LVMH

MOËT HENNESSY . LOUIS VUITTON

TRANSLATION OF THE FRENCH INTERIM FINANCIAL REPORT

SIX-MONTH PERIOD ENDED JUNE 30, 2015

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

EXECUTIVE AND SUPERVISORY BODIES; STATUTORY AUDITORS

Board of Directors

Bernard Arnault
Chairman and Chief Executive Officer

Pierre Godé
Vice-Chairman

Antonio Belloni
Group Managing Director

Antoine Arnault

Delphine Arnault

Nicolas Bazire

Bernadette Chirac [a]

Nicholas Clive Worms [a]

Charles de Croisset [a]

Diego Della Valle [a]

Albert Frère [a]

Marie-Josée Kravis [a]

Lord Powell of Bayswater

Marie-Laure Sauty de Chalon [a]

Yves-Thibault de Silguy [a]

Francesco Trapani

Hubert Védrine [a]

Advisory Board members

Paolo Bulgari

Patrick Houël

Felix G. Rohatyn

Executive Committee

Bernard Arnault
Chairman and Chief Executive Officer

Antonio Belloni
Group Managing Director

Nicolas Bazire
Development and acquisitions

Michael Burke
Louis Vuitton

Chantal Gaemperle
Human resources

Jean-Jacques Guiony
Finance

Christopher de Lapuente
Sephora

Christophe Navarre
Moët Hennessy

Daniel Piette
Investment funds

Pierre-Yves Roussel
LVMH Fashion Group

Philippe Schaus
DFS

Jean-Baptiste Voisin
Strategy

General secretary

Marc-Antoine Jamet

Performance Audit Committee

Yves-Thibault de Silguy [a]
Chairman

Nicholas Clive Worms [a]

Charles de Croisset [a]

Nominations and Compensation Committee

Albert Frère [a]
Chairman

Charles de Croisset [a]

Yves-Thibault de Silguy [a]

Statutory Auditors

DELOITTE & ASSOCIÉS
represented by Thierry Benoit

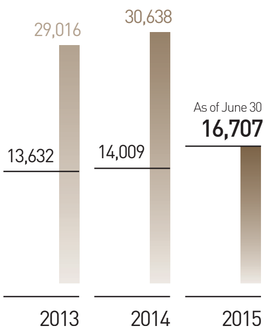
ERNST & YOUNG et Autres
represented by Jeanne Boillet and Gilles Cohen

(a) Independent Director.

FINANCIAL HIGHLIGHTS

Revenue

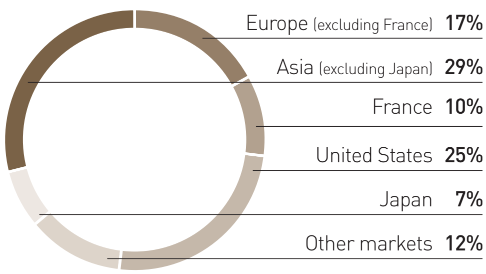
(As of June 30 and December 31, EUR millions)



Revenue by business group *(EUR millions)*	June 30, 2015	Dec. 31, 2014	June 30, 2014
Wines and Spirits	1,930	3,973	1,677
Fashion and Leather Goods	5,933	10,828	5,030
Perfumes and Cosmetics	2,159	3,916	1,839
Watches and Jewelry	1,552	2,782	1,266
Selective Retailing	5,291	9,534	4,382
Other activities and eliminations	(158)	(395)	(185)
Total	**16,707**	**30,638**	**14,009**

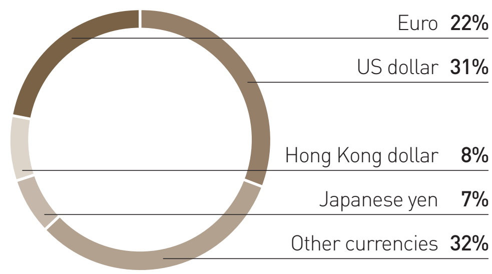
Revenue by geographic region of delivery

(As of June 30, 2015)



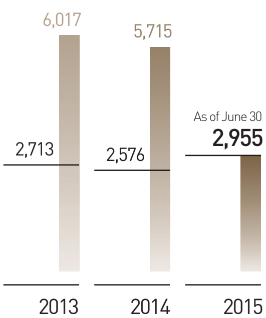
Revenue by invoicing currency

(As of June 30, 2015)



Profit from recurring operations

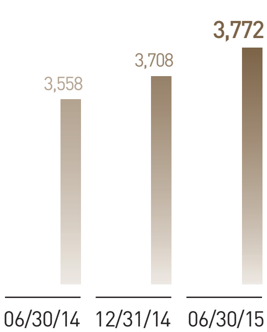
(As of June 30 and December 31, EUR millions)



Profit from recurring operations by business group *(EUR millions)*	June 30, 2015	Dec. 31, 2014	June 30, 2014
Wines and Spirits	482	1,147	461
Fashion and Leather Goods	1,661	3,189	1,487
Perfumes and Cosmetics	248	415	204
Watches and Jewelry	205	283	107
Selective Retailing	428	882	398
Other activities and eliminations	(69)	(201)	(81)
Total	**2,955**	**5,715**	**2,576**

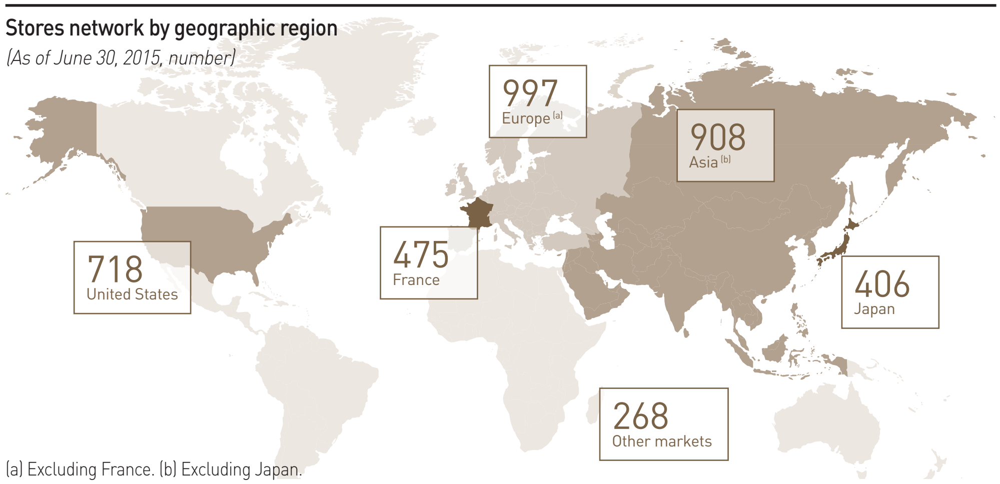
Stores

(number)



Stores network by geographic region

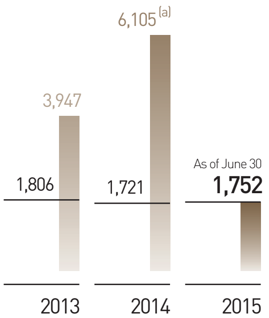
(As of June 30, 2015, number)



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

Net profit

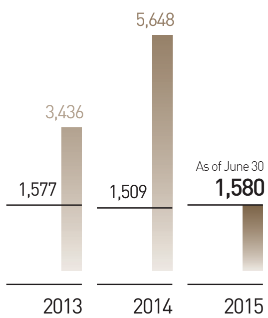
(As of June 30 and December 31, EUR millions)



(a) Of which 2,677 million euros (i.e. 5.34 euros per share) resulting from the distribution of Hermès shares. See Note 8 of the 2014 consolidated financial statements.

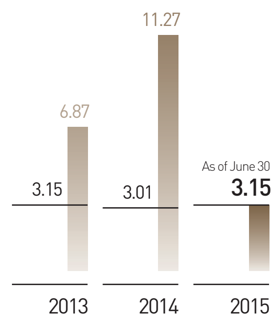
Net profit, Group share

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



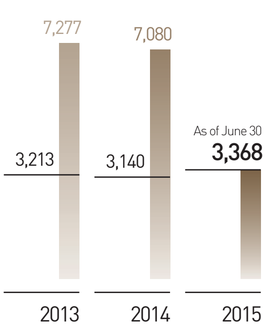
Basic Group share of net earnings per share

(As of June 30 and December 31, EUR)



Cash from operations before changes in working capital [a]

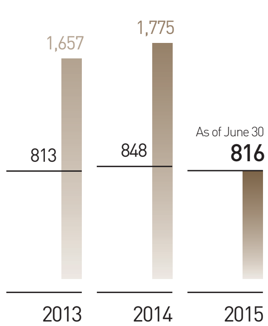
(As of June 30 and December 31, EUR millions)



(a) Before interest and tax paid.

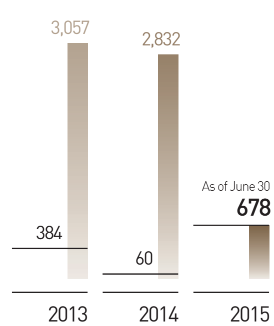
Operating investments

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



Free cash flow [a]

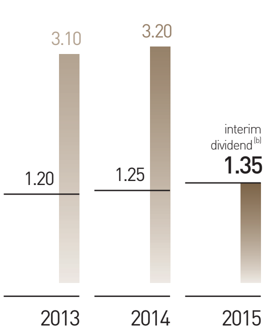
(As of June 30 and December 31, EUR millions)



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

Dividend per share [a]

(EUR)

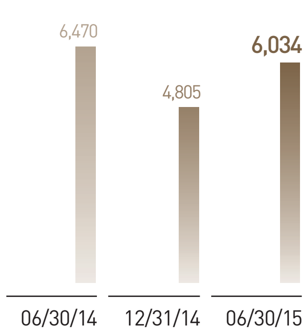


(a) Gross amount paid for fiscal year, excluding the impact of regulations applicable to the beneficiary.

(b) Paid in December 2015.

Net financial debt [a]

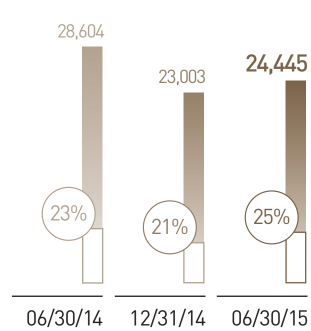
(EUR millions)



(a) Excluding purchase commitments for minority interests included in Other non-current liabilities. See Note 18 of notes to the condensed consolidated financial statements for definition of net financial debt.

Total equity and Financial debt/Total equity ratio

(EUR millions and percentage)



HIGHLIGHTS AND OUTLOOK

Highlights of the first half of 2015 include:

- solid growth in Europe and the United States;
- strong positive exchange rate effect;
- good performance from Wines and Spirits in all global regions with the exception of China, impacted by the continued destocking of distributors;
- major success of new products at Louis Vuitton, where profitability remains at an exceptional level;
- continued investment in the fashion brands;
- excellent performance at Parfums Christian Dior;
- Strong growth in Bvlgari's results and the continued repositioning of TAG Heuer on its core offering;
- remarkable momentum at Sephora which is strengthening its position in all operating regions and in the digital universe;
- DFS continues to be impacted by the currency and geopolitical environment in Asia;
- cash from operations before changes in working capital of 3.4 billion euros;
- net debt to equity ratio of 25% as of the end of June 2015.

