LVMH

MOËT HENNESSY . LOUIS VUITTON

TRANSLATION OF THE FRENCH INTERIM FINANCIAL REPORT

SIX-MONTH PERIOD ENDED JUNE 30, 2010

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Vice-Chairman

Pierre Godé
Vice-Chairman

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Diego Della Valle [(1)]

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Gilles Hennessy [(2)]

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Kilian Hennessy [(1)]

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Group Managing Director

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Watches and Jewelry

Daniel Piette
Investment Funds

Pierre-Yves Roussel
Fashion

Mark Weber
Donna Karan, LVMH Inc.

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, 2010	Dec. 31, 2009	June 30, 2009
Revenue	9,099	17,053	7,811
Profit from recurring operations	1,816	3,352	1,363
Net profit	1,144	1,973	757
Net profit, Group share	1,050	1,755	687
Cash from operations before changes in working capital (1)	2,022	3,928	1,566
Operating investments	435	748	349
Total equity	16,491	14,785	13,835
Net financial debt (2)	2,565	2,994	4,477
Net financial debt/Total equity ratio	16%	20%	32%

(1) Before tax and interest paid.

(2) 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 definition of net financial debt.

Data per share

(EUR)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Earnings per share			
Basic Group share of net profit	2.21	3.71	1.45
Diluted Group share of net profit	2.19	3.70	1.45
Dividend per share			
Gross amount paid for fiscal year (3)	1.30	1.65	1.25

(3) 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, 2010	Dec. 31, 2009	June 30, 2009
Wines and Spirits	1,302	2,740	1,079
Fashion and Leather Goods	3,516	6,302	2,988
Perfumes and Cosmetics	1,441	2,741	1,285
Watches and Jewelry	443	764	346
Selective Retailing	2,419	4,533	2,127
Other activities and eliminations	(22)	(27)	(14)
Total	**9,099**	**17,053**	**7,811**

Profit from recurring operations by business group

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Wines and Spirits	326	760	241
Fashion and Leather Goods	1,179	1,986	919
Perfumes and Cosmetics	181	291	121
Watches and Jewelry	49	63	20
Selective Retailing	176	388	129
Other activities and eliminations	(95)	(136)	(67)
Total	**1,816**	**3,352**	**1,363**

Consolidated revenue for the period ended June 30, 2010 was 9,099 million euros, up 16% over the same period in 2009.

Between first half 2009 and first half 2010, there were no significant changes in the Group's scope of consolidation.

On a constant consolidation scope and currency basis, revenue increased by 14%.

The breakdown of revenue by invoicing currency changed as follows: the contribution of both the euro and the yen fell by 2 points to 27% and 9%, respectively, that of the US dollar rose by 1 point to 28%, while the contribution of all other currencies rose by 3 points to 36%.

Revenue by geographic region of delivery

(percentage)	June 30, 2010	Dec. 31, 2009	June 30, 2009
France	14	14	14
Europe (excluding France)	19	21	20
United States	23	23	23
Japan	9	10	11
Asia (excluding Japan)	26	23	24
Other markets	9	9	8
Total	**100**	**100**	**100**

By geographic region of delivery, the period saw a drop in the relative contribution of both Europe (excluding France) and Japan to Group revenue, falling from 20% to 19% and 11% to 9%, respectively. The relative contributions of France and the United States to Group revenue remained stable at 14% and 23%, whereas those of Asia (excluding Japan) and other markets rose 2 points to 26% and 1 point to 9%, respectively.

By business group, the breakdown of Group revenue changed little, with Wines and Spirits at 14%, Perfumes and Cosmetics at 16%, and Watches and Jewelry at 5%. The contribution of Fashion and Leather Goods rose by 1 point to 39%, while that of Selective Retailing fell by 1 point to 26%.

Wines and Spirits saw an increase in revenue of 21% based on published figures. On a constant consolidation scope and currency basis, revenue increased by 18%, with the favorable impact of exchange rate fluctuations raising revenue by 3 points. With distributors no longer destocking, the prowess demonstrated by the Group's brands in taking advantage of the first signs of a recovery in consumer spending has delivered stronger sales, particularly in the Asian countries, where demand is robust. China is still the second largest market for the Wines and Spirits business group.

Fashion and Leather Goods posted organic revenue growth of 14%, and 18% based on published figures. This business group's performance continues to be driven by the exceptional momentum achieved by Louis Vuitton, which again recorded double-digit revenue growth. Marc Jacobs, Fendi and Donna Karan also confirmed their potential, with double-digit growth in revenue.

Revenue for the Perfumes and Cosmetics business group increased by 10% on a constant consolidation scope and currency basis, and by 12% based on published figures. All of this business group's brands turned in good results. This rebound illustrates the effectiveness of the value strategy resolutely pursued by all of the Group's brands in the face of competitive pressures spawned by the economic crisis. During the period ended June 30, 2010, Perfumes and Cosmetics posted revenue growth in the United States, Europe and Asia, especially in China.

Revenue for the Watches and Jewelry business group increased by 24% on a constant consolidation scope and currency basis, and by 28% based on published figures. The first half of 2010 was notable for a strong increase in both watches and jewelry revenue. Increases in inventory by retailers and the recovery in consumer demand helped to drive stronger sales. For all of this business group's brands, Asia is the most dynamic region.

Based on published figures, revenue for the Selective Retailing business group increased by 14%, and by 13% on a constant consolidation scope and currency basis. The main drivers of this performance were Sephora, which saw considerable growth in sales in Europe, the United States and Asia, and DFS, which made excellent advances, spurred especially by the continuing development of Chinese tourism boosting business at its stores in Hong Kong and Macao.

The Group posted a gross margin of 5,907 million euros, an increase of 19% compared to June 30, 2009. The gross margin as a percentage of revenue was 65%, an increase of 1 point over the same period in 2009, particularly thanks to tighter control over the costs of products sold.

Marketing and selling expenses totaled 3,275 million euros, up 13% based on published figures, amounting to a 11% increase at constant exchange rates. This increase is mainly due to greater communications expenditures by the Group's main brands, but also to the development of retail networks. Nevertheless, the level of these marketing and selling expenses fell by 1 point as a percentage of revenue, amounting to 36%. Among these marketing and selling expenses, advertising and promotion represented 11% of revenue, an increase of 16% at constant exchange rates.

The geographic location of stores is as follows:

(Number)	**June 30, 2010**	Dec. 31, 2009	June 30, 2009
France	353	353	339
Europe (excluding France)	629	620	609
United States	546	531	543
Japan	305	307	251
Asia (excluding Japan)	495	470	506
Other markets	140	142	122
Total	**2,468**	**2,423**	**2,370**

General and administrative expenses totaled 816 million euros, up 14% based on published figures, and up 13% on a constant currency basis. They represented 9% of revenue, a level identical to that recorded in the first half of 2009.

The Group's profit from recurring operations was 1,816 million euros, up 33% compared to the first half of 2009. The operating margin as a percentage of revenue increased by 2.5 points to 20%. This change stems from a combination of factors: a rise in marketing and selling expenses outpaced by revenue growth and better control of both general and administrative expenses and the costs of products sold. It also reflects the strong profitability gains posted by Watches and Jewelry (up 5 points to 11%), Perfumes and Cosmetics (up 3 points to 13%), Fashion and Leather Goods (up 2.8 points to 34%), Wines and Spirits (up 2.7 points to 25%), and to a lesser extent by Selective Retailing (up 1 point to 7%).

Exchange rate fluctuations had a positive net impact on the Group's profit from recurring operations of 116 million euros compared with the first half of 2009. This total comprises the following three items: the impact of changes in exchange rate parities on export and import sales and purchases by Group companies, the change in the net impact of the Group's policy of hedging its commercial exposure to various currencies, and the impact of exchange rate fluctuations on the consolidation of profit from recurring operations of subsidiaries outside the euro zone.

Profit from recurring operations for Wines and Spirits was 326 million euros, up 35% compared to the first half of 2009. This performance is primarily the result of sales volume growth. Tighter control of costs, together with the positive impact of exchange rate fluctuations, offset the rise in advertising and promotional expenditure focused on strategic markets. Operating margin as a percentage of revenue for this business group increased by nearly 3 points to 25%.

Fashion and Leather Goods posted profit from recurring operations of 1,179 million euros, up 28% compared to the first half of 2009. Exchange rate fluctuations had a positive impact on this business group's profit in the amount of 76 million euros. Profit from recurring operations for Louis Vuitton increased sharply, while Fendi and Donna Karan confirmed their profitable growth momentum. Operating margin as a percentage of revenue for this business group also increased by nearly 3 points to 34%.

Profit from recurring operations for Perfumes and Cosmetics was 181 million euros, up 50% compared to the first half of 2009. This growth was driven by Parfums Christian Dior, Guerlain, and Parfums Givenchy, which all posted significantly improved performance and profitability, thanks to the success of their market-leading product lines and strong innovative momentum. Operating margin as a percentage of revenue for this business group increased by more than 3 points to 13%.

Profit from recurring operations for Watches and Jewelry increased to 49 million euros. This business group significantly improved its profitability and posted an operating margin as a percentage of revenue of 11%, representing an increase of more than 5 points.

Profit from recurring operations for Selective Retailing was 176 million euros, 36% higher than the same period in 2009. This business group raised its profitability to 7%.

The net result from recurring operations of Other activities and eliminations was a loss of 95 million euros, compared to a loss of 67 million euros for the period ended June 30, 2009. In addition to headquarters expenses, Other activities includes the Media division and the yacht builder Royal Van Lent, acquired in 2008.

Other operating income and expenses represented a net expense of 63 million euros as of June 30, 2010. This total mainly includes accelerated depreciation and asset impairment, corresponding to a net expense of 35 million euros, together with the costs of various restructuring efforts.

For the period ended June 30, 2010, the Group posted an operating profit of 1,753 million euros, compared to 1,250 million euros for the same period the previous year, representing an increase of 40%.

The net financial expense was 150 million euros, compared to a net financial expense of 136 million euros for the first half of 2009.

The cost of financial debt was significantly lower as of June 30, 2010, amounting to 77 million euros, compared to 102 million euros a year earlier. This change mainly reflects the continued decline in the Group's average financial debt over the period combined with the favorable impact of lower interest rates.

Other financial income and expenses amounted to a net expense of 73 million euros, compared to a net expense of 34 million euros a year earlier. The financial cost of foreign exchange operations was 100 million euros in the first half of 2010 while it was 19 million euros in the same period the previous year. The result related to available for sale financial assets and dividends received from investments in non-consolidated entities amounted to a net income of 27 million euros as of June 30, 2010, compared with a net loss of 15 million euros a year earlier.

