LVMH

MOËT HENNESSY . LOUIS VUITTON

TRANSLATION OF THE FRENCH INTERIM FINANCIAL REPORT

SIX-MONTH PERIOD ENDED JUNE 30, 2012

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This document is a free translation into English of the original French "Rapport financier semestriel", hereafter referred to as the "Interim Financial Report". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

EXECUTIVE AND SUPERVISORY BODIES; STATUTORY AUDITORS

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 (1)

Nicholas Clive Worms (1) (2)

Charles de Croisset (1) (3)

Diego Della Valle (1)

Albert Frère (1) (3)

Gilles Hennessy (2)

Marie-Josée Kravis (1)

Lord Powell of Bayswater

Yves-Thibault de Silguy (1) (2) (3)

Francesco Trapani

Hubert Védrine (1)

Advisory Board members

Paolo Bulgari

Patrick Houël

Felix G. Rohatyn

Statutory Auditors

ERNST & YOUNG et Autres
represented by Olivier Breillot and Gilles Cohen

DELOITTE & ASSOCIÉS
represented by Thierry Benoit

Executive Committee

Bernard Arnault
Chairman and Chief Executive Officer

Antonio Belloni
Group Managing Director

Pierre Godé
Vice-Chairman

Nicolas Bazire
Development and Acquisitions

Ed Brennan
Travel retail

Yves Carcelle
Fashion and Leather Goods

Chantal Gaemperle
Human Resources, Synergies

Jean-Jacques Guiony
Finance

Christopher de Lapuente
Sephora

Christophe Navarre
Wines and Spirits

Patrick Ouart
Advisor to the Chairman

Daniel Piette
Investment Funds

Pierre-Yves Roussel
Fashion

Francesco Trapani
Watches and Jewelry

Jean-Baptiste Voisin
Strategy

Mark Weber
Donna Karan, LVMH Inc.

General secretary

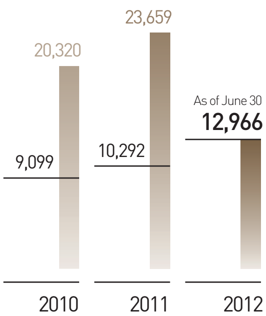
Marc-Antoine Jamet

(1) Independent Director.
(2) Member of the Performance Committee Audit.
(3) Member of the Nominations and Compensation Committee.

FINANCIAL HIGHLIGHTS

Revenue

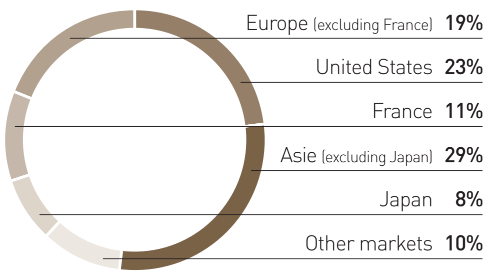
(As of June 30 and December 31, EUR millions)



Revenue by business group *(EUR millions)*	June 30, 2012	Dec. 31, 2011	June 30, 2011
Wines and Spirits	1,759	3,524	1,435
Fashion and Leather Goods	4,656	8,712	3,971
Perfumes and Cosmetics	1,727	3,195	1,518
Watches and Jewelry	1,343	1,949	576
Selective Retailing	3,590	6,436	2,831
Other activities and eliminations	(109)	(157)	(39)
Total	**12,966**	**23,659**	**10,292**

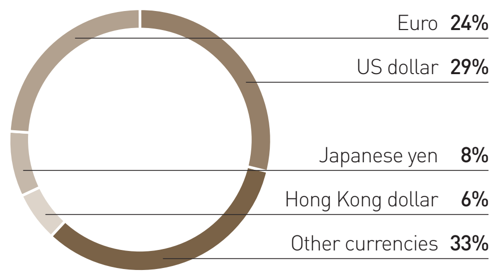
Revenue by geographic region of delivery

(As of June 30, 2012)



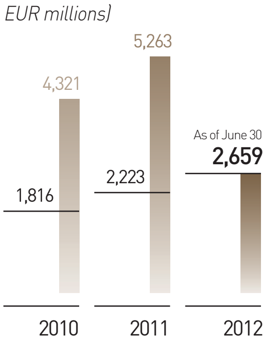
Revenue by invoicing currency

(As of June 30, 2012)



Profit from recurring operations

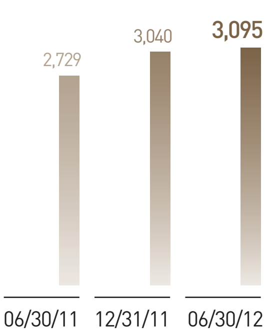
(As of June 30 and December 31, EUR millions)



Profit from recurring operations by business group *(EUR millions)*	June 30, 2012	Dec. 31, 2011	June 30, 2011
Wines and Spirits	496	1,101	413
Fashion and Leather Goods	1,516	3,075	1,381
Perfumes and Cosmetics	197	348	181
Watches and Jewelry	159	265	85
Selective Retailing	373	716	287
Other activities and eliminations	(82)	(242)	(124)
Total	**2,659**	**5,263**	**2,223**

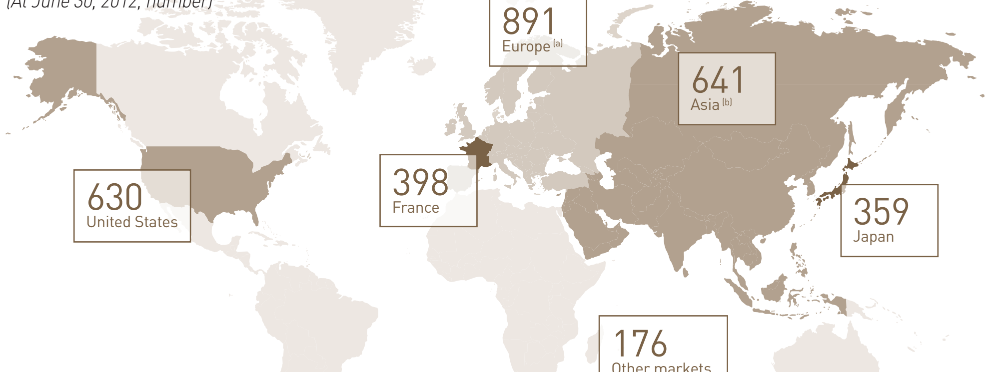
Stores

(number)



Stores network by geographic region

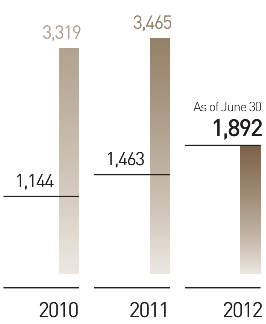
(At June 30, 2012, number)



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

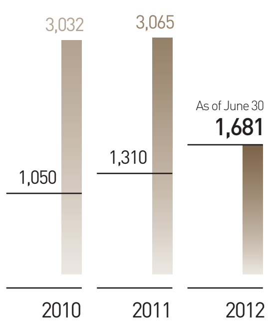
Net profit

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



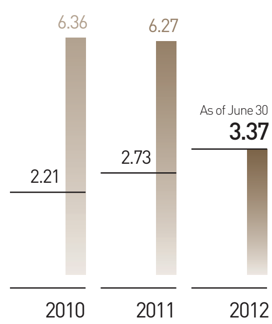
Net profit, Group share

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



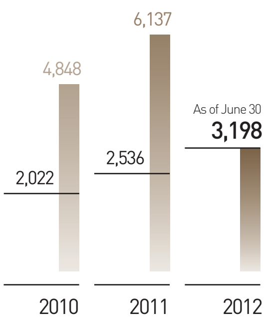
Basic Group share of net earnings per share

(As of June 30 and December 31, EUR)



Cash from operations before changes in working capital [a]

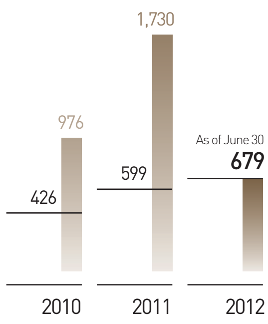
(As of June 30 and December 31, EUR millions)



(a) Before interest and tax paid.

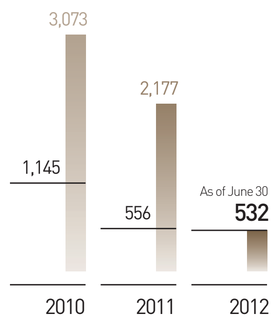
Operating investments

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



Free cash flow [a]

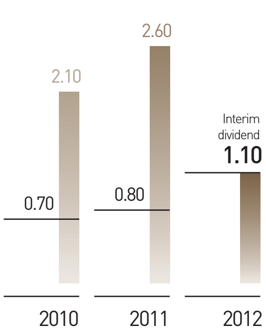
(As of June 30 and December 31, EUR millions)



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

Dividend per share [a]

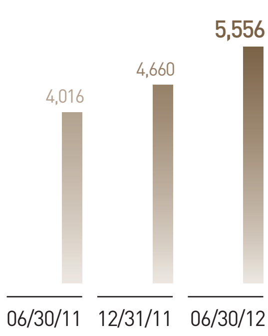
(EUR)



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

Net financial debt [a]

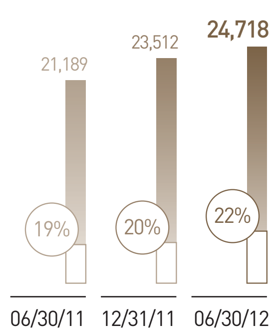
(EUR millions)



(a) Excluding purchase commitments for minority interests included in Other non-current liabilities. See Note 16.1 of notes to the condensed consolidated financial statements for definition of net financial debt.

Total equity [a] and Financial debt/Total equity ratio

(EUR millions and percentage)



(a) Including minority interests.

HIGHLIGHTS AND OUTLOOK

Highlights of the first half of 2012 include:

- double-digit organic revenue growth,
- market share gains of all the brands,
- continued rapid growth in Asia and the US,
- double-digit revenue growth at Louis Vuitton, where profitability remains exceptional,
- robust demand for Wines & Spirits and Watches & Jewelry,
- continued innovation and success of iconic lines at Christian Dior,
- ongoing integration of Bulgari within LVMH,
- excellent performance of DFS and Sephora globally,
- cash from operations before changes in working capital of 3.2 billion euros, up 26%,
- net debt to equity ratio of 22% as at the end of June 2012.

In a global market experiencing strong growth but an uncertain economic environment in Europe, LVMH will continue to gain market share thanks to the numerous product launches planned before the end of the year, to its geographic expansion in promising markets, while continuing to manage costs.

The strategy of focusing on quality across the entire product range, combined with the dynamism and unparalleled creativity of LVMH teams, will enable the Group to reinforce, once again in 2012, its global leadership position in luxury goods.

CAPITAL AND VOTING RIGHTS

Distribution as of June 30, 2012	Number of shares	Number of voting rights [a]	% of capital	% of voting rights
Arnault family group	235,931,268	450,833,201	46.42%	62.29%
Other	272,310,682	272,930,773	53.58%	37.71%
Total	**508,241,950**	**723,763,974**	**100.00%**	**100.00%**

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

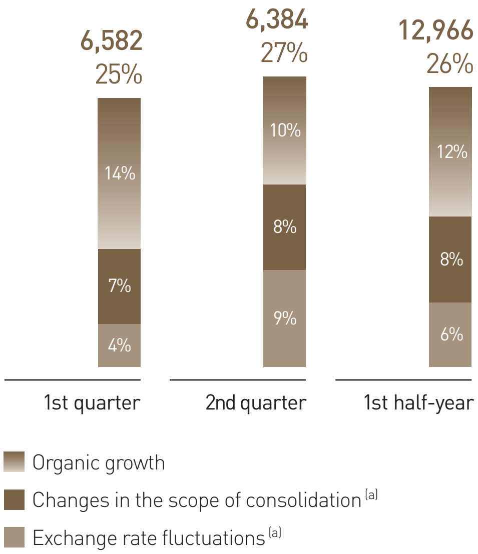
BUSINESS REVIEW AND COMMENTS ON THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS OF LVMH GROUP

1. COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

1.1. Analysis of revenue

Change in revenue per quarter

(EUR millions and percentage)



(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, 2012 was 12,966 million euros, up 26% over the same period in 2011. It was favorably impacted by the appreciation of the Group's main invoicing currencies against the euro, in particular the US dollar, which appreciated by 8%.

