Christian Dior

TRANSLATION OF THE FRENCH “RAPPORT ANNUEL”
AS OF APRIL 30, 2013

Combined Shareholders' Meeting October 18, 2013

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.

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Christian Dior

Annual Report as of April 30, 2013

Chairman's message

The Christian Dior group exhibited excellent performance over the fiscal year and continues to expand market share in a mixed international environment. Our brands are strong; our teams are committed and react fast, with an obsession for quality, creativity and excellence. This is what is driving the Group forward at every level and has sustained our business at a time of economic uncertainty in Europe and a temporary period of slower growth in Asia.

A wealth of achievements in all our business lines

The fiscal year has been marked by a wealth of achievements. Here are just some of the many accomplishments we can be proud of: an excellent reception of the first Haute Couture and Ready to Wear collections by Dior's new artistic director; very solid growth in wines and spirits, in terms of both volume and value; ceaseless excellence at Louis Vuitton as it achieves growth in all of its business lines and continues to build up its multiple areas of expertise; sustained improvement thanks to thoroughgoing efforts at the fashion brands (Céline is currently the most outstanding example of this); the success of our perfume and cosmetics brands, with their genuine message of unfailing quality and authentic innovation in a market saturated with new, sometimes short-lived products; the healthy momentum of our watch and jewelry brands, fed by the vitality of their iconic product lines and expanded manufacturing capabilities; a full-year contribution from Bulgari; the fortified positions of DFS and Sephora, which continue to win over and keep new customers from a wide range of cultures thanks to the most innovative products and services in their sector… the list goes on. I would also like to mention our achievements in emerging markets, where the prospects for growth are excellent and we are building solid foundations for the future.

Talented teams, ambitious goals

What lies behind these successes? Talented management teams setting ambitious goals, creative talents inspired by brands destined to become modern icons, dynamic employees delivering our success on the ground… More than 100,000 passionate, dedicated individuals working for our brands and subsidiaries around the world, spanning a wide spectrum of roles. These are the men and women who amplify our success, thanks to their diversity and the broad range of skills in which they excel.

Moving forward with confidence

Against a backdrop of economic and monetary uncertainty, our Group is moving forward with confidence. As always, it can count on the outstanding quality of its foundations, its highly effective business model and robust financial position. With very limited debt and free cash flow of 2.5 billion euros, we can invest whenever and wherever it is necessary to support and develop our brands, seize new opportunities as they arise and stay on track for consistent growth. A substantial number of projects are ongoing or will come to fruition over the coming months. Our brands will continue to innovate, cultivate their appeal and take center stage. As we explore new territories and strengthen our production capabilities, our unwavering desire to maintain the quality that guarantees the reputation and success of our products and brands remains right at the heart of our objectives.

Responsiveness and long-term vision

Aside from our Group's intrinsic stability and financial strength, I would like to reiterate the importance of the fantastic asset represented by all our employees. In this period of limited visibility into the future, the responsiveness afforded by our decentralized structure is one of our key strengths. This is what enables us to remain close to the markets and stay abreast of new developments as they occur. This is what gives us the flexibility to make good decisions fast and then seize every opportunity to increase our market share by meticulously implementing those decisions on the ground. We manage the situations facing us and the challenges that lie ahead by rallying all of our insights and energy at our brands and across the world's markets, without ever losing sight of our long-term goals and the sense of dedication they entail. Moët & Chandon was founded in 1743, Hennessy in 1765, Guerlain in 1828, Dior in 1947. A brand is built over time, and patience is an essential virtue. As is an awareness of issues that are part and parcel of our long-term strategy: the riches of nature – to which we owe so much –, the wellbeing and development of our employees, our company's social responsibility, the ethical standards that we share with our suppliers as partners in our value-creation strategy, our customers' loyalty and the trust of our shareholders. These components of our intangible capital are so precious for our future success.

Exciting prospects

What matters most to me is keeping firm focus on the long term. Our business – excellent products – is experiencing a growing influence from new customers expressing a desire for authenticity, aspiring towards custom-made items or services and increasingly aware of what makes our products special: their creative appeal and finely crafted quality. This deeply-rooted trend will open up a panoply of exciting prospects for us.

Bernard ARNAULT

Executive and Supervisory Bodies Statutory Auditors as of April 30, 2013

BOARD OF DIRECTORS

Bernard ARNAULT
Chairman and Chief Executive Officer

Eric GUERLAIN [a]
Vice-Chairman

Sidney TOLEDANO
Group Managing Director

Delphine ARNAULT

Denis DALIBOT

Hélène DESMARAIS [a]

Renaud DONNEDIEU DE VABRES [a]

Ségolène GALLIENNE [a]

Pierre GODÉ

Christian de LABRIFFE [a]

Jaime de MARICHALAR Y SÁENZ DE TEJADA [a]

PERFORMANCE AUDIT COMMITTEE

Eric GUERLAIN [a]
Chairman

Renaud DONNEDIEU DE VABRES [a]

Christian de LABRIFFE [a]

NOMINATIONS AND COMPENSATION COMMITTEE

Eric GUERLAIN [a]
Chairman

Hélène DESMARAIS [a]

Christian de LABRIFFE [a]

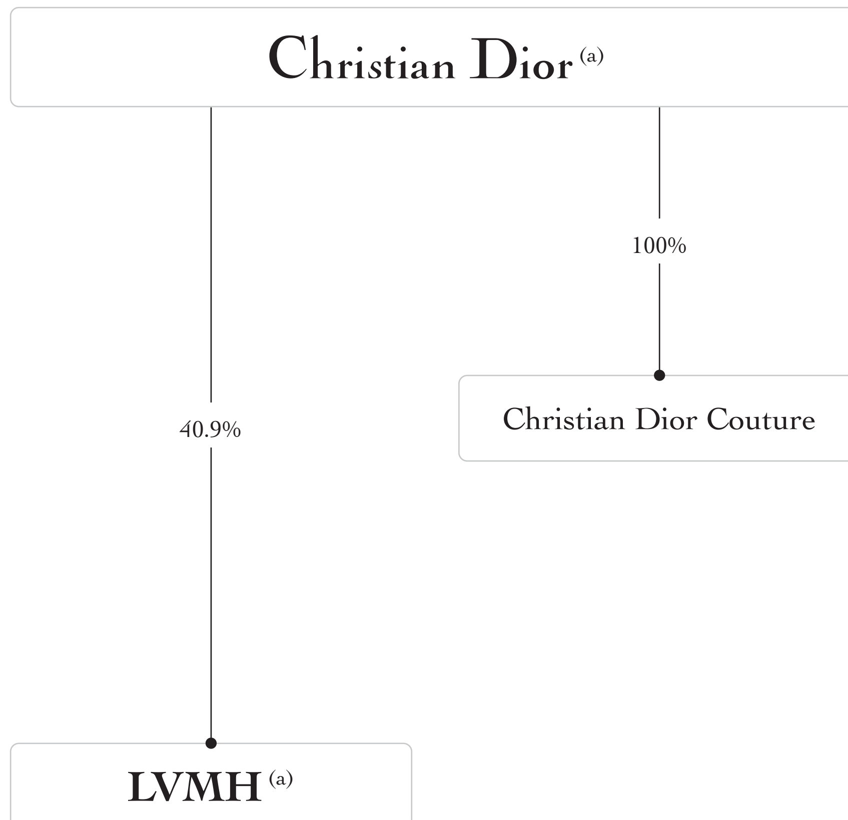
STATUTORY AUDITORS

ERNST & YOUNG et Autres
represented by Benoit Schumacher

MAZARS
represented by Simon Beillevaire

(a) Independent Director.

Simplified organizational chart of the Group as of April 30, 2013



(a) Listed company.

Financial highlights

Key consolidated data

(EUR millions and as %)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Revenue	29,881	8,993	24,628
Profit from recurring operations	6,090	1,809	5,323
Net profit	3,931	1,190	3,448
Net profit, Group share	1,431	394	1,279
Cash from operations before change of working capital [(a)]	7,464	2,114	6,270
Operating investments	1,937	478	1,820
Free cash flow [(b)]	2,473	294	2,148
Total equity [(c)]	28,000	26,009	24,942
Net financial debt [(d)]	6,237	6,895	6,093
Net financial debt/Total equity ratio	22%	27%	24%

Data per share

(EUR)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Earnings per share			
Basic Group share of net profit per share	8.00	2.20	7.14
Diluted Group share of net profit per share	7.90	2.16	7.09
Dividend per share			
Interim	1.10	-	0.98
Final	1.80	1.10	1.63
Gross amount paid for fiscal year [(e)] [(f)]	2.90	1.10	2.61

Information by business group

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Revenue by business group			
Christian Dior Couture	1,289	371	1,000
Wine and Spirits	4,208	1,196	3,524
Fashion and Leather Goods	9,936	3,101	8,712
Perfumes and Cosmetics	3,678	1,188	3,195
Watches and Jewelry	2,826	853	1,949
Selective Retailing	8,303	2,385	6,436
Other activities and eliminations	(359)	(101)	(188)
TOTAL	**29,881**	**8,993**	**24,628**
Profit from recurring operations by business group			
Christian Dior Couture	131	22	85
Wine and Spirits	1,330	338	1,101
Fashion and Leather Goods	3,220	1,023	3,075
Perfumes and Cosmetics	414	159	348
Watches and Jewelry	335	85	265
Selective Retailing	877	263	716
Other activities and eliminations	(217)	(81)	(267)
TOTAL	**6,090**	**1,809**	**5,323**

(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 18.1 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, 2013, amount proposed at the Shareholders' Meeting of October 18, 2013.

Management report of the Board of Directors

CHRISTIAN DIOR GROUP

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1. Consolidated results

Consolidated revenue for the Christian Dior group for the 12 month fiscal year ended April 30, 2013 was 29,881 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; in Selective Retailing, Ile de Beauté, one of the leading perfume and cosmetics retail chains in Russia, was consolidated with effect from June 1, 2011.

The Group's profit from recurring operations was 6,090 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 119 million euros as of April 30, 2013), amounted to 5,971 million euros.

The net financial expense for the fiscal year was 129 million euros. This item comprises the aggregate cost of net financial debt, which amounted to 166 million euros, together with other financial income and expenses, which amounted to a net income of 37 million euros. The Group's average cost of financing declined.

The Group's effective tax rate was 32.8%, compared to 31.1% as of April 30, 2012.

As of April 30, 2013, income from investments in associates totaled 5 million euros.

Consolidated net profit amounted to 3,931 million euros. The Group share of consolidated net profit was 1,431 million euros.

The main financial items were as follows:

(EUR millions)	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Revenue	29,881	8,993	24,628
Profit from recurring operations	6,090	1,809	5,323
Operating profit	5,971	1,729	5,203
Net profit	3,931	1,190	3,448
Of which: Group share	1,431	394	1,279

Compared to April 30, 2012 (12 months) [(a)], revenue growth by business group was as follows:

- Revenue from Christian Dior Couture increased by 19% at actual exchange rates and by 15% at constant exchange rates compared to April 30, 2012. Retail sales increased 23% year-on-year at actual exchange rates and were up 19% at constant exchange rates. This momentum was consistent across all geographic regions and was buoyed by the success of the brand's latest Ready-to-Wear and Leather Goods collections.
- Wines and Spirits saw an increase in revenue of 13% at actual exchange rates. Revenue for this business group increased by 8% on a constant consolidation scope and currency basis, with the net impact of exchange rate fluctuations raising Wines and Spirits revenue by 5 points. This performance was made possible by higher sales volumes and a sustained policy of price increase in line with the ongoing value-creation strategy. Surging demand in Asia made a particularly significant contribution to this 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 4%, and 8% at actual exchange rates. This business group's performance continues to be led by that of Louis Vuitton. Céline, Givenchy, Berluti, Donna Karan and Marc Jacobs confirmed their potential, delivering double-digit revenue growth.
- Revenue for Perfumes and Cosmetics increased by 7% on a constant consolidation scope and currency basis, and by 10% at actual exchange rates. This performance confirmed the effectiveness of the value-enhancing strategy resolutely pursued by the Group's brands in the face of competitive pressures spawned by the economic crisis.
- Revenue for Watches and Jewelry increased by 3% on a constant consolidation scope and currency basis, and by 16% at actual exchange rates. The consolidation of Bulgari with effect from June 30, 2011 boosted this business group's revenue by 10%. Inventory increases by retailers and the recovery in consumer demand helped to drive stronger revenue.
- Revenue for Selective Retailing increased by 19%, and by 14% 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.

(a) Non-audited figures.

Revenue by invoicing currency

(as %)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Euro	24	23	27
US dollar	27	28	26
Japanese yen	8	8	8
Hong Kong dollar	7	6	6
Other currencies	34	35	33
TOTAL	**100**	**100**	**100**

The breakdown of revenue by invoicing currency changed as follows compared to April 30, 2012: the contribution of the euro rose by 1 point to 24%, and that of the US dollar fell by 1 point to 27%, while the contribution of the Japanese yen remained stable at 8%, and that of the Hong Kong dollar increased by 1 point to 7%. The contribution of all other currencies decreased by 1 point to 34%.

Revenue by geographic region of delivery

(as %)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
France	11	11	12
Europe (excluding France)	19	19	21
United States	22	22	22
Japan	8	8	8
Asia (excluding Japan)	29	30	27
Other markets	11	10	10
TOTAL	**100**	**100**	**100**

By geographic region of delivery and compared to April 30, 2012, the relative contribution of France to Group revenue remained stable at 11%, as did that of Europe (excluding France), holding steady at 19%. The relative contributions of the United States and Japan to Group revenue remained stable at 22% and 8%, respectively, whereas that of Asia (excluding Japan) decreased by 1 point to 29%. The contribution of other markets to Group revenue rose by 1 point to 11%.

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

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

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

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

and by adding:

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

Revenue and profit from recurring operations by business group

Revenue *(EUR millions)*	**April 30, 2013** (12 months)	%	**April 30, 2012** (4 months)	%	**Dec. 31, 2011** (12 months)	%
Christian Dior Couture	1,289	4	371	4	1,000	4
Wines and Spirits	4,208	14	1,196	13	3,524	14
Fashion and Leather Goods	9,936	33	3,101	34	8,712	35
Perfumes and Cosmetics	3,678	12	1,188	13	3,195	13
Watches and Jewelry	2,826	9	853	9	1,949	8
Selective Retailing	8,303	28	2,385	27	6,436	26
Other activities and eliminations	(359)	-	(101)	-	(188)	-
TOTAL	**29,881**	**100**	**8,993**	**100**	**24,628**	**100**

Profit from recurring operations *(EUR millions)*	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Christian Dior Couture	131	22	85
Wines and Spirits	1,330	338	1,101
Fashion and Leather Goods	3,220	1,023	3,075
Perfumes and Cosmetics	414	159	348
Watches and Jewelry	335	85	265
Selective Retailing	877	263	716
Other activities and eliminations	(217)	(81)	(267)
TOTAL	**6,090**	**1,809**	**5,323**

Compared to April 30, 2012, the breakdown of revenue by business group changed as follows:

- the contributions of Wines and Spirits and Selective Retailing to total Group revenue each rose by 1 point, to 14% and 28%, respectively;
- the contributions of Christian Dior Couture and Watches and Jewelry remained stable, at 4% and 9%, respectively;
- Fashion and Leather Goods and Perfumes and Cosmetics saw their respective contributions reduced by 1 point each, to 33% and 12%, respectively.

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

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

Investments

The net balance from investing activities (purchases and sales) was a disbursement of 2,201 million euros. This includes, on the one hand, net operating investments totaling 1,937 million euros, and on the other hand, net financial investments totaling 264 million euros.

Research and development

Research and development expenses posted during the four-month period totaled 70 million euros as of April 30, 2013 (compared to 22 million as of April 30, 2012 and 63 million as of December 31, 2011). Most of these amounts cover scientific research and development costs for skincare and make-up products of the Perfumes and Cosmetics business group.

2. Results by business group

The business activity as well as the results by business group for the 12 month period ended April 30, 2013 have been compared to those for the period from May 1, 2011 to April 30, 2012, which were not subject to an audit.

2.1. CHRISTIAN DIOR COUTURE

2.1.1. Highlights

The key highlights of the fiscal year ended April 30, 2013 were as follows:

Powerful appeal of products

Dior's strategy emphasizing excellence resulted in strong demand for the Leather Goods and Ready-to-Wear collections as well as the success of the Timepieces and Jewelry creations. Lastly, Haute Couture turned in excellent performance.

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

Revenue generated by Dior's retail activities improved by 23% at actual exchange rates and by 19% at constant exchange rates compared to the period from May 1, 2011 to April 30, 2012. This remarkable growth came from consistent performance across all geographic regions despite uncertainty in the economic environment in the second quarter of the year.

Significant growth in profit from recurring operations

Profit from recurring operations amounted to 131 million euros at the end of April 2013, growing by 32% compared to the period from May 1, 2011 to April 30, 2012, owing to stronger sales and continuous gross margin improvements.

Sustained and selective investments

Christian Dior Couture continued the targeted expansion of its retail network. Accordingly, major renovations took place in Tokyo, Beijing, Milan, Moscow, Prague and Beverly Hills. The retail network was also expanded with new boutiques in China (Wuhan, Shenyang), Vietnam (Ho Chi Minh City, Hanoi), Australia (Sydney) and Brazil (São Paulo), as well as two Homme boutiques in the United States (New York and Miami).

Media campaigns dedicated to the brand and its savoir-faire

The inaugural Haute Couture and Women's Ready-to-Wear runway shows from new Artistic Director Raf Simons received an excellent reception.

An Haute Couture runway show was staged in Shanghai. For this show, the decor of Dior's Paris salons was entirely recreated on location. The first *Dior Homme* runway show took place in Beijing. In Paris, the Maison showcased its expertise in Fine Jewelry at the renowned Biennale des Antiquaires.

The "Lady Dior As Seen By" exhibitions, organized by a number of international visual artists and photographers, traveled around the world, notably to mark the reopenings of boutiques in Milan, Shanghai and São Paulo.

2.1.2. Consolidated results of Christian Dior Couture

Consolidated revenue amounted to 1,289 million euros, up 19% at actual exchange rates and 15% at constant exchange rates, compared to the period from May 1, 2011 to April 30, 2012.

Profit from recurring operations was 131 million euros, representing an increase of 32 million euros compared to the period from May 1, 2011 to April 30, 2012. This improvement in the profitability of operations reflects an appreciable boost in the gross margin.

Operating profit amounted to 133 million euros following the recognition of other operating income and expenses totaling 1 million euros.

Net financial income/(expense) was a net expense of 14 million euros.

The tax expense totaled 40 million euros.

The Group share of net profit was 72 million euros, with the amount attributable to minority interests totaling 6 million euros.

2.1.3. Analysis of revenue by business activity

Revenue for the 12 month period ended April 30, 2013 is compared with that of the period from May 1, 2011 to April 30, 2012.

				Change 04/30/13 vs 04/30/12	
(EUR millions)	**April 30, 2013** (12 months)	**April 30, 2012** (12 months)[(a)]	**April 30, 2012** (4 months)	**At actual rates**	**At constant rates**
License royalties	28	33	12	-15%	-17%
Wholesale activities	106	114	26	-7%	-7%
Retail and other activities	1,155	936	333	+23%	+19%
TOTAL	**1,289**	**1,083**	**371**	**+19%**	**+15%**

(a) Pro forma non-audited figures.

License royalties

License royalties declined in the period, mainly as a result of the termination of the concession for a mobile telephony business.

Eyewear made further advances in license royalties, reflecting the success of a highly selective policy for the distribution of these product lines.

Wholesale activities

The distribution strategy resulted in a noticeable decrease in the relative contribution by multi-brand clients to revenue.

Retail and other activities

				Change 04/30/13 vs 04/30/12	
(EUR millions)	**April 30, 2013** (12 months)	**April 30, 2012** (12 months)[(a)]	**April 30, 2012** (4 months)	**At actual rates**	**At constant rates**
Europe and the Middle East	517	418	139	+24%	+22%
Americas	109	87	31	+24%	+18%
Asia-Pacific	529	431	163	+23%	+16%
TOTAL	**1,155**	**936**	**333**	**+23%**	**+19%**

(a) Pro forma non-audited figures.

- Retail sales turned in a strong performance once again, recording annual growth of 23% at actual exchange rates and 19% at constant exchange rates.
- All regions saw double-digit growth at both actual exchange rates and constant exchange rates. Growth was evenly spread between all geographic zones. Europe and the Americas recorded significant advances at 24%. The Asia-Pacific region saw growth of 23%.
- In the Group's retail network, the twelve-month period preceding April 30, 2013 was rich in notable events. Key highlights included the inaugurations of Shenyang and Wuhan in China and of Miami, as well as the reopenings of Milan, Tokyo and Beijing.
- Raf Simons' first collection was extremely well received.
- Men's and Women's Ready-to-Wear also recorded a very strong rise in their sales, particularly in high-growth markets.
- Christian Dior Couture consolidated its position in luxury timepieces, while continuing to expand the range of Fine Jewelry offerings.

2.1.4. Outlook

Over the coming fiscal year, Christian Dior Couture will continue to emphasize excellence by drawing on its exceptional savoir-faire and capacity for innovation.

Many events are planned, all dedicated to serving growth objectives in the Group's strategic markets and the development of new high-potential segments.

2.2. WINES AND SPIRITS

2.2.1. Highlights

During the period from May 2012 to April 2013, revenue for the Wines and Spirits business group amounted to 4,208 million euros, representing an increase of 13% based on published figures and 8% at constant structure and exchange rates, compared to the period from May 1, 2011 to April 30, 2012.

Profit from recurring operations for Wines and Spirits was 1,330 million euros, up 15%. This performance was the result of both sales volume growth and a sustained policy of price increase. Control of costs, together with the positive impact of exchange rate fluctuations, partially offset the rise in advertising and promotional expenditures focused on strategic markets. The operating margin as a percentage of revenue rose 1 point for this business group to 32%.

2.2.2. Main developments

Champagnes and Wines

Moët & Chandon consolidated its position as the world leader in champagne thanks to its expansion in emerging markets and in spite of a difficult economic climate in Europe. The Champagne House successfully launched its *Grand Vintage 2004*. As of 2013, Roger Federer becomes Moët & Chandon's new ambassador, with a new advertising campaign being launched outside France.

Dom Pérignon's strong revenue growth, especially in Japan and South America, was boosted by the successful launch of *Dom Pérignon Rosé 2000*. The brand continued to deploy its Power of Creation concept, joining forces with David Lynch to create a limited-edition New Year's gift box.

Mercier, a leading brand in France, released its completely redesigned packaging under the auspices of its new "Champagne Maison" marketing campaign.

Veuve Clicquot pursued its value-creation strategy successfully, with many new innovative products, such as *Ponsardine* and *Naturally Cliquot*. *Veuve Clicquot Season* events, such as polo tournaments in New York and Los Angeles, continued to underpin Veuve Clicquot's communication. Veuve Clicquot continues to ally innovation with prestigious partnerships, notably with Joël Robuchon, whose restaurants throughout the world will showcase the brand. *Veuve Clicquot Rosé* confirmed its excellent results. Like the other champagne brands, the brand significantly improved its performance in Japan and Australia, and growth also continued in emerging markets such as Russia and Argentina.

Ruinart continued to progress in France and to develop internationally, most notably in Asia, Africa and Latin America. The *Miroir* collection, designed by Hervé Van der Straeten, has made Ruinart's emblematic *Blanc de Blancs* an even bigger success. Increasingly engaged in the world of contemporary art, Ruinart is now the official champagne of many international art fairs.

Krug achieved good growth in Europe and demonstrated excellent momentum in Japan as well as elsewhere in the Asia-Pacific region. In the United States, the Champagne House continued to redeploy its operations. Through such events as its "Lieux éphémères" in New York, Paris and London, and its "Voyages Ambassades", Krug affirmed its exceptional and unique character.

Estates & Wines still and sparkling wines posted significant revenue growth. Chandon continued its growth and launched its *Chandon USA Summer Limited Edition* with success. Still wines benefited from upmarket repositioning and posted strong performances.

Demand for the broad range of **Château d'Yquem** vintages is growing in emerging markets. **Château Cheval Blanc** consolidated its rank as a 1er Grand Cru Classé A.

Cognac and Spirits

As was the case in 2011, sales of all qualities of **Hennessy** cognac grew strongly in all regions. Hennessy confirmed its position as the world's number one cognac, in terms of both volume and value, achieving steady growth in sales volume and sustaining its ongoing value-creation strategy. Both younger qualities and older prestige quality volumes have performed robustly, as seen by the very promising launch of *Hennessy Classivm* in China and the strong momentum of *Hennessy VS* in the United States.

Hennessy continues to progress throughout the Asian markets, with strong positions in China, Taiwan, Vietnam and Malaysia. The brand has confirmed its solid position in the Americas while growing rapidly in many promising new markets, such as Mexico, Eastern Europe, Nigeria and South Africa.

Glenmorangie and **Ardbeg** single malt whiskies once again progressed rapidly in their key markets. Glenmorangie is increasing its visibility in the United Kingdom by becoming the new sponsor of The Open, the world's most prestigious golf tournament. To celebrate its experiment in "molecular aging" on board the International Space Station, Ardbeg released *Galileo*, a limited edition whisky that was highly successful in most markets.

Belvedere vodka showed good momentum, particularly outside of American markets. In the United States, its first televised advertising campaign was launched late in the year.

10 Cane rum raised its profile with new packaging and a changed formula.

Wenjun pursued its expansion, aiming to become China's number one luxury brand of baiju, the world's best-selling white liquor, and gained significantly in renown across the territory.

2.2.3. Outlook

Wines and Spirits Houses will maintain their strategy of value-creation and targeted innovation while continuing to enhance the reputation of their products throughout the world. With a view to consolidating their positions in their traditional markets and extending their presence in emerging markets, investments made by companies in the Wines and Spirits business group will target regions and market segments offering the best growth opportunities.

2.3. FASHION AND LEATHER GOODS

2.3.1. Highlights

Fashion and Leather Goods posted revenue of 9,936 million euros over the fiscal year ended April 2013, representing organic revenue growth of 4% and 8% based on published figures, compared with the period from May 1, 2011 to April 30, 2012.

Profit from recurring operations for this business group was 3,220 million euros, up 1%. Profit from recurring operations for Louis Vuitton increased, and Céline and Marc Jacobs confirmed their profitable growth momentum. The operating margin as a percentage of revenue came to 32%.

2.3.2. Main developments

Louis Vuitton

Louis Vuitton achieved strong performance across all of its businesses. Revenue growth continues to be coupled with exceptional profitability. Backed by consistent strategy and the continued excellence of its savoir-faire, Louis Vuitton pursued carefully managed expansion plans over the fiscal year, once again demonstrating its inexhaustible creativity.

In a mixed global business environment, Louis Vuitton's various customer segments reaffirmed their attachment to the brand and their endorsement of its focus on quality. Purchases by US customers have also shown particularly remarkable progress. In Europe, Louis Vuitton made steady gains, still fully reaping the rewards of the brand's extraordinary appeal among both local and international customers.

In leather goods, the Maison placed special emphasis during the year on its fine leather lines. The Maison also continued to expand its "Haute Maroquinerie" collection, a fine testament to the excellence of its artisanal savoir-faire and the high degree of sophistication offered to Vuitton's customers. At the end of 2012, Louis Vuitton opened its first "Cabinet d'Écriture" on the Place Saint-Germain-des-Prés in Paris. This space is dedicated entirely to the art of writing, a universe long treasured by the Maison and often associated with travel.

Louis Vuitton continued the quality-driven development of its network of stores. The July reopening of the Maison in Shanghai at Plaza 66, which coincided with the celebration of Louis Vuitton's 20th anniversary in China, was one of the high points of the year. Louis Vuitton also expanded into Kazakhstan and unveiled its first shoe salon at Saks Fifth Avenue department store in New York. Finally, the fiscal year saw the launch of Louis Vuitton's first boutique exclusively dedicated to fine jewelry and timepieces, complete with its own workshop, on the Place Vendôme in Paris, as well as the inauguration of the Maisons in Venice and Munich.

Fendi

Fendi continued the quality-driven expansion of its retail network with the aim of raising the brand's profile through more spacious stores, better able to showcase its high-end offerings. In addition, Fendi put in place a more selective policy to govern its presence in multi-brand stores. In leather goods, it was a year of record sales for the brand's iconic *Baguette* bag, marking its 15th anniversary. Fendi's other star lines, *Peekaboo* and *Selleria*, also continued to see strong growth, while its newly launched *2Jours* model performed remarkably well. Fur, the brand's most iconic symbol, enjoyed increased visibility. Fendi carried out selective store openings in certain high-end department stores in Europe and Japan. The brand further expanded its retail network in Mexico, the Middle East, and in Asia, with the opening of a new Fendi flagship store on Canton Road in Hong Kong.

Other brands

Céline performed remarkably well, setting new records for revenue and profit. The brand saw impressive growth across all geographic regions and product categories. Céline's ready-to-wear collections continue to vigorously reaffirm the brand's identity, associated with iconic modernity, timeless elegance and quality. Its leather goods performed exceptionally well again, buoyed by the success of the iconic lines *Luggage*, *Cabas* and *Classic*, combined with the strong results of more recent innovative additions, including *Trapèze*. Céline has launched a refurbishment and expansion plan targeting its retail network, which will move into higher gear in 2013.

Marc Jacobs recorded steady growth, with particularly strong gains in Japan and in the rest of Asia. The brand's vitality is driven by the continued success of the designer's upscale *Marc Jacobs Collection*. Benefiting from a strong position in the growing contemporary fashion market, the heightened sophistication of the designer's second line, *Marc by Marc Jacobs*, is building on its success. The *Denim* line also had an excellent year. Marc Jacobs is in the process of acquiring its operations in China on a direct basis.

Donna Karan has moved forward with its strategy, whose major thrusts are the qualitative expansion of the brand's distribution network combined with efforts to intensify the spirit of its designs, always reflecting the pulse of New York, so central to Donna Karan's values. The brand's results in 2012 were buoyed by the reacquisition of the *DKNY Jeans* on a direct basis, whose new market positioning, marrying chic and casual, has garnered kudos. Donna Karan is also building on the success of its *DKNY* accessories collection while expanding its presence around the world, in particular by adding new retail locations in China and Russia.

Loewe achieved strong performance. In leather goods, the iconic *Amazona* line as well as *Flamenco*, a more recent addition, remain strong sellers for the brand. Loewe continued the roll-out of its new store concept designed by architect Peter Marino. The Getafe production site expanded in size with the opening of a center dedicated to leather cutting as well as a leather crafts school. Penélope Cruz is Loewe's new brand ambassador.

Under the guidance of the creative team of Humberto Leon and Carol Lim, **Kenzo** has recovered the young and modern energy and spirit responsible for its early renown. Warmly received by the press, the successes of the team's first collections were further underpinned by a new advertising campaign produced by Jean-Paul Goude.

Givenchy had an excellent year. Women's accessories and men's Ready-to-Wear made particularly strong gains. In leather goods, the *Antigona* bag continues to perform well and has become a new iconic model, alongside the popular *Nightingale* and *Pandora* lines. Givenchy expanded its presence in China during the year.

Thomas Pink has further reinforced its specialist positioning as a quintessentially British, chic and upscale shirtmaker. The brand has proceeded with its expansion plans in key markets, reflected in the signing of a joint venture with a Chinese partner and store openings in South Africa and India. Its online sales are growing rapidly.

Pucci continues to revamp its brand image, as reflected in its latest advertising campaign. The brand unveiled its new store concept with the opening of a flagship store in New York as well as its first retail location in mainland China.

Berluti has seen rapid growth, driven by its creative renewal and a strengthened international presence. The ready-to-wear collections designed by creative Director Alessandro Sartori and the brand's many new shoe creations have been very positively received. Berluti acquired Arnys, a specialist in made-to-measure tailoring for men, as well as the bootmaker Anthony Delos. The brand has begun the roll-out of its new boutique concept, designed to showcase all of its product categories.

2.3.3. Outlook

Louis Vuitton will maintain its main strategic priorities and will continue to illustrate its enormous capacity for innovation with strong initiatives, especially in leather goods. New advertising campaigns will come with these initiatives.

The business group's other brands will continue consolidating their positions so as to successfully tackle the next phases of their development. Creative collections and excellence in retail will remain their core objectives.

2.4. PERFUMES AND COSMETICS

2.4.1. Highlights

Perfumes and Cosmetics recorded revenue of 3,678 million euros in the period from May 2012 to April 2013. At constant structure and exchange rates, revenue increased by 7% and by 10% based on published figures, compared with the period from May 1, 2011 to April 30, 2012.

Profit from recurring operations for Perfumes and Cosmetics was 414 million euros, up 14% compared to the previous fiscal year. This growth was driven by Parfums Christian Dior, Guerlain and Benefit, all of which posted improved results thanks to the success of their market-leading product lines and strong innovative momentum. The operating margin as a percentage of revenue remained stable at 11%.

2.4.2. Main developments

Parfums Christian Dior

Thanks to the brand's exceptional reach and appeal, Parfums Christian Dior again reported excellent results. Perfume sales were buoyed by the exceptional vitality of its emblematic product lines. *J'adore* further strengthened its leadership position in France and gained market share in all countries. *Miss Dior* has opened a new page in its history with the launch of *Eau Fraîche* and *Miss Dior Le Parfum*. *Dior Homme* recorded strong growth and is now firmly positioned as one of the leading men's fragrances, particularly due to the success of *Dior Homme Sport* and *Dior Homme Cologne*. Another notable success was the relaunch of two new versions of *Dior Addict*. New, exclusive fragrances were added to the *Collection Privée Christian Dior*.

Make-up lines maintained their excellent international momentum, fueled by the successful launches of *Diorshow New Look* mascara and of *Diorskin Nude*. The exceptional reception for the new lipstick *Dior Addict Extrême* helped solidify *Dior Addict Lipstick*'s strong position in its main markets.

In skincare, the premium *Prestige* line, emblematic of Dior's innovative and high-end savoir-faire, saw solid growth.

Guerlain

Guerlain maintained its strong growth momentum. Fully reflecting its singular creative spirit, and spurred by operational excellence, *La Petite Robe Noire* turned in truly exceptional results, rising to the number two position in the French market one year after its launch. *Orchidée Impériale* again recorded strong growth, confirming its position as the mainstay of Guerlain's skincare line.

Guerlain is focusing its development efforts on its strategic markets, especially China and France, where it has gained market share for the sixth consecutive year. Reaffirming its status as a top-tier luxury brand, Guerlain further expanded its selective retail network and now has nearly a hundred exclusive points of sale worldwide.

Other brands

Parfums Givenchy performed particularly well in Russia, China, the Middle East and Latin America. The most successful lines were *Dahlia Noir*, launched globally in 2012, and *Gentlemen Only*, launched during the first quarter of 2013. Strong growth was seen in the make-up segment, thanks in particular to the success of *Noir Couture* mascara, now benefiting from wider distribution.

Kenzo Parfums was buoyed by the solid performance of its new fragrance *KenzoHomme Sport*. *Madly Kenzo* expanded its distribution, notably in Russia and Latin America, where the fragrance made strong headway.

Fendi Parfums strengthened its presence across a number of countries. The initial results achieved by *Fan di Fendi Extrême* and *Fan di Fendi pour Homme*, launched at the end of 2012, were very promising.

Thanks to a unique positioning, appreciated for its playful and offbeat style, **Benefit** again recorded double-digit revenue growth in all of its markets. *They're Real!* mascara and *Hello Flawless!* powder foundation were in great demand, and the launch of the *Fake Up!* concealer confirmed the brand's vitality. The brand has stepped up the pace of its expansion in Southeast Asia and has moved into new, high-potential markets such as the Philippines and Vietnam.

Make Up For Ever had another year of strong growth, fueled by the contributions of its two star product lines, *HD* and *Aqua*, as well as its new line of brushes. The brand successfully expanded into two new markets, Brazil and Mexico. The brand is continuing to expand its network of directly-owned stores in the United States and Hong Kong.

Following its successful opening in Hong Kong, **Fresh** inaugurated its expansion into mainland China. **Acqua di Parma** reinforced its retail network with the opening of two new stores in Milan and Paris.

2.4.3. Outlook

Perfume and cosmetics brands will continue to push their flagship product lines and focus on a firm policy of innovation. These efforts will be matched by heavy media investments. Initiatives will include **Parfums Christian Dior** following up its June launch of *Eau Délice* in the *Dior Addict* line with the orchestrated revival of its iconic *Rouge Dior*, while also making a splash around its *Dior Homme* fragrances with a fresh advertising campaign and a new male ambassador, Robert Pattinson. **Guerlain** will launch new advertising for *Shalimar* and open the doors of its next store at 68 Champs Élysées, the quintessence of its vision of glamour. **Benefit**, **Make Up For Ever** and **Fresh** will also be opening new boutiques as they expand worldwide.

2.5. WATCHES AND JEWELRY

2.5.1. Highlights

In the period from May 2012 to April 2013, Watches and Jewelry posted revenue of 2,826 million euros, representing a 3% increase on a constant consolidation scope and currency basis (16% based on published figures) compared to the period from May 1, 2011 to April 30, 2012.

Profit from recurring operations for Watches and Jewelry was 335 million euros, up 10% with respect to the previous period. This sharp rise was due to the solid performances of TAG Heuer, Hublot, Zenith and Bulgari. The operating margin achieved by this business group remained stable at 12%.

2.5.2. Main developments

TAG Heuer

TAG Heuer set new records in revenue and profit in the fiscal year. The brand delivered particularly remarkable performances in Europe, Japan and the Middle East, and proved very resilient in the United States. It continued to illustrate its unique savoir-faire in speed and precision control with the *Mikropendulum* models and the *Carrera Tachymeter* chronograph, presented at Baselworld. The brand proceeded with its manufacturing integration, increasing in-house production of its *Calibre 1887* automatic movements and building a new movement manufacturing facility. TAG Heuer asserted itself as a major Swiss market player, also producing watch cases at its Cortech unit and dials at its ArteCad subsidiary, which joined the Group in 2012. The brand launched its new *Link Lady* women's line, embodied by Cameron Diaz, who joins the prestigious ranks of TAG Heuer's brand ambassadors. A sponsorship deal was also set up with Oracle Team USA for the America's Cup. The brand's retail network continued to expand, reaching 155 directly-owned and franchised stores.

Hublot

Hublot continued to record remarkable growth in sales volume and value. Its *Classic Fusion* line met with increasing success alongside the other iconic lines *King Power* and *Big Bang*. A new version of *Big Bang*, launched in partnership with Ferrari, encapsulates the two brands' shared values of performance and design. Hublot reaffirmed its great creativity and upmarket strategy by developing high-end models in women's watches and jewelry. Cutting-edge technology was behind the first timepieces produced with the brand's new, scratch-resistant gold alloy, *Magic Gold*. The brand stepped up in-house production of its *UNICO* chronograph movement and began manufacturing numerous complications with high added value, thus reaping the rewards of its strategy to integrate technological and manufacturing expertise. Hublot accelerated its worldwide expansion with twenty new openings, bringing the number of its points of sale to 58 at the end of April 2013.

Zenith

Zenith kept up its solid growth in the highly exclusive world of prestige manufacturing brands. The brand's collection, which had been totally reworked over the past three years, was refocused on its five iconic product lines. The famous *El Primero Striking 10th* chronograph, true to its avant-garde technology, raised its profile thanks to the widespread media coverage of Felix Baumgartner's supersonic leap wearing a Zenith *Stratos* watch. While the manufacturing facility in Le Locle was undergoing major renovations, the brand's network of stores continued its selective expansion in high-potential markets.

Bulgari

Bulgari performed well and pursued its integration within the business group. In jewelry, it enjoyed success with the new designs that enhanced the iconic *Serpenti* and famous *B.zero1* lines. The brand's creativity and the savoir-faire of its craftspeople were in the limelight at the Paris Biennale des Antiquaires, with more than a hundred new pieces on display. In the watches segment, the new *Bulgari Octo* was positioned as the men's top-of-the-line premium timepiece. Sales of accessories continued to grow, fueled by the wide array of *Isabella Rossellini* handbag range extensions. While maintaining distribution on a very selective basis, fragrances continued their development with the launch of *Bulgari Man Extrême*. The successful program to raise funds from sales of the ring created specifically for Save the Children set new standards in corporate social responsibility. The brand's retail network enhanced its upscale image through an ambitious store expansion and renovation project. Bulgari unveiled its first presence in Brazil. After Rome, Paris, Beijing and Shanghai, a new retrospective organized in Tokyo paid tribute to the brand's artisanal and cultural heritage.

Other brands

At the Doha Trade Fair, **Chaumet** presented its collection of high-end jewelry, *12 Vendôme*, which subtly blends modernity and the French tradition to which it remains historically linked. It successfully strengthened its position in jewelry watches and men's watches, and continued to expand in China. **Montres Dior** reinforced its upscale image with new models in the *Dior VIII* collection and with the *Grand Bal* limited edition, in keeping with the vision and tradition of "Haute Couture" excellence upheld by the brand. The brand coupled this strategy with ever increasing selectivity in its distribution network.

De Beers, the leading reference in the solitaire diamonds segment, showcased the full extent of its savoir-faire in a recent collection of high-end jewelry, *Imaginary Nature*. De Beers continued its expansion in China with a fifth boutique, this time in Nanjing. With its eminently contemporary designs, **Fred** recorded rapid targeted growth in France and Japan. Its iconic *Force 10* line continued to gain ground, and a new collection, *Baie des Anges*, was released.

2.5.3. Outlook

Watches and Jewelry business group brands will get a boost in growth from deliveries of the new products successfully presented at Baselworld. Against a still mixed economic backdrop, approaching each market attentively and allocating resources selectively will remain key. Investments in innovation and in the development of manufacturing capabilities will continue. Amongst other initiatives, **Bulgari** will build a new jewelry workshop in Italy, combining excellent craftsmanship and cutting-edge technology.

2.6. SELECTIVE RETAILING

2.6.1. Highlights

Selective Retailing posted revenue of 8,303 million euros in the period from May 2012 to April 2013, representing an increase of 19% and 14% on a constant consolidation scope and currency basis compared to the period from May 1, 2011 to April 30, 2012.

Profit from recurring operations for this business group was 877 million euros, up 12% compared to the previous period. The operating margin as a percentage of revenue for Selective Retailing taken as a whole remained stable at 11%.

2.6.2. Main developments

DFS

DFS reported strong growth in both sales and profits, buoyed by solid momentum from its Asian clientele, and particularly in Hong Kong and Macao. Three major concessions were won at Hong Kong airport at the end of 2012, and DFS saw its concession renewed at the Los Angeles and Abu Dhabi airports. The opening of a third *Galleria* in Hong Kong's Causeway Bay neighborhood enabled DFS to expand its presence in this high-potential tourist destination.

While continuing to benefit from an expanding Asian clientele, DFS remained focused on diversifying both its customer base and its geographical coverage. It continued with its strategy of upscaling across all destinations, renovating existing stores and bringing in new luxury brands aimed at strengthening the vitality and appeal of its product range.

Miami Cruiseline

Miami Cruiseline, which enjoys a strong position in the cruise market, delivered a solid performance. Business related to the Asian and South American routes saw strong growth, buoyed by rising passenger spending and an increase in cruise line capacity. Miami Cruiseline continued to move its boutiques further upmarket and adapt its sales approach and product range to suit the specific characteristics of each region and each cruise line's customers.

Sephora

Sephora continued to deliver an excellent set of performances, winning market share in all its regions. As the only global selective retailer of perfumes and cosmetics, Sephora proposes an innovative offering combined with a unique range of major selective brands. It has further added to its exclusive services by developing beauty bars and nail bars. Launched in the United States in 2011, the mobile payment system, which allows customers to pay for their purchases directly with a sales assistant, was extended in 2012 to France, where a new tool for personalizing in-store customer relations, *MySephora*, was also rolled out.

Sephora runs a continuous skills development program for its staff in order to ensure that its customers benefit from the best possible expertise. As of April 30, 2013, its global network comprised 1,407 stores in 30 countries. Three new online retail sites were launched in Italy, Canada and Russia. The US site, which after being completely overhauled offers an unrivaled online sales experience, stepped up the pace of its growth. A mobile application was also launched in the United States and France.

Sephora strengthened its positions in Europe, particularly in France. Two new countries – Denmark and Sweden – were added. In Russia, the Ile de Beauté chain, in which Sephora holds a 65% stake, posted an excellent performance. Exceptional growth momentum was maintained in the United States, while Sephora also consolidated its success in Canada. Brand awareness in this market was boosted by the renovation of several flagship stores in New York.

Sephora stepped up its expansion in China at the same time as launching a program to renovate its existing network. A flagship store opened in Shanghai in February 2013. It made particularly rapid progress in Malaysia, Singapore and the Middle East. The retailer also opened its first stores in the high-growth markets of Brazil and India.

Le Bon Marché Rive Gauche

Le Bon Marché Rive Gauche delivered a strong performance, buoyed by the luxury and women's fashion segments. The world's first ever department store celebrated its 160th birthday in 2012. Major commercial projects were carried out, including the opening of new luxury boutiques and the inauguration of a new menswear department combining high-quality products with unique services. Work began on the transformation of La Grande Épicerie de Paris food store with the inauguration of a spectacular wine department setting a new standard in quality, and the opening of two new restaurants. New websites for Le Bon Marché Rive Gauche and La Grande Épicerie were launched at the end of 2012.

2.6.3. Outlook

Over the next few months **DFS** will continue to develop its innovative marketing programs while also expanding and renovating its flagship stores. In particular, the expansion and renovation of retail outlets in Macao and North American airports, as well as the completed refurbishment of almost 8,000 sq.m of selling space in the Hong Kong airport, will bear fruit in the second half of 2013. With its plans for development, high-end product offering, and investments in *Gallerias* and strategic airport concessions, DFS is poised to take advantage of the tremendous growth opportunities available on the global retail travel market.

Miami Cruiseline will continue to prioritize moving its boutiques upmarket and tailoring its offerings to its various clienteles.

Sephora will forge ahead with the expansion and renovation of its network, always seeking to provide its customers the world over with the ultimate shopping experience in beauty products. Innovation remains the watchword, both in stores and in the online and mobile marketplace. The launch of Marc Jacobs cosmetics will expand Sephora's offering of exclusive brands. A new service developed in the United States will be introduced in Europe to help every customer choose the color that is best adapted to their skin complexion as their foundation.

Le Bon Marché Rive Gauche will unveil its new Accessories department, which includes several distinctly themed, theatricalized spaces as well as a unique and selective product offering in line with the store's raison d'être. The new Grande Épicerie de Paris fine food store will open toward the end of 2013.

3. Business risk factors and insurance policy

3.1. STRATEGIC AND OPERATIONAL RISKS

3.1.1. Group's image and reputation

Around the world, the Group is known for its brands, unrivaled expertise and production methods unique to its products. The reputation of the Group's brands rests on the quality and exclusiveness of its products, their distribution networks, as well as the promotional and marketing strategies applied. Products or marketing strategies not in line with brand image objectives, inappropriate behavior by our brand ambassadors, the Group's employees, distributors or suppliers, as well as detrimental information circulating in the media might endanger the reputation of the Group's brands and adversely impact sales. The net value of brands, trade names and goodwill recorded in the Group's balance sheet as of April 30, 2013 amounted to 22.5 billion euros.

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

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

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

3.1.2. Counterfeit and parallel retail networks

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

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

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

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

gives the Group more resources in the fight against counterfeit goods and the parallel distribution of its products, a battle waged as much in the digital as in the physical world.

From May 1, 2012 to April 30, 2013, anti-counterfeiting measures generated internal and external costs for the Group in the amount of approximately 27 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, 2013, the minimum total amount of commitments undertaken by the Group in respect of multi-year lease, concession, and procurement agreements amounted to 7.5 billion euros. Detailed descriptions of these commitments may be found in Notes 30.1 and 30.2 to the consolidated financial statements. However, no single agreement exists whose termination would be likely to result in significant costs at Group level.

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

In addition, the Group has entered into commitments to its partners in some of its business activities to acquire the stakes held by the latter in the activities in question should they express an interest in such a sale, according to a contractual pricing formula. As of April 30, 2013, this commitment is valued at 5.6 billion euros and is recognized in the Group's balance sheet under Other non-current liabilities (see Note 20 to the consolidated financial statements).

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

3.1.4. Anticipating changes in expectations of Group customers

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

3.1.5. International exposure of the Group

The Group conducts business internationally and as a result is subject to various types of risks and uncertainties. These include changes in customer purchasing power and the value of operating assets located abroad, economic changes that are not necessarily simultaneous from one geographic region to another, and provisions of corporate or tax law, customs regulations or import restrictions imposed by some countries that may, under certain circumstances, penalize the Group.