CAPITAL AND VOTING RIGHTS

Distribution as of June 30, 2015	Number of shares	Number of voting rights [(a)]	% of capital	% of voting rights
Arnault family group	236,512,763	455,779,021	46.56%	62.21%
Other	271,428,528	276,900,568	53.44%	37.79%
Total	**507,941,291**	**732,679,589**	**100.00%**	**100.00%**

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

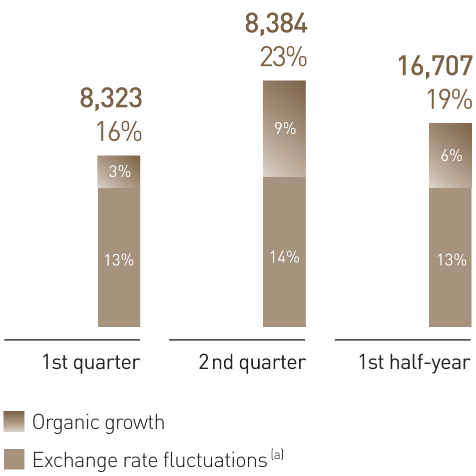
BUSINESS REVIEW AND COMMENTS ON THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS OF LVMH GROUP

1. COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

1.1. Analysis of revenue

Change in revenue per quarter

(EUR millions and percentage)



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

Consolidated revenue for the period ended June 30, 2015 was 16,707 million euros, up 19% over the same period in 2014. It was favorably impacted by the appreciation of the Group's main invoicing currencies against the euro, in particular the US dollar, which appreciated by 19%.

No changes have been made in the Group's scope of consolidation since January 1, 2015.

On a constant consolidation scope and currency basis, revenue increased by 6%.

Revenue by invoicing currency

(as percentage)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Euro	22	23	23
US dollar	31	29	28
Japanese yen	7	7	7
Hong Kong dollar	8	8	8
Other currencies	32	33	34
TOTAL	**100**	**100**	**100**

With respect to June 30, 2014, the breakdown of revenue by invoicing currency changed significantly: the contribution of the US dollar rose by 3 points while the contribution of the euro and that of other currencies fell by 1 point and 2 points, respectively, to 22% and 40%. The contribution of the Japanese yen remained at 7%.

Revenue by geographic region of delivery

(as percentage)	June 30, 2015	Dec. 31, 2014	June 30, 2014
France	10	10	10
Europe (excluding France)	17	19	18
United States	25	24	23
Japan	7	7	7
Asia (excluding Japan)	29	29	31
Other markets	12	11	11
TOTAL	**100**	**100**	**100**

By geographic region of delivery, the relative contribution of Asia (excluding Japan) to Group revenue declined by 2 points and by 1 point for Europe (excluding France) to 29% and 17% respectively, whereas the United States and Other markets witnessed their relative contribution increase by 2 points and 1 point to 25% and 12% respectively. France and Japan remained stable at 10% and 7% respectively.

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

Revenue by business group

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Wines and Spirits	1,930	3,973	1,677
Fashion and Leather Goods	5,933	10,828	5,030
Perfumes and Cosmetics	2,159	3,916	1,839
Watches and Jewelry	1,552	2,782	1,266
Selective Retailing	5,291	9,534	4,382
Other activities and eliminations	(158)	(395)	(185)
TOTAL	**16,707**	**30,638**	**14,009**

By business group, the breakdown of Group revenue remained unchanged. The contribution of Fashion and Leather Goods held steady at 36%; Selective Retailing remained at 32%; and Perfumes and Cosmetics, Wines and Spirits, and Watches and Jewelry came to 13%, 12% and 9% respectively.

Wines and Spirits saw an increase in revenue of 15% based on published figures. Revenue for this business group increased by 2% on a constant consolidation scope and currency basis, with the net impact of exchange rate fluctuations raising Wines and Spirits revenue by 13 points. This performance was mainly driven by higher volumes. Demand remained very strong in the United States and Europe, with China still the second-largest market for the Wines and Spirits business group.

Fashion and Leather Goods posted organic revenue growth of 5%, and 18% based on published figures. This business group's performance continued to benefit from gains made by Louis Vuitton. Fendi, Céline, Kenzo, Givenchy and Berluti confirmed their potential for strong growth as of June 30, 2015.

Revenue for Perfumes and Cosmetics increased by 6% on a constant consolidation scope and currency basis, and by 17% based on published figures. All of this business group's brands performed well. This performance confirmed the effectiveness of the value-enhancing strategy resolutely pursued by the Group's brands in the face of competitive pressures spawned by the economic crisis. The Perfumes and Cosmetics business group saw appreciable revenue growth in the United States and Asia, notably China.

Revenue for Watches and Jewelry increased by 10% on a constant consolidation scope and currency basis, and by 23% based on published figures. This business group was boosted by the very strong momentum of Bvlgari throughout the world and by a very robust performance delivered by Chaumet and Hublot. For all of the business group's brands, Europe and Japan were the most dynamic regions.

Revenue for Selective Retailing increased by 5% on a constant consolidation scope and currency basis and by 21% based on published figures. This performance was driven by Sephora, which generated very appreciable growth in revenue across all world regions.

1.2. Profit from recurring operations

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Revenue	16,707	30,638	14,009
Cost of sales	(5,881)	(10,801)	(4,828)
Gross margin	10,826	19,837	9,181
Marketing and selling expenses	(6,601)	(11,744)	(5,483)
General and administrative expenses	(1,267)	(2,373)	(1,119)
Income (loss) from investments in joint ventures and associates	(3)	(5)	(3)
Profit from recurring operations	**2,955**	**5,715**	**2,576**
Operating margin *(%)*	**17.7**	**18.7**	**18.4**

The Group achieved a gross margin of 10,826 million euros, up 18% compared to the first half of 2014. As a percentage of revenue the gross margin was 65%, a decrease of 1 point compared to the first half of 2014.

Marketing and selling expenses totaled 6,601 million euros, up 20% based on published figures, amounting to an 8% increase on a constant consolidation scope and currency basis. This increase was mainly due to the development of retail networks, but also to higher communications investments especially in Perfumes and Cosmetics, and Fashion and Leather Goods. The level of these expenses rose by 1 point as a percentage of revenue, amounting to 40%. Among these marketing and selling expenses, advertising and promotion costs amounted to 11% of revenue, an increase of 6% on a constant consolidation scope and currency basis.

The geographic breakdown of stores was as follows:

(number)	June 30, 2015	Dec. 31, 2014	June 30, 2014
France	475	467	457
Europe (excluding France)	997	995	969
United States	718	708	695
Japan	406	412	384
Asia (excluding Japan)	908	870	813
Other markets	268	256	240
Total	**3,772**	**3,708**	**3,558**

General and administrative expenses totaled 1,267 million euros, up 13% based on published figures, and up 4% on a constant consolidation scope and currency basis. They amounted to 8% of revenue, a stable percentage with respect to June 30, 2014.

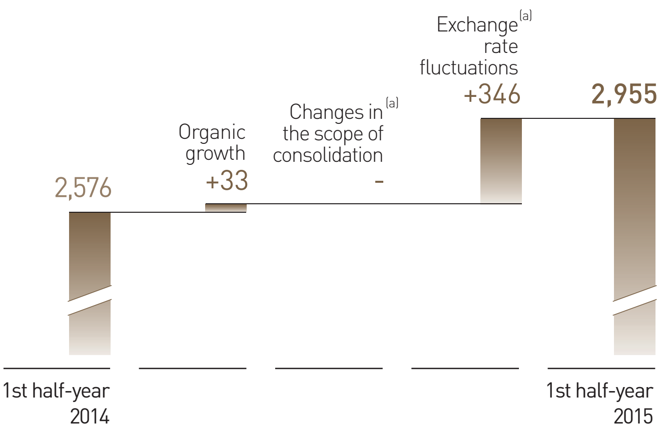
Profit from recurring operations by business group

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Wines and Spirits	482	1,147	461
Fashion and Leather Goods	1,661	3,189	1,487
Perfumes and Cosmetics	248	415	204
Watches and Jewelry	205	283	107
Selective Retailing	428	882	398
Other activities and eliminations	(69)	(201)	(81)
Total	**2,955**	**5,715**	**2,576**

The Group's profit from recurring operations was 2,955 million euros, up 15%. The Group's operating margin as a percentage of revenue was 17.7%, down 0.7 points compared with June 30, 2014.

Profit from recurring operations

(EUR millions)



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

Exchange rate fluctuations had a positive overall impact of 346 million euros on profit from recurring operations compared to June 30, 2014. This total comprises the following three items: the impact of exchange rate fluctuations on export and import sales and purchases by Group companies, the change in the net impact of the Group's policy of hedging its commercial exposure to various currencies, and the impact of exchange rate fluctuations on the consolidation of profit from recurring operations of subsidiaries outside the euro zone. On a constant consolidation scope, currency and foreign exchange hedging basis, the Group's profit from recurring operations was up 1% compared to June 30, 2014.

Wines and Spirits

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Revenue *(EUR millions)*	1,930	3,973	1,677
Profit from recurring operations *(EUR millions)*	482	1,147	461
Operating margin *(%)*	25.0	28.9	27.5

Profit from recurring operations for Wines and Spirits was 482 million euros, up 5%. Champagne and wines contributed 169 million euros while cognac and spirits accounted for 313 million euros. Higher sales volumes and control of costs helped limit the effects related to lower business activity in China.

Fashion and Leather Goods

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Revenue *(EUR millions)*	5,933	10,828	5,030
Profit from recurring operations *(EUR millions)*	1,661	3,189	1,487
Operating margin *(%)*	28.0	29.5	29.6

Fashion and Leather Goods posted profit from recurring operations of 1,661 million euros, up 12% with respect to June 30, 2014. Profit from recurring operations for Louis Vuitton substantially increased, while Céline, Kenzo, Givenchy and Fendi confirmed their profitable growth momentum. Donna Karan and Marc Jacobs continued their creative reinforcement by focusing on repositioning their collections. The business group's operating margin as a percentage of revenue fell by 1.6 points to 28%.

Perfumes and Cosmetics

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Revenue *(EUR millions)*	2,159	3,916	1,839
Profit from recurring operations *(EUR millions)*	248	415	204
Operating margin *(%)*	11.5	10.6	11.1

Profit from recurring operations for Perfumes and Cosmetics was 248 million euros, up 22% compared to the first half of 2014. This growth was driven by Parfums Christian Dior, Benefit, Guerlain and Make Up For Ever, all of which posted improved results thanks to the success of their flagship product lines and strong innovative momentum. The business group's operating margin as a percentage of revenue rose from 11.1% to 11.5%.

Watches and Jewelry

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Revenue *(EUR millions)*	1,552	2,782	1,266
Profit from recurring operations *(EUR millions)*	205	283	107
Operating margin *(%)*	13.2	10.2	8.5

Profit from recurring operations for Watches and Jewelry was 205 million euros, a 91% increase.

This upsurge was the result of the excellent performance posted by Bvlgari, which saw its profit double over the period, leading to a 4.8 point increase in the business group's operating margin as a percentage of revenue, which came to 13.2%.

Selective Retailing

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Revenue *(EUR millions)*	5,291	9,534	4,382
Profit from recurring operations *(EUR millions)*	428	882	398
Operating margin *(%)*	8.1	9.3	9.1

Profit from recurring operations for Selective Retailing was 428 million euros, up 7% compared to the first half of 2014. The business group's operating margin as a percentage of revenue fell by 1 point to 8.1%.

Other activities

The net result from recurring operations of Other activities and eliminations was a loss of 69 million euros, a slight improvement with respect to the first half of 2014. In addition to headquarters expenses, this heading includes the results of the Media division and those of the yacht builder Royal Van Lent.

1.3. Other income statement items

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Profit from recurring operations	2,955	5,715	2,576
Other operating income and expenses	(64)	(284)	(49)
Operating profit	2,891	5,431	2,527
Net financial income (expense)	(259)	2,947	(50)
Income taxes	(880)	(2,273)	(756)
Net profit before minority interests	**1,752**	**6,105**	**1,721**
Minority interests	(172)	(457)	(212)
Net profit, Group share	**1,580**	**5,648**	**1,509**

Other operating income and expenses amounted to a net expense of 64 million euros, compared to a net expense of 49 million euros in the first half of 2014. In the first half of 2015, Other operating income and expenses included 30 million euros in restructuring costs, mainly concerning the Fashion and Leather Goods businesses. The balance of Other operating income and expenses mainly comprised amortization and impairment charges for brands and goodwill.

