,053 shares as treasury shares recognized under short-term investments, mainly to cover share purchase options and bonus share allocation plans.

During the fiscal year ended June 30, 2016 and as of October 13, 2016, 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, 2016

Shareholders	Number of shares	% of share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable at SM [b]	% of voting rights exercisable at SM [b]
Semyrhamis [a]	111,099,333	61.55	219,229,458	71.45	219,229,458	71.73
Arnault Family and other companies in the Arnault Family Group [a]	20,720,599	11.48	38,579,292	12.58	38,579,292	12.63
Treasury shares	1,188,053	0.66	1,188,053	0.39	-	-
Free-float registered	567,464	0.31	881,510	0.29	881,510	0.29
Free-float bearer	46,932,067	26.00	46,932,067	15.30	46,932,067	15.35
TOTAL	**180,507,516**	**100.00**	**306,810,380**	**100.00**	**305,622,327**	**100.00**

(a) The Arnault Family Group, made up of the Arnault Family and controlled companies, including Semyrhamis, directly or indirectly held 73.03% of the Company's share capital and 84.36% of the voting rights exercisable at Shareholders' Meetings (see also §4.4. below).
(b) SM: Shareholders' Meeting.

As of June 30, 2015

Shareholders	Number of shares	% of share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable at SM [b]	% of voting rights exercisable at 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 share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable at SM [b]	% of voting rights exercisable at 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.

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, 2016, the Arnault Family Group directly or indirectly held 73.03% of the Company's share capital and 84.36% 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 SEDCS and (ii) Semyrhamis SA, 100% of whose share capital is indirectly controlled by the Arnault Family Group.

As of June 30, 2016, Semyrhamis SA held 111,099,333 shares in the Company representing 61.55% of the share capital and 71.73% of the voting rights exercisable in Shareholders' Meetings. The main purpose of Semyrhamis SA is to hold Christian Dior shares.

Christian Dior SE, 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

In the fiscal year from July 1, 2015 to June 30, 2016, stock markets generally saw sharp declines and experienced renewed volatility against a backdrop of diverging monetary policies and falling oil prices.

The European Central Bank continued and expanded its asset purchase program, bringing it to 80 billion euros per month from April 2016 to March 2017, and broadening its scope of intervention to include corporate debt securities. Key interest rates were also lowered twice, with the deposit facility rate dropping to -0.40%. Persistently weak inflation and the downward revision of growth prospects in the eurozone were setbacks in the effort to achieve the inflation target of 2%. Yields on government bonds went below zero again, with the 10-year German Bund approaching -0.20% and more than half of eurozone debt offering negative yields. Stock markets also reacted strongly to Britain's vote on June 23, 2016 to exit the European Union. European markets and the British pound tumbled to yearly lows before stabilizing on June 30, 2016. All in all, the euro generally trended laterally against the US dollar, fluctuating between 1.05 and 1.15 during the fiscal year.

In the United States, the period was marked by the wait-and-see attitude of the Federal Reserve, which pushed through its first federal-funds rate increase of 0.25% in December 2015, faced once again with lower-than-expected economic growth and at the risk of weakening emerging countries already hard hit by low oil prices. Consumer spending was the main driver for US economic growth.

In 2015, Japan was expected to see its growth pick up again, driven by exports and consumer spending. However, the Chinese slowdown weighed on Japanese exports, and wage increases were lower than expected, leading the government and the central bank to take further stimulus measures.

China was once again a source of volatility on the financial markets in summer 2015. The devaluation of the yuan fueled uncertainties about Chinese economic growth, which has now fallen below the 7% threshold.

Emerging-market and commodity-exporting economies took a hit due to weak global economic growth and falling oil prices. Oil prices fell below 30 dollars a barrel in early 2016 due to a large supply surplus.

Conversely, gold rebounded strongly at the beginning of 2016 from 1,100 dollars per ounce to more than 1,300 per ounce.

