

First-half 2010 results

**STRONG INCREASE IN
FIRST-HALF RESULTS**

- **High level of operating margin at 17.3% of sales**
- **Strong increase in results:**
 - Operating profit: +21.4%
 - EPS*: +15.3% at 2.39 euros
 - Cash flow**: +20.9%
- **Good quality results:**
 - Significant improvement in gross profit
 - Good control of selling, general and administrative expenses
 - Sustained advertising and promotional investments
- **The group is tackling the second half with confidence**

Commenting on the figures, Mr Jean-Paul Agon, Chief Executive Officer of L'Oréal, said:

"The strong organic growth of our four divisions, all geographic zones and all categories, is bearing out our major strategic choices: concentrating on high value-added innovations at accessible prices, opening up new product categories, accelerating international expansion and determined investment in advertising & promotion and in R&D.

The results have also increased strongly, although once again it is important to emphasise that half-year figures are not particularly representative. Operating profit has grown twice as fast as sales, enabling margin to reach a record level. The significant improvement in gross profit and the very strict control of selling, general and administrative expenses reflect the efforts made over the last two years to achieve a thorough transformation, and have enabled increased investments in R&D and in the advertising & promotion business drivers which are paving the way for the future.

The results underpin the group's "virtuous circle" of growth and confirm the vitality of L'Oréal's business model.

We are tackling the second half with confidence, and intend over the full year to keep on strengthening our worldwide positions and the profitability of our businesses."

* diluted net earnings per share, based on net profit excluding non-recurrent items attributable to the group.

** net cash provided by operating activities.

A – First-half 2010 sales trends

- Based on reported figures, the group's sales, at June 30th, 2010, amounted to 9.67 billion euros, an increase of +10.2%. Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales growth of the L'Oréal group was +6.3%. The net impact of changes in consolidation was +0.3%. Currency fluctuations had a positive impact of +3.6%. Growth at constant exchange rates was +6.6%.
- If the exchange rates at the end of July, i.e. €1 = \$1.30, are extrapolated up to December 31st, the impact of currency fluctuations on sales would be approximately +5.5% for the whole of 2010.
- The news release of July 12th, 2010 details the activity of the cosmetics divisions and the geographic zones for the first half of 2010. This news release is available and can be downloaded from the www.loreal-finance.com site.

Sales by operational division and geographic zone

| | 2 nd quarter 2010 | | | 1 st half 2010 | | |
|--|------------------------------|-------------------------|--------------|---------------------------|-------------------------|--------------|
| | €m | Growth Like-for-like | Reported | €m | Growth Like-for-like | Reported |
| By operational division⁽¹⁾ | | | | | | |
| Professional Products | 709.9 | 4.7% | 15.1% | 1,362.6 | 5.3% | 11.9% |
| Consumer Products | 2,459.7 | 4.1% | 11.3% | 4,822.3 | 5.6% | 9.5% |
| Luxury Products | 1,091.4 | 7.6% | 13.6% | 2,104.0 | 9.7% | 12.0% |
| Active Cosmetics | 355.8 | 6.7% | 12.2% | 773.1 | 4.7% | 7.9% |
| Cosmetics total | 4,616.8 | 5.2% | 12.5% | 9,062.0 | 6.4% | 10.3% |
| By geographic zone⁽²⁾ | | | | | | |
| Western Europe | 1,829.6 | 1.1% | 1.9% | 3,712.3 | 2.0% | 2.6% |
| North America | 1,120.8 | 4.2% | 14.7% | 2,118.8 | 4.9% | 8.8% |
| New Markets, of which: | 1,666.4 | 11.1% | 25.2% | 3,230.9 | 13.0% | 22.0% |
| - Asia, Pacific | 768.7 | 11.0% | 25.6% | 1,540.2 | 12.8% | 20.0% |
| - Eastern Europe | 354.3 | 8.9% | 19.0% | 706.7 | 11.4% | 19.5% |
| - Latin America | 397.2 | 18.4% | 37.5% | 704.2 | 19.7% | 35.1% |
| - Africa, Middle East | 146.2 | 0.0% | 10.6% | 279.8 | 3.5% | 10.7% |
| Cosmetics total | 4,616.8 | 5.2% | 12.5% | 9,062.0 | 6.4% | 10.3% |
| The Body Shop | 170.0 | -0.1% | 5.5% | 334.3 | 0.2% | 3.4% |
| Dermatology ⁽³⁾ | 158.3 | 11.9% | 18.0% | 270.5 | 14.1% | 17.4% |
| Group total | 4,945.1 | 5.2% | 12.4% | 9,666.8 | 6.3% | 10.2% |

On January 1st, 2010, the divisions and geographic zones were reclassified as stated below. All figures for earlier periods have been restated to allow for these changes.