The following changes have been made in the Group's scope of consolidation since January 1, 2011: in Watches and Jewelry, Bulgari was consolidated with effect from June 30, 2011 and in Selective Retailing, Ile de Beauté, one of the leading perfume and cosmetics retail chains in Russia, was consolidated with effect from June 1, 2011. These changes in the scope of consolidation made a positive contribution of 8 points to revenue growth year-on-year.

On a constant consolidation scope and currency basis, revenue increased by 12%.

Revenue by invoicing currency

(percentage)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Euro	24	26	26
US dollar	29	27	28
Japanese yen	8	8	8
Hong Kong dollar	6	6	6
Other currencies	33	33	32
Total	**100**	**100**	**100**

Compared with the first half-year of 2011, the breakdown of revenue by invoicing currency changed as follows: the contribution of the euro fell by 2 points to 24%, yen-denominated revenue remained stable at 8%, while the contribution of the US dollar and of all other currencies rose by 1 point to 29% and 39%, respectively.

Revenue by geographic region of delivery

(percentage)	June 30, 2012	Dec. 31, 2011	June 30, 2011
France	11	12	13
Europe (excluding France)	19	21	19
United States	23	22	22
Japan	8	8	8
Asia (excluding Japan)	29	27	28
Other markets	10	10	10
Total	**100**	**100**	**100**

By geographic region of delivery, the relative contribution of France to Group revenue declined by 2 points, whereas that of both Asia (excluding Japan) and the United States increased by 1 point to 29% and 23%, respectively. The relative contributions of Europe (excluding France), Japan and other markets to Group revenue all remained stable at 19%, 8% and 10%, respectively.

On a constant consolidation scope and currency basis, revenue by geographic region of delivery changes as follows:

(percentage)	June 30, 2012
France	8
Europe (excluding France)	8
United States	14
Japan	10
Asia (excluding Japan)	15
Other markets	13
Total	**12**

Revenue by business group

The breakdown of revenue by business group changed appreciably as a result of the consolidation of Bulgari in Watches and Jewelry with effect from June 30, 2011, with the contribution of this business group to consolidated revenue increasing by 5 points to 10%. The contribution of Selective Retailing rose by 1 point to 28% and that of Wines and Spirits remained stable at 14%, while the contributions of Fashion and Leather Goods and Perfumes and Cosmetics declined by 3 and 2 points to 36% and 13%, respectively.

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Wines and Spirits	1,759	3,524	1,435
Fashion and Leather Goods	4,656	8,712	3,971
Perfumes and Cosmetics	1,727	3,195	1,518
Watches and Jewelry	1,343	1,949	576
Selective Retailing	3,590	6,436	2,831
Other activities and eliminations	(109)	(157)	(39)
Total	**12,966**	**23,659**	**10,292**

Wines and Spirits saw an increase in revenue of 23% based on published figures. Revenue for this business group increased by 15% on a constant consolidation scope and currency basis, with the net impact of exchange rate fluctuations raising Wines and Spirits revenue by 8 points. Wines and Spirits brands successfully took advantage of the recovery in consumer spending, boosting their revenue while making product mix improvements in line with their value-enhancing strategy. Surging demand in Asia made a particularly significant contribution to the strong upturn in revenue. China is still the second largest market for the Wines and Spirits business group.

Fashion and Leather Goods posted organic revenue growth of 10%, and 17% based on published figures. This business group's performance continues to be led by the momentum of Louis Vuitton, which again recorded double-digit revenue growth. Céline, Loewe, Givenchy, Pucci, Donna Karan and Marc Jacobs confirmed their potential, also delivering double-digit revenue growth in the first half of 2012.

Revenue for Perfumes and Cosmetics increased by 9% on a constant consolidation scope and currency basis, and by 14% based on published figures. All of this business group's brands performed well. This rebound illustrates the effectiveness of the value-enhancing strategy resolutely pursued by the Group's brands in the face of competitive pressures spawned by the economic crisis. The Perfumes and Cosmetics business group saw considerable revenue growth in both the United States and Asia, particularly in China.

Revenue for Watches and Jewelry increased by 13% on a constant consolidation scope and currency basis, and by 133% based on published figures. The consolidation of Bulgari with effect from June 30, 2011 boosted this business group's revenue by 114%. Inventory increases by retailers and the recovery in consumer demand helped to drive stronger revenue. For all of the business group's brands, Europe and Japan were the most dynamic regions.

Based on published figures, revenue for Selective Retailing increased by 27%, and by 16% on a constant consolidation scope and currency basis. The positive effect of changes in the scope of consolidation relates to the consolidation of Ile de Beauté, the Russian perfume and cosmetics retail chain. The main drivers of this performance were Sephora, which saw considerable growth in revenue across all world regions, and DFS, which made excellent progress, spurred in particular by the continuing development of Chinese tourism boosting business at its stores in Hong Kong, Macao and Hawaii.

1.2. Profit from recurring operations

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Revenue	12,966	23,659	10,292
Cost of sales	(4,532)	(8,092)	(3,445)
Gross margin	8,434	15,567	6,847
Marketing and selling expenses	(4,740)	(8,360)	(3,718)
General and administrative expenses	(1,035)	(1,944)	(906)
Profit from recurring operations	**2,659**	**5,263**	**2,223**
Operating margin (%)	**21**	**22**	**22**

The Group posted a gross margin of 8,434 million euros, up 23% compared to the same period the previous year. As a percentage of revenue, the gross margin was 65%, a decrease of 1.5 point: this decrease reflects a change in the structure of revenue by brand, and the lower margins of the companies acquired in 2011, Bulgari and Ile de Beauté.

Marketing and selling expenses totaled 4,740 million euros, up 27% based on published figures, amounting to a 13% increase on a constant consolidation scope and currency basis. This increase was mainly due to higher communications expenditures by the Group's main brands, but also to the ongoing development of the Group's retail networks. The level of these marketing and selling expenses rose by 1 point as a percentage of revenue, amounting to 37%. Among these marketing and selling expenses, advertising and promotion represented 12% of revenue, an increase of 15% on a constant consolidation scope and currency basis.

The geographic breakdown of stores is as follows:

(number)	June 30, 2012	Dec. 31, 2011	June 30, 2011
France	398	390	371
Europe (excluding France)	891	883	794
United States	630	621	583
Japan	359	360	312
Asia (excluding Japan)	641	621	518
Other markets	176	165	151
Total	**3,095**	**3,040**	**2,729**

It should be noted that the number of stores increased significantly in the second half of 2011, partly as a result of the integration of Bulgari and Ile de Beauté.

General and administrative expenses totaled 1,035 million euros, up 14% based on published figures, and up 3% on a constant consolidation scope and currency basis. They represented 8% of revenue, decreasing by 1 point compared to the first half of 2011.

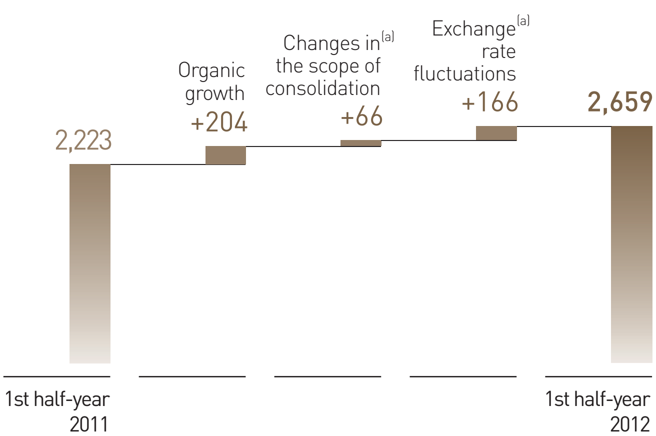
Profit from recurring operations by business group

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Wines and Spirits	496	1 101	413
Fashion and Leather Goods	1,516	3,075	1,381
Perfumes and Cosmetics	197	348	181
Watches and Jewelry	159	265	85
Selective Retailing	373	716	287
Other activities and eliminations	(82)	(242)	(124)
Total	**2,659**	**5,263**	**2,223**

The Group's profit from recurring operations was 2,659 million euros, up 20% compared to the first half of 2011. The operating margin as a percentage of revenue decreased by 1 point compared to June 30, 2011, to 21%.

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 positive net impact on the Group's profit from recurring operations of 166 million euros compared to the same period the previous year. 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 and currency basis excluding changes in the net impact of currency hedges, the Group's profit from recurring operations increased by 9%.

Wines and Spirits

	June 30, 2012	Dec. 31, 2011	June 30, 2011
Revenue *(EUR millions)*	1,759	3,524	1,435
Profit from recurring operations *(EUR millions)*	496	1,101	413
Operating margin *(%)*	28	31	29

Profit from recurring operations for Wines and Spirits was 496 million euros, up 20% compared to the first half of 2011. This performance was the result of both sales volume growth and a favorable product and country mix. Control of costs, together with the positive impact of exchange rate fluctuations, successfully offset the rise in advertising and promotional expenditures focused on strategic markets.

Fashion and Leather Goods

	June 30, 2012	Dec. 31, 2011	June 30, 2011
Revenue *(EUR millions)*	4,656	8,712	3,971
Profit from recurring operations *(EUR millions)*	1,516	3,075	1,381
Operating margin *(%)*	33	35	35

Fashion and Leather Goods posted profit from recurring operations of 1,516 million euros, up 10% compared to the first half of 2011. Profit from recurring operations for Louis Vuitton substantially increased, while Céline, Loewe, Givenchy and Marc Jacobs confirmed their profitable growth momentum.

Perfumes and Cosmetics

	June 30, 2012	Dec. 31, 2011	June 30, 2011
Revenue *(EUR millions)*	1,727	3,195	1,518
Profit from recurring operations *(EUR millions)*	197	348	181
Operating margin *(%)*	11	11	12

Profit from recurring operations for Perfumes and Cosmetics was 197 million euros, up 9% compared to the first half of 2011. This growth was driven by Guerlain, Benefit, and Givenchy, all of which posted improved results, thanks to the launch of *La Petite Robe Noire* for Guerlain as well as the success of market-leading product lines and strong innovative momentum.

Watches and Jewelry

	June 30, 2012	Dec. 31, 2011	June 30, 2011
Revenue *(EUR millions)*	1,343	1,949	576
Profit from recurring operations *(EUR millions)*	159	265	85
Operating margin *(%)*	12	14	15

Profit from recurring operations for Watches and Jewelry sharply increased to 159 million euros. This rise was due mainly to the consolidation of the results of Bulgari's operations. As the operating margin achieved by the Italian luxury house was lower than the average margin for the business group as a whole, Watches and Jewelry saw a 3 point decline in its operating margin as a percentage of revenue to 12%.

Selective Retailing

	June 30, 2012	Dec. 31, 2011	June 30, 2011
Revenue *(EUR millions)*	3,590	6,436	2,831
Profit from recurring operations *(EUR millions)*	373	716	287
Operating margin *(%)*	10	11	10

Profit from recurring operations for Selective Retailing was 373 million euros, up 30% compared to the first half of 2011.

Other activities

The net result from recurring operations of Other activities and eliminations was a loss of 82 million euros, representing an improvement compared to the first half of 2011. 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, 2012	Dec. 31, 2011	June 30, 2011
Profit from recurring operations	2,659	5,263	2,223
Other operating income and expenses	(122)	(109)	(46)
Operating profit	2,537	5,154	2,177
Net financial income (expense)	56	(242)	(95)
Income taxes	(705)	(1,453)	(621)
Income (loss) from investments in associates	4	6	2
Net profit before minority interests	**1,892**	**3,465**	**1,463**
Minority interests	(211)	(400)	(153)
Net profit, Group share	**1,681**	**3,065**	**1,310**

Other operating income and expenses amounted to a net expense of 122 million euros, compared to a net expense of 46 million euros in the first half of 2011. As of June 30, 2012, this item included an impairment loss of 73 million euros recognized for property assets with the balance mainly comprised of amortization et impairment charges for brands and goodwill.

The Group's operating profit was 2,537 million euros, representing a 17% increase over the same period in 2011.

As of June 30, 2012, the Group had a net financial income of 56 million euros, compared with a net financial expense of 95 million euros a year earlier. This item comprises:

- the aggregate cost of net financial debt, which amounted to 78 million euros, showing a slight increase compared to its level as of June 30, 2011. Despite an increase in the average net financial debt outstanding during the period, the Group benefited from a lower average net borrowing cost.
- other financial income and expenses, amounting to a net income of 134 million euros, compared to a net expense of 20 million euros as of June 30, 2011. This positive result essentially consists of dividends received in connection with the Group's shareholding in Hermès, which significantly increased as a result of the payment of an exceptional dividend.

The Group's effective tax rate was 27% as of June 30, 2012, compared to 30% a year earlier.