The Group's effective tax rate, which was 32.1% as of June 30, 2009, was 28.9% for the first half of 2010. In 2009, the effective tax rate was primarily attributable to the non-utilization, in certain countries, of tax losses resulting from lower revenue.

After taking into account income from investments in associates, which amounted to 4 million euros as of June 30, 2010, compared to 1 million euros for the first half of 2009, the total net profit for the six-month period was 1,144 million euros, whereas it was 757 million euros for the first half of 2009.

Profit attributable to minority interests was 94 million euros, compared to 70 million euros for the first half of 2009. This mainly includes minority interests in Moët Hennessy and DFS.

For the six-month period ended June 30, 2010, the Group's share of net profit was 1,050 million euros, compared to 687 million euros for the same period the previous year. Taking into account this 53% increase, it corresponds to 11.5% of revenue for the period.

2. WINES AND SPIRITS

	June 30, 2010	Dec. 31, 2009	June 30, 2009
Revenue *(EUR millions)*	**1,302**	**2,740**	**1,079**
Sales volume *(millions of bottles)*			
Champagne	19	48	16
Cognac	28	55	24
Other spirits	5	12	6
Still and sparkling wines	15	36	13
Revenue by geographic region of delivery *(%)*			
France	8	9	8
Europe (excluding France)	20	25	20
United States	27	26	27
Japan	6	6	6
Asia (excluding Japan)	27	22	30
Other markets	12	12	9
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**326**	**760**	**241**
Operating margin *(%)*	**25.0**	**27.7**	**22.3**
Operating investments *(EUR millions)*	**42**	**103**	**58**

Highlights

In the first half of 2010, the Wines and Spirits business group recorded organic revenue growth of 18%. This change reflects both the end of the inventory reductions made by distributors, a phenomenon that penalized the first half of 2009, and the ability of the Group's brands to take advantage of the beginning of a recovery in consumption. Their ability to maintain their premium positioning in the difficult environment of 2009 has proved to be the decisive factor. Hennessy's presence in the Asian countries, where demand is extremely dynamic, made a particularly strong contribution to the overall improvement. Profit from recurring operations for the business group was up 35%.

Revenue for Champagne and Wines amounted to 581 million euros, generating profit from recurring operations of 119 million euros, a 53% increase over the first half of 2009. All the champagne brands recorded a significant rebound. The sparkling wines developed by **Estates & Wines** under the Chandon brand have benefited from steady demand since the beginning of the year. Still wines recorded solid growth in their key markets.

Revenue for Cognac and Spirits totaled 721 million euros, generating profit from recurring operations of 207 million euros, an increase of 27% over the first half of 2009. **Hennessy,** which held up extremely well during the crisis period, continued to record an excellent performance with growth in all its cognac qualities. The Asian markets were the most dynamic. *Hennessy Black* cognac has been extremely successful in the United States. The trend in revenue for the **Glenmorangie** and **Ardbeg** whiskies and **Belvedere** vodka is also encouraging, both in their key countries and in the markets they are beginning to enter.

Principal developments

The Wines and Spirits brands continued to rely on their creative ability in terms of products, packaging, and even methods of consumption. After the success of the offers designed by **Moët & Chandon** for Saint Valentine's Day, the company created an *Ice Impérial* edition for summer, to be served chilled; after launching the *Sakura* collection (cherry blossom in Japanese) for its Rosé, **Veuve Clicquot's** launch of the *Fridge* for its Brut Yellow Label was extremely promising. **Hennessy** was remarkable in terms of its many innovations which included the introduction of Hennessy *Paradis Horus* in Asia, the creation of a special edition to celebrate the 140th anniversary of *X.O*, and the inauguration of a limited series of the Hennessy *V.S* flask with a flexible package available in a broad range of colors. **Glenmorangie, Ardbeg** and **Belvedere** also launched new products.

The LVMH brands supported the promotion of their international image in line with their value strategy and their specific communications area: **Moët & Chandon,** through its association with major film events; **Dom Pérignon** with the personal involvement of its cellarmaster in the global markets to mark a period when many vintage wines were launched; **Krug** by organizing very exclusive experiences and events for its "ambassadors"; **Ruinart** with its presence in the contemporary art world and the various designs assigned to artists; **Hennessy** through the international development of the Hennessy Artistry concerts, the specific programs initiated to roll out *Hennessy Black* in the United States, and the France-Russia year; and the luxury **Belvedere** vodka with the contribution of a new promotional campaign.

Outlook

In an economic environment in which it is still difficult to forecast the trend in consumption between now and the end of 2010, the Wines and Spirits business group brands are in an excellent position to continue to reap the benefits of the vitality of the Asian markets and to rebound strongly when a solid recovery begins in the traditional major markets. The continuation of their policy of innovation and their intense sales efforts in the field, the emphasis placed on their values of excellence and their premium positioning, and the promotions and special events intended to strengthen their visibility worldwide will help support their business, particularly year-end sales.

3. FASHION AND LEATHER GOODS

	June 30, 2010	Dec. 31, 2009	June 30, 2009
Revenue *(EUR millions)*	3,516	6,302	2,988
Revenue by geographic region of delivery *(%)*			
France	8	8	8
Europe (excluding France)	19	21	19
United States	18	18	17
Japan	16	18	19
Asia (excluding Japan)	31	28	29
Other markets	8	7	8
Total	100	100	100
Type of revenue as a percentage of total revenue (excluding Louis Vuitton)			
Retail	50	50	47
Wholesale	42	42	43
Licenses	8	8	9
Other	-	-	1
Total	100	100	100
Profit from recurring operations *(EUR millions)*	1,179	1,986	919
Operating margin *(%)*	33.5	31.5	30.8
Number of stores	1,167	1,164	1,102
Operating investments *(EUR millions)*	170	262	111

Highlights

In the first half of 2010, the Fashion and Leather Goods business group generated organic revenue growth of 14%. Profit from recurring operations rose 28%.

Louis Vuitton confirmed its extraordinary appeal and again recorded double-digit revenue growth, achieving remarkable performances in Europe, Asia and the Americas. All its businesses contributed to the solid vitality overall. The continuous growth recorded by the world's leading luxury brand, again coupled with exceptional profitability, was driven both by the expansion of its local customer bases and by the success of its products.

Fendi demonstrated excellent vitality with a strong and rapid recovery in its revenue, which generated growth in all its businesses and all its geographic regions, particularly Europe and Asia. The Rome-based brand also improved its operating margin, showing evidence of its growing appeal.

After closing 2009 with a solid performance, **Donna Karan** recorded a very sound first half. Driven by the success of its fashion shows, its style and the way its collections are structured around its strong points and its iconic creations, the brand recorded robust growth in its revenue and profitability.

In a context of improved trends in their different markets, the Fashion division brands continued to focus on their priority objectives. After a difficult start to the year, growth in business became stronger with each passing month. One of the most advanced brands in terms of its roadmap, **Marc Jacobs,** which earns an outstanding response with its fashion shows, continued its rapid development, driven in particular by the outstanding success of the *Marc by Marc Jacobs* lines. **Loewe** successfully applied its strategy of focusing on leather goods, the core of its business. **Berluti** confirmed the success of its *Venezia* line of leather products. **Givenchy** and **Pucci** were well-received by the media and earned a strong commercial response with their new creative strategies. **Céline,** which began its creative transition more recently, is showing initial positive signs.

Principal developments

Louis Vuitton launched the construction of the Tanneries de la Comète, its future development and excellence center for leather tanned with vegetable extracts, while putting the final touches on the construction of its Fiesso d'Artico site for footwear in Italy. The brand continued to enhance its product lines, particularly the *Damier* line, which achieved a very strong performance in its three colors of *Ebene, Azur* and *Graphite*. The launch of a new *Monogram Idylle* collection should also be noted. In addition to this creative momentum, Louis Vuitton intensified its communications policy by expanding its presence in the media, with strong campaigns and by illustrating its ties to the world of art.

The other brands of the business group added a number of creative innovations to their product offers: **Loewe** launched a collection of iconic ready-to-wear items in leather, **Berluti** presented new collections of shoes and leather goods, while **Thomas Pink** rolled out a line of shirts that have been highly successful. **Givenchy** expanded its concept of "capsule" collections.

On the retailing side, two **Louis Vuitton** stores were simultaneously opened in Shanghai while the brand participated in the World Expo, and the Maison Louis Vuitton opened its doors in London's New Bond Street. **Fendi** opened a flagship store in Las Vegas, and **Marc Jacobs** opened two boutiques in Milan and Macao.

Outlook

In the second half of 2010, **Louis Vuitton** will roll out a dynamic and ambitious program of new products, including the launch of a flexible leather line, and will continue the high quality expansion of its store network. All of these developments will expand the brand's lead in the global luxury market.

Boosted by the sharp recovery in orders, the effects of which will be felt in the second half, the Fashion division brands look forward to the coming months with confidence and will continue to focus on the different steps involved in optimizing their growth model.

4. PERFUMES AND COSMETICS

	June 30, 2010	Dec. 31, 2009	June 30, 2009
Revenue *(EUR millions)*	**1,441**	**2,741**	**1,285**
Revenue by product category *(%)*			
Perfumes	43	53	48
Cosmetics	35	28	32
Skincare products	22	19	20
Total	**100**	**100**	**100**
Revenue by geographic region of delivery *(%)*			
France	16	17	17
Europe (excluding France)	37	39	37
United States	8	8	8
Japan	6	7	7
Asia (excluding Japan)	19	16	17
Other markets	14	13	14
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**181**	**291**	**121**
Operating margin *(%)*	**12.6**	**10.6**	**9.4**
Operating investments *(EUR millions)*	**41**	**99**	**50**
Number of stores	**68**	**65**	**63**

Highlights

The Perfumes and Cosmetics business group recorded organic revenue growth of 10%. Its profit from recurring operations was up 50%.

In the first half of 2010, LVMH's Perfumes and Cosmetics business benefited from the joint impact of the turnaround in orders from distributors, who had cut their inventories extensively in 2009, and the growth of sales to end consumers. This rebound confirms the effectiveness of the value strategy firmly maintained by the Group's brands against the background of competitive tensions generated in the markets by the economic crisis.

Parfums Christian Dior achieved an excellent performance in the first half, built on the development of its emblematic product lines and the focus placed on its image of excellence and refinement anchored in the world of high fashion. Among other highlights, the brand confirmed its leadership position in Europe and the Middle East and stepped up the pace of its growth in the make-up segment in the United States. Thanks to new gains in productivity coupled with good cost control, it improved its profitability with steady media investments.

Guerlain also achieved solid performance with growth in revenues and profitability. By strengthening its strategic pillars of perfume, make-up and skincare, the brand reinforced its positions in two of its major markets – France and China.