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

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

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

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

3.1.6. Consumer safety

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

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

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

3.1.7. Seasonality

Nearly all of the Group's activities are subject to seasonal variations in demand. A significant proportion of the Group's sales – approximately 30% of the annual total for all businesses

– is generated during the peak holiday season in the fourth quarter of the calendar year. Unexpected events in the final months of the year may have a significant effect on the Group's business volume and earnings.

3.1.8. Supply sources and strategic competencies

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

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

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

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

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

3.1.9. Information systems

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

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

3.1.10. Industrial, environmental and climate risks

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

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

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

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

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

This approach is combined with an industrial and environmental risk monitoring program. Over the fiscal year at LVMH, engineering consultants devoted about a hundred audit days to the program.

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

3.2. INSURANCE POLICY

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

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

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

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

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

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

3.2.1. Property and business interruption insurance

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

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

Coverage for "natural events" provided under the Group's international property insurance program has been increased since July 1, 2011 to 100 million euros per claim and 200 million euros per year for LVMH and 250 million euros per claim in France (15 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 (around 60 million euros for LVMH and 2 million euros for Christian Dior Couture) corresponds to the maximum possible single transport loss.

3.2.3. Third-party liability

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

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

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

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

3.2.4. Coverage for special risks

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

3.3. FINANCIAL RISKS

3.3.1. Credit risk

Because of the nature of its activities, a significant portion of the Group's sales are not exposed to customer credit risk; sales are made directly to customers by Christian Dior Couture, through the Selective Retailing network, the Fashion and Leather Goods stores and, to a lesser extent, the Watches and Jewelry stores. Together, these sales accounted for approximately 64% of total revenue during the 2012-2013 fiscal year.

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 93% as of April 30, 2013.

3.3.2. Counterparty risk

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

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

3.3.3. Foreign exchange risk

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

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

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

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

3.3.4. Interest rate risk

The Group's exposure to interest rate risk may be assessed with respect to the amount of its consolidated net financial debt, which totaled approximately 6.2 billion euros as of April 30, 2013. After hedging, 52% of gross financial debt was subject to a fixed rate of interest and 48% was subject to a floating rate. An analysis of borrowings by maturity and type of rate applicable as well as an analysis of the sensitivity of the cost of net financial debt to changes in interest rates are presented in Notes 18.4 and 18.6 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 share purchase options, are considered as equity instruments under IFRS, and as such have no impact on the consolidated income statement.

The Group is a shareholder in Hermès International SCA, with a 23.1% stake as of April 30, 2013. Other quoted securities may be held by some of the funds in which the Group has invested, or directly within non-current or current available for sale financial assets.

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

3.3.6. Commodity market risk

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

3.3.7. Liquidity risk

The Group's local liquidity risks are generally not significant. Its overall exposure to liquidity risk can be assessed (a) with regard to outstanding amounts in respect of its commercial paper program, 1.6 billion euros, and (b) by comparing the amount of the short-term portion of its net financial debt before hedging (3.8 billion euros) to the amount of cash and cash equivalents (1.9 billion euros), amounting to 1.9 billion euros as of April 30, 2013. Should any of these borrowing facilities not be renewed, the Group has access to undrawn confirmed credit lines totaling 4.4 billion euros.

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

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

In addition, as is customary, the applicable margin on drawdowns of certain long-term credit lines depends on LVMH's rating by Standard & Poor's. As of April 30, 2013, no drawdown had been performed under these schemes. Furthermore, should these clauses be triggered, this would not have a significant impact on the Group's cash flow.

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

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

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

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

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

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

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

Hedging strategies are presented to the Group's various Audit Committees.

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

4. Financial policy

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

- improving the Group's financial structure and its flexibility, as evidenced by the key indicators listed below:
  - substantial growth in equity:
    equity before appropriation of profit rose 8% to 28.0 billion euros as of the end of April 2013, compared to 26.0 billion euros a year earlier. This improvement reflects the strong earnings achieved by companies across the Group, distributed only partially,
  - lower net debt:
    net debt came to 6.2 billion euros at the end of April 2013, as against 6.9 billion euros a year earlier. This reduction was made possible as a result of high cash flows from operating activities and operating investments (free cash flow), thanks in particular to the improvement in operating profit and the stability of selective operating investments,
  - the Group's access to liquidity, in particular through its commercial paper programs, appreciated by investors,
  - maintaining a substantial level of cash and cash equivalents with a diversified range of top-tier banking counterparties: cash benefited from attractive yields offered by top-quality issuers, with a permanent focus on ensuring a proactive, dynamic approach to counterparty risk management,
  - the Group's financial flexibility, facilitated by a significant reserve of undrawn confirmed credit lines totaling 4.4 billion euros, including a 2 billion euro syndicated loan with a remaining term to maturity of 5 years, which offers the option to extend this maturity by an additional year. A bond issue in the amount of 850 million dollars maturing in 2017 was also carried out during the year;
- 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 by hedging its assets.

  The Group maintained its debt position at a level allowing it to benefit from the significant decline in interest rates. With regard to foreign exchange risks, the Group continued to hedge the risks of exporting companies using call options or collars to limit the negative impact of currency depreciation while retaining most of the gains in the event of currency appreciation. This strategy was successful in an extremely volatile year. It enabled the Group to obtain a rate after hedging for the US dollar lower than the average exchange rate for the year, which was also lower than the rate after hedging obtained in the previous fiscal year. The rate after hedging obtained for the Japanese yen was slightly higher than the average exchange rate for the year, but still lower than the rate obtained after hedging in the previous fiscal year;
- greater concentration of Group liquidity owing to the ongoing roll-out of cash pooling practices worldwide, ensuring the fluidity of cash flows across the Group and optimal management of surplus cash. As a rule, the Group applies a diversified short and long-term investment policy;
- the annual reduction in the cost of net financial debt, which amounted to 166 million euros as of April 30, 2013, chiefly attributable to the decline in interest rates during the fiscal year;
- pursuing a dynamic policy of dividend payouts to shareholders, to enable them to benefit from the very strong performance over the fiscal year: proposal of a total gross dividend payment of 2.90 euros per share for the fiscal year ended April 30, 2013. As an interim dividend of 1.10 euros per share was paid as of April 2013, distributions to Christian Dior shareholders amounted to a total of 527 million euros, corresponding to the aggregate amount of dividends for the fiscal year ended April 30, 2013, before the effect of treasury shares. Dividends and interim dividends paid to minority interests of the consolidated subsidiaries amounted to 1.1 billion euros.

4.1. COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement, presented in the consolidated financial statements, provides detail of the main financial flows in the fiscal year ended April 30, 2013.

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)
Cash from operations before changes in working capital	**7,464**	**2,114**
Cost of net financial debt: interest paid	(186)	(60)
Income taxes paid	(1,952)	(547)
Net cash from operating activities before changes in working capital	**5,326**	**1,507**
Total change in working capital	(916)	(735)
Operating investments	(1,937)	(478)
Free cash flow	**2,473**	**294**
Financial investments	(264)	(3)
Transactions related to equity	(1,708)	(976)
Change in cash before financing activity	**501**	**(685)**

Cash from operations before changes in working capital totaled 7,464 million euros, representing an improvement on an annual basis compared to previous periods.

Net cash from operating activities before changes in working capital (i.e. after interest and income taxes paid) amounted to 5,326 million euros.

Interest paid, which totaled 186 million euros, was stable on an annual basis compared to the amount paid in previous periods. Net financial debt decreased in the period under review. Lower interest rates for variable-rate loans helped reduce the cost of debt over the period.

Income taxes paid came to 1,952 million euros, higher than previous periods, due to an increase in taxable profit, and a rise in the effective rate of income taxes.

Working capital requirements increased by 916 million euros, primarily as a result of a rise in inventories, which generated a cash requirement of 982 million euros. This increase in inventories, driven by growth in volume of the Group's business activities and an increase in the number of stores, essentially involved the continuing replenishment of inventories by Louis Vuitton in Fashion and Leather Goods, the building of inventory for the new airport concessions won by DFS in Selective Retailing, and purchases of eaux-de-vie in Wines and Spirits. The remaining change in working capital requirements amounted to a gain of 66 million euros, since cash requirements related to higher commercial and operational receivables were financed by an increase in trade accounts payable.

Operating investments net of disposals resulted in a net cash outflow of 1,937 million euros.

They consisted mainly of investments by Louis Vuitton, Sephora, DFS and Christian Dior Couture in their retail networks, investments by the Group's champagne brands in their production facilities, and investments by Parfums Christian Dior in new display counters, together with real estate investments for commercial or rental purposes.

Non-current available for sale financial assets and purchases of consolidated investments accounted for a 264 million euro outflow in the fiscal year, of which 44 million euros related to purchases of consolidated investments.

Transactions relating to equity generated an outflow of 1,708 million euros. This amount represents 395 million euros in dividends paid over the course of the fiscal year by Christian Dior and 1,066 million euros in dividends paid to minority interests of the consolidated subsidiaries. These were essentially the minority interests of LVMH SA, of Diageo as a result of its 34% stake in Moët Hennessy, and of DFS. In addition, the impact of acquisitions of minority interests totaled 292 million euros, corresponding mainly to the acquisition of the 20% stake not yet owned in the share capital of Benefit, as well as the acquisition of an additional 30% stake in Château d'Yquem.

The net cash inflow after all operating, investment, and equity-related activities thus amounted to 501 million euros, most of which was used to reduce the level of debt. The cash balance at the end of the fiscal year rose by 339 million euros compared to April 30, 2012 and amounted to 1,526 million euros.

4.2. COMMENTS ON THE CONSOLIDATED BALANCE SHEET

(EUR billions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Change
Tangible and intangible fixed assets	32.5	30.4	+2.1
Other non-current assets	8.5	8.5	+0.0
Non-current assets	**41.0**	**38.9**	**+2.1**
Inventories	8.8	8.1	+0.7
Other current assets	5.8	5.2	+0.6
Current assets	**14.6**	**13.3**	**+1.3**
ASSETS	**55.6**	**52.2**	**+3.4**

(EUR billions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Change
Equity	28.0	26.0	+2.0
Non-current liabilities	17.1	16.1	+1.0
Equity and non-current liabilities	**45.2**	**42.1**	**+3.1**
Short-term borrowings	3.8	3.9	-0.1
Other current liabilities	6.6	6.2	+0.4
Current liabilities	**10.4**	**10.1**	**+0.3**
LIABILITIES AND EQUITY	**55.6**	**52.2**	**+3.4**

The consolidated balance sheet of the Christian Dior group totaled 55.6 billion euros as of April 30, 2013, representing a 6.5% increase from the beginning of the fiscal year.

Non-current assets represented 73.6% of total assets, compared with 74.5% as of April 30, 2012. This increase, totaling 2.1 billion euros, was the result of the change in tangible and intangible fixed assets. This amount includes 1 billion euros in respect of investments for the year, net of amortization, depreciation and impairment charges as well as disposals. It also reflects the revaluation of purchase commitments for minority interests, due to the strong performance of the business activities to which those commitments correspond, thereby leading to a 1.1 billion euro increase in the amount of goodwill.

Other non-current assets remained stable over the fiscal year. The value of the investment in Hermès International changed little; the impact of acquisitions of shares on the market during the fiscal year was offset by the slight dip in the share price of Hermès International over the period. At the close of the fiscal year, the 23.1% stake in Hermès amounted to 6.2 billion euros, compared to 6.3 billion euros as of April 30, 2012.

Inventories increased by 0.7 billion euros, reflecting growth in the Group's business activities.

Other current assets amounted to 5.8 billion euros. Their increase over the period, totaling 0.6 billion euros, was due in particular to the change in the value of foreign exchange risk hedging instruments.

Non-current liabilities grew by 1.0 billion euros to 17.1 billion euros, from 16.1 billion euros as of April 30, 2012. This change was mainly the result of the 1.3 billion euro increase in commitments to purchase minority interests, offset in the amount of 0.4 billion euros by the reduction in long-term financial debt.

Current liabilities rose by 0.3 billion euros from their level as of April 2012. This increase was mainly the result of the growth in trade accounts payable, which rose by 0.3 billion euros.

(EUR billions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Change
Long-term borrowings	4.7	5.1	-0.4
Short-term borrowings and derivatives	3.6	3.7	-0.1
Gross borrowings after derivatives	**8.3**	**8.8**	**-0.5**
Cash and cash equivalents, and current available for sale financial assets	2.1	1.9	+0.2
Net financial debt	**6.2**	**6.9**	**-0.7**
Equity	**28.0**	**26.0**	**+2.0**
Net financial debt/Total equity ratio	**22.3%**	**26.5%**	**-4.2**

The ratio of net financial debt to equity fell by 4.2 points to 22.3% as of April 30, 2013. This improvement was the result of the 0.7 billion euro reduction in net financial debt, accentuated by the 2.0 billion euro increase in equity.

Total equity amounted to 28.0 billion euros as of April 30, 2013, representing an increase of 8% year-on-year. This 2.0 billion euro growth is mainly attributable to the net profit for the fiscal year of 3.9 billion euros, of which 1.5 billion euros was distributed.

As of April 30, 2013, total equity represented 50.4% of the balance sheet total, a slight increase compared to 49.8% recorded as of April 30, 2012.

Gross borrowings after derivatives totaled 8.3 billion euros as of April 30, 2013, representing a 0.5 billion euro decrease compared to April 30, 2012.

In June 2012, LVMH issued five-year bonds in a total nominal amount of 850 million US dollars and issued or subscribed to 0.6 billion euros in other borrowings. Conversely, repayments of borrowings amounted to 1.4 billion euros, including the 2005 bond (supplemented in 2008) in the amount of 0.8 billion euros, as well as miscellaneous bank borrowings of 0.6 billion euros.

Commercial paper outstanding decreased by 0.1 billion euros over the fiscal year.

Cash and cash equivalents and current available for sale financial assets totaled 2.1 billion euros at the end of the fiscal year.

As of the fiscal year-end, the Group's undrawn confirmed credit lines amounted to 4.4 billion euros, substantially exceeding the outstanding portion of its commercial paper programs, which came to 1.6 billion euros.

5. Stock option and bonus share plans

Detailed information on the stock option and bonus share plans is provided on page 34 of the Management report of the Board of Directors of the Christian Dior parent company.

6. Exceptional events and litigation

As part of its day-to-day management, the Group is party to various legal proceedings concerning trademark rights, the protection of intellectual property rights, the protection of selective retail networks, licensing agreements, employee relations, tax audits, and any other matters inherent to its business. The Group believes that the provisions recorded in the balance sheet in respect of these risks, litigation proceedings and disputes that are in progress and any others of which it is aware at the fiscal year-end, are sufficient to avoid its consolidated financial 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. On June 11, 2013, the Cour de cassation confirmed the ruling delivered by the Paris Court of Appeal.

In 2006, Louis Vuitton Malletier, Christian Dior Couture and the French companies of the Perfumes and Cosmetics business group filed lawsuits against eBay in the Paris Commercial Court. Louis Vuitton Malletier and Christian Dior Couture demanded compensation for losses caused by eBay's participation in the commercialization of counterfeit products and its refusal to implement appropriate procedures to prevent the sale of such goods on its site. The Perfumes and Cosmetics brands sued eBay for undermining their selective retail networks. In a decision delivered on June 30, 2008, the Paris Commercial Court ruled in favor of the demands formulated, ordering eBay to pay 19.3 million euros to Louis Vuitton Malletier, 16.4 million euros to Christian Dior Couture and 3.2 million euros to the Group's Perfumes and Cosmetics 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. In response to the appeal filed by eBay, on May 3, 2012 the Cour de cassation confirmed the analysis carried out by the Paris Court of Appeal, which had held that eBay's activity was not merely that of a hosting service provider, but that it also acted as a broker. However, the Cour de cassation reversed the Paris Court of Appeal's decision with regard to its jurisdiction for activity conducted on the eBay Inc. and referred the case back for retrial by the Paris Court of Appeal.

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 - AMF) decided to launch an investigation into the market and financial disclosures relating to Hermès and LVMH shares. On August 13, 2012, the AMF served LVMH with a statement of objections for alleged infringements of financial and public disclosure requirements, a copy of which has been forwarded to the AMF's Enforcement Committee. The Committee met on May 31, 2013 and on June 25, 2013 handed down its decision, holding that LVMH should have informed the public in June 2010 of the possibility that it had of deciding to acquire a stake in Hermès, despite the fact that the matter was not put before its Board of Directors until October 21, 2010. It therefore ordered LVMH to pay a fine of 8 million euros. LVMH has declared its intention to appeal this decision.

On June 18, 2013, Hermès International filed a suit with the Paris Commercial Court against LVMH and some of its subsidiaries on the grounds of requesting the cancelation of the equity swap contracts entered into by Group companies in 2008, along with subsequent transactions. The lawsuit refers to a criminal complaint filed in October 2012 for insider trading, share price manipulation and complicity. LVMH has filed a counter-complaint with the public prosecutor for false accusations.

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 by Group contributions as part of the Group's 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. The building permit granted in 2007 was approved by the Paris Administrative Court of Appeal on June 18, 2012. On March 25, 2013, France's Council of State rejected the appeal filed against this decision.

In the first half of 2011, Christian Dior Couture SA dismissed Mr. John Galliano and terminated the consulting agreement it had entered into with Cheyenne Freedom SARL, a company owned by Mr. Galliano. John Galliano SA, a subsidiary of Christian Dior Couture, also terminated Mr. Galliano's employment contract. Mr. Galliano brought legal proceedings against these two Group companies. In a judgment issued on March 26, 2013, the Paris Commercial Court dismissed all of the claims lodged by Cheyenne Freedom and ordered the latter to pay Christian Dior Couture the sums of 1 million euros for damage to the Company's image, 150,000 euros for non-pecuniary damage, and 20,000 euros under Article 700 of the French Code of Civil Procedure. Cheyenne Freedom has appealed the judgment, which was issued with an order rendering it immediately enforceable.

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

7. Subsequent events

In July 2013 LVMH signed a memorandum of understanding for the acquisition of an 80% stake in Italian company Loro Piana, which makes and sells luxury fabrics, clothing, and accessories. The acquisition should become final by the end of 2013, after approval by appropriate competition authorities particularly in Europe and the United States, and after the conditions precedent set out in the memorandum of understanding are satisfied. The remaining 20% stake is covered by reciprocal undertakings to buy and sell, exercisable within three years of the date on which the aforementioned transaction is completed. Under the memorandum of understanding, the parties have agreed on an enterprise value for Loro Piana of 2.7 billion euros.

No significant subsequent events occurred between April 30, 2013 and July 25, 2013, the date on which the financial statements were approved for publication by the Board of Directors.

8. Recent developments and prospects

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

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

Management report of the Board of Directors

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1. Results of Christian Dior

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

Net financial income totaled 516 million euros. This consists principally of dividends received from subsidiaries totaling 556 million euros and, on the other hand, of net interest expense totaling 36 million euros.

The tax saving recognized under the tax consolidation agreement totaled 13 million euros as of April 30, 2013.

The net profit was 507 million euros.

The proposed appropriation of the distributable profit for the fiscal period ended April 30, 2013 is as follows:

Amount available for distribution *(EUR)*	
Net profit	507,455,758.31
Retained earnings	136,105,933.39
DISTRIBUTABLE EARNINGS	**643,561,691.70**
Proposed appropriation	
Gross dividend distribution of 2.90 euros per share	527,008,439.20
Retained earnings	116,553,252.50
TOTAL	643,561,691.70

Should this appropriation be approved, the gross dividend distributed would be 2.90 euros per share.

As an interim dividend of 1.10 euros per share was paid on April 25, 2013, the final dividend per share is 1.80 euros; this will be paid as of December 3, 2013.

With respect to this dividend payment and in accordance with tax legislation in force as of April 30, 2013, 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	Type	Payment date	Gross dividend [a] *(EUR)*	Tax deduction [b] *(EUR)*
April 30, 2012	Interim	-	-	-
	Final	December 4, 2012	1.10	0.440
	TOTAL		**1.10**	**0.440**
December 31, 2011	Interim	December 2, 2011	0.98	0.392
	Final	April 25, 2012	1.63	0.652
	TOTAL		**2.61**	**1.044**
December 31, 2010	Interim	December 2, 2010	0.88	0.352
	Final	May 25, 2011	1.23	0.492
	TOTAL		**2.11**	**0.844**

(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, 2013, trade accounts payable amounted to 4,410 thousand euros (1,236 thousand euros as of April 30, 2012). They comprise accrued expenses in the amount of 4,387 thousand euros (1,133 thousand euros as of April 30, 2012) and outstanding invoices in the amount of 23 thousand euros (103 thousand euros as of April 30, 2012).

2. Share ownership of the Company

2.1. MAIN SHAREHOLDERS

As of April 30, 2013, the Arnault family group controlled 70.37% of the Company's capital, compared with 70.37% as of April 30, 2012 and held 82.98% of the voting rights, compared with 82.90% as of April 30, 2012.

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

As of April 30, 2013, the members of the Board of Directors held directly, personally and in the form of registered shares, less than 0.5% of the share capital.

2.3. INFORMATION ON SHARE PURCHASES AND DISPOSALS

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

- at fiscal year-end, the number of shares allocated to cover current or future share purchase option plans and bonus share plans totaled 2,235,468 with a net value of 140,541,721.61 euros. They were purchased at an average price of 62.87 euros. Their par value was 2 euros. These shares represent 1.23% 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;
- information on purchases and sales of shares acquired under the terms described in Article L. 225-209 of the French Commercial Code as part of share repurchase programs authorized by the Combined Shareholders' Meetings of April 5 and October 26, 2012 is given in §5 below.

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

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

Director concerned	Type of transaction	Number of shares/ other securities	Average price (EUR)
Denis Dalibot	Purchase of shares [(b)]	5,000	52.21
	Purchase of shares [(b)]	15,000	49.79
Person(s) related to Bernard Arnault	Other types of transactions	1,126,126	133.20

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

3. Stock option and bonus share plans

3.1. OPTIONS GRANTED BY THE PARENT COMPANY, CHRISTIAN DIOR

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

Seven share purchase option plans set up by Christian Dior were in force as of April 30, 2013. 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 entitles the holder to purchase one share.

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

Options granted to senior executive officers 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, 2011 and 2012 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.

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

In relation to options granted under plans set up since 2007, if the Chairman and Chief Executive Officer and the Group Managing Director, previously the Chairman of the Board of Directors and Chief Executive Officer respectively, 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 with reference to a percentage of his total gross compensation.

3.1.1. Share purchase option plans

Date of Shareholders' Meeting	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	**02/18/2003**	**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	**527,000**	**527,000**	**493,000**	**475,000**	**20,000**	**480,000**	**484,000**	**332,000**	**3,338,000**
o/w Company officers [(a)]	350,000	355,000	315,000	305,000	-	285,000	320,000	150,000	**2,080,000**
Bernard Arnault [(b)]	220,000	220,000	220,000	220,000	-	200,000	200,000	100,000	**1,380,000**
Delphine Arnault [(b)]	15,000	15,000	20,000	25,000	-	25,000	25,000	25,000	**150,000**
Denis Dalibot [(b)]	25,000	25,000	25,000	35,000	-	35,000	70,000	-	**215,000**
Pierre Godé [(b)]	65,000	65,000	20,000	-	-	-	-	-	**150,000**
Sidney Toledano [(b)]	40,000	45,000	50,000	50,000	-	50,000	50,000	50,000	**335,000**
o/w First ten employees [(a)]	143,000	128,000	124,000	144,000	20,000	133,000	147,000	159,000	**998,000**
Number of beneficiaries	25	26	27	24	1	28	25	26	
Earliest option exercise date	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	02/17/2013	02/16/2014	05/11/2015	02/14/2016	09/05/2016	01/30/2017	05/14/2018	05/13/2019	
Purchase price *(EUR)*	29.04	49.79	52.21	72.85 [(c)]	74.93	85.00	73.24 [(c)]	52.10	
Number of options exercised between 05/01/2012 and 04/30/2013	36,000	16,000	15,000	14,000	3,206	-	41,000	-	**125,206**
Number of options expired between 05/01/2012 and 04/30/2013	-	-	-	-	-	-	-	-	**-**
Total number of options exercised as of 04/30/2013	502,000	194,000	145,000	119,000	5,706	78,000	41,000	-	**1,084,706**
Total number of options expired as of 04/30/2013	25,000	56,000	33,000	30,000	-	57,000	27,000	27,000	**255,000**
OPTIONS OUTSTANDING AS OF 04/30/2013	**-**	**277,000**	**315,000**	**326,000**	**14,294**	**345,000**	**416,000**	**305,000**	**1,998,294**

(a) Options granted to active company officers/employees as of the plan's commencement date.
(b) Company officers active as of April 30, 2013.
(c) Exercise prices for options granted to Italian residents under the plans commencing on February 15, 2006 and May 15, 2008 are 77.16 euros and 73.47 euros, respectively.

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

3.1.2. Share subscription option plans

None.

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

3.2.1. Share purchase option plans

Date of Shareholders' Meeting	05/17/2000	05/17/2000	
Date of Board of Directors' meeting	**05/15/2002**	**01/22/2003**	**Total**
Total number of options granted	**8,560**	**3,213,725**	**3,222,285**
o/w Company officers [(a)]	-	1,220,000	**1,220,000**
o/w First ten employees [(a)]	8,560	495,000	**503,560**
Number of beneficiaries	2	979	
Earliest option exercise date	05/15/2005	01/22/2006	
Expiry date	05/14/2012	01/21/2013	
Purchase price *(EUR)*	54.83	37.00 [(b)]	
Number of options exercised between 05/01/2012 and 04/30/2013	-	67,357	**67,357**
Number of options expired between 05/01/2012 and 04/30/2013	-	110,100	**110,100**
Total number of options exercised as of 04/30/2013	8,560	2,937,200	**2,945,760**
Total number of options expired as of 04/30/2013	-	276,525	**276,525**
OPTIONS OUTSTANDING AS OF 04/30/2013	**-**	**-**	**-**

(a) Options granted to active company officers/employees as of the plan's commencement date.
(b) The exercise price for Italian residents under the plan commencing January 22, 2003 is 38.73 euros.

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

3.2.2. Share subscription option plans

Date of Shareholders' Meeting	05/15/2003	05/15/2003	05/11/2006	05/11/2006	05/11/2006	05/11/2006	05/14/2009	
Date of Board of Directors' meeting	**01/21/2004**	**05/12/2005**	**05/11/2006**	**05/10/2007**	**05/15/2008**	**05/14/2009**	**07/29/2009**	**Total**
Total number of options granted	**2,747,475**	**1,924,400**	**1,789,359**	**1,679,988**	**1,698,320**	**1,301,770**	**2,500**	**11,143,812**
o/w Company officers [(a)]	972,500	862,500	852,500	805,875	766,000	541,000	-	**4,800,375**
o/w First ten employees [(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 05/01/2012 and 04/30/2013	130,380	214,041	127,322	120,355	487,817	15,500	-	**1,095,415**
Number of options expired between 05/01/2012 and 04/30/2013	3,600	2,200	1,150	3,345	9,225	10,026	-	**29,546**
Total number of options exercised as of 04/30/2013	1,903,509	1,611,718	828,721	697,184	488,067	23,500	-	**5,552,699**
Total number of options expired as of 04/30/2013	113,350	91,425	94,248	87,417	84,894	39,990	-	**511,324**
OPTIONS OUTSTANDING AS OF 04/30/2013	**730,616**	**221,257**	**866,390**	**895,387**	**1,125,359**	**1,238,280**	**2,500**	**5,079,789**

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

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

The potential dilutive effect resulting from the allocation of these options represents 1% of the LVMH share capital. However, since LVMH retires a number of shares equivalent to the number of shares issued in connection with the exercise of options, there is no dilutive effect for shareholders when the subscription options are exercised.

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

3.3.1. Options granted

No option plans were created during the period from May 1, 2012 to April 30, 2013.

3.3.2. Options exercised by senior executive officers of the Company

No options were exercised during the period from May 1, 2012 to April 30, 2013.

3.3.3. Options exercised by other executive officers of the Company

Beneficiaries	Company granting the options	Date of the plan	Number of options	Exercise price *(EUR)*
Denis Dalibot	Christian Dior	02/17/2004	15,000	49.79
	"	05/12/2005	5,000	52.21
Pierre Godé	LVMH	05/11/2006	30,000	78.84
	"	05/10/2007	15,000	86.12
	"	05/15/2008	40,000	72.50

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

Company granting the options	Date of the plan	Number of options	Exercise price *(EUR)*
Christian Dior	02/18/2003	30,000	29.04
"	02/17/2004	1,000	49.79
"	05/12/2005	10,000	52.21
"	02/15/2006	10,000	77.16
"	02/15/2006	4,000	72.85
"	09/06/2006	3,206	74.93
"	05/15/2008	34,000	73.24
LVMH Moët Hennessy - Louis Vuitton	01/21/2004	30,000	55.70
"	05/12/2005	30,000	55.83
"	05/12/2005	15,000	52.82
"	05/11/2006	30,000	82.41
"	05/11/2006	19,350	78.84
"	05/10/2007	67,150	86.12
"	05/15/2008	30,000	72.70
"	05/15/2008	41,250	72.50

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

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

For French tax residents, the allocation of bonus shares to their beneficiaries is definitive after a two-year vesting period for the plan set up in 2010 and after a three-year vesting period 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 in 2011, this performance condition was satisfied in 2011 and 2012. Beginning in 2012, Christian Dior's fiscal year no longer corresponds to the calendar year. For this reason, changes in these indicators are henceforth to be determined on the basis of the pro forma financial statements as of December 31 of each calendar year concerned. For the plan set up on April 5, 2012, the performance condition was satisfied in 2012.

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

Date of Shareholders' Meeting	05/15/2008		05/15/2008		03/31/2011		03/31/2011		
Date of 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 provisionally allocated	**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 [(e)]	04/05/2017 [(c)]	
Number of share allocations vested between 05/01/2012 and 04/30/2013	-	-	-	-	-	-	-	-	-
Number of share allocations expired between 05/01/2012 and 04/30/2013	-	-	-	-	-	-	-	-	-
Total number of share allocations vested as of 04/30/2013	19,454	62,896	-	-	-	-	-	-	82,350
Total number of share allocations expired as of 04/30/2013	1,417	2,633	-	-	-	-	-	-	4,050
REMAINING SHARE ALLOCATIONS AS OF 04/30/2013	**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, 2013.
(c) Vesting and availability date of shares for beneficiaries who are not French residents for tax purposes:

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

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

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

Date of Shareholders' Meeting	05/15/2008	05/15/2008	05/15/2008		05/15/2008		03/31/2011	03/31/2011	
Date of Board of Directors' meeting	**05/14/2009**	**07/29/2009**	**04/15/2010**		**03/31/2011**		**10/20/2011**	**10/20/2011**	
	Bonus shares	**Bonus shares**	**Bonus shares**	**Performance shares**	**Bonus shares**	**Performance shares**	**Bonus shares**	**Bonus shares**	**Subtotal 1**
Number of shares provisionally allocated	**311,209**	**833**	**195,069**	**274,367**	**184,328**	**257,724**	**95,000**	**20,000**	**1,338,530**
o/w Company officers [(a)]	-	-	-	108,837	-	100,071	-	-	**208,908**
o/w First ten employees [(a)]	48,165	833	27,372	67,350	23,387	64,611	95,000	20,000	**346,718**
Number of beneficiaries	642	1	627	639	698	712	1	1	
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	
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	
Number of share allocations vested between 05/01/2012 and 04/30/2013	6,135	-	5,312	4,439	323	108	-	-	**16,317**
Number of share allocations expired between 05/01/2012 and 04/30/2013	8,588	-	7,492	3,174	9,156	3,762	-	-	**32,172**
Total number of share allocations vested as of 04/30/2013	153,510	-	98,554	209,941	323	108	-	-	**462,436**
Total number of share allocations expired as of 04/30/2013	31,527	-	12,644	5,442	10,219	4,117	-	-	**63,949**
REMAINING SHARE ALLOCATIONS AS OF 04/30/2013	**126,172**	**833**	**83,871**	**58,984**	**173,786**	**253,499**	**95,000**	**20,000**	**812,145**

(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:

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

(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.

Date of Shareholders' Meeting	03/31/2011	03/31/2011	03/31/2011	03/31/2011		
Date of Board of Directors' meeting	**04/05/2012**	**07/26/2012**	**07/26/2012**	**01/31/2013**		
	Performance shares	**Bonus shares**	**Performance shares**	**Bonus shares**	**Subtotal 2**	**Total 1+2**
Number of shares provisionally allocated	**416,609**	**45,000**	**830**	**32,800**	**495,239**	**1,833,769**
o/w Company officers [(a)]	85,913	45,000	-	-	130,913	**339,821**
o/w First ten employees [(a)]	90,078	-	830	32,800	123,708	**470,426**
Number of beneficiaries	747	1	1	1		
Vesting date	04/05/2015 [(b)]	07/26/2015 [(b)]	07/26/2015 [(b)]	01/31/2015 [(b)]		
Date as of which the shares may be sold	04/05/2017 [(b)]	07/26/2017 [(b)]	07/26/2017 [(b)]	01/31/2017 [(b)]		
Number of share allocations vested between 05/01/2012 and 04/30/2013	203	-	-	-	203	**16,520**
Number of share allocations expired between 05/01/2012 and 04/30/2013	3,763	-	-	-	3,763	**35,935**
Total number of share allocations vested as of 04/30/2013	203	-	-	-	203	**462,639**
Total number of share allocations expired as of 04/30/2013	3,763	-	-	-	3,763	**67,712**
REMAINING SHARE ALLOCATIONS AS OF 04/30/2013	**412,643**	**45,000**	**830**	**32,800**	**491,273**	**1,303,418**

(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:

Plans	Vesting and availability date of shares
04/05/2012	04/05/2016
07/26/2012	07/26/2016
01/31/2013	01/31/2017

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

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

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

No shares were provisionally allocated to senior executive officers.

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

Beneficiary	Company granting the shares	Date of the plan	Number of bonus shares	Number of performance shares
Pierre Godé	LVMH	07/26/2012	45,000	-

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

3.6.3. Performance shares vested to senior executive officers

No shares were vested to senior executive officers.

3.6.4. Bonus and performance shares vested to other company officers

No shares were vested to other company officers.

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

Company granting the shares	Date of the plan	Number of bonus shares	Number of performance shares
LVMH Moët Hennessy - Louis Vuitton	05/14/2009	2,302 [(b)]	-
"	04/15/2010	998 [(b)]	334 [(b)]

(a) Active employees as of the vesting date.
(b) Beneficiaries having become tax residents in France between May 1, 2012 and April 30, 2013.

4. Financial authorizations

4.1. STATUS OF CURRENT DELEGATIONS AND AUTHORIZATIONS

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

Type	Authorization date	Expiry/ Duration	Amount authorized	Use as of April 30, 2013
Share repurchase program Maximum purchase price: 200 euros	October 26, 2012 (5th resolution)	April 25, 2014 (18 months) (a)	10% of the share capital 18,172,704 shares	Movements during the fiscal year (b) Purchases: 350,000 Disposals: -
Share capital reduction through retirement of shares	October 26, 2012 (7th resolution)	April 25, 2014 (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 18, 2013. See §4.2 below.
(b) Movements between May 1, 2012 and April 30, 2013. For purchases, including calls exercised. See also §5.1 below.

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

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method	Use as of April 30, 2013
Through incorporation of reserves (L. 225-130)	October 26, 2012 (6th resolution)	December 25, 2014 (26 months)	80 million euros (a) 40,000,000 shares	Not applicable	None
With preferential subscription rights: ordinary shares and investment securities giving access to the share capital	October 26, 2012 (8th resolution)	December 25, 2014 (26 months)	80 million euros (a) (b) 40,000,000 shares	Free	None
Without preferential subscription rights: ordinary shares and investment securities giving access to the share capital					
• by means of public offer (L. 225-135 et seq.)	October 26, 2012 (9th resolution)	December 25, 2014 (26 months)	80 million euros (a) (b) 40,000,000 shares	At least equal to the minimum price required by regulations (c)	None
• by means of private placement (L. 225-135 et seq.)	October 26, 2012 (10th resolution)	December 25, 2014 (26 months)	80 million euros (a) (b) 40,000,000 shares	At least equal to the minimum price required by regulations (c)	None
In connection with a public exchange offer (L. 225-148)	October 26, 2012 (13th resolution)	December 25, 2014 (26 months)	80 million euros (a) (b) 40,000,000 shares	Free	None
In connection with in-kind contributions (L. 225-147)	October 26, 2012 (14th resolution)	December 25, 2014 (26 months)	10% of the share capital (a) 18,172,704 shares	Free	None

(a) Maximum nominal amount. The nominal amount of any capital increase decided in application of other delegations of authority would be offset against this amount.
(b) Provided the overall maximum ceiling of 80 million euros referred to in (a) is not exceeded, this amount may be increased subject to the limit of 15% of the initial issue in the event that the issue is oversubscribed (Shareholders' Meeting of October 26, 2012, 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 (Shareholders' Meeting of October 26, 2012, 11th resolution).

4.1.3. Employee share ownership

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method	Use as of April 30, 2013
Capital increase reserved for employees who are members of a company savings plan (L. 225-129-6)	October 26, 2012 (15th resolution)	December 25, 2014 (26 months)	1% of the share capital [a] 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.)	October 26, 2012 (17th resolution)	December 25, 2014 (26 months)	1% of the share capital [a] 1,817,270 shares	Not applicable	None
Share subscription or purchase option allocation (L. 225-177 et seq.)	April 5, 2012 (11th resolution)	June 4, 2015 (38 months)	1% of the share capital [a] 1,817,270 shares	Average share price over the 20 trading days preceding the grant date [b] not subject to any discount	None

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

4.2. AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING

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

Type	Resolution	Duration	Amount authorized
Share repurchase program Maximum purchase price: 250 euros	11th	18 months	10% of the share capital 18,172,704 shares
Share capital reduction through the retirement of shares purchased under the share repurchase program	12th	18 months	10% of share capital per 24 month period 18,172,704 shares

It is proposed that you authorize your Board of Directors to acquire Company shares particularly in order to (i) provide market liquidity services; (ii) cover stock option plans, the allocation of bonus shares or any other employee share ownership operations; (iii) cover investment securities conferring entitlement to the Company's shares; (iv) be retired; or (v) be held so as to be exchanged or presented as consideration at a later date for external growth operations (further details on operations carried out under previous programs are set out in §5 below).

5. Share repurchase program

5.1. INFORMATION ON SHARE REPURCHASE PROGRAMS

The purpose of this section is to inform the Shareholders' Meeting of the purchase transactions in treasury shares that were carried out, between May 1, 2012 and April 30, 2013, by the Company as part of the share repurchase programs authorized by the Combined Shareholders' Meetings held on April 5, 2012 and October 26, 2012 respectively.

The Company acquired 350,000 Christian Dior shares at the average price per share of 131.50 euros. No shares were sold.

These transactions did not generate any expenses.

The table on the following page groups by purpose the transactions carried out at value date during the period May 1, 2012 and April 30, 2013:

(number of shares unless otherwise stated)	Liquidity contract	Coverage of plans	Coverage of securities giving access to Company shares	Exchange or payment in connection with acquisitions	Shares pending retirement	Total
Balance as of April 30, 2012	**-**	**-**	**-**	**-**	**-**	**-**
Purchases	-	-	-	-	-	**-**
Average price *(EUR)*	-	-	-	-	-	**-**
Sales	-	-	-	-	-	**-**
Average price *(EUR)*	-	-	-	-	-	**-**
Share purchase options exercised	-	-	-	-	-	**-**
Average price *(EUR)*	-	-	-	-	-	**-**
Calls exercised	-	-	-	-	-	**-**
Average price *(EUR)*	-	-	-	-	-	**-**
Allocations of bonus shares	-	-	-	-	-	**-**
Reallocations for other purposes	-	-	-	-	-	**-**
Shares retired	-	-	-	-	-	**-**
Balance as of October 26, 2012	**-**	**-**	**-**	**-**	**-**	**-**
Purchases	-	-	-	-	350,000	**350,000**
Average price *(EUR)*	-	-	-	-	131.50	**131.50**
Sales	-	-	-	-	-	**-**
Average price *(EUR)*	-	-	-	-	-	**-**
Share purchase options exercised	-	-	-	-	-	**-**
Average price *(EUR)*	-	-	-	-	-	**-**
Calls exercised	-	-	-	-	-	**-**
Average price *(EUR)*	-	-	-	-	-	**-**
Allocations of bonus shares	-	-	-	-	-	**-**
Reallocations for other purposes	-	-	-	-	-	**-**
Shares retired	-	-	-	-	-	**-**
Balance as of April 30, 2013	**-**	**-**	**-**	**-**	**350,000**	**350,000**

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

5.2. DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE SHARE REPURCHASE PROGRAM PRESENTED TO THE COMBINED SHAREHOLDERS' MEETING OF OCTOBER 18, 2013

- Securities concerned: shares issued by Christian Dior.
- Maximum portion of the capital that may be purchased by the Company: 10%.
- Maximum number of its own shares that may be acquired by the Company, based on the number of shares making up share capital as of April 30, 2013: 18,172,704 shares, but taking into account the 2,605,000 shares held as treasury shares as of April 30, 2013, only 15,567,704 treasury shares are available to be acquired (i.e. 8.57% of the share capital).
- Maximum price per share: 250 euros.
- Objectives:
  - 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 Christian Dior 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,
  - buy shares to cover securities giving access to the Company's shares, notably by way of conversion, tendering of a coupon, reimbursement or exchange,
  - to retire shares under the authorization proposed to be granted to the Board of Directors by the Combined Shareholders' Meeting of October 18, 2013, or
  - buy shares to be held and later presented for consideration as an exchange or payment in connection with external growth operations.
- Term of the program: 18 months as from the Combined Shareholders' Meeting of October 18, 2013.

5.3. SUMMARY TABLE DISCLOSING THE TRANSACTIONS PERFORMED BY THE ISSUER INVOLVING ITS OWN SHARES FROM MAY 1, 2012 TO APRIL 30, 2013

The table below, prepared in accordance with the provisions of AMF Instruction No. 2005-06 of February 22, 2005 in application of Article 241-2 of the AMF's General Regulations, provides a summary overview of the transactions performed by the Company involving its own shares from May 1, 2012 to April 30, 2013:

As of April 30, 2013	
Percentage of own share capital held directly or indirectly	0.19% (a)
Number of shares retired in the last 24 months	-
Number of shares held in the portfolio	350,000 (a)
Book value of the portfolio *(EUR)*	46,025,875
Market value of the portfolio *(EUR)*	46,322,500

(a) Not taking into consideration shares acquired before the share purchase programs were set up (§2.3).

	Cumulative gross transactions		Open positions as of April 30, 2013			
	Purchases	Sales/ Transfers	Open purchase positions		Open sale positions	
			Purchased call options	Forward purchases	Sold call options	Forward sales
Number of shares	350,000	-	-	550,000	-	-
Of which:						
- liquidity contract	-	-	-	-	-	-
- purchases to cover plans	-	-	-	-	-	-
- exercise of purchase options	-	-	-	-	-	-
- exercise of call options	-	-	-	-	-	-
- bonus share allocations	-	-	-	-	-	-
- purchases of shares to be retired	350,000	-	-	550,000	-	-
- share retirements	-	-	-	-	-	-
Average maximum maturity	-	-	-	-	-	-
Average trading price [(a)] *(EUR)*	131.50	-	-	137.71	-	-
Average exercise price *(EUR)*	-	-	-	-	-	-
Amounts *(EUR)*	46,025,875	-	-	75,738,376	-	-

(a) Excluding bonus share awards and share retirements.

6. Remuneration of company officers

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

Senior executive officers	Remuneration due in respect of the fiscal year		Valuation of options granted during the fiscal year [(b)]		Valuation of performance shares granted during the fiscal year [(b)]	
(EUR)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	April 30, 2013 (12 months)	April 30, 2012 (4 months)
Bernard Arnault	2,907,575	579,468	-	-	-	5,579,076
Sidney Toledano	1,800,000	307,692	-	-	-	1,191,961

(a) Gross remuneration and benefits in kind paid or borne by the Company and companies controlled, subject to the provisions of Article L. 225-102-1 of the French Commercial Code, excluding directors' fees.
(b) The breakdown of equity securities or securities conferring entitlement to capital allocated to members of the Board of Directors during the fiscal year as well as the performance conditions to be met for the definitive allocation of shares are presented in §3.4 and 3.6.1.

• 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, 2013 (12 months)	April 30, 2012 (4 months)	April 30, 2013 (12 months)	April 30, 2012 (4 months)
Fixed compensation [(f)]	1,440,908	579,468	1,535,730	480,970
Variable compensation [(b)] [(f)]	1,466,667	-	2,200,000	2,200,000 [(c)]
Exceptional compensation	-	-	-	-
Directors' fees	118,464	39,489	99,489	28,464
Benefits in kind	Company car	Company car	Company car	Company car
TOTAL	**3,026,039**	**618,957**	**3,835,219**	**2,709,434**

Sidney Toledano [(d)]	Amounts due for the fiscal year		Amounts paid during the fiscal year	
Compensation *(EUR)*	April 30, 2013 (12 months)	April 30, 2012 (4 months)	April 30, 2013 (12 months)	April 30, 2012 (4 months)
Fixed compensation	1,000,000	307,692	1,000,000	307,692
Variable compensation [(e)]	800,000	-	1,200,000	900,000 [(c)]
Exceptional compensation	-	-	-	-
Directors' fees	34,693	12,078	30,078	9,232
Benefits in kind	Company car	Company car	Company car	Company car
TOTAL	**1,834,693**	**319,770**	**2,230,078**	**1,216,924**

(a) Gross remuneration and benefits in kind paid or borne by the Company and companies controlled, subject to the provisions of Article L. 225-102-1 of the French Commercial Code.
(b) 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.
(c) Amounts paid in respect of the prior fiscal year.
(d) Medium-term incentive scheme.
(e) One-third based on the achievement of qualitative objectives and two-thirds based on the achievement of budget objectives regarding revenue, operating profit and cash flow, each item bearing the same weight.
(f) Compensation paid by the LVMH group.

• 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 and Chief Executive Officer		X	X [(a)]			X		X
Sidney Toledano Group Managing Director	X [(b)]			X		X	X [(b)]	

(a) This supplementary pension put in place by LMVH is only acquired if the potential beneficiary has been present for at least six years on the LVMH group's Executive Committee and simultaneously asserts his rights to his standard legal pension entitlement. This is not required however if they leave the Group at the latter's request after the age of 55 and resume no other professional activity until their external pension plans are liquidated. It is determined on the basis of a reference remuneration corresponding to the average of the three highest yearly remunerations received over the course of their career within the LVMH group, subject to a maximum of thirty-five times the annual social security ceiling. The annual supplementary pension is equal to the difference between 60% of the reference remuneration (i.e. 777,672 euros as of January 1, 2013) and all pension amounts paid by the general social security regime and the additional ARRCO and AGIRC regimes. Amount of the commitment undertaken by LVMH as of April 30, 2013 for Mr. Bernard Arnault, determined in accordance with the principles defined by IAS 19 Employee benefits: 15,699,135 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, 2013 (12 months)	April 30, 2012 (4 months)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	April 30, 2013 (12 months)	April 30, 2012 (4 months)
Delphine Arnault [(b)] [(d)]	58,803	13,289	505,385	153,077	430,000	330,000
Antoine Bernheim [(c)]	4,520	44,362	-	-	-	-
Denis Dalibot	21,497	23,848	505,716 [(f)]	290,000 [(f)]	-	-
Hélène Desmarais [(b)]	514	-	-	-	-	-
Renaud Donnedieu de Vabres	4,104	13,848	-	-	-	-
Ségolène Gallienne	1,539	7,181	-	-	-	-
Pierre Godé [(d)]	153,872	26,924	876,600	500,000	200,000	2,000,000
Eric Guerlain	7,567	23,080	-	-	-	-
Christian de Labriffe	5,258	13,848	-	-	-	-
Jaime de Marichalar y Sáenz de Tejada	19,806	26,473	-	-	-	-
Alessandro Vallarino Gancia [(e)]	-	1,282	-	-	-	-

(a) Directors' fees, gross remuneration and/or fees and benefits in kind paid or borne by the Company and companies controlled, subject to the provisions of Article L. 225-102-1 of the French Commercial Code and received by the company officer or a company controlled by the latter.
(b) 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 §3.6.2.
(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 information is presented in §3.6.2 of the report on the Christian Dior parent company within the Management report of the Board of Directors.

