LVMH

MOËT HENNESSY . LOUIS VUITTON

TRANSLATION OF THE FRENCH INTERIM FINANCIAL REPORT

SIX-MONTH PERIOD ENDED JUNE 30, 2009

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Bernard Arnault
Chairman and Chief Executive Officer

Antoine Bernheim (1) (2) (3)
Vice-Chairman

Antonio Belloni
Group Managing Director

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Jean Arnault

Nicolas Bazire

Nicholas Clive-Worms (1) (2)

Charles de Croisset (1) (3)

Diego Della Valle (1)

Albert Frère (3)

Pierre Godé

Gilles Hennessy (2)

Patrick Houël

Lord Powell of Bayswater

Felix G. Rohatyn

Yves-Thibault de Silguy (1)

Hubert Védrine (1)

Advisory Board Member

Kilian Hennessy (1)

EXECUTIVE COMMITTEE

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Antonio Belloni
Group Managing Director

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Travel retail

Yves Carcelle
Fashion and Leather Goods

Chantal Gaemperle
Human Resources

Pierre Godé
Advisor to the Chairman

Jean-Jacques Guiony
Finance

Christophe Navarre
Wines and Spirits

Philippe Pascal
Watches and Jewelry

Daniel Piette
Investment Funds

Bernard Rolley
Operations

Pierre-Yves Roussel
Fashion

Mark Weber
Donna Karan, LVMH Inc.

STATUTORY AUDITORS

ERNST & YOUNG Audit
represented by Jeanne Boillet and Olivier Breillot

DELOITTE & ASSOCIÉS
represented by Alain Pons

GENERAL SECRETARY

Marc-Antoine Jamet

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

FINANCIAL HIGHLIGHTS

Key consolidated data

(EUR millions and percentage)	**June 30, 2009**	Dec. 31, 2008	June 30, 2008
Revenue	7,811	17,193	7,799
Profit from recurring operations	1,363	3,628	1,541
Net profit	757	2,318	1,013
Net profit, Group share	687	2,026	891
Cash from operations before changes in working capital (1)	1,566	4,096	1,701
Operating investments	349	1,039	490
Total equity	13,835	13,793 (2)	12,284 (2)
Net financial debt (3)	4,477	3,869	4,169
Net financial debt / Total equity ratio	32%	28%	34%

(1) Before tax and interest paid.
(2) Restated to reflect the retrospective application as of January 1, 2007 of IAS 38 Intangible assets as amended. See Note 1.2 of notes to the condensed consolidated financial statements.
(3) Net financial debt does not take into consideration purchase commitments for minority interests included in Other non-current liabilities. See Note 16.1 of notes to the condensed consolidated financial statements for analysis of net financial debt.

Data per share

(EUR)	**June 30, 2009**	Dec. 31, 2008	June 30, 2008
Earnings per share			
Basic Group share of net profit	1.45	4.28	1.88
Diluted Group share of net profit	1.45	4.26	1.85
Dividend per share			
Gross amount paid during the period (4)	1.25	1.60	1.25

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

LVMH GROUP

INTERIM MANAGEMENT REPORT

BUSINESS REVIEW

1. COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

Revenue by business group

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Wines and Spirits	1,079	3,126	1,292
Fashion and Leather Goods	2,988	6,010	2,768
Perfumes and Cosmetics	1,285	2,868	1,362
Watches and Jewelry	346	879	417
Selective Retailing	2,127	4,376	1,990
Other activities and eliminations	(14)	(66)	(30)
Total	**7,811**	**17,193**	**7,799**

Revenue by geographic region of delivery

(Percentage)	June 30, 2009	Dec. 31, 2008	June 30, 2008
France	14	14	14
Europe (excluding France)	20	24	22
United States	23	23	23
Japan	11	10	11
Asia (excluding Japan)	24	20	21
Other markets	8	9	9
Total	**100**	**100**	**100**

Profit from recurring operations by business group

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Wines and Spirits	241	1,060	409
Fashion and Leather Goods	919	1,927	858
Perfumes and Cosmetics	121	290	132
Watches and Jewelry	20	118	74
Selective Retailing	129	388	151
Other activities and eliminations	(67)	(155)	(83)
Total	**1,363**	**3,628**	**1,541**

Consolidated revenue for the six-month period ended June 30, 2009 was 7,811 million euros, up 0.2% over the same period in 2008.

Between first half 2008 and first half 2009, the following changes were made in the Group's scope of consolidation: in Watches and Jewelry, the Hublot brand was consolidated for the first time in the second half of 2008; in Other activities, the Dutch yacht builder Royal Van Lent was consolidated for the first time in the fourth quarter of 2008. These changes in the scope of consolidation contributed 1 point to revenue growth for the period.

On a constant consolidation scope and currency basis, revenue declined by 7%.

The breakdown of revenue by invoicing currency changed as follows: the contribution of the euro fell by 2 points to 29%, that of the US dollar dropped by 1 point to 27%, yen-denominated revenue remained stable at 11%, while the contribution of all other currencies rose by 3 points to 33%.

By geographic region of delivery, the period saw a drop in the relative contribution of Europe (excluding France) to Group revenue, from 22% to 20%. France, the United States, Japan and other markets remained stable at 14%, 23%, 11% and 8%, respectively, while Asia (excluding Japan), principally driven by China, advanced by 3 points to 24%.

By business group, the breakdown of Group revenue changed significantly. The contribution of Wines and Spirits fell by 3 points to 14%, while that of Perfumes and Cosmetics dropped by 1 point to 16%. The contribution of both Fashion and Leather Goods and Selective Retailing increased, the first by 3 points to 38% and the second by 1 point to 27%.

Wines and Spirits saw a 17% decline in reported revenue, including a positive 5 point impact from exchange rate fluctuations. On a constant consolidation scope and currency basis, revenue decreased by 22%. The economic crisis and substantial destocking by retailers weighed heavily on revenue in Europe, Japan and the United States. Demand remained robust in the Asian markets, especially in Vietnam. China is still the second largest market for the Wines and Spirits business group.

Fashion and Leather Goods posted organic revenue growth of 1%, and 8% based on published figures. This business group's performance continues to be driven by the exceptional momentum achieved by Louis Vuitton, which recorded double-digit revenue growth, based on published figures. Donna Karan and Marc Jacobs also confirmed their potential and had strong performances, despite the difficult economic environment.

Revenue for the Perfumes and Cosmetics business group decreased by 9% on a constant consolidation scope and currency basis, and by 6% based on published figures. All its brands reinforced their already rigorous management approach so as to limit the impact of the crisis by meticulously targeting their investments. During the period ended June 30, 2009, revenue grew in the United States, Japan and Asia, especially in China.

On a constant consolidation scope and currency basis, Watches and Jewelry saw a decline in revenue of 34%, and 17% based on published figures (positive 5 point impact of exchange rate fluctuations combined with a positive 12 point impact due to changes in the scope of consolidation). Revenue performance by this business group was significantly weaker for the period ended June 30, 2009. All Watches and Jewelry brands suffered as a result of the economic crisis, although Hublot and Chaumet proved to be more resilient. It is important to note that this decline slowed considerably in the second quarter.

Selective Retailing posted 7% reported revenue growth while, excluding a 7 point positive impact of exchange rate fluctuations, revenue declined by 0.5%. The reported performance was buoyed by Sephora, whose revenue was substantially stronger due to the expansion of its retail network in Europe, the United States, China and the Middle East.

The Group posted a gross margin of 4,981 million euros, a decrease of 3% compared to June 30, 2008. The gross margin as a percentage of revenue was 64%, decreasing by 1.8 points over the same period in 2008.

Efforts undertaken by the Group to improve control of the costs of products sold were completely counterbalanced by the adverse impact of exchange rate fluctuations and the reduced gains from currency hedges.

Marketing and selling expenses totaled 2,902 million euros, representing a slight improvement of 1% based on published figures, and a decline of 5% on a constant currency basis. The negative impact of exchange rate fluctuations more than offset better control of marketing and selling expenses. Nevertheless, the level of these expenses remained stable as a percentage of revenue, amounting to 37%. Among these expenses, advertising and promotion represented more than 11% of revenue, a decrease of 16% on a constant currency basis.

The geographic location of stores is as follows:

(Number)	**June 30, 2009**	Dec. 31, 2008	June 30, 2008
France	339	331	308
Europe (excluding France)	609	596	545
United States	543	531	490
Japan	251	256	256
Asia (excluding Japan)	506	485	446
Other markets	122	115	105
Total	**2,370**	**2,314**	**2,150**

General and administrative expenses totaled 716 million euros, up 1% based on published figures, and down 3% on a constant currency basis. They represented 9% of revenue, a level identical to that recorded in the first half of 2008.

The Group's profit from recurring operations was 1,363 million euros, down 12% compared to the same period in 2008. Operating margin as a percentage of consolidated revenue amounted to nearly 17%, 2.4 points lower than its level for the same period in 2008. This decline was driven in particular by gross margin rate deterioration. It reflects the weaker profitability of Watches and Jewelry (down 12 points to 6%), Wines and Spirits (down 9 points to 22%), and Selective Retailing (down 2 points to 6%), while operating margin as a percentage of revenue was stable for Other activities.

Exchange rate fluctuations had a positive net impact on the Group's profit from recurring operations of 56 million euros, compared with the period ended June 30, 2008. This total comprises the following three items: the impact of movements in exchange rates on import and export sales and purchases by Group companies, the change in the net impact of the Group's policy of hedging its exposure to various currencies, and the impact of currency fluctuations on the consolidation of profit from recurring operations of subsidiaries outside the euro zone. On a constant currency basis excluding changes in the net impact of currency hedges, the Group's profit from recurring operations would have decreased by 15% compared to the same period in 2008.

Profit from recurring operations for Wines and Spirits was 241 million euros, down 41% compared to the same period in 2008. Better control of costs and the careful targeting of advertising and promotional expenditure were not able to offset the impact of lower sales volumes. Operating margin as a percentage of revenue for this business group decreased by 9 points to 22%.

Fashion and Leather Goods posted profit from recurring operations of 919 million euros, up 7% compared to the first half of 2008. Operating margin as a percentage of revenue for this business group remained stable at 31%.

Profit from recurring operations for Perfumes and Cosmetics was 121 million euros, a decrease of 8% compared to the first half of 2008. Once again, tight control of production costs and operating expenses helped to minimize the deterioration in the operating margin for this business group, which fell by only 0.3 points to 9%.

Profit from recurring operations for Watches and Jewelry decreased to 20 million euros. Against the backdrop of weaker sales, this business group's operating margin as a percentage of revenue declined to 6%.

Profit from recurring operations for Selective Retailing was 129 million euros, 15% lower than the same period in 2008. For the period ended June 30, 2009, its profitability was 6%.

The net result from recurring operations of Other activities and eliminations was a loss of 67 million euros, compared to a loss of

83 million euros for the period ended June 30, 2008. In addition to headquarters expenses, Other activities includes the Media division and Royal Van Lent yachts, acquired in 2008.

Other operating income and expenses represented a net charge of 113 million euros as of June 30, 2009. This total mainly includes the costs of various industrial and commercial restructuring efforts, amounting to 80 million euros, as well as accelerated depreciation and impairment of assets, in the amount of 32 million euros.

For the period ended June 30, 2009, the Group posted operating profit of 1,250 million euros, compared to 1,513 million euros for the same period the previous year, representing a decrease of 17%.

The net financial expense was 136 million euros, compared to a net financial expense of 102 million euros for the first half of 2008.

The cost of financial debt was stable as of June 30, 2009, amounting to 102 million euros, compared to 103 million euros one year earlier. This stability results from the combined impact of lower interest rates in the first half of 2009 and the limited increase in average financial debt during this period.