In this environment, the Christian Dior share price fell 17.3% between July 1, 2015 and June 30, 2016, compared to decreases of 16.3% and 10.0% for the DJ Euro Stoxx 50 and Euronext 100 indices, respectively. Over the same period, the S&P 500 rose 1.7%, Japan's Topix fell 23.6%, and the Shanghai SSE 180 fell 30.7%.

Christian Dior's closing share price on June 30, 2016 was 144.80 euros. As of the same date, Christian Dior's market capitalization was 26.1 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).

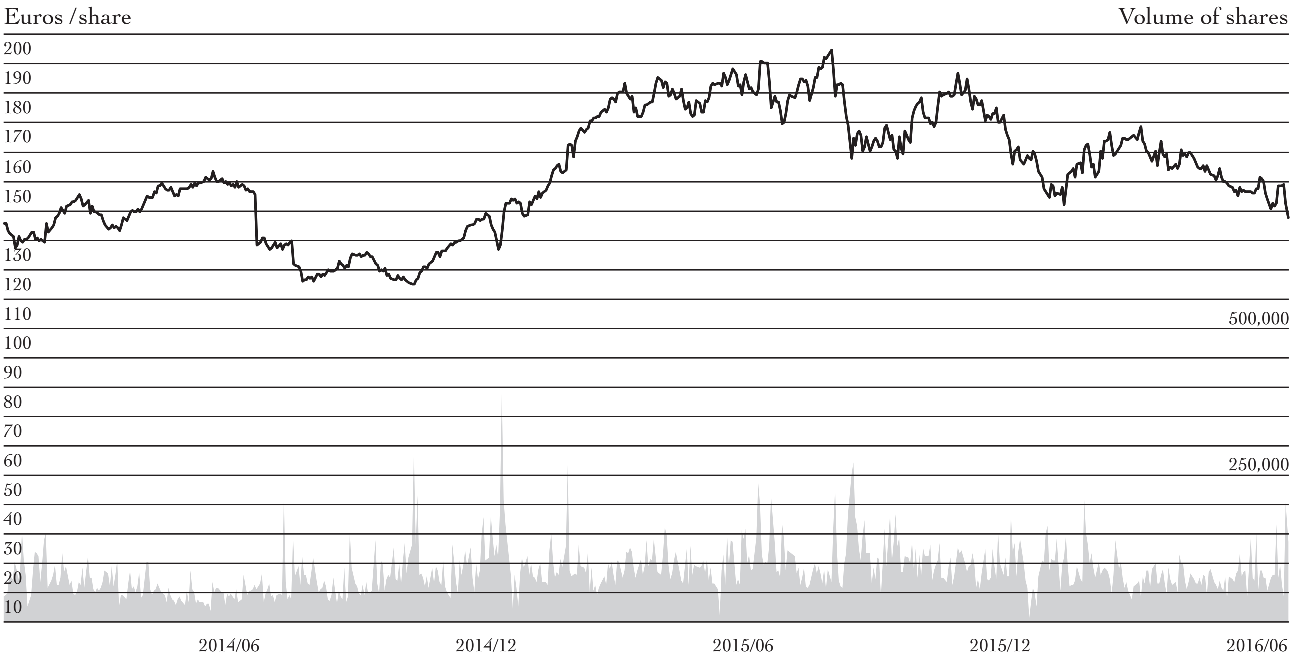
In addition, Christian Dior share-based tradable options may be exchanged on MONEP.

