LVMH

MOËT HENNESSY . LOUIS VUITTON

TRANSLATION OF THE FRENCH INTERIM FINANCIAL REPORT

SIX-MONTH PERIOD ENDED JUNE 30, 2014

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EXECUTIVE AND SUPERVISORY BODIES; STATUTORY AUDITORS

Board of Directors

Bernard Arnault
Chairman and Chief Executive Officer

Pierre Godé
Vice-Chairman

Antonio Belloni
Group Managing Director

Antoine Arnault

Delphine Arnault

Nicolas Bazire

Bernadette Chirac [a]

Nicholas Clive Worms [a]

Charles de Croisset [a]

Diego Della Valle [a]

Albert Frère [a]

Gilles Hennessy

Marie-Josée Kravis [a]

Lord Powell of Bayswater

Marie-Laure Sauty de Chalon [a]

Yves-Thibault de Silguy [a]

Francesco Trapani

Hubert Védrine [a]

Advisory Board members

Paolo Bulgari

Patrick Houël

Felix G. Rohatyn

Executive Committee

Bernard Arnault
Chairman and Chief Executive Officer

Antonio Belloni
Group Managing Director

Pierre Godé
Vice-Chairman

Nicolas Bazire
Development and acquisitions

Michael Burke
Louis Vuitton

Yves Carcelle
Fondation Louis Vuitton

Chantal Gaemperle
Human resources

Jean-Jacques Guiony
Finance

Christopher de Lapuente
Sephora

Christophe Navarre
Wines and Spirits

Daniel Piette
Investment funds

Pierre-Yves Roussel
Fashion

Philippe Schaus
DFS

Jean-Baptiste Voisin
Strategy

Mark Weber
Donna Karan

General secretary

Marc-Antoine Jamet

Performance Audit Committee

Yves-Thibault de Silguy [a]

Nicholas Clive Worms [a]

Gilles Hennessy

Nominations and Compensation Committee

Albert Frère [a]

Charles de Croisset [a]

Yves-Thibault de Silguy [a]

Statutory Auditors

DELOITTE & ASSOCIÉS
represented by Thierry Benoit

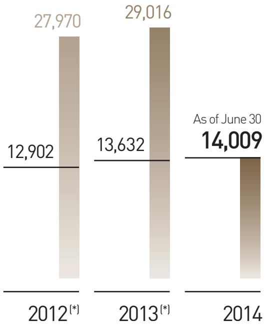
ERNST & YOUNG et Autres
represented by Jeanne Boillet and Gilles Cohen

(a) Independent Director.

FINANCIAL HIGHLIGHTS

Revenue

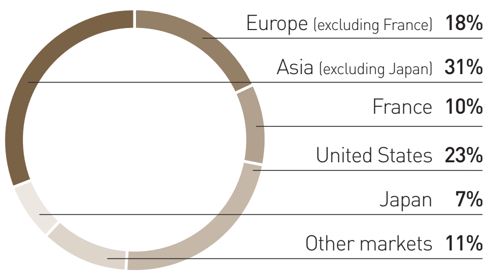
(As of June 30 and December 31, EUR millions)



Revenue by business group *(EUR millions)*	June 30, 2014	Dec. 31, 2013(*)	June 30, 2013(*)
Wines and Spirits	1,677	4,173	1,795
Fashion and Leather Goods	5,030	9,883	4,711
Perfumes and Cosmetics	1,839	3,717	1,804
Watches and Jewelry	1,266	2,697	1,275
Selective Retailing	4,382	8,903	4,198
Other activities and eliminations	(185)	(357)	(151)
Total	**14,009**	**29,016**	**13,632**

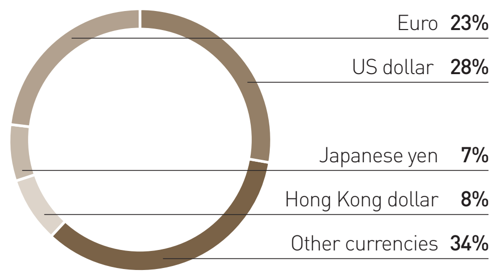
Revenue by geographic region of delivery

(As of June 30, 2014)



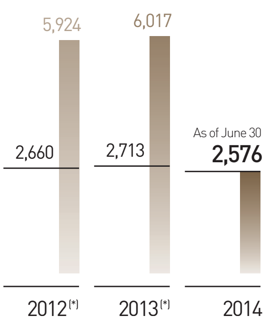
Revenue by invoicing currency

(As of June 30, 2014)



Profit from recurring operations

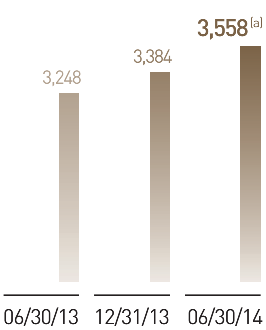
(As of June 30 and December 31, EUR millions)



Profit from recurring operations by business group *(EUR millions)*	June 30, 2014	Dec. 31, 2013(*)	June 30, 2013(*)
Wines and Spirits	461	1,367	539
Fashion and Leather Goods	1,487	3,135	1,493
Perfumes and Cosmetics	204	414	200
Watches and Jewelry	107	367	155
Selective Retailing	398	908	412
Other activities and eliminations	(81)	(174)	(86)
Total	**2,576**	**6,017**	**2,713**

Stores

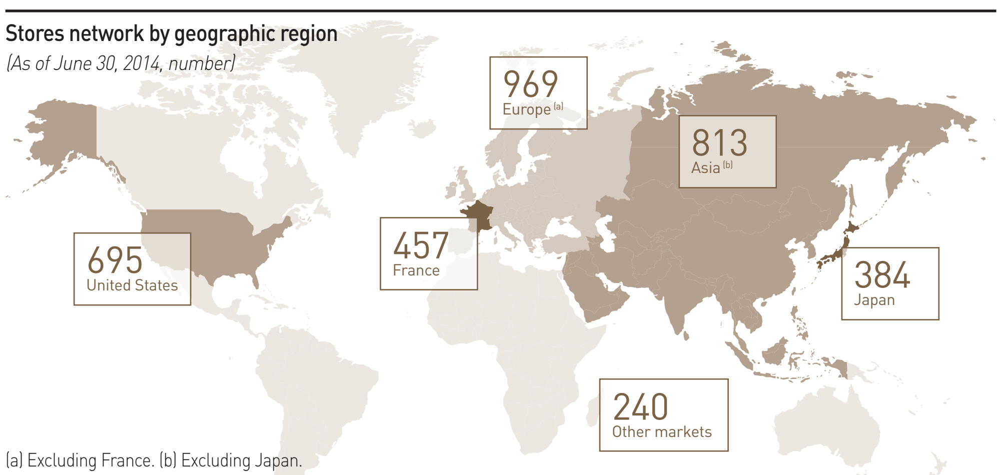
(number)



(a) Of which 122 additional stores as a result of the integration of Loro Piana.

Stores network by geographic region

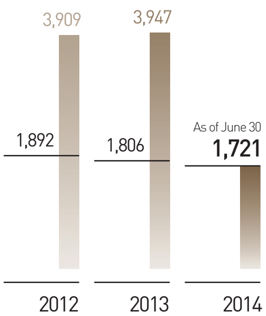
(As of June 30, 2014, number)



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

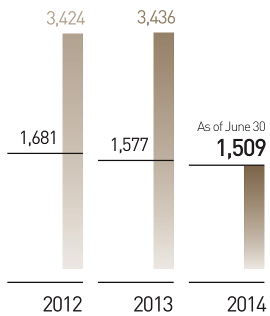
Net profit

(As of June 30 and December 31, EUR millions)



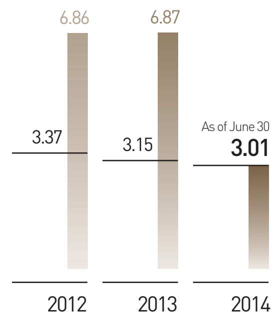
Net profit, Group share

(As of June 30 and December 31, EUR millions)



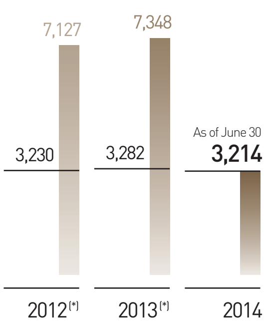
Basic Group share of net earnings per share

(As of June 30 and December 31, EUR)



Cash from operations before changes in working capital [(a)]

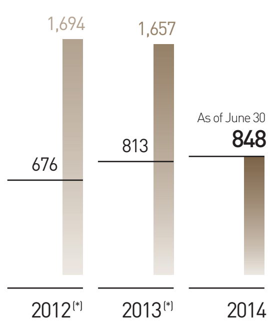
(As of June 30 and December 31, EUR millions)



(a) Before interest and tax paid.

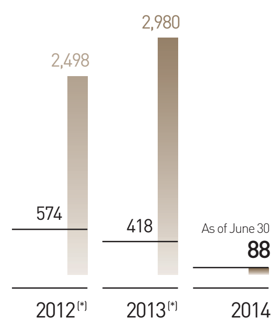
Operating investments

(As of June 30 and December 31, EUR millions)



Free cash flow [(a)]

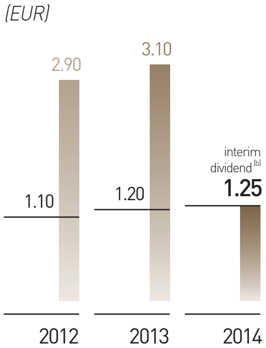
(As of June 30 and December 31, EUR millions)



(a) Net cash from (used in) operating activities and operating investments.

Dividend per share [(a)]

(EUR)

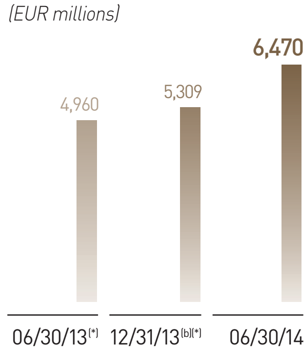


(a) Gross amount paid for fiscal year, excluding the impact of regulations applicable to the beneficiary.

(b) Paid in December 2014.

Net financial debt [(a)]

(EUR millions)

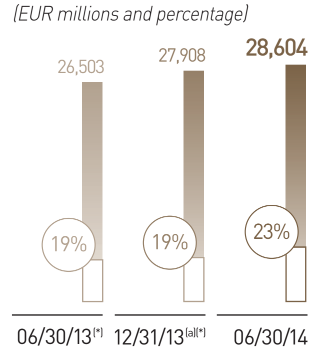


(a) Excluding purchase commitments for minority interests included in Other non-current liabilities. See Note 18.1 of notes to the consolidated half-year financial statements for definition of net financial debt.

(b) The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2 of the consolidated financial statements.

Total equity and Financial debt/Total equity ratio

(EUR millions and percentage)



(a) The balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2 of the consolidated financial statements.

(*) The financial statements as of June 30 and December 31, 2012 and 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2 of the consolidated financial statements.

HIGHLIGHTS AND OUTLOOK

Highlights of the first half of 2014 include:

- good resilience in Europe and continued growth in Asia and the United States,
- strong negative exchange rate effect, particularly on Fashion and Leather Goods and on Watches and Jewelry,
- Wines and Spirits' performance impacted by continued destocking by distributors in China,
- the qualitative development of Louis Vuitton, where profitability remains at an exceptional level,
- continued investment in the fashion brands,
- strong innovation momentum at Parfums Christian Dior,
- sustained investment in communication for Watches and Jewelry,
- excellent performance of Sephora and continued expansion plan of DFS,
- cash from operations before changes in working capital of 3.2 billion euros,
- net debt to equity ratio of 23% as of the end of June 2014.

Despite an uncertain European economic environment, LVMH will continue to gain market share thanks to the numerous product launches planned before the end of the year and its geographic expansion in promising markets, while continuing to manage costs.

Our strategy of focusing on quality across all our activities, combined with the dynamism and unparalleled creativity of our teams, will enable us to reinforce, once again in 2014, LVMH's global leadership position in luxury goods.

CAPITAL AND VOTING RIGHTS

Distribution as of June 30, 2014	Number of shares	Number of voting rights[a]	% of capital	% of voting rights
Arnault family group	236,381,811	454,484,244	46.50%	62.55%
Other	272,013,645	272,070,270	53.50%	37.45%
Total	**508,395,456**	**726,554,514**	**100.00%**	**100.00%**

(a) Total number of voting rights that may be exercised at Shareholders' Meetings.

BUSINESS REVIEW AND COMMENTS ON THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS OF LVMH GROUP

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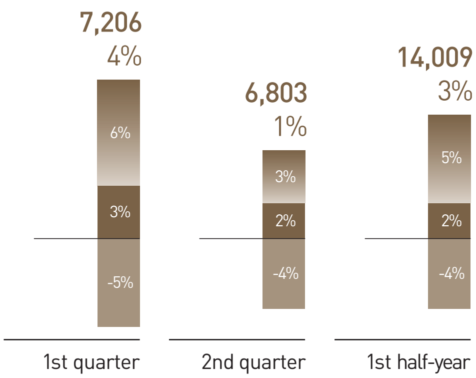
1. COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

1.1. Analysis of revenue

Change in revenue per quarter

(EUR millions and as %)



Organic growth

Changes in the scope of consolidation [(a)]

Exchange rate fluctuations [(a)]

(a) The principles used to determine the net impact of exchange rate fluctuations on revenue of entities reporting in foreign currencies and the net impact of changes in the scope of consolidation are described on page 9.

Consolidated revenue for the six-month period ended June 30, 2014 was 14,009 million euros, up 3% over the same period in 2013. It was affected by the depreciation of the Group's main invoicing currencies against the euro, in particular the Japanese yen, which depreciated by 12%.

The following changes have been made in the Group's scope of consolidation since January 1, 2013: in Fashion and Leather Goods, the acquisition of 80% of Loro Piana as of December 5, 2013 and 52% of British luxury footwear company Nicholas Kirkwood as of October 1, 2013; in Other activities, the consolidation of the Milan-based patisserie business Cova in July 2013 and Hotel Saint Barth Isle de France in September 2013. These changes in the scope of consolidation had a positive 2 point impact on revenue growth for the half year.

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

Revenue by invoicing currency

(percentage)	June 30, 2014	Dec. 31, 2013 [(*)]	June 30, 2013 [(*)]
Euro	23	23	23
US dollar	28	28	28
Japanese yen	7	7	7
Hong Kong dollar	8	8	8
Other currencies	34	34	34
Total	**100**	**100**	**100**

With respect to June 30, 2013, the breakdown between the various invoicing currencies did not change, with the relative contribution of the euro remaining stable at 23%, the US dollar at 28%, the Japanese yen at 7%, and other currencies at 42%.