Other financial income and expenses amounted to a net expense of 34 million euros, compared to a net income of 1 million euros one year earlier. The financial cost of foreign exchange operations was 19 million euros in the first half of 2009 while it was 53 million euros in the same period the previous year. The net loss related to available for sale financial assets and other financial instruments, added to dividends received from investments in non-consolidated entities, amounted to 15 million euros as of June 30, 2009, compared with net income of 54 million euros one year earlier.

The Group's effective tax rate, which was 28.5% as of June 30, 2008, was 32.1% for the first half of 2009. This increase was primarily attributable to the fact that tax loss carryforwards were not capitalized, unlike in the first half of 2008.

After taking into account income from investments in associates, amounting to 1 million euros as of June 30, 2009, compared to 4 million euros for the first half of 2008, the total net profit for the six-month period was 757 million euros; it was 1,013 million euros for the first half of 2008.

Profit attributable to minority interests was 70 million euros, compared to 122 million euros for the first half of 2008. This mainly includes minority interests in Moët Hennessy and DFS.

The Group's share of net profit was 687 million euros as of June 30, 2009, a 23% decrease from 891 million euros for the first half of 2008. It represented 9% of revenue for the six-month period.

2. WINES AND SPIRITS

	June 30, 2009	Dec. 31, 2008	June 30, 2008
Revenue *(EUR millions)*	**1,079**	**3,126**	**1,292**
Sales volume *(millions of bottles)*			
Champagne	15.7	57.6	21.9
Cognac	23.9	57.7	28.1
Other spirits	5.9	25.1	12.3
Still and sparkling wines	12.5	36.9	14.3
Revenue by geographic region of delivery *(%)*			
France	8	8	8
Europe (excluding France)	20	31	26
United States	27	24	24
Japan	6	6	6
Asia (excluding Japan)	30	19	25
Other markets	9	12	11
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**241**	**1,060**	**409**
Operating margin *(%)*	**22.3**	**33.9**	**31.7**
Operating investments *(EUR millions)*	**58**	**158**	**77**

Highlights

In the first half of 2009, the economic crisis and strong inventory reductions by distributors depressed sales of wines and spirits in Europe, Japan and the United States. Demand remained stronger in Asian markets.

Revenue for Champagne and Wines was 458 million euros, with profit from recurring operations of 77 million euros. The champagne segment was the most severely affected by the economic crisis. Sparkling wines developed by Estates & Wines benefited from sustained demand, allowing the Chandon brand to consolidate its leadership position in the super premium category in its strategic markets.

Revenue for Cognac and Spirits was 621 million euros, with profit from recurring operations of 164 million euros. The economic situation had a more limited effect on sales of cognac than those of champagne. Sales of Hennessy's V.S held up quite well in the United States, and the introduction of *Hennessy Black*, targeted at the nightlife segment, is intended to create a new dynamic in this market. Asia posted the strongest results. Vietnam, an emerging market for Hennessy, confirmed its growth potential. Glenmorangie and Ardbeg had encouraging results in continental Europe; numerous innovations contributed to the dynamism of these brands in the single malt whisky category.

While implementing tight cost control and exercising rigorous selectivity in its investments, the Wines and Spirits business group remained committed to its value oriented strategy: maintaining selling prices and a strong commitment to innovation. This policy, supported by targeted marketing and dedicated work in the field, enabled the LVMH brands to continue to demonstrate their commitment to excellent quality while strengthening their positions in their market segments, key elements for long term growth.

Principal developments

The first half of 2009 was notable for its numerous innovations. The *Expert*, *Side by Side* and *Rosé Trilogie* presentation packages, major initiatives by **Dom Pérignon**, were accompanied by the publication of a statement explaining the ten precepts behind the creation of this exceptional wine. **Veuve Clicquot** introduced the *Design Box*, a new luxury packaging for its *Carte Jaune* Brut and Rosé. **Ruinart**'s *My Sweeter Half* and **Krug**'s *Treasure For Two* enhanced the product line of these two Houses. **Hennessy** benefited from the successful repositioning of the prestigious *Paradis* and *Richard Hennessy* qualities. In addition to *Hennessy Black* in the United States, the brand introduced *Hennessy Privé*, a tribute to one of the House's historic blends, to its international clientele; it also created *V.S 44*, a limited edition honoring the inauguration of Barack Obama, the 44th President of the United States. **Glenmorangie**, **Ardbeg** and **Wenjun** also expanded their product ranges.

Moët & Chandon focused its efforts on promoting its visibility and attractiveness without diminishing its premium quality market positioning. The brand inaugurated its new marketing platform worldwide, featuring major film stars and events, and created its own event with the introduction of Scarlett Johansson as its new celebrity ambassador. Media events created or supported by **Veuve Clicquot**, the high visibility of **Ruinart** in the art world, **Hennessy** Artistry's concerts in over 35 countries, and many other marketing communications programs were vigorously pursued.

Outlook

While the economic situation will remain turbulent in the second half of the year, the Wines and Spirits business group brands will focus rigorously on their priorities, maintaining their strict management and continuing to rely on responsiveness and innovation to stimulate revenue in the near term. This policy, implemented with respect for the brands' super premium product positioning and their value strategy, will enhance their ability to rebound when the economic situation improves.

3. FASHION AND LEATHER GOODS

	June 30, 2009	Dec. 31, 2008	June 30, 2008
Revenue *(EUR millions)*	**2,988**	**6,010**	**2,768**
Revenue by geographic region of delivery *(%)*			
France	8	8	8
Europe (excluding France)	19	21	21
United States	17	19	19
Japan	19	20	21
Asia (excluding Japan)	29	25	25
Other markets	8	7	6
Total	**100**	**100**	**100**
Type of revenue as a percentage of total revenue (excluding Louis Vuitton)			
Retail	47	47	48
Wholesale	43	44	43
Licenses	9	8	8
Other	1	1	1
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**919**	**1,927**	**858**
Operating margin *(%)*	**30.8**	**32.1**	**31.0**
Number of stores			
Louis Vuitton	433	425	405
Fendi	185	180	165
Other brands	484	485	455
Operating investments *(EUR millions)*	**111**	**311**	**137**

Highlights

Louis Vuitton continued to demonstrate its exceptional dynamism in the first half of 2009. Its growth was driven by increases in its local client bases and the continuing development of new products. Due to the stronger yen, Japanese customers increased their purchases outside their country. The brand experienced excellent growth in European countries and held up well in the United States. Louis Vuitton posted a robust performance in Asia, where its reputation and strong presence allowed it to benefit from the dynamic growth of expanding markets including China, Macao and South Korea.

Fendi's business was impacted by the contraction in demand from American and Japanese department stores, but was helped by the recent growth in its European and Middle Eastern distribution networks. The new *Peekaboo* line of leather goods was successful as anticipated, and shoes continued to show growth.

In the face of a difficult economic situation in the United States, **Donna Karan** focused on consolidating the progress achieved in the last few years in terms of its positioning and its profitability. The New York brand emphasized the importance of its historic values. The very positive press response to all its Fall 2009 collections supports this policy.

Based on the work carried out in recent years, the Fashion Division brands now have first class creative teams and more efficient organizations with clear priorities, based on their strengths in product ranges and markets. **Givenchy**, **Kenzo**, **Marc Jacobs** and **Berluti** have made the most progress in steps toward stronger creativity and optimized operations. In response to the worldwide economic crisis, and in an effort to limit its impact, cost reduction measures and focused investments were implemented by all the brands.

Principal developments

Louis Vuitton demonstrated dynamic creativity: the collection in honor of the artist Stephen Sprouse, featuring *Graffiti* and *Roses* motifs on selected products (leather goods, ready-to-wear, shoes, jewelry, eyewear, etc.) was a key event at the beginning of the year. The brand also continued to enhance all its product lines. There was strong growth for the *Damier Graphite* line, and great success for very high performing new products in traditional models. This dynamic growth was supported by higher media visibility and significant new campaigns: a collaboration with Madonna and the participation of Sean Connery.

Marc Jacobs continued its strong growth with its second *Marc by Marc Jacobs* line, whose leather goods items have been increasingly well received. The introduction of **Thomas Pink**'s *Traveller* line was highly successful. More recent creative developments for other brands have been encouraging: a very good welcome by the press and the clients of the first ready-to-wear collection of Phoebe Philo for **Céline**, of Peter Dundas for **Pucci** as well as the first menswear collection of Antonio Marras for **Kenzo** and Riccardo Tisci for **Givenchy**.

At the end of June 2009, the Fashion and Leather Goods business group distribution network comprised 1,102 stores. In a challenging economic environment, stores have been opened very selectively.

Outlook

In the second half of 2009, **Louis Vuitton** will implement a dynamic, ambitious plan for new products and will continue to expand its network of stores. The brand will benefit from the impact of a new collaboration with Madonna for fashion and the participation of three characters who symbolize the conquest of space. The business group's other brands will continue their policy of innovation, with a strong emphasis on their best-sellers. Market trends in the most severely affected economies remain very uncertain; efforts to improve operating efficiencies and invest very selectively therefore remain appropriate.

4. PERFUMES AND COSMETICS

	June 30, 2009	Dec. 31, 2008	June 30, 2008
Revenue *(EUR millions)*	1,285	2,868	1,362
Revenue by product category *(%)*			
Perfumes	48	54	49
Cosmetics	32	28	31
Skincare products	20	18	20
Total	100	100	100
Revenue by geographic region of delivery *(%)*			
France	17	16	16
Europe (excluding France)	37	42	41
United States	8	8	8
Japan	7	6	6
Asia (excluding Japan)	17	14	15
Other markets	14	14	14
Total	100	100	100
Profit from recurring operations *(EUR millions)*	121	290	132
Operating margin *(%)*	9.4	10.1	9.7
Operating investments *(EUR millions)*	50	144	58
Number of stores	63	62	59

Highlights

Due to the economic situation and difficulties experienced by several retailers leading to major inventory reductions, there was heavy pressure on the world market for perfumes and cosmetics during the first half of 2009. LVMH's brands strengthened their rigorous management and were thus able to reduce the impact of these economic conditions by targeting investments even more selectively. Strong, high quality innovations, reaffirmed core values, and the continuing support of our best-sellers stimulated demand at the consumer level despite the inescapable impact on revenue from the reduction in inventories at the distribution level.

Parfums Christian Dior relied on its excellent fundamentals and the strength of its flagship product lines in order to continue to pursue its aggressive strategy and to gain market share. Dynamic innovation, featuring the House's expertise and tradition of excellence, and continuing investments in marketing have resulted in much stronger growth for the brand than the market trends in the principal regions. Dior is performing most strongly in Western Europe while the Chinese market confirms its strong potential.

Guerlain is concentrating its efforts on strategic countries and product lines. This focus, based on the brand's aura and fundamental strength, improves its resistance in weak market conditions.

Guerlain continued to enhance its market share in China and posted growth in its historic *Shalimar* and *Habit Rouge* lines.

The successful introduction of new products in the second half of 2008 – the perfumes *Absolutely Irresistible* and *Play* and the mascara *Phenomen'Eyes* – allowed **Parfums Givenchy** to strengthen its market share even if inventory reductions affected sales into the distribution network. **Parfums Kenzo** benefited from the introduction of the *KenzoAmour* floral fragrance and new versions of *Eaux par Kenzo*. **Benefit** continued its rapid expansion, experiencing success in China, and promising first steps in Russia. **Make Up For Ever** continued its exceptional growth. Its flagship product lines *HD* and *Aqua* confirmed their remarkable success with the public. Numerous initiatives were implemented to celebrate the 25th anniversary of the brand.

Principal developments

Parfums Christian Dior relies on its sound values. The perfume business benefits from the continuing success of *J'adore*, recent new developments for *Hypnotic Poison* and *Miss Dior Chérie* and the very successful reintroduction of the legendary *Eau Sauvage*, originally created in 1966, and closely associated with the image of Alain Delon. The remarkable success of the new foundation *Diorskin Nude* made a strong contribution to strengthening Dior's position in the make-up sector, and skincare was boosted by the development of *Capture Totale*, which is very popular worldwide.