The Group's operating profit was 2,891 million euros, up 14% compared to the first half of 2014.

The net financial expense as of June 30, 2015 was 259 million euros, compared with a net financial expense of 50 million euros as of June 30, 2014. This item comprises:

- the aggregate cost of net financial debt, which amounted to 52 million euros, up slightly compared to the first half of 2014. The favorable change in interest expense arising from lower interest rates was more than offset by the increase in the average amount of debt outstanding;
- other financial income and expenses, which amounted to a net expense of 207 million euros as of June 30, 2015, compared to a nil amount as of June 30, 2014. This change arose from the increased expense related to the ineffective portion of foreign exchange derivatives, which was an expense of 296 million euros as of end-June 2015, versus an expense of 67 million euros as of end-June 2014; the sharp appreciation of the US dollar with respect to the euro led the Group to adapt its derivatives portfolio over the half-year period;
- other income and expenses from financial instruments amounted to net income of 89 million euros, up 22 million euros from 67 million euros a year earlier. In June 2015, this mainly arose from net gains on sales of short-term investments; in June 2014 they included dividends received for 74 million euros, mainly related to the shareholding in Hermès.

The Group's effective tax rate for the half-year period ended June 30, 2015 was 33%, up 3 points with respect to the first half of 2014. The favorable impact on the effective tax rate arising from the difference between French and foreign tax rates fell from 7 points at June 30, 2014 to 5 points at June 30, 2015, due to the change in the geographic breakdown of the Group's activities.

Profit attributable to minority interests was 172 million euros, compared to 212 million euros in the first half of 2014; this total mainly includes profit attributable to minority interests in Moët Hennessy and DFS.

The Group's share of net profit was 1,580 million euros, up 5% compared to the half-year period ended June 30, 2014. It amounted to 9% of revenue in the first half of 2015, down 2 points compared to the period ended June 30, 2014.

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

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

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

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

2. WINES AND SPIRITS

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Revenue *(EUR millions)*	**1,930**	**3,973**	**1,677**
Of which: Champagne and wines	*830*	*1,985*	*723*
Cognac and spirits	*1,100*	*1,988*	*954*
Sales volume *(millions of bottles)*			
Champagne	22.5	59.6	21.8
Cognac	34.7	70.4	32.6
Other spirits	8.2	17.3	8.1
Still and sparkling wines	17.7	45.1	17.8
Revenue by geographic region of delivery *(%)*			
France	5	6	5
Europe (excluding France)	16	21	17
United States	31	27	26
Japan	6	6	6
Asia (excluding Japan)	27	24	31
Other markets	15	16	15
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**482**	**1,147**	**461**
Operating margin *(%)*	**25.0**	**28.9**	**27.5**
Operating investments of the period *(EUR millions)*	**87**	**152**	**50**

Highlights

Product excellence, the strong dynamic of innovation at LVMH's wines and spirits brands, and the responsive distribution network of Moët Hennessy drove sales growth in a mixed market environment. Business in the first half of the year was marked by strong performances in the United States and Japan, coupled with rebounding sales in Europe, while destocking by distributors in China continued to weigh on sales of higher-grade cognacs.

Champagne volumes were up 3%. Reflecting the Maisons' value-driven strategy, prestige cuvées recorded good growth. **Moët & Chandon** innovated and reinforced its place in the nightlife segment with the first luminous champagne bottles. The brand recorded an acceleration in sales of its premium quality grades. **Dom Pérignon** had a good half-year, marked by the launch of two vintages, Dom Pérignon *Vintage Rosé 2004* and the exceptional Dom Pérignon *Vintage 2005*. The brand initiated a three-year partnership with the elBulli Foundation to showcase its uniqueness and craft a one-of-a-kind tasting experience. **Veuve Clicquot** benefited from the recovery observed in Europe, while also continuing its advances in the United States and Japan. Launched in April, Veuve Clicquot *Rich* is the first champagne designed for mixing, and has been very successful on the first markets to offer it. **Krug** turned in a fine performance and enhanced its brand reach with several stand-out events such as the celebration of its 170th *Grande Cuvée*. **Ruinart** continued to expand in all regions and further illustrated its engagement on behalf of contemporary art. **Mercier** expanded its range with a new premium cuvée, Mercier *Blanc de Noirs*.

The sales of **Estates & Wines** progressed strongly. The new **Chandon** wineries in Ningxia, China and Nashik, India became fully operational, with their storehouses and cellars taking in their first grapes. **Cloudy Bay** harvested its first Pinot Noir grapes at its Northburn vineyard in Central Otago on New Zealand's South Island.

Faced with destocking by distributors in China, **Hennessy** capitalized on robust growth in its other markets, registering renewed organic sales growth in the second quarter and a 6% increase in volumes over the first-half. It showed particularly significant momentum in the other Asian countries, where Hennessy has a great deal of brand power, and particularly in the United States, where the success of the *Very Special* campaign lined up with a drive to develop the entire portfolio. Hennessy's 250th anniversary served as an exceptional sounding box for communicating with consumers and the media through numerous international events and the marketing of a limited-edition cuvée. In support of its long-term growth, Hennessy initiated an ambitious investment plan notably including the construction of a new bottling and dispatch facility.

Driven by their policy of quality and innovation, **Glenmorangie** and **Ardbeg** whiskies continued to deliver strong growth. They further enhanced their reputation by winning prestigious international awards. **Belvedere** vodka remained very robust, successfully leading the high-end nightlife segment.

Outlook

The Wines and Spirits business group will continue to capitalize on the power and exceptional quality of its portfolio of brands, as well as on its responsive distribution network, to consolidate its positions in major consumer countries and widen its lead in emerging markets. It will maintain its value strategy with a special emphasis on innovation, building the image and appeal of its brands, and striving to give customers a truly unique experience. The second half of the year will feature many new product launches and events. While the destocking by distributors in China continues to impact high-quality grade cognacs, Hennessy should see a rebound in VSOP shipments in the region and benefit from the significant vibrancy of other Asian countries and the US market.

3. FASHION AND LEATHER GOODS

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Revenue *(EUR millions)*	5,933	10,828	5,030
Revenue by geographic region of delivery *(%)*			
France	9	8	8
Europe (excluding France)	21	21	20
United States	21	21	18
Japan	11	11	12
Asia (excluding Japan)	29	30	31
Other markets	9	9	11
TOTAL	100	100	100
Type of revenue as a percentage of total revenue (excluding Louis Vuitton)			
Retail	59	58	56
Wholesale	38	40	41
Licenses	3	2	3
Total	100	100	100
Profit from recurring operations *(EUR millions)*	1,661	3,189	1,487
Operating margin *(%)*	28.0	29.5	29.6
Operating investments of the period *(EUR millions)*	280	585	274
Number of stores	1,550	1,534	1,477

Highlights

Louis Vuitton continued to illustrate its creative dynamic in all its collections. Leather goods once again posted solid growth, especially for handbags, with recent models and highly effective launches. This growth reflects the good balance sought between the legendary *Monogram* – as dynamic as ever and a constant source of inspiration – and leather lines such as the timeless *Capucines*. The new creative chapter begun with Nicolas Ghesquière has helped enhance the brand's reach. The first half of the year featured two shows at emblematic locations: the Autumn-Winter 2015 collection at the Fondation Louis Vuitton in Paris and the *Croisière* show at the villa of Bob and Dolores Hope in Palm Springs, California. Louis Vuitton's communication strategy is based on regular, consistent campaigns supplemented by compelling initiatives surrounding launches, store openings and artistic events throughout the world. This summer, the Fondation Louis Vuitton presented its first "beyond the walls" exhibition in Beijing. The Maison also strengthened its partnership with the America's Cup, the most prestigious international yachting competition.

Fendi recorded strong growth and gained market share in all world regions. The Rome-based brand continued to enhance its appeal by cultivating its image of audacity, refinement and sophistication. It showed excellent momentum across all its product categories, especially leather goods and accessories. The new boutique concept continued its successful roll-out. In 2015, Fendi celebrated 50 years of creative collaboration with Karl Lagerfeld and inaugurated its new headquarters at the Palazzo della Civiltà Italiana, an emblematic building in Rome.

Backed by its expertise and its exclusive sources of supplies in the noblest natural resources, and buoyed by the excellence of its savoir-faire in textiles and its creations in ready-to-wear, footwear and accessories, **Loro Piana** continued to grow. Its boutique network turned in a strong performance, especially in Paris, New York, Chicago, Venice, Tokyo and Taiwan. New stores were opened in Frankfurt and Macao.

Boosted by all its product categories, **Céline** turned in a solid performance and continued the selective development of its distribution network. Its iconic *Luggage* line remained in great demand. Ready-to-wear and footwear continued to vigorously reaffirm the brand's identity, associated with modernity and quality.

Givenchy and **Kenzo** boosted their momentum with heightened visibility and creativity, and a high revenue growth rate. **Berluti** posted excellent performance in Europe and Japan and strengthened its core business with the opening of its new footwear workshop in Ferrara.

Loewe enjoyed a boost from the very positive response to its new Artistic Director Jonathan Anderson's collections and the successful launch of the *Puzzle* bag, which perfectly incarnates the Spanish Maison's creativity and its exceptional savoir-faire in leatherworking. **Pucci** welcomed a new Creative Director, Massimo Giorgetti. **Donna Karan** and **Marc Jacobs** continued their creative reinforcement by focusing on repositioning their collections in the contemporary fashion segment. **Thomas Pink** recorded robust growth in its online sales.

Outlook

Louis Vuitton will maintain its creative momentum, with solid growth prospects for handbags, travel goods and leather accessories. The Maison's image will be enhanced by new events at emblematic locations. One of these highlights is the opening of the Louis Vuitton Galerie in Asnières, located on the grounds of the family home and workshop where Louis Vuitton himself refined his savoir-faire and where the most exceptional pieces are created. Louis Vuitton will also continue the quality-driven development of its network of stores, always seeking to provide its customers with a fascinating creative universe and exceptional service.

In July, **Fendi** will present its Fashion Furs collection for the first time during the Haute Couture segment of Paris Fashion Week. A number of launches are slated to take place by the end of the year, as are openings such as that of the Palazzo Fendi store in Rome.

By focusing on their specific targets, all the fashion brands will continue to reinforce their positioning, the creativity of their collections and the excellence of their distribution.

4. PERFUMES AND COSMETICS

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Revenue *(EUR millions)*	**2,159**	**3,916**	**1,839**
Revenue by product category *(%)*			
Perfumes	38	43	41
Make-up	42	39	40
Skincare products	20	18	19
Total	**100**	**100**	**100**
Revenue by geographic region of delivery *(%)*			
France	12	13	13
Europe (excluding France)	25	30	29
United States	14	13	12
Japan	4	4	4
Asia (excluding Japan)	30	26	26
Other markets	15	14	16
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**248**	**415**	**204**
Operating margin *(%)*	**11.5**	**10.6**	**11.1**
Operating investments of the period *(EUR millions)*	**101**	**221**	**92**
Number of stores	**175**	**162**	**139**

Highlights

The Perfumes and Cosmetics business group recorded good revenue growth and new market share gains. The LVMH Maisons continued to capitalize on the vitality of their emblematic product lines, their firm policy of innovation and differentiation, and major investments in communication.

Parfums Christian Dior again demonstrated remarkable momentum. The brand boosted its ascent by cultivating its status as one of the great perfume houses and reinforcing its ties to Couture. In perfumes, Dior enjoyed the growth of its three global mainstays: *J'adore*, which continued to gain market share; *Miss Dior*, uplifted by its new communications featuring Natalie Portman; and *Dior Homme*, which is taking strong positions in the world's main regions. *La Collection Privée Christian Dior*, which embodies the excellence of its Perfumer's savoir-faire, welcomed a new addition. Make-up stood out internationally, driven by its connection to fashion, bold creative choices and successful innovations such as *Diorskin Nude Air Foundation Serum* and *Rouge Brillant*. Skincare benefited from the performance of *Prestige*, notably in Asia, and the international success of *Dreamskin*, whose launch in China generated unprecedented results.