(1) The Roger & Gallet activity has been transferred from the Luxury Products Division to the Active Cosmetics Division.

(2) The Travel Retail business of YSL Beauté, which was previously recorded 100% under Western Europe, has now been broken down between the Western Europe, North America and New Markets zones.

The Rest of the World zone has become the New Markets zone with the following distribution:

Australia, India and New Zealand, which were previously in the Africa, Orient, Pacific zone have been included in the Asia zone which has become the Asia, Pacific zone. The Africa, Orient, Pacific zone has become the Africa, Middle East zone.

(3) Group share, i.e. 50%.

B – First-half 2010: Strong increase in results

The half-year results have undergone a limited examination by the Statutory Auditors.

1) Operating profitability at 17.3% of Sales

Consolidated profit and loss account: from sales to operating profit.

| <i>In €m</i> | 06/30/09 | As % of sales | 12/31/09 | As % of sales | 06/30/10 | As % of sales | Growth 06/30/09 06/30/10 |
|---|----------------|---------------|-----------------|---------------|-----------------|---------------|--------------------------|
| Sales | 8,769.4 | 100% | 17,472.6 | 100% | 9,666.8 | 100% | +10.2% |
| <i>Cost of sales</i> | -2,610.1 | 29.8% | -5,161.6 | 29.5% | -2,776.3 | 28.7% | +6.4% |
| Gross Profit | 6,159.3 | 70.2% | 12,311.0 | 70.5% | 6,890.4 | 71.3% | +11.9% |
| <i>R&D expenses</i> | -286.9 | 3.3% | -609.2 | 3.5% | -308.7 | 3.2% | +7.6% |
| <i>Advertising and promotion expenses</i> | -2,634.5 | 30.0% | -5,388.7 | 30.8% | -2,950.4 | 30.5% | +12.0% |
| <i>Selling, general and administrative expenses</i> | -1,864.1 | 21.3% | -3,735.5 | 21.4% | -1,962.8 | 20.3% | +5.3% |
| Operating profit | 1,373.9 | 15.7% | 2,577.6 | 14.8% | -1,668.6 | 17.3% | + 21.4% |

Gross profit amounted to €6,890m. This represents 71.3% of sales, compared with 70.2% in the first half of 2009, representing an improvement of 110 basis points.

Several factors had a favourable impact, particularly the improvement in manufacturing costs, thanks to productivity gains and gains on purchasing, the reduction of inventory costs and physical distribution costs, and a positive mix effect.

Conversely, the increase in promotional offers to customers and currency fluctuations had an unfavourable impact.

Research and Development expenses increased by +7.6%.

Advertising and promotion expenses came out at €2,950m. They accounted for 30.5% of sales, compared with 30% in the first half of 2009. The group is continuing its policy of significant investments in advertising and promotion expenses.

Selling, general and administrative expenses amounted to €1,963m, falling sharply as a proportion of sales to 20.3%, compared with 21.3% in the first half of 2009. All divisions contributed to this improvement.

Operating profit, which increased by +21.4%, amounted to €1,669m, representing 17.3% of sales; this is a record half-year figure.