Income from investments in associates was 4 million euros in the first half of 2012, up from 2 million euros for the same period the previous year.

Profit attributable to minority interests was 211 million euros in the first half of 2012, compared to 153 million euros in the first half of 2011. This total mainly includes profit attributable to minority interests in Moët Hennessy and DFS and reflects higher earnings by these entities.

The Group's share of net profit was 1,681 million euros, up 28% compared to the first half of 2011. It represented 13% of revenue in the first half of 2012, remaining stable compared to the same period the previous year.

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

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

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

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

Profit from recurring operations is restated in accordance with the same principles.

2. WINES AND SPIRITS

	June 30, 2012	Dec. 31, 2011	June 30, 2011
Revenue *(EUR millions)*	**1,759**	**3,524**	**1,435**
Sales volume *(millions of bottles)*			
Champagne	21.1	55.5	19.9
Cognac	32.1	63.5	29.8
Other spirits	6.8	14.1	5.9
Still and sparkling wines	16.8	41.8	17.0
Revenue by geographic region of delivery *(%)*			
France	7	8	7
Europe (excluding France)	16	22	18
United States	23	23	24
Japan	6	6	6
Asia (excluding Japan)	35	26	31
Other markets	13	15	14
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**496**	**1,101**	**413**
Operating margin *(%)*	**28**	**31**	**29**
Operating investments *(EUR millions)*	**82**	**159**	**63**

Highlights

Continuing the excellent trend observed in 2011, demand remained robust in the wines and spirits sector in the first half of 2012, reflected in organic revenue growth of 15% for the Wines and Spirits business group. Apart from higher sales volumes, this growth was driven by product mix improvements and the continued application of a premium pricing policy from the start of the year. Based on published figures, the business group generated revenue growth of 23% and its profit from recurring operations increased by 20%.

Revenue for the Champagne and Wine businesses amounted to 748 million euros, with profit from recurring operations rising by 17% compared to the first half of 2011, to 185 million euros. Champagne sales volumes increased by 6%, in the context of substantial price increases introduced in the first quarter. Solid gains were achieved in all markets. **Moët & Chandon** continued to consolidate its global leadership position. The 2003 vintage of **Dom Perignon**, launched in the first half, was acclaimed by the world's most respected experts in the field. **Veuve Clicquot Ponsardin** made further headway in the United States and in Asia. **Ruinart** launched a new collection for its Blanc de Blancs cuvee, created in collaboration with designer Hervé Van der Straeten, and continues to see solid growth. **Krug** achieved good growth in Europe despite a mixed environment and demonstrated excellent momentum both in Japan and across the rest of the Asia-Pacific region.

The Wine business recorded significant revenue growth, in particular thanks to improvements in the product mix for the wines sold by **Estates & Wines** and the successful launch of **Château d'Yquem**'s 2009 vintage.

Revenue for the Cognac and Spirits businesses amounted to 1,011 million euros, with profit from recurring operations rising by 22% compared to the first half of 2011 to 311 million euros. Cognac sales volumes increased by 8%, with all the different qualities produced contributing to this performance. Asia was the primary growth driver for **Hennessy** cognac, where the brand has successfully combined controlled increases in volumes and limited availability of its prestige qualities with the outstanding reception for *Classivm*. Hennessy has passed the million-case mark for sales in China at the beginning of 2012. During the period, the brand also reaffirmed its status as the top-selling cognac in the United States, while making strong advances in several high-potential markets, including Vietnam, Mexico, Russia and Nigeria.

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

Outlook

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

3. FASHION AND LEATHER GOODS

	June 30, 2012	Dec. 31, 2011	June 30, 2011
Revenue *(EUR millions)*	4,656	8,712	3,971
Revenue by geographic region of delivery *(%)*			
France	8	8	8
Europe (excluding France)	18	20	19
United States	19	18	18
Japan	14	14	14
Asia (excluding Japan)	33	32	33
Other markets	8	8	8
Total	100	100	100
Type of revenue as a percentage of total revenue (excluding Louis Vuitton)			
Retail	50	51	50
Wholesale	44	42	43
Licenses	6	7	7
Total	100	100	100
Profit from recurring operations *(EUR millions)*	1,516	3,075	1,381
Operating margin *(%)*	33	35	35
Operating investments *(EUR millions)*	252	437	163
Number of stores	1,240	1,246	1,197

Highlights

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

In the first half of the year, Louis Vuitton continued to focus efforts on the selective and qualitative development of its retail network. Among the period's high points were the openings of Roma Etoile (the brand's first Maison in Italy) and a boutique in Amman marking Louis Vuitton's arrival in Jordan.

The acquisition by LVMH of Les Tanneries Roux, a French supplier of premium leathers, has further reinforced Louis Vuitton's core expertise. The exhibition "Louis Vuitton – Marc Jacobs" has been open since early March at the Musée des Arts Décoratifs in Paris.

Fendi's strong performance during the period was driven in particular by its leather goods and footwear collections. The brand's ready-to-wear collection for men also made considerable strides. Sales of Fendi's emblematic *Baguette* handbag, which is currently celebrating its 15th anniversary, remained on a steady growth track. The *Peekaboo* line performed solidly as well, laying claim to this collection's status as a new icon for the brand. Fendi also focused efforts on expanding its retail network during the period. New stores were opened in Mexico and China, among other locations.

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

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

The business group's other brands improved their results, thus confirming the relevance of the strategic choices made and the effectiveness of the actions undertaken across all aspects of their development models. **Loewe**, **Marc Jacobs**, **Givenchy** and **Pucci** all recorded strong gains. Carol Lim and Humberto Leon's debut collections for **Kenzo** were warmly received. **Berluti** acquired Arnys, synonymous with the best of French expertise in made-to-measure tailoring for men, thus adding to the know-how, craftsmanship and tradition of excellence perpetuated by the brand.

Outlook

The second half of the year will be marked by several key milestones for **Louis Vuitton**, including the opening of its first boutique and workshop for High-end Jewelry on Place Vendôme in Paris as well as the reopening of its House in Shanghai. The brand will reinforce its ties with the art world through a new collaboration with the prominent Japanese artist Yayoi Kusama.

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

4. PERFUMES AND COSMETICS

	June 30, 2012	Dec. 31, 2011	June 30, 2011
Revenue *(EUR millions)*	**1,727**	**3,195**	**1,518**
Revenue by product category *(%)*			
Perfumes	45	49	45
Cosmetics	37	34	36
Skincare products	18	17	19
Total	**100**	**100**	**100**
Revenue by geographic region of delivery *(%)*			
France	13	10	11
Europe (excluding France)	31	37	37
United States	12	9	9
Japan	6	6	6
Asia (excluding Japan)	23	22	21
Other markets	15	16	16
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**197**	**348**	**181**
Operating margin *(%)*	**11**	**11**	**12**
Operating investments *(EUR millions)*	**79**	**150**	**73**
Number of stores	**90**	**85**	**78**

Highlights

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

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

For **Parfums Givenchy**, growth was driven mainly by the successful launches of *Very Irresistible Electric Rose* and *Play Homme Sport* as well as the rising popularity of *Ange ou Démon*. The brand's make-up lines saw a strong increase in sales, especially in Russia, China and the Middle East. **Kenzo Parfums** also performed well, thanks to the vitality of its flagship product *Flower by Kenzo* and the success of its new men's fragrance *Kenzo Homme Sport*. **Fendi Perfums** consolidated its positions with very satisfactory results in Italy, the United States, Argentina, and the Middle East.

Benefit continues to deliver rapid growth across all its markets. Top sellers for the brand include its *Hello Flawless!* foundation and *they're Real!* mascara. **Make Up For Ever** had another half year of exceptional growth and strengthened its presence in its key markets while expanding into Brazil.

Outlook

In the second half of the year, traditionally the strongest period for sales of perfumes and cosmetics, LVMH's brands, each with considerable potential for growth, will be putting emphasis on innovation, supported by substantial media investments to build visibility and heighten the allure of their products.

5. WATCHES AND JEWELRY

	June 30, 2012	Dec. 31, 2011	June 30, 2011
Revenue *(EUR millions)*	1,343	1,949	576
Revenue by geographic region of delivery *(%)*			
France	6	7	8
Europe (excluding France)	26	26	24
United States	13	13	17
Japan	14	14	10
Asia (excluding Japan)	27	26	23
Other markets	14	14	18
Total	100	100	100
Profit from recurring operations *(EUR millions)*	159	265	85
Operating margin *(%)*	12	14	15
Operating investments *(EUR millions)*	58	117	22
Number of stores	334	327 [(a)]	144

(a) Of which 170 additional stores as a result of the integration of Bulgari.

Highlights

In the first half of 2012, Watches and Jewelry posted organic revenue growth of 13%. The business group saw a 87% improvement in profit from recurring operations, reflecting the impact of the consolidation of **Bulgari** from June 30, 2011 as well as like-for-like growth of 11%.

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

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

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

Outlook

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

6. SELECTIVE RETAILING

	June 30, 2012	Dec. 31, 2011	June 30, 2011
Revenue *(EUR millions)*	3,590	6,436	2,831
Revenue by geographic region of delivery *(%)*			
France	17	20	21
Europe (excluding France)	12	10	9
United States	36	36	36
Japan	1	2	2
Asia (excluding Japan)	27	26	26
Other markets	7	6	6
Total	100	100	100
Profit from recurring operations *(EUR millions)*	373	716	287
Operating margin *(%)*	10	11	10
Operating investments *(EUR millions)*	133	215	80
Number of stores			
Sephora	1,349	1,300 [a]	1,226
Other trade names	68	68	70

(a) Of which 125 additional stores as a result of the integration of Ile de Beauté.

Highlights

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

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

Sephora performed remarkably well, gaining market shares. As of June 30, 2012, Sephora operated a worldwide network of 1,349 stores in 28 countries. The retailer saw continued growth in online sales during the period.

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

Sephora once again delivered exceptional growth in the United States, while continuing to meet with success in Canada. The retailer also expanded its presence in Latin America during the period, with the opening of additional points of sale in Mexico and the preparation of the opening of its first store in Brazil, as a complement to its existing online retail operations in this country. In addition, Sephora stepped up its expansion in China and its sales continued to soar in the Middle East and Southeast Asia.

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

Outlook

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

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

Sephora will pursue an ambitious expansion program in the second half, targeting more than one hundred new store openings for the year as a whole. The retailer's policy of innovation, in relation to both service quality and the range of product lines offered, will be extended. Sephora will be expanding the use of mobile checkout devices, which allow staff to process payments on the store floor, launched in the United States in 2011 and in France in 2012. Also in France, MySephora, a new tool designed to personalize the in-store customer relationship, will be rolled out more widely.

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

7. COMMENTS ON THE CONSOLIDATED BALANCE SHEET

(EUR billions)	June 30, 2012	Dec. 31, 2011	Change
Tangible and intangible assets	27.0	26.5	0.5
Other	8.0	7.3	0.7
Non-current assets	**35.0**	**33.8**	**1.2**
Inventories	8.3	7.5	0.8
Other	5.8	5.8	-
Current assets	**14.1**	**13.3**	**0.8**
Assets	**49.1**	**47.1**	**2.0**

(EUR billions)	June 30, 2012	Dec. 31, 2011	Change
Total equity	24.7	23.5	1.2
Non-current liabilities	14.4	14.0	0.4
Equity and non-current liabilities	**39.1**	**37.5**	**1.6**
Short term borrowings	4.1	3.1	1.0
Other	5.9	6.5	(0.6)
Current liabilities	**10.0**	**9.6**	**0.4**
Liabilities	**49.1**	**47.1**	**2.0**

LVMH's consolidated balance sheet totaled 49.1 billion euros as of June 30, 2012, representing a 4% increase from December 31, 2011. Non-current assets represented 71% of total assets, thus increasing by 1.2 billion euros, compared to 72% at year-end 2011.

Tangible and intangible fixed assets grew by 0.5 billion euros, including 0.2 billion euros resulting from the change in goodwill relating to purchase commitments for minority interests and 0.1 billion euros in respect of the period's investments, net of disposals as well as amortization and depreciation charges. The comments on the cash flow statement provide further information about investments. The balance corresponds to currency fluctuations during the period.

Other non-current assets increased by 0.7 billion euros, mainly as a result of the 0.4 billion euro increase in the value of the investment in Hermès International. As of June 30, 2012, the Group's 22.6% stake in Hermès represented an amount of 5.8 billion euros.

The 0.8 billion euro increase in inventories reflects the seasonal nature and growth of the Group's business activities.

Non-current liabilities were up only slightly at year-end 2011 to 14.4 billion euros as of June 30, 2012, due to a limited increase in long term borrowings (0.2 billion euros) and the change in purchase commitments for minority interests (limited to 0.1 billion euros).