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, 2013 and during the last five years, is provided in the "Other Information – Governance" section of the Annual Report.

7.2. STRUCTURE OF THE BOARD OF DIRECTORS

It is proposed that you renew the appointments of Mrs. Ségolène Galliene and of Messrs. Renaud Donnedieu de Vabres, Eric Guerlain and Christian de Labriffe as Directors for a period of three years, as specified in the Bylaws.

8. 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, information that could have a bearing on a takeover bid or exchange offer is presented below:

- capital structure of the Company: the Company is controlled by the Arnault family group, which controlled 70.37% of the capital and 82.98% of the voting rights as of April 30, 2013;
- 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.

Management report of the Board of Directors

WORKFORCE, ENVIRONMENTAL AND SOCIAL REPORT

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1. Group reporting on employee-related issues

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

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

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

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

Workforce information provided below relates to all consolidated companies on April 30, 2013, including LVMH's and Christian Dior Couture's share in joint ventures. Other social indicators were calculated for a scope of 598 organizational entities covering more than 99% of the global workforce and encompass all staff employed during the fiscal year, including those employed by joint ventures.

The Group's employees in China are counted in the number of staff working under permanent contracts (9,954 as of April 30, 2013). Although Chinese law limits the duration of employment contracts, which become permanent only after several years, the Christian Dior group considers employees working under such contracts as permanent, given the nature of Chinese labor legislation.

1.1. ANALYSIS AND DEVELOPMENT OF THE WORKFORCE

1.1.1. Breakdown of the workforce

The total workforce as of April 30, 2013 amounted to 108,546 employees, an increase of 7.7% compared to April 30, 2012. Of this total, 102,752 employees worked under permanent contracts and 5,794 worked under fixed-term contracts. Part-time employees represented some 15.2% of the total workforce, or 16,473 individuals. The portion of staff outside France increased by 1.3% on the previous year and now represents 79% of the workforce worldwide.

The Group's average Full Time Equivalent (FTE) workforce comprised 98,299 employees during this exceptional fiscal year, a rise of more than 5.5% on the fiscal year ended April 30, 2012. The main changes are due to the opening of new stores, mainly in the United States, Europe and China.

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

Breakdown by business group

	April 30, 2013		April 30, 2012		Dec. 31, 2011	
Total workforce as of fiscal year-end [(a)]	(12 months)	%	(4 months)	%	(12 months)	%
Christian Dior Couture	4,389	4	3,701	4	3,595	4
Wines and Spirits	7,174	7	7,083	7	6,372	6
Fashion and Leather Goods	28,288	26	27,078	27	27,137	27
Perfumes and Cosmetics	20,111	19	18,610	18	18,423	18
Watches and Jewelry	7,770	7	7,573	8	7,249	7
Selective Retailing	39,256	36	35,165	35	36,905	37
Other activities	1,558	1	1,545	1	1,473	1
TOTAL	**108,546**	**100**	**100,755**	**100**	**101,154**	**100**

(a) Total permanent and fixed-term headcount.

Breakdown by geographic region

	April 30, 2013		April 30, 2012		Dec. 31, 2011	
Total workforce as of fiscal year-end [(a)]	(12 months)	%	(4 months)	%	(12 months)	%
France	22,444	21	21,925	22	21,554	21
Europe (excluding France)	26,056	24	24,938	25	24,614	24
United States	22,505	21	21,196	21	23,281	23
Japan	5,863	5	5,537	5	5,458	6
Asia (excluding Japan)	25,377	23	21,957	22	21,290	21
Other	6,301	6	5,202	5	4,957	5
TOTAL	**108,546**	**100**	**100,755**	**100**	**101,154**	**100**

(a) Total permanent and fixed-term headcount.

Breakdown of personnel by professional category

	April 30, 2013		April 30, 2012		Dec. 31, 2011	
Total workforce as of fiscal year-end [(a)]	(12 months)	%	(4 months)	%	(12 months)	%
Managers	19,878	18	17,794	18	16,970	17
Technicians and team leaders	10,706	10	9,639	10	9,375	9
Office and sales personnel	64,223	59	59,735	59	62,148	61
Labor and production workers	13,739	13	13,587	13	12,661	13
TOTAL	**108,546**	**100**	**100,755**	**100**	**101,154**	**100**

(a) Total permanent and fixed-term headcount.

Average age and breakdown by age

As of April 30, 2013, 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	12.6	6.5	8.4	21.1	3.5	15.1	19.3
	25-29 years	21.5	15.0	18.7	21.4	16.2	30.8	23.1
	30-34 years	19.5	16.6	20.0	15.6	26.1	23.2	21.5
	35-39 years	14.4	15.2	17.7	10.2	25.7	11.5	14.4
	40-44 years	11.2	14.0	14.0	8.9	14.8	7.7	9.2
	45-49 years	8.6	12.6	9.7	7.4	7.6	5.8	6.0
	50-54 years	6.0	10.4	6.2	6.1	4.1	3.2	3.1
	55-59 years	4.1	7.7	3.5	4.7	1.8	1.9	2.4
	60 years and over	2.1	2.0	1.8	4.6	0.2	0.8	1.0
		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 April 30, 2013, the average length of service within the Group is ten years in France and ranges from four to seven years in the other geographic regions. This difference is mainly due to the predominance in these other regions of retail activities characterized by a high turnover rate. It is also the result of recent expansion by Group companies into high-growth markets, where there is a greater fluidity of employment.

(as %)	Global workforce	France	Europe [(a)]	United States	Japan	Asia [(b)]	Other markets
Length of service: less than 5 years	58.9	37.8	52.9	71.6	39.0	72.2	77.6
5-9 years	21.3	20.8	27.2	18.7	35.4	17.0	13.0
10-14 years	9.6	16.3	11.2	5.8	16.6	5.0	5.1
15-19 years	4.0	7.2	4.3	1.9	4.8	2.9	1.7
20-24 years	2.8	6.9	2.3	1.1	3.1	1.6	1.0
25-29 years	1.6	4.8	1.0	0.5	0.8	0.8	0.9
30 years and over	1.8	6.2	1.1	0.4	0.3	0.5	0.7
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
AVERAGE LENGTH OF SERVICE	**6**	**10**	**6**	**5**	**7**	**5**	**4**

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

1.1.2. Recruitment policy

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

Over the course of 2012, the Group bolstered its appeal to leading colleges and universities, organizing more than a hundred events worldwide to promote the Group and Group companies to up-and-coming talents while reaffirming its commitment to be a fully-fledged partner. These events were organized as part of the Group's sponsorship initiatives in France, including the LVMH endowed chair in luxury brand management at ESSEC business school, the orientation seminar for international students at HEC, grants for students from the Antilles at Sciences Po, and other programs involving the Institut français de la Mode well as the École Duperré. Events were also organized abroad as part of LVMH's sponsorship role with the CEMS alliance, which builds bridges between multinational corporations and major European business schools. Outside Europe, events such as MBA meet-ups were held in the United States, Hong Kong and Shanghai, where different Group companies were introduced to students from four prestigious business schools; endowment initiatives included the "LVMH Chair in Luxury Branding" at Waseda University in Japan, the "Luxury Business Management Track Bulgari" at SDA Bocconi in Italy, and a sponsorship agreement with the Central Saint Martins College of Art and Design in the United Kingdom to foster the development of creative, cross-disciplinary projects at Group companies.

The Group's recruitment policy is part of an overall Human Resources strategy designed to highlight all of its strengths and identify the right personality fit. For this purpose, the Group develops recruitment and integration tools built specifically to single out enterprising individuals with the skills to drive future growth, using methods which respect the candidates involved. LVMH has expanded its Recruitment Days program to every part of the world where the Group operates in order to recruit high-potential graduates from international backgrounds. The rigorous methodology used for these Recruitment Days, involving exercises simulating real-life business scenarios, is highly popular with applicants, who receive systematic, personalized feedback on their participation.

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. Initiatives taken by all Group companies have been popular with business school students in France, who ranked LVMH first among preferred employers for the 7th consecutive year in the Universum poll run by Trendence. Randstad, an HR consulting firm, also awarded the Group first prize in its Consumer Goods category. These distinctions honor the efforts made by all Group companies to bolster their appeal to young graduates and, by doing so, heighten their ability to attract diverse, top-tier talent.

Outside France, the Group was one of the 50 most attractive employers worldwide in 2012 among business school students according to Universum's consolidated poll results from 12 different countries, ranking at position 25, two places higher than in the previous survey. The Group also ranked in the Top 50 for engineering students. The Group's appeal was reaffirmed in 2012, with a 25% increase in applications on LVMH's Career websites, which received some 240,000 job applications in 2012.

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. 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, 150 Human Resources managers have completed this training. Lastly, LVMH has also had discrimination tests performed since 2008, 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 strictly monitors the excellence of its recruitment practices.

1.1.3. Employee turnover and internal mobility

The overall turnover rate rose compared to December 31, 2011 and shows marked differences across geographic regions: the highest rates are recorded in North America and Asia, where labor markets are more fluid.

Turnover by geographic region

(as %)	April 30, 2013	France	Europe [d]	United States	Japan	Asia [e]	Other markets	Dec. 31, 2011
Total turnover [a]	**20.8**	**9.5**	**18.7**	**29.7**	**9.0**	**27.4**	**21.8**	**19.2**
Of which								
voluntary turnover [b]	15.4	4.3	12.3	24.0	8.4	21.8	17.1	14.3
involuntary turnover [c]	5.0	4.4	6.0	5.4	0.3	5.5	4.5	4.4

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

Breakdown of movements [a] of employees working under permanent contracts by business group and geographic region

	Joiners		Leavers	
(number)	April 30, 2013 (12 months)	Dec. 31, 2011 (12 months)	April 30, 2013 (12 months)	Dec. 31, 2011 (12 months)
By business group				
Christian Dior Couture	1,484	1,124	848	724
Wines and Spirits	790	902	583	543
Fashion and Leather Goods	5,983	5,870	4,565	3,761
Perfumes and Cosmetics	4,680	4,559	3,861	3,504
Watches and Jewelry	1,381	758	1,090	382
Selective Retailing	13,398	10,467	10,079	7,158
Other activities	190	179	165	133
TOTAL	**27,906**	**23,859**	**21,191**	**16,205**
By geographic region				
France	2,868	3,069	2,038	2,014
Europe (excluding France)	5,275	4,067	4,472	2,819
United States	7,260	7,206	6,175	4,868
Japan	701	450	471	430
Asia (excluding Japan)	9,710	7,613	6,761	5,172
Other	2,092	1,454	1,274	902
TOTAL	**27,906**	**23,859**	**21,191**	**16,205**

(a) Under permanent contract, including conversions of fixed-term contracts to permanent contracts and excluding internal mobility within the Group.

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. LVMH posts vacant positions on its Intranet, Voices, as part of its internal career mobility scheme, where applicants looking for a career transition can register. This tool is designed to give employees better up-to-date information on opportunities within the Group, regardless of brand, job, or location, and can be used to directly submit applications. As such initiatives show, LVMH is committed to helping its employees grow within the Group through skill building and structured career development opportunities. Since the first listing of jobs in March 2012, more than 1,500 positions earmarked for internal candidates on a priority basis have been posted on Voices. The resulting number of views (over 34,000) overwhelmingly illustrate the usefulness of this tool for providing motivation and holding onto talent.

These new initiatives supplement the existing system of monthly internal mobility committees, where open positions are matched up to individuals interested in developing their careers. This applies to all seniority levels, job types, and geographical regions. Significant results have been seen over the past few years, with more than 2,100 internal opportunities taken up in 2012.

1.2. WORK TIME

1.2.1. Work time organization

As of April 30, 2013, 13% of employees benefit from variable or adjusted working hours and 45% work as a team or alternate their working hours.

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

Employees concerned [(a)] *(as % of total payroll)*	**Global workforce**	**France**	**Europe** [(b)]	**United States**	**Japan**	**Asia** [(c)]	**Other markets**
Variable/adjusted schedules	13	35	16	1	13	2	-
Part-time	15	10	17	34	1	5	18
Teamwork or alternating hours	45	10	29	75	83	56	57

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

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

Employees affected [(a)] *(as %)*	**France workforce**	**Managers**	**Technicians and team leaders**	**Office and sales personnel**	**Labor and production workers**
Variable/adjusted schedules	35	27	50	58	3
Part-time	10	3	6	21	7
Teamwork or alternating hours	10	-	7	2	35
Employees benefiting from time off in lieu	10	-	13	16	12

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

1.2.2. Overtime

The cost of the volume of overtime represents an average of 1.5% of the worldwide payroll, an estimated value of around 57 million euros for the fiscal year 2012-2013.

Percentage of overtime by region

(as % of payroll)	Global workforce	France	Europe [(a)]	United States	Japan	Asia [(b)]	Other markets
Overtime	1.5	1.2	1.6	1.4	2.9	1.4	1.1

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

1.2.3. Absenteeism

The worldwide absentee rate of the Group for employees working under permanent and fixed-term contracts is 4.9%. It has increased slightly compared with the previous years (4.8% in 2011 and 2010). The two main causes of absence are illness (2.3%) and maternity leave (1.7%). The overall absentee rate of the European entities is twice as high as that recorded in other geographic regions.

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

(as %)	Global workforce	France	Europe [(b)]	United States	Japan	Asia [(c)]	Other markets
Illness	2.3	3.6	3.1	1.1	0.3	1.8	1.1
Work/work-travel accidents	0.2	0.4	0.1	0.1	-	0.1	0.2
Maternity	1.7	1.5	2.9	0.5	3.1	1.4	0.9
Paid absences (family events)	0.5	0.3	0.3	0.1	1.0	1.1	0.8
Unpaid absences	0.3	0.5	0.3	0.2	0.2	0.4	0.3
OVERALL ABSENTEE RATE	**4.9**	**6.3**	**6.7**	**2.0**	**4.7**	**4.8**	**3.3**

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

1.3. COMPENSATION

Christian Dior group companies offer attractive and motivating compensation packages. International salary surveys, in relation to specific professions and sectors, are carried out annually and are used to ensure that the Group maintains a favorable position against the market on a permanent basis. By means of variable pay components based on both individual performance and 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 in the field of professional equality mainly relate to pay, promotion to positions of greater responsibility, and the distribution of levels of individual performance.

The studies conducted in 2012 on the distribution of levels of individual performance evidenced an identical distribution for women and men.

1.3.1. Average salary

The table below shows the gross average monthly compensation paid to Group employees in France under full-time permanent contracts who were employed throughout the fiscal year ended April 30, 2013:

Employees concerned *(as %)*	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Less than 1,500 euros	2	1	1
1,501 to 2,250 euros	30	30	32
2,251 to 3,000 euros	21	25	23
Over 3,000 euros	47	44	44
TOTAL	**100**	**100**	**100**

1.3.2. Personnel costs

Worldwide, the breakdown of personnel costs for the fiscal year ended April 30, 2013 was as follows:

(EUR millions)	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Gross payroll – Fixed-term or permanent contracts	3,812	1,120	2,964
Employers' social security contributions	961	290	766
Temporary staffing costs	158	55	144
TOTAL PERSONNEL COSTS	**4,931**	**1,465**	**3,874**

Based on the same estimation method, outsourcing and temporary staffing costs accounted for 6% of the total payroll worldwide, including employer's social security contributions.

1.3.3. Incentive schemes, profit sharing and company savings plans

All companies in France with at least 50 employees have an incentive scheme, profit sharing or company savings plan. These plans accounted for a total expense of 191 million euros in the fiscal year ended April 30, 2013, paid in respect of 2012-2013, a strong increase compared to previous years.

The table below shows the amounts paid during the fiscal year ended April 30, 2013. Payments in respect of 2012 made after April 30, 2013 are not included.

(EUR millions)	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Profit sharing	103	82	72
Incentive	73	50	62
Employer's contribution to company savings plans	15	9	9
TOTAL	**191**	**141**	**143**

1.4. SOCIAL RESPONSIBILITY

Integrity, constant vigilance to maintain a healthy environment, and respect at all levels are the pillars of social responsibility at the Christian Dior group. Over the last five years, the Group has reiterated its commitments in this regard and increased the number of programs in place wherever it is present.

Social responsibility is an approach adopted by all Group companies. It is applied in different ways in different places, depending on local concerns or specific history and heritage. Coordination takes place at Group level through regular meetings of Group company representatives in charge of social and environmental responsibility. At each year-end, a full international report is drawn up, covering Group companies with the largest workforce. This report lists all the actions implemented by Group companies over the previous twelve months. Subjects include preventing discrimination, promoting professional equality, employees' wellbeing, workforce integration, the employment of disabled persons, parenting, and efforts to stem socio-economic marginalization.

These achievements demonstrate the extent to which Christian Dior group companies monitor the impact of their business activities and behaviors on people, communities and the regions in which they operate. Such initiatives are rooted in a clear acknowledgment of the Group's responsibilities towards all stakeholders, a drive to increase the positive social impact of their business, and a generous vision of excellence.

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.

Thus, LVMH has met all of the necessary criteria for admission to the two leading indexes of responsible investment stocks: the Dow Jones Sustainability World Index and the FTSE4Good Index.

1.4.1. Equality of opportunity for men and women

Gender equality is an integral part of the Christian Dior group'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 Group. It is related to the very nature of the Group's businesses. Women are particularly prominent in Perfumes and Cosmetics (83% women), Selective Retailing (81% women), and Fashion and Leather Goods (72% women). Conversely, the majority of staff in Wines and Spirits are men, representing 63% of the workforce in this business group.

In 2012, the initiatives begun back in 2009 to promote women's access to senior executive positions already produced results. The Group has had more and more women on its executive committees every year, from 28% in 2010 to 36% in 2012. This comes as confirmation of the Group's ambition to build diverse leadership teams that reflect its true economic and social profile. The Group's gender equality policy sets a target of 40% for women on executive bodies by 2015. All major human resources management decisions are informed by a desire for gender equality, the source of a greater diversity and complementarity of sensitivities.

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

	Joiners		Workforce	
(as % of women)	April 30, 2013 (12 months)	Dec. 31, 2011 (12 months)	April 30, 2013 (12 months)	Dec. 31, 2011 (12 months)
Breakdown by business group				
Christian Dior Couture	66	72	70	72
Wines and Spirits	42	47	37	36
Fashion and Leather Goods	67	68	72	72
Perfumes and Cosmetics	84	85	83	84
Watches and Jewelry	62	57	62	56
Selective Retailing	81	82	81	81
Other activities	53	57	46	46
Breakdown of personnel by professional category				
Executives and managers	62	64	63	62
Technicians and team leaders	68	73	68	68
Office and sales personnel	80	80	81	81
Labor and production workers	43	55	61	63
Breakdown by geographic region				
France	71	74	69	69
Europe (excluding France)	78	76	74	75
United States	77	80	78	77
Japan	73	79	75	78
Asia (excluding Japan)	74	75	75	75
Other markets	73	75	67	65
TOTAL	**75**	**76**	**74**	**74**

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

Through its "EllesVMH" program, the Group aims to facilitate women's access to positions of greater responsibility: access to management training, diversity considerations in the context of succession planning for key positions or in the recruitment of managers. In addition to an initial pilot project, a new one-year mentoring program was set up at the end of the year. The Group has also built up women's networks in the five biggest countries where it operates. Events organized by these networks brought together more than 350 women in 2012. Numerous events were held worldwide in March 2012 to celebrate International Women's Day. As regards online networking, "EllesVMH" is now one of the largest Intranet communities, with 500 members around the world.

The Christian Dior group remains ever vigilant with regard to gender equality, from the hiring stage throughout each employee's career. In France in 2012, all Group companies either signed labor agreements or established action plans on the topic of gender equality. These measures include stipulations on working conditions, career development opportunities, and better work-life balance.

1.4.2. 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, action plans and collective agreements have been implemented to promote the recruitment, employment and

career development of staff over the age of 50. Louis Vuitton, Céline and Guerlain are among Group companies that have developed "Senior-Junior" mentoring schemes to ensure the successful transmission of their 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. These interviews are used at all Group companies to improve career management for older employees and offer systematic career plan assessments to those over the age of 50. Information meetings about retirement have also been offered to older employees at companies such as Le Bon Marché and Parfums Christian Dior.

Further measures to promote the employment of older staff have been implemented in several Group companies. Moët & Chandon, Parfums Christian Dior, LVMH Fragrance Brands, Guerlain and Le Bon Marché have signed agreements with their 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.

Worldwide, 12.2% of the Christian Dior group's active workforce are over the age of 50. In France, this population accounts for 20.1% of employees.

1.4.3. 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. In 2012 the Group also took a particular interest in suppliers specializing in the employment of disabled persons. In France, between 2007 and 2012, the employment rate for disabled persons increased from 1.6% to 3.9% 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' résumés but instead seek to make the recruitment process objective and identify skills and competencies which are transferable into the professional sphere.

Informing and training employees is an essential part of providing job opportunities to disabled persons. Les Echos group organized awareness training for more than 60 employees in 2012. On February 10, 2012 the Group organized a conference involving more than 50 managers on the subject of disabilities and management. This initiative has continued in the form of a training program called "Le Manager et le Handicap".

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 London, the LVMH House and the Down's Syndrome Association (DSA) organized an event to promote the social and professional integration of people with Down's syndrome (otherwise known as Trisomy 21). In Spain, Loewe funded training for 300 disabled individuals to increase their ability to find employment.

The Christian Dior group encourages recourse to organizations that specialize in the employment of disabled persons in a protected environment where they are not independent enough to work in conventional settings. On November 7, 2012 the Group organized its first exhibition on Disabilities and Responsible Procurement as part of its approach to responsible decision-making in procurement. Presented by LVMH's Group Managing Director Antonio Belloni and Human Resources Director Chantal Gaemperle, this exhibition showcased various organizations specializing in disability employment as well as the sponsorships run by Hennessy, Moët & Chandon, Guerlain, Louis Vuitton, Make Up For Ever and Parfums Christian Dior. The event was attended by about 170 managers from all Group companies.

1.5. PROFESSIONAL DEVELOPMENT OF EMPLOYEES

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

The Group also fosters mobility between professional categories by encouraging its employees to acquire new skills, especially through certificate or degree programs. More than 8,200 staff members were promoted in 2012, i.e. 8% of the permanent workforce.

The Christian Dior group continued and increased its investments in training in 2012 so as to support growth and provide a broad array of opportunities for personal and professional development. Apart from encouraging internal mobility across the various Group companies, training serves as a powerful driver for building careers, enabling the acquisition or enhancement of skills, and encouraging exchanges both inside and outside the Group.

Programs and forums are a reflection of the Group's increasingly international character, be it through the development of e-learning technologies or the growing variety of locations involved. The opening of an ambitious Asia-Pacific Talent Development Centre in Singapore stands as a testament to the Group's global ties.

After Shanghai and Paris, New York played host to the final segment of the 2011-2012 LVMH Inspiring Entrepreneurs program, offered to a select group of highly experienced managers. This innovative program was developed as a counterpart to the array of forums offered by the LVMH House in London, to demonstrate the Group's commitment to excellence for its executives. Participants were offered the chance to hear from inspiring, high-profile guest speakers as well as in-house leaders, including the LVMH group's entire Executive Committee, and to engage with them on a variety of current topics.

On a global scale, the Group's major regional Human Resources teams substantially increased the number of training opportunities available to local organizations, involving over 800 managers in Asia and more than 400 in the United States, with a worldwide total in excess of 3,000 participants. The Group's first ever middle management leadership program was offered jointly in French and English in the United States, France, Hong Kong, Singapore, Spain, Italy, and China (Shanghai).

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

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, 2012, 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, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Training investment *(EUR millions)*	95.0	27.8	73.6
Portion of total payroll *(as %)*	2.5	2.5	2.5
Number of days training per employee	2.3	0.8	2.5
Average cost of training per employee *(EUR)*	872	268	772

In the fiscal year ended April 30, 2013, training expenses incurred by the Christian Dior group's companies throughout the world represented a total of 95 million euros, or 2.5% of total payroll.

The average training investment per full-time equivalent person amounts to approximately 872 euros. Over the course of the fiscal year ended April 30, 2013, the total number of training days amounted to nearly 245,764 days, representing an equivalent of around 1,068 people receiving full-time training for the entire year.

A total of 61.3% of employees received training during the fiscal year and the average number of days training came to 2.3 days per employee. 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)*	32.2	15.2	17.6	7.6	18.0	4.4
Portion of total payroll *(as %)*	3.3	1.7	2.2	2.7	2.6	3.0
Employees trained during the year *(as %)*	61.3	61.2	44.3	81.6	70.6	64.1
Of which:						
Executives and managers	61.0	68.8	63.5	78.5	75.1	66.9
Technicians and team leaders	71.7	63.3	41.1	80.2	67.7	67.0
Office and sales personnel	49.4	62.5	37.9	82.6	70.2	62.4
Labor and production workers	68.6	51.2	57.2	78.2	68.0	79.3

(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 as of April 30, 2013.

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. More than 25,148 employees attended seminars of this type in the fiscal year ended April 30, 2013.

1.6. HEALTH AND SAFETY

Between May 1, 2012 and April 30, 2013, there were a total of 1,057 work accidents resulting in leave of absence which resulted in 23,322 lost working days. Frequency rates have been improving steadily for several years and severity rates are stable. 399 commuting accidents were also recorded, resulting in 7,955 lost working days.

Lost time accidents by business group and geographic region break down as follows:

	Frequency rate [(a)]	Severity rate [(b)]
Breakdown by business group		
Christian Dior Couture	2.52	0.05
Wines and Spirits	7.73	0.19
Fashion and Leather Goods	3.82	0.09
Perfumes and Cosmetics	4.91	0.09
Watches and Jewelry	3.71	0.10
Selective Retailing	6.46	0.14
Other activities	6.37	0.07
Breakdown by geographic region		
France	12.48	0.32
Europe (excluding France)	3.93	0.06
United States	6.00	0.15
Japan	0.17	0.00
Asia (excluding Japan)	3.22	0.05
Other countries	4.47	0.12
Group: April 30, 2013	**5.45**	**0.12**

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

Almost 19.4 million euros were invested in health and safety in the fiscal year ended April 30, 2013. This includes expenses for occupational medical services, protective equipment as well as programs for improving personal safety and health, such as compliance, the posting of warnings, replacement of protective devices, fire prevention training and noise reduction.

The total amount of expenditure and investments promoting health and safety in the workplace and improvements in working conditions amounted to almost 71 million euros, representing 1.8% of the Group's gross payroll worldwide. More than 29,880 Group company employees received safety training worldwide.

All Group companies constantly strive to look after the health, safety, and wellbeing of their employees, who themselves take a widely active role in promoting proper working conditions at manufacturing sites, stores and company head offices. The Health and Safety initiatives undertaken by Group companies such as Louis Vuitton, Parfums Christian Dior, and Moët & Chandon are highly structured and ambitious. Glenmorangie's "Zero accidents" program is one example of this. Companies including Bulgari, Donna Karan, and Loewe manage these initiatives via health and safety committees and working groups. Programs are designed to help employees manage the work-life balance (day-care at Hublot, concierge services at Berluti) and increase their job satisfaction (sales employee training at Céline). Special efforts have also been made to improve workstation ergonomics at companies such as Louis Vuitton, Bulgari, Fendi, Chaumet, etc.

The Christian Dior group makes every effort to prevent and deal with phenomena such as harassment and stress in the workplace. Over the course of 2012, LVMH continued taking action to prevent psychosocial distress through risk assessment and gauging (Moët & Chandon), steering committees, training and awareness raising, support units (Hennessy, Parfums Christian Dior, Veuve Clicquot, Loewe, Guerlain, Sephora Inc., etc.), work organization reviews, work-life balance adjustments, organizational overhauls, and harassment prevention.

Moët & Chandon, Le Bon Marché and Sephora have signed agreements to prevent psychosocial risks which in some cases 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 that supports 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.

A posture and movement training program is also implemented at all manufacturing sites to prevent musculoskeletal disorders, which are the main type of occupational illness that has been observed, and to accompany employees' career path with a policy of improved working conditions. The ergonomics and working conditions at vineyards, workshops and manufacturing sites are reevaluated on a regular basis. For five years, Veuve Clicquot has run a working group on how best to handle the physical strain encountered by certain agricultural laborers.

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

1.7. EMPLOYEE RELATIONS

1.7.1. Status of collective agreements

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

During the fiscal year ended April 30, 2013, employee representatives attended 1,596 meetings:

Nature of the meetings	Number
Works council	587
Employee representatives	557
Health and Safety Committee	192
Other	260
TOTAL	**1,596**

As a result of these meetings, 119 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.

1.7.2. Social and cultural activities

In France, during the fiscal year ended April 30, 2013, Christian Dior group companies allocated a budget of over 19.6 million euros, or 2% of total payroll expenses, to social and cultural activities in France via contributions to works councils.

Total catering costs for Group employees represent a budget of 18.3 million euros.

1.8. RELATIONS WITH THIRD PARTIES

1.8.1. Subcontracting and relations with suppliers

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

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

Among many initiatives by Group companies illustrating this commitment, all the brands of Moët Hennessy establish a specifications document presented for signature to their subcontractors that addresses respect for the environment and fundamental labor law compliance, among other issues; every year, supplier audits are carried out to minimize the most significant risks. In its supplier specifications documents, Sephora includes clauses dealing with the individual rights of employees, child labor prevention, equality of opportunity and treatment, working time policy, and the protection of the environment. Louis Vuitton has put in place an ethical system of 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 labor law and targeting 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 plans for independent audits of suppliers to ensure that commitments have been observed. In order to encourage such practices and share its own expertise, Donna Karan organizes supplier training programs in partnership with Marc Jacobs. These training programs are run by expert third parties and mainly concern employee working hours, the greening of manufacturing facilities, improved corrective action plans, and updates on regulated substances. 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 2012, over 650 social and/or environmental audits were carried out, nearly 80% of which by specialized external service providers, at 546 of our suppliers. Among these audits, 526 related exclusively to social criteria. More than one-third of these audits showed results in line with our standards and 40% identified minor non-compliance issues. Audits whose conclusions indicated a need for significant improvement by suppliers or the existence of major non-compliance issues accounted for 20% and 2% of audits performed, respectively. In all, 141 corrective action plans were implemented at our suppliers where audits had identified areas in need of improvement.

The increasing use of preliminary audits (81 performed in 2012) enabled better advance identification of supplier practices, thus leading to the decision to refrain from working with certain potential suppliers. For example, Louis Vuitton decided not to begin working with one of its potential suppliers after receiving unsatisfactory results from a preliminary audit. 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 2013, together with follow-ups on action plans.

1.8.2. Supply sources and subcontracting by business group

As they have not undergone any changes since December 31, 2012, the supply sources and subcontracting by business group shown below, with the exception of information relating to Christian Dior Couture, are the same as those presented in the "Business description" section of LVMH's 2012 Reference Document.

Champagnes and Wines

The Group owns 1,717 hectares of champagne under production, which provide a little more than one-fourth of its annual needs. In addition, Group companies purchase grapes and wines from wine growers and cooperatives on the basis of multi-year agreements; the largest supplier of grapes and wines represents less than 10% of total supplies for the Group's brands. Until 1996, a theoretical price was published by the industry; to this were added specific premiums negotiated individually between wine growers and merchants. Since 1996,

industry agreements have been signed and renewed, with a view to limiting upward or downward fluctuations in grape prices. The most recent renewal of this agreement dates back to 2009, setting the framework for negotiations relating to harvests from 2009 to 2013. Each individual agreement must now include an indexation clause for grape prices. The recommended benchmark is the average sales price of a bottle of champagne, which ensures better value distribution for the market participants and more control over grape price speculation.

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

For the 2012 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 11,000 kg/ha. This maximum yield represents the maximum harvest level that can be made into wine and sold under the Champagne appellation. In 2006, the INAO redefined the legal framework for the abovementioned stockpiled reserves. It is now possible to harvest grapes beyond the marketable yield within the limits of a ceiling referred to as the Plafond Limite de Classement (PLC), the highest permitted yield per hectare. This ceiling is determined each year, depending on the maximum total yield. It was set at 1,000 kg/ha for the 2012 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 2012 harvest ranged between 5.20 euros and 6.05 euros depending on the vineyard, a 3.4% increase compared to 2011.

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 18 million euros in 2012.

Cognac and Spirits

Hennessy owns 173 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 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 established between the company and each producer based on supply and demand. In 2012, the price of eaux-de-vie from the harvest increased by 11% compared to the 2011 harvest.

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

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

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

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

Fashion and Leather Goods

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 Malletier uses third parties only to supplement its manufacturing and achieve production flexibility in terms of volumes.

Louis Vuitton Malletier purchases its materials from suppliers located around the world, with whom Louis Vuitton Malletier has established partnership relationships. The supplier strategy implemented over the last few years has enabled requirements to be fulfilled in terms of volumes, quality and innovation, thanks to progressive diversification and by limiting dependency on suppliers. In 2009, Louis Vuitton Malletier initiated an integration strategy, notably via a joint venture agreement with Tannerie Masure, a longstanding supplier of premium-quality vegetable-tanned leathers. This partnership resulted in the creation of Tanneries de la Comète, where hides are tanned exclusively for Louis Vuitton, using vegetable tannins. In 2011, the acquisition of a stake in Heng Long, an exotic leather tannery, also contributed to mastering this savoir-faire, and helped secure access to strategic supplies. This strategy continued in 2012, with the acquisition of Tanneries Roux, a French supplier of premium-quality calfskin. For Louis Vuitton, the leading supplier of hides and leathers represents about 16% of its total supplies of these products.

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

Overall, the use of subcontractors for Fashion and Leather Goods operations represented about 41% of the cost of sales in 2012.

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.

Perfumes and Cosmetics

The five French production centers of Guerlain, Parfums Christian Dior and LVMH Fragrance Brands provide almost all the production for the four major French brands, including Kenzo, 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 2012, manufacturing subcontracting represented overall about 8% of the cost of sales for this activity, plus approximately 9 million euros for logistical subcontracting.

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

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

Watches and Jewelry

With its Swiss workshops and manufactures, located in Le Locle, La Chaux-de-Fonds, Neuchâtel, Cornol, Le Sentier 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, the *Calibre 1887* from TAG Heuer, *UNICO* from Hublot and the *Hautes Complications* from Bulgari. In 2011, TAG Heuer acquired the entire share capital of ArteCad, a leading Swiss manufacturer of watch dials, and Hublot acquired the entire share capital of Profusion, a supplier of carbon fiber parts and components, which complements TAG Heuer and Bulgari's current capacity for critical components such as dials, cases and straps. Zenith's manufacture in Le Locle underwent a major renovation in 2012.

In this business, subcontracting represented 12% of the cost of sales in 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.

Christian Dior Couture

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

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

In this business, subcontracting represented approximately 34% of the cost of sales for the fiscal year ended April 30, 2013.

In the ready-to-wear and fine jewelry sectors, the Company is supplied solely through outside companies.

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

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

As of April 30, 2013, non-disciplinary layoffs, including those due to economic conditions, represent 3.2% of total departures in France.

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

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

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

Around the world, 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. For the third year in a row, through its partnership with Spectaculu in Brazil, Louis Vuitton is sponsoring an annual photography course for around twenty underprivileged students in Rio de Janeiro, who will get the opportunity to develop their cultural and professional qualifications. In India, Moët Hennessy supports the work of Aseema, a non-governmental organization working to promote access to education for underprivileged children in Mumbai. 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.

Local solidarity also showed through during Hurricane Sandy's assault on the east coast of the United States and especially the New York metropolitan area. The violent storm affected many employees and clients, some tragically. The Group and Group companies provided support to employees affected by the hurricane, including financial support in the most urgent cases. Together, they also contributed a total of one million US dollars in support to aid organizations for hurricane victims, such as the American Red Cross and the Mayor's Fund to Advance New York City.

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

The Group is continually developing resources and partnerships to promote access to employment for disadvantaged populations. In France, many initiatives to promote occupational integration are undertaken to allow all employees to participate actively in the Group's commitment to society. For example, in partnership with the association "Nos Quartiers ont des Talents", about a hundred senior-level staff members have mentored more than 150 young graduates from underprivileged neighborhoods. Under partnerships with municipal authorities in underprivileged areas, 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 2012 edition of the Ethical Fashion Show, held at the Carrousel du Louvre in Paris. Young people are the beneficiaries of a wide range of initiatives: internships for middle school pupils, visits to Group companies, preparatory programs for high school students, career orientation, etc. On December 18, 2012, the LVMH group received the Trophée national de l'entreprise citoyenne, a corporate citizenship award, for its partnership with Montfermeil. The award was presented by France's Minister of Urban Development, François Lamy, at a ceremony attended by the President of the Senate, Jean-Pierre Bel.

In the same spirit, for the third 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. Twenty people have been recruited this way since the start of the operation. In recognition of the positive impact this recruitment policy has had in the site's local area, regional stakeholders selected the Saint-Jean de Braye facility as a recipient of a Trophée de l'entreprise du Loiret corporate citizenship prize, awarded on October 25, 2012 in Orléans.

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 equal opportunities in education and training. This association arranges actions by companies in schools located in underprivileged areas and welcomes their graduates as interns.

In order to promote the integration of young people through education regardless of their background or origin, LVMH supports the priority education program run by the Institut d'Études Politiques (Sciences Po), by offering grants to students and giving young graduates of this program 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. More than 700 employees were able to take advantage of work-study arrangements in France. The majority of those offered a professionalization contract have found stable employment afterwards. As of April 30 2013, there were almost 860 young people working under apprenticeship or professionalization contracts in all of the Group's French companies.

1.8.5. Corporate sponsorship

The Christian Dior group's corporate sponsorship initiatives are undertaken to preserve artistic heritage in France and elsewhere, by supporting the restoration of historical monuments, expanding the collections of leading museums, contributing to major national exhibits, and engaging in creation with artists emblematic of the contemporary era. In 2012, LVMH supported the retrospective dedicated by the Centre Pompidou in Paris to the German artist Gerhard Richter. It also sponsored an "Impressionism and fashion" exhibit at the Musée d'Orsay (Paris), a Picasso series at the Hong Kong Heritage Museum, and a Thomas Schütte show at the Serpentine Gallery in London. In addition to this, the Fondation Louis Vuitton pour la Création, under construction at the Jardin d'Acclimatation in Paris, will enter a key phase of its completion in 2013.

The Group has long been involved in educational and youth activities, including the loan of Stradivarius violins from LVMH's collection to young virtuosos, free tickets for Parisian conservatory students to the city's greatest concerts through the "1000 places pour les jeunes" project for the last 15 years, and support for the International Music Academy founded in Switzerland by the conductor Seiji Ozawa.

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

1.9. COMPLIANCE WITH INTERNATIONAL CONVENTIONS

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

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

2. Effects of operations on the environment

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

The indicators provided below are calculated on the basis of indicators relating to 2012 and then extrapolated for the period from May 1, 2012 to April 30, 2013 by taking into consideration organic growth in each business group. The Group's definition of organic growth is provided in the Management Report of the Christian Dior group in a note on page 9, under the heading "Comments on the impact of exchange rate fluctuations and of changes in the scope of consolidation".

The formula applied is:

(A) Value May–December 2012 (8 months) = [Value 2012 (12 months)] * 8/12.

(B) Value January–April 2013 (4 months) = [Value 2012 (12 months) * 4/12] * [1 + business group organic growth coefficient].

(C) Value May 2012–April 2013 = (A) + (B).

The reporting scope for environmental indicators included the following sites as of April 30, 2013:

Production facilities, warehouses and administrative sites

(number)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Change
Sites covered	228	195	17% (b)
Sites not covered	40 (a)	34	18%
Total number of sites	268	229	17%

(a) Including mainly: a Louis Vuitton workshop recently opened, the Heng Long (Singapore) and La Comète (Belgium) tanneries and the administrative sites of Benefit, Fresh, Pucci, Acqua di Parma, Radio Classique, Marc Jacobs, De Beers, StefanoBi, Dona Karan, Thomas Pink and certain Christian Dior Couture sites.
(b) The change in reporting scope in comparison to April 30, 2012 mainly concerns the inclusion of Bulgari, Berluti, Château Cheval Blanc and Wenjun.

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

	Energy consumption and greenhouse gas emissions		Water consumption	
(as % of total sales floor area or of the Group company's sales floor area) (a)	April 30, 2013 (b) (12 months)	April 30, 2012 (4 months)	April 30, 2013 (c) (12 months)	April 30, 2012 (4 months)
Group total	**46**	**42**	**24**	**27**
Of which, mainly:				
Christian Dior Couture	50	48	18	22
DFS	70	65	53	33
Louis Vuitton	43	27	10	11
Sephora Americas	57	63	53	59
Sephora Europe	45	41	10	11

(a) The reporting scope does not cover the stores operated under franchise for Fashion and Leather Goods, Perfumes and Cosmetics, and Watches and Jewelry.
(b) Also includes all French stores operated by Berluti, Guerlain, Kenzo, Le Bon Marché, Make Up For Ever, and certain stores operated by Bulgari, Christian Dior Couture, Fendi, Loewe, and Marc Jacobs.
(c) Also includes certain stores operated by Berluti, Bulgari, Christian Dior Couture, Fendi, and Guerlain.

For waste production, only stores operated by DFS or Le Bon Marché, and certain Louis Vuitton and Christian Dior Couture stores, are included in the scope. For seven DFS stores, 2011 data were applied again. The environmental indicators for the stores that are not part of the scope are deduced by extrapolation: estimates are included in the comments rather than in the tables themselves.

2.1. WATER, ENERGY CONSUMPTION AND RAW MATERIAL REQUIREMENTS

2.1.1. 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 used in France for the Group's vineyards. As such, water is taken directly from its natural environment for irrigation purposes. Its consumption varies each year according to changes in weather conditions. However, it is worth noting that the measurement by the sites of water consumption for agricultural purposes is less precise than the measurement of process water consumption.

(in m³)	April 30, 2013 (12 months)	April 30, 2012 (4 months)
Process requirements	2,019,446	713,755
Agricultural requirements (vine irrigation)	6,578,409	2,559,197

Water consumption by retail sales areas excluded from the reporting scope (76% of total retail space) is estimated at 940,477 cubic meters.

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

Water consumption by business group

Process requirements *(in m³)*	April 30, 2013 (12 months)	April 30, 2012 (4 months)
Christian Dior Couture	38,736	19,039
Wines and Spirits	1,268,479	384,078
Fashion and Leather Goods	177,395	93,061
Perfumes and Cosmetics	174,463	73,493
Watches and Jewelry	21,787	4,778
Selective Retailing	325,614	129,485
Other activities	12,972	9,821
TOTAL	**2,019,446**	**713,755**

Pfister's water scarcity index was used to analyze sensitivity to local constraints at each Group company. Pfister's index provides a sensitivity assessment of each geographic area by comparing water consumption to available resources at the local level. Four Group companies with significant water consumption due to vineyard irrigation were identified in areas of high water stress: Domaine Chandon California, Newton, Cheval des Andes, and Terrazas de Los Andes.

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

2.1.2. Energy consumption

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

As of April 30, 2013, the subsidiaries included in the reporting scope consumed 712,129 MWh provided by the following sources: 68% electricity, 19% natural gas, 5% heavy fuel oil, 5% fuel oil, 1% butane/propane, 1% steam, and 1% renewable energies.

This consumption corresponds, in decreasing order of use to Selective Retailing, for 33%, Wines and Spirits, for 27%, Fashion and Leather Goods, for 23%, and Perfumes and Cosmetics, for 9% and finally Christian Dior Couture, for 4%. The remaining 4% was generated by Watches and Jewelry and the Other activities of the Group.

Energy consumption by retail sales areas excluded from the reporting scope, representing 54% of total retail space, is estimated at 340,660 MWh.

Bilan Carbone® assessments and energy audits provide insights that Group companies can use to develop suitable strategies for reducing energy consumption. A variety of solutions are being implemented by Group companies with regard to store lighting and air conditioning, transport, energy efficiency, and the promotion of renewable energy sources. In 2012, Louis Vuitton continued its photovoltaic energy production program at the San Dimas workshop in California, the Cergy 1 storage center in France, and the Fiesso d'Artico workshop in Italy. The Cergy 1 array alone has had 2,000 square meters of solar roofing membrane and 64 photovoltaic panels in service since early October 2010, for a total output of 100 MWh in 2012. TAG Heuer's La Chaux-de-Fonds manufacturing facilities boast the largest solar roof ever built in western Switzerland. In 2012, Sephora Europe installed photovoltaic roofing on its Santa Cristina e Bissone storage center near Milan, Italy.

Energy consumption by business group

(in MWh)	April 30, 2013 (12 months)	April 30, 2012 (4 months)
Christian Dior Couture	28,284	11,299
Wines and Spirits	193,066	64,858
Fashion and Leather Goods	164,511	39,164
Perfumes and Cosmetics	65,749	22,141
Watches and Jewelry	16,204	3,832
Selective Retailing	232,896	76,683
Other activities	11,419	5,064
TOTAL	**712,129** (a)	**223,041**

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

Consumption by energy source as of April 30, 2013

(in MWh)	Electricity	Natural gas	Fuel oil	Heavy fuel oil	Butane Propane	Steam	Renewable energies
Christian Dior Couture	25,388	1,489	130	-	-	1,277	-
Wines and Spirits	67,047	62,190	18,849	37,276	5,663	-	2,041
Fashion and Leather Goods	133,054	23,999	2,401	-	2,862	1,452	743
Perfumes and Cosmetics	39,534	25,012	124	-	-	905	174
Watches and Jewelry	9,895	5,776	295	-	-	-	238
Selective Retailing	195,522	14,234	12,945	-	-	5,026	5,169
Other activities	7,948	3,184	62	-	34	191	-
TOTAL	**478,388**	**135,884**	**34,806**	**37,276**	**8,559**	**8,851**	**8,365**

2.1.3. Raw material consumption

The main raw materials consumed by the Group are:

- grapes (see §2.2.1 Soil use);
- leather (see §2.3 Limitation of damage to ecosystem balance, natural habitats, protected animal and plant species);
- essential oils (see §2.3 Limitation of damage to ecosystem balance, natural habitats, protected animal and plant species);
- precious metals and gemstones (see §2.4.2 Evaluation and certification programs).

The only significant, relevant criterion used by all of the Group's brands 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, 2013 (12 months)	April 30, 2012 (4 months)
Christian Dior Couture	419	159
Wines and Spirits	180,495	63,099
Fashion and Leather Goods	6,424	2,277
Perfumes and Cosmetics	20,344	8,647
Watches and Jewelry	488	200
Selective Retailing	1,643	610
TOTAL	**209,813**	**74,992**

Breakdown of the total weight of packaging placed on the market, by type of material, as of April 30, 2013

(in metric tons)	Glass	Paper-cardboard	Plastic	Metal	Fabric	Other packaging material
Christian Dior Couture	-	388	24	-	7	-
Wines and Spirits	151,360	23,470	1,990	1,563	61	2,051
Fashion and Leather Goods	-	5,547	16	5	141	715
Perfumes and Cosmetics	10,400	3,451	4,833	832	98	730
Watches and Jewelry	-	175	-	1	6	306
Selective Retailing	269	221	1,057	56	40	-
TOTAL	**162,029**	**33,252**	**7,920**	**2,457**	**353**	**3,802**

The brands have adapted different tools and training to ensure that there is optimum consideration of the environment in product design. In 2012, a major enhancement and adaptation process was carried out with the aim of replacing the Excel format of the environmental performance index (IPE) with the Edibox (EcoDesign Indicators Box) application to ensure the continuity, reliability, and universal adoption of this tool. In December 2012, the Edibox software package was released by LVMH, as a joint endeavor with Parfums Christian Dior, Guerlain, LVMH Fragrance Brands, Make Up For Ever, Louis Vuitton (Perfumes), and Bulgari (Perfumes) in order to integrate environmental concerns into the early design stages for all packaging. IPE scores, which are combined with data on CO_2 emissions, at this stage only apply to packaging materials. Further developments are planned to take into account other stages of the product life cycle (transport, production, etc.) and other indicators such as the consumption of water and non-renewable resources. Each Group company is responsible for setting its own targets accordingly.

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

2.2.1. 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. The Group's manufacturing operations require very little soil use, except for wine production.