In February, **Guerlain** inaugurated its new cosmetics manufacturing site, La Ruche, in Chartres. The site represents an investment by Guerlain in growth for the decades to come, as well as a reaffirmation of its French identity and a demonstration of its environmental and social commitment. The fragrance *La Petite Robe Noire*, firmly positioned at number two on the French market, also performed well internationally. The brand's development in Asia was driven by skincare, in particular the very robust growth of *Abeille Royale*, whose Face Treatment Oil and Serum proved highly successful. The Maison at 68 Champs-Élysées, a perfect incarnation of Guerlain's vision of excellence and prestige, offered a unique experience, from exclusive never-before-seen products to personal pampering at its in-house Institute.

Parfums Givenchy was buoyed by the achievements of the fragrances *Gentlemen Only* and *Dahlia Divin* and by the growth of the *Le Makeup* make-up line and its lipstick range. **Kenzo Parfums** benefited from the success of *Jeu d'Amour*, launched in 2014, consolidated the positions of its mainstay *Flower by Kenzo* and increased sales of its *Kenzoki* skincare line.

Benefit confirmed its robust momentum. The US brand's latest major innovation, *Roller Lash* curling mascara, was a tremendous success and reinforced the leading position already earned with its *They're Real!* lengthening mascara. **Make Up For Ever** recorded a nice acceleration in growth, helped along by business in the United States and Middle East. The brand celebrated its launch in the United Kingdom. **Fresh** had several major product launches, notably in its lotus-based range, and opened stores in Singapore and Thailand. **Acqua di Parma** debuted its *Rosa Nobile* fragrance internationally after launching it in 2014.

Outlook

The LVMH brands are setting new market share targets for 2015. In September, ten years after *Dior Homme*, **Parfums Christian Dior** will launch a new, globally driven men's fragrance with a universally recognized brand ambassador, Johnny Depp. The brand will innovate in make-up and skincare, notably with the reinvention of the *Dior Addict Lipstick* worn by Jennifer Lawrence, an icon of the younger generation, and a powerful new approach to the iconic *Prestige* range of skin creams. News for **Guerlain** will include the international launch of *L'Homme Idéal Cologne* and the unveiling of new make-up products and skincare offerings in the *Orchidée Impériale* and *Abeille Royale* ranges. Numerous other launches will take shape in the months to come across all the business group's brands and new stores will be opened in key cities, helping to make 2015 quite an eventful year.

5. WATCHES AND JEWELRY

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Revenue *(EUR millions)*	1,552	2,782	1,266
Revenue by geographic region of delivery *(%)*			
France	7	6	6
Europe (excluding France)	25	27	26
United States	10	12	12
Japan	14	13	13
Asia (excluding Japan)	27	26	26
Other markets	17	16	17
Total	100	100	100
Profit from recurring operations *(EUR millions)*	205	283	107
Operating margin *(%)*	13.2	10.2	8.5
Operating investments of the period *(EUR millions)*	102	191	93
Number of stores	390	380	366

Highlights

The Watches and Jewelry business group recorded robust growth, mainly fueled by the strong performance of jewelry. Own-brand boutiques made solid progress, driven by the success of their iconic lines and the creativity of their new products. Wholesale activities were slowed by the cautious behavior of multi-brand watch retailers in an uncertain economic and monetary environment. LVMH brands remained committed to raising their profile with sustained investments in communication and implemented a selective store opening and renovation plan.

Bvlgari saw markedly rapid growth, particularly in China, the Middle East and Europe, thanks to the success of its flagship jewelry lines *Bvlgari Bvlgari*, *Serpenti*, *B.zero1* and *Diva*, and new extensions such as *BB Cuore* and *Divissima*. The Watches business was just as dynamic, boosted by the confirmed success of its *Lucea* women's line and *Octo* men's line, and by the excellent welcome received at Baselworld by the *Diagono Magnesium*. The remarkable performance of its own stores came as a reward for the continued efforts made to open, enhance and enrich the offering of boutiques rolled out by the Maison. The Canton Road store in Hong Kong, which opened in January, has already asserted itself as one of Bvlgari's premier locations. An exhibition in Beijing followed by Shanghai celebrated the Maison's jewelry-making savoir-faire and its singular talent for artful colored gemstone arrangements. A new fine jewelry collection, *Giardini Italiani*, was unveiled in Florence in June.

At Baselworld, **TAG Heuer** presented new creations in its *Carrera*, *Aquaracer* and *Formula 1* flagship collections, accentuating its recentered focus on its core product ranges. The *Carrera Heuer 01* model was particularly well received. The announcement of a partnership with Google and Intel ahead of the upcoming launch of a smartwatch, a perfect illustration of the Maison's pioneering character, generated considerable interest. New partnerships, in particular with soccer champion Cristiano Ronaldo and the model Cara Delevingne, increased brand awareness among its target audiences and boosted its social media presence.

Hublot once again posted solid growth and continued to illustrate its creativity with models presented at Baselworld such as the *Classic Britto*, the *Big Bang Poker Tour* and the *Big Bang Broderie*. The brand raised its profile through a communication program built around the worlds of art – notably with the pianist Lang Lang – and sports, expanding its presence in major global soccer events. The opening of boutiques in Frankfurt, Taipei and Osaka strengthened its retail network.

Zenith celebrated its 150th anniversary and continued to develop its emblematic *El Primero* line. At Baselworld, the Maison presented its new *Elite 6150* movement, a model that exemplifies elegant simplicity and the classic tradition of watchmaking.

Chaumet saw sales increase, particularly in its high-range categories inspired by the unique heritage of this prestigious brand. The roll-out of the *Hortensia* collection continued and the *Joséphine* line confirmed its growth trend. **De Beers** consolidated its position as a benchmark in the diamond segment with original new creations. **Fred** continued to develop its iconic *Force 10* line and opened a new flagship boutique on Rue de la Paix in Paris.

Outlook

The Watches and Jewelry businesses have strong overall growth prospects for the second half of the year. Revenue growth will be fueled by the delivery of new products and sustained by new marketing and communication campaigns. The store network will continue to grow, featuring in particular new points of sale in Moscow and the renovation of the **Bvlgari** store in London. During the summer, **Hublot** will open its second manufacturing facility in Nyon, boosting its production capacity in response to the success of its products. The majority of TAG Heuer's new products will be launched over the coming months, backed by a communication plan targeting the brand's key markets.

6. SELECTIVE RETAILING

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Revenue *(EUR millions)*	**5,291**	**9,534**	**4,382**
Revenue by geographic region of delivery *(%)*			
France	13	15	15
Europe (excluding France)	7	9	8
United States	37	35	34
Japan	2	1	1
Asia (excluding Japan)	32	31	33
Other markets	9	9	9
TOTAL	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**428**	**882**	**398**
Operating margin *(%)*	**8.1**	**9.3**	**9.1**
Operating investments of the period *(EUR millions)*	**140**	**389**	**177**
Number of stores			
Sephora	1,584	1,560	1,499
Other	55	54	59

Highlights

Against the backdrop of a weak yen and euro, and tensions affecting Macao and Hong Kong, **DFS** capitalized on its unique expertise to strengthen its position in travel retail with a number of new store openings and transformations as well as the creation of innovative new concepts. The wines and spirits duplex store that opened at Changi Airport in Singapore set a new benchmark for excellence in this category in terms of customer experience and architecture. A new standalone beauty concept was launched at the Galaxy complex in Macao, and the complex in Causeway Bay in Hong Kong underwent a major overhaul, in response to changing consumer patterns in these key markets. DFS also benefited from hitherto unattained levels of Chinese tourism in Okinawa. The "Loyal T" loyalty program continued its successful implementation, having evolved into a proactive engagement tool to both attract and retain customers.

Starboard Cruise Services continued to benefit from the development of routes in Asia, and to differentiate its in-store offerings by cruise line. The highlights of the half-year were the launch of a new high-capacity ship and the renewal of the contract with Royal Caribbean.

Sephora maintained its double-digit organic revenue growth, driven in particular by its performance in North America, France and the Middle East. It won new market share again in all its key countries and continued expanding, opening 24 stores in the first half of the year. Online sales also grew remarkably and the mobile offering got an additional boost. New geographical segments came into play with the opening of a boutique on the Chinese e-commerce platform JD.com. Sephora maintained its focus on innovation in products, services and digital offerings. Several innovative offerings were floated in the first half of the year, such as 48-hour delivery in the United States and the "Click & Collect" service in France, where products ordered online can be picked up in-store three hours later. These initiatives are intended for wider roll-out, as is the innovative "Beauty To Go" pack of miniature beauty products for travel and day-to-day use.

Le Bon Marché reached a milestone in its modernization plan during the first half of the year, unveiling a very smartly designed shoe department and debuting a new concept in Women's Fashion. More and more Parisians and international travelers became customers, attracted by the store's unique atmosphere and quality of service. These achievements were made possible in part by the success of the loyalty program launched in 2014 as well as new customer outreach initiatives.

Outlook

Over the coming months, **DFS** will strive to optimize the value proposition and composition of its stores' offerings to meet changing consumer preferences and give them an even richer experience. In 2016, the new face of the City of Dreams store in Macao will showcase the company's appetite for innovation and expertise in luxury. As part of its geographical diversification strategy, DFS is actively preparing to open stores in Siem Reap, Cambodia and Venice, Italy, slated for 2016.

Sephora will continue to reinforce the mainstays of its strategy: innovating offerings, newly developed exclusive services, and employee buy-in. It will go on opening new stores at a sustained pace. Two new communication campaigns will be launched in Europe and the United States. In-store digital initiatives will play a wider role, helping to extend Sephora's lead in developing a multi-channel approach. The acquisition of the e-commerce site Luxola, present in Southeast Asia, dovetails with this strategy.

Le Bon Marché will continue the transformation of its Women's Fashion department in order to enhance its profile as a trendsetter and reinforce the unique experience sought by its customers. It will stay true to its other stand-out feature, events, organizing a major show of products and culture in the fall showcasing the unique spirit of the emerging community of Brooklyn.

7. COMMENTS ON THE CONSOLIDATED BALANCE SHEET

(EUR billions)	June 30, 2015	Dec. 31, 2014	Change
Tangible and intangible fixed assets	33.9	32.3	1.6
Other	3.6	3.0	0.6
Non-current assets	**37.5**	**35.3**	**2.2**
Inventories	10.4	9.5	0.9
Other	7.2	8.6	(1.4)
Current assets	**17.6**	**18.1**	**(0.5)**
Assets	**55.1**	**53.4**	**1.7**

(EUR billions)	June 30, 2015	Dec. 31, 2014	Change
Equity	24.4	23.0	1.4
Long-term borrowings	5.2	5.0	0.2
Other non-current liabilities	14.4	13.2	1.2
Equity and non-current liabilities	**44.0**	**41.2**	**2.8**
Short-term borrowings	3.7	4.2	(0.5)
Other	7.4	8.0	(0.6)
Current liabilities	**11.1**	**12.2**	**(1.1)**
Liabilities and equity	**55.1**	**53.4**	**1.7**

As of June 30, 2015, LVMH's consolidated balance sheet totaled 55.1 billion euros, representing a 3% increase from year-end 2014. Non-current assets rose by 2.2 billion euros and represented 68% of total assets, compared with 66% as of year-end 2014.

Tangible and intangible fixed assets grew by 1.6 billion euros, of which 0.9 billion euros was due to exchange rate fluctuations and 0.8 billion euros was due to the increase in goodwill relating to purchase commitments for minority interests. This essentially corresponds to the commitment for the 34% stake held by Diageo plc in Moët Hennessy. The comments on the cash flow statement provide further information about investments for the six-month period, the amount of which is equivalent to depreciation and amortization charges as well as disposals.