Parfums Givenchy grew significantly over the first six months of the year. This vitality was linked in particular to the successful recent launch of the perfumes *Ange ou Démon Le Secret,* embodied in promotional campaigns by Uma Thurman, and *Play*, represented by Justin Timberlake. **Parfums Kenzo** maintained solid results in its main product line, *FlowerbyKenzo.* **Benefit** continued its rapid and highly profitable expansion. **Make Up For Ever,** which has recorded exceptional growth in all its markets, particularly the United States, Europe and China, resumed direct distribution of its products in South Korea.

Principal developments

Parfums Christian Dior devoted a new promotional campaign to its star perfume *J'adore* which continued its remarkable performance. Other highlights in recent months included: confirmation of the international success of *Miss Dior Chérie,* the press campaign for which was renewed; the new film produced for *Hypnotic Poison* and the film dedicated to *Eau Sauvage,* unveiled in June, which uses excerpts from *La Piscine,* a cult French movie; the launch of a new addition to the *Escales* collection from Christian Dior; the successes achieved by the new mascara *Diorshow Extase, Dior Addict Ultra Gloss,* and the *Capture Totale One Essential* serum.

The launch of the *Orchidée Impériale "New Generation"* skincare line and the Terracotta 4 Seasons powder, both highly successful, were highlights of the first six months of the year for **Guerlain**.

Make Up For Ever expanded its Make Up School concept in Europe and successfully developed its *Aqua* line. **Benefit** opened its first boutique in China. **Acqua di Parma** rolled out a new fragrance in its *Blu Mediterraneo* collection.

Outlook

The second half of the year will be rich in events and launches for all the Perfumes and Cosmetics brands. **Parfums Christian Dior** will continue to focus on creating value for its star products, particularly *J'adore, Eau Sauvage, Dior Homme* and *Fahrenheit* in perfume, *Rouge Dior* in make-up and *Capture Totale* in skincare. **Guerlain** will strengthen its selective retailing with the renovation of two of its own boutiques in Paris and Tokyo, enhance its *Idylle* line with a cologne version and expand its cosmetics offer with the *Abeille Royale* skincare line and the *Lingerie de Peau* foundation. **Parfums Givenchy** will introduce a version of the perfume *Play* for women and **Parfums Kenzo** will launch a new men's fragrance. A new line of lipstick will make its appearance at **Make Up For Ever. Fendi** will return to the perfume segment with *Fan di Fendi*. A new fragrance will be added to the recently designed line of perfumes from **Pucci**.

These many initiatives will include major media investments in order to support the new products launched to anticipate the end of the year sales and, generally, to prepare and strengthen the long-term growth of the brands.

5. WATCHES AND JEWELRY

	June 30, 2010	Dec. 31, 2009	June 30, 2009
Revenue *(EUR millions)*	**443**	**764**	**346**
Revenue by geographic region of delivery *(%)*			
France	8	9	10
Europe (excluding France)	24	27	27
United States	18	18	17
Japan	12	12	14
Asia (excluding Japan)	19	17	16
Other markets	19	17	16
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**49**	**63**	**20**
Operating margin *(%)*	**11.1**	**8.2**	**5.8**
Operating investments *(EUR millions)*	**16**	**23**	**14**
Number of stores	**115**	**114**	**105**

Highlights

The Watches and Jewelry business group generated organic revenue growth of 24% in the first half of 2010. Profit from recurring operations rose 145%.

In the first half of 2010, the business group consolidated the improvement that began in the final quarter of 2009, and recorded strong revenue growth for watches and jewelry. After the reductions in inventory made by multi-brand watch retailers in 2009, the period benefited from the dual impact of retail restocking for the most dynamic brands and a turnaround in customer demand, which grew fairly steadily for the LVMH watch brands. The business group also recorded double-digit revenue growth for the jewelry brands, primarily made in their own boutiques, without a significant scope of consolidation effect. Asia is currently the most dynamic region for all the brands.

The measures taken in 2009 to reduce costs and adapt to an uncertain environment led to improved first-half operating profitability, which rose from 6% to 11%, against a background of larger marketing investments and a very selective resumption of new store openings.

Principal developments

TAG Heuer, which has a solid presence in the United States and Asia-Pacific, recorded substantial growth in China. The brand intensified its communications strategy with the celebration of its 150th anniversary and a number of initiatives in the world of auto racing. It enhanced its offer of automatic models and continued its manufacturing investments in research and development and movement production capacity. Examples of this were the launch of the *Calibre 1887* chronograph and the presentation of the *Pendulum,* with its magnetic regulator concept. TAG Heuer reinforced its presence in China.

Hublot grew strongly and continued to develop and upscale its product offer with the introduction of the *King Power* line. Distribution remains very selective with limited inventories at retail points of sale. The Nyon manufacturing facility increased its capacity, particularly for watch complications thanks to the integration of the "Confrérie Horlogère", a team with advanced expertise. The brand has become the official timekeeper of the World Cup until 2014.

Zenith benefited from the reworking of its collection and the presentation of its new classic models at the Basel trade show. The brand is experiencing a very steady recovery, driven in particular by the *El Primero Striking 10th* chronograph which measures tenths of a second.

Montres Dior enhanced the *Mini D* and *Christal* lines by adding new jeweled models.

In June, **Chaumet** launched *Joséphine,* a new jewelry collection inspired by the tiaras designed by the brand since its was founded. While improving the productivity of its existing stores, Chaumet also strengthened its distribution in Shanghai and Singapore. **Fred** primarily enhanced its *Force 10* line, while **De Beers** improved store productivity by streamlining its collections and developing engagement rings. The brand benefited from the sale of high-end jewelry pieces in Asia.

Outlook

In the second half of 2010, the Watches and Jewelry brands will continue to grow. This growth will be more modest than in the first half, which benefited from retail restocking, but will benefit from the delivery of a larger number of new products presented at the Basel trade show.

The business group will continue to develop its various manufacturing units with added capacity and expertise.

Steady marketing investments will be planned and organized around the pairing of brands and priority markets. The highly selective opening of a few new stores is also planned: **TAG Heuer** notably in Paris and China; **Hublot,** in the place Vendôme in Paris and on Madison Avenue in New York. **TAG Heuer, Hublot, Chaumet** and **De Beers** will expand their presence in Singapore with a new boutique in Marina Bay Sands.

6. SELECTIVE RETAILING

	June 30, 2010	Dec. 31, 2009	June 30, 2009
Revenue *(EUR millions)*	**2,419**	**4,533**	**2,127**
Revenue by geographic region of delivery *(%)*			
France	22	24	23
Europe (excluding France)	8	10	10
United States	38	37	38
Japan	2	2	3
Asia (excluding Japan)	24	20	20
Other markets	6	7	6
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**176**	**388**	**129**
Operating margin *(%)*	**7.3**	**8.6**	**6.1**
Operating investments *(EUR millions)*	**93**	**183**	**102**
Number of stores			
Sephora	1,020	986	938
Other trade names (1)	84	89	157

(1) The method for counting DFS stores was changed as of December 2009. Had the new method been applied as of June 2009, the number of stores would have been 87.

Highlights

In the first half of 2010, Selective Retailing recorded 13% organic revenue growth. Profit from recurring operations was up 36%.

DFS achieved solid growth, driven primarily by the continued expansion of Chinese tourism. The travel retail specialist is generating the results of its steady investments and the work performed to continue to provide better service to this customer segment. The destinations of Hong Kong, Macao and Singapore recorded strong growth. The business also benefited from the regular improvement in the concessions recently opened in the airports of Abu Dhabi (United Arab Emirates) and Mumbai (India), two high-potential markets. The company actively continued its efforts to upgrade the offer for all destinations.

Against a background of continued caution in terms of passenger expenditures, **Miami Cruiseline** was nevertheless able to increase revenue, largely thanks to the contribution of the new *Oasis of the Seas* vessel operated by Royal Caribbean. This super-size ship is an ideal showcase for Miami Cruiseline's expertise.

Sephora achieved a remarkable performance, and won market shares in all its operating regions. The brand continued to rely on the aspects driving its international success: a strong and differentiating concept, an extremely complete product offer that combines a unique range of major selective brands, new exclusive brands and the *Sephora* product lines, along with the contribution of increasingly successful customer loyalty programs. On the European continent, Sephora strengthened its leadership in France and expanded its lead in the other key countries. The excellent dynamic performance of the brand in the United States was coupled with solid success in Canada. Development continued in China and stepped up its pace in the Middle East. The online sales sites recorded significant increases in their business.

Building on its unique identity among the Paris department stores, **Le Bon Marché** posted steady activity in the first six months of the year, combining revenue growth with an improved operating margin.

Principal developments

DFS continued work on its Galleria in Hong Kong Sun Plaza, which saw completion of the renovation of the beauty and watch spaces, and is reaping the benefits of sales generated thanks to the opening of a second location in Macao, in the City of Dreams, in the second half of 2009.

As of June 30, 2010, **Sephora's** global network totaled 1,020 stores. A net total of nine new stores were opened in Europe (including a flagship store in Milan) during the first half, increasing the European network to 648 stores. Thirteen new stores were opened in North America where the network now totals 267 stores. A third store was opened in Singapore. China had 83 stores and the Middle East 19, as of June 30, 2010.

Le Bon Marché successfully inaugurated its "Maison d'Edition". Lit by the original magnificent glass canopies revealed by the recent work, this space dedicated to the art of living uses its unique concept to enhance the remarkable and inspired nature of the department store.

Outlook

DFS will continue to expand its presence with its Asian customers. Completion of the renovation of the Galleria at Hong Kong Sun Plaza and the full opening of City of Dreams in Macao will help drive revenues. Work will begin on the Galleria in Singapore.

Miami Cruiseline should benefit from the launch of several new ships in the second half of the year, including another ship the size of the *Oasis of the Seas.*

Sephora will continue its international expansion, the highlight being its entry into Latin America, thanks to the acquisition of Sack's, the leading online seller of selective perfumes and cosmetics in Brazil, a high-potential market. In order to support its remarkable momentum, the brand will continue to invest in the key components of its differentiation strategy. Efforts will be focused in particular on the attractiveness of the stores, with the deployment of new presentation furnishings in Europe and the United States, an ongoing search for excellence in its offer, the service and experience provided to customers, and intensified promotional campaigns.

Le Bon Marché begins the second half of the year with confidence. Its business will benefit from the new vitality generated by the expansion in the fall of the "Balthazar" men's department, which will include a footwear department unique in Paris. Commercial innovations and image-making events will help enhance customer interest in the historic department store on the Left Bank.

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

LVMH's consolidated balance sheet, which is shown on page 18, totaled 33.2 billion euros as of June 30, 2010, representing a 3.5% increase over its level as of December 31, 2009.

Non-current assets amounted to 22.4 billion euros, compared to 21.1 billion at year-end 2009, representing 67% of total assets, compared with 66% six months earlier.