2) Operating profit by branch and division

| | 06/30/09 €m | % of sales | 12/31/09 €m | % of sales | 06/30/10 €m | % of sales |
|----------------------------------|----------------|--------------|----------------|--------------|----------------|--------------|
| By operational division* | | | | | | |
| Professional Products | 232.5 | 19.1% | 476.9 | 20.0% | 288.2 | 21.2% |
| Consumer Products | 911.6 | 20.7% | 1,576.9 | 18.4% | 981.9 | 20.4% |
| Luxury Products | 224.9 | 12.0% | 612.0 | 15.1% | 377.9 | 18.0% |
| Active Cosmetics | 195.6 | 27.3% | 255.0 | 20.0% | 208.2 | 26.9% |
| Cosmetics divisions total | 1,564.6 | 19.0% | 2,920.8 | 18.0% | 1,856.2 | 20.5% |
| <i>Non-allocated**</i> | -223.9 | -2.7% | -482.0 | -3.0% | -234.7 | -2.6% |
| Cosmetics branch | 1,340.8 | 16.3% | 2,438.8 | 15.0% | 1,621.5 | 17.9% |
| The Body Shop | 6.3 | 1.9% | 53.8 | 7.4% | 13.6 | 4.1% |
| Dermatology branch*** | 26.8 | 11.6% | 85.0 | 17.4% | 33.5 | 12.4% |
| Group | 1,373.9 | 15.7% | 2,577.6 | 14.8% | 1,668.6 | 17.3% |

* On January 1st, 2010, the Roger & Gallet activity has been transferred from the Luxury Products Division to the Active Cosmetics Division. The figures for the first-half 2009 and full-year 2009 have been restated to take into account these changes.

** Non-allocated = Central group expenses, fundamental research expenses, stock option expenses and miscellaneous items. As % of cosmetics sales.

*** Group Share, i.e. 50%.

The profitability of the **Professional Products Division** increased significantly from 19.1% to 21.2%.
The profitability of the **Consumer Products Division** was virtually stable in the first half: 20.4% compared with 20.7%.
The **Luxury Products Division** achieved a very strong increase in profitability, which rose from 12.0% to 18.0%.
The profitability of **Active Cosmetics** remained almost stable at the extremely high level of 26.9%.
Non-allocated costs declined from 2.7% to 2.6% of sales.
The profitability of **The Body Shop** came out at 4.1%, representing a significant increase compared with the first half of 2009, reflecting the sharp reduction in the fixed costs of The Body Shop over the last year.

3) Net earnings per share*: €2.39

Consolidated profit and loss account, from operating profit to net profit excluding non-recurrent items.

| <i>In €m</i> | 06/30/09 | 12/31/09 | 06/30/10 | Growth 06/30/09 06/30/10 |
|--|--------------------|--------------------|--------------------|--------------------------------|
| Operating profit | 1,373.9 | 2,577.6 | 1,668.6 | + 21.4% |
| Financial revenues and expenses excluding dividends received | -52.5 | -89.0 | -17.8 | |
| Sanofi-Aventis dividends | 260.1 | 260.1 | 283.8 | |
| Profit before tax excluding non-recurrent items | 1,581.5 | 2,748.6 | 1,934.5 | + 22.3% |
| Income tax excluding non-recurrent items | -368.3 | -749.3 | -521.5 | |
| Minority interests | -2.1 | -2.7 | -1.7 | |
| Net profit excluding non-recurrent items after minority interests | 1,211.0 | 1,996.7 | 1,411.3 | + 16.5% |
| Net EPS ** (in euros) | 2.08 | 3.42 | 2.39 | + 15.3% |
| Net profit after minority interests | 1,083.5 | 1,792.2 | 1,314.3 | |
| Diluted net EPS after minority interests (€) | 1.86 | 3.07 | 2.23 | |
| Diluted average number of shares | 583,140,468 | 583,797,566 | 589,549,689 | |

* Net profit excluding non-recurrent items after minority interests does not include capital gains and losses on disposals of long-term assets, impairment of assets, restructuring costs, associated tax effects or minority interests.

** Diluted net earnings per share excluding non-recurrent items after minority interests.

Finance costs, at 18 million euros, have fallen sharply compared with the first half of 2009. This large reduction is the result both of the lower average level of debt, and the continuing fall in interest rates.

The **dividend** received from Sanofi-Aventis for 2009 amounted to €284m, an increase of +9.1%.

Profit before tax excluding non-recurrent items increased to €1,935m, up by +22.3%.

Income tax amounted to 522 million euros.

Net profit excluding non-recurrent items after minority interests amounted to €1,411m, up sharply by +16.5%. **EPS** amounted to €2.39, up by +15.3% compared with the first half of 2009.

After allowing for non-recurrent items, **net profit after minority interests** amounted to €1,314m, an increase of +21.3%.