Guerlain's highlights for the first half of 2009 include the success of its new premium lipstick *Rouge G*, the growing strength of *Guerlain Homme*, and the upswing in *Shalimar* sales, driven by a new marketing campaign. The *Orchidée Impériale* skincare line strengthened further in Asian markets.

Parfums Kenzo developed its position in the Russian market and took control over its distribution in China at the beginning of 2009. **Benefit** is continuing the international roll out of its "Brow Bar" concept and launched a foundation under the name *Hello Flawless*, which represents its first major entry in this make-up category. **Make Up For Ever** enriched its *Aqua* range with a mascara *Aqua Smoky Lash*.

Outlook

In the second half of the year, the LVMH brands will continue to focus on their priorities, relying on powerful innovative initiatives that are consistent with their areas of specialization. **Parfums Christian Dior** will continue to strengthen its strategic lines, particularly through the creation of its men's fragrance *Fahrenheit absolute*, a new marketing campaign for *Dior Homme*, the recent launch of *Escale à Pondichéry* and many new make-up and skincare product introductions such as *Sérum de Rouge*, an innovation that combines color with lipcare, and new products in the *Capture Totale* range. A key event for **Guerlain** will be the introduction of *Idylle*, its new women's fragrance. Uma Thurman will represent a new scent by **Parfums Givenchy**, *Ange ou Démon – Le Secret*. **Parfums Kenzo** will launch *FlowerbyKenzo Essentielle*, an exceptionally high quality fragrance composed of the very best raw materials. **Benefit** will enter the perfume field. **Make Up For Ever** has excellent prospects, particularly with the launch of a wide range of concealers that strengthen the *HD* product line.

5. WATCHES AND JEWELRY

	June 30, 2009	Dec. 31, 2008	June 30, 2008
Revenue *(EUR millions)*	**346**	**879**	**417**
Revenue by geographic region of delivery *(%)*			
France	10	8	8
Europe (excluding France)	27	28	26
United States	17	19	20
Japan	14	12	12
Asia (excluding Japan)	16	16	16
Other markets	16	17	18
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**20**	**118**	**74**
Operating margin *(%)*	**5.8**	**13.4**	**17.7**
Operating investments *(EUR millions)*	**14**	**39**	**15**
Number of stores	**105**	**104**	**93**

Highlights

The downward trend that began in September 2008 continued, and there was a sharp decline in watches and jewelry revenue in the first half of 2009. Jewelry sales were especially hard hit by the economic crisis, particularly in the high-end category, where clients postponed their purchases. The drop in demand in the watch business was coupled with the economic difficulties experienced by retailers, who reduced inventories, limiting their purchases to a few new product introductions and replenishing supplies of flagship models.

The slowdown had an impact on all major markets with the exception of the United Kingdom. A decline in travel due to perceived risks related to the swine flu virus also contributed to slower sales.

LVMH's Watches and Jewelry business group pursued the joint objectives of increasing its market share and consolidating its profitability, which has improved considerably over the last five years. Adapting to an environment where the timing of the recovery is unclear, the Houses and their distribution subsidiaries have implemented cost reduction initiatives. Investment plans have been cut back or delayed. Marketing expenses have been reduced, and store openings have slowed markedly, with priority given to improving the productivity of existing stores. The strategic program of industrial integration of TAG Heuer and Hublot watch businesses continued, while undergoing temporary adjustments due to the current economic climate.

TAG Heuer, which has a strong presence in the United States, implemented initiatives with its American retailers to stimulate demand, allowing the brand to continue to gain market share in a very challenging economic environment. The brand continued its aggressive growth in the Chinese market by making adaptations in its product line and marketing. Leonardo DiCaprio joined the team of celebrity ambassadors for TAG Heuer, while the brand supported his foundation for protection of the environment. **Hublot** proved its ability to withstand the economic crisis. In April, the brand inaugurated its new Manufacture in Nyon and undertook the development of its own watch movements. Manufacture **Zenith** refocused its collections and marketing strategies on its traditional lines and its *El Primero* movement.

Principal developments

At the Basel salon, LVMH's watch brands presented innovations targeted at further strengthening iconic product lines. **TAG Heuer** successfully launched the automatic *Aquaracer 500* and made innovations to the *Monaco* line on the occasion of the 40th anniversary of this legendary design. **Hublot** introduced *King Power*, an even more powerful variation on the *Big Bang*, as well as jewelry versions of *Big Bang* for women. **Zenith** celebrated the 40th anniversary of the legendary *El Primero* movement with the reintroduction of classic models and the reissue of a limited edition vintage model. **Montres Dior** continued to enhance its *Christal* line with automatic versions and offered *Mini D*, a jewelry version of Dior's *D*.

Chaumet broadened its *Dandy* and *Class One* watch collections and its *Attrape-Moi* and *Frisson* jewelry lines. **Fred** introduced jewelry versions of its *Force 10* line. **De Beers** enhanced its "classic" collections and solitaires, items that better resist the current economic environment.

Stores were opened very selectively. Significant openings included the flagship store in Tokyo (Ginza) for **TAG Heuer**, several boutiques opened under franchise (Prague, Hong Kong, etc.) for **Hublot**, and a limited number of shop-in-shops for **Chaumet** in South Korea, China and Dubai.

Outlook

In the second half of 2009, the Watch and Jewelry brands will continue to strictly manage costs, inventories and investments in light of the uncertain outlook for recovery in a sector that has been hard hit by the current economic situation.

Our priorities continue to be: to enhance promotion of the watch brands within a multi-brand distribution system, based on an optimized product mix, and to improve productivity in the network of jewelry boutiques. Opening of single brand stores will be limited primarily to China (TAG Heuer), Hong Kong (Chaumet) and Singapore (TAG Heuer). Other store openings will be in the form of franchises.

6. SELECTIVE RETAILING

	June 30, 2009	Dec. 31, 2008	June 30, 2008
Revenue *(EUR millions)*	**2,127**	**4,376**	**1,990**
Revenue by geographic region of delivery *(%)*			
France	23	24	24
Europe (excluding France)	10	11	11
United States	38	38	38
Japan	3	3	3
Asia (excluding Japan)	20	19	20
Other markets	6	5	4
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**129**	**388**	**151**
Operating margin *(%)*	**6.1**	**8.9**	**7.6**
Operating investments *(EUR millions)*	**102**	**228**	**115**
Number of stores			
Sephora	938	898	809
Other trade names	157	155	159

Highlights

DFS posted good results, although it did experience a slowdown in the second quarter due to concerns in Asia over the spread of the swine flu virus. This growth occurred in conjunction with strict controls over inventories and operating costs. The primary factors benefiting DFS's businesses were the continuing development of Chinese customers and successful operations in new locations: the Galleria in Macao experienced sustained growth, activities in the Abu Dhabi concession get off to a strong start, and business in Mumbai, although modest, is building month to month.

Miami Cruiseline's business slowed with the deterioration in the cruise market due to current economic conditions and the more cautious spending habits of American customers. While implementing new cost control efforts to deal with this situation, the company actively pursued projects relating to modernization and renovation of commercial locations. These initiatives will strengthen Miami Cruiseline's market position for the beginning of the recovery.

Sephora posted growth in all regions worldwide. Demonstrating its position as the most dynamic player in the beauty sector, the brand gained market share in every country where it has a presence. The expanded offering of exclusive brands, the development of products under the Sephora brand that provide excellent value for money, and increasingly finely tuned customer loyalty programs all made strong contributions to this progress. Faced with a very challenging economic situation in the United States, Sephora's performance was remarkable, demonstrating more clearly than ever the effectiveness of its strategy of offering product exclusives and developing innovative services. Expansion in China continued at a strong pace. Online sales maintained their strong momentum.

Le Bon Marché, which had forecast a slight downturn in revenue, posted a first half performance surpassing its objectives and maintained its operating profit margin.

Principal developments

Beginning in June, **DFS** has undertaken the staged opening of a second location situated in a large hotel complex in Macao and has begun expansion work in the Sun Plaza Galleria in Hong Kong. Renovation of the Galleria in Hawaii continues.

Sephora's worldwide network included 938 stores at June 30, 2009. Europe had 618 stores, North America 240 (of which 225 were in the United States, 14 in Canada and a first store opened in Puerto Rico). There were 10 store openings in China during the first half, which brought the total number of Sephora stores in this country to 60. As part of the plan to develop Sephora's presence in the Middle East, a flagship store was inaugurated in the Dubaï Mall.

Le Bon Marché continued with its investment in renovating the store's second floor. This work will reinforce its architectural identity and will allow, in the second half, the development of new spaces to accommodate exhibitions that will enhance the store's image and promote business development. The work will also involve a structural change to the store which will enable an extension of the Men's Department and the creation of a new watch and jewelry space for 2010.

Outlook

In the next six months the economic environment is expected to remain challenging for international tourism. The Asian market will be no exception. In this environment, **DFS** will maintain its development programs in Macao and Hong Kong, its rigorous control of inventory and its efforts to reduce overhead costs.

Sephora will continue to emphasize improving the productivity of its stores and will pursue the expansion of its network in key countries on a highly selective basis, mainly in the United States, France and China. A flagship store is also planned in Singapore. The work of the teams will focus on enriching customers' in-store experience both in terms of feeling welcome and in terms of customer service. The focus will also be on providing increasingly innovative and exclusive products.

Le Bon Marché's business and image will be enhanced by an array of high-potential events and exhibitions, particularly the one dedicated to Los Angeles in September.

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

As of June 30, 2009, LVMH's consolidated balance sheet total, which is shown on page 17, amounted to 30.7 billion euros, a decrease of 2.4% compared to December 31, 2008.

Non-current assets amounted to 21.1 billion euros and were thus unchanged compared to year-end 2008, representing 69% of total assets, compared with 67% six months earlier.

Tangible and intangible fixed assets (including goodwill) remained stable at 19.0 billion euros. Brands and other intangible assets decreased slightly to 8.4 billion euros from 8.5 billion euros as of December 31, 2008. This decline primarily reflects the impact of exchange rate fluctuations on brands and other intangible assets recognized in US dollars, such as the Donna Karan brand and the DFS trade name, or in Swiss francs, such as the TAG Heuer brand.

Goodwill rose slightly to 4.5 billion euros, from 4.4 billion euros six months earlier.

Property, plant and equipment posted a very small decline to 6.0 billion euros, from 6.1 billion euros at year-end 2008. This decrease is attributable in particular to the depreciation charge for the period and the effects of exchange rate fluctuations, which exceeded operating investments. The investments in question were those of Louis Vuitton, Sephora and DFS in their retail networks, combined with those of Parfums Christian Dior in new display counters, and those of Hennessy and Veuve Clicquot in their production facilities.

Investments in associates, non-current available for sale financial assets, other non-current assets, and deferred tax amounted to 2.1 billion euros as of June 30, 2009 and were thus stable compared to year-end 2008.

Inventories amounted to 5.9 billion euros, compared with 5.8 billion euros as of December 31, 2008, due to seasonal variations affecting most of the Group's operations, the replenishment of distilled alcohol inventories for cognac, as well as the consolidation of the Montaudon champagne house acquired in the second half of 2008.

Trade accounts receivable were reduced to 1.1 billion euros, from 1.7 billion at year-end 2008, representing a more vigorous reduction during the first half than in previous years.

Cash and cash equivalents, excluding current available for sale financial assets, remained stable at 1.0 billion euros, an amount identical to that recorded as of December 31, 2008.