Revenue by geographic region of delivery

(percentage)	June 30, 2014	Dec. 31, 2013 [(*)]	June 30, 2013 [(*)]
France	10	11	11
Europe (excluding France)	18	19	18
United States	23	23	23
Japan	7	7	7
Asia (excluding Japan)	31	30	31
Other markets	11	10	10
Total	**100**	**100**	**100**

By geographic region of delivery, France's relative contribution to Group revenue declined by 1 point to 10%, while those of Europe (excluding France), the United States, Japan and Asia (excluding Japan) remained stable at 18%, 23%, 7% and 31%, respectively, and the relative contribution of Other markets increased by 1 point to 11%.

In local currency terms, the change in revenue by geographic region represents a satisfactory performance for all regions, especially for Japan, the United States and Asia.

Revenue by business group

(EUR millions)	June 30, 2014	Dec. 31, 2013 [(*)]	June 30, 2013 [(*)]
Wines and Spirits	1,677	4,173	1,795
Fashion and Leather Goods	5,030	9,883	4,711
Perfumes and Cosmetics	1,839	3,717	1,804
Watches and Jewelry	1,266	2,697	1,275
Selective Retailing	4,382	8,903	4,198
Other activities and eliminations	(185)	(357)	(151)
Total	**14,009**	**29,016**	**13,632**

The breakdown of the Group's revenue by business group changed only slightly, with the integration of Loro Piana into Fashion and Leather Goods playing a part in the 1 point increase in that business group's contribution, which came to 36%. The proportion accounted for by Wines and Spirits fell by 1 point to 12%, whereas those of Perfumes and Cosmetics, Watches and Jewelry, and Selective Retailing remained stable, at 13%, 9% and 31%, respectively.

Wines and Spirits saw a decrease in revenue of 7% based on published figures. Revenue for this business group decreased by 1% on a constant consolidation scope and currency basis,

(*) The consolidated income statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2 of the consolidated financial statements.

with a negative 6 point impact from exchange rate fluctuations. Lower sales volumes for cognac in China were not offset by the positive effects of the sustained policy of price increases. Demand remained very strong in the United States and China is still the second largest market for the Wines and Spirits business group.

Fashion and Leather Goods posted revenue growth of 4% on an organic basis. The increase was 7% based on published figures including Loro Piana for the first time. This business group's performance continued to benefit from gains made by Louis Vuitton. Fendi, Kenzo, Givenchy and Berluti confirmed their potential for strong growth as of June 30, 2014.

Revenue for Perfumes and Cosmetics increased by 6% on a constant consolidation scope and currency basis, and by 2% based on published figures. This growth confirmed the effectiveness of the value-enhancing strategy resolutely pursued by the Group's brands in the face of competitive pressures spawned by the economic crisis. The Perfumes and Cosmetics business group achieved appreciable revenue growth in the United States and Asia, notably China.

Revenue for Watches and Jewelry increased by 3% on a constant consolidation scope and currency basis, and fell 1% based on published figures. Economic uncertainty and a highly competitive market caused a slowdown in purchases by multi-brand watch retailers. For all of the Watches and Jewelry business group's brands, Japan was the most dynamic region.

Revenue for Selective Retailing increased by 9% on a constant consolidation scope and currency basis and by 4% based on published figures. The drivers of this performance were Sephora, which generated very appreciable growth in revenue across all world regions, and DFS, which made substantial progress, spurred by the continuing development of Asian tourism which boosted business particularly at its stores in Hong Kong and Macao, as well as in the United States.

1.2. PROFIT FROM RECURRING OPERATIONS

(EUR millions)	June 30, 2014	Dec. 31, 2013 [*]	June 30, 2013 [*]
Revenue	14,009	29,016	13,632
Cost of sales	(4,828)	(9,997)	(4,657)
Gross margin	9,181	19,019	8,975
Marketing and selling expenses	(5,483)	(10,767)	(5,174)
General and administrative expenses	(1,119)	(2,212)	(1,082)
Income (loss) from investments in associates	(3)	(23)	(6)
Profit from recurring operations	**2,576**	**6,017**	**2,713**
Operating margin *(%)*	**18**	**21**	**20**

The Group achieved a gross margin of 9,181 million euros, up 2% compared to the first half of 2013. As a percentage of revenue, the gross margin was 66%, remaining stable compared to the first half of 2013.

Marketing and selling expenses totaled 5,483 million euros, up 6% based on published figures, amounting to an 8% increase on a constant consolidation scope and currency basis. The integration of Loro Piana accounted for almost 2 points of that increase. The remaining increase in marketing and selling expenses was mainly due to the development of retail networks, but also to higher communications investments especially by the Perfumes and Cosmetics and Watches and Jewelry business groups.

The level of these expenses rose by 1 point as a percentage of revenue to 39%. Within marketing and selling expenses, advertising and promotion costs amounted to 12% of revenue, an increase of 6% on a constant consolidation scope and currency basis.

The geographic breakdown of stores was as follows:

(number)	June 30, 2014 [a]	Dec. 31, 2013	June 30, 2013
France	457	443	426
Europe (excluding France)	969	926	893
United States	695	669	656
Japan	384	370	368
Asia (excluding Japan)	813	749	703
Other markets	240	227	202
Total	**3,558**	**3,384**	**3,248**

(a) Of which 122 additional stores as a result of the integration of Loro Piana.

General and administrative expenses totaled 1,119 million euros, up 4% based on published figures and on a constant consolidation scope and currency basis. They amounted to 8% of revenue, a stable percentage with respect to June 30, 2013.

Profit from recurring operations by business group

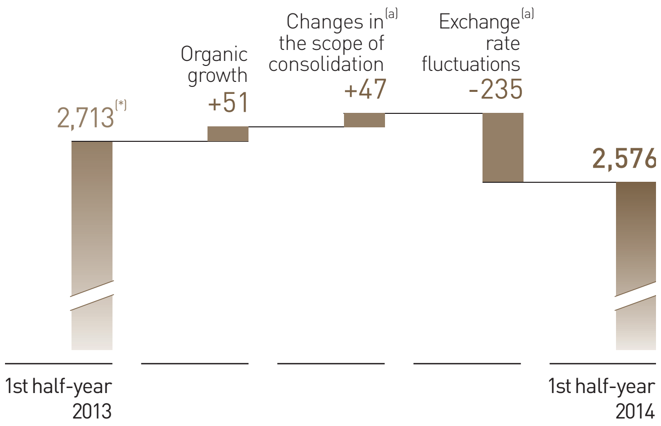
(EUR millions)	June 30, 2014	Dec. 31, 2013 [*]	June 30, 2013 [*]
Wines and Spirits	461	1,367	539
Fashion and Leather Goods	1,487	3,135	1,493
Perfumes and Cosmetics	204	414	200
Watches and Jewelry	107	367	155
Selective Retailing	398	908	412
Other activities and eliminations	(81)	(174)	(86)
Total	**2,576**	**6,017**	**2,713**

(*) The consolidated income statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2 of the consolidated financial statements.

The Group's profit from recurring operations was 2,576 million euros, representing a decrease of 5%. The operating margin as a percentage of Group revenue was 18%, 2 points lower than in the half year period ended June 30, 2013.

Change in profit from recurring operations

(EUR millions)



(a) The principles used to determine the net impact of exchange rate fluctuations on profit from recurring operations of entities reporting in foreign currencies and the net impact of changes in the scope of consolidation are described on page 9.

Exchange rate fluctuations had a negative net impact of 235 million euros on profit from recurring operations compared to June 30, 2013. This total comprises the following three items: the impact of changes in exchange rate parities on export and import sales and purchases by Group companies, the change in the net impact of the Group's policy of hedging its commercial exposure to various currencies, and the impact of exchange rate fluctuations on the consolidation of profit from recurring operations of subsidiaries outside the euro zone. On a constant consolidation scope, currency and foreign exchange hedging basis, the Group's profit from recurring operations was up 2% compared to June 30, 2013.

Wines and Spirits

	June 30 2014	Dec. 31, 2013[*]	June 30, 2013[*]
Revenue *(EUR millions)*	1,677	4,173	1,795
Profit from recurring operations *(EUR millions)*	461	1,367	539
Operating margin *(%)*	27	33	30

Profit from recurring operations for Wines and Spirits was 461 million euros, down 15%. Champagne and Wines contributed for 152 million euros and cognac and spirits accounted for 309 million euros. Sustained price increases and control of costs did not fully offset lower sales volumes for cognac in China.

Fashion and Leather Goods

	June 30, 2014	Dec. 31, 2013[*]	June 30, 2013[*]
Revenue *(EUR millions)*	5,030	9,883	4,711
Profit from recurring operations *(EUR millions)*	1,487	3,135	1,493
Operating margin *(%)*	30	32	32

Fashion and Leather Goods posted profit from recurring operations of 1,487 million euros, remaining stable with respect to the half year period ended June 30, 2013. Operating margin held steady at Louis Vuitton, whereas Kenzo and Givenchy confirmed their profitable growth momentum.

Perfumes and Cosmetics

	June 30, 2014	Dec. 31, 2013[*]	June 30, 2013[*]
Revenue *(EUR millions)*	1,839	3,717	1,804
Profit from recurring operations *(EUR millions)*	204	414	200
Operating margin *(%)*	11	11	11

Profit from recurring operations for Perfumes and Cosmetics was 204 million euros, up 2% compared to the first half of 2013. This growth was facilitated by Benefit and Fresh, which posted improved results thanks to the success of their flagship product lines and strong innovative momentum.

Watches and Jewelry

	June 30, 2014	Dec. 31, 2013[*]	June 30, 2013[*]
Revenue *(EUR millions)*	1,266	2,697	1,275
Profit from recurring operations *(EUR millions)*	107	367	155
Operating margin *(%)*	8	14	12

Profit from recurring operations for Watches and Jewelry was 107 million euros, a 31% decrease.

(*) The consolidated income statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2 of the consolidated financial statements.

Selective Retailing

	June 30, 2014	Dec. 31, 2013 (*)	June 30, 2013 (*)
Revenue *(EUR millions)*	4,382	8,903	4,198
Profit from recurring operations *(EUR millions)*	398	908	412
Operating margin *(%)*	9	10	10

Profit from recurring operations for Selective Retailing was 398 million euros, down 3% compared to the first half of 2013.

Other activities

The net result from recurring operations of Other activities and eliminations was a loss of 81 million euros, a slight improvement with respect to the first half of 2013. In addition to headquarters expenses, this heading includes the results of the Media division and those of the yacht builder Royal Van Lent.

1.3. Other income statement items

(EUR millions)	June 30, 2014	Dec. 31, 2013 (*)	June 30, 2013 (*)
Profit from recurring operations	2,576	6,017	2,713
Other operating income and expenses	(49)	(119)	(40)
Operating profit	2,527	5,898	2,673
Net financial income (expense)	(50)	(198)	(75)
Income taxes	(756)	(1,753)	(792)
Net profit before minority interests	**1,721**	**3,947**	**1,806**
Minority interests	(212)	(511)	(229)
Net profit, Group share	**1,509**	**3,436**	**1,577**

Other operating income and expenses amounted to a net expense of 49 million euros, compared to a net expense of 40 million euros in the first half of 2013. In the first half of 2014, Other operating income and expenses mainly comprised amortization and impairment charges for brands and goodwill.

The Group's operating profit was 2,527 million euros, down 5% compared to the first half of 2013.

The net financial expense as of June 30, 2014 was 50 million euros, compared with a net financial expense of 75 million euros as of June 30, 2013. This item comprises:

- the aggregate cost of net financial debt, which amounted to 50 million euros, a decrease compared to the first half of 2013. The increase in average debt outstanding versus the first half of 2013 was more than offset by lower borrowing rates;
- other financial income and expenses, which were nil in the first half of 2014, compared to a net expense of 19 million euros for the half year period ended June 30, 2013. This mainly included a 67 million euro expense for the ineffective portion of foreign exchange hedging, and 74 million euros in dividend income from non-current available for sale financial assets.

The Group's effective tax rate for the half-year period ended June 30, 2014 was 31%, stable with respect to the first half of 2013.

Profit attributable to minority interests was 212 million euros, compared to 229 million euros in the first half of 2013. This total mainly includes profit attributable to minority interests in Moët Hennessy and DFS.

The Group's share of net profit was 1,509 million euros, down 4% compared to the half-year period ended June 30, 2013. It amounted to 11% of revenue in the first half 2014, down 1 point compared to the period ended June 30, 2013.

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

The impact of exchange rate fluctuations is determined by translating the accounts for the period of entities having a functional currency other than the euro at the prior period's exchange rates, without any other restatements.

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

- for the period's acquisitions, by deducting from revenue for the period the amount of revenue generated during that period by the acquired entities, as of their initial consolidation;
- for the prior period's acquisitions, by deducting from revenue for the period the amount of revenue generated over the months during which the acquired entities were not consolidated in the prior period;
- for the period's disposals, by adding to revenue for the period the amount of revenue generated by the divested entities in the prior period over the months during which those entities were no longer consolidated in the current period;
- for the prior period's disposals, by adding to revenue for the period the amount of revenue generated in the prior period by the divested entities.

Profit from recurring operations is restated in accordance with the same principles, in addition to the restatements for the impact of exchange rate fluctuations described in §1.2 Profit from recurring operations.

(*) The consolidated income statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2 of the consolidated financial statements.

2. WINES AND SPIRITS

	June 30, 2014	Dec. 31, 2013 [a]	June 30, 2013 [a]
Revenue *(EUR millions)*	**1,677**	**4,173**	**1,795**
of which: Champagne and Wines	*723*	*1,937*	*727*
Cognac and Spirits	*954*	*2,236*	*1,068*
Sales volume *(millions of bottles)*			
Champagne	21.8	57.4	21.2
Cognac	32.6	69.1	33.0
Other spirits	8.1	16.9	7.4
Still and sparkling wines	17.8	44.7	17.6
Revenue by geographic region of delivery *(%)*			
France	5	7	6
Europe (excluding France)	17	19	15
United States	26	23	24
Japan	6	5	5
Asia (excluding Japan)	31	31	36
Other markets	15	15	14
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**461**	**1,367**	**539**
Operating margin *(%)*	**27**	**33**	**30**
Operating investments of the period *(EUR millions)*	**50**	**186**	**78**

(a) The consolidated financial statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2 of the consolidated financial statements.

