Christian Dior

TRANSLATION OF THE FRENCH "RAPPORT ANNUEL"
AS OF APRIL 30, 2012

Combined Shareholders' Meeting October 26, 2012

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.

Executive and Supervisory Bodies - Statutory Auditors as of April 30, 2012 2
Simplified organizational chart of the Group as of April 30, 2012 3
Financial highlights 4

Management report of the Board of Directors 5

1. Consolidated results 6
2. Results by business group 9
3. Business risk factors and insurance policy 15
4. Financial policy 21
5. Results of Christian Dior 24
6. Share ownership of the Company 25
7. Administrative matters 26
8. Financial authorizations 27
9. Remuneration of company officers 30
10. Stock option and bonus share plans 32
11. Information that might have an impact on a takeover bid or exchange offer 42
12. Group reporting on employee-related issues 43
13. Effects of operations on the environment 58
14. Exceptional events and litigation 69
15. Subsequent events 70
16. Recent developments and prospects 70

Report of the Chairman of the Board of Directors 71

1. Corporate governance 72
2. Implementation of risk management and internal control procedures 76

Consolidated financial statements 89

1. Consolidated income statement 90
2. Consolidated statement of comprehensive gains and losses 91
3. Consolidated balance sheet 92
4. Consolidated statement of changes in equity 93
5. Consolidated cash flow statement 94
6. Notes to the consolidated financial statements 96
7. Statutory Auditors' report 159

Parent company financial statements 161

1. Balance sheet 162
2. Income statement 164
3. Cash flow statement 165
4. Notes to the parent company financial statements 166
5. Subsidiaries and investments 174
6. Investment portfolio, other investment securities and short term investments 175
7. Company results over the last five fiscal years 176
8. Statutory Auditors' reports 177

Resolutions for the approval of the Combined Shareholders' Meeting of October 26, 2012 181

Ordinary resolutions 182
Extraordinary resolutions 184
Statutory Auditors' report on the proposed decrease in share capital 191
Statutory Auditors' report on the issue of shares or of any other investment securities with or without preferential subscription rights 192
Statutory Auditors' report on the issue of shares or of any other investment securities reserved for employees who have enrolled in a company savings plan 194
Statutory Auditors' report on the proposal to authorize the allotment of existing or newly issued shares as bonus shares 195

Other information 197

GOVERNANCE

1. List of positions or offices exercised in all companies by company officers 198
2. Statutory Auditors 207
3. Charter of the Board of Directors 208
4. Internal rules of the Performance Audit Committee 210
5. Internal rules of the Nominations and Compensation Committee 212
6. Bylaws 214

GENERAL INFORMATION CONCERNING THE COMPANY AND ITS CAPITAL - STOCK MARKET

1. History of the Group 224
2. Information regarding the parent company 226
3. Information regarding the capital 227
4. Analysis of share capital and voting rights 228
5. Market for financial instruments issued by Christian Dior 230
6. Main locations and properties 234
7. Supply sources and subcontracting 237

Statement of the Company Officer responsible for the Annual Report 240

Christian Dior

Annual Report as of April 30, 2012

Executive and Supervisory Bodies
Statutory Auditors as of April 30, 2012

BOARD OF DIRECTORS

Bernard ARNAULT
Chairman

Eric GUERLAIN [(a)]
Vice-Chairman

Sidney TOLEDANO
Chief Executive Officer

Pierre GODÉ
Group Managing Director [(b)]

Delphine ARNAULT

Denis DALIBOT

Hélène DESMARAIS [(a)]

Renaud DONNEDIEU DE VABRES [(a)]

Ségolène GALLIENNE [(a)]

Christian de LABRIFFE [(a)]

Jaime de MARICHALAR Y SÁENZ DE TEJADA [(a)]

EXECUTIVE MANAGEMENT

Sidney TOLEDANO
Chief Executive Officer

Pierre GODÉ
Group Managing Director [(b)]

PERFORMANCE AUDIT COMMITTEE

Eric GUERLAIN [(a)]
Chairman

Renaud DONNEDIEU DE VABRES [(a)]

Christian de LABRIFFE [(a)]

NOMINATION AND COMPENSATION COMMITTEE

Eric GUERLAIN [(a)]
Chairman

Hélène DESMARAIS [(a)]

Christian de LABRIFFE [(a)]

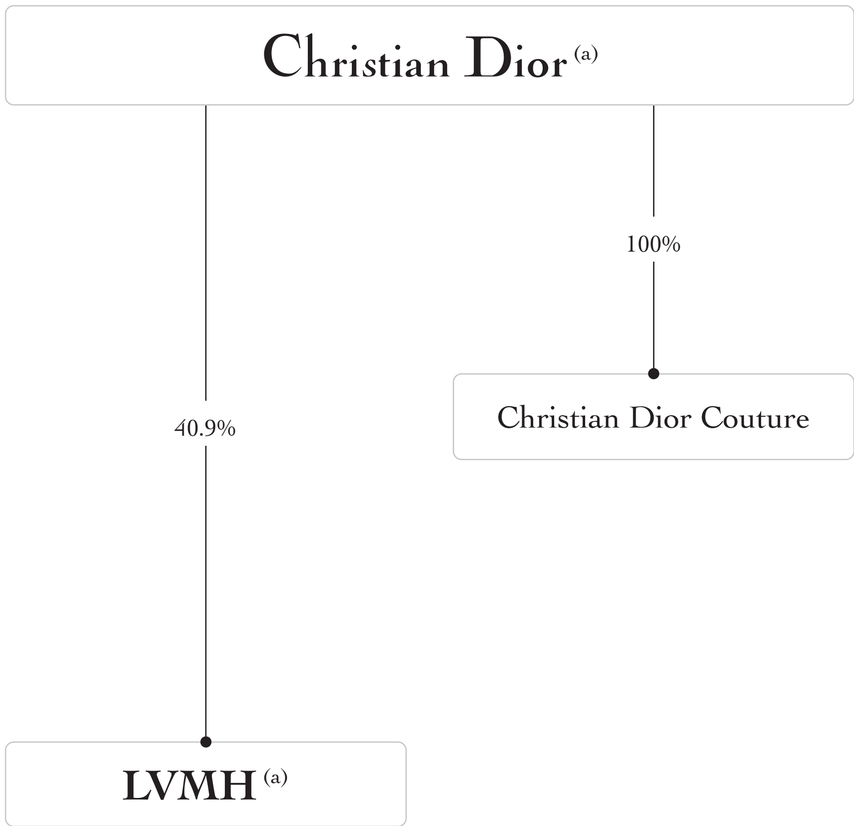
STATUTORY AUDITORS

ERNST & YOUNG et Autres
represented by Olivier Breillot

MAZARS
represented by Simon Beillevaire

(a) Independent Director.
(b) Appointed by the Board of Directors on July 26, 2012.

Simplified organizational chart of the Group as of April 30, 2012



(a) Listed company.

Financial highlights

Key consolidated data

(EUR millions and as %)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Revenue	8,993	24,628	21,123
Profit from recurring operations	1,809	5,323	4,338
Net profit	1,190	3,448	3,269
Net profit, Group share	394	1,279	1,261
Cash from operations before change of working capital [(a)]	2,114	6,270	4,911
Operating investments	478	1,820	1,078
Free cash flow [(b)]	294	2,148	3,013
Total equity [(c)]	26,009	24,942	19,570
Net financial debt [(d)]	6,895	6,093	4,142
Net financial debt/Total equity ratio	27%	24%	21%

Data per share

(EUR)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Earnings per share			
Basic Group share of earnings per share	2.20	7.14	7.06
Diluted Group share of earnings per share	2.16	7.09	7.03
Dividend per share			
Interim	-	0.98	0.88
Final	1.10	1.63	1.23
Gross amount paid for fiscal year [(e)(f)]	1.10	2.61	2.11

Information by business group

(EUR millions)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Revenue by business group			
Christian Dior Couture	371	1,000	826
Wines and Spirits	1,196	3,524	3,261
Fashion and Leather Goods	3,101	8,712	7,581
Perfumes and Cosmetics	1,188	3,195	3,076
Watches and Jewelry	853	1,949	985
Selective Retailing	2,385	6,436	5,378
Other activities and eliminations	(101)	(188)	16
TOTAL	**8,993**	**24,628**	**21,123**
Profit from recurring operations by business group			
Christian Dior Couture	22	85	35
Wines and Spirits	338	1,101	930
Fashion and Leather Goods	1,023	3,075	2,555
Perfumes and Cosmetics	159	348	332
Watches and Jewelry	85	265	128
Selective Retailing	263	716	536
Other activities and eliminations	(81)	(267)	(178)
TOTAL	**1,809**	**5,323**	**4,338**

(a) Before tax and interest paid.
(b) Net cash from operating activities and operating investments.
(c) Including minority interests.
(d) Excluding purchase commitments for minority interests, included in Other non-current assets. See Note 17.1 of the notes to the consolidated financial statements.
(e) Excludes the impact of tax regulations applicable to the beneficiaries.
(f) For fiscal year ended April 30, 2012, amount proposed at the Shareholders' Meeting of October 26, 2012.

Management report of the Board of Directors

1. Consolidated results 6

2. Results by business group 9

2.1. Christian Dior Couture 9
2.2. Wines and Spirits 11
2.3. Fashion and Leather Goods 11
2.4. Perfumes and Cosmetics 12
2.5. Watches and Jewelry 13
2.6. Selective Retailing 13

3. Business risk factors and insurance policy 15

3.1. Strategic and operational risks 15
3.2. Insurance policy 17
3.3. Financial risks 18

4. Financial policy 21

4.1. Comments on the consolidated cash flow statement 22
4.2. Comments on the consolidated balance sheet 23

5. Results of Christian Dior 24

6. Share ownership of the Company 25

6.1. Main shareholders 25
6.2. Shares held by members of the management and supervisory bodies 25
6.3. Information on share purchases and disposals 25
6.4. Summary of transactions in Christian Dior securities during the fiscal year by senior executives and related persons 25

7. Administrative matters 26

7.1. List of positions and offices held by the Directors 26
7.2. Amendment of the Bylaws 26

8. Financial authorizations 27

8.1. Status of current delegations and authorizations 27
8.2. Authorizations proposed to the Shareholders' Meeting 28

9. Remuneration of company officers 30

10. Stock option and bonus share plans 32

10.1. Options granted by the parent company, Christian Dior 32
10.2. Options granted by the Group's subsidiary, LVMH 34
10.3. Options granted to and exercised by company officers and by the Group's top ten employees during the fiscal year 36
10.4. Allocation of bonus shares and performance shares by the parent company, Christian Dior 37
10.5. Allocation of bonus shares and performance shares by the Group's subsidiary, LVMH 39
10.6. Shares allocated during the fiscal year to company officers and the Group's top ten employees 40

11. Information that might have an impact on a takeover bid or exchange offer 42

12. Group reporting on employee-related issues 43

12.1. Analysis and development of the workforce 43
12.2. Work time 47
12.3. Compensation 49
12.4. Social responsibility 50
12.5. Professional development of employees 52
12.6. Health and safety 54
12.7. Employee relations 55
12.8. Relations with third parties 55
12.9. Compliance with international conventions 57

13. Effects of operations on the environment 58

13.1. Water, energy and raw material consumption requirements 59
13.2. Soil use conditions, emissions into the air, water and soil 62
13.3. Limitation of damage to ecosystem balance, natural habitats, animal and plant species 64
13.4. Environmental protection methods within the Group 64

Report of the independent auditor relating to the disclosure and fair presentation of social and environmental information 67

14. Exceptional events and litigation 69

15. Subsequent events 70

16. Recent developments and prospects 70

1. Consolidated results

The Combined Shareholders' Meeting of April 5, 2012 adopted a resolution to change the opening and closing balance sheet dates of the Company's fiscal year to May 1 and April 30 of the following year, respectively (Article 24 of the Bylaws). The purpose of this amendment is to optimize the flow of dividend distributions within the Group. Exceptionally, as a result of the adoption of this resolution, the fiscal year under review, which began on January 1, 2012, ended on April 30, 2012.

Consolidated revenue of the **Christian Dior group** for the four-month period ended April 30, 2012 was 8,993 million euros.

The following changes have been made in the Group's scope of consolidation since January 1, 2011: in Watches and Jewelry, Bulgari was consolidated with effect from June 30, 2011 and in Selective Retailing, Ile de Beauté, one of the leading perfume and cosmetics retail chains in Russia, was fully consolidated with effect from June 1, 2011.

The Group's profit from recurring operations was 1,809 million euros. The current operating margin as a percentage of revenue was 20%.

Operating profit, after other operating income and expenses (a net expense of 80 million euros as of April 30, 2012), amounted to 1,729 million euros.

As of April 30, 2012, net financial income/(expense) was a net expense of 7 million euros. The aggregate cost of net financial debt was 71 million euros. During the period, the Group benefited from a lower average cost of borrowing and a better return on its investments, which served to offset the increase in the average net financial debt outstanding.

The Group's effective tax rate was 31%, compared to 30% as of December 31, 2011.

As of April 30, 2012, income from investments in associates totaled 3 million euros.

Consolidated net profit amounted to 1,190 million euros. The Group share of consolidated net profit was 394 million euros.

The main financial items were as follows:

(EUR millions)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Revenue	8,993	24,628	21,123
Profit from recurring operations	1,809	5,323	4,338
Operating profit	1,729	5,203	4,172
Net profit	1,190	3,448	3,269
Of which: Group share	394	1,279	1,261

Compared to April 30, 2011 [(a)], revenue growth by business group was as follows:

- Revenue from Christian Dior Couture increased by 29% at actual exchange rates and by 23% at constant exchange rates compared to April 30, 2011. Retail sales increased 39% year-on-year at actual exchange rates and were up 32% at constant exchange rates. Many product lines contributed to this revenue growth, reflecting the success of the Christian Dior Couture brand worldwide, especially Women's and Men's Ready-to-Wear, Footwear, and Leather Goods.
- Wines and Spirits saw an increase in revenue of 22% at actual exchange rates. With the net impact of exchange rate fluctuations raising Wines and Spirits revenue by 6 points, revenue for this business group increased by 16% on a constant consolidation scope and currency basis. Wines and Spirits brands successfully took advantage of the recovery in consumer spending, boosting their revenue while making product mix improvements in line with their value-enhancing strategy. Surging demand in Asia made a particularly significant contribution to the strong upturn in revenue. China is still the second largest market for the Wines and Spirits business group.
- Fashion and Leather Goods posted organic revenue growth of 12%, and 17% at actual exchange rates. This business group's performance continues to be led by the momentum of Louis Vuitton, which again recorded double-digit revenue growth. Céline, Loewe, Givenchy, Pucci, Fendi, Donna Karan and Marc Jacobs confirmed their potential, also delivering double-digit revenue growth for the four-month period ended April 30, 2012.
- Revenue for Perfumes and Cosmetics increased by 9% on a constant consolidation scope and currency basis, and by 13% at actual exchange rates. All of this business group's brands performed well. This rebound illustrates the effectiveness of the value-enhancing strategy resolutely pursued by the Group's brands in the face of competitive pressures spawned by the current economic crisis. The Perfumes and Cosmetics business group saw considerable revenue growth in both the United States and Asia, particularly in China.

(a) Non-audited figures.

• Revenue for Watches and Jewelry increased by 15% on a constant consolidation scope and currency basis, and by 140% at actual exchange rates. The consolidation of Bulgari with effect from June 30, 2011 boosted this business group's revenue by 119%. Inventory increases by retailers and the recovery in consumer demand helped to drive stronger revenue. For all of the business group's brands, Europe and Japan were the most dynamic regions.

• Revenue for Selective Retailing increased by 28% at actual exchange rates, and by 17% on a constant consolidation scope and currency basis. The positive effect of changes in the scope of consolidation relates to the consolidation of Ile de Beauté, the Russian perfume and cosmetics retail chain. The main drivers of this performance were Sephora, which saw considerable growth in revenue across all world regions, and DFS, which made excellent progress, spurred in particular by the continuing development of Chinese tourism boosting business at its stores in Hong Kong, Macao and Hawaii.

Revenue by invoicing currency

(as %)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Euro	23	27	28
US dollar	28	26	27
Japanese yen	8	8	9
Hong Kong dollar	6	6	5
Other currencies	35	33	31
TOTAL	**100**	**100**	**100**

The breakdown of revenue by invoicing currency changed as follows compared to December 31, 2011: the contribution of the euro fell by 4 points to 23%, that of the US dollar increased by 2 points to 28%, while the contribution of the Japanese yen and the Hong Kong dollar remained stable at 8% and 6%, respectively. The contribution of all other currencies rose by 2 points to 35%.

Revenue by geographic region of delivery

(as %)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
France	11	12	13
Europe (excluding France)	19	21	22
United States	22	22	22
Japan	8	8	9
Asia (excluding Japan)	30	27	25
Other markets	10	10	9
TOTAL	**100**	**100**	**100**

By geographic region of delivery and compared to December 31, 2011, the relative contribution of France to Group revenue fell by 1 point to 11% and that of Europe (excluding France) declined by 2 points to 19%. The relative contributions of the United States, Japan and other markets to Group revenue all remained stable at 22%, 8% and 10%, respectively, whereas that of Asia (excluding Japan) increased by 3 points to 30%.

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

The impact of exchange rate fluctuations is determined by translating the accounts for the period of entities having a functional currency other than the euro at the prior fiscal year's exchange rates, without taking into account the impact of foreign currency hedges on profit from recurring operations, whether settled or not during the period.

The impact of changes in the scope of consolidation is determined by deducting:
• for the period's acquisitions, revenue generated during the period by the acquired entities, as of their initial consolidation;
• for the prior period's acquisitions, current period revenue generated over the months of the prior period during which the acquired entities were not yet consolidated,

and by adding:
• for the period's disposals, prior period revenue generated over the months of the current period during which the entities were no longer consolidated;
• for the prior period's disposals, prior period revenue generated by the entities sold.

Revenue and profit from recurring operations by business group

Revenue *(EUR millions)*	**April 30, 2012** (4 months)	%	**Dec. 31, 2011** (12 months)	%	**April 30, 2011** [a] (4 months)	%
Christian Dior Couture	371	4	1,000	4	288	4
Wines and Spirits	1,196	13	3,524	14	985	14
Fashion and Leather Goods	3,101	34	8,712	35	2,640	37
Perfumes and Cosmetics	1,188	13	3,195	13	1,052	14
Watches and Jewelry	853	9	1,949	8	356	5
Selective Retailing	2,385	27	6,436	26	1,864	26
Other activities and eliminations	(101)	-	(188)	-	(47)	-
TOTAL	**8,993**	**100**	**24,628**	**100**	**7,138**	**100**

Profit from recurring operations *(EUR millions)*	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Christian Dior Couture	22	85	35
Wines and Spirits	338	1,101	930
Fashion and Leather Goods	1,023	3,075	2,555
Perfumes and Cosmetics	159	348	332
Watches and Jewelry	85	265	128
Selective Retailing	263	716	536
Other activities and eliminations	(81)	(267)	(178)
TOTAL	**1,809**	**5,323**	**4,338**

(a) Non-audited figures.

Compared to December 31, 2011, the breakdown of revenue by business group changed appreciably as a result of the consolidation of Bulgari in Watches and Jewelry in the second half of 2011, with the contribution of this business group to consolidated revenue increasing by 1 point to 9%. The period saw a 1 point drop in the contributions of both Wines and Spirits and Fashion and Leather Goods to 13% and 34%, respectively, while the contributions of Christian Dior Couture and Perfumes and Cosmetics remained stable, at 4% and 13%, respectively. The contribution of Selective Retailing rose by 1 point to 27%.

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.

Investments

The net balance from investing activities (purchases and sales) was a disbursement of 481 million euros. This includes, on the one hand, net operating investments totaling 478 million euros, and on the other hand, net financial investments totaling 3 million euros.

Research and development

Research and development expenses posted during the four-month period totaled 22 million euros as of April 30, 2012 (compared to 63 million as of December 31, 2011 and 46 million as of December 31, 2010). Most of these amounts cover scientific research and development costs for skincare and make-up products of the Perfumes and Cosmetics business group.

2. Results by business group

As a result of the change in the fiscal year-end date from December 31 to April 30, the fiscal year corresponds to a four-month period (January – April). As an aid in the understanding of the results, the business activity as well as (non-audited) figures for the first four months of the 2011 fiscal year are also presented. Moreover, results by business group for the 12-month period of the 2011 fiscal year as also shown below are those published by Christian Dior Couture and LVMH.

2.1. CHRISTIAN DIOR COUTURE

2.1.1. Highlights

The key highlights of the fiscal year ended April 30, 2012 were as follows:

Strategy emphasizing excellence

Exceptional revenue growth, backed by Dior's strategy emphasizing excellence, was fueled by the continuing success of the brand's Leather Goods and Ready-to-Wear collections, but also by a number of major Watches and Jewelry launches, which were enthusiastically received.

Sales growth in the network of directly owned points of sale

Over the first four months of the year, revenue generated by Dior's retail activities improved by 32% at constant exchange rates, compared to the same period in 2011. This growth was seen across all geographic regions, with strong results achieved across all the Group's product lines: Leather Goods, Women's and Men's Ready-to-Wear, Footwear, Watches and Jewelry.

Improvement in profit from recurring operations

Profit from recurring operations amounted to 22 million euros in the fiscal year ended April 30, 2012, more than double that of the same period in 2011, owing to stronger sales and continued gross margin improvements.

Targeted investments

The exclusive profile of Dior's retail network was further enhanced during the period, with investments focused on the renovation of existing strategic locations.

Renovations were thus carried out in Thailand (Bangkok), China (Nanjing, Shenyang), Japan (Tokyo, Nagoya), Taiwan (Taipei), and the United Kingdom (London). The period also saw the inauguration of new boutiques in the United States (Florida) and Taiwan (Taichung).

Appointment of a creative director

Raf Simons, one of today's leading designers, has been appointed by Christian Dior Couture as the new creative director for its Haute Couture, Women's Ready-to-Wear and Women's Accessories collections, to continue the legacy set forth by the fashion house's founder.

Image

The opening of the new boutique in Tokyo's Ginza district was accompanied by an exhibition dedicated to the *Lady Dior* handbag.

During the period, Dior held its first Haute Couture runway show in China. For this occasion, the atmosphere and decoration of the fashion house's salons in Paris were entirely recreated in Shanghai.

The *Dior VIII* timepiece collection, launched in the manner of an Haute Couture collection, has already generated a very strong following.

The new *My Dior* fine jewelry line consists of intricately woven gold rings and bracelets, set with precious stones and inspired by the *cannage* (woven cane) design, one of the fashion house's motifs.

Advertising campaigns featuring Marion Cotillard and Mila Kunis thrust the *Lady Dior* and *Miss Dior* lines into the spotlight, while Charlize Theron served as the special ambassador for the campaign promoting the *Dior VIII* watch collection.

2.1.2. Consolidated results of Christian Dior Couture

Consolidated revenue amounted to 371 million euros in the first four months of 2012, up 23% at constant exchange rates and 29% at actual exchange rates, compared to the same period in 2011.

Profit from recurring operations was 22 million euros for the first four months of 2012, representing an increase of 14 million euros compared to the same period in 2011. This improvement in the profitability of operations reflects an appreciable boost in the gross margin.

Operating profit amounted to 23 million euros following the recognition of non-recurring income and expenses.

Net financial income/(expense) was a net expense of 5 million euros and the **tax expense** totaled 8 million euros.

The **Group share of net profit** was 7 million euros for the four-month period, with the amount attributable to minority interests totaling 3 million euros.

2.1.3. Analysis of Christian Dior Couture group revenue by business activity

Revenue for the period from January 1 to April 30, 2012 is compared with the same period in 2011.

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	April 30, 2011 (4 months)	Change 04/30/12 vs. 04/30/11 At actual rates	At constant rates
License royalties	12	35	13	-10%	-11%
Wholesale activities	26	123	35	-27%	-27%
Retail and other activities	333	842	240	+39%	+32%
TOTAL	**371**	**1,000**	**288**	**+29%**	**+23%**

License concessions

Christian Dior Couture's license royalties declined in the period, mainly as a result of the termination of the concession for a mobile telephony business. As a whole, they now represent only 3% of revenue.

Wholesale activities

The distribution strategy embodying a more selective approach with multi-brand clients resulted in a decrease of the relative contribution by this segment to Christian Dior Couture's revenue during the period.

Retail and other activities

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	April 30, 2011 (4 months)	Change 04/30/12 vs. 04/30/11 At actual rates	At constant rates
Europe and the Middle East	139	388	109	+28%	+26%
Americas	31	79	22	+37%	+30%
Asia-Pacific	163	375	109	+50%	+39%
TOTAL	**333**	**842**	**240**	**+39%**	**+32%**

- Retail sales continue to show strong growth: as of April 30, 2012, they increased by 32% at constant rates compared to the same period in 2011.
- All geographic regions, and in particular Asia-Pacific, contributed to this performance.
- Within the retail network, the main highlights of the period were the openings of boutiques at the Taipei 101 shopping mall (Taiwan) and in Tokyo's Ginza district (Japan).
- In Leather Goods, the period saw the development of new handbag lines.
- Women's and Men's Ready-to-Wear also recorded a remarkable rise in sales, particularly in high-growth markets.
- Dior further consolidated its position in luxury watchmaking during the period, with the notable success of its new *Dior VIII* timepieces, and expanded the range of its Fine Jewelry offerings, with the launch of the *My Dior* collection of rings and bracelets.

2.1.4. Outlook

In the coming fiscal year, Christian Dior Couture will continue to emphasize excellence, seizing every opportunity to draw on its exceptional savoir-faire, underpinned by Dior's enduring values: absolute elegance and creative audacity.

Raf Simons' first Haute Couture collection for Christian Dior will be presented in Paris in July 2012.

Many special events and a number of significant new product launches will drive Christian Dior Couture's growth in its strategic markets.

2.2. WINES AND SPIRITS

2.2.1. Highlights

In the four-month period ended April 30, 2012, revenue for the Wines and Spirits business group amounted to 1,196 million euros, representing an increase of 22% at actual exchange rates and 16% on a constant consolidation scope and currency basis compared to April 30, 2011.

Profit from recurring operations for Wines and Spirits was 338 million euros, up 18% compared to the first four months of 2011. This performance was the result of both sales volume growth and a favorable product and country mix. Tight control of costs, together with the positive impact of exchange rate fluctuations, successfully offset the rise in advertising and promotional expenditures focused on strategic markets. The operating margin as a percentage of revenue for this business group decreased by 1 point compared to April 30, 2011, to 28%.

2.2.2. Main developments

Champagnes and Wines

Solid gains were achieved in all markets.

Moët & Chandon continued to consolidate its global leadership position. The 2003 vintage of **Dom Pérignon**, which was launched during the period, was acclaimed by the world's most respected experts in the field. **Veuve Clicquot Ponsardin** made further headway in the United States and in Asia. **Ruinart** launched a new collection for its Blanc de Blancs cuvee, created in collaboration with designer Hervé Van der Straeten, and continues to see solid growth. **Krug** achieved good growth in Europe despite a mixed environment and demonstrated excellent momentum both in Japan and across the rest of the Asia-Pacific region.

The Wine business recorded significant revenue growth, in particular thanks to improvements in the product mix for the wines sold by **Estates & Wines**.

Cognac and Spirits

Asia was the primary growth driver for **Hennessy** cognac, where the brand has successfully combined controlled increases in volumes and limited availability of its prestige qualities with the outstanding reception for *Classivm*. Hennessy passed the million-case mark for sales in China at the beginning of 2012. During the period, the brand also reaffirmed its status as the top-selling cognac in the United States, while making strong advances in several high-potential markets, including Vietnam, Mexico, Russia and Nigeria.

Among other brands in the Spirits business, **Glenmorangie** and **Ardbeg** maintained their excellent momentum, while **Wenjun** saw strong growth in China, as did **Belvedere** vodka across all of its markets.

2.2.3. Outlook

In the coming fiscal year, always carefully controlling volume increases for champagne and cognac, the Wines and Spirits business group will remain true to its value-creation strategy: innovation, premium prices, as well as targeted media investments aimed at reinforcing recognition for all of its brands and encouraging enthusiasm for their products. With the ever increasing desire for quality established as the dominant market trend around the world, the excellence of Moët Hennessy's products and the strength of its distribution network provide the business group with two key advantages in order to consolidate their positions in traditional markets and continue to make gains in emerging markets, and thus reinforce their leadership in prestige wines and spirits.

2.3. FASHION AND LEATHER GOODS

2.3.1. Highlights

In the four-month period ended April 30, 2012, revenue for the Fashion and Leather Goods business group amounted to 3,101 million euros, representing organic growth of 12%, and 17% at actual exchange rates compared to the same period in 2011.

Profit from recurring operations for this business group was 1,023 million euros, up 14% compared to April 30, 2011. Profit from recurring operations for Louis Vuitton substantially increased, while Céline, Loewe, Givenchy and Marc Jacobs confirmed their profitable growth momentum. The operating margin as a percentage of revenue for this business group decreased by 1 point compared to April 30, 2011, to 33%.

2.3.2. Main developments

Louis Vuitton

Louis Vuitton again achieved double-digit revenue growth, with all of its businesses and markets contributing to this performance. Its revenue gains continue to be accompanied by exceptional profitability. Customers from all over the world share the House of Vuitton's values and remain responsive to the brand's unstinting commitment to quality, thus attesting to the timeless appeal of its creations. Sales to customers from China and America were particularly strong during the period. Despite a mixed business environment, sales in Europe were buoyed by the growing numbers of tourists eager to experience the universe of Louis Vuitton during their travels in this region of the world, where the House of Vuitton and the exceptional savoir faire of its artisans have their roots.

Louis Vuitton continued to focus efforts on the selective and qualitative development of its retail network, in particular with the inauguration of the Roma Etoile Maison. The exhibition "Louis Vuitton – Marc Jacobs" has been on view since early March at the *Musée des Arts Décoratifs* in Paris.

Fendi

Fendi's strong performance during the period was driven in particular by its Leather Goods and Footwear collections. The brand's Ready-to-Wear collection for men also made considerable strides. Sales of Fendi's emblematic *Baguette* handbag remained on a steady growth track. The *Peekaboo* line performed solidly as well, laying claim to this collection's status as a new icon for the brand. Fendi also focused efforts on expanding its retail network during the period. New stores were opened in Mexico and China, among other locations.

Other brands

Céline performed remarkably well across all its markets, reflecting the exceptional results achieved by all its product lines. Work on the renovation and qualitative expansion plan for the brand's network of boutiques also continued, highlighted by the opening of Céline's new store on Madison Avenue in New York.

Donna Karan achieved solid growth, driven in particular by the development of accessories marketed under the *DKNY* brand and the reacquisition of the *DKNY Jeans* line on a direct basis, with a focus on delivering the spirit and energy embodied in the brand's values.

The business group's other brands improved their results, thus confirming the relevance of the strategic choices made and the effectiveness of the actions undertaken in relation to all aspects of their growth models. **Loewe**, **Marc Jacobs**, **Givenchy** and **Pucci** all recorded strong gains. Carol Lim and Humberto Leon's debut collections for **Kenzo** were warmly received.

2.3.3. Outlook

The months ahead will be marked by several key milestones for Louis Vuitton, including the opening of its first boutique and its first workshop dedicated to fine jewelry on Place Vendôme in Paris as well as the reopening of the Shanghai Maison, following the completion of its major renovation project. The brand will reinforce its ties with the art world through a new collaboration with the prominent Japanese artist Yayoi Kusama.

Many exciting developments are in the works at the other Fashion and Leather Goods brands, both in terms of creation and expansion.

2.4. PERFUMES AND COSMETICS

2.4.1. Highlights

Perfumes and Cosmetics recorded revenue of 1,188 million euros for the first four months of 2012, representing an increase of 9% at constant structure and exchange rates and 13% at actual exchange rates compared to April 30, 2011.

Profit from recurring operations was 159 million euros, up 11% compared to the same period in 2011. This growth was driven by Guerlain, Benefit, and Givenchy, all of which posted improved results, thanks to the launch of *La Petite Robe Noire* for Guerlain as well as the success of market-leading product lines and strong innovative momentum. The operating margin as a percentage of revenue for this business group decreased by 1 point compared to April 30, 2011, to 13%.

2.4.2. Main developments

Parfums Christian Dior

Thanks to the brand's exceptional global reach, **Parfums Christian Dior** again reported an excellent performance. *J'adore* consolidated its position as the number one fragrance for women in France, also gaining market share in all other countries. *Miss Dior* opened a new chapter in its illustrious history with the launch of its *Eau Fraîche*, while *Dior Homme Sport* achieved exceptional growth over the period, placing it among the top-selling men's fragrances. Two new exclusive fragrances were added to the *Collection Privée Christian Dior*. Buoyed in particular by the innovative mascara product *Diorshow New Look* and the launch of *Dior Addict Extrême* lipstick, the brand's make-up continued its international momentum. In skincare, highlights include the increasing popularity of the brand's *Prestige* line, the embodiment of its innovative savoir-faire.

Guerlain

Guerlain achieved solid growth, elevated by the promising reception for the bold and ambitious launch in France of *La Petite Robe Noire*, the brand's newest fragrance for women, in March. *Orchidée Impériale* maintained its excellent pace of growth in all the world's regions, confirming its status as the leading Guerlain skincare line. In make-up, *Noir G*, the first ever premium refillable mascara, met with considerable success.

Other brands

For **Parfums Givenchy**, growth was driven mainly by the successful launches of *Very Irresistible Electric Rose* and *Play Homme Sport* as well as the rising popularity of *Ange ou Démon*. The brand's make-up lines saw a strong increase in sales, especially in Russia, China and the Middle East.

Kenzo Parfums also performed well, thanks to the vitality of its flagship product *Flower by Kenzo* and the success of its new men's fragrance *Kenzo Homme Sport*.

Fendi Parfums consolidated its positions with very satisfactory results in Italy, the United States, Argentina, and the Middle East.

Benefit continues to deliver rapid growth across all its markets. Top sellers for the brand include its *Hello Flawless!* foundation and *they're Real!* mascara.

Make Up For Ever had another period of exceptional growth and strengthened its presence in its key markets.

2.4.3. Outlook

In the months ahead, the Group's brands, each with considerable potential for growth, will be putting emphasis on innovation, supported by substantial media investments to build visibility and heighten the allure of their products.

2.5. WATCHES AND JEWELRY

2.5.1. Highlights

In the first four months of 2012, revenue for Watches and Jewelry amounted to 853 million euros, representing an increase of 15% at constant structure and exchange rates and 140% at actual exchange rates compared to April 30, 2011.

Profit from recurring operations increased nearly twofold year-on-year, to 85 million euros. This rise was due mainly to the consolidation of the results of Bulgari's operations. As the operating margin achieved by the Italian luxury house was lower than the average margin for the business group as a whole, Watches and Jewelry saw a 3 point decline in its operating margin as a percentage of revenue to 10%.

2.5.2. Main developments

The business group's watch brands reported record-setting orders at the international watch and jewelry trade fairs, thanks to the power of their iconic product lines and the resounding success of their innovative new designs. In line with the Group's strategy to further reinforce vertical integration in the Watches segment, the period saw new investments in the development of internal production capacities for watch components as well as continued expansion of the network of exclusive brand boutiques.

As anticipated, the Group's integration of **Bulgari** was completed very smoothly. The Italian luxury house recorded excellent results across all its product lines, with a particularly strong performance by its *Serpenti* collection. Bulgari continued to build its international presence and recognition through singular events during the period, such as the retrospective exhibition "Between Eternity and History" held in Shanghai.

All of the business group's brands once again demonstrated their extreme vitality and creativity. **TAG Heuer** launched *Link Lady*, a new ladies' watch collection, embodied by the brand's new ambassador, Cameron Diaz. Always at the vanguard of innovation, the brand unveiled two of its latest achievements at Baselworld, the *Mikrotourbillon S*, entirely conceived, designed and developed in-house, and the *Mikrogirder 10000* concept, the first ever chronograph movement accurate to 5/10000ths of a second. **Zenith** raised the curtain on its expanded *Pilot* collection, including new models incorporating cutting-edge technologies. As always brilliantly combining winning partnerships and a strongly innovative streak, **Hublot** released the first timepieces manufactured using its new, scratch-resistant gold alloy, while enriching the offerings in its iconic *Classic Fusion*, *Big Bang* and *King Power* lines. In keeping with the vision and tradition of excellence upheld by the House of Dior's Haute Couture division, **Montres Dior**'s achievements during the period further reinforced its upscale image. **Fred** and **Chaumet** used high-profile media campaigns to promote their timeless lines as well as their latest creations, while **De Beers** introduced new additions to its collections and continued to focus on expanding its presence in China.

2.5.3. Outlook

Although financial economic uncertainty still prevails in Europe, the current sales trend for the business group's brands suggests that good revenue growth will be achieved worldwide for the year as a whole. Innovation will be the key strategic focus in the coming months, with the brands' various launches promoted through significant marketing investments and new advertising campaigns. Production capacities for watch components will see further development, achieved by leveraging expertise across all of the Group's brands and by encouraging industrial synergies. For example, **TAG Heuer** is boosting its production capacity for the *Calibre 1887* mechanical chronograph by building a new, fully dedicated manufacturing facility. Highly selective openings of new stores will expand the business group's retail network. **Bulgari** is preparing for the opening of a new hotel in Knightsbridge, London.

2.6. SELECTIVE RETAILING

2.6.1. Highlights

Selective Retailing recorded revenue of 2,385 million euros for the first four months of 2012, representing an increase of 28% at actual exchange rates and 17% at constant structure and exchange rates compared to April 30, 2011. Profit from recurring operations increased 33% compared to the same period in 2011, to 263 million euros.

The operating margin as a percentage of revenue for this business group as a whole remained stable compared to April 30, 2011, at 11%.

2.6.2. Main developments

DFS

DFS once again achieved strong revenue growth, buoyed in particular by the dynamism of Asian customers. Hong Kong, Macao, Singapore, and North America delivered exceptional growth. The period also saw further efforts focused on reinforcing the upscale image of the DFS *Gallerias* in Singapore, Hawaii and Macao. The Macao Four Seasons *Galleria*, a flagship store for DFS which amply demonstrates its luxury positioning strategy, is currently undergoing expansion.

Miami Cruiseline

Miami Cruiseline remained on track with solid revenue growth, owing to a rise in passenger spending and increased capacities for certain of its cruise lines. In response to the current development of South American itineraries, Miami Cruiseline has successfully implemented marketing strategies targeting customers likely to be interested in these new destinations, reflected in strong sales.

Sephora

Sephora performed remarkably well, gaining market shares. As of April 30, 2012, its global network comprised 1,313 stores in 27 countries. The retailer saw continued growth in online sales during the period.

Sales improved in Europe, despite a mixed business environment. In France, Sephora further expanded its leadership position. In Russia, the Ile de Beauté retail network, in which Sephora now holds a 65% stake, turned in excellent results. Two high points early in 2012 were the inauguration of an Italian e-commerce site and preparations for the opening of the retailer's first store in Denmark.

Sephora once again delivered exceptional growth in the United States, while continuing to meet with success in Canada. The retailer also expanded its presence in Latin America during the period, with the opening of additional points of sale in Mexico. In addition, Sephora stepped up its expansion in China and its sales continued to soar in the Middle East and Southeast Asia.

Le Bon Marché

Le Bon Marché enjoyed a good four-month period and made further efforts to reinforce its market position as a retailer offering an exceptional shopping experience. Work on an ambitious renovation and expansion plan is now under way at the prestigious Left Bank department store. Initially, the plan calls for the creation of a new menswear department and the arrival of new luxury brands.

2.6.3. Outlook

During the months ahead, **DFS** will continue to reap the rewards of growth in its market and the success of its strategy to reinforce its upscale image. Hong Kong will see the opening of a third *Galleria* and the retailer has just been awarded contracts for three new concessions at Hong Kong International Airport, which will start operations at the end of the year. Work will continue on the renovation and expansion plan for the Macao location. While committing further investments to destinations popular with Asian tourists, DFS will remain poised to seize any and all opportunities for diversification in its customer segments and its geographic coverage.

Miami Cruiseline will continue to revamp and refine its sales and marketing approach, seeking to optimize the appeal of its offerings across various cruise customer segments.

Sephora will pursue an ambitious geographic expansion program in the coming months, including the opening of its first stores in Denmark and Brazil. The retailer's policy of innovation, in relation to both service quality and the range of product lines offered, will be extended. Sephora will be expanding the use of mobile checkout devices, which allow staff to process payments on the store floor, launched in the United States in 2011 and in France in 2012. Also in France, MySephora, a new tool designed to personalize the in-store customer relationship, will be rolled out more widely.

Le Bon Marché will be celebrating its 160th anniversary with a major exhibition paying tribute to its heritage. The main store's new menswear department will be inaugurated, as well as La Grande Épicerie food hall's new wine cellar.

3. Business risk factors and insurance policy

3.1. STRATEGIC AND OPERATIONAL RISKS

3.1.1. Group's image and reputation

Around the world, the Group is known for its brands, unrivaled expertise and production methods unique to its products. The reputation of the Group's brands rests on the quality and exclusiveness of its products, their distribution networks, as well as the promotional and marketing strategies applied. Products or marketing strategies not in line with brand image objectives, inappropriate behavior by brand ambassadors, as well as detrimental information circulating in the media might endanger the reputation of the Group's brands and adversely impact sales. The net value of brands, trade names and goodwill recorded in the Group's balance sheet as of April 30, 2012 amounted to 21.4 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 in favor of a legal framework suited to the digital world, prescribing the responsibilities of the various participants, are an integral part of this vigilance.

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

3.1.2. Counterfeit and parallel retail networks

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

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

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

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

From January 1 to April 30, 2012, anti-counterfeiting measures generated internal and external costs, in the amount of approximately 12 million euros.

3.1.3. Contractual constraints

In the context of its business activities, the Group enters into multi-year agreements with its partners and some of its suppliers (especially lease, concession, distribution and procurement agreements). Should any of these agreements be terminated before its expiration date, compensation is usually provided for under the agreement in question, which would represent an expense without any immediate offsetting income item. As of April 30, 2012, the total amount of minimum commitments undertaken by the Group in respect of multi-year lease, concession, and procurement agreements amounted to 6.8 billion euros.

Detailed descriptions of these commitments may be found in Notes 29.1 and 29.2 to the consolidated financial statements. However, no single agreement exists whose termination would be likely to result in significant costs at Group level.

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

In addition, the Group has entered into commitments to its partners in some of its business activities to acquire the stakes held by the latter in the activities in question should they express an interest in such a sale, according to a contractual pricing formula. As of April 30, 2012, this commitment is valued at 4.3 billion euros and is recognized in the Group's balance sheet under Other non-current liabilities (see Note 19 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 DFS and Moët Hennessy, for which the minimum dividend amount is contractually agreed to be 50% of the consolidated net profit of these entities.

3.1.4. 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.

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. Furthermore, 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.

Lastly, the Group takes an active part in discussions worldwide on negotiations regarding access to markets as well as agreements on easing access to the European Union for non-European tourists.

3.1.5. Consumer safety

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

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

In all markets where they sell their products, the Group's Wines and Spirits brands are subject to numerous regulations intended to inform and protect consumers against risks related to excessive alcohol consumption. In addition to cross-cutting regulations that govern the promotion of products, as well as places of sale and consumption, specific regulations also apply to precise segments of the population: minors, pregnant women, and employees in the workplace. Apart from ensuring compliance with these regulations, the Wines and Spirits business group maintains a policy, which it reviews on an ongoing basis, designed to effectively communicate information relating to the health risks of excessive alcohol consumption. This policy leads to the implementation of awareness campaigns promoting moderate consumption in accordance with the cultural specificities of its markets and motivated by a constant desire to educate its target audience, which comprises consumers of its products, visitors to its production facilities and other sites open to the public, as well as Wines and Spirits employees.

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

3.1.6. Seasonality

Nearly all of the Group's activities are subject to seasonal variations in demand. Historically, a significant proportion of the Group's sales – on the basis of revenue generated between January to December 2011, approximately 30% of the annual total for all businesses, with the exception of Wines and Spirits and Watches and Jewelry on the one hand and Christian Dior Couture, for which the proportion is between 35% and 40% on the one hand, and 29% respectively – has been generated during the peak holiday season in the fourth quarter of the civil year. Unexpected events in the final months of the year may have a significant effect on the Group's business volume and earnings.

3.1.7. Supply sources and strategic competencies

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

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

With respect to supply sources and sub-contracting, please also refer to section "Other information" of the Annual Report.

In addition, the Group's professions require highly specific skills and expertise, in the areas of leather goods or watchmaking, for example. In order to avoid any dissipation of this know-how, the Group implements a range of measures to encourage training and to safeguard those professions, which are essential to the quality of its products.

3.1.8. Information systems

The Group is exposed to the risk of information systems failure, as a result of a malfunction or malicious intent. The occurrence of this type of risk event may result in the loss or corruption of sensitive data, including information relating to products, customers or financial data. Such an event may also involve the partial or total unavailability of some systems, impeding the normal operation of the processes concerned. In order to protect against this risk, the Group puts in place a decentralized architecture which means that any propagation of this risk can be avoided. Through its network of IT security managers, the Group continues to implement a full set of measures to protect its sensitive data as well as business continuity plans at each Group company.

3.1.9. Industrial and environmental risks

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

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 section entitled "Effects of operations on the environment" of the Management report of the Board of Directors.

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

The protection of the Group's assets is part of a policy on industrial risk prevention meeting the highest safety standards (NFPA fire safety standards). Working with its insurers, LVMH 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 2011, engineering consultants devoted about a hundred audit days to the program at LVMH and thirty days in the first four months of 2012.

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

3.2. INSURANCE POLICY

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

- systematic identification and documentation of risks;
- risk prevention and mitigation procedures for both persons 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 under 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 its financial capacity, the Group's 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. The deductibles payable by Group companies in the event of a claim reflect an optimal balance between coverage and the total cost of risk. Insurance costs paid by the LVMH group companies and Christian Dior Couture are respectively less than 0.22% and 0.14% of consolidated annual revenue.

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

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

3.2.1. Property and business interruption insurance

Most of the Group's manufacturing operations are covered under a consolidated international insurance program for property damage and associated 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 1.7 billion euros per claim, an amount determined following an updated analysis conducted in 2011 of LVMH's maximum possible losses. This limit amounts to 200 million euros per claim for Christian Dior Couture.

Coverage for "natural events" provided under the Group's international damage insurance program has been increased in 2011 to 100 million euros per claim and 200 million euros per year for LVMH and 200 million euros per claim in France (10 million euros outside of France) for Christian Dior Couture. As a result of a Japanese earthquake risk modeling study performed in 2009, specific coverage in the amount of 150 million euros was taken out for this risk at the LVMH group. For Christian Dior Couture, specific coverage in the amount of 40 million euros was taken out in 2011. 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 (60 million euros for LVMH and 4 million euros for Christian Dior Couture) corresponds to the maximum possible single transport loss.

3.2.3. Third-party liability

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

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

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

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

3.2.4. Coverage for special risks

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

3.3. FINANCIAL RISKS

3.3.1. Credit risks

Because of the nature of its activities, the majority of the Group's sales do not give rise to customer credit risk. Sales are made directly to customers through Christian Dior Couture, the Selective Retailing network, the Fashion and Leather Goods companies and, to a lesser extent, the Perfumes and Cosmetics and Watches and Jewelry companies. Together, these sales accounted for approximately 64% of total revenue in 2012.

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 very satisfactory, with a cover ratio of around 94% as of April 30, 2012.

3.3.2. Counterparty risk

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

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

3.3.3. Foreign exchange risk

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

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

The Group actively manages its exposure to foreign exchange risk in order to reduce its sensitivity to unfavorable currency fluctuations by implementing hedges such as forward sales and options. An analysis of the sensitivity of the Group's net profit to fluctuations in the main currencies to which the Group is exposed, as well as a description of the extent of cash flow hedging for 2012-2013 relating to the main invoicing currencies are provided in Note 21.5 to the consolidated financial statements.

Owning substantial assets denominated in currencies other than euros (primarily the US dollar and Swiss franc) may also be a source of foreign exchange risk with respect to the Group's net assets. This currency risk may be hedged either partially or in full through the use of borrowings or financial futures denominated in the same currency as the underlying asset. An analysis of the Group's exposure to foreign exchange risk related to its net assets for the main currencies involved is presented in Note 21.5 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 6.9 billion euros as of April 30, 2012. After hedging, 45% of gross debt was subject to a fixed rate of interest and 55% was subject to a floating interest 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 17.4 and 17.7 to the consolidated financial statements.

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

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

3.3.5. Equity market risk

The Group's exposure to equity market risk relates mainly to Christian Dior's ownership interest in LVMH as well as Christian Dior and LVMH treasury shares, which are held primarily for stock option plans and bonus share plans. The Group also holds LVMH share-settled calls to cover these commitments. Christian Dior treasury shares, as well as call options on Christian Dior shares, are considered as equity instruments under IFRS, and as such have no impact on the consolidated income statement.

The Group holds a 22.4% stake in Hermès International SCA as of April 30, 2012. Other quoted securities may be held by some of the funds in which the Group has invested, or even directly within non-current or current available for sale financial assets.

The Group may use derivatives in order to reduce its exposure to risk. Derivatives may serve as a hedge against fluctuations in share prices. For instance, equity swaps in LVMH shares allow cash-settled compensation plans index-linked to the change in the LVMH share-price to be covered. Derivatives may also be used to synthetically build a buyer position.

3.3.6. Commodity market risk

The Group, mainly through its Watches and Jewelry business group, may be exposed to changes in the prices of certain precious metals, such as gold. In certain cases, in order to ensure visibility with regard to production costs, hedges may be implemented. This is achieved either by negotiating the forecast price of future deliveries of alloys with precious metal refiners, or by negotiating the price of semi-finished products with producers, or by purchasing hedges from top-ranking banks. In the latter case gold is purchased from banks, or future and/or options contracts are taken out with a physical delivery.

3.3.7. Liquidity risk

The Group's local liquidity risks are generally not significant. Its overall exposure to liquidity risk can be assessed (a) with regard to outstanding amounts in respect of its commercial paper program (1.7 billion euros) or (b) by comparing the amount of the short term portion of its net financial debt before hedging (3.9 billion euros as of April 30, 2012) to the amount of cash and cash equivalents (1.8 billion euros). Should any of these borrowing facilities not be renewed, the Group has access to undrawn confirmed credit lines totaling 4.2 billion euros.

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

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

In addition, as is customary, the applicable margin on drawdowns of certain long term credit lines depends on LVMH's rating by Standard & Poor's. As of April 30, 2012, no drawdown had been performed under these schemes.

Furthermore, should these clauses be triggered, this would not have a significant impact on the Group's cash flow.

The breakdown of financial liabilities by contractual maturity is presented in Note 21.7 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 a stringent policy, as well as rigorous management guidelines 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 an information system which allows hedging transactions to be monitored quickly.

The Group's hedging strategy is presented to the Performance Audit Committee. Hedging decisions are taken by means of a clearly established process that includes regular presentations to the Group's management bodies and detailed documentation.

4. Financial policy

In fiscal years ended December 31, 2011 and April 30, 2012, the Group's financial policy focused on:

- Improving the Group's financial structure and its flexibility, as evidenced by the key indicators listed below:
  - substantial growth in equity:
    following a 27% rise in 2011 to 24.9 billion euros, equity before appropriation of profit increased by 4% in the first four months of 2012, to 26 billion euros. This improvement is attributable to the amount of net profit and the revaluation of assets held by the Group;
  - reasonable growth in net debt:
    the rise in net financial debt, from 6.1 billion euros as of December 31, 2011 to 6.9 billion euros as of April 30, 2012, reflects the seasonal nature of demand affecting the Group's activities, generating cash requirements in the first few months of the year;
  - access of the Group to liquidity, in particular through its commercial paper program finding favor with a number of investors and offering attractive rates;
  - maintaining a substantial level of cash and cash equivalents in the fiscal year ended April 30, 2012 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 in particular by the renewal in 2011 of a five-year syndicated loan, providing for the option to extend this maturity by a further two years, in the amount of 2 billion euros, by the bond issue in an amount of 300 million euros falling due in 2016, and, on a broader basis, by a significant reserve of undrawn confirmed credit lines totaling 4.2 billion euros.
- 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 investments.

  The Group has maintained a position ensuring that it will continue to benefit from the significant decline in interest rates. With regard to foreign exchange risks, the Group continued to hedge the risks of exporting companies using call options or collars to limit the negative impact of currency depreciation while retaining most of the gains in the event of currency appreciation. This strategy was successful in an extremely volatile period.
- Greater concentration of Group liquidity owing to the ongoing worldwide dissemination of best practices for cash management, ensuring the fluidity of cash flows across the Group and better centralized liquidity management. As a rule, the Group applies a diversified short term and long term investment policy.
- The moderate increase in the cost of net financial debt, which amounted to 71 million euros for the first four months of 2012, as against 204 million euros in 2011. This situation results in particular from the substantial proportion of variable-rate borrowings in a context of lower rates.
- Pursuing a dynamic dividend payout policy to shareholders, to enable them to benefit from the company's very strong performance in early 2012: payment of a dividend of 1.10 euros per share in respect of the four-month fiscal year ended April 30, 2012. As a result, total dividend payments to shareholders by Christian Dior in respect of this fiscal year amount to 200 million euros, before the impact of treasury shares.

4.1. COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement, which is shown in the consolidated financial statements, details the main cash flows for the fiscal year ended April 30, 2012.

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Change
Cash from operations before changes in working capital	**2,114**	**6,270**	**-4,156**
Cost of net financial debt: interest paid	(60)	(197)	+137
Income taxes paid	(547)	(1,557)	+1,010
Net cash from operating activities before changes in working capital	**1,507**	**4,516**	**-3,009**
Total change in working capital	(735)	(548)	-187
Operating investments	(478)	(1,820)	+1,342
Free cash flow	**294**	**2,148**	**-1,854**
Financial investments	(3)	(1,286)	+1,283
Transactions relating to equity	(976)	(2,504)	+1,528
Change in cash before financing activity	**(685)**	**(1,642)**	**+957**

Cash from operations before changes in working capital was 2,114 million euros in the first four months of 2012, compared to 6,270 million euros in the previous 12-month fiscal year.

Net cash from operations before changes in working capital (thus after interest and income tax) amounted to 1,507 million euros as of April 30, 2012.

Interest paid, amounting to 60 million euros, declined slightly year-on-year, with the effects of the increase in net financial debt in the year offset by lower interest rates on borrowings as well as a better return on cash and cash equivalents.

Income tax paid amounted to 547 million euros.

Working capital requirements increased by 735 million euros. The rise in inventories, particularly in Wines and Spirits, Fashion and Leather Goods, Selective Retailing, and Watches and Jewelry, generated a cash requirement of 491 million euros. Reduced trade accounts payable balances consumed 229 million euros, financed by the decline in trade accounts receivable in the amount of 248 million euros, mainly due to seasonal changes in demand affecting the Group's activities.

Operating investments for the period, net of disposals, resulted in a net cash outflow of 478 million euros in the four-month fiscal year, compared to 1,820 million euros in fiscal year 2011. These mainly consisted of investments by Louis Vuitton, DFS, Sephora, and Christian Dior Couture in their retail networks.

Financial investments represented a 3 million euro outflow in the four-month fiscal year, compared to 1,286 million euros in 2011.

Transactions relating to equity generated an outflow of 976 million euros over the period. The balance of the 2011 dividend paid by Christian Dior SA in the fiscal year accounted for 292 million euros of this total, after the impact of treasury shares. Furthermore, the minority shareholders of consolidated subsidiaries received 719 million euros in dividends. These mainly relate to minority interests in LVMH SA, those in Diageo related to its 34% equity interest in Moët Hennessy, and minority interests in DFS.

Financing requirements, after all operating, investment and equity-related activities, thus amounted to 685 million euros. Bond issues and new borrowings provided a cash inflow of 267 million euros in the first four months of 2012. At the same time, debt repayments amounted to 374 million euros. Net cash and cash equivalents thus declined by 857 million euros over the period.

As of April 30, 2012, cash and cash equivalents net of bank overdrafts amounted to 1,187 million euros.

4.2. COMMENTS ON THE CONSOLIDATED BALANCE SHEET

(EUR billions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Change
Tangible and intangible fixed assets	30.4	30.1	+0.3
Other non-current assets	8.5	7.4	+1.1
Non-current assets	**38.9**	**37.5**	**+1.4**
Inventories	8.1	7.7	+0.4
Other current assets	5.2	6.0	-0.8
Current assets	**13.3**	**13.7**	**-0.4**
ASSETS	**52.2**	**51.2**	**+1.0**

(EUR billions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Change
Equity	26.0	24.9	+1.1
Non-current liabilities	16.1	16.0	+0.1
Equity and non-current liabilities	**42.1**	**40.9**	**+1.2**
Short term borrowings	3.9	3.6	+0.3
Other current liabilities	6.2	6.7	-0.5
Current liabilities	**10.1**	**10.3**	**-0.2**
LIABILITIES AND EQUITY	**52.2**	**51.2**	**+1.0**

Tangible and intangible fixed assets increased by 0.3 billion euros, mainly as a result of additional goodwill due to changes in minority interests' purchase commitments in Moët Hennessy.

Other non-current assets increased by 1.1 billion euros, in large part owing to the rise in the value of the investment in Hermès International. As of April 30, 2012, the Group's 22.4% stake in Hermès represented an amount of 6.3 billion euros, compared to 5.4 billion euros as of December 31, 2011.

Non-current assets thus represented 74% of total assets as of April 30, 2012, compared to 73% at year-end 2011.

The decrease in current assets, down 0.4 billion euros as of April 30, 2012, is explained by the 0.7 billion decrease in net cash as well as the 0.3 billion reduction in trade accounts receivable, both of which were partially offset by increases in inventories, in the amount of 0.4 billion euros.

Total equity amounted to 26.0 billion euros at the end of the four-month period, representing an increase of 4.3%. This 1.1 billion euro increase since year-end 2011 is comprised of the following components: net profit of 1.2 billion euros; the revaluation of some assets held by the Group, amounting to an increase of 0.9 billion euros, mainly affecting the investment in Hermès; and paid dividends in the amount of 1 billion euros.

Other current liabilities decreased by 0.5 billion euros compared to year-end 2011, reflecting the seasonal reduction in trade accounts payable, a small decline in tax and social security liabilities, and the slightly lower market value of foreign exchange hedges, due to changes in exchange rates from December 31, 2011.

(EUR billions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Change
Long term borrowings	5.1	5.3	-0.2
Short term borrowings and derivatives	3.7	3.4	+0.3
Gross borrowings after derivatives	**8.8**	**8.7**	**+0.1**
Cash and cash equivalents and current available for sale financial assets	1.9	2.6	-0.7
Net financial debt	**6.9**	**6.1**	**+0.8**
Equity	**26.0**	**24.9**	**+1.1**
Net financial debt/Total equity ratio	**26.5%**	**24.4%**	**2.1**

The ratio of net financial debt to equity rose by 2.1 points from December 31, 2011 to 26.5% as of April 30, 2012. This change was the result of a 0.8 billion euro increase in net financial debt and a 1.1 billion euro increase in equity.

As of April 30, 2012, total equity represented 50% of the balance sheet total; this represents an increase of 1 point compared to 2011.

Gross borrowings after derivatives totaled 8.8 billion euros as of April 30, 2012 and were thus relatively stable compared to the prior year-end. There was no debt issuance during the four-month period, nor were there any significant redemptions.

The increase in short term borrowings is attributable to the change in the amount of commercial paper outstanding (which rose by 0.1 billion euros) and in bank overdrafts (up 0.2 billion euros).

The change in the ratio of net financial debt to equity is explained by the reduction in net cash, reflecting the seasonal nature of the Group's business activities, which was partially offset by the increase in equity.

As of April 30, 2012, the Group's undrawn confirmed credit lines amounted to 4.2 billion euros, substantially exceeding the outstanding portion of its commercial paper program, which came to 1.7 billion euros as of the same date.

5. Results of Christian Dior

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

The Combined Shareholders' Meeting of April 5, 2012 voted to change the opening and closing dates of the Company's fiscal year to May 1 and April 30 of the following civil year, respectively. Exceptionally, the fiscal year ending on April 30, 2012 corresponds to the four-month period extending from January 1 to April 30, 2012.

Net financial income totaled 336 million euros. This consists principally of dividends received from subsidiaries totaling 342 million euros and, on the other hand, of net interest expense totaling 11 million euros.

The tax expense recognized under the tax consolidation agreement totaled 11 million euros as of April 30, 2012.

The net profit was 311 million euros.

The proposed appropriation of the distributable profit for the fiscal period ended April 30, 2012 is as follows:

Amount available for distribution *(EUR)*	
Net profit	311,413,301.21
Retained earnings	22,019,258.38
DISTRIBUTABLE EARNINGS	**333,432,559.59**
Proposed appropriation	
Gross dividend distribution of 1.10 euros per share	199,899,752.80
Retained earnings	133,532,806.79
TOTAL	333,432,559.59

Should this appropriation be approved, the gross dividend distributed would be 1.10 euros per share. It will be paid as of December 4, 2012.

With respect to this dividend payment and in accordance with tax legislation in force as of April 30, 2012, individuals whose tax residence is in France will be entitled to the 40% tax deduction provided under Article 158 of the French Tax Code.

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

Distribution of dividends

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

Fiscal year	Nature	Payment date	Gross dividend (a) *(EUR)*	Tax deduction (b) *(EUR)*
2011	Interim	December 2, 2011	0.98	0.392
	Final	April 25, 2012	1.63	0.652
	TOTAL		**2.61**	**1.044**
2010	Interim	December 2, 2010	0.88	0.352
	Final	May 25, 2011	1.23	0.492
	TOTAL		**2.11**	**0.844**
2009	Interim	December 2, 2009	0.44	0.176
	Final	May 25, 2010	1.22	0.488
	TOTAL		**1.66**	**0.664**

(a) Excludes the impact of tax regulations applicable to the beneficiaries.
(b) For individuals with tax residence in France.

Information relating to payment terms

As of April 30, 2012, trade accounts payable amounted to 1,236 thousand euros (743 thousand euros as of December 31, 2011). They comprise accrued expenses in the amount of 1,133 thousand euros (733 thousand euros as of December 31, 2011) and outstanding invoices in the amount of 103 thousand euros (10 thousand euros as of December 31, 2011).

6. Share ownership of the Company

6.1. MAIN SHAREHOLDERS

As of April 30, 2012, the Arnault family group controlled 70.37% of the Company's capital, compared with 70.35% as of December 31, 2011 and held 82.90% of the voting rights, compared with 82.92% as of December 31, 2011.

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

As of April 30, 2012, the members of the Board of Directors held directly, personally and in the form of registered shares, less than 0.5% of the share capital.

6.3. INFORMATION ON SHARE PURCHASES AND DISPOSALS

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

- over the past fiscal year, the Company did not purchase or sell any of its treasury shares;
- at the end of the fiscal year, the number of shares allocated to cover current or future share purchase option plans and bonus share plans totaled 2,360,674, with a net value of 147,989,541.48 euros. They were purchased at an average price of 62.69 euros. Their par value was 2 euros. These shares represent 1.30% of the share capital;
- at fiscal year-end, the Company also held 19,532 treasury shares, with a net value of 1,133,197.81 euros.

  These shares had been purchased with a view to stabilizing the share price at an average price of 58.02 euros. With a par value of 2 euros, they represent 0.01% of the share capital.

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

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

Directors concerned	Type of transaction	Number of shares/ other securities	Average price *(EUR)*
Denis Dalibot	Reclassification within the assets of the declarant	6,000	117.00
	Purchase of shares [(b)]	25,000	29.04
	Purchase of shares [(b)]	10,000	49.79
Sidney Toledano	Sale of shares	9,736	115.11
Person(s) related to Sidney Toledano	Sale of shares	5,000	116.06
	Sale of shares	5,000	115.44

(a) Related persons defined in Article R. 621-43-1 of the *Code monétaire et financier*.
(b) Exercise of share purchase options.

7. Administrative matters

7.1. LIST OF POSITIONS AND OFFICES HELD BY THE DIRECTORS

The list of all offices and positions held by each Director, currently as of April 30, 2012 and during the last five years, is provided in the "Other Information – Governance" section of the Annual Report.

7.2. AMENDMENT OF THE BYLAWS

We propose that the Company's Bylaws be amended in order to:

- set seventy years as the age limit applicable to the Chief Executive Officer and to the Group Managing Directors (Article 15);
- modify the dates on which the fiscal year begins and ends, respectively, to the first day of July and the thirtieth day of June of the following civil year (Article 24). The purpose of this modification is to facilitate the Group's financial communication and the monitoring of its business activity and financial results. If this amendment to the Bylaws is approved, it will not apply to the current fiscal year, which will end on the thirtieth day of April 2013. By exception, the following fiscal period will last two months from the first day of May to the thirtieth day of June 2013.

8. Financial authorizations

8.1. STATUS OF CURRENT DELEGATIONS AND AUTHORIZATIONS

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

Nature	Authorization date	Expiry/ Duration	Amount authorized	Use as of April 30, 2012
Share repurchase program Maximum purchase price: 200 euros	April 5, 2012 (9th resolution)	October 4, 2013 (18 months) (a)	10% of the share capital 18,172,704 shares	None
Reduction of capital through the retirement of shares purchased under the repurchase program	April 5, 2012 (10th resolution)	October 4, 2013 (18 months) (a)	10% of the share capital per 24-month period 18,172,704 shares	None

(a) A resolution renewing this authorization will be presented to the Shareholders' Meeting of October 26, 2012. See §8.2 below.

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

Nature	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method	Use as of April 30, 2012
Through incorporation of reserves (L. 225-130)	March 31, 2011 (9th resolution)	May 30, 2013 (26 months)	80 million euros (a) (b) 40,000,000 shares	Not applicable	None
With preferential subscription rights: ordinary shares and investment securities giving access to the share capital	March 31, 2011 (11th resolution)	May 30, 2013 (26 months)	80 million euros (a) (b) (c) 40,000,000 shares	Free	None
Without preferential subscription rights: ordinary shares and investment securities giving access to the share capital					
• by means of public offer (L. 225-135 *et seq.*)	March 31, 2011 (12th resolution)	May 30, 2013 (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.*)	March 31, 2011 (13th resolution)	May 30, 2013 (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)	March 31, 2011 (16th resolution)	May 30, 2013 (26 months)	80 million euros (a) (b) 40,000,000 shares	Free	None
In connection with in-kind contributions (L. 225-147)	March 31, 2011 (17th resolution)	May 30, 2013 (26 months)	10% of the share capital (a) (b) 18,172,704 shares	Free	None

(a) A resolution renewing this authorization will be presented to the Shareholders' Meeting of October 26, 2012. See §8.2 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 March 31, 2011, 15th resolution) (Article L. 225-135-1).
(d) Up to 10% of the share capital, the Board of Directors may freely determine the issue price, provided that this price is at least equal to 90% of the weighted average of the share price over the three trading days preceding its determination (Shareholders' Meeting of March 31, 2011 14th resolution).

8.1.3. Employee share ownership

Nature	Authorization date	Expiry/ Duration	Amount authorized	Exercise price determination method	Use as of April 30, 2012
Capital increase reserved for employees who are members of a company savings plan (L. 225-129-6)	March 31, 2011 (18th resolution)	May 30, 2013 (26 months) [(a)]	1% of share capital [(b)] 1,817,270 shares	Average share price over the 20 trading days preceding the grant date subject to a maximum discount of 20%	None
Bonus share allocation (L. 225-197-1 *et seq.*)	March 31, 2011 (20th resolution)	May 30, 2014 (38 months) [(a)]	1% of share capital 1,817,270 shares	Not applicable	granted: 95,288 available to be granted: 1,721,982
Share subscription or purchase option allocation (L. 225-177*et seq.*)	April 5, 2012 (11th resolution)	June 4, 2015 (38 months)	1% of share capital [(b)] 1,817,270 shares	Average share price over the 20 trading days preceding the grant date [(c)] no discount	None

(a) A resolution renewing this authorization will be presented to the Shareholders' Meeting of October 26, 2012. See §8.2 below.
(b) Subject to not exceeding a total ceiling of 80 million euros set forth above, against which this amount would be offset.
(c) Since these relate to purchase options, the price may not be lower than the average purchase price of the shares.

8.2. AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING

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

Nature	Resolution	Duration	Amount authorized
Share repurchase program Maximum purchase price: 200 euros	5th	18 months	10% of the share capital 18,172,704 shares
Reduction of capital through the retirement of shares purchased under the repurchase program	7th	18 months	10% of the share capital per 24-month period 18,172,704 shares

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

Nature	Resolution	Duration	Amount authorized	Issue price determination method
Through incorporation of reserves (L. 225-130)	6th	26 months	80 million euros [a] 40,000,000 shares	Not applicable
Without preferential subscription rights: ordinary shares and investment securities giving access to the share capital	8th	26 months	80 million euros [a][b] 40,000,000 shares	Free
Without preferential subscription rights: ordinary shares and investment securities giving access to the share capital				
• by means of public offer (L. 225-135 *et seq.*)	9th	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.*)	10th	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)	13th	26 months	80 million euros [a] 40,000,000 shares	Free
In connection with in-kind contributions (L. 225-147 *et seq.*)	14th	26 months	10% of the share capital [a] 18,172,704 shares	Free

(a) Maximum nominal amount. The nominal amount of any capital increase decided in application of other delegations of authority would be offset against this amount.
(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 (12th resolution) (Article 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 trading days preceding its determination (11th resolution).

8.2.3. Employee share ownership

Nature	Resolution	Duration	Amount authorized	Issue price determination method
Bonus share allocation (L. 225-197-1 *et seq.*)	17th	26 months	1% of the share capital [a] 1,817,270 shares	Not applicable
Capital increase reserved for employees who are members of a company savings plan (L. 225-129-6)	15th	26 months	1% of the share capital [a] 1,817,270 shares	Average share price over the 20 trading days preceding the grant date subject to a maximum discount of 20%

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

9. Remuneration of company officers

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

Senior executive officers	Remuneration due in respect of the fiscal year		Valuation of options granted during the fiscal year [(b)]		Valuation of performance shares granted during the fiscal year [(b)]	
(EUR)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	April 30, 2012 (4 months)	Dec 31, 2011 (12 months)	April 30, 2012 (4 months)	Dec 31, 2011 (12 months)
Bernard Arnault	579,468	4,428,399	-	-	5,579,076	6,268,271
Sidney Toledano	307,692	1,870,000	-	-	1,191,961	1,191,951

(a) Gross remuneration and benefits in kind paid or borne by the Company and the companies controlled by it, subject to the provisions of Article L. 225-102-1 of the French Commercial Code, excluding directors' fees.
(b) The breakdown of equity securities or securities conferring entitlement to capital allocated to members of the Board of Directors during the fiscal year as well as the performance conditions to be met for the definitive allocation of shares are presented in paragraphs 10.4 and 10.6.1.