The Group share of equity was 12.9 billion euros, compared to 12.8 billion euros at year-end 2008. This is due to the fact that the amount of the Group's share of net profit for the period was slightly higher than the final dividend payment on 2008 profit added to the negative change in the cumulative translation adjustment resulting from the appreciation of the euro against most other currencies since December 31, 2008.

Minority interests remained stable at 1.0 billion euros as a result of the share of minority interests in the net profit for the half-year period after the distribution of dividends, and the impact of the depreciation of the US dollar on minority interests in DFS.

Total equity thus amounted to 13.8 billion euros and represented 45% of the Group's total equity and liabilities, compared to 44% six months earlier.

As of June 30, 2009, non-current liabilities amounted to 11.3 billion euros, including 4.0 billion euros in long-term borrowings. This compares to 11.1 billion euros at year-end 2008, including 3.7 billion euros in long-term borrowings. Thus, the growth in non-current liabilities is mainly attributable to the increase in long-term borrowings. Non-current liabilities as a proportion of the balance sheet total rose to 37% from 35% six months earlier.

Total equity and non-current liabilities are thus more than 25.1 billion euros and exceeded the total of non-current assets.

Current liabilities amounted to 5.6 billion euros as of June 30, 2009, compared to 6.6 billion euros at year-end 2008, owing to seasonal reductions in trade accounts payable as well as the impact of both the French Law on the Modernization of the Economy (*Loi de modernisation de l'économie*) and the reduction in other current liabilities (personnel costs, social security contributions, tax liabilities). Current liabilities as a proportion of total equity and liabilities declined to 18%, from 21% six months earlier.

Long-term and short-term borrowings, including the market value of interest rate derivatives, and net of cash, cash equivalents and current available for sale financial assets, amounted to 4.5 billion euros as of June 30, 2009, compared to 3.9 billion euros six months earlier, representing a gearing of 32% compared with 28% as of December 31, 2008, an increase that reflects seasonal variations in the Group's cash flow.

Long-term borrowings represent more than 80% of the Group's total net debt.

As of June 30, 2009, confirmed credit facilities exceeded 3.9 billion euros, of which only 0.1 billion euros were drawn, which means that the amount of the undrawn confirmed credit lines available was 3.8 billion euros. The Group's undrawn confirmed credit lines substantially exceeded the outstanding portion of its commercial paper program, which amounted to 0.3 billion euros as of June 30, 2009.

COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement, shown on page 20, details the main cash flows for the first half of the year.

Cash from operations before changes in working capital was 1,566 million euros, compared to 1,701 million euros a year earlier. Net cash from operations before changes in working capital (i.e. after interest and income tax) amounted to 1,206 million euros, an increase of 5% compared to the first half of 2008.

Working capital requirements increased by 518 million euros. Changes in inventories increased cash requirements by 199 million euros, significantly less than their impact in the first half of 2008, despite the replenishment of distilled alcohol inventories for cognac. The change in trade accounts receivable, mainly relating to the Wines and Spirits brands and Louis Vuitton, generated 537 million euros of cash, while reduced trade accounts payable balances consumed 794 million euros, especially at Sephora, the Champagne houses and Parfums Christian Dior. These changes reflect the seasonality of the Group's working capital requirements as well as the impact of the French Law on the Modernization of the Economy (*Loi de modernisation de l'économie*) on trade accounts receivable and payable of French entities.

Group operating investments for the period, net of disposals, resulted in net cash outflows of 352 million euros. This amount reflects the development of the Group and that of its star brands, including Louis Vuitton, Sephora and Parfums Christian Dior.

Overall, net cash from operations posted a surplus of 336 millions euros, compared to a deficit of 43 millions over the same period last year.

Cash outflows related to financial investments decreased: acquisitions of non-current available for sale financial assets, net of disposals, together with the net impact of the purchase and sale of consolidated investments, resulted in an outflow of 35 million euros, compared with 91 million euros for the first half of 2008.

Transactions relating to equity generated a net outflow of 733 million euros over the period.

Disposals of LVMH shares and LVMH-share settled derivatives by the Group, net of acquisitions, generated an inflow of 5 million euros, compared to net acquisitions in the amount of 116 million euros over the same period last year.

In the first half of the year, LVMH SA paid 592 million euros in dividends, excluding the amount attributable to treasury shares, in respect of the final dividend on 2008 profit. Furthermore, the minority shareholders of consolidated subsidiaries received 151 million euros in dividends.

After all operating, investing and equity-related activities (including the distribution of the final dividend on 2008 profit), the total cash requirement thus amounted to 432 million euros.

This requirement, together with the outflow due to the repayment of 1,773 million euros in borrowings, was met by way of new borrowings and through the disposal of investments in current available for sale financial assets.

Bond issues and new borrowings provided an inflow of 2,255 million euros. In May, LVMH SA issued a five-year public bond in a nominal amount of 1 billion euros. In addition, the Group made use of its Euro Medium Term Notes program in June to conclude long-term private placements through two issues, the first in the amount of 250 million euros with a maturity of 6 years and the second in the amount of 150 million euros with a maturity of 8 years. On the other hand, the Group decreased its recourse to its French commercial paper program by 467 million euros.

At the end of the first half of 2009, cash and cash equivalents net of bank overdrafts amounted to 809 million euros.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(EUR millions, except for earnings per share)	Notes	June 30, 2009	Dec. 31, 2008	June 30, 2008
Revenue	**21**	**7,811**	**17,193**	**7,799**
Cost of sales		(2,830)	(6,012)	(2,682)
Gross margin		**4,981**	**11,181**	**5,117**
Marketing and selling expenses		(2,902)	(6,104)	(2,868)
General and administrative expenses		(716)	(1,449)	(708)
Profit from recurring operations	**21-22**	**1,363**	**3,628**	**1,541**
Other operating income and expenses	**23**	(113)	(143)	(28)
Operating profit		**1,250**	**3,485**	**1,513**
Cost of net financial debt		(102)	(257)	(103)
Other financial income and expenses		(34)	(24)	1
Net financial income (expense)	**24**	**(136)**	**(281)**	**(102)**
Income taxes	**25**	(358)	(893)	(402)
Income (loss) from investments in associates	**6**	1	7	4
Net profit before minority interests		**757**	**2,318**	**1,013**
Minority interests		(70)	(292)	(122)
Net profit, Group share		**687**	**2,026**	**891**
Basic Group share of net earnings per share *(EUR)*	**26**	**1.45**	**4.28**	**1.88**
Number of shares on which the calculation is based		473,238,611	473,554,813	473,651,310
Diluted Group share of net earnings per share *(EUR)*	**26**	**1.45**	**4.26**	**1.85**
Number of shares on which the calculation is based		473,911,591	475,610,672	480,514,201

CONSOLIDATED BALANCE SHEET

ASSETS *(EUR millions)*	Notes	June 30, 2009	Dec. 31, 2008 [(1)]	June 30, 2008 [(1)]
Brands and other intangible assets – net	3	8,449	8,523	7,852
Goodwill – net	4	4,509	4,423	5,054
Property, plant and equipment – net	5	6,049	6,081	5,507
Investments in associates	6	214	216	126
Non-current available for sale financial assets	7	490	375	795
Other non-current assets		876	841	682
Deferred tax		559	670	573
Non-current assets		**21,146**	**21,129**	**20,589**
Inventories and work in progress	8	5,944	5,764	5,265
Trade accounts receivable	9	1,130	1,650	1,261
Income taxes		112	229	124
Other current assets	10	1,435	1,698	1,882
Cash and cash equivalents	12	956	1,013	930
Current assets		**9,577**	**10,354**	**9,462**
Total assets		**30,723**	**31,483**	**30,051**

LIABILITIES AND EQUITY *(EUR millions)*	Notes	June 30, 2009	Dec. 31, 2008 [(1)]	June 30, 2008 [(1)]
Share capital		147	147	147
Share premium account		1,739	1,737	1,739
Treasury shares and LVMH-share settled derivatives		(963)	(983)	(936)
Revaluation reserves		839	818	943
Other reserves		10,853	9,430	9,511
Cumulative translation adjustment		(448)	(371)	(896)
Net profit, Group share		687	2,026	891
Equity, Group share	13	12,854	12,804	11,399
Minority interests	15	981	989	885
Total equity		**13,835**	**13,793**	**12,284**
Long term borrowings	16	4,048	3,738	3,282
Provisions	17	972	971	942
Deferred tax		3,068	3,113	2,857
Other non-current liabilities	18	3,242	3,253	4,116
Non-current liabilities		**11,330**	**11,075**	**11,197**
Short term borrowings	16	1,859	1,847	2,662
Trade accounts payable		1,507	2,292	1,795
Income taxes		279	304	261
Provisions	17	315	306	231
Other current liabilities	19	1,598	1,866	1,621
Current liabilities		**5,558**	**6,615**	**6,570**
Total liabilities and equity		**30,723**	**31,483**	**30,051**

(1) The balance sheets as of June 30 and December 31, 2008 have been restated to reflect the retrospective application as of January 1, 2007 of IAS 38 Intangible assets as amended. See Note 1.2.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		(EUR millions)						Total equity		
	Number of shares	Share capital	Share premium account	Treasury shares and LVMH-share settled derivatives	Cumulative translation adjustment	Revaluation reserves	Net profit and other reserves	Group share	Minority interests	Total
Notes		13.1		13.2	13.4	13.4			15	
As of December 31, 2007	**489,937,410**	**147**	**1,736**	**(877)**	**(608)**	**976**	**10,216**	**11,590**	**938**	**12,528**
Impact of application of IAS 38 as amended. See Note 1.2.							(93)	(93)	(1)	(94)
As of December 31, 2007, after restatement	**489,937,410**	**147**	**1,736**	**(877)**	**(608)**	**976**	**10,123**	**11,497**	**937**	**12,434**
Gains and losses recognized in equity					237	(158)		79	60	139
Net profit							2,026	2,026	292	2,318
Comprehensive gains and losses		**-**	**-**	**-**	**237**	**(158)**	**2,026**	**2,105**	**352**	**2,457**
Stock option plan and similar expenses							41	41	3	44
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				(110)			24	(86)	-	(86)
Exercise of share subscription options	92,600		5					5	-	5
Retirement of LVMH shares	(92,600)		(4)	4				-	-	-
Capital increase in subsidiaries								-	4	4
Interim and final dividends paid							(758)	(758)	(188)	(946)
Changes in consolidation scope								-	20	20
Effects of purchase commitments for minority interests								-	(139)	(139)
As of December 31, 2008	**489,937,410**	**147**	**1,737**	**(983)**	**(371)**	**818**	**11,456**	**12,804**	**989**	**13,793**
Gains and losses recognized in equity					(77)	21		(56)	(6)	(62)
Net profit							687	687	70	757
Comprehensive gains and losses		**-**	**-**	**-**	**(77)**	**21**	**687**	**631**	**64**	**695**
Stock option plan and similar expenses							21	21	2	23
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				20			(32)	(12)	-	(12)
Exercise of share subscription options	46,210		2					2	-	2
Capital increase in subsidiaries								-	3	3
Interim and final dividends paid							(592)	(592)	(159)	(751)
Changes in consolidation scope								-	4	4
Effects of purchase commitments for minority interests								-	78	78
As of June 30, 2009	**489,983,620**	**147**	**1,739**	**(963)**	**(448)**	**839**	**11,540**	**12,854**	**981**	**13,835**