Highlights

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

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

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

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

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

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

Outlook

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

3. FASHION AND LEATHER GOODS

	June 30, 2014	Dec. 31, 2013 [a]	June 30, 2013 [a]
Revenue *(EUR millions)*	5,030	9,883	4,711
Revenue by geographic region of delivery *(%)*			
France	8	8	8
Europe (excluding France)	20	20	19
United States	18	20	20
Japan	12	12	13
Asia (excluding Japan)	31	31	32
Other markets	11	9	8
Total	100	100	100
Type of revenue as a percentage of total revenue (excluding Louis Vuitton)			
Retail	56	52	51
Wholesale	41	43	44
Licenses	3	5	5
Total	100	100	100
Profit from recurring operations *(EUR millions)*	1,487	3,135	1,493
Operating margin *(%)*	30	32	32
Operating investments of the period *(EUR millions)*	274	629	303
Number of stores	1,477 [b]	1,339	1,306

(a) The consolidated financial statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2 of the consolidated financial statements.
(b) Of which 122 additional stores as a result of the integration of Loro Piana.

Highlights

Louis Vuitton continued to illustrate its exceptional creative dynamic. Two high points punctuated the first half of the year: Nicolas Ghesquière's first ready-to-wear show as new Artistic Director, in the Cour Carrée courtyard of the Louvre in Paris, followed by the presentation of the first cruise collection in Louis Vuitton's history, in front of the Royal Palace in Monaco. Both events were enthusiastically received and marked a very promising start to this new creative collaboration. Louis Vuitton expanded its leather goods lines with the addition of the *Damier Cobalt* men's collection and new designs in the *Monogram* collection and fine leather lines. The new *Lockit* handbag was a striking success. In March, a new Louis Vuitton culture exhibit opened in Munich. Pursuing the quality focused development of its retail network, in May Louis Vuitton opened a new store in Frankfurt.

Loro Piana began its first year operating as part of the LVMH group. Drawing on a shared set of values, the integration of this Maison and its unique savoir faire is progressing as hoped. It registered strong growth, with particularly outstanding performances at its boutiques in London, Switzerland and Hong Kong. A store was opened in Chengdu, China.

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

Céline continued its forward march, driven by the rapid rise of ready-to-wear and footwear sales and growth in its leather goods lines. In May, a show of the Autumn Winter 2014 ready-to-wear collection organized in Beijing attracted press coverage and significantly raised the brand's profile. Céline's retail network expanded with several flagship stores opening in locations including London, Tokyo, and the avenue Montaigne in Paris.

Donna Karan pursued the quality-driven expansion of its retail network while focusing on developing its *DKNY* sportswear line, reflecting the unique vibrancy of New York which is at the heart of the brand's values. **Marc Jacobs** began working solely for his eponymous brand. A creativity building process was initiated in all product categories, and development continued on the brand's new foray into make-up. **Loewe** presented its new Artistic Director Jonathan Anderson's first men's collection in June, preceding the first women's show which will take place in October. **Kenzo** continued to display good momentum, confirming the success of its creative renewal hailed by an increasingly young, international customer base. **Givenchy** intensified its gains and selectively developed its boutique network. The brand made its return to the United States, in Las Vegas, and inaugurated a flagship store in Tokyo. **Berluti** enjoyed the excellent reception of its menswear lines, while at the same time developing its footwear collections, which form the heart of its craft. Two new Maisons opened, in Milan and New York. **Thomas Pink** enjoyed continuing development in its online sales.

Outlook

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

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

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

4. PERFUMES AND COSMETICS

	June 30, 2014	Dec. 31, 2013 [(a)]	June 30, 2013 [(a)]
Revenue *(EUR millions)*	1,839	3,717	1,804
Revenue by product category *(%)*			
Perfumes	41	45	43
Cosmetics	40	37	38
Skincare products	19	18	19
Total	100	100	100
Revenue by geographic region of delivery *(%)*			
France	13	13	13
Europe (excluding France)	29	31	31
United States	12	12	12
Japan	4	5	5
Asia (excluding Japan)	26	24	25
Other markets	16	15	14
Total	100	100	100
Profit from recurring operations *(EUR millions)*	204	414	200
Operating margin *(%)*	11	11	11
Operating investments of the period *(EUR millions)*	92	229	89
Number of stores	139	123	99

(a) The consolidated financial statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2 of the consolidated financial statements.

Highlights

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

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

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

Parfums Givenchy enjoyed solid growth in its cosmetics line and continued progress by the two mainstays of its product offering: *Very Irresistible Givenchy* and *Gentlemen Only*. Sales for **Kenzo Parfums** were up in a number of markets. Backed by the remarkable success of *Flower in the Air*, launched at the end of 2013, the brand's flagship product line recorded solid market share gains. **Acqua di Parma** opened a boutique on the emblematic Piazza di Spagna in Rome.

Remaining loyal to the playful positioning on which it has built its success, **Benefit** kept up its excellent momentum. Its latest eyeliner *They're Real!* is already a bestseller. As part of its European strategy, the American brand opened its first boutique in Paris. **Make Up For Ever** also maintained its strong growth. To celebrate its 30th anniversary, the brand revisited and rereleased its emblematic eyeshadow range in 210 different colors.

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

Outlook

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

5. WATCHES AND JEWELRY

	June 30, 2014	Dec. 31, 2013 [a]	June 30, 2013 [a]
Revenue *(EUR millions)*	1,266	2,697	1,275
Revenue by geographic region of delivery *(%)*			
France	6	6	6
Europe (excluding France)	26	27	26
United States	12	12	12
Japan	13	13	13
Asia (excluding Japan)	26	27	28
Other markets	17	15	15
Total	100	100	100
Profit from recurring operations *(EUR millions)*	107	367	155
Operating margin *(%)*	8	14	12
Operating investments of the period *(EUR millions)*	93	187	97
Number of stores	366	363	351

(a) The consolidated financial statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2 of the consolidated financial statements.

Highlights

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

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

TAG Heuer, whose own store network registered a steady flow of business, opened its first boutique in New York. In Basel, the brand showcased numerous new additions to its iconic *Carrera* and *Aquaracer* lines, and unveiled its *Monaco V4 T* watch, the first ever to feature a belt driven tourbillon. A sponsorship agreement was signed with soccer star Cristiano Ronaldo, illustrating TAG Heuer's commitment to sporting values.

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

Zenith continued to develop its *El Primero* and *Pilot* collections. A new boutique opened in Hong Kong. A sponsorship agreement entered into with the Rolling Stones coupled the legendary 60s British rock band with another icon of that period, Zenith's famous *El Primero* watch movement.

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

Outlook

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

6. SELECTIVE RETAILING

	June 30, 2014	Dec. 31, 2013 [a]	June 30, 2013 [a]
Revenue *(EUR millions)*	4,382	8,903	4,198
Revenue by geographic region of delivery *(%)*			
France	15	15	15
Europe (excluding France)	8	10	10
United States	34	33	33
Japan	1	1	1
Asia (excluding Japan)	33	33	34
Other markets	9	8	7
Total	100	100	100
Profit from recurring operations *(EUR millions)*	398	908	412
Operating margin *(%)*	9	10	10
Operating investments of the period *(EUR millions)*	177	389	178
Number of stores			
Sephora	1,499	1,481	1,413
Other trade names	59	60	62

(a) The consolidated financial statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2 of the consolidated financial statements.

Highlights

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

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

Sephora continued its global expansion with particularly remarkable performances in North America, the Middle East and Asia. The brand opened some forty stores over the course of the half-year period and continued to gain market share in all of its key countries. Online sales showed strong growth in all countries, accompanied by an enriched mobile offering. Innovation, personalized customer relations and service enhancement remained the core of Sephora's strategy, which its team have truly taken to heart. A new social shopping platform, the "Beauty Board", was launched in the United States. Alongside the Sephora brand, other exclusive brand offerings were expanded with the release of *Marc Jacobs* and *Formula X* lines in Europe and Asia, following their 2013 launch in America and the Middle East.

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

Outlook

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

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

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

7. COMMENTS ON THE CONSOLIDATED BALANCE SHEET

7.1. Restatements to the balance sheet as of December 31, 2013

The balance sheet as of December 31, 2013 has been restated to reflect:

- the retrospective application as of January 1, 2012 of IFRS 11, eliminating the possibility to use proportionate consolidation to consolidate jointly controlled entities, which will be accounted for using only the equity method (see Note 1.2 to the condensed consolidated financial statements);
- the impact of the finalization of purchase price allocations for acquisitions carried out in 2013, mainly Loro Piana (see Note 2 to the condensed consolidated financial statements).

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

ASSETS *(EUR billions)*	Dec. 31, 2013 Published	Retro-spective application of IFRS 11	Purchase price allocations for 2013 acquisitions	Dec. 31, 2013, after restate-ment
Brands and trade names	11.5	(0.2)	1.3	12.6
Goodwill	10.0	(0.1)	(0.8)	9.1
Other intangible assets	9.5	-	0.1	9.6
Tangible and intangible assets	31.0	(0.3)	0.6	31.3
Investments in associates	0.2	0.3	-	0.5
Other non-current assets	8.4	-	-	8.4
Non-current assets	**39.6**	**-**	**0.6**	**40.2**
Inventories	8.6	(0.1)	-	8.5
Other current assets	7.5	-	-	7.5
Current assets	**16.1**	**(0.1)**	**-**	**16.0**
Total assets	**55.7**	**(0.1)**	**0.6**	**56.2**

LIABILITIES AND EQUITY *(EUR billions)*	Dec. 31, 2013 Published	Retro-spective application of IFRS 11	Purchase price allocations for 2013 acquisitions	Dec. 31, 2013, after restate-ment
Total equity	27.7	-	0.2	27.9
Long term borrowings	4.1	-	-	4.1
Deferred tax	3.9	-	0.4	4.3
Other non-current liabilities	8.3	(0.1)	-	8.2
Total equity and non-current liabilities	**44.0**	**(0.1)**	**0.6**	**44.5**
Short term borrowings	4.7	-	-	4.7
Other current liabilities	7.0	-	-	7.0
Current liabilities	**11.7**	**-**	**-**	**11.7**
Total liabilities and equity	**55.7**	**(0.1)**	**0.6**	**56.2**

7.2. Balance sheet as of June 30, 2014

(EUR billions)	June 30, 2014	Dec. 31, 2013 [a]	Change
Tangible and intangible assets	31.6	31.3	0.3
Other non-current assets	9.2	8.9	0.3
Non-current assets	**40.8**	**40.2**	**0.6**
Inventories	9.3	8.5	0.8
Other current assets	6.1	7.5	(1.4)
Current assets	**15.4**	**16.0**	**(0.6)**
Total assets	**56.2**	**56.2**	**-**

(EUR billions)	June 30, 2014	Dec. 31, 2013 [a]	Change
Total equity	28.6	27.9	0.7
Long term borrowings	3.2	4.1	(0.9)
Other non-current liabilities	12.5	12.5	-
Equity and non-current liabilities	**44.3**	**44.5**	**(0.2)**
Short term borrowings	5.6	4.7	0.9
Other current liabilities	6.3	7.0	(0.7)
Current liabilities	**11.9**	**11.7**	**0.2**
Total liabilities and equity	**56.2**	**56.2**	**-**

(a) Amounts restated to reflect the impacts described in §7.1.

LVMH's consolidated balance sheet totaled 56.2 billion euros as of June 30, 2014, remaining stable with respect to year-end 2013. Non-current assets increased by 0.6 billion euros and represented 73% of total assets, up 1 point compared with year-end 2013.

Tangible and intangible fixed assets grew by 0.3 billion euros. Investments for the six-month period (see the comments on the cash flow statement for further information) represented an increase of 0.8 billion euros, partially offset by 0.7 billion euros in amortization and depreciation charges as well as disposals for the period. The remaining change included 0.1 billion euros resulting from the consolidation of the fixed assets of the businesses acquired during the six-month period, mainly Clos des Lambrays, and 0.1 billion euros from the positive impact of exchange rate fluctuations.

Other non-current assets grew by 0.3 billion euros, of which 0.1 billion euros was due to the increase in the value of the investment in Hermès International, and another 0.1 billion euros to the increase in deferred tax assets. At the balance sheet date, the stake in Hermès amounted to 6.6 billion euros.

Inventories increased by 0.8 billion euros; the comments on the cash flow statement provide further information on this change.

Other current assets decreased by 1.4 billion euros, mainly due to a 1.1 billion euro reduction in the Group's cash and cash equivalents. This was accompanied by a 0.2 billion euro reduction in trade accounts receivable, due to the seasonality of the Group's business activities, and a 0.2 billion euro reduction in the market value of derivatives, resulting from currency fluctuations.

Total equity amounted to 28.6 billion euros as of June 30, 2014, representing an increase of 3% compared to year-end 2013. This improvement reflects the Group's strong earnings, only a portion of which have been distributed. As of June 30, 2014, total equity accounted for 51% of the balance sheet total, up from the 50% recorded at year-end 2013.

Other non-current liabilities decreased slightly, by 0.1 billion euros, mainly due to the change in purchase commitments for minority interests.

Other current liabilities, totaling 11.9 billion euros, increased by 0.2 billion euros. This change was the result of the 0.9 billion euro increase in short-term borrowings (see below for comments on the change in net financial debt), partially offset by the 0.7 billion euro decrease in operating liabilities, notably including a 0.3 billion euro decrease in trade accounts payable. The decrease in operating liabilities was related to the seasonality of the Group's business activities.

7.3. Net financial debt as of June 30, 2014

(EUR billions)	June 30, 2014	Dec. 31, 2013[a]	Change
Long term borrowings	3.2	4.1	(0.9)
Short term borrowings and derivatives	5.6	4.6	1.0
Gross borrowings after derivatives	**8.8**	**8.7**	**0.1**
Cash and cash equivalents and current available for sale financial assets	(2.3)	(3.4)	1.1
Net financial debt	**6.5**	**5.3**	**1.2**
Equity	**28.6**	**27.9**	**0.7**
Net financial debt/Total equity ratio	**23%**	**19%**	**4%**

(a) Amounts restated to reflect the impacts described in §7.1.

The ratio of net financial debt to equity rose 4 points from December 31, 2013, to 23%. Equity expanded less rapidly than net financial debt, which is to be expected given the seasonality of the Group's business activities.