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 2015	177.30	188.75	188.75	168.50	2,211,941	396
August 2015	188.80	165.40	195.35	153.90	2,650,346	463
September 2015	163.25	167.05	170.60	156.45	2,563,483	418
October 2015	169.10	179.10	183.15	159.85	2,238,228	389
November 2015	177.20	173.20	187.50	169.10	1,942,820	346
December 2015	173.70	156.75	179.65	155.15	1,948,259	319
January 2016	154.60	155.80	155.80	140.80	2,000,649	296
February 2016	156.30	162.35	168.15	150.20	2,093,164	335
March 2016	162.40	159.40	172.05	153.60	1,449,393	235
April 2016	157.60	153.35	162.00	150.05	1,560,807	244
May 2016	154.30	146.55	156.55	144.00	1,655,886	247
June 2016	146.25	144.80	151.55	133.75	2,098,850	304

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 June 30, 2013	22,534
As of June 30, 2014	26,405
As of June 30, 2015	31,607
As of June 30, 2016	26,137

5.2. BONDS ISSUED BY CHRISTIAN DIOR

Bonds issued by Christian Dior that were outstanding on June 30, 2016 are listed for trading as shown below:

Bonds listed in Luxembourg

Currency	Amount outstanding *(in currency)*	Year of issue	Year of maturity	Coupon *(as %)*
EUR	500,000,000	2014	2019	1.375
EUR	350,000,000	2016	2021	0.750

5.3. DIVIDEND

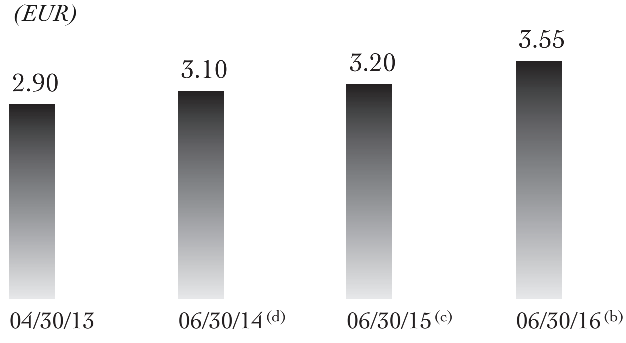
A gross cash dividend of 3.55 euros per share is being proposed for the fiscal year ended June 30, 2016, representing an increase of 0.35 euros compared to the cash dividend paid for fiscal year 2014/2015. Based on the number of shares of 180,507,516 making up the share capital as of June 30, 2016, Christian Dior's gross cash dividend will amount to 641 million euros for the fiscal year ended June 30, 2016, before the effect of treasury shares.

Dividend distribution in respect of fiscal years 2013 to 2016

Fiscal year	Gross cash dividend [a] per share *(EUR)*	Gross cash dividend distribution *(EUR millions)*
June 30, 2016 [b]	3.55	641
June 30, 2015 [c]	3.20	578
June 30, 2014	3.10 [d]	563 [d]
June 30, 2013 (2 months)	-	-
April 30, 2013	2.90	527

(a) Excludes the impact of tax regulations applicable to recipients.
(b) Proposed to the Shareholders' Meeting of December 6, 2016.
(c) In addition to the dividend of 3.20 euros, an exceptional interim distribution in kind was made in the form of Hermès International shares.
(d) 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

As of June 30, 2016, Christian Dior'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 number of shares did not change during the fiscal year from July 1, 2015 to June 30, 2016.

5.5. PERFORMANCE PER SHARE

(EUR)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)
Diluted Group share of net profit per share	8.69	13.18 [a]
Dividend	3.55	3.20
Change compared to previous fiscal year	*+11%*	*+3%*
Highest share price (intra-day)	195.35	192.80
Lowest share price (intra-day)	133.75	112.35
Share price as of the fiscal year-end date (closing share price)	144.80	175.10
Change compared to previous fiscal year	*-17.3%*	*+35.3%*

(a) Including the impact of the distributions of Hermès shares.

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, 2016 Total	June 30, 2016 Of which under production	June 30, 2015 Total	June 30, 2015 Of which under production
France				
Champagne appellation	1,836	1,641	1,838	1,645
Cognac appellation	187	163	245	170
Vineyards in Bordeaux	194	149	194	150
Vineyards in Burgundy	11	11	11	11
International				
California (United States)	440	261	440	304
Argentina	1,683	1,018	1,670	997
Australia, New Zealand	659	578	612	533
Brazil	232	78	232	69
Spain	112	83	113	83
China	68	40	68	-
India	4	-	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 1,950,000 square meters in France and 446,000 square meters abroad.