Current liabilities increased by 0.4 billion euros compared to year-end 2011; 1 billion euro rise in short term borrowings, which was partially offset by the 0.6 billion euro decline in other current liabilities, mainly due to the seasonal nature of the Group's business activities.

(EUR billions)	June 30, 2012	Dec. 31, 2011	Change
Long term borrowings	4.3	4.1	0.2
Short term borrowings and derivatives	4.0	3.0	1.0
Gross borrowings after derivatives	**8.3**	**7.1**	**1.2**
Cash and cash equivalents and current available for sale financial assets	(2.7)	(2.4)	(0.3)
Net financial debt	**5.6**	**4.7**	**0.9**
Equity	**24.7**	**23.5**	**1.2**
Net financial debt/ Total equity ratio	**22%**	**20%**	**2%**

The ratio of net financial debt to equity rose by 2 points, from 20% as of December 31, 2011 to 22% as of June 30, 2012. This improvement was the result of a 19% increase (corresponding to 0.9 billion euros) in net financial debt, mainly attributable to the seasonal nature of the Group's business activities, and an increase in equity of 1.2 billion euros.

Total equity amounted to 24.7 billion euros as of June 30, 2012. This increase reflects the revaluation of some of the assets held by the Group, in particular its investment in Hermès, whose market value rose during the first half of the year by 0.3 billion euros, together with the Group's strong first-half earnings, offset in part uniquely by the distribution in April 2012 of the balance of the dividend due in respect of fiscal year 2011. As of June 30, 2012, total equity represented 50% of the balance sheet total, thus remaining stable compared to year-end 2011.

Gross borrowings after derivatives totaled 8.3 billion euros as of June 30, 2012, up 1.2 billion euros compared to year-end 2011. In June 2012, LVMH issued five-year bonds with a total nominal amount of 850 million US dollars (equivalent to 681 million euros). Commercial paper outstanding also increased by 1 billion euros in the first half, while the Group also issued or subscribed to 0.3 billion euros in other borrowings. Conversely, repayments of borrowings amounted to 1.1 billion euros, including the 2005 bond (supplemented in 2008) in the amount of 0.8 billion euros. Cash and cash equivalents and current available for sale financial assets totaled 2.7 billion euros as of June 30, 2012, thus increasing by 0.3 billion euros from the position at year-end 2011.

As of June 30, 2012, the Group's undrawn confirmed credit lines amounted to 3.2 billion euros, exceeding the outstanding portion of its commercial paper program, which came to 2.6 billion euros as of June 30, 2012.

8. COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	June 30, 2012	June 30, 2011	Change
Cash from operations before changes in working capital	**3,198**	**2,536**	**662**
Cost of net financial debt: interest paid	(98)	(92)	(6)
Income taxes paid	(963)	(687)	(276)
Net cash from operating activities before changes in working capital	**2,137**	**1,757**	**380**
Total change in working capital	(926)	(602)	(324)
Operating investments	(679)	(599)	(80)
Free cash flow	**532**	**556**	**(24)**
Financial investments	**(131)**	**(900)**	**769**
Transactions related to equity	**(1,070)**	**(778)**	**(292)**
Change in cash before financing activity	**(669)**	**(1,122)**	**453**

Cash from operations before changes in working capital totaled 3,198 million euros as of June 30, 2012, compared to 2,536 million euros a year earlier, representing an increase of 26%. Net cash from operations before changes in working capital (i.e. after interest and income tax) amounted to 2,137 million euros, up 22% compared to the first half of 2011.

Interest paid, of 98 million euros, increased from the amount of 92 million euros paid in the first half of 2011. This change reflects the increase in the amount of net financial debt outstanding, partially offset by the decrease in market rates and the more favorable financing conditions obtained.

Income tax paid came to 963 million euros, a significant increase from 687 million euros paid in the first half of 2011, mainly due to the increase in taxable profit.

Working capital requirements increased by 926 million euros as of June 30, 2012, compared to an increase of 602 million euros a year earlier. The rise in inventories, particularly in Fashion and Leather Goods, Watches and Jewelry, and Wines and Spirits, generated a cash requirement of 683 million euros, compared to 508 million euros as of June 30, 2011. Changes in other items impacting working capital requirements increased cash requirements by 243 million euros, up from 94 million euros a year earlier, reflecting the seasonal nature and growth of the Group's business activities.

Operating investments net of disposals resulted in a net cash outflow of 679 million euros in the first half of 2012, compared to 599 million euros in the same period the previous year. They consisted mainly of investments by Louis Vuitton, DFS and Sephora in their retail networks and investments by the Group's champagne houses and Parfums Christian Dior in their production facilities.

Financial investments represented a 131 million euro outflow as of June 30, 2012, compared to 900 million euros a year earlier. This amount reflects acquisitions of consolidated investments, for 43 million euros, and of financial investments for the remaining amount.

Transactions relating to equity generated an outflow of 1,070 million euros over the period. A portion of this amount (898 million euros) corresponds to the balance of the dividend due in respect of 2011 and paid out during the first half by LVMH SA, excluding the amount attributable to treasury shares, with dividends paid out to minority shareholders of consolidated subsidiaries corresponding to a further 210 million euros.

Financing requirements, after all operating, investment and equity-related activities, thus amounted to 669 million euros, while financing activities resulted in an inflow of 809 million euros, resulting in a 94 million euros improvement in the cash position excluding translation effects as of June 30, 2012 compared to year-end 2011.

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(EUR millions, except for earnings per share)	Notes	June 30, 2012	Dec. 31, 2011	June 30, 2011
Revenue	21	**12,966**	**23,659**	**10,292**
Cost of sales		(4,532)	(8,092)	(3,445)
Gross margin		**8,434**	**15,567**	**6,847**
Marketing and selling expenses		(4,740)	(8,360)	(3,718)
General and administrative expenses		(1,035)	(1,944)	(906)
Profit from recurring operations	21-22	**2,659**	**5,263**	**2,223**
Other operating income and expenses	23	(122)	(109)	(46)
Operating profit		**2,537**	**5,154**	**2,177**
Cost of net financial debt		(78)	(151)	(75)
Other financial income and expenses		134	(91)	(20)
Net financial income (expense)	24	**56**	**(242)**	**(95)**
Income taxes	25	(705)	(1,453)	(621)
Income (loss) from investments in associates	6	4	6	2
Net profit before minority interests		**1,892**	**3,465**	**1,463**
Minority interests	15	(211)	(400)	(153)
Net profit, Group share		**1,681**	**3,065**	**1,310**
Basic Group share of net earnings per share *(EUR)*	26	**3.37**	**6.27**	**2.73**
Number of shares on which the calculation is based		498,706,626	488,769,286	479,265,976
Diluted Group share of net earnings per share *(EUR)*	26	**3.35**	**6.23**	**2.71**
Number of shares on which the calculation is based		502,008,025	492,207,492	482,955,715

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Net profit before minority interests	**1,892**	**3,465**	**1,463**
Translation adjustments	93	190	(268)
Tax impact	28	47	(53)
	121	**237**	**(321)**
Change in value of available for sale financial assets	308	1,634	1,106
Amounts transferred to income statement	(11)	(38)	(38)
Tax impact	(10)	(116)	(47)
	287	**1,480**	**1,021**
Change in value of hedges of future foreign currency cash flows	3	95	201
Amounts transferred to income statement	6	(168)	(95)
Tax impact	1	21	(30)
	10	**(52)**	**76**
Change in value of vineyard land	(1)	25	2
Tax impact	-	(11)	(1)
	(1)	**14**	**1**
Gains and losses recognized in equity	**417**	**1,679**	**777**
Comprehensive income	**2,309**	**5,144**	**2,240**
Minority interests	(232)	(433)	(108)
Comprehensive income, Group share	**2,077**	**4,711**	**2,132**

CONSOLIDATED BALANCE SHEET

ASSETS	Notes	June 30, 2012	Dec. 31, 2011	June 30, 2011
(EUR millions)				
Brands and other intangible assets - net	3	11,572	11,482	11,156
Goodwill - net	4	7,245	6,957	6,416
Property, plant and equipment - net	5	8,243	8,017	6,977
Investments in associates	6	167	170	108
Non-current available for sale financial assets	7	6,374	5,982	5,169
Other non-current assets		521	478	381
Deferred tax		903	716	559
Non-current assets		**35,025**	**33,802**	**30,766**
Inventories and work in progress	8	8,301	7,510	7,155
Trade accounts receivable	9	1,581	1,878	1,399
Income taxes		204	121	166
Other current assets	10	1,431	1,455	1,742
Cash and cash equivalents	12	2,601	2,303	3,349
Current assets		**14,118**	**13,267**	**13,811**
Total assets		**49,143**	**47,069**	**44,577**

LIABILITIES AND EQUITY	Notes	June 30, 2012	Dec. 31, 2011	June 30, 2011
(EUR millions)				
Share capital		152	152	152
Share premium account		3,836	3,801	3,776
Treasury shares and LVMH-share settled derivatives		(465)	(485)	(512)
Cumulative translation adjustment		532	431	(36)
Revaluation reserves		2,984	2,689	2,332
Other reserves		14,923	12,798	13,270
Net profit, Group share		1,681	3,065	1,310
Equity, Group share	13	23,643	22,451	20,292
Minority interests	15	1,075	1,061	897
Total equity		**24,718**	**23,512**	**21,189**
Long term borrowings	16	4,323	4,132	3,910
Provisions	17	1,401	1,400	1,226
Deferred tax		3,962	3,925	3,896
Other non-current liabilities	18	4,686	4,506	3,965
Non-current liabilities		**14,372**	**13,963**	**12,997**
Short term borrowings	16	4,103	3,134	3,922
Trade accounts payable		2,761	2,952	2,392
Income taxes		392	443	532
Provisions	17	335	349	307
Other current liabilities	19	2,462	2,716	3,238
Current liabilities		**10,053**	**9,594**	**10,391**
Total liabilities and equity		**49,143**	**47,069**	**44,577**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares and LVMH-share settled derivatives
Notes		13.1		13.2
As of December 31, 2010	**490,642,232**	**147**	**1,782**	**(607)**
Gains and losses recognized in equity				
Net profit				
Comprehensive income		-	-	-
Stock option plan and similar expenses				
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				15
Exercise of LVMH share subscription options	1,395,835		94	
Retirement of LVMH shares	(2,259,454)		(107)	107
Acquisition of a controlling interest in Bulgari	18,037,011	5	2,032	
Capital increase in subsidiaries				
Interim and final dividends paid				
Changes in control of consolidated entities, excluding Bulgari				
Acquisition and disposal of minority interests' shares				
Purchase commitments for minority interests				
As of December 31, 2011	**507,815,624**	**152**	**3,801**	**(485)**
Gains and losses recognized in equity				
Net profit				
Comprehensive income		-	-	-
Stock option plan and similar expenses				
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				13
Exercise of LVMH share subscription options	572,085		42	
Retirement of LVMH shares	(145,759)		(7)	7
Capital increase in subsidiaries				
Interim and final dividends paid				
Changes in control of consolidated entities				
Acquisition and disposal of minority interests' shares				
Purchase commitments for minority interests				
As of June 30, 2012	**508,241,950**	**152**	**3,836**	**(465)**
As of December 31, 2010	**490,642,232**	**147**	**1,782**	**(607)**
Gains and losses recognized in equity				
Net profit				
Comprehensive income		-	-	-
Stock option plan and similar expenses				
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				16
Exercise of share subscription options	674,521		42	
Retirement of LVMH shares	(1,683,899)		(79)	79
Acquisition of a controlling interest in Bulgari	18,037,011	5	2,031	
Capital increase in subsidiaries				
Interim and final dividends paid				
Changes in control of consolidated entities, excluding Bulgari				
Acquisition and disposal of minority interests' shares				
Purchase commitments for minority interests				
As of June 30, 2011	**507,669,865**	**152**	**3,776**	**(512)**