Gross borrowings after derivatives totaled 8.8 billion euros as of June 30, 2014, remaining almost totally stable compared to the 8.7 billion euros recorded at year-end 2013. Over the six-month period, LVMH repaid the 1.0 billion euro bond issued in 2009. Conversely, commercial paper outstanding and short-term bank borrowings each increased by 0.5 billion euros. Cash and cash equivalents and current available for sale financial assets totaled 2.3 billion euros at the end of the period, down 1.1 billion euros compared to year-end 2013.

As of June 30, 2014, the Group's undrawn confirmed credit lines amounted to 3.8 billion euros, more than enough to cover the commercial paper program, whose outstanding amount was 2.8 billion euros as of June 30, 2014.

8. COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	June 30, 2014	June 30, 2013 [a]	Change
Cash from operations before changes in working capital	**3,214**	**3,282**	**(68)**
Cost of net financial debt: interest paid	(57)	(62)	5
Income taxes paid	(947)	(979)	32
Net cash from operating activities before changes in working capital	**2,210**	**2,241**	**(31)**
Total change in working capital	(1,274)	(1,010)	(264)
Operating investments	(848)	(813)	(35)
Free cash flow	**88**	**418**	**(330)**
Financial investments	**(151)**	**(176)**	**25**
Transactions related to equity	**(1,130)**	**(1,140)**	**10**
Change in cash before financing activity	**(1,193)**	**(898)**	**(295)**

(a) The cash flow statement as of June 30, 2013 has been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2 to the consolidated financial statements.

Cash from operations before changes in working capital totaled 3,214 million euros, compared to 3,282 million euros a year earlier, representing a decrease of 2%. Net cash from operating activities before changes in working capital (i.e. after interest and income taxes paid) amounted to 2,210 million euros, down 1% compared to the first half of 2013.

Interest paid, which totaled 57 million euros, remained stable compared to the amount paid in the first half of 2013, as the impact of the higher average amount of debt outstanding compared with the first half of 2013 was offset by lower borrowing rates.

Income taxes paid came to 947 million euros, remaining stable compared to the amount of 979 million euros paid a year earlier.

Working capital requirements increased by 1,274 million euros, primarily as a result of a rise in inventories, which generated a cash requirement of 883 million euros. The rise in inventories was due to the increase in *eau-de-vie* inventories in Wines and Spirits, the increase in raw materials inventories in Watches and Jewelry, and growth in business volumes, in Selective Retailing and Fashion and Leather Goods notably due to the integration of Loro Piana. Lower balances in trade accounts payable as well as in social security and tax liabilities generated an additional cash requirement of 607 million euros, which was partially covered by a reduction in trade accounts receivable of 273 million euros. These changes reflect the seasonality of the Group's business activities.

Operating investments net of disposals resulted in a cash outflow of 848 million euros in the first half of 2014, compared to 813 million euros a year earlier. Purchases of property, plant and equipment mainly included investments by Louis Vuitton, Sephora, Bulgari and Parfums Christian Dior in their retail networks, investments by the champagne houses in their production equipment, and miscellaneous real estate investments for administrative, commercial or rental use.

In the first half of the year, 36 million euros were allocated to acquisitions of non-current available for sale financial assets and 136 million euros to the purchase of consolidated investments, notably Clos des Lambrays. Conversely, disposals of non-current available for sale financial assets generated a cash inflow of 21 million euros. Net cash outflow related to financial investments came to 151 million euros for the first half of the year.

Transactions relating to equity generated an outflow of 1,130 million euros, of which 952 million euros corresponds to the final 2013 dividend paid in April by LVMH SA, excluding the amount attributable to treasury shares. In addition, dividends paid out to minority shareholders of consolidated subsidiaries amounted to 265 million euros. Conversely, capital increases related to the exercise of share subscription options, transactions in treasury shares, and the disposal of part of the investment in Hotel Saint Barth Isle de France generated an inflow of 87 million euros.

The net cash outflow after all operating, investment, and equity-related activities thus amounted to 1,193 million euros. It was financed by cash holdings at year-end 2013. The cash position at the end of the period was lower, by an amount of 1,199 million euros, than at year-end 2013.

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

(EUR millions, except for earnings per share)	Notes	June 30, 2014	Dec. 31, 2013 [a]	June 30, 2013 [a]
Revenue	23	**14,009**	**29,016**	**13,632**
Cost of sales		(4,828)	(9,997)	(4,657)
Gross margin		**9,181**	**19,019**	**8,975**
Marketing and selling expenses		(5,483)	(10,767)	(5,174)
General and administrative expenses		(1,119)	(2,212)	(1,082)
Income (loss) from investments in associates	7	(3)	(23)	(6)
Profit from recurring operations	23-24	**2,576**	**6,017**	**2,713**
Other operating income and expenses	25	(49)	(119)	(40)
Operating profit		**2,527**	**5,898**	**2,673**
Cost of net financial debt		(50)	(101)	(56)
Other financial income and expenses		-	(97)	(19)
Net financial income (expense)	26	**(50)**	**(198)**	**(75)**
Income taxes	27	(756)	(1,753)	(792)
Net profit before minority interests		**1,721**	**3,947**	**1,806**
Minority interests	17	(212)	(511)	(229)
Net profit, Group share		**1,509**	**3,436**	**1,577**
Basic Group share of net earnings per share *(EUR)*	28	**3.01**	**6.87**	**3.15**
Number of shares on which the calculation is based		501,046,054	500,283,414	500,208,913
Diluted Group share of net earnings per share *(EUR)*	28	**3.00**	**6.83**	**3.13**
Number of shares on which the calculation is based		503,171,031	503,217,497	503,567,531

(a) The consolidated income statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

(EUR millions)	June 30, 2014	Dec. 31, 2013[a]	June 30, 2013[a]
Net profit before minority interests	**1,721**	**3,947**	**1,806**
Translation adjustments	99	(346)	(119)
Tax impact	13	(48)	(7)
	112	**(394)**	**(126)**
Change in value of available for sale financial assets	122	963	533
Amounts transferred to income statement	(9)	(16)	(9)
Tax impact	(7)	(35)	(35)
	106	**912**	**489**
Change in value of hedges of future foreign currency cash flows	(19)	304	79
Amounts transferred to income statement	(153)	(265)	(116)
Tax impact	14	(17)	3
	(158)	**22**	**(34)**
Gains and losses recognized in equity, transferable to income statement	**60**	**540**	**329**
Change in value of vineyard land	3	369	-
Amounts transferred to consolidated reserves	(6)	-	-
Tax impact	-	(127)	-
	(3)	**242**	**-**
Employee benefit commitments: change in value resulting from actuarial gains and losses	(15)	80	46
Tax impact	5	(22)	(13)
	(10)	**58**	**33**
Gains and losses recognized in equity, not transferable to income statement	**(13)**	**300**	**33**
Comprehensive income	**1,768**	**4,787**	**2,168**
Minority interests	(211)	(532)	(241)
Comprehensive income, Group share	**1,557**	**4,255**	**1,927**

(a) The consolidated statements of comprehensive gains and losses as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.

CONSOLIDATED BALANCE SHEET

ASSETS *(EUR millions)*	Notes	June 30, 2014	Dec. 31, 2013 [(a) (b)]	June 30, 2013 [(a)]
Brands and other intangible assets	3	12,654	12,596	11,303
Goodwill	4	8,988	9,058	7,859
Property, plant and equipment	6	9,919	9,621	8,816
Investments in associates	7	496	480	521
Non-current available for sale financial assets	8	7,193	7,080	6,658
Other non-current assets	9	481	457	466
Deferred tax		1,023	913	867
Non-current assets		**40,754**	**40,205**	**36,490**
Inventories and work in progress	10	9,326	8,492	8,507
Trade accounts receivable	11	1,943	2,174	1,763
Income taxes		327	223	223
Other current assets	12	1,651	1,856	1,726
Cash and cash equivalents	14	2,159	3,226	1,873
Current assets		**15,406**	**15,971**	**14,092**
Total assets		**56,160**	**56,176**	**50,582**

LIABILITIES AND EQUITY *(EUR millions)*	Notes	June 30, 2014	Dec. 31, 2013 [(a) (b)]	June 30, 2013 [(a)]
Share capital		152	152	152
Share premium account		3,886	3,849	3,860
Treasury shares and LVMH-share settled derivatives		(421)	(451)	(398)
Cumulative translation adjustment		91	(8)	206
Revaluation reserves		3,844	3,900	3,217
Other reserves		18,483	16,001	16,845
Net profit, Group share		1,509	3,436	1,577
Equity, Group share	15	27,544	26,879	25,459
Minority interests	17	1,060	1,028	1,044
Total equity		**28,604**	**27,907**	**26,503**
Long-term borrowings	18	3,248	4,149	3,217
Non-current provisions	19	1,830	1,797	1,777
Deferred tax		4,308	4,280	3,792
Other non-current liabilities	20	6,277	6,404	5,661
Non-current liabilities		**15,663**	**16,630**	**14,447**
Short-term borrowings	18	5,629	4,674	3,891
Trade accounts payable		3,001	3,297	2,890
Income taxes		336	357	301
Current provisions	19	312	324	315
Other current liabilities	21	2,615	2,987	2,235
Current liabilities		**11,893**	**11,639**	**9,632**
Total liabilities and equity		**56,160**	**56,176**	**50,582**

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.

(b) The consolidated balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares and LVMH-share settled derivatives	Cumulative translation adjustment	Revaluation reserves				Net profit and other reserves	Total equity		
						Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land	Employee benefit commit-ments		Group share	Minority interests	Total
Notes		15.1		15.2	15.4							17	
As of December 31, 2012[a]	**508,163,349**	**152**	**3,848**	**(414)**	**342**	**1,943**	**118**	**758**	**(88)**	**17,765**	**24,424**	**1,084**	**25,508**
Gains and losses recognized in equity					(350)	912	18	188	51		819	21	840
Net profit										3,436	3,436	511	3,947
Comprehensive income		**-**	**-**	**-**	**(350)**	**912**	**18**	**188**	**51**	**3,436**	**4,255**	**532**	**4,787**
Stock option plan and similar expenses										31	31	3	34
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				(103)						(7)	(110)	-	(110)
Exercise of LVMH share subscription options	1,025,418	-	67								67	-	67
Retirement of LVMH shares	(1,395,106)	-	(66)	66							-	-	-
Capital increase in subsidiaries											-	8	8
Interim and final dividends paid										(1,500)	(1,500)	(228)	(1,728)
Acquisition of a controlling interest in Loro Piana[b]											-	235	235
Changes in control of consolidated entities										1	1	(1)	-
Acquisition and disposal of minority interests' shares										(73)	(73)	(76)	(149)
Purchase commitments for minority interests' shares[b]										(216)	(216)	(529)	(745)
As of December 31, 2013	**507,793,661**	**152**	**3,849**	**(451)**	**(8)**	**2,855**	**136**	**946**	**(37)**	**19,437**	**26,879**	**1,028**	**27,907**
Gains and losses recognized in equity					99	106	(147)	(7)	(8)	5	48	(1)	47
Net profit										1,509	1,509	212	1,721
Comprehensive income		**-**	**-**	**-**	**99**	**106**	**(147)**	**(7)**	**(8)**	**1,514**	**1,557**	**211**	**1,768**
Stock option plan and similar expenses										18	18	1	19
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				24						(12)	12	-	12
Exercise of LVMH share subscription options	725,591	-	43								43	-	43
Retirement of LVMH shares	(123,796)	-	(6)	6							-	-	-
Capital increase in subsidiaries											-	1	1
Interim and final dividends paid										(952)	(952)	(265)	(1,217)
Changes in control of consolidated entities										(6)	(6)	2	(4)
Acquisition and disposal of minority interests' shares										1	1	42	43
Purchase commitments for minority interests' shares										(8)	(8)	40	32
As of June 30, 2014	**508,395,456**	**152**	**3,886**	**(421)**	**91**	**2,961**	**(11)**	**939**	**(45)**	**19,992**	**27,544**	**1,060**	**28,604**
As of December 31,2012[a]	**508,163,349**	**152**	**3,848**	**(414)**	**342**	**1,943**	**118**	**758**	**(88)**	**17,765**	**24,424**	**1,084**	**25,508**
Gains and losses recognized in equity					(136)	489	(33)	-	30		350	12	362
Net profit										1,577	1,577	229	1,806
Comprehensive income		**-**	**-**	**-**	**(136)**	**489**	**(33)**	**-**	**30**	**1,577**	**1,927**	**241**	**2,168**
Stock option plan and similar expenses										11	11	1	12
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				(7)						(5)	(12)	-	(12)
Exercise of LVMH share subscription options	535,207	-	35								35	-	35
Retirement of LVMH shares	(493,484)	-	(23)	23							-	-	-
Capital increase in subsidiaries											-	2	2
Interim and final dividends paid										(900)	(900)	(173)	(1,073)
Changes in control of consolidated entities										-	-	-	-
Acquisition and disposal of minority interests' shares										(33)	(33)	(54)	(87)
Purchase commitments for minority interests' shares										7	7	(57)	(50)
As of June 30,2013	**508,205,072**	**152**	**3,860**	**(398)**	**206**	**2,432**	**85**	**758**	**(58)**	**18,422**	**25,459**	**1,044**	**26,503**

(a) After restatement related to the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2. of the consolidated financial statements as of December 31, 2013.