	Number of shares	*(EUR millions)* Share capital	Share premium account	Treasury shares and LVMH-share settled derivatives	Cumulative translation adjustment	Revaluation reserves	Net profit and other reserves	Total equity: Group share	Total equity: Minority interests	Total equity: Total
Notes		13.1		13.2	13.4	13.4			15	
As of December 31, 2007, after restatement	**489,937,410**	**147**	**1,736**	**(877)**	**(608)**	**976**	**10,123**	**11,497**	**937**	**12,434**
Gains and losses recognized in equity					(288)	(33)		(321)	(45)	(366)
Net profit							891	891	122	1,013
Comprehensive gains and losses		**-**	**-**	**-**	**(288)**	**(33)**	**891**	**570**	**77**	**647**
Stock option plan and similar expenses							20	20	1	21
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				(60)			(40)	(100)	-	(100)
Exercise of share subscription options	78,500		4					4	-	4
Retirement of LVMH shares	(35,050)		(1)	1				-	-	-
Capital increase in subsidiaries								-	1	1
Interim and final dividends paid							(592)	(592)	(165)	(757)
Changes in consolidation scope								-	(1)	(1)
Effects of purchase commitments for minority interests								-	35	35
As of June 30, 2008	**489,980,860**	**147**	**1,739**	**(936)**	**(896)**	**943**	**10,402**	**11,399**	**885**	**12,284**

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

(EUR millions)	Notes	June 30, 2009	Dec. 31, 2008	June 30, 2008
Net profit before minority interests		**757**	**2,318**	**1,013**
Changes relating to:				
Translation adjustments		(77)	257	(312)
Available for sale financial assets		2	(252)	(50)
Hedges of future foreign currency cash flows		52	(68)	6
Vineyard land		1	172	-
Tax impact		(40)	30	(10)
Gains and losses recognized in equity	**13.4**	**(62)**	**139**	**(366)**
Comprehensive gains and losses		**695**	**2,457**	**647**
Minority interests		(64)	(352)	(77)
Comprehensive gains and losses, Group share		**631**	**2,105**	**570**

CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	June 30, 2009	Dec. 31, 2008	June 30, 2008
I. Operating activities and investments				
Operating profit		1,250	3,485	1,513
Net increase in depreciation, amortization and provisions, excluding tax and financial items		377	695	243
Other computed expenses, excluding financial items		(57)	(42)	(52)
Dividends received		15	17	14
Other adjustments		(19)	(59)	(17)
Cash from operations before changes in working capital		**1,566**	**4,096**	**1,701**
Cost of net financial debt: interest paid		(115)	(222)	(106)
Income taxes paid		(245)	(866)	(447)
Net cash from operations before changes in working capital		**1,206**	**3,008**	**1,148**
Change in inventories and work in progress		(199)	(826)	(588)
Change in trade accounts receivable		537	(29)	309
Change in trade accounts payable		(794)	135	(287)
Change in other receivables and payables		(62)	(10)	(170)
Total change in working capital		**(518)**	**(730)**	**(736)**
Purchase of tangible and intangible fixed assets		(349)	(1,039)	(490)
Proceeds from sale of tangible and intangible fixed assets		3	100	31
Guarantee deposits paid and other operating investments		(6)	(8)	4
Operating investments		**(352)**	**(947)**	**(455)**
Net cash from (used in) operations		**336**	**1,331**	**(43)**
II. Financial investments				
Purchase of non-current available for sale financial assets	**7**	(66)	(155)	(51)
Proceeds from sale of non-current available for sale financial assets	**7**	36	184	15
Impact of purchase and sale of consolidated investments		(5)	(642)	(55)
Net cash from (used in) financial investments		**(35)**	**(613)**	**(91)**
III. Transactions relating to equity				
Capital increases of LVMH	**13**	2	5	4
Capital increases subscribed by minority interests	**15**	3	4	-
Acquisition and disposals of treasury shares and LVMH-share settled derivatives	**13.2**	5	(143)	(116)
Interim and final dividends paid by LVMH	**13.3**	(592)	(758)	(592)
Interim and final dividends paid to minority interests in consolidated subsidiaries	**15**	(151)	(188)	(160)
Net cash from (used in) transactions relating to equity		**(733)**	**(1,080)**	**(864)**
IV. Financing activities				
Proceeds from borrowings		2,255	2,254	1,666
Repayment of borrowings		(1,773)	(2,301)	(1,184)
Purchase and proceeds from sale of current available for sale financial assets	**11**	90	(47)	41
Net cash from (used in) financing activities		**572**	**(94)**	**523**
V. Effect of exchange rate changes		**(49)**	**87**	**(60)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		**91**	**(369)**	**(535)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**12**	**718**	**1,087**	**1,087**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**12**	**809**	**718**	**552**
Transactions generating no change in cash:				
- acquisition of assets by means of finance leases		5	11	2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONDENSED 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, 2009 were approved by the Board of Directors on July 29, 2009. They 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, 2009. These standards and interpretations have been applied consistently to the periods presented. More specifically, the consolidated financial statements as of June 30, 2008 and December 31, 2008 have been restated to reflect the application of the amendment to IAS 38 Intangible assets relating to the recognition of advertising and promotion expenses; IAS 38 was applied retrospectively as of January 1, 2007.

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 income tax rate, which has been determined 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).

As of June 30, 2009, the environment surrounding the economic and financial crisis was taken into consideration for the valuation of available for sale financial assets and financial instruments, the expected level of inventory turnover and the recoverability of trade accounts receivable. Assets whose value is assessed with reference to longer term developments, particularly intangible and real estate assets, were valued as of June 30, 2009 according to the same assumptions that were applied as of December 31, 2008, based on projections incorporating a progressive decrease in the impact of the crisis.

1.2.Changes in the accounting framework

The standards, amendments and interpretations applicable to the LVMH group that have been implemented since January 1, 2009 related to:

- IFRS 8 Operating segments;
- amendments to IAS 1 Presentation of financial statements;
- amendment to IAS 38 Intangible assets, relating to the recognition of advertising and promotion expenses;
- amendments to IAS 23 on the capitalization of borrowing costs;
- amendments to IFRS 2 relating to vesting conditions of share-based payments and treatment of cancellations;
- interpretation IFRIC 14 IAS 19 on the minimum funding requirements of defined benefit plans and their interaction with the limit on a defined benefit asset.

The application of these standards, amendments and interpretations does not have a material impact on Group's consolidated financial statements. The application of IFRS 8 does not alter the structure of published figures nor the amount of goodwill allocated to each business segment. IAS 23 as amended has no impact on the determination of Wines and Spirits' inventories' production cost, given that the application of this amendment is not required for assets produced in large quantities on a repetitive basis. The impacts of the application of IAS 38 as amended are described hereunder.

Application of the amendment to IAS 38 Intangible assets

As of fiscal year 2009, advertising and promotion expenses are recorded upon the receipt or production of goods or upon completion of services rendered. The impact of this change in accounting policy on consolidated equity amounts to 94 million euros as of January 1, 2007; this amount breaks down as follows:

(EUR millions)	**Impact as of January 1, 2007**
Intangible assets	(13)
Goodwill	6
Property, plant and equipment	(7)
Deferred tax	40
Inventories and work in progress	(3)
Other current assets	(117)
Consolidated equity	(94)
of which: Group share	(93)
minority interests	(1)

Other current assets relate to prepaid expenses recognized in respect of samples and advertising materials (primarily for Perfumes and Cosmetics).

Net profit for fiscal years 2007 and 2008 was not restated, as the impact of applying IAS 38 as amended was considered not significant, when compared to the impact as of January 1, 2007. The notes presented below have been restated to reflect the retrospective application of IAS 38 as amended.

2. CHANGES IN THE SCOPE OF CONSOLIDATION

Wines and Spirits

In December 2008, the Group acquired the entire share capital of the Montaudon champagne house, owner of its eponymous brand, for total consideration of 30 million euros including contractual earnout payments estimated at 4 million euros. This acquisition has been consolidated with effect from January 1, 2009.

3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

(EUR millions)	June 30, 2009			Dec. 31, 2008 [1]	June 30, 2008 [1]
	Gross	Amortization and impairment	Net	Net	Net
Brands	6,584	(371)	6,213	6,244	5,833
Trade names	3,173	(1,290)	1,883	1,909	1,716
License rights	105	(63)	42	43	42
Leasehold rights	251	(151)	100	102	100
Software	380	(271)	109	110	93
Other	228	(126)	102	115	68
Total	**10,721**	**(2,272)**	**8,449**	**8,523**	**7,852**
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 2009 were as follows:

Gross value *(EUR millions)*	Brands	Trade names	Other intangible assets	Total
As of December 31, 2008 [1]	**6,599**	**3,218**	**956**	**10,773**
Acquisitions	-	-	34	34
Disposals and retirements	-	-	(21)	(21)
Changes in the scope of consolidation	-	-	(1)	(1)
Translation adjustment	(15)	(45)	(4)	(64)
As of June 30, 2009	**6,584**	**3,173**	**964**	**10,721**

Accumulated amortization and impairment *(EUR millions)*	Brands	Trade names	Other intangible assets	Total
As of December 31, 2008 [1]	**(355)**	**(1,309)**	**(585)**	**(2,249)**
Amortization expense	(16)	-	(47)	(63)
Disposals and retirements	-	-	17	17
Changes in the scope of consolidation	-	-	1	1
Translation adjustment	-	19	3	22
As of June 30, 2009	**(371)**	**(1,290)**	**(611)**	**(2,272)**

Net carrying amount as of June 30, 2009	**6,213**	**1,883**	**353**	**8,449**

(1) See Note 1.2 Application of IAS 38 as amended.

The translation adjustment is mainly attributable to intangible assets recognized in US dollars and Swiss francs, following the change in the exchange rate of these currencies with respect to the euro during the period. The DFS trade name, together with the Donna Karan and the TAG Heuer brands were particularly affected.

4. GOODWILL

(EUR millions)	June 30, 2009			Dec. 31, 2008 [1]	June 30, 2008 [1]
	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	4,446	(1,091)	3,355	3,338	2,929
Goodwill arising on purchase commitments for minority interests	1,157	(3)	1,154	1,085	2,125
Total	**5,603**	**(1,094)**	**4,509**	**4,423**	**5,054**

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

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

(EUR millions)	June 30, 2009			Dec. 31, 2008 [1]	June 30, 2008 [1]
	Gross	Impairment	Net	Net	Net
As of January 1	**5,511**	**(1,088)**	**4,423**	**4,824**	**4,824**
Changes in the scope of consolidation	39	-	39	639	249
Changes in purchase commitments for minority interests	77	-	77	(1,061)	34
Changes in impairment		(15)	(15)	(31)	(11)
Translation adjustment	(24)	9	(15)	52	(42)
As of June 30 / December 31	**5,603**	**(1,094)**	**4,509**	**4,423**	**5,054**

(1) See Note 1.2 Application of IAS 38 as amended.

Changes in the scope of consolidation in the first half of 2009 relate primarily to the consolidation of Montaudon.

5. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)	June 30, 2009			Dec. 31, 2008 [1]	June 30, 2008 [1]
	Gross	Depreciation and impairment	Net	Net	Net
Land	857	-	857	862	803
Vineyard land and producing vineyards	1,701	(81)	1,620	1,613	1,429
Buildings	1,567	(689)	878	880	832
Investment property	341	(54)	287	291	279
Machinery and equipment	4,272	(2,672)	1,600	1,631	1,447
Other tangible fixed assets (including assets in progress)	1,241	(434)	807	804	717
Total	**9,979**	**(3,930)**	**6,049**	**6,081**	**5,507**
Of which: assets held under finance leases	254	(118)	136	147	150
historical cost of vineyard land and producing vineyards	567	(81)	486	480	471

The changes in property, plant and equipment in the first half of 2009 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, 2008 [(1)]	**1,690**	**2,398**	**343**	**4,141**	**1,226**	**9,798**
Acquisitions	1	15	-	113	134	263
Change in the market value of vineyard land	1					1
Disposals and retirements	-	-	-	(36)	(25)	(61)
Changes in the scope of consolidation	1	12	-	6	-	19
Translation adjustment	2	(21)	(2)	(22)	(7)	(50)
Other movements, including transfers	6	20	-	70	(87)	9
As of June 30, 2009	**1,701**	**2,424**	**341**	**4,272**	**1,241**	**9,979**

Accumulated 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, 2008 [(1)]	**(77)**	**(656)**	**(52)**	**(2,510)**	**(422)**	**(3,717)**
Depreciation expense	(3)	(26)	(2)	(208)	(37)	(276)
Disposals and retirements	-	-	-	33	24	57
Changes in the scope of consolidation	-	(1)	-	(1)	-	(2)
Translation adjustment	-	2	-	14	1	17
Other movements, including transfers	(1)	(8)	-	-	-	(9)
As of June 30, 2009	**(81)**	**(689)**	**(54)**	**(2,672)**	**(434)**	**(3,930)**
Net carrying amount as of June 30, 2009	**1,620**	**1,735**	**287**	**1,600**	**807**	**6,049**

(1) See Note 1.2 Application of IAS 38 as amended.