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

Bernard Arnault	Amounts due for the fiscal year		Amounts paid during the fiscal year	
Compensation *(EUR)*	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Fixed compensation	579,468	1,728,399	480,970	1,713,101 [(b)]
Variable compensation [(c)]	-	2,200,000	2,200,000 [(d)]	2,200,000 [(d)]
Exceptional compensation	-	500,000	-	500,000
Directors' fees	39,489	118,464	28,464	118,464
Benefits in kind	Company car	Company car	Company car	Company car
TOTAL	**618,957**	**4,546,863**	**2,709,434**	**4,531,565**

Sidney Toledano [(e)]	Amounts due for the fiscal year		Amounts paid during the fiscal year	
Compensation *(EUR)*	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Fixed compensation	307,692	970,000	307,692	970,000
Variable compensation [(f)]	-	900,000	900,000 [(d)]	700,000 [(d)]
Exceptional compensation	-	-	-	2,000,000 [(d)]
Directors' fees	12,078	36,232	9,232	36,232
Benefits in kind	Company car	Company car	Company car	Company car
TOTAL	**319,770**	**1,906,232**	**1,216,924**	**3,706,232**

(a) Gross remuneration and benefits in kind paid or borne by the Company and the companies controlled by it, subject to the provisions of Article L. 225-102-1 of the French Commercial Code.
(b) The differences between the amounts due and the amounts paid are attributable to changes in foreign exchange rates.
(c) 50% based on the achievement of qualitative objectives and 50% based on the achievement of budget objectives regarding revenue, operating profit and cash flow, each item bearing the same weight.
(d) Amounts paid in respect of the prior fiscal year.
(e) Medium term incentive scheme.
(f) One-third based on the achievement of qualitative objectives and two-thirds based on the achievement of budget objectives regarding revenue, operating profit and cash flow, each item bearing the same weight.

• Work contracts, specific pensions, leaving indemnities and non-competition clauses in favor of senior executive officers

	Work contract		Supplementary pension		Indemnities or benefits due or likely to become due on the cessation or change of functions		Indemnities relating to a non-competition clause	
Senior executive officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Bernard Arnault Chairman of the Board of Directors		X	X [a]			X		X
Sidney Toledano Chief Executive Officer	X [b]			X		X	X [b]	

(a) This supplementary pension put in place by LMVH is only acquired if the potential beneficiary has been present for at least six years on the LVMH group's Executive Committee and simultaneously asserts his rights to his standard legal pension entitlement. This is not required however if they leave the Group at the latter's request after the age of 55 and resume no other professional activity until their external pension plans are liquidated. It is determined on the basis of a reference remuneration that is equal to the annual remuneration received over the last three calendar years preceding the retirement year, subject to a maximum of thirty-five times the annual social security ceiling. The annual supplemental retirement benefit is equal to the difference between 60% of the reference remuneration amount (i.e. 763,812 euros as of January 1, 2012) and all pension payments made by the general social security regime and the additional ARRCO and AGIRC regimes. Amount of the commitment made by LMVH as of April 30, 2012 in respect of Bernard Arnault, determined in accordance with the principles defined by IAS 19 Employee benefits: 17,750,901 euros.

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

• Summary of directors' fees, compensation, benefits in kind and commitments given to other company officers [a]

Members of the Board of Directors	**Directors' fees paid during the fiscal year**		**Fixed compensation paid during the fiscal year**		**Variable compensation paid during the fiscal year**	
(EUR)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Delphine Arnault [b] [d]	13,289	-	153,077	-	330,000	-
Antoine Bernheim [c]	44,362	268,111	-	-	-	-
Denis Dalibot	23,848	32,841	290,000 [f]	580,000 [f]	-	-
Hélène Desmarais [b]	-	-	-	-	-	-
Renaud Donnedieu de Vabres	13,848	13,848	-	-	-	-
Ségolène Gallienne	7,181	6,924	-	-	-	-
Pierre Godé [d]	26,924	154,686	500,000	1,500,000	2,000,000	4,000,000
Eric Guerlain	23,080	23,080	-	-	-	-
Christian de Labriffe	13,848	10,258	-	-	-	-
Jaime de Marichalar y Sáenz de Tejada	26,473	24,617	-	-	-	-
Alessandro Vallarino Gancia [e]	1,282	5,129	-	-	-	-

(a) Directors' fees, gross remuneration and/or fees and benefits in kind paid or borne by the Company and the companies controlled by it, subject to the provisions of Article L. 225-102-1 of the French Commercial Code and received by the company officer or a company controlled by the latter.
(b) Appointed on April 5, 2012.
(c) Not renewed on April 5, 2012.
(d) The breakdown of equity securities or securities conferring entitlement to capital granted to members of the Board of Directors during the fiscal year is presented in §10.6.2.
(e) Resigned on May 30, 2011.
(f) Contract as a consultant.

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

This breakdown appears in §10.6.2 below.

10. Stock option and bonus share plans

10.1. OPTIONS GRANTED BY THE PARENT COMPANY, CHRISTIAN DIOR

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

Eight share purchase option plans set up by Christian Dior were in force as of April 30, 2012. The exercise price of the options is calculated in accordance with legal provisions. Each plan has a term of ten years. Share purchase options may be exercised after the end of a period of three to four years from the plan's commencement date.

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

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

Options granted to senior executive officers may only be exercised if, in three of the four fiscal years from 2009 to 2012, any of those three indicators shows a positive change compared to 2008. The performance condition was met with respect to the 2009, 2010 and 2011 fiscal years.

Options granted to other beneficiaries may only be exercised if, for fiscal years 2009 and 2010, any of these indicators shows a positive change compared to 2008. The performance condition was met with respect to the 2009 and 2010 fiscal years.

Both senior executive officers and other company officers must also comply with operating restrictions relating to the exercise period for their options.

In relation to options granted under plans set up since 2008, if the Chairman of the Board of Directors or the Chief Executive Officer decides to exercise his options, he must retain possession, until the conclusion of his term of office, of a number of shares determined on the basis of the exercise date and corresponding to a percentage of his total gross compensation.

10.1.1. Share purchase option plans

Date of Shareholders' Meeting	05/14/2001	05/14/2001	05/14/2001	05/14/2001	05/14/2001	05/11/2006	05/11/2006	05/11/2006	05/11/2006	
Date of Board of Directors' meeting	**02/18/2002**	**02/18/2003**	**02/17/2004**	**05/12/2005**	**02/15/2006**	**09/06/2006**	**01/31/2007**	**05/15/2008**	**05/14/2009**	**Total**
Total number of options granted	**504,000**	**527,000**	**527,000**	**493,000**	**475,000**	**20,000**	**480,000**	**484,000**	**332,000**	**3,842,000**
o/w Company officers (a)	310,000	350,000	355,000	315,000	305,000	-	285,000	320,000	150,000	**2,390,000**
Bernard Arnault (b)	220,000	220,000	220,000	220,000	220,000	-	200,000	200,000	100,000	**1,600,000**
Delphine Arnault (b)	10,000	15,000	15,000	20,000	25,000	-	25,000	25,000	25,000	**160,000**
Denis Dalibot (b)	20,000	25,000	25,000	25,000	35,000	-	35,000	70,000	-	**235,000**
Pierre Godé (b)	65,000	65,000	65,000	20,000	-	-	-	-	-	**215,000**
Sidney Toledano (b)	35,000	40,000	45,000	50,000	50,000	-	50,000	50,000	50,000	**370,000**
o/w First ten employees (a)	153,000	143,000	128,000	124,000	144,000	20,000	133,000	147,000	159,000	**1,151,000**
Number of beneficiaries	24	25	26	27	24	1	28	25	26	
Earliest option exercise date	02/18/2005	02/18/2006	02/17/2007	05/12/2008	02/15/2009	09/06/2009	01/31/2011	05/15/2012	05/14/2013	
Expiry date	02/17/2012	02/17/2013	02/16/2014	05/11/2015	02/14/2016	09/05/2016	01/30/2017	05/14/2018	05/13/2019	
Purchase price *(EUR)*	33.53	29.04	49.79	52.21	72.85 (c)	74.93	85.00	73.24 (c)	52.10	
Number of options exercised between 01/01 and 04/30/2012	30,000	28,000	10,500	-	13,000	2,500	50,000	-	-	**134,000**
Number of options expired between 01/01 and 04/30/2012	-	-	-	-	-	-	-	-	-	**-**
Total number of options exercised as of 04/30/2012	489,000	466,000	178,000	130,000	105,000	2,500	78,000	-	-	**1,448,500**
Total number of options expired as of 04/30/2012	15,000	25,000	56,000	33,000	30,000	-	57,000	27,000	27,000	**270,000**
OPTIONS OUTSTANDING AS OF 04/30/2012	**-**	**36,000**	**293,000**	**330,000**	**340,000**	**17,500**	**345,000**	**457,000**	**305,000**	**2,123,500**

(a) Options granted to active company officers/employees as of the plan's commencement date.
(b) Company officers active as of April 30, 2012.
(c) Exercise prices for Italian residents for plans commencing on February 15, 2006 and May 15, 2008 are 77.16 euros and 73.47 euros, respectively.

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

10.1.2. Share subscription option plans

None.

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

10.2.1. Share purchase option plans

Date of the Shareholders' Meeting	05/17/2000	05/17/2000	05/17/2000	
Date of the Board of Directors' meeting	**01/22/2002**	**05/15/2002**	**01/22/2003**	**Total**
Total number of options granted	**3,284,100**	**8,560**	**3,213,725**	**6,506,385**
o/w Company officers [(a)]	1,215,000	-	1,220,000	**2,435,000**
o/w First ten employees [(a)]	505,000	8,560	495,000	**1,008,560**
Number of beneficiaries	993	2	979	
Earliest option exercise date	01/22/2005	05/15/2005	01/22/2006	
Expiry date	01/21/2012	05/14/2012	01/21/2013	
Purchase price *(EUR)*	43.30 [(b)]	54.83	37.00 [(b)]	
Number of options exercised between 01/01 and 04/30/2012	50,002	-	38,361	**88,363**
Number of options expired between 01/01 and 04/30/2012	119,250	-	-	**119,250**
Total number of options exercised as of 04/30/2012	2,892,172	8,560	2,869,843	**5,770,575**
Total number of options expired as of 04/30/2012	391,928	-	166,425	**558,353**
OPTIONS OUTSTANDING AS OF 04/30/2012	**-**	**-**	**177,457**	**177,457**

(a) Options granted to active company officers/employees as of the plan's commencement date.
(b) Exercise price in euros for Italian and American residents:

Plans	**Italian**	**American**
01/22/2002	45.70	43.86
01/22/2003	38.73	-

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

10.2.2. Share subscription option plans

Date of the Shareholders' Meeting	05/15/2003	05/15/2003	05/11/2006	05/11/2006	05/11/2006	05/11/2006	05/14/2009	
Date of the Board of Directors' meeting	**01/21/2004**	**05/12/2005**	**05/11/2006**	**05/10/2007**	**05/15/2008**	**05/14/2009**	**07/29/2009**	**Total**
Total number of options granted	**2,747,475**	**1,924,400**	**1,789,359**	**1,679,988**	**1,698,320**	**1,301,770**	**2,500**	**11,143,812**
o/w Company officers [(a)]	972,500	862,500	852,500	805,875	766,000	541,000	-	**4,800,375**
o/w First ten employees [(a)]	457,500	342,375	339,875	311,544	346,138	327,013	2,500	**2,126,945**
Number of beneficiaries	906	495	520	524	545	653	1	
Earliest option exercise date	01/21/2008	05/12/2009	05/11/2010	05/10/2011	05/15/2012	05/14/2013	07/29/2013	
Expiry date	01/20/2014	05/11/2015	05/10/2016	05/09/2017	05/14/2018	05/13/2019	07/28/2019	
Subscription price *(EUR)*	55.70 [(b)]	52.82 [(b)]	78.84 [(b)]	86.12	72.50 [(b)]	56.50 [(b)]	57.10	
Number of options exercised between 01/01 and 04/30/2012	95,839	42,055	121,916	139,107	250	-	-	**399,167**
Number of options expired between 01/01 and 04/30/2012	-	-	-	-	-	-	-	**-**
Total number of options exercised as of 04/30/2012	1,773,129	1,397,677	701,399	576,829	250	8,000	-	**4,457,284**
Total number of options expired as of 04/30/2012	109,750	89,225	93,098	84,072	75,669	29,964	-	**481,778**
OPTIONS OUTSTANDING AS OF 04/30/2012	**864,596**	**437,498**	**994,862**	**1,019,087**	**1,622,401**	**1,263,806**	**2,500**	**6,204,750**

(a) Options granted to active company officers/employees as of the plan's commencement date.
(b) Exercise price in euros for Italian residents:

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

The potential dilutive effect resulting from the allocation of these options represents 1.2% of the LVMH share capital. However, since LVMH cancels 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.

10.3. OPTIONS GRANTED TO AND EXERCISED BY COMPANY OFFICERS AND BY THE GROUP'S TOP TEN EMPLOYEES DURING THE FISCAL YEAR

10.3.1. Options granted

No option plans were created during the period from January 1 to April 30, 2012.

10.3.2. Options exercised by senior executive officers of the Company

No options were exercised during the period from January 1 to April 30, 2012.

10.3.3. Options exercised by other company officers of the Company

Beneficiaries	**Company granting the options**	**Date of the plan**	**Number of options**	**Exercise price** *(EUR)*
Delphine Arnault	Christian Dior	01/31/2007	25,000	85.00
	LVMH	05/11/2006	10,000	78.84
	"	05/10/2007	9,500	86.12
Denis Dalibot	Christian Dior	02/18/2003	25,000	29.04
	"	02/17/2004	10,000	49.79

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

Company granting the options	**Date of the plan**	**Number of options**	**Exercise price** *(EUR)*
Christian Dior	02/18/2002	30,000	33.53
"	02/18/2003	3,000	29.04
"	02/17/2004	500	49.79
"	02/15/2006	5,000	72.85
"	09/06/2006	2,500	74.93
"	01/31/2007	25,000	85.00
LVMH Moët Hennessy - Louis Vuitton	01/22/2002	5,000	43.30
"	01/22/2003	156	37.00
"	01/21/2004	58,100	55.70
"	05/12/2005	29,000	52.82
"	05/11/2006	101,250	78.84
"	05/10/2007	87,763	86.12

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

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

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

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

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

For the plan set up on April 15, 2010, the performance condition was met with respect to the 2010 and 2011 fiscal years and the corresponding shares were allocated definitively as of April 15, 2012 to beneficiaries who were French residents for tax purposes as of that date. With respect to the plans set up on March 31 and July 26, 2011, this condition was satisfied in 2011. Beginning in 2012, Christian Dior's fiscal year no longer corresponds to the calendar year. For this reason, changes in these indicators are henceforth to be determined on the basis of the pro forma financial statements as of December 31 of each calendar year concerned.

In the event of the vesting of their share allocations, the Chairman of the Board of Directors and the Chief Executive Officer are required to retain possession of half of these shares in pure registered form until the conclusion of their term in office.

Date of the Shareholders' Meeting	05/15/2008		05/15/2008		03/31/2011		03/31/2011		
Date of the Board of Directors' meeting	**04/15/2010**		**03/31/2011**		**07/26/2011**		**04/05/2012**		
	Bonus shares	**Performance shares**	**Bonus shares**	**Performance shares**	**Bonus shares**	**Performance shares**	**Bonus shares**	**Performance shares**	**Total**
Number of shares allocated provisionally	22,761	67,419	25,394	64,621	1,000	1,000	6,000	87,288	**275,483**
o/w Company officers [(a)]	-	40,500	-	38,175	-	-	-	40,568	**119,243**
Bernard Arnault [(b)]	-	27,000	-	25,450	-	-	-	22,982	**75,432**
Delphine Arnault [(b)]	2,362	4,388	2,362	4,388	-	-	-	6,095	**19,595**
Sidney Toledano [(b)]	-	13,500	-	12,725	-	-	-	11,491	**37,716**
o/w First ten employees [(a)]	14,322	21,048	15,200	24,220	1,000	1,000	6,000	26,441	**109,231**
Number of beneficiaries	26	28	32	34	1	1	1	39	
Vesting date	04/15/2012 [(c)]	04/15/2012 [(c)]	03/31/2014 [(c)]	03/31/2014 [(c)]	07/26/2014	07/26/2014	04/05/2015 [(c)]	04/05/2015 [(c)]	
Date as of which the shares may be sold	04/15/2014	04/15/2014	03/31/2016 [(c)]	03/31/2016 [(c)]	07/26/2016	07/26/2016	04/05/2017 [(c)]	04/05/2017 [(c)]	
Number of share allocations vested between 01/01 and 04/30/2012	19,454	62,896	-	-	-	-	-	-	**82,350**
Number of share allocations expired between 01/01 and 04/30/2012	1,417	2,633	-	-	-	-	-	-	**4,050**
Total number of share allocations vested as of 04/30/2012	19,454	62,896	-	-	-	-	-	-	**82,350**
Total number of share allocations expired as of 04/30/2012	1,417	2,633	-	-	-	-	-	-	**4,050**
REMAINING SHARE ALLOCATIONS AS OF 04/30/2012	**1,890**	**1,890**	**25,394**	**64,621**	**1,000**	**1,000**	**6,000**	**87,288**	**189,083**

(a) Bonus shares allocated to company officers/employees active as of the provisional allocation date.
(b) Company officers active as of April 30, 2012.
(c) Vesting and availability date of shares for beneficiaries who are not French residents for tax purposes:

Plan	**Vesting and availability date of shares**
04/15/2010	04/15/2014
03/31/2011	03/31/2015
04/05/2012	04/05/2016

Shares vested do not involve any dilution for the shareholders, since existing shares are remitted for the settlement.

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

Date of the Shareholders' Meeting	05/15/2008	05/15/2008	05/15/2008		05/15/2008		03/31/2011	03/31/2011	03/31/2011	
Date of the Board of Directors' meeting	**05/14/2009**	**07/29/2009**	**04/15/2010**		**03/31/2011**		**10/20/2011**	**10/20/2011**	**04/05/2012**	
	Bonus shares	**Bonus shares**	**Bonus shares**	**Performance shares**	**Bonus shares**	**Performance shares**	**Bonus shares**	**Bonus shares**	**Performance shares**	**Total**
Number of shares allocated provisionally	**311,209**	**833**	**195,069**	**274,367**	**184,328**	**257,724**	**95,000**	**20,000**	**416,609**	**1,755,139**
o/w Company officers [(a)]	-	-	-	108,837	-	100,071	-	-	85,913	**294,821**
o/w First ten employees [(a)]	48,165	833	27,372	67,350	23,387	64,611	95,000	20,000	90,078	**436,796**
Number of beneficiaries	642	1	627	639	698	712	1	1	747	
Vesting date	05/14/2011 [(b)]	07/29/2013	04/15/2012 [(b)]	04/15/2012 [(b)]	03/31/2014 [(b)]	03/31/2014 [(b)]	10/20/2013 [(c)]	10/20/2013	04/05/2015 [(b)]	
Date as of which the shares may be sold	05/14/2013	07/29/2013	04/15/2014	04/15/2014	03/31/2016 [(b)]	03/31/2016 [(b)]	10/20/2015 [(d)]	10/20/2015	04/05/2017 [(b)]	
Number of share allocations vested between 01/01 and 04/30/2012	1,063	-	93,242	185,384	-	-	-	-	-	**279,689**
Number of share allocations expired between 01/01 and 04/30/2012	-	-	-	-	-	-	-	-	-	**-**
Total number of share allocations vested as of 04/30/2012	147,375	-	93,242	185,384	-		-	-	-	**426,001**
Total number of share allocations expired as of 04/30/2012	22,939	-	5,152	2,268	1,063	355	-	-	-	**31,777**
REMAINING SHARE ALLOCATIONS AS OF 04/30/2012	**140,895**	**833**	**96,675**	**86,715**	**183,265**	**257,369**	**95,000**	**20,000**	**416,609**	**1,297,361**

(a) Bonus shares allocated to company officers/employees active as of the provisional allocation date.
(b) Vesting and availability date of shares for beneficiaries who are not French residents for tax purposes:

Plan	**Vesting and availability date of shares**
05/14/2009	05/14/2013
04/15/2010	04/15/2014
03/31/2011	03/31/2015
04/05/2012	04/05/2016

(c) Definitive allocation in two tranches of 47,500 shares, with the second tranche of shares to be definitively allocated on October 20, 2014.
(d) Shares in the first tranche will become transferable on October 20, 2015 and those in the second tranche will become transferable on October 20, 2016.

Shares vested do not involve any dilution for the shareholders, since existing shares are remitted for the settlement.

10.6. SHARES ALLOCATED DURING THE FISCAL YEAR TO COMPANY OFFICERS AND THE GROUP'S TOP TEN EMPLOYEES

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

Beneficiaries	Companies allocating the shares under the plan	Date of the plan	Number of shares	Value of shares *(EUR)*
Bernard Arnault	Christian Dior	04/05/2012	22,982	2,383,923
	LVMH	04/05/2012	28,008	3,195,153
Sidney Toledano	Christian Dior	04/05/2012	11,491	1,191,961

See also the table shown on page 38 and above for the other terms and conditions of allocation.

10.6.2. Performance shares allocated on a provisional basis to other company officers

Beneficiaries	Companies allocating the shares under the plan	Date of the plan	Number of performance shares
Delphine Arnault	Christian Dior	04/05/2012	6,095
	LVMH	04/05/2012	1,478
Pierre Godé	LVMH	04/05/2012	15,560

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

10.6.3. Performance shares vested to senior executive officers

Beneficiaries	Companies allocating the shares under the plan	Date of the plan	Number of performance shares
Bernard Arnault	Christian Dior	04/15/2010	27,000
	LVMH	04/15/2010	40,235
Sidney Toledano	Christian Dior	04/15/2010	13,500

10.6.4. Performance shares vested to other company officers

Beneficiaries	Companies allocating the shares under the plan	Date of the plan	Number of bonus shares	Number of performance shares
Delphine Arnault	Christian Dior	04/15/2010	2,362	4 388
	LVMH	04/15/2010	-	1,911
Pierre Godé	LVMH	04/15/2010	-	20,118

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

Company granting shares	Plan commencement date	Number of bonus shares	Number of performance shares
Christian Dior	04/15/2010	13,378	15,242
LVMH Moët Hennessy - Louis Vuitton	05/14/2009	1,063 [(b)]	-
”	04/15/2010	20,652	53,629

(a) Active employees as of the date of definitive allocation.
(b) Beneficiaries having become tax residents in France between January 1 and April 30, 2012.

11. Information that might have an impact on a takeover bid or exchange offer

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

- capital structure of the Company: the Company is controlled by the Arnault family group, which controlled 70.37% of the capital and 82.90% of the voting rights as of April 30, 2012;
  - share issuance and buybacks: under various resolutions, the Shareholders' Meeting has delegated to the Board of Directors full powers to:
  - increase the share capital, with or without shareholders' preferential rights and via public offer or private placement, in a total nominal amount not to exceed 80 million euros, or 22% of the Company's current share capital,
  - grant share subscription options, within the limit of 1% of the share capital,
  - allocate bonus shares, to be issued, within the limit of 1% of the share capital,
  - acquire Company shares up to 10% of the share capital.

Any delegation whose application would be likely to cause the operation to fail is suspended during the period of a takeover bid or exchange offer.

12. Group reporting on employee-related issues

In accordance with Decree no. 2012-557 of April 24, 2012 regarding disclosure obligations for companies in the social and environmental fields in application of Article 225 of the "Grenelle II" law, the relevant and significant elements of company information are provided in the following section. The indicators retained were selected by the Group's Human Resources Department and then verified by the Environment and Sustainable Development Department of Ernst & Young, one of the Group's Statutory Auditors. This audit team's findings are expressed in the statement of opinion included at the end of Chapter 13 "Effect of operations on the environment".

Given the very short interval between the publication of the decree implementing Article 225 of the Grenelle II law (April 24, 2012) and the fiscal year-end date (April 30, 2012), and especially as this is the first fiscal year to end on this date, certain relevant indicators were not able to be included in this Management report. The information not provided relates to the following areas: new hirings, accounting for occupational diseases, conditions for dialogue with persons or organizations with a stake in the Group's business, measures taken to promote consumer health and safety in connection with alcohol consumption, and actions in support of human rights.

The Group's social reporting system covers more than 700 organizational entities. This system makes use of IT solutions to enable the collection and validation of employee-related data for each entity as well as the automatic consolidation of this data in order to generate the social indicators published in the Management report of the Board of Directors. These solutions, designed to function on the basis of a fiscal year lasting 12 months, were developed by an external service provider in order to fulfill the Group's specific requirements.

The mapping between organizational and legal entities ensures consistency between the social and financial reporting systems. Accordingly, the scope of social reporting covers all staff employed by Group companies consolidated on a full or proportional basis, but does not include equity-accounted associates.

A descriptive sheet is available for each social indicator specifying its relevance, the elements of information tracked, the procedure to be applied to gather information, and the various controls to be performed when entering data.

As a result of the change in the Christian Dior group's fiscal year-end to April 30, 2012, social reporting for 2012 exceptionally covers a four-month period, from January 1 to April 30, 2012.

Workforce information provided below relates to staff of companies that produce monthly reports and thus concerns all consolidated companies of the Christian Dior group, including LVMH's share in joint ventures.

Other social indicators are measured on an annual basis at the end of each fiscal year. Faced with the physically impossible task of completing the necessary adaptations to the IT solutions in order to account for the exceptional four-month duration of the 2012 fiscal year within the required deadline, for this report the Group's Human Resources Department measured most of these social indicators on the basis of information relating to the 2011 fiscal year (January 1 – December 31, 2011) and published in the Christian Dior group's 2011 Annual Report.

It should be noted that these social indicators were calculated in January 2012 for a scope of 563 companies or subsidiaries covering more than 92% of the Group's global workforce and encompass all staff employed during the 2011 fiscal year, including those employed by joint ventures. Neither Bulgari and its subsidiaries nor Sephora's Russian subsidiary Ile de Beauté, both initially consolidated in the second half of 2011, are covered by these indicators.

Since the 2007 fiscal year, selected employee-related disclosures for the Group have been audited each year, on the basis of data provided by LVMH, by one of the Statutory Auditors of LVMH, Deloitte & Associés, assisted by its Sustainable Development team. For this exceptional 2012 fiscal year, audits were carried out at 16 Group subsidiaries covering more than 31% of the global workforce. The main objectives of this work were to verify the consistency and fair presentation of the information gathered and to evaluate, with regard to the trends observed in 2011 for the same period, the relevance of methods used for the measurement of indicators at the Group level for which the relevant information was not able to be collected in respect of this exceptional fiscal year.

12.1. ANALYSIS AND DEVELOPMENT OF THE WORKFORCE

12.1.1. Breakdown of the workforce

The total workforce as of April 30, 2012 amounted to 100,755 employees, stable compared to December 31, 2011. Of this total, 94,521 employees worked under permanent contracts, up almost 4% from December 31, 2011, and 6,234 worked under fixed-term contracts, down 39% from December 31, 2011. This significant change is mainly related to the seasonal sales peak during the end of year sales which represents a significant motive for having recourse to fixed-term contracts. Part-time employees represented some 16% of the total workforce, or 15,774 individuals. The portion of staff outside France is stable compared to the previous year at 78% of the workforce worldwide.

The Group's average Full Time Equivalent (FTE) workforce comprised 93,146 employees during this exceptional fiscal year, a rise of 10% on 2011. This change was due to the consolidation of Ile de Beauté, the Russian subsidiary of Sephora, and the acquisition of Bulgari in July 2011. Watches and Jewelry and Selecting Retailing increased their average workforce by 47% and 13%, respectively. The main internal changes are due to the opening of new stores, mainly in the United States, Europe and China. There were no significant changes in the scope of consolidation since the previous fiscal year-end.

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

Breakdown by business group

	April 30, 2012		Dec. 31, 2011		Dec. 31, 2010	
Total workforce as of fiscal year end [(a)]	(4 months)	%	(12 months)	%	(12 months)	%
Christian Dior Couture	3,701	4	3,595	4	3,276	4
Wines and Spirits	7,083	7	6,372	6	6,063	7
Fashion and Leather Goods	27,078	27	27,137	27	25,013	29
Perfumes and Cosmetics	18,610	18	18,423	18	17,715	20
Watches and Jewelry	7,573	8	7,249	7	2,332	3
Selective Retailing	35,165	35	36,905	37	30,998	36
Other	1,545	1	1,473	1	1,421	1
TOTAL	**100,755**	**100**	**101,154**	**100**	**86,818**	**100**

(a) Total permanent and fixed-term headcount.

Breakdown by geographic region

	April 30, 2012		Dec. 31, 2011		Dec. 31, 2010	
Total workforce as of fiscal year end [(a)]	(4 months)	%	(12 months)	%	(12 months)	%
France	21,925	22	21,554	21	20,515	23
Europe (excluding France)	24,938	25	24,614	24	18,143	21
United States	21,196	21	23,281	23	19,918	23
Japan	5,537	5	5,458	6	4,943	6
Asia (excluding Japan)	21,957	22	21,290	21	19,051	22
Other	5,202	5	4,957	5	4,248	5
TOTAL	**100,755**	**100**	**101,154**	**100**	**86,818**	**100**

(a) Total permanent and fixed-term headcount.

Breakdown of personnel by professional category

	April 30, 2012		Dec. 31, 2011		Dec. 31, 2010	
Total workforce as of fiscal year end [(a)]	(4 months)	%	(12 months)	%	(12 months)	%
Managers	17,794	18	16,970	17	14,736	17
Technicians and team leaders	9,639	10	9,375	9	8,413	10
Office and sales personnel	59,735	59	62,148	61	51,920	60
Labor and production workers	13,587	13	12,661	13	11,749	13
TOTAL	**100,755**	**100**	**101,154**	**100**	**86,818**	**100**

(a) Total permanent and fixed-term headcount.

Average age and breakdown by age

As of December 31, 2011, the average age of the worldwide workforce employed under permanent contracts is 36 years and the median age is 33 years. The youngest age ranges are found among sales personnel, mainly in the Asia-Pacific region and the United States.

(as %)	Global workforce	France	Europe [(a)]	United States	Japan	Asia [(b)]	Other markets
Age:							
less than 25 years	13.2	6.8	9.4	20.3	3.3	18.1	16.5
25-29 years	21.3	14.8	18.3	21.2	19.1	30.9	22.0
30-34 years	19.0	16.3	20.6	16.0	27.8	20.2	21.8
35-39 years	14.3	15.3	17.6	10.6	23.7	11.6	15.2
40-44 years	11.1	13.8	13.4	9.2	13.1	7.6	10.6
45-49 years	8.7	13.1	9.2	7.8	7.0	5.7	6.3
50-54 years	6.3	10.4	6.2	6.2	3.9	3.3	3.8
55-59 years	4.2	7.7	3.8	4.4	1.9	1.8	2.6
60 years and over	1.9	1.8	1.5	4.3	0.2	0.8	1.2
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
AVERAGE AGE	**36**	**39**	**37**	**36**	**36**	**33**	**34**

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

Average length of service and breakdown by length of service

As of December 31, 2011, the average length of service within the Group is ten years in France and ranges from five to seven years in the other geographic regions. This difference is mainly due to the predominance in these other regions of retail activities characterized by a high turnover rate. It is also the result of recent expansion by Group companies into high-growth markets, where there is a greater fluidity of employment.

(as %)	Global workforce	France	Europe [(a)]	United States	Japan	Asia [(b)]	Other markets
Length of service:							
less than 5 years	59.9	39.5	56.9	72.0	42.3	74.2	70.6
5-9 years	18.5	18.7	22.8	16.6	34.0	13.5	15.6
10-14 years	10.2	16.0	11.2	6.8	15.4	5.9	7.8
15-19 years	4.2	7.2	4.0	2.2	4.1	3.3	2.4
20-24 years	3.6	8.3	2.7	1.4	3.1	2.0	1.6
25-29 years	1.7	4.6	1.0	0.6	0.7	0.6	1.2
30 years and over	1.9	5.7	1.4	0.4	0.4	0.5	0.8
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
AVERAGE LENGTH OF SERVICE	**7**	**10**	**6**	**5**	**7**	**5**	**5**

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

12.1.2. Recruitment policy

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

Since 2009, the Group has decided to make the career opportunities within what the Group calls its "ecosystem" better known. This has a unique appeal in the luxury world, and motivates the best applicants to join one of the Group companies. This determination to give the Group the means to continually reinforce its image as an employer of choice is already very widely recognized in France. Again in 2012, LVMH was named as the leading ideal employer in two separate French surveys: upcoming gradates of top French business schools polled by Universum ranked LVMH first among preferred employers for the seventh consecutive year, while future managers surveyed by Trendence named LVMH as the most attractive employer for the fourth year running. These distinctions honor the efforts made by all Group companies to reinforce their attractiveness among young graduates, thus raising their potential to attract diverse, top-tier talent. In the first four months of 2012, the expanding global recognition of the Group's attractiveness as an employer was reflected in the receipt of more than 76,000 job applications in response to listings published on LVMH's career Web sites.

For many years, the Christian Dior group has cultivated and maintained key partnerships with the most highly regarded universities and MBAs across all continents. For example, the Group maintains close ties with French business schools: ESSEC (through the endowment of a chair in luxury brand marketing), HEC (as sponsor of an orientation seminar for international students), the *Institut d'Études Politiques de Paris* or *Sciences Po* (through grants for students from the Antilles). Moreover, the Group maintained its close relations with leading fashion schools, the *Institut Français de la Mode* in Paris, Central Saint Martins College of Arts and Design in London, Parsons the New School for Design in New York, and the Hong Kong Polytechnic University School of Design.

The Group is also developing custom-tailored programs around the world in conjunction with specific universities and business schools in order to meet the increasingly exacting demands of their students. For example, LVMH is a member of CEMS, a global alliance of leading business schools and multinational companies. In addition, the Group's "*LVMH Rendez-Vous*" events provide the opportunity for students selected as participants to attend a presentation of the Group and its businesses, followed by an introduction to the world of luxury brand marketing. Lastly, "LVMH One-to-One" events allow students having passed through a preliminary selection process to meet human resources managers from Group companies at their universities or business schools for interviews and to share in a unique creative experience.

A total of about one hundred events in various formats are organized every year with schools and universities around the world, all designed to give students a glimpse of the Christian Dior group and its brands.

As an adjunct to the development of internal talent, external recruitment is a key pillar of the Group's human resources policy. "Recruitment Days" are organized around the world to recruit high-potential graduates able to offer an international profile. The rigorous methodology used for these Recruitment Days, involving exercises simulating real-life business scenarios, is very popular with applicants, who receive personalized feedback on their performance. This system also contributes to the professional training of recruiters (human resources and operations personnel), who are all trained in advance of each Recruitment Day in interactive observation and assessment techniques.

Since 2009, the Code of Conduct for Recruitment has been widely disseminated to all employees active in recruitment processes across the Group. It sets forth the ethical principles to be observed in recruitment at the Christian Dior group and guarantees that fair hiring practices are followed at all of the Group's operations worldwide. This Code of Conduct is embodied in fourteen commitments, which aim in particular to prevent any form of discrimination and to promote diversity. Across the Group, ethical principles to be applied in recruitment and the Code of Conduct for Recruitment are reinforced by the training program "Recruitment without Discrimination". This training initiative, introduced in 2011 for human resources managers at various Group companies, invites participants to dissect the recruitment process and assess the impact of stereotypes and prejudices with the goal of reducing the risk of discrimination at each stage in the process. To date, more than a hundred human resources managers have completed this training. Lastly, the Christian Dior group also has discrimination tests performed, by an independent and highly regarded firm, on job offers published on its Web site. By means of this scrupulous self-assessment procedure using the services of an independent, external provider on an ongoing basis, the Group guarantees the excellence of its recruitment practices.

12.1.3. Employee turnover and internal mobility

The overall turnover rate was stable compared to 2010 and 2011 and shows marked differences across geographic regions: the highest rates are recorded in North America and Asia, where labor markets are more fluid.

The indicators summarized in the table below are based on data collected for the year ended December 31, 2011.

Turnover by geographic region

(as %)	Dec. 31, 2011	France	Europe [d]	United States	Japan	Asia [e]	Other markets	Dec. 31, 2010
Total turnover [a]	**19.2**	**10.0**	**15.9**	**27.8**	**9.8**	**25.7**	**19.9**	**19.5**
Of which:								
voluntary turnover [b]	14.3	4.8	11.2	22.7	8.9	20.5	15.3	13.6
involuntary turnover [c]	4.4	4.3	4.2	4.7	0.7	5.0	4.5	5.3

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

The Christian Dior group has made internal mobility, whether geographic or functional, one of the pillars of its human resources policy. The diversity of its brands, their strong identities as well as their expertise in their respective fields, each with its own very specific characteristics, foster these two types of mobility and offer many paths to professional fulfillment suited to the aspirations and capabilities of each employee. In order to facilitate mobility within the Group, monthly reviews are organized in order to align opportunities for new positions with individuals interested in developing their careers. Significant results have thus been obtained over the last several years, which means that half of all manager positions were filled internally. Among key points worth noting, two-thirds of key positions are currently occupied by internally recruited talent and about 20% of career moves were to another Group company.

The Christian Dior group also fosters mobility between professional categories by encouraging its employees to acquire new skills, especially by pursuing qualifying training or degree programs. Each year, approximately 5% of employees working under permanent contracts are offered promotions.

12.2. WORK TIME

12.2.1. Work time organization

As of December 31, 2011, 16% of employees benefit from variable or adjusted working hours and 38% work as a team or alternate their working hours.

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

Employees concerned [a] *(as %)*	Global workforce	France	Europe [b]	United States	Japan	Asia [c]	Other markets
Variable/adjusted schedules	16	36	19	7	12	2	-
Part-time	19	11	22	42	3	6	19
Teamwork or alternating hours	38	10	10	68	88	56	43

(a) The percentages are calculated in relation to the total number of employees under permanent and fixed-term contracts in France. For the other regions, they are calculated in relation to the number of employees under permanent contracts only, except for part-time workers, in which case the percentages are calculated with respect to the total headcount. The data have been carried forward from December 31, 2011.
(b) Excluding France.
(c) Excluding Japan.

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

Employees concerned [a] *(as %)*	**France workforce**	**Managers**	**Technicians and team leaders**	**Office and sales personnel**	**Labor and production workers**
Variable/adjusted schedules	36	35	50	54	2
Part-time	11	3	6	23	7
Teamwork or alternating hours	10	-	7	2	35
Employees benefiting from time off in lieu	10	-	14	16	12

(a) Percentages are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) and brought forward from December 31, 2011.

12.2.2. Overtime

The cost of the volume of overtime represents an average of 1.6% of the worldwide payroll, an estimated value of around 16 million euros for the four-month fiscal year ended April 30, 2012.

Percentage of overtime by region

(% of payroll)	**Global workforce**	**France**	**Europe** [a]	**United States**	**Japan**	**Asia** [b]	**Other markets**
Overtime	1.6	1.5	1.9	1.3	2.0	1.5	1.0

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

12.2.3. Absenteeism

The worldwide absentee rate of the Group for employees working under permanent and fixed-term contracts has been stable since 2009 at around 5% (4.8% in 2011 and 2010 and 5.2% in 2009). The two main causes of absence are illness and maternity leave. The overall absentee rate of the European entities is twice as high as that recorded in other geographic regions.

The indicators summarized in the table below are based on data collected for the year ended December 31, 2011.

Absentee rate [a] by region and by reason

(as %)	**Global workforce**	**France**	**Europe** [b]	**United States**	**Japan**	**Asia** [c]	**Other markets**
Illness	2.1	3.7	3.0	0.9	0.4	1.4	1.1
Work/work-travel accidents	0.2	0.5	0.1	0.1	-	0.1	0.1
Maternity	1.4	1.4	2.7	0.5	3.1	1.0	1.0
Paid absences (family events)	0.7	0.3	0.5	0.2	0.7	1.4	1.2
Unpaid absences	0.4	0.4	0.4	0.2	0.1	0.5	0.3
OVERALL ABSENTEE RATE	**4.8**	**6.3**	**6.7**	**1.9**	**4.3**	**4.4**	**3.7**

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

12.3. COMPENSATION

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

Initiatives and tools specific to each entity are put in place to reduce the salary gap between men and women within the same professional category. Studies and actions conducted at the brands mainly relate to equal pay, access through promotion to positions of greater responsibility, and the distribution of levels of individual performance.

The studies conducted in 2012 on the breakdown of levels of individual performance found that the distribution was identical for women and men.

In 2012, most of the Group's French companies paid all of their employees very substantial amounts in profit sharing and/or incentives. The Group also maintained its program for the allocation of bonus shares, to encourage the loyalty of staff members making the greatest contribution to its performance.

12.3.1. Average salary

The table below shows the gross average monthly compensation paid to Group employees in France under permanent contracts who were employed throughout the fiscal year ended April 30, 2012, estimated on the basis of information collected as of December 31, 2011:

Employees concerned *(as %)*	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Less than 1,500 euros	1	1.4	3.9
1,501 to 2,250 euros	30	31.9	33.8
2,251 to 3,000 euros	25	22.8	22.3
Over 3,000 euros	44	43.9	40.0
TOTAL	**100.0**	**100.0**	**100.0**

12.3.2. Personnel costs

Worldwide, the breakdown of personnel costs for the fiscal year ended April 30, 2012 was estimated on the basis of data collected as of December 31, 2011, then recalculated in terms of full-time equivalents (FTEs) for the four-month period, taking into account an estimated 4% increase in salaries and related employer contributions.

(EUR millions)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Gross payroll - Fixed term or permanent contracts	1,120	2,964.1	2,665.8
Employers' social security contributions	290	765.6	691.9
Temporary staffing costs	55	144.6	118.8
TOTAL PERSONNEL COSTS	**1,465**	**3,874.3**	**3,476.5**

Based on the same estimation method, outsourcing and temporary staffing costs accounted for 6.5% of the total payroll worldwide, including employer's social security contributions.

12.3.3. Incentive schemes, profit sharing and company savings plans

All companies in France with at least 50 employees have an incentive scheme, profit sharing or company savings plan. In 2012, most of the Group's French companies paid all of their employees amounts in profit sharing and/or incentives, representing a total expense of more than 140 million euros, paid in respect of 2011.

The table below shows the amounts paid between January 1 and April 30, 2012. Payments in respect of 2011 made after April 30, 2012 are not included.

(EUR millions)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Profit sharing	81.9	71.9	53.5
Incentive	50.0	61.8	32.8
Employer's contribution to company savings plans	8.6	9.3	6.3
TOTAL	**140.5**	**143.0**	**92.6**

12.4. SOCIAL RESPONSIBILITY

Integrity, constant vigilance to maintain a healthy environment, and respect at all levels are the pillars of social responsibility at the Christian Dior group. This key message was reinforced at the Group's second international conference on social responsibility. Bringing together more than 200 executives and managers, this event highlighted the considerable progress made since the first edition of this conference in 2007. In the intervening period, initiatives have been undertaken in a number of areas, including efforts to promote non-discrimination, equal opportunities for men and women, well-being at work, access to employment for the disadvantaged, the employment of disabled persons, children's education, and the fight against social exclusion. These achievements demonstrate the extent to which Group companies monitor the impact of their business activities and behaviors on people, communities and the regions in which they operate. In September 2011, at the "*Rencontres internationales de la Diversité*", an international conference on diversity held in Corte (Corsica), the Special Jury Prize was awarded to LVMH for the third consecutive year. This distinction confirms the high level of confidence among external stakeholders in the substantial efforts made in this area by Group companies.

LVMH is a signatory of the United Nations Global Compact and, in France, of the Diversity Charter and the Enterprise Charter for Equal Opportunity in Education. These commitments are demonstrated by all Group companies through the various actions described below.

12.4.1. Equality of opportunity for men and women

Gender equality is an integral part of Christian Dior's corporate culture. Women account for more than three-quarters of the Group's workforce. This strong feminine presence is an essential characteristic of the Christian Dior group. It is related to the fact that 85% of Group customers are women but it is also explained by the very nature of its businesses. Women are particularly prominent in Perfumes and Cosmetics (84%), sale of luxury products (81%) and Fashion and Leather Goods (72%). Conversely, the majority of staff in Wines and Spirits are men, representing 64% of the workforce in this business group.

Furthermore, women make up 62% of managers within the Group and more than 35% of Group Houses' executive committee members are female. Five Group companies are chaired by women: Krug, Fred, Loewe, Emilio Pucci, and Acqua di Parma.

Equality of opportunity also prevails in career advancement: over the last several years, over 70% of staff promoted have been women.

The quest for gender equality, an agent of transformation with respect to diversity generally, encouraging the complementarity of sensitivities and professional behaviors, colors all major human resources management actions. The Christian Dior group has put in place a range of programs designed to facilitate access by women to positions of greater responsibility: monitoring of remuneration practices, management of international mobility, access to management training, diversity considerations in the context of succession planning for key positions or in the recruitment of managers. In 2011, LVMH also signed the "Women on the Board Pledge for Europe".

A number of Group companies, including Hennessy, Le Bon Marché, Moët & Chandon and Benefit Cosmetics, have negotiated collective agreements relating to equal opportunities for men and women, including provisions on workplace conditions, compensation, career development and achieving a better balance between private and professional life, notably by introducing measures relating to the male responsibilities of parenthood and financing places in company day-care centers.

12.4.2. Actions in favor of older employees

Access to employment by older staff and their retention are areas of constant concern for the Christian Dior group. Workgroups formed at the instigation of the Group's Human Resources Department have sought to implement a global approach to the management and professional development of older staff, and Group companies have been able to adapt this policy to their specific characteristics. In this connection, among the priorities identified, 80% of the Group's Houses took on quantified commitments to end-of-career planning, while 70% vowed to improve workplace conditions.

In France, 30 actions plans and 12 collective agreements have been implemented to promote the recruitment, employment and career development of staff over the age of 50. Louis Vuitton and LVMH Fragrance Brands are among Group companies that have developed international "Senior-Junior" mentoring schemes to ensure the successful transmission of unequaled know-how.

Human resources managers at all of the brands have received training in the conduct of a mid-career interview, following a program established by the Group's Human Resources Department, in order to better manage the careers of older employees and to offer all staff over the age of 50 a specially designed career development assessment. Information meetings on retirement for staff members in this age group have been set up.

Further measures to promote the employment of older staff have already been implemented in several Group companies. Parfums Givenchy, Guerlain, Moët & Chandon and Le Bon Marché have signed agreements with union representatives relating to the anticipatory management of jobs and skills in order to organize and develop the career prospects of older employees, with a particular focus on working time arrangements. Givenchy has introduced a mentor system to facilitate the transfer of know-how, pairing the *premier d'atelier* (the head of the design studio) or the *second d'atelier* (the former's deputy) on the one hand as tutor, with an apprentice. Kenzo has adopted a procedure for preventing discrimination on the basis of age during the recruitment process. Since 2007, Moët Hennessy has been working with a recruitment consultancy specializing in the placement of older employees. All Group companies have developed specific plans in relation to older staff.

A posture and movement training program is also implemented at all production sites to prevent musculoskeletal disorders and to assist older employees through constant efforts to improve workplace conditions.

Worldwide, 12.4% of the Christian Dior group's active workforce are over the age of 50. In France, this population accounts for 20% of employees.

12.4.3. Employment of disabled persons

In January 2011, LVMH signed its second partnership agreement with Agefiph, a key French stakeholder in the employment of disabled persons. With this new agreement, the Group reinforces its commitments relating to the recruitment and accommodation of employees affected by disabilities. In these efforts, Christian Dior group is supported by a network of more than 30 disability correspondents in Group companies through its Mission Handicap initiative. Awareness sessions are organized on a regular basis for these correspondents, addressing the various issues raised by disabilities. Since 2011, mental disabilities have been a focus of special interest. In France, between 2007 and 2012, the employment rate for disabled persons increased from 1.6% to 3.6% based on official standards for the definition of disabilities.

The Group is particularly attentive to the need to ensure that employees who become disabled are able to continue working, as illustrated already by the specially designed facilities at Moët & Chandon, Parfums Christian Dior and Guerlain, which allow staff members with medical limitations to continue to work in their jobs under appropriate conditions. A forerunner in this area, Moët & Chandon founded MHEA in March 2011, a company offering facilities adapted for disabled employees. A fully autonomous entity, MHEA maintains a disabled employment rate of at least 80% and provides the best possible working conditions for employees affected by disabilities, without any change in the terms of their compensation.

In the area of recruitment, the Christian Dior group has developed a methodology ("*Handi-Talents*") based on professional-life scenarios for disabled applicants. These innovative recruitment sessions pay no heed to the applicants' resumes but instead seek to objectify the recruitment process and identify skills and competencies which are transferable into the professional sphere.

In keeping with the international reach of its business activities, the Group sees to it that its policies with respect to the employment of persons with disabilities are consistently applied outside France as well: in Spain, Loewe has forged a partnership, staffed by employee volunteers, with two associations working to integrate persons with mental disabilities into the workplace, using innovative pedagogical methods, in particular dog training and painting. In Japan, the employment of disabled staff at Louis Vuitton and Marc Jacobs stores has led to the adjustment of a number of training programs and the adaptation of job requirements.

As of December 31, 2011, persons with disabilities comprised 1% of the Group's global workforce. In France, directly employed disabled workers represented 2.8% of staff in 2011, a proportion that has been increasing steadily for several years. In addition, services subcontracted to sheltered workshops totaled about 6.5 million euros in 2011, equivalent to another 160 indirect jobs, or 227 indirect jobs as determined in accordance with the criteria established by Agefiph, the French association promoting the employment of people with disabilities.

12.5. PROFESSIONAL DEVELOPMENT OF EMPLOYEES

The annual review of the Group's talent pool and its organizational management is one of the key processes in analyzing and building the added value of human capital across the Group. This review focuses the attention of Group companies by defining key positions and the associated succession plans. This process also supports the identification and development of talent within the Group through career opportunities in the short and medium term and by putting together individual development plans to prepare staff for their future responsibilities. The Group also makes use of regular performance appraisals. These appraisals serve to reveal employees' strong points as well as areas in need of improvement, to better understand their professional development ambitions and to outline concrete actions that will assist them with their career plans. An e-learning module, combining videos and interactive exercises designed to facilitate the implementation of these performance management and professional development procedures is offered to all of the Group's managers.

The Group offers an environment particularly conducive to career development. Apart from encouraging internal mobility across the various Group companies, training serves as a powerful driver in the building of careers, enabling the acquisition or enhancement of skills and favoring exchanges both inside and outside the Group.

The Group increased its commitment to the training of managers, especially in the area of leadership. New online training projects have extended the reach of this investment and are contributing to the development of regional management training programs. The first session of a new training course entitled "Inspiring Entrepreneurs" was held in Shanghai in 2011. The second took place in Paris in early 2012, followed by a third in New York in May. Apart from the forums for senior executives that have been organized for several years by LVMH House in London, new regional forums have been introduced in San Francisco, New York, Hong Kong, Shanghai, Moscow and Tokyo. Thanks to this unprecedented effort, many more managers are now able to attend these sessions.

Over the last several years, all world regions have seen considerable increases in training investments. New programs to build understanding of the luxury universe were also introduced in Asia to ensure even greater effectiveness in the on-boarding of new managers. A program was launched with the same objective in France, entitled "360° of Luxury" and involving the participation of more than ten experts.

The Group offers a wide range of training programs to its employees in order to support their professional development within the Group. Every year, more than 3,000 management-level staff participate in internships and in-house seminars offered at the Group's four main training centers for France, Asia, Japan and the United States.

A substantial portion of training also takes place on the job on a daily basis and is not factored into the indicators presented below. These indicators are estimated on the basis of data collected as of December 31, 2011, then recalculated in terms of full-time equivalents (FTEs) for the four-month period, taking into account an estimated 4% increase in salaries and related employer contributions.

Global workforce	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Training investment *(EUR millions)*	27.8	73.6	64.8
Portion of total payroll *(as %)*	2.5	2.5	2.4
Number of days training per employee	0.8	2.5	2.5
Average cost of training per employee *(EUR)*	268	772	735

Training expenses incurred by Christian Dior group companies throughout the world were stable at around 2.5% of total payroll. Following a decline seen in 2009 due to the difficult economic environment, indicators relating to the Group's overall training effort have returned to levels comparable to those recorded in previous years.

Based on data as of December 31, 2011 relating to fiscal year 2011, the training investment is spread across all professional categories and geographic regions in accordance with the table below.

Breakdown of training investment by geographic region and professional category

	France	Europe (a)	United States	Japan	Asia (b)	Other markets
Training investment *(EUR millions)*	27.8	12.6	11.8	6.0	13.2	2.2
Portion of total payroll *(as %)*	3.2	2.0	1.8	2.6	2.8	2.0
Employees trained during the year *(as %)*	59.1	60.9	60.7	80.7	71.6	73.1
Of which: Managers	67	67	59	80	74	60
Technicians and team leaders	68	68	38	80	78	63
Office and sales personnel	48	60	62	81	71	76
Labor and production workers	55	54	59	92	62	82

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

Note: Indicators are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) present at the workplace during the fiscal year, with the exception of the percentage of employees trained during the year, which is calculated on the basis of those employed under permanent contracts and present at the workplace as of December 31, 2011.

Moreover, the Christian Dior group organizes integration and awareness seminars for new hires focusing on the culture of the Group, its values, its key management principles and knowledge of its brands.

12.6. HEALTH AND SAFETY

For several years, the Group's frequency and severity rates for lost-time work-related accidents have been relatively stable, in the range of 5.5 to 6 for the former and 0.1 for the latter.

Based on data for the year ended December 31, 2011, the breakdown of frequency and severity rates for lost-time work-related accidents, by business group and geographic region, is as follows:

		Frequency rate [(a)]	Severity rate [(b)]
Breakdown by business group			
Christian Dior Couture		2.9	0.05
Wines and Spirits		12.6	0.29
Fashion and Leather Goods		3.3	0.06
Perfumes and Cosmetics		2.7	0.06
Watches and Jewelry		3.5	0.09
Selective Retailing		7.1	0.16
Other		5.7	0.03
Breakdown by geographic region			
France		13.2	0.32
Europe (excluding France)		4.2	0.06
United States		2.9	0.07
Japan		0.2	0.01
Asia (excluding Japan)		4.0	0.05
Other		5.6	0.15
Group	**2011**	**5.5**	**0.11**
	2010	5.8	0.11

(a) The Frequency rate is equal to the number of accidents resulting in leave of absence, multiplied by 1,000,000 and divided by the total number of hours worked [(c)].
(b) The Severity rate is equal to the number of workdays lost, multiplied by 1,000 and divided by the total number of hours worked [(c)].
(c) For companies located outside France, the total number of hours worked per employee is estimated at 2,000 on a full-time equivalent basis. This number of hours may vary slightly from the number of hours actually worked depending on the country.

Some 15 million euros are invested every year in Health and Safety. This includes expenses for occupational medical services, small protective equipment as well as programs for improving personal safety and health, such as compliance, the posting of warnings, replacement of protective devices, fire prevention training, and noise reduction.

The total amount of expenditure and investments promoting health and safety in the workplace and improvements in working conditions amounted to 2.0% of the Group's gross payroll worldwide.

More than 18,800 Group company employees received safety training worldwide.

The Christian Dior group makes every effort to prevent and deal with phenomena such as harassment and stress in the workplace. Accordingly, the Group continued to implement the plan for the prevention of psychosocial risks, covering the following points: diagnostics/barometers (Hennessy), steering committees, awareness raising and training for affected staff, support units (Parfums Christian Dior, Veuve Clicquot, Loewe, Guerlain, Sephora Inc. etc.), work organization reviews, balance between private and professional life, organization overhauls, harassment prevention.

Moët & Chandon, Le Bon Marché and Sephora have signed agreements to prevent psychosocial risks which provide for some of them the creation of a dedicated Observatory, in which the Occupational Medicine unit and the Committee on Health, Safety and Working Conditions are both involved. Parfums Christian Dior has committed to a process to improve the quality of life in the workplace and prevent psychosocial risks, involving in particular the creation of a manager-level position responsible for risk prevention and occupational health. Louis Vuitton has also developed a prevention program encompassing all of its entities. Other innovative initiatives have been taken, in collaboration with occupational health services staff: for example, holistic massages for production staff at Guerlain's sites and in Céline's workshops during the stressful periods when runway shows are being prepared.

12.7. EMPLOYEE RELATIONS

12.7.1. Status of collective agreements

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

During the fiscal year, employee representatives attended more than 530 meetings between January 1 and April 30, 2012:

Nature of the meetings	Number
Works council	178
Employee representatives	220
Health and Safety Committee	82
Other	52
TOTAL	**532**

As a result of these meetings, 35 company-wide agreements were signed (such as annual negotiations on wages and work schedules, incentive and profit sharing agreements and company savings plans, agreements on the payment of the profit sharing employee bonus). Specific agreements and amendments related to the employment of disabled persons, professional equality between women and men, anticipatory management of jobs and skills, labor-management dialogue, and the prevention of psychosocial risks have been signed at Group companies.

12.7.2. Social and cultural activities

During the course of this exceptional period of four months, in France, the Group allocated a budget of almost 7 million euros to social and cultural activities via contributions to works councils.

Total catering costs for all Group employees represent a budget of 5.3 million euros.

12.8. RELATIONS WITH THIRD PARTIES

12.8.1. Subcontracting and relations with suppliers

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

A discussion of the Group's use of subcontracting, broken down by business group, is included within the General Information chapter, in the section entitled "Supply sources and subcontracting" on page 237.

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

Among many initiatives by Group companies illustrating this commitment, Moët & Chandon and Glenmorangie, for example, establish a specifications document presented for signature to their subcontractors that addresses respect for the environment and fundamental labor law compliance, among other issues. Audits are also carried out on suppliers. In its supplier specifications documents, Sephora includes clauses dealing with the individual rights of employees, child labor prevention, equality of opportunity and treatment, working time policy, and the protection of the environment. Louis Vuitton has put in place an ethical system of preliminary audits founded on compliance with local regulations as well as the SA 8000 social accountability standard, which is based on international workplace norms included in the International Labor Organization (ILO) conventions: no child labor, working conditions, health and safety, freedom of association and the right to collective bargaining, no discrimination, disciplinary practices, compliance with working hour and wage regulations. To ensure that they will be able to perform preliminary audits independently, Louis Vuitton's buyers receive theoretical training covering the approach and criteria as well as field training in the company of an SA 8000 auditor. Donna Karan has developed a Vendor Code of Conduct designed to ensure respect for fundamental principles of industrial relations and labor law and for the highest ethical standards. It has also developed a Vendor Profile Questionnaire, a document signed by the subcontractor when the pre-approval request is submitted. Donna Karan has also introduced a Vendor Compliance Agreement, which calls for independent audits of suppliers to ensure that commitments have been observed. Similarly, TAG Heuer and Loewe require that all new suppliers submit a written pledge indicating their compliance with the SA 8000 standard. The same is true for Parfums Christian Dior, Parfums Givenchy, and Guerlain, who have introduced specifications documents including compliance with the SA 8000 standard among their provisions.

Workgroups comprising experts from various Group Houses presented, as they have each year, a review of their accomplishments and progress made during an annual meeting that provides an opportunity to exchange best practices, to implement shared tools and reference guides, and to identify new areas meriting attention.

In 2011, 453 social and/or environmental audits were carried out, nearly 80% of which by specialized external service providers, at 346 of our suppliers. More than one-third of these audits showed results in line with our standards and 38% identified minor non-compliance issues. Audits whose conclusions indicated a significant need for improvement by suppliers or the existence of major non-compliance issues accounted for 21% and 3% of audits performed, respectively. In all, 121 corrective action plans were implemented at our suppliers where audits had identified areas in need of improvement.

Among developments during the year, the increasing use of preliminary audits enabled better advance identification of supplier practices, thus leading to the decision to refrain from working with certain potential suppliers. In addition, some Group companies were prompted to put an end to their existing relationships with suppliers whose social audit findings revealed major issues of non-compliance with our Code of Conduct.

In the interest of continued improvement in this area, the Group's Houses will continue their supplier audit programs in the coming months of 2012, together with follow-ups on action plans.

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

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

As of December 31, 2011, non-disciplinary layoffs, including those due to economic conditions, represent 2.6% of total departures.

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

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

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

Around the world, Group companies are involved in efforts to facilitate access to education for young people in disadvantaged regions and in those having experienced traumatic events. In China, Moët Hennessy Diageo has mentored a group of middle school students from Sichuan province since the earthquake in 2009, with remedial assistance provided by its employees and the funding of educational materials. Similarly, through the operation "Hand in Hand for Haiti" launched in the aftermath of the earthquake in January 2010, DFS contributed to the rebuilding of a school complex for the most disadvantaged children in the town of Saint-Marc. In South America, Moët Hennessy participates in Brazil in initiatives promoting the occupational integration of struggling youths or those from underprivileged backgrounds and it offers in Argentina parental training programs for the families of its employees in partnership with training organizations. In India, Moët Hennessy supports the work of Aseema, a non-governmental organization working to promote access to education for underprivileged children in Mumbai, by sponsoring a class of 27 pupils. Also in India, Moët Hennessy has organized a fund-raising campaign to improve living conditions for inhabitants of disadvantaged neighborhoods. In 2010, Louis Vuitton and SOS Children's Villages entered into a five-year worldwide alliance with the aim of developing a program entitled "Partnership for Children's Futures". This project seeks to improve future prospects for underprivileged children around the world, building a future based on safety, education and apprenticeship training. This partnership is in keeping with the values espoused by Louis Vuitton. Through this initiative, the brand supports the development of scholastic programs for children in China, the Philippines, Vietnam, the Dominican Republic, and also in Europe. In the aftermath of the devastating earthquake that hit Japan, in March 2011, a number of Group companies, including DFS, LVMH Fragrance Brands, Loewe and Fendi, focused efforts on collecting donations.

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

The Group is continually developing resources and partnerships to promote access to employment for disadvantaged populations. In France, many initiatives to promote occupational integration are undertaken to allow all employees to participate actively in the Group's commitment to society. For example, in partnership with "*Nos Quartiers ont des Talents*", about a hundred senior-level staff members have mentored more than 150 young graduates from underprivileged neighborhoods. Under partnerships with municipal authorities, presentations on the Group's professions are given to middle school students in these localities, thus contributing to youth guidance efforts, a condition for successful occupational integration.

Since 2010, LVMH has been involved in a partnership with Montfermeil, a diversely populated suburb of Paris benefiting from a strong commitment by its political leadership in favor of the more vulnerable members of its community. Driven by a shared commitment to excellence, this partnership is helping to facilitate social advancement for disadvantaged populations, by arranging internships for young people and hiring older members of the community. In this context, Montfermeil also receives support from the Group to raise awareness of its rich cultural makeup and the talents of its inhabitants, expressed through the annual "*Cultures et création*" runway event. Thanks to the support of LVMH, the collection by the designer awarded the grand prize at this event was exhibited at the 2011 edition of the Ethical Fashion Show, held at the *Carrousel du Louvre* in Paris. In the same spirit, for the second consecutive year, Parfums Christian Dior helped recipients of basic social security benefits return to work. This program, carried out in partnership with the association *Programme d'Accompagnement* de *Retour vers l'Emploi* (PARE), gives people outside the labor market the opportunity to work under a work/training alternation contract at the company's production site in Saint-Jean de Braye, culminating in official qualification by way of a professional diploma.

Always with the aim of furthering access to employment based only on merit and commitment, LVMH is a participating member of the RNEECE, a network of French companies promoting equality opportunities in education and training. This association arranges actions by companies in schools located in underprivileged areas and welcomes their graduates as interns.

In order to promote the integration of young people through education regardless of their background or origin, LVMH funds ten scholarships offered by the association "*Promotion des Talents*" and, in the framework of a partnership with the *Institut d'Études Politiques de Paris* (*Sciences Po*), LVMH also offers grants to students from disadvantaged backgrounds and gives young *Sciences Po* graduates the chance of being mentored by managers. Moreover, Hennessy funds scholarships for African-American students in the United States.

Lastly, as a signatory of the Apprenticeship Charter, the Group devotes considerable efforts to the development of apprenticeship opportunities, which facilitate young people's access to qualifications. At the beginning of the fiscal period, there were almost 640 young people working under apprenticeship or professionalization contracts in all of the Group's French companies.

12.9. COMPLIANCE WITH INTERNATIONAL CONVENTIONS

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

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

13. Effects of operations on the environment

In accordance with Decree no. 2012-557 of April 24, 2012 regarding disclosure obligations for companies in the social and environmental fields in application of Article 225 of the "Grenelle II" law, the relevant and significant elements of environmental information are provided in the following section. The indicators retained were selected by the Group's Environment Department and then verified by the Environment and Sustainable Development Department of Ernst & Young, one of the Group's Statutory Auditors. This audit team's findings are expressed in the statement of opinion included at the end of this chapter.

Given the very short interval between the publication of the decree implementing Article 225 of the Grenelle II environment law (April 24, 2012) and the fiscal year-end date (April 30, 2012), and as this is the first fiscal year ending on this date, some pertinent information was not able to be included in this Management report. The information not provided relates to the following areas: adaptation to the consequences of climate change; consideration of constraints on water supply at the local level; and data pertaining to certain raw materials, such as leather and grapes. Indicators for these areas are currently under development.

Furthermore, indicators for hours of training on environmental issues and the percentage of sites having undergone environmental audits, although customarily provided, were not able to be consolidated for this four-month period and could not be extrapolated using the methodology described below. Since fiscal year 2002, the LVMH group's annual environmental data reporting has also been verified each year by Ernst & Young, assisted by its Environment and Sustainable Development Department.

The indicators provided are calculated on the basis of indicators relating to 2011 and then extrapolated for the four-month period by taking into consideration organic growth recorded by each business group. The Group's definition of organic growth is provided in the Management report in a note on page 7, under the heading "Comments on the impact of exchange rate fluctuations and of changes in the scope of consolidation".

The formula applied is:

Value January–April 2012 (4 months) = [Value 2011 (12 months)/3] X (1 + business group activity coefficient)

The reporting scope for environmental indicators included the following sites as of April 30, 2012:

- Production facilities, warehouses and administrative sites: 195 of the 229 sites owned and/or operated by companies controlled by the Group are covered. The 34 sites that are not covered include primarily the production facilities of Wen Jun Distillery and four Louis Vuitton workshops that have been opened recently, in addition to certain administrative sites of Christian Dior Couture, Benefit, Berluti, Donna Karan, Pucci, Fresh, Marc Jacobs and Thomas Pink. The Bulgari production sites and the Heng Long tannery acquired in 2011 are not included in the reporting scope for environmental indicators as of end-April 2012.
- Stores: the French stores of Céline and Guerlain, the French stores and certain international stores of Louis Vuitton (28% of Louis Vuitton's total sales area), Le Bon Marché in Paris, DFS stores worldwide, three Italian stores of Fendi, the Spanish stores of Loewe, the French stores and certain US and Canadian stores of Sephora as well as some Christian Dior Couture stores are covered. The reporting scope does not cover the stores operated under franchise by the Group's Fashion and Leather Goods, Perfumes and Cosmetics, and Watches and Jewelry companies. Lastly, depending upon the environmental indicators examined, the corresponding reporting scope can vary significantly:
  - energy consumption and greenhouse gas emissions: the reporting scope covers 63% of the total sales area of Sephora's US and Canadian stores;
  - water consumption: the reporting scope covers 27% of the total sales area of Sephora's stores in France and 59% of the total sales area of the US and Canadian stores of Sephora;
  - waste production: the stores of Céline and Fendi, the Spanish stores of Loewe, the French stores of Sephora, the stores of Louis Vuitton (with the exception of certain Japanese stores) and the stores Christian Dior Couture (with the exception of certain Italian and Chinese stores) are not covered.

For stores, no other environmental indicator is concerned.

As of end-April 2012, the reporting scope for stores covers 42% of the sales area for energy consumption and 27% for water consumption. The environmental indicators of the stores that are not covered are deduced by extrapolation, based on the average of the actual ratios per unit of sales area. The integration of the Bulgari stores and of the stores of Ile de Beauté in Russia are the main changes in reporting scope involved in this extrapolation.

13.1. WATER, ENERGY AND RAW MATERIAL CONSUMPTION REQUIREMENTS

13.1.1. Water consumption

Water consumption is analyzed based on the following:

- process requirements: use of water for cleaning purposes (tanks, products, equipment, floors), air conditioning, employees, product manufacturing, etc.; such water consumption generates waste water;
- agricultural requirements: water consumption for vine irrigation outside France, as irrigation is not practiced 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 measurement by the sites of water consumption for agricultural purposes is less precise than the measurement of process water consumption.

(in m^3)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Process requirements	713,755	1,861,141
Agricultural requirements (vine irrigation)	2,559,197	6,618,614

Water consumption used for the process requirements of the Group's companies reached around 713,755 m^3. This consumption covers 27% of the sales areas. Water consumption by retail sales areas excluded from the reporting scope (73% of total retail space) is estimated at 331,612 m^3.

Water consumption by business group

Process requirements *(in m^3)*	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Christian Dior Couture	19,039	44,425
Wines and Spirits	384,078	993,306
Fashion and Leather Goods	93,061	249,271
Perfumes and Cosmetics	73,493	202,274
Watches and Jewelry	4,778	12,573
Selective Retailing	129,485	332,014
Other activities	9,821	27,278
TOTAL	**713,755**	**1,861,141**

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

13.1.2. Energy consumption

Energy consumption corresponds to primary energy consumption (combustion on a Group site, such as fuel oil, butane, propane and natural gas) added to secondary energy consumption (energy originates from combustion outside the Group's sites: mainly electricity).

As of end-April 2012, the subsidiaries included in the reporting scope consumed 223,041 MWh provided by the following sources: 68% electricity, 18% natural gas, 6% fuel oil, 5% heavy fuel oil, 1% butane propane, 1% steam, and less than 1% renewable energies.

This consumption corresponds, in decreasing order of use to Selective Retailing (34%), Wines and Spirits (29%), Fashion and Leather Goods (18%), Perfumes and Cosmetics (10%), and Christian Dior Couture (5%). The remaining 4% is generated by Watches and Jewelry and the other activities of the Group.

Energy consumption by retail sales areas excluded from the reporting scope (58% of total retail space) is estimated at 116,205 MWh.

Upon the completion of Bilan Carbone® greenhouse gas emission assessments and energy audits, various action plans were implemented by Group companies relating to lighting and air conditioning in stores, one of the main sources of the Group's greenhouse gas emissions, but also in the areas of transportation, energy efficiency and the promotion of renewable energies.

Energy consumption by business group

(in MWh)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Christian Dior Couture	11,299	26,356
Wines and Spirits	64,858	167,737
Fashion and Leather Goods	39,164	104,904
Perfumes and Cosmetics	22,141	60,939
Watches and Jewelry	3,832	10,083
Selective Retailing	76,683	196,623
Other activities	5,064	14,068
TOTAL	**223,041**	**580,710**

Consumption by energy source as of April 30, 2012

(in MWh)	Electricity	Natural gas	Fuel oil	Heavy fuel oil	Butane Propane	Steam	Renewable energies
Christian Dior Couture	10,059	634	95	-	-	511	-
Wines and Spirits	23,937	18,175	8,804	10,905	2,520	-	517
Fashion and Leather Goods	31,536	6,442	251	-	429	292	214
Perfumes and Cosmetics	13,581	8,193	22	-	-	283	62
Watches and Jewelry	2,386	1,400	46	-	-	-	-
Selective Retailing	67,377	3,606	4,776	-	-	924	-
Other activities	3,447	1,471	31	-	14	101	-
TOTAL	**152,323**	**39,921**	**14,025**	**10,905**	**2,963**	**2,111**	**793**

13.1.3. Raw material consumption

Given the variety of the Group's operations and the many different types of raw materials used, the only significant, relevant criterion used by all of the Group's brands relevant for the analysis of raw material consumption is the quantity, measured in metric tons, of primary and secondary packaging used for consumer goods placed on the market:

- 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 placed on the market

(in metric tons)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Christian Dior Couture	159	372
Wines and Spirits	63,099	163,186
Fashion and Leather Goods	2,277	6,100
Perfumes and Cosmetics	8,647	23,798
Watches and Jewelry	200	527
Selective Retailing	610	1,563
TOTAL	**74,992**	**195,546**

Breakdown of the total weight of packaging placed on the market, by type of material, as of April 30, 2012

(in metric tons)	Glass	Paper-cardboard	Plastic	Metal	Fabric	Other packaging material
Christian Dior Couture	-	137	20	-	-	2
Wines and Spirits	53,621	7,720	679	502	21	555
Fashion and Leather Goods	-	1,861	6	-	37	373
Perfumes and Cosmetics	4,612	1,546	1,869	295	37	288
Watches and Jewelry	-	79	-	-	-	121
Selective Retailing	99	84	392	21	15	-
TOTAL	**58,332**	**11,427**	**2,966**	**818**	**110**	**1,339**

The brands have different adapted tools and training to ensure that there is optimum consideration of the environment in product design. Eco-design involves reductions in packaging weight and volume, the selection of ingredients and raw materials, the use of more energy-efficient production processes, and efforts to ensure compliance with the REACH Regulation.