The Group's Wines and Spirits Houses are doubly committed to sustainable viticulture, for reasons both historic and strategic. They are pursuing a variety of initiatives in eco-conscious and organic farming that drastically reduce the need for phytosanitary products with a high environmental impact. Hennessy, for example, has adopted a sustainable winegrowing approach designed to do just this. In January 2011, 12-hectare parcels of vineyard under Group management in the Cognac area, were selected by the French government as benchmarks for its Ecophyto 2018 plan. This plan continued in 2012. An action plan was implemented, which included setting up weather stations to modulate treatment doses. More advanced testing was carried out on certain parcels of land, involving sexual confusion techniques instead of insecticides.

2.2.2. 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 §2.1.2 Energy consumption. These include direct and indirect emissions (scope 1 and 2) and do not cover emissions caused by transporting raw materials or finished products (scope 3). CO_2 emission factors are updated every year for each energy source, notably for electricity. This update may lead to significant changes. The main scope 1 and 2 greenhouse gas emission reduction initiatives involve lessening the amount of energy used for lighting and air conditioning, and optimizing the energy consumed by manufacturing processes. A special working group made up of the architects responsible for opening and renovating stores is working to identify and expand the use of higher-performing, more energy-efficient lighting sources.

Breakdown of emissions by business group as of April 30, 2013

(in metric tons of CO_2 equivalent)	CO_2 emissions as of April 30, 2013 (12 months)	Of which: Direct CO_2 emissions	Of which: Indirect CO_2 emissions	CO_2 emissions as of April 30, 2012 (4 months)
Christian Dior Couture	13,347	343	13,004	5,345
Wines and Spirits	44,619	29,751	14,868	15,241
Fashion and Leather Goods	56,482	6,262	50,220	12,213
Perfumes and Cosmetics	10,623	5,186	5,437	3,647
Watches and Jewelry	2,321	1,270	1,051	381
Selective Retailing	83,693	6,440	77,253	27,141
Other activities	2,196	680	1,516	937
TOTAL	**213,281**	**49,932**	**163,349**	**64,905**

Greenhouse gas emissions generated by retail space excluded from the reporting scope (54% of total retail space) are estimated at 171,620 metric tons of CO_2 equivalent. The Group has long stressed the importance of addressing climate change in its business activities, having carried out its first Bilan Carbone® assessments at the following Group companies in 2002: Christian Dior Couture, Moët & Chandon, Veuve Clicquot, Hennessy, Parfums Christian Dior, Guerlain, Parfums Kenzo, Parfums Givenchy, Givenchy, Make Up For Ever, DFS, Sephora and Le Bon Marché. Greenhouse gas emissions are retested using this assessment protocol every three years.

The Group is also studying the impact of climate change on locally available water resources (see §2.1.1 Water consumption) and

potential changes in certain ecosystems, especially as pertains to winegrowing and producing specific plant species used to manufacture perfumes and cosmetics.

2.2.3. Discharges to water

The discharges of substances causing eutrophization by Wines and Spirits and Perfumes and Cosmetics operations are considered as the only significant and relevant emissions into water. The Group's other business groups have a very limited impact on water quality. Eutrophization 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. Research is underway to identify reduction opportunities at the Group's Wines and Spirits companies.

COD after treatment *(in metric tons/year)*	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)
Wines and Spirits	2,858	861
Perfumes and Cosmetics	24	5
TOTAL	**2,882**	**866**

2.2.4. Waste

As of April 30, 2013, 75% of the waste was recovered (88% as of April 30, 2012). In parallel, waste production increased by 28% during the fiscal year. The lower rate of recovery and overall increase are mainly due to the inclusion of Wenjun, which produces a large quantity of unrecovered waste.

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, 2013** (12 months)	**Of which: hazardous waste produced as of April 30, 2013** [(a)] (12 months)	**Waste produced as of April 30, 2012** (4 months)
Christian Dior Couture	643	29	178
Wines and Spirits	61,478	354	16,800
Fashion and Leather Goods	7,726	164	2,803
Perfumes and Cosmetics	7,408	1,002 [(b)]	2,681
Watches and Jewelry	268	26	108
Selective Retailing	7,081	135	1,848
Other activities	962	75	436
TOTAL	**85,566**	**1,785**	**24,854**

(a) Waste to be sorted and treated separately from other "common" waste (boxes, plastic, wood, paper, etc.).
(b) Some products that are removed from the manufacturing cycle are treated in the same way as hazardous waste to prevent counterfeiting attempts.

Waste recovery as of April 30, 2013

(as %)	Re-used	Material recovery	Energy recovery	Total recovery
Christian Dior Couture	-	24	41	65
Wines and Spirits	3	64	3	70
Fashion and Leather Goods	6	38	31	75
Perfumes and Cosmetics	4	66	27	97
Watches and Jewelry	5	51	22	78
Selective Retailing	3	37	50	90
Other activities	-	86	14	100
TOTAL	**3**	**59**	**12**	**75**

The Perfumes and Cosmetics brands as well as Sephora since 2010, and Louis Vuitton since 2011, have used the CEDRE recovery and recycling facility (Centre environnemental de déconditionnement et de recyclage écologique) to handle all the waste generated by the manufacturing, packaging, distribution, and sale of cosmetic products. CEDRE accepts several types of articles: obsolete packaging, alcohol-based products, advertising materials, store testers, and empty packaging returned to stores by customers. Over the course of 2012, the facility processed approximately 1,625 metric tons of waste and was able to resell various materials such as glass, cardboard, wood, metal, plastics, alcohol and cellophane to a network of specialized recyclers. The Wines and Spirits companies continued their efforts to reduce manufacturing-related waste production and maximize recovery.

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

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

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. Guerlain continued its sponsorship of Tianzi, a nature reserve in China, as part of a ten-year funding agreement focusing on three areas: reforestation, the introduction of orchids, and social initiatives in support of local populations. For several years, Group companies have supported programs to save bees, the natural defenders of our planet's ecosystems. Chaumet has been working with Terre d'Abeilles, a bee protection initiative, since 2002, and Guerlain has signed an environmental funding agreement with a similar organization, the Conservatoire de l'Abeille noire d'Ouessant. Both these brands have longstanding links to bees. In 2011, Louis Vuitton also signed a three-year sponsorship agreement with the CNRS (France's National Center for Scientific Research) for a project entitled "City bees – Country bees," the goal of which is to understand why bees fair better today in urban areas than rural ones. A study released in 2012 addressed biodiversity at Louis Vuitton's Cergy 1 and Cergy 3 sites (flora, birds, butterflies).

2.4. ENVIRONMENTAL PROTECTION METHODS WITHIN THE GROUP

2.4.1. Organization

The Group has had an Environment Management team since 1992. In 2001 LVMH established an "Environment Charter" signed by the Chairman of the Group, which requires that each company undertakes to set up an effective environment management system, create think-tanks to assess the environmental impacts of the Group's products, manage risks and adopt the best environmental practices. In 2003, Bernard Arnault joined the United Nations' Global Compact program. In 2007, he also endorsed Gordon Brown's Millennium Development Goals.

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.).

Almost all of the Houses in the Group's business groups continued their employee training and awareness programs on environment. These programs comprised 17,766 hours for 2012, a 14% increase compared to 2011 (15,602 hours).

In 2011, the Group initiated a strategic thought process to identify key themes in order to better deal with the Group's environmental concerns. This process was implemented by a Steering Committee comprised of representatives from seven pilot Group companies and overseen by LVMH's main Executive Committee. In 2012, it resulted in formulation of the "LIFE – LVMH Indicators for Environment" program, based on nine key aspects of environmental performance:

- eco-design;
- strategic raw materials and supply channels;
- traceability and compliance of materials;
- relations with suppliers;
- know-how;
- reduction of greenhouse gas emissions;
- environmentally friendly manufacturing processes;
- product life span;
- customer information.

This initiative involved seven pilot Group companies from the Group's six business groups, which launched the process, thus representing a diverse array of environmental concerns. Each Group company drew up an action plan to illustrate and define priorities for its strategic issues, coupled with indicators to track performance. This methodology led to clearer distinctions between specific and shared indicators, while also defining in greater deal how to build a shared model which grouping combining the environmental challenges facing Group companies.

From this perspective, the LIFE program represents a new forum for sharing views and thinking strategically at the Group level, with cross-cutting learning points, which will be progressively rolled out to all Group companies. The program was designed in such a way as to reinforce the inclusion of environmental concerns in management processes, facilitate the development of new steering tools, and take into account the changes and enhancements resulting from Group companies' innovative practices.

2.4.2. Evaluation and certification programs

In accordance with the Environment Charter, each company 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 a self-assessment guide and can, if it wishes, apply for ISO 14001 or EMAS certification for its system.

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. Following the certification of its manufacturing center in Chartres, its headquarters in Levallois and its Paris boutiques, Guerlain France also obtained certification for its Orphin manufacturing site in June 2012, thus enabling the certification of all Guerlain France activities. Parfums Christian Dior was also able to have the entirety of its manufacturing and logistics facilities certified. Louis Vuitton continued the certification process for its workshops and began involving its entire downstream supply chain as well.

The 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 designed mainly to ensure that the diamonds and gold used in manufacturing do not come from conflict zones. The Kimberly Process is applied to diamonds. Kimberly certification requires the input of independent, accredited auditors. This certification has been obtained by Christian Dior Couture, Bulgari, TAG Heuer, Chaumet, Hublot, Louis Vuitton, Zenith and Fred.

2.4.3. 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. In 2012, 24% of the 268 manufacturing, logistics and administrative sites were audited, for a total of 59 external audits and 105 internal audits, with some sites being audited several times during the year. These audits correspond to an inspection of one or more sites of the same company based on all relevant environmental issues

– waste, water, energy, and environmental management – and are documented in a written report including recommendations. This figure does not include the numerous compliance controls that may be performed on a specific environmental regulation topic, e.g. a waste sorting inspection, performed periodically by the Group companies on their sites. 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. A total of 30 sites were evaluated over the period.

2.4.4. 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 in 2012 broke down as follows:

- operating expenses: 10.5 million euros;
- capital expenditure: 6.7 million euros.

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

The amount of provisions for environmental risks is 12.9 million euros as of April 30, 2013. This amount corresponds to the financial guarantees required by law for Seveso upper-tier establishments.

2.4.6. 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.

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

The Group has implemented procedures and initiatives ensure it is ready when the new regulation enters into force. These initiatives are becoming more essential than ever, especially since cosmetics regulations are giving rise to an increasing amount of legislation worldwide.

All European regulations currently in force, some of which are relatively recent, 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 of the environment against the risks that can be posed by chemicals, to promote alternative testing methods and the free circulation of substances on the internal market, and to enhance competitiveness and innovation.

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

Honoring its commitments in this area for the last several years, the Group has accompanied this policy with an approach that aims to anticipate developments in international regulations. This anticipatory perspective is made possible thanks to the

efforts of our experts, who regularly take part in the workgroups of national and European authorities and are very active in professional organizations. Ongoing monitoring of changes in regulatory frameworks and the development of scientific knowledge by the Group's experts has led the Group to prohibit the use of some substances and make efforts to reformulate some of its products.

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

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

An internal awareness campaign entitled “Responsible Drinking” at Moët Hennessy and directed at the company's 6,500 employees was developed worldwide. It involved in-house training, an Intranet site promoting responsible drinking, an e-learning module and a questionnaire to help each employee confidentially and anonymously measure his or her alcohol consumption.

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

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

3. INDEPENDENT VERIFIER'S ATTESTATION AND MODERATE ASSURANCE REPORT ON WORKFORCE, ENVIRONMENTAL AND SOCIAL INFORMATION

To the Shareholders,

Pursuant to your request and in our capacity as independent verifier of Christian Dior, we hereby report to you on the consolidated workforce, environmental and social information presented in the Management Report issued for the fiscal year ended April 30, 2013, in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (Code de commerce).

Management's Responsibility

The Board of Directors is responsible for the preparation of the Management Report including the consolidated workforce, environmental and social information (the "Information") in accordance with the requirements of Article R. 225-105-1 of the French Commercial Code, presented as required by the entity's internal reporting standards (the "Guidelines") and available at the Group's Human Resources and Environmental Department.

Our Independence and Quality Control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession (Code de déontologie) and the provisions and procedures of Article L. 822-11 of the French Commercial Code. In addition, we maintain a comprehensive system of quality control including documented policies and procedures to ensure compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent verifier's responsibility

Based on our work, our responsibility is:

- To attest whether the required Information is presented in the Management Report or, if not presented, whether an appropriate explanation is given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code and Decree no. 2012-557 dated April 24, 2012 (Attestation of presentation);
- To provide moderate assurance on whether the other Information is fairly presented, in all material respects, in accordance with the Guidelines (moderate assurance report).

1. Attestation of presentation

Our engagement was performed in accordance with professional standards applicable in France:

- We compared the Information presented in the Management Report with the list as provided for in Article R. 225-105-1 of the French Commercial Code;
- We verified that the Information covers the consolidated perimeter, namely the entity and its subsidiaries within the meaning of Article L. 233-1 and the controlled entities within the meaning of Article L. 233-3 of the French Commercial Code, within the limits specified in the methodology note presented at the beginning of the "Group reporting on employee-related issues" and "Effects of operations on the environment" sections of the Management Report.
- In the event of the omission of certain consolidated Information, we verified that an appropriate explanation was given in accordance with Decree no. 2012-557 dated April 24, 2012.

2. Moderate assurance report

Nature and scope of procedures

We conducted our procedures in accordance with ISAE 3000 (International Standard on Assurance Engagements) and professional guidelines applicable in France. We have carried out the following work to obtain moderate assurance on the fact that the Information presented in the Management Report does not contain any material anomalies that would call into question its fairness, in all material aspects, in accordance with the Guidelines. A higher level of assurance would have required more extensive work.

Our work consisted in the following:

- We assessed the appropriateness of the Guidelines as regards their relevance, completeness, neutrality, clarity and reliability, taking into consideration, where applicable, the good practices in the sector.
- We verified that the Group had set up a process for the collection, compilation, processing and control of the Information to ensure its completeness and consistency. We examined the internal control and risk management procedures relating to the preparation of the Information. We conducted interviews with those responsible for environmental reporting.
- We have selected the consolidated information to be tested [a] and determined the nature and scope of the tests by taking into consideration their significance with respect to the social and corporate consequences relating to the Group's activity and characteristics as well as its societal commitments.

  Concerning the consolidated quantitative information that we consider to be the most significant:

  - at the level of the consolidating entity and the controlled entities, we implemented analytical procedures and, based on sampling, verified the calculations and the consolidation of this information;
  - at the entities that we have selected [b] based on their activity, their contribution to consolidated indicators, their location and a risk analysis, we have:
    - conducted interviews to verify that the procedures were correctly applied;
    - performed tests of detail based on sampling, consisting in verifying the calculations made and reconciling the data with the supporting documents.

    The sample thus selected represents on average 29% of the workforce and 66% of the quantitative environmental information tested.

  Concerning the qualitative consolidated information that we deemed to be the most important, we conducted interviews and reviewed the related documentary sources in order to corroborate this information and assess its fairness. With respect to fair trade practices, the interviews were carried out only at the level of the consolidating entity.

- As regards the other consolidated information published, we assessed its fairness and consistency in relation to our knowledge of the Company and, where applicable, through interviews or the consultation of documentary sources.
- Finally, we have assessed the relevance of the explanations relating, where necessary, to the absence of certain information.

(a) Workforce Information: workforce numbers, layoffs and dismissals, absenteeism, workplace accidents and frequency, occupational illnesses, training, fundamental conventions of the International Labor Organization (ILO).
Environmental Information: policies relating to the environment; waste water and its Chemical Oxygen Demand (COD) concentration; waste treatment, recovery and recycling; water consumption and water supply based on local constraints; consumption of raw materials and resource efficiency; energy consumption; greenhouse gas emissions; biodiversity.
Social information: subcontracting and suppliers, prevention of corruption, consumer health and safety.

(b) Workforce and Social Information: Bulgari (Japan), Christian Dior Couture (France), Sephora (France, USA, Canada, China, Russia), Louis Vuitton Malletier (Société des Ateliers Louis Vuitton (France), Société des Magasins Louis Vuitton (France), Société Louis Vuitton Services (France)), MHCS (France), Parfums Christian Dior (China).
Environmental Information: Bodegas Chandon SA Agrelo (Argentina), Bulgari Firenze – Accessori (Italy), Christian Dior Couture (France), DFS (Macao City of Dreams, Macao Four Seasons, Scotts Walk), Domaine Chandon Australia, Fendi Bagno a Ripoli (via Lungo L'Ema and via Vacciano) (Italy), Glenmorangie (Alba, Ardbeg, Tain) (Scotland), Guerlain Orphin (France), Hennessy (France), Holding 22 Montaigne (France), Kenzo Mode (France), Les Echos (France), Loewe (Spain), Louis Vuitton Malletier (Barbera, Cergy 2, Fiesso), MHCS (France), Parfums Christian Dior SJDB (France), Sephora Americas Energie (USA), Sephora Energie (France).

Comments on the Guidelines

We wish to make the following comments on the Guidelines:

- With respect to workforce information:
  - Internal controls and communications efforts targeting participants in the reporting process for the Information should be maintained and reinforced to promote greater familiarity with the Guidelines and ensure their uniform application, particularly for indicators relating to training ("Number of individuals trained" and "Number of training hours") as well as health and safety ("Number of lost-time accidents" and "Number of days lost").
- With respect to environmental information:
  - For the fiscal year ended April 30, 2013, quantitative environmental indicators are calculated on the basis of a restatement of the Information relating to the fiscal year ended December 31, 2012. The methodologies used to prepare these estimates are described in the introduction to the section of the Management Report entitled "Effects of operations on the environment".
  - The implementation over the past several fiscal years of internal control procedures regarding the reporting of quantitative environmental information has been globally efficient, but remains heterogeneous within the Houses. Such procedures should be systematically implemented and reinforced for Houses where discrepancies were identified.
- With respect to social information:
  - For the fiscal year ended April 30, 2013, quantitative indicators relating to "Number of supplier audits" and "Extent of subcontracting" correspond to the Information provided for the fiscal year ended December 31, 2012.

Conclusion

Based on the work we performed, we have not identified any material anomaly likely to call into question the fact that the Information has been presented fairly, in all material aspects, in accordance with the Guidelines.

Paris-La Défense, July 30, 2013

The Independent Verifier
ERNST & YOUNG et Associés

Sustainable Development Department
Éric MUGNIER

This is a free translation into English of the Independent Verifier's report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Report of the Chairman of the Board of Directors

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 25, 2013.

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 guidance. This document may be viewed on the AFEP-MEDEF web site: www.afep.com.

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

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

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

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

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

1.2. MEMBERSHIP AND MISSIONS

- At its meeting of July 25, 2013, the Board of Directors voted to submit a proposal to the Shareholders' Meeting of October 18, 2013 to renew the appointments of Mrs. Ségolène Gallienne and Messrs. Renaud Donnedieu de Vabres, Eric Guerlain and Christian de Labriffe as Directors.
- The Board of Directors, subject to the decisions of the Shareholders' Meeting of October 18, 2013, will thus consist of eleven members: Mrs. Delphine Arnault, Mrs. Hélène Desmarais and Mrs. Ségolène Gallienne, and 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 these Directors – 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 its meeting of July 25, 2013, the Board of Directors reviewed the status of each Director currently in office as well as each proposed appointee, in particular with respect to the independence criteria set forth in the AFEP-MEDEF code of corporate governance for listed companies, and considered that:

  (i) Mrs. Hélène Desmarais satisfies all criteria,

  (ii) Given her personal situation, Mrs. Ségolène Gallienne must be deemed independent even though she serves as a member of the Board of Directors of Château Cheval Blanc, an entity of the LVMH group,

  (iii) Given his personal situation, Mr. Renaud Donnedieu de Vabres must be deemed independent even though he serves as a member of the Board of Directors of Fondation d'Entreprise Louis Vuitton,

  (iv) Given his personal situation, Mr. Eric Guerlain must be deemed independent even though he has served as a member of the Company's Board of Directors for more than 12 years and serves as a member of the Board of Directors of Guerlain, an entity of the LVMH group,

  (v) Given his personal situation, Mr. Christian de Labriffe must be deemed independent, even though he has served as a member of the Company's Board of Directors for more than 12 years and serves as a member of the Board of Directors of Christian Dior Couture, a subsidiary of Christian Dior,

  (vi) Given his personal situation, Mr. Jaime de Marichalar y Sáenz de Tejada must be deemed independent even though he serves as a member of the Board of Directors of Loewe, an entity of the LVMH group, and as Advisor to the Chairman of LVMH for Spain.

In the matter of these last five individuals, the Board has departed from the recommendations of the AFEP-MEDEF code relating to the number of years of service on the Board and to membership on the Board of Directors of a consolidated company, considering that these facts are not likely to color the judgment of the Directors in question, given their experience and status as well as their current personal and professional circumstances.

- Over the course of the 2012-13 fiscal year, the Board of Directors met four times as convened by its Chairman. The average attendance rate of Directors at these meetings was 84%.

The Board approved the annual and half-yearly consolidated and parent company financial statements and examined the Company's consolidated financial statements for the period from January 1 to June 30, 2012 and the period from January 1 to December 31, 2012. The Board expressed its opinions on subjects including the change in the opening and closing dates of the Company's fiscal year, the change in the age limits applicable to the Chief Executive Officer and the Group Managing Directors, share repurchase programs set up as authorized by the Shareholders' Meetings of April 5 and October 26, 2012, the decision to combine the roles of Chairman of the Board of Directors and Chief Executive Officer, the appointment of Group Managing Directors, the compensation of company officers, the authorization of third-party guarantees, and the renewal of the authorization to issue bonds. At its meeting of July 26, 2012, the Board of Directors noted that (i) a formal assessment of the Board's ability to meet shareholder expectations was conducted at its meeting of February 2, 2012, during which it reviewed its membership, organization and modus operandi and (ii) no significant events had occurred since February 2, 2012 that would affect the status of any of its members.

During its meeting of July 25, 2013, the Board of Directors reviewed its composition, organization and modus operandi. The Board came to the conclusion that its composition is balanced with regard to its percentage of external Directors, considering the breakdown of share capital, and with regard to the diversity and complementarity of the skills and experience of its members.

The Board noted that:

- the Directors are satisfied with the frequency of Board meetings and the quality of the information provided on such topics as strategic guidelines, current business activity, financial statements, budget and the three-year plan;
- the fact that more than one-fourth of the members of the Board of Directors are not French nationals ensures a wide range of visions and various sensitivities essential to a Group with a worldwide dimension;
- the fact that more than one-fourth of the members of the Board of Directors are women, thus exceeding the required ratio of 20%, ensures a wide range of visions and various sensitivities essential to a Group with a worldwide dimension;
- the Directors consider that the Board is fulfilling its role with respect to its objectives of increasing the Company's value and protecting its interests;
- the Directors have no observations on the Board's Charter, the rules for allocating directors' fees or the minimum number of shares that each Director must hold; this is also the case regarding the composition of the two Committees and the quality of their work.

The Board of Directors also reviewed the Group's policy to protect against the impact of future economic and financial developments.

Lastly, the Board amended its Charter to permit its members to take part in meetings by videoconference or other means of telecommunication.

1.3. EXECUTIVE MANAGEMENT

The Board of Directors decided to combine the roles of Chairman and Chief Executive Officer. Upon the recommendation of the Chairman and Chief Executive Officer, the Board of Directors appointed a Group Managing Director, Mr. Sidney Toledano, who was granted the same powers as the Chairman and Chief Executive Officer.

It did not limit the powers vested in the Chairman and Chief Executive Officer or the Group Managing Director.

1.4. PERFORMANCE AUDIT COMMITTEE

The main tasks of the Performance Audit Committee are the monitoring of the process of preparing financial information, the effectiveness of internal control and risk management procedures, as well as the statutory audit of the individual company and consolidated financial statements by the 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 five times during the 2012-13 fiscal year, with all of its members in attendance.

These meetings were attended by the External Auditors, the Chief Financial Officer, the Deputy 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 accounts for the year ended April 30, 2012 and for the half-year period ended October 31, 2012; a review of the consolidated financial statements and reports on the Group's operations for the periods from January 1 to June 30, 2012 and from January 1 to December 31, 2012; accounting verification; and an assessment of 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.

In addition, the Performance Audit Committee held a meeting specifically dedicated to monitoring the effectiveness of internal control and risk management procedures within the Group, which was attended by Christian Dior Couture's Chief Financial Officer and its Head of Internal Audit as well as LVMH's Head of Internal Audit.

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 three times during the 2012-13 fiscal year, with all of its members in attendance. In particular, the Committee issued proposals on the variable compensation to be received in respect of the 2012 calendar year, and on the fixed compensation and benefits in kind to be awarded in respect of the 2013 calendar year by Christian Dior Couture to Mr. Sidney Toledano as its Chief Executive Officer, and on the exceptional compensation awarded to a Director by a subsidiary. It also rendered an opinion on the combination of the roles of Chairman of the Board of Directors and Chief Executive Officer and on the appointment of Group Managing Directors.

It examined the recommendations made by the Nominations and Compensation Committee of LVMH in favor of the Directors of LVMH who also serve as 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. The Committee received more detailed information on compensation and incentive plans for the Group's senior executives.

In addition, the Committee issued an opinion on the status of all members with regard, in particular, to the independence criteria set forth within the AFEP-MEDEF code.

Prior to the Board meeting of July 25, 2013, the Committee issued an opinion on the reappointments of Directors to be put to a vote at the Shareholders' Meeting.

1.6. ADVISORY BOARD

Advisors are invited to meetings of the Board of Directors and are consulted for decision making purposes, although their absence cannot undermine the validity of the Board of Directors' deliberations.

They are appointed by the Shareholders' Meeting upon the recommendation of the Board of Directors.

There are currently no Advisory Board members.

1.7. PARTICIPATION IN SHAREHOLDERS' MEETINGS

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

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

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

1.9. COMPENSATION POLICY FOR COMPANY OFFICERS

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

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

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

(i) two units for each Director;

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

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

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

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

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

In respect of the 2012-13 fiscal year, Christian Dior granted a total gross amount of 136,944 euros in directors' fees to the members of its Board of Directors.

The Nominations and Compensation Committee is kept informed of the amount of directors' fees paid to senior executive officers by the Group's subsidiaries in which they perform the role of company officers.

Other compensation

Compensation of senior executive officers is determined with reference to principles listed in the AFEP-MEDEF code of corporate governance for listed companies.

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

A portion of the compensation paid to the Company's senior executive officers and those of its main subsidiaries or operational departments is based on the attainment of both financial and qualitative targets. For the Group Managing Director, quantitative and qualitative objectives carry the weighting of 2/3 and 1/3, respectively. The financial criteria are growth in revenue, operating profit and cash flow, 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 Group Managing Director.

The breakdown of compensation and benefits awarded to the Chairman and Chief Executive Officer, and the Group Managing Director, is presented in the "Management report of the Board of Directors – Christian Dior parent company" section of the Annual Report.

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

Certain senior executives of the Group, and where applicable also company officers are entitled to a supplementary pension provided that they liquidate any pensions acquired under external pension plans immediately upon terminating their duties in the Group. This is not required however if they leave the Group at the latter's request after the age of fifty-five and resume no other professional activity until their external pension plans are liquidated. This supplemental pension payment corresponds to a specific percentage of the beneficiary's salary, to which a ceiling is applied on the basis of the reference salary

determined by the French social security scheme. The increase in provisions for all of these supplemental retirement benefits as of April 30, 2013 is included in the amount shown for post-employment benefits under Note 31.3 of the consolidated financial statements.

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

2. Implementation of risk management and internal control procedures

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

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

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

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

Christian Dior's risk management and internal control procedures take into consideration the Group's specific structure. Christian Dior is a holding company that controls, directly or indirectly, two main assets: a 40.9% equity stake in LVMH, and a 100% equity stake in Christian Dior Couture. LVMH is a listed company, whose Chairman is also Chairman and Chief Executive Officer of Christian Dior, with several Directors serving at both companies. Christian Dior Couture has a Board of Directors whose composition is similar to that of Christian Dior. This section of the Report of the Chairman of the Board of Directors deals first with procedures relating to LVMH, followed by those relating to Christian Dior Couture, and then those relating to the holding company, Christian Dior. As they have not changed since December 31, 2012, the risk management and internal control procedures implemented by LVMH and described below are the same as those presented in the "Report of the Chairman of the Board of Directors" included in LVMH's 2012 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. Decentralization and the responsibilities of senior executives are among the fundamental principles underlying the Group's organization. The risk management and internal control policy applied across the Group is based on the following organizational principles:

- the parent company, LVMH SA, is responsible for its own risk management and internal control systems, and acts as leader and coordinator 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 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 Group's internal control and risk management procedures involve 127 self-assessment questionnaires, covering more than 50% of its management entities, thus nearly 83% of Group revenue. This total includes both production and services companies, the regional holding companies as well as 11 central financial functions: Finance and Treasury, Tax, Consolidation, Financial Statements Closing, Interest and Exchange Rate Monitoring, Group Information Systems, Holding Company Information Systems, Financial Communication, Insurance, Management Control, and Mergers and Acquisitions.

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 covers all strategic, operational and regulatory risks (see above);
- the availability since April 2010 of an application that centralizes all risk and internal control data and provides a framework for a structured coordination of these two fields (see §2.1.2. below);
- an approach to the formalization of procedures for the management of major risks, introduced in 2010 and widely applied in 2011 and 2012 (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.

Specific monitoring procedures apply to some of the risks associated with the Group's businesses (damage to image or reputation, counterfeit goods and parallel markets, industrial and environmental risks, foreign currency and interest rate risk, etc.).

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

Establishment of formal procedures for the ERICA system

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 by the Wines and Spirits business group and 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;
- action plan coordination and implementation with the aim of setting up or reinforcing coverage mechanisms;
- a follow-up on the effectiveness of existing control systems with a regular review of the level of exposure to the identified risks.

This project was deployed at all of the LVMH group's significant activities in 2011, using an intentionally pragmatic and gradual approach, beginning with an in-depth focus on several major risks: to date, the Management Committees of each business group and of the regional holding companies have selected six major risks among the 42 identified by LVMH, with the aim of deploying action plans for all of these risks by June 30, 2013.

Discussion forums have been organized by the Internal Control team for the risk categories selected on a majority basis. These forums bring together risk managers, operational staff and internal control managers and have thus helped facilitate the sharing of best practices across the Group.

Coordination of risk management with internal control

Risk management and internal control systems jointly exert the necessary oversight over 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 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.

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

Internal control components

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

- a general control environment, based on clearly defined and appropriate roles and responsibilities;
- a risk management system;

- appropriate control activities, procedures and documentation;
- an information and communication system that enables responsibilities to be exercised efficiently and effectively;
- continual monitoring of the system.

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

General control environment

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

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

These ethical and good governance principles are included in the LVMH Code of Conduct, which has been distributed since May 2009 to all Group employees. 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", exists for use by Group Human Resources.

In 2011, strengthening the Group's business continuity plans (BCPs) was a focus of particular attention. Progress made in 2012 was assessed by way of a questionnaire disseminated to all of the Group's significant businesses. Sustained efforts will be required to further develop and improve these procedures and ensure that they continue to meet the Group's requirements.

Furthermore, sessions for the sharing of best practices were organized in 2012 on a range of issues: delegations of authority, payment processes (approval of payments, segregation of duties, signatures and banking delegations), and the system for managing and controlling staff arrivals and departures. Discussions were also organized with a view to developing an anti-corruption program.

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 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 to monitor the development of risks affecting information systems, by implementing adequate defenses depending on the likelihood of a given type of risk and its potential impact. A unified approach to the identification and management of information security risks was adopted in 2012 by a significant entity in the Selective Retailing business group and will be extended to all of the Group's significant entities.

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 eleven key processes listed in §2.1.1. are analyzed to determine the related risks, action plans are subsequently defined and followed-up, so as to remediate any weaknesses.

The self-assessment approach applied at each of the significant entities identified in 2012 (as indicated in §2.1.1.) involves a single list of 83 key controls drawn up by the Group's Internal Control team and extracted from the internal control framework described above. Each entity follows the same methodology, which has been in use since 2006:

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

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

Work and assessments performed by senior executives

These internal control formalization procedures are carried out on an internal basis. This approach maximizes the involvement of operational managers, capitalizing on their knowledge and facilitating the process of continuous improvement of internal control over time within the 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 LVMH group has operations. It also fulfills 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, 2012, 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, nearly 70 entities were covered in 2012, divided equally between regions and business groups. Special attention was paid to Bulgari, which was audited for the first time since joining the Group, and to the activities of the holding companies.

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

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

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

Internal Audit reports on its work to management of the entity concerned and to Executive Management of the 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 LVMH group level 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 controls of accounting and financial information are organized based on the cooperation and control of the following departments, which are all part of the Finance Team: Accounting and Consolidation, Management Control, Information Systems, Corporate Finance and Treasury, Tax and Financial Communication.

- **Accounting and Consolidation** is responsible for preparing and producing the individual company accounts of the holding companies and the consolidated financial statements, in particular the financial statements and financial documents published as of June 30 (the Interim Report) and as of December 31 (the Reference Document).

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

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

  By virtue of its area of competence and the high standards of the reports it produces, Management Control is 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 and IT server system shared by all entities across 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 solvency, liquidity and counterparty risks. Within this department, International Treasury focuses particularly on pooling the Group's surplus cash and forecasts the financing requirements of Group companies on the basis of quarterly updates prepared by these companies, while meeting the medium-term liquidity and financing requirements of subsidiaries. It is also responsible for applying a centralized foreign exchange risk management strategy.

  The Markets team, which is also in this department, is delegated the responsibility of implementing the policy of hedging market risks generated directly or indirectly by Group companies. In that respect, it is responsible for applying a centralized interest rate 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.

The quality of financial information, and its compliance with standards, are also guaranteed through ongoing exchanges with the Statutory Auditors whenever circumstances are complex and open to interpretation.

Management reporting

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

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

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

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

2.1.6. Conclusions

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

In response to changes in regulatory requirements, the LVMH group launched the ERICA project in 2010, an approach integrating risk management and internal control, which has been extended to all of its significant businesses since 2011, in line with objectives.

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 63 subsidiaries.

Given this dual role, internal control and risk management are applied directly to Christian Dior Couture, and in an oversight capacity to all subsidiaries.

2.2.1. Definition of internal control and risks

The purpose of the internal control procedures that are applied, in line with the COSO framework, is to provide reasonable assurance with respect to the achievement of the following objectives:

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

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

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

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

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

2.2.2. Limits of internal control

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

2.2.3. Components of internal control and risk management

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

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

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

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

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.

During the fiscal year, the internal control system was reinforced with the introduction of a formal self-assessment procedure. This self-assessment procedure covers the general control environment at Group entities and includes a detailed review of the key controls identified depending on the materiality of business processes. This approach is currently being rolled out to the Group's main markets, and is due to be adopted in all markets by the end of 2014.

A reporting system has been set up to track the progress of implementation at affected subsidiaries in 2013 (and will also be set up at the remaining subsidiaries in 2014). The methodology consists of three phases:

- a review of shortcomings and the drafting of action plans by managers and executives, to monitor corrective measures;
- formal documentation of this review;
- the signing of the letter of representation by the Management of each entity attesting to the implementation of risk management and internal control procedures. This procedure was introduced in 2011 and rolled out to all subsidiaries, thus supplementing the signing of letters certifying the entity's financial disclosures.

2.2.4. Internal control stakeholders

- The Legal Department conducts upstream checks:
  - prior to the signing of any substantial agreement negotiated by the head office or subsidiaries,
  - on the length of time third-party designs and brands have been in existence.
- Executive Management and the Finance Department closely monitor management information so that they can intervene

in the process of defining objectives and oversee the achievement of these objectives through:

- three-year strategic plans,
- the annual budget,
- monthly reports on actual compared with budget data, including in-depth and documented analyses of any discrepancies.

• Executive Management and the Finance Department are also responsible for training all of the Group's financial personnel (internal or external administrative departments) in order to ensure the strict application of IFRS and Group rules.

• Christian Dior Couture's executives maintain a regular presence at subsidiaries and on their management bodies, in particular at Board level.

• Store Committees have been set up to formally authorize the signature of commercial leases and investments in the distribution network. They are made up of the Chairman, the Chief Executive Officer in charge of the network, the Chief Financial Officer, the Management Control Director, the Chief Legal Officer and the architects.

• 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 internal 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

- Completion of the roll-out of key controls at 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;

2.3. CHRISTIAN DIOR

2.3.1. The control environment

As noted above, Christian Dior is a holding company that controls, directly or indirectly, two main assets: a 40.9% equity stake in LVMH, and a 100% equity stake in Christian Dior Couture.

The business of Christian Dior is therefore essentially dedicated to:

- protecting the legal title of these two equity holdings;
- exercising the rights and authority of a majority shareholder, notably by way of:
  - its presence at the Board meetings and Shareholders' Meetings of the subsidiaries,
  - the monitoring of dividends paid by the subsidiaries,
  - the control of the subsidiaries' financial performance,
  - accurate financial reporting, provided in line with applicable laws, given its status as a listed company.

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

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

2.3.2. Risk management

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

2.3.3. Control activities

Key elements in internal control procedures

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

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

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

Asset control

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

Operational control

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

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

2.3.4. Information and communication systems

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

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

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

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

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

This report, based on the contribution of the above-mentioned internal control and risk management stakeholders, was conveyed in its draft form to the Performance Audit Committee for its opinion and approved by the Board of Directors at its meeting of July 25, 2013.

Statutory Auditors' report

PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF CHRISTIAN DIOR

To the Shareholders,

In our capacity as Statutory Auditors of Christian Dior and in accordance with Article L. 225-235 of the French Commercial Code (Code de commerce), we hereby report on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code for the fiscal year ended April 30, 2013.

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.

Paris-La Défense, July 30, 2013

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Simon Beillevaire	Benoit Schumacher

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

Consolidated financial statements

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1. Consolidated income statement

(EUR millions, except for earnings per share)	*Notes*	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Revenue	*23-24*	**29,881**	**8,993**	**24,628**
Cost of sales		(10,325)	(3,128)	(8,369)
Gross margin		**19,556**	**5,865**	**16,259**
Marketing and selling expenses		(11,162)	(3,335)	(8,905)
General and administrative expenses		(2,304)	(721)	(2,031)
Profit from recurring operations	*23-24*	**6,090**	**1,809**	**5,323**
Other operating income and expenses	*25*	(119)	(80)	(120)
Operating profit		**5,971**	**1,729**	**5,203**
Cost of net financial debt		(166)	(71)	(204)
Other financial income and expense		37	64	(96)
Net financial income (expense)	*26*	**(129)**	**(7)**	**(300)**
Income taxes	*27*	(1,916)	(535)	(1,462)
Income (loss) from investments in associates	*7*	5	3	7
Net profit before minority interests		**3,931**	**1,190**	**3,448**
Minority interests	*17*	2,500	796	2,169
Net profit, Group share		**1,431**	**394**	**1,279**
Basic Group share of net profit per share *(EUR)*	*28*	**8.00**	**2.20**	**7.14**
Number of shares on which the calculation is based		178,959,445	179,238,667	179,026,990
Diluted Group share of net profit per share *(EUR)*	*28*	**7.90**	**2.16**	**7.09**
Number of shares on which the calculation is based		179,964,904	180,150,379	179,914,092

2. Consolidated statement of comprehensive gains and losses

(EUR millions)	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Net profit before minority interests	**3,931**	**1,190**	**3,448**
Translation adjustments	(79)	(62)	195
Tax impact	(3)	(16)	47
	(82)	**(78)**	**242**
Change in value of available for sale financial assets	(222)	952	1,634
Amounts transferred to income statement	(10)	(6)	(38)
Tax impact	(4)	(49)	(118)
	(236)	**897**	**1,478**
Change in value of hedges of future foreign currency cash flows	195	58	95
Amounts transferred to income statement	(66)	1	(167)
Tax impact	(35)	(12)	21
	94	**47**	**(51)**
Change in value of vineyard land	83	1	25
Tax impact	(27)	(1)	(11)
	56	**-**	**14**
Gains and losses recognized in equity	**(168)**	**866**	**1,683**
Comprehensive income	**3,763**	**2,056**	**5,131**
Minority interests	2,415	1,292	3,187
COMPREHENSIVE INCOME, GROUP SHARE	**1,348**	**764**	**1,944**

3. Consolidated balance sheet

Assets

(EUR millions)	*Notes*	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Brands and other intangible assets	*3*	14,210	14,127	14,155
Goodwill	*4*	8,998	7,860	7,583
Property, plant and equipment	*6*	9,286	8,432	8,371
Investments in associates	*7*	167	171	172
Non-current available for sale financial assets	*8*	6,853	6,915	5,982
Other non-current assets	*9*	502	567	503
Deferred tax	*27*	888	798	762
Non-current assets		**40,904**	**38,870**	**37,528**
Inventories and work in progress	*10*	8,774	8,129	7,681
Trade accounts receivable	*11*	1,828	1,677	1,952
Income taxes		214	129	132
Other current assets	*12*	1,910	1,598	1,486
Cash and cash equivalents	*14*	1,925	1,777	2,428
Current assets		**14,651**	**13,310**	**13,679**
TOTAL ASSETS		**55,555**	**52,180**	**51,207**

Liabilities and equity

(EUR millions)	*Notes*	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Share capital	*15.1*	363	363	363
Share premium account		2,205	2,205	2,205
Treasury shares and related derivatives	*15.2*	(263)	(152)	(174)
Cumulative translation adjustment	*15.4*	114	153	174
Revaluation reserves		1,461	1,508	1,118
Other reserves		5,653	5,636	4,668
Net profit, Group share		1,431	394	1,279
Equity, Group share		10,964	10,107	9,633
Minority interests	*17*	17,036	15,902	15,309
Total equity		**28,000**	**26,009**	**24,942**
Long-term borrowings	*18*	4,700	5,136	5,263
Non-current provisions	*19*	1,541	1,427	1,415
Deferred tax	*27*	4,870	4,838	4,826
Other non-current liabilities	*20*	6,024	4,660	4,505
Non-current liabilities		**17,135**	**16,061**	**16,009**
Short-term borrowings	*18*	3,834	3,866	3,561
Trade accounts payable		3,089	2,773	3,012
Income taxes		432	514	459
Current provisions	*19*	368	333	358
Other current liabilities	*21*	2,697	2,624	2,866
Current liabilities		**10,420**	**10,110**	**10,256**
TOTAL LIABILITIES AND EQUITY		**55,555**	**52,180**	**51,207**

4. Consolidated statement of changes in equity

						Revaluation reserves				Total equity		
(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares and related derivatives	Cumulative translation adjustment	Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land	Net profit and other reserves	Group share	Minority interests	Total
Notes		*15.1*		*15.2*	*15.4*						*17*	
As of Dec. 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 minority interests' shares									(39)	(39)	(257)	(296)
As of Dec. 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 minority interests' shares									(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**
Gains and losses recognized in equity					(39)	(99)	37	18	-	(83)	(85)	(168)
Net profit									1,431	1,431	2,500	3,931
Comprehensive income					**(39)**	**(99)**	**37**	**18**	**1,431**	**1,348**	**2,415**	**3,763**
Stock option plan and similar expenses									25	25	26	51
(Acquisition)/disposal of treasury shares and related derivatives				(111)	-	(2)	-	(1)	9	(105)	69	(36)
Capital increase in subsidiaries									-	-	8	8
Interim and final dividends paid									(394)	(394)	(1,135)	(1,529)
Changes in control of consolidated entities				-	-	-	-	-	(5)	(5)	(6)	(11)
Acquisition and disposal of minority interests' shares									(30)	(30)	(121)	(151)
Purchase commitments for minority interests' shares									18	18	(122)	(104)
As of April 30, 2013	**181,727,048**	**363**	**2,205**	**(263)**	**114**	**1,102**	**44**	**315**	**7,084**	**10,964**	**17,036**	**28,000**

5. Consolidated cash flow statement

(EUR millions)	*Notes*	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
I – OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		5,971	1,729	5,203
Net increase in depreciation, amortization and provision		1,406	412	1,070
Other computed expenses		(50)	(45)	(35)
Dividends received		189	39	61
Other adjustments		(52)	(21)	(29)
Cash from operations before changes in working capital		**7,464**	**2,114**	**6,270**
Cost of net financial debt: interest paid		(186)	(60)	(197)
Income taxes paid		(1,952)	(547)	(1,557)
Net cash from operating activities before changes in working capital		**5,326**	**1,507**	**4,516**
Total change in working capital	*14.1*	(916)	(735)	(548)
Net cash from operating activities		**4,410**	**772**	**3,968**
Operating investments	*14.2*	(1,937)	(478)	(1,820)
Net cash from operating activities and operating investments (free cash flow)		**2,473**	**294**	**2,148**
II – FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets		(245)	(15)	(518)
Proceeds from sale of non-current available for sale financial assets	*8*	25	15	17
Impact of purchase and sale of consolidated investments	*2.4*	(44)	(3)	(785) (a)
Net cash from (used in) financial investments		**(264)**	**(3)**	**(1,286)**
III – TRANSACTIONS RELATING TO EQUITY				
Capital increases of subsidiaries subscribed by minority interests		84	29	97
Acquisition and disposals of treasury shares and related derivatives by the Group		(39)	7	13
Interim and final dividends paid by Christian Dior SA	*15.3*	(395)	(292)	(396)
Interim and final dividends paid to minority interests in consolidated subsidiaries		(1,066)	(719)	(805)
Purchase and proceeds from sale of minority interests	*2.4*	(292)	(1)	(1,413)
Net cash from (used in) transactions relating to equity		**(1,708)**	**(976)**	**(2,504)**
IV – FINANCING ACTIVITIES				
Proceeds from borrowings		1,260	267	3,034
Repayment of borrowings		(1,435)	(374)	(1,405)
Purchase and proceeds from sale of current available for sale financial assets		(16)	(40)	6
Net cash from (used in) financing activities		**(191)**	**(147)**	**1,635**
V – EFFECT OF EXCHANGE RATE CHANGES		**29**	**(25)**	**55**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		**339**	**(857)**	**48**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	*14*	**1,187**	**2,044**	**1,996**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*14*	**1,526**	**1,187**	**2,044**
Transactions included in the table above, generating no change in cash: - acquisition of assets by means of finance leases		9	1	3

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

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6. Notes to the consolidated financial statements

NOTE 1 - ACCOUNTING POLICIES

1.1. General framework and environment

The consolidated financial statements for the 2012-2013 fiscal year were established in accordance with international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on April 30, 2013.

These standards and interpretations have been applied consistently to the fiscal years presented. The 2012-2013 consolidated financial statements were approved for publication by the Board of Directors on July 25, 2013.

1.2. Changes to the accounting framework between May 1, 2012 and April 30, 2013

Standards, amendments and interpretations for which application is mandatory after April 2013

The following standards, amendments and interpretations applicable to the Group, whose mandatory application date is May 1, 2013 or 2014, relate to:

- amendment to IAS 1 on the presentation of gains and losses recognized in equity;
- IFRS 13, which defines the measurement principles of fair value and related disclosures, in case fair value applies. The application of this text will not have a significant impact on the Group's consolidated financial statements, since the accounting policies applied by the Group comply overall with the IFRS 13 standard;
- IFRS 10, IFRS 11 and IFRS 12 on consolidation, redefining the concept of the control of entities, eliminating the possibility to use proportional consolidation to consolidate jointly controlled entities which will 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 proportionately consolidated entities. Specifically, the consolidation method of distribution subsidiaries jointly owned with the Diageo group will not be impacted. See Notes 1.5 and 1.23;
- 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 131 million euros as well as the associated deferred tax assets in June 2013. 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 19, will be recognized as an adjustment to equity. The impact on the income statement in subsequent years will not be significant.

Other changes in standards and interpretations

- The proposed revision to IAS 17 Leases calls for the capitalization of all leases, including operating leases. A second exposure draft was published in May 2013 and is subject to comments. The publication date of the new, definitive standard is not yet known.
- At its March 2013 meeting, the IASB decided that the draft interpretation published by IFRIC in May 2012, which sought to require the recognition in profit or loss of changes in purchase commitments for minority interests' shares, would not be finalized. An exposure draft on the reactivation of this interpretation is expected in the second half of 2013 and might have a significant impact on the Group's financial statements, given the put option granted by LVMH to Diageo plc for its 34% share in Moët Hennessy.

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".

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 entities outside the euro zone

The consolidated financial statements are stated in euros; the financial statements of entities stated in a different functional currency are translated into euros:

- at the period-end exchange rates for balance sheet items;
- at the average rates for the period for income statement items.