Property, plant and equipment acquisitions primarily reflect investments by Louis Vuitton, Sephora and DFS in their retail networks, investments by Parfums Christian Dior in new display counters and by Hennessy and Veuve Clicquot in their production facilities.

6. INVESTMENTS IN ASSOCIATES

(EUR millions)	June 30, 2009			Dec. 31, 2008	June 30, 2008
	Gross	Impairment	Net	Net	Net
Share of net assets of associates as of January 1	**216**	**-**	**216**	**129**	**129**
Share of net profit (loss) for the period	1	-	1	7	4
Dividends paid	(7)		(7)	(7)	(6)
Changes in the scope of consolidation	10	-	10	84	-
Translation adjustment	(6)	-	(6)	3	(1)
Share of net assets of associates as of June 30 / December 31	**214**	**-**	**214**	**216**	**126**

As of June 30, 2009, investments in associates consisted primarily of:

- a 40% equity stake in Mongoual SA, a real estate company which owns a property held for rental in Paris (France), which is the head office of LVMH Moët Hennessy - Louis Vuitton SA;
- a 45% equity stake in the group owning Ile de Beauté stores, one of the leading perfume and cosmetics retail chains in Russia, acquired in October 2008.

Changes in the scope of consolidation in the first half of 2009 include the acquisition of a 49% equity stake in the share capital of Edun, a major fashion clothing company focused on ethical trade and sustainable development.

7. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	June 30, 2009			Dec. 31, 2008	June 30, 2008
	Gross	Impairment	Net	Net	Net
Total	**549**	**(59)**	**490**	**375**	**795**

Non-current available for sale financial assets changed as follows during the six-month period:

(EUR millions)	June 30, 2009
As of January 1	**375**
Acquisitions	55
Disposals at net realized value	(34)
Changes in market value	34
Reclassifications as consolidated investments, see Note 2	(30)
Reclassifications from current available for sale assets	95
Translation adjustment	(5)
As of June 30	**490**

Certain current available for sale financial assets, whose liquidity levels have evolved in the current economic environment to the extent that such assets can no longer be regarded as rapidly realizable, have been reclassified as non-current available for sale financial assets.

8. INVENTORIES AND WORK IN PROGRESS

(EUR millions)	June 30, 2009	Dec. 31, 2008 (1)	June 30, 2008 (1)
Wines and distilled alcohol in the process of aging	3,129	2,928	2,748
Other raw materials and work in progress	799	708	581
	3,928	3,636	3,329
Goods purchased for resale	546	579	528
Finished products	2,079	2,126	1,987
	2,625	2,705	2,515
Gross amount	**6,553**	**6,341**	**5,844**
Impairment	(609)	(577)	(579)
Net amount	**5,944**	**5,764**	**5,265**

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

(EUR millions)	June 30, 2009			Dec. 31, 2008 [1]	June 30, 2008 [1]
	Gross	Impairment	Net	Net	Net
As of January 1	**6,337**	**(573)**	**5,764**	**4,809**	**4,809**
Change in gross inventories	199		199	826	588
Fair value adjustment for the harvest of the period	13	-	13	24	12
Changes in impairment		(39)	(39)	(62)	(43)
Changes in the scope of consolidation	34	(2)	32	84	(10)
Translation adjustment	(30)	9	(21)	89	(91)
Reclassifications	-	(4)	(4)	(6)	-
As of June 30 / December 31	**6,553**	**(609)**	**5 944**	**5,764**	**5,265**

(1) See Note 1.2 Application of IAS 38 as amended.

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

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Fair value adjustment for the harvest of the period	22	53	23
Adjustment for inventory consumed	(9)	(29)	(11)
Net effect on cost of sales of the period	**13**	**24**	**12**

9. TRADE ACCOUNTS RECEIVABLE

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Trade accounts receivable – nominal amount	1,312	1,843	1,427
Provision for impairment	(64)	(58)	(51)
Provision for product returns	(118)	(135)	(115)
Net amount	**1,130**	**1,650**	**1,261**

As of June 30, 2009, the breakdown of the nominal amount of trade accounts receivable and provisions for impairment by age was as follows:

(EUR millions)	Nominal amount of receivables	Provision for impairment	Net amount of receivables
Not due: Less than 3 months	1,015	(6)	1,009
More than 3 months	39	(2)	37
	1,054	(8)	1,046
Overdue: Less than 3 months	141	(9)	132
More than 3 months	117	(47)	70
	258	(56)	202
Total	**1,312**	**(64)**	**1,248**

10. OTHER CURRENT ASSETS

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Current available for sale financial assets	344	590	774
Derivatives	349	265	416
Tax accounts receivable, excluding income taxes	221	284	269
Advances and payments on account to vendors	107	141	86
Prepaid expenses [1]	169	185	136
Other receivables, net	245	233	201
Total	**1,435**	**1,698**	**1,882**

(1) See Note 1.2 Application of IAS 38 as amended.

See also Note 11 Current available for sale assets and Note 20 Financial instruments and market risk management.

11. CURRENT AVAILABLE FOR SALE ASSETS

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Unlisted securities, shares in non-money market SICAV and funds	236	471	580
Listed securities	108	119	194
Total	**344**	**590**	**774**
Of which: historical cost of current available for sale financial assets	441	679	730

The net value of current available for sale financial assets changed as follows during the six-month period:

(EUR millions)	June 30, 2009
As of January 1	**590**
Acquisitions	12
Disposals at net realized value	(144)
Changes in market value	(17)
Changes in impairment	(6)
Reclassifications as non-current available for sale financial assets, see Note 7	(95)
Changes in the scope of consolidation	(1)
Translation adjustment	5
As of June 30	**344**

12. CASH AND CASH EQUIVALENTS

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Fixed term deposits (less than 3 months)	90	64	140
SICAV and FCP money market funds	139	72	61
Ordinary bank accounts	727	877	729
Cash and cash equivalents per balance sheet	**956**	**1,013**	**930**

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, 2009	Dec. 31, 2008	June 30, 2008
Cash and cash equivalents	956	1,013	930
Bank overdrafts	(147)	(295)	(378)
Net cash and cash equivalents per cash flow statement	**809**	**718**	**552**

13. EQUITY

13.1. Share capital

As of June 30, 2009, issued and fully paid-up shares totaled 489,983,620 (489,937,410 shares as of December 31, 2008), with a par value of 0.30 euros per share, including 226,413,378 shares with double voting rights. Double voting rights are granted to registered shares held for more than three years (226,413,842 as of December 31, 2008). The increase in the number of shares issued since December 31, 2008 is due to the exercise of share subscription options.

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, 2009		Dec. 31, 2008	June 30, 2008
	Number	Value	Value	Value
Share purchase option plans	4,355,978	245	279	247
Bonus share plans	473,963	26	23	23
Other plans	10,801,327	509	487	512
Shares held for stock option and similar plans	**15,631,268**	**780**	**789**	**782**
Liquidity contract	179,000	10	16	26
Retirement of shares	820,000	56	56	-
LVMH treasury shares	**16,630,268**	**846**	**861**	**808**
LVMH share-based calls [(1)]	2,855,200	117	122	128
LVMH treasury shares and derivatives settled in LVMH shares	**19,485,468**	**963**	**983**	**936**

(1) Number of shares which could be purchased if all of the calls outstanding at the balance sheet date were exercised and the related premium paid on subscription.

"Other plans" mainly comprise share subscription option plans.

The market value of LVMH shares held under the liquidity contract as of June 30, 2009 is the same as their carrying amount, i.e. 10 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, 2008	**16,876,191**	**861**	
Share purchases, including through the exercise of call options	1,382,340	71	(66)
Exercise of share purchase options	(151,686)	(11)	5
Bonus shares definitively allocated	(145,213)	(13)	-
Proceeds from disposal at net realized value	(1,331,364)	(66)	66
Gain/(loss) on disposal		4	
As of June 30, 2009	**16,630,268**	**846**	**5**

LVMH share-based calls

(EUR millions)	Number	Value	Effect on cash
As of December 31, 2008	**2,970,200**	**122**	
Calls purchased	-	-	-
Calls exercised	(115,000)	(5)	-
As of June 30, 2009	**2,855,200**	**117**	**-**

13.3. Dividends paid by the parent company LVMH SA

(EUR millions, except for data per share in EUR)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Interim dividend for the current year (2008: 0.35 euros)	-	171	-
Of which: impact of treasury shares	-	(5)	-
	-	166	-
Final dividend for the previous year (2008: 1.25 euros; 2007: 1.25 euros)	612	612	612
Of which: impact of treasury shares	(20)	(20)	(20)
	592	592	592
Total gross amount disbursed during the period (1)	**592**	**758**	**592**

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

The final dividend for 2008 was paid on May 25, 2009 in accordance with the resolutions of the Shareholders' Meeting of May 14, 2009.

13.4. Gains and losses recognized in equity

Gains and losses recognized in equity changed as follows during the six-month period:

(EUR millions)	Cumulative translation adjustments	Revaluation reserves				Gains and losses recognized in equity
		Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land	Total	
As of December 31, 2008	**(454)**	**136**	**66**	**749**	**951**	**497**
Of which: Group share	*(371)*	*136*	*59*	*623*	*818*	*447*
Minority interests	*(83)*	*-*	*7*	*126*	*133*	*50*
Change in value	(77)	12	91	1	104	27
Transfer to profit for the year	-	(10)	(39)	-	(49)	(49)
Tax impacts	(15)	(12)	(13)	-	(25)	(40)
Change during the period	**(92)**	**(10)**	**39**	**1**	**30**	**(62)**
As of June 30, 2009	**(546)**	**126**	**105**	**750**	**981**	**435**
Of which: Group share	*(448)*	*126*	*89*	*624*	*839*	*391*
Minority interests	*(98)*	*-*	*16*	*126*	*142*	*44*

The change in the translation adjustment and the closing balances, net of hedging effects of net assets denominated in foreign currency, breaks down as follows by currency:

(EUR millions)	June 30, 2009	Change	Dec. 31, 2008	June 30, 2008
US dollar	(406)	(62)	(344)	(795)
Japanese Yen	39	(31)	70	(29)
Hong Kong dollar	(3)	(8)	5	(117)
Pound sterling	(67)	42	(109)	(36)
Other currencies	(7)	(45)	38	(21)
Hedges of foreign currency net assets	(4)	27	(31)	102
Total, Group share	**(448)**	**(77)**	**(371)**	**(896)**

14. STOCK OPTION AND SIMILAR PLANS

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

The number of outstanding options included in the plans in existence as of June 30, 2009 breaks down as follows:

14.1. Share subscription option plans

	Number	Weighted average exercise price *(EUR)*
Share subscription options outstanding as of January 1	**9,569,660**	**67.76**
Options granted during the period	1,301,770	56.50
Expired options	-	-
Options exercised during the period	(46,210)	53.79
Share subscription options outstanding as of June 30	**10,825,220**	**66.46**

Options granted relate to the share subscription option plan set up on May 14, 2009 with an average unit exercise price of 56.50 euros. These options will be exercisable after a four-year period, provided that either profit from recurring operations, net cash from operations or the percentage operating margin for fiscal years 2009 and 2010 increase over 2008 levels.