Tangible and intangible fixed assets (including goodwill) increased to 20.2 billion euros from 19.1 billion euros at year-end 2009. Brands and other intangible assets came to 9.2 billion euros, up from 8.7 billion euros as of December 31, 2009. This increase chiefly reflects the strengthening of currencies against the euro and its impact 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 increased slightly, to 4.4 billion euros from 4.3 billion euros six months earlier, notably due to the effect of the changes in exchange rate parities mentioned above.

Property, plant and equipment amounted to 6.5 billion euros, up from 6.1 billion euros at year-end 2009. This growth is mainly attributable to the impact of exchange rate fluctuations. The level of operating investments was broadly in line with depreciation charges during the period.

Investments in associates, non-current available for sale financial assets, other non-current assets and deferred tax amounted to 2.2 billion euros as of June 30, 2010, up from 2.0 billion euros six months earlier.

Inventories amounted to 6.2 billion euros, compared with 5.6 billion euros as of December 31, 2009, due to the impact of changes in exchange rate parities, the strong momentum in business activity, seasonal variations affecting most of the Group's operations, and a moderate replenishment of distilled alcohol inventories for cognac.

Trade accounts receivable were reduced to 1.2 billion euros, from 1.5 billion euros at year-end 2009, despite the appreciation of the US dollar and the yen against the euro.

Cash and cash equivalents, excluding current available for sale financial assets, came to 1.9 billion euros.

The Group share of equity was 15.4 billion euros, compared to 13.8 billion euros at year-end 2009. This is due to the fact that the amount of the Group share of net profit for the period was higher than the final dividend on 2009 profit, an effect magnified by the markedly positive change in the cumulative translation adjustment resulting from the strengthening of most currencies against the euro since December 31, 2009.

Minority interests advanced, from 1.0 billion euros as of December 31, 2009 to 1.1 billion euros, as a result of exchange rate fluctuations, and the share of minority interests in gains and losses and in the net profit for the half-year period after the distribution of their dividends.

Total equity thus amounted to 16.5 billion euros and represented 50% of the balance sheet total, compared to 46% six months earlier.

As of June 30, 2010, non-current liabilities amounted to 11.6 billion euros, including 4.1 billion euros in long-term borrowings. This compares to 11.3 billion euros at year-end 2009, including 4.1 billion euros in long-term borrowings. Growth in non-current liabilities is mainly attributable to the increase in deferred taxes. The proportion of non-current liabilities in the balance sheet total remained stable at 35%.

Equity and non-current liabilities thus amounted to 28.1 billion euros, and exceeded total non-current assets.

Current liabilities amounted to 5.2 billion euros as of June 30, 2010, compared to 6.0 billion euros six months earlier, primarily as a result of the significant reduction in short-term borrowings. Their relative weight in the balance sheet total decreased to 16%, from 19% six months earlier.

Borrowings, including the market value of interest rate derivatives, and net of cash, cash equivalents and current available for sale financial assets, amounted to 2.6 billion euros as of June 30, 2010, compared to 3.0 billion euros six months earlier, representing 16% of equity, compared to 20% as of December 31, 2009.

Cash and cash equivalents exceeded short-term borrowings.

As of June 30, 2010, confirmed credit facilities exceeded 3.9 billion euros, of which less than 0.1 billion euros were drawn, which means that the undrawn amount available was 3.8 billion euros. The outstanding portion of the Group's commercial paper program was nil as of June 30, 2010.

COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement, which is shown on page 19, details the main cash flows for the first half of the year.

Cash from operations before changes in working capital increased by 29%, to 2,022 million euros as of June 30, 2010, from 1,566 million euros a year earlier.

Net cash from operations before changes in working capital (i.e. after interest and income tax) amounted to 1,651 million euros, an increase of 37% compared to the first half of 2009.

Interest paid in the first half of 2010 amounted to 89 million euros, down from 115 million euros a year earlier, a decrease due to both lower average interest rates and a decline in the average outstanding financial debt.

Income tax paid came to 282 million euros as of June 30, 2010, as against 245 million euros a year earlier.

Working capital requirements increased by 80 million euros. Changes in inventories increased cash requirements by 156 million euros, less than their impact in the first half of 2009, despite the return to 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 426 million euros in cash, while reduced trade accounts payable balances consumed 159 million euros, especially at the Champagne houses, Sephora, and Parfums Christian Dior. These shifts reflect the seasonal nature of the Group's working capital requirements.

Overall, net cash from operating activities posted a surplus of 1,571 million euros, compared to 688 million euros a year earlier.

Group operating investments for the period, net of disposals, resulted in net cash outflows of 426 million euros. This amount reflects the Group's growth momentum and that of its flagship brands, including Louis Vuitton, Sephora and Parfums Christian Dior.

Net cash from operating activities and operating investments thus amounted to 1,145 million euros for the first half of 2010, compared to 336 million euros for the same period in 2009.

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 5 million euros over the period, compared to 35 million euros a year earlier.

Transactions relating to equity generated an outflow of 613 million euros over the period.

Share subscription options exercised by employees during the first half of 2010 raised a total of 36 million euros. The Company proceeded with the cancellation of a number of shares equivalent to the total issued.

Disposals of LVMH shares and LVMH-share settled derivatives by the Group, net of acquisitions, generated an inflow of 89 million euros, compared to an inflow of 5 million euros over the same period the previous year.

In the first half of 2010, LVMH SA paid 618 million euros in dividends, excluding the amount attributable to treasury shares, in respect of the final 2009 dividend. Furthermore, the minority shareholders of consolidated subsidiaries received 121 million euros in dividends, mainly corresponding to dividends paid to Diageo with respect to its 34% stake in Moët Hennessy and to minority interests in DFS.

After all operating, investment and equity-related activities, including the final dividend payment in respect of 2009 fiscal year, the total cash surplus amounted to 527 million euros as of June 30, 2010.

Accordingly, very little funds were raised. Bond issues and new borrowings provided a cash inflow of 102 million euros. LVMH SA did not issue any public bonds during the period, nor did it conclude any long-term private placements through its Euro Medium Term Notes program.

In the first half of 2010, the resources described above, in addition to the Group's existing cash, were used to pay down borrowings for an amount of 1,296 million euros. Furthermore, 120 million euros were used for the acquisition of current available for sale financial assets and the Group decreased its recourse to its commercial paper program by 200 million euros.

As of June 30, 2010, cash and cash equivalents net of bank overdrafts amounted to 1,750 million euros.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(EUR millions, except for earnings per share)	Notes	June 30, 2010	Dec. 31, 2009	June 30, 2009
Revenue	**21**	**9,099**	**17,053**	**7,811**
Cost of sales		(3,192)	(6,164)	(2,830)
Gross margin		**5,907**	**10,889**	**4,981**
Marketing and selling expenses		(3,275)	(6,051)	(2,902)
General and administrative expenses		(816)	(1,486)	(716)
Profit from recurring operations	**21-22**	**1,816**	**3,352**	**1,363**
Other operating income and expenses	**23**	(63)	(191)	(113)
Operating profit		**1,753**	**3,161**	**1,250**
Cost of net financial debt		(77)	(187)	(102)
Other financial income and expenses		(73)	(155)	(34)
Net financial income (expense)	**24**	**(150)**	**(342)**	**(136)**
Income taxes	**25**	(463)	(849)	(358)
Income (loss) from investments in associates	**6**	4	3	1
Net profit before minority interests		**1,144**	**1,973**	**757**
Minority interests		(94)	(218)	(70)
Net profit, Group share		**1,050**	**1,755**	**687**
Basic Group share of net earnings per share *(in euros)*	**26**	**2.21**	**3.71**	**1.45**
Number of shares on which the calculation is based		475,907,142	473,597,075	473,238,611
Diluted Group share of net earnings per share *(in euros)*	**26**	**2.19**	**3.70**	**1.45**
Number of shares on which the calculation is based		479,078,515	474,838,025	473,911,591

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Net profit before minority interests	**1,144**	**1,973**	**757**
Translation adjustments	986	(128)	(77)
Tax impact	98	(20)	(15)
	1,084	**(148)**	**(92)**
Change in value of available for sale financial assets	115	114	12
Amounts transferred to income statement	25	(11)	(10)
Tax impact	(22)	(26)	(12)
	118	**77**	**(10)**
Change in value of hedges of future foreign currency cash flows	(115)	133	91
Amounts transferred to income statement	(31)	(125)	(39)
Tax impact	42	(2)	(13)
	(104)	**6**	**39**
Change in value of vineyard land	5	(53)	1
Tax impact	(3)	18	-
	2	**(35)**	**1**
Gains and losses recognized in equity	**1,101**	**(100)**	**(62)**
Comprehensive gains and losses	**2,245**	**1,873**	**695**
Minority interests	(222)	(189)	(64)
Comprehensive gains and losses, Group share	**2,023**	**1,684**	**631**

CONSOLIDATED BALANCE SHEET

ASSETS *(EUR millions)*	Notes	June 30, 2010	Dec. 31, 2009	June 30, 2009
Brands and other intangible assets – net	3	9,247	8,697	8,449
Goodwill – net	4	4,408	4,270	4,509
Property, plant and equipment – net	5	6,498	6,140	6,049
Investments in associates	6	228	213	214
Non-current available for sale financial assets	7	569	540	490
Other non-current assets		806	750	876
Deferred tax		633	521	559
Non-current assets		**22,389**	**21,131**	**21,146**
Inventories and work in progress	8	6,172	5,644	5,944
Trade accounts receivable	9	1,164	1,455	1,130
Income taxes		197	217	112
Other current assets	10	1,410	1,213	1,435
Cash and cash equivalents	12	1,897	2,446	956
Current assets		**10,840**	**10,975**	**9,577**
Total assets		**33,229**	**32,106**	**30,723**

LIABILITIES AND EQUITY *(EUR millions)*	Notes	June 30, 2010	Dec. 31, 2009	June 30, 2009
Share capital		147	147	147
Share premium account		1,732	1,763	1,739
Treasury shares and LVMH-share settled derivatives		(747)	(929)	(963)
Revaluation reserves		900	871	839
Other reserves		11,837	10,684	10,853
Cumulative translation adjustment		449	(495)	(448)
Net profit, Group share		1,050	1,755	687
Equity, Group share	13	15,368	13,796	12,854
Minority interests	15	1,123	989	981
Total equity		**16,491**	**14,785**	**13,835**
Long term borrowings	16	4,144	4,077	4,048
Provisions	17	1,006	990	972
Deferred tax		3,283	3,117	3,068
Other non-current liabilities	18	3,146	3,089	3,242
Non-current liabilities		**11,579**	**11,273**	**11,330**
Short term borrowings	16	694	1,708	1,859
Trade accounts payable		1,880	1,911	1,507
Income taxes		262	221	279
Provisions	17	348	334	315
Other current liabilities	19	1,975	1,874	1,598
Current liabilities		**5,159**	**6,048**	**5,558**
Total liabilities and equity		**33,229**	**32,106**	**30,723**

CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	June 30, 2010	Dec. 31, 2009	June 30, 2009
I. OPERATING ACTIVITIES AND INVESTMENTS				
Operating profit		1,753	3,161	1,250
Net increase in depreciation, amortization and provisions, excluding tax and financial items		350	826	377
Other computed expenses, excluding financial items		(76)	(37)	(57)
Dividends received		12	21	15
Other adjustments		(17)	(43)	(19)
Cash from operations before changes in working capital		**2,022**	**3,928**	**1,566**
Cost of net financial debt: interest paid		(89)	(185)	(115)
Income taxes paid		(282)	(900)	(245)
Net cash from operating activities before changes in working capital		**1,651**	**2,843**	**1,206**
Change in inventories and work in progress		(156)	69	(199)
Change in trade accounts receivable		426	206	537
Change in trade accounts payable		(159)	(362)	(794)
Change in other receivables and payables		(191)	178	(62)
Total change in working capital		**(80)**	**91**	**(518)**
Net cash from operating activities		**1,571**	**2,934**	**688**
Purchase of tangible and intangible fixed assets		(435)	(748)	(349)
Proceeds from sale of tangible and intangible fixed assets		12	26	3
Guarantee deposits paid and other operating investments		(3)	(7)	(6)
Operating investments		**(426)**	**(729)**	**(352)**
Net cash from (used in) operating activities and investments		**1,145**	**2,205**	**336**
II. FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets	7	(7)	(93)	(66)
Proceeds from sale of non-current available for sale financial assets	7	18	49	36
Impact of purchase and sale of consolidated investments		(16)	(278)	(5)
Net cash from (used in) financial investments		**(5)**	**(322)**	**(35)**
III. TRANSACTIONS RELATING TO EQUITY				
Capital increases of LVMH	13	36	30	2
Capital increases of subsidiaries subscribed by minority interests	15	1	11	3
Acquisition and disposals of treasury shares and LVMH-share settled derivatives	13.2	89	34	5
Interim and final dividends paid by LVMH	13.3	(618)	(758)	(592)
Interim and final dividends paid to minority interests in consolidated subsidiaries	15	(121)	(175)	(151)
Net cash from (used in) transactions relating to equity		**(613)**	**(858)**	**(733)**
IV. FINANCING ACTIVITIES				
Proceeds from borrowings		102	2,442	2,255
Repayment of borrowings		(1,296)	(2,112)	(1,773)
Purchase and proceeds from sale of current available for sale financial assets	11	(120)	321	90
Net cash from (used in) financing activities		**(1,314)**	**651**	**572**
V. EFFECT OF EXCHANGE RATE CHANGES		**263**	**(120)**	**(49)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		**(524)**	**1,556**	**91**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	12	**2 274**	**718**	**718**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12	**1,750**	**2,274**	**809**
Transactions included in the table above, generating no change in cash:				
- acquisition of assets by means of finance leases		4	12	5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares and LVMH-share settled derivatives	Cumulative translation adjustment	Revaluation reserves			Net profit and other reserves	Total equity		
						available for sale financial assets	hedges of future foreign currency cash flows	vineyard land		Group share	Minority interests	Total
Notes		**13.1**		**13.2**	**13.4**						**15**	
As of December 31, 2008	**489,937,410**	**147**	**1,737**	**(983)**	**(371)**	**136**	**59**	**623**	**11,456**	**12,804**	**989**	**13,793**
Gains and losses recognized in equity					(124)	77	4	(28)		(71)	(29)	(100)
Net profit									1,755	1,755	218	1,973
Comprehensive gains and losses		**-**	**-**	**-**	**(124)**	**77**	**4**	**(28)**	**1,755**	**1,684**	**189**	**1,873**
Stock option plan and similar expenses									43	43	3	46
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				50					(57)	(7)		(7)
Exercise of share subscription options	557,204		30							30		30
Retirement of LVMH shares	(88,960)		(4)	4						-		-
Capital increase in subsidiaries										-	11	11
Interim and final dividends paid									(758)	(758)	(176)	(934)
Changes in consolidation scope										-	3	3
Effects of purchase commitments for minority interests										-	(30)	(30)
As of December 31, 2009	**490,405,654**	**147**	**1,763**	**(929)**	**(495)**	**213**	**63**	**595**	**12,439**	**13,796**	**989**	**14,785**
Gains and losses recognized in equity					944	118	(90)	1		973	128	1,101
Net profit									1,050	1,050	94	1,144
Comprehensive gains and losses		**-**	**-**	**-**	**944**	**118**	**(90)**	**1**	**1,050**	**2,023**	**222**	**2,245**
Stock option plan and similar expenses									20	20	2	22
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				115					(4)	111		111
Exercise of share subscription options	630,098		36							36		36
Retirement of LVMH shares	(1,053,545)		(67)	67						-		-
Capital increase in subsidiaries										-	1	1
Interim and final dividends paid									(618)	(618)	(124)	(742)
Changes in consolidation scope										-		-
Effects of purchase commitments for minority interests										-	33	33
As of June 30, 2010	**489,982,207**	**147**	**1,732**	**(747)**	**449**	**331**	**(27)**	**596**	**12,887**	**15,368**	**1,123**	**16,491**

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares and LVMH-share settled derivatives	Cumulative translation adjustment	Revaluation reserves			Net profit and other reserves	Total equity		
						available for sale financial assets	hedges of future foreign currency cash flows	vineyard land		Group share	Minority interests	Total
Notes		13.1		13.2	13.4						15	
As of December 31, 2008	**489,937,410**	**147**	**1,737**	**(983)**	**(371)**	**136**	**59**	**623**	**11,456**	**12,804**	**989**	**13,793**
Gains and losses recognized in equity					(77)	(10)	30	1		(56)	(6)	(62)
Net profit									687	687	70	757
Comprehensive gains and losses		**-**	**-**	**-**	**(77)**	**(10)**	**30**	**1**	**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
Retirement of LVMH shares										-		-
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)**	**126**	**89**	**624**	**11,540**	**12,854**	**981**	**13,835**

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1. General framework and environment

The condensed consolidated financial statements for the six-month period ended June 30, 2010 were approved by the Board of Directors on July 27, 2010. 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, 2010. These standards and interpretations have been applied consistently to the periods presented.

The interim accounts have been prepared using the same accounting principles and policies as those applied for the preparation of the annual accounts, with the exception of the 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).

1.2. Changes in the accounting framework

The standards, amendments and interpretations applicable to the LVMH group that have been implemented since January 1, 2010 related to:

- IFRS 3 (Revised) on business combinations;
- IAS 27 (Revised) on consolidated and separate financial statements;
- Amendment to IAS 17 relating to land leases;
- IFRIC 16 relating to hedges of a net investment in a foreign operation;
- Amendment to IAS 39 on items which are eligible for hedge accounting.

The application of these standards, amendments and interpretations did not have a material impact on the Group's consolidated financial statements during the first six months of 2010. In particular, since IAS 27 (Revised) and IFRS 3 (Revised) are applied prospectively, goodwill recognized as of December 31, 2009 in relation to purchase commitments for minority interests was maintained as an asset in the balance sheet, with the change in the value of those commitments, net of minority interests, continuing to be recorded as goodwill.

2. CHANGES IN THE SCOPE OF CONSOLIDATION

During the first six months of 2010, the Group did not enter into any acquisition or disposal transactions generating significant impacts on the consolidation scope.

See also Note 29 Subsequent events.

3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

(EUR millions)	June 30, 2010			Dec. 31, 2009	June 30, 2009
	Gross	Amortization and impairment	Net	Net	Net
Brands	7,134	(415)	6,719	6,489	6,213
Trade names	3,608	(1,478)	2,130	1,853	1,883
License rights	115	(73)	42	41	42
Leasehold rights	283	(172)	111	91	100
Software	447	(327)	120	110	109
Other	263	(138)	125	113	102
Total	**11,850**	**(2,603)**	**9,247**	**8,697**	**8,449**
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 2010 were as follows:

Gross value *(EUR millions)*	**Brands**	**Trade names**	**Other intangible assets**	**Total**
As of December 31, 2009	**6,874**	**3,119**	**1,003**	**10,996**
Acquisitions	-	-	62	62
Disposals and retirements	-	-	(12)	(12)
Changes in the scope of consolidation	-	-	-	-
Translation adjustment	260	489	46	795
Reclassifications	-	-	9	9
As of June 30, 2010	**7,134**	**3,608**	**1,108**	**11,850**

Accumulated amortization and impairment *(EUR millions)*	**Brands**	**Trade names**	**Other intangible assets**	**Total**
As of December 31, 2009	**(385)**	**(1,266)**	**(648)**	**(2,299)**
Amortization expense	(16)	-	(46)	(62)
Disposals and retirements	-	-	12	12
Changes in the scope of consolidation	-	-	-	-
Translation adjustment	(14)	(212)	(28)	(254)
As of June 30, 2010	**(415)**	**(1,478)**	**(710)**	**(2,603)**

Net carrying amount as of June 30, 2010	**6,719**	**2,130**	**398**	**9,247**

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

4. GOODWILL

(EUR millions)	June 30, 2010			Dec. 31, 2009	June 30, 2009
	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	4,670	(1,204)	3,466	3,335	3,355
Goodwill arising on purchase commitments for minority interests	945	(3)	942	935	1,154
Total	**5,615**	**(1,207)**	**4,408**	**4,270**	**4,509**

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, 2010			Dec. 31, 2009	June 30, 2009
	Gross	Impairment	Net	Net	Net
As of January 1	**5,367**	**(1,097)**	**4,270**	**4,423**	**4,423**
Changes in the scope of consolidation	2	-	2	20	39
Changes in purchase commitments for minority interests	37	-	37	(96)	77
Changes in impairment		(18)	(18)	(56)	(15)
Translation adjustment	209	(92)	117	(21)	(15)
As of June 30/December 31	**5,615**	**(1,207)**	**4,408**	**4,270**	**4,509**

The translation adjustment is mainly attributable to goodwill recognized in US dollars, following the change in the exchange rate of this currency with respect to the euro during the period. Goodwill attributable to Donna Karan and Miami Cruiseline was particularly affected.

5. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)	June 30, 2010			Dec. 31, 2009	June 30, 2009
	Gross	Depreciation and impairment	Net	Net	Net
Land	938	-	938	859	857
Vineyard land and producing vineyards	1,719	(89)	1,630	1,611	1,620
Buildings	1,719	(775)	944	890	878
Investment property	363	(60)	303	286	287
Machinery and equipment	4,846	(3,126)	1,720	1,647	1,600
Other tangible fixed assets (including assets in progress)	1,503	(540)	963	847	807
Total	**11,088**	**(4,590)**	**6,498**	**6,140**	**6,049**
Of which: assets held under finance leases	260	(133)	127	136	136
historical cost of vineyard land and producing vineyards	625	(89)	536	531	486

The changes in property, plant and equipment in the first half of 2010 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, 2009	**1,695**	**2,455**	**342**	**4,427**	**1,305**	**10,224**
Acquisitions	3	20	1	126	174	324
Change in the market value of vineyard land	5	-	-	-	-	5
Disposals and retirements	(2)	(3)	(1)	(104)	(16)	(126)
Changes in the scope of consolidation	2	4	-	5	(1)	10
Translation adjustment	16	167	16	348	96	643
Other movements, including transfers	-	14	5	44	(55)	8
As of June 30, 2010	**1,719**	**2,657**	**363**	**4,846**	**1,503**	**11,088**

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, 2009	**(84)**	**(706)**	**(56)**	**(2,780)**	**(458)**	**(4,084)**
Depreciation expense	(3)	(27)	(2)	(233)	(39)	(304)
Disposals and retirements	-	2	1	103	8	114
Changes in the scope of consolidation	-	(1)	-	(3)	(1)	(5)
Translation adjustment	(2)	(36)	(3)	(219)	(48)	(308)
Other movements, including transfers	-	(7)	-	6	(2)	(3)
As of June 30, 2010	**(89)**	**(775)**	**(60)**	**(3,126)**	**(540)**	**(4,590)**
Net carrying amount as of June 30, 2010	**1,630**	**1,882**	**303**	**1,720**	**963**	**6,498**

Property, plant and equipment acquisitions primarily reflect investments by Louis Vuitton, Sephora and DFS in their retail networks as well as those made by Parfums Christian Dior, the Champagne Houses and Glenmorangie in their production facilities. The translation adjustment mainly relates to the assets of the American and Japanese retail subsidiaries of Louis Vuitton and DFS, in addition to those of Sephora in North America, and results from the change in value of the US dollar and the yen with respect to the euro during the period.

6. INVESTMENTS IN ASSOCIATES

(EUR millions)	June 30, 2010			Dec. 31, 2009	June 30, 2009
	Gross	Impairment	Net	Net	Net
Share of net assets of associates as of January 1	**213**	**-**	**213**	**216**	**216**
Share of net profit (loss) for the period	4	-	4	3	1
Dividends paid	(5)		(5)	(9)	(7)
Changes in the scope of consolidation	-		-	8	10
Translation adjustment	16	-	16	(5)	(6)
Share of net assets of associates as of June 30/December 31	**228**	**-**	**228**	**213**	**214**

As of June 30, 2010, 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;

- a 49% equity stake in Edun, a fashion clothing company focused on ethical trade and sustainable development.

7. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	June 30, 2010			Dec. 31, 2009	June 30, 2009
	Gross	Impairment	Net	Net	Net
Total	**642**	**(73)**	**569**	**540**	**490**

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

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
As of January 1	**540**	**375**	**375**
Acquisitions	7	89	55
Disposals at net realized value	(18)	(38)	(34)
Changes in market value	31	93	34
Reclassifications as consolidated investments	(5)	(30)	(30)
Other reclassifications	(13)	59	95
Changes in impairment	(11)	(1)	-
Changes in the scope of consolidation	-	(2)	-
Translation adjustment	38	(5)	(5)
As of June 30/December 31	**569**	**540**	**490**

8. INVENTORIES AND WORK IN PROGRESS

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Wines and distilled alcohol in the process of aging	3,207	3,189	3,129
Other raw materials and work in progress	814	720	799
	4,021	3,909	3,928
Goods purchased for resale	635	527	546
Finished products	2,204	1,851	2,079
	2,839	2,378	2,625
Gross amount	**6,860**	**6,287**	**6,553**
Impairment	(688)	(643)	(609)
Net amount	**6,172**	**5,644**	**5,944**

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

(EUR millions)	June 30, 2010			Dec. 31, 2009	June 30, 2009
	Gross	Impairment	Net	Net	Net
As of January 1	**6,287**	**(643)**	**5,644**	**5,764**	**5,764**
Change in gross inventories	156		156	(69)	199
Fair value adjustment for the harvest of the period	4	-	4	13	13
Changes in impairment		5	5	(62)	(39)
Changes in the scope of consolidation	(2)	-	(2)	38	32
Translation adjustment	419	(50)	369	(29)	(21)
Reclassifications	(4)	-	(4)	(11)	(4)
As of June 30/December 31	**6,860**	**(688)**	**6,172**	**5,644**	**5,944**

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

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Fair value adjustment for the harvest of the period	18	43	22
Adjustment for inventory consumed	(14)	(30)	(9)
Net effect on cost of sales of the period	**4**	**13**	**13**

9. TRADE ACCOUNTS RECEIVABLE

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Trade accounts receivable - nominal amount	1,379	1,670	1,312
Provision for impairment	(60)	(62)	(64)
Provision for product returns and loyalty cards	(155)	(153)	(118)
Net amount	**1,164**	**1,455**	**1,130**

As of June 30, 2010, the breakdown of the nominal amount of trade receivables and of provisions for impairment by age was as follows:

(EUR millions)	Nominal amount of receivables	Impairment	Net amount of receivables
Not due: less than 3 months	1,149	(10)	1,139
more than 3 months	25	(2)	23
	1,174	(12)	1,162
Overdue: less than 3 months	108	(9)	99
more than 3 months	97	(39)	58
	205	(48)	157
Total	**1,379**	**(60)**	**1,319**

10. OTHER CURRENT ASSETS

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Current available for sale financial assets	260	218	344
Derivatives	360	302	349
Tax accounts receivable, excluding income taxes	250	199	221
Advances and payments on account to vendors	95	113	107
Prepaid expenses	207	171	169
Other receivables, net	238	210	245
Total	**1,410**	**1,213**	**1,435**

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

11. CURRENT AVAILABLE FOR SALE ASSETS

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Unlisted securities, shares in non-money market SICAV and funds	106	71	236
Listed securities	154	147	108
Total	**260**	**218**	**344**
Of which: historical cost of current available for sale financial assets	374	336	441

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

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
As of January 1	**218**	**590**	**590**
Acquisitions	54	15	12
Disposals at net realized value	(48)	(343)	(144)
Changes in market value	35	50	(17)
Changes in impairment	(21)	(31)	(6)
Reclassifications	13	(59)	(95)
Changes in the scope of consolidation	-	(1)	(1)
Translation adjustment	9	(3)	5
As of June 30/December 31	**260**	**218**	**344**

12. CASH AND CASH EQUIVALENTS

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Fixed term deposits (less than 3 months)	225	130	90
SICAV and FCP money market funds	95	93	139
Ordinary bank accounts	1,577	2,223	727
Cash and cash equivalents per balance sheet	**1,897**	**2,446**	**956**

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, 2010	Dec. 31, 2009	June 30, 2009
Cash and cash equivalents	1,897	2,446	956
Bank overdrafts	(147)	(172)	(147)
Net cash and cash equivalents per cash flow statement	**1,750**	**2,274**	**809**

13. EQUITY

13.1. Share capital

As of June 30, 2010, issued and fully paid-up shares totaled 489,982,207 (490,405,654 shares as of December 31, 2009), with a par value of 0.30 euros per share, including 227,354,918 shares with double voting rights (226,411,288 as of December 31, 2009). Double voting rights are granted to registered shares held for more than three years. 630,098 shares were issued during the period, following the exercise of share subscription options, and 1,053,545 shares were cancelled.

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, 2010		Dec. 31, 2009	June 30, 2009
	Number	Value	Value	Value
Share purchase option plans	1,606,583	92	223	245
Bonus share plans	777,274	42	25	26
Other plans	11,168,572	533	509	509
Shares held for stock option and similar plans	**13,552,429**	**667**	**757**	**780**
Liquidity contract	95,000	9	6	10
Retirement of shares	-	-	56	56
LVMH treasury shares	**13,647,429**	**676**	**819**	**846**
LVMH share-based calls [(1)]	1,726,500	71	110	117
LVMH treasury shares and derivatives settled in LVMH shares	**15,373,929**	**747**	**929**	**963**

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

"Other plans" mainly comprise share subscription option plans.

The market value of LVMH shares held under the liquidity contract as of June 30, 2010 is the same as their carrying amount, i.e. 9 million euros.

The portfolio movements for the period were as follows:

LVMH shares

(EUR millions)	Number	Value	Effect on cash
As of December 31, 2009	**16,080,093**	**819**	
Share purchases, including through the exercise of call options	2,287,928	190	(151)
Exercise of share purchase options	(2,192,229)	(148)	128
Bonus shares definitively allocated	(149,590)	(9)	-
Retirement of shares	(1,053,545)	(67)	-
Proceeds from disposal at net realized value	(1,325,228)	(112)	112
Gain/(loss) on disposal	-	3	-
As of June 30, 2010	**13,647,429**	**676**	**89**

LVMH share-based calls

(EUR millions)	Number	Value	Effect on cash
As of December 31, 2009	**2,670,200**	**110**	
Calls purchased	-	-	-
Calls exercised	(943,700)	(39)	-
As of June 30, 2010	**1,726,500**	**71**	**-**

13.3. Cumulative translation adjustment

The change in the translation adjustment recognized under equity and the closing balance, net of hedging effects of net assets denominated in foreign currency, break down as follows by currency:

(EUR millions)	June 30, 2010	Change	Dec. 31, 2009	June 30, 2009
US dollar	95	582	(487)	(406)
Japanese yen	150	106	44	39
Hong Kong dollar	103	123	(20)	(3)
Swiss franc	267	174	93	50
Pound sterling	(51)	31	(82)	(67)
Other currencies	74	115	(41)	(57)
Hedges of foreign currency net assets	(189)	(187)	(2)	(4)
Total, Group share	**449**	**944**	**(495)**	**(448)**

13.4. Dividends paid by the parent company LVMH SA

(EUR millions, except for data per share in EUR)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Interim dividend for the current year (2009: 0.35 euros; 2008: 0.35 euros; 2007: 0.35 euros)	-	172	-
Impact of treasury shares	-	(6)	-
	-	166	-
Final dividend for the previous year (2009: 1.30 euros; 2008: 1.25 euros; 2007: 1.25 euros)	636	612	612
Impact of treasury shares	(18)	(20)	(20)
	618	592	592
Total gross amount disbursed during the period (1)	**618**	**758**	**592**

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

The final dividend for 2009 was paid on May 25, 2010 in accordance with the resolutions of the Shareholders' Meeting of April 15, 2010.