13.2. SOIL USE CONDITIONS, EMISSIONS INTO THE AIR, WATER AND SOIL

13.2.1. Soil use

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

Integrated grape growing (*viticulture raisonnée*) is an advanced method that combines cutting-edge technology with traditional methods, covering all stages of the wine producing process. This method, used for several years by Wines and Spirits, was developed further this year. For example, Moët & Chandon and Veuve Clicquot are developing their "third way" approach, combining the use of synthetic products, applied during the critical flowering period, and organic products, applied at the beginning and the end of the season when vines are less vulnerable to attacks by pests.

13.2.2. Greenhouse gas emissions

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

Estimated greenhouse gas emissions in tons of CO_2 (carbon dioxide) equivalent correspond to the site energy consumption emissions, as defined in section 13.1.2. Energy consumption. These include direct emissions (on-site combustion) and indirect emissions (from the generation of electricity and vapor used by the sites). CO_2 emission factors are updated every year for each energy source, notably for electricity. This update may lead to significant changes.

Breakdown of emissions by business group as of April 30, 2012

(in metric tons of CO_2 equivalent)	CO_2 emissions as of April 30, 2012 (4 months)	Of which: Direct CO_2 emissions	Of which: Indirect CO_2 emissions	CO_2 emissions as of Dec. 31, 2011 (12 months)
Christian Dior Couture	5,345	156	5,189	12,473
Wines and Spirits	15,241	9,793	5,448	39,416
Fashion and Leather Goods	12,213	1,497	10,716	32,714
Perfumes and Cosmetics	3,647	1,694	1,953	10,036
Watches and Jewelry	381	301	80	1,001
Selective Retailing	27,141	2,037	25,104	69,593
Other activities	937	315	622	2,602
TOTAL	**64,905**	**15,793**	**49,112**	**167,835**

Greenhouse gas emissions generated by retail space excluded from the reporting scope (58% of total retail space) are estimated at 54,921 metric tons of CO_2 equivalent. The Group has long stressed the importance of addressing climate change in its business activities and has carried out Bilan Carbone® assessments of the following brands since 2002: Moët & Chandon, Veuve Clicquot, Hennessy, Parfums Christian Dior, Guerlain, Parfums Kenzo, Parfums Givenchy, Givenchy Couture, Make Up For Ever, DFS, Sephora, Le Bon Marché, and Christian Dior Couture. Greenhouse gas emissions are retested using this assessment protocol every three years.

13.2.3. Discharges to water

The most significant and relevant emissions of note are the discharges of substances causing eutrophication by Wines and Spirits and Perfumes and Cosmetics operations. The Group's other business groups have a very limited impact on water quality. Eutrophication is the excessive build-up of algae and aquatic plants caused by excess nutrients in the water (particularly phosphorus), which reduces water oxygenation and adversely impacts the environment. The parameter used is the Chemical Oxygen Demand (COD) calculated after treatment of the discharges in the Group's own plants or external plants with which the Group has partnership agreements. The following operations are considered as treatment: city and county waste water collection and treatment, independent collection and treatment (aeration basin) and land application. As a particularly precious resource for the Group's businesses, and especially for the activities of its Wines and Spirits and Perfumes and Cosmetics business groups, water is the focus of considerable attention: each year, ambitious goals are set to limit consumption and renewed efforts are made to curtail discharges into water.

COD after treatment *(metric tons/year)*	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Wines and Spirits	861	2,227
Perfumes and Cosmetics	5	14
TOTAL	**866**	**2,241**

13.2.4. Waste

Group companies continued their efforts with respect to the sorting and recovery of waste: on average, 88% of waste was recovered between January and end-April 2012.

Recovered waste is waste for which the final use corresponds to one of the following channels:

- 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 April 30, 2012 (4 months)	Of which: hazardous waste produced as of April 30, 2012 [a] (4 months)	Waste produced as of Dec. 31, 2011 (12 months)
Christian Dior Couture	178	8	415
Wines and Spirits	16,800	69	43,447
Fashion and Leather Goods	2,803	45	7,509
Perfumes and Cosmetics	2,681	326	7,379
Watches and Jewelry	108	11	283
Selective Retailing	1,848	25	4,738
Other activities	436	28	1,212
TOTAL	**24,854**	**512**	**64,983**

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

Waste recovery as of April 30, 2012

(as %)	Re-used	Material recovery	Energy recovery	Total recovery
Christian Dior Couture	1	67	14	82
Wines and Spirits	5	81	4	90
Fashion and Leather Goods	3	47	18	68
Perfumes and Cosmetics	5	68	24	97
Watches and Jewelry	-	64	30	94
Selective Retailing	6	42	37	85
Other activities	-	97	2	99
TOTAL	**5**	**73**	**10**	**88**

13.3. LIMITATION OF DAMAGE TO ECOSYSTEM BALANCE, NATURAL HABITATS, ANIMAL AND PLANT SPECIES

Fashion and Leather Goods, and Watches and Jewelry implemented procedures to improve compliance with the convention on international trade in endangered species (CITES). Through a system of import-export permits, this convention was set up to prevent certain species of endangered fauna and flora against overexploitation.

The Research & Development teams of the Perfumes and Cosmetics business group have been working in the field of ethno botany 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. For example, Guerlain is a sponsor of TianZi, a nature reserve in China, having entered into a ten-year funding agreement focusing on three areas: reforestation, introduction of orchids, and social initiatives in support of local populations. Guerlain has also launched a program promoting sound farming practices for *vetiver* in the high plateaus surrounding Coimbatore in southern India. Apart from its donations to the Japanese Red Cross in the aftermath of the earthquake and tsunami that hit Japan in March 2011, Louis Vuitton is a sponsor of the "Forests are Lovers of the Sea" campaign, whose aim is to reverse water quality degradation and damage to oyster fisheries in Miyagi prefecture through the planting of trees. Louis Vuitton has also funded the acquisition of forest land in the region of Nagano, whose timber is being used to build homes and furniture for people directly affected by the disaster.

13.4. ENVIRONMENTAL PROTECTION METHODS WITHIN THE GROUP

13.4.1. Organization

The LVMH group has had an environment management team since 1992. In 2001, LVMH established an "Environment Charter" signed by the Chairman of the Group, which requires that each 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 Cordon Brown's Millennium Development Goals.

The Group undertakes to adopt the following environmental measures:

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

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

- implement the environmental policies of the Group companies, based on the LVMH Charter;
- conduct audits to assess Group companies' environmental performance;
- monitor regulatory and technical issues;
- create management tools;
- 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.).

The Environmental Charter requires that all Group Houses adapt this document for their internal purposes so as to reflect the nature of their own operations. All the Houses have begun implementing their own environmental management systems; an ever increasing number of them have established their own environmental committees to supervise the deployment of this approach across their organizations. Each Group House has appointed an environmental management representative. They meet as part of the LVMH Environment Commission coordinated by the Group's environment management team once every three months and post their conclusions on the Group's Environment Extranet page, LVMH Mind, which is accessible to all employees.

13.4.2. Evaluation and certification programs

In accordance with the LVMH Environment Charter, each company of the LVMH group is responsible for designing and implementing its own environment management system, in particular for defining goals, and more precisely for drafting its own environmental policy. Each company has access to an LVMH self-assessment guide and can, if it wishes, apply for ISO 14001 or EMAS certification for its system.

The LVMH group requires all Houses to put in place environmental management systems. All of the Cognac, Champagne and vodka Houses have now obtained ISO 14001 certification. In 2011, Guerlain obtained certification for its two production sites, its headquarters, and its Paris stores. Having obtained ISO 14001 certification for its French logistics sites, its headquarters at the Pont Neuf in Paris, and its Barbera workshop in Spain, Louis Vuitton continued its efforts in this area in 2011 by focusing on its French workshops and its facilities in Fiesso, Italy. Lastly, Parfums Christian Dior has obtained certification for its international distribution center in Saint-Jean de Braye in France and its distribution facility in Singapore.

LVMH's Watches and Jewelry business group is a member of the "Responsible Jewellery Council" (RJC), an organization bringing together more than 260 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, which applies to all members involved in the diamond and gold jewelry supply chain and requires that compliance with the system be verified by accredited, independent Auditors. Bulgari, TAG Heuer, Chaumet and Fred have been certified this year. Zenith obtained certification in January 2012, whereas Hublot and the jewelry business of Louis Vuitton and Dior Jewelry intend to obtain certification this year.

Since the 2002 fiscal year, the LVMH group's annual environmental data reporting has been audited, based on data from LVMH, by the Environment and Sustainable Development department of Ernst & Young, one of the Group's Statutory Auditors.

13.4.3. Measures to ensure compliance with applicable laws and regulations

Group companies are audited on a regular basis, either by third parties, insurers or internal Auditors, which enables them to keep their compliance monitoring plan up-to-date. These audits correspond to an inspection of one or more sites of the same company based on all relevant environmental issues – waste, water, energy, and environmental management – and are documented in a written report including recommendations. This figure does not include the numerous compliance controls that may be performed on a specific environmental regulation topic, e.g. a waste sorting inspection, performed periodically by the Group companies on their sites. Since 2003, a review of environmental regulatory compliance is also performed by the insurance companies, which now includes an environmental inspection during their fire safety visits to Group company sites.

13.4.4. Expenses incurred to anticipate the effects of operations on the environment

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

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

Environmental protection expenses as of April 30, 2012 break down as follows:

- operating expenses: 2.6 million euros;
- capital expenditure: 2.7 million euros.

13.4.5. Provisions and guarantees given for environmental risks, and compensation paid during the fiscal year pursuant to a court decision

The amount of provisions for environmental risks is 4.3 million euros as of April 30, 2012.

13.4.6. Objectives assigned by the Group to its subsidiaries abroad

The Group requires each subsidiary, regardless of its geographic location, to apply the Group's environmental policy as set forth in the Charter, which stipulates that each subsidiary defines its own environmental objectives and communicates the annual indicators included in this section.

13.4.7. Consumer safety

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

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

- by reinforcing the responsibility of the manufacturer: clarification of minimum requirements relating to the assessment of product safety;
- by reinforcing market surveillance: obligation to notify the competent authorities of serious undesirable effects.

The Group has been working over the last several months to set up procedures to ensure its readiness once the new regulation enters into application. These initiatives are becoming more essential than ever, in an environment where cosmetics regulations are giving rise to an increasing amount of legislation worldwide.

Other European regulations have entered into application, some of which relatively recently, and have been integrated into the Group's processes:

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

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

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

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

REPORT OF THE INDEPENDENT AUDITOR RELATING TO THE DISCLOSURE AND FAIR PRESENTATION OF SOCIAL AND ENVIRONMENTAL INFORMATION

To the Shareholders,

As requested and in our capacity as an independent auditor, we hereby present our report relating to the disclosure and fair presentation of social and environmental information in the Management report prepared in respect of the exceptional four-month fiscal year ended April 30, 2012, pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code (*Code de commerce*), amended as a result of the enactment of the "Grenelle II" law of July 12, 2010 (Article 225) and its implementing decree of April 24, 2012 relating to the transparency obligations of companies with respect to the social and environmental impact of their operations.

It is the responsibility of the Board of Directors to prepare a report on the Group's management including the social and environmental information required under Article R. 225-105-1 of the French Commercial Code (the "Indicators") and to specify the guidelines used (the "Guidelines") to develop and measure the Indicators as well as the way in which the latter are made available.

The Guidelines are available by request at the Group's headquarters. A summary of the Guidelines is included in the introduction to the sections of the Management report dealing with social and environmental reporting.

Our firm has put in place a policy to ensure that audit independence is maintained, supplemented by quality control procedures covering the treatment of conflicts of interest as set forth in Article L. 822-11 of the French Commercial Code, in accordance with legal and regulatory requirements and the Code of Ethics for Professional Accountants (as issued by the International Federation of Accountants, known as IFAC, in July 2009).

Based on the work performed, it is our responsibility to:

- certify that the Indicators provided for in Article R. 225-105-1 have been included or, if any have been omitted, that an explanation as provided for in the third paragraph of Article R. 225-105 has been given (statement attesting to disclosure);
- express moderate assurance that the Indicators are presented fairly, in all material respects, in compliance with the Guidelines adopted (opinion on fair presentation).

We conducted our procedures pursuant to ISAE 3000 (International Standard on Assurance Engagements) issued by the IFAC (International Federation of Accountants) in December 2003. More extensive work would have been required to assert a higher level of assurance.

1. Statement attesting to disclosure

Our audit procedure involved the following tasks:

- We assessed the appropriate nature of the Guidelines with respect to their relevance, completeness, objectivity, clarity and reliability, taking into consideration industry best practices, where applicable.
- We compared the environmental and social information included in the Management report with the information required under Article R. 225-105-1.
- For any elements of information found to be omitted, we reviewed the explanations offered with regard to those provided for in the third paragraph of Article R. 225-105 relating to the nature of the Group's business activities or its organization.

Our comments on the Guidelines are as follows:

- For this exceptional four-month fiscal year, all quantitative environmental Indicators and some quantitative social Indicators are not calculated on the basis of actual data but instead are estimated on the basis of quantitative Indicators relating to the fiscal year ended December 31, 2011. The methodologies used to prepare these estimates are described in the sections of the Management report dealing with social and environmental reporting.
- In order to calculate quantitative environmental Indicators relating to its retail activities, the Group collects data for a subset of its stores. These data are extrapolated to obtain results for the entire scope of the Group's retail operations. The portion of extrapolated data was reduced this year, but remains significant.

On the basis of our work, we hereby confirm that social and environmental information as required under Article R. 225-105-1 has been included in the Management report and that explanations have been offered as provided for in the third paragraph of Article R. 225-105 for any omitted information.

2. Opinion on fair presentation

Nature and scope of work

In order to formulate our opinion, we performed the following procedures:

- We verified the existence within the Group of an information-gathering process designed to ensure the completeness and consistency of the Indicators provided in compliance with the Guidelines and identified the individuals responsible for this process. We reviewed the internal control and risk management procedures put in place by the Group. At the Group level, we conducted interviews with individuals responsible for social and environmental reporting. We used a sampling procedure to examine the processes for gathering, compiling, analyzing and verifying information within the Group and also conducted detailed tests.
- We examined the Indicators reported to ensure coverage of the consolidated scope of operations, corresponding to the Company and its subsidiaries within the meaning of Article L. 223-1 and controlled companies within the meaning of Article L. 233-3.
- We selected the social and environmental indicators that we considered as the most material with respect to the financial risks and opportunities for the Company's business and industry best practices.
- With regard to material quantitative Indicators, we carried out analytical procedures, at the level of the Group as well as its subsidiaries, and verified, on a test basis, the calculations as well as the consolidation of reported information used to measure these Indicators.
- At the level of the Group's operational sites, we selected a representative sample of entities [(a)]. Entities were included in this sample based on their line of business, their contribution to the Group's consolidated indicators, their location, and our risk analysis. On average, the representative sample thus corresponded to 31% of the Group's workforce and 65% of the quantitative environmental Indicators. We conducted interviews to identify what, if any, information might have been omitted and performed detailed tests, which involved the verification of calculations made and the comparison of data provided with documentary evidence. In relation to absenteeism and social and environmental responsibility vis-à-vis subcontractors and suppliers, our work was confined to a single interview.
- With regard to material qualitative Indicators, we verified their consistency and fairness by means of interviews and the comparison of documentary evidence, such as external reports (e.g., certificates) or internal reports (e.g., decision briefs) with the original documentary sources.
- For other pertinent published information, we verified their consistency and fairness using tests based on our analysis of the risk of reporting errors.
- Lastly, we reviewed the presentation of all Indicators in the Group's Management report.

We believe that our audit procedures as described above provide a reasonable basis to formulate our opinion expressed below.

Comments on the Indicators

- The collection of certain data relating to training (number of individuals trained and number of training hours) as well as health and safety (number of work-related accidents with sick leave, number of days of sick leave) needs to be improved at certain subsidiaries.
- Overall, the implementation of internal controls for the information-gathering processes used to measure quantitative environmental Indicators for the last several fiscal years is satisfactory, although performance varies considerably across the Group. These internal controls need to be further strengthened through a more systematic approach, especially for Group companies where discrepancies were noted whose contribution to the Group's quantitative environmental Indicators is significant.
- With regard to the indicator "Waste recovery percentage", the Group has made significant progress in relation to the documentation of the waste treatment facilities used. The Group should build on the improvements made to date, reinforcing the application of the related processes, particularly for companies that have yet to take a systematic approach to the documentation of facilities.

Conclusion

We did not identify any misstatement likely to call into the question the assessment that the Indicators are presented fairly, in all material respects, in accordance with the Guidelines.

Paris-La Défense, July 30, 2012

The Independent Auditor	Environment and Sustainable Development Department
ERNST & YOUNG et Associés	**Eric MUGNIER**

This is a free translation of the original French text for information purposes only.

(a) Bodegas Chandon, Château d'Yquem, Glenmorangie, Hennessy, MHCS, Guerlain, Parfums Christian Dior, Céline, Givenchy Couture, Louis Vuitton Malletier (Louis Vuitton Services, Société des Magasins Louis Vuitton, Société des Ateliers Louis Vuitton), Louis Vuitton SCTA (Spain), Cortech, TAG Heuer, ArteCad, Zenith International, Le Bon Marché, Sephora (France, USA, China, Italy, Poland), DFS (two stores).

14. Exceptional events and litigation

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

Following the decision delivered in March 2006 by the *Conseil de la Concurrence* (the French antitrust authority) regarding the luxury perfume sector in France, and the judgment rendered on June 26, 2007 by the Paris Court of Appeal, the Group companies concerned took their case to the *Cour de cassation*, the highest court in France. In July 2008, the *Cour de cassation* overturned the decision of the Paris Court of Appeal and referred the case to the same jurisdiction, formed differently. In November 2009, the Court of Appeal set aside the judgment of the *Conseil de la Concurrence* due to the excessive length of the proceedings. In November 2010, the *Cour de cassation* overturned the decision of the Court of Appeal and referred the matter back to the same jurisdiction, formed differently. On January 26, 2012, the Paris Court of Appeal, while reaffirming the decision handed down in 2006 by the *Conseil de la Concurrence* against France's leading manufacturers and distributors of luxury perfumes and cosmetics relating to events dating back to the period 1997-2000, reduced the total amount of fines imposed on the Group's companies active in this sector to 13 million euros. A new appeal is being brought before the *Cour de cassation*.

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 Louis Vuitton Malletier, Christian Dior Couture and the Perfumes and Cosmetics brands, 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 brands. 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 brands, as the initial amount had been determined on the basis of eBay's worldwide operations. eBay filed an appeal with the *Cour de cassation*. 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 portion of the Paris Court of Appeal's decision with regard to the latter's jurisdiction for activity conducted on the Web site eBay.com. It referred the case back for retrial by the Paris Court of Appeal.

Following the announcement by LVMH in October 2010 of its acquisition of a stake in the share capital of Hermès International, the *Autorité des marchés financiers* (the French financial markets regulation authority) decided to launch an investigation into the market and financial disclosures relating to Hermès and LVMH shares. This investigation is currently under way.

In January 2011, the Paris Administrative Court canceled the order issued in 2007 that had granted Fondation Louis Vuitton a building permit for the construction of a modern and contemporary art museum in the Bois de Boulogne. The Fondation is financed through contributions by the Group's French entities as part of their cultural sponsorship activities. The Fondation and the City of Paris have appealed the ruling of the Paris Administrative Court. In view of the nature of this project as beneficial to society and in keeping with the public interest, the French parliament passed a resolution validating the canceled building permits on the grounds advanced by the Administrative Court. On February 24, 2012, the Constitutional Council ruled that the resolution as approved was consistent with the French constitution. On June 18, 2012, the building permit was deemed valid by the Paris Administrative Court of Appeal.

In the first half of 2011, Christian Dior Couture SA dismissed Mr. John Galliano and terminated the consulting agreement it had entered into with Cheyenne Freedom SARL, a company owned by Mr. Galliano. John Galliano SA, a subsidiary of Christian Dior Couture, also terminated Mr. Galliano's employment contract. Mr. Galliano has brought legal proceedings against these two Group companies. At the time of the publication of this document, no decision had been handed down.

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

15. Subsequent events

No significant subsequent events occurred between April 30, 2012 and July 26, 2012, the date on which the financial statements were approved for publication by the Board of Directors.

16. Recent developments and prospects

In a global market that is experiencing strong growth, despite an uncertain economic outlook for Europe, the Christian Dior group will continue to pursue market share gains on the strength of the numerous products to be launched by the end of the fiscal year, its geographic expansion in high-growth markets and its rigorous management.

Our exacting drive for quality in everything that we do, alongside the dynamism and unparalleled creativity of our teams will allow us to further reinforce the Group's global leadership position in luxury goods in the coming fiscal year.

Report of the Chairman of the Board of Directors

Drawn up in accordance with the provisions of Article L. 225-37 of the French Commercial Code, this report was approved by the Board of Directors at its meeting on July 26, 2012.

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

1. Corporate governance

1.1. BOARD OF DIRECTORS

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

Christian Dior's Board of Directors acts as guarantor of the rights of each of its shareholders and ensures that shareholders fulfill all of their duties.

The Company refers to the AFEP/MEDEF Code of Corporate Governance for Listed Companies, for guidance. This document may be viewed on the AFEP/MEDEF web site: www.code-afep-medef.com.

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

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

The Charter of the Board of Directors and the internal rules governing the two committees are communicated to all candidates for appointment as Director and to all permanent representatives of a legal entity before assuming their duties. These documents are presented in the "Other Information - Governance" section of the Annual Report.

Pursuant to the provisions of the Board of Directors' Charter, all Directors must bring to the attention of the Chairman of the Board any instance, even potential, of a conflict of interest that may exist between their duties and responsibilities to the Company and their private interests and/or other duties and responsibilities. They must also provide the Chairman with details of any fraud conviction, any official public incrimination and/or sanctions, any disqualifications from acting as a member of an administrative or management body imposed by a court along with any bankruptcy, receivership or liquidation proceedings to which they have been a party. No information has been communicated with respect to this obligation.

The Company's Bylaws require each Director to hold, directly and personally, at least 200 of its shares.

1.2. MEMBERSHIP AND MISSIONS

- The Board of Directors consists of eleven members: Mrs. Delphine Arnault, Mrs. Hélène Desmarais and Mrs. Ségolène Gallienne, as well as Messrs. Bernard Arnault, Denis Dalibot, Renaud Donnedieu de Vabres, Pierre Godé, Eric Guerlain, Christian de Labriffe, Jaime de Marichalar y Sáenz de Tejada and Sidney Toledano. Six of whom: Mrs. Hélène Desmarais, Mrs. Ségolène Gallienne and Messrs. Renaud Donnedieu de Vabres, Eric Guerlain, Christian de Labriffe and Jaime de Marichalar y Sáenz de Tejada are considered as independent and as holding no interests in the Company.

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

- During the fiscal year that began on January 1, 2012 and ended on April 30, 2012, the Board of Directors met four times as convened by its Chairman. The average attendance rate of Directors at these meetings was 75%.

  The Board approved the consolidated and parent company financial statements for the year ended December 31, 2011 and reviewed the contribution of Christian Dior Couture shares held by Christian Dior SA to a company in which the latter is the sole shareholder, the change in the opening and closing balance sheet dates of the Company's fiscal year, the establishment of a bonus share plan, changes in the membership of the Board of Directors, compensation of company officers, the authorization for third-party guarantees, and the renewal of the authorization to issue bonds.

During its meeting of February 2, 2012, the Board of Directors carried out a formal analysis of its capacity to meet shareholders' expectations. It reviewed its composition, organization and modus operandi, using as a basis a questionnaire addressed to each Director prior to the meeting.

The Board came to the conclusion that its composition is in line with regard to its percentage of external Directors, the breakdown of share capital, and with respect to the diversity and complementarity of the skills and experiences of its members.

The Board believes that:

- the Directors are satisfied with the membership of the Board in regard to the diversity and complementarity of the skills and experiences of its members;
- the Directors are also satisfied with the frequency of Board meetings and the quality of the information provided on such topics as strategic guidelines, current business activity, financial statements, budget and the three-year plan;
- the Directors consider that the Board is fulfilling its role with respect to its objectives of increasing the Company's value and protecting its interests;
- the Directors have no observations on the Board's Charter, the rules for allocating Directors' fees or the minimum number of shares that each Director must hold;
- this is also the case regarding the composition of the two committees and the quality of their work.

The ways in which the Group may respond to the ongoing changes in the economic and financial environment gave rise to exchanges between Directors and Executive Management.

The Board also approved continuing efforts to improve the gender balance of its membership and proposed to submit resolutions to the Shareholders' Meeting of April 5, 2012 to appoint Mrs. Delphine Arnault and Mrs. Hélène Desmarais as Directors, thus bringing the proportional representation of women on the Board to more than 20%.

The Board also amended the internal regulations for the Nominations and Compensation Committee with a view to specifying its role with respect to the compensation of the Group's executives.

- During its meeting of July 26, 2012, 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 of Governance for Listed Companies, and noted that there had been no significant change in the status of any of the Company's Directors since February 2, 2012, the date of the previous Board of Directors' meeting having reviewed the status of each Director currently in office as well as that of each proposed appointee. In addition, on the recommendation of the Chief Executive Officer, the Board appointed Mr. Pierre Godé as Group Managing Director and determined his compensation.

1.3. EXECUTIVE MANAGEMENT

The Board of Directors decided to dissociate the roles of Chairman and Chief Executive Officer. It did not limit the powers vested in the Chief Executive Officer and the Group Managing Director.

1.4. PERFORMANCE AUDIT COMMITTEE

The main tasks of the Performance Audit Committee are the monitoring of the process of preparing financial information, the effectiveness of internal control and risk management procedures, as well as the statutory audit of the individual company and consolidated financial statements by the External Auditors. The Committee oversees the procedure for the selection of External Auditors and ensures their independence.

It currently consists of three members, all independent, appointed by the Board of Directors. The current members of the Performance Audit Committee are Messrs. Eric Guerlain (Chairman), Renaud Donnedieu de Vabres and Christian de Labriffe.

The Performance Audit Committee met once during the fiscal year that began on January 1, 2012 and ended on April 30, 2012, with all of its members in attendance.

This meeting was attended by the External Auditors, the Chief Financial Officer, the Company's Accounting Director and the Accounting Director of LVMH.

On the basis of presentations made by Christian Dior's Chief Financial Officer, the work of the Performance Audit Committee covered the following areas: the process for the preparation and publication of financial information; a review of the Group's operations; a detailed examination of the parent company and consolidated financial statements for the year ended December 31, 2011; and the Group's exposure to risk, risk management procedures and off balance sheet commitments. The Committee also verified the independence of External Auditors and monitored the legal audit of Christian Dior's parent company and consolidated financial statements, on the basis of presentations and summary reports by the External Auditors.

1.5. NOMINATIONS AND COMPENSATION COMMITTEE

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

- proposals on compensation, benefits in kind, bonus shares and share subscription or purchase options for the Chairman of the Board of Directors, the Chief Executive Officer and the Group Managing Director(s) of the Company, as well as on the allocation of Directors' fees paid by the Company;
- opinions on candidates for the positions of Director, Advisory Board member or member of the Executive Management of the Company or of Christian Dior Couture.

It currently consists of three members, all independent, appointed by the Board of Directors. The current members of the Nominations and Compensation Committee are Messrs. Eric Guerlain (Chairman), Christian de Labriffe and Mrs. Hélène Desmarais.

The Committee met twice during the fiscal year that began on January 1, 2012 and ended on April 30, 2012. The majority of the Committee's members were in attendance at both of these meetings, as one member was not able to attend. In particular, the Committee issued proposals on the variable compensation to be received by the Chief Executive Officer in respect of the 2011 fiscal year, on the fixed compensation and benefits in kind to be awarded in respect of the 2012 fiscal year by Christian Dior Couture to Mr. Sidney Toledano as its Chief Executive Officer, and on the allocation of performance shares to the Chairman of the Board of Directors, to the Chief Executive Officer, and to Mrs. Delphine Arnault, within the scope of her employment contract with Christian Dior Couture. It also issued an opinion on the appointments submitted for the approval of the Shareholders' Meeting of April 5, 2012 and made recommendations concerning the gender balance of the Board of Directors' membership.

It examined the recommendations made by the Nominations and Compensation Committee of LVMH in favor of the Directors of LVMH that are company officers at Christian Dior as well as the decisions of LVMH's Board of Directors. The committee also issued an opinion on the nominations of Directors to be put to a vote at the Shareholders' Meeting.

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.

Lastly, the Committee requested more detailed information on compensation and incentive plans for the Group's senior executives.

Prior to the meeting of the Board of Directors held on July 26, 2012, the Committee issued an opinion on the appointment of Mr. Pierre Godé as Group Managing Director and made a proposal relating to his compensation package.

1.6. 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.

There are currently no Advisory Board members.

1.7. PARTICIPATION IN SHAREHOLDERS' MEETINGS

The terms and conditions of participation by shareholders in Shareholders' Meetings, and in particular the conditions for the attribution of dual voting rights to registered shares, are defined in Articles 17 to 23 of the Bylaws (see the "Other information — Governance" section of the Annual Report).

1.8. INFORMATION THAT COULD HAVE A BEARING ON A TAKEOVER BID OR EXCHANGE OFFER

Information that might have an impact on a takeover bid or exchange offer, as required by Article L. 225-100-3 of the French Commercial Code, is published in the "Management report of the Board of Directors" section of the Annual Report.

1.9. COMPENSATION POLICY FOR COMPANY OFFICERS

Directors' fees paid to the members of the Board of Directors

The Shareholders' Meeting shall set the total amount of Directors' fees to be paid to the members of the Board of Directors.

This amount is divided among the members of the Board of Directors, in accordance with the rule defined by the Board of Directors, based on the proposal of the Directors' Nominations and Compensation Committee, namely:

(i) two units for each Director;

(ii) one additional unit for serving as a Committee member;

(iii) two additional units for serving as both a Committee member and a Committee Chairman;

(iv) two additional units for serving as Chairman of the Company's Board of Directors;

with the understanding that the amount corresponding to one unit is obtained by dividing the overall amount allocated to be paid as Directors' fees by the total number of units to be distributed.

A portion of Directors' fees to be paid to its members is contingent upon their attendance at meetings of the Board of Directors and, where applicable, at those of the committees to which they belong. A reduction in the amount to be paid is applied to two-thirds of the units described under (i) above, proportional to the number of Board Meetings the Director in question does not attend. In addition, for committee members, a reduction in the amount to be paid is applied to the additional fees mentioned under (ii) and (iii) above, proportional to the number of meetings by Committee to which the Director in question participates which he or she does not attend.

In respect of the fiscal year that began on January 1, 2012 and ended on April 30, 2012, Christian Dior granted a total gross amount of 38,605 euros in Directors' fees to the members of its Board of Directors. For the calculation of these Directors' fees, the annual amount allocated by the Shareholders' Meeting was reduced on a pro rata basis.

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 company officers are mainly determined on the basis of the degree of responsibility ascribed to their missions, their individual performance, as well as the Group's performance and the achievement of targets. This determination also takes into account compensation paid by similar companies with respect to their size, industry segment and the extent of their international operations.

A portion of the compensation paid to executives and managers of the Company and 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, with each of these items representing one-third of the total determination. The variable portion is capped at 120% of the fixed portion for the Chief Executive Officer.

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" included in the Annual Report.

A non-competition indemnity, authorized by the Board of Directors on February 8, 2008, pursuant to Article L. 225-42-1 of the French Commercial Code, is set forth in the employment contract – currently suspended – entered into by Mr. 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.

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" included in the Annual Report.

Certain senior executives of the Group, and where applicable also company officers are entitled to a supplementary pension provided that they liquidate any pensions acquired under external pension plans immediately upon terminating their duties in the Group. This is not required however if they leave the Group at the latter's request after the age of fifty-five and resume no other professional activity until their external pension plans are liquidated. This supplemental payment corresponds to a specific percentage of the beneficiary's salary, to which a ceiling is applied on the basis of the reference salary determined by the French social security scheme. The increase in provisions for these supplemental retirement benefits as of April 30, 2012 is included in the amount shown for post-employment benefits under Note 30.3 of the consolidated financial statements.

An exceptional remuneration may be awarded to certain Directors with respect to any specific mission with which they have been entrusted. The amount of this remuneration shall be determined by the Board of Directors and reported to the Company's External Auditors.

2. Implementation of risk management and internal control procedures

The Christian Dior group uses an internal reference guide which is consistent with COSO principles (Committee of Sponsoring Organizations of the Treadway Commission) and which the *Autorité des Marchés Financiers* (French market regulator – AMF) has taken as the basis for its Reference Framework.

Under the impetus of the Board of Directors, the Performance Audit Committee and Executive Management, the purpose of the risk management and internal control procedures that are applied within the Group is to provide reasonable assurance that the following objectives will be achieved:

- to ensure that management and operations-related measures, as well as the conduct of personnel, are consistent with the definitions contained in the guidelines applying to the Company's activities by its management bodies, applicable laws and regulations, and the Company's internal values, rules, and regulations;
- to ensure that the accounting, financial, and management information communicated to the management bodies of Group companies reflect a fair view of these companies' activity and financial position.

One of the objectives of the risk management and internal control procedures is to prevent and control risks resulting from the Company's activity and the risk of error or fraud, particularly in the areas of accounting and finance. As with any control system, however, it cannot provide an absolute guarantee that these risks are completely eliminated.

Christian Dior's risk management and internal control procedures take into consideration the Group's specific structure. Christian Dior is a holding company that controls 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 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, 2011, the risk management and internal control procedures implemented by LVMH and described below are identical to those presented in the "Report of the Chairman of the Board of Directors" included in LVMH's 2011 Reference Document.

2.1. LVMH

This section of the report draws upon the Reference Framework issued by the AMF on July 22, 2010 relating to processes for monitoring the effectiveness of risk management and internal control systems and takes into account changes in laws and regulations introduced since 2007, in particular the Law of July 3, 2008 and the Order of December 8, 2008. In line with the measures implemented since 2008 following the publication of the first internal control reference guide, LVMH has reviewed in 2010 the extent to which its monitoring processes are consistent with this new framework and has decided to make use of the new suggested structure, for the drafting of this portion of the Report of the Chairman of the Board of Directors.

2.1.1. Scope, organizational and formalization principles

LVMH is comprised of five main business groups: Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry, and Selective Retailing. Other activities comprise the media division managed by Les Echos group, the yacht builder Royal Van Lent, real estate activities and holding companies. The business groups are composed of companies of varying sizes owning prestigious brands, which are the parent companies of subsidiaries operating worldwide.

This organizational structure ensures that the different brands of the Group maintain their independence, while facilitating cohesion between the companies with similar businesses.

The risk management and internal control policy applied across the Group is based on the following organizational principles:

- the parent company, LVMH SA, is responsible for its own risk management and internal control systems, and acts as leader and coordinator for all Group companies;
- the President of a brand is responsible for the risk management and internal control of all the subsidiaries that contribute to developing the brand worldwide;
- each subsidiary's President is similarly responsible for their own operations.

The internal control and risk management mechanism, which has been formally in place since 2003 to comply with the LSF (French Financial Security Act), has adopted a similar structure; it is both:

- decentralized at business group and brand level: the guidance and management of the mechanism is the responsibility of the Executive Management of the operational and legal entities;
- unified around a shared methodology and a single reference guide, both of which are coordinated centrally by the LVMH SA holding company and rolled out to all Group companies.

The main brands and the business groups acknowledge their responsibility in relation to these systems each year by signing letters of representation covering risk management and internal control procedures. These letters signed by the Chairman and by the Chief Financial Officer of each subsidiary and parent company are analyzed, followed up upon, and consolidated at each superior level of the Group's organizational structure (Region, House, Business group) and then forwarded to the Finance Department and to the Audit and Internal Control Department. They are also made available to the Statutory Auditors.

These letters of representation attesting to the implementation of risk management and internal control procedures are 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 LVMH group's financial consolidation.

In 2011, a new yearly cycle starting July 1 and ending on June 30 the following year was adopted for the internal control and risk management process, so that it would be aligned more effectively with the budgeting and strategic planning cycle. The representation letters on financial reporting of December 31 are maintained at that date and constitute a major step in the process as outlined above.

This change in the timing of the internal control and risk management cycle has been approved by our Statutory Auditors.

The internal control and risk management mechanism covers a total of 123 entities, guaranteeing a coverage of almost 80% of Group revenue. This total included both production and services companies, the regional holding companies as well as eight central financial functions: Finance and Treasury, Tax, Consolidation, Financial Statements Closing, Interest and Exchange Rate Monitoring, Information Systems, Financial Communication, and Insurance. Lastly, in line with European directives and the Order of December 2008, after an initial pilot process in 2009, in 2010 the Group initiated a process of improving and integrating risk management and internal control systems, an approach known by the acronym ERICA, "Enterprise Risk and Internal Control Assessment", which involves:

- a letter of representation that since 2010, explicitly covers all strategic, operational and regulatory risks (see above);
- an approach to the formalization of procedures for the management of major risks, introduced in 2010 and widely applied in 2011 (see §2.1.2. below);
- the availability since April 2010 of an application that centralizes all risk and internal control data and provides a framework for a structured articulation of these two fields (see §2.1.2. below).

2.1.2. Main risk management principles

Definition and objectives

According to the definition provided by the AMF's Reference Framework, risk represents the possibility of an event occurring that could affect the Company's personnel, assets, environment, objectives or reputation.

Risk management is understood to apply in this very broad sense, not solely to the financial realm, but also to the support of the longevity and excellence of our brands. It is a powerful management tool requiring the involvement of all Group senior executives, in accordance with the principle of delegation and organization presented above. The objectives of risk management are to:

- protect the value, assets and reputation of the Group and its brands;
- enhance the security of decision-making and operational processes by way of a comprehensive perspective on the Group's potential threats and opportunities;
- promote consistency between the actions and the values of the brands;
- ensure that all employees embrace a shared vision of the main risks and challenges faced by our business activities.

Organization and components of the risk management system

Risks relating to our brands and business activities are managed at the level of each of our business groups and Houses. As part of the budget cycle and in connection with the preparation of the three-year plan, major risks affecting strategic, operational and financial objectives are systematically identified and evaluated, and a formal account of the conclusions reached, included in the corresponding sections of the reports issued.

Risk mitigation (in frequency and severity) is achieved through preventive actions (industrial risks), internal control (risks associated with processes), or through the implementation of business continuity plans or operational action plans. Depending on the types of risk to which a particular brand or entity is exposed, the latter may decide, in collaboration with the Group, to transfer residual risk to the insurance market or instead to assume this risk.

Finally, as a complement to these processes, and in order to institute a single approach for all brands, the Group has pursued a project launched in 2010 that seeks to create a formal framework for risk management and internal control called ERICA, which is discussed below.

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.).

Establishment of formal procedures for the ERICA system

After a first pilot study carried out in 2009, an approach to the formalization of procedures for the management of major risks was introduced in 2010 for the Wines and Spirits business group and at Parfums Christian Dior.

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

- a framework: each business group or major business unit included in the project determines its own roles and responsibilities with regard to a defined process and approach, as well as the eventual criticality;
- a process for the identification, analysis and handling of risks backed by a single Group-wide reference guide and methodology;

- a follow-up on action plans and the effectiveness of existing control systems with a regular review of the level of exposure to the identified risks.

This project was deployed at all of the LVMH group's significant activities in 2011 using an intentionally pragmatic approach, whereby each business group and our regional holding companies in the USA and Japan selected four major risks among the 42 that LVMH has identified, with the objective of deploying action plans by June 30, 2012. The chairmen and chief financial officers of each business unit sent a letter to the LVMH group's Chief Financial Officer to formally present their commitment to reducing these four risks and their roadmap for addressing them by June 30, 2012.

By synthesizing these letters we have been able to focus our efforts more effectively and accelerate the exchange of best practices for the most frequently cited risks. This approach will also be applied to two additional risks as of July 2012.

Coordination of risk management with internal control

Risk management and internal control systems complement each other in exerting the necessary oversight over the Group's businesses.

The risk management system aims to identify and analyze the principal risks that could affect the Group. Risks that exceed the acceptable levels set are evaluated and, if deemed necessary, are addressed through specific action plans. These plans may call for the implementation of controls, a transfer of the financial consequences (through insurance or an equivalent mechanism) or an adaptation of the entity's organization. The controls to be implemented are part of the internal control system, which also serves to guarantee their effectiveness.

For its part, the internal control system relies on the risk management system to identify the main risks and principles that need to be controlled.

This coordination between these two systems has been reflected in both:

- the new application features added to the ERICA evaluation platform;
- and the reference guide of major risks, with a presentation for each major risk of the coverage measures in the internal control reference guide.

2.1.3. General internal control principles

Definition and objectives

The LVMH group uses an internal reference guide which is consistent with COSO principles (Committee of Sponsoring Organizations of the Treadway Commission) together with the new Reference Framework of the AMF.

Therefore, at the behest of the Board of Directors, the Performance Audit Committee, Executive Management and other senior managers of the parent companies and their subsidiaries and as specified in this reference guide, internal control implies a set of resources, behaviors, procedures and actions adapted to the individual characteristics of each Group company that:

- contributes to control over its activities, the efficiency of its operations and the efficient use of its resources;
- must enable the entity to appropriately assess significant operational, financial and compliance risks.

More specifically, this system aims to provide reasonable assurance with respect to the achievement of the following objectives:

- compliance with applicable laws and regulations;
- the implementation of instructions and directions given by the Executive Management of the Group and the Management of operational units (the Houses or brands and their subsidiaries);
- the proper functioning of entity's internal processes, especially those relating to the protection of its assets and the value of its capital;
- the reliability of financial and accounting information.

The internal control system thus comprises a range of control procedures and activities over and above those directly connected to the financial and accounting system; as it aims to ensure the control and continuity of all existing and new activities, the system must enable the management of the Houses and subsidiaries to focus fully on the strategy, development and growth of the LVMH group.

Limits of internal control

No matter how well designed and applied, the internal control system cannot provide an absolute guarantee that the LVMH group's objectives will be achieved. All internal control systems have their limits, most notably because of the uncertainty of the outside world, individual judgment or malfunctions as a result of human or other errors.

Internal control components

The Group's internal control system includes five closely interrelated components:

- a general control environment, based on clearly defined and appropriate roles and responsibilities;
- a risk management system;
- appropriate control activities, procedures and documentation;
- an information and communication system that enables responsibilities to be exercised efficiently and effectively;
- a continual monitoring of the system.

All of these elements are centrally managed and coordinated, but they are also reviewed each year by the larger entities within the Group, through the established self-assessment procedure in place.

General control environment

The internal control mechanism, which applies to all of LVMH's operations, aims primarily to create appropriate conditions for a general internal control environment tailored to the Group's specificities. It also aims to anticipate and control the risk of errors and fraud, without however guaranteeing their complete elimination.

The LVMH group has always expressed its determination with regard to these fundamentals, which are the management's commitment to integrity and ethical behavior, the principle of honesty in relations with customers, suppliers, employees and other business partners, clear organizational structures, responsibilities and authorities defined and formalized according to the principle of the segregation of duties, regular monitoring of staff performance, and a commitment to skills management and the professional development of Group employees.

These ethical and good governance principles are included in the LVMH Code of Conduct, which has been distributed since May 2009 to all Group employees. This Code of Conduct serves as the common foundation and source of inspiration in this area for all of our brands or business lines. In particular, in the Houses, the Group recommends and oversees the implementation of codes of conduct, supplier charters, formalized procedures for declaring and monitoring conflicts of interest, and the implementation of delegation matrices that outline the responsibilities and powers of each employee.

In 2009, an Intranet website ("LVMH Mind") was launched to better communicate internally the Group's commitment to responsible corporate citizenship. On this website, specifically devoted to social and environmental responsibility, employees can find the LVMH Code of Conduct, but also the Environmental Charter first adopted in 2001 and the Supplier Charter introduced in 2008, which ensure compliance across the entire supply chain with strict guidelines.

Skills management is a significant aspect of internal control. LVMH pays special attention to matching employees' profiles with corresponding responsibilities, formalizing annual performance reviews at individual and organizational level, ensuring the development of skills through training programs custom-designed for each level of seniority and encouraging internal mobility. Personnel reports are produced monthly by the Group's Human Resources Department, presenting changes in staff and related analyses as well as vacancies and internal movements. A dedicated Intranet site, "LVMH Talents", which is for the use of Group Human Resources.

Special attention was paid in 2011 to strengthening our business continuity plans (BCP). Round table meetings were held to (i) present what was learned from the Japanese Crisis of March 2011, (ii) explain and promote the use of LVMH's BCP Tool kit made generally available in 2008, and (iii) exchange best practices.

Risk management

The risk management system is described in §2.1.2. "Main risk management principles".

Control activities, procedures and documentation

Internal control practices and procedures are implemented by the companies' internal control managers under the responsibility of their Management Committees.

Through its Finance Intranet, the Group disseminates all of the regularly updated procedures contributing to accounting and financial information applicable to all the consolidated companies, covering: accounting and financial procedures and principally the accounting policies and standards, consolidation, taxation, investments, financial reporting (including budgetary procedures and strategic plans), cash flow and financing (including cash pooling, foreign exchange and interest rate hedging). The procedures available on the Finance Intranet also detail the format, content and frequency of financial reports.

The Finance Intranet is also used for the dissemination of Internal Control principles and best practices:

- a top-level guide, "The Essentials of Internal Control", describes the bases of the general environment and the salient features of the main processes: Sales, Retail Sales, Purchases, Inventory, Financial Statements Closing and Information Systems (general IT controls);
- in addition to this manual, the LVMH internal control reference guide covering a wide range of business processes has also been made available. This reference guide details, for each risk arising from a given process, the key control activities expected. This reference guide is regularly updated to take into account developments in information systems and procedures. Originally established in accordance with COSO principles, the reference guide covers most of the measures relating to the preparation of accounting and financial information that are also included in the Reference Framework of the AMF;
- best practices and implementation tools are available online via this Intranet site, covering the issues emphasized by the Group: conflicts of interest, delegations of authority, business continuity plans, IT disaster recovery plans, policies and guidelines for information system security, exception reports, the segregation of duties and resulting conflicts relating to sensitive transactions, and the control of media expenses.

The Group and its internal control managers in the Houses ensure the implementation of controls that are essential to achieving the key process internal control objectives, where necessary. The managers are asked to make a special effort in relation to the documentation of key activities in the form of a procedure, so as to ensure consistent quality over time, regardless of the person implementing them.

The activities relating to the control and remediation of internal control weaknesses are reflected, documented and tracked as part of the management process that guides all of the Group's core entities (see below, "Continuous monitoring of the internal control system").

The Group's Risk Management Guidelines may also be found on the Finance Intranet, together with specially designed tools for the evaluation, prevention and coverage of risks. These materials may be accessed by all personnel involved in the application of the Group's risk management procedures.

Information and communication systems

The strategic plans in terms of information and communication systems are coordinated by the Information Systems Department, which ensures the standardization of the ERP (SAP) in operation as well as business continuity. Aspects of internal control (segregation of duties and access rights) are integrated when employing new information systems and these are regularly reviewed.

The information and telecommunications systems and their associated risks (physical, technical, internal and external security, etc.) are also subject to special procedures: a Business Continuity Plan methodology tool kit has been distributed within the Group in order to define, for each significant entity, the broad outline of such a plan as well as those of an IT Disaster Recovery Plan. A Business Continuity Plan and a Disaster Recovery Plan have been developed at the level of the parent company LVMH SA and both plans are tested on an annual basis.

All significant entities have appointed a head of IT Security (RSI), who reports directly to the Director of Information Systems. The activities of the RSIs are coordinated by the Group RSI. Together they constitute a vigilance network that monitors the development of risks affecting information systems and implements adequate defenses depending on the likelihood of a given type of risk and its potential impact. A structured approach to identifying and monitoring IT security risks has been determined and an initial pilot test to deploy this process within a significant entity of the Selective Retailing business group is scheduled for the first quarter of 2012.

The Group and its internal control managers in the Houses ensure the implementation of controls that are essential to achieving the key process internal control objectives, where necessary. The managers are asked to make a special effort in relation to the documentation of key activities in the form of a procedure, so as to ensure consistent quality over time, regardless of the person implementing them.

Continuous monitoring of the internal control system

There are several levels of monitoring, the main ones being:

Ongoing monitoring of the processes

Monitoring is organized by the operational departments in order to anticipate or detect incidents as soon as possible. Exception reports are used to determine whether corrective actions are required based on a departure from normal operating conditions, as a complement to preventive measures, such as the segregation of duties.

Periodic monitoring of the mechanism

Periodic monitoring is performed by management and by the Internal and External Auditors:

- by management or operational staff under the responsibility of the internal control managers. The final deliverable of this supervision is the letter of representation on risk management and internal control, signed by the Chairman and CFO or by each member of the Management Committee of each significant entity, confirming their acceptance of responsibility for internal control in connection with the relaying of information on areas of weakness and the remedies pursued (see §2.1.1.);
- by LVMH Internal Audit and by External Auditors, who provide management of the entities and the Executive Management of the Group with the results of their review work and their recommendations.

The Management of each significant entity carries out an annual self-assessment process.

Self-assessment is based on the LVMH internal control reference guide. This reference guide covers 12 key processes: Sales, Retail Sales, Purchases, Licenses, Travel and Movements, Inventory, Production, Cash Management, Fixed Assets, Human Resources, Information Systems and Financial Statements Closing. Specific processes have been developed and evaluated to reflect the particular needs of certain activities (*eaux-de-vie* and Vineyard Land for Wines and Spirits, End-of-Season Operations for Fashion and Leather Goods, Concessions for Duty-Free businesses).

In addition, at the level of the parent company LVMH SA and the Group, the eight key processes listed in §2.1.1. are analyzed to determine the related risks, action plans are subsequently defined and followed-up, so as to remediate any weaknesses.

The self-assessment approach applied at each of the 131 significant entities identified in 2011 was simplified this year. Until 2010 the scope of self-assessment was determined by each brand and included the following:

- a review of the general control environment at the entity;
- a detailed review of key control systems selected by each brand from the reference guide to business processes depending on the materiality of these processes and the anticipated level of risk coverage.

With the implementation of the ERICA project, with effect from 2011 the scope of self-assessment was harmonized for all entities and now consists of a single list of the 83 key controls that Group Internal Control has identified.

Changes only affected the scope. The methodology is the same:

- a review of shortcomings and a follow-up by the entity's senior managers of the measures implemented to remediate these weaknesses;
- the formal documentation of this review and assessment process as well as the resulting action plans in the internal control data modeling and guidance tool, which has also been adopted by other CAC 40 companies;
- the signing of the letter of representation by the Management of each entity.

The letters of representation are consolidated and "cascaded", from the subsidiaries to the parent companies, and from the parent companies to the Group.

Work and assessments performed by senior executives

These internal control formalization procedures are carried out on an internal basis. This approach maximizes the involvement of operational managers, capitalizing on their knowledge and facilitating the process of continuous improvement of internal control over time within the Group. The Group's External Auditors are kept informed on the progress of this approach, as is the Performance Audit Committee, by means of regular reports.

2.1.4. Risk management and internal control stakeholders

In addition to the contribution of all Group employees to the success of these systems, the following participants fulfill specific roles with respect to internal control:

At Group level

The Board of Directors

As part of the responsibilities described above, the Board of Directors contributes to the general control environment through its underlying professional principles: the savoir-faire and responsibility of its members, the clarity and transparency of its decisions, and the efficiency and effectiveness of its controls. The Company refers to the AFEP/MEDEF Code of Corporate Governance for Listed Companies, for guidance.

The Board of Directors is kept informed on a regular basis of the specific nature of risk management and internal control systems and procedures, and ensures that major risks, which are disclosed in the "Risk factors" section of its Management report, are properly taken into account.

Also at regular intervals, the Board and its Performance Audit Committee receive information on the results of the operation of these systems, any weaknesses noted and the action plans decided with a view to their resolution.

The Executive Committee

The Executive Committee, comprised of executive, operational and functional directors, defines strategic objectives on the basis of the orientations decided by the Board of Directors, coordinates their implementation, ensures that the organization adapts to changes in the business environment, and oversees both the definition and the accomplishment of the responsibilities and delegations of authority of executive management.

The Performance Audit Committee

As part of its responsibilities described above, the Performance Audit Committee controls the existence and application of internal control procedures. It also examines the results of the work of Internal Audit and approves annual and midterm internal auditing orientation in terms of resources and geographic, business and risk coverage. The Committee also receives information on the management of major risks.

The Legal Department

The Group's Legal Department is responsible for monitoring the proper application of laws and regulations in force in each of the countries where the LVMH group has operations. It also fulfils a central legal review function and provides advice on legal matters as required by each of the Group's business groups.

The Risk Management and Insurance Department

Apart from the operational managers, who are responsible for the risks inherent to their businesses, the Risk Management and Insurance Department ensures that Group companies have access to tools and methodologies for the identification and evaluation of risks, promotes effective loss prevention practices, and advises on risk coverage and financing strategies.

The Risk Management and Insurance Department collaborates with the Internal Audit team on the definition and implementation of evaluation methods and processes for handling certain major or large-scale risks.

The Audit and Internal Control Department

As of December 31, 2011, the Audit and Internal Control Department had a staff of some fifteen professionals, including two individuals specifically responsible for the coordination of internal control. Although this team's supervision is centralized, its members operate out of two offices in Paris and Hong Kong and are active throughout the Group.

Between thirty and forty audit assignments are carried out each year. As planned, in 2011 there was a particular focus on China, Latin America (Brazil and Mexico), and on employee remuneration systems.

Follow-ups on recommendations made in the context of past assignments are reinforced through systematic on-site visits to companies with the most significant issues.

The Internal Audit team applies a multi-year audit plan, which is revised each year. The multi-year audit plan allows the degree to which the internal control system has been understood and assimilated to be monitored and reinforced where necessary, and ensures the appropriate application of the procedures that are in place. The audit plan is prepared on the basis of an analysis of potential risks, either existing or emerging, by type of business (such as size, contribution to profits, geographical location, quality of local management, etc.) and on the basis of meetings held with the operational managers concerned. Internal Audit intervenes in all Group companies, both in operational and financial matters. A review of the self-assessment process and its results is performed systematically for the significant entities involved.

The plan can be modified in response to changes in the political and economic environment or internal strategy.

Internal Audit reports on its work to Management of the entity concerned and to Executive Management of the 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 External Auditors and meets with them periodically to discuss current internal control issues.

The main features of the annual and multi-year audit plan, together with the main conclusions of the year under review and the follow-up to the main recommendations of previous assignments, are presented to the Performance Audit Committee and to the business groups concerned.

Moreover, since 2003, Internal Audit has coordinated the Group's compliance with LSF (French Financial Security Act) internal control measures, and has devoted a specific team to internal controls. This team monitors and anticipates regulatory changes so that the measures can be adapted.

The internal control team at the level of the LVMH group coordinates a network of internal controllers responsible for ensuring compliance with the Group's internal control procedures and for preparing internal controls, tailored to their businesses. These internal control managers are responsible for the various projects related to the internal control and risk management system and promote the dissemination and application of guidelines.

At subsidiary level

Management Committees

The Management Committee within each subsidiary is responsible for implementing the procedures necessary to ensure an effective internal control mechanism for its scope of operations. The fact that operational managers are personally accountable for internal controls, in each company and in each of the key business processes, is a cornerstone of the internal control system.

The Management Committees of brands or entities are responsible for the implementation of action plans for the management of the major risks they identify and evaluate in the course of internal control self-assessment, for their scope of operations.

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

Organization

Risk management and internal control procedures relating to accounting and financial information are organized based on the cooperation and control of the following departments, which are all part of the Finance Team: Accounting and Consolidation, Management Control, Information Systems, Corporate Finance and Treasury, Tax and Financial Communication.

- **Accounting and Consolidation** is responsible for preparing and producing the individual company accounts of the holding companies and the consolidated financial statements, in particular the financial statements and financial documents published as of June 30 (the interim report) and as of December 31 (the reference document) in addition to the management reporting process.

  To this end, Accounting and Consolidation defines and disseminates the Group's accounting policies, monitors and enforces their application and organizes any related training programs that may be deemed necessary. Accounting and Consolidation also ensures that an appropriate financial reporting information system is maintained, while also coordinating the work of the Group's Statutory Auditors.

- **Management Control** is responsible for coordinating the budget process and its revisions during the year as well as the five-year strategic plan. It produces the monthly operating report and all reviews required by Executive Management (see below Management reporting); it also tracks capital expenditures and cash flow, as well as producing statistics and specific operational indicators.

  By virtue of its area of competence and the high standards of the reports it produces, Management Control is a very important participant in the internal control and financial risk management system.

- **Information Systems** designs and implements the information systems needed by the Group's central functions. It disseminates the 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 shared by 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 Group's financial policy, efficiently managing the balance sheet and financial debt, improving the financial structure and implementing a prudent policy for managing solvability, liquidity and counterparty risks. Within this department, International Treasury focuses particularly on Group cash pooling, and cash forecasts on the basis of quarterly updates prepared by the companies involved and responds to subsidiaries' liquidity and financing requirements. It is also responsible for applying a centralized foreign exchange risk management strategy.

  The Markets department, which is also in this department, is delegated the responsibility of implementing the policy of hedging risks generated directly or indirectly by Group companies. It is also responsible for applying a centralized interest rate and counterparty risk management strategy, designed to limit the negative impact of interest rate fluctuations and credit risk on operations and investments.

  To this end, a management policy and strict procedures have been established to measure, manage and consolidate these market risks. Within this team, the separation of front office and back office activities, combined with an independent control team reporting to the Accounting Director, allow for a greater segregation of duties. This organization relies on an integrated computerized system allowing real-time controls on hedging transactions. The hedging mechanism is periodically presented to the Performance Audit Committee. Hedging decisions are taken by means of a clearly established process that includes regular presentations to the Group's Executive Committee and detailed documentation.

- **The Tax team**, which coordinates the preparation of tax returns and ensures compliance with applicable tax laws and regulations, provides advice to the different business groups and companies and defines tax planning strategy based on the Group's operational requirements. It organizes appropriate training courses in response to major changes in tax law and coordinates the uniform reporting system for tax data.

- **The Financial Communication department** is responsible for coordinating all information issued to the financial community to enable it to acquire a clear, transparent and precise understanding of the Group's performance and prospects. It also provides Executive Management with the perspectives of the financial community on the Group's strategy and its positioning within its competitive environment. It defines the key messages to be communicated in close collaboration with Executive Management and the business groups. It harmonizes and coordinates the distribution of corporate messages through various channels (publications such as the annual and half-yearly reports, financial presentations, meetings with shareholders and analysts, the website, etc.).

Each of these departments coordinates the financial aspects of the Group's internal control in its own area of activity via the finance departments of business groups, the main companies and their subsidiaries, which are in charge of similar functions in their respective entities. In this way, each of the central departments runs its control mechanism through its functional chain of command (controller, head of accounting, consolidation manager, treasurer, etc.).

The finance departments of the main companies of the Group and the Departments of the parent company, LVMH, described above periodically organize joint finance committees. Run and coordinated by the Central Departments, these committees deal particularly with applicable standards and procedures, financial performance and any corrective action needed, together with internal controls applied to accounting and management data.

Accounting and management policies

Subsidiaries adopt the accounting and management policies considered 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. Accounting and management reporting is also carried out through the same system, thus ensuring the consistency of internal and published data.

Consolidation process

The consolidation process is laid out in a detailed set of instructions and has a specially adapted data submission system designed to facilitate complete and accurate data processing, based on a consistent methodology and within suitable timeframes. The Chairman and CFO of each company undertake to ensure the quality and completeness of financial information sent to the Group - including off-balance sheet items - in a signed letter of representation which gives added weight to the quality of their financial information.

There are sub-consolidations at business unit and business group level, which also act as primary control filters and help ensure consistency.

At Group level, the teams in charge of consolidation are specialized by type of business and are in permanent contact with the business groups and companies concerned, thereby enabling them to better understand and validate the reported financial data and anticipate the treatment of complex transactions.

Management reporting

Each year, all of the Group's consolidated entities produce a strategic plan, a complete budget and annual forecasts. Detailed instructions are sent to the companies for each process.

These key steps represent opportunities to perform detailed analyses of actual data compared with budget and prior year data, and to foster ongoing communication between companies and the Group - an essential feature of the financial internal control mechanism.

A team of controllers at LVMH group level, specialized by business, is in permanent contact with the business groups and companies concerned, thus ensuring better knowledge of performance and management decisions as well as appropriate controls.

The half-yearly and annual financial statements are closed out at special results presentation meetings, in the presence of the Group's financial representatives and the companies concerned, during which the Statutory Auditors present their conclusions with regard to the quality of financial and accounting information and the internal control environment of the different companies of the LVMH group, on the basis of the work that they performed during their review and audit assignments.

2.1.6. Conclusions

The LVMH group is pursuing its policy of constantly improving its internal controls, which it has carried out since 2003, by bolstering the self-appraisal system and its adoption by the main stakeholders.

In response to changes in regulatory requirements, since 2010 the LVMH group has been rolling out the ERICA project, and in line with its objective involved all significant entities in this approach in 2011.

2.2. CHRISTIAN DIOR COUTURE

Christian Dior Couture (hereafter the Company) creates, produces and distributes all of the brand's products internationally. It also engages in retail activities in the various markets through its 56 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 that the following objectives will be achieved:

- control over its activities and processes, the efficiency of its operations and the efficient use of its resources;
- the reliability of financial and accounting information;
- compliance with applicable laws and regulations.

This involves, therefore, ensuring that management-related and operations-related measures, as well as the conduct of personnel, are consistent with the definitions contained in the guidelines applying to the Company's activities by its management bodies, applicable laws and regulations, and the Company's internal values, rules, and regulations.

It also involves ensuring that the accounting, financial, and management information communicated to the Company's management bodies reflect a fair view of the Company's activity and financial position.

Moreover, the Company has defined as an additional objective the protection of assets (with a particular emphasis on the brand).

The Company has launched a process for the formalization of risk management procedures in line with the AMF Reference Framework issued in 2010.

2.2.2. Limits of internal control

No matter how well designed and applied, the internal control system cannot provide an absolute guarantee that the Company's objectives will be achieved. All internal control systems have their limits, most notably because of the uncertainty of the outside world, individual judgment or malfunctions as a result of human or other errors.

2.2.3. Components of internal control and risk management

The internal control system is based on the definition and identification of the following components:

- a general control environment;
- a risk assessment system;
- appropriate controls;
- an information and communication system that enables responsibilities to be exercised efficiently and effectively.

The risk management system identifies and assesses the major risks likely to affect to a material extent the achievement of the operational and financial objectives, as well as the objectives relating to compliance with the laws and regulations in force.

Major risks are classified by category (strategic, operational, financial, legal and intangible) and key process.

An initial mapping of major risks was established in 2011 and is updated each year, in accordance with their intensity and the controls put in place. Controls devised for these risks are put in place in order to mitigate their impact, although their absolute elimination cannot be guaranteed.

The internal control system makes use of the mapping of risks to identify risks unable to be transferred (e.g., via insurance) that must therefore be managed in the course of the Group's operations.

The internal control system thus consists of procedures and controls designed to guarantee the continuity of business activities exposed to the identified risks.

In 2011, the Company put in place a mechanism for the signing of letters of representation attesting to the implementation of risk management and internal control procedures, for all of its main subsidiaries, thus supplementing the signing of annual letters certifying the entity's financial disclosures.

As an example of action plans within the Group, a business continuity plan (BCP) has been established for its logistics activities, while IT staff have completed the preparation of their disaster recovery plan (DRP).

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 monitors management information so that it can intervene in the process of defining objectives then oversee their realization through:
  - three-year strategic plans,
  - the annual budget,
  - monthly reports on actual data compared with budget with in-depth and formalized analyses of any discrepancies.
- Executive Management and the Finance Department are also responsible for training all of the Group's financial personnel (internal or external administrative departments) in order to ensure the strict application of IFRS and Group rules;
- Christian Dior Couture's executives maintain a regular presence at subsidiaries and on their management bodies, in particular at Board level;
- Store Committees have been set up to formally authorize the signature of commercial leases and investments in the distribution network. They are made up of the Chairman, the Chief Executive Officer in charge of the network, the Chief Financial Officer, the Management Control Director, the Chief Legal Officer and the architects;
- Internal audit covers the following main areas:
  - points of sale: review of the main processes of store management (sales, pricing, cash flow, inventories, administration and security, personnel, external purchases, supplies),
  - country headquarters: review of main cycles (purchases of goods, external purchases and expense claims, human resources, inventories and logistics, information systems, investments, accounting and finance),
  - the accounts departments of countries responsible for producing subsidiaries' financial reports: audit of financial reports prepared by back offices and monitoring of the application of the Christian Dior Couture group's accounting principles.

On completion of audit assignments, reports containing recommendations are presented to the Chairman and to the management of the subsidiaries. An annual review verifies the implementation of recommendations made.

- Lastly, each subsidiary's executive 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,
- then by central management and the Group's Internal Audit function.

These letters of representation attesting to the implementation of risk management and internal control procedures are supplemented by the signing of annual letters of representation certifying the entity's financial reporting, including a paragraph devoted to internal control. The representation concerning internal control and the assessment of financial risks is thus extended to all of the transactions comprised within the Christian Dior Couture group's financial consolidation.

2.2.5. Internal controls related to financial and accounting information

Organization

Internal controls of accounting and financial information are organized based on the cooperation and control of the following departments: Accounting and Consolidation, Management Control, Information Systems.

- **Accounting and Consolidation** is responsible for updating and distributing group-wide accounting standards and procedures. It oversees their application and establishes appropriate training programs. It is in charge of producing consolidated and individual company financial statements on a half-yearly and annual basis;
- **Management Control** is responsible for coordinating the budget process and its revisions during the year as well as the three-year strategic plan. It produces the monthly operating report and all reviews required by Executive Management; it also tracks capital expenditures and cash flow, as well as producing statistics and specific operational indicators;
- **Information Systems** disseminates the technical standards of the Christian Dior Couture group, which are indispensable given the decentralized structure of its equipment, applications, networks, etc., and identifies any potential synergies. It develops and maintains a telecommunications system in use across the entire Christian Dior Couture group. It coordinates policies for system and data security and the preparation of emergency contingency plans.

Accounting and management policies

Subsidiaries adopt the accounting and management policies considered by the Group as appropriate for the individual company and consolidated financial statements. A consistent set of accounting standards is applied throughout, together with consistent formats and tools to submit data to be consolidated.

Management reports

Each year, all of the consolidated entities of the Christian Dior Couture group produce a three-year strategic plan, a complete budget, and annual forecasts. Detailed instructions are sent to the companies for each process.

These key steps represent opportunities to perform detailed analyses of actual data compared with budget and prior year data, and to foster ongoing communication between subsidiaries and Christian Dior Couture headquarters – an essential feature of the financial internal control mechanism.

A team of controllers at the parent company, specialized by geographic region and product category, is in permanent contact with the subsidiaries, thus ensuring better knowledge of performance and management decisions as well as appropriate control.

2.2.6. Outlook

- Formalization of the internal control self-assessment process for the most significant entities;
- Cross-functional review tasks, with the objective of reinforcing the standardization of processes and controls applied at the headquarters and in the subsidiaries;
- Continuation of the three-year audit plan launched in 2011, with the aim of covering the majority of the Group's most significant subsidiaries by the end of this period: the plan can be modified in response to changes in the political or economic environment or internal strategic realignments;
- Continued migration of accounting applications within an ERP solution (SAP), which will facilitate the monitoring of cost commitments, while also making the period-end closing process more efficient, among other benefits.

2.3. CHRISTIAN DIOR

2.3.1. The control environment

As noted above, Christian Dior is a holding company whose assets are essentially limited to two equity holdings: Christian Dior Couture and LVMH.

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 its:
  - presence at the Board meetings and Shareholders' Meetings of the subsidiaries,
  - monitoring of dividends paid by the subsidiaries,
  - control of the subsidiaries' financial performance,
  - providing accurate financial information, in line with applicable laws, given its status as a listed company.

Given the limited number of tasks described above, and the fact that it belongs to a Group with the necessary administrative skills, Christian Dior uses the Group's specialized services in the areas specific to a holding company, namely legal, financial and accounting matters. An assistance agreement has been entered into with Groupe Arnault SAS.

Regarding the Group's external services, the Shareholders' Meeting of Christian Dior appointed two first-tier accounting firms as Statutory Auditors, one of which also serves in the same capacity on behalf of Christian Dior Couture and LVMH.

2.3.2. Risk management

Risk management is based first and foremost on a regular review of the risks incurred by the Company so that internal control procedures can be adapted.

2.3.3. Control activities

Key elements in internal control procedures

Given the nature of the Company's activity, the primary objective of internal control systems is to mitigate risks of error and fraud in accounting and finance. The following principles form the basis of the Company's organization:

- very limited, very precise delegation of powers, which are known by the counterparties involved, with sub-delegations reduced to a minimum;
- upstream legal control before signing agreements;
- separation of the expense and payment functions;
- secured payments;
- procedural rules known by potential users;
- integrated databases (single entry for all users);
- frequent audits (internal and external).

Legal and operational control exercised by the parent company over the subsidiaries

Asset control

Securities held by the subsidiaries are subject to a quarterly reconciliation between the Company's Accounting Department and the Securities departments of the companies concerned.

Operational control

Christian Dior exercises operational control over its subsidiaries through the following:

- legal bodies, Boards of Directors and Shareholders' Meetings, at which the Company is systematically represented;
- management information used by managers of Christian Dior in the process of defining objectives and monitoring their fulfillment:
  - three-year and annual budget plans,
  - monthly reporting presenting results compared to budget and variance analysis,
  - monthly meetings to analyze performance.

2.3.4. Information and communication systems

The strategic plans in terms of information and communication systems of the parent company Christian Dior are coordinated by the Finance Department.

Aspects of internal control, such as the segregation of duties or access rights, are integrated when employing new information systems.

2.3.5. Internal controls relating to the preparation of the parent company's financial and accounting information

The individual company and consolidated financial statements are subject to a detailed set of instructions and a specially adapted data submission system designed to facilitate complete and accurate data processing within suitable timeframes. The exhaustive controls performed at the sub-consolidation levels (LVMH and Christian Dior Couture) guarantee the integrity of the information.

Financial information intended for the financial markets (financial analysts, investors, individual shareholders, market authorities) is provided under the supervision of the Finance Department. This information is strictly defined by current market rules, specifically the principle of equal treatment of investors.