(b) The consolidated statement of changes in equity as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	June 30, 2014	Dec. 31, 2013 [a]	June 30, 2013 [a]
I. OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		2,527	5,898	2,673
Income/(loss) from joint-ventures and associates		3	23	6
Net increase in depreciation, amortization and provisions		705	1,435	639
Other computed expenses		(61)	(29)	(74)
Dividends received		84	97	71
Other adjustments		(44)	(76)	(33)
Cash from operations before changes in working capital		**3,214**	**7,348**	**3,282**
Cost of net financial debt: interest paid		(57)	(111)	(62)
Income taxes paid		(947)	(1,980)	(979)
Net cash from operating activities before changes in working capital		**2,210**	**5,257**	**2,241**
Change in working capital	14.1	(1,274)	(620)	(1,010)
Net cash from operating activities		**936**	**4,637**	**1,231**
Operating investments	14.2	(848)	(1,657)	(813)
Net cash from operating activities and operating investments (free cash flow)		**88**	**2,980**	**418**
II. FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets	8	(36)	(197)	(162)
Proceeds from sale of non-current available for sale financial assets	8	21	38	21
Impact of purchase and sale of consolidated investments	2	(136)	(2,161)	(35)
Net cash from (used in) financial investments		**(151)**	**(2,320)**	**(176)**
III. TRANSACTIONS RELATING TO EQUITY				
Capital increases of LVMH SA	15.1	43	66	35
Capital increases of subsidiaries subscribed by minority interests	17	-	7	1
Acquisition and disposals of treasury shares and LVMH-share settled derivatives	15.2	4	(113)	(14)
Interim and final dividends paid by LVMH SA	15.3	(952)	(1,501)	(901)
Interim and final dividends paid to minority interests in consolidated subsidiaries	17	(265)	(220)	(176)
Purchase and proceeds from sale of minority interests	2	40	(150)	(85)
Net cash from (used in) transactions relating to equity		**(1,130)**	**(1,911)**	**(1,140)**
Change in cash before financing activity		**(1,193)**	**(1,251)**	**(898)**
IV. FINANCING ACTIVITIES				
Proceeds from borrowings		1,322	3,095	1,050
Repayment of borrowings		(1,378)	(1,057)	(589)
Purchase and proceeds from sale of current available for sale financial assets	13	21	101	8
Net cash from (used in) financing activities		**(35)**	**2,139**	**469**
V. EFFECT OF EXCHANGE RATE CHANGES		29	47	45
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		**(1,199)**	**935**	**(384)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14	**2,916**	**1,981**	**1,981**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	**1,717**	**2,916**	**1,597**
Transactions included in the table above, generating no change in cash:				
- acquisition of assets by means of finance leases		1	7	5

(a) The consolidated cash flow statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1. ACCOUNTING POLICIES

1.1. General framework and environment

The condensed consolidated financial statements for the six-month period ended June 30, 2014 were approved by the Board of Directors on July 24, 2014. The financial statements were established in accordance with IAS 34 relating to the preparation of interim financial statements in addition to international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on June 30, 2014; these standards and interpretations have been applied consistently to the periods presented.

The accounts have been prepared using the same accounting principles and policies as those applied for the preparation of the annual accounts, with the exception of the determination of the income tax rate, which has been calculated based on the expected rate for the fiscal year. Moreover, comparability of the Group's half-year and annual accounts may be affected by the seasonal nature of the Group's businesses, which achieve a higher level of revenue during the second half of the year (see Note 23 Segment information).

1.2. Changes in the accounting framework applicable to LVMH in 2014

Standards, amendments and interpretations for which application was mandatory in 2014

The standards, amendments and interpretations applicable to LVMH with effect from January 1, 2014 relate to IFRS 10, IFRS 11 and IFRS 12 on consolidation. These IFRS redefine the concept of the control of entities, eliminating the possibility to use proportionate consolidation to consolidate jointly controlled entities which will be accounted for only using the equity method, and introducing additional disclosure requirements in the notes to the consolidated financial statements. The application of these standards did not have a material impact on the Group's consolidated financial statements, as proportionately consolidated entities represent only a small portion of the Group's financial statements.

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

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

IFRS 11 has been applied retrospectively since January 1, 2012, the impact of its application on the income statement and the balance sheet of the Group, as of December 31, 2013 and June 30, 2013, are presented below:

Impacts on the income statement

(EUR millions)	June 30, 2013	Dec. 31, 2013
Revenue	**(63)**	**(133)**
Cost of sales	24	58
Gross margin	**(39)**	**(75)**
Marketing and selling expenses	41	83
General and administrative expenses	5	11
Income (loss) from investments in associates	(6)	(23)
Profit from recurring operations	**1**	**(4)**
Other operating income and expenses	-	8
Operating profit	**1**	**4**
Net financial income (expense)	**1**	**1**
Income taxes	3	2
Income (loss) from investments in associates	(5)	(7)
Net profit, Group share	**-**	**-**

Impacts on the balance sheet

Assets *(EUR millions)*	Jan. 1, 2013	June 30, 2013	Dec. 31, 2013
Tangible and intangible assets	(360)	(357)	(357)
Investments in associates	320	358	328
Other non-current assets	(2)	(3)	(2)
Non-current assets	**(42)**	**(2)**	**(31)**
Inventories and work in progress	(86)	(84)	(78)
Other current assets	(21)	(21)	(14)
Current assets	**(107)**	**(105)**	**(92)**
Total assets	**(149)**	**(107)**	**(123)**

Liabilities and equity *(EUR millions)*	Jan. 1, 2013	June 30, 2013	Dec. 31, 2013
Equity	-	-	-
Long-term borrowings	(11)	(10)	(10)
Non-current provisions and deferred tax	(60)	(50)	(58)
Equity and non-current liabilities	**(71)**	**(60)**	**(68)**
Short-term borrowings	(26)	(14)	(14)
Other current liabilities	(52)	(33)	(41)
Current liabilities	**(78)**	**(47)**	**(55)**
Total liabilities and equity	**(149)**	**(107)**	**(123)**

Standards, amendments and interpretations for which application will be mandatory after 2014

The standards, amendments and interpretations applicable to LVMH with effect from January 1, 2015 are as follows:

- IFRIC Interpretation 21 on the accounting for levies
- IAS 19 amendment on the accounting of employees' contributions to post employment plans

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

Other changes in the accounting framework

The Group receives information on the progress of ongoing discussions held at IFRIC and IASB related to the recognition of purchase commitments for minority interests' shares and changes in their amount. See Note 1.11 to the consolidated financial statements as of December 31, 2013 for a description of the recognition method applied to these commitments.

The Group also monitors developments with regard to the exposure draft on accounting for lease commitments.

2. CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES

Wines and Spirits

In April 2014, LVMH acquired the entire share capital of the Domaine du Clos des Lambrays. Located in Morey-Saint-Denis, in France, on 8.66 continuous hectares, Clos des Lambrays is the first Côte de Nuits Grand Cru.

Fashion and Leather Goods

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

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

(EUR millions)	Provisional purchase price allocation	Variations	Definitive purchase price allocation
Brand	-	1,300	1,300
Other intangible and tangible assets, net	159	39	198
Other non-current assets	11	26	37
Non-current provisions	(18)	(21)	(39)
Current assets	382	(39)	343
Current liabilities	(203)	19	(184)
Net financial debt	(127)	13	(114)
Deferred tax	49	(415)	(366)
Net assets acquired	**253**	**922**	**1,175**
Minority interests (20%)	(51)	(184)	(235)
Net assets, Group share (80%)	**202**	**738**	**940**
Goodwill	1,785	(738)	1,047
Carrying amount of shares held as of December 5, 2013	**1,987**	**-**	**1,987**

The Loro Piana brand, amounting to 1,300 million euros, has been valued based on the relief from royalty method, corroborated by the discounted cash flow method. Goodwill, in the amount of 1,047 million euros, corresponds to Loro Piana's knowledge in the supply of high quality natural fibres, as well as its expertise and artisanal skill developed in the elaboration of products made from these exceptional materials.

Other activities

In June 2014, LVMH sold 44% of its stake in Hotel Saint-Barth Isle de France, acquired in August 2003. The difference between the cash received and the carrying amount of the sold share has been recognized in consolidated reserves.

3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

(EUR millions)			June 30, 2014	Dec. 31, 2013 [a] [b]	June 30, 2013 [a]
	Gross	Amortization and impairment	Net	Net	Net
Brands	10,415	(532)	9,883	9,866	8,576
Trade names	3,285	(1,337)	1,948	1,933	2,024
License rights	90	(70)	20	20	21
Leasehold rights	588	(261)	327	320	275
Software, web sites	950	(716)	234	235	193
Other	547	(305)	242	222	214
Total	**15,875**	**(3,221)**	**12,654**	**12,596**	**11,303**
Of which: assets held under finance leases	*14*	*(14)*	-	-	-

Movements during the six-month period ended June 30, 2014 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 December 31, 2013 [a] [b]	**10,383**	**3,257**	**898**	**567**	**589**	**15,694**
Acquisitions	-	-	27	23	69	119
Disposals and retirements	-	-	(3)	(3)	(9)	(15)
Changes in the scope of consolidation	-	-	-	-	1	1
Translation adjustment	32	28	3	2	3	68
Reclassifications	-	-	25	(1)	(16)	8
As of June 30, 2014	**10,415**	**3,285**	**950**	**588**	**637**	**15,875**

Accumulated amortization and impairment *(EUR millions)*	Brands	Trade names	Software, web sites	Leasehold rights	Other intangible assets	Total
As of December 31, 2013 [a] [b]	**(517)**	**(1,324)**	**(663)**	**(247)**	**(347)**	**(3,098)**
Amortization expense	(11)	(1)	(54)	(16)	(35)	(117)
Impairment expense	-	-	-	-	-	-
Disposals and retirements	-	-	3	3	9	15
Changes in the scope of consolidation	-	-	-	-	-	-
Translation adjustment	(4)	(12)	(2)	(1)	(2)	(21)
Reclassifications	-	-	-	-	-	-
As of June 30, 2014	**(532)**	**(1,337)**	**(716)**	**(261)**	**(375)**	**(3,221)**
Net carrying amount as of June 30, 2014	**9,883**	**1,948**	**234**	**327**	**262**	**12,654**

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.

(b) The consolidated balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

4. GOODWILL

(EUR millions)			June 30, 2014	Dec. 31, 2013 [a] [b]	June 30, 2013 [a]
	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	7,493	(1,244)	6,249	6,199	5,151
Goodwill arising on purchase commitments for minority interests	2,742	(3)	2,739	2,859	2,708
Total	**10,235**	**(1,247)**	**8,988**	**9,058**	**7,859**

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

(EUR millions)			June 30, 2014	Dec. 31, 2013 [a] [b]	June 30, 2013 [a]
	Gross	Impairment	Net	Net	Net
As of January 1	**10,269**	**(1,211)**	**9,058**	**7,708**	**7,708**
Changes in the scope of consolidation (See Note 2)	59	-	59	1,142	12
Changes in purchase commitments for minority interests	(116)	-	(116)	294	154
Changes in impairment	-	(31)	(31)	(57)	(13)
Translation adjustment	23	(5)	18	(29)	(2)
As of period-end	**10,235**	**(1,247)**	**8,988**	**9,058**	**7,859**

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.

(b) The consolidated balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

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

5. IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Brands, trade names and other intangible assets with indefinite useful lives as well as the goodwill arising on acquisition have been subject to annual impairment testing as of December 31, 2013. No significant impairment expense were recognized during the first half of 2014, as no indicator of impairment was identified.

6. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)			June 30, 2014	Dec. 31, 2013 [a] [b]	June 30, 2013 [a]
	Gross	Depreciation and impairment	Net	Net	Net
Land	1,138	(57)	1,081	1,055	1,085
Vineyard land and producing vineyards	2,456	(87)	2,369	2,294	1,925
Buildings	2,570	(1,253)	1,317	1,311	1,276
Investment property	662	(45)	617	605	603
Leasehold improvements, machinery and equipment	7,741	(4,977)	2,764	2,593	2,208
Assets in progress	880	-	880	800	772
Other tangible fixed assets	1,283	(392)	891	963	947
Total	**16,730**	**(6,811)**	**9,919**	**9,621**	**8,816**
Of which: assets held under finance leases	*286*	*(186)*	*100*	*105*	*101*
historical cost of vineyard land and producing vineyards	*711*	*(87)*	*624*	*537*	*532*

Movements in property, plant and equipment during the first half of 2014 break down as follows:

Gross value *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment property	Leaseholds improvements, machinery and equipment			Assets in progress	Other tangible fixed assets	Total
				Stores	Production, logistics	Other			
As of December 31, 2013 [a] [b]	**2,378**	**3,641**	**647**	**4,157**	**1,881**	**1,045**	**800**	**1,487**	**16,036**
Acquisitions	1	32	5	165	35	37	330	71	676
Change in the market value of vineyard land	3	-	-	-	-	-	-	-	3
Disposals and retirements	(25)	(15)	-	(82)	(38)	(9)	(1)	(9)	(179)
Changes in the scope of consolidation	96	12	-	-	1	-	-	2	111
Translation adjustment	(1)	33	10	33	5	8	3	5	96
Other movements, including transfers	4	5	-	378	39	86	(252)	(273)	(13)
As of June 30, 2014	**2,456**	**3,708**	**662**	**4,651**	**1,923**	**1,167**	**880**	**1,283**	**16,730**

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.

(b) The consolidated balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

Depreciation and impairment *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment property	Leaseholds improvements, machinery and equipment			Assets in progress	Other tangible fixed assets	Total
				Stores	Production, logistics	Other			
As of December 31, 2013 [a] [b]	**(84)**	**(1,275)**	**(42)**	**(2,502)**	**(1,273)**	**(715)**	**-**	**(524)**	**(6,415)**
Depreciation expense	(3)	(54)	(2)	(268)	(67)	(60)	-	(37)	(491)
Impairment expense	-	-	-	-	-	-	-	(2)	(2)
Disposals and retirements	-	13	-	80	38	9	-	9	149
Changes in the scope of consolidation	-	(5)	-	-	(1)	-	-	(2)	(8)
Translation adjustment	-	(11)	(1)	(22)	(3)	(4)	-	(3)	(44)
Other movements, including transfers	-	22	-	(147)	-	(42)	-	167	-
As of June 30, 2014	**(87)**	**(1,310)**	**(45)**	**(2,859)**	**(1,306)**	**(812)**	**-**	**(392)**	**(6,811)**
Net carrying amount as of June 30, 2014	**2,369**	**2,398**	**617**	**1,792**	**617**	**355**	**880**	**891**	**9,919**

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.
(b) The consolidated balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

Purchases of property, plant and equipment include investments by Louis Vuitton, Sephora, Bulgari and Parfums Christian Dior in their retail network, as well as those of the champagne houses in their production equipment, and various real estate investments dedicated to administrative, commercial or rental purposes.

7. INVESTMENTS IN ASSOCIATES

(EUR millions)	June 30, 2014				Dec. 31, 2013 [a]		June 30, 2013 [a]	
	Gross	Impairment	Net	*Of which joint arran-gements [b]*	Net	*Of which joint arran-gements [b]*	Net	*Of which joint arran-gements*
Share of net assets of associates as of January 1	**480**	**-**	**480**	***328***	**483**	***320***	**483**	***320***
Share of net profit (loss) for the period	(3)	-	(3)	*(10)*	(23)	*(31)*	(6)	*(11)*
Dividends paid	(10)	-	(10)	*-*	(26)	*(11)*	(6)	*-*
Changes in the scope of consolidation	-	-	-	*-*	6	*-*	-	*-*
Capital increases subscribed	4	-	4	*4*	38	*38*	35	*35*
Translation adjustment	2	-	2	*-*	(17)	*(3)*	(4)	*(2)*
Other movements, including transfers	23	-	23	*21*	19	*15*	19	*16*
Share of net assets of associates as of period-end	**496**	**-**	**496**	***343***	**480**	***328***	**521**	***358***

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.
(b) Proportionately consolidated entities previously to the application of IFRS 11 Joint Arrangements. See Note 1.2.

8. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)			June 30, 2014	Dec. 31, 2013	June 30, 2013
	Gross	Impairment	Net	Net	Net
Total	**7,347**	**(154)**	**7,193**	**7,080**	**6,658**

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

(EUR millions)		June 30, 2014	Dec. 31, 2013	June 30, 2013
	Total	*Of which Hermès*		
As of January 1	**7,080**	***6,437***	**6,004**	**6,004**
Acquisitions	36	*10*	197	162
Disposals at net realized value	(21)	-	(38)	(21)
Changes in market value	109	*148*	941	523
Changes in impairment	(2)	-	(5)	(2)
Changes in the scope of consolidation	-	-	1	-
Translation adjustment	2	-	(11)	2
Reclassifications	(11)	-	(9)	(10)
As of period-end	**7,193**	***6,595***	**7,080**	**6,658**

As of June 30, 2014, non-current available for sale assets mainly include an investment in Hermès International SCA ("Hermès") which increased during the six-month period from 23.1% as of December 31, 2013 to 23.2%, resulting from the acquisition of shares on the market. Among other factors, given the legal form of Hermès, a "Société en Commandite par Actions", the investment stake held by LVMH is not accounted for under the equity method.

As of June 30, 2014, the Hermès share price, applied for the purpose of valuing this investment, was 269.50 euros (263.50 euros as of December 31, 2013, 248.00 euros as of June 30, 2013).

9. OTHER NON-CURRENT ASSETS

(EUR millions)	June 30, 2014	Dec. 31, 2013 [a] [b]	June 30, 2013 [a]
Warranty deposits	245	223	245
Derivatives	50	68	92
Loans and receivables	165	151	115
Other	21	15	14
Total	**481**	**457**	**466**

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.
(b) The consolidated balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

10. INVENTORIES AND WORK IN PROGRESS

(EUR millions)			June 30, 2014	Dec. 31, 2013 [a] [b]	June 30, 2013 [a]
	Gross	Impairment	Net	Net	Net
Wines and eaux-de-vie in the process of aging	3,851	(16)	3,835	3,717	3,608
Other raw materials and work in progress	1,669	(330)	1,339	1,157	1,124
	5,520	(346)	5,174	4,874	4,732
Goods purchased for resale	1,392	(114)	1,278	1,163	1,248
Finished products	3,551	(677)	2,874	2,455	2,527
	4,943	(791)	4,152	3,618	3,775
Total	**10,463**	**(1,137)**	**9,326**	**8,492**	**8,507**

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

(EUR millions)			June 30, 2014	Dec. 31, 2013 [a] [b]	June 30, 2013 [a]
	Gross	Impairment	Net	Net	Net
As of January 1	**9,560**	**(1,068)**	**8,492**	**7,994**	**7,994**
Change in gross inventories	885	-	885	764	705
Fair value adjustment for the harvest of the period	2	-	2	2	1
Changes in impairment	-	(125)	(125)	(242)	(102)
Changes in the scope of consolidation	15	(1)	14	292	26
Translation adjustment	60	(6)	54	(297)	(95)
Other, including reclassifications	(59)	63	4	(21)	(22)
As of period-end	**10,463**	**(1,137)**	**9,326**	**8,492**	**8,507**

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.
(b) The consolidated balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

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

(EUR millions)	June 30, 2014	Dec. 31, 2013	June 30, 2013
Fair value adjustment for the harvest of the period	13	37	14
Adjustment for inventory consumed	(11)	(35)	(13)
Net effect on cost of sales of the period	**2**	**2**	**1**

11. TRADE ACCOUNTS RECEIVABLE

(EUR millions)	June 30, 2014	Dec. 31, 2013 [(a)(b)]	June 30, 2013 [(a)]
Trade accounts receivable, nominal amount	2,168	2,416	1,987
Provision for impairment	(65)	(67)	(62)
Provision for product returns	(160)	(175)	(162)
Net amount	**1,943**	**2,174**	**1,763**

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

(EUR millions)			June 30, 2014	Dec. 31, 2013 [(a)(b)]	June 30, 2013 [(a)]
	Gross	Impairment	Net	Net	Net
As of January 1	**2,416**	**(242)**	**2,174**	**1,972**	**1,972**
Changes in gross receivables	(283)	-	(283)	291	(189)
Changes in provision for impairment	-	3	3	(4)	-
Changes in provision for product returns	-	14	14	(1)	16
Changes in the scope of consolidation	-	-	-	50	(3)
Translation adjustment	13	-	13	(136)	(29)
Reclassifications	22	-	22	2	(5)
As of period-end	**2,168**	**(225)**	**1,943**	**2,174**	**1,762**

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. As of June 30, 2014, coverage of customer credit risk had been requested from insurers for the majority of trade receivables, approximately 90% of the amount of which was granted (90% as of December 31, 2013 and 91% as of June 30, 2013).

12. OTHER CURRENT ASSETS

(EUR millions)	June 30, 2014	Dec. 31, 2013 [(a)(b)]	June 30, 2013 [(a)]
Current available for sale financial assets	184	171	187
Derivatives	250	494	369
Tax accounts receivable, excluding income taxes	379	355	379
Advances and payments on account to vendors	143	173	150
Prepaid expenses	337	283	320
Other receivables	358	380	321
Total	**1,651**	**1,856**	**1,726**

Please also refer to Note 13 Current available for sale financial assets and Note 22 Financial instruments and market risk management.

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.
(b) The consolidated balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

13. CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	June 30, 2014	Dec. 31, 2013	June 30, 2013
Unlisted securities, shares in non-money market SICAVs and funds	12	12	12
Listed securities	172	159	175
Total	**184**	**171**	**187**
of which: historical cost of current available for sale financial assets	*136*	*136*	*176*

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

(EUR millions)	June 30, 2014	Dec. 31, 2013	June 30, 2013
As of January 1	**171**	**177**	**177**
Disposals at net realized value	-	(27)	-
Changes in market value	13	22	10
Translation adjustment	-	(1)	-
As of period-end	**184**	**171**	**187**

14. CASH AND CASH EQUIVALENTS

(EUR millions)	June 30, 2014	Dec. 31, 2013 [a] [b]	June 30, 2013 [a]
Fixed term deposits (less than 3 months)	495	809	418
SICAV and FCP money market funds	109	538	76
Ordinary bank accounts	1,555	1,879	1,379
Cash and cash equivalents per balance sheet	**2,159**	**3,226**	**1,873**

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

(EUR millions)	June 30, 2014	Dec. 31, 2013 [a] [b]	June 30, 2013 [a]
Cash and cash equivalents	2,159	3,226	1,873
Bank overdrafts	(442)	(310)	(276)
Net cash and cash equivalents per cash flow statement	**1,717**	**2,916**	**1,597**

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.

(b) The consolidated balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

14.1. Change in working capital

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

(EUR millions)	Notes	June 30, 2014	Dec. 31, 2013 [a]	June 30, 2013 [a]
Change in inventories and work in progress	10	(883)	(769)	(710)
Change in trade accounts receivable	11	273	(288)	175
Change in trade accounts payable		(329)	203	(226)
Change in other receivables and payables		(335)	234	(249)
Change in working capital [b]		**(1,274)**	**(620)**	**(1,010)**

14.2. Operating investments

Operating investments comprise the following elements for the periods presented:

(EUR millions)	Notes	June 30, 2014	Dec. 31, 2013 [a]	June 30, 2013 [a]
Purchase of intangible fixed assets	3	(119)	(253)	(121)
Purchase of tangible fixed assets	6	(676)	(1,581)	(658)
Changes in accounts payable related to fixed asset purchases		(63)	108	(16)
Net cash used in purchases of fixed assets [b]		**(858)**	**(1,726)**	**(795)**
Net cash from fixed assets disposals [b]		**41**	**98**	**30**
Guarantee deposits paid and other cash flows related to operating investments		(31)	(29)	(48)
Operating investments		**(848)**	**(1,657)**	**(813)**

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.
(b) Increase/(Decrease) in cash and cash equivalents.

15. EQUITY

15.1. Share capital and share premium account

As of June 30, 2014, issued and fully paid-up shares of the parent company LVMH Moet Hennessy-Louis Vuitton totaled 508,395,456 (507,793,661 shares as of December 30, 2013 and 508,205,072 shares as of June 30, 2013), with a par value of 0.30 euros per share, including 225,019,625 shares with double voting rights (224,907,923 as of December 31, 2013 and 224,900,692 as of June 30, 2013). Double voting rights are granted to registered shares held for more than three years.

During the six-month period, 725,591 shares were issued following the exercise of share subscription options, which resulted in an increase in capital and share premium account of 43 million euros, and 123,796 shares were retired, which resulted in a reduction of capital and share premium account of 6 million euros.

15.2. LVMH treasury shares

The portfolio of LVMH treasury shares is allocated as follows:

(EUR millions)	June 30, 2014		Dec. 31, 2013	June 30, 2013
	Number	Amount	Amount	Amount
Share subscription option plans	4,045,112	188	203	246
Bonus share plans	1,084,288	78	101	70
Other plans	969,601	50	39	54
Shares held for stock option and similar plans [a]	**6,099,001**	**316**	**343**	**370**
Liquidity contract	72,000	10	13	28
Shares pending retirement	689,566	95	95	-
LVMH treasury shares	**6,860,567**	**421**	**451**	**398**

(a) See Note 16 regarding stock option and similar plans.

"Other plans" correspond to future plans.

The market value of LVMH shares held under the liquidity contract as of June 30, 2014 amounts to 10 million euros.

The portfolio movements during the six-month period were as follows:

(EUR millions)	Number	Amount	Effect on cash
As of December 31, 2013	**7,391,919**	**451**	
Share purchases	575,425	76	(76)
Exercise of share purchase options	-	-	
Bonus shares definitively allocated	(379,556)	(21)	
Retirement of shares	(123,796)	(6)	
Proceeds from disposal at net realized value	(603,425)	(80)	80
Gain/(loss) on disposal	-	1	
As of June 30, 2014	**6,860,567**	**421**	**4**

15.3. Dividends paid by the parent company LVMH SA

(EUR millions, except for data per share in EUR)	June 30, 2014	Dec. 31, 2013	June 30, 2013
Interim dividend for the current fiscal year (2013: 1.20 euros)	-	609	-
Impact of treasury shares	-	(9)	-
	-	**600**	**-**
Final dividend for the previous fiscal year (2013: 1.90 euros and 2012: 1.80 euros)	965	914	914
Impact of treasury shares	(13)	(14)	(14)
	952	**900**	**900**
Total gross amount disbursed during the period [a]	**952**	**1,500**	**900**

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

The final dividend for fiscal year 2013 was paid on April 17, 2014 in accordance with the resolutions of the Shareholders' Meeting of April 10, 2014. The Board of Directors approved the payment of an interim dividend for fiscal year 2014 of 1.25 euros as of December 2014.

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, break down as follows by currency:

(EUR millions)	June 30, 2014	Change	Dec. 31, 2013	June 30, 2013
US dollar	(179)	24	(203)	(81)
Swiss franc	429	23	406	392
Japanese yen	63	11	52	76
Hong Kong dollar	(1)	14	(15)	72
Pound sterling	(23)	29	(52)	(74)
Other currencies	14	81	(67)	16
Foreign currency net investment hedges	(212)	(83)	(129)	(195)
Total, Group share	**91**	**99**	**(8)**	**206**

16. STOCK OPTION AND SIMILAR PLANS

16.1. Share subscription option plans

	June 30, 2014	
	Number	Weighted average exercise price *(EUR)*
Share subscription options outstanding as of January 1	**4,177,489**	**69.97**
Options expired	(132,377)	55.68
Options exercised	(725,591)	59.37
Share subscription options outstanding as of June 30	**3,319,521**	**72.86**

16.2. Bonus share plans

(number of shares)	June 30, 2014
Non-vested shares as of January 1	**1,484,118**
Non-vested allocations during the period	-
Allocations vested during the period	(379,556)
Allocations expired during the period	(20,274)
Non-vested shares as of June 30	**1,084,288**

Owned shares were remitted in settlement of the bonus shares vested during the periods presented.

16.3. Expense for the period

(EUR millions)	June 30, 2014	Dec. 31, 2013	June 30, 2013
Share subscription and purchase option plans, bonus share plans	19	34	12
Expense for the period	**19**	**34**	**12**

No new plans were instituted in the first half of 2014.

17. MINORITY INTERESTS

(EUR millions)	June 30, 2014	Dec. 31, 2013 [(a) (b)]	June 30, 2013 [(a)]
As of January 1	**1,028**	**1,084**	**1,084**
Minority interests' share of net profit	212	511	229
Dividends paid to minority interests	(265)	(228)	(173)
Effects of changes in control of consolidated entities:			
- consolidation of Loro Piana	-	235	-
- other movements	2	(1)	-
Effects of acquisition and disposal of minority interests' shares:			
- acquisition of minority interests in Château d'Yquem	-	(51)	(51)
- other movements	42	(25)	(3)
Total effects of changes in the percentage interest in consolidated entities	44	158	(54)
Capital increases subscribed by minority interests	1	8	2
Minority interests' share in gains and losses recognized in equity	(1)	21	12
Minority interests' share in stock option plan expenses	1	3	1
Effects of changes in minority interests subject to purchase commitments	40	(529)	(57)
As of period-end	**1,060**	**1,028**	**1,044**

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.
(b) The consolidated balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

The change in minority interests' share in gains and losses recognized in equity breaks down as follows:

(EUR millions)	Cumulative translation adjustment	Hedges of future foreign currency cash flows	Vineyard land	Revaluation adjustments of employee benefits	Total share of minority interests
As of December 31, 2013	**(79)**	**15**	**216**	**(9)**	**143**
Changes for the period	13	(11)	(1)	(2)	(1)
As of June 30, 2014	**(66)**	**4**	**215**	**(11)**	**142**

18. BORROWINGS

18.1. Net financial debt

(EUR millions)	June 30, 2014	Dec. 31, 2013 [a] [b]	June 30, 2013 [a]
Bonds and Euro Medium Term Notes (EMTN)	2,944	3,866	2,768
Bank borrowings and finance lease	304	283	449
Long term borrowings	**3,248**	**4,149**	**3,217**
Bonds and Euro Medium Term Notes (EMTN)	932	1,013	1,388
Commercial paper	2,766	2,348	1,513
Bank overdrafts	442	310	276
Other short term borrowings	1,489	1,003	714
Short term borrowings	**5,629**	**4,674**	**3,891**
Gross amount of borrowings	**8,877**	**8,823**	**7,108**
Interest rate risk derivatives	(64)	(117)	(88)
Gross borrowings after derivatives	**8,813**	**8,706**	**7,020**
Current available for sale financial assets	(184)	(171)	(187)
Cash and cash equivalents	(2,159)	(3,226)	(1,873)
Net financial debt	**6,470**	**5,309**	**4,960**

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.
(b) The consolidated balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

The 1,000 million euro bond issued in 2009 was repaid during the six-month period.