4) Strong improvement in operating cash flow and a robust balance sheet

Gross cash flow amounted to **€1,792m**, an increase of +15.4% compared with the first half of 2009. **The change in working capital** has increased by 289 million euros. **Total cash flows from operating activities** (see cash flow statement in Annexe V) **grew strongly to €1,503m, compared with €1,244m at June 30th, 2009, an increase of +20.9%.**

Net debt totalled €1.67 billion at June 30th, 2010, some 300 million euros less than at the end of 2009. Gearing amounted to 11.7% of shareholders' equity.

The balance sheet structure is very robust, with **shareholders' equity** representing 58% of the balance sheet total.

"This news release does not constitute an offer to sell, or a solicitation of an offer to buy L'Oréal shares. If you wish to obtain more comprehensive information about L'Oréal, please refer to the public documents registered in France with the Autorité des Marchés Financiers, also available in English on our Internet site www.loreal-finance.com.

This news release may contain some forward-looking statements. Although the Company considers that these statements are based on reasonable hypotheses at the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual results to differ materially from those indicated or projected in these statements."

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C – Annexes

I - Compared consolidated profit and loss accounts

| € millions | 1 st half 2010 | 1 st half 2009 | 2009 |
|---|---------------------------|---------------------------|-----------------|
| Net sales | 9,666.8 | 8,769.4 | 17,472.6 |
| Cost of sales | -2,776.3 | -2,610.1 | -5,161.6 |
| Gross profit | 6,890.4 | 6,159.3 | 12,311.0 |
| Research and development | -308.7 | -286.9 | -609.2 |
| Advertising and promotion | -2,950.4 | -2,634.5 | -5,388.7 |
| Selling, general and administrative expenses | -1,962.8 | -1,864.1 | -3,735.5 |
| Operating profit | 1,668.6 | 1,373.9 | 2,577.6 |
| Other income and expenses | -107.0 | -168.7 | -277.6 |
| Operational profit | 1,561.5 | 1,205.2 | 2,299.9 |
| Finance costs on gross debt | -23.5 | -61.0 | -92.0 |
| Finance income on cash and cash equivalents | 9.2 | 11.3 | 16.0 |
| Finance costs | -14.3 | -49.7 | -76.0 |
| Other financial income (expenses) | -3.5 | -2.8 | -13.0 |
| Sanofi-Aventis dividends | 283.8 | 260.1 | 260.1 |
| Profit before tax and non-controlling interests | 1,827.5 | 1,412.8 | 2,471.0 |
| Income tax | -511.5 | -327.2 | -676.1 |
| Net profit | 1,316.0 | 1,085.6 | 1,794.9 |
| attributable to: | | | |
| - group share | 1,314.3 | 1,083.5 | 1,792.2 |
| - non-controlling interests | 1.7 | 2.1 | 2.7 |
| Net profit attributable to the Group per share (euros) | 2.24 | 1.86 | 3.07 |
| Diluted net profit attributable to the Group per share (euros) | 2.23 | 1.86 | 3.07 |
| Net profit excluding non-recurrent items attributable to the Group per share (euros) | 2.41 | 2.08 | 3.42 |
| Diluted net profit excluding non-recurrent items attributable to the Group per share (euros) | 2.39 | 2.08 | 3.42 |

II - Consolidated statements of net profit and gains and losses directly recognised in equity

| € millions | 1 st half 2010 | 1 st half 2009 | 2009 |
|---|---------------------------|---------------------------|----------------|
| Consolidated net profit of the period | 1,316.0 | 1,085.6 | 1,794.9 |
| <i>Financial assets available for sale</i> | -653.8 | -417.0 | 1,142.5 |
| <i>Cash flow hedge</i> | -81.0 | -89.9 | -154.3 |
| <i>Actuarial gains and losses</i> | -0.4 | -6.0 | -142.9 |
| <i>Tax effect on items directly recognised in equity ⁽¹⁾</i> | 32.8 | 33.1 | 61.4 |
| <i>Cumulative translation adjustments</i> | 798.4 | 55.5 | 6.5 |
| Changes in gains and losses directly recognised in equity | 96.0 | -424.3 | 913.2 |
| Total of net profit and gains and losses directly recognised in equity | 1,412.0 | 661.3 | 2,708.1 |
| Attributable to: | | | |
| - group share | 1,410.3 | 659.2 | 2,705.4 |
| - non-controlling interests | 1.7 | 2.1 | 2.7 |