The increase in other non-current assets, amounting to 0.6 billion euros, resulted mainly from the increase in deferred tax assets for 0.4 billion euros. Of that amount, 0.3 billion euros was due the de-offsetting of long-term balances, leading to an equivalent increase in deferred tax assets and liabilities, in addition to the effect of fluctuations in exchange rates. The remaining shareholding in Hermès, which corresponded to an amount of 0.1 billion euros as of December 31, 2014, was sold during the six-month period, pursuant to the provisions of the Settlement Agreement entered into with Hermès in 2014.

Inventories increased by 0.9 billion euros. The comments on the cash flow statement provide further information on this change.

Other current assets fell by 1.4 billion euros, mainly due to the reduction in the cash balance.

Other non-current liabilities, totaling 14.4 billion euros, increased by 1.2 billion euros, influenced by the 0.8 billion euro increase in debt relating to purchase commitments for minority interests' shares, as well as the increase in deferred tax liabilities, for 0.4 billion euros, of which 0.3 billion euros resulted from the de-offsetting of certain deferred tax assets and liabilities referred to above and 0.1 billion euros related to exchange rate fluctuations.

Other current liabilities, totaling 7.4 billion euros, were 0.6 billion euros lower, mainly as a result of the reduction in tax and social charge liabilities, and in trade accounts payable, due to the seasonal nature of the Group's business activities.

Net financial debt and equity

(EUR billions)	June 30, 2015	Dec. 31, 2014	Change
Long-term borrowings	5.2	5.0	0.2
Short-term borrowings and derivatives	3.6	4.2	(0.6)
Gross borrowings after derivatives	**8.8**	**9.2**	**(0.4)**
Cash and cash equivalents and current available for sale financial assets	(2.8)	(4.4)	1.6
Net financial debt	**6.0**	**4.8**	**1.2**
Equity	**24.4**	**23.0**	**1.4**
Net financial debt/Total equity ratio	**25%**	**21%**	**4%**

The ratio of net financial debt to equity, which was 21% as of December 31, 2014, rose 4 points to 25%; the rate at which equity grew during the six-month period was lower than that of net financial debt, which is characteristic of the seasonal nature of the Group's business activities.

Total equity amounted to 24.4 billion euros as of June 30, 2015, representing an increase of 1.4 billion euros compared to year-end 2014. Net profit for the six-month period contributed 1.8 billion euros to this increase. In addition to this, an amount of 0.7 billion euros was recorded due to the positive impact of exchange rate fluctuations on the reserves of entities reporting in foreign currency, mainly US dollars, Hong Kong dollars and Swiss francs. The negative impact related to dividends distributed for the six-month period amounted to 1.2 billion euros. As of June 30, 2015, total equity accounted for 44% of the balance sheet total, compared to 43% as of year-end 2014.

Gross borrowings after derivatives totaled 8.8 billion euros as of end-June 2015, representing a 0.4 billion euro decrease compared to year-end 2014. Over the six-month period, LVMH reimbursed the bonds issued in 2009 (250 million euros) and 2011 (500 million euros) in addition to the 200 million Swiss franc bond issued in 2008. Conversely, commercial paper outstanding increased by 0.4 billion euros. Cash and cash equivalents and current available for sale financial assets totaled 2.8 billion euros at the end of the six-month period, down 1.6 billion euros from 4.4 billion euros as of year-end 2014.

As of June 30, 2015, the Group's undrawn confirmed credit lines amounted to 3.4 billion euros, substantially exceeding the outstanding portion of its commercial paper program, which came to 2.4 billion euros as of the period-end.

8. COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	June 30, 2015	June 30, 2014 [a]	Change
Cash from operations before changes in working capital	**3,368**	**3,140**	**228**
Cost of net financial debt: interest paid	(51)	(57)	6
Income taxes paid	(801)	(901)	100
Net cash from operating activities before changes in working capital	**2,516**	**2,182**	**334**
Change in working capital	(1,022)	(1,274)	252
Operating investments	(816)	(848)	32
Free cash flow	**678**	**60**	**618**
Financial investments	**(13)**	**(77)**	**64**
Transactions related to equity	**(1,424)**	**(1,176)**	**(248)**
Change in cash before financing activity	**(759)**	**(1,193)**	**434**

(a) Taking into account the amended presentation of dividends received and income tax paid. See Note 1.4 to the 2014 consolidated financial statements.

Cash from operations before changes in working capital totaled 3,368 million euros, compared to 3,140 million euros a year earlier, representing an increase of 7%. Net cash from operating activities before changes in working capital (i.e. after interest and income taxes paid) amounted to 2,516 million euros, up 334 million euros compared to the first half of 2014.

Interest paid, which totaled 51 million euros, was down slightly compared to the first six months of 2014, mainly as a result of lower interest rates on borrowings.

Income taxes paid, which totaled 801 million euros, was down compared to the amount of 901 million euros paid in the prior year.

Working capital requirements increased by 1,022 million euros, primarily as a result of a 594 million euro rise in inventories, a 359 million euro decrease in trade accounts payable, and a 284 million euro decrease in tax and social security liabilities. The impact was offset in the amount of 295 million euros by the increase in trade accounts receivable. These changes reflect the seasonal nature of the Group's business activities. The increase in inventories mainly related to Wines and Spirits and Watches and Jewelry, and to a lesser extent Selective Retailing.

Operating investments net of disposals resulted in an outflow of 816 million euros, remaining stable compared to the first half of 2014, when investments amounted to 848 million euros. They consisted mainly of investments by Louis Vuitton, Sephora, DFS and Bvlgari in their retail networks, investments by Parfums Christian Dior in its counters and stores, and investments by the champagne houses and Hennessy in their production facilities, as well as investments in real estate for administrative use, sales operations or rental purposes.

During the six-month period, non-current available for sale financial assets and purchases of consolidated investments accounted for a net outflow of 13 million euros, compared to 77 million euros one year earlier. This amount breaks down into a 23 million euro outflow following purchases of consolidated investments, and a 10 million euro inflow attributable to transactions relating to non-current available for sale financial assets, since the amount of disposals, net of tax, was greater than the purchases for the period.

Transactions relating to equity generated an outflow of 1,424 million euros. A portion of this amount, 992 million euros, corresponds to dividends paid during the fiscal year by LVMH SE, excluding the amount attributable to treasury shares of the final dividend payment in respect of fiscal year 2014. In addition, dividends paid out to minority shareholders of consolidated subsidiaries amounted to 195 million euros and income taxes paid related to dividends amounted to 258 million euros. Conversely, share subscription options exercised during the six-month period generated an inflow of 15 million euros.

The net cash outflow after all operating, investment, and equity-related activities thus amounted to 759 million euros. With the net cash outflow from financing activities amounting to 885 million euros and the positive impact of the change in the cumulative translation adjustment coming in at 94 million euros, the cash balance at the end of the period was down 1,550 million euros compared to year-end 2014.

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(EUR millions, except for earnings per share)	Notes	June 30, 2015	Dec. 31, 2014	June 30, 2014
Revenue	23	**16,707**	**30,638**	**14,009**
Cost of sales		(5,881)	(10,801)	(4,828)
Gross margin		**10,826**	**19,837**	**9,181**
Marketing and selling expenses		(6,601)	(11,744)	(5,483)
General and administrative expenses		(1,267)	(2,373)	(1,119)
Income (loss) from joint ventures and associates	7	(3)	(5)	(3)
Profit from recurring operations	23-24	**2,955**	**5,715**	**2,576**
Other operating income and expenses	25	(64)	(284)	(49)
Operating profit		**2,891**	**5,431**	**2,527**
Cost of net financial debt		(52)	(115)	(50)
Other financial income and expenses		(207)	3,062	-
Net financial income (expense)	26	**(259)**	**2,947**	**(50)**
Income taxes	27	(880)	(2,273)	(756)
Net profit before minority interests		**1,752**	**6,105**	**1,721**
Minority interests	17	(172)	(457)	(212)
Net profit, Group share		**1,580**	**5,648**	**1,509**
Basic Group share of net earnings per share *(EUR)*	28	**3.15**	**11.27**	**3.01**
Number of shares on which the calculation is based		502,206,295	501,309,369	501,046,054
Diluted Group share of net earnings per share *(EUR)*	28	**3.13**	**11.21**	**3.00**
Number of shares on which the calculation is based		504,727,629	503,861,733	503,171,031

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Net profit before minority interests	**1,752**	**6,105**	**1,721**
Translation adjustments	706	534	99
Tax impact	128	104	13
	834	**638**	**112**
Change in value of available for sale financial assets	23	494	122
Amounts transferred to income statement	(89)	(3,326)	(9)
Tax impact	18	184	(7)
	(48)	**(2,648)**	**106**
Change in value of hedges of future foreign currency cash flows	9	(30)	(19)
Amounts transferred to income statement	(6)	(163)	(153)
Tax impact	3	57	14
	6	**(136)**	**(158)**
Gains and losses recognized in equity, transferable to income statement	**792**	**(2,146)**	**60**
Change in value of vineyard land	-	(17)	3
Amounts transferred to consolidated reserves	-	(10)	(6)
Tax impact	-	9	-
	-	**(18)**	**(3)**
Employee benefit commitments: change in value resulting from actuarial gains and losses	-	(161)	(15)
Tax impact	-	52	5
	-	**(109)**	**(10)**
Gains and losses recognized in equity, not transferable to income statement	**-**	**(127)**	**(13)**
Comprehensive income	**2,544**	**3,832**	**1,768**
Minority interests	(257)	(565)	(211)
Comprehensive income, Group share	**2,287**	**3,267**	**1,557**

CONSOLIDATED BALANCE SHEET

ASSETS *(EUR millions)*	Notes	June 30, 2015	Dec. 31, 2014	June 30, 2014
Brands and other intangible assets	3	13,502	13,031	12,654
Goodwill	4	9,723	8,810	8,988
Property, plant and equipment	6	10,697	10,387	9,919
Investments in joint ventures and associates	7	526	519	496
Non-current available for sale financial assets	8	622	580	7,193
Other non-current assets	9	521	489	481
Deferred tax		1,955	1,436	1,023
Non-current assets		**37,546**	**35,252**	**40,754**
Inventories and work in progress	10	10,381	9,475	9,326
Trade accounts receivable	11	2,086	2,274	1,943
Income taxes		422	354	327
Other current assets	12	2,090	1,916	1,651
Cash and cash equivalents	14	2,556	4,091	2,159
Current assets		**17,535**	**18,110**	**15,406**
Total assets		**55,081**	**53,362**	**56,160**