Net financial debt does not take into consideration purchase commitments for minority interests included in "Other non-current liabilities" (see Note 20).

18.2. Analysis of gross borrowings by payment date and by type of interest rate

(EUR millions)	Gross borrowings			Effects of derivatives			Gross borrowings after derivatives		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity: as of June 30, 2015	4,370	1,259	5,629	(731)	708	(23)	3,639	1,967	5,606
" 2016	22	85	107	28	(34)	(6)	50	51	101
" 2017	858	548	1,406	(772)	750	(22)	86	1,298	1,384
" 2018	520	-	520	-	(5)	(5)	520	(5)	515
" 2019	5	-	5	-	-	-	5	-	5
" 2020	503	-	503	(250)	242	(8)	253	242	495
Thereafter	707	-	707	-	-	-	707	-	707
Total	**6,985**	**1,892**	**8,877**	**(1,725)**	**1,661**	**(64)**	**5,260**	**3,553**	**8,813**

See Note 22.4 regarding market value of interest rate risk derivatives.

18.3. Analysis of gross borrowings by currency after derivatives

(EUR millions)	June 30, 2014	Dec. 31, 2013 [a]	June 30, 2013 [a]
Euro	6,858	6,899	5,149
US dollar	74	106	163
Swiss franc	979	970	974
Japanese yen	185	222	250
Other currencies	717	509	484
Total	**8,813**	**8,706**	**7,020**

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.

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.

19. PROVISIONS

(EUR millions)	June 30, 2014	Dec. 31, 2013 [a] [b]	June 30, 2013 [a]
Provisions for pensions, medical costs and similar commitments	479	452	489
Provisions for contingencies and losses	1,340	1,332	1,272
Provisions for reorganization	11	13	16
Non-current provisions	**1,830**	**1,797**	**1,777**
Provisions for pensions, medical costs and similar commitments	3	5	2
Provisions for contingencies and losses	286	291	284
Provisions for reorganization	23	28	29
Current provisions	**312**	**324**	**315**
Total	**2,142**	**2,121**	**2,092**

During the half-year period, the changes in provisions were as follows:

(EUR millions)	Dec. 31, 2013 [a] [b]	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other items (including translation adjustment)	June 30, 2014
Provisions for pensions, medical costs and similar commitments	457	45	(39)	(1)		20	482
Provisions for contingencies and losses	1,623	75	(55)	(27)		10	1,626
Provisions for reorganization	41	2	(7)	(2)			34
Total	**2,121**	**122**	**(101)**	**(30)**	**-**	**30**	**2,142**
Of which: profit from recurring operations		*111*	*(92)*	*(27)*			
net financial income (expense)		*-*	*-*	*-*			
other		*11*	*(9)*	*(3)*			

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.
(b) The consolidated balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

20. OTHER NON-CURRENT LIABILITIES

(EUR millions)	June 30, 2014	Dec. 31, 2013 [(a)(b)]	June 30, 2013 [(a)]
Purchase commitments for minority interests	5,889	6,035	5,220
Derivatives (see Note 22)	32	51	53
Employee profit sharing	82	85	80
Other liabilities	274	233	308
Total	**6,277**	**6,404**	**5,661**

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.

As of June 30, 2014, purchase commitments for minority interests mainly include the put option granted to Diageo plc for its 34% share in Moët Hennessy, with six-months' advance notice and for 80% of the fair value of Moët Hennessy at the exercise date of the commitment. With regard to this commitment's valuation, the fair value was determined by applying the share price multiples of comparable firms to Moët Hennessy's consolidated operating results.

Purchase commitments for minority interests also include commitments relating to minority shareholders in Loro Piana (20%, see Note 2), Ile de Beauté (35%), Heng Long (35%) and distribution subsidiaries in various countries, mainly in the Middle East.

21. OTHER CURRENT LIABILITIES

(EUR millions)	June 30, 2014	Dec. 31, 2013 [(a)(b)]	June 30, 2013 [(a)]
Derivatives (see Note 22)	116	76	61
Employees and social institutions	908	1,007	829
Employee profit sharing	49	84	57
Taxes other than income taxes	303	405	267
Advances and payments on account from customers	169	158	109
Deferred payment for tangible and financial non-current assets	321	404	313
Deferred income	166	156	146
Other liabilities	583	697	453
Total	**2,615**	**2,987**	**2,235**

(a) The consolidated balance sheets as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.

(b) The consolidated balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

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.

The Group has implemented a stringent policy, as well as rigorous management guidelines to manage, measure, and monitor these market risks.

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

The backbone of this organization is an integrated information system which allows hedging transactions to be monitored quickly.

The Group's hedging strategy is presented to the Audit Committee. Hedging decisions are made according to an established process that includes regular presentations to the Group's Executive Committee and detailed documentation.

Counterparties are selected based on their rating and in accordance with the Group's risk diversification strategy.

22.2. Summary of derivatives

Derivatives are recorded in the balance sheet for the amounts and in the captions detailed as follows:

(EUR millions)			Notes	June 30, 2014	Dec. 31, 2013	June 30, 2013
Interest rate risk	Assets:	non-current		41	67	74
		current		32	68	34
	Liabilities:	non-current		(1)	(9)	(12)
		current		(8)	(9)	(8)
			22.3	**64**	**117**	**88**
Foreign exchange risk	Assets:	non-current		10	1	18
		current		179	389	302
	Liabilities:	non-current		(31)	(42)	(41)
		current		(108)	(60)	(40)
			22.4	**50**	**288**	**239**
Other risks	Assets:	non-current		-	-	-
		current		39	37	33
	Liabilities:	non-current		-	-	-
		current		-	(7)	(13)
				39	**30**	**20**
Total	Assets:	non-current	9	51	68	92
		current	12	250	494	369
	Liabilities:	non-current	20	(32)	(51)	(53)
		current	21	(116)	(76)	(61)
				153	**435**	**347**

22.3. Derivatives used to manage interest rate risk

The aim of the Group's debt management policy is to adapt the debt maturity profile to the characteristics of the assets held, to contain borrowing costs, and to protect net profit from the effects of significant changes in interest rates.

As such, the Group uses interest rate swaps and options.

Derivatives used to manage interest rate risk outstanding as of June 30, 2014 break down as follows:

(EUR millions)	Nominal amounts by maturity				Market value [a]		
	Below 1 year	From 1 to 5 years	Thereafter	Total	Fair value hedges	Not allocated	Total
Interest rate swaps in euros:							
- floating rate payer	750	150	250	1,150	59	-	59
- floating rate/floating rate	152	-	-	152	-	-	-
Foreign currency swaps	19	1,642	26	1,687	4	1	5
Other interest rate risk derivatives	-	500	-	500	-	-	-
Total					**63**	**1**	**64**

(a) Gain/(Loss).

22.4. Derivatives used to manage foreign exchange risk

A significant part of Group companies' sales to customers and to their own retail subsidiaries as well as certain purchases are denominated in currencies other than their functional currency; the majority of these foreign currency-denominated cash flows are inter-company cash flows. Hedging instruments are used to reduce the risks arising from the fluctuations of currencies against the exporting and importing companies' functional currencies and are allocated to either accounts receivable or accounts payable (fair value hedges) for the fiscal year, or to transactions anticipated for future periods (cash flow hedges).

Future foreign currency-denominated cash flows are broken down as part of the budget preparation process and are hedged progressively over a period not exceeding one year unless a longer period is justified by probable commitments. As such, and according to market trends, identified foreign exchange risks are hedged using forward contracts or options.

In addition, the Group may also use appropriate financial instruments to hedge the net worth of subsidiaries outside the euro zone, in order to limit the impact of foreign currency fluctuations against the euro on consolidated equity.

Derivatives used to manage foreign exchange risk outstanding as of June 30, 2014 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation				Market value [a]				
	2014	2015	Beyond	Total	Fair value hedges	Future cash flow hedges	Foreign currency net investment hedges	Not allocated	Total
Options purchased									
Put USD	454	886	-	1,340	-	22	-	-	22
Put JPY	6	-	-	6	-	-	-	-	-
Put GBP	28	5	-	33	-	-	-	-	-
	488	**891**	**-**	**1,379**	**-**	**22**	**-**	**-**	**22**
Collars									
Written USD	1,694	1,328	-	3,022	23	65	-	2	90
Written JPY	338	449	-	787	5	15	-	1	21
Written Other	107	94	-	201	-	1	-	-	1
	2,139	**1,871**	**-**	**4,010**	**28**	**81**	**-**	**3**	**112**
Forward exchange contracts [b]									
USD	(6)	7	-	1	-	1	-	-	1
JPY	21	5	-	26	-	-	-	-	-
GBP	35	28	-	63	-	(1)	-	(1)	(2)
Other	54	(143)	-	(89)	(3)	-	-	(5)	(8)
	104	**(103)**	**-**	**1**	**(3)**	**-**	**-**	**(6)**	**(9)**
Foreign exchange swaps [b]									
USD	3,233	15	-	3,248	4	-	(8)	(73)	(77)
CHF	663	-		663	-	-	1	-	1
GBP	178	-	-	178	-	-	-	(3)	(3)
JPY	354	-	-	354	-	-	-	2	2
Other	255	-		255	-	-	(8)	10	2
	4,683	**15**	**-**	**4,698**	**4**	**-**	**(15)**	**(64)**	**(75)**
Total					**29**	**103**	**(15)**	**(67)**	**50**

(a) Gain/(Loss).
(b) Sale/(Purchase).

22.5. Financial instruments used to manage other risks

The Group's investment policy is designed to take advantage of a long-term investment horizon. Occasionally, the Group may invest in equity-based financial instruments with the aim of enhancing the dynamic management of its investment portfolio.

The Group is exposed to risks of share price changes either directly, as a result of its holding of equity investments and current available for sale financial assets, or indirectly, as a result of its holding of funds which are themselves partially invested in shares.

The Group may also use equity-based derivatives to create synthetically an economic exposure to certain assets, or to hedge cash-settled compensation plans index-linked to the LVMH share price. The carrying amount of these unlisted financial instruments corresponds to the estimate of the amount, provided by the counterparty, of the valuation at the balance sheet date. The valuation of financial instruments thus takes into consideration market parameters such as interest rates and share prices. As of June 30, 2014, derivatives used to manage equity risk with an impact on the Group's net profit have a positive market value of 38 million euros. Considering nominal values of 20 million euros for those derivatives, a uniform 1% change in their underlying assets' share prices as of June 30, 2014 would induce a net impact on the Group's profit for an amount of less than 0.4 million euros. These instruments mature in 2015.

The Group, mainly through its Watches and Jewelry business group, may be exposed to changes in the prices of certain precious metals, such as gold. In certain cases, in order to ensure visibility with regard to production costs, hedges may be implemented. This is achieved either by negotiating the forecast price of future deliveries of alloys with precious metal refiners, or the price of semi-finished products with producers; or directly by purchasing hedges from top-ranking banks. In the latter case, gold may be purchased from banks, or future and/or options contracts may be taken out with a physical delivery of the gold. Derivatives outstanding relating to the hedging of precious metal prices as of June 30, 2014 have a positive market value of 0.5 million euros. Considering nominal values of 51 million euros for those derivatives, a uniform 1% change in their underlying assets' prices as of June 30, 2014 would induce a net impact on the Group's consolidated reserves in an amount of less than 0.5 million euros. These instruments mature in 2014 and 2015.

23. SEGMENT INFORMATION

The Group's brands and trade names are organized into six business groups. Four business groups – 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. The Selective Retailing business comprises the Group's own-label retailing activities. Other activities and holding companies comprise brands and businesses that are not associated with any of the above mentioned business groups, most often relating to the Group's new businesses and holding or real estate companies.