Cumulative translation adjustment	Revaluation reserves			Net profit and other reserves	Total equity		
	Available for sale financial assets	Future foreign currency cash flows	Vineyard land		Group share	Minority interests	Total
13.4						15	
230	**510**	**31**	**703**	**14,402**	**17,198**	**1,006**	**18,204**
201	1,480	(46)	11		1,646	33	1,679
				3,065	3,065	400	3,465
201	**1,480**	**(46)**	**11**	**3,065**	**4,711**	**433**	**5,144**
				49	49	3	52
				(8)	7	-	7
					94	-	94
					-	-	-
				201	2,238	772	3,010
					-	4	4
				(1,069)	(1,069)	(187)	(1,256)
				(5)	(5)	20	15
				(681)	(681)	(785)	(1,466)
				(91)	(91)	(205)	(296)
431	**1,990**	**(15)**	**714**	**15,863**	**22,451**	**1,061**	**23,512**
101	287	9	(1)		396	21	417
				1,681	1,681	211	1,892
101	**287**	**9**	**(1)**	**1,681**	**2,077**	**232**	**2,309**
				23	23	2	25
				(11)	2	-	2
					42	-	42
					-	-	-
					-	-	-
				(898)	(898)	(208)	(1,106)
					-	(10)	(10)
					-	-	-
				(54)	(54)	(2)	(56)
532	**2,277**	**(6)**	**713**	**16,604**	**23,643**	**1,075**	**24,718**
230	**510**	**31**	**703**	**14,402**	**17,198**	**1,006**	**18,204**
(266)	1,021	66	1		822	(45)	777
				1,310	1,310	153	1,463
(266)	**1,021**	**66**	**1**	**1,310**	**2,132**	**108**	**2,240**
				23	23	2	25
				(7)	9	-	9
					42	-	42
					-	-	-
				202	2,238	847	3,085
					-	-	-
				(671)	(671)	(140)	(811)
					-	-	-
					-	(14)	(14)
				(679)	(679)	(912)	(1,591)
(36)	**1,531**	**97**	**704**	**14,580**	**20,292**	**897**	**21,189**

CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	June 30, 2012	Dec. 31, 2011	June 30, 2011
I. OPERATING ACTIVITIES AND INVESTMENTS				
Operating profit		2,537	5,154	2,177
Net increase in depreciation, amortization and provisions		572	999	393
Other computed expenses		(69)	(45)	(66)
Dividends received		185	61	51
Other adjustments		(27)	(32)	(19)
Cash from operations before changes in working capital		**3,198**	**6,137**	**2,536**
Cost of net financial debt: interest paid		(98)	(152)	(92)
Income taxes paid		(963)	(1,544)	(687)
Net cash from operating activities before changes in working capital		**2,137**	**4,441**	**1,757**
Change in inventories and work in progress		(683)	(768)	(508)
Change in trade accounts receivable		326	(65)	302
Change in trade accounts payable		(234)	331	(124)
Change in other receivables and payables		(335)	(32)	(272)
Total change in working capital		**(926)**	**(534)**	**(602)**
Net cash from operating activities		**1,211**	**3,907**	**1,155**
Purchase of tangible and intangible fixed assets		(696)	(1,749)	(603)
Proceeds from sale of tangible and intangible fixed assets		38	31	14
Guarantee deposits paid and other operating investments		(21)	(12)	(10)
Operating investments		**(679)**	**(1,730)**	**(599)**
Net cash from (used in) operating activities and operating investments (free cash flow)		**532**	**2,177**	**556**
II FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets	7	(112)	(518)	(233)
Proceeds from sale of non-current available for sale financial assets	7	24	7	2
Impact of purchase and sale of consolidated investments	2	(43)	(785) [a]	(669) [a]
Net cash from (used in) financial investments		**(131)**	**(1,286)**	**(900)**
III. TRANSACTIONS RELATING TO EQUITY				
Capital increases of LVMH	13	42	94 [a]	42 [a]
Capital increases of subsidiaries subscribed by minority interests	15	-	3	-
Acquisition and disposals of treasury shares and LVMH-share settled derivatives	13.2	(4)	2	5
Interim and final dividends paid by LVMH	13.3	(898)	(1,069)	(671)
Interim and final dividends paid to minority interests in consolidated subsidiaries	15	(210)	(189)	(140)
Purchase and proceeds from sale of minority interests	15	-	(1,413)	(14)
Net cash from (used in) transactions relating to equity		**(1,070)**	**(2,572)**	**(778)**
IV. FINANCING ACTIVITIES				
Proceeds from borrowings		1,980	2,659	2,820
Repayment of borrowings		(1,103)	(1,005)	(455)
Purchase and proceeds from sale of current available for sale financial assets	11	(68)	6	(171)
Net cash from (used in) financing activities		**809**	**1,660**	**2,194**
V. EFFECT OF EXCHANGE RATE CHANGES		(46)	60	(75)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		**94**	**39**	**997**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	12	**2,081**	**2,042**	**2,042**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12	**2,175**	**2,081**	**3,039**
Transactions included in the table above, generating no change in cash: - acquisition of assets by means of finance leases		1	3	2

(a) Excluding the portion of the acquisition of Bulgari carried out by the capital increase of LVMH SA as of June 30, 2011, which generated no cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1. General framework and environment

The condensed consolidated financial statements for the six-month period ended June 30, 2012 were approved by the Board of Directors on July 26, 2012. The financial statements were established in accordance with IAS 34 and international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on June 30, 2012; these standards and interpretations have been applied consistently to the periods presented.

The interim 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 interim 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 21 Segment information).

1.2. Changes in the accounting framework in 2012

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

The amendment to IFRS 7 on required disclosures in the event of a change in valuation method of financial assets, applicable to the LVMH group as of January 1, 2012, did not have a significant impact on the Group's consolidated financial statements.

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

New or revised standards, amendments and interpretations applicable to LVMH from January 1, 2013 or 2014 (subject to adoption by the European Union), whose impacts are currently under analysis, are:

- amendment to IAS 1 on the presentation of gains and losses recognized in equity;
- IFRS 10, IFRS 11 and IFRS 12 on consolidation, redefining the concept of the control of entities, eliminating the possibility of using proportional consolidation to consolidate jointly controlled entities which are now to be accounted for uniquely using the equity method, and introducing additional disclosure requirements in the notes to the consolidated financial statements.

  The application of these standards is not expected to have any material impact on the Group's consolidated financial statements, due to the low number of jointly controlled entities which are proportionately consolidated.
- amendments to IAS 19 on employee benefit commitments which require full and immediate recognition of the effect of actuarial differences taken directly to equity and the calculation of the expected return on plan assets on the basis of the discount rate used to value the underlying obligation rather than on the basis of market expectations for returns.

  LVMH group applies the partial recognition in the income statement for actuarial gains and losses (see Note 1.21). In light of the change of the standards, the Group will retroactively recognize an additional provision in the amount of 84 million euros as well as the associated deferred tax assets in 2013. The provision, which corresponds to the balance of actuarial gains and losses not yet recognized as of January 1, 2011, the date of the transition to IAS 19R, will be recognized as an adjustment to equity. The impact on the income statement in subsequent years will not be significant.

2. CHANGES IN THE PERCENTAGE OF INTEREST IN CONSOLIDATED ENTITIES

Fashion and Leather Goods

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

Watches and Jewelry

As of June 30, 2012, goodwill recognized following the definitive allocation of the purchase price paid by LVMH upon taking control of Bulgari amounted to 1,523 million euros (1,522 million euros as of December 31, 2011). The value determined for the Bulgari brand was 2,100 million euros.

3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

(EUR millions)			June 30, 2012	Dec. 31, 2011	June 30, 2011
	Gross	Amortization and Impairment	Net	Net	Net
Brands	9,358	(483)	8,875	8,850	8,796
Trade names	3,537	(1,444)	2,093	2,044	1,848
License rights	103	(78)	25	25	25
Leasehold rights	403	(211)	192	182	158
Software	720	(547)	173	169	173
Other	461	(247)	214	212	156
Total	**14,582**	**(3,010)**	**11,572**	**11,482**	**11,156**
Of which: assets held under finance leases	*14*	*(14)*	-	-	-

Changes in the net amounts of brands, trade names and other intangible assets during the first half of 2012 were as follows:

Gross value *(EUR millions)*	Brands	Trade names	Other intangible assets	Total
As of December 31, 2011	**9,310**	**3,450**	**1,593**	**14,353**
Acquisitions	-	-	78	78
Disposals and retirements	-	-	(12)	(12)
Changes in the scope of consolidation	2	-	15	17
Translation adjustment	46	87	8	141
Reclassifications	-	-	5	5
As of June 30, 2012	**9,358**	**3,537**	**1,687**	**14,582**

Accumulated amortization and impairment *(EUR millions)*	Brands	Trade names	Other intangible assets	Total
As of December 31, 2011	**(460)**	**(1,406)**	**(1,005)**	**(2,871)**
Amortization expense	(19)	-	(75)	(94)
Impairment expense	-	-	-	-
Disposals and retirements	-	-	7	7
Changes in the scope of consolidation	-	-	(5)	(5)
Translation adjustment	(4)	(38)	(5)	(47)
Reclassifications	-	-	-	-
As of June 30, 2012	**(483)**	**(1,444)**	**(1,083)**	**(3,010)**
Net carrying amount as of June 30, 2012	**8,875**	**2,093**	**604**	**11,572**

The translation adjustment is mainly attributable to intangible assets recognized in US dollars. The DFS Galleria trade name and the Donna Karan brand were particularly affected.

4. GOODWILL

(EUR millions)			June 30, 2012	Dec. 31, 2011	June 30, 2011
	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	6,383	(1,199)	5,184	5,142	4,875
Goodwill arising on purchase commitments for minority interests	2,064	(3)	2,061	1,815	1,541
Total	**8,447**	**(1,202)**	**7,245**	**6,957**	**6,416**

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

(EUR millions)			June 30, 2012	Dec. 31, 2011	June 30, 2011
	Gross	Impairment	Net	Net	Net
As of January 1	**8,132**	**(1,175)**	**6,957**	**5,027**	**5,027**
Changes in the scope of consolidation	25	-	25	1,743	1,529
Changes in purchase commitments for minority interests	255	-	255	203	(89)
Changes in impairment	-	(11)	(11)	(40)	(18)
Translation adjustment	35	(16)	19	24	(33)
As of period-end	**8,447**	**(1,202)**	**7,245**	**6,957**	**6,416**

Please refer also to Note 18 for goodwill arising on purchase commitments for minority interests.

5. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)			June 30, 2012	Dec. 31, 2011	June 30, 2011
	Gross	Depreciation and Impairment	Net	Net	Net
Land	1,256	(76)	1,180	941	888
Vineyard land and producing vineyards	1,985	(100)	1,885	1,867	1,828
Buildings	2,572	(1,262)	1,310	1,399	968
Investment property	515	(69)	446	536	289
Machinery and equipment	5,616	(3,732)	1,884	1,895	1,777
Other tangible fixed assets (including assets in progress)	2,168	(630)	1,538	1,379	1,227
Total	**14,112**	**(5,869)**	**8,243**	**8,017**	**6,977**
Of which: assets held under finance leases	*245*	*(137)*	*108*	*113*	*105*
historical cost of vineyard land and producing vineyards	*670*	*(100)*	*570*	*552*	*539*

Movements in property, plant and equipment during the first half of 2012 break down as follows:

Gross value *(EUR millions)*	**Vineyard land and producing vineyards**	**Land and buildings**	**Investment property**	**Machinery and equipment**	**Other tangible fixed assets (including assets in progress)**	**Total**
As of December 31, 2011	**1,965**	**3,369**	**603**	**5,574**	**1,956**	**13,467**
Acquisitions	15	32	1	198	367	613
Change in the market value of vineyard land	(1)	-	-	-	-	(1)
Disposals and retirements	(2)	(26)	-	(105)	(13)	(146)
Changes in the scope of consolidation	-	6	-	14	18	38
Translation adjustment	3	47	5	62	22	139
Other movements, including transfers	5	400	(94)	(127)	(182)	2
As of June 30, 2012	**1,985**	**3,828**	**515**	**5,616**	**2,168**	**14,112**

Accumuled depreciation and impairment *(EUR millions)*	**Vineyard land and producing vineyards**	**Land and buildings**	**Investment property**	**Machinery and equipment**	**Other tangible fixed assets (including assets in progress)**	**Total**
As of December 31, 2011	**(98)**	**(1,029)**	**(67)**	**(3,679)**	**(577)**	**(5,450)**
Depreciation expense	(3)	(71)	(2)	(264)	(46)	(386)
Impairment expense	-	(74)	-	-	-	(74)
Disposals and retirements	1	14	-	104	5	124
Changes in the scope of consolidation	-	(5)	-	(10)	(11)	(26)
Translation adjustment	-	(16)	-	(40)	(11)	(67)
Other movements, including transfers	-	(157)	-	157	10	10
As of June 30, 2012	**(100)**	**(1,338)**	**(69)**	**(3,732)**	**(630)**	**(5,869)**
Net carrying amount as of June 30, 2012	**1,885**	**2,490**	**446**	**1,884**	**1,538**	**8,243**

Purchases of property, plant and equipment include property investments by Louis Vuitton, DFS and Sephora in their retail networks, and those of the champagne houses and Parfums Christian Dior in their production equipment.