The Board of Directors approved the payment of an interim dividend for 2010 of 0.70 euro as of December 2, 2010.

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, 2010 breaks down as follows:

14.1. Share subscription option plans

	Number	Weighted average exercise price (EUR)
Share subscription options outstanding as of January 1	**10,214,500**	**66.99**
Options expired during the period	-	-
Options exercised during the period	(630,098)	56.75
Share subscription options outstanding as of June 30	**9,584,402**	**67.69**

14.2. Share purchase option plans

	Number	Weighted average exercise price (EUR)
Share purchase options outstanding as of January 1	**6,603,112**	**58.05**
Options expired during the period	(1,077,800)	80.10
Options exercised during the period	(2,192,229)	58.44
Share purchase options outstanding as of June 30	**3,333,083**	**50.66**

14.3. Bonus share plans

	Number
Non-vested shares as of January 1	**464,630**
New allocations	469,436
Shares vested during the period	(149,590)
Expired allocations during the period	(6,856)
Non-vested shares as of June 30	**777,620**

Two bonus share allocation plans were instituted on April 15, 2010. One, comprising 274,367 shares, is subject to performance conditions, the other, comprising 195,069 shares, is not subject to performance conditions.

Bonus shares granted under the plan subject to performance conditions may only be exercised if, in fiscal years 2010 and 2011, either profit from recurring operations, net cash from operating activities and operating investments, or the Group's current operating margin rate shows a positive change compared to 2009.

14.4. Expense for the period

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Share subscription and purchase option plans, bonus share plans	22	46	23
Cash-settled share-based compensation plans index-linked to the change in the LVMH share price	2	7	2
Expense for the period	**24**	**53**	**25**

The parameters and hypotheses retained to measure the value of the plans instituted during the first half of 2010 are as follows:

LVMH share price on the grant date *(EUR)*	90.39
Vesting period	
Beneficiaries who are French residents for tax purposes	2 years
Beneficiaries who are not French residents for tax purposes	4 years
Lockup period following definitive allocation	
Beneficiaries who are French residents for tax purposes	2 years
Beneficiaries who are not French residents for tax purposes	Nil
Performance conditions fulfilled at end of vesting period	
2009 plan	Yes
2010 plan	Yes

The unit value of bonus shares allocated in 2010 is 86.93 euros for the shares allocated to beneficiaries who are French residents for tax purposes and 83.05 euros for the shares allocated to beneficiaries who are not French residents for tax purposes.

15. MINORITY INTERESTS

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
As of January 1	**989**	**989**	**989**
Minority interests' share of net profit	94	218	70
Dividends paid to minority interests	(124)	(176)	(159)
Changes in the scope of consolidation	-	3	4
Capital increases subscribed by minority interests	1	11	3
Minority interests' share in gains and losses recognized in equity (see below for details)	128	(29)	(6)
Minority interests' share in stock option plan expenses	2	3	2
Effects of purchase commitments for minority interests	33	(30)	78
As of June 30/December 31	**1,123**	**989**	**981**

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

(EUR millions)	Cumulative translation adjustment	Hedges of future foreign currency cash flows	Vineyard land	Total share of minority interests
As of December 31, 2008	**(84)**	**7**	**126**	**49**
Changes for the period	(24)	2	(7)	(29)
As of December 31, 2009	**(108)**	**9**	**119**	**20**
Changes for the period	140	(14)	2	128
As of June 30, 2010	**32**	**(5)**	**121**	**148**
As of December 31, 2008	**(84)**	**7**	**126**	**49**
Changes for the period	(15)	9	-	(6)
As of June 30, 2009	**(99)**	**16**	**126**	**43**

16. BORROWINGS

16.1. Net financial debt

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Bonds and EMTNs	3,532	3,425	3,355
Bank borrowings and finance lease	612	652	693
Long term borrowings	**4,144**	**4,077**	**4,048**
Bonds and EMTNs	46	723	846
Commercial paper	0	200	250
Bank overdrafts	147	172	147
Other short term borrowings	501	613	616
Short term borrowings	**694**	**1,708**	**1,859**
Gross amount of borrowings	**4,838**	**5,785**	**5,907**
Interest rate risk derivatives	(98)	(89)	(62)
Other derivatives	28	6	(19)
Gross borrowings after derivatives	**4,768**	**5,702**	**5,826**
Current available for sale financial assets	(260)	(218)	(344)
Other current financial assets	(46)	(44)	(49)
Cash and cash equivalents	(1,897)	(2,446)	(956)
Net financial debt	**2,565**	**2,994**	**4,477**

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

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

(EUR millions)		Gross borrowings			Effects of derivatives			Gross borrowings after derivatives		
		Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity:	2010	320	162	482	(8)	37	29	312	199	511
	2011	845	229	1,074	(86)	56	(30)	759	285	1,044
	2012	859	14	873	-	-	-	859	14	873
	2013	414	197	611	183	(176)	7	597	21	618
	2014	1,197	7	1,204	(1,152)	1,098	(54)	45	1,105	1,150
	2015	417	1	418	(250)	237	(13)	167	238	405
	Thereafter	170	6	176	(150)	141	(9)	20	147	167
Total		**4,222**	**616**	**4,838**	**(1,463)**	**1,393**	**(70)**	**2,759**	**2,009**	**4,768**

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

16.3. Analysis of gross borrowings by currency after hedging

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Euro	3,340	4,317	4,485
US dollar	154	172	114
Swiss franc	903	806	787
Japanese yen	206	235	267
Other currencies	165	172	173
Total	**4,768**	**5,702**	**5,826**

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

17. PROVISIONS

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Provisions for pensions, medical costs and similar commitments	265	240	237
Provisions for contingencies and losses	717	725	703
Provisions for reorganization	24	25	32
Non-current provisions	**1,006**	**990**	**972**
Provisions for pensions, medical costs and similar commitments	8	8	6
Provisions for contingencies and losses	274	242	204
Provisions for reorganization	66	84	105
Current provisions	**348**	**334**	**315**
Total	**1,354**	**1,324**	**1,287**

During the period, the changes in provisions were as follows:

(EUR millions)	Dec. 31, 2009	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other items (including translation adjustment)	June 30, 2010
Provisions for pensions, medical costs and similar commitments	**248**	18	(10)	-	-	17	**273**
Provisions for contingencies and losses	**967**	76	(60)	(15)	-	23	**991**
Provisions for reorganization	**109**	6	(29)	(1)	-	5	**90**
Total	**1,324**	**100**	**(99)**	**(16)**	**-**	**45**	**1,354**
Of which: profit from recurring operations		60	(61)	(5)			
net financial income (expense)		-	-	-			
other		40	(38)	(11)			

18. OTHER NON-CURRENT LIABILITIES

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Purchase commitments for minority interests	2,865	2,841	2,959
Derivatives	32	22	38
Employee profit sharing (1)	72	80	78
Other liabilities	177	146	167
Total	**3,146**	**3,089**	**3,242**

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

As of June 30, 2010, purchase commitments for minority interests mainly include the put option granted to Diageo plc for its 34% share in Moët Hennessy, with six months' advance notice and for 80% of its market value at the exercise date of the commitment. With regard to this commitment valuation, the market value was determined by applying the share price multiples of comparable firms to Moët Hennessy's consolidated operating results.

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

19. OTHER CURRENT LIABILITIES

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Derivatives	304	92	109
Employees and social institutions	561	581	489
Employee profit sharing (1)	41	67	37
Taxes other than income taxes	251	252	212
Advances and payments on account from customers	206	228	212
Deferred payment for tangible and financial non-current assets	138	186	117
Deferred income	66	61	67
Other	408	407	355
Total	**1,975**	**1,874**	**1,598**

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

Derivatives are analyzed in Note 20.

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, 2010	Dec. 31, 2009	June 30, 2009
Interest rate risk					
Assets:	non-current		91	46	47
	current		40	90	77
Liabilities:	non-current		(16)	(21)	(36)
	current		(17)	(26)	(26)
		20.2	**98**	**89**	**62**
Foreign exchange risk					
Assets:	non-current		1	6	35
	current		101	211	272
Liabilities:	non-current		(16)	(1)	(2)
	current		(259)	(56)	(30)
		20.3	**(173)**	**160**	**275**
Other risks					
Assets:	non-current		3	74	142
	current		219	1	-
Liabilities:	non-current		-	-	-
	current		(28)	(10)	(53)
			194	**65**	**89**
Total					
Assets:	non-current		95	126	224
	current	**10**	360	302	349
Liabilities:	non-current	**18**	(32)	(22)	(38)
	current	**19**	(304)	(92)	(109)
			119	**314**	**426**

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 subsidiaries outside the euro zone, in order to limit the impact of foreign currency fluctuations against the euro on consolidated equity.

The Group may also use equity-based derivatives to create synthetically an economic exposure to certain assets, or to hedge cash-settled compensation plans index-linked to the LVMH share price. The carrying amount of these unlisted financial instruments corresponds to the estimate of the amount, provided by the counterparty, of the valuation at the balance sheet date. A uniform variation of 1% in their underlying assets' share prices as of June 30, 2010 would impact the Group's net profit for an amount of approximately 13 million euros for those derivatives.

20.2. Derivatives used to manage interest rate risk

Derivatives used to manage interest rate risk outstanding as of June 30, 2010 break down as follows:

(EUR millions)	Nominal amounts by maturity				Fair value [1]		
	2010	2011 to 2015	Beyond 2015	Total	Fair value hedges	Unallocated amounts	Total
Interest rate swaps in euros:							
- fixed rate payer	-	773	-	773	(14)	(10)	(24)
- floating rate payer	-	2,002	150	2,152	119	-	119
Foreign currency swaps	-	148	-	148	-	3	3
Total					**105**	**(7)**	**98**

(1) Gain/(Loss).

20.3. Derivatives used to manage foreign exchange risk

Derivatives used to manage foreign exchange risk outstanding as of June 30, 2010 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation			Fair value [1]				
	2010	2011	Total	Future cash flow hedges	Fair value hedges	Foreign currency net asset hedges	Not allocated	Total
Options purchased								
Put USD	266	247	513	2	-	-	2	4
Put JPY	88	95	183	1	-	-	(1)	-
Other	95	-	95	1	-	-	-	1
	449	**342**	**791**	**4**	**-**	**-**	**1**	**5**
Ranges								
Written USD	1,306	959	2,265	(73)	(15)	-	(3)	(91)
Written JPY	326	289	615	(38)	(8)	-	(3)	(49)
	1,632	**1,248**	**2,880**	**(111)**	**(23)**	**-**	**(6)**	**(140)**
Forward exchange contracts [2]								
USD	(202)	120	(82)	5	(3)	52	37	91
JPY	9	31	40	(1)	-	-	-	(1)
GBP	6	-	6	-	-	-	-	-
Other	124	28	152	(3)	(3)	-	(2)	(8)
	(63)	**179**	**116**	**1**	**(6)**	**52**	**35**	**82**
Foreign exchange swaps [2]								
CHF	288	-	288	-	-	-	(25)	(25)
USD	1,941	-	1,941	-	-	(82)	(41)	(123)
JPY	65	-	65	(3)	-	(3)	34	28
Other	141	-	141	-	(2)	-	2	-
	2,435	**-**	**2,435**	**(3)**	**(2)**	**(85)**	**(30)**	**(120)**
Total				**(109)**	**(31)**	**(33)**	**-**	**(173)**

(1) Gain/(Loss).
(2) Sale/(Purchase).