⁽¹⁾ The tax effect is as follows:

| € millions | 1 st half 2010 | 1 st half 2009 | 2009 |
|-------------------------------------|---------------------------|---------------------------|-------------|
| Financial assets available for sale | 11.3 | 7.1 | -19.8 |
| Cash flow hedge | 21.3 | 24.6 | 39.6 |
| Actuarial gains and losses | 0.2 | 1.4 | 41.6 |
| Total | 32.8 | 33.1 | 61.4 |

III - Compared consolidated balance sheets

Assets

| € millions | 06.30.2010 | 06.30.2009 | 12.31.2009 |
|------------------------------|-----------------|-----------------|-----------------|
| Non-current assets | 17,605.6 | 15,836.8 | 17,350.4 |
| Goodwill | 5,894.9 | 5,493.7 | 5,466.0 |
| Other intangible assets | 2,297.0 | 2,054.7 | 2,042.4 |
| Tangible assets | 2,780.0 | 2,691.4 | 2,599.0 |
| Non-current financial assets | 6,043.9 | 5,109.4 | 6,672.2 |
| Deferred tax assets | 589.8 | 487.6 | 570.8 |
| Current assets | 7,160.0 | 6,139.7 | 5,941.1 |
| Inventories | 1,766.6 | 1,534.4 | 1,476.7 |
| Trade accounts receivable | 3,077.5 | 2,842.7 | 2,443.3 |
| Other current assets | 833.8 | 878.7 | 732.8 |
| Current tax assets | 48.1 | 120.1 | 115.2 |
| Cash and cash equivalents | 1,434.0 | 763.8 | 1,173.1 |
| Total | 24,765.6 | 21,976.5 | 23,291.5 |

Liabilities & Equity

| € millions | 06.30.2010 | 06.30.2009 | 12.31.2009 |
|---|-----------------|-----------------|-----------------|
| Shareholders' equity | 14,254.3 | 11,420.7 | 13,598.3 |
| Share capital | 119.9 | 119.7 | 119.8 |
| Additional paid-in capital | 1,053.9 | 965.5 | 996.5 |
| Other reserves | 11,052.9 | 10,107.6 | 10,141.3 |
| Items directly recognised in equity | 1,467.6 | 783.4 | 2,169.9 |
| Cumulative translation adjustments | 245.4 | -503.9 | -552.9 |
| Treasury stock | -1,002.5 | -1,138.3 | -1,071.6 |
| Net profit attributable to the Group | 1,314.3 | 1,083.5 | 1,792.2 |
| Shareholders' equity excluding non-controlling interests | 14,251.5 | 11,417.5 | 13,595.2 |
| Non-controlling interests | 2.8 | 3.1 | 3.1 |
| Non-current liabilities | 2,593.5 | 3,897.7 | 4,306.6 |
| Provisions for employee retirement obligations and related benefits | 1,006.4 | 912.7 | 1,021.4 |
| Provisions for liabilities and charges | 163.2 | 99.0 | 125.6 |
| Deferred tax liabilities | 429.4 | 381.6 | 418.0 |
| Non-current borrowings and debts | 994.5 | 2,504.4 | 2,741.6 |
| Current liabilities | 7,917.8 | 6,658.1 | 5,386.5 |
| Trade accounts payable | 2,950.1 | 2,362.8 | 2,603.1 |
| Provisions for liabilities and charges | 602.8 | 485.4 | 510.0 |
| Other current liabilities | 2,039.2 | 1,682.4 | 1,750.5 |
| Income tax | 213.4 | 209.8 | 133.2 |
| Current borrowings and debts | 2,112.3 | 1,917.7 | 389.7 |
| Total | 24,765.6 | 21,976.5 | 23,291.5 |