6. INVESTMENTS IN ASSOCIATES

(EUR millions)			**June 30, 2012**	**Dec. 31, 2011**	**June 30, 2011**
	Gross	**Impairment**	**Net**	**Net**	**Net**
Share of net assets of associates as of January 1	**170**	**-**	**170**	**223**	**223**
Share of net profit (loss) for the period	4	-	4	6	2
Dividends paid	(7)	-	(7)	(12)	(7)
Changes in the scope of consolidation	(4)	-	(4)	(57)	(109)
Translation adjustment	1	-	1	3	(1)
Other movements, including transfers	3	-	3	7	-
Share of net assets of associates as of period-end	**167**	**-**	**167**	**170**	**108**

7. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)			June 30, 2012	Dec. 31, 2011	June 30, 2011
	Gross	Impairment	Net	Net	Net
Total	**6,532**	**(158)**	**6,374**	**5,982**	**5,169**

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

(EUR millions)		June 30, 2012	Dec. 31, 2011	June 30, 2011
	Total	Of which Hermès		
As of January 1	**5,982**	**5,438**	**3,891**	**3,891**
Acquisitions	108	77	496	219
Disposals at net realized value	(24)	-	(17)	(2)
Changes in market value	306	275	1,613	1,078
Changes in impairment	(1)	-	(6)	(2)
Reclassifications	(3)	-	(7)	-
Changes in the scope of consolidation	-	-	6	5
Translation adjustment	6	-	6	(20)
As of period-end	**6,374**	**5,790**	**5,982**	**5,169**

Non-current available for sale financial assets include an investment in Hermès International SCA (Paris, France), which was raised to 22.6% as of June 30, 2012, following the acquisition of 294,081 shares on the market over the six-month period (22.4% as of December 31, 2011).

As of June 30, 2012, the Hermès share price on the Paris stock exchange, applied for the purpose of valuing this investment, was 242.25 euros (230.35 as of December 31, 2011 and 203.90 as of June 30, 2011).

8. INVENTORIES AND WORK IN PROGRESS

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Wines and distilled alcohol in the process of aging	3,446	3,403	3,203
Other raw materials and work in progress	1,474	1,292	1,256
	4,920	4,695	4,459
Goods purchased for resale	917	822	718
Finished products	3,476	2,970	2,714
	4,393	3,792	3,432
Gross amount	**9,313**	**8,487**	**7,891**
Impairment	(1,012)	(977)	(736)
Net amount	**8,301**	**7,510**	**7,155**

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

(EUR millions)			June 30, 2012	Dec. 31, 2011	June 30, 2011
	Gross	Impairment	Net	Net	Net
As of January 1	**8,487**	**(977)**	**7,510**	**5,991**	**5,991**
Change in gross inventories	681	-	681	770	506
Fair value adjustment for the harvest of the period	7	-	7	14	14
Changes in impairment	-	(24)	(24)	(68)	(17)
Changes in the scope of consolidation	37	(3)	34	694	812
Translation adjustment	101	(11)	90	135	(146)
Reclassifications	-	3	3	(26)	(5)
As of period-end	**9,313**	**(1,012)**	**8,301**	**7,510**	**7,155**

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

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Fair value adjustment for the harvest of the period	20	50	27
Adjustment for inventory consumed	(13)	(36)	(13)
Net effect on cost of sales of the period	**7**	**14**	**14**

9. TRADE ACCOUNTS RECEIVABLE

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Trade accounts receivable - nominal amount	1,804	2,107	1,592
Provision for impairment	(64)	(64)	(61)
Provision for product returns	(159)	(165)	(132)
Net amount	**1,581**	**1,878**	**1,399**

As of June 30, 2012, the breakdown of the nominal amount of trade receivables and of provisions for impairment by age was as follows:

(EUR millions)		Nominal amount of receivables	Impairment	Net amount of receivables
Not due:	- less than 3 months	1,449	(10)	1,439
	- more than 3 months	96	(4)	92
		1,545	(14)	1,531
Overdue:	- less than 3 months	155	(5)	150
	- more than 3 months	104	(45)	59
		259	(50)	209
Total		**1,804**	**(64)**	**1,740**

The cover ratio of insurance against customer credit risk amounts to around 93% as of June 30, 2012.

10. OTHER CURRENT ASSETS

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Current available for sale financial assets	144	145	406
Derivatives	124	147	333
Tax accounts receivable, excluding income taxes	409	468	330
Advances and payments on account to vendors	160	163	129
Prepaid expenses	276	249	241
Other receivables, net	318	283	303
Total	**1,431**	**1,455**	**1,742**

Please also refer to Note 11 Current available for sale financial assets and Note 20 Financial instruments and market risk management.

11. CURRENT AVAILABLE FOR SALE ASSETS

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Unlisted securities, shares in non-money market SICAV and funds	12	14	268
Listed securities	132	131	138
Total	**144**	**145**	**406**
Of which: historical cost of current available for sale financial assets	*151*	*161*	*400*

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

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
As of January 1	**145**	**219**	**219**
Acquisitions	-	256	255
Disposals at market value	(4)	(285)	(26)
Changes in market value	3	21	28
Changes in impairment	-	(1)	5
Reclassifications (as) from Non-current available for sale financial assets [a]	-	7	-
Changes in the scope of consolidation [b]	-	(72)	(72)
Translation adjustment	-	-	(3)
As of period-end	**144**	**145**	**406**

(a) See Note 7.
(b) Impact related to the acquisition of Bulgari.

12. CASH AND CASH EQUIVALENTS

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Fixed term deposits (less than 3 months)	729	421	1,532
SICAV and FCP money market funds	273	216	412
Ordinary bank accounts	1,599	1,666	1,405
Cash and cash equivalents per balance sheet	**2,601**	**2,303**	**3,349**

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, 2012	Dec. 31, 2011	June 30, 2011
Cash and cash equivalents	2,601	2,303	3,349
Bank overdrafts	(426)	(222)	(310)
Net cash and cash equivalents per cash flow statement	**2,175**	**2,081**	**3,039**

13. EQUITY

13.1. Share capital

As of June 30, 2012, issued and fully paid-up shares totaled 508,241,950 (507,815,624 shares as of December 31, 2011 and 507,669,865 shares as of June 30, 2011), with a par value of 0.30 euros per share, including 224,629,667 shares with double voting rights. Double voting rights are granted to registered shares held for more than three years (224,575,071 as of December 31, 2011, 225,290,011 as of June 30, 2011).

13.2. Treasury shares and derivatives settled in LVMH shares

The portfolio of treasury shares and derivatives settled in LVMH shares is allocated as follows:

(EUR millions)	June 30, 2012		Dec. 31, 2011	June 30, 2011
	Number	Value	Value	Value
Share subscription option plans	6,582,809	311	319	350
Share purchase option plans	62,107	4	22	21
Bonus share plans	1,301,936	76	64	59
Other plans	980,791	50	64	54
Shares held for stock option and similar plans [(a)]	**8,927,643**	**441**	**469**	**484**
Liquidity contract	180,000	21	13	16
LVMH treasury shares	**9,107,643**	**462**	**482**	**500**
LVMH share-based calls [(b)]	100,000	3	3	12
LVMH treasury shares and derivatives settled in LVMH shares	**9,207,643**	**465**	**485**	**512**

(a) See Note 14 regarding stock option and similar plans.
(b) Number of shares which could be purchased if all of the calls outstanding at the balance sheet date were exercised and related premium paid on subscription.

"Other plans" correspond to future plans.

The market value of LVMH shares held under the liquidity contract as of June 30, 2012 amounts to 22 million euros.

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

LVMH shares

(EUR millions)	Number	Value	Effect on cash
As of December 31, 2011	**9,536,678**	**482**	
Share purchases, including through the exercise of call options	953,309	117	(117)
Exercise of share purchase options	(92,363)	(7)	3
Bonus shares definitively allocated	(251,913)	(14)	-
Retirement of shares	(145,759)	(7)	-
Proceeds from disposal at net realized value	(892,309)	(110)	110
Gain/(loss) on disposal	-	1	-
As of June 30, 2012	**9,107,643**	**462**	**(4)**

LVMH share-based calls

(EUR millions)	Number	Value	Effect on cash
As of December 31, 2011	**100,000**	**3**	
Calls purchased	-	-	-
Calls exercised	-	-	-
As of June 30, 2012	**100,000**	**3**	**-**

13.3. Dividends paid by the parent company LVMH SA

(EUR millions, except for data per share in EUR)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Interim dividend for the current year (2011: 0.80 euro)	-	406	-
Impact of treasury shares	-	(8)	-
	-	**398**	**-**
Final dividend for the previous year (2011: 1.80 euros; 2010: 1.40 euros)	914	685	685
Impact of treasury shares	(16)	(14)	(14)
	898	**671**	**671**
Total gross amount disbursed during the fiscal year [(a)]	**898**	**1,069**	**671**

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

The final dividend for 2011 was paid on April 25, 2012 in accordance with the resolutions of the Combined Shareholders' Meeting of April 5, 2012.

The Board of Directors approved the payment of an interim dividend for 2012 of 1.10 euros in December 2012.

13.4. Cumulative translation adjustment

The change in the translation adjustment recognized under equity, Group share net of hedging effects of net assets denominated in foreign currency, breaks down as follows by currency:

(EUR millions)	June 30, 2012	Change	Dec. 31, 2011	June 30, 2011
US dollar	10	67	(57)	(344)
Swiss franc	451	27	424	438
Japanese yen	169	(43)	212	108
Hong Kong dollar	135	47	88	(84)
Pound sterling	(34)	22	(56)	(92)
Other currencies	94	30	64	11
Foreign currency net investment hedges	(293)	(49)	(244)	(73)
Total, Group share	**532**	**101**	**431**	**(36)**

14. STOCK OPTION AND SIMILAR PLANS

For all plans, one option entitles the holder to purchase one LVMH share.

The number of outstanding instruments included in the plans in existence as of June 30, 2012 breaks down as follows:

	Number	Weighted average exercise price *(EUR)*
Share purchase options outstanding as of January 1	**385,070**	**39.90**
Options expired	(130,600)	42.78
Options exercised	(92,363)	40.46
Share purchase options outstanding as of June 30	**162,107**	**37.25**

14.2. Share subscription option plans

	Number	Weighted average exercise price *(EUR)*
Share subscription options outstanding as of January 1	**6,603,917**	**69.07**
Options expired	(21,108)	66.57
Options exercised	(572,085)	72.58
Share subscription options outstanding as of June 30	**6,010,724**	**68.75**

14.3. Bonus share plans

	Number
Non-vested shares as of January 1	**1,160,441**
Allocations of non-vested shares during the period	416,609
Expired allocations during the period	(23,201)
Shares vested during the period	(251,913)
Non-vested shares as of June 30	**1,301,936**

The characteristics of the bonus share plan, comprising 416,609 shares, instituted on April 5, 2012 are as follows:

- the vesting period is three years for beneficiaries with tax residence in France and four years for beneficiaries with tax residence outside France;
- the plan is subject to performance conditions. Bonus shares may only be definitively granted if, in fiscal years 2012 and 2013, either profit from recurring operations, net cash from operating activities and operating investments, or the Group's current operating margin shows a positive change compared to 2011. The performance condition was considered to have been met for fiscal years 2012 and 2013, for the purpose of determining the expense booked for the first half of 2012.

Owned shares were remitted in settlement of the bonus shares vested during the six-month period.

14.4. Expense for the period

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Share subscription and purchase option plans, bonus share plans	24	52	25
Cash-settled share-based compensation plans index-linked to the change in the LVMH share price	1	1	1
Expense for the period	**25**	**53**	**26**

For the purpose of determining expense for the six-month period, the following data has been used:

- the LVMH share price on the grant date of the plan instituted in April 2012 was 126.90 euros;
- the volatility of LVMH's shares was determined on the basis of their implicit volatility.

The average unit value of bonus shares provisionally granted in 2012 was 114.08 euros for beneficiaries with tax residence in France and 111.34 euros for beneficiaries with tax residence outside France.