Translation adjustments arising from the application of these rates are recorded in equity under "Cumulative translation adjustment".

1.7. Foreign currency transactions and hedging of exchange rate risks

Transactions of consolidated companies denominated in a currency other than their functional currencies are translated to their functional currencies at the exchange rates prevailing at the transaction dates.

Accounts receivable, accounts payable and debts denominated in currencies other than the entities' functional currencies are translated at the applicable exchange rates at the fiscal year-end. Unrealized gains and losses resulting from this translation are recognized:

- within cost of sales in the case of commercial transactions;
- within net financial income/expense in the case of financial transactions.

Foreign exchange gains and losses arising from the translation or elimination of inter-company transactions or receivables and payables denominated in currencies other than the entity's functional currency are recorded in the income statement unless they relate to long-term inter-company financing transactions which can be considered as transactions relating to equity. In the latter case, translation adjustments are recorded in equity under "Cumulative translation adjustment".

Derivatives which are designated as hedges of commercial transactions denominated in a currency other than the functional currency of the entity are recognized in the balance sheet at their market value at the fiscal year-end and any change in the market value of such derivatives is recognized:

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

When derivatives are designated as hedges of subsidiaries' equity outside the euro zone (net investment hedge), any change in fair value of the derivatives is recognized within equity under "Cumulative translation adjustment" for the effective portion and within net financial income/expense for the ineffective portion.

Market value changes of derivatives not designated as hedges are recorded within net financial income/expense.

See also Note 1.19 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 a similar 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 over the lease period;
- development expenditure: three years at most;
- software: one to five years

1.9. Changes in the percentage interest in consolidated entities

When the Group takes de jure or de facto control of a business, its assets, liabilities and contingent liabilities are estimated at their fair value as of the date when control is obtained and the difference between the cost of taking control and the Group's share of the fair value of those assets, liabilities and contingent liabilities is recognized as goodwill.

The cost of taking control is the price paid by the Group in the context of an acquisition, or an estimate of this price if the transaction is carried out without any payment of cash, excluding acquisition costs which are disclosed under "Other operating income and expenses".

As from January 1, 2010, for transactions occurring after that date, in accordance with IAS 27 (Revised), the difference between the carrying amount of minority interests purchased after control is obtained and the price paid for their acquisition is deducted from equity.

Goodwill is accounted for in the functional currency of the acquired entity.

Goodwill is not amortized but is subject to annual impairment testing using the methodology described in Note 1.12. Any impairment expense recognized is included within "Other operating income and expenses".

1.10. Purchase commitments for minority interests' shares

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

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

- the value of the commitment at the fiscal year-end appears in "Other non-current liabilities";
- the corresponding minority interests are reclassified and included in "Other non-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 reclassified 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 fiscal year-end. 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;
- leasehold improvements 3 to 10 years;
- producing vineyards 18 to 25 years.

Expenses for maintenance and repairs are charged to the income statement as incurred.

1.12. 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 market value, 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, 2013, December 31 was retained as the impairment testing date in all cases. As of April 30, 2013, there were no indications that any assets had suffered impairment losses in comparison to December 31, 2012.

Value in use is based on the present value of the cash flows expected to be generated by these assets. Market value is estimated by comparison with recent similar transactions or on the basis of valuations performed by independent experts in the perspective of a disposal transaction.

Cash flows are forecast for each business segment defined as one or several brands or trade names under the responsibility of a dedicated management team. Smaller scale cash generating units, e.g. a group of stores, may be distinguished within a particular business segment.

The forecast data required for the cash flow methods is based on budgets and business plans prepared by management of the related business segments. Detailed forecasts cover a five-year period (with the exception of Christian Dior Couture whose business plans cover a three-year period), a period which may be extended in the case of certain brands undergoing strategic repositioning, or which have a production cycle exceeding five years. An estimated final value is added to the value resulting from discounted forecast cash flows which corresponds to the capitalization in perpetuity of cash flows most often arising from the last year of the plan. When several forecast scenarios are developed, the probability of occurrence of each scenario is assessed. Forecast cash flows are discounted on the basis of the rate of return to be expected by an investor in the applicable business and include assessment of the risk factor associated with each business.

1.13. 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 fiscal year-end in the case of quoted investments, and at their net realizable value at that date in the case of unquoted investments.

Positive or negative changes in value are taken to equity within "Revaluation reserves". If an impairment loss is judged to be definitive, an impairment is recognized and charged to net financial income/expense; the impairment is only reversed through the income statement at the time of sale of the underlying available for sale financial assets.

1.14. 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 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 over time.

Monetary investments are measured at their market value and at the exchange rate prevailing at the fiscal year-end, 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 its obligation is expected to be deferred by more than one year, the provision amount is discounted, the effects of which are recognized in net financial income/expense using the effective interest rate method.

1.18. 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 capital amount of borrowings resulting from changes in interest rates, both the hedged amount of borrowings and the related hedges are measured at their market value at the fiscal year-end, with any changes in those values recognized within net financial income/expense. Market value of hedged borrowings is determined using similar methods as those described hereafter in Note 1.19.

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 fair value; changes in fair value are recognized within net financial income/expense.

Net financial debt comprises short and long-term borrowings, the market value at the fiscal year-end of interest rate derivatives, less the amount at the fiscal year-end of current available for sale financial assets, cash and cash equivalents, in addition to the market value at the fiscal year-end of foreign exchange derivatives related to any of the aforementioned items.

See also Note 1.19 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 fair value at the fiscal year-end. Changes in their value are accounted for as described in Note 1.7 in the case of foreign exchange hedges, and as described in Note 1.18 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 Christian Dior group in LVMH, are accounted for in the consolidated financial statements of Christian Dior group as acquisitions and disposals of minority interests.

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

As this provision is applied prospectively, goodwill recognized as of December 31, 2009 was maintained as an asset on the balance sheet.

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, reimbursements of 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, reimbursements of 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 payments 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 funded plan assets. These gains or losses are amortized from 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 fiscal year-end; the effect of changes in rates is recognized during the periods in which changes are enacted.

Future tax savings from tax losses carried forward are recorded as deferred tax assets on the balance sheet and impaired if they are deemed not recoverable; only amounts for which future use is deemed probable are recognized.

Deferred tax assets and liabilities are not discounted.

Taxes payable in respect of the distribution of retained earnings of subsidiaries are provided for if distribution is deemed probable.

1.23. Revenue recognition

Definition of revenue

Revenue mainly comprises retail sale within the Group's store network and sales through agents and distributors. Sales made in stores owned by third parties are treated as retail transactions if the risks and rewards of ownership of the inventories are retained by the Group.

Direct sales to customers are made through retail stores for Fashion and Leather Goods, Selective Retailing and Christian Dior Couture, as well as certain Watches and Jewelry and Perfumes and Cosmetics brands. These sales are recognized at the time of purchase by retail customers.

Wholesale sales concern Wines and Spirits, as well as certain Perfumes and Cosmetics and Watches and Jewelry brands. The Group recognizes revenue when title transfers to third party customers, generally upon shipment.

Revenue includes shipment and transportation costs re-billed to customers only when these costs are included in products' selling prices as a lump sum.

Revenue is presented net of all forms of discount. In particular, payments made in order to have products referenced or, in accordance with agreements, to participate in advertising campaigns with the distributors, are deducted from related revenue.

Provisions for product returns

Perfumes and Cosmetics and, to a lesser extent, Fashion and Leather Goods and Watches and Jewelry companies may accept the return of unsold or outdated products from their customers and distributors.

Where this practice is applied, revenue and the corresponding trade receivables are reduced by the estimated amount of such returns, and a corresponding entry is made to inventories. The estimated rate of returns is based on statistics of historical returns.

Businesses undertaken in partnership with Diageo

A significant proportion of revenue for the Group's Wines and Spirits businesses is generated within the framework of distribution agreements with Diageo generally taking the form of shared entities, which sell and deliver both groups' products to customers. On the basis of the distribution agreements, which provide specific rules for allocating these entities' income statement items and assets and liabilities between the Group and Diageo, the Group only recognizes the portion of the income statement and balance sheet attributable to its own brands.

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 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 is estimated at each fiscal year-end based on the LVMH share price at that date, and is charged to the income statement on a pro rata basis over the vesting period, with a corresponding balance sheet impact on provisions. Between that date and the settlement date, the change in the expected benefit resulting from the change in the LVMH share price is recorded in the income statement.

1.26. 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 in circulation during the period, excluding treasury shares.

Diluted earnings per share are calculated based on the weighted average number of shares before dilution and adding the weighted average number of shares that would result from the exercise of existing subscription options during the period or any other diluting instrument. It is assumed for the purposes of this calculation that the funds received from the exercise of options, supplemented by the expense to be recognized for stock option and similar plans (see Note 1.25), would be employed to repurchase Christian Dior shares at a price corresponding to their average trading price over the fiscal year. Dilutive instruments issued by subsidiaries are also taken into consideration for the purposes of determining the Group's share of net profit after dilution.

NOTE 2 - CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES

2.1. Fiscal year 2012-2013 (May 1, 2012 – April 30, 2013)

Christian Dior Couture

During the fiscal year, the Group acquired the entire share capital of the Vermont embroidery workshops, founded in 1954 by Jean Guy Vermont. This investment was consolidated with effect from June 30, 2012.

Wines and Spirits

In early 2013, the Group acquired an additional 30% stake in Château d'Yquem for 84 million euros, increasing its ownership interest to 95%. The difference between the acquisition price and minority interests, 33 million euros, was deducted from equity.

Fashion and Leather Goods

In May 2012, LVMH acquired the entire share capital of Les Tanneries Roux (France), a supplier of high quality leather. In June 2012, LVMH acquired a 100% ownership interest in Arnys (France), a ready-to-wear and made-to-measure menswear label. These two acquisitions were consolidated with effect from June 2012.

Perfumes and Cosmetics

In October 2012, LVMH acquired the 20% stake in the share capital of Benefit that it did not own; the price paid generated the recognition of a final goodwill in the amount of 133 million euros, previously recorded under Goodwill arising on purchase commitments for minority interests.

2.2. Fiscal year 2012 (January 1, 2012 – April 30, 2012)

The Group did not carry out any significant acquisitions or disposals in the four-month fiscal year ended April 30, 2012.

2.3. 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 has been fully consolidated with effect from December 31, 2011. Provisional goodwill arising on this acquisition amounted to 23 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, LVMH Moët Hennessy - Louis Vuitton SA 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 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, broke 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 25).
(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 June 30, 2012, of the purchase price paid by LVMH at the date on which a controlling interest was acquired:

(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 tax	(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 was listed on the Milan (Italy) stock exchange, our subsidiary LVMH SA 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 completion of procedure, 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. As of December 31, 2011, 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 included 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 represented 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 represented an amount of 16 million euros (see Note 25).

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) represented 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. The final goodwill arising on this acquisition amounts to 48 million Swiss francs (40 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, has been fully consolidated since June 1, 2011.

The price paid was allocated to the Ile de Beauté trade name, for an amount of 12 million euros. The final 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 minority interests, in the amount of 66 million euros, deducted from consolidated reserves.

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

(EUR millions)	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Purchase price of consolidated investments and of minority interests' shares	(337)	(3)	(2,375)
Positive cash balance/(net overdraft) of companies acquired	1	(1)	174
Proceeds from sale of consolidated investments	-	-	8
(Positive cash balance)/net overdraft of companies sold	-	-	(5)
IMPACT ON CASH AND CASH EQUIVALENTS OF CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES	**(336)**	**(4)**	**(2,198)**
Of which:			
Purchase and sale of consolidated investments	(44)	(3)	(785)
Purchase and sale of minority interests' shares	(292)	(1)	(1,413)

- As of April 30, 2013, the impact on the Group's cash position of changes in the percentage interest in consolidated entities mainly included the effects of the acquisition of the 20% stake in Benefit not previously owned by the Group, the acquisition of an additional 30% stake in Château d'Yqem, as well as the acquisition of 100% stakes in Tanneries Roux and Arnys.
- As of April 30, 2012, the impact on the Group's cash position of changes in the percentage interest in consolidated entities were not significant.
- As of December 31, 2011, the impact on the Group's cash position 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.

NOTE 3 - BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

	April 30, 2013 (12 months)			April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
(EUR millions)	Gross	Amortization and impairment	Net	Net	Net
Brands	11,958	(514)	11,444	11,517	11,512
Trade names	3,418	(1,393)	2,025	2,008	2,044
License rights	25	(25)	-	2	1
Leasehold rights	589	(279)	310	207	206
Software, web sites	802	(599)	203	180	178
Other	508	(280)	228	213	214
TOTAL	**17,300**	**(3,090)**	**14,210**	**14,127**	**14,155**
Of which:					
Assets held under finance leases	14	(14)	-	-	-

3.1. Movements in the fiscal year

Movements during the 12 month fiscal year ended April 30, 2013 in the net amounts of brands, trade names and other intangible assets were as follows:

Gross value *(EUR millions)*	Brands	Trade names	Software, web sites	Leasehold rights	Other intangible assets	Total
As of April 30, 2012	**11,986**	**3,385**	**733**	**476**	**486**	**17,066**
Acquisitions	-	-	78	102	121	301
Disposals and retirements	-	-	(43)	(13)	(19)	(75)
Changes in the scope of consolidation	-	-	-	17	-	17
Translation adjustment	(28)	33	(3)	(1)	(9)	(8)
Reclassifications	-	-	37	8	(46)	(1)
AS OF APRIL 30, 2013	**11,958**	**3,418**	**802**	**589**	**533**	**17,300**

Accumulated amortization and impairment *(EUR millions)*	Brands	Trade names	Software, web sites	Leasehold rights	Other intangible assets	Total
As of April 30, 2012	**(469)**	**(1,377)**	**(553)**	**(269)**	**(271)**	**(2,939)**
Amortization expense	(45)	(1)	(91)	(23)	(61)	(221)
Impairment expense	-	-	-	-	-	-
Disposals and retirements	-	-	43	13	18	74
Changes in the scope of consolidation	-	-	-	-	-	-
Translation adjustment	-	(15)	2	-	7	(6)
Reclassifications	-	-	-	-	2	2
AS OF APRIL 30, 2013	**(514)**	**(1,393)**	**(599)**	**(279)**	**(305)**	**(3,090)**
NET CARRYING AMOUNT AS OF APRIL 30, 2013	**11,444**	**2,025**	**203**	**310**	**228**	**14,210**

The gross value of amortizable brands and trade names was 851 million euros as of April 30, 2013.

3.2. Movements in prior fiscal years

Net carrying amount *(EUR millions)*	**Brands**	**Trade names**	**Software, web sites**	**Leasehold rights**	**Other intangible assets**	**Total**
As of December 31, 2010	**9,380**	**1,977**	**141**	**130**	**144**	**11,772**
Acquisitions	-	-	63	53	149	265
Disposals and retirements	-	-	-	-	(1)	(1)
Changes in the scope of consolidation	2,106	12	21	37	18	2,194
Amortization expense	(32)	(1)	(82)	(23)	(55)	(193)
Impairment expense	(1)	-	-	-	-	(1)
Translation adjustment	59	56	2	2	1	120
Other movements	-	-	33	7	(41)	(1)
As of December 31, 2011	**11,512**	**2,044**	**178**	**206**	**215**	**14,155**
Acquisitions	-	-	13	12	28	53
Disposals and retirements	-	-	-	(5)	-	(5)
Changes in the scope of consolidation	-	-	(1)	1	1	1
Amortization expense	(8)	-	(26)	(8)	(17)	(59)
Impairment expense	-	-	-	-	-	-
Translation adjustment	13	(36)	(2)	(1)	2	(24)
Other movements	-	-	18	2	(14)	6
AS OF APRIL 30, 2012	**11,517**	**2,008**	**180**	**207**	**215**	**14,127**

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, 2013 (12 months)			**April 30, 2012 (4 months)**	**Dec. 31, 2011 (12 months)**
(EUR millions)	**Gross**	**Amortization and impairment**	**Net**	**Net**	**Net**
Christian Dior Couture	34	(2)	32	32	33
Wines and Spirits	2,986	(64)	2,922	2,941	2,940
Fashion and Leather Goods	3,904	(374)	3,530	3,549	3,556
Perfumes and Cosmetics	1,287	(23)	1,264	1,265	1,265
Watches and Jewelry	3,515	(6)	3,509	3,534	3,518
Selective Retailing	3,376	(1,346)	2,030	2,012	2,049
Other activities	274	(92)	182	192	195
BRANDS AND TRADE NAMES	**15,376**	**(1,907)**	**13,469**	**13,525**	**13,556**

The brands and trade names recognized are those that the Group has acquired. The principal acquired brands and trade names as of April 30, 2013 are:

- Wines and Spirits: Hennessy, Moët & Chandon, Veuve Clicquot, Krug, Château d'Yquem, Château Cheval Blanc, Belvedere, Glenmorangie, Newton Vineyards and Numanthia Termes;
- Fashion and Leather Goods: Louis Vuitton, 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 36% of total brands and trade names capitalized in the balance sheet and 56% 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, 2013 (12 months)			April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	7,100	(1,204)	5,896	5,767	5,767
Goodwill arising on purchase commitments for minority interests	3,105	(3)	3,102	2,093	1,816
TOTAL	**10,205**	**(1,207)**	**8,998**	**7,860**	**7,583**

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

	April 30, 2013 (12 months)			April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
At beginning of period	**9,038**	**(1,178)**	**7,860**	**7,583**	**5,660**
Changes in the scope of consolidation	48	-	48	7	1,743
Changes in purchase commitments for minority interests	1,114	-	1,114	285	203
Changes in impairment	-	(27)	(27)	(5)	(49)
Translation adjustment	5	(2)	3	(10)	24
Reclassifications	-	-	-	-	2
TOTAL AT END OF PERIOD	**10,205**	**(1,207)**	**8,998**	**7,860**	**7,583**

See Note 2 for changes in the consolidation scope for the 12 month fiscal year ended April 30, 2013.

Changes in the scope of consolidation in fiscal year 2011 were mainly attributable to the acquisition of Bulgari for 1,522 million euros (before the definitive allocation of the price paid, see Note 2), Ile de Beauté for 128 million euros, ArteCad for 38 million euros (before the definitive allocation of the price paid, see Note 2) and Heng Long for 23 million euros.

Please refer also to Note 20 and Note 21 for goodwill arising on purchase commitments for minority interests.

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

Brands, trade names, and other intangible assets with indefinite useful lives as well as the goodwill arising on acquisition are 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, 2013, in the absence of any new available plans and events affecting the results of impairment tests carried out as of December 31, 2012, no significant additional impairment expense was recognized.

The main assumptions retained in 2011 and 2012 for the determination of forecast cash flows for multi-year plans are as follows:

Business group *(as %)*	Dec. 31, 2012			Dec. 31, 2011	
	Post-tax discount rate	Compound annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Growth rate for the period after the plan
Christian Dior Couture	8.6	7.0 to 22.0	2.0	8.6	2.0
Wines and Spirits	7.5 to 11.2	6.0 to 18.0	2.0	7.5 to 11.2	2.0
Fashion and Leather Goods	8.0 to 13.1	7.0 to 22.0	2.0	8.0 to 13.3	2.0
Perfumes and Cosmetics	8.0 to 8.4	8.0 to 18.0	2.0	8.0 to 8.4	2.0
Watches and Jewelry	9.2 to 9.6	8.0 to 18.0	2.0	8.5 to 10.3	2.0
Selective Retailing	8.4 to 9.6	8.0 to 13.0	2.0	8.4 to 9.6	2.0
Other	6.5 to 8.2	2.0 to 4.0	2.0	6.5 to 8.2	2.0

Plans generally cover a five-year period, with the exception of Christian Dior Couture where they cover a three-year period, but may be prolonged up to ten years in case of brands for which production cycle exceeds five years or brands undergoing strategic repositioning. The compound annual growth rate for revenue and the improvement in profit margins over plan periods are comparable to the growth achieved in the past four exercises, except for brands undergoing strategic repositioning, for which the improvements projected were greater than historical performance due to the expected effects of the repositioning measures implemented.

As of December 31, 2012, the rise in risk premiums was offset by lower interest rates, discount rates were similar to those used as of December 31, 2011. Annual growth rates applied for the period not covered by the plans were based on market estimates usually applied for the business groups concerned.

As of April 30, 2013, on the basis of the same assumptions applied as of December 31, 2012, 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 *(as %)*	Growth rate for the period after the plan *(as %)*	Period covered by the forecast cash flows
Louis Vuitton	2,058	630	2,688	8.0	2.0	5 years
Fendi	713	405	1,118	9.6	2.0	5 years
Bulgari	2,100	1,523	3,623	9.2	2.0	10 years
TAG Heuer	1,014	192	1,206	9.2	2.0	5 years
DFS Galleria	1,751	15	1,766	9.6	2.0	5 years
Hennessy	1,067	47	1,114	7.5	2.0	5 years
Sephora	279	615	894	8.4	2.0	5 years

As of December 31, 2012, 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, 2012, or a reduction of 2 points in the compound annual growth rate for revenue over the period covered by the plans would not result in the recognition of any impairment losses for these intangible assets. The Group considers that changes in excess of the limits mentioned above would entail assumptions at a level not deemed relevant, in view of the current economic environment and medium to long-term growth prospects for the business segments concerned.

With respect to the other business segments, seven have disclosed intangible assets with a carrying amount close to their value in use. The carrying amount for each of these intangible assets as of December 31, 2012 as well as the impairment loss that would result from a change of 0.5 points in the post-tax discount rate or in the growth rate for the period not covered by the plans, or from a reduction of 2 points in the compound annual growth rate for revenue compared to rates used as of December 31, 2012, are indicated below:

		Amount of impairment if:		
(EUR millions)	**Amount of intangible assets concerned as of April 30, 2013** (12 months)	**Increase of 0.5% in post-tax discount rate**	**Decrease of 0.5% in growth rate for the period after the plan**	**Decrease of 2% in compound annual growth rate for revenue**
Wines and Spirits	300	21	14	10
Fashion and Leather Goods	210	27	13	48
Other business groups	459	18	10	9
TOTAL	**969**	**66**	**37**	**67**

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

	April 30, 2013 (12 months)			April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
(EUR millions)	Gross	Depreciation and impairment	Net	Net	Net
Land	1,272	(61)	1,211	989	1,070
Vineyard land and producing vineyards	2,052	(82)	1,970	1,884	1,867
Buildings	2,811	(1,418)	1,393	1,576	1,479
Investment property	678	(72)	606	537	536
Leasehold improvements, machinery and equipment	6,416	(4,091)	2,325	1,931	1,983
Assets in progress	744	-	744	561	519
Other tangible fixed assets	1,680	(643)	1,037	954	917
TOTAL	**15,653**	**(6,367)**	**9,286**	**8,432**	**8,371**
Of which:					
Assets held under finance leases	237	(131)	106	110	118
Historical cost of vineyard land and producing vineyards	656	(82)	574	570	552

6.1. Movements in the fiscal year

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

Gross value (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leaseholds improvements, machinery and equipment: Stores	Leaseholds improvements, machinery and equipment: Production, logistics	Leaseholds improvements, machinery and equipment: Other	Assets in progress	Other tangible fixed assets	Total
As of April 30, 2012	**1,984**	**3,938**	**605**	**3,370**	**1,566**	**763**	**561**	**1,602**	**14,389**
Acquisitions	-	181	82	530	109	101	641	150	1,794
Change in the market value of vineyard land	85	-	-	-	-	-	-	-	85
Disposals and retirements	(24)	(62)	-	(219)	(53)	(57)	(4)	(78)	(497)
Changes in the scope of consolidation	-	10	-	1	-	-	-	-	11
Translation adjustment	(2)	(92)	(4)	(41)	(7)	(9)	(1)	2	(154)
Other movements, including transfers	9	108	(5)	129	54	179	(453)	4	25
AS OF APRIL 30, 2013	**2,052**	**4,083**	**678**	**3,770**	**1,669**	**977**	**744**	**1,680**	**15,653**

Depreciation and impairment (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leaseholds improvements, machinery and equipment: Stores	Leaseholds improvements, machinery and equipment: Production, logistics	Leaseholds improvements, machinery and equipment: Other	Assets in progress	Other tangible fixed assets	Total
As of April 30, 2012	**(100)**	**(1,373)**	**(68)**	**(2,170)**	**(1,037)**	**(561)**	**-**	**(648)**	**(5,957)**
Depreciation expense	(6)	(157)	(5)	(426)	(116)	(102)	-	(98)	(910)
Impairment expense	-	(12)	-	1	-	-	-	(3)	(14)
Disposals and retirements	24	60	-	216	50	55	-	53	458
Changes in the scope of consolidation	-	(4)	-	-	-	-	-	-	(4)
Translation adjustment	-	36	1	26	3	5	-	(2)	69
Other movements, including transfers	-	(29)	-	39	2	(76)	-	55	(9)
AS OF APRIL 30, 2013	**(82)**	**(1,479)**	**(72)**	**(2,314)**	**(1,098)**	**(679)**	**-**	**(643)**	**(6,367)**
NET CARRYING AMOUNT AS OF APRIL 30, 2013	**1,970**	**2,604**	**606**	**1,456**	**571**	**298**	**744**	**1,037**	**9,286**

Purchases of property, plant and equipment reflect investments by Louis Vuitton, Christian Dior Couture, Sephora and DFS in their retail networks, those of the champagne houses in their production equipment, of Parfums Christian Dior in new display counters, in addition to the effects of real estate investments dedicated to commercial or rental purposes.

6.2. Movements in prior fiscal years

Net carrying amount (*EUR millions*)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leaseholds improvements, machinery and equipment: Stores	Leaseholds improvements, machinery and equipment: Production, logistics	Leaseholds improvements, machinery and equipment: Other	Assets in progress	Other tangible fixed assets	Total
As of December 31, 2010	**1,828**	**2,109**	**298**	**1,092**	**459**	**166**	**309**	**799**	**7,060**
Acquisitions	18	312	237	353	95	66	427	186	1,694
Disposals and retirements	-	(14)	-	(9)	(2)	(1)	(12)	1	(37)
Depreciation expense	(7)	(89)	(5)	(371)	(101)	(66)	-	(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	-	20	22	2	5	22	218
Translation adjustment	1	60	8	41	2	3	9	3	127
Other movements, including transfers	2	25	(2)	152	10	48	(219)	15	31
As of December 31, 2011	**1,867**	**2,549**	**536**	**1,278**	**485**	**220**	**519**	**917**	**8,371**
Acquisitions	15	26	-	89	24	16	200	55	425
Disposals and retirements	-	(14)	-	(2)	(1)	(3)	-	(4)	(24)
Depreciation expense	(2)	(43)	(1)	(129)	(35)	(24)	-	(31)	(265)
Impairment expense	-	(63)	-	-	-	-	-	-	(63)
Change in the market value of vineyard land	1	-	-	-	-	-	-	-	1
Changes in the scope of consolidation	-	-	-	4	-	-	-	6	10
Translation adjustment	(2)	(19)	2	(10)	1	(1)	(3)	(1)	(33)
Other movements, including transfers	5	129	-	(26)	24	21	(155)	12	10
AS OF APRIL 30, 2012	**1,884**	**2,565**	**537**	**1,204**	**498**	**229**	**561**	**954**	**8,432**

Purchases of property, plant and equipment for the four-month fiscal year ended April 30, 2012 and fiscal year 2011 reflected investments by Louis Vuitton, Christian Dior Couture, Sephora and DFS in their retail networks, those of Parfums Christian Dior, the champagne houses and Glenmorangie in their production equipment, in addition to the effects of real estate investments dedicated to administrative, commercial or rental purposes.

NOTE 7 - INVESTMENTS IN ASSOCIATES

	April 30, 2013 (12 months)			April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
Share of net assets of associates at beginning of period	**171**	**-**	**171**	**172**	**226**
Share of net profit (loss) for the period	5	-	5	3	7
Dividends paid	(12)	-	(12)	-	(12)
Changes in the scope of consolidation	1	-	1	(4)	(57)
Translation adjustment	(4)	-	(4)	(2)	3
Other movements, including transfers	6	-	6	2	5
SHARE OF NET ASSETS OF ASSOCIATES AS OF PERIOD-END	**167**	**-**	**167**	**171**	**172**

As of April 30, 2013, investments in associates consisted primarily of:

- a 40% equity stake in Mongoual SA, a real estate company which owns an office building in Paris (France), which is the head office of LVMH Moët Hennessy - Louis Vuitton SA;
- a 45% equity stake in PT. Sona Topas Tourism Industry Tbk (STTI), an Indonesian retail company, which notably holds duty-free sales licenses in airports.

The impact of changes in the scope of consolidation in 2011 were 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, 2013 (12 months)			April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
TOTAL	**7,005**	**(152)**	**6,853**	**6,915**	**5,982**

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

(EUR millions)	April 30, 2013 (12 months) Total	April 30, 2013 (12 months) of which Hermès	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
At beginning of period	**6,915**	**6,311**	**5,982**	**3,891**
Acquisitions	241	188	14	496
Disposals at net realized value	(25)	-	(15)	(17)
Changes in market value	(249)	(263)	943	1,613
Changes in impairment	(5)	-	(1)	(6)
Changes in the scope of consolidation	-	-	-	6
Translation adjustment	3	-	(5)	6
Other reclassifications	(27)	-	(3)	(7)
TOTAL AT END OF PERIOD	**6,853**	**6,236**	**6,915**	**5,982**

As of April 30, 2013, non-current available for sale assets mainly comprise an investment in Hermès International SCA ("Hermès") with a gross and net amount of 6,236 million euros (6,311 million euros as of April 30, 2012 and 5,438 million euros as of December 31, 2011). During the 12 month period ended April 30, 2013, the stake in the share capital of Hermès increased from 22.4% to 23.1%, resulting from the acquisition of shares on the market. Given the legal form of Hermès, a "Société en Commandite par Actions", the investment stake held by the Group is not accounted for under the equity method.

As of April 30, 2013, the stake in Hermès, corresponding to 24.3 million shares, represented, on the basis of the Hermès share price at that date on Paris stock exchange, an amount of 6.2 billion euros, for a total amount of 3.6 billion euros on initial recognition (2.6 billion euros in cash after deducting the gain recognized in 2010, upon the settlement of equity linked swaps covering 12.8 million shares).

As of April 30, 2013, the Hermès share price, applied for the purpose of valuing this investment, was 256.10 euros (267.25 euros as of April 30, 2012, and 230.35 euros as of December 31, 2011).

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, 2013 include the following:

(EUR millions)	Percentage interest	Net value	Revaluation reserve	Dividends received	Equity [(c)]	Net profit [(c)]
Hermès International SCA (France) [(a)]	23.1%	6,236	2,619	167	2,344 [(d)]	740 [(d)]
Hengdeli Holdings Ltd (China) [(a)]	6.3%	62	40	2	664 [(d)]	101 [(d)]
Tod's SpA (Italy) [(a)]	3.5%	117	70	5	758 [(d)]	145 [(d)]
L Real Estate SCA (Luxembourg) [(b)]	32.2%	110	22	-	446 [(e)]	89 [(e)]
L Capital 2 FCPR (France) [(b)]	18.5%	44	-	-	216 [(e)]	(4) [(e)]
Sociedad Textil Lonia SA (Spain) [(b)]	25.0%	32	23	-	126 [(d)]	35 [(d)]
Other investments		252	45	3		
TOTAL		**6,853**	**2,819**	**177**		

(a) Market value of securities as of the close of trading as of April 30, 2013.
(b) Valuation at estimated net realizable value.
(c) Figures provided reflect company information prior to April 30, 2013, as 2013 accounting data was not available at the date of preparation of the financial statements.
(d) Consolidated data.
(e) Company data.

NOTE 9 - OTHER NON-CURRENT ASSETS

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Warranty deposits	238	225	209
Derivatives	138	200	143
Loans and receivables	114	126	125
Other	12	16	26
TOTAL	**502**	**567**	**503**

NOTE 10 - INVENTORIES AND WORK IN PROGRESS

	April 30, 2013 (12 months)			April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
Wines and eaux-de-vie in the process of aging	3,700	(23)	3,677	3,423	3,377
Other raw materials and work in progress	1,512	(318)	1,194	1,161	974
	5,212	**(341)**	**4,871**	**4,584**	**4,351**
Goods purchased for resale	1,389	(130)	1,258	801	993
Finished products	3,217	(573)	2,644	2,744	2,337
	4,606	**(703)**	**3,903**	**3,545**	**3,330**
TOTAL	**9,818**	**(1,044)**	**8,774**	**8,129**	**7,681**

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

	April 30, 2013 (12 months)			April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
At beginning of period	**9,167**	**(1,038)**	**8,129**	**7,681**	**6,139**
Change in gross inventories [(a)]	979	-	979	489	785
Fair value adjustment for the harvest of the period	(27)	-	(27)	(2)	14
Changes in impairment	-	(239)	(239)	(31)	(65)
Changes in the scope of consolidation	9	(2)	7	26	694
Translation adjustment	(89)	9	(80)	(36)	140
Other, including reclassifications	(221)	226	5	2	(26)
AT END OF PERIOD	**9,818**	**(1,044)**	**8,774**	**8,129**	**7,681**

(a) Including the impact of product returns. See Note 1.23.

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, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Fair value adjustment for the harvest of the period	10	7	50
Adjustment for inventory consumed	(37)	(9)	(36)
NET EFFECT ON COST OF SALES OF THE PERIOD	**(27)**	**(2)**	**14**

NOTE 11 - TRADE ACCOUNTS RECEIVABLE

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Trade accounts receivable, nominal amount	2,064	1,909	2,186
Provision for impairment	(69)	(68)	(69)
Provision for product returns	(167)	(164)	(165)
NET AMOUNT	**1,828**	**1,677**	**1,952**

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

	April 30, 2013 (12 months)			April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
At beginning of period	**1,909**	**(232)**	**1,677**	**1,952**	**1,629**
Change in gross receivables	174	-	174	(267)	87
Changes in provision for impairment	-	(1)	(1)	1	4
Changes in provision for product returns	-	(5)	(5)	12	(13)
Changes in the scope of consolidation	(4)	-	(4)	3	183
Translation adjustment	(46)	1	(45)	(11)	57
Reclassifications	31	1	32	(13)	5
AT END OF PERIOD	**2,064**	**(236)**	**1,828**	**1,677**	**1,952**

Approximately 64% of the Group's sales is generated through its own stores (64% as of April 30, 2012 and 64% as of December 31, 2011). The receivable auxiliary balance is comprised primarily of receivables from wholesalers or agents, who are limited in number and with whom the Group maintains ongoing relationships for the most part. Credit insurance is taken out whenever the likelihood that receivables may not be recoverable is justified on reasonable grounds.

As of April 30, 2013, the breakdown of the nominal amount of trade receivables and of provisions for impairment by age was as follows:

(EUR millions)	Nominal amount of receivables	Impairment	Net amount of receivables
Not due			
less than 3 months	1,613	(12)	1,601
more than 3 months	70	(2)	68
	1,683	**(14)**	**1,669**
Overdue			
less than 3 months	270	(8)	262
more than 3 months	111	(47)	64
	381	**(55)**	**326**
TOTAL	**2,064**	**(69)**	**1,995**

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

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

NOTE 12 - OTHER CURRENT ASSETS

(EUR millions)	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Current available for sale financial assets	201	154	145
Derivatives	426	192	147
Tax accounts receivable, excluding income taxes	370	442	483
Advances and payments on account to vendors	173	171	169
Prepaid expenses	389	303	265
Other receivables	351	336	277
TOTAL	**1,910**	**1,598**	**1,486**

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

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

NOTE 13 - CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Unlisted securities, shares in non-money market SICAVs and funds	13	16	14
Listed securities	188	138	131
TOTAL	**201**	**154**	**145**
Of which: historical cost of current available for sale financial assets	176	161	161

Net value of current available for sale financial assets changed as follows during the fiscal years presented:

(EUR millions)	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
At beginning of period	**154**	**145**	**219**
Acquisitions	-	-	256
Disposals at net realized value	(4)	-	(285)
Changes in market value	26	9	21
Changes in impairment	1	(1)	(1)
Reclassifications (as)/from Non-current available for sale financial assets [(a)]	25	-	7
Changes in the scope of consolidation [(b)]	-	-	(72)
Translation adjustment	(1)	1	-
TOTAL AT END OF PERIOD	**201**	**154**	**145**

(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 14 - CASH AND CASH EQUIVALENTS

(EUR millions)	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Fixed term deposits (less than 3 months)	338	307	422
SICAV and FCP money market funds	96	117	216
Ordinary bank accounts	1,491	1,353	1,790
CASH AND CASH EQUIVALENTS PER BALANCE SHEET	**1,925**	**1,777**	**2,428**

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, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Cash and cash equivalents	1,925	1,777	2,428
Bank overdrafts	(399)	(590)	(384)
NET CASH AND CASH EQUIVALENTS PER CASH FLOW STATEMENT	**1,526**	**1,187**	**2,044**

14.1. Change in working capital

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

(EUR millions)	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Change in inventories and work in progress	(982)	(491)	(783)
Change in trade accounts receivable	(189)	248	(71)
Change in trade accounts payable	305	(229)	339
Change in other receivables and payables	(50)	(263)	(33)
Change in working capital [(a)]	**(916)**	**(735)**	**(548)**

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

14.2. Operating investments

Operating investments comprise the following elements for the periods presented:

(EUR millions)	*Notes*	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Purchase of intangible fixed assets	*3*	(301)	(53)	(265)
Purchase of tangible fixed assets	*6*	(1,794)	(425)	(1,694)
Changes in accounts payable related to fixed asset purchases		150	(17)	124
Net cash used in purchases of fixed assets [(a)]		**(1,945)**	**(495)**	**(1,835)**
Net cash from fixed assets disposals [(a)]		40	37	31
Guarantee deposits paid and other cash flows related to operating investments		(32)	(20)	(16)
OPERATING INVESTMENTS		**(1,937)**	**(478)**	**(1,820)**

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

NOTE 15 - EQUITY

15.1. Share capital

As of April 30, 2013, issued and fully paid-up shares totaled 181,727,048 (181,727,048 as of April 30, 2012 and December 31, 2011), with a par value of 2 euros; 123,285,600 shares with double voting rights, granted to registered shares held for more than three years (123,110,228 as of April 30, 2012, 122,945,656 as of December 31, 2011).

15.2. 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, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Christian Dior treasury shares [(a)]	263	149	163
Share in derivatives settled in LVMH shares attributable to Christian Dior [(b)]	-	3	11
TREASURY SHARES AND RELATED DERIVATIVES	**263**	**152**	**174**

(a) This amount includes the recognition of a forward contract for the repurchase of shares concluded on April 26, 2013 and relating to 550,000 shares at an average purchase price of 137.71 euros, which was settled on June 11, 2013 (see Note 22).
(b) Given the short interval between the exercise of derivatives settled in LVMH shares and the delivery of the shares thus obtained to the beneficiaries of share purchase option plans, these transactions have no impact on the percentage of ownership.

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

	April 30, 2013 (12 months)		April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
(EUR millions)	Number	Value	Value	Value
Share purchase option plans	1,998,294	125	133	140
Bonus share plans	189,083	12	12	12
Future plans	48,091	3	3	10
Other	19,532	1	1	1
Shares pending retirement [(a)]	900,000	122	-	-
CHRISTIAN DIOR SHARES	**3,155,000**	**263**	**149**	**163**

(a) Including shares resulting from the forward share repurchase contract not yet settled at the fiscal year-end.

In accordance with the decision taken by the Board of Directors on December 20, 2012 under the authorization granted by the Combined Shareholders' Meeting of October 26, 2012, the Company entered into two forward contracts for the repurchase of its own shares via an authorized intermediary during the fiscal year. The shares thus repurchased will be allocated by the Company to be retired. The characteristics of the two forward share repurchase contracts are as follows:

- a first forward share repurchase contract was concluded by Christian Dior on March 5, 2013, under which the Company agreed to purchase a maximum of 350,000 shares via an authorized financial intermediary, over the course of a period starting on March 6 and ending no later than April 26, 2013. This contract was settled on April 10, 2013, for a total of 350,000 Dior shares at an average price of 131.50 euros per share;
- a second forward share repurchase contract was concluded on April 26, 2013, under which the Company agreed to purchase a maximum of 600,000 shares via an authorized financial intermediary, over the course of a period starting on April 29, 2013 and ending no later than July 19, 2013. This contract was settled on June 11, 2013, for a total of 550,000 shares at an average price of 137.71 euros per share;

As of April 30, 2013, the stock market value of other Christian Dior shares held was 2.6 million euros.

The portfolio movements of Christian Dior shares during the fiscal year ended April 30, 2013 were as follows:

(EUR millions)	Number of shares	Value
As of April 30, 2012	**2,380,206**	**149**
Purchase of shares	900,000	122
Exercise of share purchase options	(125,206)	(8)
Vested bonus shares and performance shares	-	-
Disposals at net realized value	-	-
Gain/(loss) on disposal	-	-
AS OF APRIL 30, 2013	**3,155,000**	**263**

15.3. Dividends paid by the parent company Christian Dior

In accordance with French regulations, dividends are deducted from the profit for the year and reserves available for distribution of the parent company, after deducting applicable withholding tax and the value attributable to treasury shares. As of April 30, 2013, the amount available for distribution was 2,541 million euros; after taking into account the proposed dividend distribution in respect of the fiscal year ended April 30, 2013, the amount available for distribution is 2,214 million euros.

(EUR millions, except for data per share in EUR)	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Interim dividend for the current fiscal year (April 30, 2013: 1.10 euros; April 30, 2012: -; December 31, 2011: 0.98 euros)	200	-	178
Impact of treasury shares	(3)	-	(2)
	197	-	176
Final dividend for the previous fiscal year (April 30, 2012: 1.10 euros; December 31, 2011: 1.63 euros; December 31, 2010: 1.23 euros)	200	296	223
Impact of treasury shares	(3)	(4)	(3)
	197	292	220
TOTAL GROSS AMOUNT DISBURSED DURING THE FISCAL YEAR [(a)]	**394**	**292**	**396**

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

The final dividend for the fiscal year ended April 30, 2013, as proposed to the Shareholders' Meeting of October 18, 2013 is 1.80 euros per share, representing a total amount of 327 million euros, excluding the amount to be deducted in relation to treasury shares held at date of payment.

15.4. Cumulative translation adjustment

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

(EUR millions)	**April 30, 2013** (12 months)	**Change**	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
US dollar	(36)	10	(46)	(27)
Swiss franc	175	(17)	192	179
Japanese yen	26	(35)	61	78
Hong Kong dollar	31	7	24	38
Pound sterling	(28)	(12)	(16)	(23)
Other currencies	33	1	32	31
Foreign currency net investment hedges	(87)	7	(94)	(102)
TOTAL, GROUP SHARE	**114**	**(39)**	**153**	**174**

15.5. Strategy relating to the Group's financial structure

The Group firmly believes that the management of its financial structure contributes, together with the development of the companies it owns and the management of its brand portfolio, to its objective of driving value creation for its shareholders. Furthermore, maintaining a suitable quality credit rating and providing security to the Group's bondholders and bank creditors are core objectives, ensuring good access to markets and favorable 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 favorable 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 18) to equity;
- cash from operations before changes in working capital to net financial debt;
- net cash from operations before changes in working capital;
- net cash from operating activities and operating investments (free cash flow);
- long-term resources to fixed assets;
- proportion of long-term debt in net financial debt.

Long-term resources are understood to correspond to the sum of equity and non-current liabilities.

Where applicable, these indicators are adjusted to reflect the Group's off-balance sheet financial commitments.

With respect to these indicators, the Group seeks to maintain levels allowing for significant financial flexibility, at a reasonable cost.

The Group also promotes financial flexibility by maintaining numerous and varied banking relationships, through the frequent recourse to several negotiable debt markets (both short and long term), by holding a large amount of cash and cash equivalents, and through the existence of sizable amounts in undrawn confirmed credit lines, so as to largely exceed the outstanding portion of its commercial paper program.

NOTE 16 - STOCK OPTION AND SIMILAR PLANS

Share purchase option plans

The Shareholders' Meeting of April 5, 2012 renewed the authorization given to the Board of Directors, for a period of thirty-eight months expiring in June 2015, to grant share subscription or purchase options to Group company employees or directors, on one or more occasions, in an amount not to exceed 1% of the Company's share capital.

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.

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

Bonus share plans

The Shareholders' Meeting of October 26, 2012 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in December 2014, to grant bonus shares to Company or Group company employees or senior executive officers, on one or more occasions, in an amount not to exceed 1% of the Company's share capital on the date of this authorization.

The allocation of bonus shares to beneficiaries who are French residents for tax purposes is definitive after a two-year vesting period (three years for allocations related to plans commencing in 2011), 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 may be freely transferred at that time.

Performance conditions

Since 2009, certain share subscription option plans and bonus share plans have been subject to performance conditions in proportions determined based on the hierarchical level and status of the beneficiary, that determine whether the beneficiaries are entitled to receive the definitive allocation of these plans.

16.1. Share purchase option plans

The main characteristics of share purchase option plans and changes having occurred during the fiscal year are as follows:

Plan commencement date	Number of options granted	Exercise price *(EUR)*	Vesting periods of rights	Number of options exercised in 2012-2013	Number of options expired in 2012-2013	Number of options to be exercised as of April 30, 2013
February 18, 2003 [(a)]	527,000	29.04	3 years	36,000	-	-
February 17, 2004	527,000	49.79	3 years	16,000	-	277,000
May 12, 2005	493,000	52.21	3 years	15,000	-	315,000
February 15, 2006	475,000	72.85 [(b)]	3 years	14,000	-	326,000
September 6, 2006	20,000	74.93	3 years	3,206	-	14,294
January 31, 2007	480,000	85.00	4 years	-	-	345,000
May 15, 2008	484,000	73.24 [(c)]	4 years	41,000	-	416,000
May 14, 2009	332,000	52.10	4 years	-	-	305,000
TOTAL				**125,206**	**-**	**1,998,294**

(a) Plan expired on February 17, 2013.
(b) Exercise price in euros for Italian residents: 77.16 euros.
(c) Exercise price in euros for Italian residents: 73.47 euros.

The number of unexercised purchase options and the weighted average exercise price changed as follows during the fiscal years presented:

	April 30, 2013 (12 months)		April 30, 2012 (4 months)		Dec. 31, 2011 (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 at beginning of period	**2,123,500**	**64.84**	**2,257,500**	**64.41**	**2,534,504**	**63.39**
Allocations	-	-	-	-	-	-
Options expired	-	-	-	-	(70,000)	69.05
Options exercised	(125,206)	55.36	(134,000)	57.66	(207,004)	50.42
SHARE PURCHASE OPTIONS OUTSTANDING AT END OF PERIOD	**1,998,294**	**65.43**	**2,123,500**	**64.84**	**2,257,500**	**64.41**

Share purchase options granted under the plan dated May 14, 2009 were only exercisable 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 operating activities and operating investments, or the Group's current operating margin rate shows a positive change compared to the 2008 fiscal year. This performance condition was met in respect of fiscal years 2009 to 2012.

16.2. 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 periods of rights	Shares vested as of April 30, 2013	Expired allocations as of April 30, 2013	Non-vested shares as of April 30, 2013
April 15, 2010	90,180	2 (a) or 4 years (b)	-	-	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					**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:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Non-vested shares at beginning of period	**189,083**	**182,195**	**90,180**
Non-vested allocations during the period	-	93,288	92,015
Allocations vested during the period	-	(82,350)	-
Allocations expired during the period	-	(4,050)	-
NON-VESTED SHARES AT END OF PERIOD	**189,083**	**189,083**	**182,195**

The plans launched on April 15, 2010, March 31 and July 26, 2011, and April 5, 2012 combine the allocation of bonus shares and the allocation of performance shares in proportions determined in accordance with the beneficiary's level in the hierarchy and status.

Performance shares are definitively allocated only if Christian Dior's consolidated financial statements both for the fiscal year in which the plan is set up (fiscal year "Y") and for fiscal year Y+1 show a positive change compared to fiscal year Y-1 in relation to one or more of the following indicators: profit from recurring operations, net cash from operating activities and operating investments, current operating margin. With respect to the plan set up on April 15, 2010, the performance condition was 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, in 2012 and was deemed to be satisfied in 2013 for the determination of the expense for the fiscal year ended April 30, 2013.

Beginning in 2012, Christian Dior's fiscal year no longer corresponds to the calendar year. For this reason, changes in these indicators are henceforth to be determined on the basis of the pro forma financial statements as of December 31 of each calendar year concerned.