IV - Consolidated statements of changes in shareholders' equity

| <i>€ millions</i> | Common Shares outstanding | Share capital | Additional paid-in capital | Retained earnings and net income | Items directly recognised in equity | Treasury stock | Cumulative translation adjustments | Shareholders' equity excluding non-controlling interests | Non- controlling interests | Shareholders' equity |
|---|---------------------------------|------------------|----------------------------------|---|--|-------------------|--|--|----------------------------------|-------------------------|
| At 12.31.2008 | 583,140,468 | 120.5 | 965.5 | 11,180.4 | 1,263.2 | -1,410.6 | -559.4 | 11,559.6 | 2.8 | 11,562.5 |
| Consolidated net profit of the period | | | | 1,792.2 | | | | 1,792.2 | 2.7 | 1,794.9 |
| Financial assets available for sale | | | | | 1,122.7 | | | 1,122.7 | | 1,122.7 |
| Cash flows hedging | | | | | -114.7 | | | -114.7 | | -114.7 |
| Actuarial gains and losses | | | | | -101.3 | | | -101.3 | | -101.3 |
| Cumulative translation adjustments | | | | | | | 6.5 | 6.5 | | 6.5 |
| Change in gains and losses directly recognised in equity | | | | | 906.7 | | 6.5 | 913.2 | | 913.2 |
| Total of net profit and gains and losses directly recognised in equity | | | | 1,792.2 | 906.7 | | 6.5 | 2,705.4 | 2.7 | 2,708.1 |
| Capital increase | 527,200 | 0.1 | 31.0 | | | | | 31.1 | | 31.1 |
| Cancellation of treasury stock | | -0.8 | | -271.5 | | 272.3 | | - | | |
| Dividends paid (not paid on treasury stock) | | | | -839.7 | | | | -839.7 | -2.4 | -842.1 |
| Share-based payment | | | | 76.7 | | | | 76.7 | | 76.7 |
| Net changes in treasury stock | 1,067,992 | | | -1.7 | | 66.7 | | 65.0 | | 65.0 |
| Other movements | | | | -2.9 | | | | -2.9 | | -2.9 |
| At 12.31.2009 | 584,735,660 | 119.8 | 996.5 | 11,933.5 | 2,169.9 | -1,071.6 | -552.9 | 13,595.2 | 3.1 | 13,598.3 |
| Consolidated net profit of the period | | | | 1,314.3 | | | | 1,314.3 | 1.7 | 1,316.0 |
| Financial assets available for sale | | | | | -642.5 | | | -642.5 | | -642.5 |
| Cash flows hedging | | | | | -59.6 | | | -59.6 | -0.1 | -59.7 |
| Actuarial gains and losses | | | | | -0.2 | | | -0.2 | | -0.2 |
| Cumulative translation adjustments | | | | | | | 798.3 | 798.3 | 0.1 | 798.4 |
| Change in gains and losses directly recognised in equity | | | | | -702.3 | | 798.3 | 96.0 | - | 96.0 |
| Total of net profit and gains and losses directly recognised in equity | | | | 1,314.3 | -702.3 | | 798.3 | 1,410.3 | 1.7 | 1,412.0 |
| Capital increase | 959,950 | 0.2 | 57.4 | | | | | 57.6 | | 57.6 |
| Cancellation of treasury stock | | -0.1 | | -37.8 | | 37.9 | | - | | |
| Dividends paid (not paid on treasury stock) | | | | -878.8 | | | | -878.8 | -2.0 | -880.8 |
| Share-based payment | | | | 38.7 | | | | 38.7 | | 38.7 |
| Net changes in treasury stock | 460,700 | | | 0.4 | | 31.2 | | 31.6 | | 31.6 |
| Non-controlling interests buy-back | | | | -3.1 | | | | -3.1 | | -3.1 |
| Other movements | | | | | | | | | | |
| At 06.30.2010 | 586,156,310 | 119.9 | 1,053.9 | 12,367.2 | 1,467.6 | -1,002.5 | 245.4 | 14,251.5 | 2.8 | 14,254.3 |