LIABILITIES AND EQUITY *(EUR millions)*	Notes	June 30, 2015	Dec. 31, 2014	June 30, 2014
Share capital		152	152	152
Share premium account		2,669	2,655	3,886
Treasury shares and LVMH-share settled derivatives		(349)	(374)	(421)
Cumulative translation adjustment		1,240	492	91
Revaluation reserves		978	1,019	3,844
Other reserves		16,862	12,171	18,483
Net profit, Group share		1,580	5,648	1,509
Equity, Group share	15	23,132	21,763	27,544
Minority interests	17	1,313	1,240	1,060
Total equity		**24,445**	**23,003**	**28,604**
Long-term borrowings	18	5,201	5,054	3,248
Non-current provisions	19	2,354	2,291	1,830
Deferred tax		4,822	4,392	4,308
Other non-current liabilities	20	7,260	6,447	6,277
Non-current liabilities		**19,637**	**18,184**	**15,663**
Short-term borrowings	18	3,695	4,189	5,629
Trade accounts payable		3,374	3,606	3,001
Income taxes		383	549	336
Current provisions	19	320	332	312
Other current liabilities	21	3,227	3,499	2,615
Current liabilities		**10,999**	**12,175**	**11,893**
Total liabilities and equity		**55,081**	**53,362**	**56,160**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares and LVMH-share settled derivatives	Cumulative translation adjustment	Revaluation reserves				Net profit and other reserves	Total equity		
						Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land	Employee benefit commit-ments		Group share	Minority interests	Total
Notes		15.1		15.2	15.4							17	
As of December 31, 2013	**507,793,661**	**152**	**3,849**	**(451)**	**(8)**	**2,855**	**136**	**946**	**(37)**	**19,437**	**26,879**	**1,028**	**27,907**
Gains and losses recognized in equity					500	(2,648)	(122)	(15)	(96)	-	(2,381)	108	(2,273)
Net profit										5,648	5,648	457	6,105
Comprehensive income		**-**	**-**	**-**	**500**	**(2,648)**	**(122)**	**(15)**	**(96)**	**5,648**	**3,267**	**565**	**3,832**
Stock option plan and similar expenses										37	37	2	39
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				27						(17)	10	-	10
Exercise of LVMH share subscription options	980,323		59								59	-	59
Retirement of LVMH shares	(1,062,271)		(50)	50							-	-	-
Capital increase in subsidiaries											-	3	3
Interim and final dividends paid										(1,579)	(1,579)	(328)	(1,907)
Distribution in kind of Hermès shares			(1,203)							(5,652)	(6,855)	-	(6,855)
Changes in control of consolidated entities										(5)	(5)	11	6
Acquisition and disposal of minority interests' shares										(2)	(2)	32	30
Purchase commitments for minority interests' shares										(48)	(48)	(73)	(121)
As of December 31, 2014	**507,711,713**	**152**	**2,655**	**(374)**	**492**	**207**	**14**	**931**	**(133)**	**17,819**	**21,763**	**1,240**	**23,003**
Gains and losses recognized in equity					748	(48)	7				707	85	792
Net profit										1,580	1,580	172	1,752
Comprehensive income		**-**	**-**	**-**	**748**	**(48)**	**7**	**-**	**-**	**1,580**	**2,287**	**257**	**2,544**
Stock option plan and similar expenses										18	18	1	19
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				24						(13)	11	-	11
Exercise of LVMH share subscription options	271,426		15								15	-	15
Retirement of LVMH shares	(41,848)		(1)	1							-	-	-
Capital increase in subsidiaries											-	3	3
Interim and final dividends paid										(980)	(980)	(198)	(1,178)
Changes in control of consolidated entities										(9)	(9)	-	(9)
Acquisition and disposal of minority interests' shares												(1)	(1)
Purchase commitments for minority interests' shares										27	27	11	38
As of June 30, 2015	**507,941,291**	**152**	**2,669**	**(349)**	**1,240**	**159**	**21**	**931**	**(133)**	**18,442**	**23,132**	**1,313**	**24,445**
As of December 31, 2013	**507,793,661**	**152**	**3,849**	**(451)**	**(8)**	**2,855**	**136**	**946**	**(37)**	**19,437**	**26,879**	**1,028**	**27,907**
Gains and losses recognized in equity					99	106	(147)	(7)	(8)	5	48	(1)	47
Net profit										1,509	1,509	212	1,721
Comprehensive income		**-**	**-**	**-**	**99**	**106**	**(147)**	**(7)**	**(8)**	**1,514**	**1,557**	**211**	**1,768**
Stock option plan and similar expenses										18	18	1	19
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				24						(12)	12	-	12
Exercise of LVMH share subscription options	725,591		43								43	-	43
Retirement of LVMH shares	(123,796)		(6)	6							-	-	-
Capital increase in subsidiaries											-	1	1
Interim and final dividends paid										(952)	(952)	(265)	(1,217)
Changes in control of consolidated entities										(6)	(6)	2	(4)
Acquisition and disposal of minority interests' shares										1	1	42	43
Purchase commitments for minority interests' shares										(8)	(8)	40	32
As of June 30, 2014	**508,395,456**	**152**	**3,886**	**(421)**	**91**	**2,961**	**(11)**	**939**	**(45)**	**19,992**	**27,544**	**1,060**	**28,604**

CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	June 30, 2015	Dec. 31, 2014	June 30, 2014
I. OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		2,891	5,431	2,527
Income/(loss) and dividends from joint-ventures and associates [a]	7	8	26	13
Net increase in depreciation, amortization and provisions		850	1,895	705
Other computed expenses		(351)	(188)	(61)
Other adjustments		(30)	(84)	(44)
Cash from operations before changes in working capital		**3,368**	**7,080**	**3,140**
Cost of net financial debt: interest paid		(51)	(116)	(57)
Income taxes paid [a]		(801)	(1,639)	(901)
Net cash from operating activities before changes in working capital		**2,516**	**5,325**	**2,182**
Change in working capital	14.1	(1,022)	(718)	(1,274)
Net cash from operating activities		**1,494**	**4,607**	**908**
Operating investments	14.2	(816)	(1,775)	(848)
Net cash from operating activities and operating investments (free cash flow)		**678**	**2,832**	**60**
II. FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets	8	(18)	(57)	(36)
Proceeds from sale of non-current available for sale financial assets	8	39	160	21
Dividends received [a]	8	4	69	74
Income tax related to financial investments [a]		(15)	(237)	-
Impact of purchase and sale of consolidated investments	2	(23)	(167)	(136)
Net cash from (used in) financial investments		**(13)**	**(232)**	**(77)**
III. TRANSACTIONS RELATING TO EQUITY		-	-	-
Capital increases of LVMH SE	15.1	15	59	43
Capital increases of subsidiaries subscribed by minority interests	17	3	3	-
Acquisition and disposals of treasury shares and LVMH-share settled derivatives	15.2	3	1	4
Interim and final dividends paid by LVMH SE	15.3	(992)	(1,619) [b]	(952)
Income taxes paid related to interim and final dividends paid by LVMH group entities [a]		(258)	(79)	(46)
Interim and final dividends paid to minority interests in consolidated subsidiaries	17	(195)	(336)	(265)
Purchase and proceeds from sale of minority interests	2	-	10	40
Net cash from (used in) transactions relating to equity		**(1,424)**	**(1,961)**	**(1,176)**
Change in cash before financing activities		**(759)**	**639**	**(1,193)**
IV. FINANCING ACTIVITIES				
Proceeds from borrowings		807	2,407	1,322
Repayment of borrowings		(1,451)	(2,100)	(1,378)
Purchase and proceeds from sale of current available for sale financial assets		(241)	(106)	21
Net cash from (used in) financing activities		**(885)**	**201**	**(35)**
V. EFFECT OF EXCHANGE RATE CHANGES		**94**	**27**	**29**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		**(1,550)**	**867**	**(1,199)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14	**3,783**	**2,916**	**2,916**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	**2,233**	**3,783**	**1,717**
TOTAL INCOME TAXES PAID		**(1,074)**	**(1,955)**	**(947)**
Transactions included in the table above, generating no change in cash:				
– acquisition of assets by means of finance leases		2	5	1

(a) Taking into account the amended presentation of dividends received and income tax paid, starting in 2014. See Note 1.4 to the 2014 consolidated financial statements.
(b) The distribution in kind of Hermès shares had no impact on cash, excluding tax impacts. See Note 8 to the 2014 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, 2015 were approved by the Board of Directors on July 28, 2015. The financial statements were established in accordance with IAS 34 relating to the preparation of interim financial statements in addition to international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on June 30, 2015; these standards and interpretations have been applied consistently to the periods presented.

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

1.2. Changes in the accounting framework applicable to LVMH

Standards, amendments and interpretations for which application became mandatory in 2015

IFRIC Interpretation 21 on the accounting for levies is the only standard applicable to LVMH with effect from 1 January 2015. Its application did not have a material impact on the Group's financial statements.

Standards, amendments and interpretations for which application will be mandatory after 2015

The standards, amendments and interpretations applicable to LVMH with effect from 2016 are as follows:

- IAS 19 amendment on the accounting of employees' contributions to post-employment plans;
- IAS 41 amendment on the accounting for biological assets.

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

The impact of the application of IFRS 15 on revenue recognition, applicable with effect from January 1, 2018, is being assessed. It should be of little significance in light of the nature of the Group's business activities.

Other changes in the accounting framework

The Group receives information on the progress of ongoing discussions held at the IFRS Interpretations Committee and IASB related to the recognition of purchase commitments for minority interests' shares and changes in their amount. See Note 1.12 to the consolidated financial statements as of December 31, 2014 for a description of the recognition method applied by LVMH to these commitments.

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

2. CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES

No significant change in the percentage interest in consolidated entities occurred during the first half of 2015.

3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

(EUR millions)			June 30, 2015	Dec. 31, 2014	June 30, 2014
	Gross	Amortization and impairment	Net	Net	Net
Brands	10,826	(587)	10,239	9,957	9,883
Trade names	3,935	(1,620)	2,315	2,155	1,948
License rights	92	(74)	18	19	20
Leasehold rights	652	(302)	350	344	327
Software, websites	1,127	(847)	280	278	234
Other	664	(364)	300	278	242
Total	**17,296**	**(3,794)**	**13,502**	**13,031**	**12,654**
Of which: assets held under finance leases	*14*	*(14)*	-	-	-

Movements during the six-month period in the net amounts of brands, trade names and other intangible assets were as follows:

Gross value *(EUR millions)*	**Brands**	**Trade names**	**Software, web sites**	**Leasehold rights**	**Other intangible assets**	**Total**
As of December 31, 2014	**10,519**	**3,651**	**1,049**	**624**	**694**	**16,537**
Acquisitions	-	-	29	19	57	105
Disposals and retirements	-	-	(6)	(4)	(9)	(19)
Changes in the scope of consolidation	-	-	-	-	-	-
Translation adjustment	307	284	27	12	35	665
Reclassifications	-	-	28	1	(21)	8
As of June 30, 2015	**10,826**	**3,935**	**1,127**	**652**	**756**	**17,296**

Accumulated amortization and impairment *(EUR millions)*	**Brands**	**Trade names**	**Software, web sites**	**Leasehold rights**	**Other intangible assets**	**Total**
As of December 31, 2014	**(562)**	**(1,496)**	**(771)**	**(280)**	**(397)**	**(3,506)**
Amortization expense	(10)	-	(64)	(19)	(42)	(135)
Impairment expense	-	-	-	-	-	-
Disposals and retirements	-	-	5	2	9	16
Changes in the scope of consolidation	-	-	-	-	-	-
Translation adjustment	(15)	(124)	(16)	(5)	(16)	(176)
Reclassifications	-	-	(1)	-	8	7
As of June 30, 2015	**(587)**	**(1,620)**	**(847)**	**(302)**	**(438)**	**(3,794)**
Net carrying amount as of June 30, 2015	**10,239**	**2,315**	**280**	**350**	**318**	**13,502**

Translation adjustments arose mainly on intangible assets recognized in Swiss francs and US dollars, particularly the TAG Heuer and Hublot brands and the DFS trade name.

4. GOODWILL

(EUR millions)			June 30, 2015	Dec. 31, 2014	June 30, 2014
	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	7,848	(1,616)	6,232	6,119	6,249
Goodwill arising on purchase commitments for minority interests	3,491	-	3,491	2,691	2,739
Total	**11,339**	**(1,616)**	**9,723**	**8,810**	**8,988**

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

(EUR millions)			June 30, 2015	Dec. 31, 2014	June 30, 2014
	Gross	Impairment	Net	Net	Net
As of January 1	**10,320**	**(1,510)**	**8,810**	**9,058**	**9,058**
Changes in the scope of consolidation (See Note 2)	2	-	2	81	59
Changes in purchase commitments for minority interests	820	-	820	(162)	(116)
Changes in impairment	-	(36)	(36)	(209)	(31)
Translation adjustment	197	(70)	127	42	18
As of period-end	**11,339**	**(1,616)**	**9,723**	**8,810**	**8,988**

Translation adjustments arose mainly on goodwill recognized in Swiss francs and US dollars, particularly TAG Heuer and Hublot for the Swiss franc and Benefit and Donna Karan for the US dollar.

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

5. IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Brands, trade names and other intangible assets with indefinite useful lives as well as the goodwill arising on acquisition have been subject to annual impairment testing as of December 31, 2014. No significant impairment expense were recognized during the first half of 2015, as no indicator of impairment was identified.

6. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)			June 30, 2015	Dec. 31, 2014	June 30, 2014
	Gross	Depreciation and impairment	Net	Net	Net
Land	1,303	(72)	1,231	1,104	1,081
Vineyard land and producing vineyards	2,465	(95)	2,370	2,364	2,369
Buildings	3,061	(1,471)	1,590	1,430	1,317
Investment property	608	(44)	564	632	617
Leasehold improvements, machinery and equipment	9,073	(5,952)	3,121	3,014	2,764
Assets in progress	648	(4)	644	684	880
Other tangible fixed assets	1,641	(464)	1,177	1,159	891
Total	**18,799**	**(8,102)**	**10,697**	**10,387**	**9,919**
Of which: assets held under finance leases	*303*	*(202)*	*101*	*99*	*100*
historical cost of vineyard land and producing vineyards	*729*	*(95)*	*634*	*631*	*624*

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

Gross value *(EUR millions)*	**Vineyard land and producing vineyards**	**Land and buildings**	**Investment property**	**Leaseholds improvements, machinery and equipment**			**Assets in progress**	**Other tangible fixed assets**	**Total**
				Stores	**Production, logistics**	**Other**			
As of December 31, 2014	**2,455**	**3,952**	**679**	**5,167**	**1,995**	**1,238**	**688**	**1,592**	**17,766**
Acquisitions	2	74	4	174	37	47	244	47	629
Change in the market value of vineyard land	-	-	-	-	-	-	-	-	-
Disposals and retirements	(1)	(21)	-	(125)	(8)	(45)	(2)	(12)	(214)
Changes in the scope of consolidation	-	-	-	2	-	-	-	-	2
Translation adjustment	4	151	26	292	42	53	28	29	625
Other movements, including transfers	5	208	(101)	153	1	50	(310)	(15)	(9)
As of June 30, 2015	**2,465**	**4,364**	**608**	**5,663**	**2,067**	**1,343**	**648**	**1,641**	**18,799**

Depreciation and impairment *(EUR millions)*	**Vineyard land and producing vineyards**	**Land and buildings**	**Investment property**	**Leaseholds improvements, machinery and equipment**			**Assets in progress**	**Other tangible fixed assets**	**Total**
				Stores	**Production, logistics**	**Other**			
As of December 31, 2014	**(91)**	**(1,418)**	**(47)**	**(3,194)**	**(1,354)**	**(838)**	**(4)**	**(433)**	**(7,379)**
Depreciation expense	(3)	(76)	(1)	(353)	(62)	(67)	-	(36)	(598)
Impairment expense	-	(1)	-	(1)	(1)	-	-	-	(3)
Disposals and retirements	-	20	-	125	7	44	-	12	208
Changes in the scope of consolidation	-	-	-	-	-	-	-	-	-
Translation adjustment	(1)	(52)	(1)	(186)	(28)	(37)	-	(21)	(326)
Other movements, including transfers	-	(16)	5	1	10	(18)	-	14	(4)
As of June 30, 2015	**(95)**	**(1,543)**	**(44)**	**(3,608)**	**(1,428)**	**(916)**	**(4)**	**(464)**	**(8,102)**
Net carrying amount as of June 30, 2015	**2,370**	**2,821**	**564**	**2,055**	**639**	**427**	**644**	**1,177**	**10,697**

Purchases of property, plant and equipment include investments by Louis Vuitton, Sephora, DFS, and Bvlgari in their retail networks, investments by Parfums Christian Dior in its counters and stores, and investments by the champagne houses and Hennessy in their production equipment, as well as investments in real estate for administrative use, sales operations or rental purposes.

Translation adjustments arose mainly on property, plant and equipment denominated in US dollars and pounds sterling, as a result of fluctuations in the exchange rates of these currencies with respect to the euro during the six-month period.

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(EUR millions)			June 30, 2015		Dec. 31, 2014		June 30, 2014	
	Gross	Impairment	Net	*Of which joint arrangements [a]*	Net	*Of which joint arrangements [a]*	Net	*Of which joint arrangements [a]*
Share of net assets of joint ventures and associates as of January 1	**519**	**-**	**519**	***351***	**480**	***328***	**480**	***328***
Share of net profit (loss) for the period	(3)	-	(3)	*3*	(5)	*(15)*	(3)	*(10)*
Dividends paid	(11)	-	(11)	*(6)*	(21)	*(5)*	(10)	*-*
Changes in the scope of consolidation	-	-	-	*-*	7	*-*	-	*-*
Capital increases subscribed	3	-	3	*3*	16	*11*	4	*4*
Translation adjustment	5	-	5	*4*	8	*4*	2	*-*
Other movements, including transfers	13	-	13	*7*	34	*28*	23	*21*
Share of net assets of joint ventures and associates as of period-end	**526**	**-**	**526**	***362***	**519**	***351***	**496**	***343***

(a) Proportionately consolidated entities prior to the application of IFRS 11.

8. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)			June 30, 2015	Dec. 31, 2014	June 30, 2014
	Gross	Impairment	Net	Net	Net
Total	**801**	**(179)**	**622**	**580**	**7,193**

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

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
As of January 1	**580**	**7,080**	**7,080**
Acquisitions	16	50	36
Disposals at net realized value	(39)	(160)	(21)
Changes in market value	41	455	109
Distribution in kind of Hermès shares	-	(6,797)	-
Changes in impairment	-	(12)	(2)
Translation adjustment	24	33	2
Reclassifications	-	(69)	(11)
As of period-end	**622**	**580**	**7,193**

9. OTHER NON-CURRENT ASSETS

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Warranty deposits	266	236	245
Derivatives (See Note 22)	66	75	50
Loans and receivables	162	156	165
Other	27	22	21
Total	**521**	**489**	**481**

10. INVENTORIES AND WORK IN PROGRESS

(EUR millions)			June 30, 2015	Dec. 31, 2014	June 30, 2014
	Gross	Impairment	Net	Net	Net
Wines and eaux-de-vie in the process of aging	4,103	(14)	4,089	4,002	3,835
Other raw materials and work in progress	1,613	(355)	1,258	1,273	1,339
	5,716	(369)	5,347	5,275	5,174
Goods purchased for resale	1,735	(175)	1,560	1,323	1,278
Finished products	4,235	(761)	3,474	2,877	2,874
	5,970	(936)	5,034	4,200	4,152
Total	**11,686**	**(1,305)**	**10,381**	**9,475**	**9,326**

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

(EUR millions)			June 30, 2015	Dec. 31, 2014	June 30, 2014
	Gross	Impairment	Net	Net	Net
As of January 1	**10,700**	**(1,225)**	**9,475**	**8,492**	**8,492**
Change in gross inventories	594	-	594	941	885
Net effect of the market value adjustment of the harvests	(1)	-	(1)	(7)	2
Changes in impairment	-	(111)	(111)	(313)	(125)
Changes in the scope of consolidation	4	-	4	10	14
Translation adjustment	509	(88)	421	347	54
Other, including reclassifications	(120)	119	(1)	5	4
As of period-end	**11,686**	**(1,305)**	**10,381**	**9,475**	**9,326**

Translation adjustments arose mainly on inventories denominated in US dollars and Swiss francs, as a result of fluctuations in the exchange rates of these currencies with respect to the euro during the six-month period.

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

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Effect of marking the period's harvest to market	11	24	13
Effect of inventory sold during the period	(12)	(31)	(11)
Net effect on cost of sales of the period	**(1)**	**(7)**	**2**

11. TRADE ACCOUNTS RECEIVABLE

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Trade accounts receivable, nominal amount	2,361	2,546	2,168
Provision for impairment	(67)	(66)	(65)
Provision for product returns	(208)	(206)	(160)
Net amount	**2,086**	**2,274**	**1,943**

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

(EUR millions)			June 30, 2015	Dec. 31, 2014	June 30, 2014
	Gross	Impairment	Net	Net	Net
As of January 1	**2,545**	**(271)**	**2,274**	**2,174**	**2,174**
Changes in gross receivables	(311)	-	(311)	30	(283)
Changes in provision for impairment	-	-	-	(5)	3
Changes in provision for product returns	-	8	8	(25)	14
Changes in the scope of consolidation	-	-	-	5	-
Translation adjustment	131	(12)	119	62	13
Reclassifications	(4)	-	(4)	33	22
As of period-end	**2,361**	**(275)**	**2,086**	**2,274**	**1,943**

The receivable auxiliary balance is comprised primarily of receivables from wholesalers or agents, who are limited in number and with whom the Group maintains ongoing relationships for the most part. As of June 30, 2015, coverage of customer credit risk had been requested from insurers for the majority of trade receivables, approximately 91% of the amount of which was granted (90% as of December 31, 2014 and June 30, 2014).

12. OTHER CURRENT ASSETS

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Current available for sale financial assets	257	253	184
Derivatives	394	304	250
Tax accounts receivable, excluding income taxes	477	449	379
Advances and payments on account to vendors	136	162	143
Prepaid expenses	377	313	337
Other receivables	449	435	358
Total	**2,090**	**1,916**	**1,651**

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

13. CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Unlisted securities, shares in non-money market SICAVs and funds	-	-	12
Listed securities	257	253	172
Total	**257**	**253**	**184**
of which: historical cost of current available for sale financial assets	*272*	*180*	*136*

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

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
As of January 1	**253**	**171**	**171**
Acquisitions	256	-	-
Disposals at net realized value	(241)	(15)	-
Changes in market value	(18)	39	13
Changes in impairment	7	-	-
Reclassifications	-	58	-
As of period-end	**257**	**253**	**184**

14. CASH AND CASH EQUIVALENTS

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Fixed term deposits (less than 3 months)	516	1,270	495
SICAV and FCP money market funds	325	784	109
Ordinary bank accounts	1,715	2,037	1,555
Cash and cash equivalents per balance sheet	**2,556**	**4,091**	**2,159**

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, 2015	Dec. 31, 2014	June 30, 2014
Cash and cash equivalents	2,556	4,091	2,159
Bank overdrafts	(323)	(308)	(442)
Net cash and cash equivalents per cash flow statement	**2,233**	**3,783**	**1,717**

14.1. Change in working capital

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

(EUR millions)	Notes	June 30, 2015	Dec. 31, 2014	June 30, 2014
Change in inventories and work in progress	10	(594)	(928)	(883)
Change in trade accounts receivable	11	295	(22)	273
Change in trade accounts payable		(359)	176	(329)
Change in other receivables and payables		(364)	56	(335)
Change in working capital [(a)]		**(1,022)**	**(718)**	**(1,274)**

(a) Increase/(Decrease) in cash and cash equivalents.

14.2. Operating investments

Operating investments comprise the following elements for the periods presented:

(EUR millions)	Notes	June 30, 2015	Dec. 31, 2014	June 30, 2014
Purchase of intangible fixed assets	3	(105)	(316)	(119)
Purchase of tangible fixed assets	6	(629)	(1,532)	(676)
Changes in accounts payable related to fixed asset purchases		(68)	78	(63)
Net cash used in purchases of fixed assets [a]		**(802)**	**(1,770)**	**(858)**
Net cash from fixed assets disposals [a]		**5**	**45**	**41**
Guarantee deposits paid and other cash flows related to operating investments		(19)	(50)	(31)
Operating investments		**(816)**	**(1,775)**	**(848)**

(a) Increase/(Decrease) in cash and cash equivalents.

15. EQUITY

15.1. Share capital and share premium account

As of June 30, 2015, issued and fully paid-up shares of the parent company LVMH Moet Hennessy-Louis Vuitton totaled 507,941,291 (507,711,713 shares as of December 30, 2014 and 508,395,456 shares as of June 30, 2014), with a par value of 0.30 euros per share, including 230,147,034 shares with double voting rights (226,167,633 as of December 31, 2014 and 225,019,625 as of June 30, 2014). Double voting rights are granted to registered shares held for more than three years.