6.1.2. Fashion and Leather Goods

Louis Vuitton owns seventeen leather goods and shoe production facilities located primarily in France, although some significant workshops are also located near Barcelona in Spain, in Fiesso, Italy and in San Dimas, California. Overall, production facilities and warehouses owned by the Group represent approximately 180,000 square meters.

Fendi owns its manufacturing facility near Florence, Italy, as well as the Palazzo Fendi building in Rome, which houses its historic boutique and a hotel.

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 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 140,000 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 the other in Vervins, which handles the production of both Givenchy and Kenzo product lines, corresponding to a total surface area of 19,000 square meters. The company also owns distribution facilities in Hersham, United Kingdom.

Make Up For Ever owns a 2,300 square meter warehouse in Gennevilliers, France.

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, in its own stores or in association with its Italian partners, in Florence, Piacenza, Naples, Milan and Padua. These units mainly produce leather goods and footwear. Christian Dior Couture also operates a leather goods production unit in Limoges, France with a French partner.

For costume jewelry, Christian Dior Couture has a state-of-the art production workshop at Pforzheim, Germany.

Baby Dior has a production facility in Redon, France.

Through a joint venture with LVMH, Les Ateliers Horlogers (LAH), Christian Dior Couture owns a watch assembly unit in La Chaux-de-Fonds, Switzerland.

6.2. DISTRIBUTION

Retail distribution of the Group's products is most often carried out through exclusive stores. Most of the stores in the Group's retail network are leased and only in exceptional cases does the Group own the buildings that house its stores.

Louis Vuitton owns certain buildings that house its stores in Tokyo, Guam, Hawaii, Seoul, Cannes, Saint-Tropez and Genoa, for a total surface area of approximately 8,000 square meters.

Céline, Fendi and Berluti also own some of their stores in Paris, Italy and Spain.

Christian Dior Couture owns certain buildings that house its stores in Paris, London, Madrid, Seoul, Sydney and Tokyo.

In Selective Retailing:

- 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, 2016, the Group's store network breaks down as follows:

(number of stores)	**June 30, 2016** (12 months)	**June 30, 2015** (12 months)
France	497	489
Europe (excluding France)	1,071	1,038
United States	762	745
Japan	405	426
Asia (excluding Japan)	1,022	973
Other	320	295
TOTAL	**4,077**	**3,966**

(number of stores)		**June 30, 2016** (12 months)	**June 30, 2015** (12 months)
Christian Dior Couture		197	194
Fashion and Leather Goods		1,536	1,550
Perfumes and Cosmetics		224	175
Watches and Jewelry		390	390
Selective Retailing:	*- Sephora*	1,661	1,584
	- Other, including DFS	52	55
	Subtotal: Selective Retailing	1,713	1,639
Other		17	18
TOTAL		**4,077**	**3,966**

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, in central Paris and in London, corresponding to a total surface area of 50,000 square meters and 9,000 square meters, respectively.

The group of properties previously used for the business operations of La Samaritaine's department store are the focus of a redevelopment project, which will transform it into a complex comprising mainly offices, shops and a luxury hotel.

Statement of the Company Officer responsible for the Annual Report

We declare that, to the best of our knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company and of all consolidated companies, and that the Management Report presented on page *7* gives a true and fair picture of the business performance, profit or loss and financial position of the parent company and of all consolidated companies as well as a description of the main risks and uncertainties faced by all of these entities.

Paris, October 28, 2016

Under delegation from the Chief Executive Officer

Florian OLLIVIER

Chief Financial Officer

Design and production: Agence Marc Praquin

Christian Dior

30, avenue Montaigne – Paris 8e