23.1. Information by business group

First half 2014

(EUR millions)	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	1,665	5,012	1,580	1,236	4,371	145	-	14,009
Intra-Group sales	12	18	259	30	11	7	(337)	-
Total revenue	**1,677**	**5,030**	**1,839**	**1,266**	**4,382**	**152**	**(337)**	**14,009**
Profit from recurring operations	461	1,487	204	107	398	(59)	(22)	2,576
Other operating income and expenses	(6)	(20)	1	-	(3)	(21)	-	(49)
Depreciation and amortization expense	(55)	(244)	(66)	(81)	(140)	(21)	-	(607)
Impairment expense	-	(24)	-	-	(3)	(6)	-	(33)
Intangible assets and goodwill [b]	3,875	7,205	1,067	5,627	3,010	858	-	21,642
Property, plant and equipment	2,286	2,047	421	403	1,294	3,468	-	9,919
Inventories	4,508	1,539	407	1,271	1,572	206	(177)	9,326
Other operating assets	1,103	654	564	639	575	753	10,985 [c]	15,273
Total assets	**11,772**	**11,445**	**2,459**	**7,940**	**6,451**	**5,285**	**10,808**	**56,160**
Equity	-	-	-	-	-	-	28,604	28,604
Liabilities	1,059	2,072	1,082	780	1,603	667	20,293 [d]	27,556
Total liabilities and equity	**1,059**	**2,072**	**1,082**	**780**	**1,603**	**667**	**48,897**	**56,160**
Operating investments [e]	(50)	(274)	(92)	(93)	(177)	(162)	-	(848)

Fiscal year 2013

(EUR millions)	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	4,146	9,834	3,230	2,646	8,880	280	-	29,016
Intra-Group sales	27	49	487	51	23	15	(652)	-
Total revenue [(f)]	**4,173**	**9,883**	**3,717**	**2,697**	**8,903**	**295**	**(652)**	**29,016**
Profit from recurring operations [(f)]	1,367	3,135	414	367	908	(172)	(2)	6,017
Other operating income and expenses [(f)]	(4)	(63)	(6)	2	(5)	(43)	-	(119)
Depreciation and amortization expense [(f)]	(109)	(447)	(128)	(139)	(261)	(40)	-	(1,124)
Impairment expense [(f)]	1	(49)	-	-	(7)	(12)	-	(67)
Intangible assets and goodwill [(b) (f) (g)]	3,948	7,213	1,068	5,572	2,989	864	-	21,654
Property, plant and equipment [(f) (g)]	2,182	2,031	404	390	1,313	3,301	-	9,621
Inventories [(f) (g)]	4,242	1,371	356	1,079	1,438	160	(154)	8,492
Other operating assets [(f) (g)]	1,384	738	590	650	552	674	11,822 [(c)]	16,409
Total assets	**11,756**	**11,353**	**2,418**	**7,691**	**6,292**	**4,999**	**11,668**	**56,176**
Equity [(g)]	-	-	-	-	-	-	27,907	27,907
Liabilities [(f) (g)]	1,296	2,128	1,130	713	1,814	712	20,477 [(d)]	28,269
Total liabilities and equity	**1,296**	**2,128**	**1,130**	**713**	**1,814**	**712**	**48,384**	**56,176**
Operating investments [(e) (f)]	(186)	(629)	(229)	(187)	(389)	(37)	-	(1,657)

First half 2013

(EUR millions)	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	1,783	4,685	1,569	1,248	4,186	161	-	13,632
Intra-Group sales	12	26	235	27	12	7	(319)	-
Total revenue [(f)]	**1,795**	**4,711**	**1,804**	**1,275**	**4,198**	**168**	**(319)**	**13,632**
Profit from recurring operations [(f)]	539	1,493	200	155	412	(72)	(14)	2,713
Other operating income and expenses [(f)]	2	(17)	-	3	(4)	(24)	-	(40)
Depreciation and amortization expense [(f)]	(52)	(216)	(58)	(67)	(122)	(19)	-	(534)
Impairment expense [(f)]	1	(4)	-	-	(2)	(8)	-	(13)
Intangible assets and goodwill [(b) (f)]	3,891	4,817	1,044	5,562	3,040	808	-	19,162
Property, plant and equipment [(f)]	1,899	1,836	335	378	1,264	3,104	-	8,816
Inventories [(f)]	4,258	1,231	378	1,181	1,514	117	(172)	8,507
Other operating assets [(f)]	1,034	630	544	674	554	772	9,889 [(c)]	14,097
Total assets	**11,082**	**8,514**	**2,301**	**7,795**	**6,372**	**4,801**	**9,717**	**50,582**
Equity	-	-	-	-	-	-	26,503	26,503
Liabilities [(f)]	1,040	1,783	1,015	717	1,569	641	17,314 [(d)]	24,079
Total liabilities and equity	**1,040**	**1,783**	**1,015**	**717**	**1,569**	**641**	**43,817**	**50,582**
Operating investments [(e) (f)]	(78)	(303)	(89)	(97)	(178)	(68)	-	(813)

(a) Eliminations correspond to sales between business groups; these generally consist of sales from business groups other than Selective Retailing to Selective Retailing. Selling prices between the different business groups correspond to the prices applied in the normal course of business for sales transactions to wholesalers or distributors outside the Group.
(b) Intangible assets and goodwill correspond to the net carrying amounts shown under Notes 3 and 4.
(c) Assets not allocated include available for sale financial assets, other financial assets, and income tax receivables. As of June 30, 2014 they include the 23.2% shareholding in Hermès International, representing an amount of 6 595 million euros, see Note 8 (6,437 million euros as of December 31, 2013 and 6,039 million euros as of June 30, 2013).
(d) Liabilities not allocated include financial debt and both current and deferred tax liabilities.
(e) Increase/(Decrease) in cash and cash equivalents.
(f) The financial statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.
(g) The consolidated balance sheet as of December 31, 2013 has been restated to reflect the finalized purchase price allocation for Loro Piana. See Note 2.

23.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	June 30, 2014	Dec. 31, 2013[a]	June 30, 2013[a]
France	1,441	3,118	1,434
Europe (excluding France)	2,535	5,453	2,410
United States	3,168	6,640	3,089
Japan	1,027	2,057	1,014
Asia (excluding Japan)	4,282	8,647	4,246
Other	1,556	3,101	1,439
Revenue	**14,009**	**29,016**	**13,632**

Operating investments by geographic region are as follows:

(EUR millions)	June 30, 2014	Dec. 31, 2013[a]	June 30, 2013[a]
France	357	585	283
Europe (excluding France)	152	313	159
United States	95	238	101
Japan	19	70	68
Asia (excluding Japan)	185	339	151
Other	40	112	51
Operating investments	**848**	**1,657**	**813**

(a) The financial statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.

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)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations	Total
First quarter	888	2,639	941	607	2,222	78	(169)	7,206
Second quarter	789	2,391	898	659	2,160	74	(168)	6,803
Total first half 2014	**1,677**	**5,030**	**1,839**	**1,266**	**4,382**	**152**	**(337)**	**14,009**

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations	Total
First quarter	967	2,383	932	608	2,113	72	(162)	6,913
Second quarter	828	2,328	872	667	2,085	96	(157)	6,719
Total first half 2013	**1,795**	**4,711**	**1,804**	**1,275**	**4,198**	**168**	**(319)**	**13,632**
Third quarter	1,032	2,428	879	655	2,093	56	(153)	6,990
Fourth quarter	1,346	2,744	1,034	767	2,612	71	(180)	8,394
Total second half 2013	**2,378**	**5,172**	**1,913**	**1,422**	**4,705**	**127**	**(333)**	**15,384**
Total 2013[a]	**4,173**	**9,883**	**3,717**	**2,697**	**8,903**	**295**	**(652)**	**29,016**

(a) The consolidated income statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.

24. EXPENSES BY NATURE

Profit from recurring operations includes the following expenses:

(EUR millions)	June 30, 2014	Dec. 31, 2013[a]	June 30, 2013[a]
Advertising and promotion expenses	1,619	3,310	1,571
Commercial lease expenses	1,310	2,472	1,198
Personnel costs	2,662	4,987	2,470
Research and development expenses	37	71	36

25. OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	June 30, 2014	Dec. 31, 2013[a]	June 30, 2013[a]
Net gains (losses) on disposals of fixed assets	-	5	(3)
Restructuring costs	2	(14)	(1)
Transaction costs relating to the acquisition of consolidated companies	(8)	(22)	-
Impairment or amortization of brands, trade names, goodwill and other property	(41)	(83)	(32)
Other items, net	(2)	(5)	(4)
Other operating income and expenses	**(49)**	**(119)**	**(40)**

Impairment or amortization expenses recorded in the first half of 2014 relate mainly to brands and goodwill.

26. NET FINANCIAL INCOME/(EXPENSE)

(EUR millions)	June 30, 2014	Dec. 31, 2013[a]	June 30, 2013[a]
Borrowing costs	(70)	(138)	(63)
Income from cash, cash equivalents and current available for sale financial assets	16	30	12
Fair value adjustment of borrowings and interest rate hedges	4	7	(5)
Cost of net financial debt	**(50)**	**(101)**	**(56)**
Dividends received from non-current available for sale financial assets	74	71	66
Ineffective portion of foreign currency hedges	(67)	(159)	(83)
Net gain/(loss) related to available for sale financial assets and other financial instruments	8	23	14
Other items, net	(15)	(32)	(16)
Other financial income/(expenses)	**-**	**(97)**	**(19)**
Net financial income/(expense)	**(50)**	**(198)**	**(75)**

(a) The consolidated income statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.

27. INCOME TAXES

(EUR millions)	June 30, 2014	Dec. 31, 2013 [a]	June 30, 2013 [a]
Current income taxes for the fiscal year	(856)	(1,958)	(849)
Current income taxes relating to previous fiscal years	-	13	(5)
Current income taxes	**(856)**	**(1,945)**	**(854)**
Change in deferred income taxes	79	185	62
Impact of changes in tax rates on deferred taxes	21	7	-
Deferred income taxes	**100**	**192**	**62**
Total tax expense per income statement	**(756)**	**(1,753)**	**(792)**
Tax on items recognized in equity [a]	**25**	**(249)**	**(52)**

The effective tax rate is as follows:

(EUR millions)	June 30, 2014	Dec. 31, 2013 [a]	June 30, 2013 [a]
Profit before tax	2,477	5,700	2,598
Total income tax expense	(756)	(1,753)	(792)
Effective tax rate	**30.5%**	**30.8%**	**30.5%**

(a) The financial statements as of June 30, 2013 and December 31, 2013 have been restated to reflect the retrospective application as of January 1, 2012 of IFRS 11 Joint Arrangements. See Note 1.2.

The effective tax rate used at June 30 is the forecast effective tax rate for the fiscal year.

This takes into consideration the difference between French and foreign tax rates, which lower the effective tax rate by 7 points, compared with the tax rate applicable in France as of June 30, 2014.

Total income tax expense for France during the half-year period includes, in the amount of 30 million euros, the impact of the exceptional contribution applicable from 2011 to 2014, as well as, for an amount of 29 million euros, the impact of the 3% tax on dividends.

28. EARNINGS PER SHARE

	June 30, 2014	Dec. 31, 2013	June 30, 2013
Net profit, Group share *(EUR millions)*	**1,509**	**3,436**	**1,577**
Average number of shares in circulation during the fiscal year	508,140,320	507,997,567	508,052,631
Average number of treasury shares owned during the fiscal year	(7,094,266)	(7,714,153)	(7,843,718)
Average number of shares on which the calculation before dilution is based	**501,046,054**	**500,283,414**	**500,208,913**
Basic Group share of profit per share *(EUR)*	**3.01**	**6.87**	**3.15**
Average number of shares on which the above calculation is based	501,046,054	500,283,414	500,208,913
Dilution effect of stock option plans	2,124,977	2,934,083	3,358,618
Other dilution effects	-	-	-
Average number of shares on which the calculation after dilution is based	**503,171,031**	**503,217,497**	**503,567,531**
Diluted Group share of profit per share *(EUR)*	**3.00**	**6.83**	**3.13**

29. OFF-BALANCE SHEET COMMITMENTS

The Group's off-balance sheet commitments, which amounted to 8.9 billion euros as of December 31, 2013, rose by 0.8 billion euros in the first half of 2014. Half of this change was due to the increase in commitments given in respect of operating leases and concessions and half related to additional purchase commitments for grapes.

30. CONTINGENT LIABILITIES AND OUTSTANDING LITIGATION

On December 17, 2012, the Mayor of Paris granted two distinct building permits authorizing the architectural project for the restructuring and reconstruction of the former Samaritaine department stores 2 (Seine block) and 4 (Rivoli block). Both of these permits were the subject of an action for cancellation before the Paris Administrative Court (Tribunal administratif de Paris). On April 11, 2014, the Paris Administrative Court rejected the action for cancellation filed against the building permit authorizing the restructuring of former department store 2, which is registered as Historic Monument (Seine block). On May 13, 2014, the Paris Administrative Court cancelled the building permit order authorizing the partial demolition of former department store 4 and the construction of a contemporary building designed by the architectural firm SANAA (Rivoli block). The company Grands Magasins de La Samaritaine and the City of Paris have filed an appeal and have requested a stay of execution of this judgment.

No significant developments occurred during the six-month period ended June 30, 2014 with respect to any of the other legal proceedings in which the Group is involved.

31. SUBSEQUENT EVENTS

No significant subsequent events occurred between June 30, 2014 and July 24, 2014, the date on which the financial statements were approved for publication by the Board of Directors.

STATUTORY AUDITORS' REVIEW REPORT

To the Shareholders,

In compliance with the assignment entrusted to us by the Shareholders' Meeting and in accordance with the article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on :

- The review of the accompanying condensed half-year consolidated financial statements of LVMH Moët Hennessy - Louis Vuitton, for the period from January 1 to June 30, 2014 ;
- The verification of the information contained in the interim management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-year consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

Without qualifying our opinion, we draw your attention to the note 1.2 of footnotes to interim financial statements, detailing the change in the presentation of income/loss from investments in associates, now presented within profit from recurring operations.

2. Specific verification

We have also verified the information provided in the interim management report in respect of the condensed consolidated half-year financial statements that were the object of our review. We have no matters to report on the fairness and consistency of this information with the condensed consolidated half-year financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 24, 2014

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres	
Thierry Benoit	Jeanne Boillet	Gilles Cohen

This is a free translation into English of the statutory auditors' review 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 auditing standards applicable in France.

SIMPLIFIED ACCOUNTING INFORMATION OF LVMH MOËT HENNESSY-LOUIS VUITTON SA

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INCOME STATEMENT

Income/(Expenses) *(EUR millions – French accounting principles)*	**June 30, 2014**	**Dec. 31, 2013**	**June 30, 2013**
Income from subsidiaries and investments	2,048	2,173	1,796
Profit from recurring operations before tax	1,904	1,986	1,731
Exceptional income/(expense)	-	(8)	(8)
Income tax income/(expense)	(7)	(123)	(38)
Net profit	1,897	1,855	1,685

CHANGE IN EQUITY

(EUR millions - French accounting principles)	**Share capital and share premium**	**Other reserves and regulated provisions**	**Retained earnings**	**Interim dividends**	**Net profit**	**Total equity**
As of December 31, 2013 before appropriation of 2013 net profit	**4,001**	**583**	**5,154**	**(600)**	**1,855**	**10,993**
Appropriation of 2013 net profit	-	-	1,855	-	(1,855)	-
- 2013 dividend: final	-	-	(1,574)	600	-	(974)
- Impact of treasury shares	-	-	22	-	-	22
Exercise of share subscription options	43	-	-	-	-	43
Retirement of LVMH shares	(6)	-	-	-	-	(6)
Net profit of the first half year	-	-	-	-	1,897	1,897
As of June 30, 2014	**4,038**	**583**	**5,457**	**-**	**1,897**	**11,975**

STATEMENT BY THE COMPANY OFFICER RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

We declare that, to the best of our knowledge, the condensed interim consolidated 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 interim management report presented on page 6 gives a true and fair picture of the significant events during the first six months of the fiscal year and their impact on the financial statements, of the main related party transactions as well as description of the main risks and uncertainties for the remaining six months of the fiscal year.

Paris, July 24, 2014

Under delegation from the Chairman and Chief Executive Officer

Jean-Jacques GUIONY

Chief Financial Officer, Member of the Executive Committee

Design and production: Agence Marc Praquin

LVMH

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