This report, based on the contribution of the above-mentioned internal control and risk management stakeholders, was conveyed in its draft form to the Performance Audit Committee for its opinion and approved by the Board of Directors at its meeting of July 26, 2012.

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 four-month fiscal year ended April 30, 2012.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the Company and to provide the other information required by Article L. 225-37 of the French Commercial Code relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information,
- confirm that the report also includes the other information required by Article L. 225-37 of the French Commercial Code. It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Commercial Code.

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French Commercial Code.

Courbevoie and Paris-La Défense, July 30, 2012

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Simon Beillevaire	Olivier Breillot

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users.

Consolidated financial statements

1.	Consolidated income statement	90
2.	Consolidated statement of comprehensive gains and losses	91
3.	Consolidated balance sheet	92
4.	Consolidated statement of changes in equity	93
5.	Consolidated cash flow statement	94
6.	Notes to the consolidated financial statements	96
7.	Statutory Auditors' report	159

1. Consolidated income statement

(EUR millions, except for earnings per share)	*Notes*	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Revenue	*22-23*	**8,993**	**24,628**	**21,123**
Cost of sales		(3,128)	(8,369)	(7,449)
Gross margin		**5,865**	**16,259**	**13,674**
Marketing and selling expenses		(3,335)	(8,905)	(7,544)
General and administrative expenses		(721)	(2,031)	(1,792)
Profit from recurring operations	*22-23*	**1,809**	**5,323**	**4,338**
Other operating income and expenses	*24*	(80)	(120)	(166)
Operating profit		**1,729**	**5,203**	**4,172**
Cost of net financial debt		(71)	(204)	(197)
Other financial income and expenses		64	(96)	763
Net financial income (expense)	*25*	**(7)**	**(300)**	**566**
Income taxes	*26*	(535)	(1,462)	(1,476)
Income (loss) from investments in associates	*7*	3	7	7
Net profit before minority interests		**1,190**	**3,448**	**3,269**
Minority interests		796	2,169	2,008
Net profit, Group share		**394**	**1,279**	**1,261**
Basic Group share of net profit per share *(EUR)*	*27*	**2.20**	**7.14**	**7.06**
Number of shares on which the calculation is based		179,238,667	179,026,990	178,524,828
Diluted Group share of net profit per share *(EUR)*	*27*	**2.16**	**7.09**	**7.03**
Number of shares on which the calculation is based		180,150,379	179,914,092	179,161,811

2. Consolidated statement of comprehensive gains and losses

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Net profit before minority interests	**1,190**	**3,448**	**3,269**
Translation adjustments	(62)	195	694
Tax impact	(16)	47	89
	(78)	**242**	**783**
Change in value of available for sale financial assets	952	1,634	294
Amounts transferred to income statement	(6)	(38)	38
Tax impact	(49)	(118)	(35)
	897	**1,478**	**297**
Change in value of hedges of future foreign currency cash flows	58	95	(20)
Amounts transferred to income statement	1	(167)	(29)
Tax impact	(12)	21	14
	47	**(51)**	**(35)**
Change in value of vineyard land	1	25	206
Tax impact	(1)	(11)	(71)
	-	**14**	**135**
Gains and losses recognized in equity	**866**	**1,683**	**1,180**
Comprehensive income	**2,056**	**5,131**	**4,449**
Minority interests	1,292	3,187	2,720
COMPREHENSIVE INCOME, GROUP SHARE	**764**	**1,944**	**1,729**

3. Consolidated balance sheet

Assets

(EUR millions)	*Notes*	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Brands and other intangible assets, net	*3*	14,127	14,155	11,772
Goodwill, net	*4*	7,860	7,583	5,660
Property, plant and equipment, net	*6*	8,432	8,371	7,060
Investments in associates	*7*	171	172	226
Non-current available for sale financial assets	*8*	6,915	5,982	3,891
Other non-current assets		567	503	338
Deferred tax	*26*	798	762	699
Non-current assets		**38,870**	**37,528**	**29,646**
Inventories and work in progress	*9*	8,129	7,681	6,139
Trade accounts receivable	*10*	1,677	1,952	1,629
Income taxes		129	132	105
Other current assets	*11*	1,598	1,486	1,270
Cash and cash equivalents	*13*	1,777	2,428	2,408
Current assets		**13,310**	**13,679**	**11,551**
TOTAL ASSETS		**52,180**	**51,207**	**41,197**

Liabilities and equity

(EUR millions)	*Notes*	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Share capital		363	363	363
Share premium account		2,205	2,205	2,205
Treasury shares and related derivatives		(152)	(174)	(190)
Cumulative translation adjustment		153	174	89
Revaluation reserves		1,508	1,118	538
Other reserves		5,636	4,668	3,437
Net profit, Group share		394	1,279	1,261
Equity, Group share	*14*	10,107	9,633	7,703
Minority interests	*16*	15,902	15,309	11,867
Total equity		**26,009**	**24,942**	**19,570**
Long term borrowings	*17*	5,136	5,263	4,268
Provisions	*18*	1,427	1,415	1,176
Deferred tax	*26*	4,838	4,826	4,254
Other non-current liabilities	*19*	4,660	4,505	3,944
Non-current liabilities		**16,061**	**16,009**	**13,642**
Short term borrowings	*17*	3,866	3,561	2,578
Trade accounts payable		2,773	3,012	2,349
Income taxes		514	459	451
Provisions	*18*	333	358	346
Other current liabilities	*20*	2,624	2,866	2,261
Current liabilities		**10,110**	**10,256**	**7,985**
TOTAL LIABILITIES AND EQUITY		**52,180**	**51,207**	**41,197**

4. Consolidated statement of changes in equity

(EUR millions)	Share capital: Number of shares	Share capital	Share premium account	Treasury shares and related derivatives	Cumulative translation adjustment	Revaluation reserves: Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land	Net profit and other reserves	Total equity: Group share	Minority interests	Total
Notes		*14.1*		*14.2*	*14.4*						*16*	
As of December 31, 2009	**181,727,048**	**363**	**2,205**	**(265)**	**(219)**	**95**	**21**	**262**	**3,802**	**6,264**	**9,857**	**16,121**
Gains and losses recognized in equity					308	129	(12)	43		468	712	1,180
Net profit									1,261	1,261	2,008	3,269
Comprehensive income					**308**	**129**	**(12)**	**43**	**1,261**	**1,729**	**2,720**	**4,449**
Stock option plan and similar expenses									27	27	26	53
(Acquisition)/disposal of treasury shares and related derivatives				75					(28)	47	155	202
Capital increase in subsidiaries										-	12	12
Interim and final dividends paid									(375)	(375)	(698)	(1,073)
Changes in control of consolidated entities										-	(3)	(3)
Acquisition and disposal of minority interests' shares									25	25	(87)	(62)
Purchase commitments for securities									(14)	(14)	(115)	(129)
As of December 31, 2010	**181,727,048**	**363**	**2,205**	**(190)**	**89**	**224**	**9**	**305**	**4,698**	**7,703**	**11,867**	**19,570**
Gains and losses recognized in equity					84	631	(17)	5		703	980	1,683
Net profit									1,279	1,279	2,169	3,448
Comprehensive income					**84**	**631**	**(17)**	**5**	**1,279**	**1,982**	**3,149**	**5,131**
Stock option plan and similar expenses									30	30	31	61
(Acquisition)/disposal of treasury shares and related derivatives				15		(1)		(1)	13	26	84	110
Capital increase in subsidiaries										-	4	4
Interim and final dividends paid									(396)	(396)	(803)	(1,199)
Changes in control of consolidated entities				1	1	(24)	(2)	(11)	362	327	2,018	2,345
Acquisition and disposal of minority interests' shares									-	-	(784)	(784)
Purchase commitments for securities									(39)	(39)	(257)	(296)
As of December 31, 2011	**181,727,048**	**363**	**2,205**	**(174)**	**174**	**830**	**(10)**	**298**	**5,947**	**9,633**	**15,309**	**24,942**
Gains and losses recognized in equity					(21)	374	17	-	-	370	496	866
Net profit									394	394	796	1,190
Comprehensive income					**(21)**	**374**	**17**	**-**	**394**	**764**	**1,292**	**2,056**
Stock option plan and similar expenses									10	10	11	21
(Acquisition)/disposal of treasury shares and related derivatives				22	-	(1)	-	-	(8)	13	28	41
Capital increase in subsidiaries									-	-	-	-
Interim and final dividends paid									(292)	(292)	(724)	(1,016)
Changes in control of consolidated entities				-	-	-	-	-	-	-	(11)	(11)
Acquisition and disposal of minority interests' shares									1	1	-	1
Purchase commitments for securities									(22)	(22)	(3)	(25)
As of April 30, 2012	**181,727,048**	**363**	**2,205**	**(152)**	**153**	**1,203**	**7**	**298**	**6,030**	**10,107**	**15,902**	**26,009**

5. Consolidated cash flow statement

(EUR millions)	*Notes*	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
I - OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		1,729	5,203	4,172
Net depreciation, amortization and provisions		412	1,070	837
Other computed expenses		(45)	(35)	(117)
Dividends received		39	61	20
Other adjustments		(21)	(29)	(1)
Cash from operations before changes in working capital		**2,114**	**6,270**	**4,911**
Cost of net financial debt: interest paid		(60)	(197)	(195)
Income taxes paid		(547)	(1,557)	(905)
Net cash from operating activities before changes in working capital		**1,507**	**4,516**	**3,811**
Change in inventories and work in progress		(491)	(783)	(110)
Change in trade accounts receivable		248	(71)	(14)
Change in trade accounts payable		(229)	339	298
Change in other receivables and payables		(263)	(33)	106
Total change in working capital		**(735)**	**(548)**	**280**
Net cash from operating activities		**772**	**3,968**	**4,091**
Purchase of tangible and intangible fixed assets		(495)	(1,835)	(1,103)
Proceeds from sale of tangible and intangible fixed assets		37	31	33
Guarantee deposits paid and other operating investments		(20)	(16)	(8)
Operating investments		**(478)**	**(1,820)**	**(1,078)**
Net cash from operating activities and operating investments (free cash flow)		**294**	**2,148**	**3,013**
II - FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets		(15)	(518)	(1,724)
Proceeds from sale of non-current available for sale financial assets	*8*	15	17	70
Impact of purchase and sale of consolidated investments	*2.4*	(3)	(785) [(a)]	(61)
Net cash from (used in) financial investments		**(3)**	**(1,286)**	**(1,715)**
III - TRANSACTIONS RELATING TO EQUITY				
Capital increases of subsidiaries subscribed by minority interests		29	97 [(a)]	121
Acquisition and disposals of treasury shares and related derivatives by the Group		7	13	193
Interim and final dividends paid by Christian Dior SA	*14.3*	(292)	(396)	(375)
Interim and final dividends paid to minority interests in consolidated subsidiaries		(719)	(805)	(697)
Purchase and proceeds from sale of minority interests	*2.4*	(1)	(1,413)	(185)
Net cash from (used in) transactions relating to equity		**(976)**	**(2,504)**	**(943)**
IV - FINANCING ACTIVITIES				
Proceeds from borrowings		267	3,034	654
Repayment of borrowings		(374)	(1,405)	(1,386)
Purchase and proceeds from sale of current available for sale financial assets		(40)	6	(32)
Net cash from (used in) financing activities		**(147)**	**1,635**	**(764)**
V - EFFECT OF EXCHANGE RATE CHANGES		**(25)**	**55**	**170**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		**(857)**	**48**	**(239)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	*13*	**2,044**	**1,996**	**2,235**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*13*	**1,187**	**2,044**	**1,996**
Transactions included in the table above, generating no change in cash: - acquisition of assets by means of finance leases		1	3	6

(a) Not including the impact of the amount attributable to the acquisition of Bulgari, remunerated by the capital increase of LVMH SA of June 30, 2011, which did not generate any cash flow.

Notes to the consolidated financial statements

NOTE 1	ACCOUNTING POLICIES	96
NOTE 2	CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES	102
NOTE 3	BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS	106
NOTE 4	GOODWILL	108
NOTE 5	IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES	109
NOTE 6	PROPERTY, PLANT AND EQUIPMENT	110
NOTE 7	INVESTMENTS IN ASSOCIATES	112
NOTE 8	NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS	113
NOTE 9	INVENTORIES AND WORK IN PROGRESS	114
NOTE 10	TRADE ACCOUNTS RECEIVABLE	115
NOTE 11	OTHER CURRENT ASSETS	116
NOTE 12	CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS	116
NOTE 13	CASH AND CASH EQUIVALENTS	117
NOTE 14	EQUITY	117
NOTE 15	STOCK OPTION AND SIMILAR PLANS	120
NOTE 16	MINORITY INTERESTS	123
NOTE 17	BORROWINGS	124
NOTE 18	PROVISIONS	127
NOTE 19	OTHER NON-CURRENT LIABILITIES	128
NOTE 20	OTHER CURRENT LIABILITIES	128
NOTE 21	FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT	129
NOTE 22	SEGMENT INFORMATION	136
NOTE 23	REVENUE AND EXPENSES BY NATURE	140
NOTE 24	OTHER OPERATING INCOME AND EXPENSES	141
NOTE 25	NET FINANCIAL INCOME (EXPENSE)	141
NOTE 26	INCOME TAXES	142
NOTE 27	EARNINGS PER SHARE	145
NOTE 28	PROVISIONS FOR PENSIONS, MEDICAL COSTS AND SIMILAR COMMITMENTS	146
NOTE 29	OFF BALANCE SHEET COMMITMENTS	149
NOTE 30	RELATED PARTY TRANSACTIONS	151
NOTE 31	SUBSEQUENT EVENTS	152

6. Notes to the consolidated financial statements

NOTE 1 - ACCOUNTING POLICIES

1.1. General framework and environment

The Combined Shareholders' Meeting of April 5, 2012 adopted a resolution to change the opening and closing dates of the Company's fiscal year to May 1 and April 30 of the following civil year, respectively (Article 24 of the Bylaws), with the understanding that, on an exceptional basis, the fiscal year having begun on January 1, 2012 would end on April 30, 2012.

The aim of this change in the opening and closing dates of the Company's fiscal year is to optimize the flow of dividends within the Group.

The consolidated financial statements for the four-month period ended April 30, 2012 (the "2012 fiscal year") have been prepared in accordance with international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on April 30, 2012.

These standards and interpretations have been applied consistently to the fiscal years presented. The consolidated financial statements for the four-month period ended April 30, 2012 were approved by the Board of Directors on July 26, 2012.

1.2. Changes in the accounting framework in 2012

Standards, amendments and interpretations for which application is mandatory in 2012

The amendment to IFRS 7 on required disclosures in the event of a change in valuation method of financial assets, applicable to the Group for fiscal years beginning on or after January 1, 2012 did not have a significant impact on the Group's consolidated financial statements.

Standards, amendments and interpretations for which application is mandatory after April 2012

New or revised standards, amendments and interpretations applicable to the Group from May 1, 2013 or 2014 (subject to adoption by the European Union), whose impacts are currently under analysis, are:

- amendment to IAS 1 on the presentation of gains and losses recognized in equity;
- IFRS 10, IFRS 11 and IFRS 12 on consolidation, redefining the concept of the control of entities, eliminating the possibility of using proportional consolidation to consolidate jointly controlled entities which are now to be accounted for uniquely using the equity method, and introducing additional disclosure requirements in the notes to the consolidated financial statements.

  The application of these standards is not expected to have any material impact on the Group's consolidated financial statements, due to the low number of jointly controlled entities which are proportionately consolidated;
- Amendments to IAS 19 on employee benefit commitments which require full and immediate recognition of the effect of actuarial differences taken directly to equity and the calculation of the expected return on plan assets on the basis of the discount rate used to value the underlying obligation rather than on the basis of market expectations for returns.

  The Group applies the partial recognition in the income statement for actuarial gains and losses (see Note 1.21). In light of the change of the standards, the Group will retroactively recognize an additional provision in the amount of 126 million euros as well as the associated deferred tax assets in 2014. The provision, which corresponds to the balance of actuarial gains and losses not yet recognized as of January 1, 2012, the date of the transition to IAS 19R, will be recognized as an adjustment to equity. The impact on the income statement in subsequent years, currently under analysis, is not expected to be significant.

1.3. First-time adoption of IFRS

The first accounts prepared by the Group in accordance with IFRS were the financial statements for the year ended December 31, 2005, with a transition date of January 1, 2004. IFRS 1 allowed for exceptions to the retrospective application of IFRS at the transition date. The procedures implemented by the Group with respect to these exceptions are listed below:

- business combinations: the exemption from retrospective application was not applied. The Christian Dior group has retrospectively restated acquisitions made since 1988, the date of the initial consolidation of LVMH. IAS 36 Impairment of Assets and IAS 38 Intangible Assets were applied retrospectively as of this date;
- measurement of property, plant and equipment and intangible assets: the option to measure these assets at fair value at the date of transition was not applied with the exception of the entire real estate holdings of Christian Dior Couture;
- employee benefits: actuarial gains and losses previously deferred under French GAAP at the date of transition were recognized;
- foreign currency translation of the financial statements of subsidiaries outside the euro zone: translation reserves relating to the consolidation of subsidiaries that prepare their accounts in foreign currency were reset to zero as of January 1, 2004 and offset against "Other reserves";
- share-based payment: IFRS 2 Share-based Payment was applied to all share subscription and share purchase option plans that were open at the date of transition, including those created before November 7, 2002, with the application of the standard before that date being optional.

1.4. Use of estimates

For the purpose of preparing the consolidated financial statements, measurement of certain balance sheet and income statement items requires the use of hypotheses, estimates or other forms of judgment. This is particularly true of the valuation of intangible assets, purchase commitments for minority interests and of the determination of the amount of provisions for contingencies and losses or for impairment of inventories and, if applicable, deferred tax assets. Such hypotheses, estimates or other forms of judgment which are undertaken on the basis of the information available, or situations prevalent at the date of preparation of the accounts, may prove different from the subsequent actual events.

1.5. Methods of consolidation

The subsidiaries in which the Group holds a direct or indirect *de facto* or *de jure* controlling interest are fully consolidated.

Jointly controlled companies are consolidated on a proportionate basis.

For distribution subsidiaries operating in accordance with the contractual distribution arrangements with the Diageo group, only the portion of assets and liabilities and results of operations relating to the Group's activities is included in the consolidated financial statements (see Note 1.23).

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

1.6. Foreign currency translation of the financial statements of subsidiaries outside the euro zone

The consolidated financial statements are stated in euros; the financial statements of subsidiaries stated in a different functional currency are translated into euros at:

- the period-end exchange rates for balance sheet items;
- the average rates for the period for income statement items.

Translation adjustments arising from the application of these rates are recorded in equity under "Cumulative translation adjustment".

1.7. Foreign currency transactions and hedging of exchange rate risks

Transactions of consolidated companies denominated in a currency other than their functional currencies are translated to their functional currencies at the exchange rates prevailing at the transaction dates.

Accounts receivable, accounts payable and debts denominated in currencies other than the entities' functional currencies are translated at the applicable exchange rates at the balance sheet date. Unrealized gains and losses resulting from this translation are recognized:

- within cost of sales in the case of commercial transactions;
- within net financial income/expense in the case of financial transactions.

Foreign exchange gains and losses arising from the translation or elimination of inter-company transactions or receivables and payables denominated in currencies other than the entity's functional currency are recorded in the income statement unless they relate to long term inter-company financing transactions which can be considered as transactions relating to equity. In the latter case, translation adjustments are recorded in equity under "Cumulative translation adjustment".

Derivatives which are designated as hedges of commercial transactions denominated in a currency other than the functional currency of the entity are recognized in the balance sheet at their market value at the balance sheet date and any change in the market value of such derivatives is recognized:

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

When derivatives are designated as hedges of subsidiaries' equity outside the euro zone (net investment hedge), any change in fair value of the derivatives is recognized within equity under "Cumulative translation adjustment" for the effective portion and within net financial income/expense for the ineffective portion.

Market value changes of derivatives not designated as hedges are recorded within net financial income/expense.

See also Note 1.19 regarding the definition of the concepts of effective and ineffective portions.

1.8. Brands, trade names and other intangible assets

Only acquired brands and trade names that are well known and individually identifiable are recorded as assets at their values calculated on their dates of acquisition.

Brands and goodwill are chiefly valued on the basis of the present value of forecast cash flows, or of comparable transactions (i.e. using the revenue and net profit coefficients employed for recent transactions involving similar brands), or of stock market multiples observed for related businesses. Other complementary methods may also be employed: the royalty method, involving equating a brand's value with the present value of the royalties required to be paid for its use; the margin differential method, applicable when a measurable difference can be identified between the amount of revenue generated by a branded product in comparison with an unbranded product; and finally the equivalent brand reconstitution method involving, in particular, estimation of the amount of advertising 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 1.12.

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 between 100% and 200% of the lease period;
- development expenditure: three years at most;
- software: one to five years.

1.9. Goodwill

When the Group takes *de jure* or *de facto* control of an enterprise, its assets, liabilities and contingent liabilities are estimated at their fair value as of the date when control is obtained and the difference between the cost of taking control and the Group's share of the fair value of those assets, liabilities and contingent liabilities is recognized as goodwill.

The cost of taking control is the price paid by the Group in the context of an acquisition, or an estimate of this price if the transaction is carried out without any payment of cash, excluding acquisition costs which are disclosed under "Other operating income and expenses".

As of January 1, 2010, in accordance with IAS 27 (Revised), the difference between the carrying amount of minority interests purchased after control is obtained and the price paid for their acquisition is deducted from equity.

Goodwill is accounted for in the functional currency of the acquired entity.

Goodwill is not amortized but is subject to annual impairment testing using the methodology described in Note 1.12. Any impairment expense recognized is included within "Other operating income and expenses".

1.10. Purchase commitments for minority interests

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

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

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

This accounting policy has no effect on the presentation of minority interests within the income statement.

1.11. 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 balance sheet date. This valuation is based on official published data for recent transactions in the same region, or on independent appraisals. Any difference compared to historical cost is recognized within equity in "Revaluation reserves". If market value falls below acquisition cost the resulting impairment is charged to the income statement.

Vines for champagnes, cognacs and other wines produced by the Group, are considered as biological assets as defined in IAS 41 Agriculture. As their valuation at market value differs little from that recognized at historical cost, no revaluation is undertaken for these assets.

Investment property is measured at cost.

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;
• store fixtures and fittings	3 to 10 years;
• producing vineyards	18 to 25 years.

Expenses for maintenance and repairs are charged to the income statement as incurred.

1.12. 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 net selling price, the resulting impairment loss is recognized within "Other operating income and expenses", allocated in priority to any existing goodwill.

For the fiscal year ended April 30, 2012, we retained December 31 as the impairment testing date in all cases. As of April 30, 2012, there were no indications that any assets had suffered impairment losses in comparison to December 31, 2011.

Value in use is based on the present value of the cash flows expected to be generated by these assets. Net selling price is estimated by comparison with recent similar transactions or on the basis of valuations performed by independent experts.

Cash flows are forecast at the level of each business segment, one business segment corresponding to one or several brands or trade names under the responsibility of a dedicated management team. Smaller scale cash generating units, e.g. a group of stores, may be distinguished within a particular business segment.

The forecast data required for the cash flow method is based on budgets and business plans prepared by management of the related business segments. Detailed forecasts cover a five-year period (with the exception of Christian Dior Couture whose business plans cover a three-year period), a period which may be extended in the case of certain brands undergoing strategic repositioning, or which have a production cycle exceeding five years. An estimated final value is added to the value resulting from discounted forecast cash flows which corresponds to the capitalization in perpetuity of cash flows most often arising from the last year of the plan. When several forecast scenarios are developed, the probability of occurrence of each scenario is assessed. Forecast cash flows are discounted on the basis of the rate of return to be expected by an investor in the applicable business and include assessment of the risk factor associated with each business.

1.13. 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 1.16).

Available for sale financial assets are measured at their listed value at balance sheet date in the case of quoted investments, and at their estimated net 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.

1.14. Inventories and work in progress

Inventories other than wine produced by the Group are recorded at the lower of cost (excluding interest expense) and net realizable value; cost comprises manufacturing cost (finished goods) or purchase price, plus incidental costs (raw materials, merchandise).

Wine produced by the Group, especially champagne, is measured at the applicable harvest market value, as if the harvested grapes had been purchased from third parties. Until the date of the harvest, the value of grapes is calculated *pro rata temporis* on the basis of the estimated yield and market value.

Inventories are valued using the weighted average cost or FIFO methods.

Due to the length of the aging process required for champagne and spirits (cognac, whisky), the holding period for these inventories generally exceeds one year. However, in accordance with industry practices, these inventories are nevertheless classified as current assets.

Provisions for impairment of inventories are chiefly recognized for businesses other than Wines and Spirits. They are generally required because of product obsolescence (end of season or collection, date of expiry, etc) or lack of sales prospects.

1.15. Trade accounts receivable, loans and other receivables

Trade accounts receivable are recorded at their face value. A provision for impairment is recorded if their net realizable value, based on the probability of their collection, is less than their carrying amount.

The amount of long term loans and receivables (i.e. those falling due in more than one year) is subject to discounting, the effects of which are recognized under net financial income/expense using the effective interest rate method.

1.16. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and highly liquid monetary investments subject to an insignificant risk of changes in value overtime.

Monetary investments are measured at their market value and at the exchange rate prevailing at the balance sheet date, with any changes in value recognized as part of net financial income/expense.

1.17. 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 this obligation is expected to be deferred by more than one year, the provision amount is discounted, the effects of which are recognized in net financial income/expense using the effective interest rate method.

1.18. 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 nominal amount of borrowings resulting from changes in interest rates, both the hedged amount of borrowings and the related hedges are measured at their market value at the balance sheet date, with any changes in those values recognized within net financial income/expense for the period. Market value of hedged borrowings is determined using similar methods as those described hereafter in Note 1.19.

In the case of hedging against fluctuations in future interest payments, the related borrowings remain measured at their amortized cost whilst any changes in value of the effective hedge portions are taken to equity as part of "Revaluation reserves".

Changes in value of non-hedging derivatives, and of the ineffective portions of hedges, are recognized within net financial income/expense.

Financial debt bearing embedded derivatives is measured at 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 of interest rate derivatives, less the amount at the fiscal year-end of current available for sale financial assets, cash and cash equivalents in addition to the market value at the fiscal year-end of related foreign exchange derivatives at that date.

See also Note 1.19 regarding the definition of the concepts of effective and ineffective portions.

1.19. 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 balance sheet date. Changes in their value are accounted for as described in Note 1.7 in the case of foreign exchange hedges, and as described in Note 1.18 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.

1.20. Christian Dior and LVMH treasury shares and related derivatives

Christian Dior treasury shares

Christian Dior shares held by the Group are measured at their acquisition cost and recognized as a deduction from consolidated equity, irrespective of the purpose for which they are held.

The cost of disposals of shares is determined by allocation category (see Note 14.2) using the FIFO method. Gains and losses on disposal are taken directly to equity.

LVMH treasury shares and related derivatives

Purchases and sales by LVMH of its own shares, resulting in changes in percentage holdings of the Christian Dior group in LVMH, are treated in the consolidated accounts of the Christian Dior group as acquisitions and disposals of minority interests.

For fiscal years beginning on or after January 1, 2010, in accordance with the amendment to IFRS 3, changes in the percentage of the Christian Dior group's ownership interest in LVMH are taken to equity. As the provisions of this amendment are applied prospectively, goodwill amounts recognized as of December 31, 2009 are maintained as assets on the balance sheet.

LVMH-share settled derivatives that are held by the Group are measured at their acquisition cost and recognized as a deduction from consolidated equity.

1.21. Pensions, reimbursements of medical costs and other employee commitments

When retirement indemnity plans, pensions, medical costs and other commitments entail the payment by the Group of contributions to third party organizations which assume the exclusive responsibility for paying the retirement indemnities, pensions or medical expense reimbursements, these contributions are expensed in the period in which they fall due with no liability recorded on the balance sheet.

When retirement indemnity plans, pensions, 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, and any changes in this provision are expensed within profit from recurring operations over the period, including effects of discounting.

If this commitment is either partially or wholly funded by payments made by the Group to external financial organizations, these dedicated funds are deducted from the actuarial commitment recorded in the balance sheet.

The actuarial commitment is calculated based on assessments that are specifically designed for the country and the Group company concerned. In particular, these assessments include assumptions regarding salary increases, inflation, life expectancy, staff turnover.

Cumulative actuarial gains or losses are amortized if, at the year-end, they exceed 10% of the higher of the total commitment or the market value of the plan assets funding the commitment. These gains or losses are amortized in the period following their recognition over the average residual active life of the relevant employees.

1.22. Current and deferred tax

Deferred tax is recognized in respect of temporary differences arising between the value of assets and liabilities for purposes of consolidation and the value resulting from application of tax regulations.

Deferred tax is measured on the basis of the income tax rates enacted at the balance sheet date; the effect of changes in rates is recognized during the periods in which changes are enacted.

Future tax savings from tax losses carried forward are recorded as deferred tax assets on the balance sheet and impaired if they are deemed not recoverable; only amounts for which future use is deemed probable are recognized.

Deferred tax assets and liabilities are not discounted.

Taxes payable in respect of the distribution of retained earnings of subsidiaries are provided for if distribution is deemed probable.

1.23. Revenue recognition

Definition of revenue

Revenue mainly comprises retail sales within the Group's store network and sales through distributors. Sales made in stores owned by third parties are treated as retail transactions if the risks and rewards of ownership of the inventories are retained by the Group.

Direct sales to customers are made through retail stores for Fashion and Leather Goods, Selective Retailing and Christian Dior Couture, as well as certain Watches and Jewelry and Perfumes and Cosmetics brands. These sales are recognized at the time of purchase by retail customers.

Wholesale sales through distributors are made for Wines and Spirits, and 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' brands to customers. On the basis of the distribution agreements, which provide specific rules for allocating these entities' income statement items and assets and liabilities between the Group and Diageo, the Group only recognizes the portion of the income statement and balance sheet attributable to its own brands.

1.24. 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.

1.25. Stock option and similar plans

Share purchase and subscription option plans give rise to recognition of an expense based on the amortization of the expected benefit granted to beneficiaries; the expected benefit is calculated according to the Black & Scholes method, on the basis of the closing share price on the day before the Board Meeting at which the plan is instituted.

For bonus share plans, the expected benefit is calculated on the basis of the closing share price on the day before the Board Meeting at which the plan is instituted, less the amount of dividends expected to accrue during the vesting period.

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 estimated at each period-end based on the LVMH share price at that date, is charged to the income statement on a pro rata basis over the vesting period, with a corresponding balance sheet impact on provisions. Beyond that date and until the settlement date, the change in the expected benefit resulting from the change in the LVMH share price is recorded in the income statement.

1.26. Definitions of Profit from recurring operations and Other operating income and expenses

The Group's main business is the management and development of its brands and trade names. Profit from recurring operations is derived from these activities, whether they are recurring or non-recurring, core or incidental transactions.

Other operating income and expenses comprises income statement items which, due to their nature, amount or frequency, may not be considered as inherent to the Group's recurring operations. This caption reflects in particular the impact of changes in the scope of consolidation and the impairment of brands and goodwill, as well as any significant amount of gains or losses arising on the disposal of fixed assets, restructuring costs, costs in respect of disputes, or any other non-recurring income or expense which may otherwise distort the comparability of profit from recurring operations from one period to the next.

1.27. Earnings per share

Earnings per share are calculated based on the weighted average number of shares outstanding during the period, excluding treasury shares.

Diluted earnings per share are calculated based on the weighted average number of shares before dilution and adding the weighted average number of shares that would result from the exercise of existing subscription options during the period or any other diluting instrument. It is assumed for the purposes of this calculation that the funds received from the exercise of options, supplemented by the expense to be recognized for stock option and similar plans (see Note 1.25), would be employed to re-purchase Christian Dior shares at a price corresponding to their average trading price over the period. Dilutive instruments issued by subsidiaries are also taken into consideration for the purposes of determining the Group's share of net profit after dilution.

NOTE 2 - CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES

2.1. Fiscal year 2012

The Group did not carry out any significant acquisitions or disposals in the four-month fiscal year ended April 30, 2012.

2.2. Fiscal year 2011

Fashion and Leather Goods

By means of a voluntary cash offer closed in December 2011, the Group acquired 51% of Heng Long International Ltd. ("Heng Long") for an amount of 47 million euros (82 million Singapore dollars), the founding family retaining 49% of the share capital of Heng Long by means of a reinvestment in the acquisition structure. Following this operation, Heng Long was delisted from the Singapore stock exchange in December 2011. The share capital held by the founding family is subject to purchase commitments that can be exercised in several tranches, mainly as from December 2016.

Heng Long is renowned for its expertise in the tanning and finishing of crocodilian leather. Heng Long was fully consolidated with effect from December 31, 2011. Provisional goodwill arising on this acquisition amounts to 24 million euros and minority interests were valued in the amount of their share in the acquiree's restated net assets. The difference between the value of the purchase commitment for the 49% of the share capital held by the founding family and minority interests, amounting to 24 million euros, was deducted from equity.

Watches and Jewelry

Bulgari

On March 5, 2011, one of our subsidiaries, LVMH, concluded a memorandum of understanding with the Bulgari family, under the terms of which the Bulgari family undertook to contribute to LVMH its majority ownership stake in the share capital of Bulgari SpA, on the basis of a value per share of 12.25 euros for Bulgari shares and a parity of 0.108 LVMH shares for one Bulgari share, thus implicitly valuing LVMH shares at 113 euros per share.

On June 30, 2011, pursuant to this memorandum of understanding, the Board of Directors of LVMH Moët Hennessy - Louis Vuitton SA approved the contribution of 55% (48% on a fully-diluted basis) of the share capital of Bulgari SpA and, as consideration for this contribution, issued 18 million new shares, representing 3.5% of the share capital after this capital increase.

As of June 30, 2011, the acquisition date of the controlling interest, the ownership stake held by the Group amounted to 76.1% of the share capital (66% on a fully-diluted basis) of Bulgari, i.e. 230.1 million shares, resulting on the one hand from the abovementioned contribution transaction, and on the other hand from prior acquisitions on the stock market: 57.9 million shares were acquired during the first quarter of 2011, and 5.9 million shares were already owned as of December 31, 2010.

The carrying amount on the initial consolidation of Bulgari, based on the shares owned on June 30, 2011, breaks down as follows:

	Carrying amount at acquisition date of controlling interest *(EUR millions)*	Number of shares *(millions)*	Value per share *(EUR)*
Historical cost price of shares	739	63.8	11.58
Remeasurement at acquisition date of controlling interest	42 [(a)]		
Value of shares acquired prior to acquisition of controlling interest	**781**	**63.8**	
Contribution value of shares contributed by family shareholders	2,038	166.3	12.25
Remeasurement at acquisition date of controlling interest	200 [(b)]		
Value of shares contributed at acquisition of controlling interest	**2,238**	**166.3**	
VALUE OF SHARES HELD AS OF JUNE 30, 2011	**3,019**	**230.1**	

In accordance with IFRS:
(a) Bulgari shares acquired by the Group prior to the acquisition of the controlling interest were revalued at 12.25 euros per share, the share price agreed between the parties for the acquisition of the controlling interest, generating a gain of 42 million euros, which was recognized under "Other operating income and expenses" (see Note 24).
(b) The Bulgari shares contributed by the family shareholders were revalued according to the exchange ratio and the quotation of the LVMH share on the Paris stock exchange as of the acquisition date of the controlling interest, June 30, 2011. The impact of the revaluation, 200 million euros, was recognized under consolidated reserves.

Bulgari was consolidated under the full consolidation method from June 30, 2011, according to the percentage of interest owned, determined on a fully diluted basis, 66%. The table presented below summarizes the definitive allocation, as of April 30, 2012, of the purchase price paid by LVMH at acquisition date of controlling interest:

(EUR millions)	Purchase price allocation
Brands, other intangible assets, and tangible assets, net	2,367
Other non-current assets	64
Non-current provisions	(69)
Current assets	906
Current liabilities	(345)
Net financial debt	(24)
Deferred income taxes	(631)
Revalued net assets	**2,268**
Minority interests (34%)	(772)
Revalued net assets, Group share (66%)	**1,496**
Goodwill	1,523
Carrying amount of shares held as of June 30, 2011	**3,019**

Goodwill, in the amount of 1,523 million euros, corresponds to Bulgari's expertise, particularly in watches and jewelry, in addition to synergies with the Group's Watches and Jewelry network. The value of the Bulgari brand was estimated at 2,100 million euros.

Since Bulgari SpA is listed on the Milan (Italy) stock exchange our subsidiary LVMH launched, in accordance with applicable market regulations, a public tender offer ("OPA") for all of the Bulgari shares held by minority shareholders at the price of 12.25 euros per share following the contribution transaction. On September 28, 2011, at the conclusion of this public tender offer, LVMH held a 98.09% stake in Bulgari, authorizing the Group to launch a squeeze-out procedure ("OPRO") for the purchase of the remaining outstanding shares. At the completion of this procedure, the Group held a 100% stake in the company.

Shares acquired after June 30, 2011 break down as follows:

	Total value (EUR millions)	Number of shares (millions)	Value per share (EUR)
Shares acquired through the public tender offer	1,338	109.2	
Shares acquired through the squeeze-out procedure	82	6.7	
Shares acquired on the stock market	33	2.7	
Shares acquired after June 30, 2011	**1,453**	**118.6**	**12.25**

In accordance with the memorandum of understanding, shares acquired through the public tender offer include 36.8 million shares issued in connection with the early exercise of conversion options by holders of convertible bonds issued in 2009 and 9.5 million shares issued as a result of the early exercise of subscription options granted prior to the acquisition of the controlling interest by the Group in favor of senior executives and employees of Bulgari.

Shares acquired after June 30, 2011 represent a disbursement of 1,453 million euros. The difference between this amount and minority interests' attributable portion of net assets of 772 million euros, which represents 681 million euros, was deducted from consolidated reserves.

Transaction fees relating to the Bulgari acquisition were recognized in "Other operating income and expenses"; they represent an amount of 16 million euros (see Note 24).

The impact of the acquisition of Bulgari on Group cash flows was a cash outflow of 2,025 million euros, net of 89 million euros of cash acquired and of 60 million euros of cash obtained from the exercise of share subscription options. A portion of this amount (705 million euros) represents acquisitions of shares on the market in the first half of the year, with 1,453 million euros corresponding to acquisitions of shares in the second half of the year via the public tender offer. The balance represents acquisition-related costs.

Bulgari's consolidated revenue for the second half of 2011 amounted to 713 million euros, with operating profit of 85 million euros and net profit of 71 million euros. Bulgari's consolidated revenue for 2011 amounted to 1,272 million euros with operating profit of 109 million euros, after deducting non-recurring expenses amounting to 16 million euros relating to the alliance with the Group.

ArteCad

In November 2011, the Group acquired 100% of the share capital of the Swiss company ArteCad SA, for consideration of 60 million Swiss francs (49 million euros), 14 million of which will be paid in 2015. ArteCad is one of the leading Swiss manufacturers of watch dials. ArteCad was fully consolidated with effect from December 31, 2011. Provisional goodwill arising on this acquisition amounts to 46 million Swiss francs (38 million euros).

Selective Retailing

The stake held by the Group in the share capital of the company owning the Ile de Beauté stores, one of the leading perfume and cosmetics retail chains in Russia, was increased from 45% to 65% in June 2011, for an amount of 40 million euros. The Group's partner benefits from an option to sell to the Group the remaining 35% stake, which may be exercised in tranches from 2013 to 2016. This investment, which was previously accounted for under equity method, was fully consolidated with effect from June 1, 2011.

The price paid was allocated to the Ile de Beauté trade name, for a provisional amount of 12 million euros. Provisional goodwill amounts to 128 million euros, in recognition of Sephora's prospects for expansion in the Russian market. Minority interests were valued in the amount of their share in the acquiree's restated net assets, with the difference between the value of the purchase commitment for the 35% of share capital that was not acquired and non-controlling interests, in the amount of 66 million euros, deducted from consolidated reserves.

2.3. Fiscal year 2010

Wines and Spirits

In December 2010, the Group sold the Montaudon champagne house, which was acquired in 2008. The rights held under grape supply contracts previously held by Montaudon as well as certain industrial assets were retained by the Group.

Perfumes and Cosmetics

The activity operated by La Brosse et Dupont was sold in September 2010.

Selective Retailing

In July 2010, the Group acquired 70% of the share capital of Sack's for a consideration of 75 million euros and entered into a purchase commitment for the remaining 30%, exercisable from fiscal year 2015. Sack's is Brazil's leading online retailer of perfumes and cosmetics and is also a top player in the beauty retail sector in this country. Sack's was fully consolidated with effect from August 2010. Provisional goodwill, determined on the basis of the portion of the net assets acquired by the Group, amounted to 75 million euros. The difference between the value of the purchase commitment for the 30% of the share capital that was not acquired and minority interests, amounting to 30 million euros, was deducted from equity.

Other activities

In November 2010, the Group increased its percentage interest in the Samaritaine's real estate property from 57% to 99%, for consideration of 176 million euros. Acquisition costs, corresponding primarily to registration fees, amounted to 9 million euros. The difference between the acquisition price, including acquisition costs, and the carrying amount of minority interests, corresponding to an amount of 81 million euros, was deducted from Group equity.

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

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Purchase price of consolidated investments	(3)	(2,375)	(269)
Positive cash balance/(net overdraft) of companies acquired	(1)	174	(10)
Proceeds from sale of consolidated investments	-	8	38
(Positive cash balance)/net overdraft of companies sold	-	(5)	(5)
IMPACT OF CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES ON CASH AND CASH EQUIVALENTS	**(4)**	**(2,198)**	**(246)**

- As of April 30, 2012, the impacts of changes in the percentage interest in consolidated entities are not material.
- In 2011, the main impacts of changes in the percentage interest in consolidated entities broke down as follows:
  - 2,025 million euros for the acquisition of Bulgari;
  - 44 million euros for the acquisition of 51% of Heng Long;
  - 49 million euros for the acquisition of ArteCad;
  - 40 million euros, for the acquisition of a 20% stake in Ile de Beauté.
- In 2010, the main impacts of changes in the percentage interest in consolidated entities broke down as follows:
  - 185 million euros for the acquisition of minority interests in the Samaritaine;
  - 75 million euros for the acquisition of 70% of Sack's.
- In 2010, the main impacts of disposals of consolidated investments on the Group's cash and cash equivalents broke down as follows:
  - 20 million euros for the disposal of La Brosse et Dupont;
  - 13 million euros for the disposal of Montaudon.

2.5. Impact of acquisitions on net profit for the fiscal year

Acquisitions carried out in 2012 did not have a material impact on net profit for the fiscal year.

If the 2011 acquisitions had been carried out as of January 1, the impact on the consolidated income statement would have been as follows:

(EUR millions)	December 31, 2011 Published consolidated income statement	Pro forma adjustments	December 31, 2011 Pro forma consolidated income statement
Revenue	24,628	664	25,292
Profit from recurring operations	5,323	40	5,363

Acquisitions carried out in 2010 did not have a material impact on net profit for that fiscal year.

NOTE 3 - BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

	April 30, 2012 (4 months)			Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
(EUR millions)	Gross	Amortization and impairment	Net	Net	Net
Brands	11,986	(469)	11,517	11,512	9,380
Trade names	3,385	(1,377)	2,008	2,044	1,977
License rights	34	(32)	2	1	2
Leasehold rights	476	(269)	207	206	137
Software	722	(545)	177	175	144
Other	463	(247)	216	217	132
TOTAL	**17,066**	**(2,939)**	**14,127**	**14,155**	**11,772**
o/w: assets held under finance leases	14	(14)	-	-	-

3.1. Movements in the fiscal year

Movements during the fiscal year ended April 30, 2012 in the net amounts of brands, trade names and other intangible assets were as follows:

Gross value *(EUR millions)*	**Brands**	**Trade names**	**Other intangible assets**	**Total**
As of December 31, 2011	**11,973**	**3,450**	**1,645**	**17,068**
Acquisitions	-	-	53	53
Disposals and retirements	-	-	(11)	(11)
Changes in the scope of consolidation	-	-	6	6
Translation adjustment	13	(65)	(6)	(58)
Reclassifications	-	-	8	8
AS OF APRIL 30, 2012	**11,986**	**3,385**	**1,695**	**17,066**

Amortization and impairment *(EUR millions)*	**Brands**	**Trade names**	**Other intangible assets**	**Total**
As of December 31, 2011	**(461)**	**(1,406)**	**(1,046)**	**(2,913)**
Amortization expense	(8)	-	(51)	(59)
Impairment expense	-	-	-	-
Disposals and retirements	-	-	6	6
Changes in the scope of consolidation	-	-	(5)	(5)
Translation adjustment	-	29	5	34
Reclassifications	-	-	(2)	(2)
AS OF APRIL 30, 2012	**(469)**	**(1,377)**	**(1,093)**	**(2,939)**
NET CARRYING AMOUNT AS OF APRIL 30, 2012	**11,517**	**2,008**	**602**	**14,127**

The translation adjustment is mainly attributable to intangible assets recognized in US dollars, and in Swiss francs, following the change in the exchange rate of those currencies with respect to the euro during the fiscal year. The DFS Galleria trade name and the Donna Karan brand for the US dollar and the TAG Heuer and Hublot brands for the Swiss franc were particularly affected.

The gross value of amortized brands was 433 million euros as of April 30, 2012.

3.2. Movements in prior years

Net carrying amount *(EUR millions)*	Brands	Trade names	Other intangible assets	Total
As of December 31, 2009	**9,152**	**1,853**	**365**	**11,370**
Acquisitions	1	-	139	140
Disposals and retirements	-	-	(13)	(13)
Changes in the scope of consolidation	(2)	-	4	2
Amortization expense	(34)	-	(109)	(143)
Impairment expense	-	-	-	-
Translation adjustment	263	124	29	416
As of December 31, 2010	**9,380**	**1,977**	**415**	**11,772**
Acquisitions	-	-	265	265
Disposals and retirements	-	-	(1)	(1)
Changes in the scope of consolidation	2,106	12	76	2,194
Amortization expense	(32)	(1)	(159)	(192)
Impairment expense	(1)	-	(1)	(2)
Translation adjustment	59	56	3	118
Other movements	-	-	1	1
AS OF DECEMBER 31, 2011	**11,512**	**2,044**	**599**	**14,155**

Changes in the scope of consolidation in 2011 were mainly attributable to the valuation of the Bulgari brand in the amount of 2,100 million euros (See Note 2, “Changes in the percentage interest in consolidated companies”).

3.3. Brands and trade names

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

	April 30, 2012 (4 months)			Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
(EUR millions)	Gross	Amortization and impairment	Net	Net	Net
Christian Dior Couture	34	(2)	32	33	34
Wines and Spirits	2,993	(52)	2,941	2,940	2,945
Fashion and Leather Goods	3,901	(352)	3,549	3,556	3,557
Perfumes and Cosmetics	1,287	(22)	1,265	1,265	1,264
Watches and Jewelry	3,540	(6)	3,534	3,518	1,380
Selective Retailing	3,342	(1,330)	2,012	2,049	1,976
Other activities	274	(82)	192	195	201
BRANDS AND TRADE NAMES	**15,371**	**(1,846)**	**13,525**	**13,556**	**11,357**

The brands and trade names recognized in the table above are those that the Group has acquired. The principal acquired brands and trade names as of April 30, 2012 are:

- Wines and Spirits: Hennessy, Moët & Chandon, Veuve Clicquot, Krug champagnes, Château d'Yquem, Château Cheval Blanc, 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 and Pucci;
- Perfumes and Cosmetics: Parfums Christian Dior, Guerlain, Parfums Givenchy, Make Up for Ever, Benefit Cosmetics, Fresh and Acqua di Parma;
- Watches and Jewelry: Bulgari, TAG Heuer, Zenith, Hublot, Chaumet and Fred;
- Selective Retailing: DFS Galleria, Sephora, Le Bon Marché, Ile de Beauté and Ole Henriksen;
- Other activities: the publications of the media group Les Echos-Investir and the Royal Van Lent-Feadship 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 net selling price as of the closing date for the consolidated financial statements of the Group. This is notably the case for the brands Louis Vuitton, Christian Dior Couture, Veuve Clicquot, and Parfums Christian Dior, or the trade name Sephora, with the understanding that this list must not be considered as exhaustive.

Brands developed by the Group, notably Dom Pérignon, as well as De Beers Diamond Jewellers developed as a joint-venture with the De Beers group, are not capitalized in the balance sheet.

Brands and trade names developed by the Group, in addition to Louis Vuitton, Moët & Chandon, Ruinart, Hennessy, Veuve Clicquot, Parfums Christian Dior and Sephora, represented 37% of total brands and trade names capitalized in the balance sheet and 60% of the Group's consolidated revenue.

Please refer also to Note 5 for the impairment testing of brands, trade names and other intangible assets with indefinite useful lives.

NOTE 4 - GOODWILL

	April 30, 2012 (4 months)			Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	6,945	(1,178)	5,767	5,767	4,039
Goodwill arising on purchase commitments for minority interests	2,093	-	2,093	1,816	1,621
TOTAL	**9,038**	**(1,178)**	**7,860**	**7,583**	**5,660**

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

	April 30, 2012 (4 months)			Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
As of January 1	**8,769**	**(1,186)**	**7,583**	**5,660**	**4,901**
Changes in the scope of consolidation	6	1	7	1,743	21
Changes in purchase commitments for minority interests	285	-	285	203	701
Changes in impairment	-	(5)	(5)	(49)	(54)
Translation adjustment	(22)	12	(10)	24	91
Reclassifications	-	-	-	2	-
TOTAL AT END OF PERIOD	**9,038**	**(1,178)**	**7,860**	**7,583**	**5,660**

Provisional changes in the scope of consolidation in 2011 were mainly attributable to the acquisition of Bulgari for 1,522 million euros (prior to the definitive allocation of the purchase price, see Note 2), Ile de Beauté for 128 million euros, ArteCad for 38 million euros, and Heng Long for 24 million euros.

Changes in the scope of consolidation in fiscal year 2010 were mainly attributable to the acquisition of a 70% equity stake in Sack's in the amount of 75 million euros, net of the effect resulting from the disposal of La Brosse et Dupont of 46 million euros.

Please refer also to Note 19 for goodwill arising on purchase commitments for minority interests.

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

Brands, trade names, and other intangible assets with indefinite useful lives as well as the goodwill arising on acquisition have been subject to annual impairment testing. As described in Note 1.12, 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 over the course of each fiscal year. As of April 30, 2012, in the absence of more recently issued multi-year business plans and of any events necessitating further impairment tests in 2011 to update the prior year's results, no significant additional impairment expense was recognized.

The main assumptions retained in 2010 and 2011 for the determination of forecast cash flows for multi-year plans are as follows:

Business group *(as %)*	Dec. 31, 2011 Post-tax discount rate	Dec. 31, 2011 Growth rate for the period after the plan	Dec. 31, 2010 Post-tax discount rate	Dec. 31, 2010 Growth rate for the period after the plan
Christian Dior Couture	8.6	2.0	8.6	2.0
Wines and Spirits	7.5 to 11.2	2.0	7.5 to 11.6	2.0
Fashion and Leather Goods	8.0 to 13.3	2.0	8.7 to 12.8	2.0
Perfumes and Cosmetics	8.0 to 8.4	2.0	8.0	2.0
Watches and Jewelry	8.5 to 10.3	2.0	9.5 to 10.8	2.0
Selective Retailing	8.4 to 9.6	2.0	7.5 to 8.6	2.0
Other activities	6.5 to 8.2	2.0	7.5 to 10.0	2.0

Plans generally cover a five-year period, with the exception of Christian Dior Couture where they cover a three-year period, but may be prolonged up to ten years in case of brands for which production cycle exceeds five years or brands undergoing strategic repositioning.

As the rise in risk premiums in 2011 was offset by lower interest rates, discount rates remain close to those used in 2010. Annual growth rates applied for the period not covered by the plans are based on market estimates for the business groups concerned.

As of April 30, 2012, on the basis of the same assumptions applied as of December 31, 2011, adjusted to reflect the impact of exchange rate fluctuations over the four-month period, the intangible assets with indefinite useful lives that are the most significant in terms of their net carrying amounts and the criteria used for their impairment testing are as follows:

	Brands and trade names *(EUR millions)*	Goodwill *(EUR millions)*	Total *(EUR millions)*	Post-tax discount rate *(percentage)*	Growth rate for the period after the plan *(percentage)*	Period covered by the forecast cash flows
Louis Vuitton	2,058	623	2,681	8.0	2.0	5 years
Fendi	713	401	1,114	9.5	2.0	5 years
Bulgari	2,100	1,520	3,620	8.5	2.0	10 years
TAG Heuer	1,032	194	1,226	9.2	2.0	5 years
DFS Galleria	1,732	13	1,745	9.6	2.0	5 years
Hennessy	1,067	47	1,114	7.5	2.0	5 years
Sephora	280	623	903	8.4	2.0	5 years

As of December 31, 2011, for the business segments listed above, a change of 0.5 points in the post-tax discount rate or in the growth rate for the period not covered by the plans, compared to rates used as of December 31, 2011, would not result in the recognition of any impairment losses for these intangible assets. The Group considers that changes in excess of the 0.5% limit 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.

Also as of December 31, 2011, eight of the other business segments had disclosed intangible assets with a carrying amount close to their value in use. The carrying amount for each of these intangible assets as of December 31, 2011 as well as the impairment loss that would in the growth rate for the period not covered by the plans, compared result from a change of 0.5 points in the post-tax discount rate or to rates used as of December 31, 2011, are indicated below:

		Impairment amount	
(EUR millions)	**Amount of intangible assets concerned as of 12/31/2011**	**Change in post-tax discount rate +0.5%**	**Change in growth rate -0.5%**
Wines and Spirits	318	(25)	(18)
Watches and Jewelry	457	(18)	(9)
Other business groups	474	(25)	(17)
TOTAL	**1,249**	**(68)**	**(44)**

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

	April 30, 2012 (4 months)			Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
(EUR millions)	**Gross**	**Depreciation and impairment**	**Net**	**Net**	**Net**
Land	1,051	(62)	989	1,070	1,042
Vineyard land and producing vineyards	1,984	(100)	1,884	1,867	1,828
Buildings	2,887	(1,311)	1,576	1,479	1,067
Investment property	605	(68)	537	536	298
Machinery and equipment	5,699	(3,768)	1,931	1,983	1,717
Other tangible fixed assets (including assets in progress)	2,163	(648)	1,515	1,436	1,108
TOTAL	**14,389**	**(5,957)**	**8,432**	**8,371**	**7,060**
o/w: assets held under finance leases	256	(146)	110	118	118
historical cost of vineyard land and producing vineyards	670	(100)	570	552	538

6.1. Movements in the fiscal year

Movements in property, plant and equipment during the fiscal year ended April 30, 2012 break down as follows:

Gross value *(EUR millions)*	**Vineyard land and producing vineyards**	**Land and buildings**	**Investment property**	**Machinery and equipment**	**Other tangible fixed assets (including assets in progress)**	**Total**
As of December 31, 2011	**1,965**	**3,699**	**604**	**5,805**	**2,058**	**14,131**
Acquisitions	15	26	-	129	255	425
Change in the market value of vineyard land	1	-	-	-	-	1
Disposals and retirements	-	(35)	-	(85)	(11)	(131)
Changes in the scope of consolidation	-	-	-	13	18	31
Translation adjustment	(2)	(30)	1	(37)	(9)	(77)
Other movements, including transfers	5	278	-	(126)	(148)	9
AS OF APRIL 30, 2012	**1,984**	**3,938**	**605**	**5,699**	**2,163**	**14,389**

Depreciation and impairment *(EUR millions)*	**Vineyard land and producing vineyards**	**Land and buildings**	**Investment property**	**Machinery and equipment**	**Other tangible fixed assets (including assets in progress)**	**Total**
As of December 31, 2011	**(98)**	**(1,150)**	**(68)**	**(3,822)**	**(622)**	**(5,760)**
Depreciation expense	(2)	(43)	(1)	(188)	(31)	(265)
Impairment expense	-	(63)	-	-	-	(63)
Disposals and retirements	-	21	-	79	7	107
Changes in the scope of consolidation	-	-	-	(9)	(12)	(21)
Translation adjustment	-	11	1	27	5	44
Other movements, including transfers	-	(149)	-	145	5	1
AS OF APRIL 30, 2012	**(100)**	**(1,373)**	**(68)**	**(3,768)**	**(648)**	**(5,957)**
NET CARRYING AMOUNT AS OF APRIL 30, 2012	**1,884**	**2,565**	**537**	**1,931**	**1,515**	**8,432**

Purchases of property, plant and equipment include property investments allocated for commercial or rental use, investments by Louis Vuitton, Christian Dior Couture, DFS and Sephora in their retail networks, and those of the champagne houses and Parfums Christian Dior in their production equipment.

6.2. Movements in prior years

Net carrying amount *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment property	Machinery and equipment	Other tangible fixed assets (including assets in progress)	Total
As of December 31, 2009	**1,611**	**1,913**	**287**	**1,658**	**926**	**6,395**
Acquisitions	5	159	3	363	417	947
Change in the market value of vineyard land	206	-	-	-	-	206
Disposals and retirements	(2)	(4)	(1)	(11)	(11)	(29)
Depreciation expense	(6)	(76)	(5)	(500)	(107)	(694)
Impairment expense	-	-	-	-	-	-
Changes in the scope of consolidation	1	(10)	-	(1)	(3)	(13)
Translation adjustment	10	106	8	88	33	245
Other, including transfers	3	21	6	120	(147)	3
As of December 31, 2010	**1,828**	**2,109**	**298**	**1,717**	**1,108**	**7,060**
Acquisitions	18	312	237	514	613	1,694
Disposals and retirements	-	(14)	-	(12)	(11)	(37)
Depreciation expense	(7)	(89)	(5)	(538)	(110)	(749)
Impairment expense	-	(1)	-	2	1	2
Change in the market value of vineyard land	25	-	-	-	-	25
Changes in the scope of consolidation	-	147	-	44	27	218
Translation adjustment	1	60	8	46	12	127
Other, including transfers	2	25	(2)	210	(204)	31
AS OF DECEMBER 31, 2011	**1,867**	**2,549**	**536**	**1,983**	**1,436**	**8,371**

Purchases of property, plant and equipment in 2011 and 2010 reflected investments by Louis Vuitton, Christian Dior Couture, Sephora and DFS in their retail networks, and those of Parfums Christian Dior and the Champagne houses in their production equipment. In both 2011 and 2010, these investments were supplemented by real estate investments dedicated to administrative or commercial use.

NOTE 7 - INVESTMENTS IN ASSOCIATES

	April 30, 2012 (4 months)			Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
Share of net assets of associates as of January 1	**172**	**-**	**172**	**226**	**215**
Share of net profit (loss) for the period	3	-	3	7	7
Dividends paid	-	-	-	(12)	(5)
Changes in the scope of consolidation	(4)	-	(4)	(57)	-
Translation adjustment	(2)	-	(2)	3	9
Other, including transfers	2	-	2	5	-
SHARE OF NET ASSETS OF ASSOCIATES AT END OF PERIOD	**171**	**-**	**171**	**172**	**226**

As of April 30, 2012, investments in associates consisted primarily of:

- a 40% equity stake in Mongoual SA, a real estate company which owns a building in Paris (France), which is the head office of LVMH Moët Hennessy - Louis Vuitton SA;
- a 49% equity stake in Edun, a fashion clothing company focused on ethical trade and sustainable development;
- a 45% equity stake in PT. Sona Topas Tourism Industry Tbk (STTI), an Indonesian retail company, which notably holds duty-free sales licenses in airports.

In 2011, the impact of changes in the scope of consolidation is attributable to accounting for the above-mentioned investment in STTI and the change in accounting treatment of Ile de Beauté, which was previously accounted for under the equity method and has been fully consolidated since June 2011 (see Note 2).

NOTE 8 - NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

	April 30, 2012 (4 months)			Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
TOTAL	**7,066**	**(151)**	**6,915**	**5,982**	**3,891**

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

	April 30, 2012 (4 months)			
(EUR millions)	Total	Of which Hermès	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
As of January 1	**5,982**	**5,438**	**3,891**	**540**
Acquisitions	14	2	496	2,756
Proceeds from disposal at net realized value	(15)	-	(17)	(70)
Changes in market value	943	871	1,613	(114)
Changes in impairment	(1)	-	(6)	(12)
Reclassifications from “Other non-current assets” to “Non-current available for sale financial assets”	-	-	-	775
Other reclassifications	(3)	-	(7)	(3)
Changes in the scope of consolidation	-	-	6	-
Translation adjustment	(5)	-	6	19
TOTAL AT END OF PERIOD	**6,915**	**6,311**	**5,982**	**3,891**

As of April 30, 2012, non-current available for sale assets mainly comprise an investment in Hermès International SCA (“Hermès”) with a gross and net amount of 6,311 million euros (5,438 million euros as of December 31, 2011 and 3,345 million euros as of December 31, 2010). During the fiscal year ended April 30, 2012, the Group’s stake in Hermès remained unchanged at 22.4%. Given the legal form of Hermès, the investment stake held by the Group is not accounted for under the equity method.

As of April 30, 2012, the stake in Hermès, corresponding to 23.6 million shares, represented, on the basis of the Hermès share price at that date, an amount of 6.3 billion euros, for a total amount of 3.4 billion euros on initial recognition (2.4 billion euros in cash after deducting the gain recognized in 2010, upon the settlement of equity linked swaps covering 12.8 million shares).

As of April 30, 2012, the Hermès share price on the Paris stock exchange, applied for the purpose of valuing this investment, was 267.25 euros (230.35 euros as of December 31, 2011 and 156.75 euros as of December 31, 2010).

The increased ownership interest in Hermès during the fiscal year 2010 resulted from the following transactions:

- in October 2010, the reclassification of the 4.5 million securities recognized previously as Other non-current assets due to the objective and the form of their ownership to Non-current available for sale financial assets, amounting to 775 million euros (419 million euros based on the Hermès share price as of December 31, 2009);
- the settlement in October 2010 of equity linked swaps in relation to 12.8 million Hermès shares (hereafter referred to as “ELS”). The ELS contracts were agreed as cash-settled when concluded in 2008 and the terms of these agreements were then amended in October 2010, by way of riders to the original agreements, to allow for settlement in shares;

• finally, purchases of 3.3 million Hermès shares on the market, for a total price of 496 million euros.

Impairment of non-current available for sale financial assets is determined in accordance with the accounting policies described in Note 1.13.

Non-current available for sale financial assets held by the Group as of April 30, 2012 include the following:

(EUR millions)	Percentage of interest	Net value	Revaluation reserves	Dividends received	Equity (c)	Net profit (c)
Hermès International SCA (France) (a)	22.4%	6,311	2,882	36	2,313 (d)	594 (d)
Hengdeli Holdings Ltd (China) (a)	6.3%	85	63	-	599 (d)	91 (d)
Tod's SpA (Italy) (a)	3.5%	92	45	-	683 (d)	135 (d)
L Real Estate SCA (Luxembourg) (b)	32.2%	85	1	-	260 (e)	16 (e)
L Capital 2 FCPR (France) (b)	18.5%	55	10	-	275 (e)	(6) (e)
Sociedad Textil Lonia SA (Spain) (b)	25.0%	31	22	-	121 (d)	35 (d)
Other		256	56	-		
TOTAL		**6,915**	**3,079**	**36**		

(a) Market value of securities as of the close of trading on April 30, 2012.
(b) Valuation at estimated net realizable value.
(c) Figures provided reflect company information prior to April 30, 2012, as fiscal year-end accounting data for 2012 was not available at the date of preparation of the consolidated financial statements.
(d) Consolidated data.
(e) Company data.

NOTE 9 - INVENTORIES AND WORK IN PROGRESS

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Wines and *eaux-de-vie* in the process of aging	3,445	3,403	3,235
Other raw materials and work in progress	1,508	1,320	770
	4,953	**4,723**	**4,005**
Goods purchased for resale	886	834	670
Finished products	3,328	3,133	2,165
	4,214	**3,967**	**2,835**
Gross amount	**9,167**	**8,690**	**6,840**
Provision for impairment	(1,038)	(1,009)	(701)
NET AMOUNT	**8,129**	**7,681**	**6,139**

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

(EUR millions)	April 30, 2012 (4 months) Gross amount	Provision for impairment	Net carrying amount	Dec. 31, 2011 (12 months) Net carrying amount	Dec. 31, 2010 (12 months) Net carrying amount
As of January 1	**8,690**	**(1,009)**	**7,681**	**6,139**	**5,802**
Change in gross inventories	489	-	489	785	110
Fair value adjustment for the harvest of the period	(2)	-	(2)	14	(3)
Changes in impairment	-	(31)	(31)	(65)	11
Changes in the scope of consolidation	28	(2)	26	694	(39)
Translation adjustment	(40)	4	(36)	140	265
Reclassifications	2	-	2	(26)	(7)
AT END OF PERIOD	**9,167**	**(1,038)**	**8,129**	**7,681**	**6,139**

In 2011, changes in the scope of consolidation primarily reflected the consolidation of Bulgari and Ile de Beauté.

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

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Fair value adjustment for the harvest of the period	7	50	36
Adjustment for inventory consumed	(9)	(36)	(39)
NET EFFECT ON COST OF SALES OF THE PERIOD	**(2)**	**14**	**(3)**

NOTE 10 - TRADE ACCOUNTS RECEIVABLE

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Trade accounts receivable, nominal amount	1,909	2,186	1,839
Provision for impairment	(68)	(69)	(62)
Provision for product returns	(164)	(165)	(148)
NET AMOUNT	**1,677**	**1,952**	**1,629**

The amount of the impairment expense in 2012 was 4 million euros (compared to 11 million euros in 2011 and 10 million euros in 2010).

Approximately 64% of the Group's sales is generated through its own stores. The balance of trade accounts receivable is comprised primarily of receivables from wholesalers or agents, who are limited in number and with whom the Group maintains ongoing relationships for the most part. Credit insurance is taken out whenever the likelihood that receivables may not be recoverable is justified on reasonable grounds.

As of April 30, 2012, the breakdown of the nominal amount of trade receivables and of provisions for impairment by age was as follows:

(EUR millions)	Gross amount of receivables	Provision for impairment	Net amount of receivables
Not due			
less than 3 months	1,522	(12)	1,510
more than 3 months	86	(3)	83
	1,608	**(15)**	**1,593**
Overdue			
less than 3 months	175	(7)	168
more than 3 months	126	(46)	80
	301	**(53)**	**248**
TOTAL	**1,909**	**(68)**	**1,841**

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

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

NOTE 11 - OTHER CURRENT ASSETS

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Current available for sale financial assets	154	145	219
Market value of derivatives	192	147	209
Tax accounts receivable, excluding income taxes	442	483	277
Advances and payments on account to vendors	171	169	147
Prepaid expenses	303	265	201
Other receivables, net	336	277	217
TOTAL	**1,598**	**1,486**	**1,270**

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

Please also refer to Note 12 Current available for sale financial assets and Note 21 Financial instruments and market risk management.

NOTE 12 - CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Unlisted securities, shares in non-money market SICAVs and funds	16	14	32
Listed securities	138	131	187
TOTAL	**154**	**145**	**219**
Of which: historical cost of current available for sale financial assets	161	161	280

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

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
As of January 1	**145**	**219**	**218**
Acquisitions	-	256	55
Proceeds from disposal at net realized value	-	(285)	(106)
Changes in market value	9	21	74
Changes in impairment	(1)	(1)	(26)
Reclassifications (as)/from Non-current available for sale financial assets [(a)]	-	7	-
Net impact of changes in the scope of consolidation [(b)]	-	(72)	-
Translation adjustment	1	-	4
TOTAL AT END OF PERIOD	**154**	**145**	**219**

(a) See Note 8.
(b) In 2011, impact related to the acquisition of Bulgari. See Note 2.

See also Note 1.13 for the method used to determine impairment losses on current available for sale financial assets.

NOTE 13 - CASH AND CASH EQUIVALENTS

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Fixed term deposits (less than 3 months)	307	422	579
Money market SICAVs and funds	117	216	142
Ordinary bank accounts	1,353	1,790	1,687
CASH AND CASH EQUIVALENTS PER BALANCE SHEET	**1,777**	**2,428**	**2,408**

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)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Cash and cash equivalents	1,777	2,428	2,408
Bank overdrafts	(590)	(384)	(412)
NET CASH AND CASH EQUIVALENTS PER CASH FLOW STATEMENT	**1,187**	**2,044**	**1,996**

NOTE 14 - EQUITY

14.1. Share capital

As of April 30, 2012, issued and fully paid-up shares totaled 181,727,048 (181,727,048 shares as of both December 31, 2011 and December 31, 2010), with a par value of 2 euros per share, including 123,110,228 shares with double voting rights. Double voting rights are granted to registered shares held for more than three years (122,945,656 as of December 31, 2011 and 124,912,488 as of December 31, 2010).

14.2. Treasury shares and related derivatives

The impact on the net assets of the Group of Christian Dior shares and LVMH-share settled derivatives held within the framework of stock option plans breaks down as follows:

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Christian Dior treasury shares	149	163	174
Share in derivatives settled in LVMH shares attributable to Christian Dior [(a)]	3	11	16
TREASURY SHARES AND RELATED DERIVATIVES	**152**	**174**	**190**

(a) Upon the exercise of derivatives settled in LVMH shares, treasury shares held on an interim basis are not included in the determination of the Group's ownership interest.

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

	April 30, 2012 (4 months)		Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
(EUR millions)	Number	Value	Value	Value
Share purchase option plans	2,123,500	133	140	156
Bonus share and performance share plans	189,083	12	12	7
Future plans	48,091	3	10	10
Other	19,532	1	1	1
CHRISTIAN DIOR SHARES	**2,380,206**	**149**	**163**	**174**

As of April 30, 2012, the stock market value of other Christian Dior shares held was 2.2 million euros.

The portfolio movements of Christian Dior shares during the fiscal year ended April 30, 2012 were as follows:

(EUR millions)	Number of shares	Value
As of December 31, 2011	**2,596,556**	**163**
Purchase of shares	-	-
Exercise of share purchase options	(134,000)	(8)
Vested bonus shares and performance shares	(82,350)	(6)
Proceeds from disposal at net realized value	-	-
Gain/(loss) on disposal	-	-
AS OF APRIL 30, 2012	**2,380,206**	**149**

14.3. Dividends paid by the parent company Christian Dior

In accordance with French regulations, dividends are deducted from the profit for the year and reserves available for distribution of the parent company, after deducting applicable withholding tax and the value attributable to treasury shares. As of April 30, 2012, the amount available for distribution was 2,470 million euros; after taking into account the proposed dividend distribution in respect of the 2012 fiscal year, the amount available for distribution is 2,270 million euros.

(EUR millions, except for data per share in EUR)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Interim dividend for the current year (2011: 0.98 euros; 2010: 0.88 euros)	-	178	160
Impact of treasury shares	-	(2)	(3)
	-	**176**	**157**
Final dividend for the previous year (2011: 1.63 euros; 2010: 1.23 euros; 2009: 1.22 euros)	296	223	222
Impact of treasury shares	(4)	(3)	(4)
	292	**220**	**218**
TOTAL GROSS AMOUNT DISBURSED DURING THE PERIOD [(a)]	**292**	**396**	**375**

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

The gross amount of the dividend for the fiscal year ended April 30, 2012, as proposed to the Shareholders' Meeting of October 26, 2012 is 1.10 euros per share, representing a total amount of 200 million euros, excluding the amount to be deducted in relation to treasury shares held as of the date of payment.