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

16.3. Expense for the period

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Share purchase option and bonus share plans - Christian Dior	8	3	9
Share subscription option, purchase option and bonus share plans - LVMH	43	18	52
Cash-settled share-based compensation plans index-linked to the change in the LVMH share price	-	1	1
EXPENSE FOR THE PERIOD	**51**	**22**	**62**

In the calculation presented above, for the share purchase option plans, the accounting expense is determined for each plan separately on the basis of the Black & Scholes method, as described in Note 1.25.

For bonus share plans, the expected benefit is calculated on the basis of the closing share price on the day before the Board of Directors Meeting at which the plan is instituted, less the amount of dividends expected to accrue during the vesting period, as described in Note 1.25.

LVMH

For the purposes for determining the expense for the period, the following data have been retained:

- the LVMH share price the day before the grant date of the plans amounted to 139.50 euros for the plan dated January 31, 2013 and 120.55 euros for the plan dated July 26, 2012;
- the volatility of LVMH's shares was determined on the basis of their implicit volatility;
- the average unit value of provisional allocations of bonus shares granted between May 1, 2012 and April 30, 2013 was 114.06 euros for beneficiaries with tax residence in France and 109.47 euros with tax residence outside France.

Christian Dior

No plans were implemented during the fiscal year.

NOTE 17 - MINORITY INTERESTS

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
At beginning of period	**15,902**	**15,309**	**11,867**
Minority interests' share of net profit	2,500	796	2,169
Dividends paid to minority interests	(1,135)	(724)	(803)
Changes in control of consolidated entities:			
• LVMH treasury shares	69	28	84
• consolidation of Bulgari	-	-	2,000
• consolidation of Heng Long	-	-	18
• other movements	(6)	(11)	-
Acquisition and disposal of minority interests' shares:			
• acquisition of minority interests in Bulgari	-	-	(771)
• acquisition of minority interests in d'Yquem	(51)	-	-
• other movements	(70)	-	(13)
Total impact of changes in the percentage interest in consolidated entities	**(58)**	**17**	**1,318**
Capital increases subscribed by minority interests	8	-	4
Minority interests' share in gains and losses recognized in equity	(85)	496	980
Minority interests' share in stock option plan expenses	26	11	31
Purchase commitments for minority interests	(122)	(3)	(257)
AT END OF PERIOD	**17,036**	**15,902**	**15,309**

The change in minority interests' share in gains and losses recognized in equity, including the tax impact, breaks down as follows:

(EUR millions)	Cumulative translation adjustment	Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land	Total share of minority interests
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**
Changes for the fiscal year	(43)	(137)	57	38	(85)
Changes due to treasury shares	-	2	-	1	3
AS OF APRIL 30, 2013	**145**	**1,550**	**73**	**606**	**2,374**

NOTE 18 - BORROWINGS

18.1. Net financial debt

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Long-term borrowings	4,700	5,136	5,263
Short-term borrowings	3,834	3,866	3,561
Gross borrowings	**8,534**	**9,002**	**8,824**
Interest rate risk derivatives	(171)	(176)	(159)
Other derivatives	-	-	1
Gross borrowings after derivatives	**8,363**	**8,826**	**8,666**
Current available for sale financial assets	(201)	(154)	(145)
Cash and cash equivalents	(1,925)	(1,777)	(2,428)
NET FINANCIAL DEBT	**6,237**	**6,895**	**6,093**

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

In June 2012, LVMH SA carried out a bond issue in the amount of 850 million US dollars, redeemable on maturity at par value in June 2017. The proceeds of the bond, issued at 99.713% of par value with a coupon rate of 1.625%, were swapped on issuance, thus converting the entire issue into a floating-rate euro-denominated financing arrangement.

In addition, the 760 million euro bond issued by LVMH SA in 2005 and supplemented in 2008 was redeemed in June 2012.

Analysis of gross borrowings:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Bonds and Euro Medium Term Notes (EMTNs)	3,970	4,034	4,035
Finance and other long-term leases	121	127	135
Bank borrowings	609	975	1,093
LONG-TERM BORROWINGS	**4,700**	**5,136**	**5,263**
Bonds and Euro Medium Term Notes (EMTNs)	676	758	759
Finance and other long-term leases	16	20	19
Bank borrowings	636	306	299
Commercial paper	1,611	1,719	1,603
Other borrowings and credit facilities	396	352	393
Bank overdrafts	399	590	384
Accrued interest	100	121	104
SHORT-TERM BORROWINGS	**3,834**	**3,866**	**3,561**
TOTAL GROSS BORROWINGS	**8,534**	**9,002**	**8,824**

The market value of gross borrowings was 8,697 million euros (9,164 million euros as of April 30, 2012, 8,990 million euros as of December 31, 2011).

As of April 30, 2013, April 30, 2012 and December 31, 2011, no amount of financial debt was recognized in accordance with the fair value option. See Note 1.18.

18.2. Bonds and EMTNs

Nominal amount *(in local currency)*	Date of issuance	Maturity	Initial effective interest rate [a] *(as %)*	April 30, 2013 (12 months) *(EUR millions)*	April 30, 2012 (4 months) *(EUR millions)*	Dec. 31, 2011 (12 months) *(EUR millions)*
USD 850,000,000	**2012**	**2017**	**1.75**	**657**	**-**	**-**
EUR 500,000,000	2011	2018	4.08	518	521	524
EUR 500,000,000	2011	2015	3.47	524	525	522
EUR 300,000,000	2011	2016	4.22	298	298	297
EUR 1,000,000,000	2009	2014	4.52	1,029	1,037	1,033
EUR 350,000,000	2009	2014	4.02	349	348	348
CHF 200,000,000	2008	2015	4.04	164	167	165
EUR 760,000,000	2005 and 2008 [b]	2012	3.76	-	758	759
CHF 300,000,000	2007	2013	3.46	249	253	250
Public bond issues				**3,788**	**3,907**	**3,898**
EUR 250,000,000	2009	2015	4.59	265	265	263
EUR 150,000,000	2009	2017	4.81	166	163	161
Private placements in foreign currencies				427	457	472
Private placements (EMTNs)				**858**	**885**	**896**
TOTAL BONDS AND EMTNs				**4,646**	**4,792**	**4,794**

(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%.

18.3. Finance and other long-term leases

The amount of the Group's debt resulting from finance and other long-term lease agreements, which corresponds to the present value of future payments, breaks down as follows, by maturity:

(EUR millions)	April 30, 2013 (12 months)		April 30, 2012 (4 months)		Dec. 31, 2011 (12 months)	
	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	21	19	28	25	26	24
One to five years	68	51	72	61	78	56
More than five years	323	67	333	60	354	73
Total minimum future payments	**412**		**433**		**458**	
Impact of discounting	(275)		(287)		(305)	
TOTAL DEBT UNDER FINANCE AND OTHER LONG-TERM LEASE AGREEMENTS	**137**	**137**	**146**	**146**	**153**	**153**

Assets financed or refinanced under finance or other long-term leases relate mainly to property assets or industrial machinery.

18.4. Analysis of gross borrowings by payment date and by type of interest rate

	Gross borrowings			Effects of derivatives			Gross borrowings after derivatives		
(EUR millions)	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity									
April 30, 2014	2,699	1,135	3,834	5	(9)	(4)	2,704	1,126	3,830
April 30, 2015	1,943	333	2,276	(1,481)	1,387	(94)	462	1,720	2,182
April 30, 2016	492	65	557	(220)	192	(28)	272	257	529
April 30, 2017	307	9	316	-	(5)	(5)	307	4	311
April 30, 2018	1,351	185	1,536	(800)	760	(40)	551	945	1,496
April 30, 2019	5	-	5	-	-	-	5	-	5
Thereafter	9	1	10	-	-	-	9	1	10
TOTAL	**6,806**	**1,728**	**8,534**	**(2,496)**	**2,325**	**(171)**	**4,310**	**4,053**	**8,363**

See Note 22.4 regarding market value of interest rate risk derivatives.

Gross borrowings maturing before April 30, 2014 break down as follows by quarter:

(EUR millions)	Maturing by April 30, 2014
First quarter	1,175
Second quarter	1,577
Third quarter	883
Fourth quarter	199
TOTAL	**3,834**

18.5. Analysis of gross borrowings by currency after derivatives

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Euro	6,309	6,805	6,554
US dollar	213	267	348
Swiss franc	1,011	1,010	981
Japanese yen	237	369	410
Other currencies	593	375	373
TOTAL	**8,363**	**8,826**	**8,666**

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

18.6. Sensitivity

On the basis of debt as of April 30, 2013:

- 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 40 million euros after hedging, and would lower the market value of gross fixed-rate borrowings by 51 million euros after hedging;
- an instantaneous decline of 1 point in these same yield curves would lower the cost of net financial debt by 40 million euros after hedging, and would raise the market value of gross fixed-rate borrowings by 51 million euros after hedging.

These changes would have no impact on the amount of equity as of April 30, 2013, due to the absence of hedging of future interest payments.

18.7. 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 financial 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 a ratio of net financial debt to total equity: financial debt coverage by assets). The current level of these ratios ensures that the Group has substantial financial flexibility with regard to these commitments.

18.8. Undrawn confirmed credit lines

As of April 30, 2013, unused confirmed credit lines totaled 4.4 billion euros.

18.9. Guarantees and collateral

As of April 30, 2013, borrowings secured by collateral were less than 200 million euros.

NOTE 19 - PROVISIONS

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Provisions for pensions, medical costs and similar commitments	293	286	290
Provisions for contingencies and losses	1,231	1,117	1,104
Provisions for reorganization	17	24	21
Non-current provisions	**1,541**	**1,427**	**1,415**
Provisions for pensions, medical costs and similar commitments	12	11	12
Provisions for contingencies and losses	318	279	302
Provisions for reorganization	38	43	44
Current provisions	**368**	**333**	**358**
TOTAL	**1,909**	**1,760**	**1,773**

During the 12 month fiscal year ended April 30, 2013, the changes in provisions were as follows:

(EUR millions)	April 30, 2012	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other items (including translation adjustment)	April 30, 2013
Provisions for pensions, medical costs and similar commitments	297	69	(56)	(2)	3	(6)	305
Provisions for contingencies and losses	1,396	332	(145)	(54)	-	20	1,549
Provisions for reorganization	67	20	(29)	(4)	-	1	55
TOTAL	**1,760**	**421**	**(230)**	**(60)**	**3**	**15**	**1,909**
Of which:							
Profit from recurring operations		224	(184)	(46)			
Net financial income (expense)		-	-	-			
Other		190	(46)	(14)			

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

Provisions for pensions, reimbursement of medical costs and similar commitments are analyzed in Note 29.

NOTE 20 - OTHER NON-CURRENT LIABILITIES

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Purchase commitments for minority interests' shares	5,601	4,336	4,196
Derivatives	42	1	4
Employee profit sharing [(a)]	79	77	88
Other liabilities	302	246	217
TOTAL	**6,024**	**4,660**	**4,505**

(a) French companies only, pursuant to legal provisions.

As of April 30, 2013, April 30, 2012 and December 31, 2011, purchase commitments for minority interests mainly include the put option granted by LVMH to Diageo plc for its 34% share in Moët Hennessy, with six-months' advance notice and for 80% of the fair value of Moët Hennessy at the exercise date of the commitment. With regard to this commitment's valuation, the fair value was determined by applying the share price multiples of comparable firms to Moët Hennessy's consolidated operating results.

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

Purchase commitments for minority interests also include commitments relating to minority shareholders in Ile de Beauté (35%), Heng Long (39%) and distribution subsidiaries in various countries, mainly in the Middle East. Minority interests in Benefit exercised their put option in October 2012 (see Note 2 for further information).

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

NOTE 21 - OTHER CURRENT LIABILITIES

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Derivatives	100	66	267
Employees and social institutions	855	756	906
Employee profit sharing [(a)]	45	47	86
Taxes other than income taxes	320	336	393
Advances and payments on account from customers	121	175	188
Deferred payment for tangible and financial non-current assets	339	262	290
Deferred income	176	183	111
Purchase commitments for minority interests' shares	-	166	-
Other liabilities	741	633	625
TOTAL	**2,697**	**2,624**	**2,866**

(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 22.

NOTE 22 - FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

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

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

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

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

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

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

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

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

22.2. Presentation of financial assets and liabilities in the balance sheet

Breakdown and fair value of financial assets and liabilities according to the measurement categories defined by IAS 39

		April 30, 2013 (12 months)		April 30, 2012 (4 months)		Dec. 31, 2011 (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*	6,853	6,853	6,915	6,915	5,982	5,982
Current available for sale financial assets	*13*	201	201	154	154	145	145
Available for sale financial assets (see Note 1.13)		**7,054**	**7,054**	**7,069**	**7,069**	**6,127**	**6,127**
Other non-current assets, excluding derivatives	*9*	364	364	367	367	360	360
Trade accounts receivable	*11*	1,828	1,828	1,677	1,677	1,952	1,952
Other current assets (a)	*12*	894	894	949	949	929	929
Loans and receivables (see Note 1.15)		**3,086**	**3,086**	**2,993**	**2,993**	**3,241**	**3,241**
Cash and cash equivalents (see Note 1.16)	*14*	1,925	1,925	1,777	1,777	2,428	2,428
Financial assets, excluding derivatives		**12,065**	**12,065**	**11,839**	**11,839**	**11,796**	**11,796**
Long-term borrowings	*18*	4,700	4,865	5,136	5,294	5,263	5,420
Short-term borrowings	*18*	3,834	3,832	3,866	3,870	3,561	3,570
Trade accounts payable		3,089	3,089	2,773	2,773	3,012	3,012
Other non-current liabilities (b)	*20*	381	381	278	278	305	305
Other current liabilities (c)	*21*	2,421	2,421	2,375	2,375	2,488	2,488
Financial liabilities, excluding derivatives (see Note 1.18)		**14,425**	**14,588**	**14,428**	**14,590**	**14,629**	**14,795**
Derivatives (see Note 1.19)	*22.3*	**422**	**422**	**325**	**325**	**19**	**19**

(a) Excluding derivatives, available for sale financial assets and prepaid expenses.
(b) Excluding derivatives and purchase commitments for minority interests.
(c) Excluding derivatives and deferred income.

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, 2013 (12 months)			April 30, 2012 (4 months)			Dec. 31, 2011 (12 months)		
(EUR millions)	Available for sale financial assets	Deriva-tives	Cash and cash equi-valents	Available for sale financial assets	Deriva-tives	Cash and cash equi-valents	Available for sale financial assets	Deriva-tives	Cash and cash equi-valents
Valuation based on [a]:									
Published price quotations	6,623	-	1,925	6,661	-	1,777	5,738	-	2,428
Formula based on market data	133	564	-	114	392	-	112	290	-
Private quotations	298	-	-	294	-	-	277	-	-
ASSETS	**7,054**	**564**	**1,925**	**7,069**	**392**	**1,777**	**6,127**	**290**	**2,428**
Valuation based on [a]:									
Published price quotations		-			-			-	
Formula based on market data		142			67			271	
Private quotations		-			-			-	
LIABILITIES		**142**			**67**			**271**	

(a) The valuation methods used correspond to the following levels in the IFRS 7 fair value measurement hierarchy:

Quoted prices	level 1
Formulas 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 the fiscal year ended April 30, 2013:

(EUR millions)	April 30, 2013 (12 months)
At beginning of period	**294**
Acquisitions	47
Disposals (at net realized value)	(22)
Gains and losses recognized in income statement	3
Gains and losses recognized in equity	(24)
AT END OF PERIOD	**298**

22.3. Summary of derivatives

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

(EUR millions)		*Notes*	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Interest rate risk					
Assets:	non-current		117	124	113
	current		65	66	57
Liabilities:	non-current		(1)	(1)	(1)
	current		(10)	(13)	(10)
		22.4	**171**	**176**	**159**
Foreign exchange risk					
Assets:	non-current		21	40	2
	current		326	122	83
Liabilities:	non-current		(41)	-	(3)
	current		(6)	(52)	(257)
		22.5	**300**	**110**	**(175)**
Other risks					
Assets:	non-current		-	36	28
	current		35	4	7
Liabilities:	non-current		-	-	-
	current		(84)	(1)	-
			(49)	**39**	**35**
TOTAL					
Assets:	non-current	*9*	138	200	143
	current	*12*	426	192	147
Liabilities:	non-current	*20*	(42)	(1)	(4)
	current	*21*	(100)	(66)	(267)
			422	**325**	**19**

22.4. Derivatives used to manage interest rate risk

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

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

Derivatives used to manage interest rate risk outstanding as of April 30, 2013 break down as follows:

	Nominal amounts by maturity as of April 30			Market value (a)		
(EUR millions)	2014	2015 to 2018	Total	Fair value hedges	Not allocated	Total
Interest rate swaps in euros:						
- fixed rate payer	91	-	91	-	(5)	(5)
- floating rate payer	91	1,900	1,991	159	4	163
- floating rate/floating rate	-	152	152	-	-	-
Foreign currency swaps	438	1,624	2,062	13	-	13
TOTAL				**172**	**(1)**	**171**

(a) Gain/(Loss).

22.5. Derivatives used to manage foreign exchange risk

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

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

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

Derivatives used to manage foreign exchange risk outstanding as of April 30, 2013 break down as follows:

	Nominal amounts by fiscal year of allocation				**Market value [(a)]**				
(EUR millions)	**2012**	**2013**	**Thereafter**	**Total**	**Fair value hedges**	**Future cash flow hedges**	**Foreign currency net investment hedges**	**Not allocated**	**Total**
Options purchased									
Put USD	-	1	-	1	-	-	-	-	-
Put JPY	-	7	-	7	2	-	-	-	2
Put GBP	-	107	-	107	1	2	-	-	3
	-	**115**	**-**	**115**	**3**	**2**	**-**	**-**	**5**
Collars									
Written USD	-	3,242	1,552	4,794	9	117	-	3	129
Written JPY	-	41	97	138	1	10	-	1	12
Written Other	-	11	-	11	-	-	-	-	-
	-	**3,294**	**1,649**	**4,943**	**10**	**127**	**-**	**4**	**141**
Forward exchange contracts [(b)]									
USD	5	11	-	16	-	-	-	-	-
JPY	-	413	132	545	16	103	-	2	121
GBP	-	37	-	37	-	-	-	-	-
Other	30	(62)	(120)	(152)	1	(1)	-	-	-
	35	**399**	**12**	**446**	**17**	**102**	**-**	**2**	**121**
Foreign exchange swaps [(b)]									
USD	1,144	2,038	8	3,190	(1)	-	1	(3)	(3)
CHF	(7)	225	-	218	-	-	-	-	-
GBP	6	203	-	209	-	-	-	(5)	(5)
JPY	216	43	-	259	5	-	4	34	43
Other	25	247	-	272	-	-	(1)	(1)	(2)
	1,384	**2,756**	**8**	**4,148**	**4**	**-**	**4**	**25**	**33**
TOTAL					**34**	**231**	**4**	**31**	**300**

(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, using these instruments, will be recognized after April 30, 2013; the amount will depend on exchange rates at this date.

As of April 30, 2013, at Group level, forecast cash collections for the fiscal year ended April 30, 2014 are hedged in the proportion of 85% in US dollars and 81% in Japanese yen.

22.6. Financial instruments used to manage other risks

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

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

The Group may also use equity-based derivatives to create synthetically an economic exposure to certain assets, or to hedge cash-settled compensation plans index-linked to the LVMH share price. The carrying amount of these unlisted financial instruments corresponds to the estimate of the amount, provided by the counterparty, of the valuation at the fiscal year-end. The valuation of financial instruments thus takes into consideration market parameters such as interest rates and share prices. As of April 30, 2013, derivatives used to manage equity risk with an impact on the Group's net profit have a positive market value of 35 million euros. Considering nominal values of 20 million euros for those derivatives, a uniform 1% change in their underlying assets' share prices as of April 30, 2013 would induce a net impact on the Group's profit for an amount of less than 0.4 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 may be purchased from banks, or future and/or options contracts may be taken out with a physical delivery of the gold. Derivatives outstanding relating to the hedging of precious metal prices as of April 30, 2013 have a negative market value of 8 million euros. Considering nominal values of 72 million euros for those derivatives, a uniform 1% change in their underlying assets' share prices as of April 30, 2013 would have a net impact on the Group's consolidated reserves in an amount of less than 1 million euros. These instruments mature in 2013.

In addition, Christian Dior entered into a contract on April 26, 2013 for the repurchase of its own shares, representing an amount of 76 million euros, to be settled in June 2013. As this amount was known as of the fiscal year-end, the impact of this transaction on consolidated reserves was firmly established.

22.7. Liquidity risk

The Group's local liquidity risks are generally not significant. Its overall exposure to liquidity risk can be assessed (a) with regard to outstanding amounts in respect of its commercial paper program (1.6 billion euros) and (b) by comparing the amount of the short-term portion of its net financial debt before hedging (3.8 billion euros) to the amount of cash and cash equivalents (1.9 billion euros), i.e. 1.9 billion euros as of April 30, 2013. Should any of these instruments not be renewed, the Group has access to undrawn confirmed credit lines totaling 4.4 billion euros.

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

The following table presents the contractual schedule of disbursements for financial liabilities (excluding derivatives) recognized as of April 30, 2013, at nominal value and with interest, excluding discounting effects:

(EUR millions)	April 30, 2014	April 30, 2015	April 30, 2016	April 30, 2017	April 30, 2018	Over 5 years	Total
Bonds and EMTNs	816	1,965	465	350	1,316	-	4,912
Bank borrowings	650	285	123	14	193	3	1,268
Other borrowings and credit facilities	405	-	-	-	-	-	405
Finance and other long-term leases	21	20	18	14	14	323	410
Commercial paper	1,611	-	-	-	-	-	1,611
Bank overdrafts	399	-	-	-	-	-	399
Gross borrowings	**3,902**	**2,270**	**606**	**378**	**1,523**	**326**	**9,005**
Other liabilities, current and non-current [(a)]	2,421	82	31	44	50	70	2,698
Trade accounts payable	3,089	-	-	-	-	-	3,089
Other financial liabilities	**5,510**	**82**	**31**	**44**	**50**	**70**	**5,787**
TOTAL FINANCIAL LIABILITIES	**9,412**	**2,352**	**637**	**422**	**1,573**	**396**	**14,792**

(a) Corresponds to Other current liabilities (excluding derivatives and deferred income) for 2,421 million euros and to Other non-current liabilities (excluding derivatives, purchase commitments for minority interests and deferred income in the amount of 104 million euros in April 2013) for 277 million euros. See Note 22.2.

See Note 30.3 regarding contractual maturity dates of collateral and other guarantees commitments. See Notes 22.4 and 22.5 regarding foreign exchange derivatives and Notes 18.5 and 22.4 regarding interest rate risk derivatives.

NOTE 23 - SEGMENT INFORMATION

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

23.1. Information by business group

***April 30, 2013** (12 months)*

(EUR millions)	Christian Dior Couture	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [a]	Total
Sales outside the Group	1,280	4,183	9,880	3,215	2,750	8,272	301	-	29,881
Intra-group sales	9	25	56	463	76	31	22	(682)	-
TOTAL REVENUE	**1,289**	**4,208**	**9,936**	**3,678**	**2,826**	**8,303**	**323**	**(682)**	**29,881**
Profit from recurring operations	131	1,330	3,220	414	335	877	(194)	(23)	6,090
Other operating income and expenses	1	(5)	(55)	(7)	(5)	(22)	(26)	-	(119)
Depreciation and amortization expense	78	105	433	116	127	240	32	-	1,131
Impairment expense	-	-	20	1	-	3	17	-	41
Intangible assets and goodwill [b]	69	6,478	4,686	1,697	5,421	2,931	1,185	-	22,467
Property, plant and equipment	437	1,949	1,816	326	380	1,257	3,121	-	9,286
Inventories	198	4,293	1,204	366	1,253	1,521	115	(176)	8,774
Other operating assets	190	904	790	728	759	623	431	10,603 [c]	15,028
TOTAL ASSETS	**894**	**13,624**	**8,496**	**3,117**	**7,813**	**6,332**	**4,852**	**10,427**	**55,555**
Equity								28,000	28,000
Liabilities	306	1,229	1,742	1,047	724	1,548	833	20,126 [d]	27,555
TOTAL LIABILITIES AND EQUITY	**306**	**1,229**	**1,742**	**1,047**	**724**	**1,548**	**833**	**48,126**	**55,555**
Operating investments [e]	(160)	(172)	(644)	(200)	(176)	(340)	(245)	-	(1,937)

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
Intra-group sales	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)
Depreciation and amortization expense	15	30	122	34	39	71	13	-	324
Impairment expense	-	-	63	-	-	1	4	-	68
Intangible assets and goodwill [(b)]	67	5,339	4,759	1,644	5,449	2,895	1,234	-	21,387
Property, plant and equipment	363	1,824	1,582	252	349	1,123	2,939	-	8,432
Inventories	179	4,013	1,101	357	1,274	1,287	78	(160)	8,129
Other operating assets	192	777	720	621	684	544	366	10,328 [(c)]	14,232
TOTAL ASSETS	**801**	**11,953**	**8,162**	**2,874**	**7,756**	**5,849**	**4,617**	**10,168**	**52,180**
Equity	-	-	-	-	-	-	-	26,009	26,009
Liabilities	265	1,118	1,610	940	635	1,367	578	19,658 [(d)]	26,171
TOTAL LIABILITIES AND EQUITY	**265**	**1,118**	**1,610**	**940**	**635**	**1,367**	**578**	**45,667**	**52,180**
Operating investments [(e)]	(58)	(56)	(136)	(53)	(28)	(98)	(49)	-	(478)

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
Intra-group sales	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)
Depreciation and amortization expense	59	92	359	105	82	209	35	-	941
Impairment expense	10	-	20	-	-	5	14	-	49
Intangible assets and goodwill [(b)]	67	5,072	4,776	1,645	5,426	2,905	1,249	-	21,140
Property, plant and equipment	331	1,820	1,635	237	354	1,114	2,880	-	8,371
Inventories	171	3,905	1,030	337	1,118	1,181	67	(128)	7,681
Other operating assets	207	1,008	669	562	689	496	393	9,991 [(c)]	14,015
TOTAL ASSETS	**776**	**11,805**	**8,110**	**2,781**	**7,587**	**5,696**	**4,589**	**9,863**	**51,207**
Equity	-	-	-	-	-	-	-	24,942	24,942
Liabilities	243	1,259	1,708	1,019	672	1,496	478	19,390 [(d)]	26,265
TOTAL LIABILITIES AND EQUITY	**243**	**1,259**	**1,708**	**1,019**	**672**	**1,496**	**478**	**44,332**	**51,207**
Operating investments [(e)]	(87)	(159)	(437)	(150)	(117)	(215)	(655)	-	(1,820)

(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) Brands, trade names, licenses, and goodwill correspond to the net carrying amounts shown under Notes 3 and 4.
(c) Assets not allocated include investments in associates, available for sale financial assets, other financial assets, and income tax receivables. As of April 30, 2013, they include the 23.1% shareholding in Hermès International, representing an amount of 6,236 million euros; see Note 8 (6,311 million euros as of April 30, 2012 and 5,438 million euros as of December 31, 2011).
(d) Liabilities not allocated include financial debt and both current and deferred tax liabilities.
(e) Increase/(Decrease) in cash and cash equivalents.

23.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
France	3,318	957	3,008
Europe (excluding France)	5,782	1,664	5,072
United States	6,601	1,952	5,323
Japan	2,392	756	2,035
Asia (excluding Japan)	8,683	2,752	6,746
Other	3,105	912	2,444
REVENUE	**29,881**	**8,993**	**24,628**

Operating investments by geographic region are as follows:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
France	681	171	707
Europe (excluding France)	364	73	630
United States	313	49	132
Japan	69	36	52
Asia (excluding Japan)	379	118	223
Other	131	31	76
OPERATING INVESTMENTS	**1,937**	**478**	**1,820**

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

23.3. Quarterly information

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 May 1 to July 31, 2012	323	843	2,413	805	733	1,834	97	(146)	6,902
Period from August 1 to October 31, 2012	309	1,177	2,463	1,000	714	1,880	71	(173)	7,441
Period from November 1, 2012 to January 31, 2013	339	1,324	2,760	951	724	2,477	78	(189)	8,464
Period from February 1 to April 30, 2013	318	864	2,300	922	655	2,112	77	(174)	7,074
TOTAL AS OF APRIL 30, 2013	**1,289**	**4,208**	**9,936**	**3,678**	**2,826**	**8,303**	**323**	**(682)**	**29,881**
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**
Period from January 1 to March 31, 2011	221	762	2,029	803	261	1,421	75	(108)	5,464
Period from April 1 to June 30, 2011	224	673	1,942	715	315	1,410	83	(105)	5,257
Period from July 1 to September 30, 2011	260	871	2,218	793	636	1,547	74	(135)	6,264
Period from October 1 to December 31, 2011	295	1,218	2,523	884	737	2,058	83	(155)	7,643
TOTAL AS OF DECEMBER 31, 2011	**1,000**	**3,524**	**8,712**	**3,195**	**1,949**	**6,436**	**315**	**(503)**	**24,628**

NOTE 24 - REVENUE AND EXPENSES BY NATURE

24.1. Analysis of revenue

Revenue consists of the following:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Revenue generated by brands and trade names	29,421	8,836	24,208
Royalties and license revenue	183	66	168
Income from investment property	20	15	34
Other revenue	257	76	218
TOTAL	**29,881**	**8,993**	**24,628**

24.2. Expenses by nature

Profit from recurring operations includes the following expenses:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Advertising and promotion expenses	3,537	1,081	2,854
Commercial lease expenses	2,308	650	1,684
Personnel costs	5,170	1,614	4,282
Research and development expenses	70	22	63

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, 2013, a total of 3,448 stores were operated by the Group worldwide (3,263 as of April 30, 2012, 3,250 in 2011), particularly by Christian Dior Couture, 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, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Fixed or minimum lease payments	1,010	293	716
Variable portion of indexed leases	519	150	424
Airport concession fees – fixed portion or minimum amount	379	82	227
Airport concession fees – variable portion	400	125	317
COMMERCIAL LEASE EXPENSES	**2,308**	**650**	**1,684**

Personnel costs consist of the following elements:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Salaries and social charges	5,035	1,566	4,152
Pensions, medical costs and similar expenses in respect of defined benefit plans	84	26	68
Stock option plan and related expenses	51	22	62
PERSONNEL COSTS	**5,170**	**1,614**	**4,282**

NOTE 25 - OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Net gains (losses) on disposals of fixed assets	(2)	-	(4)
Restructuring costs	(31)	(2)	(41)
Remeasurement of shares purchased prior to their initial consolidation	-	-	22
Transaction costs relating to the acquisition of consolidated companies	(2)	(1)	(17)
Impairment or amortization of brands, trade names, goodwill and other property	(84)	(76)	(83)
Other items, net	-	(1)	3
OTHER OPERATING INCOME AND EXPENSES	**(119)**	**(80)**	**(120)**

Amounts booked as impairment or amortization for the fiscal year ended April 30, 2013 include an impairment loss of 11 million euros related to fixed property assets (63 million euros for the four-month period ended April 30, 2012), with the balance comprised of amortization or impairment charges for brands and goodwill.

In 2011, the investments in Bulgari and Ile de Beauté held prior to the acquisition date of a controlling interest were revalued at their value at that date. Transaction costs essentially related to these two transactions.

NOTE 26 - NET FINANCIAL INCOME (EXPENSE)

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Borrowing costs	(193)	(81)	(243)
Income from cash, cash equivalents and current available for sale financial assets	24	11	42
Fair value adjustment of borrowings and interest rate hedges	3	(1)	(3)
Cost of net financial debt	**(166)**	**(71)**	**(204)**
Dividends received from non-current available for sale financial assets	177	36	54
Ineffective portion of foreign exchange derivatives	(121)	12	(110)
Net gain/(loss) related to available for sale financial assets and other financial instruments	13	26	(11)
Other items, net	(32)	(10)	(29)
Other financial income and expenses	**37**	**64**	**(96)**
NET FINANCIAL INCOME (EXPENSE)	**(129)**	**(7)**	**(300)**

Income from cash, cash equivalents and current available for sale financial assets comprises the following items:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Income from cash and cash equivalents	15	7	33
Interest from current available for sale financial assets	9	4	9
INCOME FROM CASH, CASH EQUIVALENTS AND CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS	**24**	**11**	**42**

The revaluation effects of financial debt and interest rate derivatives are attributable to the following items:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Hedged financial debt	4	(11)	(65)
Hedging instruments	(5)	9	63
Unallocated derivatives	4	1	(1)
EFFECTS OF REVALUATION OF FINANCIAL DEBT AND RATE INSTRUMENTS	**3**	**(1)**	**(3)**

The ineffective portion of exchange rate derivatives breaks down as follows:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Financial cost of commercial foreign exchange hedges	(121)	16	(145)
Financial cost of foreign-currency denominated net investment hedges	7	2	29
Change in the fair value of unallocated derivatives	(7)	(6)	6
INEFFECTIVE PORTION OF FOREIGN EXCHANGE DERIVATIVES	**(121)**	**12**	**(110)**

During the course of the fiscal year, dividends received in respect of non-current available for sale financial assets include an exceptional dividend received from Hermès International SCA in the amount of 120 million euros (5 euros per share).

As of April 30, 2013, April 30, 2012 and December 31, 2011, the net gain/loss related to available for sale financial assets and other financial instruments, excluding the Hermès transactions, is due to changes in market performance and the recognition of impairment losses on current and non-current available for sale financial assets.

NOTE 27 - INCOME TAXES

27.1. Analysis of the income tax expense

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Current income taxes for the fiscal year	(2,064)	(611)	(1,691)
Current income taxes relating to previous fiscal years	14	4	(2)
Current income taxes	**(2,050)**	**(607)**	**(1,693)**
Change in deferred tax	134	72	172
Impact of changes in tax rates on deferred tax	-	-	59
Deferred tax	**134**	**72**	**231**
TOTAL TAX EXPENSE PER INCOME STATEMENT	**(1,916)**	**(535)**	**(1,462)**
TAX ON ITEMS RECOGNIZED IN EQUITY	**(69)**	**(78)**	**(61)**

The effective tax rate is as follows:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Profit before tax	5,842	1,722	4,903
Total income tax expense	(1,916)	(535)	(1,462)
EFFECTIVE TAX RATE	**32.8%**	**31.1%**	**29.8%**

27.2. Analysis of net deferred tax on the balance sheet

Net deferred taxes on the balance sheet include the following assets and liabilities:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Deferred tax assets	888	798	762
Deferred tax liabilities	(4,870)	(4,838)	(4,826)
NET DEFERRED TAX ASSET (LIABILITY)	**(3,982)**	**(4,040)**	**(4,064)**

27.3. 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, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
French statutory tax rate	**34.4**	**34.4**	**34.4**
Changes in tax rates	-	-	(1.3)
Differences in tax rates for foreign companies	(6.0)	(8.9)	(6.0)
Tax losses and tax loss carryforwards	0.6	6.4	-
Difference between consolidated and taxable income, and income taxable at reduced rates	3.6	(1.0)	2.4
Withholding taxes	0.2	0.2	0.3
EFFECTIVE TAX RATE OF THE GROUP	**32.8**	**31.1**	**29.8**

Since 2000, French companies have been subject to additional income tax, at a rate of 3.3% for the fiscal years ended December 31, 2011, April 30, 2012 and April 30, 2013, bringing the theoretical tax rate to 34.4% in each fiscal year.

27.4. Sources of deferred taxes

In the income statement

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Valuation of brands	9	-	42
Other revaluation adjustments	6	3	(4)
Gains and losses on available for sale financial assets	(1)	-	(5)
Gains and losses on hedges of future foreign currency cash flows	(4)	(10)	16
Intercompany margin included in inventories	101	58	105
Other consolidation adjustments [(a)]	40	42	95
Losses carried forward	(17)	(21)	(18)
TOTAL	**134**	**72**	**231**

(a) Mainly tax-driven provisions, accelerated tax depreciation and finance leases.

In equity

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Fair value adjustment of vineyard land	(27)	(1)	(11)
Gains and losses on available for sale financial assets	(2)	(50)	(91)
Gains and losses on hedges of future foreign currency cash flows	(36)	(12)	21
TOTAL	**(65)**	**(63)**	**(81)**

In the balance sheet

(EUR millions)	**April 30, 2013** [b] (12 months)	**April 30, 2012** [b] (4 months)	**Dec. 31, 2011** [b] (12 months)
Valuation of brands	(4,096)	(4,111)	(4,115)
Fair value adjustment of vineyard land	(607)	(579)	(579)
Other revaluation adjustments	(360)	(362)	(365)
Gains and losses on available for sale financial assets	(196)	(193)	(145)
Gains and losses on hedges of future foreign currency cash flows	(25)	10	31
Intercompany margin included in inventories	605	480	430
Other consolidation adjustments [a]	643	641	599
Losses carried forward	66	74	80
TOTAL	**(3,970)**	**(4,040)**	**(4,064)**

(a) Mainly tax-driven provisions, accelerated tax depreciation and finance leases.
(b) Asset/(Liability).

27.5. Losses carried forward

As of April 30, 2013, at the level of the tax group whose lead company is LVMH SA, unused tax loss carryforwards and tax credits, for which no deferred tax assets were recognized, had a potential positive impact on the future tax expense of 290 million euros (285 million euros as of April 30, 2012, 301 million euros in 2011).

As of April 30, 2013, at the level of the tax group whose lead company is Christian Dior, unused tax loss carryforwards were 165 million euros (198 million euros as of April 30, 2012, 277 million euros in 2011).

Deferred tax assets were recognized in the amount of 29 million euros as of December 31, 2011. As of April 30, 2012, all of the previously recognized deferred taxes were used, in the amount of 29 million euros. As of April 30, 2013, unused tax loss carryforwards for which no deferred tax assets were recognized had a potential impact on the future tax expense of 57 million euros.

27.6. Tax consolidation

- Tax consolidation agreements in France allow virtually all French companies of the Group to combine their taxable profits to calculate the overall tax expense for which only the parent company is liable.

  This tax consolidation agreement led to a decrease in the current tax expense for the Group of 103 million euros in the fiscal year ended April 30, 2013, including 90 million euros for LVMH and 13 million euros for Christian Dior (17 million euros for the first four months of 2012, 142 million euros as of December 31, 2011 for the Group).

- The application of other tax consolidation agreements, notably in the United States, led to current tax savings of 24 million euros in the fiscal year ended April 30, 2013 (10 million euros for the first four months of 2012, 52 million euros in 2011).

NOTE 28 - EARNINGS PER SHARE

	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Net profit, Group share *(EUR millions)*	**1,431**	**394**	**1,279**
Impact of diluting instruments on the subsidiaries *(EUR millions)*	(10)	(4)	(4)
NET PROFIT, DILUTED GROUP SHARE *(EUR millions)*	**1,421**	**390**	**1,275**
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	(2,767,603)	(2,488,381)	(2,700,058)
Average number of shares in circulation on which the calculation before dilution is based	**178,959,445**	**179,238,667**	**179,026,990**
BASIC GROUP SHARE OF NET PROFIT PER SHARE *(EUR)*	**8.00**	**2.20**	**7.14**
Average number of shares in circulation on which the above calculation is based	178,959,445	179,238,667	179,026,990
Dilution effect of stock option plans	1,005,459	911,712	887,102
AVERAGE NUMBER OF SHARES IN CIRCULATION AFTER DILUTION	**179,964,904**	**180,150,379**	**179,914,092**
DILUTED GROUP SHARE OF NET PROFIT PER SHARE *(EUR)*	**7.90**	**2.16**	**7.09**

As of April 30, 2013, all of the instruments in circulation that may dilute earnings per share have been taken into consideration when determining the impact of dilution, given that all of the outstanding purchase and subscription options are considered to be available to be exercised at that date, since the Christian Dior share price is higher than the exercise price of these options.

For information on programs under which the Company repurchases its own shares to be retired, see Note 15.2.

NOTE 29 - PROVISIONS FOR PENSIONS, REIMBURSEMENT OF MEDICAL COSTS AND SIMILAR COMMITMENTS

29.1. Expense for the fiscal year

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Service cost	68	22	57
Impact of discounting	35	12	33
Expected return on plan assets	(23)	(8)	(24)
Amortization of actuarial gains and losses	5	-	5
Past service cost	1	-	2
Changes in regimes	(2)	-	(5)
TOTAL EXPENSE FOR THE PERIOD FOR DEFINED BENEFIT PLANS	**84**	**26**	**68**
EFFECTIVE RETURN ON/(COST OF) PLAN ASSETS	**60**	**(33)**	**(10)**

29.2. Net recognized commitment

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Benefits covered by plan assets	1,026	873	816
Benefits not covered by plan assets	150	166	156
Defined benefit obligation	**1,176**	**1,039**	**972**
Market value of plan assets	**(689)**	**(607)**	**(570)**
Actuarial gains and losses not recognized in the balance sheet	(194)	(146)	(122)
Past service cost not yet recognized in the balance sheet	-	(4)	(4)
Unrecognized items	**(194)**	**(150)**	**(126)**
NET RECOGNIZED COMMITMENT	**293**	**282**	**276**
Of which:			
Non-current provisions	293	286	290
Current provisions	12	11	12
Other assets	(12)	(15)	(26)
TOTAL	**293**	**282**	**276**

29.3. Breakdown of the change in net recognized commitment

(EUR millions)	Defined benefit obligation	Market value of plan assets	Unrecognized items	Net recognized commitment
As of April 30, 2012	**1,039**	**(607)**	**(150)**	**282**
Expense for the period	103	(23)	4	84
Payments to beneficiaries	(58)	42	-	(16)
Contributions to plan assets	-	(61)	-	(61)
Contributions of employees	8	(8)	-	-
Changes in scope and reclassifications	23	(15)	(4)	4
Changes in regimes	(2)	-	2	-
Actuarial gains and losses: experience adjustments [(a)]	13	(37)	24	-
Actuarial gains and losses: changes in assumptions [(a)]	74	-	(74)	-
Translation adjustment	(24)	20	4	-
AS OF APRIL 30, 2013	**1,176**	**(689)**	**(194)**	**293**

(a) Gains/(Losses).

Actuarial gains and losses resulting from changes in assumptions related mainly to the decline in discount rates.

Actuarial gains and losses resulting from experience adjustments related to the fiscal years 2009 to 2012 amounted to:

(EUR millions)	2009	2010	2011	April 30, 2012
Experience adjustments on the defined benefit obligation	(16)	(14)	(9)	-
Experience adjustments on the market value of plan assets	(29)	(4)	(34)	(25)
ACTUARIAL GAINS AND LOSSES RESULTING FROM EXPERIENCE ADJUSTMENTS [(a)]	**(45)**	**(18)**	**(43)**	**(25)**

(a) Gains/(Losses).

The actuarial assumptions applied to estimate commitments as of April 30, 2013 in the main countries where such commitments have been undertaken, were as follows:

	April 30, 2013 (12 months)					April 30, 2012 (4 months)					Dec. 31, 2011 (12 months)				
(as %)	France	United States	United Kingdom	Japan	Switzer-land	France	United States	United Kingdom	Japan	Switzer-land	France	United States	United Kingdom	Japan	Switzer-land
Discount rate [(a)]	3.0	3.2	4.3	1.5	2.0	4.15	4.4	4.2	1.25	1.75	4.65	4.9	4.7	1.75	2.25
Average expected return on investments	4.0	7.0	4.0	4.0	3.5	4.0	7.75	5.0	4.0	4.0	4.0	7.75	5.0	4.0	4.0
Future rate of increase of salaries	3.0	4.0	3.8	2.0	2.5	3.0	4.0	3.8	2.0	2.5	3.0	4.0	3.8	2.0	2.5

(a) Discount rates were determined with reference to market yields of AA-rated corporate bonds at the year-end in the countries concerned. Bonds with maturities comparable to those of the commitments were used.

The average expected rate of return on investments, based on which the net expense for the fiscal year ended April 30, 2013 was determined, is as follows by type of investment:

(as %)	April 30, 2013 (12 months)
Shares	6.5
Bonds	
- private issues	3.9
- public issues	2.1
Real estate, cash and other assets	2.3

The assumed rate of increase for medical expenses in the United States is 7.6% for 2012, then it is assumed to decline progressively as of 2013 to reach a rate of 4.5% in 2030.

A rise of 0.5% in the discount rate would result in a reduction of 69 million euros in the amount of the defined benefit obligation as of April 30, 2013; a decrease of 0.5% in the discount rate would result in a rise of 70 million euros.

29.4. Analysis of benefits

The breakdown of the defined benefit obligation by type of benefit plan is as follows:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Retirement and other indemnities	200	167	157
Medical costs of retirees	44	48	45
Jubilee awards	23	13	12
Supplementary pensions	907	793	741
Early retirement indemnities	-	2	2
Other	2	16	15
DEFINED BENEFIT OBLIGATION	**1,176**	**1,039**	**972**

The geographic breakdown of the defined benefit obligation is as follows:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
France	387	330	314
Europe (excluding France)	435	405	370
United States	218	188	175
Japan	98	105	103
Asia (excluding Japan)	35	11	9
Other countries	3	-	1
DEFINED BENEFIT OBLIGATION	**1,176**	**1,039**	**972**

The main components of the Group's net commitment for retirement and other benefit obligations as of April 30, 2013 are as follows:

- in France, these commitments include the commitment to members of the Group's management bodies who are covered by a supplementary pension plan after a certain number of years of service, the amount of which is determined on the basis of their three highest amounts of annual remuneration; they also include retirement indemnities and jubilee awards, the payment of which is determined by French law and collective bargaining agreements, respectively upon retirement or after a certain number of years of service;
- in Europe (excluding France), the main commitments concern pension plans, set up in the United Kingdom by certain Group companies, in Switzerland, participation by Group companies in the mandatory Swiss occupational pension plan, the LPP (Loi pour la prévoyance professionnelle), as well as the TFR (Trattamento di Fine Rapporto) in Italy, a legally required end-of-service allowance, paid regardless of the reason for the employee's departure from the Company;
- in the United States, the commitment relates to defined benefit pension plans or systems for the reimbursement of medical expenses of retirees set up by certain Group companies.

29.5. Analysis of related plan assets

The breakdown of market value of plan assets by type of investment is as follows:

(as %)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Shares	35	35	39
Bonds			
- private issues	29	30	27
- public issues	15	27	15
Real estate, cash and other assets	21	8	19
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.

The additional sums that will be paid into the funds to build up these assets in 2013 are estimated at 77 million euros.

NOTE 30 - OFF-BALANCE SHEET COMMITMENTS

30.1. Purchase commitments

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Grapes, wines and eaux-de-vie	1,104	1,052	1,019
Other purchase commitments for raw materials	83	91	84
Industrial and commercial fixed assets	215	136	154
Investments in joint venture shares and non-current available for sale financial assets	40	55	90

Some Wines and Spirits companies have contractual purchase arrangements with various local producers for the future supply of grapes, still wines and eaux-de-vie. These commitments are valued, depending on the nature of the purchases, on the basis of the contractual terms or known fiscal year-end prices and estimated production yields.

As of April 30, 2013, 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	611	434	59	1,104
Other purchase commitments for raw materials	63	20	-	83
Industrial and commercial fixed assets	122	93	-	215
Investments in joint venture shares and non-current available for sale financial assets	2	18	20	40

30.2. Lease and similar commitments

In connection with its business activities, the Group enters into agreements for the rental of premises or airport concession contracts. The Group also finances a portion of its equipment through long-term operating leases.

The fixed or minimum portion of commitments in respect of the irrevocable period of operating lease or concession contracts were as follows as of April 30, 2013:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Less than one year	1,347	1,148	1,158
One to five years	3,352	3,522	2,977
More than five years	1,585	1,021	1,300
COMMITMENTS GIVEN FOR OPERATING LEASES AND CONCESSION FEES	**6,284**	**5,691**	**5,435**
Less than one year	11	15	19
One to five years	19	25	30
More than five years	-	-	1
COMMITMENTS RECEIVED FOR SUB-LEASES	**30**	**40**	**50**

In addition, the Group may enter into operating leases or concession contracts including variable payment amounts. For example, in June 2012, DFS was granted three additional five-year concessions at Hong Kong International Airport. The concession agreement provides for the payment of variable concession fees, calculated in particular on the basis of the number of passengers passing through the airport. On the basis of an estimate of this number of passengers at the signing date of the agreement, the total amount of these fees in respect of a calendar year would be about 300 million euros.