21. SEGMENT INFORMATION

21.1. Information by business group

First half 2010

(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	1,299	3,502	1,311	437	2,410	140	-	9,099
Sales between business groups	3	14	130	6	9	11	(173)	-
Total revenue	**1,302**	**3,516**	**1,441**	**443**	**2,419**	**151**	**(173)**	**9,099**
Profit from recurring operations	326	1,179	181	49	176	(81)	(14)	1,816
Other operating income and expenses	(4)	(11)	(28)	(1)	(7)	(12)	-	(63)
Operating investments [2]	38	148	48	24	75	62	(9)	386
Depreciation and amortization expenses	46	144	51	14	91	20	-	366
Impairment expense	-	10	-	-	3	5	-	18
Brands, trade names, licenses and goodwill [3]	2,302	4,709	950	1,614	2,835	889	-	13,299
Inventories	3,700	822	278	405	916	137	(86)	6,172
Other operating assets	2,261	1,911	610	300	1,435	2,633	4,608 [4]	13,758
Total assets	**8,263**	**7,442**	**1,838**	**2,319**	**5,186**	**3,659**	**4,522**	**33,229**
Equity							16,491	16,491
Operating liabilities	900	1,291	865	213	987	552	11,930 [5]	16,738
Total liabilities and equity	**900**	**1,291**	**865**	**213**	**987**	**552**	**28,421**	**33,229**

Fiscal year 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	2,732	6,274	2,520	752	4,517	258	-	17,053
Sales between business groups	8	28	221	12	16	20	(305)	-
Total revenue	**2,740**	**6,302**	**2,741**	**764**	**4,533**	**278**	**(305)**	**17,053**
Profit from recurring operations	760	1,986	291	63	388	(135)	(1)	3,352
Other operating income and expenses	(41)	(71)	(17)	(32)	(19)	(13)	2	(191)
Operating investments [2]	96	284	96	26	182	90	-	774
Depreciation and amortization expenses	92	268	99	27	175	40	-	701
Impairment expense	-	20	20	-	5	11	-	56
Brands, trade names, licenses and goodwill [3]	2,254	4,612	918	1,450	2,522	897	-	12,653
Inventories	3,548	701	226	369	738	128	(66)	5,644
Other operating assets	2,540	1,855	644	257	1,342	2,389	4,782 [4]	13,809
Total assets	**8,342**	**7,168**	**1,788**	**2,076**	**4,602**	**3,414**	**4,716**	**32,106**
Equity							14,785	14,785
Operating liabilities	1,013	1,137	805	176	1,001	614	12,575 [5]	17,321
Total liabilities and equity	**1,013**	**1,137**	**805**	**176**	**1,001**	**614**	**27,360**	**32,106**

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**

(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 fiscal year rather than payments made during the fiscal year 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.

21.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
France	1,247	2,478	1,122
Europe (excluding France)	1,757	3,664	1,554
United States	2,079	3,840	1,766
Japan	819	1,683	829
Asia (excluding Japan)	2,335	3,850	1,858
Other	862	1,538	682
Revenue	**9,099**	**17,053**	**7,811**

Operating investments by geographic region are as follows:

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
France	169	319	104
Europe (excluding France)	82	130	58
United States	47	106	52
Japan	7	18	5
Asia (excluding Japan)	65	149	55
Other	16	52	23
Operating investments	**386**	**774**	**297**

Operating investments correspond to the amounts capitalized during the fiscal year 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, 2010			June 30, 2009		
	First quarter	Second quarter	Total	First quarter	Second quarter	Total
Wines and Spirits	635	667	1,302	540	539	1,079
Fashion and Leather Goods	1,729	1,787	3,516	1,598	1,390	2,988
Perfumes and Cosmetics	736	705	1,441	663	622	1,285
Watches and Jewelry	204	239	443	154	192	346
Selective Retailing	1,181	1,238	2,419	1,085	1,042	2,127
Other and holding companies	77	74	151	62	68	130
Eliminations	(90)	(83)	(173)	(84)	(60)	(144)
Revenue	**4,472**	**4,627**	**9,099**	**4,018**	**3,793**	**7,811**

22. EXPENSES BY NATURE

Profit from recurring operations includes the following expenses:

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Advertising and promotion expenses	992	1,809	839
Commercial lease expenses	598	1,055	519
Personnel costs	1,721	3,175	1,619
Research and development expenses	23	45	21

23. OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Restructuring costs	(8)	(98)	(80)
Amortization or impairment of brands, trade names, goodwill and other property	(35)	(88)	(32)
Other, net	(20)	(5)	(1)
Other operating income and expenses	**(63)**	**(191)**	**(113)**

24. NET FINANCIAL INCOME/EXPENSE

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Borrowing costs	(78)	(208)	(107)
Income from cash, cash equivalents and current available for sale	3	20	9
Fair value adjustment of borrowings and hedges	(2)	1	(4)
Cost of net financial debt	**(77)**	**(187)**	**(102)**
Dividends received from non-current available for sale financial assets	7	11	6
Ineffective portion of foreign currency hedges	(100)	(46)	(19)
Net gain/(loss) related to available for sale financial assets and other financial instruments	30	(94)	(6)
Other items, net	(10)	(26)	(15)
Other financial income and expenses	**(73)**	**(155)**	**(34)**
Net financial income/(expense)	**(150)**	**(342)**	**(136)**

25. INCOME TAXES

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Current income taxes for the period	(444)	(785)	(321)
Current income taxes relating to previous periods	5	4	3
Current income taxes	**(439)**	**(781)**	**(318)**
Change in deferred income taxes	(24)	(68)	(40)
Impact of changes in tax rates on deferred taxes	-	-	-
Deferred income taxes	**(24)**	**(68)**	**(40)**
Total tax expense per income statement	**(463)**	**(849)**	**(358)**

Tax on items recognized in equity	**116**	**(30)**	**(40)**

The effective tax rate is as follows:

(EUR millions)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Profit before tax	1,603	2,819	1,114
Total income tax expense	(463)	(849)	(358)
Effective tax rate	**28.9%**	**30.1%**	**32.1%**

The effective tax rate used at June 30, 2010 is the forecast effective tax rate for the fiscal year.

As was the case as of June 30, 2009, this takes into consideration the differences between French and foreign tax rates, which lower effective tax rate by 6%. As of June 30, 2009, this impact was partially offset in certain countries by tax loss carryforwards which had not been used or recognized due to the level of business activity.

26. EARNINGS PER SHARE

	June 30, 2010	Dec. 31, 2009	June 30, 2009
Group share of net profit *(EUR millions)*	**1,050**	**1,755**	**687**
Average number of shares in circulation during the period	489,924,303	490,076,711	489,945,015
Average number of treasury shares owned during the period	(14,017,161)	(16,479,636)	(16,706,404)
Average number of shares on which the calculation before dilution is based	**475,907,142**	**473,597,075**	**473,238,611**
Basic Group share of earnings per share *(EUR)*	**2.21**	**3.71**	**1.45**

Average number of shares on which the above calculation is based	475,907,142	473,597,075	473,238,611
Dilution effect of stock option plans	3,171,373	1,240,950	672,980
Other dilution effects	-	-	-
Average number of shares in circulation after dilution	**479,078,515**	**474,838,025**	**473,911,591**
Diluted Group share of earnings per share *(EUR)*	**2.19**	**3.70**	**1.45**

27. LITIGATION

No developments occurred during the six-month period under review regarding legal proceedings to which the Group was party as of December 31, 2009. Moreover, no governmental, judicial or arbitration proceedings likely to have a significant impact on the financial position of the Group were initiated during the six-month period.

28. RELATED PARTIES

In the first half of 2010, relationships between the LVMH group and its related parties remained comparable with those of fiscal year 2009.

In particular, no transactions of unusual types and amounts occurred during the period.

29. SUBSEQUENT EVENTS

On June 30, 2010, the Group signed a memorandum of understanding to acquire a 70% stake in the share capital of Sack's, the leading online retailer of perfumes and cosmetics in Brazil and one of the country's leading beauty product distributors. This acquisition will be definitive on October 31, 2010 at the latest, when certain conditions precedent are fulfilled.

STATUTORY AUDITORS' REVIEW REPORT

STATUTORY AUDITORS' REVIEW REPORT

To the Shareholders,

In compliance with the assignment entrusted to us by the Shareholders' Meeting and in accordance with the requirements of 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, 2010;
- 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 are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

2. SPECIFIC 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, July 27, 2010

The Statutory Auditors
French original signed by

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

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

LVMH MOËT HENNESSY.LOUIS VUITTON SA

SIMPLIFIED ACCOUNTING INFORMATION

INCOME STATEMENT

Income / (Expenses) *(EUR millions - French accounting principles)*	**June 30, 2010**	Dec. 31, 2009	June 30, 2009
Income from investments and other revenue	1,083	1,262	998
Operating income before tax	540	1,012	886
Net exceptional items	1,120	(591)	(88)
Income taxes	152	15	10
Net profit	1,812	436	808

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, 2009 before appropriation of 2009 net profit	**1,910**	**388**	**195**	**2,944**	**(166)**	**436**	**5,707**
Appropriation of 2009 net profit	-	-	-	436	-	(436)	-
Dividend: final dividend	-	-	-	(808)	166	-	(642)
Impact of treasury shares	-	-	-	23	-	-	23
Exercise of share subscription options	36	-	-	-	-	-	36
Retirement of LVMH shares	(67)	-	-	-	-	-	(67)
Net profit for the six-month period	-	-	-	-	-	1,812	1,812
As of June 30, 2010	**1,879**	**388**	**195**	**2,595**	**-**	**1,812**	**6,869**

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 consolidated financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company and of all consolidated companies, and that the interim management report presented on page 4 gives a true and fair picture of the significant events during the period and their impact on the financial statements, of the main related party transactions as well a as a description of the main risks and uncertainties faced by all of these entities for the remaining six months of the fiscal year.

Paris, July 27, 2010

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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