14.4. Cumulative translation adjustment

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

(EUR millions)	**April 30, 2012** (4 months)	**Change**	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
US dollar	(46)	(19)	(27)	(66)
Swiss franc	192	13	179	165
Japanese yen	61	(17)	78	58
Hong Kong dollar	24	(14)	38	19
Pound sterling	(16)	7	(23)	(33)
Other currencies	32	1	31	21
Foreign currency net investment hedges	(94)	8	(102)	(75)
TOTAL, GROUP SHARE	**153**	**(21)**	**174**	**89**

14.5. 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. Furthermore, maintaining a strong credit rating and providing adequate security to the Group's bondholders and bank creditors are regarded as objectives in their own right, which also permits substantial access to markets under favourable conditions.

The Group manages its financial structure so as to ensure real flexibility, allowing it both to seize opportunities and enjoy significant access to markets offering favourable conditions.

To this end, the Group monitors a certain number of financial ratios and aggregate measures of financial risk, including:

- net financial debt (see Note 17) to equity;
- net financial debt to cash from operations before changes in working capital;
- long term resources to fixed assets;
- net cash from operations before changes in working capital;
- net cash from operating activities and operating investments (free cash flow);
- 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.

With respect to these indicators, the Group seeks to maintain levels allowing for significant financial flexibility.

The Group also promotes financial flexibility by maintaining numerous and varied banking relationships, through the frequent recourse to several negotiable debt markets (both short and long term), by holding a large amount of cash and cash equivalents, and through the existence of sizable amounts in undrawn confirmed credit lines.

In particular, the Group's undrawn confirmed credit lines often largely exceed the outstanding portion of its commercial paper program.

NOTE 15 - STOCK OPTION AND SIMILAR PLANS

Share purchase option plans

The Shareholders' Meeting of May 14, 2009 renewed the authorization given to the Board of Directors, for a period of thirty-eight months expiring in July 2012, to grant share subscription or purchase options to Group company employees or directors, on one or more occasions, in an amount not to exceed 3% of the Company's share capital.

As of April 30, 2012, no subscription plan had been allocated by Christian Dior SA.

Each purchase plan is valid for ten years and the options may be exercised after a three- or four-year period, depending on the plan.

Under certain circumstances, in particular in the event of retirement, the three- or four-year vesting period does not apply.

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

Bonus share plans

The Shareholders' Meeting of March 31, 2011 renewed the authorization given to the Board of Directors, for a period of thirty-eight months expiring in May 2014, to grant bonus shares to Company or Group company employees or directors, on one or more occasions, in an amount not to exceed 1% of the Company's share capital on the date of this authorization.

The allocation of bonus shares to beneficiaries who are French residents for tax purposes is definitive after a two-year vesting period (three years for the 2011 allocations), which is followed by a two-year holding period during which the beneficiaries may not sell their shares.

The allocation of bonus shares to beneficiaries who are not French residents for tax purposes becomes definitive after a vesting period of four years and the shares may be freely transferred at that time.

Performance conditions

For plans allocated since 2009, in addition to the conditions of presence at the Group, exercising purchase options, and the vesting of bonus or performance shares are subject to performance conditions that vary based on beneficiary's level in the hierarchy and status.

15.1. Share purchase option plans

The main characteristics of share purchase option plans and changes having occurred during the year are as follows:

Plan commencement date	Number of options granted	Exercise price *(EUR)*	Vesting periods of rights	Number of options exercised in 2012	Number of options expired in 2012	Number of options to be exercised as of April 30, 2012
February 18, 2002 (a)	504,000	33.53	3 years	30,000	-	-
February 18, 2003	527,000	29.04	3 years	28,000	-	36,000
February 17, 2004	527,000	49.79	3 years	10,500	-	293,000
May 12, 2005	493,000	52.21	3 years	-	-	330,000
February 15, 2006	475,000	72.85 (b)	3 years	13,000	-	340,000
September 6, 2006	20,000	74.93	3 years	2,500	-	17,500
January 31, 2007	480,000	85.00	4 years	50,000	-	345,000
May 15, 2008	484,000	73.24 (c)	4 years	-	-	457,000
May 14, 2009	332,000	52.10	4 years	-	-	305,000
TOTAL				**134,000**	**-**	**2,123,500**

(a) Plan expired on February 17, 2012.
(b) Exercise price for Italian residents: 77.16 euros.
(c) Exercise price for Italian residents: 73.47 euros.

The number of unexercised purchase options and the weighted average exercise price changed as follows during the fiscal years presented:

	April 30, 2012 (4 months)		Dec. 31, 2011 (12 months)		Dec. 31, 2010 (12 months)	
(EUR millions)	Number	Weighted average exercise price *(EUR)*	Number	Weighted average exercise price *(EUR)*	Number	Weighted average exercise price *(EUR)*
Share purchase options outstanding as of January 1	**2,257,500**	**64.41**	**2,534,504**	**63.39**	**3,434,004**	**60.33**
Allocations	-	-	-	-	-	-
Options expired	-	-	(70,000)	69.05	(12,000)	59.95
Options exercised	(134,000)	57.66	(207,004)	50.42	(887,500)	51.58
SHARE PURCHASE OPTIONS OUTSTANDING AT END OF PERIOD	**2,123,500**	**64.84**	**2,257,500**	**64.41**	**2,534,504**	**63.39**

Share purchase options granted under the plan dated May 14, 2009 may only be exercised if, in fiscal years 2009 and 2010, (or, for senior executive officers, in three of the four fiscal years from 2009 to 2012) either profit from recurring operations, net cash from (used in) operating activities and operating investments, or the Group's current operating margin rate shows a positive change compared to 2008. The performance condition, which was met in 2009 to 2011, was also considered to have been met for the future fiscal years, for the purpose of determining the expense for 2012.

15.2. Bonus share and performance share plans

The main characteristics of bonus share plans and changes having occurred during the year are as follows:

Plan commencement date	Number of shares allocated initially	Vesting period of rights	Shares vested in 2012	Expired allocations in 2012	Non-vested shares as of April 30, 2012
April 15, 2010	90,180	2 [(a)] or 4 years [(b)]	82,350	4,050	3,780
March 31, 2011	90,015	3 [(a)] or 4 years [(b)]	-	-	90,015
July 26, 2011	2,000	3 years [(a)]	-	-	2,000
April 5, 2012	93,288	3 [(a)] or 4 years [(b)]	-	-	93,288
TOTAL			**82,350**	**4,050**	**189,083**

(a) Beneficiaries with tax residence in France.
(b) Beneficiaries with tax residence outside France.

The number of non-vested shares allocated changed as follows during the period:

(Number of shares)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Non-vested shares as of January 1	182,195	90,180	-
Non-vested shares during the period	93,288	92,015	90,180
Shares vested during the period	(82,350)	-	-
Expired allocations during the period	(4,050)	-	-
NON-VESTED SHARES AT END OF PERIOD	**189,083**	**182,195**	**90,180**

The plans launched on April 15, 2010, March 31 and July 26, 2011, and April 5, 2012 combine the allocation of traditional bonus shares and the allocation of performance shares in proportions determined in accordance with the beneficiary's level in the hierarchy and status.

Performance shares are definitively allocated only if Christian Dior's consolidated financial statements both for the fiscal year in which the plan is set up (fiscal year "Y") and for fiscal year Y+1 show a positive change compared to fiscal year Y-1 in relation to one or more of the following indicators: profit from recurring operations, net cash from operating activities and operating investments, current operating margin. With respect to the plan set up on April 15, 2010, the performance condition was met in both 2010 and 2011 and the corresponding shares were allocated definitively as of April 15, 2012 to beneficiaries who were French residents for tax purposes as of that date. With respect to the plans set up on March 31 and July 26, 2011, the performance condition was satisfied in 2011.

Beginning in 2012, Christian Dior's fiscal year no longer corresponds to the calendar year. For this reason, changes in these indicators are henceforth to be determined on the basis of the pro forma financial statements as of December 31 of each calendar year concerned.

In the event of the vesting of their share allocations, the Chairman and Chief Executive Officer are required to retain possession of half of these shares in pure registered form until the conclusion of their term in office.

15.3. Expense for the period

(EUR millions)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Share purchase option and bonus share plans - Christian Dior	3	9	9
Share subscription and purchase option plans, bonus share plans - LVMH	18	52	44
Cash-settled share-based compensation plans index-linked to the change in the LVMH share price	1	1	6
EXPENSE FOR THE PERIOD	**22**	**62**	**59**

The total expense recognized as of April 30, 2012 for the Christian Dior share purchase plans and allocations of bonus share plans was 3 million euros (9 million euros in both 2011 and 2010).

LVMH

For the purposes for determining the expense for the period, the following data have been retained:

In order to determine the expense for the four-month period, the following data was used:

- the LVMH share price on the grant date of the plan set up in April 2012 was 126.90 euros;
- the volatility of LVMH's shares was determined on the basis of their implicit volatility.

The unit value of provisional allocations of bonus shares was 114.08 euros for beneficiaries with tax residence in France and 111.34 euros with tax residence outside France.

Christian Dior

In order to determine the expense for the four-month period, the following data was used:

For the purposes for determining the expense for the period, the following data have been retained:

- the Christian Dior share price on the grant date of the plan set up in April 2012 was 113.95 euros;
- the volatility of Christian Dior's shares is determined on the basis of their implicit volatility.

The unit value of provisional allocations of bonus shares under the plan dated April 5, 2012 was 103.73 euros for beneficiaries with tax residence in France and 99.06 euros with tax residence outside France.

NOTE 16 - MINORITY INTERESTS

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
As of January 1	**15,309**	**11,867**	**9,857**
Minority interests' share of net profit	796	2,169	2,008
Dividends paid to minority interests	(724)	(803)	(698)
Changes in control of consolidated entities:			
• LVMH treasury shares	28	84	155
• consolidation of Bulgari	-	2,000	-
• consolidation of Heng Long	-	18	-
• acquisition of controlling interest in Sephora Marinopoulos	(11)	-	-
• other movements	-	-	(3)
Acquisition and disposal of minority interests' shares:			
• acquisition of minority interests in the Samaritaine	-	-	(104)
• acquisition of minority interests in Bulgari	-	(771)	-
• other movements	-	(13)	17
Total impact of changes in the percentage of interest in consolidated entities	17	1,318	65
Capital increases subscribed by minority interests	-	4	12
Minority interests' share in gains and losses recognized in equity	496	980	712
Minority interests' share in stock option plan expenses	11	31	26
Purchase commitments for minority interests	(3)	(257)	(115)
AT END OF PERIOD	**15,902**	**15,309**	**11,867**

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

(EUR millions)	Cumulative translation adjustment	Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land	Total share of minority interests
As of December 31, 2009	**(388)**	**119**	**47**	**452**	**230**
Changes for the fiscal year	475	168	(23)	92	712
As of December 31, 2010	**87**	**287**	**24**	**544**	**942**
Changes for the fiscal year	159	849	(38)	10	980
Changes due to treasury shares and the Bulgari contribution	(1)	25	2	12	38
As of December 31, 2011	**245**	**1,161**	**(12)**	**566**	**1,960**
Changes for the fiscal year	(57)	524	28	1	496
AS OF APRIL 30, 2012	**188**	**1,685**	**16**	**567**	**2,456**

NOTE 17 - BORROWINGS

17.1. Net financial debt

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Long term borrowings	5,136	5,263	4,268
Short term borrowings	3,866	3,561	2,578
Gross amount of borrowings	**9,002**	**8,824**	**6,846**
Interest rate risk derivatives	(176)	(159)	(82)
Other derivatives	-	1	5
Gross borrowings after derivatives	**8,826**	**8,666**	**6,769**
Current available for sale financial assets	(154)	(145)	(219)
Cash and cash equivalents	(1,777)	(2,428)	(2,408)
NET FINANCIAL DEBT	**6,895**	**6,093**	**4,142**

Net financial debt does not take into consideration purchase commitments for minority interests included in "Other non-current liabilities" (see Note 19).

No bonds were issued or redeemed during the four-month fiscal year ended April 30, 2012.

17.2. Analysis of gross financial debt by nature

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Bonds and Euro Medium Term Notes (EMTNs)	4,034	4,035	3,123
Finance and other long term leases	127	135	132
Bank borrowings	975	1,093	1,013
LONG TERM BORROWINGS	**5,136**	**5,263**	**4,268**
Bonds and Euro Medium Term Notes (EMTNs)	758	759	1,015
Finance and other long term leases	20	19	17
Bank borrowings	306	299	347
Commercial paper	1,719	1,603	272
Other borrowings and credit facilities	352	393	432
Bank overdrafts	590	384	412
Accrued interest	121	104	83
SHORT TERM BORROWINGS	**3,866**	**3,561**	**2,578**
TOTAL GROSS BORROWINGS	**9,002**	**8,824**	**6,846**
MARKET VALUE OF GROSS BORROWINGS	**9,164**	**8,990**	**7,013**

As of April 30, 2012, December 31, 2011 and December 31, 2010, no amount of financial debt was recognized in accordance with the fair value option. See Note 1.18.

17.3. Bonds and EMTNs

Nominal amount *(currency)*	Date of issuance	Maturity	Initial effective interest rate [(a)] *(as %)*	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
EUR 500,000,000	2011	2018	4.08	521	524	-
EUR 500,000,000	2011	2015	3.47	525	522	-
EUR 300,000,000	2011	2016	4.22	298	297	-
EUR 1,000,000,000	2009	2014	4.52	1,037	1,033	1,021
EUR 350,000,000	2009	2014	4.02	348	348	347
CHF 200,000,000	2008	2015	4.04	167	165	161
CHF 200,000,000	2008	2011	3.69	-	-	161
EUR 50,000,000	2008	2011	6.12	-	-	50
EUR 760,000,000	2005 and 2008 [(b)]	2012	3.76	758	759	755
CHF 300,000,000	2007	2013	3.46	253	250	243
EUR 150,000,000	2006	2011	4.37	-	-	150
EUR 600,000,000	2004	2011	4.74	-	-	609
Public bond issues				**3,907**	**3,898**	**3,497**
EUR 250,000,000	2009	2015	4.59	265	263	257
EUR 150,000,000	2009	2017	4.81	163	161	153
Private placements in foreign currencies				457	472	231
Private placements (EMTN)				**885**	**896**	**641**
TOTAL BONDS AND EMTN				**4,792**	**4,794**	**4,138**

(a) Before impact of interest rate hedges set up at the time of, or subsequent to, each issuance.
(b) Accumulated amounts and weighted average initial effective interest rate for a 600 million euro bond issued in 2005 at an initial effective interest rate of 3.43%, which was supplemented in 2008 by an amount of 160 million euros issued at an effective rate of 4.99%.

17.4. Analysis of gross borrowings by payment date and by type of interest rate

(EUR millions)	Gross amount of borrowings			Effects of derivatives			Gross borrowings after derivatives		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity									
April 30, 2013	3,000	866	3,866	(1,415)	1,407	(8)	1,585	2,273	3,858
April 30, 2014	591	849	1,440	84	(84)	-	675	765	1,440
April 30, 2015	1,959	193	2,152	(1,500)	1,392	(108)	459	1,585	2,044
April 30, 2016	448	1	449	(234)	202	(32)	214	203	417
April 30, 2017	307	-	307	102	(105)	(3)	409	(105)	304
Thereafter	786	2	788	(150)	125	(25)	636	127	763
TOTAL	**7,091**	**1,911**	**9,002**	**(3,113)**	**2,937**	**(176)**	**3,978**	**4,848**	**8,826**

See Note 21.4 regarding market value of interest rate risk derivatives.

Gross borrowings maturing before April 30, 2013 break down as follows by quarter:

(EUR millions)	Maturing by April 30, 2013
First quarter	3,356
Second quarter	78
Third quarter	66
Fourth quarter	366
TOTAL	**3,866**

17.5. Analysis of gross borrowings by currency after derivatives

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Euro	6,805	6,554	4,779
US dollar	267	348	352
Swiss franc	1,010	981	984
Japanese yen	369	410	329
Other currencies	375	373	325
TOTAL	**8,826**	**8,666**	**6,769**

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

17.6. Finance and other long term leases

The amount of the Group's irrevocable commitments under finance lease agreements as of April 30, 2012 breaks down as follows:

	April 30, 2012 (4 months)		Dec. 31, 2011 (12 months)		Dec. 31, 2010 (12 months)	
(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	28	25	26	24	24	24
One to five years	72	61	78	56	78	56
More than five years	333	60	354	73	354	69
Total future minimum payments	**433**		**458**		**456**	
Of which: financial interest	(287)		(305)		(307)	
PRESENT VALUE OF MINIMUM FUTURE PAYMENTS	**146**	**146**	**153**	**153**	**149**	**149**

17.7. Sensitivity

On the basis of debt as of April 30, 2012:

- 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 48 million euros after hedging, and would lower the market value of gross fixed-rate borrowings by 83 million euros after hedging;
- an instantaneous decline of 1 point in these same yield curves would lower the cost of net financial debt by 48 million euros after hedging, and would raise the market value of gross fixed-rate borrowings by 83 million euros after hedging.

These changes would have no impact on the amount of equity as of April 30, 2012, due to the absence of hedging of future interest payments.

17.8. Covenants

As is normal practice for syndicated loans, the Christian Dior group has signed commitments to maintain a percentage interest and voting rights for certain of its subsidiaries, and to maintain a normal financing ratio in this regard.

In connection with certain long-term loan agreements, the Group has undertaken to comply with certain financial covenants (mainly based on the coverage of debt obligations by assets). The current level of these ratios ensures that the Group has genuine financial flexibility with regard to these commitments.

17.9. Undrawn confirmed credit lines

As of April 30, 2012, unused confirmed credit lines totaled 4.2 billion euros.

17.10. Guarantees and collateral

As of April 30, 2012, borrowings hedged by collateral were less than 200 million euros.

NOTE 18 - PROVISIONS

(EUR millions)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Provisions for pensions, medical costs and similar commitments	286	290	267
Provisions for contingencies and losses	1,117	1,104	889
Provisions for reorganization	24	21	20
Non-current provisions	**1,427**	**1,415**	**1,176**
Provisions for pensions, medical costs and similar commitments	11	12	10
Provisions for contingencies and losses	279	302	279
Provisions for reorganization	43	44	57
Current provisions	**333**	**358**	**346**
TOTAL	**1,760**	**1,773**	**1,522**

During the fiscal year ended April 30, 2012, the changes in provisions were as follows:

(EUR millions)	**Dec. 31, 2011**	**Increases**	**Amounts used**	**Amounts released**	**Changes in the scope of consolidation**	**Other items (including translation adjustments)**	**April 30, 2012**
Provisions for pensions, medical costs and similar commitments	302	26	(22)	(1)	1	(9)	297
Provisions for contingencies and losses	1,406	41	(35)	(4)	1	(13)	1,396
Provisions for reorganization	65	2	(6)	(1)	-	7	67
TOTAL	**1,773**	**69**	**(63)**	**(6)**	**2**	**(15)**	**1,760**
o/w: profit from recurring operations		58	(60)	(4)			
net financial income (expense)		-	-	-			
other		11	(3)	(2)			

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

Provisions for pensions, medical costs and similar commitments are analyzed in Note 28.

NOTE 19 - OTHER NON-CURRENT LIABILITIES

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Purchase commitments for minority interests	4,336	4,196	3,687
Market value of derivatives	1	4	2
Employee profit sharing [(a)]	77	88	89
Other liabilities	246	217	166
TOTAL	**4,660**	**4,505**	**3,944**

(a) French companies only, pursuant to legal provisions.

Moët Hennessy SNC and MH International SAS ("Moët Hennessy") hold the Group's investments in the Wines and Spirits businesses, with the exception of the equity investments in Château d'Yquem, Château Cheval Blanc and excluding certain Champagne vineyards owned by LVMH SA.

As of April 30, 2012 and as of both December 31, 2011 and December 31, 2010, purchase commitments for minority interests mainly include the put option granted 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 Ile de Beauté (35%), Heng Long (49%) and distribution subsidiaries in various countries, mainly in the Middle East.

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

NOTE 20 - OTHER CURRENT LIABILITIES

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Market value of derivatives	66	267	146
Employees and social institutions	756	906	725
Employee profit sharing [(a)]	47	86	72
Taxes other than income taxes	336	393	323
Advances and payments on account from customers	175	188	209
Deferred payment for tangible and financial non-current assets	262	290	184
Deferred income	183	111	76
Purchase commitments for minority interests	166	-	-
Other liabilities	633	625	526
TOTAL	**2,624**	**2,866**	**2,261**

(a) French companies only, pursuant to legal provisions.

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

Derivatives are analyzed in Note 21.

NOTE 21 - FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

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

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

Both the management of foreign exchange, interest rate and equity market risks and transactions involving financial instruments are centralized.

The Group has implemented a stringent policy, as well as rigorous management guidelines 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 financial control.

The backbone of this organization is an information system which allows hedging transactions to be monitored quickly.

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

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

21.2. Presentation of financial instruments in the balance sheet

Breakdown and fair value of financial assets and liabilities according to the measurement categories defined by IAS 39

		April 30, 2012 (4 months)		Dec. 31, 2011 (12 months)		Dec. 31, 2010 (12 months)	
(EUR millions)	*Notes*	**Balance sheet value**	**Fair value**	**Balance sheet value**	**Fair value**	**Balance sheet value**	**Fair value**
Non-current available for sale financial assets	*8*	6,915	6,915	5,982	5,982	3,891	3,891
Current available for sale financial assets	*12*	154	154	145	145	219	219
Available for sale financial assets (see Note 1.13)		**7,069**	**7,069**	**6,127**	**6,127**	**4,110**	**4,110**
Other non-current assets, excluding derivatives		367	367	360	360	276	276
Trade accounts receivable	*10*	1,677	1,677	1,952	1,952	1,629	1,629
Other current assets (a)	*11*	949	949	929	929	641	641
Loans and receivables (see Note 1.15)		**2,993**	**2,993**	**3,241**	**3,241**	**2,546**	**2,546**
Cash and cash equivalents (see Note 1.16)	*13*	1,777	1,777	2,428	2,428	2,408	2,408
Financial assets, excluding derivatives		**11,839**	**11,839**	**11,796**	**11,796**	**9,064**	**9,064**
Long term borrowings	*17*	5,136	5,294	5,263	5,420	4,268	4,425
Short term borrowings	*17*	3,866	3,870	3,561	3,570	2,578	2,588
Trade accounts payable		2,773	2,773	3,012	3,012	2,349	2,349
Other non-current liabilities (b)	*19*	278	278	305	305	255	255
Other current liabilities (c)	*20*	2,375	2,375	2,488	2,488	2,039	2,039
Financial liabilities, excluding derivatives (see Note 1.18)		**14,428**	**14,590**	**14,629**	**14,795**	**11,489**	**11,656**
Derivatives (see Note 1.19)	*21.3*	**325**	**325**	**19**	**19**	**123**	**123**

(a) Excluding derivatives, current available for sale financial assets and prepaid expenses.
(b) Excluding derivatives, purchase commitments for minority interests, and deferred income (45 million euros as of April 30, 2012).
(c) Excluding derivatives and deferred income.

Fair value may be considered as nearly equivalent to market value, the latter being defined as the price that an informed third party acting freely would be willing to pay or receive for the asset or liability in question.

Breakdown of financial assets and liabilities measured at fair value by measurement method

	April 30, 2012 (4 months)			Dec. 31, 2011 (12 months)			Dec. 31, 2010 (12 months)		
(EUR millions)	Available for sale financial assets	Derivatives	Cash and cash equivalents	Available for sale financial assets	Derivatives	Cash and cash equivalents	Available for sale financial assets	Derivatives	Cash and cash equivalents
Valuation based on:									
Quoted prices	6,661	-	1,777	5,738	-	2,428	3,750	-	2,408
Formula based on market data	114	392	-	112	290	-	119	271	-
Private quotations	294	-	-	277	-	-	241	-	-
ASSETS	**7,069**	**392**	**1,777**	**6,127**	**290**	**2,428**	**4,110**	**271**	**2,408**
Valuation based on:									
Quoted prices		-			-			-	
Formula based on market data		67			271			148	
Private quotations		-			-			-	
LIABILITIES		**67**			**271**			**148**	

The valuation methods used correspond to the following levels in the IFRS 7 fair value measurement hierarchy:

Quoted prices	Level 1
Formula based on market data	Level 2
Private quotations	Level 3

The amount of financial assets valued on the basis of private quotations changed as follows in 2012:

(EUR millions)	April 30, 2012
As of January 1	**277**
Acquisitions	7
Proceeds from disposals (at net realized value)	(15)
Gains and losses recognized in income statement	-
Gains and losses recognized in equity	28
Changes in the scope of consolidation	(3)
AT END OF PERIOD	**294**

21.3. Summary of derivatives

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

(EUR millions)		*Notes*	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Interest rate risk					
Assets:	non-current		124	113	41
	current		66	57	66
Liabilities:	non-current		(1)	(1)	(1)
	current		(13)	(10)	(24)
		21.4	**176**	**159**	**82**
Foreign exchange risk					
Assets:	non-current		40	2	9
	current		122	83	139
Liabilities:	non-current		-	(3)	(1)
	current		(52)	(257)	(122)
		21.5	**110**	**(175)**	**25**
Other risks					
Assets:	non-current		36	28	12
	current		4	7	4
Liabilities:	non-current		-	-	-
	current		(1)	-	-
			39	**35**	**16**
TOTAL					
Assets:	non-current		200	143	62
	current	*11*	192	147	209
Liabilities:	non-current	*19*	(1)	(4)	(2)
	current	*20*	(66)	(267)	(146)
			325	**19**	**123**

21.4. Derivatives used to manage interest rate risk

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

As such, the Group uses interest rate swaps and options (caps and floors).

Derivatives used to manage interest rate risk outstanding as of April 30, 2012 break down as follows:

	Nominal amounts by maturity as of April 30				Market value (a)		
(EUR millions)	2013	2014 to 2017	Beyond 2017	Total	Fair value hedges	Not allocated	Total
Interest rate swaps in euros:							
- fixed rate payer	-	284	-	284	-	(9)	(9)
- floating rate payer	1,415	1,841	150	3,406	179	5	184
- floating rate/floating rate	-	152	-	152	-	-	-
Foreign currency swaps	-	362	-	362	-	1	1
TOTAL					**179**	**(3)**	**176**

(a) Gain/(Loss).

21.5. Derivatives used to manage foreign exchange risk

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

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

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

Derivatives used to manage foreign exchange risk outstanding as of April 30, 2012 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation 2011	2012	2013	Total	Market value [(a)] Fair value hedges	Future cash flow hedges	Foreign currency net investment hedges	Not allocated	Total
Options purchased									
Put USD	-	20	-	20	-	-	-	-	-
Put JPY	-	42	31	73	-	2	-	(1)	1
Put GBP	-	26	-	26	-	-	-	-	-
	-	**88**	**31**	**119**	**-**	**2**	**-**	**(1)**	**1**
Collars									
Written USD	-	2,734	1,697	4,431	1	68	-	1	70
Written JPY	-	118	50	168	-	-	-	-	-
Other	-	13	-	13	-	-	-	-	-
	-	**2,865**	**1,747**	**4,612**	**1**	**68**	**-**	**1**	**70**
Forward exchange contracts [(b)]									
USD	-	79	-	79	-	-	-	-	-
JPY	-	744	334	1,078	(1)	9	(11)	-	(3)
GBP	-	102	-	102	-	-	-	-	-
Other	15	146	-	161	(2)	1	-	(1)	(2)
	15	**1,071**	**334**	**1,420**	**(3)**	**10**	**(11)**	**(1)**	**(5)**
Foreign exchange swaps [(b)]									
USD	-	2,594	8	2,602	-	-	8	27	35
CHF	-	465	-	465	-	-	-	(2)	(2)
GBP	-	250	-	250	-	-	-	(13)	(13)
JPY	-	(118)	-	(118)	-	-	-	23	23
Other	-	100	-	100	-	-	5	(4)	1
	-	**3,291**	**8**	**3,299**	**-**	**-**	**13**	**31**	**44**
TOTAL					**(2)**	**80**	**2**	**30**	**110**

(a) Gain/(Loss).
(b) Sale/(Purchase).

The impact on income statement of gains and losses on hedges of future cash flows as well as the future cash flows hedged by these instruments will be recognized after April 30, 2012; the amount will depend on exchange rates at this date.

The impacts on net profit for the fiscal year ended April 30, 2012, equity (excluding net profit for the fiscal year), and the market value of derivatives as of April 30, 2012 of a 10% change in the value of the US dollar, the Japanese yen, the Swiss franc, and the Hong Kong dollar against the euro, including the impact of foreign currency hedges outstanding during the period, would have been as follows:

	US dollar		Japanese yen		Swiss franc		Hong Kong dollar	
(EUR millions)	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
Net profit	(20)	(46)	(6)	(3)	6	(6)	18	(18)
Equity, excluding net profit	188	(210)	70	(71)	187	(200)	110	(121)
Market value of derivatives	(114)	93	(7)	6	(72)	59	(59)	48

The data presented in the table above should be assessed on the basis of the characteristics of the hedging instruments outstanding in the fiscal year ended April 30, 2012, mainly comprising options, ranges and futures contracts.

As of April 30, 2012, at Group level, forecast cash collections for the fiscal year ended April 30, 2013 are hedged in the proportion of 87% in US dollars and 101% in Japanese yen.

21.6. Financial instruments used to manage other risks

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

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

The Group may also use equity-based derivatives to create synthetically an economic exposure to certain assets, or to hedge cash-settled compensation plans index-linked to the LVMH share price. The carrying amount of these unlisted financial instruments corresponds to the estimate of the amount, provided by the counterparty, of the valuation at the balance sheet date. The valuation of financial instruments thus takes into consideration market parameters such as interest rates and share prices. As of April 30, 2012, derivatives used to manage equity risk with an impact on the Group's net profit have a positive market value of 36 million euros. Considering nominal values of 24 million euros for those derivatives, a uniform 1% change in their underlying assets' share prices as of April 30, 2012 would induce a net impact on the Group's profit of less than 0.5 million euros. Most of these instruments mature in 2014.

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 is purchased from banks, or future and/or options contracts are taken out with a physical delivery of the gold. Derivatives outstanding relating to the hedging of precious metal prices as of April 30, 2012 have a market value of 3 million euros. Considering nominal values of 94 million euros for those derivatives, a uniform 1% change in their underlying assets' share prices as of April 30, 2012 would have a net impact on the Group's consolidated reserves in an amount of less than 2 million euros. These instruments mature in 2013.

21.7. Liquidity risk

The Group's local liquidity risks are generally not significant. Its overall exposure to liquidity risk can be assessed (a) with regard to outstanding amounts in respect of its commercial paper program (1.7 billion euros) or (b) by comparing the amount of the short term portion of its net financial debt before hedging (3.9 billion euros) to the amount of cash and cash equivalents (1.8 billion euros), thus 2.1 billion euros as of April 30, 2012. Should any of these instruments not be renewed, the Group has access to undrawn confirmed credit lines totaling 4.2 billion euros.

The Group's liquidity is based on the quality of its investments, the existence of 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 (excluding derivatives) recognized as of April 30, 2012, at nominal value and with interest, excluding discounting effects:

(EUR millions)	**April 30, 2013**	**April 30, 2014**	**April 30, 2015**	**April 30, 2016**	**April 30, 2017**	**Over 5 years**	**Total**
Bonds and EMTNs	925	851	1,981	473	339	677	5,246
Bank borrowings	333	729	235	11	3	14	1,325
Other borrowings and credit facilities	352	-	-	-	-	-	352
Finance and other long term leases	27	22	19	17	14	334	433
Commercial paper	1,719	-	-	-	-	-	1,719
Bank overdrafts	590	-	-	-	-	-	590
Gross amount of borrowings	**3,946**	**1,602**	**2,235**	**501**	**356**	**1,025**	**9,665**
Other financial liabilities, current and non-current [(a)]	2,440	46	49	31	32	55	2,653
Trade accounts payable	2,773	-	-	-	-	-	2,773
Other financial liabilities	**5,213**	**46**	**49**	**31**	**32**	**55**	**5,426**
TOTAL FINANCIAL LIABILITIES	**9,159**	**1,648**	**2,284**	**532**	**388**	**1,080**	**15,091**

(a) Corresponds to Other current liabilities (excluding derivatives and deferred income) for 2,375 million euros and to Other non-current liabilities (excluding derivatives, purchase commitments for minority interests, and deferred income, the latter in the amount of 45 million euros) for 278 million euros as of April 30, 2012. See Note 21.2.

See Note 29.3 regarding contractual maturity dates of collateral and other guarantees. See Notes 21.4 and 21.5 regarding foreign exchange derivatives and Notes 17.4 and 21.4 regarding interest rate risk derivatives.

NOTE 22 - SEGMENT INFORMATION

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

22.1. Information by business group

April 30, 2012 *(4 months)*

(EUR millions)	Christian Dior Couture	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [(a)]	Total
Sales outside the Group	367	1,191	3,085	1,035	835	2,377	103	-	8,993
Sales between business groups	4	5	16	153	18	8	6	(210)	-
TOTAL REVENUE	**371**	**1,196**	**3,101**	**1,188**	**853**	**2,385**	**109**	**(210)**	**8,993**
Profit from recurring operations	22	338	1,023	159	85	263	(46)	(35)	1,809
Other operating income and expenses	-	(4)	(67)	-	-	(2)	(7)	-	(80)
Purchase of tangible and intangible fixed assets [(b)]	57	51	153	49	30	88	50	-	478
Depreciation and amortization expense	15	30	122	34	39	71	13	-	324
Impairment expense	-	-	63	-	-	1	4	-	68
Brands, trade names, licenses and goodwill [(c)]	67	5,339	4,759	1,644	5,449	2,895	1,234	-	21,387
Inventories	179	4,013	1,101	357	1,274	1,287	78	(160)	8,129
Other operating assets	555	2,601	2,302	873	1,033	1,667	3,305	10,328 [(d)]	22,664
TOTAL ASSETS	**801**	**11,953**	**8,162**	**2,874**	**7,756**	**5,849**	**4,617**	**10,168**	**52,180**
Equity	-	-	-	-	-	-	-	26,009	26,009
Operating liabilities	265	1,118	1,610	940	635	1,367	578	19,658 [(e)]	26,171
TOTAL LIABILITIES AND EQUITY	**265**	**1,118**	**1,610**	**940**	**635**	**1,367**	**578**	**45,667**	**52,180**

December 31, 2011 (12 months)

(EUR millions)	Christian Dior Couture	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [(a)]	Total
Sales outside the Group	987	3,511	8,671	2,850	1,900	6,413	296	-	24,628
Sales between business groups	13	13	41	345	49	23	19	(503)	-
TOTAL REVENUE	**1,000**	**3,524**	**8,712**	**3,195**	**1,949**	**6,436**	**315**	**(503)**	**24,628**
Profit from recurring operations	85	1,101	3,075	348	265	716	(229)	(38)	5,323
Other operating income and expenses	(12)	(16)	(56)	(2)	(6)	(26)	(2)	-	(120)
Purchase of tangible and intangible fixed assets [(b)]	89	170	496	145	169	235	655	-	1,959
Depreciation and amortization expense	59	92	359	105	82	209	35	-	941
Impairment expense	10	-	20	-	-	5	14	-	49
Brands, trade names, licenses and goodwill [(c)]	67	5,072	4,776	1,645	5,426	2,905	1,249	-	21,140
Inventories	171	3,905	1,030	337	1,118	1,181	67	(128)	7,681
Other operating assets	538	2,828	2,304	799	1,043	1,610	3,273	9,991 [(d)]	22,386
TOTAL ASSETS	**776**	**11,805**	**8,110**	**2,781**	**7,587**	**5,696**	**4,589**	**9,863**	**51,207**
Equity	-	-	-	-	-	-	-	24,942	24,942
Operating liabilities	243	1,259	1,708	1,019	672	1,496	478	19,390 [(e)]	26,265
TOTAL LIABILITIES AND EQUITY	**243**	**1,259**	**1,708**	**1,019**	**672**	**1,496**	**478**	**44,332**	**51,207**

Data for fiscal year 2011 integrate data for Bulgari, which has been fully consolidated since June 30, 2011. Given the unique profile of the Bulgari's management and the Bulgari brand, and the fact that most of the business involves manufacturing and distributing watches and jewelry, all of Bulgari's activities, including perfumes and cosmetics, have been included in the Watches and Jewelry business group.

As of December 31, 2011 and with respect to the period of Bulgari's consolidation within the Group, its perfumes and cosmetics business accounted for consolidated revenue of 142 million euros.

***December 31, 2010** (12 months)*

(EUR millions)	Christian Dior Couture	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [(a)]	Total
Sales outside the Group	813	3,252	7,549	2,805	964	5,359	381	-	21,123
Sales between business groups	13	9	32	271	21	19	29	(394)	-
TOTAL REVENUE	**826**	**3,261**	**7,581**	**3,076**	**985**	**5,378**	**410**	**(394)**	**21,123**
Profit from recurring operations	35	930	2,555	332	128	536	(159)	(19)	4,338
Other operating income and expenses	(14)	(21)	(30)	(39)	(3)	(26)	(33)	-	(166)
Purchase of tangible and intangible fixed assets [(b)]	98	97	351	112	47	194	188	-	1,087
Depreciation and amortization expense	54	97	314	106	29	201	36	-	837
Impairment expense	-	-	21	-	-	17	16	-	54
Brands, trade names, licenses and goodwill [(c)]	75	4,878	4,746	1,630	1,715	2,729	1,246	-	17,019
Inventories	148	3,626	770	275	403	935	70	(88)	6,139
Other operating assets	473	2,700	2,034	686	336	1,485	2,517	7,808 [(d)]	18,039
TOTAL ASSETS	**696**	**11,204**	**7,550**	**2,591**	**2,454**	**5,149**	**3,833**	**7,720**	**41,197**
Equity	-	-	-	-	-	-	-	19,570	19,570
Operating liabilities	190	1,069	1,334	971	221	1,188	506	16,148 [(e)]	21,627
TOTAL LIABILITIES AND EQUITY	**190**	**1,069**	**1,334**	**971**	**221**	**1,188**	**506**	**35,718**	**41,197**

(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) Purchases of tangible and intangible fixed assets correspond to amounts capitalized during the fiscal year rather than payments made during the fiscal year with respect to these investments.
(c) Brands, trade names, licenses, and goodwill correspond to the net carrying amounts shown under Notes 3 and 4.
(d) Assets not allocated include investments in associates, available for sale financial assets, other financial assets, and income tax receivables.
As of April 30, 2012, they include the 22.4% shareholding in Hermès International, representing an amount of 6,311 million euros; see Note 8 (5,438 million euros as of December 31, 2011 and 3,345 million euros as of December 31, 2010).
(e) Liabilities not allocated include borrowings and both current and deferred tax liabilities.

22.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
France	953	3,012	2,847
Europe (excluding France)	1,700	5,131	4,541
United States	1,952	5,323	4,693
Japan	756	2,035	1,851
Asia (excluding Japan)	2,756	6,757	5,207
Other	876	2,370	1,984
REVENUE	**8,993**	**24,628**	**21,123**

Purchases of tangible and intangible fixed assets by geographic region are as follows:

(EUR millions)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
France	169	718	401
Europe (excluding France)	75	687	246
United States	59	166	144
Japan	27	61	32
Asia (excluding Japan)	120	252	216
Other	28	75	48
PURCHASE OF TANGIBLE AND INTANGIBLE FIXED ASSETS	**478**	**1,959**	**1,087**

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.

Purchases of tangible and intangible fixed assets correspond to the amounts capitalized during the fiscal year rather than payments made during the fiscal year.

22.3. Quarterly information

Quarterly sales by business group break down as follows:

(EUR millions)	Christian Dior Couture	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations	Total
Period from January 1 to March 31, 2012	284	926	2,374	899	630	1,823	84	(160)	6,860
Period from January 1 to April 30, 2012	**371**	**1,196**	**3,101**	**1,188**	**853**	**2,385**	**109**	**(210)**	**8,993**
First quarter	221	762	2,029	803	261	1,421	75	(108)	5,464
Second quarter	224	673	1,942	715	315	1,410	83	(105)	5,257
Third quarter	260	871	2,218	793	636	1,547	74	(135)	6,264
Fourth quarter	295	1,218	2,523	884	737	2,058	83	(155)	7,643
TOTAL 2011	**1,000**	**3,524**	**8,712**	**3,195**	**1,949**	**6,436**	**315**	**(503)**	**24,628**
First quarter	180	635	1,729	736	204	1,181	78	(95)	4,648
Second quarter	193	667	1,787	705	239	1,238	73	(89)	4,813
Third quarter	221	846	1,948	805	244	1,294	68	(99)	5,327
Fourth quarter	232	1,113	2,117	830	298	1,665	191	(111)	6,335
TOTAL 2010	**826**	**3,261**	**7,581**	**3,076**	**985**	**5,378**	**410**	**(394)**	**21,123**

NOTE 23 - REVENUE AND EXPENSES BY NATURE

23.1. Analysis of revenue

Revenue consists of the following:

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Revenue generated by brands and trade names	8,836	24,208	20,725
Royalties and license revenue	66	168	154
Income from investment property	15	34	81
Other revenue	76	218	163
TOTAL	**8,993**	**24,628**	**21,123**

23.2. Expenses by nature

Profit from recurring operations includes the following expenses:

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Advertising and promotion expenses	1,081	2,854	2,376
Commercial lease expenses	650	1,684	1,354
Personnel costs	1,614	4,282	3,768
Research and development expenses	22	63	46

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 April 30, 2012, a total of 3,263 stores were operated by the Group worldwide (3,250 in 2011 and 2,777 in 2010), particularly by Fashion and Leather Goods and Selective Retailing.

In certain countries, leases for stores are contingent on the payment of minimum amounts in addition to a variable amount, especially for stores with lease payments indexed to revenue. The total lease expense for the Group's stores breaks down as follows:

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Fixed or minimum lease payments	293	716	597
Variable portion of indexed leases	150	424	273
Airport concession fees - fixed portion or minimum amount	82	227	281
Airport concession fees - variable portion	125	317	203
COMMERCIAL LEASE EXPENSES	**650**	**1,684**	**1,354**

Personnel costs consist of the following elements:

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Salaries and social charges	1,566	4,152	3,642
Pensions, medical costs and similar expenses in respect of defined benefit plans	26	68	67
Stock option plan and related expenses	22	62	59
PERSONNEL COSTS	**1,614**	**4,282**	**3,768**

NOTE 24 - OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Net gains (losses) on disposal of fixed assets	-	(4)	(36)
Restructuring costs	(2)	(41)	(39)
Remeasurement of shares purchased prior to their initial consolidation	-	22	-
Transaction costs relating to the acquisition of consolidated companies	(1)	(17)	-
Impairment or amortization of brands, trade names, goodwill and other	(76)	(83)	(87)
Other items, net	(1)	3	(4)
OTHER OPERATING INCOME AND EXPENSES	**(80)**	**(120)**	**(166)**

In 2012, impairments of fixed assets mainly involved a write-down affecting a parcel of land in Japan.

In 2011, the investments in Bulgari and Ile de Beauté held prior to the acquisition date of a controlling interest were revalued at market value at that date. Transaction costs relate essentially to these two transactions.

In 2010, net losses on disposals mainly related to the disposals of La Brosse et Dupont and of Montaudon. See Note 2 Changes in the percentage interest in consolidated entities.

NOTE 25 - NET FINANCIAL INCOME (EXPENSE)

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Borrowing costs	(81)	(243)	(214)
Income from cash, cash equivalents and current available for sale financial assets	11	42	18
Effects of revaluation of financial debt and rate instruments	(1)	(3)	(1)
Cost of net financial debt	**(71)**	**(204)**	**(197)**
Dividends received from non-current available for sale financial assets	36	54	14
Ineffective portion of foreign currency hedges	12	(110)	(96)
Net gain/(loss) related to available for sale financial assets and other financial instruments	26	(11)	865
Other items, net	(10)	(29)	(20)
Other financial income and expenses	**64**	**(96)**	**763**
NET FINANCIAL INCOME (EXPENSE)	**(7)**	**(300)**	**566**

Income from cash, cash equivalents and current available for sale financial assets comprises the following items:

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Income from cash and cash equivalents	7	33	12
Interest from current available for sale financial assets	4	9	6
INCOME FROM CASH, CASH EQUIVALENTS AND CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS	**11**	**42**	**18**

The revaluation effects of financial debt and interest rate derivatives are attributable to the following items:

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Hedged financial debt	(11)	(65)	(17)
Hedging instruments	9	63	15
Unallocated derivatives	1	(1)	1
EFFECTS OF REVALUATION OF FINANCIAL DEBT AND RATE INSTRUMENTS	**(1)**	**(3)**	**(1)**

The ineffective portion of exchange rate derivatives breaks down as follows:

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Financial cost of commercial foreign exchange hedges	16	(145)	(124)
Financial cost of foreign-currency denominated net investment hedges	2	29	1
Change in the market value of unallocated derivatives	(6)	6	27
INEFFECTIVE PORTION OF FOREIGN EXCHANGE DERIVATIVES	**12**	**(110)**	**(96)**

The increase in dividends received in 2011 results from the increase in the equity stake in Hermès in 2010 (see Note 8).

In 2010, the net gain related to available for sale financial assets and other financial instruments included an amount of 1,004 million euros related to the Hermès transactions which corresponds to the gain, net of transaction costs, recorded on the settlement of equity linked swaps; this gain amounts to the difference between the market value of the securities acquired at the settlement date of the contracts and their value based on the Hermès share price as of December 31, 2009.

In 2012, 2011 and 2010, excluding Hermès transactions, the net gain/loss related to available for sale financial assets and other financial instruments is due to changes in market performance and the recognition of impairment losses on current and non-current available for sale financial assets.

NOTE 26 - INCOME TAXES

26.1. Analysis of the income tax expense

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Current income taxes for the fiscal year	(611)	(1,691)	(1,507)
Current income taxes relating to previous fiscal years	4	(2)	(6)
Current income taxes	**(607)**	**(1,693)**	**(1,513)**
Change in deferred income taxes	72	172	35
Impact of changes in tax rates on deferred taxes	-	59	2
Deferred income taxes	**72**	**231**	**37**
TOTAL TAX EXPENSE PER INCOME STATEMENT	**(535)**	**(1,462)**	**(1,476)**
Tax on items recognized in equity	**(78)**	**(61)**	**(3)**

The effective tax rate is as follows:

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Profit before tax	1,722	4,903	4,738
Total income tax expense	(535)	(1,462)	(1,476)
EFFECTIVE TAX RATE	**31.1%**	**29.8%**	**31.2%**

26.2. Analysis of net deferred tax on the balance sheet

Net deferred taxes on the balance sheet include the following assets and liabilities:

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Deferred tax assets	798	762	699
Deferred tax liabilities	(4,838)	(4,826)	(4,254)
NET DEFERRED TAX ON THE BALANCE SHEET	**(4,040)**	**(4,064)**	**(3,555)**

26.3. Analysis of the difference between the theoretical and effective income tax rates

The theoretical income tax rate, defined as the rate applicable in law to the Group's French companies, may be reconciled as follows to the effective income tax rate disclosed in the consolidated financial statements:

(as % of income before tax)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
French statutory tax rate	**34.4**	**34.4**	**34.4**
Changes in tax rates	-	(1.3)	(0.1)
Differences in tax rates for foreign companies	(8.9)	(6.0)	(5.6)
Tax losses and tax loss carryforwards	6.4	-	0.1
Difference between consolidated and taxable income, and income taxable at reduced rates	(1.0)	2.4	1.9
Withholding taxes	0.2	0.3	0.5
EFFECTIVE TAX RATE OF THE GROUP	**31.1**	**29.8**	**31.2**

Since 2000, French companies have been subject to additional income tax, at a rate of 3.3% for 2010, 2011 and 2012, bringing the theoretical tax rate to 34.4% in each fiscal year.

26.4. Sources of deferred taxes

In the income statement

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Valuation of brands	-	42	(65)
Other revaluation adjustments	3	(4)	4
Gains and losses on available for sale financial assets	-	(5)	3
Gains and losses on hedges of future foreign currency cash flows	(10)	16	8
Intercompany margin included in inventories	58	105	40
Other consolidation adjustments [(a)]	42	95	57
Losses carried forward	(21)	(18)	(10)
TOTAL	**72**	**231**	**37**

(a) Mainly tax-driven provisions, accelerated tax depreciation and finance lease.

In equity

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Fair value adjustment of vineyard land	(1)	(11)	(71)
Gains and losses on available for sale financial assets	(50)	(91)	(22)
Gains and losses on hedges of future foreign currency cash flows	(12)	21	14
TOTAL	**(63)**	**(81)**	**(79)**

In the balance sheet

(EUR millions)	April 30, 2012 [(b)] (4 months)	Dec. 31, 2011 [(b)] (12 months)	Dec. 31, 2010 [(b)] (12 months)
Valuation of brands	(4,111)	(4,115)	(3,215)
Fair value adjustment of vineyard land	(579)	(579)	(568)
Other revaluation adjustments	(362)	(365)	(361)
Gains and losses on available for sale financial assets	(193)	(145)	(48)
Gains and losses on hedges of future foreign currency cash flows	10	31	(1)
Intercompany margin included in inventories	480	430	323
Other consolidation adjustments [(a)]	641	599	242
Losses carried forward	74	80	73
TOTAL	**(4,040)**	**(4,064)**	**(3,555)**

(a) Mainly tax-driven provisions, accelerated tax depreciation and finance lease.
(b) Asset/(Liability).

26.5. Losses carried forward

As of April 30, 2012, for LVMH SA, unused tax loss carryforwards and tax credits, for which no deferred tax assets were recognized, had a potential positive impact on the future tax expense of 285 million euros (301 million euros in 2011, 290 million euros in 2010).

As of April 30, 2012, for Christian Dior, unused tax loss carryforwards were 198 million euros (277 million euros in 2011, 217 million euros in 2010).

As of April 30, 2012, all of the previously recognized deferred taxes were used, in the amount of 29 million euros. Deferred tax assets were recognized in the amount of 29 million euros as of both December 31, 2011 and December 31, 2010. Unused tax loss carryforwards for which no deferred tax assets were recognized had a potential impact on the future tax expense of 68 million euros.

26.6. Tax consolidation

- Tax consolidation agreements in France allow virtually all French companies of the Group to combine their taxable profits to calculate the overall tax expense for which only the parent company is liable.

  This tax consolidation agreement generated for the Group a decrease in the current tax expense of 17 million euros in the first four months of 2012, of which 11 million euros were for LVMH and 6 million euros were for Christian Dior (142 million euros in 2011 and 115 million euros in 2010 for the Group).
- The application of other tax consolidation agreements, notably in the United States and Italy, generated current tax savings of 10 million euros in the first four months of 2012 (52 million euros in 2011, 82 million euros in 2010).

NOTE 27 - EARNINGS PER SHARE

	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Net profit, Group share *(EUR millions)*	**394**	**1,279**	**1,261**
Impact of dilutive instruments on subsidiaries	(4)	(4)	(2)
NET PROFIT, GROUP SHARE AFTER DILUTION	**390**	**1,275**	**1,259**
Average number of shares in circulation during the fiscal year	181,727,048	181,727,048	181,727,048
Average number of Christian Dior treasury shares owned during the fiscal year	(2,488,381)	(2,700,058)	(3,202,220)
Average number of shares on which the calculation before dilution is based	**179,238,667**	**179,026,990**	**178,524,828**
BASIC GROUP SHARE OF EARNINGS PER SHARE *(EUR)*	**2.20**	**7.14**	**7.06**
Average number of shares on which the above calculation is based	179,238,667	179,026,990	178,524,828
Dilution effect of stock option plans	911,712	887,102	636,983
AVERAGE NUMBER OF SHARES IN CIRCULATION AFTER DILUTION	**180,150,379**	**179,914,092**	**179,161,811**
BASIC GROUP SHARE OF NET EARNINGS PER SHARE AFTER DILUTION *(EUR)*	**2.16**	**7.09**	**7.03**

As of April 30, 2012, 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 April 30, 2012 and the date on which the financial statements were approved for publication that would have significantly affected the number of shares outstanding or the potential number of shares.

NOTE 28 - PROVISIONS FOR PENSIONS, MEDICAL COSTS AND SIMILAR COMMITMENTS

28.1. Expense for the period

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Service cost	22	57	47
Interest cost	12	33	31
Expected return on plan assets	(8)	(24)	(19)
Amortization of actuarial gains and losses	-	5	6
Past service cost	-	2	2
Changes in regimes	-	(5)	-
TOTAL EXPENSE FOR THE PERIOD FOR DEFINED BENEFIT PLANS	**26**	**68**	**67**
Effective return on/(cost of) plan assets	(33)	(10)	24

28.2. Net recognized commitment

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Benefits covered by plan assets	873	816	686
Benefits not covered by plan assets	166	156	146
Defined benefit obligation	**1,039**	**972**	**832**
Market value of plan assets	**(607)**	**(570)**	**(489)**
Actuarial gains and losses not recognized in the balance sheet	(146)	(122)	(78)
Past service cost not yet recognized in the balance sheet	(4)	(4)	(6)
Unrecognized amounts	**(150)**	**(126)**	**(84)**
NET RECOGNIZED COMMITMENT	**282**	**276**	**259**
Of which:			
Non-current provisions	286	290	267
Current provisions	11	12	10
Other assets	(15)	(26)	(18)
TOTAL	**282**	**276**	**259**

28.3. Breakdown of the change in net recognized commitment

(EUR millions)	Defined benefit obligation	Market value of plan assets	Unrecognized amounts	Net recognized commitment
As of December 31, 2011	**972**	**(570)**	**(126)**	**276**
Expense for the period	34	(8)	-	26
Payments to beneficiaries	(18)	13	-	(5)
Contributions to plan assets	-	(17)	-	(17)
Contributions of employees	3	(3)	-	-
Changes in scope and reclassifications	-	-	-	-
Changes in regimes	-	-	-	-
Actuarial gains and losses: experience adjustments	-	(25)	25	-
Actuarial gains and losses: changes in assumptions	53	-	(53)	-
Translation adjustment	(5)	3	4	2
AS OF APRIL 30, 2012	**1,039**	**(607)**	**(150)**	**282**

Actuarial gains and losses resulting from experience adjustments related to the fiscal years 2008 to 2011 amounted to:

(EUR millions)	2008	2009	2010	2011
Experience adjustments on the defined benefit obligation	(2)	(16)	(14)	-
Experience adjustments on the market value of plan assets	96	(29)	(4)	(24)
ACTUARIAL GAINS AND LOSSES RESULTING FROM EXPERIENCE ADJUSTMENTS	**94**	**(45)**	**(18)**	**(24)**

The actuarial assumptions applied to estimate commitments as of April 30, 2012 in the main countries where such commitments have been undertaken, were as follows:

	April 30, 2012				Dec. 31, 2011				Dec. 31, 2010			
(as %)	France	United States	United Kingdom	Japan	France	United States	United Kingdom	Japan	France	United States	United Kingdom	Japan
Discount rate [(a)]	4.15	4.4	4.2	1.25	4.65	4.9	4.7	1.75	4.5	5.1	5.4	1.75
Average expected rate of return on investments	4.0	7.75	5.0	4.0	4.0	7.75	5.0	4.0	4.0	7.75	6.0	4.0
Future rate of increase of salaries	3.0	4.0	3.8	2.0	3.0	4.0	3.8	2.0	3.0	4.0	4.2	2.0

(a) Discount rates were determined with reference to market yields of AA-rated corporate bonds at the fiscal year-end in the countries concerned. Bonds with maturities comparable to those of the commitments were used.

The average expected rate of return on investments, based on which the net expense for the fiscal year ended April 30, 2012 was determined, is as follows by type of investment:

(as %)	**April 30, 2012**
Shares	6.6
Bonds - private issues - public issues	 4.5 2.6
Real estate, cash and other assets	2.6

The assumed rate of increase in medical expenses in the United States was 7.6% for 2011, declining progressively beginning in 2012 to reach a rate of 4.5% by 2030.

28.4. Analysis of benefits

The breakdown of the defined benefit obligation by type of benefit plan is as follows:

(EUR millions)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Retirement and other indemnities	167	157	134
Medical costs of retirees	48	45	46
Jubilee awards	13	12	11
Supplementary pensions	793	741	617
Early retirement indemnities	2	2	3
Other	16	15	21
DEFINED BENEFIT OBLIGATION	**1,039**	**972**	**832**

The geographic breakdown of the defined benefit obligation is as follows:

(EUR millions)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
France	330	314	312
Europe (excluding France)	405	370	268
United States	188	175	147
Japan	105	103	93
Asia (excluding Japan)	11	10	12
DEFINED BENEFIT OBLIGATION	**1,039**	**972**	**832**

The main components of the Group's net commitment for retirement and other benefit obligations as of April 30, 2012 are as follows:

- in France, these commitments include the commitment to certain Group management bodies who are covered by a supplementary pension plan after a certain number of years' service, the amount of which is linked to their last remunerations; they also include retirement indemnities and jubilee awards, the payment of which is determined by French law and collective bargaining agreements, respectively after upon retirement or after a certain number of years of service;
- in Europe (excluding France), the main commitments concern pension plans, set up in the United Kingdom by certain Group companies, in Switzerland, participation by Group companies in the mandatory Swiss occupational pension plan, the LPP (*Loi pour la Prévoyance Professionnelle*), as well as the TFR (*Trattamento di Fine Rapporto*) in Italy, a legally required end-of-service allowance, paid regardless of the reason for the employee's departure from the company;
- in the United States, the commitment relates to defined benefit pension plans for the reimbursement of medical expenses of retirees set up by certain Group companies.

28.5. Analysis of related plan assets

The breakdown of market value of plan assets by type of investment is as follows:

(as %)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Shares	35	39	45
Bonds			
- private issues	30	27	23
- public issues	27	15	18
Real estate, cash and other assets	8	19	14
TOTAL	**100**	**100**	**100**

These assets do not include any real estate assets belonging to the Group nor any LVMH or Christian Dior shares for significant amounts.

NOTE 29 - OFF BALANCE SHEET COMMITMENTS

29.1. Purchase commitments

(EUR millions)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Grapes, wines and *eaux-de-vie*	1,052	1,019	1,139
Other purchase commitments for raw materials, finished products, and semi-finished products	91	84	67
Industrial and commercial fixed assets	136	154	168
Investments in joint venture shares and non-current available for sale financial assets	55	90	96

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 year-end prices and estimated production yields.

As of April 30, 2012, 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*	551	455	46	**1,052**
Other purchase commitments for raw materials, finished products, and semi-finished products	86	5	-	**91**
Industrial and commercial fixed assets	58	78	-	**136**
Investments in joint venture shares and non-current available for sale financial assets	8	23	24	**55**

29.2. Lease and similar commitments

In addition to leasing its stores, the Group finances some of its equipment through long term operating leases. Some fixed assets and equipment were also purchased or refinanced under finance leases (see Note 17.6).

Operating leases and concession fees

The fixed or minimum portion of commitments in respect of the irrevocable period of operating lease or concession contracts were as follows as of April 30, 2012:

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Less than one year	1,148	1,158	943
One to five years	3,522	2,977	2,338
More than five years	1,021	1,300	1,049
COMMITMENTS GIVEN FOR OPERATING LEASES AND CONCESSION FEES	**5,691**	**5,435**	**4,330**
Less than one year	15	19	20
One to five years	25	30	42
More than five years	-	1	5
COMMITMENTS RECEIVED FOR SUB-LEASES	**40**	**50**	**67**

29.3. Collateral and other guarantees

As of April 30, 2012, these commitments break down as follows:

(EUR millions)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Securities and deposits	49	49	46
Other guarantees	160	142	78
GUARANTEES GIVEN	**209**	**191**	**124**
GUARANTEES RECEIVED	**28**	**28**	**25**

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	10	27	12	49
Other guarantees	75	79	6	160
GUARANTEES GIVEN	**85**	**106**	**18**	**209**
GUARANTEES RECEIVED	**14**	**8**	**6**	**28**

29.4. Contingent liabilities and outstanding litigation

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

29.5. Other commitments

The Group is not aware of any significant off balance sheet commitments other than those described above.

NOTE 30 - RELATED PARTY TRANSACTIONS

30.1. 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 SA, which is controlled by Groupe Arnault SAS.

Relations of the Christian Dior group with Groupe Arnault

Groupe Arnault SAS provides assistance to the Christian Dior group in the areas of development, engineering, corporate and real estate law. In addition, Groupe Arnault leases office premises to LVMH.

Groupe Arnault leases office space from the Christian Dior group and the latter also provides Groupe Arnault with various forms of administrative assistance.

Transactions between the Christian Dior group and Groupe Arnault may be summarized as follows:

(EUR millions)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
• Purchases by Christian Dior group from Groupe Arnault	(4)	(10)	(10)
Amount payable outstanding at end of period	(3)	(2)	(2)
• Sales by Christian Dior group to Groupe Arnault	1	2	2
Amount receivable outstanding at end of period	-	-	-

Relations of the Christian Dior group with the Financière Agache group

As of April 30, 2012, transactions between the Christian Dior group and the Financière Agache group were not significant.

30.2. Relations of the Christian Dior group with Diageo

Moët Hennessy SNC and Moët Hennessy International SAS (hereafter referred to as “Moët Hennessy”) are the holding companies for LVMH’s Wines and Spirits businesses, with the exception of Château d’Yquem, Château Cheval Blanc and certain champagne vineyards. Diageo holds a 34% stake in Moët Hennessy. 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 18% of shared expenses in 2012 (19% in 2011 and 20% in 2010) representing an amount of 3 million euros in 2012 (20 million euros in 2011 and 9 million euros in 2010).

30.3. Executive bodies

The total compensation paid to the members of the Board of Directors, in respect of their functions within the Group, breaks down as follows:

(EUR millions)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Gross compensation, employers' charges and benefits in kind	10	19	17
Post-employment benefits	-	2	2
Other long term benefits	2	6	-
End of contract indemnities	-	-	-
Stock option and similar plans	5	15	13
TOTAL	**17**	**42**	**32**

The commitment recognized as of April 30, 2012 for post-employment benefits, net of related financial assets was 3 million euros (3 million euros as of both December 31, 2011 and December 31, 2010).

NOTE 31 - SUBSEQUENT EVENTS

No significant subsequent events occurred between April 30, 2012 and July 26, 2012, the date on which the financial statements were approved for issue by the Board of Directors.