30.3. Collateral and other guarantees

As of April 30, 2013, these commitments break down as follows:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Securities and deposits	62	49	49
Other guarantees	70	134	142
GUARANTEES GIVEN	**132**	**183**	**191**
GUARANTEES RECEIVED	**11**	**28**	**28**

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	4	45	13	62
Other guarantees	38	26	6	70
GUARANTEES GIVEN	**42**	**71**	**19**	**132**
GUARANTEES RECEIVED	**6**	**3**	**2**	**11**

30.4. Contingent liabilities and outstanding litigation

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

30.5. Other commitments

The Group is not aware of any significant off-balance sheet commitments other than those described above.

NOTE 31 - RELATED PARTY TRANSACTIONS

31.1. Relations of the Christian Dior group with Groupe Arnault and the Financière Agache group

The Christian Dior group is consolidated in the accounts of Financière Agache, which is controlled by Groupe Arnault SAS.

Relations of the Christian Dior group with Groupe Arnault

Groupe Arnault SAS provides assistance to the Christian Dior group in the areas of development, engineering, corporate and real estate law. In addition, Groupe Arnault leases office premises to LVMH.

Groupe Arnault leases office space from the Christian Dior group and the latter also provides Groupe Arnault with various forms of administrative assistance.

Transactions between the Christian Dior group and Groupe Arnault may be summarized as follows:

(EUR millions)	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
• Purchases by Christian Dior group from Groupe Arnault	(10)	(4)	(10)
Amount payable outstanding at end of period	(1)	(3)	(2)
• Sales by Christian Dior group to Groupe Arnault	2	1	2
Amount receivable outstanding at end of period	-	-	-

Relations of the Christian Dior group with the Financière Agache group

As of April 30, 2013, transactions between the Christian Dior group and the Financière Agache group were not significant.

31.2. Relations of the Christian Dior group with Diageo

Moët Hennessy SNC and Moët Hennessy International SAS (hereafter referred to as "Moët Hennessy") are the holding companies for LVMH's Wines and Spirits businesses, with the exception of Château d'Yquem, Château Cheval Blanc and certain Champagne vineyards. Diageo holds a 34% stake in Moët Hennessy. 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 19% of shared expenses as of April 30, 2013 (18% for the four-month fiscal year ended April 30, 2012, 19% for the fiscal year ended December 31, 2011), representing an amount of 15 million euros as of April 30, 2013 (3 million euros for the four-month fiscal year ended April 30, 2012, 20 million euros in 2011).

31.3. Executive bodies

The total compensation paid to the members of the Board of Directors, in respect of their functions within the Group, breaks down as follows:

(EUR millions)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Gross compensation, employers' charges and benefits in kind	12	10	19
Post-employment benefits	2	-	2
Other long-term benefits	9	2	6
End of contract indemnities	-	-	-
Stock option and similar plans	9	5	15
TOTAL	**32**	**17**	**42**

The commitment recognized as of April 30, 2013 for post-employment benefits, net of related financial assets was 7 million euros (3 million euros as of both April 30, 2012 and December 31, 2011).

NOTE 32 - SUBSEQUENT EVENTS

In July 2013 LVMH signed a memorandum of understanding for the acquisition of an 80% stake in Italian company Loro Piana, which makes and sells luxury fabrics, clothing, and accessories. The acquisition should become final by the end of 2013, after approval by appropriate competition authorities particularly in Europe and the United States, and after the conditions precedent set out in the memorandum of understanding are satisfied. The remaining 20% stake is covered by reciprocal undertakings to buy and sell, exercisable within three years of the date on which the aforementioned transaction is completed. Under the memorandum of understanding, the parties have agreed on an enterprise value for Loro Piana of 2.7 billion euros.

No other significant subsequent events occurred between April 30, 2013 and July 25, 2013, the date on which the financial statements were approved for publication 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	100%
Les Ateliers Horlogers Dior SA	La Chaux-de-Fonds, Switzerland [c]	FC	71%
Dior Montres SARL	Paris, France [c]	FC	71%
Christian Dior Couture Qatar LLC	Doha, Qatar	[b]	[b]
Christian Dior Couture Ukraine SARL	Kiev, Ukraine	FC	100%
CDCG FZCO	Dubai, United Arab Emirates	[b]	[b]
PT Fashion Indonesia Trading Company	Jakarta, Indonesia [b]	FC	100%
Christian Dior Couture Bahrain W.L.L.	Manama, Bahrain [b]	[b]	
COU.BO. Srl	Arzano, Italy	FC	70%

Companies	Registered office	Method of consolidation	% interest
Christian Dior Vietnam LLC	Hanoi, Vietnam	FC	100%
Vermont S.A.S	Paris, France	FC	100%
Christian Dior Couture Kazakhstan LLP	Almaty, Kazakhstan	FC	100%
Christian Dior Austria Gmbh	Vienna, Austria	FC	100%
Christian Dior Netherlands BV	Amsterdam, Netherlands	FC	100%
WINES AND SPIRITS			
MHCS SCS	Epernay, France	FC	27%
Champagne Des Moutiers SA	Epernay, France	FC	27%
Société 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%
Pressoir MHCS Srl	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 C.V.	Mexico City, Mexico	FC	27%
Moët Hennessy Belux SA	Brussels, Belgium	FC	27%
Moët Hennessy Osterreich GmbH	Vienna, Austria	FC	27%
Moët Hennessy Suomi OY	Helsinki, Finland	FC	27%
Moët Hennessy Polska SP Z.O.O.	Warsaw, Poland	FC	27%
Moët Hennessy Czech Republic Sro	Prague, Czech Republic	FC	27%
Moët Hennessy Sverige AB	Stockholm, Sweden	FC	27%
Moët Hennessy România Srl	Bucharest, Romania	FC	27%
Moët Hennessy Norge AS	Hoevik, Norway	FC	27%
Moët Hennessy Danmark A/S	Copenhagen, Denmark	FC	27%
Moët Hennessy Nederland BV	Baarn, Netherlands	FC	27%
Moët Hennessy USA Inc.	New York, USA	FC	27%
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.	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	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	39%
Château d'Yquem SC	Sauternes, France	FC	39%
Société Civile Cheval Blanc (SCCB)	Saint-Emilion, France	PC	21%
MH Shangri.La (Deqin) Winery Company Ltd	Deqin, China	FC	18%
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 Ukraine	Kiev, Ukraine	FC	27%
MH Services UK Ltd	London, United Kingdom	FC	27%
MH Services Singapore Limited Pte	Singapore	FC	27%

Companies	Registered office	Method of consolidation	% interest
Moët Hennessy Diageo Malaysia SDN BHD	Kuala Lumpur, Malaysia [a]	FC	27%
Diageo Moët Hennessy Thailand Ltd	Bangkok, Thailand [a]	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%
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	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

Companies	Registered office	Method of consolidation	% interest
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 Bartholomew, 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 Joailliers Louis Vuitton SAS	Paris, France	FC	42%
Léman Cadrans SA	Satigny, Switzerland	FC	42%
Operadora Louis Vuitton Mexico SRLCV	Mexico City, Mexico	FC	42%
Louis Vuitton Monaco SA	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%
Finnina Srl	Stra, Italy	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%
Sociedad de Talleres de Accesorios en Cuero LV SL	Barcelona, Spain	FC	42%
Atepeli – Ateliers de Ponte de Lima SA	Ponte de Lima, Portugal	FC	42%
La Fabrique de Maroquinerie Louis Vuitton	Paris, France	FC	42%
ATECB – Les Ateliers de Cabeceiras de Basto SA	Lameiros, 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%

Companies	Registered office	Method of consolidation	% interest
Louis Vuitton Suisse SA	Geneva, Switzerland	FC	42%
Louis Vuitton Polska sp. zoo.	Warsaw, Poland	FC	42%
Louis Vuitton Ceska s.r.o.	Prague, Czech Republic	FC	42%
Louis Vuitton Osterreich GmbH	Vienna, Austria	FC	42%
Louis Vuitton Kazakhstan LLP	Almaty, Kazakhstan	FC	42%
LV US Manufacturing, Inc.	New York, USA	FC	42%
Somarest SARL	Sibiu, Romania	FC	42%
Louis Vuitton Hawaii Inc.	Honolulu, 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 North America Inc.	New York, USA (*)	FC	42%
Louis Vuitton USA Inc.	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 CV	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	Santo Domingo, 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	Ulaan Baatar, Mongolia	FC	42%
Louis Vuitton New Zealand Limited	Auckland, New Zealand	FC	42%
Louis Vuitton Trading India Private Ltd	News 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 Orient FZ LLC	Emirate of Ras Khaime, United Arab Emirates	FC	27%
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 Services KK	Tokyo, Japan	FC	41%
Louis Vuitton Canada Inc.	Toronto, Canada	FC	42%
Louis Vuitton (Barbados) Ltd	Saint Michael, Barbados	FC	42%
FG Industries	Paris, France	FC	42%
Les tanneries Roux SA	Romans sur Isère, France	FC	42%
Perida Financière SA	Romans sur Isère, France	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%

Companies	Registered office	Method of consolidation	% interest
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%
Marc Jacobs Commercial & Trading (Shanghai)	Shanghai, China	FC	40%
Marc Jacobs Hong Kong Ltd	Hong Kong, China	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 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%
Loewe Italy	Milan, Italy	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%
Berluti Singapore Private Ltd	Singapore	FC	42%
Berluti Orient FZ LLC	Raz Al-Kamah, United Arab Emirates	FC	27%
Berluti UAE LLC	Dubai, United Arab Emirates	FC	27%
FG SAS	Paris, France	FC	42%
Arnys SA	Paris, France	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%
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	Monaco	FC	42%
Celine Germany GmbH	Berlin, Germany	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 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%
Kenzo Seta Srl	Grandate, 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%
Givenchy Italia Srl	Florence, Italy	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 International (Canada) Inc.	Vancouver, Canada	FC	42%
Donna Karan Company			

Companies	Registered office	Method of consolidation	% interest
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	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 Austria	Vienna, Austria	FC	42%
Fendi North America Inc.	New York, USA (*)	FC	42%
Fendi Guam Inc.	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%
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%
Fendi Brasil – Grupo de Moda Ltda	Sao Paulo, Brazil	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 France SAS	Paris, France	FC	42%
Thomas Pink Canada Inc.	Toronto, Canada	FC	42%
Edun Apparel Ltd	Dublin, Ireland	EM	20%
Edun Americas Inc.	North Carolina, 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%

Companies	Registered office	Method of consolidation	% interest
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 Spzoo	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, USA	FC	42%
LVMH Recherche GIE	Saint-Jean de Braye, France	FC	42%
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 Élysées 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%

Companies	Registered office	Method of consolidation	% interest
LVMH Fragrance Brands Singapore Pte Ltd	Singapore	FC	42%
Benefit Cosmetics LLC	San Francisco, 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, 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.	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	News Delhi, India	FC	42%
LVMH Watch & Jewelry (Shanghai) Commercial Co. Ltd	Shanghai, China	FC	42%
LVMH Watch & Jewelry Russia SARL	Moscow, Russia	FC	42%
ArteCad 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%
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, 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 Taiwan	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%

Companies	Registered office	Method of consolidation	% interest
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	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 Bartholomew, 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 (Shangai) 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

Companies	Registered office	Method of consolidation	% interest
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%
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, USA (*)	FC	42%
Sephora Beauty Canada, Inc.	San Francisco, USA	FC	42%
Sephora Puerto Rico LLC	San Francisco, 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, 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 KK	Okinawa, Japan	FC	25%
TRS Okinawa	Okinawa, Japan	EM	12%
JAL/DFS Co., Ltd	Chiba, Japan	EM	10%
DFS Korea Ltd	Seoul, South Korea	FC	25%
DFS Seoul Ltd	Seoul, South Korea	FC	25%
DFS 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 LP	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, USA	FC	20%
Royal Hawaiian Insurance Company Ltd	Hawaii, USA	FC	25%
Hawaii International Boutique Partners	Honolulu, 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, 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

Companies	Registered office	Method of consolidation	% interest
Groupe Les Echos SA	Paris, France	FC	42%
Les Echos Services SAS	Paris, France	FC	42%
Radio Classique SAS	Paris, France	FC	42%
Prélude & Fugue SAS	Paris, France	EM	20%
DI Régie SAS	Paris, France	FC	42%

Companies	Registered office	Method of consolidation	% interest
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 MédIAS 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%
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.
IG Full consolidation
IP 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, 2013 on:

- the audit of the accompanying consolidated financial statements of the company Christian Dior;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by your Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statements presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of April 30, 2013, and of the results of its operations for the fiscal 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 bring to your attention the following matters:

- 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.

Paris-La Défense, July 30, 2013

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Simon Beillevaire	Benoit Schumacher

Parent company financial statements

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1. Balance sheet

Assets

(EUR thousands)	Notes	April 30, 2013 (12 months) Gross	Depreciation, amortization and provisions	Net	April 30, 2012 (4 months) Net	Dec. 31, 2011 (12 months) Net
Intangible assets	*2.1/2.2*	**47**	**37**	**10**	**-**	**-**
Property, plant and equipment	*2.1/2.2*	**284**	**284**	**-**	**-**	**-**
Subsidiaries and equity investments	*2.10*	3,981,875	-	3,981,875	3,981,875	3,981,750
Other long-term investments	*2.4*	46,026	-	46,026	-	-
Loans		5	-	5	5	5
Other non-current financial assets		-	-	-	-	-
Non-current financial assets	*2.1/2.2/2.10*	**4,027,906**	**-**	**4,027,906**	**3,981,880**	**3,981,755**
NON-CURRENT ASSETS		**4,028,238**	**321**	**4,027,917**	**3,981,880**	**3,981,755**
Trade accounts receivable		-	-	-	10	33
Financial accounts receivable		-	-	-	28	15,085
Other receivables		20,928	-	20,928	4,425	1,279
Short-term investments	*2.4*	141,675	-	141,675	149,123	163,264
Cash and cash equivalents		229	-	229	6	27
CURRENT ASSETS	*2.3/2.9/2.10*	**162,832**	**-**	**162,832**	**153,592**	**179,689**
Prepaid expenses	*2.3*	904	-	904	830	705
Bond redemption premiums	*2.3*	1,637	-	1,637	2,445	2,713
TOTAL ASSETS		**4,193,611**	**321**	**4,193,290**	**4,138,747**	**4,164,862**

Liabilities and equity

(EUR thousands)	*Notes*	April 30, 2013 (12 months) Prior to appropriation	April 30, 2012 (4 months) Prior to appropriation	Dec. 31, 2011 (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)]		136,106	22,019	99,343
Profit for the fiscal year		**507,456**	**311,413**	**390,560**
Interim dividends	*1.6*	(199,900)	-	(178,093)
EQUITY	*2.5*	**3,128,730**	**3,018,500**	**2,996,878**
PROVISIONS FOR CONTINGENCIES AND LOSSES	*2.6*	**24,398**	**13,735**	**15,490**
Bonds	*2.8*	669,549	669,565	661,258
Bank loans and borrowings		301,056	402,442	484,757
Miscellaneous loans and borrowings		52,961	14,354	-
Borrowings		**1,023,567**	**1,086,361**	**1,146,015**
Trade accounts payable		4,410	1,236	743
Tax and social security liabilities		131	17,980	167
Other operating liabilities [(a)]		2,893	662	2,568
Operating liabilities		**7,434**	**19,878**	**3,478**
Other liabilities		9,162	273	3,001
LIABILITIES	*2.7/2.8/2.9/2.10*	**1,040,162**	**1,106,512**	**1,152,494**
Prepaid income		-	-	-
TOTAL LIABILITIES AND EQUITY		**4,193,290**	**4,138,747**	**4,164,862**

(a) Dividends attributable to treasury shares were reclassified under retained earnings in 2011, as of April 30, 2012 and as of April 30, 2013.

2. Income statement

(EUR thousands)	*Notes*	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Services provided		135	-	52
Net revenue		**135**	**-**	**52**
Reversals of depreciation, amortization and provisions		1,500	-	1,950
Other income and expense transfers		3,973	1,114	4,022
Operating income		**5,608**	**1,114**	**6,024**
Other purchases and external expenses		12,999	2,611	5,779
Taxes, duties and similar levies		935	102	315
Wages and salaries		4,073	1,114	7,109
Social security expenses		53	338	456
Depreciation and amortization		-	-	-
Provisions for contingencies and losses		8,707	3,547	6,142
Other expenses		137	39	131
Operating expenses		**26,903**	**7,751**	**19,932**
OPERATING PROFIT (LOSS)		**(21,295)**	**(6,637)**	**(13,908)**
NET FINANCIAL INCOME (EXPENSE)	*2.11*	**516,203**	**335,641**	**395,926**
RECURRING PROFIT		**494,907**	**329,004**	**382,018**
EXCEPTIONAL INCOME (EXPENSE)	*2.12*	**(563)**	**(6,415)**	**2,234**
Income taxes	*2.13/2.14*	13,112	(11,175)	6,308
NET PROFIT		**507,456**	**311,413**	**390,560**

3. Cash flow statement

(EUR millions)		April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
I - OPERATING ACTIVITIES				
Net profit		507	311	391
Net depreciation, amortization and provisions		11	(1)	6
Gain (loss) on sale of fixed assets		-	-	-
Cash from operations before changes in working capital		**518**	**310**	**397**
Change in current assets		(17)	(3)	3
Change in current liabilities		(5)	16	2
Changes in working capital		**(22)**	**13**	**5**
Net cash from operating activities	**I**	**496**	**323**	**402**
II - INVESTING ACTIVITIES				
Purchase of tangible and intangible fixed assets		-	-	-
Purchase of equity investments		-	(502)	-
Purchase of other non-current investments		(46)	-	-
Proceeds from sale of non-current financial assets		-	502	-
Net cash from (used in) investing activities	**II**	**(46)**	**-**	**-**
III - FINANCING ACTIVITIES				
Capital increase		-	-	-
Changes in other equity		-	-	-
Proceeds from financial debt		327	61	350
Repayments in respect of financial debt		(428)	(133)	(370)
Change in inter-company current accounts		39	29	-
Net cash from (used in) financing activities	**III**	**(62)**	**(43)**	**(20)**
IV - DIVIDENDS PAID DURING THE FISCAL YEAR	**IV**	**(395)**	**(292)**	**(396)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**I + II+ III + IV**	**(7)**	**(12)**	**(14)**
Cash and cash equivalents at beginning of fiscal year		**149**	**161**	**175**
Cash and cash equivalents at end of fiscal year		**142**	**149**	**161**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(7)**	**(12)**	**(14)**

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 balance sheet total as of April 30, 2013 was 4,193,290 thousand euros. These parent company financial statements were approved for issue on July 25, 2013 by the Board of Directors.

NOTE 1 - ACCOUNTING POLICIES AND METHODS

The parent company financial statements have been prepared in accordance with Regulation 99-03 dated April 29, 1999 of the Comité de la réglementation comptable (Accounting Regulations Committee).

General accounting conventions have been applied observing the principle of prudence in conformity with the following basic assumptions: going concern, consistency of accounting methods, non-overlap of financial periods, and in conformity with the general rules for preparation and presentation of parent company financial statements.

The accounting items recorded have been evaluated using the historical cost method.

1.1. Intangible assets

Software is amortized using the straight-line method over one year.

1.2. Property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

- furniture: 10 years.

1.3. Non-current financial assets

Equity investments as well as other long-term investments are recorded at the lower of their acquisition cost or their value in use. Impairment is recorded if their value in use is lower than their acquisition cost.

The value in use of equity investments is based on criteria such as the value of the portion of the net asset value of the companies involved, taking into account the stock market value of the listed securities that they hold.

In the event of partial investment sale, any gains or losses are recognized within net financial income/expense and calculated according to the weighted average cost method.

Christian Dior shares purchased for retirement are recorded under Non-current financial assets and are not impaired.

1.4. Accounts receivable and liabilities

Accounts receivable and liabilities are recorded at their face value. Impairment is recorded if their net realizable value, based on probability of their collection, is lower than their carrying amount.

1.5. Short-term investments

Short-term investments are valued at their acquisition cost. Impairment is recorded if their acquisition value is greater than their market value determined as follows:

- listed securities: average listed share price during the last month of the fiscal year;
- other securities: estimated realizable value or liquidation value.

In the event of partial investment sales, any gains or losses are calculated based on the FIFO method.

With respect to Christian Dior treasury shares allocated to share purchase option plans:

- if the plan is non-exercisable (market value of the Christian Dior share lower than the exercise price of the option), the calculation of the impairment, charged to net financial income/expense, is made in relation to the weighted average price of the plan in question;
- if the plan is exercisable (market value of the Christian Dior share greater than the exercise price of the option), a provision for losses is recorded on the balance sheet under liabilities whenever the expected exercise price is lower than the purchase price of the shares. Where applicable, this provision is apportioned using the straight-line method over the period over which the options are granted and is then recognized in the income statement under the heading “Wages and salaries”.

With respect to Christian Dior treasury shares allocated to bonus share and performance share plans:

- they are not subject to impairment;
- their expense (portfolio value of shares allocated to these plans) is allocated on a straight-line basis over the vesting periods for the plans. It is recognized in the income statement under the heading “Wages and salaries”, offset by a provision for losses recorded in the balance sheet.

Upon disposals of treasury shares, the cost of the shares sold is calculated for each plan individually based on the FIFO method. Gains or losses on the sale of treasury shares are recorded within exceptional income/expense, as well as under the heading “Wages and salaries” by way of the “Expense transfer” account.

1.6. Equity

In conformity with the recommendations of the Compagnie nationale des Commissaires aux comptes (National Board of Auditors), interim dividends are recorded as a deduction from equity.

1.7. Provisions for contingencies and losses

The Company establishes a provision for definite and likely contingencies and losses at the end of each fiscal year, observing the principle of prudence.

1.8. Foreign currency transactions

During the fiscal year, foreign currency transactions are recorded at the rates of exchange in euros prevailing on the dates of transactions.

Liabilities, accounts receivable and liquid funds in foreign currencies are revalued on the balance sheet at fiscal year-end exchange rates. The difference resulting from the revaluation of liabilities and accounts receivable in foreign currencies at the latter rate is recorded in the "Translation adjustment"; it is recorded under "Foreign exchange gains and losses" when it originates from the revaluation of liquid funds, except in the case of bank accounts matched with a loan in the same currency. In the latter case, the revaluation follows the same procedure as for accounts receivable and liabilities.

Provisions are recorded for unrealized losses unless hedged.

1.9. Net financial income (expense)

Net gains and losses on sales of short-term investments (excluding sales of treasury shares) comprise expenses and income associated with sales.

NOTE 2 - ADDITIONAL INFORMATION RELATING TO THE BALANCE SHEET AND INCOME STATEMENT

2.1. Non-current assets

		Increases	Decreases	
(EUR thousands)	Gross value as of May 1, 2012	Acquisitions, creations, contributions, transfers	Disposals	Gross value as of April 30, 2013
Concessions, patents, and similar rights (software)	37		-	37
Advances and payments on account	-	10	-	10
Intangible assets	**37**	**10**	**-**	**47**
Property, plant and equipment:				
• furniture	284	-	-	284
Property, plant and equipment	**284**	**-**	**-**	**284**
Subsidiaries and equity investments	3,981,875	-	-	3,981,875
Other long-term investments	-	46,026	-	46,026
Loans	5	-	-	5
Other non-current financial assets	-	-	-	-
Non-current financial assets	**3,981,880**	**46,026**	**-**	**4,027,906**
TOTAL	**3,982,201**	**46,036**	**-**	**4,028,238**

2.2. Depreciation, amortization and impairment of fixed assets

(EUR thousands)	Position and changes in the period			
	Depreciation, amortization and impairment as of May 1, 2012	Increases	Decreases	Depreciation, amortization and impairment as of April 30, 2013
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. Accounts receivable by maturity

(EUR thousands)	Gross amount	Up to 1 year	More than 1 year
Current assets			
Other receivables	20,928	20,928	-
Prepaid expenses	904	904	-
Bond redemption premiums [a]	1,637	808	829
TOTAL	**23,469**	**22,640**	**829**

(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, 2013, the value of treasury shares held, broken down according to the allocation of shares held, was as follows:

(EUR thousands)	As of April 30, 2013			
	Number of shares	Gross carrying amount	Impairment	Net book value
277-2 Treasury shares pending retirement	350,000	46,026	-	46,026
LONG-TERM INVESTMENTS	**350,000**	**46,026**	**-**	**46,026**
502-1 Shares available to be granted to employees and allocated to specific plans	2,187,377	137,380	-	137,380
502-2 Shares available to be granted to employees	67,623	4,295	-	4,295
SHORT-TERM INVESTMENTS	**2,255,000**	**141,675**	**-**	**141,675**

Portfolio movements over the fiscal year were as follows:

Long-term investments *(EUR thousands)*	Pending retirement Number of shares	 Gross carrying amount
AS OF MAY 1, 2012	**-**	**-**
Purchases	350,000	46,026
Transfers	-	-
Shares retired	-	-
AS OF APRIL 30, 2013	**350,000**	**46,026**

Short-term investments *(EUR thousands)*	Purchase option plans Number of shares	 Gross carrying amount	Bonus share plans Number of shares	 Gross carrying amount	Non-allocated shares Number of shares	 Gross carrying amount
AS OF MAY 1, 2012	**2,123,500**	**132,686**	**189,083**	**12,142**	**67,623**	**4,295**
Purchases						
Disposals						
Transfers						
Options exercised	(125,206)	(7,448)				
Shares allocated						
AS OF APRIL 30, 2013	**1,998,294**	**125,238**	**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.

Seven share purchase option plans set up by Christian Dior were in force as of April 30, 2013. The exercise price of the options is calculated in accordance with legal provisions. Each plan has a term of ten years. Share purchase options may be exercised, depending on the plan, after the end of a period of three 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: recurring profit, 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, 2011 and 2012 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.

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

In relation to options granted under plans set up since 2007, if the Chairman and Chief Executive Officer or the Group Managing Director, formerly known as the Chairman of the Board of Directors and the Chief Executive Officer, respectively, decides to exercise his options, he must retain possession, until the conclusion of his term of office, of a number of shares determined on the basis of the exercise date and corresponding to a percentage of his total gross compensation.

Allocation of bonus shares and performance shares

Beneficiaries of bonus shares are selected among the employees 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 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.

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: recurring profit, 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 plans set up in 2011, the performance condition was satisfied in 2011 and 2012. 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. With respect to the plan set up on April 5, 2012, the performance condition was satisfied in 2012.

In the event of the vesting of their share allocations, the Chairman and Chief Executive Officer and the Group Managing Director, formerly known as the Chairman of the Board of Directors and the Chief Executive Officer, respectively, 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 123,285,600 shares carry double voting rights.

2.5.2. Changes in equity

(EUR thousands)	
Equity as of April 30, 2012 (prior to appropriation of net profit)	**3,018,500**
Net profit for the fiscal year ended April 30, 2013	507,456
Dividends paid (balance for fiscal year ended April 30, 2012)	(197,326)
Interim dividends for the fiscal year ended April 30, 2013	(199,900)
Equity as of April 30, 2013 (prior to appropriation of net profit)	**3,128,730**

2.6. Provisions for contingencies and losses

(EUR thousands)	Amount as of May 1, 2012	Provisions of period	Reversals of period	Amount as of April 30, 2013
Provision for losses [(a)]	13,735	12,659	1,996	24,398
TOTAL	**13,735**	**12,659**	**1,996**	**24,398**

(a) Includes provision for losses with respect to share purchase option plans presumed to be exercisable as of April 30, 2013 (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. Liabilities by maturity

(EUR thousands)	Gross amount	Up to 1 year	From 1 year to 5 years	More than 5 years
Bonds	669,549	19,549	650,000	-
Bank loans and borrowings	301,056	70,056	231,000	-
Miscellaneous loans and borrowings	52,961	52,961	-	-
Trade accounts payable	4,410	4,410	-	-
Tax and social security liabilities	131	131	-	-
Other operating liabilities	2,893	2,893	-	-
Other liabilities	9,162	9,162	-	-
TOTAL	**1,040,162**	**159,162**	**881,000**	**-**

2.8. Bonds

(EUR thousands)	Nominal interest rate	Issuance rate *(as % of par value)*	Maturity	Nominal value as of April 30, 2013	Accrued interest	Total
EUR 350,000,000 - 2009	3.750%	99.290%	2014	350,000	7,911	357,911
EUR 300,000,000 - 2011	4.000%	99.481%	2016	300,000	11,638	311,638
TOTAL				**650,000**	**19,549**	**669,549**

2.9. Accrued expenses and prepaid income

(EUR thousands)	Accrued expenses	Prepaid income
Liabilities		
Bonds	19,549	-
Bank loans and borrowings	56	-
Trade accounts payable	4,387	-
Tax and social security liabilities	75	-
Other liabilities	113	-

2.10. Items involving related companies

Balance sheet items

	Items involving the companies	
(EUR thousands)	related [(a)]	connected to equity investments [(b)]
Non-current assets		
Subsidiaries and equity investments	3,981,875	-
Current assets		
Other receivables	18,853	-
Liabilities		
Miscellaneous loans and borrowings	52,961	-
Trade accounts payable	4,034	-
Other liabilities	9,048	-

(a) Companies that can be fully consolidated into one consolidated unit (e.g., parent company, subsidiaries, consolidated affiliates).
(b) Percentage control between 10% and 50%.

Income statement items

(EUR thousands)	Income	Expense
Operating expenses	-	11,829
Dividends received	556,053	-
Interest and similar expenses	-	351

2.11. Financial income and expenses

(EUR thousands)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Income from subsidiaries and equity investments	556,053	341,800	441,073
Income from other short-term investments and non-current receivables	-	-	-
Other interest and similar income	12	132	436
Reversals of provisions and expenses transferred	496	6,004	546
Foreign exchange gains	1	3	4
Net gains on sales of short-term investments	-	-	-
Financial income	**556,562**	**347,939**	**442,059**
Amortization and provision charges	4,760	970	5,355
Interest and similar expenses	35,599	11,326	40,777
Foreign exchange losses	-	2	1
Net losses on sales of short-term investments	-	-	-
Financial expenses	**40,359**	**12,298**	**46,133**
NET FINANCIAL INCOME (EXPENSE)	**516,203**	**335,641**	**395,926**

2.12. Exceptional income and expenses

(EUR thousands)	April 30, 2013 (12 months)	April 30, 2012 (4 months)	Dec. 31, 2011 (12 months)
Income from management transactions	**-**	**-**	**-**
Other exceptional capital transactions	233	502,448	484
Income from capital transactions	**233**	**502,448**	**484**
Reversals of provisions and expenses transferred	**-**	**-**	**2,108**
Exceptional income	**233**	**502,448**	**2,592**
Exceptional expenses on management transactions	47	-	-
Expenses from management transactions	**47**	**-**	**-**
Other exceptional expenses on capital transactions	749	508,863	357
Expenses from capital transactions	**749**	**508,863**	**357**
Depreciation, amortization and provisions	**-**	**-**	**-**
Exceptional expenses	**796**	**508,863**	**358**
EXCEPTIONAL INCOME (EXPENSE)	**(563)**	**(6,415)**	**2,234**

2.13. Income taxes

(EUR thousands)	April 30, 2013 (12 months)			April 30, 2012 (4 months)			Dec. 31, 2011 (12 months)		
	Before tax	Tax	After tax	Before tax	Tax	After tax	Before tax	Tax	After tax
Recurring profit	494,907	-	494,907	329,004	-	329,004	382,018	-	382,018
Exceptional income (expense)	(563)	13,112 (a)	12,549	(6,415)	(11,175)	(17,590)	2,234	6,308	8,542
	494,344	**13,112**	**507,456**	**322,589**	**(11,175)**	**311,414**	**384,252**	**6,308**	**390,560**

(a) Of which, income from subsidiaries under the tax consolidation agreement of 35,944 thousand euros.

2.14. Tax position

Christian Dior is the parent company of a tax consolidation group comprising certain of its subsidiaries.

For the fiscal year ended April 30, 2013, this tax consolidation group included Christian Dior, Financière Jean Goujon, Sadifa, CD Investissements, Christian Dior Couture and Ateliers Modèles.

The tax consolidation agreement in force for the fiscal year ended April 30, 2013 does not change the tax position of the subsidiaries concerned, which remains identical to that which would have been reported if the subsidiaries had been taxed individually.

In the event of a subsidiary's exit from the tax consolidation group, Christian Dior is required, under the aforementioned tax consolidation agreement, to compensate the exiting subsidiary for its share of any unused tax loss carryforwards.

The additional tax saving or expense, in the amount of the difference between the tax recognized by each of the companies and the tax resulting from the determination of the taxable profit of the Group, is recognized by Christian Dior.

Tax savings amounted to 13,112 thousand euros; the amount of these savings as of April 30, 2012 came to 6,629 thousand euros (corresponding to subsidiaries' tax income).

As of April 30, 2013, the ordinary loss of the Group amounted to 164,977 thousand euros, and can be carried forward indefinitely.

NOTE 3 - OTHER INFORMATION

3.1. Financial commitments

Hedging instruments

Christian Dior does not use any interest-rate hedging instruments.

Covenants

Under the terms of certain loan agreements or bond issues, the Company has made commitments to hold specific percentages of interest and voting rights in certain subsidiaries and to respect certain financial covenants.

Commitments to buy back Christian Dior shares

On April 29, 2013, the Company entered into a forward purchase agreement for a maximum of 600,000 shares. This transaction was carried out on June 11, 2013, on which date Christian Dior bought back 550,000 of its own shares at an average price of 137.71 euros per share, i.e. a total of 75.7 million euros.

3.2. Lease commitments

The Company has not made any commitments in the area of leasing transactions.

3.3. Compensation of management bodies

In respect of the fiscal year ended April 30, 2013, the gross amount of compensation set aside for members of management bodies was 137 thousand euros.

3.4. Identity of the companies consolidating the accounts of Christian Dior

Company name	Registered office
Financière Agache	11, rue François 1er 75008 Paris, France
Groupe Arnault	41, avenue Montaigne 75008 Paris, France

5. Subsidiaries and equity investments

(EUR thousands)	Share capital	Equity other than share capital and excluding net profit	Percentage of share capital held *(as %)*	Carrying amount of shares held		Loans and advances provided	Deposits and sureties granted	Revenue excluding taxes for the prior fiscal year	Net profit (loss) for the prior fiscal year	Dividends received from 05/01/2012 to 04/30/2013
				Gross	Net					
A. Details involving the subsidiaries and equity investments below										
1. Subsidiaries										
• Financière Jean Goujon	1,005,294	1,780,416	100.00	3,478,680	3,478,680	-	-	-	591,507	556,053
• Sadifa	81	1,578	99.66	836	836	-	-	76	3	-
• Grandville	100,000	402,202	100.00	502,284	502,284	-	-	-	(425)	-
• CD Investissements	50	(17)	100.00	75	75	-	-	-	(4)	-
2. Equity investments										
B. General information involving the other subsidiaries and equity investments										
None										

6. Portfolio of subsidiaries and equity investments, other long-term and short-term investments

(EUR thousands)	As of April 30, 2013 Number of shares	 Net book value
French subsidiaries and equity investments		
Financière Jean Goujon shares	62,830,900	3,478,680
Grandville shares	100,000,000	502,284
Sadifa shares	5,019	836
CD Investissements shares	5,000	75
Subsidiaries and equity investments (shares and partnership shares)		**3,981,875**

(EUR thousands)	As of April 30, 2013 Number of shares	 Net book value
Treasury shares pending retirement	350,000	46,026
Other long-term investments		**46,026**

(EUR thousands)	As of April 30, 2013 Number of shares	 Net book value
Treasury shares	2,255,000	141,675
Short-term investments	**2,255,000**	**141,675**
TOTAL PORTFOLIO OF SUBSIDIARIES AND EQUITY INVESTMENTS, OTHER LONG-TERM AND SHORT-TERM INVESTMENTS		**4,169,576**

Number of treasury shares	At beginning of period	Increase	Decrease	At end of period
	2,380,206	-	125,206	2,255,000
TOTAL	**2,380,206**	**-**	**125,206**	**2,255,000**

7. Company results over the last five fiscal years

(EUR thousands)	**Dec. 31, 2009** (12 months)	**Dec. 31, 2010** (12 months)	**Dec. 31, 2011** (12 months)	**April 30, 2012** (4 months)	**April 30, 2013** (12 months)
1. Share capital					
Share capital at fiscal year-end	363,454	363,454	363,454	363,454	363,454
Number of ordinary shares outstanding	181,727,048	181,727,048	181,727,048	181,727,048	181,727,048
Maximum number of future shares to be created:					
• through exercise of equity warrants	-	-	-	-	
• through exercise of share subscription options	-	-	-	-	
2. Operations and profit for the fiscal year					
Revenue	27	57	52	-	135
Profit before taxes, depreciation, amortization and movements in provisions	278,963	369,247	391,145	321,101	505,815
Income tax (income)/expense	(1,880)	(8,085)	(6,308)	11,175	(13,112)
Profit after taxes, depreciation, amortization and movements in provisions	342,584	379,021	390,560	311,413	507,456
Profit distributed as dividends [(a)]	301,667	383,444	474,308	199,900	527,008
3. Earnings per share *(EUR)*					
Earnings per share after taxes but before depreciation, amortization and movements in provisions	1.55	2.08	2.19	1.71	2.86
Earnings per share after taxes, depreciation, amortization and movements in provisions	1.89	2.09	2.15	1.71	2.79
Gross dividend distributed per share [(b)]	**1.66**	**2.11**	**2.61**	**1.10**	**2.90**
4. Employees					
Average number of employees	-	-	-	-	-
Total payroll [(c)]	2,154	5,787	6,522	1,114	4,073
Amount paid in respect of social security	132	1,113	1,043	338	53

(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 fiscal year ended April 30, 2013, amount proposed at the Shareholders' Meeting of October 18, 2013.
(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 fiscal year ended April 30, 2013 on:

- the audit of the accompanying financial statements of Christian Dior;
- the justification of our assessments;
- the specific procedures and disclosures required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with professional 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 reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of April 30, 2013 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 bring to your attention 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.

These assessments were performed as part of our audit approach to the financial statements taken as a whole and therefore contributed to the opinion expressed in the first part of this report.

3. Specific procedures and disclosures

We have also performed the other specific procedures required by law in accordance with professional practice standards applicable in France.

We have no matters to report regarding the fair presentation and consistency with the financial statements of the information given in the Management report of the Board of Directors and 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.

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.

Paris-La Défense, July 30, 2013

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Simon Beillevaire	Benoit Schumacher

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on certain related party agreements and commitments.

Our responsibility is to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments that have been indicated to us or that we would have identified performing our role. We are not required to comment as to whether they are beneficial or appropriate, or to ascertain the existence of any other agreements or commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

However, we are required to report to you the information referred to in Article R. 225-31 of the French Commercial Code concerning the implementation during the year of any related party agreements and commitments already approved by a Shareholders' Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des Commissaires aux comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us was consistent with the documentation from which it had been extracted.

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 a Shareholders' Meeting

In accordance with Article R. 225-30 of the French Commercial Code, we have been advised that the following agreements and commitments which were approved by a Shareholders' Meeting in prior fiscal years remained current during the fiscal year under review.

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 3,805,930.39 euros including taxes for the fiscal year ended April 30, 2013.

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 your company's Securities Department, was maintained during the fiscal year ended April 30, 2013. Under this agreement, the expense incurred by your Company in respect of the fiscal year ended April 30, 2013 was 54,717 euros including taxes.

Paris-La Défense, July 30, 2013

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Simon Beillevaire	Benoit Schumacher

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Resolutions for the approval of the Combined Shareholders' Meeting of October 18, 2013

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, 2013, 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, 2013, 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, 2013 as follows:

Amount available for distribution *(EUR)*	
Net profit	507,455,758.31
Retained earnings	136,105,933.39
DISTRIBUTABLE EARNINGS	**643,561,691.70**
Proposed appropriation	
Gross dividend distribution of 2.90 euros per share	527,008,439.20
Allocated to retained earnings	116,553,252.50
TOTAL	643,561,691.70

Should this appropriation be approved, the gross dividend distributed would be 2.90 euros per share. As an interim dividend of 1.10 euros per share was paid on April 25, 2013, the final dividend per share is 1.80 euros; this will be paid as of December 3, 2013.

Under tax legislation applicable as of April 30, 2013, 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)*
April 30, 2012	Interim	-	-	-
	Final	December 4, 2012	1.10	0.440
	TOTAL		**1.10**	**0.440**
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**

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

Fifth resolution
(Renewal of Mrs. Ségolène Gallienne's appointment as Director)

The Shareholders' Meeting decides to renew Mrs. Ségolène Gallienne's appointment as Director for a three-year term that will expire at the end of the Ordinary Shareholders' Meeting convened in 2016 to approve the financial statements for the previous fiscal year.

Sixth resolution
(Renewal of Mr. Renaud Donnedieu de Vabres' appointment as Director)

The Shareholders' Meeting decides to renew Mr. Renaud Donnedieu de Vabres' appointment as Director for a three-year term that will expire at the end of the Ordinary Shareholders' Meeting convened in 2016 to approve the financial statements for the previous fiscal year.

Seventh resolution
(Renewal of Mr. Eric Guerlain's appointment as Director)

The Shareholders' Meeting decides to renew Mr. Eric Guerlain's appointment as Director for a three-year term that will expire at the end of the Ordinary Shareholders' Meeting convened in 2016 to approve the financial statements for the previous fiscal year.

Eighth resolution
(Renewal of Mr. Christian de Labriffe's appointment as Director)

The Shareholders' Meeting decides to renew Mr. Christian de Labriffe's appointment as Director for a three-year term that will expire at the end of the Ordinary Shareholders' Meeting convened in 2016 to approve the financial statements for the previous fiscal year.

Ninth resolution
(Compensation due and awarded to the Chairman and Chief Executive Officer, Mr. Bernard Arnault)

The Shareholders' Meeting, after examining the Management report of the Board of Directors, renders an opinion in favor of the compensation due and awarded in respect of the fiscal year ended April 30, 2013 to the Chairman and Chief Executive Officer, Mr. Bernard Arnault.

Tenth resolution
(Compensation due and awarded to the Group Managing Director, Mr. Sidney Toledano)

The Shareholders' Meeting, after having examined the Management report of the Board of Directors, renders an opinion in favor of the compensation due and awarded in respect of the fiscal year ended April 30, 2013 to the Group Managing Director, Mr. Sidney Toledano.

Eleventh resolution
(Authorization to be granted 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 twelfth 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 250 euros per share. In the event of a capital increase through the capitalization of reserves and the allotment of bonus shares as well as in cases of a stock split or reverse stock split, the purchase price indicated above will be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the Company's share capital before and after the operation.

The maximum number of shares that may be purchased shall not exceed 10% of the share capital, adjusted to reflect operations affecting the share capital occurring after this Meeting, with the understanding that, if this authorization is used, (i) the number of treasury shares in the Company's possession will need to be taken into consideration so that the Company remains at all times within the limit for the number of treasury shares held, which must not exceed 10% of the share capital and 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, 2013, this limit of 10% of the share capital corresponded to 18,172,704 shares. The maximum total amount dedicated to these purchases may not exceed 4.6 billion euros.

The share acquisition transactions described above, as well as any sale or transfer of these shares, may be carried out by any method in compliance with applicable laws and regulations, including through the use of derivatives and through block purchases or sales.

All powers are granted to the Board of Directors to implement this authorization. The Board may delegate said powers to the Chief Executive Officer or, 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 October 26, 2012, is hereby granted for a period of eighteen months as of the date of this Meeting.

EXTRAORDINARY RESOLUTION

Twelfth resolution

(Authorization to be granted to the Board of Directors to reduce the share capital through the retirement 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 retiring the shares acquired pursuant to the provisions of Article L. 225-209 of the French Commercial Code;
2. grants this authorization for a period of eighteen months as of the date of this Meeting;
3. sets the maximum amount of the capital reduction that may be performed under this authorization 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 granted by the Combined Shareholders' Meeting of October 26, 2012.

STATUTORY AUDITORS' REPORT ON THE PROPOSED DECREASE IN SHARE CAPITAL (TWELFTH RESOLUTION)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Article L. 225-209 of the French Commercial Code (Code de commerce) on the reduction of share capital by way of the retirement 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 retire the shares purchased by your Company pursuant to the authorization to purchase its own shares under the provisions of the abovementioned Article, within an upper limit of 10% of the share capital per 24 month period.

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.

Paris-La Défense, August 30, 2013

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Simon Beillevaire	Benoit Schumacher

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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, 2008.

1.1. CURRENTLY SERVING DIRECTORS

Mr. Bernard ARNAULT, Chairman and Chief Executive Officer

Date of birth: March 5, 1949. French.
Business address: LVMH - 22, avenue Montaigne - 75008 Paris (France).
Date of first appointment: March 20, 1985.
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 and Chief Executive Officer
	Château Cheval Blanc SC	Chairman of the Board of Directors
	Christian Dior Couture SA	Director
	Financière Jean Goujon SAS	Member of the Supervisory Committee
	Groupe Arnault SAS	Chairman
	Louis Vuitton, Fondation d'Entreprise	Chairman of the Board of Directors
	LVMH Moët Hennessy - Louis Vuitton SA [(a)]	Chairman and Chief Executive Officer
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, 2008

France	Lagardère SCA [(a)]	Member of the Supervisory Board
	Métropole Télévision "M6" SA [(a)]	Member of the Supervisory Board
	Raspail Investissements SA	Director

(a) Listed French Company.

Mr. Sidney TOLEDANO, Group Managing Director

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: 33,700 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)]	Group Managing Director and Director
	Christian Dior Couture SA	Chairman and Chief Executive Officer
	John Galliano SA	Chairman of the Board of Directors
International	CDCH SA (Luxembourg)	Chairman of the Board of Directors
	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)	Managing Director
	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)	Managing Director
	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
	Christian Dior Vietnam LLC (Vietnam)	Chairman
	Fendi International BV (Netherlands)	Chairman
	Fendi SA (Luxembourg)	Director
	Fendi Srl (Italy)	Director
	Les Ateliers Horlogers Dior SA (Switzerland)	Director

(a) Listed French Company.

Positions and offices that have terminated since May 1, 2008

France	Christian Dior	Chief Executive Officer
	Fendi France SAS	Chairman
International	Bopel Srl (Italy)	Chairman
	Calto Srl (Italy)	Chairman
	Christian Dior Couture Maroc SARL (Morocco)	Managing Director
	Christian Dior Couture Ukraine SARL (Ukraine)	Chairman
	Christian Dior Saipan Ltd (Saipan)	Chairman
	Christian Dior UK Ltd (United Kingdom)	Chairman
	Fendi Adele Srl (Italy)	Director
	Fendi Asia Pacific Limited (Hong Kong)	Director
	Fendi International SA	Chairman of the Board of Directors
	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 2001 she was appointed to the Executive Committee of Christian Dior Couture, where she served as Deputy Managing Director starting in 2008.

She was named Executive Vice President of Louis Vuitton as of September 2013.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA (a)	Director
	Céline SA	Director
	Château Cheval Blanc SC	Director
	Les Echos SAS	Member of the Supervisory Board
	LVMH Moët Hennessy - Louis Vuitton SA (a)	Director
International	Emilio Pucci International BV (Netherlands)	Director
	Emilio Pucci Srl (Italy)	Director
	Loewe SA (Spain)	Director

Other

France	Havas (a)	Director
	Métropole Télévision "M6" SA (a)	Member of the Supervisory Board
International	21 Century Fox (United States)	Director

Positions and offices that have terminated since May 1, 2008

France	Établissement Public de Sèvres - Cité de la Céramique	Director
International	Calto 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: 70,000 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. Mr. Denis Dalibot is currently Belgium Managing Director of Groupe Arnault SAS.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA [(a)]	Director
	Agache Développement SA	Director
	Belle Jardinière SA	Director
	Christian Dior Couture SA	Director
	Europatweb SA	Director
	Financière Agache SA	Director
	Financière 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)	Managing Director
	Giminvest SA (Belgium)	Director
	GMPI SA (Belgium)	Director
	Le Peigné Invest SA (Belgium)	Director
	Le Peigné SA (Belgium)	Director

Positions and offices that have terminated since May 1, 2008

France	Agache Développement SA	Chairman and Chief Executive Officer
	Ateliers AS SA	Permanent Representative of Christian Dior Couture SA, Director
	Europatweb SA	Chairman and Chief Executive Officer
	Europatweb Placements SAS	Legal Representative of Europatweb, Chairman
	Financière Agache SA	Group Managing Director
	Fusac Finances Société Civile	Managing Director
	GA Placements SA	Permanent Representative of Europatweb, Director
	Groupement Foncier Agricole Dalibot	Managing Director
	Kléber Participations SARL	Managing Director
	Lyparis SAS	Member of the Supervisory Committee
	Montaigne Finance SAS	Chairman
	Montaigne Investissements SCI	Managing Director
	Montaigne Services SNC	Managing Director
	Raspail Investissements SA	Permanent Representative of Financière Agache, Director
	Sevrilux SNC	Legal representative of Financière Agache, Managing Director
International	GO Invest SA (Belgium)	Chairman

(a) Listed 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) H2Y 2J3 (Canada).
Date of first appointment: April 5, 2012
Expiration of term Annual Shareholders' Meeting held in 2015.
Number of Christian Dior shares held in a personal capacity: 200 shares.