14.2. Share purchase option plans

	Number	Weighted average exercise price *(EUR)*
Share purchase options outstanding as of January 1	**7,862,248**	**57.73**
Options granted during the period	-	-
Expired options	(499,384)	64.57
Options exercised during the period	(151,686)	34.82
Share purchase options outstanding as of June 30	**7,211,178**	**57.74**

14.3. Bonus share plans

A bonus share allocation plan comprising 311,209 shares was instituted on May 14, 2009. The allocation of bonus shares to their beneficiaries becomes definitive after a two-year vesting period, which is followed by a two-year lockup period during which the beneficiaries may not sell their shares.

14.4. Expense for the six-month period

(EUR millions)	**June 30, 2009**	Dec. 31, 2008	June 30, 2008
Share subscription and purchase option plans, bonus share plans	23	44	21
Cash-settled share-based compensation plans index-linked to the change in the LVMH share price	2	(6)	(3)
Expense for the period	**25**	**38**	**18**

All plans which had not yet vested as of January 1, 2004, the date of transition to IFRS, are taken into account.

The parameters and hypotheses retained to measure the value of the plans instituted during the first half of 2009 are as follows:

LVMH share price on the grant date *(EUR)*	57.28
Average exercise price *(EUR)*	56.50
Volatility of LVMH shares	37.0%
Dividend distribution rate	2.8%
Risk-free investment rate	2.7%
Vesting period	4 years
Performance conditions	realized

The volatility of LVMH shares is determined on the basis of their implicit volatility.

The average unit values of share subscription options and bonus shares allocated in 2009 are 17.10 euros and 54.12 euros, respectively.

15. MINORITY INTERESTS

(EUR millions)	June 30, 2009	Dec. 31, 2008 (1)	June 30, 2008 (1)
As of January 1	**989**	**937**	**937**
Minority interests' share of net profit	70	292	122
Dividends paid to minority interests	(159)	(188)	(165)
Changes in the scope of consolidation:			
consolidation of Royal Van Lent	-	14	-
other changes in the scope of consolidation	4	6	(1)
Total changes in the scope of consolidation	4	20	(1)
Capital increases subscribed by minority interests	3	4	1
Minority interests' share in the following changes:			
revaluation reserves	9	15	-
translation adjustment	(15)	45	(45)
stock option plan expenses	2	3	1
Effects of purchase commitments for minority interests	78	(139)	35
As of June 30 / December 31	**981**	**989**	**885**

(1) See Note 1.2 Application of IAS 38 as amended.

16. BORROWINGS

16.1. Net financial debt

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Bonds and EMTNs	3,355	2,735	2,722
Bank borrowings and finance lease	693	1,003	560
Long term borrowings	4,048	3,738	3,282
Bonds and EMTNs	846	127	324
Commercial paper	250	717	1,313
Bank overdrafts	147	295	378
Other short term borrowings	616	708	647
Short term borrowings	1,859	1,847	2,662
Gross amount of borrowings	**5,907**	**5,585**	**5,944**
Interest rate risk derivatives	(62)	(70)	(24)
Other derivatives	(19)	(4)	(7)
Borrowings net of derivatives	**5,826**	**5,511**	**5,913**
Current available for sale financial assets	(344)	(590)	(774)
Other financial assets	(49)	(39)	(40)
Cash and cash equivalents	(956)	(1,013)	(930)
Net financial debt	**4,477**	**3,869**	**4,169**

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

The impact of interest rate derivatives is detailed in Note 20.2.

During the six-month period, LVMH issued a public bond in a nominal amount of 1 billion euros, at an initial effective interest rate of 4.52% and fully redeemable at par on maturity in 2014.

As of June 30, 2009, the total amount of undrawn confirmed credit lines amounted to 3.8 billion euros.

16.2. Analysis of gross borrowings after hedging

By currency

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Euro	4,485	3,984	4,520
US dollar	114	145	179
Swiss franc	787	806	687
Japanese Yen	267	383	267
Other currencies	173	193	260
Total	**5,826**	**5,511**	**5,913**

In most cases, the purpose of foreign currency borrowings is to hedge net foreign-currency denominated assets of consolidated companies with functional currencies other than the euro.

By interest rate type

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Floating rate	2,969	2,294	3,139
Fixed rate	2,857	3,217	2,774
Total	**5,826**	**5,511**	**5,913**

16.3. Analysis of gross borrowings by payment date

(EUR millions)	June 30, 2009
Payment date: June 30, 2010	1,859
" 2011	253
" 2012	1,524
" 2013	157
" 2014	1,326
Thereafter	788
Total	**5,907**

17. PROVISIONS

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Provisions for pensions, medical costs and similar commitments	237	230	223
Provisions for contingencies and losses	703	707	696
Provisions for reorganization	32	34	23
Non-current provisions	**972**	**971**	**942**
Provisions for pensions, medical costs and similar commitments	6	6	6
Provisions for contingencies and losses	204	229	170
Provisions for reorganization	105	71	55
Current provisions	**315**	**306**	**231**
Total	**1,287**	**1,277**	**1,173**

In the first half of 2009, the changes in provisions were as follows:

(EUR millions)	Dec. 31, 2008	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other items (including translation adjustment)	June 30, 2009
Provisions for pensions, medical costs and similar commitments	**236**	21	(14)	-	-	-	**243**
Provisions for contingencies and losses	**936**	34	(61)	(21)	17	2	**907**
Provisions for reorganization	**105**	57	(18)	(1)	-	(6)	**137**
Total	**1,277**	**112**	**(93)**	**(22)**	**17**	**(4)**	**1,287**
Of which: profit from recurring operations		49	(68)	(17)			
net financial income (expense)		5	-	-			
other		58	(25)	(5)			

18. OTHER NON-CURRENT LIABILITIES

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Purchase commitments for minority interests	2,959	2,963	3,854
Derivatives	38	27	39
Employee profit sharing (1)	78	88	73
Other liabilities	167	175	150
Total	**3,242**	**3,253**	**4,116**

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

As of June 30, 2009, purchase commitments for minority interests mainly include the put options that LVMH granted to Diageo plc for its 34% shares in Moët Hennessy SNC and Moët Hennessy International SA respectively, with six months' advance notice and for 80% of their market values as of the exercise date of option.

Purchase commitments for minority interests also include commitments relating to minority shareholders in BeneFit (20%), Royal Van Lent (10%) and subsidiaries of Sephora in various countries.

19. OTHER CURRENT LIABILITIES

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Derivatives	109	166	68
Employees and social institutions	489	562	453
Employee profit sharing (1)	37	66	36
Taxes other than income taxes	212	245	209
Advances and payments on account from customers	212	203	57
Deferred payment for tangible and financial non-current assets	117	170	434
Deferred income	67	69	73
Other	355	385	291
Total	**1,598**	**1,866**	**1,621**

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

Derivatives are analyzed in Note 20 Financial instruments and market risk management.

20. FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

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, 2009	Dec. 31, 2008	June 30, 2008
Interest rate risk					
Assets:	non-current		47	36	26
	current		77	80	59
Liabilities:	non-current		(36)	(25)	(39)
	current		(26)	(21)	(22)
			62	**70**	**24**
Foreign exchange risk					
Assets:	non-current		35	17	42
	current		272	185	281
Liabilities:	non-current		(2)	(2)	-
	current		(30)	(70)	(26)
			275	**130**	**297**
Other risks					
Assets:	non-current		142	140	-
	current		-	-	76
Liabilities:	non-current		-	-	-
	current		(53)	(75)	(20)
			89	**65**	**56**
Total					
Assets:	non-current		224	193	68
	current	10	349	265	416
Liabilities:	non-current	18	(38)	(27)	(39)
	current	19	(109)	(166)	(68)
			426	**265**	**377**

The Group manages its interest rate exposure on the basis of total net financial debt. As such, the Group uses interest rate swaps and options (caps and floors).The objective of its management policy is to protect net profit against a sharp rise 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, or, under certain conditions, to transactions anticipated for future periods. Those instruments may also be used to hedge the net assets of foreign subsidiaries, 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. A uniform variation of 1% in their underlying assets' share prices as of June 30, 2009 would impact the Group's net profit for an amount of 9 million euros for those derivatives. Derivatives used to manage equity risk outstanding as of June 30, 2009 had a positive fair value of 89 million euros.

20.2. Derivatives used to manage interest rate risk

Derivatives used to manage interest rate risk outstanding as of June 30, 2009 break down as follows:

(EUR millions)	Nominal amounts by maturity				Fair value [1]		
	2009	2010 to 2014	Thereafter	Total	Fair value hedges	Unallocated amounts	Total
Interest rate swaps in euros:							
- fixed rate payer	-	962	-	962	(20)	(10)	(30)
- floating rate payer	311	2,502	400	3,213	80	-	80
Foreign currency swaps	66	148	-	214	1	11	12
Total					**61**	**1**	**62**

(1) Gain / (loss).

20.3. Derivatives used to manage foreign exchange risk

Derivatives used to manage foreign exchange risk outstanding as of June 30, 2009 are as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation			Fair value [1]				
	2009	2010	Total	Future cash flow hedges	Fair value hedges	Foreign currency net asset hedges	Not allocated	Total
Options purchased								
Put USD	453	-	453	5	-	-	5	10
Put JPY	266	-	266	-	-	-	-	-
Other	149	-	149	4	2	-	2	8
	868	**-**	**868**	**9**	**2**	**-**	**7**	**18**
Ranges								
Written USD	1,243	934	2,177	124	18	-	9	151
Written JPY	475	318	793	39	9	-	10	58
Other	8	-	8	-	-	-	-	-
	1,726	**1,252**	**2,978**	**163**	**27**	**-**	**19**	**209**
Forward exchange contracts [2]								
USD	81	(1)	80	3	-	-	1	4
JPY	10	-	10	1	-	-	-	1
GBP	21	-	21	-	-	-	-	-
Other	122	2	124	-	1	-	1	2
	234	**1**	**235**	**4**	**1**	**-**	**2**	**7**
Foreign exchange swaps [2]								
CHF	265	-	265	-	-	-	4	4
USD	518	-	518	-	-	59	(23)	36
JPY	17	-	17	-	-	5	-	5
Other	69	-	69	-	(2)	-	(2)	(4)
	869	**-**	**869**	**-**	**(2)**	**64**	**(21)**	**41**
Total				**176**	**28**	**64**	**7**	**275**

(1) Gain / (loss).
(2) Sale / (purchase).