Consolidated companies

Companies	Registered office	Method of consolidation	% interest
Christian Dior SA	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, Luxembourg	FC	100%
CHRISTIAN DIOR COUTURE			
Christian Dior Couture SA	Paris, France	FC	100%
Christian Dior Fourrure M. C. S.A.M	Monaco, Principality of Monaco	FC	100%
Christian Dior GmbH	Pforzheim, Germany	FC	100%
Christian Dior Inc.	New York, USA	FC	100%
Christian Dior UK Ltd	London, United Kingdom	FC	100%
Christian Dior Suisse SA	Geneva, Switzerland	FC	100%
Mardi Spa	Badia a Settimo-Scandicci, Italy	FC	100%
Ateliers AS	Pierre Bénite, France	EM	25%
Christian Dior Far East Ltd	Hong Kong, China	FC	100%
Christian Dior Fashion (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	100%
Christian Dior Hong Kong Ltd	Hong Kong, China	FC	100%
Christian Dior Taiwan Limited	Hong Kong, China	FC	90%
Christian Dior Singapore Pte Ltd	Singapore, Republic of Singapore	FC	100%
Christian Dior Saipan Ltd	Saipan, Saipan	FC	100%
Christian Dior Australia PTY Ltd	Sydney, Australia	FC	100%
Christian Dior New Zealand Ltd	Auckland, New Zealand	FC	100%
Christian Dior (Thailand) Co. Ltd	Bangkok, Thailand	FC	100%
Christian Dior K.K. (Kabushiki Kaisha)	Tokyo, Japan	FC	100%
Christian Dior Couture Korea Ltd	Seoul, South Korea	FC	100%
Christian Dior Guam Ltd	Tumon Bay Guam, Guam	FC	100%
Christian Dior Espanola SL	Madrid, Spain	FC	100%
Christian Dior do Brasil Ltda	Sao Paulo, Brazil	FC	100%
Christian Dior Italia Srl	Milan, Italy	FC	100%
Christian Dior Belgique SA	Brussels, Belgium	FC	100%
Bopel Srl	Lugagnano Val d'Arda, Italy	FC	70%
Christian Dior Puerto Banus SL	Marbella-Puerto Banus, Spain	FC	75%
Lucilla Srl	Sieci-Pontassieve, Italy	FC	51%
Christian Dior Couture CZ s.r.o.	Prague, Czech Republic	FC	100%
Christian Dior Couture Maroc SA	Casablanca, Morocco	FC	51%
Christian Dior Couture FZE	Dubai, United Arab Emirates	FC	100%
Christian Dior Macau Single Shareholder Company Limited	Macao, China	FC	100%
Les Ateliers Bijoux GmbH	Pforzheim, Germany	FC	100%
Christian Dior S. de RL de CV	Lomas, Mexico	FC	100%
Christian Dior Commercial (Shanghai) Co.Ltd	Shanghai, China	FC	100%
Ateliers Modèles SAS	Paris, France	FC	100%
Baby Siam Couture Company Ltd	Bangkok, Thailand	FC	100%
CDC Abu-Dhabi LLC	Abu-Dhabi, United Arab Emirates	[b]	[b]
CDCH SA	Luxembourg, Luxembourg	FC	75%
Dior Grèce SA	Athens, Greece	FC	51%
Christian Dior Couture RUS LLC	Moscow, Russia	FC	100%
Christian Dior Couture Stoleshnikov LLC	Moscow, Russia	FC	100%
Calto Srl	Milan, Italy	FC	100%
CDC General Trading LLC	Dubai, United Arab Emirates	[b]	[b]
Christian Dior Istanbul Magazacilik Anonim Sirketi	Maslak-Istanbul, Turkey	FC	51%
Christian Dior Trading India Private Limited	Mumbai, India	FC	51%
Manifatturauno Srl	Fosso (Venice), Italy	FC	100%
John Galliano SA	Paris, France	FC	91%
Les Ateliers Horlogers Dior SA	La Chaux-de-Fonds, Switzerland [c]	FC	71%
Dior Montres SARL	Paris, France [c]	FC	71%
Christian Dior Couture Qatar LLC	Doha, Qatar	[b]	[b]
Christian Dior Couture Ukraine SARL	Kiev, Ukraine	FC	100%
CDCG FZCO	Dubai, United Arab Emirates	[b]	[b]
PT Fashion Indonesia Trading Company	Jakarta, Indonesia	FC	100%
Christian Dior Couture Bahrain W.L.L.	Manama, Bahrain	[b]	[b]
COU.BO. SRL	Arzano, Italy	FC	49%
Christian Dior Netherlands BV	Amsterdam, Netherlands	FC	100%

Companies	Registered office	Method of consolidation	% interest
WINES AND SPIRITS			
MHCS SCS	Epernay, France	FC	27%
Champagne Des Moutiers SA	Epernay, France	FC	27%
Societe Viticole de Reims SA	Epernay, France	FC	27%
Cie Française du Champagne et du Luxe SA	Epernay, France	FC	27%
Chamfipar SA	Epernay, France	FC	27%
STM Vignes SAS	Epernay, France	FC	26%
GIE MHIS	Epernay, France	FC	27%
Moët Hennessy Entreprise Adaptée	Epernay, France	FC	27%
Champagne Bernard Breuzon SAS	Colombe le Sec, France	FC	27%
Champagne de Mansin SAS	Gye sur Seine, France	FC	27%
SARL Pressoir MHCS	Reims, France	FC	27%
Société Civile des Crus de Champagne SA	Reims, France	FC	27%
Moët Hennessy Italia Spa	Milan, Italy	FC	27%
Moët Hennessy UK Ltd	London, United Kingdom	FC	27%
Moët Hennessy España SA	Barcelona, Spain	FC	27%
Moët Hennessy (Suisse) SA	Geneva, Switzerland	FC	27%
Moët Hennessy Deutschland GmbH	Munich, Germany	FC	27%
Moët Hennessy de Mexico, SA de CV	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 Romania Srl	Bucharest, Romania	FC	27%
Moët Hennessy Norge AS	Hoevik, Norway	FC	27%
Moët Hennessy Danmark A/S	Copenhagen, Denmark	FC	27%
Moët Hennessy Nederland BV	Baarn, Netherlands	FC	27%
Moët Hennessy USA Inc	New York, USA	FC	27%
MHD Moët Hennessy Diageo SAS	Courbevoie, France [a]	FC	27%
Clicquot Inc	New York, USA [*]	FC	27%
Cheval des Andes SA	Buenos Aires, Argentina	PC	14%
Domaine Chandon Inc	Yountville (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	Sao 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	St Helena (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	17%
Château d'Yquem SA	Sauternes, France	FC	27%
Château d'Yquem SC	Sauternes, France	FC	27%
Société Civile Cheval Blanc (SCCB)	Saint Emilion, France	PC	21%
La Tour du Pin SAS	Saint Emilion, France	PC	21%
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]	FC	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]	FC	27%
Moët Hennessy Diageo Macau Ltd	Macao, China [a]	FC	27%
Riche Monde (China) Ltd	Hong Kong, China [a]	FC	27%
Moët Hennessy Diageo Singapore Pte Ltd	Singapore [a]	FC	27%
Moët Hennessy Diageo Malaysia SDN BHD	Kuala Lumpur, Malaysia [a]	FC	27%
Diageo Moët Hennessy Thailand Ltd	Bangkok, Thailand [a]	FC	27%
MH Champagnes and Wines Korea Ltd	Seoul, South Korea	FC	27%
Moët Hennessy Shanghai Ltd	Shanghai, China	FC	27%
Moët Hennessy India Pvt. Ltd	New Delhi, India	FC	27%
Moët Hennessy Taiwan Ltd	Taipei, Taiwan	FC	27%
MHD Chine Co Ltd	Shanghai, China [a]	FC	27%
MHWH Limited	Limassol, Cyprus	FC	27%
Moët Hennessy Whitehall Russia SA	Moscow, Russia	FC	27%
Moët Hennessy Vietnam Importation Co Ltd	Ho Chi Minh City, Vietnam	FC	27%

Companies	Registered office	Method of consolidation	% interest
Moët Hennessy Vietnam Distribution Co Pte Ltd	Ho Chi Minh City, Vietnam	FC	14%
Moët Hennessy Rus LLC	Moscow, Russia	FC	27%
Moët Hennessy Diageo KK	Tokyo, Japan [(a)]	FC	27%
Moët Hennessy Asia Pacific Pte Ltd	Singapore	FC	27%
Moët Hennessy Australia Ltd	Rosebury, Australia	FC	27%
Millennium Import LLC	Minneapolis,Minnesota, USA	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	42%
Manufacture de Souliers Louis Vuitton Srl	Fiesso d'Artico, Italy	FC	42%
Louis Vuitton South Europe Srl	Milan, Italy	FC	42%
Louis Vuitton Saint Barthélemy SNC	Saint Barthelemy, French Antilles	FC	42%
Louis Vuitton Cantacilik Ticaret AS	Istanbul, Turkey	FC	42%
Louis Vuitton Editeur SAS	Paris, France	FC	42%
Louis Vuitton International SNC	Paris, France	FC	42%
Louis Vuitton India Holding Private Ltd	Bangalore, India	FC	42%
Société des Ateliers Louis Vuitton SNC	Paris, France	FC	42%
Les Tanneries de la Comète SA	Estaimpuis, Belgium	FC	25%
Manufacture des accessoires Louis Vuitton Srl	Milan, Italy	FC	42%
Louis Vuitton Bahrain WLL	Manama, Bahrain	(b)	(b)
Société Louis Vuitton Services SNC	Paris, France	FC	42%
Louis Vuitton Qatar LLC	Doha, Qatar	(b)	(b)
Société des Magasins Louis Vuitton France SNC	Paris, France	FC	42%
Belle Jardinière SA	Paris, France	FC	42%
Belle Jardinière Immo SAS	Paris, France	FC	42%
Les Ateliers Horlogers Louis Vuitton SA	La Chaux-de-Fonds, Switzerland	FC	42%
Les Ateliers Joaillers Louis Vuitton SAS	Paris, France	FC	42%
La Fabrique du Temps SA	Vernier, Switzerland	FC	42%
La Minute & ses Complications SA	Le Sentier, Switzerland	FC	42%
LVMH W&J Services (Suisse) SA	La Chaux-de-Fonds, Switzerland	FC	42%
Operadora Louis Vuitton Mexico SRLCV	Mexico City, Mexico	FC	42%
Louis Vuitton Monaco SA	Monte Carlo, Monaco	FC	42%
ELV SNC	Paris, France	FC	42%
Louis Vuitton Services Europe Sprl	Brussels, Belgium	FC	42%
Louis Vuitton UK Ltd	London, United Kingdom	FC	42%
Louis Vuitton Ireland Ltd	Dublin, Ireland	FC	42%
Louis Vuitton Deutschland GmbH	Dusseldorf, Germany	FC	42%
Louis Vuitton Ukraine LLC	Kiev, Ukraine	FC	42%
Catalana Talleres Artesanos Louis Vuitton SA	Barcelona, Spain	FC	42%
Atepeli — Ateliers de Ponte de Lima SA	Ponte de Lima, Portugal	FC	42%
Louis Vuitton BV	Amsterdam, Netherlands	FC	42%
Louis Vuitton Belgium SA	Brussels, Belgium	FC	42%
Louis Vuitton Luxembourg SARL	Luxembourg, Luxembourg	FC	42%
Louis Vuitton Hellas SA	Athens, Greece	FC	42%
Louis Vuitton Cyprus Limited	Nicosia, Cyprus	FC	42%
Louis Vuitton Portugal Maleiro, Ltda	Lisbon, Portugal	FC	42%
Louis Vuitton Ltd	Tel Aviv, Israel	FC	42%
Louis Vuitton Danmark A/S	Copenhagen, Denmark	FC	42%
Louis Vuitton Aktiebolag SA	Stockholm, Sweden	FC	42%
Louis Vuitton Suisse SA	Geneva, Switzerland	FC	42%
Louis Vuitton Ceska s.r.o.	Prague, Czech Republic	FC	42%
Louis Vuitton Osterreich GmbH	Vienna, Austria	FC	42%
LV US Manufacturing, Inc	New York, USA	FC	42%
Somarest SARL	Sibiu, Romania	FC	42%
Louis Vuitton Hawaii Inc	Honolulu (Hawaii), USA	FC	42%
Atlantic Luggage Company Ltd	Hamilton, Bermuda	FC	17%
Louis Vuitton Guam Inc	Guam	FC	42%
Louis Vuitton Saipan Inc	Saipan, Mariana Islands	FC	42%
Louis Vuitton Norge AS	Oslo, Norway	FC	42%
San Dimas Luggage Company	New York, USA	FC	42%
Louis Vuitton Liban retail SAL	Beirut, Lebanon	FC	42%
Louis Vuiton Liban Holding SAL	Beirut, Lebanon	FC	42%
Louis Vuitton Vietnam Company Ltd	Hanoi, Vietnam	FC	42%
Louis Vuitton Suomy Oy	Helsinki, Finland	FC	42%
Louis Vuitton România Srl	Bucharest, Romania	FC	42%
LVMH FG Brasil Ltda	Sao Paulo, Brazil	FC	42%
Louis Vuitton Panama Inc	Panama City, Panama	FC	42%
Louis Vuitton Mexico S de RL de C.V.	Mexico City, Mexico	FC	42%
Louis Vuitton Uruguay SA	Montevideo, Uruguay	FC	42%
Louis Vuitton Chile Ltda	Santiago de Chile, Chile	FC	42%
Louis Vuitton (Aruba) N.V	Oranjestad, Aruba	FC	42%
Louis Vuitton Republica Dominica Srl	Saint Domingue, Dominican Republic	FC	42%
LVMH Fashion Group Pacific Ltd	Hong Kong, China	FC	42%
Louis Vuitton Trading Hong Kong Ltd	Hong Kong, China	FC	42%
Louis Vuitton Hong Kong Ltd	Hong Kong, China	FC	42%
Louis Vuitton (Philippines) Inc	Makati, Philippines	FC	42%
LVMH Fashion (Singapore) Pte Ltd	Singapore	FC	42%
LV IOS Private Ltd	Singapore	FC	42%
Heng Long International Holding Pte Ltd	Singapore	FC	21%
Heng Long International Ltd	Singapore	FC	21%
Heng Long Leather Co (Pte) Ltd	Singapore	FC	21%
Heng Long Leather (Guangzhou) Co Ltd	Guangzhou, China	FC	21%
PT Louis Vuitton Indonesia LLC	Jakarta, Indonesia	FC	41%
Louis Vuitton (Malaysia) SDN BHD	Kuala Lumpur, Malaysia	FC	42%
Louis Vuitton (Thailand) SA	Bangkok, Thailand	FC	42%
Louis Vuitton Taiwan Ltd	Taipei, Taiwan	FC	41%
Louis Vuitton Australia PTY Ltd	Sydney, Australia	FC	42%
Louis Vuitton (China) Co Ltd	Shanghai, China	FC	42%
Louis Vuitton Mongolia LLC	Ulaanbaatar, Mongolia	FC	42%
Louis Vuitton New Zealand Limited	Auckland, New Zealand	FC	42%
Louis Vuitton Trading India Private Ltd	New Delhi, India	FC	21%
Louis Vuitton EAU LLC	Dubai, United Arab Emirates	(b)	(b)
Louis Vuitton FZCO	Dubai, United Arab Emirates	FC	27%
Louis Vuitton — Jordan PCLS	Amman, Jordan	FC	42%
Louis Vuitton Korea Ltd	Seoul, South Korea	FC	42%
LVMH Fashion Group Trading Korea Ltd	Seoul, South Korea	FC	42%
Louis Vuitton Hungaria Sarl	Budapest, Hungary	FC	42%
Louis Vuitton Argentina SA	Buenos Aires, Argentina	FC	42%
Louis Vuitton Vostock LLC	Moscow, Russia	FC	42%
LV Colombia SA	Santafe de Bogota, Colombia	FC	42%
Louis Vuitton Maroc Sarl	Casablanca, Morocco	FC	42%
Louis Vuitton South Africa Ltd	Johannesburg, South Africa	FC	42%
Louis Vuitton Macau Company Ltd	Macao, China	FC	42%
LVMH Fashion (Shanghai) Trading Co., Ltd	Shanghai, China	FC	42%
LVJ Group KK	Tokyo, Japan	FC	41%
Louis Vuitton North America Inc	New York, USA [(*)]	FC	42%
Louis Vuitton USA Inc	New York, USA (*)	FC	42%
Louis Vuitton Canada Inc	Toronto, Canada	FC	42%
Louis Vuitton (Barbados) Ltd	Saint Michael, Barbados	FC	42%
Marc Jacobs International LLC	New York, USA [(*)]	FC	40%
Marc Jacobs International (UK) Ltd	London, United Kingdom	FC	42%
Marc Jacobs Trademark LLC	New York, USA [(*)]	FC	14%
Marc Jacobs Japon KK	Tokyo, Japan	FC	20%
Marc Jacobs international Italia Srl	Milan, Italy	FC	40%
Marc Jacobs International France SAS	Paris, France	FC	40%
Loewe SA	Madrid, Spain	FC	42%
Loewe Hermanos SA	Madrid, Spain	FC	42%
Manufacturas Loewe SL	Madrid, Spain	FC	42%
LVMH Fashion Group France SNC	Paris, France	FC	42%
Loewe Hermanos UK Ltd	London, United Kingdom	FC	42%
Loewe Saipan Inc	Saipan, Mariana Islands	FC	42%
Loewe Guam Inc	Guam	FC	42%
Loewe Hong Kong Ltd	Hong Kong, China	FC	42%
Loewe Commercial & Trading (Shanghai) Co Ltd	Shanghai, China	FC	42%
Loewe Fashion Pte Ltd	Singapore	FC	42%
Loewe Fashion (M) SDN BHD	Kuala Lumpur, Malaysia	FC	42%
Loewe Taiwan Ltd	Taipei, Taiwan	FC	41%
Loewe Korea Ltd	Seoul, South Korea	FC	42%
Loewe Macao Ltd	Macao, China	FC	42%
Berluti SA	Paris, France	FC	42%
Manufattura Ferrarese Srl	Ferrara, Italy	FC	42%
Berluti LLC	New York, USA	FC	42%
Berluti UK Ltd	London, United Kingdom	FC	42%
Berluti Macau Company Ltd	Macao, China	FC	42%
Berluti (Shanghai) Company Ltd	Shanghai, China	FC	42%
Berluti Hong Kong Company Ltd	Hong Kong, China	FC	42%
Rossimoda Spa	Vigonza, Italy	FC	42%
Rossimoda USA Ltd	New York, USA	FC	42%
Rossimoda France SARL	Paris, France	FC	42%
Brenta Suole Srl	Vigonza, Italy	FC	27%
LVMH Fashion Group Services SAS	Paris, France	FC	42%

Companies	Registered office	Method of consolidation	% interest
Montaigne KK	Tokyo, Japan	FC	41%
Interlux Company Ltd	Hong Kong, China	FC	42%
Céline SA	Paris, France	FC	42%
Avenue M International SCA	Paris, France	FC	42%
Enilec Gestion SARL	Paris, France	FC	42%
Céline Montaigne SA	Paris, France	FC	42%
Céline Monte-Carlo SA	Monte-Carlo, Monaco	FC	42%
Céline Production Srl	Florence, Italy	FC	42%
Céline Suisse SA	Geneva, Switzerland	FC	42%
Céline UK Ltd	London, United Kingdom	FC	42%
Céline Inc	New York, USA (*)	FC	42%
Céline Hong Kong Ltd	Hong Kong, China	FC	42%
Céline Commercial & Trading (Shanghai) Co Ltd	Shanghai, China	FC	42%
Céline Korea Ltd	Seoul, South Korea	FC	42%
Céline Taiwan Ltd	Taipei, Taiwan	FC	41%
CPC International Ltd	Hong Kong, China	FC	42%
CPC Macau Ltd	Macao, China	FC	42%
LVMH FG Services UK Ltd	London, United Kingdom	FC	42%
Kenzo SA	Paris, France	FC	42%
Kenzo Belgique SA	Brussels, Belgium	FC	42%
Kenzo UK Ltd	London, United Kingdom	FC	42%
Kenzo Japan KK	Tokyo, Japan	FC	42%
Kenzo Accessories Srl	Lentate Sul Seveso, Italy	FC	21%
Givenchy SA	Paris, France	FC	42%
Givenchy Corporation	New York, USA	FC	42%
Givenchy China Co Ltd	Hong Kong, China	FC	42%
Givenchy Shanghai Commercial and Trading Co Ltd	Shanghai, China	FC	42%
GCCL Macau Co Ltd	Macao, China	FC	42%
Gabrielle Studio Inc	New York, USA	FC	42%
Donna Karan International Inc	New York, USA (*)	FC	42%
The Donna Karan Company LLC	New York, USA	FC	42%
Donna Karan Service Company BV	Oldenzaal, Netherlands	FC	42%
Donna Karan Company Store Ireland Ltd	Dublin, Ireland	FC	42%
Donna Karan Studio LLC	New York, USA	FC	42%
The Donna Karan Company Store LLC	New York, USA	FC	42%
Donna Karan Company Store UK Holdings Ltd	London, United Kingdom	FC	42%
Donna Karan Management Company UK Ltd	London, United Kingdom	FC	42%
Donna Karan Company Stores UK Retail Ltd	London, United Kingdom	FC	42%
Donna Karan Company Store (UK) Ltd	London, United Kingdom	FC	42%
Donna Karan H. K. Ltd	Hong Kong, China	FC	42%
Donna Karan (Italy) Srl	Milan, Italy	FC	42%
Donna Karan (Italy) Production Services Srl	Milan, Italy	FC	42%
Fendi International BV	Baarn, Netherlands	FC	42%
Fun Fashion Bari Srl	Bari, Italy	FC	42%
Fen Fashion Hellas SA	Athens, Greece	FC	21%
Fendi Prague S.r.o.	Prague, Czech Republic	FC	42%
Luxury Kuwait for Ready Wear Company WLL	Kuwait City, Kuwait	FC	33%
Fun Fashion Qatar LLC	Doha, Qatar	(b)	(b)
Fendi International SA	Paris, France	FC	42%
Fun Fashion Emirates LLC	Dubai, United Arab Emirates	(b)	(b)
Fendi SA	Luxembourg, Luxembourg	FC	42%
Fun Fashion Bahrain WLL	Manama, Bahrain	(b)	(b)
Fendi Srl	Rome, Italy	FC	42%
Fendi Dis Ticaret LSi	Istanbul, Turkey	FC	42%
Fendi Adele Srl	Rome, Italy	FC	42%
Fendi Italia Srl	Rome, Italy	FC	42%
Fendi UK Ltd	London, United Kingdom	FC	42%
Fendi France SAS	Paris, France	FC	42%
Fendi North America Inc	New York, USA (*)	FC	42%
Fendi Guam Inc	Tumon, Guam	FC	42%
Fendi (Thailand) Company Ltd	Bangkok, Thailand	FC	42%
Fendi Asia Pacific Ltd	Hong Kong, China	FC	42%
Fendi Korea Ltd	Seoul, South Korea	FC	42%
Fendi Taiwan Ltd	Taipei, Taiwan	FC	42%
Fendi Hong Kong Ltd	Hong Kong, China	FC	42%
Fendi China Boutiques Ltd	Hong Kong, China	FC	42%
Fendi (Singapore) Pte Ltd	Singapore	FC	42%
Fendi Fashion (Malaysia) Snd. Bhd.	Kuala Lumpur, Malaysia	FC	42%
Fendi Switzerland SA	Geneva, Switzerland	FC	42%
Fun Fashion FZCO LLC	Dubai, United Arab Emirates	FC	25%
Fendi Marianas Inc	Tumon, Guam	FC	42%
Fun Fashion Kuwait Co. W.L.L.	Kuwait City, Kuwait	(b)	(b)
Fendi Macau Company Ltd	Macao, China	FC	42%
Fendi Germany GmbH	Stuttgart, Germany	FC	42%

Companies	Registered office	Method of consolidation	% interest
Fun Fashion Napoli Srl	Rome, Italy	FC	21%
Fendi (Shanghai) Co Ltd	Shanghai, China	FC	42%
Fun Fashion India Pte Ltd	Mumbai, India	(b)	(b)
Interservices & Trading SA	Lugano, Switzerland	FC	42%
Fendi Silk SA	Lugano, Switzerland	FC	21%
Outshine Mexico, S. de RL de CV	Mexico City, Mexico	FC	42%
Maxelle SA	Neuchatel, Switzerland	FC	21%
Taramax USA Inc	New Jersey, USA	FC	21%
Primetime Inc	New Jersey, USA	FC	21%
Taramax SA	Neuchatel, Switzerland	FC	21%
Taramax Japan KK	Tokyo, Japan	FC	21%
Support Retail Mexico, S. de RL de CV	Mexico City, Mexico	FC	42%
Emilio Pucci Srl	Florence, Italy	FC	42%
Emilio Pucci International BV	Baarn, Netherlands	FC	28%
Emilio Pucci, Ltd	New York, USA	FC	42%
Emilio Pucci Hong Kong Co Ltd	Hong Kong, China	FC	42%
Emilio Pucci (Shanghai) Commercial Ltd	Shanghai, China	FC	42%
Emilio Pucci UK Ltd	London, United Kingdom	FC	42%
Thomas Pink Holdings Ltd	London, United Kingdom	FC	42%
Thomas Pink Ltd	London, United Kingdom	FC	42%
Thomas Pink BV	Rotterdam, Netherlands	FC	42%
Thomas Pink Inc	New York, USA (*)	FC	42%
Thomas Pink Ireland Ltd	Dublin, Ireland	FC	42%
Thomas Pink Belgium SA	Brussels, Belgium	FC	42%
Thomas Pink France SAS	Paris, France	FC	42%
Thomas Pink Canada Inc	Toronto, Canada	FC	42%
Edun Apparel Ltd	Dublin, Ireland	EM	20%
Edun Americas Inc.	Wilmington (Delaware), USA	EM	20%
Nowness LLC	New York, USA (*)	FC	42%

PERFUMES AND COSMETICS

Companies	Registered office	Method of consolidation	% interest
Parfums Christian Dior SA	Paris, France	FC	42%
LVMH P&C Thailand Co Ltd	Bangkok, Thailand	FC	20%
LVMH Parfums & Cosmétiques do Brasil Ltda	Sao Paulo, Brazil	FC	42%
France Argentine Cosmetics SA	Buenos Aires, Argentina	FC	42%
LVMH P&C Shanghai Co Ltd	Shanghai, China	FC	42%
Parfums Christian Dior Finland Oy	Helsinki, Finland	FC	42%
LVMH P&C Inc	New York, USA	FC	42%
SNC du 33 avenue Hoche	Paris, France	FC	42%
LVMH Fragrances & Cosmetics (Sinpagore) Pte Ltd	Singapore	FC	42%
Parfums Christian Dior Orient Co	Dubai, United Arab Emirates	FC	25%
Parfums Christian Dior Emirates	Dubai, United Arab Emirates	FC	13%
EPCD SP ZOO	Warsaw, Poland	FC	21%
EPCD CZ & SK SRO	Prague, Czech Republic	FC	21%
EPCD RO DISTRIBUTION SRL	Bucharest, Romania	FC	21%
LVMH Cosmetics KK	Tokyo, Japan	FC	42%
Parfums Christian Dior (UK) Ltd	London, United Kingdom	FC	42%
Parfums Christian Dior BV	Rotterdam, Netherlands	FC	42%
Iparkos BV	Rotterdam, Netherlands	FC	42%
Parfums Christian Dior SAB	Brussels, Belgium	FC	42%
Parfums Christian Dior (Ireland) Ltd	Dublin, Ireland	FC	42%
Parfums Christian Dior Hellas SA	Athens, Greece	FC	42%
Parfums Christian Dior AG	Zurich, Switzerland	FC	42%
Christian Dior Perfumes LLC	New York, USA	FC	42%
Parfums Christian Dior Canada Inc	Montreal, Canada	FC	42%
LVMH P&C de Mexico SA de CV	Mexico City, Mexico	FC	42%
Parfums Christian Dior Japon KK	Tokyo, Japan	FC	42%
Parfums Christian Dior (Singapore) Pte Ltd	Singapore	FC	42%
Inalux SA	Luxembourg, Luxembourg	FC	42%
LVMH P&C Asia Pacific Ltd	Hong Kong, China	FC	42%
Fa Hua Fragrance & Cosmetic Co Ltd	Hong Kong, China	FC	42%
Parfums Christian Dior China	Shanghai, China	FC	42%
LVMH P&C Korea Ltd	Seoul, South Korea	FC	42%
Parfums Christian Dior Hong Kong Ltd	Hong Kong, China	FC	42%
LVMH P&C Malaysia Sdn berhad Inc	Kuala Lumpur, Malaysia	FC	42%
Fa Hua Hong Kong Co Ltd	Hong Kong, China	FC	42%
Pardior SA de CV	Mexico City, Mexico	FC	42%
Parfums Christian Dior A/S Ltd	Copenhagen, Denmark	FC	42%
LVMH Perfumes & Cosmetics Group Pty Ltd	Sydney, Australia	FC	42%
Parfums Christian Dior AS Ltd	Hoevik, Norway	FC	42%
Parfums Christian Dior AB	Stockholm, Sweden	FC	42%
Parfums Christian Dior (New Zealand) Ltd	Auckland, New Zealand	FC	42%
Parfums Christian Dior GmbH Austria	Vienna, Austria	FC	42%
Cosmetic of France Inc	Miami (Florida), USA	FC	42%
LVMH Recherche GIE	Saint-Jean de Braye, France	FC	42%

Companies	Registered office	Method of consolidation	% interest
Parfums et Cosmétiques Information Services – PCIS GIE	Levallois Perret, France	FC	42%
Perfumes Loewe SA	Madrid, Spain	FC	42%
Acqua Di Parma Srl	Milan, Italy	FC	42%
Acqua Di Parma LLC	New York, USA	FC	42%
Guerlain SA	Paris, France	FC	42%
LVMH Parfums & Kosmetik Deutschland GmbH	Dusseldorf, Germany	FC	42%
Guerlain GmbH	Vienna, Austria	FC	42%
Guerlain SA (Belgique)	Fleurus, Belgium	FC	42%
Guerlain Ltd	London, United Kingdom	FC	42%
LVMH Perfumes e Cosmetica Lda	Lisbon, Portugal	FC	42%
PC Parfums Cosmétiques SA	Zurich, Switzerland	FC	42%
Guerlain Inc	New York, USA	FC	42%
Guerlain Canada Ltd	Montreal, Canada	FC	42%
Guerlain De Mexico SA	Mexico City, Mexico	FC	42%
Guerlain Asia Pacific Ltd	Hong Kong, China	FC	42%
Guerlain KK	Tokyo, Japan	FC	42%
Guerlain Saoudi	Paris, France	FC	42%
Guerlain Oceania Australia Pty Ltd	Melbourne, Australia	FC	42%
Montecristo Elysées SAS	Paris, France	FC	42%
Make Up For Ever SA	Paris, France	FC	42%
SCI Edison	Paris, France	FC	42%
Make Up For Ever LLC	New York, USA [*]	FC	42%
Make Up For Ever Canada Ltd	Montreal, Canada	FC	42%
LVMH Fragrance Brands SA	Levallois Perret, France	FC	42%
LVMH Fragrance Brands Ltd	London, United Kingdom	FC	42%
LVMH Fragrance Brands GmbH	Dusseldorf, Germany	FC	42%
LVMH Fragrance Brands LLC	New York, USA [*]	FC	42%
LVMH Fragrance Brands Ltd	Toronto, Canada	FC	42%
LVMH Fragrance Brands KK	Tokyo, Japan	FC	42%
LVMH Fragrance Brands WHD Inc	New York, USA [*]	FC	42%
LVMH P&K GmbH	Dusseldorf, Germany	FC	42%
LVMH Fragrance Brands Singapore Pte Ltd	Singapore	FC	42%
BeneFit Cosmetics LLC	San Francisco (California), USA	FC	33%
BeneFit Cosmetics Ireland Ltd	Dublin, Ireland	FC	33%
BeneFit Cosmetics UK Ltd	London, United Kingdom	FC	33%
BeneFit Cosmetics Services Canada Inc.	Vancouver, Canada	FC	33%
BeneFit Cosmetics Korea	Seoul, South Korea	FC	33%
BeneFit Cosmetics SAS	Boulogne-Billancourt, France	FC	33%
BeneFit Cosmetics Hong Kong Limited	Hong Kong, China	FC	33%
Fresh Inc	Boston (Massachusetts), USA	FC	33%
Fresh Cosmetics Ltd	London, United Kingdom	FC	33%
Fresh Hong Kong Ltd	Hong Kong, China	FC	33%

WATCHES AND JEWELRY

TAG Heuer International SA	Luxembourg, Luxembourg	FC	42%
LVMH Swiss Manufactures SA	La Chaux-de-Fonds, Switzerland	FC	42%
LVMH Relojeria & Joyeria España SA	Madrid, Spain	FC	42%
LVMH Montres & Joaillerie France SA	Paris, France	FC	42%
LVMH Watch & Jewelry Central Europe GmbH	Bad Homburg, Germany	FC	42%
LVMH Watch & Jewelry UK Ltd	Manchester, United Kingdom	FC	42%
LVMH Watch & Jewelry USA Inc	Springfield (New Jersey), USA	FC	42%
LVMH Watch & Jewelry Canada Ltd	Toronto, Canada	FC	42%
LVMH Watch & Jewelry Far East Ltd	Hong Kong, China	FC	42%
LVMH Watch & Jewelry Singapore Pte Ltd	Singapore	FC	42%
LVMH Watch & Jewelry Malaysia Sdn Bhd	Kuala Lumpur, Malaysia	FC	42%
LVMH Watch & Jewelry Capital Pte Ltd	Singapore	FC	42%
LVMH Watch & Jewelry Japan KK	Tokyo, Japan	FC	42%
LVMH Watch & Jewelry Australia Pty Ltd	Melbourne, Australia	FC	42%
LVMH Watch & Jewelry Hong Kong Ltd	Hong Kong, China	FC	42%
LVMH Watch & Jewelry Taiwan Ltd	Taipei, Taiwan	FC	42%
LVMH Watch & Jewelry India Pvt Ltd	New Delhi, India	FC	42%
LVMH Watch & Jewelry (Shanghai) Commercial Co Ltd	Shanghai, China	FC	42%
LVMH Watch & Jewelry Russia SARL	Moscow, Russia	FC	42%
ArteCard SA	Tramelan, Switzerland	FC	42%
Alpha Time Corp. Ltd	Hong Kong, China	FC	42%
Dream Tech (Shanghai) Co. Ltd	Shanghai, China	FC	42%
Dream Tech Intl Trading Co. Ltd	Shanghai, China	FC	42%
Chaumet International SA	Paris, France	FC	42%

Companies	Registered office	Method of consolidation	% interest
Chaumet London Ltd	London, United Kingdom	FC	42%
Chaumet Horlogerie SA	Bienne, Switzerland	FC	42%
Chaumet Korea Chusik Hoesa	Seoul, South Korea	FC	42%
Chaumet Middle East FZCO	Dubai, United Arab Emirates	FC	25%
Chaumet UAE	Dubai, United Arab Emirates	FC	25%
Farouk Trading	Riyadh, Saudi Arabia	FC	25%
LVMH Watch & Jewelry Italy Spa	Milan, Italy	FC	42%
Delano SA	La Chaux-de-Fonds, Switzerland	FC	42%
Fred Paris SA	Paris, France	FC	42%
Joaillerie de Monaco SA	Monte Carlo, Monaco	FC	42%
Fred Inc	Beverly Hills (California), USA [*]	FC	42%
Fred Londres Ltd	London, United Kingdom	FC	42%
Hublot SA	Nyon, Switzerland	FC	42%
Bentim International SA	Luxembourg, Luxembourg	FC	42%
Hublot SA Genève	Geneva, Switzerland	FC	42%
MDM Conseil et Gestion SA	Nyon, Switzerland	FC	42%
Hublot of America, Inc	Ft Lauderdale, USA	FC	42%
Hublot Japan KK Ltd	Tokyo, Japan	FC	42%
Profusion SARL	Gland, Switzerland	FC	42%
De Beers Jewellers Commercial Co., Ltd	Shanghai, China	PC	21%
De Beers Diamond Jewellers Limited Taïwan	Taipei, Taiwan	PC	21%
De Beers Diamond Jewellers Limited	London, United Kingdom	PC	21%
De Beers Diamond Jewellers Trademark Ltd	London, United Kingdom	PC	21%
De Beers Diamond Jewellers Limited (Succursale Paris)	Paris, France	PC	21%
De Beers Diamond Jewellers (Hong Kong) Limited	Hong Kong, China	PC	21%
De Beers Diamond Jewellers Japan KK	Tokyo, Japan	PC	21%
De Beers Diamond Jewellers US, INC	Wilmington, USA	PC	21%
Bulgari SpA	Rome, Italy	FC	42%
Bulgari Italia SpA	Rome, Italy	FC	42%
Bulgari International Corporation (BIC) NV	Amsterdam, Netherlands	FC	42%
Bulgari Corporation of America Inc	New York, USA	FC	42%
Bulgari SA	Geneva, Switzerland	FC	42%
Bulgari Horlogerie SA	Neuchatel, Switzerland	FC	42%
Bulgari France SAS	Paris, France	FC	42%
Bulgari Monte Carlo S.A.M.	Montecarlo, Monaco	FC	42%
Bulgari (Deutschland) GmbH	Munich, Germany	FC	42%
Bulgari España SA Unipersonal	Madrid, Spain	FC	42%
Bulgari Parfums SA	Neuchatel, Switzerland	FC	42%
Bulgari South Asian Operations Pte Ltd	Singapore, Singapore	FC	42%
Bulgari (UK) Ltd	London, United Kingdom	FC	42%
Bulgari Belgium SA	Brussels, Belgium	FC	42%
Bulgari Australia Pty. Ltd	Sydney, Australia	FC	42%
Bulgari (Malaysia) Sdn Bhd	Kuala Lumpur, Malaysia	FC	42%
Bulgari Global Operations SA	Neuchatel, Switzerland	FC	42%
Bulgari Asia Pacific Ltd	Hong Kong, China	FC	42%
Bulgari (Taiwan) Ltd	Taipei, Taiwan	FC	42%
Bulgari Korea Ltd	Seoul, South Korea	FC	42%
Bulgari Collection Internationale SA	Neuchatel, Switzerland	FC	42%
Bulgari Saint Barth SAS	Saint Barthelemy, French Antilles	FC	42%
Bulgari Gioielli SpA	Valenza (Alessandria), Italy	FC	42%
Bulgari Accessori Srl	Florence, Italy	FC	42%
Bulgari Austria GmbH	Vienna, Austria	FC	42%
Bulgari Holdings (Thailand) Ltd	Bangkok, Thailand	FC	42%
Bulgari (Thailand) Ltd	Bangkok, Thailand	FC	42%
Bulgari Commercial (Shanghai) Co. Ltd	Shanghai, China	FC	42%
Bulgari Japan Ltd	Tokyo, Japan	FC	42%
Bulgari Panama Inc	Panama City, Panama	FC	42%
Bulgari Ireland Ltd	Dublin, Ireland	FC	42%
Bulgari Qatar Lcc	Doha, United Arab Emirates	[b]	[b]
Bulgari Kuwait Wll	Kuwait City, Kuwait	[b]	[b]
Bulgari Hotels & Resorts BV	Amsterdam, Netherlands [a]	PC	27%
Bulgari Hotels and Resorts Milano Srl	Milan, Italy [a]	PC	27%

SELECTIVE RETAILING

LVMH Iberia SL	Madrid, Spain	FC	42%
LVMH Italia SpA	Milan, Italy	FC	42%
Sephora SA	Boulogne-Billancourt, France	FC	42%
Sephora Luxembourg SARL	Luxembourg, Luxembourg	FC	42%
Sephora Portugal Perfumaria Lda	Lisbon, Portugal	FC	42%
Sephora Pologne Spzoo	Warsaw, Poland	FC	42%
Sephora Marinopoulos SA	Alimos, Greece	FC	21%
Sephora Marinopulos Romania SA	Bucharest, Romania	FC	21%

Companies	Registered office	Method of consolidation	% interest
Sephora SRO	Prague, Czech Republic	FC	42%
Sephora Monaco SAM	Monaco	FC	41%
Sephora Cosmeticos España	Madrid, Spain	PC	21%
S+	Boulogne-Billancourt, France	FC	42%
Sephora Marinopoulos Bulgaria EOOD	Sofia, Bulgaria	FC	21%
Sephora Marinopoulos Cyprus Ltd	Nicosia, Cyprus	FC	21%
Sephora Unitim Kozmetik AS	Istanbul, Turkey	FC	42%
Perfumes & Cosmeticos Gran Via SL	Madrid, Spain	PC	19%
Sephora Marinopoulos DOO	Zagreb, Croatia	FC	21%
Sephora Marinopoulos Cosmetics DOO	Belgrade, Serbia	FC	21%
Sephora Nederland BV	Amsterdam, Netherlands	FC	42%
Sephora Danmark ApS	Copenhagen, Denmark	FC	42%
Sephora Moyen Orient SA	Fribourg, Switzerland	FC	25%
Sephora Middle East FZE	Dubai, United Arab Emirates	FC	25%
Sephora Asia Pte Ltd	Shanghai, China	FC	42%
Sephora (Shanghai) Cosmetics Co. Ltd	Shanghai, China	FC	34%
Sephora (Beijing) Cosmetics Co. Ltd	Beijing, China	FC	34%
Sephora Singapore Pte Ltd	Singapore	FC	42%
Sephora USA Inc	San Francisco (California), USA (*)	FC	42%
Sephora Beauty Canada, Inc	San Francisco (California), USA	FC	42%
Sephora Puerto Rico LLC	San Francisco (California), USA	FC	42%
Sephora Mexico, S. De RL de CV	Lomas de Chapultepec, Mexico	FC	21%
Sephora Do Brasil Participacoes SA	Rio de Janeiro, Brazil	FC	42%
Dotcom group Comercio de Presentes SA	Rio de Janeiro, Brazil	FC	29%
Kendo Holdings Inc	San Francisco (California), USA	FC	42%
Ole Henriksen of Denmark Inc.	Los Angeles, USA	FC	42%
Galonta Holdings Limited	Nicosia, Cyprus	FC	27%
United Europe - Securities OJSC	Moscow, Russia	FC	27%
Beauty in Motion Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	25%
Le Bon Marché SA	Paris, France	FC	42%
SEGEP SNC	Paris, France	FC	41%
Franck & Fils SA	Paris, France	FC	42%
DFS Holdings Ltd	Hamilton, Bermuda	FC	25%
DFS Australia Pty Ltd	Sydney, Australia	FC	25%
Travel Retail Shops Pte Ltd	Sydney, Australia	EM	12%
DFS Group Ltd	Delaware, USA	FC	25%
DFS China Partners Ltd	Hong Kong, China	FC	25%
DFS Hong Kong Ltd	Hong Kong, China	FC	25%
TRS Hong Kong Ltd	Hong Kong, China	EM	12%
DFS France SAS	Paris, France	FC	25%
DFS Okinawa K.K.	Okinawa, Japan	FC	25%
TRS Okinawa	Okinawa, Japan	EM	12%
JAL/DFS Co., Ltd	Chiba, Japan	EM	10%
DFS Korea Ltd	Seoul, South Korea	FC	25%
DFS Seoul Ltd	Seoul, South Korea	FC	25%
DFS Cotai Limitada	Macao, China	FC	25%
DFS Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	25%
Gateshire Marketing Sdn Bhd.	Kuala Lumpur, Malaysia	FC	25%
DFS Merchandising Ltd	Delaware, USA	FC	25%
DFS New Caledonia Sarl	Noumea, New Caledonia	FC	25%
DFS New Zealand Ltd	Auckland, New Zealand	FC	25%
TRS New Zealand Ltd	Auckland, New Zealand	EM	12%
Commonwealth Investment Company Inc	Saipan, Mariana Islands	FC	25%
DFS Saipan Ltd	Saipan, Mariana Islands	FC	25%
Kinkai Saipan L.P.	Saipan, Mariana Islands	FC	25%
Saipan International Boutique Partners	Saipan, Mariana Islands	EM	13%
DFS Palau Ltd	Koror, Palau	FC	25%
DFS Business consulting (Shanghai) Co. Ltd	Shanghai, China	FC	25%
Hainan DFS Retail Company Limited	Hainan, China	FC	25%
DFS Galleria Taiwan Ltd	Taipei, Taiwan	FC	25%
DFS Taiwan Ltd	Taipei, Taiwan	FC	25%
Tou You Duty Free Shop Co. Ltd	Taipei, Taiwan	FC	25%
DFS Singapore (Pte) Ltd	Singapore	FC	25%
DFS Trading Singapore (Pte) Ltd	Singapore	FC	25%
DFS Venture Singapore (Pte) Ltd	Singapore	FC	25%
TRS Singapore Pte Ltd	Singapore	EM	12%
Singapore International Boutique Partners	Singapore	EM	13%
DFS India Private Ltd	Mumbai, India	FC	18%
DFS Vietnam (S) Pte Ltd	Singapore	FC	18%
New Asia Wave International Pte Ltd	Singapore	FC	18%
IPP Group Pte Ltd	Singapore	FC	18%
L Development & Management Ltd	Hong Kong, China	EM	10%
DFS Group LP	Delaware, USA	FC	25%
LAX Duty Free Joint Venture 2000	Los Angeles (California), USA	FC	20%
Royal Hawaiian Insurance Company Ltd	Hawaii, USA	FC	25%
Hawaii International Boutique Partners	Honolulu (Hawaii), USA	EM	13%
JFK Terminal 4 Joint Venture 2001	New York, USA	FC	20%
DFS Guam LP	Tamuring, Guam	FC	25%
Guam International Boutique Partners	Tamuring, Guam	EM	13%
DFS Liquor Retailing Ltd	Delaware, USA	FC	25%
Twenty Seven - Twenty Eight Corp.	Delaware, USA	FC	25%
TRS Hawaii LLC	Honolulu (Hawaii), USA	EM	12%
TRS Saipan Ltd	Saipan, Mariana Islands	EM	12%
TRS Guam LLC	Tumon, Guam	EM	12%
Tumon Entertainment LLC	Tamuning, Guam	FC	42%
Comete Guam Inc	Tamuning, Guam	FC	42%
Tumon Aquarium LLC	Tamuning, Guam	FC	40%
Comete Saipan Inc	Saipan, Mariana Islands	FC	42%
Tumon Games LLC	Tamuning, Guam	FC	42%
DFS Vietnam LLC	Ho Chi Minh City, Vietnam	FC	25%
PT Sona Topas Tourism industry Tbk	Jakarta, Indonesia	EM	12%
Cruise Line Holdings Co	Delaware, USA	FC	42%
On Board Media Inc	Delaware, USA	FC	42%
Starboard Cruise Services Inc	Delaware, USA	FC	42%
Starboard Holdings Ltd	Delaware, USA	FC	42%
International Cruise Shops Ltd	Cayman Islands	FC	42%
Vacation Media Ltd	Kingston, Jamaica	FC	42%
STB Srl	Florence, Italy	FC	42%
Parazul LLC	Delaware, USA	FC	42%
Y.E.S. Your Extended Services LLC	Delaware, USA	PC	14%
OTHER ACTIVITIES			
Groupe Les Echos SA	Paris, France	FC	42%
Les Echos Services SAS	Paris, France	FC	42%
Radio Classique SAS	Paris, France	FC	42%
Prelude & Fugue SAS	Paris, France	EM	20%
DI Régie SAS	Paris, France	FC	42%
SFPA SARL	Paris, France	FC	42%
La Fugue SAS	Paris, France	FC	42%
Les Echos SAS	Paris, France	FC	42%
Les Echos Formation SAS	Paris, France	FC	42%
Hera SAS	Paris, France	FC	42%
Les Echos Medias SNC	Paris, France	FC	42%
Percier Publications SNC	Paris, France	FC	42%
EUROSTAF - Europe Stratégie Analyse Financière SAS	Paris, France	FC	42%
Investir Publications SAS	Paris, France	FC	42%
SID Développement SAS	Paris, France	FC	42%
SID Presse SAS	Paris, France	FC	42%
Magasins de la Samaritaine SA	Paris, France	FC	41%
Société Financière de la Samaritaine SA	Paris, France	FC	41%
DMB Gestion SARL	Paris, France	FC	41%
Mongoual SA	Paris, France	EM	17%
RVL Holding BV	Kaag, Netherlands	FC	38%
Royal Van Lent Shipyard BV	Kaag, Netherlands	FC	38%
Le Jardin d'Acclimatation SA	Paris, France	FC	41%
Tower Holding BV	Kaag, Netherlands	FC	38%
Green Bell BV	Kaag, Netherlands	FC	38%
Gebroeders Olie Beheer BV	Waddinxveen, Netherlands	FC	38%
Van der Loo Yachtinteriors BV	Waddinxveen, Netherlands	FC	38%
Red Bell BV	Kaag, Netherlands	FC	38%
De Voogt Naval Architects BV	Haarlem, Netherlands	EM	19%
Feadship Holland BV	Amsterdam, Netherlands	EM	19%
Feadship America Inc	Fort Lauderdale, USA	EM	19%
OGMNL BV	Nieuw-Lekkerland, Netherlands	EM	19%
Probinvest SAS	Boulogne-Billancourt, France	FC	42%
Ufipar SAS	Boulogne-Billancourt, France	FC	42%
L Capital Management SAS	Paris, France	FC	42%
Sofidiv SAS	Boulogne-Billancourt, France	FC	42%
GIE LVMH Services	Boulogne-Billancourt, France	FC	35%
Moët Hennessy SNC	Boulogne-Billancourt, France	FC	28%
LVMH Services Ltd	London, United Kingdom	FC	42%
UFIP (Ireland) PRU	Dublin, Ireland	FC	42%
Moët Hennessy Investissements SA	Boulogne-Billancourt, France	FC	27%
LVMH Fashion Group SA	Paris, France	FC	42%
Moët Hennessy International SAS	Boulogne-Billancourt, France	FC	27%
Creare SA	Luxembourg, Luxembourg	FC	36%
Creare Pte Ltd	Singapore	FC	36%
Société Montaigne Jean Goujon SAS	Paris, France	FC	42%
Delphine SAS	Boulogne-Billancourt, France	FC	42%
LVMH Finance SA	Boulogne-Billancourt, France	FC	42%
Primae SAS	Boulogne-Billancourt, France	FC	42%
Eutrope SAS	Boulogne-Billancourt, France	FC	42%
Flavius Investissements SA	Paris, France	FC	42%

Companies	Registered office	Method of consolidation	% interest
LBD HOLDING SA	Boulogne-Billancourt, France	FC	42%
Eley Finance SA	Boulogne-Billancourt, France	FC	42%
Ashbury Finance SA	Boulogne-Billancourt, France	FC	42%
Ivelford Business SA	Boulogne-Billancourt, France	FC	42%
Bratton Service SA	Boulogne-Billancourt, France	FC	42%
LVMH Hotel Management SAS	Boulogne-Billancourt, France	FC	42%
Altair Holding LLC	New York, USA (*)	FC	42%
Moët Hennessy Inc	New York, USA (*)	FC	27%
One East 57th Street LLC	New York, USA (*)	FC	42%
LVMH Moët Hennessy Louis Vuitton Inc	New York, USA (*)	FC	42%
Moët Hennessy Acquisition Sub Inc	New York, USA (*)	FC	42%
Sofidiv Art Trading LLC	New York, USA (*)	FC	42%
Sofidiv Inc	New York, USA (*)	FC	42%
598 Madison Leasing Corp	New York, USA (*)	FC	42%
1896 Corp	New York, USA (*)	FC	42%
LVMH Participations BV	Naarden, Netherlands	FC	42%
LVMH Moët Hennessy Louis Vuitton BV	Naarden, Netherlands	FC	42%
LVP Holding BV	Naarden, Netherlands	FC	42%
LVMH Services BV	Baarn, Netherlands	FC	42%
LVMH Finance Belgique SA	Brussels, Belgium	FC	42%
Hannibal SA	Luxembourg, Luxembourg	FC	42%
L Real Estate SA	Luxembourg, Luxembourg	EM	20%
Ufilug SA	Luxembourg, Luxembourg	FC	42%
Delphilug SA	Luxembourg, Luxembourg	FC	42%
Glacea SA	Luxembourg, Luxembourg	FC	42%
Naxara SA	Luxembourg, Luxembourg	FC	42%
Pronos SA	Luxembourg, Luxembourg	FC	42%
Hanninvest SA	Brussels, Belgium	FC	42%
LVMH Publica SA	Brussels, Belgium	FC	42%
Sofidiv UK Ltd	London, United Kingdom	FC	42%
LVMH Moët Hennessy Louis Vuitton KK	Tokyo, Japan	FC	42%
Osaka Fudosan Company Ltd	Tokyo, Japan	FC	42%
LVMH Asia Pacific Ltd	Hong Kong, China	FC	42%
LVMH Shanghai Management and Consultancy Co, Ltd	Shanghai, China	FC	42%
L Capital Asia Advisors PLC	Port Louis, Mauritius	FC	42%
LVMH South & South East Asia Pte Ltd	Singapore	FC	42%
LVMH Moët Hennessy Louis Vuitton SA	Paris, France	FC	42%

(*) The address given corresponds to the company's administrative headquarters; the corporate registered office is located in the state of Delaware.
(a) Joint venture companies with Diageo: only the Moët Hennessy activity is consolidated.
(b) The Group's percentages of control and interest are not disclosed, the result of these companies being consolidated on the basis of the Group's contractual share in their business.
(c) Joint venture companies with LVMH.
FC Full consolidation.
PC Proportionate consolidation.
EM Equity method.

7. Statutory Auditors' report

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In accordance with our appointment as Statutory Auditors by your Shareholders' Meeting, we hereby report to you for the fiscal year ended April 30, 2012 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 consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that the data we have collected is sufficient and appropriate to be used as a 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 as of April 30, 2012, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we hereby report on the following matter:

- The valuation of brands, trade names and goodwill has been tested under the method described in Note 1.12 under Note 1 (Accounting policies) to the consolidated financial statements. Based on the aforementioned, we have assessed the appropriateness of the methodology applied based on certain estimates and have reviewed the data and assumptions used by the Group to perform these valuations.
- We have verified that Note 1.10 to the consolidated financial statements provides an appropriate disclosure on the accounting treatment of commitments to purchase minority interests, as such treatment is not 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 relating to the Group 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.

Courbevoie and Paris-La Défense, July 30, 2012

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Simon Beillevaire	Olivier Breillot

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not.

This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the Group's Management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Parent company financial statements

1.	**Balance sheet**	162
2.	**Income statement**	164
3.	**Cash flow statement**	165
4.	**Notes to the parent company financial statements**	166
5.	**Subsidiaries and investments**	174
6.	**Investment portfolio, other investment securities and short term investments**	175
7.	**Company results over the last five fiscal years**	176
8.	**Statutory Auditors' reports**	177
	Statutory Auditors' report on the parent company financial statements	177
	Statutory Auditors' special report on related party agreements and commitments	179

1. Balance sheet

Assets

(EUR thousands)	Notes	April 30, 2012 (4 months) Gross	Depreciation, amortization and provisions	Net	Dec. 31, 2011 (12 months) Net	Dec. 31, 2010 (12 months) Net
Intangible assets	2.1/2.2	**37**	**37**	**-**	**-**	**-**
Property, plant and equipment	2.1/2.2	**284**	**284**	**-**	**-**	**-**
Investments	2.1/2.10	3,981,875	-	3,981,875	3,981,750	3,981,750
Other investment securities		-	-	-	-	-
Loans		5	-	5	5	5
Other non-current financial assets		-	-	-	-	3
Non-current financial assets	2.1/2.2/2.10	**3,981,880**	**-**	**3,981,880**	**3,981,755**	**3,981,758**
NON-CURRENT ASSETS		**3,982,201**	**321**	**3,981,880**	**3,981,755**	**3,981,758**
Trade accounts receivable		10	-	10	33	14
Financial accounts receivable		28	-	28	15,085	13,137
Other receivables		4,425	-	4,425	1,279	7,390
Short term investments	2.4	149,123	-	149,123	163,264	173,575
Cash and cash equivalents		6	-	6	27	1,452
CURRENT ASSETS	2.3/2.9/2.10	**153,592**	**-**	**153,592**	**179,689**	**195,568**
Prepaid expenses	2.3	830	-	830	705	814
Bond redemption premiums	2.3	2,445	-	2,445	2,713	1,943
TOTAL ASSETS		**4,139,068**	**321**	**4,138,747**	**4,164,862**	**4,180,083**

Liabilities and equity

(EUR thousands)	*Notes*	April 30, 2012 (4 months) Prior to appropriation	Dec. 31, 2011 (12 months) Prior to appropriation	Dec. 31, 2010 (12 months) Prior to appropriation
Share capital (fully paid up)		363,454	363,454	363,454
Share premium account		2,204,623	2,204,623	2,204,623
Revaluation adjustment		16	16	16
Legal reserve		36,345	36,345	36,345
Regulated reserves		-	-	-
Optional reserves		80,630	80,630	80,630
Retained earnings [(a)]		22,019	99,343	97,957
Profit for the fiscal year		**311,413**	**390,560**	**379,021**
Interim dividends	*1.6*	-	(178,093)	(159,920)
EQUITY	*2.5*	**3,018,500**	**2,996,878**	**3,002,126**
PROVISIONS FOR CONTINGENCIES AND LOSSES	*2.6*	**13,735**	**15,490**	**9,384**
Bonds	*2.8*	669,565	661,258	554,770
Bank loans and borrowings		402,442	484,757	609,522
Miscellaneous loans and borrowings		14,354	-	-
Borrowings		**1,086,361**	**1,146,015**	**1,164,292**
Trade accounts payable		1,236	743	541
Tax and social security liabilities		17,980	167	102
Other operating liabilities [(a)]		662	2,568	2,620
Operating liabilities		**19,878**	**3,478**	**3,263**
Other liabilities		273	3,001	1,018
LIABILITIES	*2.7/2.8/2.9/2.10*	**1,106,512**	**1,152,494**	**1,168,573**
Prepaid income		-	-	-
TOTAL LIABILITIES AND EQUITY		**4,138,747**	**4,164,862**	**4,180,083**

(a) Dividends attributable to treasury shares were reclassified under retained earnings in 2010, 2011 and 2012.

2. Income statement

(EUR thousands)	*Notes*	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Services provided		-	52	57
Net revenue		**-**	**52**	**57**
Reversals of depreciation, amortization and provisions		-	1,950	-
Other income and expense transfers		1,114	4,022	2,791
Operating income		**1,114**	**6,024**	**2,848**
Other purchases and external expenses		2,611	5,779	5,285
Taxes, duties and similar levies		102	315	42
Wages and salaries		1,114	7,109	6,666
Social security expenses		338	456	234
Depreciation and amortization		-	-	-
Provisions for contingencies and losses		3,547	6,142	1,950
Other expenses		39	131	133
Operating expenses		**7,751**	**19,932**	**14,310**
OPERATING PROFIT (LOSS)		**(6,637)**	**(13,908)**	**(11,462)**
NET FINANCIAL INCOME (EXPENSE)	*2.11*	**335,641**	**395,926**	**385,111**
PROFIT FROM RECURRING OPERATIONS		**329,004**	**382,018**	**373,649**
EXCEPTIONAL INCOME (EXPENSE)	*2.12*	**(6,415)**	**2,234**	**(2,713)**
Income taxes	*2.13/2.14*	(11,175)	6,308	8,085
NET PROFIT		**311,413**	**390,560**	**379,021**

3. Cash flow statement

(EUR millions)		April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
I - OPERATING ACTIVITIES				
Net profit		311	391	379
Net depreciation, amortization and provisions		(1)	6	7
Gain (loss) on sale of fixed assets		-	-	-
Cash from operations before changes in working capital		**310**	**397**	**386**
Change in current assets		(3)	3	(11)
Change in current liabilities		16	2	-
Changes in working capital		**13**	**5**	**(11)**
Net cash from operating activities	**I**	**323**	**402**	**375**
II - INVESTING ACTIVITIES				
Purchase of tangible and intangible fixed assets		-	-	-
Purchase of equity investments		(502)	-	-
Purchase of other non-current investments		-	-	-
Proceeds from sale of non-current financial assets		502	-	-
Net cash from (used in) investing activities	**II**	**-**	**-**	**-**
III - FINANCING ACTIVITIES				
Capital increase		-	-	-
Changes in other equity		-	-	-
Proceeds from financial debt		61	350	100
Repayments in respect of financial debt		(133)	(370)	(129)
Change in inter-company current accounts		29	-	-
Net cash from (used in) financing activities	**III**	**(43)**	**(20)**	**(29)**
IV - DIVIDENDS PAID DURING THE FISCAL YEAR	**IV**	**(292)**	**(396)**	**(375)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**I + II +III + IV**	**(12)**	**(14)**	**(29)**
Cash and cash equivalents at beginning of fiscal year		**161**	**175**	**204**
Cash and cash equivalents at end of fiscal year		**149**	**161**	**175**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(12)**	**(14)**	**(29)**

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 provisions for impairment.

4. Notes to the parent company financial statements

Amounts are expressed in thousands of euros unless otherwise indicated.

The Combined Shareholders' Meeting of April 5, 2012 voted to change the opening and closing dates of the Company's fiscal year to May 1 and April 30 of the following civil year, respectively. Exceptionally, the fiscal year having begun on January 1, 2012 thus ended on April 30, 2012.

The balance sheet total as of April 30, 2012 was 4,138,747 thousand euros. These parent company financial statements were approved for issue on July 26, 2012 by the Board of Directors.

NOTE 1 - ACCOUNTING POLICIES AND METHODS

The parent company financial statements have been prepared in accordance with Regulation 99-03 dated April 29, 1999 of the *Comité de la Réglementation Comptable* (Accounting Regulations Committee).

General accounting conventions have been applied observing the principle of prudence in conformity with the following basic assumptions: going concern, consistency of accounting methods, non-overlap of financial periods, and in conformity with the general rules for preparation and presentation of parent company financial statements.

The accounting items recorded have been evaluated using the historical cost method.

1.1. Intangible assets

Software is amortized using the straight-line method over one year.

1.2. Property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:
- furniture: 10 years.

1.3. Non-current financial assets

Equity investments as well as other non-current financial assets are recorded at the lower of their acquisition cost or their value in use. An impairment provision is recorded if their value in use is lower than their acquisition cost.

The value in use of equity investments is based on criteria such as the value of the portion of the net asset value of the companies involved, taking into account the stock market value of the listed securities that they hold.

In the event of partial investment sale, any gains or losses are recognized within net financial income/expense and calculated according to the weighted average cost method.

1.4. Accounts receivable and liabilities

Accounts receivable and liabilities are recorded at their face value. An impairment provision is recorded if their net realizable value, based on probability of their collection, is lower than their carrying amount.

1.5. Short term investments

Short term investments are valued at their acquisition cost. An impairment provision is recorded if their acquisition value is greater than their market value determined as follows:

- listed securities: average listed share price during the last month of the year;
- other securities: estimated realizable value or liquidation value.

In the event of partial investment sales, any gains or losses are calculated based on the FIFO method.

With respect to Christian Dior treasury shares allocated to share purchase option plans:

- if the plan is non-exercisable (market value of the Christian Dior share lower than the exercise price of the option), the calculation of the impairment, charged to net financial income/expense, is made in relation to the weighted average price of the plan in question;
- if the plan is exercisable (market value of the Christian Dior share greater than the exercise price of the option), a provision for losses is recorded on the balance sheet under liabilities whenever the expected exercise price is lower than the purchase price of the shares. Where applicable, this provision is apportioned using the straight-line method over the period over which the options are granted and is then recognized in the income statement under the heading "Wages and salaries".

With respect to Christian Dior treasury shares allocated to bonus share and performance share plans:

- they are not subject to impairment;
- their expense (portfolio value of shares allocated to these plans) is allocated on a straight-line basis over the vesting periods for the plans. It is recognized in the income statement under the heading "Wages and salaries", offset by a provision for losses recorded in the balance sheet.

Upon disposals of treasury shares, the cost of the shares sold is calculated for each plan individually based on the FIFO method. Gains or losses on the sale of treasury shares are recorded within exceptional income/expense, as well as under the heading "Wages and salaries" by way of the "Expense transfer" account.

1.6. Equity

In conformity with the recommendations of the *Compagnie nationale des Commissaires aux comptes* (National Board of Auditors), interim dividends are recorded as a deduction from equity.

1.7. Provisions for contingencies and losses

The Company establishes a provision for definite and likely contingencies and losses at the end of each financial period, observing the principle of prudence.

1.8. Foreign currency transactions

During the period, foreign currency transactions are recorded at the rates of exchange prevailing on the date of transactions.

Liabilities, accounts receivable and liquid funds in foreign currencies are revalued on the balance sheet at fiscal year-end exchange rates. The difference resulting from the revaluation of liabilities and accounts receivable in foreign currencies at the latter rate is recorded in the "Translation adjustment"; it is recorded under "Foreign exchange gains and losses" when it originates from the revaluation of liquid funds, except in the case of bank accounts matched with a loan in the same currency. In the latter case, the revaluation follows the same procedure as for accounts receivable and liabilities.

Provisions are recorded for unrealized losses unless hedged.

1.9. Net financial income (expense)

Net gains and losses on sales of short term investments (excluding sales of treasury shares) comprise expenses and income associated with sales.

NOTE 2 - ADDITIONAL INFORMATION RELATING TO THE BALANCE SHEET AND INCOME STATEMENT

2.1. Non-current assets

		Increases	Decreases	
(EUR thousands)	**Gross value as of 01/01/2012**	**Acquisitions, creations, contributions, transfers**	**Disposals**	**Gross value as of 04/30/2012**
Concessions, patents, and similar rights (software)	37	-	-	37
Intangible assets	**37**	**-**	**-**	**37**
Property, plant and equipment:				
• furniture	284	-	-	284
Property, plant and equipment	**284**	**-**	**-**	**284**
Investments	3,981,750	502,284	502,159	3,981,875
Loans	5	-	-	5
Other non-current financial assets	-	3	3	0
Non-current financial assets	**3,981,755**	**502,287**	**502,162**	**3,981,880**
TOTAL	**3,982,076**	**502,287**	**502,162**	**3,982,201**

During the fiscal year, Christian Dior Couture shares were reclassified under a company of which Christian Dior is the sole shareholder. This transaction was carried out on the basis of the value of the shares recorded in the Company's balance sheet.

2.2. Depreciation, amortization and impairment of fixed assets

(EUR thousands)	Position and changes in the period			
	Depreciation, amortization and impairment as of 01/01/2012	Appropriation, increases	Decreases	Depreciation, amortization and impairment as of 04/30/2012
Concessions, patents, and similar rights (software)	37	-	-	37
Intangible assets	**37**	**-**	**-**	**37**
Property, plant and equipment:				
• furniture	284	-	-	284
Property, plant and equipment	**284**	**-**	**-**	**284**
TOTAL	**321**	**-**	**-**	**321**

2.3. Analysis of accounts receivable by payment date

(EUR thousands)	Gross amount	Up to 1 year	More than 1 year
Current assets			
Trade accounts receivable	10	10	-
Financial accounts receivable	28	28	-
Other receivables	4,425	4,425	-
Prepaid expenses	830	830	-
Bond redemption premiums [(a)]	2,445	808	1,637
TOTAL	**7,738**	**6,101**	**1,637**

(a) Bond redemption premiums are amortized on a straight-line basis over the life of the bonds.

2.4. Transactions in the Company's own shares

2.4.1. Treasury shares

As of April 30, 2012, the value of treasury shares held, broken down according to the allocation of shares held, was as follows:

(EUR thousands)	As of April 30, 2012			
	Number of securities	Gross carrying amount	Impairment	Net book value
502-1 Shares available to be granted to employees and allocated to specific plans	2,312,583	144,828	-	144,828
502-2 Shares available to be granted to employees	67,623	4,295	-	4,295
TOTAL TREASURY SHARES	**2,380,206**	**149,123**	**-**	**149,123**

Portfolio movements during the four-month fiscal year were as follows:

	Purchase option plans		Bonus share plans		Non-allocated shares	
(EUR thousands)	Number of securities	Gross carrying amount	Number of securities	Gross carrying amount	Number of securities	Gross carrying amount
As of January 1, 2012	**2,257,500**	**140,276**	**182,195**	**11,530**	**156,861**	**11,458**
Purchases	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers	-	-	89,238	7,163	(89,238)	(7,163)
Options exercised	(134,000)	(7,591)	-	-	-	-
Shares allocated	-	-	(82,350)	(6,551)	-	-
As of April 30, 2012	**2,123,500**	**132,686**	**189,083**	**12,142**	**67,623**	**4,295**

2.4.2. *Stock option and similar plans*

Share purchase option plans

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

Eight share purchase option plans set up by Christian Dior were in force as of April 30, 2012.

Each plan has a term of ten years; options may be exercised, depending on the plan, after the end of a period of three to four years from the plan's commencement date. The exercise price of the options is calculated in accordance with legal provisions.

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

Apart from conditions relating to attendance within the Group, the exercise of options granted in 2009 is contingent on performance conditions. With respect to options granted to senior executive officers, their options may only be exercised if, in three of the four fiscal years from 2009 to 2012, either profit from recurring operations, net cash from operating activities and operating investments, or the Group's current operating margin rate shows a positive change compared to 2008. The performance condition was met with respect to the 2009, 2010 and 2011 fiscal years.

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

In relation to options granted under plans set up since 2008, if the Chairman of the Board of Directors or the Chief Executive Officer decides to exercise his options, he must retain possession, until the conclusion of his term of office, of a number of shares determined on the basis of the exercise date and corresponding to a percentage of his total gross compensation.

Allocation of bonus shares and performance shares

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

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

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

Performance shares are definitively allocated only if Christian Dior's consolidated financial statements both for the fiscal year in which the plan is set up (fiscal year "Y") and for fiscal year Y+1 show a positive change compared to fiscal year Y-1 in relation to one or more of the following indicators: profit from recurring operations, net cash from operating activities and operating investments, and current operating margin. With respect to the plan set up on April 15, 2010, the performance condition was satisfied in 2010 and 2011 and performance shares allocated to beneficiaries who were French residents for tax purposes as of that date were fully vested as of April 15, 2012. With respect to the plans set up on March 31 and July 26, 2011, this condition was satisfied in 2011. Beginning in 2012, Christian Dior's fiscal year no longer corresponds to the calendar year. For this reason, changes in these indicators are henceforth to be determined on the basis of the pro forma financial statements as of December 31 of each calendar year concerned.

In the event of the vesting of their share allocations, the Chairman and Chief Executive Officer are required to retain possession of half of these shares in pure registered form until the conclusion of their term in office.

2.5. Equity

2.5.1. Share capital

The share capital comprises 181,727,048 shares, each with a par value of 2 euros, of which 123,110,228 shares carry double voting rights.

2.5.2. Changes in equity

(EUR thousands)	
Equity as of 12/31/2011 (prior to appropriation of net profit)	**2,996,878**
Profit for the fiscal year ended 04/30/2012	311,413
Dividends paid (balance for fiscal year 2011)	(289,791)
Interim dividends for the fiscal year ended 04/30/2012	-
Equity as of 04/30/2012 (prior to appropriation of net profit)	**3,018,500**

2.6. Provisions for contingencies and losses

(EUR thousands)	**Amount as of 01/01/2012**	**Provisions of period**	**Reversals of period**	**Amount as of 04/30/2012**
Provision for specific contingencies	-	-	-	-
Provision for losses [(a)]	15,490	4,249	6,004	13,735
TOTAL	**15,490**	**4,249**	**6,004**	**13,735**

(a) Includes provision for losses with respect to share purchase option plans presumed to be exercisable as of April 30, 2012 (market value of the Christian Dior share greater than the exercise price of the option) and the bonus share allocation plans (see Note 1.5 Accounting policies).

2.7. Breakdown of other liabilities by due date

(EUR thousands)	**Gross amount**	**Up to 1 year**	**From 1 year to 5 years**	**More than 5 years**
Bonds	669,565	19,565	650,000	-
Bank loans and borrowings	402,442	142	402,300	-
Miscellaneous loans and borrowings	14,354	14,354	-	-
Trade accounts payable	1,236	1,236	-	-
Tax and social liabilities	17,980	17,980	-	-
Other operating liabilities	662	662	-	-
Other liabilities	273	273	-	-
TOTAL	**1,106,512**	**54,212**	**1,052,300**	**-**

2.8. Bonds

(EUR thousands)	**Nominal interest rate**	**Issuance rate** *(as % of par value)*	**Maturity**	**Nominal value as of 04/30/2012**	**Accrued interest**	**Total**
EUR 350,000,000 - 2009	3.750%	99.290%	2014	350,000	7,925	357,925
EUR 300,000,000 - 2011	4.000%	99.481%	2016	300,000	11,639	311,639
TOTAL				**650,000**	**19,565**	**669,565**

2.9. Accrued expenses and deferred income

(EUR thousands)	**Accrued expenses**	**Deferred income**
Liabilities		
Bonds	19,565	-
Bank loans and borrowings	93	-
Trade accounts payable	1,133	-
Tax and social security liabilities	44	-
Other liabilities	33	-

2.10. Items involving related companies

Balance sheet items

	Items involving the companies	
(EUR thousands)	**related (a)**	**connected to equity investments (b)**
Fixed assets		
Investments	3,981,875	-
Current assets		
Trade accounts receivable	10	-
Financial accounts receivable	28	-
Other receivables	4,425	-
Liabilities		
Miscellaneous loans and borrowings	14,354	-
Trade accounts payable	521	-
Other liabilities	240	-

(a) Companies that can be fully consolidated into one consolidated unit (e.g., parent company, subsidiary, affiliate in consolidated group).
(b) Percentage control between 10% and 50%.

Income statement items

(EUR thousands)	**Income**	**Expense**
Dividends received	341,800	-
Interest and similar expenses	131	-

2.11. Financial income and expenses

(EUR thousands)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Income from subsidiaries	341,800	441,073	413,427
Income from other investment securities and capitalized receivables	-	-	-
Other interest and similar income	132	436	16
Reversals and expenses transferred	6,004	546	9,139
Foreign exchange gains	3	4	-
Net gains on sales of short term investments	-	-	7
Financial income	**347,939**	**442,059**	**422,589**
Allowances to amortization and provisions	970	5,355	3,391
Interest and similar expenses	11,326	40,777	34,084
Foreign exchange losses	2	1	1
Net losses on sales of short term investments	-	-	2
Financial expenses	**12,298**	**46,133**	**37,478**
NET FINANCIAL INCOME (EXPENSE)	**335,641**	**395,926**	**385,111**

2.12. Exceptional income and expenses

(EUR thousands)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Income from management transactions	**-**	**-**	**-**
Other exceptional capital transactions	502,448	484	1,212
Income from capital transactions	**502,448**	**484**	**1,212**
Reversals and expenses transferred	**-**	**2,108**	**-**
Exceptional income	**502,448**	**2,592**	**1,212**
Exceptional expenses on management transactions	-	-	87
Expenses from management transactions	**-**	**-**	**87**
Other exceptional expenses on capital transactions	508,863	357	1,730
Expenses from capital transactions	**508,863**	**357**	**1,730**
Depreciation, amortization and provisions	**-**	**-**	**2,108**
Exceptional expenses	**508,863**	**358**	**3,925**
EXCEPTIONAL INCOME (EXPENSE)	**(6,415)**	**2,234**	**(2,713)**

2.13. Income tax

	April 30, 2012 (4 months)			Dec. 31, 2011 (12 months)			Dec. 31, 2010 (12 months)		
(EUR thousands)	Before tax	Tax	After tax	Before tax	Tax	After tax	Before tax	Tax	After tax
Profit from recurring operations	329,004	-	329,004	382,018	-	382,018	373,649	-	373,649
Exceptional income (expense)	(6,415)	(11,175) [(a)]	(17,590)	2,234	6,308	8,542	(2,713)	8,085	5,372
	322,589	**(11,175)**	**311,414**	**384,252**	**6,308**	**390,560**	**370,936**	**8,085**	**379,021**

(a) Of which, income from subsidiaries under the tax consolidation agreement: 6,629 thousand euros.

2.14. Tax position

Christian Dior is the parent company of a tax consolidation group comprising certain of its subsidiaries.

For the year ended April 30, 2012, this tax consolidation group included Christian Dior, Financière Jean Goujon, Sadifa and CD Investissements.

The tax consolidation agreement currently in force does not change the tax position of the subsidiaries concerned, which remains identical to that which would have been reported if the subsidiaries had been taxed individually.

In the event of a subsidiary's exit from the tax consolidation group, Christian Dior is required, under the aforementioned tax consolidation agreement, to compensate the exiting subsidiary for its share of any unused tax loss carryforwards.

The additional tax saving or expense, in the amount of the difference between the tax recognized by each of the companies and the tax resulting from the determination of the taxable profit of the Group, is recognized by Christian Dior.

The tax savings made in 2012 amounted to 6,629 thousand euros; the amount of these savings in 2011 came to 6,308 thousand euros.

As of April 30, 2012, the ordinary loss of the Group amounted to 198,039 thousand euros, and can be carried forward indefinitely.

NOTE 3 - OTHER INFORMATION

3.1. Financial commitments

Hedging instruments

Christian Dior no longer uses 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 and to respect certain financial covenants.

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 year ended April 30, 2012, the gross amount of compensation set aside for members of management bodies was 39 thousand euros.

3.4. Statutory Auditors' fees

	April 30, 2012 (4 months)		Dec. 31, 2011 (12 months)		Dec. 31, 2010 (12 months)	
(EUR thousands)	Ernst & Young et Autres	Mazars	Ernst & Young et Autres	Mazars	Ernst & Young et Autres	Mazars
Statutory Audit	81	70	86	86	85	85
Other services relating directly to the Statutory Audit assignment	8	-	4	4	-	-
TOTAL	**89**	**70**	**90**	**90**	**85**	**85**

3.5. Identity of the companies consolidating the accounts of Christian Dior

Company name	Registered office
Financière Agache	11, rue François 1er 75008 PARIS
Groupe Arnault	41, avenue Montaigne 75008 PARIS

5. Subsidiaries and investments

(EUR thousands)	Share capital	Equity other than share capital and excluding net profit	Percentage share held *(as %)*	Carrying amount of share held		Loans and advances provided	Deposits and sureties granted	Revenue excluding taxes for the prior fiscal year	Net profit (loss) for the prior fiscal year	Dividends received from 01/01/2012 to 04/30/2012
				Gross	Net					
A. Details involving the subsidiaries and investments below										
Subsidiaries										
• Financière Jean Goujon	1,005,294	1,969,274	100.00%	3,478,680	3,478,680	-	-	-	367,195	341,800
• Sadifa	81	1,582	99.66%	836	836	-	-	34	(4)	-
• Grandville	100,000	402,284	100.00%	502,284	502,284	-	-	-	(83)	-
• CD Investissements	50	(14)	100.00%	75	75	-	-	-	(3)	-
B. General information involving the other subsidiaries and investments										
None										

6. Investment portfolio, other investment securities and short term investments

(EUR thousands)	As of April 30, 2012 Number of securities	Net book value
Investments		
Financière Jean Goujon shares	62,830,900	3,478,680
Grandville shares	100,000,000	502,284
Sadifa shares	5,019	836
CD Investissements shares	5,000	75
Equity investments (shares and partnership shares)		**3,981,875**

(EUR thousands)	As of April 30, 2012 Number of securities	Net book value
Treasury shares	2,380,206	149,123
Short term investments	**2,380,206**	**149,123**
TOTAL EQUITY INVESTMENTS AND SHORT TERM INVESTMENTS		**4,130,998**

Number of treasury shares	**At beginning of period**	**Increase**	**Decrease**	**At end of period**
	2,596,556	-	216,350	2,380,206
TOTAL	**2,596,556**	**-**	**216,350**	**2,380,206**

7. Company results over the last five fiscal years

(EUR thousands)	Dec. 31, 2008 (12 months)	Dec. 31, 2009 (12 months)	Dec. 31, 2010 (12 months)	Dec. 31, 2011 (12 months)	April 30, 2012 (4 months)
1. Share capital					
Share capital at fiscal year-end	363,454	363,454	363,454	363,454	363,454
Number of ordinary shares outstanding	181,727,048	181,727,048	181,727,048	181,727,048	181,727,048
Maximum number of future shares to be created:					
• through exercise of equity warrants	-	-	-	-	-
• through exercise of share subscription options	-	-	-	-	-
2. Operations and profit for the fiscal year					
Revenue	5	27	57	52	-
Profit before taxes, depreciation, amortization and movements in provisions	357,925	278,963	369,247	391,145	321,101
Income tax (income)/expense	(4,246)	(1,880)	(8,085)	(6,308)	11,175
Earnings per share after taxes, depreciation, amortization and movements in provisions	309,976	342,584	379,021	390,560	311,413
Profit distributed as dividends [(a)]	292,581	301,667	383,444	474,308	-
3. Earnings per share *(EUR)*					
Earnings per share after taxes but before depreciation, amortization and movements in provisions	1.99	1.55	2.08	2.19	1.71
Earnings per share after taxes, depreciation, amortization and movements in provisions	1.71	1.89	2.09	2.15	1.71
Gross dividend distributed per share [(b)]	**1.61**	**1.66**	**2.11**	**2.61**	**-**
4. Employees					
Average number of employees	-	-	-	-	-
Total payroll [(c)]	384	2,154	5,787	6,522	1,114
Amount paid in respect of social security	387	132	1,113	1,043	338

(a) Amount of the distribution resulting from the resolution of the Shareholders' Meeting, before the effect of Christian Dior treasury shares as of the date of distribution. For the fiscal year ended April 30, 2012, amount proposed at the Shareholders' Meeting of October 26, 2012.
(b) Excludes the impact of tax regulations applicable to the beneficiaries.
(c) Including provisions, on plans presumed to be exercisable relating to purchase options and the allocation of bonus shares and performance shares, recognized under personnel expenses.