15. MINORITY INTERESTS

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
As of January 1	**1,061**	**1,006**	**1,006**
Minority interests' share of net profit	211	400	153
Dividends paid to minority interests	(208)	(187)	(140)
Effects of changes in control of consolidated entities:			
consolidation of Bulgari	-	772	847
consolidation of Heng Long	-	18	-
other movements	(10)	2	(2)
Effects of acquisition and disposal of minority interests' shares:			
acquisition of minority interests in Bulgari	-	(771)	-
other movements	-	(14)	(12)
Total effects of changes in the percentage of interests in consolidated entities	(10)	7	833
Capital increases subscribed by minority interests	-	4	-
Minority interests' share in gains and losses recognized in equity	21	33	(45)
Minority interests' share in stock option plan expenses	2	3	2
Effects of purchase commitments for minority interests	(2)	(205)	(912)
As of period-end	**1,075**	**1,061**	**897**

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	Total share of minority interests
As of December 31, 2011	**(7)**	**(1)**	**149**	**141**
Changes for the six-month period	20	1	-	21
As of June 30, 2012	**13**	**-**	**149**	**162**

16. BORROWINGS

16.1. Net financial debt

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Bonds and Euro Medium Term Notes (EMTN)	3,737	3,390	3,193
Bank borrowings and finance lease	586	742	717
Long term borrowings	**4,323**	**4,132**	**3,910**
Bonds and Euro Medium Term Notes (EMTN)	349	759	1,520
Commercial paper	2,643	1,603	1,627
Bank overdrafts	426	222	310
Other short term borrowings	685	550	465
Short term borrowings	**4,103**	**3,134**	**3,922**
Gross amount of borrowings	**8,426**	**7,266**	**7,832**
Interest rate risk derivatives	(125)	(159)	(61)
Other derivatives	-	1	-
Gross borrowings after derivatives	**8,301**	**7,108**	**7,771**
Current available for sale financial assets	(144)	(145)	(406)
Cash and cash equivalents	(2,601)	(2,303)	(3,349)
Net financial debt	**5,556**	**4,660**	**4,016**

Net financial debt does not take into consideration purchase commitments for minority interests included in "Other non-current liabilities" (see Note 18).

In June 2012, LVMH carried out a five-year bond issue in the amount of 850 million US dollars, redeemable on maturity at par value in June 2017. The proceeds of the bond, issued at 99.713% of par value with a coupon rate of 1.625%, were swapped on issuance, thus converting the issue into a floating-rate euro-denominated financing arrangement.

In addition, the 760 million euro bond issued in 2005 and 2008 was redeemed in June.

16.2. 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: 2012	3,079	413	3,492	(278)	276	(2)	2,801	689	3,490
2013	516	612	1,128	80	(82)	(2)	596	530	1,126
2014	1,109	171	1,280	(1,000)	960	(40)	109	1,131	1,240
2015	1,005	37	1,042	(733)	679	(54)	272	716	988
2016	10	-	10	-	(5)	(5)	10	(5)	5
2017	845	5	850	(836)	816	(20)	9	821	830
Thereafter	621	3	624	-	(2)	(2)	621	1	622
Total	**7,185**	**1,241**	**8,426**	**(2,767)**	**2,642**	**(125)**	**4,418**	**3,883**	**8,301**

See Note 20.2 regarding fair value of interest rate risk derivatives.

16.3. Analysis of gross borrowings by currency after derivatives

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Euro	6,341	5,349	6,085
US dollar	341	253	178
Swiss franc	1,000	991	1,029
Japanese yen	354	274	261
Other currencies	265	241	218
Total	**8,301**	**7,108**	**7,771**

In general, the purpose of foreign currency borrowings is to hedge net foreign currency-denominated assets of consolidated companies located outside of the euro zone.

17. PROVISIONS

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Provisions for pensions, medical costs and similar commitments	290	283	286
Provisions for contingencies and losses	1,088	1,096	925
Provisions for reorganization	23	21	15
Non-current provisions	**1,401**	**1,400**	**1,226**
Provisions for pensions, medical costs and similar commitments	12	11	9
Provisions for contingencies and losses	271	294	257
Provisions for reorganization	52	44	41
Current provisions	**335**	**349**	**307**
Total	**1,736**	**1,749**	**1,533**

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

(EUR millions)	Dec. 31, 2011	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other items (including translation adjustment)	June 30, 2012
Provisions for pensions, medical costs and similar commitments	294	32	(21)	-	1	(4)	302
Provisions for contingencies and losses	1,390	58	(71)	(15)	1	(4)	1,359
Provisions for reorganization	65	15	(9)	(3)	-	7	75
Total	**1,749**	**105**	**(101)**	**(18)**	**2**	**(1)**	**1,736**
Of which: profit from recurring operations		*81*	*(78)*	*(14)*			
net financial income (expense)		*-*	*-*	*-*			
other		*24*	*(23)*	*(4)*			

18. OTHER NON-CURRENT LIABILITIES

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Purchase commitments for minority interests	4,338	4,195	3,718
Derivatives	7	4	-
Employee profit sharing [a]	78	88	72
Other liabilities	263	219	175
Total	**4,686**	**4,506**	**3,965**

(a) French companies only, pursuant to legal provisions.

Moët Hennessy SNC and Moët Hennessy International SAS (“Moët Hennessy”) own the investments in the Group’s Wines and Spirits businesses, with the exception of the equity investments in Château d’Yquem, Château Cheval Blanc and with the exception of certain Champagne vineyards.

As June 30, 2012, 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 is determined by applying the share price multiples of comparable firms to Moët Hennessy’s consolidated operating results.

The amount of purchase commitments for minority interests also include commitments relating to minority shareholders in Ile de Beauté (35%), Heng Long (49%) and distribution subsidiaries in various countries, mainly in the Middle East.

19. OTHER CURRENT LIABILITIES

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Derivatives	142	265	45
Employees and social institutions	748	855	656
Employee profit sharing [a]	61	86	45
Taxes other than income taxes	250	385	264
Advances and payments on account from customers	144	180	196
Deferred payment for tangible and financial non-current assets	259	282	76
Deferred income	158	111	100
Purchase commitments for minority interests	173	-	1 453 [b]
Other	527	552	403
Total	**2,462**	**2,716**	**3,238**

(a) French companies only, pursuant to legal provisions.
(b) Amount corresponding to the commitment resulting from the public tender offer for minority interests in Bulgari.

Derivatives are analyzed in Note 20.

20. FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

Financial instruments are mainly used by the Group to hedge risks arising from Group activity and protect its assets. These instruments are mainly centralized. Counterparties are chosen primarily according to their international rating as well as for diversification purposes.

20.1. 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, 2012	Dec. 31, 2011	June 30, 2011
Interest rate risk	Assets:	non-current		125	113	36
		current		13	57	42
	Liabilities:	non-current		(6)	(1)	-
		current		(7)	(10)	(17)
			20.2	**125**	**159**	**61**
Foreign exchange risk	Assets:	non-current		12	2	19
		current		109	83	284
	Liabilities:	non-current		(1)	(3)	-
		current		(135)	(255)	(27)
			20.3	**(15)**	**(173)**	**276**
Other risks	Assets:	non-current		32	28	22
		current		2	7	7
	Liabilities:	non-current		-	-	-
		current		-	-	(1)
				34	**35**	**28**
Total	Assets:	non-current		169	143	77
		current	10	124	147	333
	Liabilities:	non-current	18	(7)	(4)	-
		current	19	(142)	(265)	(45)
				144	**21**	**365**

The Group manages its interest rate exposure on the basis of total net financial debt through the use of interest rate swaps and options (caps and floors). 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.

Foreign exchange risk hedging instruments are used to reduce the risks arising from fluctuations of the currencies in which the Group's entities' sales and some of their purchases are denominated against their functional currencies. They are allocated either to accounts receivable or accounts payable for the fiscal year (fair value hedges), or, under certain conditions, to transactions anticipated for future periods (future cash flow hedges). Those instruments may also be used to hedge the net assets of subsidiaries outside the euro zone, in order to limit the impact of foreign currency fluctuations against the euro on consolidated equity.

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. As of June 30, 2012, derivatives used to manage equity risk with an impact on the Group's net profit have a positive market value of 32 million euros. Considering nominal values of 20 million euros for those derivatives, a uniform variation of 1% in their underlying assets' share prices as of June 30, 2012 would induce a net impact on the Group's profit inferior to 0.5 million euros. These instruments mature in 2014.

The Group, mainly through its Watches and Jewelry business group, may be exposed to changes in the prices of certain precious metals, such as gold. In certain cases, in order to ensure visibility with regard to production costs, hedges may be implemented. Derivatives outstanding relating to the hedging of precious metal prices as of June 30, 2012 have a market value of 2 million euros. Considering nominal values of 80 million euros for those derivatives, a uniform variation of 1% in their underlying assets' share prices as of June 30, 2012 would induce a net impact on the Group's consolidated reserves for an amount inferior to 1 million euros. These instruments mature in 2012 and 2013.

20.2. Derivatives used to manage interest rate risk

Derivatives used to manage interest rate risk outstanding as of June 30, 2012 break down as follows:

(EUR millions)	Nominal amounts by maturity				Market value [a]		
	2012	2013 to 2017	Beyond 2017	Total	Fair value hedges	Unallocated amounts	Total
Interest rate swaps in euros:							
- fixed rate payer	-	187	-	187	-	(2)	(2)
- floating rate payer	279	2,666	-	2,945	131	1	132
- floating rate/floating rate	-	152	-	152	-	-	-
Foreign currency swaps	-	1,042	-	1,042	(5)	-	(5)
Total					**126**	**(1)**	**125**

(a) Gain/(Loss).

20.3. Derivatives used to manage foreign exchange risk

Derivatives used to manage foreign exchange risk outstanding as of June 30, 2012 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation			Market value [a]				
	2012	2013	Total	Fair value hedges	Future cash flow hedges	Foreign currency net investment hedges	Not allocated	Total
Options purchased								
Put USD	21	-	21	-	-	-	-	-
Put JPY	4	33	37	-	1	-	-	1
Put GBP	14	-	14	-	-	-	-	-
	39	**33**	**72**	**-**	**1**	**-**	**-**	**1**
Ranges								
Written USD	2,310	2,569	4,879	(4)	3	-	-	(1)
Written JPY	72	73	145	-	-	-	-	-
Written Other	13	-	13	-	-	-	-	-
	2,395	**2,642**	**5,037**	**(4)**	**3**	**-**	**-**	**(1)**
Forward exchange contracts [b]								
USD	65	-	65	(1)	(2)	-	-	(3)
JPY	384	450	834	(6)	(19)	-	(1)	(26)
GBP	101	-	101	(1)	-	-	-	(1)
Other	142	-	142	1	(2)	-	-	(1)
	692	**450**	**1,142**	**(7)**	**(23)**	**-**	**(1)**	**(31)**
Foreign exchange swaps [b]								
USD	3,202	8	3,210	2	-	(24)	3	(19)
CHF	527	-	527	-	-	1	-	1
GBP	250	-	250	-	-	-	(3)	(3)
JPY	244	-	244	-	-	(2)	43	41
Other	263	-	263	-	-	(35)	31	(4)
	4,486	**8**	**4,494**	**2**	**-**	**(60)**	**74**	**16**
Total				**(9)**	**(19)**	**(60)**	**73**	**(15)**

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

21. 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 comprise brands and businesses that are not associated with any of the abovementioned business groups, most often relating to the Group's new businesses and holding or real estate companies.