21. SEGMENT INFORMATION

21.1. Information by business group

First half 2009

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [1]	Total
Sales outside the Group	1,077	2,973	1,182	340	2,119	120	-	7,811
Sales between business groups	2	15	103	6	8	10	(144)	-
Total revenue	**1,079**	**2,988**	**1,285**	**346**	**2,127**	**130**	**(144)**	**7,811**
Profit from recurring operations	241	919	121	20	129	(63)	(4)	1,363
Other operating income and expenses	(12)	(38)	1	(32)	(5)	(27)	-	(113)
Operating investments [2]	45	94	43	14	89	12	-	297
Depreciation and amortization expenses	43	128	48	14	87	19	-	339
Impairment expense	-	10	-	-	-	5	-	15
Brands, trade names, licenses and goodwill [3]	2,167	4,640	932	1,411	2,604	893	-	12,647
Inventories	3,627	812	282	421	750	124	(72)	5,944
Other operating assets	2,241	1,789	596	285	1,321	2,430	3,470 [4]	12,132
Total assets	**8,035**	**7,241**	**1,810**	**2,117**	**4,675**	**3,447**	**3,398**	**30,723**
Equity							13,835	13,835
Operating liabilities	757	1,016	668	185	800	641	12,821 [5]	16,888
Total liabilities and equity	**757**	**1,016**	**668**	**185**	**800**	**641**	**26,656**	**30,723**

Fiscal year 2008

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [1]	Total
Sales outside the Group	3,117	5,976	2,665	863	4,361	211	-	17,193
Sales between business groups	9	34	203	16	15	17	(294)	-
Total revenue	**3,126**	**6,010**	**2,868**	**879**	**4,376**	**228**	**(294)**	**17,193**
Profit from recurring operations	1,060	1,927	290	118	388	(136)	(19)	3,628
Other operating income and expenses	13	(61)	(28)	(1)	(28)	(38)	-	(143)
Operating investments [2]	157	338	146	39	228	160	-	1,068
Depreciation and amortization expenses	75	236	111	23	148	35	-	628
Impairment expense	-	20	-	-	-	11	-	31
Brands, trade names, licenses and goodwill [3] [6]	2,070	4,651	931	1,434	2,630	903	-	12,619
Inventories [6]	3,406	850	292	400	776	109	(69)	5,764
Other operating assets [6]	2,564	1,945	725	317	1,390	2,431	3,728 [4]	13,100
Total assets	**8,040**	**7,446**	**1,948**	**2,151**	**4,796**	**3,443**	**3,659**	**31,483**
Equity [6]							13,793	13,793
Operating liabilities	1,069	1,141	883	189	1,111	690	12,607 [5]	17,690
Total liabilities and equity	**1,069**	**1,141**	**883**	**189**	**1,111**	**690**	**26,400**	**31,483**

First half 2008

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated (1)	Total
Sales outside the Group	1,288	2,751	1,269	405	1,984	102	-	7,799
Sales between business groups	4	17	93	12	6	8	(140)	-
Total revenue	**1,292**	**2,768**	**1,362**	**417**	**1,990**	**110**	**(140)**	**7,799**
Profit from recurring operations	409	858	132	74	151	(66)	(17)	1,541
Other operating income and expenses	1	(12)	(6)	2	-	(13)	-	(28)
Operating investments (2)	65	137	55	15	117	88	-	477
Depreciation and amortization expenses	34	102	54	12	67	15	-	284
Impairment expense	-	5	-	-	-	6	-	11
Brands, trade names, licenses and goodwill (3) (6)	3,186	4,587	917	1,000	2,411	544	-	12,645
Inventories (6)	3,238	728	316	303	699	43	(62)	5,265
Other operating assets (6)	2,169	1,708	605	279	1,282	2,148	3,950 (4)	12,141
Total assets	**8,593**	**7,023**	**1,838**	**1,582**	**4,392**	**2,735**	**3,888**	**30,051**
Equity (6)	-	-	-	-	-	-	12,284	12,284
Operating liabilities	793	958	757	151	827	485	13,796 (5)	17,767
Total liabilities and equity	**793**	**958**	**757**	**151**	**827**	**485**	**26,080**	**30,051**

(1) 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 transactions involving wholesalers or distributors outside the Group.
(2) Operating investments correspond to amounts capitalized during the period rather than payments made with respect to these investments.
(3) Brands, trade names, licenses, and goodwill correspond to the net carrying amounts shown under Notes 3 and 4.
(4) Assets not allocated include investments in associates, available for sale financial assets, other financial assets, and income tax receivables.
(5) Liabilities not allocated include borrowings and both current and deferred tax liabilities.
(6) See Note 1.2 Application of IAS 38 as amended.

21.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
France	1,122	2,464	1,129
Europe (excluding France)	1,554	4,095	1,753
United States	1,766	3,925	1,772
Japan	829	1,779	819
Asia (excluding Japan)	1,858	3,404	1,661
Other	682	1,526	665
Revenue	**7,811**	**17,193**	**7,799**

Operating investments by geographic region are as follows:

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
France	104	499	237
Europe (excluding France)	58	187	68
United States	52	164	69
Japan	5	18	6
Asia (excluding Japan)	55	141	70
Other	23	59	27
Operating investments	**297**	**1,068**	**477**

Operating investments correspond to the amounts capitalized 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:

(EUR millions)	June 30, 2009			June 30, 2008		
	First quarter	Second quarter	Total	First quarter	Second quarter	Total
Wines and Spirits	540	539	1,079	640	652	1,292
Fashion and Leather Goods	1,598	1,390	2,988	1,445	1,323	2,768
Perfumes and Cosmetics	663	622	1,285	717	645	1,362
Watches and Jewelry	154	192	346	211	206	417
Selective Retailing	1,085	1,042	2,127	1,011	979	1,990
Other and holding companies	62	68	130	56	54	110
Eliminations	(84)	(60)	(144)	(78)	(62)	(140)
Revenue	**4,018**	**3,793**	**7,811**	**4,002**	**3,797**	**7,799**

22. EXPENSES BY NATURE

Profit from recurring operations includes the following expenses:

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Advertising and promotion expenses	839	2,031	958
Commercial lease expenses	519	964	464
Personnel costs	1,619	2,900	1,423
Research and development expenses	21	43	22

23. OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Net gains (losses) on disposals of fixed assets	-	14	(2)
Restructuring costs	(80)	(83)	(5)
Amortization or impairment of brands, trade names, goodwill and other property	(32)	(57)	(16)
Other, net	(1)	(17)	(5)
Other operating income and expenses	**(113)**	**(143)**	**(28)**

Restructuring costs comprise the cost of various industrial and commercial restructuring plans, relating mainly to the Fashion and Leather Goods and Watches and Jewelry business groups.

24. NET FINANCIAL INCOME/EXPENSE

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Borrowing costs	(107)	(255)	(116)
Interest and income from current available for sale financial assets	9	15	9
Fair value adjustment of borrowings and hedges	(4)	(17)	4
Cost of net financial debt	**(102)**	**(257)**	**(103)**
Dividends received from non-current available for sale financial assets	6	11	9
Ineffective portion of foreign currency hedges	(19)	(64)	(53)
Net gain / (loss) related to available for sale financial assets and other financial instruments	(6)	53	51
Other items – net	(15)	(24)	(6)
Other financial income and expenses	**(34)**	**(24)**	**1**
Net financial income / (expense)	**(136)**	**(281)**	**(102)**

25. INCOME TAXES

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Current income taxes for the period	(321)	(911)	(426)
Current income taxes relating to previous periods	3	5	10
Current income taxes	**(318)**	**(906)**	**(416)**
Change in deferred income taxes	(40)	13	15
Impact of changes in tax rates on deferred taxes	-	-	(1)
Deferred income taxes	**(40)**	**13**	**14**
Total tax expense per income statement	**(358)**	**(893)**	**(402)**
Tax on items recognized in equity	**(40)**	**30**	**(10)**

The effective tax rate is as follows:

(EUR millions)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Profit before tax	1,114	3,204	1,411
Total income tax expense	(358)	(893)	(402)
Effective tax rate	**32.1%**	**27.9%**	**28.5%**

The effective tax rate used at June 30, 2009 is the forecast effective tax rate for the fiscal year.

As was the case as of June 30, 2008 and in the same proportions, this takes into consideration the differences between French and foreign tax rates, which lower the effective tax rate by 5.0%. These impacts were partially offset over the period by non-capitalization of tax loss carryforwards, unlike in the first half of 2008, which increases the Group's tax rate by 2.6%.

26. EARNINGS PER SHARE

	June 30, 2009	Dec. 31, 2008	June 30, 2008
Group share of net profit *(EUR millions)*	**687**	**2,026**	**891**
Average number of shares in circulation during the period	489,945,015	489,958,810	489,973,160
Average number of treasury shares owned during the period	(16,706,404)	(16,403,997)	(16,321,850)
Average number of shares on which the calculation before dilution is based	**473,238,611**	**473,554,813**	**473,651,310**
Basic Group share of earnings per share *(EUR)*	**1.45**	**4.28**	**1.88**

Average number of shares on which the above calculation is based	473,238,611	473,554,813	473,651,310
Dilution effect of stock option plans	672,980	2,055,859	6,862,891
Other dilution effects	-	-	-
Average number of shares in circulation after dilution	**473,911,591**	**475,610,672**	**480,514,201**
Diluted Group share of earnings per share *(EUR)*	**1.45**	**4.26**	**1.85**

27. LITIGATION

A judgment rendered in the United States in February 2009 dismissed the claims of service providers who had filed legal proceedings against the Group's US subsidiaries with the aim of obtaining certain benefits related to the status of employee.

No significant developments occurred during the six-month period regarding other litigation involving the Group.

28. RELATED PARTIES

During the period, the Group invested jointly with Groupe Arnault in a real estate entity. LVMH's investment in this entity amounts to 45 million euros.

29. SUBSEQUENT EVENTS

There were no significant subsequent events as of July 29, 2009, the date on which the financial statements were approved for publication by the Board of Directors.

STATUTORY AUDITORS' REPORT

STATUTORY AUDITORS' REPORT

To the Shareholders,

In compliance with the assignment entrusted to us by the Shareholders' meeting and in accordance with the requirements of 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 January 1 to June 30, 2009;
- the verification of the information contained in the interim financial 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 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 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 indentified 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 have not been prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

Without modifying the conclusion expressed above, we draw your attention to the Note 1.2 to the condensed half-year consolidated financial statements which sets out changes in accounts in accordance with standards, amendments and interpretations applied by your Company since January 1, 2009.

2. SPECIFIC PROCEDURE

We have also verified the information given in the Interim Management Report commenting on the condensed half-year financial statements subject to 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 Cedex and Paris-La Défense, July 29, 2009

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIÉS	ERNST & YOUNG Audit	
Alain Pons	Jeanne Boillet	Olivier Breillot

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

LVMH MOËT HENNESSY • LOUIS VUITTON SA

SIMPLIFIED ACCOUNTING INFORMATION

INCOME STATEMENT

Income / (Expenses) *(EUR millions - French accounting principles)*	June 30, 2009	Dec. 31, 2008	June 30, 2008
Income from investments and other revenues	998	1,369	945
Profit from recurring operations before tax	886	623	764
Net exceptional items (1)	(88)	28	-
Income taxes	10	248	36
Net profit	808	899	800

(1) In June 2008, LVMH acquired the perpetual bonds issued in February 1992 for a symbolic amount by means of a call option. The net profit for the six-month period ended June 30, 2008 includes an exceptional gain of 89 million euros, corresponding to the non amortized amount of the perpetual bonds at that date.

CHANGE IN EQUITY

(EUR millions - French accounting principles)	Share capital and share premium	Reserves and regulated provisions	Other reserves	Retained earnings	Interim dividend	Net profit	Total equity
As of December 31, 2008 before appropriation	**1,884**	**388**	**195**	**2,802**	**(166)**	**899**	**6,002**
Exercise of share subscription options	2	-	-	-	-		2
Appropriation of net profit for 2008	-	-	-	899	-	(899)	-
dividends for 2008	-	-	-	(784)	166	-	(618)
impact of treasury shares	-	-	-	27	-	-	27
Net profit for the six-month period	-	-	-	-	-	808	808
As of June 30, 2009	**1,886**	**388**	**195**	**2,944**	**-**	**808**	**6,221**

STATEMENT BY THE COMPANY OFFICER RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

STATEMENT BY THE COMPANY OFFICER RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

We declare that, to the best of our knowledge, the condensed interim 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 3 gives a true and fair picture of the significant developments during the period and their impact on the financial statements, of the main related party transactions as well as a as a description of the main risks and uncertainties faced by all of these entities.

Paris, July 29, 2009

Under delegation from the Chairman and Chief Executive Officer

Jean-Jacques GUIONY

Chief Financial Officer, Member of the Executive Committee

LVMH

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