8. Statutory Auditors' reports

STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

To the Shareholders,

In accordance with our appointment as Statutory Auditors by your Shareholders' Meeting, we hereby report to you for the four-month fiscal year ended April 30, 2012 on:

- the audit of the accompanying financial statements of Christian Dior;
- the justification of our assessments;
- the specific procedures and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis or by other sampling methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of April 30, 2012 and of the results of its operations for the fiscal year then ended, in accordance with French accounting regulations.

2. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we hereby report on the following matter:

Note 1.3 to the financial statements sets out the accounting principles and methods applicable to non-current financial assets. As part of our assessment of the accounting principles used by your Company, we have verified the appropriateness of the above-mentioned accounting methods and that of the disclosures in the notes to the financial statements and have ascertained that they were properly applied.

The assessments on these matters were made in the context of our audit approach to the financial statements taken as a whole and therefore contributed to the opinion expressed in the first part of this report.

3. Specific procedures and disclosures

In accordance with professional standards applicable in France, we have also performed the specific procedures required by law.

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 in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits granted to the company officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company, from companies controlling your Company or controlled by it. Based on this work, we attest that such information is accurate and fair; it being specified that, as indicated in the Management report, this information relates to the remuneration and benefits in kind paid or incurred by your Company and the companies which it controls as well as the remuneration and benefits paid or incurred by your Company or the companies that it controls.

Pursuant to the law, we have verified that the Management report contains the appropriate disclosures as to the identity of and percentage interests held by shareholders.

Courbevoie and Paris-La Défense, July 30, 2012

The Statutory Auditors

MAZARS

Simon Beillevaire

ERNST & YOUNG et Autres

Olivier Breillot

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. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the Company financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on certain related party agreements and commitments.

Our responsibility is to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments that have been indicated to us or that we would have identified performing our role. We are not required to comment as to whether they are beneficial or appropriate, or to ascertain the existence of any other agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

However, we are required to inform you in accordance with Article R. 225-31 of the French Commercial Code of the implementation during the year of any related party agreements and commitments already approved by the Shareholder's Meeting.

We conducted all of the work that we considered to be necessary having regard to the professional doctrine of the *Compagnie nationale des Commissaires aux comptes*. This work involved verifying the consistency of the information that we were given with the source documents from which they were extracted.

Authorized agreements and commitments submitted to the approval of the Shareholders' Meeting

We hereby inform you that we were not informed of any agreements or commitments concluded during the fiscal year pending the approval of the Shareholders' Meeting subject to the provisions of Article L. 225-38 of the French Commercial Code.

Agreements and commitments already authorized by the 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 by the Shareholders' Meeting in prior years remained current during the fiscal year.

1. Agreement entered into with Groupe Arnault SAS

Nature and purpose

Assistance agreement.

Conditions

A service agreement concerning financial services, the management of cash requirements and surpluses, accounting methods, tax, financial engineering, and human resources and personnel management assistance has been concluded between your Company and Groupe Arnault SAS. In this respect, your Company incurred an expense of 1,263,335 euros including taxes for the four-month fiscal year ended April 30, 2012.

2. Agreement entered into with LVMH SA

Nature and purpose

Service agreement.

Conditions

This service agreement entered into with LVMH for the provision of legal services, particularly for corporate law issues and the management of Christian Dior's Securities Department, was maintained in 2012. Under this agreement, the expense incurred by your Company in respect of the four-month fiscal year ended April 30, 2012 was 18,239 euros including taxes.

Courbevoie and Paris-La Défense, July 30, 2012

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Simon Beillevaire	Olivier Breillot

This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Resolutions for the approval of the Combined Shareholders' Meeting of October 26, 2012

Ordinary resolutions	**182**
Extraordinary resolutions	**184**
Statutory Auditors' report on the proposed decrease in share capital	**191**
Statutory Auditors' report on the issue of shares or of any other investment securities with or without preferential subscription rights	**192**
Statutory Auditors' report on the issue of shares or of any other investment securities reserved for employees who have enrolled in a company savings plan	**194**
Statutory Auditors' report on the proposal to authorize the allotment of existing or newly issued shares as bonus shares	**195**

Resolutions for the approval of the Combined Shareholders' Meeting of October 26, 2012

ORDINARY RESOLUTIONS

First resolution
(Approval of the parent company financial statements)

The Shareholders' Meeting, after examining the reports of the Board of Directors, the Chairman of the Board of Directors, and the Statutory Auditors, hereby approves the parent company financial statements for the fiscal year ended April 30, 2012, including the balance sheet, income statement and notes, as presented to the Meeting, as well as the transactions reflected in these statements and summarized in these reports.

Second resolution
(Approval of the consolidated financial statements)

The Shareholders' Meeting, after examining the reports of the Board of Directors, and the Statutory Auditors, hereby approves the consolidated financial statements for the fiscal year ended April 30, 2012, 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 April 30, 2012 as follows:

Amount available for distribution *(EUR)*	
Net profit	311,413,301.21
Retained earnings	22,019,258.38
DISTRIBUTABLE EARNINGS	**333,432,559.59**
Proposed appropriation	
Gross dividend distribution of 1.10 euros per share	199,899,752.80
Allocated to retained earnings	133,532,806.79
TOTAL	333,432,559.59

Should this appropriation be approved, the gross dividend distributed would be 1.10 euros per share. It will be paid out as of December 4, 2012.

Under tax legislation applicable as of April 30, 2012, with respect to this dividend, individuals whose tax residence is in France will be entitled to a 40% tax deduction provided under Article 158 of the French Tax Code.

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

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

Fiscal year	Type	Payment date	Gross dividend (a) (EUR)	Tax deduction (b) (EUR)
2011	Interim	December 2, 2011	0.98	0.392
	Final	April 25, 2012	1.63	0.652
	TOTAL		**2.61**	**1.044**
2010	Interim	December 2, 2010	0.88	0.352
	Final	May 25, 2011	1.23	0.492
	TOTAL		**2.11**	**0.844**
2009	Interim	December 2, 2009	0.44	0.176
	Final	May 25, 2010	1.22	0.488
	TOTAL		**1.66**	**0.664**

(a) Excluding the impact of tax regulations applicable to the beneficiaries.
(b) For individuals with tax residence in France.

Fifth resolution

(Authorization to be given to the Board of Directors to trade in the Company's shares)

The Shareholders' Meeting, having examined the report of the Board of Directors, authorizes the latter to acquire Company shares, in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code and of Commission Regulation (EC) 2273/2003 of December 22, 2003.

In particular, the shares may be acquired in order (i) to provide market liquidity services (purchases/sales) under a liquidity contract set up by the Company, (ii) to cover stock option plans, the allotment of bonus shares or any other form of share allocation or share-based payment, in favor of employees or company officers either of the Company or of an affiliated company pursuant to the French Commercial Code, in particular as provided for in its Articles L. 225-180 and L. 225-197-2, (iii) to cover securities giving access to the Company's shares, notably by way of conversion, tendering of a coupon, reimbursement or exchange, (iv) to be retired subject to the approval of the seventh resolution, or (v) to be held so as to be exchanged or presented as consideration at a later date for external growth operations.

The purchase price at which the Company may buy its own shares may not exceed 200 euros per share. In the event of a capital increase through the capitalization of reserves and the allotment of bonus shares as well as in cases of a stock split or reverse stock split, the purchase price indicated above will be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the Company's share capital before and after the operation.

The maximum number of shares that may be purchased shall not exceed 10% of the share capital, adjusted to reflect operations affecting the share capital occurring after this Meeting, with the understanding that (i) if this authorization is used, 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 that (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 April 30, 2012, this limit of 10% of the share capital corresponded to 18,172,704 shares. The maximum total amount dedicated to these purchases may not exceed 3.7 billion euros.

The share acquisition transactions described above, as well as any sale or transfer of these shares, may be carried out by any method in compliance with applicable laws and regulations, including through the use of derivatives and through block purchases or sales.

All powers are granted to the Board of Directors to implement this authorization. The Board may delegate said powers to the Chief Executive Officer or, if deemed necessary and with the latter's consent, to a Group Managing Director, in order to place any stock market orders, enter into any agreements, sign any documents, file any declarations, carry out any formalities, and generally take any other actions required in the implementation of this authorization.

This authorization, which replaces the authorization conferred by the Combined Shareholders' Meeting of April 5, 2012, is hereby given for a period of eighteen months as of the date of this Meeting.

EXTRAORDINARY RESOLUTIONS

Sixth resolution

(Delegation of authority to be given to the Board of Directors to increase the share capital through the capitalization of profit, reserves, additional paid-in capital, or other items)

The Shareholders' Meeting, having examined the report of the Board of Directors and in accordance with the provisions of the French Commercial Code, in particular its Articles L. 225-129, L. 225-129-2 and L. 225-130, and having met the conditions of quorum and majority required for Ordinary Shareholders' Meetings, hereby:

1. delegates its authority to the Board of Directors to carry out, in such amounts and at such times as it may deem fit, one or more capital increases through the capitalization of all or a portion of profit, reserves, additional paid-in capital, or other items as permitted by law and the Bylaws, through the issue of new shares, or through an increase in the par value of existing shares;
2. determines that this delegation of authority shall be valid for a period of twenty-six months as of the date of this Meeting;
3. decides, should the Board of Directors use the authority thus delegated, that the total nominal amount of capital increases that may be carried out shall not exceed eighty (80) million euros, subject to the provisions of the sixteenth resolution;
4. takes note that this delegation of authority entails the granting to the Board of Directors of all necessary powers, including the option to sub-delegate said powers to the Chief Executive Officer or, if deemed necessary and with the latter's consent, to a Group Managing Director, in order to implement this delegation, under the terms and conditions set forth by law, and in particular in order to:
   - determine the amount and nature of the items to be capitalized, determine the number of new shares to be issued and/or the new par value of the shares comprising the share capital, set the date, even with retroactive effect, from which the new shares shall have dividend rights or the date on which the increase in the par value shall take effect,
   - decide that fractional rights may not be traded, that the corresponding shares shall be sold and that the proceeds of the sale shall be allotted to the holders of the rights,
   - execute any agreement, take any action, and complete any formalities required for the issue;
5. decides that this delegation of authority shall replace that given by the Combined Shareholders' Meeting of March 31, 2011.

Seventh resolution

(Authorization to be given to the Board of Directors to reduce the share capital through the cancellation of shares)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors, hereby:

1. authorizes the Board of Directors to reduce the share capital of the Company, on one or more occasions, by canceling the shares acquired in accordance with the provisions of Article L. 225-209 of the French Commercial Code;
2. determines that this authorization shall be valid for a period of eighteen months as of the date of this Meeting;
3. sets the maximum amount of the capital reduction that may be performed over a twenty-four month period to 10% of 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 any required acts and formalities, amend the Bylaws accordingly, and generally take any other actions required in the implementation of this authorization;
5. decides that this authorization shall replace that given by the Combined Shareholders' Meeting of April 5, 2012.

Eighth resolution

(Delegation of authority to be given to the Board of Directors to increase the share capital 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, hereby:

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 accounting unit based on a basket of currencies, with preferential subscription rights for existing shareholders, of ordinary shares and more generally of any other investment securities, composite or not, including subscription or acquisition warrants issued on a standalone basis, giving either immediate or future access, at any time or on a predetermined date, to the Company's share capital or conferring entitlement to debt securities, by subscription, whether in cash or by offsetting receivables, through conversion, exchange, repayment, tendering of a coupon or in any other manner, with the understanding that debt securities may be issued with or without guarantees, in forms, at rates and under terms and conditions that the Board of Directors shall deem appropriate, and that the issuance of preference shares is excluded from the scope of this delegation;
2. determines that this delegation of authority shall be valid for a period of twenty-six months as of the date of this Meeting;
3. decides, should the Board of Directors use the authority thus delegated, that the total nominal amount of capital increases that may be carried out, whether immediately or over time, shall not exceed eighty (80) million euros, subject to the provisions of the sixteenth resolution. To this ceiling shall be

added, where applicable, the nominal amount of any shares to be issued in the event of further financial transactions carried out, as provided by law, to protect the rights of holders of investment securities giving access to the Company's share capital, the rights of beneficiaries of options to subscribe for or purchase shares;

4. decides, should the Board of Directors use the authority thus delegated, that if subscriptions in respect of pro rata entitlements and, where applicable, subscriptions in respect of applications by shareholders that may be reduced, do not absorb the entirety of an issue of securities, the Board of Directors may have recourse, subject to the terms and conditions set forth by law and in the order it shall determine, to any of the options provided for by Article L. 225-134 of the French Commercial Code, and in particular may offer to the general public all or a portion of the unsubscribed shares and/or investment securities;

5. takes note that, should the Board of Directors use the authority thus delegated, the decision to issue investment securities giving access to the Company's share capital shall entail, in favor of the holders of the issued securities, the express waiver by shareholders of their preferential right to subscribe for the shares to which the investment securities so issued shall give access;

6. grants all necessary powers to the Board of Directors, including the option to sub-delegate said powers to the Chief Executive Officer or, if deemed necessary and with the latter's consent, to a Group Managing Director, in order to:

- implement this delegation of authority, under the terms and conditions set forth by law,
- apply the expenses 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 capital following each increase,
- make all adjustments required in accordance with applicable laws and regulations and determine the terms ensuring, where applicable, the protection of the rights of holders of investment securities giving future access to the Company's share capital;

7. decides that this delegation of authority shall replace that given by the Combined Shareholders' Meeting of March 31, 2011.

Ninth resolution

(Delegation of authority to be given to the Board of Directors to increase the share capital without preferential subscription rights though a public offering)

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, hereby:

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, either in euros or in any other currency or accounting unit based on a basket of currencies, of ordinary shares and more generally of any other investment securities, composite or not, including subscription or acquisition warrants issued on a standalone basis, giving either immediate or future access, at any time or on a predetermined date, to the Company's share capital or conferring entitlement to debt securities, by subscription, whether in cash or by offsetting receivables, through conversion, exchange, repayment, tendering of a coupon or in any other manner, with the understanding that debt securities may be issued with or without guarantees, in forms, at rates and under terms and conditions that the Board of Directors shall deem appropriate, and that the issuance of preference shares is excluded from the scope of this delegation;

2. determines that this delegation of authority shall be valid for a period of twenty-six months as of the date of this Meeting;

3. decides, should the Board of Directors use the authority thus delegated, that the total nominal amount of capital increases that may be carried out, whether immediately or over time, shall not exceed eighty (80) million euros, subject to the provisions of the sixteenth resolution. To this ceiling shall be added, where applicable, the nominal amount of any shares to be issued in the event of further financial transactions carried out, as provided by law, to protect the rights of holders of investment securities giving access to the Company's share capital;

4. decides to exclude the preferential right of shareholders to subscribe for any shares or other investment securities that may be issued under this resolution, while leaving the Board of Directors free to grant to shareholders, for such period and under such terms as it shall determine in accordance with the provisions of Article L. 225-135 of the French Commercial Code and for all or part of any issue made, a non-negotiable priority subscription right that shall be exercised in proportion to the number of shares held by each shareholder, and that may be supplemented by subscriptions in respect of applications by shareholders that may be reduced;

5. takes note that, should the Board of Directors use the authority thus delegated, the decision to issue investment securities giving access to the Company's share capital shall entail, in favor of the holders of the issued securities, the express waiver by shareholders of their preferential right to subscribe for the shares to which the investment securities so issued shall give access;

6. decides, in accordance with Article L. 225-136 1° subparagraph 1 of the French Commercial Code, that the amount of the consideration accruing and/or to accrue at a later date to the Company for each of the shares issued or to be issued under this delegation of authority, taking into account, in the event of the issue of standalone share subscription warrants, the issue price of such warrants, shall be at least equal to the minimum price set forth in legislative and regulatory provisions in force at the time of the issue (equivalent as of the date of this Meeting to the weighted average of the share price over the last three trading days on the regulated market of Euronext Paris preceding the determination of the subscription price for the capital increase, less a maximum discount of 5%, after adjustment of such average for any difference in the dates from which the shares in question shall have dividend rights);

7. grants the same powers to the Board of Directors, including

the option to sub-delegate said powers to the Chief Executive Officer or, if deemed necessary and with the latter's consent, to a Group Managing Director, as those specified under point 6 of the eighth resolution;

8. decides that this delegation of authority shall replace that given by the Combined Shareholders' Meeting of March 31, 2011.

Tenth resolution

(Delegation of authority to be given to the Board of Directors to increase the share capital 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, hereby:

1. delegates its authority to the Board of Directors to proceed with the issue, on one or more occasions, in such amounts and at such times as it may deem fit, on the French and/or international market, by way of an offering provided for in Article L. 411-2 II of the French Monetary and Financial Code, either in euros or in any other currency or accounting unit based on a basket of currencies, of ordinary shares and more generally of any other investment securities, composite or not, including subscription or acquisition warrants issued on a standalone basis, giving either immediate or future access, at any time or on a predetermined date, to the Company's share capital or conferring entitlement to debt securities, by subscription, whether in cash or by offsetting receivables, through conversion, exchange, repayment, tendering of a coupon or in any other manner, with the understanding that debt securities may be issued with or without guarantees, in forms, at rates and under terms and conditions that the Board of Directors shall deem appropriate, and that the issuance of preference shares is excluded from the scope of this delegation;

2. determines that this delegation of authority shall be valid for a period of twenty-six months as of the date of this Meeting;

3. decides, should the Board of Directors use the authority thus delegated, that the total nominal amount of capital increases that may be carried out, whether immediately or over time, shall not exceed eighty (80) million euros, subject to the provisions of the sixteenth resolution. To this ceiling shall be added, where applicable, the nominal amount of any shares to be issued in the event of further financial transactions carried out, as provided by law, to protect the rights of holders of investment securities giving access to the Company's share capital. Furthermore, in accordance with the provisions of Article L. 225-136 of the French Commercial Code, the amount of shares that may be issued per year shall not exceed 20% of the Company's share capital as of the date of the issue;

4. decides, in accordance with Article L. 225-135 of the French Commercial Code, to exclude the preferential right of shareholders to subscribe for any investment securities that may be issued under this resolution;

5. takes note that, should the Board of Directors use the authority thus delegated, the decision to issue investment securities giving access to the Company's share capital shall automatically entail, in favor of the holders of the issued securities, the express waiver by shareholders of their preferential right to subscribe for the shares to which the investment securities so issued shall give access;

6. decides, in accordance with Article L. 225-136 1° subparagraph 1 of the French Commercial Code, that the amount of the consideration accruing and/or to accrue at a later date to the Company for each of the shares issued or to be issued under this delegation of authority, taking into account, in the event of the issue of standalone share subscription warrants, the issue price of such warrants, shall be at least equal to the minimum price set forth in legislative and regulatory provisions in force at the time of the issue (equivalent as of the date of this Meeting to the weighted average of the share price over the last three trading days on the regulated market of Euronext Paris preceding the determination of the subscription price for the capital increase, less a maximum discount of 5%, after adjustment of such average for any difference in the dates as of which the shares in question shall have dividend rights);

7. grants the same powers to the Board of Directors, including the option to sub-delegate said powers to the Chief Executive Officer or, if deemed necessary and with the latter's consent, to a Group Managing Director, as those specified under point 6 of the eighth resolution;

8. decides that this delegation of authority shall replace that given by the Combined Shareholders' Meeting of March 31, 2011.

Eleventh resolution

(Authorization to be given to the Board of Directors to set the issue price of shares and/or other investment securities giving access to the Company's share capital under certain conditions, in a total issue amount not to exceed 10% of the share capital per year, in connection with a capital increase through the issue of shares and/or other investment securities without 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 Article L. 225-136 1° subparagraph 2 of the French Commercial Code, hereby authorizes the Board of Directors, with the option to delegate this authority as provided by law, for issues decided under the ninth and tenth resolutions and in a total issue amount not to exceed 10% of the share capital per year as of the date of the issue, to depart from rules for the determination of the issue price of shares to be issued under the aforementioned resolutions by applying a maximum discount of 10% to the weighted average of the share price over the last three trading days on the regulated market of Euronext Paris preceding the determination of the subscription price for the capital increase.

Twelfth resolution

(Delegation of authority to be given to the Board of Directors to increase the number of shares to be issued for issues that are oversubscribed)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors, hereby decides that in the event of an issue approved in application of the delegations of authority given to the Board of Directors under the eighth, ninth and/or tenth resolutions, the number of shares to be issued may be increased, if an issue is oversubscribed, under the conditions and within the limits provided under Articles L. 225-135-1 and R. 225-118 of the French Commercial Code, subject to the maximum nominal amount set forth in the aforementioned resolutions.

Thirteenth resolution

(Delegation of authority to be given to the Board of Directors to increase the share capital in connection with a public exchange offer)

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, hereby:

1. delegates its authority to the Board of Directors to proceed with the issue, on one or more occasions, and at such times as it may deem fit, of shares and more generally of any other investment securities giving access to the Company's share capital or conferring entitlement to debt securities provided the underlying securities are shares, as consideration for shares contributed to a public exchange offer for the shares of another company admitted to trading on a regulated market, as defined under Article L. 225-148 of the French Commercial Code;

2. determines that this delegation of authority shall be valid for a period of twenty-six months as of the date of this Meeting;

3. decides that the total nominal amount of capital increases that may be carried out under this resolution shall not exceed eighty (80) million euros, subject to the provisions of the sixteenth resolution. To this ceiling shall be added, where applicable, the nominal amount of any shares to be issued in the event of further financial transactions carried out, as provided by law, to protect the rights of holders of investment securities giving access to the Company's share capital;

4. decides, should the Board of Directors use the authority thus delegated, including its use of the option to sub-delegate this authority within the limits set forth by law, that the Board or its sub-delegatee shall have full powers to carry out all necessary measures, particularly in order to:

- approve the list of securities tendered in the exchange, approve the terms of the issue, the exchange ratio and where applicable the amount of the residual cash balance to be paid as well as to determine the terms and conditions of the issue, whether in connection with a public exchange offer, an alternative takeover bid or exchange offer, a public offering covering the acquisition or exchange of the relevant securities against settlement in securities and cash, or a public tender offer (OPA) or exchange offer (OPE) combined with a subsidiary OPE or OPA,
- determine the date from which the new shares shall have dividend rights,
- apply where applicable any expenses arising in connection with capital increases against the amount of the contribution premiums and deduct from such amount the sum required in order to bring the legal reserve to one-tenth of the new capital after each increase,
- amend the Bylaws accordingly;

5. decides that this delegation of authority shall replace that given by the Combined Shareholders' Meeting of March 31, 2011.

Fourteenth resolution

(Delegation of authority to be given to the Board of Directors to increase the share capital in connection with contributions in kind)

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. 225-147 and L. 225-147-1, hereby:

1. delegates to the Board of Directors such powers as are necessary in order to proceed with the issue, on one or more occasions, at such times as it may deem fit, of shares and more generally of any other investment securities giving access to the Company's share capital or conferring entitlement to debt securities provided that the underlying securities are shares, as consideration for contributions in kind granted to the Company and consisting of shares or investment securities giving access to the Company's share capital, in cases where the provisions of Article L. 225-148 of the French Commercial Code do not apply;

2. determines that this delegation of authority shall be valid 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 date of issue, subject to the provisions of the sixteenth resolution. To this ceiling shall be added, where applicable, the nominal amount of the shares to be issued in the event of further financial transactions carried out, as provided by law, to protect the rights of holders of investment securities giving access to the Company's share capital;

4. decides, should the Board of Directors use the authority thus delegated, that it shall have full powers to carry out all necessary measures, particularly in order to:

- approve the report of the asset transfer auditor(s) *(Commissaire(s) aux apports)* and the valuation of the contribution,
- determine the date from which the new shares shall have dividend rights,

- apply where applicable any expenses arising in connection with capital increases against the amount of the contribution premiums and deduct from such amount the sum required in order to bring the legal reserve to one-tenth of the new capital after each increase,
- amend the Bylaws accordingly;

5. decides that this authorization shall replace that given by the Combined Shareholders' Meeting of March 31, 2011.

Fifteenth resolution

(Delegation of authority to be given to the Board of Directors to carry out capital increases reserved for Group employees)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and acting in accordance with the provisions of Articles L. 225-129-2, L. 225-138 and L. 225-138-1 of the French Commercial Code and in accordance with the provisions of Article L. 3332-1 *et seq.* of the French Labor Code, while also satisfying the requirements of Article L. 225-129-6 of the French Commercial Code, hereby:

1. delegates its authority to the Board of Directors (i) to increase the Company's share capital through the issue of shares or more generally of any other investment securities, on one or more occasions, as provided by Articles L. 3332-18 *et seq.* of the French Labor Code, that would be reserved for employees of the Company and of any other affiliated companies within the meaning of Article L. 3344-1 of the French Labor Code, who have enrolled in a company savings plan (PEE) and (ii) to allot, where applicable, performance shares or investment securities giving access to the Company's share capital as a replacement, in full or in part, for the discount set forth in point 4 below, under the conditions and within the limits provided by Article L. 3332-21 of the French Labor Code, with the understanding that, as necessary, the Board of Directors may substitute for all or a portion of this capital increase, the transfer, under the same conditions, of securities already issued by the Company;

2. determines that this delegation of authority shall be valid for a period of twenty-six months as of the date of this Meeting;

3. decides, subject to the provisions of the sixteenth resolution, that the total number of shares issued under this delegation, including those resulting from shares or investment securities giving access to the Company's share capital that may be allotted as bonus shares as a 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 shall be added, where applicable, the additional number of shares to be issued, as provided by law, to protect the rights of holders of investment securities giving access to the Company's share capital;

4. decides that (i) the subscription price of newly issued shares may neither be greater than the average of the opening price for existing shares on the regulated market of Euronext Paris during the twenty trading sessions preceding the day of the decision by the Board of Directors or the Chief Executive Officer setting the opening date for the subscription period nor more than 20% lower than this average, with the understanding that the Board of Directors or the Chief Executive Officer may, where applicable, reduce or eliminate the discount which might otherwise apply, in order to take into account, in particular, legal frameworks or tax regimes applicable outside France or decide to fully or partially replace this maximum discount of 20% with the allotment of bonus shares and/or of investment securities giving access to the Company's share capital and that (ii) the issue price for investment securities giving access to the Company's share capital shall be determined as provided by Article L. 3332-21 of the French Labor Code;

5. decides to exclude the preferential right of shareholders to subscribe for any shares or to any investment securities giving access to the Company's share capital that may be issued under this delegation and reserved for employees as set forth above and to require the waiver of any rights to receive shares or investment securities giving access to the Company's share capital that might be allotted free of charge under the terms of this resolution;

6. grants full powers to the Board of Directors, including the option to sub-delegate said powers as provided by law, to implement this delegation and in particular to:

- determine the length of service requirements that must be met in order to participate in the operation, within any limits set forth by law, 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 one of 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 limit 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) and draw up or amend their regulations,
- set the opening and closing dates for the subscription period and the issue price for securities,
- proceed with the allotment of bonus shares or of investment securities giving access to the Company's share capital, within the limits set forth by Articles L. 3332-18 *et seq.* of the French Labor Code, 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 issued is oversubscribed,
- apply the expenses of the share capital increases and of the issue of other securities giving access to the Company's share capital 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 capital following each increase;

7. decides that this delegation of authority shall replace that given by the Combined Shareholders' Meeting of March 31, 2011.

Sixteenth resolution

(Determination of an overall ceiling for all capital increases decided in application of 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 that the cumulative nominal amount of issues that may be decided in application of the delegations of authority given to the Board of Directors under the preceding resolutions shall not exceed eighty (80) million euros. It is to be understood that this amount shall be augmented by the nominal amount of capital increases to be carried out, as provided by law, to protect the rights of holders of the securities issued previously. In the event of a capital increase by way of the capitalization of additional paid-in capital, reserves, profit or other items in the form of an allotment of bonus shares during the validity period of such delegations of authority, the aforementioned maximum nominal amount (excluding issue premiums) shall 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.

Seventeenth resolution

(Authorization to be given to the Board of Directors to allot bonus shares to Group employees and senior executive officers)

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code, hereby:

1. authorizes the Board of Directors, at its sole discretion, to allot existing or newly issued shares as bonus shares, on one or more occasions, to employees or senior executive officers of the Company or of any affiliated entities within the meaning of Article L. 225-197-2 of the French Commercial Code, or to certain categories of employees or senior executive officers, with the understanding that the total amount of bonus shares allotted may not exceed 1% of the Company's share capital as of the date of this Meeting, it being specified that the amount of this capital increase shall be offset against the overall ceiling of 80 million euros defined in the sixteenth resolution above;

2. determines that this authorization shall be valid for a period of twenty-six months as of the date of this Meeting;

3. decides that the allotment of shares to their beneficiaries shall become definitive either (i) after a minimum vesting period of two years, the beneficiaries being required in this case to hold the shares for a minimum of two more years once fully vested or (ii) after a minimum vesting period of four years, without any requirement to hold the shares once fully vested. The Board of Directors shall be entitled to choose between these two options, making use of them either alternately or concurrently and may, in the first case, extend the vesting period and/or the holding period and, in the second case, extend the vesting period and/or set a holding period.

However, the allotment of shares to beneficiaries with a disability corresponding to a classification in the second or third category set forth in Article L. 341-4 of the French Social Security Code shall become definitive before the end of the applicable vesting period. Moreover, in this case, the shares in question shall be freely transferable;

4. authorizes the Board of Directors to make, where applicable during the vesting period, any adjustments to the number of shares in connection with any transactions involving the Company's share capital, in order to protect the rights of beneficiaries;

5. takes note that if the allotment involves an issue of new shares, this authorization entails the automatic waiver by shareholders, in favor of the beneficiaries of bonus shares, of their preferential right to subscribe for the new shares to be issued;

6. decides, should the Board of Directors use this authorization, including its use of the option to delegate its authority within the limits set forth by law, that the Board or its delegatee shall have full powers to carry out all necessary measures, particularly in order to:

- draw up the lists of bonus share beneficiaries,
- set the terms and conditions for the allotment of bonus shares and, where applicable, the allotment criteria,
- make the vesting of any portion or all of the shares subject to one or more performance conditions that it shall determine,
- set the dates from which shares shall have dividend rights,
- where applicable, record the completion of each capital increase, amend the Bylaws accordingly, and more generally take any and all actions required in the implementation of this authorization;

7. decides that this authorization shall replace that given by the Combined Shareholders' Meeting of March 31, 2011.

Eighteenth resolution

(Amendment of the Bylaws)

The Shareholders' Meeting, having examined the report of the Board of Directors, hereby decides to amend Articles 15 and 24 of the Company's Bylaws in order to:

- set seventy years as the age limit applicable to the Chief Executive Officer and to the Group Managing Directors (Article 15);
- modify the dates on which the fiscal year begins and ends, respectively, to the first day of July and the thirtieth day of June of the following civil year (Article 24). This modification shall not apply to the current fiscal year, which will end on the thirtieth day of April 2013. By exception, the following fiscal period will last two months from the first day of May to the thirtieth day of June 2013.

As a consequence of the preceding, points II-2 and II-3 of Article 15 and Article 24 of the Bylaws shall read as follows:

Article 15 - Chairman – Executive Management

…/…

II - Executive Management

…/…

2. Chief Executive Officer

The Chief Executive Officer may or may not be chosen from among the Directors. The Board sets his term of office as well as his compensation. The age limit for serving as Chief Executive Officer is seventy years. Should the Chief Executive Officer reach this age limit, his term of office shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

…/…

3. Group Managing Directors

…/…

The age limit for eligibility to perform the duties of Group Managing Director is seventy years. Should a Group Managing Director reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

Article 24 - Fiscal year

Each fiscal year has a duration of twelve months, commencing on the first day of July and ending on the thirtieth day of June of the following civil year.

STATUTORY AUDITORS' REPORT ON THE PROPOSED DECREASE IN SHARE CAPITAL (SEVENTH RESOLUTION)

To the Shareholders,

In our capacity as Statutory Auditors of Christian Dior and in accordance with the procedures provided for in Article L. 225-209 of the French Commercial Code (*Code de commerce*) on the decrease in share capital by way of the cancellation of shares purchased, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed decrease in share capital.

Shareholders are requested to confer all necessary powers on the Board of Directors, for a period of eighteen months as from the date of this Shareholders' Meeting, to cancel, up to a maximum of 10% of its share capital, by 24-month period, the shares purchased by your 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 particular, in verifying the fairness of the reasons for and the terms and conditions of the proposed decrease in share capital, which does not interfere with the equal treatment of shareholders.

We have no comments on the reasons for and the terms and conditions of the proposed decrease in share capital.

Courbevoie and Paris-La Défense, July 30, 2012

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Simon Beillevaire	Olivier Breillot

This is a free translation of the original French text for information purposes only.

STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES OR OF ANY OTHER INVESTMENT SECURITIES WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS (EIGHTH, NINTH, TENTH, ELEVENTH, TWELFTH, THIRTEENTH AND FOURTEENTH RESOLUTIONS)

To the Shareholders,

In our capacity as Statutory Auditors of Christian Dior 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 investment securities, transactions on which you are asked to vote.

On the basis of its report, your Board of Directors proposes that:

- it be delegated the authority, for a period of twenty-six months as from the date of this Shareholders' Meeting, to decide upon the following transactions, setting the final terms and conditions of these issues and, if applicable, excluding your preferential subscription rights:
  - issuance of ordinary shares and any other investment securities giving access to the Company's share capital or conferring entitlement to debt securities, with preferential subscription rights (eighth resolution),
  - issuance of ordinary shares and any other investment securities giving access to the Company's share capital or conferring entitlement to debt securities, without preferential subscription rights, by way of public offerings (ninth resolution),
  - issuance of ordinary shares and any other investment securities giving access to the Company's share capital or conferring entitlement to debt securities, without preferential subscription rights, by way of offerings provided for in Article L. 411-2 II of the French Monetary and Financial Code (*Code monétaire et financier*) in an annual amount not to exceed 20% of the share capital (tenth resolution),
  - issuance of ordinary shares and any other investment securities giving access to the Company's share capital or conferring entitlement to debt securities, provided the underlying securities are shares, as consideration for shares contributed to a public exchange offer initiated by your Company (thirteenth resolution).
- it be authorized, under the eleventh resolution and in connection with the implementation of the delegations provided for in the ninth and tenth resolutions, to set the issue price within the legally applicable annual limit of 10% of the share capital;
- it be delegated the authority, for a period of twenty-six months as from the date of this Shareholders' Meeting, to determine the procedures for the issuance of shares or investment securities giving access to the Company's share capital or conferring entitlement to debt securities provided that the underlying securities are shares, as consideration for contributions in kind granted to the Company and consisting of equity securities or investment securities giving access to the Company's share capital, in an amount not to exceed 10% of the share capital (fourteenth resolution).

The total nominal amount of capital increases that may be carried out, whether immediately or over time, under the eighth, ninth, tenth, thirteenth, fourteenth and fifteenth resolutions, may not exceed 80 million euros.

This overall ceiling takes into account the additional securities to be created in connection with the implementation of the delegations provided for in the eighth, ninth and tenth resolutions, in accordance with the provisions of Article L. 225-135-1 of the French Commercial Code, provided that you approve the twelfth resolution.

It is the Board of Directors' responsibility to prepare a report in accordance with Article R. 225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion as to the fair presentation of the quantitative information extracted from the financial statements, on the proposed exclusion of preferential subscription rights, and on certain other information pertaining to these transactions 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. Our work consisted in verifying the content of the Board of Directors' report as it relates to these transactions and the methods used to determine the issue price of 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 on the methods used to determine the issue price of the equity securities to be issued as presented in the Board of Directors' report in connection with the ninth, tenth and eleventh resolutions.

Furthermore, as this report does not specify the methods to be used to determine the issue prices of equity securities to be issued under the eighth, thirteenth and fourteenth resolutions, we are not able to express an opinion on the elements entering into the calculation of these issue prices.

As the final terms and conditions under which the issues will be carried out have yet to be established, we also do not express any opinion on these terms and conditions nor, as a consequence, on the proposal to exclude preferential subscription rights submitted to you as part of the ninth, tenth and eleventh resolutions.

In accordance with Article R. 225-116 of the French Commercial Code, we shall issue a supplemental report, where necessary, upon the use of this delegation by your Board of Directors, in the event of the issuance of investment securities giving access to the Company's share capital or conferring entitlement to debt securities and in the event of any issuance that excludes preferential subscription rights.

Courbevoie and Paris-La Défense, July 30, 2012

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Simon Beillevaire	Olivier Breillot

This is a free translation of the original French text for information purposes only.

STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES OR OF ANY OTHER INVESTMENT SECURITIES RESERVED FOR EMPLOYEES WHO HAVE ENROLLED IN A COMPANY SAVINGS PLAN (FIFTEENTH RESOLUTION)

To the Shareholders,

In our capacity as Statutory Auditors of Christian Dior 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 proposal to delegate to the Board of Directors the authority to proceed with the issuance, on one or several occasions, of ordinary shares or more generally of any other investment securities giving access to the Company's share capital, without preferential subscription rights, that would be reserved for employees of your Company and of any other affiliated companies within the meaning of Article L. 3344-1 of the French Labor Code (*Code du travail*), who have enrolled in a company savings plan, a transaction on which you are asked to vote.

This capital increase is subject to your approval pursuant to the provisions of Article L. 225-129-6 of the French Commercial Code as well as the provisions of Article L. 3332-18 *et seq.* of the French Labor Code.

Subject to the overall ceiling of 80 million euros for all delegations of authority resulting from the resolutions submitted for the approval of this Shareholders' Meeting, as set under the sixteenth resolution, the total number of shares that may result from all issuances under this delegation, including those resulting from shares or investment securities giving access to the Company's share capital that may be allotted as bonus shares as a full or partial replacement for the discount as provided by Article 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 report.

On the basis of its report, your Board of Directors proposes that it be delegated the authority, for a period of twenty-six months, to decide upon an issue of this type and that your preferential subscription rights be excluded. If applicable, it shall be responsible for determining the final issue terms and conditions for this transaction.

It is the Board of Directors' responsibility to prepare a report in accordance with Article R. 225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion as to the fair presentation of the quantitative information extracted from the financial statements, on the proposed exclusion of preferential subscription rights, and on certain other information pertaining to this issue 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. Our work consisted in verifying the content of the Board of Directors' report as it relates to this transaction and the methods used to determine the issue price of equity securities to be issued.

Subject to our review in due course of the terms and conditions of the proposed issue, we have no comments to offer on the methods used to determine the issue price of the equity securities to be issued as presented in the Board of Directors' report.

As the final terms and conditions under which the issue will be carried out have yet to be established, we do not express any opinion on these terms and conditions nor, as a consequence, on the proposal to exclude preferential subscription rights submitted for your approval.

In accordance with Article R. 225-116 of the French Commercial Code, we shall issue a supplemental report, where necessary, upon the use of this delegation by your Board of Directors.

Courbevoie and Paris-La Défense, July 30, 2012

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Simon Beillevaire	Olivier Breillot

This is a free translation of the original French text for information purposes only.

STATUTORY AUDITORS' REPORT ON THE PROPOSAL TO AUTHORIZE THE ALLOTMENT OF EXISTING OR NEWLY ISSUED SHARES AS BONUS SHARES (SEVENTEENTH RESOLUTION)

To the Shareholders,

In our capacity as Statutory Auditors of Christian Dior and in accordance with the procedures provided for in Article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposal to authorize the allotment of existing or newly issued shares as bonus shares to employees or senior executive officers of your Company or of any affiliated companies within the meaning of Article L. 225-197-2 of the French Commercial Code, or to certain categories of employees or company officers, a transaction on which you are asked to vote.

The total amount of bonus shares allotted may not exceed 1% of the Company's share capital as of the date of this Shareholders' Meeting.

On the basis of its report, your Board of Directors proposes that it be authorized, for a period of twenty-six months, to allot existing or newly issued shares as bonus shares.

It is the Board of Directors' responsibility to prepare a report on this transaction that it wishes to carry out. Our role is to share with you any comments we find to be pertinent on the information thus presented to you concerning the proposed transaction.

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 work consisted in verifying more specifically that the proposed procedures presented in the Board of Directors' report comply with applicable laws.

We have no comments on the information provided in the Board of Directors' report in connection with the proposed authorization to allot bonus shares.

Courbevoie and Paris-La Défense, July 30, 2012

The Statutory Auditors

MAZARS

Simon Beillevaire

ERNST & YOUNG et Autres

Olivier Breillot

This is a free translation of the original French text for information purposes only.

Other information

GOVERNANCE

1.	**List of positions or offices exercised in all companies by company officers**	**198**
2.	**Statutory Auditors**	**207**
2.1.	Principal Statutory Auditors	207
2.2.	Alternate Statutory Auditors	207
2.3.	Fees paid as of April 30, 2012	207
3.	**Charter of the Board of Directors**	**208**
3.1.	Structure of the Board of Directors	208
3.2.	Missions of the Board of Directors	208
3.3.	Operating procedures of the Board of Directors	208
3.4.	Responsibilities	209
3.5.	Compensation	209
3.6.	Scope of application	209
4.	**Internal rules of the Performance Audit Committee**	**210**
4.1.	Structure of the Committee	210
4.2.	Role of the Committee	210
4.3.	Operating procedures of the Committee	210
4.4.	Prerogatives of the Committee	211
4.5.	Compensation of Committee members	211
5.	**Internal rules of the Nominations and Compensation Committee**	**212**
5.1.	Structure of the Committee	212
5.2.	Role of the Committee	212
5.3.	Operating procedures of the Committee	213
5.4.	Prerogatives of the Committee	213
5.5.	Compensation of Committee members	213
6.	**Bylaws**	**214**

1. List of positions or offices exercised in all companies by company officers

Pursuant to Article L. 225-102-1 of the French Commercial Code, the following are all offices and positions exercised in all companies by each company officer as well as the positions and offices they have exercised since May 1, 2007.

Mr. Bernard ARNAULT, Chairman of the Board of Directors

Date of birth: March 5, 1949. French.
Business address: LVMH – 22, avenue Montaigne – 75008 Paris (France).
Date of first appointment: March 20, 1985.
Expiration of term: Annual Shareholders' Meeting held in 2014.
Number of Christian Dior shares held in a personal capacity: 69,997 shares.

Mr. 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 and Chief Executive Officer in January 1989.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA [(a)]	Chairman of the Board of Directors
	Christian Dior Couture SA	Director
	Financière Jean Goujon SAS	Member of the Supervisory Committee
	Groupe Arnault SAS	Chairman
	LVMH Moët Hennessy - Louis Vuitton SA [(a)]	Chairman and Chief Executive Officer
	Société Civile du Cheval Blanc	Chairman of the Board of Directors
	Louis Vuitton pour la Creation, Fondation d'Entreprise	Chairman of the Board of Directors
International	LVMH International SA (Belgium)	Director
	LVMH Moët Hennessy - Louis Vuitton Inc. (United States)	Director
	LVMH Moët Hennessy - Louis Vuitton Japan KK (Japan)	Director

Other

France	Carrefour SA [(a)]	Director

Positions and offices that have terminated since May 1, 2007

France	Lagardère SCA [(a)]	Member of the Supervisory Board
	Métropole Television "M6" SA [(a)]	Member of the Supervisory Board
	Raspail Investissements SA	Director

(a) Listed French company.

Mr. Sidney TOLEDANO, 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.
Expiration of term: Annual Shareholders' Meeting held in 2014.
Number of Christian Dior shares held in a personal capacity: 43,436 shares.

Mr. Sidney Toledano began his career in 1977 as a marketing consultant with Nielsen International. He then served as Company Secretary of Kickers before joining the Executive Management of Lancel in 1984. In 1994, he joined Christian Dior Couture as Deputy Chief Executive Officer. He has been its Chairman since 1998.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA [(a)]	Chief Executive Officer and Director
	Christian Dior Couture SA	Chairman and Chief Executive Officer
	Fendi International SA	Chairman of the Board of Directors
	John Galliano SA	Chairman of the Board of Directors
International	CDCH SA (Luxembourg)	Director
	Christian Dior Australia Pty Ltd (Australia)	Director
	Christian Dior Belgique SA (Belgium)	Permanent Representative of Christian Dior Couture SA, Managing Director
	Christian Dior Commercial Shanghai Co Ltd (China)	Chairman
	Christian Dior Couture CZ (Czech Republic)	Manager
	Christian Dior Couture Korea Ltd (South Korea)	Director
	Christian Dior Couture Maroc SA (Morocco)	Chairman of the Board of Directors
	Christian Dior Far East Ltd (Hong Kong)	Director
	Christian Dior Fashion (Malaysia) Sdn Bhd (Malaysia)	Director
	Christian Dior GmbH (Germany)	Manager
	Christian Dior Guam Ltd (Guam)	Director
	Christian Dior Hong Kong Ltd (Hong Kong)	Director
	Christian Dior Inc. (United States)	Chairman
	Christian Dior Italia Srl (Italy)	Chairman
	Christian Dior KK (Japan)	Director
	Christian Dior Macau Single Shareholder Company Limited (Macao)	Director
	Christian Dior New Zealand Ltd (New Zealand)	Director
	Christian Dior S. de RL de CV (Mexico)	Chairman
	Christian Dior Saipan Ltd (Saipan)	Director
	Christian Dior Singapore Pte Ltd (Singapore)	Director
	Christian Dior Taiwan Ltd (Taiwan)	Director
	Fendi Adele Srl (Italy)	Director
	Fendi International BV (Netherlands)	Chairman
	Fendi SA (Luxembourg)	Director
	Fendi Srl (Italy)	Director
	Les Ateliers Horlogers Dior SA (Switzerland)	Director

Positions and offices that have terminated since May 1, 2007

France	Fendi France SAS	Chairman
International	Bopel Srl (Italy)	Chairman
	Cato Srl (Italy)	Chairman
	Christian Dior Couture Maroc SARL (Morocco)	Manager
	Christian Dior Couture Rus LLC (Russia)	Chief Executive Officer
	Christian Dior Couture Stoleshnikov LLC (Russia)	Chief Executive Officer
	Christian Dior Couture Ukraine SARL (Ukraine)	Chairman
	Christian Dior Española SL (Spain)	Manager
	Christian Dior Puerto Banus SL (Spain)	Manager

(a) Listed French company.

	Christian Dior Saipan Ltd (Saipan)	Chairman
	Christian Dior UK Ltd (United Kingdom)	Chairman
	Fendi Asia Pacific Limited (Hong Kong)	Director
	Fendi Immobili Industriali Srl (Italy)	Director
	Fendi Italia Srl (Italy)	Director
	Fendi North America Inc. (United States)	Director
	Les Jardins d'Avron SAS	Permanent Representative of Christian Dior Couture SA, Chairman
	Les Jardins d'Avron LLC (United States)	Chairman
	Lucilla Srl (Italy)	Chairman
	Manifatturauno Srl (Italy)	Chairman of the Board of Directors
	Mardi SpA (Italy)	Chairman and Managing Director

Mrs. Delphine ARNAULT

Date of birth: April 4, 1975. French.
Business address: Christian Dior – 30, avenue Montaigne – 75008 Paris (France).
Date of first appointment: April 5, 2012.
Expiration of term: Annual Shareholders' Meeting held in 2015.
Number of Christian Dior shares held in a personal capacity: 6,750 shares.

Mrs. Delphine Arnault began her career at the international strategy consultancy firm McKinsey, where she worked as a consultant for two years.

In 2000, she took part in the development of John Galliano SA, where she acquired extensive practical experience in the fashion business. In 2001, she was appointed to the Executive Committee of Christian Dior Couture, where she currently serves as Deputy Managing Director. She is also a Director of Loewe, where she serves as Senior Vice President for Product Strategy.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA [(a)]	Director
	Céline SA	Director
	Les Echos SAS	Member of the Supervisory Board
	LVMH Moët Hennessy - Louis Vuitton SA [(a)]	Director
	Société Civile du Cheval Blanc	Director
International	Emilio Pucci International BV (Netherlands)	Director
	Emilio Pucci Srl (Italy)	Director
	Loewe SA (Spain)	Director

Other

France	Établissement Public de Sèvres - Cité de la Céramique	Director
	Métropole Television "M6" SA [(a)]	Member of the Supervisory Board

Positions and offices that have terminated since May 1, 2007

International	Cato Srl (Italy)	Chairman of the Board of Directors
	Manifatturauno Srl (Italy)	Chairman of the Board of Directors

(a) Listed French company.

Mr. Denis DALIBOT

Date of birth: November 15, 1945. French.
Mailing address: avenue Mercure, 9 – "Le Chéridreux" – 1180 Brussels (Belgium).
Date of first appointment: May 17, 2000.
Expiration of term: Annual Shareholders' Meeting held in 2015.
Number of Christian Dior shares held in a personal capacity: 50,000 shares.

Mr. 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.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA [(a)]	Director
	Agache Développement SA	Director
	Ateliers AS SA	Permanent Representative of Christian Dior Couture SA, Director
	Belle Jardinière SA	Director
	Christian Dior Couture SA	Director
	Europatweb SA	Director
	Financière Agache SA	Director
	Financière Agache Private Equity SA	Director
	Financière Jean Goujon SAS	Member of the Supervisory Committee
	Franck & Fils SA	Permanent Representative of Le Bon Marché - Maison Aristide Boucicaut, Director
	Groupe Arnault SAS	Member of the Management Committee
	Le Jardin d'Acclimatation SA	Permanent Representative of Ufipar, Director
	Semyrhamis SAS	Member of the Supervisory Committee
International	Aurea Finance SA (Luxembourg)	Chairman
	Cervinia SA (Belgium)	Director
	Courtinvest SA (Belgium)	Director
	DYD Conseil (Belgium)	Manager
	Giminvest SA (Belgium)	Director
	GMPI SA (Belgium)	Director
	Le Peigné Invest SA (Belgium)	Director
	Le Peigné SA (Belgium)	Director

Other

None.

Positions and offices that have terminated since May 1, 2007

France	Agache Développement SA	Chairman and Chief Executive Officer
	Europatweb SA	Chairman and Chief Executive Officer
	Europatweb Placements SAS	Legal Representative of Europatweb, Chairman
	Financière Agache SA	Group Managing Director
	Fusac Finances Société Civile	Manager
	GA Placements SA	Permanent Representative of Europatweb, Director
	Groupement Foncier Agricole Dalibot	Manager
	Kléber Participations SARL	Manager
	Lyparis SAS	Member of the Supervisory Committee
	Montaigne Finance SAS	Chairman
	Montaigne Investissements SCI	Manager
	Montaigne Services SNC	Manager
	Raspail Investissements SA	Permanent Representative of Financière Agache, Director
	Sevrilux SNC	Legal Representative of Financière Agache, Manager
	Société d'Exploitation de l'Hôtel Cheval Blanc SAS	Member of the Supervisory Committee
International	GO Invest SA (Belgium)	Chairman

(a) Listed French company.

Mrs. 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) H3Y 2J3 (Canada).
Date of first appointment: April 5, 2012.
Expiration of term: Annual Shareholders' Meeting held in 2015.
Number of Christian Dior shares held in a personal capacity: 200 shares.

Since it was founded in 1996, Mrs. Hélène Desmarais has been Chairman and Chief Executive Officer of Centre d'Entreprises et d'Innovation de Montréal, the biggest technology enterprise incubator in Canada. She holds directorships in a large number of companies and organizations in both the public and private sectors and has led initiatives in the areas of economics, education and healthcare. Mrs. Desmarais is Chairman of the Boards of Directors of HEC Montréal (Hautes Études Commerciales de Montréal) and of the Montreal Economic Institute. She also serves as Director of Garda World Security Corporation and is a member of the Board of Governors of the International Economic Forum of the Americas.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA [(a)]	Director

Other

Canada	Centre d'entreprises et d'innovation de Montréal (CEIM)	Founder, Chairman and Chief Executive Officer
	C.D. Howe Institute	Director and Chairman of Canadian Regional Committees
	Garda World Security Corporation	Director
	International Economic Forum of the Americas	Governor
	Hautes Études Commerciales de Montréal (HEC Montréal)	Director and Chairman of the Board of Directors
	Institute for Governance of Private and Public Organizations	Director
	Société de développement économique Ville-Marie (SDÉVM)	Founder and Chairman of the Board of Directors

Positions and offices that have terminated since May 1, 2007

Canada	Montreal Metropolitan Chamber of Commerce	Chairman of the Board of Directors
	HEC/Polytechnique/University of Montreal Centre for Entrepreneurship	Director
	Société de Valorisation des Recherches du CHUM (VAL-CHUM)	Member of the Board of Directors

Mr. Renaud DONNEDIEU DE VABRES

Date of birth: March 13, 1954. French.
Business address: 50, rue de Bourgogne – 75007 Paris (France).
Date of first appointment: February 5, 2009.
Expiration of term: Annual Shareholders' Meeting held in 2013.
Number of Christian Dior shares held in a personal capacity: 200 shares.

After serving in the prefectoral administration as a sub-prefect, Mr. Renaud Donnedieu de Vabres was appointed as a member of France's highest administrative body, the Council of State, and embarked on a political career in 1986, notably serving as an aide to the Minister of Defense. He was elected as a deputy to the National Assembly representing the Indre-et-Loire *département* in 1997 and remained in this post until 2007. In 2002, he was appointed as Minister Delegate for European Affairs and then as Minister of Culture and Communication, from 2004 to 2007. In 2008, he was named the Ambassador for Culture during the French presidency of the European Union. He is now Chairman of the company RDDV Partner.

(a) Listed French company.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA [(a)]	Director
	Louis Vuitton pour la Creation, Fondation d'Entreprise	Director

Other

France	Atout France GIE	Chairman of the Board of Directors
	RDDV Partner SAS	Chairman

Positions and offices that have terminated since May 1, 2007

Other

France	Groupe Allard	Advisor for Strategy, Development and Culture to Mr. Alexandre Allard
	La Royale SAS	Chief Executive Officer
		Ambassador for Culture during the French presidency of the European Union
		Minister of Culture and Communication

Mrs. Ségolène GALLIENNE

Date of birth: June 7, 1977. Belgian.
Business address: 17, allée des Peupliers – 6280 Gerpinnes (Belgium).
Date of first appointment: April 15, 2010.
Expiration of term: Annual Shareholders' Meeting held in 2013.
Number of Christian Dior shares held in a personal capacity: 200 shares.

Mrs. 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.

Mrs. Gallienne currently serves on the Boards of Directors of various companies, in France and abroad, and is Chairman of the Board of Directors of Diane, a company specializing in the purchase, sale and rental of art objects.

Current positions and offices

Frère-Bourgeois group

International	Diane SA (Switzerland)	Chairman of the Board of Directors
	Erbé SA (Belgium)	Director
	Stichting Administratie Kantoor Peupleraie (Netherlands)	Chairman of the Board of Directors

Christian Dior group/Groupe Arnault group

France	Christian Dior SA [(a)]	Director
	Société Civile du Cheval Blanc	Director

Other

International	Pargesa Holding SA (Switzerland)	Director

Positions and offices that have terminated since May 1, 2007

Other

France	Compagnie Nationale à Portefeuille SA (Belgium)	Director
	Taittinger SA	Director

(a) Listed French company.

Mr. Pierre GODÉ, Group Managing Director

Date of birth: December 4, 1944. French.
Business address: LVMH – 22, avenue Montaigne – 75008 Paris (France).
Date of first appointment: May 14, 2001.
Expiration of term: Annual Shareholders' Meeting held in 2014.
Number of Christian Dior shares held in a personal capacity: 40,275 shares.

Mr. 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 Chief Executive Officer of Groupe Arnault since 1986.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA [(a)]	Group Managing Director and Director
	Christian Dior Couture SA	Director
	Financière Agache SA	Chairman and Chief Executive Officer
	Financière Jean Goujon SAS	Chairman
	Groupe Arnault SAS	Chief Executive Officer
	Les Echos SAS	Member of the Supervisory Board
	Louis Vuitton Malletier SA	Director
	LVMH Moët Hennessy - Louis Vuitton SA [(a)]	Vice-Chairman and Director
	Raspail Investissements SAS	Chairman
	SA du Château d'Yquem	Director
	Semyrhamis SAS	Member of the Supervisory Committee
	Sevrilux SNC	Legal Representative of Financière Agache, Manager
	Société Civile du Cheval Blanc	Director
	Sofidiv SAS	Member of the Management Committee
International	LVMH International SA (Belgium)	Director
	LVMH Moët Hennessy - Louis Vuitton Inc. (United States)	Director
	LVMH Publica (Belgium)	Director
	Sofidiv UK Limited (United Kingdom)	Director

Other

France	Havas SA [(a)]	Director
	Redeg SARL	Manager
	Fondation Maeght	Director

Positions and offices that have terminated since May 1, 2007

None.

Mr. Eric GUERLAIN, Vice-Chairman

Date of birth: May 2, 1940. French.
Mailing address: c/o Christian Dior – 30, avenue Montaigne – 75008 Paris (France).
Date of first appointment: June 29, 1994.
Expiration of term: Annual Shareholders' Meeting held in 2013.
Number of Christian Dior shares held in a personal capacity: 57,836 shares.

Mr. Eric Guerlain began his career as a financial analyst and served in various roles with the Morgan Stanley group between 1968 and 1974, in New York and Paris.

In 1974, he joined J.P. Morgan as Director of the international financial affairs department. In 1979, the bank assigned him to co-lead J.P. Morgan Ltd. Investment Bank in London as Vice-Chairman. He then worked at Lazard Brothers Ltd in London as a consultant until 1989.

At the same time, since 1970 he has been a Director of Guerlain SA and, in 1990, assumed the chairmanship of the Supervisory Board of the controlling holding company of the Guerlain group. He served in that position until 1994.

(a) Listed French company.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA [(a)]	Vice-Chairman and Director
	Guerlain SA	Permanent Representative of LVMH Fashion Group, Director

Other

France	MAAT Société Civile	Manager
	Société Hydroélectrique d'Énergie SAS	Chairman

Positions and offices that have terminated since May 1, 2007

None.

Mr. Christian de LABRIFFE

Date of birth: March 13, 1947. French.
Business address: Rothschild et Compagnie Banque – 29, avenue de Messine – 75008 Paris (France).
Date of first appointment: May 14, 1986.
Expiration of term: Annual Shareholders' Meeting held in 2013.

Number of Christian Dior shares held in a personal capacity: 204 shares.

Mr. Christian de Labriffe began his career with Lazard Frères & Cie, where he was Managing Partner from 1987 to 1994. Since 1994, he has been Managing Partner of Rothschild & Cie Banque.

Current positions and offices

Groupe Rothschild

France	Financière Rabelais SAS	Chairman
	Montaigne Rabelais SAS	Legal Representative of Rothschild & Compagnie Banque, Chairman
	Parc Monceau SARL	Manager
	Rothschild & Cie SCS	Managing Partner
	Rothschild & Cie Banque SCS	Managing Partner
	Transaction R SAS	Chairman and Chairman of the Management Board

Christian Dior group/Groupe Arnault group

France	Christian Dior SA [(a)]	Director
	Christian Dior Couture SA	Director

Other

France	Bénéteau SA [(a)]	Member of the Supervisory Board
	Paris Orléans SA	Member of the Supervisory Board
	TCA Partnership SAS	Chairman

Positions and offices that have terminated since May 1, 2007

France	Delahaye Passion Société Civile	Manager
	Holding Financier Jean Goujon SAS	Director
	Nexity France SA	Director
	Rothschild Conseil International SCS	Director
International	Investec Asset Management Inc. (United Kingdom)	Director

Mr. Jaime de MARICHALAR y SÁENZ de TEJADA

Date of birth: April 7, 1963. Spanish.
Business address: Credit Suisse – Ayala, 42 – 28001 Madrid (Spain).
Date of first appointment: May 11, 2006.

Number of Christian Dior shares held in a personal capacity: 200 shares.

Mr. 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.

(a) Listed French company.

Current positions and offices

Credit Suisse		
International	Credit Suisse (Spain)	Chief Executive Officer and Advisor
Christian Dior group/Groupe Arnault group		
France	Christian Dior SA [(a)]	Director
International	LVMH group	Advisor to the Chairman for Spain
	Loewe SA (Spain)	Director
Other		
International	Art+Auction Editorial (United States and United Kingdom)	Member of the Supervisory Board
	AXA Mediterranean Holding SA, AXA Aurora Ibérica SA de Seguros y Reaseguros, and AXA Aurora Vida SA de Seguros y Reaseguros (Spain)	Director
	FCC Medio Ambiente (Spain)	Director
	Sociedad General Immobiliaria de España SA (Spain)	Director
	Waste Recycling Group (United Kingdom)	Director

Positions and offices that have terminated since May 1, 2007

International	Portland Valderrivas (Spain)	Director

(a) Listed French company.

2. Statutory Auditors

2.1. PRINCIPAL STATUTORY AUDITORS

	Start date of first term	Current term: Date appointment/ renewal	Current term: End of term
ERNST & YOUNG et Autres 1-2, place des Saisons, 92400 Courbevoie - Paris la Défense 1 represented by Mr. Olivier BREILLOT	May 14, 2009	May 14, 2009	Fiscal year 2014
MAZARS Tour Exaltis 61, rue Henri Regnault, 92400 Courbevoie represented by Mr. Simon BEILLEVAIRE	May 15, 2003	May 14, 2009	Fiscal year 2014

2.2. ALTERNATE STATUTORY AUDITORS

AUDITEX 1-2, place des Saisons, 92400 Courbevoie - Paris la Défense 1	May 14, 2009	May 14, 2009	Fiscal year 2014
Mr. Guillaume POTEL Tour Exaltis 61, rue Henri Regnault, 92400 Courbevoie	May 15, 2003	May 14, 2009	Fiscal year 2014

2.3. FEES PAID AS OF APRIL 30, 2012

	Ernst & Young et Autres				Mazars			
	April 30, 2012 (4 months)		2011 (12 months)		April 30, 2012 (4 months)		2011 (12 months)	
(EUR thousand, excluding VAT)	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
Statutory audit, certification, audit of the individual company and consolidated financial statements:								
• Christian Dior	81	1	86	1	70	21	86	4
• Fully consolidated subsidiaries	3,479	64	9,338	64	260	79	2,267	96
Other services relating directly to the statutory audit assignment:								
• Christian Dior	8	-	4	-	-	-	4	-
• Fully consolidated subsidiaries	481	9	1,616 [(a)]	11	-	-	-	-
Subtotal	**4,049**	**74**	**11,044**	**76**	**330**	**100**	**2,357**	**100**
Other services provided by the firms to fully consolidated subsidiaries:								
• Legal, tax, employee-related [(b)]	1,159	21	2,817	19	-	-	-	-
• Other	274	5	738	5	-	-	-	
Subtotal	**1,433**	**26**	**3,555**	**24**	**-**	**-**	**-**	**-**
TOTAL	**5,482**	**100**	**14,599**	**100**	**330**	**100**	**2,357**	**100**

(a) In 2011, increase resulting from post-acquisition audits of Bulgari and Ile de Beauté as well as residual IT support services.
(b) 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 companies, in which the Chairman of the Board of Directors or any Director serving as Chief Executive Officer or Managing Director holds an office, shall be limited to two.

3.2. MISSIONS OF THE BOARD OF DIRECTORS

Apart from the selection of the Company's management structure and the appointment of the Chairman of the Board of Directors, Chief Executive Officer and Group Managing Director(s), the principal missions of the Board of Directors are to:

- ensure that the Company's interests and assets are protected;
- define the broad strategic orientations of the Company and the Group and ensure that their implementation is monitored;
- approve the Company's annual and half-yearly financial statements;
- review the essential characteristics of the internal control and risk management systems adopted and implemented by the Group;
- ensure that major risks to which the Company is exposed are in keeping with its strategies and its objectives, and that they are taken into account in the management of the Company;
- verify the quality, reliability and fairness of the information provided to shareholders concerning the Company and the Group, in particular to ensure that the management structure and the internal control and risk management systems are able to guarantee the quality and reliability of financial information published by the Company and to give a true and fair view of the results and the financial position of the Company and the Group;
- set out the organization principles and procedures for the Performance Audit Committee;
- disseminate the collective values that guide the Company and its employees and that govern relationships with consumers and with partners and suppliers of the Company and the Group;
- promote a policy of economic development consistent with a social and citizenship policy based on concepts that include respect for human beings and the preservation of the environment in which it operates.

3.3. OPERATING PROCEDURES OF THE BOARD OF DIRECTORS

The Board of Directors shall hold at least three meetings a year.

Any individual who accepts the position of Director or permanent representative of a legal entity appointed as Director of the Company shall agree to attend Board of Directors' and Shareholders' Meetings regularly.

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 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 stock market transactions involving the Company's shares and from any exercise of options for the duration of a period:

- beginning on the 30th calendar day preceding the publication of the Company's annual or interim consolidated financial statements and ending the day after said publication;
- beginning on the 15th calendar day preceding the Company's quarterly consolidated revenue announcement and ending the day after said announcement.

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 the Advisors, if any, on the recommendation of the members of the Directors' Nominations and Compensation Committee, taking into account their specific responsibilities on the Board (e.g. chairman, participation on committees created within the Board).

The settlement of a portion of these fees shall be contingent upon attendance by Directors at the meetings of the Board of Directors and, where applicable, the Committee(s) of which they are members, calculated according to a formula to be determined by the Board of Directors, acting upon a proposal submitted by the Nominations and Compensation Committee.

Exceptional compensation may be paid to some Directors for any special assignment they assume. The amount of this remuneration shall be determined by the Board of Directors and reported to the Company's External Auditors.

3.6. SCOPE OF APPLICATION

This Charter shall apply to all members of the Board as well as all members of the Advisory Board. A copy of this Charter must be sent to any candidate for the position of Director and to any permanent representative of a legal entity prior to the start of the latter's term of office.

4. Internal rules of the Performance Audit Committee

A specialized Committee responsible for auditing performance operates within the Board of Directors, acting under the responsibility of the Board of Directors.

4.1. STRUCTURE OF THE COMMITTEE

The Performance Audit Committee shall be made up of at least three Directors appointed by the Board of Directors. At least two-thirds of the members shall be independent Directors. The majority of the Committee's members must have held a position as a Managing Director or a position involving equivalent responsibilities or possess specific expertise in financial and accounting matters.

The Board of Directors shall appoint a Chairman of the Committee from among its members. The maximum term of the Chairman of the Committee is five years.

Neither the Chairman of the Board of Directors nor any Director performing the duties of Chief Executive Officer or Group Managing Director of Christian Dior may be a member of the Committee.

A Director may not be appointed as a member of the Committee if he or she comes from a company for which a Christian Dior Director serves as a member of a committee comparable in function.

4.2. ROLE OF THE COMMITTEE

The principal missions of the Committee are to:

- monitor the process for preparing financial information, particularly the individual company and consolidated financial statements, and verify the quality of this information;
- monitor the statutory audit of the individual company and consolidated financial statements by the Statutory Auditors, whose conclusions and recommendations it examines;
- ensure the existence, pertinence, application and effectiveness of internal control and risk management systems, monitor the ongoing effectiveness of these systems, and make recommendations to the Chief Executive Officer concerning the priorities and general guidelines for the work of the Internal Audit team;
- examine risks to the Statutory Auditors' independence and, if necessary, identify safeguards to be put in place in order to minimize the potential of risks to compromise their independence, issue an opinion on the fees paid to the Statutory Auditors, as well as those paid to the network to which they belong, by the Company and the companies it controls or is controlled by, whether in relation to their statutory audit responsibilities or other related assignments, oversee the procedure for the selection of the Company's Statutory Auditors, and make a recommendation on the appointments to be submitted to the Shareholders' Meeting in consideration of the results of this procedure;
- analyze the exposure of the Company and the Group to risks, and in particular to those identified by the internal control and risk management systems, as well as material off-balance sheet commitments of the Company and the Group;
- review major agreements entered into by Group companies and agreements entered into by any Group company with a third-party company in which a Director of the Christian Dior parent company is also a senior executive or principal shareholder. Significant operations within the scope of the provisions of Article L. 225-38 of the French Commercial Code require an opinion issued by an independent expert appointed upon the proposal of the Performance Audit Committee;
- assess any instances of conflict of interest that may affect a Director and recommend suitable measures to prevent or correct them.

4.3. OPERATING PROCEDURES OF THE COMMITTEE

A Director's agreement to serve on the Committee implies that he will devote the necessary time and energy to his duties on the Committee.

The Committee shall meet at least twice a year, without the Chairman of the Board of Directors, the Chief Executive Officer and the Group Managing Director(s), before the Board of Directors' meetings in which the agenda includes a review of the annual and half-yearly parent company and consolidated financial statements.

If necessary, the Committee may be required to hold special meetings, when an event occurs that may have a significant effect on the parent company or consolidated financial statements.

Before each meeting, all pertinent documents and analyses relating to the different items on the agenda for the meeting are sent to each member of the Committee.

Any document submitted to the Committee in connection with its responsibilities shall be considered confidential as long as it has not been made public by the Company.

The proceedings of the Committee are confidential and shall not be discussed outside the Board of Directors.

Decisions of the Committee shall be made by simple majority vote and shall be deemed to have been reached as a board.

The proceedings of each Committee meeting shall be recorded in minutes of the meeting.

4.4. PREROGATIVES OF THE COMMITTEE

The Committee shall report on its work to the Board of Directors. It shall submit to the Board its findings, recommendations and suggestions.

The Committee may request any and all accounting, legal or financial documents it deems necessary to carry out its responsibilities.

The Committee may call upon the Company's staff members responsible for preparing the financial statements, carrying out internal control procedures, conducting internal audits, applying risk management or cash management procedures, investigating tax or legal matters, as well as the Statutory Auditors, to appear before it on any number of occasions to address issues in detail, without requiring the presence of the Chairman of the Board, the Chief Executive Officer, or Group Managing Director(s) of Christian Dior. These meetings may also take place in the absence of those responsible for the accounting and financial functions.

After having duly notified the Chairman of the Board of Directors, the Committee may seek assistance from external experts if circumstances require.

4.5. COMPENSATION OF COMMITTEE MEMBERS

The Committee members and its Chairman may receive a special Director's fee, the amount of which shall be determined by the Board of Directors and charged to the total financial package allocated by the Shareholders' Meeting.