21.1. Information by business group

First half 2012

(EUR million)	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	1,752	4,631	1,513	1,316	3,579	175	-	12,966
Sales between business groups	7	25	214	27	11	8	(292)	-
Total revenue	**1,759**	**4,656**	**1,727**	**1,343**	**3,590**	**183**	**(292)**	**12,966**
Profit from recurring operations	496	1,516	197	159	373	(62)	(20)	2,659
Other operating income and expenses	(7)	(91)	-	1	(10)	(15)	-	(122)
Purchase of tangible and intangible fixed assets [b]	75	258	74	56	138	90	-	691
Depreciation and amortization expense	46	196	51	58	109	20	-	480
Impairment expense	-	77	-	-	3	5	-	85
Brands, trade names, licenses and goodwill [c]	3,292	4,727	960	5,444	2,990	825	-	18,238
Inventories	4,067	1,249	373	1,327	1,362	73	(150)	8,301
Other operating assets	2,583	2,335	823	1,077	1,679	3,551	10,556 [d]	22,604
Total assets	**9,942**	**8,311**	**2,156**	**7,848**	**6,031**	**4,449**	**10,406**	**49,143**
Equity	-	-	-	-	-	-	24,718	24,718
Operating liabilities	1,009	1,688	940	671	1,451	759	17,907 [e]	24,425
Total liabilities and equity	**1,009**	**1,688**	**940**	**671**	**1,451**	**759**	**42,625**	**49,143**

Fiscal year 2011

(EUR million)	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	3,511	8,672	2,851	1,911	6,414	300	-	23,659
Sales between business groups	13	40	344	38	22	14	(471)	-
Total revenue	**3,524**	**8,712**	**3,195**	**1,949**	**6,436**	**314**	**(471)**	**23,659**
Profit from recurring operations	1,101	3,075	348	265	716	(204)	(38)	5,263
Other operating income and expenses	(16)	(56)	(2)	(6)	(26)	(3)	-	(109)
Purchase of tangible and intangible fixed assets [b]	170	496	145	169	235	655	-	1,870
Depreciation and amortization expense	92	359	105	82	209	37	-	884
Impairment expense	-	20	-	-	5	15	-	40
Brands, trade names, licenses and goodwill [c]	3,047	4,705	926	5,423	2,905	870	-	17,876
Inventories	3,905	1,030	337	1,118	1,181	67	(128)	7,510
Other operating assets	2,828	2,304	799	1,043	1,610	3,473	9,626 [d]	21,683
Total assets	**9,780**	**8,039**	**2,062**	**7,584**	**5,696**	**4,410**	**9,498**	**47,069**
Equity	-	-	-	-	-	-	23,512	23,512
Operating liabilities	1,259	1,708	1,019	672	1,496	662	16,741 [e]	23,557
Total liabilities and equity	**1,259**	**1,708**	**1,019**	**672**	**1,496**	**662**	**40,253**	**47,069**

First half 2011

(EUR million)	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	1,430	3,953	1,373	566	2,821	149	-	10,292
Sales between business groups	5	18	145	10	10	8	(196)	-
Total revenue	**1,435**	**3,971**	**1,518**	**576**	**2,831**	**157**	**(196)**	**10,292**
Profit from recurring operations	413	1,381	181	85	287	(114)	(10)	2,223
Other operating income and expenses	(7)	(16)	(3)	-	(22)	2	-	(46)
Purchase of tangible and intangible fixed assets [b]	68	150	69	27	68	204	-	586
Depreciation and amortization expense	44	158	51	19	97	18	-	387
Impairment expense	-	10	-	-	3	5	-	18
Brands, trade names, licenses and goodwill [c]	2,776	4,591	895	5,248	2,715	860	-	17,085
Inventory	3,748	869	338	1,208	1,014	72	(94)	7,155
Other operating assets	2,466	2,059	691	939	1,418	3,127	9,637 [d]	20,337
Total assets	**8,990**	**7,519**	**1,924**	**7,395**	**5,147**	**4,059**	**9,543**	**44,577**
Equity	-	-	-	-	-	-	21,189	21,189
Operating liabilities	903	1,268	862	575	1,082	650	18,048 [e]	23,388
Total liabilities and equity	**903**	**1,268**	**862**	**575**	**1,082**	**650**	**39,237**	**44,577**

(a) Eliminations correspond to sales between business groups; these generally consist of sales from business groups other than Selective Retailing to Selective Retailing. Selling prices between the different business groups correspond to the prices applied in the normal course of business for sales transactions to wholesalers or distributors outside the Group.
(b) Purchases of tangible and intangible fixed assets correspond to amounts capitalized during the fiscal year rather than payments made during the fiscal year with respect to these investments.
(c) Brands, trade names, licenses, and goodwill correspond to the net carrying amounts shown under Notes 3 and 4.
(d) Assets not allocated include investments in associates, available for sale financial assets, other financial assets, and income tax receivables. As of June 30, 2012, they include the 22.6% shareholding in Hermès International, representing an amount of 5,790 million euros, see Note 7 (5,438 million euros as of December 31, 2011 and 4,609 million euros as of June 30, 2011).
(e) Liabilities not allocated include gross borrowings and both current and deferred tax liabilities.

21.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
France	1,430	2,866	1,302
Europe (excluding France)	2,415	4,797	1,957
United States	2,918	5,237	2,308
Japan	1,096	1,970	810
Asia (excluding Japan)	3,793	6,430	2,881
Other	1,314	2,359	1,034
Revenue	**12,966**	**23,659**	**10,292**

Purchases of tangible and intangible fixed assets by geographic region are as follows:

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
France	271	701	360
Europe (excluding France)	112	655	70
United States	93	161	63
Japan	23	55	13
Asia (excluding Japan)	145	224	64
Other	47	74	16
Purchases of tangible and intangible fixed assets	**691**	**1,870**	**586**

Purchases of tangible and intangible fixed assets correspond to the amounts capitalized during the period rather than payments made during the period.

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.

21.3. Quarterly information

Quarterly sales by business group break down as follows:

			June 30, 2012			June 30, 2011
(EUR millions)	First quarter	Second quarter	Total	First quarter	Second quarter	Total
Wines and Spirits	926	833	1,759	762	673	1,435
Fashion and Leather Goods	2,374	2,282	4,656	2,029	1,942	3,971
Perfumes and Cosmetics	899	828	1,727	803	715	1,518
Watches and Jewelry	630	713	1,343	261	315	576
Selective Retailing	1,823	1,767	3,590	1,421	1,410	2,831
Other and holding companies	84	99	183	74	83	157
Eliminations	(154)	(138)	(292)	(103)	(93)	(196)
Total revenue	**6,582**	**6,384**	**12,966**	**5,247**	**5,045**	**10,292**

22. EXPENSES BY NATURE

Profit from recurring operations includes the following expenses:

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Advertising and promotion expenses	1,534	2,711	1,203
Commercial lease expenses	912	1,563	700
Personnel costs	2,333	4,074	1,883
Research and development expenses	34	63	25

23. OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Net gains (losses) on disposals of fixed assets	1	(4)	(4)
Restructuring costs	(13)	(40)	-
Remeasurement of shares purchased prior to their initial consolidation	-	22	22
Transaction costs relating to the acquisition of consolidated companies	(3)	(17)	(16)
Impairment or amortization of brands, trade names, goodwill and other property	(104)	(73)	(51)
Other, net	(3)	3	3
Other operating income and expenses	**(122)**	**(109)**	**(46)**

As of June 30, 2012, amounts booked as impairment or amortization included an impairment loss of 73 million euros related to fixed property assets, with the balance mainly comprised of amortization charges for brands and goodwill.

24. NET FINANCIAL INCOME/EXPENSE

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Borrowing costs	(97)	(189)	(91)
Income from cash, cash equivalents and current available for sale financial assets	17	41	16
Fair value adjustment of borrowings and interest rate hedges	2	(3)	-
Cost of net financial debt	**(78)**	**(151)**	**(75)**
Dividends received from non-current available for sale financial assets	173	54	44
Ineffective portion of foreign currency hedges	(38)	(105)	(73)
Net gain/(loss) related to available for sale financial assets and other financial instruments	12	(11)	20
Other items - net	(13)	(29)	(11)
Other financial income and expenses	**134**	**(91)**	**(20)**
Net financial income/(expense)	**56**	**(242)**	**(95)**

As of June 30, 2012, dividends received from non-current available for sale financial assets include an exceptional dividend paid by Hermès International SCA in the amount of 120 million euros.

25. INCOME TAXES

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Current income taxes for the fiscal year	(845)	(1,671)	(673)
Current income taxes relating to previous fiscal years	(6)	2	(6)
Current income taxes	**(851)**	**(1,669)**	**(679)**
Change in deferred income taxes	162	158	57
Impact of changes in tax rates on deferred taxes	(16)	58	1
Deferred income taxes	**146**	**216**	**58**
Total tax expense per income statement	**(705)**	**(1,453)**	**(621)**
Tax on items recognized in equity	**19**	**(59)**	**(131)**

The effective tax rate is as follows:

(EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Profit before tax	2,593	4,912	2,082
Total income tax expense	(705)	(1,453)	(621)
Effective tax rate	**27.2%**	**29.6%**	**29.8%**

The effective rate tax 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 6 points, compared with the tax rate applicable in France, as was the case as of June 30, 2011.

An amended Finance Act for 2012 came into effect in France on July 20, 2012. Although adopted prior to the approval of the financial statements by LVMH's Board of Directors, the effects of the amended provisions are not reflected in the financial statements for the period ended June 30, 2012, given the absence of any material impact as of this date.

26. EARNINGS PER SHARE

	June 30, 2012	Dec. 31, 2011	June 30, 2011
Net profit, Group share *(EUR millions)*	**1,681**	**3,065**	**1,310**
Average number of shares in circulation during the fiscal year	508,028,787	498,874,042	489,717,563
Average number of treasury shares owned during the fiscal year	(9,322,161)	(10,104,756)	(10,451,587)
Average number of shares on which the calculation before dilution is based	**498,706,626**	**488,769,286**	**479,265,976**
Basic Group share of profit per share *(EUR)*	**3.37**	**6.27**	**2.73**
Average number of shares on which the above calculation is based	498,706,626	488,769,286	479,265,976
Dilution effect of stock option plans	3,301,399	3,438,206	3,689,739
Other dilution effects	-	-	-
Average number of shares in circulation after dilution	**502,008,025**	**492,207,492**	**482,955,715**
Diluted Group share of profit per share *(EUR)*	**3.35**	**6.23**	**2.71**

27. OFF BALANCE SHEET COMMITMENTS

In June 2012, DFS won three additional concessions at Hong Kong International Airport for a period of five years. The concession agreement provides for the payment of variable minimum concession fees, calculated on the basis of the number of passengers in the airport. On the basis of an estimate for this figure at the signing date of the agreement, the total amount of Group commitments for operating leases and airport concession fees amounts to 6.9 billion euros as of June 30, 2012 (5.2 billion euros as of December 31, 2011).

28. CONTINGENT LIABILITIES AND OUTSTANDING LITIGATION

On May 3, 2012, in connection with the legal action brought against eBay in 2006 by Louis Vuitton Malletier and the French companies of the Perfumes and Cosmetics business group, the *Cour de Cassation* (the highest court in France) confirmed the validity of the analysis carried out by the Paris Court of Appeal, which had held that eBay's activity was not merely that of a hosting service provider, but that it acted as a broker. However, the *Cour de Cassation* dismissed the Paris Court of Appeal's ruling whereby it had given itself jurisdiction over eBay Inc., thus referring the case back for retrial by the Paris Court of Appeal.

On June 18, 2012, the building permit granted to Fondation Louis Vuitton pour la Création in 2007 for the construction of a modern and contemporary art museum in the Bois de Boulogne was deemed valid by the Paris Administrative Court of Appeal.

Lastly, in connection with the legal action brought in 2006 against France's leading manufacturers and distributors of luxury perfumes and cosmetics, an appeal was filed with the *Cour de Cassation* against the decision handed down by the Paris Court of Appeal on January 26, 2012, which had thus confirmed the validity of the ruling by the *Conseil de la Concurrence* (the French antitrust authority).

No significant developments occured during the first half of 2012 with respect to any of the other legal proceedings in which the Group is involved.

29. SUBSEQUENT EVENTS

There were no significant subsequent events as of July 26, 2012, the date on which the accounts 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, 2012;
- 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 and 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.

2. Specific verification

We have also verified the information provided in the interim management report in respect of the condensed 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 half-year financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 26, 2012

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres	
Thierry Benoit	Olivier Breillot	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 readers. 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

INCOME STATEMENT

Income/(Expenses) *(EUR millions - French accounting principles)*	June 30, 2012	Dec. 31, 2011	June 30, 2011 [a]
Income from subsidiaries and investments	1,435	2,603	2,332
Profit from recurring operations before tax	1,219	2,261	2,396
Exceptional income / (expense)	-	-	-
Income tax income / (expense)	65	65	(31)
Net profit	1,284	2,326	2,365

(a) Since the presentation of the income statement was changed as of December 31, 2011, the income statement for first half of 2011 was restated in order to make its presentation comparable with the other periods presented.

CHANGE IN EQUITY

(EUR millions - French accounting principles)	Share capital and share premium	Reserves and regulated provisons	Other reserves	Retained earnings	Interim dividends	Net profit	Total equity
As of December 31, 2011 before appropriation of 2011 net profit	**3,953**	**388**	**195**	**3,908**	**(398)**	**2,326**	**10,372**
Appropriation of 2011 net income	-	-	-	2,326	-	(2,326)	-
Dividend: final	-	-	-	(1,320)	398	-	(922)
Impact of treasury shares	-	-	-	24	-	-	24
Exercise of share subscription options	42	-	-	-	-	-	42
Retirement of LVMH shares	(7)	-	-	-	-	-	(7)
Net profit for the first half-year	-	-	-	-	-	1,284	1,284
As of June 30, 2012	**3,988**	**388**	**195**	**4,938**	**-**	**1,284**	**10,793**

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 a as a description of the main risks and uncertainties for the remaining six months of the fiscal year.

Paris, July 26, 2012

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

MOËT HENNESSY . LOUIS VUITTON

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