Changes in first-half 2009

| € millions | Common shares outstanding | Capital stock | Additional paid-in capital | Retained earnings and net income | Items directly recognised in equity | Treasury stock | Cumulative translation adjustments | Shareholders' equity | | |
|---|---------------------------------|------------------|----------------------------------|---|--|-------------------|--|---|----------------------------------|-------------------------|
| | | | | | | | | excluding non- controlling interests | Non- controlling interests | Shareholders' equity |
| At 12.31.2008 | 583,140,468 | 120.5 | 965.5 | 11,180.4 | 1,263.2 | -1,410.6 | -559.4 | 11,559.6 | 2.8 | 11,562.5 |
| Consolidated net profit of the period | | | | 1,083.5 | | | | 1,083.5 | 2.1 | 1,085.6 |
| Financial assets available for sale | | | | | -409.9 | | | -409.9 | | -409.9 |
| Cash flow hedging | | | | | -65.2 | | | -65.2 | | -65.2 |
| Actuarial gains and losses | | | | | -4.6 | | | -4.6 | | -4.6 |
| Cumulative translation adjustments | | | | | | | 55.5 | 55.5 | | 55.5 |
| Changes in gains and losses directly recognised in equity | | | | | -479.8 | | 55.5 | -424.3 | | -424.3 |
| Total of net profit and gains and losses directly recognised in equity | | | | 1,083.5 | -479.8 | | 55.5 | 659.2 | 2.1 | 661.3 |
| Capital increase | | | | | | | | | | |
| Cancellation of treasury stock | | -0.8 | | -271.5 | | 272.3 | | - | | |
| Dividends paid (not paid on treasury stock) | | | | -839.7 | | | | -839.7 | -2.3 | -842.0 |
| Share-based payment | | | | 37.6 | | | | 37.6 | | 37.6 |
| Net changes in treasury stock | | | | | | | | | | |
| Other movements | | | | 0.7 | | | | 0.7 | 0.5 | 1.2 |
| At 06.30.2009 | 583,140,468 | 119.7 | 965.5 | 11,191.1 | 783.4 | -1 138.3 | -503.9 | 11,417.5 | 3.1 | 11,420.7 |

V - Compared consolidated statements of cash flows

| € millions | 1 st half 2010 | 1 st half 2009 | 2009 |
|---|---------------------------|---------------------------|-----------------|
| Cash flows from operating activities | | | |
| Net profit attributable to the Group | 1,314.3 | 1,083.5 | 1,792.2 |
| Non-controlling interests | 1.7 | 2.1 | 2.7 |
| Elimination of expenses and income with no impact on cash flows: | | | |
| • depreciation, amortisation and provisions | 398.6 | 398.3 | 834.0 |
| • changes in deferred taxes | 39.4 | 32.5 | 51.7 |
| • share-based payment | 38.7 | 37.6 | 76.7 |
| • capital gains and losses on sale of assets | -0.4 | -0.6 | 0.9 |
| Gross cash flow | 1,792.3 | 1,553.4 | 2,758.2 |
| Changes in working capital | -289.2 | -309.9 | 466.3 |
| Net cash provided by operating activities (A) | 1,503.1 | 1,243.5 | 3,224.5 |
| Cash flows from investing activities | | | |
| Investments in tangible and intangible assets | -320.9 | -303.4 | -628.0 |
| Disposal of tangible and intangible assets | 6.0 | 3.7 | 27.5 |
| Changes in other financial assets (including investments in non-consolidated companies) | 11.7 | 30.0 | 36.7 |
| Effect of changes in the scope of consolidation | -124.3 | -83.3 | -160.2 |
| Net cash (used in) from investing activities (B) | -427.5 | -353.0 | -723.9 |
| Cash flows from financing activities | | | |
| Dividends paid | -896.4 | -849.4 | -851.5 |
| Capital increase of the parent company | 57.6 | - | 31.1 |
| Disposal (acquisition) of treasury stock | 31.6 | - | 65.0 |
| Non-controlling interests buy-back | -8.4 | - | - |
| Issuance (repayment) of short-term loans | -9.6 | -317.9 | -1,886.0 |
| Issuance of long-term borrowings | - | 0.4 | 350.3 |
| Repayment of long-term borrowings | -101.6 | -15.5 | -98.4 |
| Net cash (used in) from financing activities (C) | -926.8 | -1,182.4 | -2,389.4 |
| Net effect of exchange rate changes and fair value changes (D) | 112.1 | -21.4 | -15.3 |
| Change in cash and cash equivalents (A+B+C+D) | 260.9 | -313.3 | 96.0 |
| Cash and cash equivalents at beginning of the year (E) | 1,173.1 | 1,077.1 | 1,077.1 |
| Cash and cash equivalents at end of the year (A+B+C+D+E) | 1,434.0 | 763.8 | 1,173.1 |