5. Internal rules of the Nominations and Compensation Committee

A specialized committee responsible for the nomination and compensation of Directors operates within the Board of Directors, acting under the authority of the Board of Directors.

5.1. STRUCTURE OF THE COMMITTEE

The Board's Nominations and Compensation Committee shall be made up of at least three Directors and/or Advisors. The majority of its members shall be independent. Its members shall be appointed by the Board of Directors.

The Board of Directors shall appoint a Chairman of the Committee from among its members.

Neither the Chairman of the Board of Directors, nor any Director serving as Chief Executive Officer or Group Managing Director of Christian Dior, or who are compensated by any Christian Dior subsidiary, may be a member of the Committee.

A Director may not be appointed as a member of the Committee if he or she comes from a company for which a Christian Dior Director serves as a member of a committee comparable in function.

5.2. ROLE OF THE COMMITTEE

After undertaking its own review, the Committee is responsible for issuing opinions on applications and renewals for the positions of Director and Advisor, making certain that the Company's Board of Directors includes prominent independent persons outside the Company. In particular, it discusses the independence of Board members with respect to applicable criteria.

The Committee's opinion may also be sought by the Chairman of the Board of Directors or by any Directors serving as Chief Executive Officer or Managing Director, on candidates for senior management positions at the Company or Christian Dior Couture. It is the consultative body responsible for defining the measures to be taken in the event that such an office falls prematurely vacant.

After review, the Committee shall make recommendations on the distribution of directors' fees paid by the Company and prepares a summary table of directors' fees effectively paid to each Director.

It makes proposals to the Board on the fixed and variable portions of compensation and the benefits in kind to be received (i) by the Chairman of the Company's Board of Directors, its Chief Executive Officer and its Group Managing Director(s) and (ii) by Directors and Advisors who are employees of the Company or any of its subsidiaries by virtue of an employment contract; it also issues an opinion on any consultancy agreements entered into, either directly or indirectly, with these same individuals. The Committee issues recommendations regarding the qualitative and quantitative criteria on the basis of which the variable portion of compensation for senior executive officers is to be determined as well as the performance conditions applicable to the exercise of options and the definitive allocation of bonus shares.

The Committee expresses its opinion on the general policy for the allocation of options and bonus shares at the Company, also making proposals on the granting of options and bonus shares to senior executive officers and to Directors and Advisors who are employees of the Company or any of its subsidiaries by virtue of an employment contract.

It adopts positions on any supplemental pension schemes established by in favor of senior executive officers of the Company and those of Christian Dior Couture, and issues recommendations on any retirement benefits that might be paid to them upon leaving the Company.

The Committee issues an opinion relating to the fixed and variable portions of compensation, whether immediate or deferred, and benefits in kind, in addition to options and bonus shares to be granted by the Company or by Christian Dior Couture to their Directors and senior executive officers. To this end, the Committee may request copies of any agreements concluded with these individuals and of any accounting information relating to payments made.

The Committee is also entitled to receive information on procedures relating to the payment of external contractors' fees and the reimbursement of their expenses, issuing any recommendations deemed necessary on this subject.

The Committee shall prepare a draft report every year for the Shareholders' Meeting, which it shall submit to the Board of Directors, on the compensation of Company officers, any bonus shares granted to them during the year as well as any stock options granted or exercised by said officers in the same period. The report shall also list the ten employees of the Company that received and exercised the most options.

5.3. OPERATING PROCEDURES OF THE COMMITTEE

A Director's agreement to serve on the Committee implies that he will devote the necessary time and energy to his duties on the Committee.

The Committee shall meet whenever necessary, either at the initiative of the Chairman of the Board of Directors, or the Director serving as Chief Executive Officer, or of two Committee members.

The proceedings of the Committee are confidential and shall not be discussed outside the Board of Directors.

Decisions of the Committee shall be made by simple majority vote and shall be deemed to have been reached as a board.

5.4. PREROGATIVES OF THE COMMITTEE

The Committee shall report on its work to the Board of Directors. It shall submit to the Board its findings, recommendations and suggestions.

Members of the Committee may request any and all available information that they deem necessary for the purposes of carrying out their responsibilities.

Any unfavorable opinion issued by the Committee on any proposal must be substantiated.

5.5. COMPENSATION OF COMMITTEE MEMBERS

The Committee members and its Chairman may receive a special Director's fee, the amount of which shall be determined by the Board of Directors and charged to the total financial package allocated by the Shareholders' Meeting.

6. Bylaws

The Bylaws below take into account the modifications proposed at the Shareholders' Meeting of October 26, 2012.

Part I

Legal form – Corporate name – Corporate purpose – Registered office – Duration

Article 1 - Legal form

Christian Dior, first established in the form of a limited liability partnership under the terms of a private agreement concluded on October 8, 1946 in Paris, filed on October 18, 1946 with the clerk of the Paris commercial court and published in the Journal Special des Sociétés Françaises par Actions of October 18, 1946, was transformed into a joint-stock corporation (*société anonyme*) without creating a new legal entity, following a decision of the Extraordinary Meeting of Partners held on December 21, 1979.

It is governed by all applicable laws as well as the regulations established hereinafter and it shall also be governed by any laws and regulations that may enter into effect in future.

Article 2 - Corporate purpose

The Company's purpose, in France and in any other country, is the taking and management of interests in any company or entity, whether commercial, industrial, or financial, whose direct or indirect activity involves the *manufacture* and/or dissemination of prestige products, through the acquisition, in any form whatsoever, of shares, corporate interests, bonds, or other securities or investment rights.

It may also pursue direct or indirect equity investment in any industrial or commercial operations by creating new companies, contributions, subscriptions, or purchases of shares or corporate interests, merger, takeover, joint venture, or other method.

More generally, it may also engage in any commercial, financial, and industrial activities and those involving real and moveable assets, in such a way as to facilitate, favor, or develop the Company's activity.

Article 3 - Corporate name

The name of the Company is: **Christian Dior**.

In all legal instruments or documents issued by the Company and addressed to third parties, this name must always be immediately preceded or followed by the words "*société anonyme*" or the initials "SA", which should appear legibly, and by the disclosure of the amount of the share capital.

Article 4 - Registered office

The address of the Company's registered office is: 30, avenue Montaigne, 75008 Paris, France.

It may be transferred to any other place within the same French administrative district (*département* or any neighboring administrative district pursuant to a decision of the Board of Directors subject to the ratification of said decision by the next Ordinary Shareholders' Meeting, and to any other place pursuant to a resolution of the Extraordinary Shareholders' Meeting.

Agencies, branch offices, warehouses and retail outlets may be established in any place and in any country, by simple resolution of the Board of Directors, which may later relocate or close these entities at its discretion.

Article 5 - Duration

The duration of the Company is ninety-nine years, starting from its date of incorporation, on the eighth day of October, in the year one thousand nine hundred and forty-six.

Part II

Share capital – Shares

Article 6 - Share capital

The share capital of the Company is 363,454,096 euros, consisting of 181,727,048 fully paid-up shares with a par value of 2 euros each, all of which belong to the same category.

The Company issued 4,351,808 shares further to the contribution by the various shareholders of Djedi Holding SA of 5,159,349 shares held in absolute ownership and 206,374 shares held in bare ownership in the said company, valued at 1,958,313,600 French francs.

Article 7 - Changes in the share capital

The share capital may be increased or decreased by a resolution of the Extraordinary Shareholders' Meeting, as provided by law.

The Shareholders' Meeting may delegate the authority or powers necessary to effect such a change to the Board of Directors.

Article 8 - Shares

PAYMENT

Shares subscribed in cash must be paid up, upon subscription, in an amount equivalent to at least one-quarter of their par value, plus, where applicable, the entirety of the issue premium. The remainder shall be called by the Board of Directors within a maximum period of five years.

Payment for shares may be made by offsetting against liquid and demandable receivables due from the Company.

Shareholders shall be informed of calls for funds at least fifteen days in advance, either by a notice inserted in a legal gazette published where the registered office is located or by registered letter with acknowledgment of receipt sent to each shareholder.

Shares allocated in the form of a contribution in kind or by way of the capitalization of unappropriated retained earnings, reserves or issue premiums as well as shares the amount of which results, in part, from an incorporation of reserves, unappropriated retained earnings or issue premiums and in part, from a cash payment, must be fully paid up upon issue.

Any late payment for shares incurs, automatically and without prior formal notice, an interest charge due to the Company, calculated at the legal rate in commercial matters as of the payment date, plus three percentage points.

FORM

Fully paid-up shares may be in registered or bearer form, at the discretion of the shareholder.

When the owner of the shares is not a French resident, as defined in Article 102 of the French Civil Code, any intermediary may be registered on behalf of such owner. Such registration may be made in the form of a joint account or several individual accounts, each corresponding to one owner.

At the time such account is opened through either the issuing company or the financial intermediary authorized as account holder, the registered intermediary shall be required to declare, under the terms and conditions laid down by decree, its capacity as intermediary holding shares on behalf of another party.

TRANSFER OF SHARES

Shares are freely negotiable, unless as prohibited by applicable laws or regulations, in particular as regards shares with payments in arrears and contributing shares.

Registered shares are transferred via inter-account transfer based on the instructions of the account holder or his or her legal representative.

INDIVISIBILITY

Shares are indivisible as far as the Company is concerned. Joint holders of shares shall be required to be represented vis-à-vis the Company by only one of the joint holders or by a mutually agreed permanent representative.

RIGHTS ATTACHED TO THE SHARES

Ownership of a share automatically implies acceptance of these Bylaws and of resolutions passed by Shareholders' Meetings.

Each share entails the right to take part, as provided by law and these Bylaws, in Shareholders' Meetings and in votes on resolutions.

Each share entitles the holder to a share of corporate profits and assets proportional to the number of outstanding shares, in consideration of the par value of the shares.

All shares currently comprising, or that shall comprise in future, the Company's share capital are equivalent for tax purposes. Accordingly, each share shall entitle the holder, as much during the active existence of the Company as in the event of liquidation, to the payment of the same net amount at the time of any distribution or redemption, such that all taxes or tax exemptions relating to said distribution or redemption shall be consolidated, without distinction between the shares.

The liability of shareholders is limited to the amount of their contribution to the Company's share capital.

Under no circumstances may a shareholder's heirs, representatives or creditors apply for seals to be placed on or initiate proceedings against the Company's property and assets, request the division or public sale by auction of the same, nor interfere in any way with the actions of the Company's management. These individuals must refer to the Company's schedules of assets and liabilities and must respect the decisions of Shareholders' Meetings.

CROSSING OF SHAREHOLDER THRESHOLD

Any legal entity or natural person who comes to possess a number of shares representing more than 1% of the Company's share capital shall notify the Company no later than eight days after the crossing of this threshold and each time that a further threshold of 1% is crossed. However, this obligation shall cease to be applicable when the portion of capital held is equal to or greater than 60% of the Company's share capital.

In the event of a failure to comply with this disclosure obligation, the shares in excess of the percentage that should have been declared shall be deprived of their voting rights at any Shareholders' Meeting to be held within a period of three months following the date on which proper notification is made, provided that a request to this effect has been recorded in the minutes of the Shareholders' Meeting by one or more shareholders holding at least 5% of the Company's share capital.

IDENTIFIABLE BEARER SHARES

In order to identify the holders of securities, the Company is entitled to request, at any time, at its own expense, that the central custodian of financial instruments provide the name, or in the case of a legal entity, the Company name, the nationality, the year of birth or incorporation, and the address of the holders of shares conferring the right to vote, immediately or at some point in the future, at its own Shareholders' Meetings, as well as the number of shares held by such natural persons or legal entities and the restrictions, if any, which may exist upon the shares.

In light of the list sent by the aforementioned body, the Company shall be entitled to request information concerning the owners of the shares listed above, either through the intervention of that body, or directly, under the same terms and conditions and subject to the penalties stipulated in Article L. 228-3-2 of the French Commercial Code, of the persons appearing on that list and who might be, in the Company's opinion, registered on behalf of third parties.

When they act as intermediaries, such persons shall be required to disclose the identity of the owners of such shares. This information shall be provided directly to the authorized financial intermediary holding the account, who shall, in turn, be responsible for communicating it to the issuing company or the aforementioned body, as applicable.

Part III

Chapter I: Corporate governance

Article 9 - Composition of the Board of Directors

Subject to the exceptions provided by law, the Company is administered by a Board of Directors composed of at least three and no more than eighteen members, appointed by the Shareholders' Meeting for a term of office lasting three years.

A legal entity may be appointed as a Director but is required, at the time of its appointment, to designate an individual who shall serve as its permanent representative on the Board of Directors. The term of office of a permanent representative is the same as that of the legal entity Director he or she represents and must be reconfirmed at each renewal of the latter's term of office.

When the legal entity dismisses its permanent representative, it must at the same time provide for its replacement, and must send notification to the Company, by registered letter, of this dismissal as well as the identity of the new permanent representative. The same provision applies in case of death or resignation of the permanent representative.

A Director's appointment shall terminate at the close of the Ordinary Shareholders' Meeting convened to approve the accounts of the preceding fiscal year and held in the year during which the term of office of said Director comes to an end.

However, in order to allow a renewal of the terms which is as egalitarian as possible and in any case complete for each period of three years, the Board of Directors will have the option to determine the order of retirement of the Directors by the impartial selection in a Board Meeting of one-third of the Directors each year. Once the rotation has been established, renewals will take place according to seniority.

Nobody being more than eighty-five years old shall be appointed Director if, as a result of his or her appointment, the number of Directors who are more than eighty-five years old would exceed one-third of the members of the Board. The number of members of the Board of Directors who are more than eighty-five years old may not exceed one-third, rounded to the next higher number if this total is not a whole number, of the Directors in office. Whenever this limit is exceeded, the term in office of the oldest appointed member shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was exceeded.

Directors may be re-elected indefinitely. They may be revoked at any time by decision of the Ordinary Shareholders' Meeting.

In case of death or resignation of one or more Advisors, the Board of Directors may, between two Shareholders' Meetings, make provisional appointments, subject to their ratification by the next Ordinary Shareholders' Meeting.

When the number of members of the Board of Directors falls below the statutory minimum, the remaining Directors must immediately convene an Ordinary Shareholders' Meeting in order to supplement the membership of the Board of Directors.

A Director appointed to replace another Director shall serve as Director only for the remainder of the predecessor's term of office.

Article 10 - Shares held by Directors

Each Director must own at least two hundred shares of the Company for the entire duration of his, her or its term of office.

If, when appointed, a member of the Board of Directors does not own the required number of shares, or if the member ceases to own this required number at any point in his, her or its term of office, the member shall be allowed a period of six months to purchase a sufficient number of shares, failing which he, she or it shall be automatically considered to have resigned.

Article 11 - Organization of the Board of Directors

The Board of Directors shall elect a Chairman, who must be an individual, from among its members. It shall determine his term of office, which cannot exceed that of his office as Director.

The Chairman of the Board of Directors cannot be more than seventy-five years old. Should the Chairman reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached. Subject to this provision, the Chairman of the Board may always be re-elected.

In case of temporary disability or death of the Chairman, the Board may temporarily delegate a Director to perform the duties of the Chairman. In case of temporary disability this delegation is granted for a limited duration and is renewable. In case of death it is granted until the election of the new Chairman.

The Board of Directors may also appoint a Secretary, who may or may not be chosen from among the members of the Board.

Article 12 - Operating procedures of the Board of Directors

1. The Board meets as often as required by the interests of the Company and is convened by its Chairman on his own initiative, or if he is not also the Chief Executive Officer, at the request of the Chief Executive Officer or the Director temporarily delegated to perform the duties of Chairman.

   If the Board of Directors has not met for more than two months, a meeting may also be convened by any group of Directors, representing at least one-third of the members of the Board, who shall indicate the agenda of the meeting.

   Meetings are held at the registered office or at any other location specified in the convening notice. Meetings of the Board are chaired by the Chairman of the Board of Directors, or by the Director temporarily designated to perform the duties of Chairman or, if unavailable, by another Director selected by the Board of Directors.

   Notice is served in the form of a letter sent to each Director, at least eight days prior to the meeting; it shall mention the agenda of the meeting as set by the person(s) convening the meeting. However, the Board may meet without notice upon verbal notice and the agenda may be set at the opening of the meeting if all Directors in office are present or represented or when it is convened by the Chairman during a Shareholders' Meeting.

   Any Director may give a proxy to another Director, even by letter or cable, to represent him and vote on his behalf on resolutions of the Board of Directors, for a specific meeting. However, each Director may only dispose of one proxy during the meeting.

An attendance register shall be kept and signed by all the Directors attending each meeting.

2. The Board may validly act only if at least one-half of its members are present.

Directors who participate in Board Meetings by means of videoconferencing or other telecommunication methods under the conditions defined by the internal rules and regulations of the Board of Directors shall be deemed to be present for the purposes of calculating the quorum and majority. However, actual presence or representation shall be necessary for any Board resolutions relating to the preparation of the parent company financial statements and consolidated financial statements, and to the drafting of the Management report and the report on the Group's management.

Decisions are made by a majority of the votes of members present or represented. In the event of a tie vote, the Chairman's vote is the deciding vote.

3. Proceedings of the Board of Directors shall be officially recorded in the form of minutes in a special numbered and initialed minute book kept at the registered office, or on separate sheets, consecutively numbered and initialed.

These minutes shall be signed by the Chairman of the meeting and by a Director. If the Chairman of the meeting is unavailable, they may be signed by two Directors.

The production of abstracts or copies of the minutes to a meeting shall serve as sufficient justification of the number of Directors in office and their presence or representation by proxy at the meeting.

To be valid, copies or abstracts of the minutes of the meeting shall be certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Secretary, the Director temporarily delegated to perform the duties of Chairman, or by a representative duly authorized to that effect.

In the event of the liquidation of the Company, these copies or abstracts shall be validly certified by a single liquidator.

Article 13 - Powers of the Board of Directors

The Board of Directors sets guidelines for the Company's activities and shall ensure their implementation. Subject to the powers expressly granted to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses any issue relating to the Company's proper operation and settles the affairs concerning it through its resolutions.

In its relations with third parties, the Company is bound even by acts of the Board of Directors falling outside the scope of the corporate purpose, unless it demonstrates that the third party knew that the act exceeded such purpose or that it could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient proof thereof.

The Board of Directors performs such monitoring and verifications as it deems appropriate. Each Director receives all necessary information for completing his assignment and may request any documents he deems useful.

The Board of Directors distributes among its members the total amount of attendance fees voted by the Shareholders' Meeting.

The decisions of the Board of Directors shall be carried out either by the Chief Executive Officer or by any person specifically appointed by the Board for that purpose.

Furthermore, the Board may grant one of its members or any third parties, whether shareholders or not, any special offices for one or more specific purposes, with or without the option, for the persons so appointed, to themselves delegate, whether in full or in part, the performance of these duties.

It may also resolve to create Committees responsible for studying such issues as it may submit thereto for examination.

Article 14 - Remuneration of Directors

The Shareholders' Meeting may allocate to the Directors in remuneration for their services a fixed sum as attendance fees, the amount of which is to be included in the overhead expenses of the Company.

The Board shall divide the amount of these attendance fees among its members as it deems fit. In particular, it may decide to allow Directors who serve on committees a greater portion of these fees.

It may also allow exceptional remuneration for specific duties or offices assigned to Directors.

These payments shall be subject to the legal provisions applicable to agreements requiring the prior authorization of the Board of Directors.

Article 14a - Advisors

Between one and three Advisors may be appointed. They may each be appointed for a term of no longer than three years, although they may be re-elected. Their appointment or dismissal is subject to the same rules as those applying to Directors. However, Advisors need not be shareholders and as such are not subject to rules relating to the holding of multiple appointments as Directors or to similar positions.

Advisors are convened to the Meetings of the Board of Directors, in which they have a consultative vote. The remuneration paid to Advisors is determined each year by the Board of Directors and is set off from the total attendance fees allocated by the Shareholders' Meeting to the members of the Board of Directors.

Chapter II: Management of the Company

Article 15 - Chairman – General Management

I - CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors chairs the Meetings of the Board, and organizes and directs its work, for which he reports to the Shareholders' Meeting. He ensures the proper operation of the corporate bodies and verifies, in particular, that the Directors are capable of fulfilling their assignments.

The Board shall determine the compensation to be paid to the Chairman.

II - GENERAL MANAGEMENT

1. Choice between the two methods of General Management

The Company's General Management is performed, under his responsibility, either by the Chairman of the Board of Directors, or by another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer, depending upon the decision of the Board of Directors choosing between the two methods of exercising the General Management function. It shall inform the shareholders thereof in accordance with the regulatory conditions.

When the Company's General Management is assumed by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer shall apply to him.

2. Chief Executive Officer

The Chief Executive Officer may or may not be chosen from among the Directors. The Board sets his term of office as well as his compensation. The age limit for serving as Chief Executive Officer is seventy years. Should the Chief Executive Officer reach this age limit, his term of office shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. If the dismissal is decided without just cause, it may give rise to damages, unless the Chief Executive Officer assumes the duties of Chairman of the Board of Directors.

The Chief Executive Officer is vested with the most extensive powers to act under any circumstances on behalf of the Company. He exercises such powers within the limits of the corporate purpose, and subject to the powers expressly granted by law to the Shareholders' Meeting and to the Board of Directors.

He shall represent the Company in its relations with third parties. The Company is bound even by acts of the Chief Executive Officer falling outside the scope of the corporate purpose, unless it demonstrates that the third party knew that the act exceeded such purpose or could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient to establish such proof.

The provisions of the Bylaws or decisions of the Board of Directors limiting the powers of the Chief Executive Officer are not binding on third parties.

3. Group Managing Directors

Upon the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer, with the title of Group Managing Director, for whom it shall set the compensation.

There may not be more than five Group Managing Directors serving in this capacity at the same time.

Group Managing Directors may be dismissed at any time by the Board of Directors, upon the proposal of the Chief Executive Officer. If the dismissal is decided without just cause, it may give rise to damages.

When the Chief Executive Officer ceases to exercise his duties or is prevented from doing so, the Group Managing Directors remain in office with the same powers until the appointment of the new Chief Executive Officer, unless resolved otherwise by the Board.

In agreement with the Chief Executive Officer, the Board of Directors sets the scope and duration of the powers granted to Group Managing Directors. With regard to third parties, they shall have the same powers as the Chief Executive Officer.

The age limit for eligibility to perform the duties of Group Managing Director is seventy years. Should a Group Managing Director reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

Chapter III: Company audit

Article 16 - Statutory Auditors

The Company shall be audited by one or more Statutory Auditors appointed by the Ordinary Shareholders' Meeting.

One or more alternate Statutory Auditors shall also be appointed.

The term of office for a Statutory Auditor is six years, expiring following the Ordinary Shareholders' Meeting convened to approve the financial statements for the sixth fiscal year.

Statutory Auditors may be removed from office by the Shareholders' Meeting in the event of negligence or inability.

They are required to attend Meetings of the Board of Directors convened to approve the annual or interim financial statements of the preceding fiscal year as well as all Shareholders' Meetings.

The remuneration paid to Statutory Auditors is determined in accordance with applicable regulatory procedures.

A Statutory Auditor appointed to replace another shall remain in office only until the expiration of the term of office of his or her predecessor.

Part IV

Shareholders' Meetings

Chapter I: General provisions

Article 17

IMPACT OF DECISIONS

Shareholders' Meetings deemed to be duly convened and held represent all shareholders. Decisions taken during Shareholders' Meetings, in accordance with the law and the provisions of these Bylaws, shall be binding for all shareholders, even those who are absent, indisposed or dissenting.

CONVENING NOTICES

Shareholders meet every year, within six months from the end of each fiscal year, in an Ordinary Shareholders' Meeting.

Additional Shareholders' Meetings may be convened at any time during the year, whether as Ordinary Shareholders' Meetings held on an extraordinary basis or as Extraordinary Shareholders' Meetings.

Shareholders' Meetings shall be convened and held as provided by law.

Convening notices are sent to shareholders at least fifteen days prior to the planned date of the Shareholders' Meeting. This period is reduced to ten days for reconvened Shareholders' Meetings and for postponed Meetings.

ATTENDANCE

The Shareholders' Meeting is made up of all shareholders, irrespective of the number of shares they own.

The right to attend and vote at Shareholders' Meetings is subject to the registration of the shareholder in the Company's share register.

A shareholder is entitled to attend and vote at any meeting provided that the shares held are registered in the name of the shareholder or intermediary authorized to act on his or her behalf as of the fourth business day preceding the meeting at midnight, Paris time, either in the accounts of registered shares maintained by the Company or in the accounts of bearer shares maintained by the officially authorized financial intermediary. The recording or registration of bearer shares is certified by a statement delivered by the financial intermediary authorized as account holder.

Holders of shares shall not be admitted to Shareholders' Meetings with respect to the shares not paid up within a period of thirty calendar days from the notice issued by the Company. These shares shall be subtracted when calculating the quorum.

A shareholder can always be represented in a valid manner at a Shareholders' Meeting by another shareholder, his or her spouse, the partner with whom he or she has entered into a *pacte civil de solidarité* (PACS, the French civil union contract), or any other private individual or legal entity of his or her choice. Written notice must be sent to the Company of the appointment of any proxy, and where applicable the rescindment of this appointment.

Shareholders may address their proxy form and/or their voting form for any meeting, in accordance with applicable laws and regulations, either by mail or, if decided by the Board of Directors, by electronic transmission.

Pursuant to the provisions of Article 1316-4, paragraph 2 of the French Civil Code, in the event of the use of an electronically submitted form, the shareholder's signature shall make use of a reliable identification process that ensures the link with the document to which it is attached.

A shareholder having voted by mail or by electronic transmission, sent a proxy or requested an admittance card or certificate stating the ownership of shares may not select another means of taking part in the meeting.

Any shareholder not deprived of voting rights may be appointed as a proxy by another shareholder in order to be represented at a Meeting.

Any intermediary who meets the requirements set forth in paragraphs seven and eight 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 seven of that same article.

Before transmitting any proxies or votes to a Shareholders' Meeting, the intermediary registered pursuant to Article L. 228-1 of the French Commercial Code shall be required, at the request of the issuing company or its agent, to provide a list of the non-resident owners of the shares to which such voting rights are attached. Such list shall be supplied as provided by either Article L. 228-2 or Article L. 228-3 of the French Commercial Code, whichever is appropriate.

A vote or proxy issued by an intermediary who either is not declared as such, or does not disclose the identity of the shareholders, may not be counted.

Legal representatives of legally incapacitated shareholders, and natural persons representing shareholders that are legal entities, shall take part in meetings regardless of whether or not they personally are shareholders.

Shareholders have as many votes as they hold shares. However, a voting right equal to twice the voting right attached to other shares with respect to the portion of the share capital that they represent, is granted:

- to all fully paid-up registered shares for which evidence of registration under the name of the same shareholder, over a period of least three years, may be demonstrated;
- to registered shares allocated to a shareholder in event of increase of the capital through the capitalization of reserves, or unappropriated retained earnings, or issue premiums, by virtue of this shareholder's entitlement to benefit from this right in respect of existing shares.

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 videoconference or through the use of any telecommunications media allowing the identification of shareholders.

A Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his absence, by the Vice Chairman of the Board of Directors or, in the absence of both of these individuals, by a member of the Board of Directors appointed by the Board for that purpose. If no such person has been appointed, the meeting elects its Chairman.

The agenda of the meeting shall be set, in the usual course of events, by the person(s) convening the meeting.

The two members of the Meeting present, having the greatest number of votes, and accepting that role, are appointed as Scrutineers.

The Officers of the Meeting appoint a Secretary, who may but need not be a shareholder.

An attendance sheet is drawn up and initialed by the shareholders present, and certified as accurate by the Officers of the Meeting.

Proceedings of the Shareholders' Meeting shall be officially recorded in the form of minutes in a special numbered and initialed minute book kept at the registered office, or on separate sheets, consecutively numbered and initialed.

These minutes shall be signed by the Officers of the meeting. Copies or abstracts of the minutes shall be validly certified by the Chairman of the Board of Directors, by a Director temporarily delegated to perform the duties of the Chief Executive Officer, or by the Secretary of the Meeting.

Chapter II: Ordinary Shareholders' Meetings

Article 19 - Powers

The Ordinary Shareholders' Meeting shall hear the reports prepared by the Board of Directors, its Chairman, and the Statutory Auditors. It also reviews the financial statements prepared by the Company.

The Meeting discusses, approves, amends or rejects the financial statements submitted. It decides upon the distribution and appropriation of profits.

It decides upon any amounts to be allocated to reserve funds. It also determines the amounts to be withdrawn from reserves and decides upon their distribution.

It determines the total amount of attendance fees to be allocated to the members of the Board of Directors.

It appoints, replaces, re-elects or dismisses Directors.

It ratifies any appointments of Directors made on a provisional basis by the Board of Directors.

It appoints the Statutory Auditors and examines their special report.

It hears all proposals that do not fall within the exclusive remit of the Extraordinary Shareholders' Meeting.

Article 20 - Quorum and majority

In order to pass valid resolutions, the Ordinary Shareholders' Meeting, convened upon first notice, must consist of shareholders, present or represented, holding at least one-fifth of total voting shares.

When convened upon second notice, the deliberations of an Ordinary Shareholders' Meeting shall be valid regardless of the number of shares represented.

The resolutions of the Ordinary Shareholders' Meeting are approved by a majority of the votes held by the shareholders present or represented.

Chapter III: Extraordinary Shareholders' Meetings

Article 21 - Powers

The Extraordinary Shareholders' Meeting may amend the Bylaws in any of its provisions and it may also decide upon the transformation of the Company into a company having any other legal form.

However, in no event, unless by unanimous decision of the shareholders, may it increase the duties of the latter, nor may it violate the principle of equal treatment of all shareholders, except in the case of transactions resulting from a duly completed regrouping of shares.

Article 22 - Quorum and majority

1. In order to pass valid resolutions, the Extraordinary Shareholders' Meeting, convened upon first notice, must consist of shareholders, present or represented, holding at least one-fourth of total voting shares. The deliberations of an Extraordinary Shareholders' Meeting convened upon second notice or held as a result of the postponement of the meeting convened upon second notice shall be valid provided it consists of shareholders holding at least one-fifth of total voting shares.

   The resolutions of the Extraordinary Shareholders' Meeting shall be adopted by a two-thirds majority of the votes of the shareholders present or represented.

2. When deciding upon or authorizing the Board of Directors to effect a capital increase through the incorporation of reserves, unappropriated retained earnings, or issue premiums, resolutions are passed subject to the quorum and majority conditions of Ordinary Shareholders' Meetings.

3. A capital increase effected by way of an increase in the par value of shares to be paid up in cash, or through the offsetting of receivables, requires the unanimous approval of shareholders, representing the entirety of shares making up the share capital.

Chapter IV: Constitutive Shareholders' Meetings

Article 23 - Quorum and majority

Constitutive Shareholders' Meetings, which are those convened to approve contributions in kind or benefits in kind, shall pass valid resolutions subject to the quorum and majority conditions of Extraordinary Shareholders' Meetings specified in the previous Article.

At these Meetings, neither the contributor nor the beneficiary may vote, on his or her own behalf or as a proxy. His or her shares shall not be taken into account when calculating the quorum and majority.

Part V

Parent company financial statements

Article 24 - Fiscal year

Each fiscal year has a duration of twelve months, commencing on the first day of July and ending on the thirtieth day of June of the following civil year.

Article 25 - Company accounts

Regular accounts shall be kept of the Company's operations in conformity with the law and normal commercial practice.

At the end of each fiscal year, the Board of Directors shall draw up the schedule of the assets and liabilities existing as of the balance sheet date as well as the annual accounts. The amount of commitments in the form of sureties, guarantees or collateral shall be mentioned in the balance sheet.

The Board of Directors shall also draw up a Management report.

All of these documents shall be made available to the Statutory Auditors in accordance with applicable laws and regulations.

Article 26 - Distributable earnings

1. The net proceeds of each fiscal year, minus general expenses and other expenses incurred by the Company, including all amortization, depreciation and provisions, represents the net profit or loss of the fiscal year.
2. From the net profit for each fiscal year, minus prior losses, if any, an amount equal to at least one-twentieth must be deducted and allocated to the formation of a "legal reserve" fund. This deduction is no longer required when the amount of the legal reserve has reached one-tenth of the share capital of the Company. It is resumed when, for any reason, the legal reserve falls below this fraction.
3. Distributable earnings consist of the remaining balance, plus any profits carried forward.

   From these distributable earnings:

   The Shareholders' Meeting may deduct the necessary amounts for allocation to the special reserve for long-term capital gains, as provided for by current tax provisions, if other legal or optional reserves do not allow such contribution at the time the allocation is taxable in order to defer payment at the full corporate income tax rate applicable to long-term capital gains realized during the fiscal year.

   The Shareholders' Meeting may then deduct from the balance such sums as it deems appropriate, either to be carried forward to the following fiscal year, or to be applied to one or more general or special reserve funds, whose allocation or use it shall freely determine.

   Any remaining balance is to be distributed among all shareholders in the form of a dividend, prorated in accordance with the share capital represented by each share.

   The Shareholders' Meeting convened to approve the 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.
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.

Part VI

Transformation – Dissolution – Extension – Liquidation – Litigation

Article 27 - Transformation

The Company may be transformed into a company having a different legal form provided that, at the time of the transformation, it has been in existence for at least two years and the balance sheets of its first two years of existence have been approved by the shareholders.

Any transformation of the Company must be decided upon and published as provided by law.

Article 28 - Net assets amounting to less than one-half of the share capital

If, as a consequence of losses showed by the Company's accounts, the equity of the Company is reduced to below one-half of the share capital of the Company, the Board of Directors shall, within four months from the approval of the accounts showing such loss, convene an Extraordinary Shareholders' Meeting in order to decide whether the Company ought to be dissolved before its statutory term.

If the dissolution is not resolved, the Company must, no later than the end of the second fiscal year following the fiscal year during which the losses were established, reduce its share capital by an amount at least equal to the losses which could not be charged to reserves if, by the conclusion of the aforementioned period, the net assets have not been replenished to an amount at least equal to one-half of the share capital.

In either case, the resolution adopted by the Shareholders' Meeting shall be published, in accordance with the law.

Article 29 - Premature dissolution and extension

An Extraordinary Shareholders' Meeting may at any time declare the premature dissolution of the Company or, at the expiration of the Company's term of existence, its extension.

At least one year prior to the expiration of the Company's term of existence, the Board of Directors shall convene an Extraordinary Shareholders' Meeting, in order to decide whether the Company's term ought to be extended.

Article 30 - Liquidation

Upon the expiration of the Company's term of existence or in the event of its premature dissolution, the Shareholders' Meeting shall decide the methods of liquidation and appoint one or several liquidators whose powers it shall determine.

The appointment of the liquidator(s) terminates the office of the Directors and that of the Statutory Auditors.

During the period of the liquidation, the Shareholders' Meeting shall retain the same powers as those it exercised during the existence of the Company.

The net proceeds of the liquidation, after payment of liabilities, shall be used first for the repayment of the amount paid up on shares that has not already been repaid to shareholders by the Company, with the balance divided among all the shares.

The shareholders are convened at the end of the liquidation in order to decide on the final accounts, to discharge the liquidators from liability for their acts of management and the performance of their office, and to formally acknowledge the termination of the liquidation process. The conclusion of the liquidation shall be published as provided by law.

Article 31 - Litigation – Election of domicile

Any litigation that may arise, during the term of existence of the Company or its liquidation, either between the shareholders and the Company, or among the shareholders themselves, with respect to company activities, shall be heard by the competent courts with jurisdiction over the location of the Company's registered office.

To this end, all shareholders must elect domicile within the same area of jurisdiction as the registered office and all summons or notices shall be validly served at this domicile.

Where no such domicile is elected, summons and notices shall be validly served before the *Procureur de la République* (French public prosecutor) at the *Tribunal de Grande Instance* (French civil court) that has jurisdiction over the location of the registered office.

Other information

GENERAL INFORMATION CONCERNING THE COMPANY AND ITS CAPITAL – STOCK MARKET

1.	**History of the Group**	**224**
2.	**Information regarding the parent company**	**226**
2.1.	Role of the parent company within the Group	226
2.2.	General information	226
2.3.	Additional information	226
3.	**Information regarding the capital**	**227**
3.1.	Share capital	227
3.2.	Authorized share capital	227
3.3.	Status of delegations and authorizations granted to the Board of Directors	227
3.4.	Shareholders' identification	227
3.5.	Non-capital shares	227
3.6.	Securities giving access to the Company's capital	227
3.7.	Three-year summary of changes in the Company's share capital	228
4.	**Analysis of share capital and voting rights**	**228**
4.1.	Share ownership of the company	228
4.2.	Changes in share ownership during the last three fiscal years	229
4.3.	Pledges of pure registered shares by main shareholders	229
4.4.	Natural persons or legal entities that may exercise control over the Company	229
5.	**Market for financial instruments issued by Christian Dior**	**230**
5.1.	Market for Christian Dior shares	230
5.2.	Share repurchase program	231
5.3.	Bonds issued by Christian Dior	232
5.4.	Dividend	233
5.5.	Change in share capital	233
5.6.	Performance per share	233
6.	**Main locations and properties**	**234**
6.1.	Production	234
6.2.	Distribution	235
6.3.	Administrative sites and investment property	236
7.	**Supply sources and subcontracting**	**237**
7.1.	Champagnes and Wines	237
7.2.	Cognac and Spirits	237
7.3.	Fashion and Leather Goods	238
7.4.	Perfumes and Cosmetics	238
7.5.	Watches and Jewelry	239
7.6.	Christian Dior Couture	239

1. History of the Group

1905	Birth of Christian Dior in Granville (Normandy, France), on January 21.
1946	Backed by Marcel Boussac, Christian Dior founds his own couture house, in a private house at 30, avenue Montaigne in Paris.
1947	On February 12, Christian Dior presents the 90 models of his first collection on six mannequins. 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 while convalescing at Montecatini 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 Trade 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*.

1987	The Paris Fashion Museum dedicates an exhibition to Christian Dior, on the fortieth anniversary of his first collection.
1988	Through its subsidiary Jacques Rober, held jointly with the Guinness group, Christian Dior takes a 32% equity stake in the share capital of LVMH. The share capital of Christian Dior is offered to French and foreign institutional investors who subscribe to a capital increase of 3.3 billion francs in a private placement.
1989	Gianfranco Ferré joins Christian Dior as creator of the Haute Couture, Fashion Furs, and Women's ready-to-wear collections. His first Haute Couture collection is awarded the Dé d'Or. Opening of a boutique in Hawaii. Jacques Rober's stake in LVMH is increased to 44%.
1990	Opening of boutiques in Los Angeles and New York. LVMH stake is increased to 46%.
1991	Listing of Christian Dior on the spot market, and then the monthly settlement market of the Paris stock exchange. Launch of the perfume *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, Hedi Slimane, new creator of the *Dior Homme* line, presents his first collection based on a new contemporary masculine concept. Launch of the men's fragrance *Higher*. Opening of the Fine Jewelry boutique at Place Vendôme, created under the supervision of Victoire de Castellane.
2002	Launch of the perfume *Addict*.
2003	Opening of a flagship boutique in the Omotesando district (Tokyo).
2004	Opening of a flagship boutique in the Ginza district (Tokyo).
2005	Celebration of the centennial of Christian Dior's birth. Launch of the perfumes *Miss Dior Chérie* and *Dior Homme*.
2006	Christian Dior Couture directly takes over the activity of its Moscow agent and opens a boutique in the GUM department store.
2007	Celebration of the 60th anniversary of the creation of Maison Dior (1947). Kris Van Assche, the new creator of the 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 exhibition *Inspiration Dior* at the Pushkin Museum in Moscow.
2012	Raf Simons is named creative director of the Haute Couture, Women's Ready-to-Wear and Women's Accessories collections.

2. Information regarding the parent company

2.1. ROLE OF THE PARENT COMPANY WITHIN THE GROUP

Christian Dior is a holding company whose assets consist primarily of investments in Christian Dior Couture (wholly owned) and in LVMH (40.90% ownership interest) via Financière Jean Goujon SAS, a wholly owned subsidiary of Christian Dior.

2.2. GENERAL INFORMATION

The complete text of the Bylaws is presented in "Other information – Governance" of the Annual Report.

Corporate name (Article 3 of the Bylaws): Christian Dior.

Registered office (Article 4 of the Bylaws): 30, avenue Montaigne, 75008 Paris. Telephone: +33 (0)1 44 13 22 22.

Legal form (Article 1 of the Bylaws): *Société anonyme* (limited liability company).

Jurisdiction (Article 1 of the Bylaws): the Company is governed by French law.

Register of Commerce and Companies: the Company is registered in the Paris Register of Commerce and Companies under number 582 110 987. APE code (company activity code): 7010Z.

Date of incorporation - Term (Article 5 of the Bylaws): Christian Dior was incorporated on October 8, 1946 for a term of 99 years, which expires on October 7, 2045, unless the Company is dissolved early or extended by a resolution of the Extraordinary Shareholders' Meeting.

Location where documents concerning the Company may be consulted: the Bylaws, financial statements and reports, and the minutes of Shareholders' Meetings may be consulted at the registered office at the address indicated above.

2.3. ADDITIONAL INFORMATION

The complete text of the Bylaws is presented in "Other information — Governance" of the Annual Report.

Corporate purpose (Article 2 of the Bylaws): the taking and management of interests in any company or entity, whether commercial, industrial, or financial, whose direct or indirect activity involves the manufacture and/or dissemination of prestige products, through the acquisition, in any form whatsoever, of shares, corporate interests, bonds, or other securities or investment rights.

Fiscal year (Article 24 of the Bylaws): from May 1 until April 30 of the following year. A resolution will be presented to the Shareholders' Meeting of October 26, 2012 to modify the dates on which the fiscal year begins and ends, respectively, to the first day of July and the thirtieth day of June of the following civil year. If this modification is approved, it will not apply to the current fiscal year, which will end on the thirtieth day of April 2013. By exception, the following fiscal period will last two months from the first day of May to the thirtieth day of June 2013.

Statutory distribution of profits (Article 26 of the Bylaws): The Shareholders' Meeting may deduct from the profit for the fiscal year such sums as it deems appropriate, either to be carried forward to the following fiscal year, or to be applied to one or more general or special reserve funds, whose allocation or use it shall freely determine. Any remaining balance is to be distributed among all shareholders in the form of a dividend, prorated in accordance with the share capital represented by each share.

Shareholders' Meetings (Articles 17 to 23 of the Bylaws): Shareholders' Meetings are convened and held under the conditions provided by the laws and decrees in effect.

Rights, preferences and restrictions attached to shares (Articles 6, 8, 17 and 30 of the Bylaws): all shares belong to the same category, whether issued in registered or bearer form.

Each share gives the right to a proportional stake in the ownership of the Company's assets, as well as in the sharing of profits and of any liquidation surplus.

A voting right equal to twice the voting right attached to other shares is granted to all fully paid up registered shares for which evidence of registration under the name of the same shareholder during at least three years will be brought, as well as to registered shares allocated to a shareholder, in case of increase of the capital by capitalization of reserves, or of profits carried forward or of issue premiums due to existing shares for which it was entitled to benefit from this right. This right was granted by the Extraordinary Shareholders' Meeting of June 14, 1991 and may be removed by a decision of the Shareholders' Meeting, after ratification by a Special Meeting of beneficiaries of this right.

Declaration of thresholds (Article 8 of the Bylaws): independently of legal obligations, the Bylaws stipulate that any individual or legal entity that becomes the owner of a fraction of capital greater than or equal to 1% shall notify the total number of shares held to the Company. 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 April 30, 2012, the Company's share capital was 363,454,096 euros, consisting of 181,727,048 fully paid-up shares with a par value of 2 euros each.

The shares issued by the Company are all of the same class.

Of these 181,727,048 shares, 123,110,228 shares conferred double voting rights as of April 30, 2012.

3.2. AUTHORIZED SHARE CAPITAL

As of April 30, 2012, the Company's authorized share capital was 446,898,060 euros, consisting of 223,449,030 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 paragraph 8.1 "Status of current delegations and authorizations" in the "Management Report of the Board of Directors" of the Annual Report.

3.4. SHAREHOLDERS' IDENTIFICATION

Article 8 of the Bylaws authorizes the Company to set up a shareholder identification procedure.

3.5. NON-CAPITAL SHARES

The Company has not issued any non-capital shares.

3.6. SECURITIES GIVING ACCESS TO THE COMPANY'S CAPITAL

No securities giving access to the Company's capital were outstanding as of April 30, 2012.

3.7. THREE-YEAR SUMMARY OF CHANGES IN THE COMPANY'S SHARE CAPITAL

Type of operation		Par value issued *(EUR)*	Issue premium *(EUR)*	Successive amounts of share capital *(EUR)*	Cumulative number of company shares	Par value per share *(EUR)*
2010	No shares created	-	-	363,454,096	181,727,048	2.00
2011	No shares created	-	-	363,454,096	181,727,048	2.00
April 30, 2012	No shares created	-	-	363,454,096	181,727,048	2.00

4. Analysis of share capital and voting rights

4.1. SHARE OWNERSHIP OF THE COMPANY

As of April 30, 2012, the Company's share capital comprised 181,727,048 shares:

- 113,505,681 pure registered shares;
- 15,259,922 administered registered shares;
- 52,961,445 bearer shares.

Taking into consideration treasury shares, 179,346,842 shares carried voting rights, of which 123,110,228 shares carried double voting rights.

As of April 30, 2012, a total of 237 registered shareholders held at least 100 shares.

Shareholders	Number of shares	Number of voting rights [b]	% of share capital	% of voting rights [b]
Arnault family group [a]	127,874,042	250,729,110	70.37	82.90
Other shareholders	53,853,006	51,727,960	29.63	17.10
TOTAL AS OF APRIL 30, 2012	**181,727,048**	**302,457,070**	**100.00**	**100.00**

(a) Excluding the 2,500,000 options to purchase shares deemed to be equivalent to shares held as provided under item 4 of Article L. 233-9-1 of the French Commercial Code.
(b) Voting rights exercisable in Shareholders' Meetings.

Save for the information set out in §4.4 below, to the best of the Company's knowledge:

- no shareholder held at least 5% of the share capital and voting rights as of April 30, 2012;
- 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 April 30, 2012, senior executives of the Company and members of the Board of Directors directly and personally held in registered form less than 0.5% of the Company's share capital and voting rights.

During the fiscal year ended April 30, 2012, AKO Capital LLC informed the Company that it had exceeded the 1% shareholding threshold of the Company's share capital.

During the fiscal year ended April 30, 2012 and as of July 29, 2012, 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

	April 30, 2012 (4 months)			Dec. 31, 2011 (12 months)			Dec. 31, 2010 (12 months)		
Shareholders	**Number of shares**	**% of capital**	**% of voting rights [a]**	**Number of shares**	**% of capital**	**% of voting rights [a]**	**Number of shares**	**% of capital**	**% of voting rights [a]**
Arnault family group, of which	127,874,042 [b]	70.37	82.90	127,840,292 [b]	70.35	82.92	127,840,292	70.35	83.09
- Semyrhamis	*107,985,125*	*59.42*	*71.41*	*107,985,125*	*59.42*	*71.49*	*107,985,125*	*59.42*	*71.08*
- Arnault family and other controlled companies	*19,888,917*	*10.95*	*11.49*	*19,855,167*	*10.93*	*11.43*	*19,855,167*	*10.93*	*12.01*
Treasury shares	2,380,206	1.31	-	2,596,556	1.43	-	2,803,560	1.54	-
Free float – registered shares	541,579	0.30	0.26	497,395	0.27	0.27	420,058	0.23	0.23
Free float – bearer shares	50,931,221	28.02	16.84	50,792,805	27.95	16.81	50,663,138	27.88	16.68
TOTAL	**181,727,048**	**100.00**	**100.00**	**181,727,048**	**100.00**	**100.00**	**181,727,048**	**100.00**	**100.00**

(a) Voting rights exercisable in Shareholders' Meetings.
(b) Excluding the 2,500,000 options to purchase shares deemed to be equivalent to shares held as provided under item 4 of Article L. 233-9-1 of the French Commercial Code.

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 April 30, 2012, the individuals belonging to the Arnault family group, acting in concert with Groupe Arnault SAS, 93.2% of which is controlled by these individuals (after deducting shares deprived of voting rights), held as of said date, directly and indirectly, 70.37% of the Company's share capital and 82.90% of its voting rights, these totals including shares deemed as equivalent to shares held as provided under Article L. 233-9 of the French Commercial Code.

As of the same date, Semyrhamis held 107,985,125 shares in the Company, representing 59.42% of its share capital and 71.41% of its voting rights. The main purpose of Semyrhamis is to hold Christian Dior shares.

The Arnault family group indirectly holds 99.78% of Semyrhamis' share capital.

As of April 30, 2012, the Arnault family group held, directly and indirectly, 70.37% of the share capital of Christian Dior.

5. Market for financial instruments issued by Christian Dior

5.1. MARKET FOR CHRISTIAN DIOR SHARES

The start of 2012 proved favorable for the world's financial markets. Equity markets were buoyed by economic recovery in the United States and the very accommodative monetary policies implemented by all developed countries. In particular, performance by markets in Europe was spurred by the European Central Bank's second three-year long term refinancing operation.

But in mid-March, rising concerns about the situation in Greece, followed by similar anxieties about conditions in Spain, caused markets to fall. The recessionary impact of fiscal tightening across Europe made it even more difficult for these countries to meet their targets for deficit reduction. At the same time, economic growth in the United States weakened and the main emerging markets also had the wind taken out of their sails. By the end of April, the equity markets had erased most of the gains they had built up in the first three months of the year.

In this mixed environment, Christian Dior turned in positive results, its shares significantly outpacing the market. The Christian Dior share price rose 24.3% between December 31, 2011 and April 30, 2012, to be set against a 0.4% decline for the DJ Euro Stoxx 50 and a 3.3% increase for the Euronext 100 index over the same period.

Christian Dior's closing share price on April 30, 2012 was 113.85 euros. As of the same date, Christian Dior's market capitalization was 20.7 billion euros.

Market for issuer's shares

Christian Dior's shares are listed on Compartment A of NYSE Euronext Paris (Reuters: DIOR. PA, Bloomberg: CDi-FP, ISIN: FR0000130403).

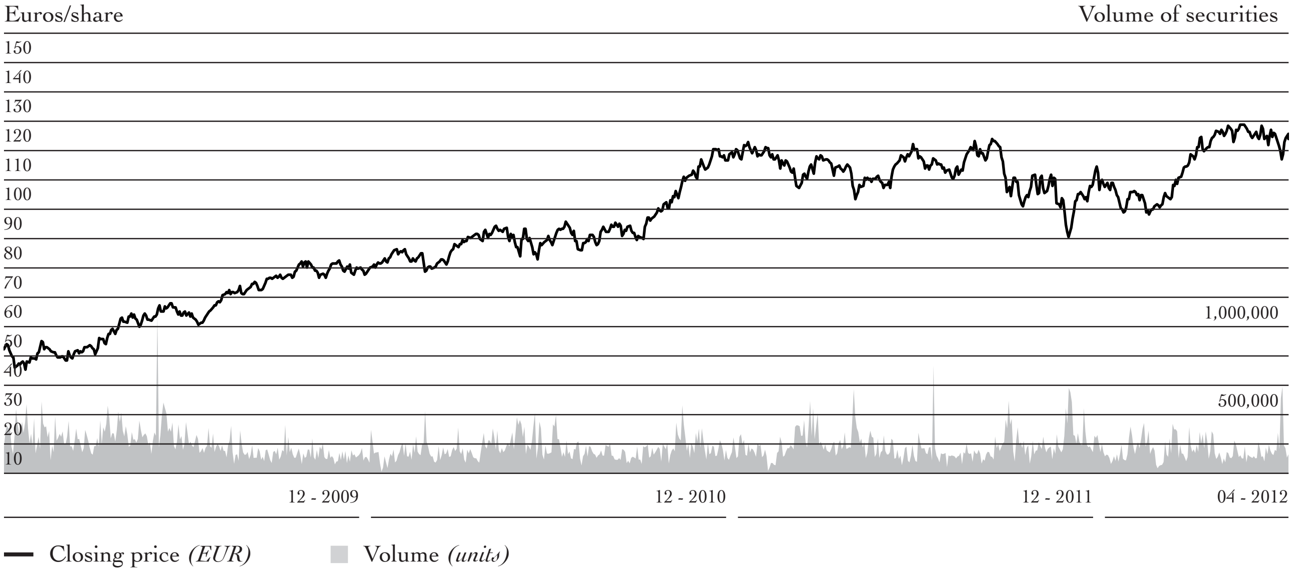
In addition, negotiable options based on the Christian Dior share are traded on Euronext-Liffe.

Trading volumes and amounts, and price trend over the last 12 months

	Opening price 1st day *(EUR)*	Closing price last day *(EUR)*	Highest share price [a] *(EUR)*	Lowest share price [a] *(EUR)*	Trading volume	Value of share capital traded *(EUR millions)*
May 2011	108.70	107.30	112.30	103.20	3,285,028	512
June 2011	107.35	108.50	109.20	98.98	2,360,651	246
July 2011	108.10	111.50	116.30	103.90	2,493,242	284
August 2011	112.60	101.10	114.85	89.60	4,493,161	442
September 2011	101.50	84.55	102.30	83.51	3,645,998	351
October 2011	83.00	102.30	104.75	79.10	5,220,616	491
November 2011	100.00	95.85	101.30	87.68	2,668,554	254
December 2011	95.89	91.61	97.55	86.40	3,162,911	302
January 2012	91.89	108.20	109.45	91.89	3,497,925	351
February 2012	109.00	116.45	117.10	107.70	3,140,957	354
March 2012	116.00	115.05	119.70	112.65	2,571,244	299
April 2012	115.70	113.85	118.95	106.45	3,253,362	372

Source: NYSE Euronext.
(a) Share price during market trading.

Price trend of the Christian Dior share and volume of stock traded in Paris



Stock market capitalization

(EUR millions)	
As of December 31, 2010	19,427
As of December 31, 2011	16,648
As of April 30, 2012	20,690

5.2. SHARE REPURCHASE PROGRAM

DESCRIPTION OF THE SHARE REPURCHASE PROGRAM APPROVED BY THE COMBINED SHAREHOLDERS' MEETING OF APRIL 5, 2012 (AS DISSEMINATED AND PUBLISHED ON THE COMPANY'S WEB SITE ON AUGUST 22, 2012, IN ACCORDANCE WITH APPLICABLE REGULATIONS)

Pursuant to the provisions of Article L. 451-3 of the French Monetary and Financial Code (*Code monétaire et financier*), Article 241-2 of the General Regulation of the AMF, and of Commission Regulation (EC) No. 2273/2003 of December 22, 2003, this description aims to set out the objectives and procedures for the program relating to the repurchase by Christian Dior (the "Company") of its own shares, as approved by the Combined Shareholders' Meeting of April 5, 2012.

5.2.1. Date of the Shareholders' Meeting having approved the program

Combined Shareholders' Meeting of April 5, 2012.

5.2.2. Number of shares held by the Company analyzed by purpose

As of August 22, 2012, the Company's share capital was comprised of 181,727,048 shares, all of the same class, of which 2,350,206 shares, representing approximately 1.29% of its issued share capital, were held by the Company, broken down as follows:

- 2,330,674 shares (1.28% of the Company's issued share capital) held in connection with current or future share purchase option plans and bonus share plans;
- 19,532 shares (0.01% of the Company's issued share capital) corresponding to prior share repurchases made with the aim of stabilizing the share price.

The Company has not used derivatives.

5.2.3. Objectives of the share repurchase program approved on April 5, 2012

The objectives of the share repurchase program approved by the Combined Shareholders' Meeting of April 5, 2012 are as follows:

- to provide liquidity to the market (through purchases or sales of 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);
- to allocate shares to cover stock option plans, bonus share plans, any other similar plans or share-based payment plans established for employees or company officers of the Company or of any other affiliated undertaking as defined by the French Commercial Code (*Code de commerce*), in particular its Articles L. 225-180 and L. 225-197-2;
- to allocate shares to cover securities giving access to the Company's capital, in particular by way of conversion, tendering of a warrant or a right, repayment or exchange;
- to cancel shares under the authorization given to the Board of Directors by the Combined General Meeting, or
- to hold shares so as to be exchanged or presented as consideration at a later date for external growth transactions.

5.2.4. Maximum limit of share capital, maximum number of shares, share characteristics and maximum purchase price

Maximum limit of share capital that can be repurchased – Share characteristics

The share repurchase program approved by the Combined Shareholders' Meeting of April 5, 2012 applies to the ordinary shares of Christian Dior SA (ISIN code: FR0000130403), admitted for trading on Compartment A of the regulated market of NYSE Euronext in Paris.

The maximum percentage of shares that can be repurchased under the program approved by the Combined Shareholders' Meeting of April 5, 2012 is 10% of the Company's issued share capital on the date of the repurchase transaction, with the understanding that the Company cannot hold, at any point in time, a total number of shares representing more than 10% of its issued share capital.

Notwithstanding the foregoing provision, the number of shares that may be repurchased by the Company so as to be exchanged or presented as consideration in connection with a merger, spin-off or any other type of business combination cannot exceed 5% of the Company's issued share capital as of the date of transaction.

For information, as of August 22, 2012, the threshold of 10% of the Company's issued share capital represents 18,172,704 shares. As a result, and after taking into account the number of treasury shares held by the Company as of this date (2,350,206 shares), the maximum number of the Company's shares that can be repurchased by the Company amounts to 15,822,498 shares, equivalent to 8.71% of its issued share capital as of this date.

Maximum purchase price

The maximum purchase price approved by the Combined Shareholders' Meeting of April 5, 2012 is 200 euros per share. The cumulative amount set aside for these purchases cannot exceed 3.7 billion euros.

However, 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 transaction.

5.2.5. Term of the share repurchase program

The share repurchase program runs for 18 months from the date of its approval by the Combined Shareholders' Meeting of April 5, 2012 and thus expires on October 4, 2013.

This program description is available on the Company's Web site (www.dior-finance.com) in the "Regulated information" section.

5.3. BONDS ISSUED BY CHRISTIAN DIOR

Bonds issued by Christian Dior that were outstanding on April 30, 2012 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	350,000,000	2009	2014	3.75
EUR	300,000,000	2011	2016	4.00

5.4. DIVIDEND

A gross dividend of 1.10 euros per share is being proposed for the fiscal year from January 1 to April 30, 2012.

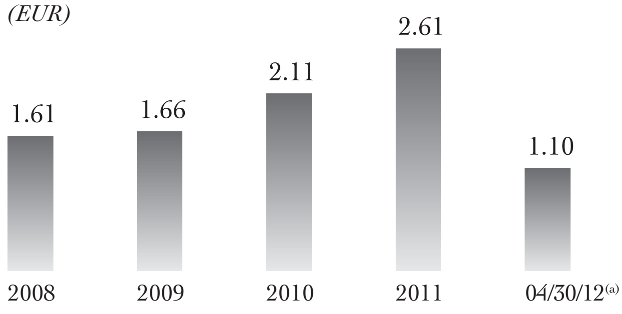
The total Christian Dior distribution will amount to 200 million euros for this exceptional four-month fiscal year, before the impact of treasury shares.

Dividend distribution in respect of fiscal years 2008 to 2012

Fiscal year	Gross dividend per share [a] *(EUR)*	Dividend distribution *(EUR millions)*
As of April 30, 2012 [b]	1.10	200
2011	2.61	474
2010	2.11	383
2009	1.66	302
2008	1.61	293

(a) Excludes the impact of tax regulations applicable to the beneficiaries.
(b) Proposed to the Shareholders' Meeting of October 26, 2012.

Gross dividend per share
(EUR)



(a) Proposed to the Shareholders' Meeting of October 26, 2012.

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.

5.5. CHANGE IN SHARE CAPITAL

As of April 30, 2012, Christian Dior's share capital amounted to 363,454,096 euros, consisting of 181,727,048 shares with a par value of 2 euros.

The number of shares remained unchanged during the fiscal year from January 1, 2012 to April 30, 2012.

5.6. PERFORMANCE PER SHARE

(EUR)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)	**Dec. 31, 2010** (12 months)
Diluted Group share of earnings per share	2.16	7.09	7.03
Dividend	1.10	2.61	2.11
Change compared to previous year	*Na* [a]	*+24%*	*+27%*
Highest share price *(during market trading)*	119.70	116.30	114.90
Lowest share price *(during market trading)*	91.89	79.10	67.64
Share price as of April 30 *(closing share price)*	113.85	91.61	106.90
Change compared to previous year	*+24%*	*- 14%*	*+49%*

(a) Exceptional four-month fiscal year not comparable to the prior 12-month fiscal year.

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:

	April 30, 2012 (4 months)		Dec. 31, 2011 (12 months)	
(in hectares)	**Total**	**Of which under production**	**Total**	**Of which under production**
France				
Champagne appellation	1,873	1,737	1,833	1,697
Cognac appellation	245	177	245	177
Vineyards in Bordeaux	253	159	253	159
International				
California (United States)	475	345	475	345
Argentina	1,397	878	1,397	878
Australia, New Zealand	525	481	525	481
Brazil	232	75	232	75
Spain	55	49	55	49

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 1,050,000 square meters in France and 280,000 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, and in San Dimas, California. The company owns its warehouses in France; those located outside France are leased. Overall, production facilities and warehouses owned by the Group represent approximately 185,000 square meters.

Fendi owns its own manufacturing facility near Florence, Italy, as well as its company headquarters, the Fendi Palazzo, in Rome, Italy.

Céline also owns manufacturing and logistics facilities near Florence in Italy.

Berluti's shoe production factory in Ferrara (Italy) is owned by the Group.

Rossimoda owns its office premises and its production facility in Strà and Vigonza in Italy.

The other facilities utilized by this business group are leased.

6.1.3. Perfumes and Cosmetics

Buildings located near Orleans in France housing the Group's Research and Development operations of Perfumes and Cosmetics as well as the manufacturing and distribution of Parfums Christian Dior are owned by Parfums Christian Dior and occupy a surface area of 122,000 square meters.

Guerlain owns its two manufacturing centers in Chartres and Orphin (France), for a total surface area of approximately 27,000 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.

6.1.4. Watches and Jewelry

TAG Heuer leases all of its manufacturing facilities in La Chaux-de-Fonds and the Jura region of Switzerland.

Zenith owns the *Manufacture*, which houses its movement and watch manufacturing facilities in Le Locle, Switzerland. All of its European warehouses are leased.

Hublot owns its production facilities and its office premises.

Bulgari owns its production facilities in Italy and Switzerland.

The facilities operated by this business group's remaining brands, Chaumet, Fred, De Beers and Montres Dior, are leased.

6.1.5. Christian Dior Couture

In association with its Italian partners, Christian Dior Couture operates five production units for leather goods and footwear in Florence, Milan, and Padua.

For costume jewelry, Christian Dior Couture has a state-of-the-art production workshop at Pforzheim, Germany.

Baby Dior, reacquired by the Group in 2006, operates 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, Sydney, Genoa, Cannes, Saint-Tropez, for a total surface area of approximately 10,000 square meters.

Céline and Loewe also own the buildings housing some of their stores in Paris and Spain.

With the exception of Avenue Montaigne, the Madrid boutique, a boutique in Saint-Tropez, and a boutique in Tokyo (Omotesando district), the stores wholly operated by Christian Dior Couture are leased. In 2011, Christian Dior Couture acquired a building in Seoul (South Korea) intended to house a boutique, with the opening planned for 2013. In 2012, Christian Dior Couture acquired a building in Sydney (Australia) intended to house a Dior boutique, with the opening planned for late 2012. Christian Dior owns a logistics center in Blois.

In the Selective Retailing business group:

- Le Bon Marché and Franck et Fils own the buildings in Paris that house their department stores, corresponding to a total sales area of about 70,000 square meters;
- DFS owns its stores in Guam, Saipan and Hawaii.

As of April 30, 2012, the Group's store network breaks down as follows:

(in number of stores)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
France	413	410	387
Europe (excluding France)	921	923	691
United States	652	653	606
Japan	386	390	340
Asia (excluding Japan)	698	686	585
Other	193	188	168
TOTAL	**3,263**	**3,250**	**2,777**

(in number of stores)		April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)	Dec. 31, 2010 (12 months)
Christian Dior Couture		**202**	**210**	**232**
Fashion and Leather Goods		**1,238**	**1,246**	**1,188**
Perfumes and Cosmetics		**87**	**85**	**75**
Watches and Jewelry		**327**	**327**	**122**
Selective Retailing:	*- Sephora*	*1,326*	*1,300*	*1 070*
	- Other, including DFS	*69*	*68*	*76*
	- Subtotal Selective Retailing	**1,395**	**1,368**	**1 146**
Other		**14**	**14**	**14**
TOTAL		**3,263**	**3,250**	**2,777**

In 2011, 170 Bulgari stores, in Watches and Jewelry, and 125 Ile de Beauté stores, in Selective Retailing, joined the Group's retail network.

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 owning the building housing the headquarters of LVMH on avenue Montaigne in Paris. The Group also owns three buildings in New York (total surface area of about 26,000 square meters) and a building in Osaka (about 5,000 square meters) that house the offices of subsidiaries.

Lastly, the Group owns investment property, in central Paris and in London, corresponding to a total surface area of 80,000 square meters and 10,000 square meters, respectively.

The group of properties previously used for the business operations of the Samaritaine department store, i.e. approximately 60,000 square meters in Paris are the focus of a redevelopment project, which will transform it into a complex comprising offices, shops and a luxury hotel.

7. Supply sources and subcontracting

7.1. CHAMPAGNES AND WINES

The Group owns 1,737 hectares under production, which provide a little more than one-fourth of its annual needs. In addition, the Group companies purchase grapes and wines from wine growers and cooperatives on the basis of multi-year agreements; the largest supplier of grapes and wines represents less than 15% of total supplies for the Group's brands. Until 1996, a theoretical price was published by the industry; to this were added specific premiums negotiated individually between wine growers and merchants. Following the signing of an initial four-year agreement in 1996, another industry agreement had been signed in the spring of 2000 covering the four harvests from 2000 to 2003, which had confirmed the aim of limiting upward or downward fluctuations in grape prices. A new industry agreement was then concluded in the spring of 2004 between the Champagne producers and the region's grape suppliers covering the five harvests from 2004 to 2009. This agreement was renewed in 2009 before its expiry date, setting the framework for negotiations relating to harvests from 2009 to 2013. Each individual agreement must now include an indexation clause for grape prices. The recommended benchmark is the average sales price of a bottle of champagne, which ensures better value distribution for the market participants and more control over grape price speculation.

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

For the 2011 harvest, the *Institut National des Appellations d'Origine* (INAO, the French organization responsible for regulating controlled place names) set the maximum yield for the Champagne appellation at 10,500 kg/ha. This maximum yield represents the maximum harvest level that can be made into wine and sold under the Champagne appellation. In 2006, the INAO redefined the legal framework for the abovementioned stockpiled reserves. It is now possible to harvest grapes beyond the marketable yield within the limits of a ceiling referred to as the *plafond limite de classement* (PLC), the highest permitted yield per hectare. This ceiling is determined each year, depending on the maximum total yield. It was set at 13,600 kg/ha for the 2011 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 2011 harvest ranged between 5.00 euros and 5.90 euros depending on the vineyard, a 4% increase compared to 2010.

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

The Champagne houses used subcontractors primarily for bottle handling and storing operations; these operations represented approximately 6 million euros for the fiscal year from January 1 to April 30, 2012.

7.2. COGNAC AND SPIRITS

Hennessy owns 177 hectares. The Group's vineyard has remained virtually stable since 2000, after 60 hectares of vines were cleared in 1999 as part of the industry plan implemented in 1998. The objective of the plan was to reduce the production area through premiums offered for clearing and assistance given to wine growers to encourage them to produce wines other than those used in the preparation of cognac.

Most of the wines and *eaux-de-vie* that Hennessy needs for its production are purchased from a network of approximately 2,500 independent producers, a collaboration which enables the company to ensure that exceptional quality is preserved. Purchase prices for wine and *eaux-de-vie* are established between the company and each producer based on supply and demand. In 2011, the price of wines from the harvest increased by 5% compared to the 2010 harvest.

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

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

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

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

7.3. FASHION AND LEATHER GOODS

In Fashion and Leather Goods, manufacturing capacities and the use of subcontracting vary significantly, depending on the brand.

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

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

Overall, the use of subcontractors for Fashion and Leather Goods operations represented about 45% of the cost of sales in 2011. During the first four months of 2012, the use of subcontractors increased, representing 56% of the cost of sales, due to seasonal and cyclical economic factors.

Louis Vuitton Malletier depends on outside suppliers for most of the leather and raw materials used in manufacturing its products. Even though a significant percentage of the raw materials is purchased from a fairly small number of suppliers, Louis Vuitton believes that these supplies could be obtained from other sources, if necessary. In 2004, recourse to a balanced portfolio of suppliers also limited dependence on specific suppliers. After a diversification program launched in 1998 to Norway and Spain, the portfolio of suppliers was expanded to include Italy in 2000. In 2009, as part of a continued effort to bolster this strategic supply source, Louis Vuitton formed a joint venture with Tannerie Masure, which has been providing the company with premium-quality leathers for many years. This partnership resulted in the creation of Tanneries de la Comète, where hides are tanned exclusively for Louis Vuitton using vegetal extracts. The acquisition of Heng Long, a top-tier exotic leather tannery in 2011 also contributes to the securitization of access to strategic supplies. For Louis Vuitton, the leading supplier of hides and leathers represents about 23% of its total supplies of these products.

Fendi is in a similar situation, except for some exotic leathers for which suppliers are rare.

Finally, for the various Houses, the fabric suppliers are often Italian, but on a non-exclusive basis.

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

7.4. PERFUMES AND COSMETICS

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

In the fiscal year from January 1 to April 30, 2012, manufacturing subcontracting represented overall about 8% of the cost of sales for this activity, plus approximately 3 million euros for logistical subcontracting.

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

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

7.5. WATCHES AND JEWELRY

With its Swiss workshops and manufactures, located in Le Locle, La Chaux-de-Fonds, Neuchatel, Cornol, Le Sentier and in Nyon, the Group provides almost the entire assembly of the watches and chronographs sold under the TAG Heuer, Hublot, Zenith, Bulgari, Christian Dior, Chaumet and Fred brands, as well as the design and manufacturing of the mechanical movements *El Primero* and *Elite* from Zenith, le *Calibre 1887* from TAG Heuer, *UNICO* from Hublot and the *Grand Complications* from Bulgari.

In its watchmaking shop, in 2009, Hublot celebrated the opening of its new site in Nyon while TAG Heuer inaugurated a new workshop for the manufacture of watch movements in La Chaux-de-Fonds. In 2011, TAG Heuer acquired the entire share capital of ArteCad, a leading Swiss manufacturer of watch dials, and Hublot acquired the entire share capital of Profusion, a supplier of carbon fiber parts and components, which complements TAG Heuer and Bulgari's current capacity for critical components such as dials, cases and straps.

In this business, subcontracting represented 13% of the cost of sales in the first four months of 2012.

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

7.6. 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.

Overall for this business, subcontracting represented about 35.1% of the cost of sales in 2012.

In the ready-to-wear and fine jewelry sectors, the Company is supplied solely through outside companies.

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 5 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 3, 2012

Under delegation from the Chief Executive Officer

Florian OLLIVIER

Chief Financial Officer

For further information:

Website: www.dior-finance.com

Design and production: Agence Marc Praquin
Photo credit: Karl LAGERFELD

Christian Dior

30, avenue Montaigne – Paris 8^{e}