Since it was founded in 1996, 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, Chairman and Chief Executive Officer

Positions and offices that have terminated since May 1, 2008

Canada	Montreal Metropolitan Chamber of Commerce	Chairman of the Board of Directors
	Centre for Entrepreneurship HEC/Polytechnique/University of Montreal	Director
	Société de Valorisation des Recherches du CHUM (VAL-CHUM)	Member of the Board of Directors

Mr. Pierre GODÉ

Date of birth: December 4, 1944. French.
Business address: LVMH - 22, avenue Montaigne - 75008 Paris (France) – LVMH Italia SpA - Via Tommaso Grossi, 2 - 20121 Milan (Italy).
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 Advisor to the Chairman of LVMH and Chief Executive Officer of Groupe Arnault. Currently, he is Vice-Chairman of LVMH's Board of Directors and Director delegated as Vice-Chairman of LVMH Italia.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA [(a)]	Director
	LVMH Moët Hennessy - Louis Vuitton SA [(a)]	Vice-Chairman and Director
	Château Cheval Blanc SC	Director
International	LVMH International SA (Belgium)	Director
	LVMH Italia SpA (Italy)	Vice-Chairman, Director Delegate

(a) Listed French Company.

	LVMH Moët Hennessy – Louis Vuitton Inc. (United States)	Director
	LVMH Publica SA (Belgium)	Director
	Sofidiv UK Limited (United Kingdom)	Director

Other

France	Redeg SARL	Managing Director

Positions and offices that have terminated since May 1, 2008

France	Christian Dior SA [(a)]	Group Managing Director
	Christian Dior Couture SA	Director
	Financière Agache SA	Chairman and Chief Executive Officer
	Financière Jean Goujon SAS	Chairman
	Groupe Arnault SAS	Chief Executive Officer
	Havas SA [(a)]	Director
	Les Echos SAS	Member of the Supervisory Board
	Louis Vuitton Malletier SA	Director
	Raspail Investissements SAS	Chairman
	SA du Château d'Yquem	Director
	Semyrhamis SAS	Member of the Supervisory Committee
	Sofidiv SAS	Member of the Management Committee
	Sevrilux SNC	Legal representative of Financière Agache, Managing Director
	Fondation Maeght	Director

Mr. Jaime de MARICHALAR Y SÁENZ DE TEJADA

Date of birth: April 7, 1963. Spanish.
Business address: Crédit Suisse - Ayala, 42 - 28001 Madrid (Spain).
Date of first appointment: May 11, 2006
Expiration of term Annual Shareholders' Meeting held in 2015.
Number of Christian Dior shares held in a personal capacity: 200 shares.

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.

Current positions and offices

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, 2008

International	Credit Suisse (Spain)	Chief Executive Officer and Advisor
	Portland Valderrivas (Spain)	Director

(a) Listed French Company.

1.2. DIRECTORS' APPOINTMENTS TO BE RENEWED

Mr. Renaud DONNEDIEU DE VABRES

Date of birth: March 13, 1954. French.
Business address: 50, rue de Bourgogne - 75007 Paris (France).
Date of first appointment: February 5, 2009.
Number of Christian Dior shares held in a personal capacity: 200 shares.

After serving in the 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.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA [(a)]	Director
	Louis Vuitton, Fondation d'Entreprise	Director

Other

France	FPPM l'Européenne de Marbre	Chairman of the Supervisory Board
	RDDV Partner SAS	Chairman

Positions and offices that have terminated since May 1, 2008

France	Atout France GIE	Chairman of the Board of Directors
	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

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
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
	Château Cheval Blanc SC	Director

Other

International	Pargesa Holding SA (Switzerland)	Director

(a) Listed French Company.

Positions and offices that have terminated since May 1, 2008

France	France Compagnie Nationale à Portefeuille SA (Belgium)	Director
	Taittinger SA	Director

Mr. Eric GUERLAIN, Vice-Chairman

Date of birth: May 2, 1940. French.
Mailing address: c/o Christian Dior - 30, avenue Montaigne - 75008 Paris (France).
Date of first appointment: June 29, 1994.
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.

Current positions and offices

Christian Dior group/Groupe Arnault group

France	Christian Dior SA [(a)]	Vice-Chairman and Director
	Guerlain SA	Permanent Representative of LV Group, Director

Other

France	MAAT Société Civile	Managing Director
	Société Hydroélectrique d'Énergie SAS	Chairman

Positions and offices that have terminated since May 1, 2008

Nil.

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.
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	Montaigne Rabelais SAS	Permanent Representative of Rothschild & Compagnie Banque SCS, Chairman
	Parc Monceau SARL	Managing Director
	RCB Partenaires SNC	Managing Partner
	Rothschild & Cie SCS	Managing Partner
	Rothschild & Cie Banque SCS	Non-Partner Managing Director; Member of the Compliance and Risk Committee; Member of the Internal Audit Committee
	Transaction R SCS	Managing Partner

(a) Listed French Company.

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, 2008

France	Delahaye Passion Société Civile	Managing Director
	Financière Rabelais SAS	Chairman
	Rothschild Conseil International SCS	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. Benoit SCHUMACHER	May 14, 2009	May 14, 2009	Fiscal year ended June 30, 2013
MAZARS Tour Exaltis 61, rue Henri Regnault, 92400 Courbevoie represented by Mr. Simon BEILLEVAIRE	May 15, 2003	May 14, 2009	Fiscal year ended June 30, 2013

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 ended June 30, 2013
M. Guillaume POTEL Tour Exaltis 61, rue Henri Regnault, 92400 Courbevoie	May 15, 2003	May 14, 2009	Fiscal year ended June 30, 2013

2.3. FEES PAID AS OF APRIL 30, 2013

	Ernst & Young et Autres				Mazars			
	April 30, 2013 (12 months)		April 30, 2012 (4 months)		April 30, 2013 (12 months)		April 30, 2012 (4 months)	
(EUR thousands, excluding VAT)	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
Statutory audit, certification, audit of the individual company and consolidated financial statements:								
• Christian Dior	83	1	81	1	83	2	70	21
• Fully consolidated subsidiaries	12,695 (a)	70	3,479	64	3,844(a)	96	260	79
Other services relating directly to the statutory audit assignment:								
• Christian Dior	49	-	8	-	26	1	-	-
• Fully consolidated subsidiaries	1,003	6	481	9	40	1	-	-
Subtotal	**13,830**	**77**	**4,049**	**74**	**3,993**	**100**	**330**	**100**
Other services provided by the firms to fully consolidated subsidiaries:								
• Legal, tax, employee-related (b)	3,721	21	1,159	21	-	-	-	-
• Other	462	2	274	5	-	-	-	-
Subtotal	**4,183**	**23**	**1,433**	**26**	**-**	**-**	**-**	**-**
TOTAL	**18,013**	**100**	**5,482**	**100**	**3,993**	**100**	**330**	**100**

(a) Including 2,733 thousand euros (Ernst & Young et Autres) and 431 thousand euros (Mazars) in respect of the change in fiscal year-end date for Christian Dior and some of its subsidiaries.
(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.

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.

The Board may use videoconferencing or other means of telecommunication to organize meetings with remotely participating Directors. No such means shall be used, however, when the Board is meeting to draft and approve the parent company financial statements and Management Report, or when it is meeting to draft the consolidated financial statements and the report on Group management.

In order to ensure the identification and effective participation of remotely located Directors in a Board meeting, these means of telecommunication shall at least transmit participants' voices as well as satisfy technical criteria for a continuous, real-time connection with the meeting. All remote participants in the meeting shall provide their identity. The attendance of any non-Board members shall be reported to, and subject to approval by, all Directors participating in the meeting.

Directors participating remotely by videoconferencing or conference call shall be deemed present for the purposes of calculating the quorum and majority.

The minutes shall include the identities of the Directors who participated in the meeting remotely, the means of communication used and any connection problems that occurred during the meeting or disrupted it.

On the recommendation of the Board's Nominations and Compensation Committee, repeated unjustified absenteeism by a Director may cause the Board of Directors to reconsider his appointment.

So that members of the Board of Directors can fully serve the function entrusted to them, the Chief Executive Officer provides members with any and all information necessary for the performance of their duties.

Decisions by the Board of Directors shall be made by simple majority vote and are adopted as a board.

If they deem appropriate, independent Directors may meet without requiring the presence of the other members of the Board of Directors.

For special or important issues, the Board of Directors may establish one or more ad hoc committees.

Each member of the Board of Directors shall act in the interests and on behalf of all shareholders.

Once each year, the Board of Directors evaluates its procedures and informs shareholders as to its conclusions in a report presented to the Shareholders' Meeting. In addition, at least once every three years, a fully documented review of the work of the Board, its organization and its procedures is conducted.

3.4. RESPONSIBILITIES

The members of the Board of Directors shall be required to familiarize themselves with the general and specific obligations of their office, and with all applicable laws and regulations.

The members of the Board of Directors shall be required to respect the confidentiality of any information of which they may become aware in the course of their duties concerning the Company or the Group, until such information is made public by the Company.

The members of the Board of Directors agree not to trade in the Company's shares, either directly or indirectly, for their own account or on behalf of any third parties, based on 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 half-yearly 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 of Directors as well as all the 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

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 within the meaning applied Article 102 of the French Civil Code, any intermediary may be registered on behalf of such owner. Such registration may be made in the form of a joint account or several individual accounts, each corresponding to one owner.

At the time such account is opened through either the issuing company or the financial intermediary authorized as account holder, the registered intermediary shall be required to declare, under the terms and conditions laid down by decree, its capacity as intermediary holding shares on behalf of another party.

TRANSFER OF SHARES

Shares are freely negotiable, unless as prohibited by applicable laws or regulations, in particular as regards shares with payments in arrears and contributing shares.

Registered shares are transferred via inter-account transfer based on the instructions of the account holder or his or her legal representative.

INDIVISIBILITY

Shares are indivisible as far as the Company is concerned. Joint holders of shares shall be required to be represented vis-à-vis the Company by only one of the joint holders or by a mutually agreed permanent representative.

RIGHTS ATTACHED TO THE SHARES

Ownership of a share automatically implies acceptance of these Bylaws and of resolutions passed by Shareholders' Meetings.

Each share entails the right to take part, as provided by law and these Bylaws, in Shareholders' Meetings and in votes on resolutions.

Each share entitles the holder to a share of corporate profits and assets proportional to the number of outstanding shares, in consideration of the par value of the shares.

All shares currently comprising, or that shall comprise in future, the Company's share capital are equivalent for tax purposes. Accordingly, each share shall entitle the holder, as much during the active existence of the Company as in the event of liquidation, to the payment of the same net amount at the time of any distribution or redemption, such that all taxes or tax exemptions relating to said distribution or redemption shall be consolidated, without distinction between the shares.

The liability of shareholders is limited to the amount of their contribution to the Company's share capital.

Under no circumstances may a shareholder's heirs, representatives or creditors apply for seals to be placed on or initiate proceedings against the Company's property and assets, request the division or public sale by auction of the same, nor interfere in any way with the actions of the Company's management. These individuals must refer to the Company's schedules of assets and liabilities and must respect the decisions of Shareholders' Meetings.

CROSSING OF SHAREHOLDER THRESHOLD

Any legal entity or natural person who comes to possess a number of shares representing more than 1% of the Company's share capital shall notify the Company no later than eight days after the crossing of this threshold and each time that a further threshold of 1% is crossed. However, this obligation shall cease to be applicable when the portion of capital held is equal to or greater than 60% of the Company's share capital.

In the event of a failure to comply with this disclosure obligation, the shares in excess of the percentage that should have been declared shall be deprived of their voting rights at any Shareholders' Meeting to be held within a period of three months following the date on which proper notification is made, provided that a request to this effect has been recorded in the minutes of the Shareholders' Meeting by one or more shareholders holding at least 5% of the Company's share capital.

IDENTIFIABLE BEARER SHARES

In order to identify the holders of securities, the Company is entitled to request, at any time, at its own expense, that the central custodian of financial instruments provide the name, or in the case of a legal entity, the Company name, the nationality, the year of birth or incorporation, and the address of the holders of shares conferring the right to vote, immediately or at some point in the future, at its own Shareholders' Meetings, as well as the number of shares held by such natural persons or legal entities and the restrictions, if any, which may exist upon the shares.

In light of the list sent by the aforementioned body, the Company shall be entitled to request information concerning the owners of the shares listed above, either through the intervention of that body, or directly, under the same terms and conditions and subject to the penalties stipulated in Article L. 228-3-2 of the French Commercial Code, of the persons appearing on that list and who might be, in the Company's opinion, registered on behalf of third parties.

When they act as intermediaries, such persons shall be required to disclose the identity of the owners of such shares. The information shall be provided directly to the authorized financial intermediary holding the account, who shall, in turn, be responsible for communicating it to the issuing Company or the aforementioned body, as applicable.

Part III

Chapter I: Corporate governance

Article 9 – Composition of the Board of Directors

Subject to the exceptions provided by law, the Company is administered by a Board of Directors composed of at least three and no more than eighteen members, appointed by the Shareholders' Meeting for a term of office lasting three years.

A legal entity may be appointed as a Director but is required, at the time of its appointment, to designate an individual who shall serve as its permanent representative on the Board of Directors. The term of office of a permanent representative is the same as that of the legal entity Director he or she represents and must be reconfirmed at each renewal of the latter's term of office.

When the legal entity dismisses its permanent representative, it must at the same time provide for its replacement, and must send notification to the Company, by registered letter, of this dismissal as well as the identity of the new permanent representative. The same provision applies in case of death or resignation of the permanent representative.

A Director's appointment shall terminate at the close of the Ordinary Shareholders' Meeting convened to approve the accounts of the preceding fiscal year and held in the year during which the term of office of said Director comes to an end.

However, in order to allow a renewal of the terms which is as egalitarian as possible and in any case complete for each period of three years, the Board of Directors will have the option to determine the order of retirement of the Directors by the impartial selection in a Board Meeting of one-third of the Directors each year. Once the rotation has been established, renewals will take place according to seniority.

Nobody being more than eighty-five years old shall be appointed Director if, as a result of his or her appointment, the number of Directors who are more than eighty-five years old would exceed one-third of the members of the Board. The number of members of the Board of Directors who are more than eighty-five years old may not exceed one-third, rounded to the next higher number if this total is not a whole number, of the Directors in office. Whenever this limit is exceeded, the term in office of the oldest appointed member shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was exceeded.

Directors may be re-elected indefinitely. They may be revoked at any time by decision of the Ordinary Shareholders' Meeting.

In case of death or resignation of one or more Advisors, the Board of Directors may, between two Shareholders' Meetings, make provisional appointments, subject to their ratification by the next Ordinary Shareholders' Meeting.

When the number of members of the Board of Directors falls below the statutory minimum, the remaining Directors must immediately convene an Ordinary Shareholders' Meeting in order to supplement the membership of the Board of Directors.

A Director appointed to replace another Director shall serve as Director only for the remainder of the predecessor's term of office.

Article 10 – Shares held by Directors

Each Director must own at least two hundred shares of the Company for the entire duration of his, her or its term of office.

If, when appointed, a member of the Board of Directors does not own the required number of shares, or if the member ceases to own this required number at any point in his, her or its term of office, the member shall be allowed a period of six months to purchase a sufficient number of shares, failing which he, she or it shall be automatically considered to have resigned.

Article 11 – Organization of the Board of Directors

The Board of Directors shall elect a Chairman, who must be an individual, from among its members. It shall determine his term of office, which cannot exceed that of his office as Director.

The Chairman of the Board of Directors cannot be more than seventy-five years old. Should the Chairman reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached. Subject to this provision, the Chairman of the Board may always be re-elected.

In case of temporary disability or death of the Chairman, the Board may temporarily delegate a Director to perform the duties of the Chairman. In case of temporary disability this delegation is granted for a limited duration and is renewable. In case of death it is granted until the election of the new Chairman.

The Board of Directors may also appoint a Secretary, who may or may not be chosen from among the members of the Board.

Article 12 – Operating procedures of the Board of Directors

1. The Board meets as often as required by the interests of the Company and is convened by its Chairman on his own initiative, or if he is not also the Chief Executive Officer, at the request of the Chief Executive Officer or the Director temporarily delegated to perform the duties of Chairman.

   If the Board of Directors has not met for more than two months, a meeting may also be convened by any group of Directors, representing at least one-third of the members of the Board, who shall indicate the agenda of the meeting.

   Meetings are held at the registered office or at any other location specified in the convening notice. Meetings of the Board are chaired by the Chairman of the Board of Directors, or by the Director temporarily designated to perform the duties of Chairman or, if unavailable, by another Director selected by the Board of Directors.

   Notice is served in the form of a letter sent to each Director, at least eight days prior to the meeting; it shall mention the agenda of the meeting as set by the person(s) convening the meeting. However, the Board may meet without notice upon verbal notice and the agenda may be set at the opening of the meeting if all Directors in office are present or represented or when it is convened by the Chairman during a Shareholders' Meeting.

   Any Director may give a proxy to another Director, even by letter or cable, to represent him and vote on his behalf on resolutions of the Board of Directors, for a specific meeting. However, each Director may only dispose of one proxy during the meeting.

   An attendance register shall be kept and signed by all the Directors attending each meeting.

2. The Board may validly act only if at least one-half of its members are present.

   Directors who participate in Board Meetings by means of videoconferencing or other telecommunication methods under the conditions defined by the internal rules and regulations of the Board of Directors shall be deemed to be present for the purposes of calculating the quorum and majority. However, actual presence or representation shall be necessary for any Board resolutions relating to the preparation of the parent company financial statements and consolidated financial statements, and to the drafting of the Management Report and the report on the Group's Management.

Decisions are made by a majority of the votes of members present or represented. In the event of a tie vote, the Chairman's vote is the deciding vote.

3. Proceedings of the Board of Directors shall be officially recorded in the form of minutes in a special numbered and initialed minute book kept at the registered office, or on separate sheets, consecutively numbered and initialed.

   These minutes shall be signed by the Chairman of the meeting and by a Director. If the Chairman of the meeting is unavailable, they may be signed by two Directors.

   The production of abstracts or copies of the minutes to a meeting shall serve as sufficient justification of the number of Directors in office and their presence or representation by proxy at the meeting.

   To be valid, copies or abstracts of the minutes of the meeting shall be certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Secretary, the Director temporarily delegated to perform the duties of Chairman, or by a representative duly authorized to that effect.

   In the event of the liquidation of the Company, these copies or abstracts shall be validly certified by a single liquidator.

Article 13 – Powers of the Board of Directors

The Board of Directors sets guidelines for the Company's activities and shall ensure their implementation. Subject to the powers expressly granted to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses any issue relating to the Company's proper operation and settles the affairs concerning it through its resolutions.

In its relations with third parties, the Company is bound even by acts of the Board of Directors falling outside the scope of the corporate purpose, unless it demonstrates that the third party knew that the act exceeded such purpose or that it could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient proof thereof.

The Board of Directors performs such monitoring and verifications as it deems appropriate. Each Director receives all necessary information for completing his assignment and may request any documents he deems useful.

The Board of Directors distributes among its members the total amount of attendance fees voted by the Shareholders' Meeting.

The decisions of the Board of Directors shall be carried out either by the Chief Executive Officer or by any person specifically appointed by the Board for that purpose.

Furthermore, the Board may grant one of its members or any third parties, whether shareholders or not, any special offices for one or more specific purposes, with or without the option, for the persons so appointed, to themselves delegate, whether in full or in part, the performance of these duties.

It may also resolve to create Committees responsible for studying such issues as it may submit thereto for examination.

Article 14 – Remuneration of 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 7 and 8 of Article L. 228-1 of the French Commercial Code may, pursuant to a general securities management agreement, transmit to a Shareholders' Meeting the vote or proxy of a shareholder, as defined in paragraph 7 of that same article.

Before transmitting any proxies or votes to a Shareholders' Meeting, the intermediary registered pursuant to Article L. 228-1 of the French Commercial Code shall be required, at the request of the issuing company or its agent, to provide a list of the non-resident owners of the shares to which such voting rights are attached. Such list shall be supplied as provided by either Article L. 228-2 or Article L. 228-3 of the French Commercial Code, whichever is appropriate.

A vote or proxy issued by an intermediary who either is not declared as such, or does not disclose the identity of the shareholders, may not be counted.

Legal representatives of legally incapacitated shareholders, and natural persons representing shareholders that are legal entities, shall take part in meetings regardless of whether or not they personally are shareholders.

Shareholders have as many votes as they hold shares. However a voting right equal to twice the voting right attached to other shares, with respect to the portion of the share capital that they represent, is granted:

- to all fully paid-up registered shares for which evidence of registration under the name of the same shareholder, over a period of least three years, may be demonstrated;
- to registered shares allocated to a shareholder in case of increase of the capital by capitalization of reserves, or of profits carried forward or of issue premiums due to existing shares for which it was entitled to benefit from this right.

This double voting right shall automatically lapse in the case of registered shares being converted into bearer shares or conveyed in property. However, any transfer by right of inheritance, by way of liquidation of community property between spouses or deed of gift inter vivos to the benefit of a spouse or an heir shall neither cause the acquired right to be lost nor interrupt the abovementioned three-year qualifying period. This is also the case for any transfer due to a merger or spin-off of a shareholding company.

When a Works Council exists within the Company, two of its members, appointed by the Council, may attend Shareholders' Meetings. At their request, their opinions must be heard on the occasion of any vote requiring the unanimous approval of shareholders.

Article 18 – Convening and conduct of Shareholders' Meetings

Shareholders' Meetings shall be convened as provided by law.

Meetings are held at the registered office or at any other place mentioned in the convening notice.

In accordance with the conditions set by applicable legal and regulatory provisions, and pursuant to a decision of the Board of Directors, Shareholders' Meetings may also be held by means of video conference or through the use of any telecommunications media allowing the identification of shareholders.

A Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his absence, by the Vice Chairman of the Board of Directors or, in the absence of both of these individuals, by a member of the Board of Directors appointed by the Board for that purpose. If no such person has been appointed, the meeting elects its Chairman.

The agenda of the meeting shall be set, in the usual course of events, by the person(s) convening the meeting.

The two members of the Meeting present, having the greatest number of votes, and accepting that role, are appointed as Scrutineers.

The Officers of the Meeting appoint a Secretary, who may but need not be a shareholder.

An attendance sheet is drawn up and initialed by the shareholders present, and certified as accurate by the Officers of the Meeting.

Proceedings of the Shareholders' Meeting shall be officially recorded in the form of minutes in a special numbered and initialed minute book kept at the registered office, or on separate sheets, consecutively numbered and initialed.

These minutes shall be signed by the Officers of the meeting. Copies or abstracts of the minutes shall be validly certified by the Chairman of the Board of Directors, by a Director temporarily delegated to perform the duties of the Chief Executive Officer, or by the Secretary of the Meeting.

Chapter II: Ordinary Shareholders' Meetings

Article 19 – Powers

The Ordinary Shareholders' Meeting shall hear the reports prepared by the Board of Directors, its Chairman, and the Statutory Auditors. It also reviews the financial statements prepared by the Company.

The Meeting discusses, approves, amends or rejects the financial statements submitted. It decides upon the distribution and appropriation of profits.

It decides upon any amounts to be allocated to reserve funds. It also determines the amounts to be withdrawn from reserves and decides upon their distribution.

It determines the total amount of attendance fees to be allocated to the members of the Board of Directors.

It appoints, replaces, re-elects or dismisses Directors.

It ratifies any appointments of Directors made on a provisional basis by the Board of Directors.

It appoints the Statutory Auditors and examines their special report.

It hears all proposals that do not fall within the exclusive remit of the Extraordinary Shareholders' Meeting.

Article 20 – Quorum and majority

In order to pass valid resolutions, the Ordinary Shareholders' Meeting, convened upon first notice, must consist of shareholders, present or represented, holding at least one-fifth of total voting shares.

When convened upon second notice, the deliberations of an Ordinary Shareholders' Meeting shall be valid regardless of the number of shares represented.

The resolutions of the Ordinary Shareholders' Meeting are approved by a majority of the votes held by the shareholders present or represented.

Chapter III: Extraordinary Shareholders' Meetings

Article 21 – Powers

The Extraordinary Shareholders' Meeting may amend the Bylaws in any of its provisions and it may also decide upon the transformation of the Company into a company having any other legal form.

However, in no event, unless by unanimous decision of the shareholders, may it increase the duties of the latter, nor may it violate the principle of equal treatment of all shareholders, except in the case of transactions resulting from a duly completed regrouping of shares.

Article 22 – Quorum and majority

1. In order to pass valid resolutions, the Extraordinary Shareholders' Meeting, convened upon first notice, must consist of shareholders, present or represented, holding at least one-fourth of total voting shares. The deliberations of an Extraordinary Shareholders' Meeting convened upon second notice or held as a result of the postponement of the meeting convened upon second notice shall be valid provided it consists of shareholders holding at least one-fifth of total voting shares.

   The resolutions of the Extraordinary Shareholders' Meeting shall be adopted by a two-thirds majority of the votes of the shareholders present or represented.
2. When deciding upon or authorizing the Board of Directors to effect a capital increase through the incorporation of reserves, unappropriated retained earnings, or issue premiums, resolutions are passed subject to the quorum and majority conditions of Ordinary Shareholders' Meetings.
3. A capital increase effected by way of an increase in the par value of shares to be paid up in cash, or through the offsetting of receivables, requires the unanimous approval of shareholders, representing the entirety of shares making up the share capital.

Chapter IV: Constitutive Shareholders' Meetings

Article 23 – Quorum and majority

Constitutive Shareholders' Meetings, which are those convened to approve contributions in kind or benefits in kind, shall pass valid resolutions subject to the quorum and majority conditions of Extraordinary Shareholders' Meetings specified in the previous Article.

At these Meetings, neither the contributor nor the beneficiary may vote, on his or her own behalf or as a proxy. His or her shares shall not be taken into account when calculating the quorum and majority.

Part V

Parent company financial statements

Article 24 – Fiscal year

Each fiscal year has a duration of twelve months, commencing on the first day of July and ending on the thirtieth day of June of the following civil year.

Article 25 – Company accounts

Regular accounts shall be kept of the Company's operations in conformity with the law and normal commercial practice.

At the end of each fiscal year, the Board of Directors shall draw up the schedule of the assets and liabilities existing as of the fiscal year-end as well as the annual accounts. The amount of commitments in the form of sureties, guarantees or collateral shall be mentioned in the balance sheet.

The Board of Directors shall also draw up a Management Report.

All of these documents shall be made available to the Statutory Auditors in accordance with applicable laws and regulations.

Article 26 – Distributable earnings

1. The net proceeds of each fiscal year, minus general expenses and other expenses incurred by the Company, including all amortization, depreciation and provisions, represents the net profit or loss of the fiscal year.
2. From the net profit for each fiscal year, minus prior losses, if any, an amount equal to at least one-twentieth must be deducted and allocated to the formation of a "legal reserve" fund. This deduction is no longer required when the amount

of the legal reserve has reached one-tenth of the share capital of the Company. It is resumed when, for any reason, the legal reserve falls below this fraction.

3. Distributable earnings consist of the remaining balance, plus any profits carried forward.

   From these distributable earnings:

   The Shareholders' Meeting may deduct the necessary amounts for allocation to the special reserve for long-term capital gains, as provided for by current tax provisions, if other legal or optional reserves do not allow such contribution at the time the allocation is taxable in order to defer payment at the full corporate income tax rate applicable to long-term capital gains realized during the fiscal year.

   The Shareholders' Meeting may then deduct from the balance such sums as it deems appropriate, either to be carried forward to the following fiscal year, or to be applied to one or more general or special reserve funds, whose allocation or use it shall freely determine.

   Any remaining balance is to be distributed among all shareholders in the form of a dividend, prorated in accordance with the share capital represented by each share.

   The Shareholders' Meeting convened to approve the 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

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1. History of the Group

1905	Birth of Christian Dior in Granville (Normandy, France), on January 21.
1946	Backed by Marcel Boussac, Christian Dior founds his own couture house, in a private house at 30, avenue Montaigne in Paris.
1947	On February 12, Christian Dior presents the 90 designs in his first collection on six models. The *Corolle* and *Huit* lines are very quickly rechristened *New Look*. Parfums Christian Dior is founded, headed by Serge Heftler Louiche. Dior names the first *Miss Dior* fragrance in honor of his sister Catherine. Pierre Cardin begins at Christian Dior, as the "leading man" in the workshop. He remains there until 1950.
1948	In November, a luxury ready-to-wear house is established in New York at the corner of 5th Avenue and 57th Street, the first of its kind. Creation of Christian Dior Parfums New York.
1949	Launch of the perfume *Diorama*. By marketing Dior stockings in the United States, the brand creates the licensing system.
1950	License for neckties. All accessories follow. Within three years, this system will be copied by all the couture houses.
1952	The Christian Dior brand consolidates its presence in Europe by creating Christian Dior Models Limited in London. Agreement with the House of Youth in Sydney for exclusive Christian Dior New York models. Exclusive agreement with *Los Gobelinos* of Santiago, Chile for the Christian Dior Paris Haute Couture collections.
1955	At age 19, Yves Saint Laurent becomes Christian Dior's first and only assistant. Opening of the Grande Boutique at the corner of avenue Montaigne and rue Francois 1er. Launch of Dior lipstick. A line of beauty products will follow.
1957	Christian Dior succumbs to a heart attack at the Montecatini spa on October 24. Yves Saint Laurent is named to provide artistic direction for the brand.
1960	Called up for National Service, Yves Saint Laurent leaves Dior after completing six collections. Marc Bohan succeeds him. He is 34 years old.
1961	Marc Bohan presents his first collection, *Slim Look*, under the Dior label.
1962	Yves Saint Laurent opens his own couture house.
1963	Launch of the perfume *Diorling*.
1966	Launch of the men's fragrance *Eau Sauvage*.
1967	Philippe Guibourgé, assistant to Marc Bohan, creates the *Miss Dior* line, the first Dior women's ready-to-wear line in France. Opening of the *Baby Dior* boutique.
1968	Launch of the Christian Dior Coordinated Knits line. The Dior perfume company is sold to Moët Hennessy. Frédéric Castet assumes management of the Fashion Furs Department - Christian Dior Paris.
1970	Creation of the *Christian Dior Monsieur* line. At Parly II, a new Christian Dior boutique is decorated by Gae Aulenti.
1972	Launch of the perfume *Diorella*.
1973	Creation in France of the ready-to-wear fur collection, which will then be manufactured under license in the United States, Canada, and Japan.
1978	Bankruptcy of the Marcel Boussac group, whose assets, under the authorization of the Paris 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.
2013	Unveiling of Raf Simons' first collection and boutique openings in Vietnam.

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 (40.92% 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" in 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): 7010 Z.

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): the Shareholders' Meeting of October 26, 2012 modified the dates on which the fiscal year begins and ends, respectively, to July 1 and June 30 of the following civil year. This modification is applicable as of the fiscal year commencing July 1, 2013, with the previous fiscal year having a two-month duration from May 1 to June 30, 2013.

Distribution of profits under the Bylaws (Article 26 of the Bylaws): The Shareholders' Meeting may deduct from the profit for the fiscal year such sums as it deems appropriate, either to be carried forward to the following fiscal year, or to be applied to one or more general or special reserve funds, whose allocation or use it shall freely determine. Any remaining balance is to be distributed among all shareholders in the form of a dividend, prorated in accordance with the share capital represented by each share.

Shareholders' Meetings (Articles 17 to 23 of the Bylaws): Shareholders' Meetings are convened and held under the conditions provided by the laws and decrees in effect.

Rights, preferences and restrictions attached to shares (Articles 6, 8, 17 and 30 of the Bylaws): all shares belong to the same category, whether issued in registered or bearer form.

Each share gives the right to a proportional stake in the ownership of the Company's assets, as well as in the sharing of profits and of any liquidation surplus.

A voting right equal to twice the voting right attached to other shares is granted to all fully paid up registered shares for which evidence of registration under the name of the same shareholder during at least three years will be brought, as well as to registered shares allocated to a shareholder, in case of increase of the capital by capitalization of reserves, or of profits carried forward or of issue premiums due to existing shares for which it was entitled to benefit from this right. This right was granted by the Extraordinary Shareholders' Meeting of June 14, 1991 and may be removed by a decision of the Shareholders' Meeting, after ratification by a Special Meeting of beneficiaries of this right.

Declaration of thresholds (Article 8 of the Bylaws): independently of legal obligations, the Bylaws stipulate that any individual or legal entity that becomes the owner of a fraction of capital greater than or equal to 1% shall notify the total number of shares held to the Company. The same obligation applies whenever the portion of capital held increases by at least one per cent. 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, 2013, 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, 123,285,600 shares conferred double voting rights as of April 30, 2013.

3.2. AUTHORIZED SHARE CAPITAL

As of April 30, 2013, the Company's authorized share capital was 443,454,096 euros, consisting of 221,727,048 fully paid-up shares with a par value of 2 euros each.

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 4.1 "Status of current delegations and authorizations" in the "Management report of the Board of Directors – Christian Dior parent company" section 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, 2013.

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)*
December 31, 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
April 30, 2013	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, 2013, the Company's share capital comprised 181,727,048 shares:

- 123,595,656 pure registered shares;
- 5,704,121 administered registered shares;
- 52,427,271 bearer shares.

Taking into consideration treasury shares, 179,122,048 shares carried voting rights, of which 123,285,600 shares carried double voting rights.

As of April 30, 2013, a total of 278 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	250,929,110	70.37	82.98
Other shareholders	53,853,006	51,478,538	29.63	17.02
TOTAL AS OF APRIL 30, 2013	**181,727,048**	**302,407,648**	**100.00**	**100.00**

(a) Excluding the 2,500,000 options to purchase shares deemed to be equivalent to shares held 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, 2013;
- 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, 2013, senior executives of the Company and members of the Board of Directors directly and personally held in registered form less than 0.5% of the Company's share capital and voting rights.

As of April 30, 2013, the Company held 2,605,000 of its own shares. Of these shares, 2,255,000 were recognized under short-term investments, including 2,235,468 shares held to cover share purchase options and bonus share allocation plans, and 19,532 held for the purpose of being retired. The remaining 350,000 treasury shares were recognized under other long-term investments for the purpose of being retired.

According to the most recent notification received on November 5, 2012, AKO Capital LLP held more than 1% of the share capital.

During the fiscal year ended April 30, 2013 and as of July 28, 2013, 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, 2013 (12 months)			April 30, 2012 (4 months)			Dec. 31, 2011 (12 months)		
Shareholders	**Number of shares**	**% of share capital**	**% of voting rights (a)**	**Number of shares**	**% of share capital**	**% of voting rights (a)**	**Number of shares**	**% of share capital**	**% of voting rights (a)**
Arnault family group including:	127,874,042 (b)	70.37	82.98	127,874,042 (b)	70.37	82.90	27,840,292 (b)	70.35	82.92
- Semyrhamis	*107,985,125*	*59.42*	*71.42*	*107,985,125*	*59.42*	*71.41*	*107,985,125*	*59.42*	*71.49*
- Arnault family and other controlled entities	*19,888,917*	*10.95*	*11.56*	*19,888,917*	*10.95*	*11.49*	*19,855,167*	*10.93*	*11.43*
Treasury shares	2,605,000	1.43	-	2,380,206	1.31		2,596,556	1.43	-
Public registered	850,959	0.47	0.35	541,579	0.30	0.26	497,395	0.27	0.27
Public bearer	50,397,047	27.73	16.67	50,931,221	28.02	16.84	50,792,805	27.95	16.81
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 in respect 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, 2013, 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 directly and indirectly, 70.37% of the Company's share capital and 82.98% 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 71.42% 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, 2013, 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

European stock markets opened the fiscal year from May 1, 2012 to April 30, 2013 with a period of uncertainty relating to the economic and financial outlook of some euro zone countries, notably Greece and Spain. In July 2012 Mario Draghi, president of the European Central Bank, allayed market fears concerning any systemic risk of implosion affecting the euro zone, thus spurring a rally by European stocks. However, the Cypriot bank crisis in March 2013 focused attention on the continuing difficulties experienced by many European financial institutions.

In the United States, a new round of quantitative easing (QE3) bolstered domestic demand and the economy, also giving a boost to household wealth and returning the housing sector, in particular, to a stronger footing. Despite the breakdown of negotiations between Republicans and Democrats over a deficit reduction deal, the major US stock indexes rose substantially during the period.

The new Japanese government ushered in by the December 2012 elections unveiled its strategy to revitalize the country's economy through significant monetary expansion, in order to put an end to Japan's deflationary spiral and promote exports, amid a marked decline in the yen. This strategy pushed Japanese stock markets much higher.

During a period of less momentum in consumer demand from developed markets, a certain wait-and-see attitude pervaded in China due to the country's impending change in political leadership. Growth in lending, and in the economy as a whole, slowed slightly. These developments were reflected in the performance of Chinese stock markets.

In this mixed environment, Christian Dior turned in generally positive results. The Christian Dior share price rose 16.2% between April 30, 2012 and April 30, 2013, compared to 17.6% and 18.6% increases, respectively, for the DJ Euro Stoxx 50 and Euronext 100 indexes. Over the same period, the S&P 500 gained 14.3%, Japan's Topix soared 44.9%, and the Shanghai SSE 180 fell 5.2%.

Christian Dior's closing share price on April 30, 2013 was 132.35 euros. As of the same date, Christian Dior's market capitalization was 24 billion euros.

Market for issuer's shares

Christian Dior's shares are listed on Compartment A of NYSE Euronext Paris (Reuters: DIOR. PA, Bloomberg: CDI-FP, ISIN: FR0000130403).

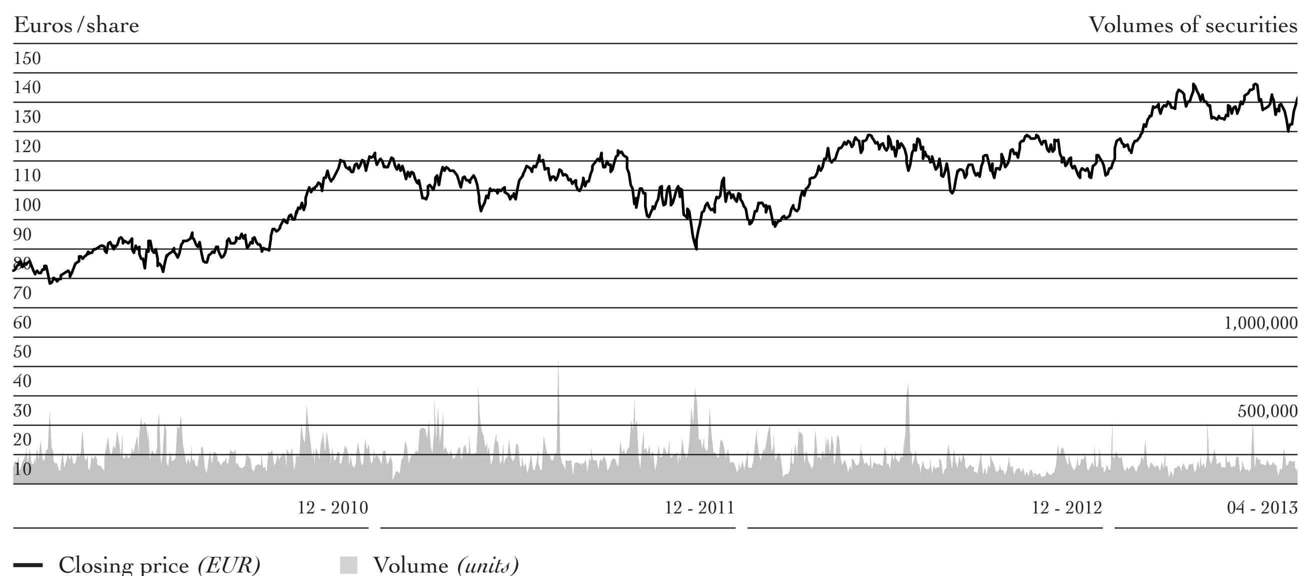
In addition, negotiable options based on the Christian Dior share are traded on Euronext-Liffe.

Trading volumes and amounts on Euronext Paris and price trend over the last twelve months

	Opening price 1st day *(EUR)*	Closing price last day *(EUR)*	Highest share price [(a)] *(EUR)*	Lowest share price [(a)] *(EUR)*	Trading volume	Value of share capital traded *(EUR millions)*
May 2012	115.95	105.65	119.10	103.95	2,009,471	222
June 2012	106.05	108.25	109.90	98.08	2,205,964	232
July 2012	108.90	112.55	114.90	103.75	1,944,510	213
August 2012	114.45	113.40	119.45	111.00	1,225,815	143
September 2012	113.30	104.40	119.35	104.40	2,153,680	238
October 2012	105.85	110.75	114.15	104.20	2,502,936	272
November 2012	111.30	124.25	126.95	110.60	2,417,166	284
December 2012	124.40	128.25	130.45	124.25	1,548,180	198
January 2013	129.90	128.70	136.80	127.40	2,010,663	265
February 2013	128.00	127.95	130.95	122.60	2,403,614	303
March 2013	127.85	129.40	136.65	126.35	2,175,871	287
April 2013	129.25	132.35	134.15	119.65	2,072,146	264

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, 2011	16,648
As of April 30, 2012	20,690
As of April 30, 2013	24,052

5.2. BONDS ISSUED BY CHRISTIAN DIOR

Bonds issued by Christian Dior that were outstanding on April 30, 2013 are listed for trading as shown below:

Bonds listed in Luxembourg

	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

5.3. DIVIDEND

A gross dividend of 2.90 euros per share is being proposed for the fiscal year from May 1, 2012 to April 30, 2013.

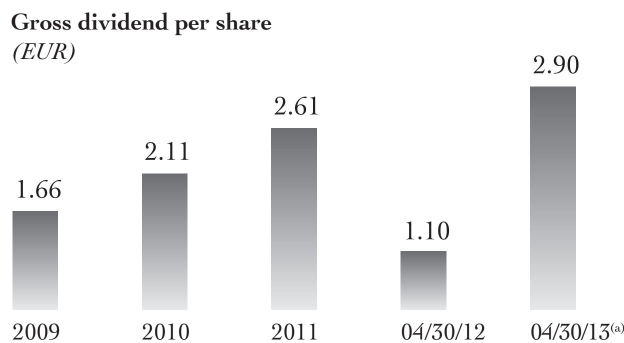
The total Christian Dior distribution will amount to 527 million euros for the fiscal year from May 1, 2012 to April 30, 2013, before the impact of treasury shares.

Dividend distribution in respect of fiscal years 2009 to 2013

Fiscal year	Gross dividend per share [(a)] *(EUR)*	Dividend distribution *(EUR millions)*
April 30, 2013 [(b)]	2.90	527
April 30, 2012 (4 months)	1.10	200
2011	2.61	474
2010	2.11	383
2009	1.66	302

(a) Excludes the impact of tax regulations applicable to the beneficiaries.
(b) Proposed to the Shareholders' Meeting of October 18, 2013.

Gross dividend per share
(EUR)



(a) Proposed to the Shareholders' Meeting of October 18, 2013.

The Company has a steady dividend distribution policy, designed to ensure a stable return to shareholders, while making them partners in the growth of the Group.

Pursuant to current laws in France, dividends and interim dividends uncollected within five years become void and are paid to the French state.

5.4. CHANGE IN SHARE CAPITAL

As of April 30, 2013, 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 May 1, 2012 to April 30, 2013.

5.5. PERFORMANCE PER SHARE

(EUR)	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Diluted Group share of earnings per share	7.90	2.16	7.09
Dividend	2.90	1.10	2.61
Change compared to previous year	*11%* [(b)]	*na* [(a)]	*+24%*
Highest share price *(during normal trading hours)*	136.80	119.70	116.30
Lowest share price *(during normal trading hours)*	98.08	91.89	79.10
Share price as of the fiscal year-end date *(closing share price)*	132.35	113.85	91.61
Change compared to previous year	*+16%*	*+24%*	*-14%*

(a) Exceptional four-month fiscal year not comparable to the prior 12 month fiscal year.
(b) Percentage calculated with respect to December 31, 2011.

6. Main locations and properties

6.1. PRODUCTION

6.1.1. Wines and Spirits

The vineyards owned by the Group in France and internationally are as follows:

(in hectares)	April 30, 2013 Total	April 30, 2013 Of which under production	April 30, 2012 Total	April 30, 2012 Of which under production
France				
Champagne appellation	1,857	1,717	1,873	1,737
Cognac appellation	245	173	245	177
Vineyards in Bordeaux	252	154	253	159
International				
California (United States)	440	321	475	345
Argentina	1,398	882	1,397	878
Australia, New Zealand	525	481	525	481
Brazil	231	72	232	75
Spain	56	52	55	49
China	68	-	-	-

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 acquired a 90,000 sq.m plot of land in Chartres in 2012, where it plans to build a new production site to replace its current site in the same region. The brand also owns another production site in Orphin, France.

Parfums Givenchy owns two plants in France, one in Beauvais and the other in Vervins, which handles the production of both Givenchy and Kenzo product lines, corresponding to a total surface area of 19,000 square meters. The company also owns distribution facilities in 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 six 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 has a production facility in Redon (France).

Through a joint venture with LVMH, Les Ateliers Horlogers (LAH), Christian Dior Couture owns a watch assembly unit in La Chaux-de-Fonds, Switzerland.

6.2. DISTRIBUTION

Retail distribution of the Group's products is most often carried out through exclusive stores. Most of the stores in the Group's retail network are leased and only in exceptional cases does the Group own the buildings that house its stores.

Louis Vuitton owns certain buildings that house its stores in Tokyo, Guam, Hawaii, Seoul, Cannes, Saint-Tropez, for a total surface area of approximately 8,000 square meters.

Céline 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, a boutique in Tokyo and a boutique in Sydney, the stores wholly operated by Christian Dior Couture are leased. In 2011, Christian Dior Couture acquired a building in Seoul intended to house a boutique, with the opening planned for 2014. Christian Dior Couture 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, 2013, the Group's store network breaks down as follows:

(in number of stores)	**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
France	437	413	410
Europe (excluding France)	939	921	923
United States	683	652	653
Japan	394	386	390
Asia (excluding Japan)	770	698	686
Other	225	193	188
TOTAL	**3,448**	**3,263**	**3,250**

(in number of stores)		**April 30, 2013** (12 months)	**April 30, 2012** (4 months)	**Dec. 31, 2011** (12 months)
Christian Dior Couture		213	202	210
Fashion and Leather Goods		1,304	1,238	1,246
Perfumes and Cosmetics		99	87	85
Watches and Jewelry		346	327	327
Selective Retailing	*- Sephora*	*1,407*	*1,326*	*1,300*
	- Other, including DFS	*62*	*69*	*68*
	Subtotal Selective Retailing	1,469	1,395	1,368
Other		17	14	14
TOTAL		**3,448**	**3,263**	**3,250**

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 (about 26,000 square meters) and a building in Osaka (about 5,000 square meters) that house subsidiaries.

Lastly, the Group owns investment property, in central Paris and in London, corresponding to a total surface area of 50,000 square meters and 10,000 square meters, respectively.

The property assets previously used for the business operations of the Samaritaine department store in Paris, i.e. approximately 60,000 square meters, are the focus of a redevelopment project, which will transform it into a complex essentially comprising offices, shops and a luxury hotel.

Statement of the Company Officer responsible for the Annual Report

We declare that, to the best of our knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company and of all consolidated companies, and that the Management Report presented on page *7* gives a true and fair picture of the business performance, profit or loss and financial position of the parent company and of all consolidated companies as well as a description of the main risks and uncertainties faced by all of these entities.

Paris, August 30, 2013

Under delegation from the Group Managing Director

Florian OLLIVIER

Chief Financial Officer

Design and production: Agence Marc Praquin
Photo credit: Karl LAGERFELD

Christian Dior
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