During the six-month period, 271,426 shares were issued following the exercise of share subscription options, which resulted in an increase in capital and share premium account of 15 million euros, and 41,848 shares were retired, which resulted in a reduction of capital and share premium account of 1 million euros.

15.2. LVMH treasury shares

The portfolio of LVMH treasury shares is allocated as follows:

(EUR millions)	June 30, 2015		Dec. 31, 2014	June 30, 2014
	Number	Amount	Amount	Amount
Share subscription option plans	3,375,094	155	156	188
Share purchase option plans	-	-	-	-
Bonus share plans	1,154,747	81	102	78
Other plans	109,329	5	8	50
Shares held for stock option and similar plans [a]	**4,639,170**	**241**	**266**	**316**
Liquidity contract	80,000	13	13	10
Shares pending retirement	689,566	95	95	95
LVMH shares	**5,408,736**	**349**	**374**	**421**

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

"Other plans" correspond to future plans.

The market value of LVMH shares held under the liquidity contract as of June 30, 2015 amounts to 13 million euros.

The portfolio movements of LVMH treasury shares during the six-month period were as follows:

LVMH shares

(EUR millions)	Number	Amount	Effect on cash
As of December 31, 2014	**5,851,370**	**374**	
Share purchases[a]	766,296	119	(119)
Bonus shares definitively allocated	(385,786)	(24)	
Retirement of shares	(41,848)	(1)	
Proceeds from disposal at net realized value[a]	(781,296)	(122)	122
Gain/(loss) on disposal[a]	-	3	
As of June 30, 2015	**5,408,736**	**349**	**3**

(a) Purchases and sales of LVMH shares mainly related to the management of the liquidity contract.

15.3. Dividends distributed by the parent company LVMH SE

(EUR millions, except for data per share in EUR)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Interim dividend for the current fiscal year (2014: 1.25 euros)	-	634	-
Distribution in kind of Hermès shares	-	6,855	-
Impact of treasury shares	-	(7)	-
Gross amount disbursed for the fiscal year	**-**	**7,482**	**-**
Final dividend for the previous fiscal year (2014: 1.95 euro; 2013: 1.90 euros)	990	965	965
Impact of treasury shares	(10)	(13)	(13)
Gross amount disbursed for the previous fiscal year	**980**	**952**	**952**
Total gross amount disbursed during the period[a]	**980**	**8,434**	**952**

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

The final dividend for fiscal year 2014 was distributed on April 23, 2015 in accordance with the resolutions of the Shareholders' Meeting of April 16, 2015.

The Board of Directors approved on July 28, 2015 the payment in December 2015 of an interim dividend for fiscal year 2015 of 1.35 euros.

15.4. Cumulative translation adjustment

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

(EUR millions)	June 30, 2015	Change	Dec. 31, 2014	June 30, 2014
US dollar	400	253	147	(179)
Swiss franc	842	392	450	429
Japanese yen	67	15	52	63
Hong Kong dollar	404	178	226	(1)
Pound sterling	70	76	(6)	(23)
Other currencies	(37)	42	(79)	14
Foreign currency net investment hedges	(506)	(208)	(298)	(212)
Total, Group share	**1,240**	**748**	**492**	**91**

16. STOCK OPTION AND SIMILAR PLANS

16.1. Share subscription option plans

	June 30, 2015	
	Number	Weighted average exercise price *(EUR)*
Share subscription options outstanding as of January 1	**3,384,313**	**66.15**
Options expired	(9,219)	55.45
Options exercised	(271,426)	56.75
Share subscription options outstanding as of June 30	**3,103,668**	**61.45**

16.2. Bonus share plans

(number of shares)	June 30, 2015
Non-vested shares as of January 1	**1,492,627**
Non-vested allocations during the period	73,262
Allocations vested during the period	(385,786)
Allocations expired during the period	(25,356)
Non-vested shares as of June 30	**1,154,747**

A bonus share allocation plan was set up on April 16, 2015, covering 73,262 shares.

Vested share allocations were settled in existing shares held.

16.3. Expense for the period

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Expense for the period for share subscription option plans and bonus share plans	19	39	19

At the time of the allocation, the unit value of non-vested bonus shares allocated in April 2015 was 157.41 euros for beneficiaries who are French residents for tax purposes and 156.62 euros for beneficiaries with tax residence outside France.

17. MINORITY INTERESTS

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
As of January 1	**1,240**	**1,028**	**1,028**
Minority interests' share of net profit	172	457	212
Dividends paid to minority interests	(198)	(328)	(265)
Effects of changes in control of consolidated entities	-	11	2
Effects of acquisition and disposal of minority interests' shares	(1)	32	42
Total effects of changes in the percentage interest in consolidated entities	(1)	43	44
Capital increases subscribed by minority interests	3	3	1
Minority interests' share in gains and losses recognized in equity	85	108	(1)
Minority interests' share in stock option plan expenses	1	2	1
Effects of changes in minority interests subject to purchase commitments	11	(73)	40
As of period-end	**1,313**	**1,240**	**1,060**

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

(EUR millions)	Cumulative translation adjustment	Hedges of future foreign currency cash flows	Vineyard land	Revaluation adjustments of employee benefits	Total share of minority interests
As of December 31, 2014	**59**	**1**	**213**	**(22)**	**251**
Changes for the period	86	(1)	-	-	85
As of June 30, 2015	**145**	**-**	**213**	**(22)**	**336**

18. BORROWINGS

(EUR millions)	June 30, 2015	Dec. 31, 2014	30 juin 2014
Bonds and Euro Medium Term Notes (EMTN)	4,894	4,794	2,944
Bank borrowings and finance lease	307	260	304
Long term borrowings	**5,201**	**5,054**	**3,248**
Bonds and Euro Medium Term Notes (EMTN)	-	925	932
Commercial paper	2,432	2,004	2,766
Bank overdrafts	323	308	442
Other short term borrowings	940	952	1,489
Short term borrowings	**3,695**	**4,189**	**5,629**
Gross amount of borrowings	**8,896**	**9,243**	**8,877**
Interest rate risk derivatives	(49)	(94)	(64)
Gross borrowings after derivatives	**8,847**	**9,149**	**8,813**
Current available for sale financial assets	(257)	(253)	(184)
Cash and cash equivalents	(2,556)	(4,091)	(2,159)
Net financial debt	**6,034**	**4,805**	**6,470**

During the six-month period, the 250 million euro bond and 500 million euro bond issued respectively in 2009 and 2011, and the 200 million Swiss franc bond issued in 2008 were redeemed.

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

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

(EUR millions)		Gross borrowings			Effects of derivatives			Gross borrowings after derivatives	
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity: as of June 30, 2016	3,695	-	3,695	-	-	-	3,695	-	3,695
as of June 30, 2017	1,009	708	1,717	(982)	972	(10)	27	1,680	1,707
as of June 30, 2018	1,093	-	1,093	(495)	475	(20)	598	475	1,073
as of June 30, 2019	5	300	305	-	-	-	5	300	305
as of June 30, 2020	714	-	714	(710)	698	(12)	4	698	702
as of June 30, 2021	602	-	602	(598)	596	(2)	4	596	600
Thereafter	770	-	770	(649)	644	(5)	121	644	765
Total	**7,888**	**1,008**	**8,896**	**(3,434)**	**3,385**	**(49)**	**4,454**	**4,393**	**8,847**

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

18.2. Analysis of gross borrowings by currency after derivatives

(EUR millions)	June 30, 2015	Dec. 31, 2014	30 juin 2014
Euro	6,743	7,033	6,858
US dollar	157	226	74
Swiss franc	944	995	979
Japanese yen	220	229	185
Other currencies	783	666	717
Total	**8,847**	**9,149**	**8,813**

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

19. PROVISIONS

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Provisions for pensions, medical costs and similar commitments	672	640	479
Provisions for contingencies and losses	1,634	1,618	1,340
Provisions for reorganization	48	33	11
Non-current provisions	**2,354**	**2,291**	**1,830**
Provisions for pensions, medical costs and similar commitments	3	3	3
Provisions for contingencies and losses	302	314	286
Provisions for reorganization	15	15	23
Current provisions	**320**	**332**	**312**
Total	**2,674**	**2,623**	**2,142**

During the six-month period, the changes in provisions were as follows:

(EUR millions)	Dec. 31, 2014	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other items (including translation adjustment)	June 30, 2015
Provisions for pensions, medical costs and similar commitments	643	40	(29)	(2)	-	23	675
Provisions for contingencies and losses	1,932	79	(72)	(34)	-	31	1,936
Provisions for reorganization	48	32	(16)	(1)	-	-	63
Total	**2,623**	**151**	**(117)**	**(37)**	**-**	**54**	**2,674**
Of which: profit from recurring operations		*116*	*(99)*	*(30)*			
net financial income (expense)		*4*	*(1)*	*-*			
other		*31*	*(17)*	*(7)*			

20. OTHER NON-CURRENT LIABILITIES

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Purchase commitments for minority interests	6,823	6,008	5,889
Derivatives (see Note 22)	12	16	32
Employee profit sharing	79	88	82
Other liabilities	346	335	274
Total	**7,260**	**6,447**	**6,277**

As of June 30, 2015, purchase commitments for minority interests mainly include the put option granted to Diageo plc for its 34% share in Moët Hennessy, with six months' advance notice and for 80% of the fair value of Moët Hennessy at the exercise date of the commitment. With regard to this commitment's valuation, the fair value was determined by applying the share price multiples of comparable firms to Moët Hennessy's consolidated operating results.

Moët Hennessy SNC and Moët Hennessy International SAS ("Moët Hennessy") hold the LVMH group's investments in the Wines and Spirits businesses, with the exception of the equity investments in Château d'Yquem, Château Cheval Blanc and Clos des Lambrays, and excluding certain Champagne vineyards.

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

21. OTHER CURRENT LIABILITIES

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Derivatives (see Note 22)	274	274	116
Employees and social institutions	1,022	1,110	908
Employee profit sharing	56	74	49
Taxes other than income taxes	373	458	303
Advances and payments on account from customers	148	184	169
Deferred payment for tangible and financial non-current assets	371	433	321
Deferred income	221	190	166
Other liabilities	762	776	583
Total	**3,227**	**3,499**	**2,615**

22. FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

22.1. Organization of foreign exchange, interest rate and equity market risk management

Financial instruments are mainly used by the Group to hedge risks arising from Group activity and protect its assets.

The management of foreign exchange and interest rate risk, in addition to transactions involving shares and financial instruments, are centralized.

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

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

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

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

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

22.2. Summary of derivatives

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

(EUR millions)			Notes	June 30, 2015	Dec. 31, 2014	June 30, 2014
Interest rate risk	Assets:	non-current		45	61	41
		current		16	42	32
	Liabilities:	non-current		(1)	(3)	(1)
		current		(11)	(6)	(8)
			22.3	**49**	**94**	**64**
Foreign exchange risk	Assets:	non-current		21	14	10
		current		378	217	179
	Liabilities:	non-current		(11)	(13)	(31)
		current		(262)	(268)	(108)
			22.4	**126**	**(50)**	**50**
Other risks	Assets:	non-current		-	-	-
		current		-	45	39
	Liabilities:	non-current		-	-	-
		current		(1)	-	-
				(1)	**45**	**39**
Total	Assets:	non-current	9	66	75	51
		current	12	394	304	250
	Liabilities:	non-current	20	(12)	(16)	(32)
		current	21	(274)	(274)	(116)
				174	**89**	**153**

22.3. Derivatives used to manage interest rate risk

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

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

Derivatives used to manage interest rate risk outstanding as of June 30, 2015 break down as follows:

(EUR millions)	Nominal amounts by maturity				Market value [a]		
	Less than one year	One to five years	More than five years	Total	Fair value hedges	Not allocated	Total
Interest rate swaps in euros, floating rate payer	-	1,445	650	2,095	39	-	39
Foreign currency swaps	-	2,627	-	2,627	10	-	10
Other interest rate risk derivatives	500	-	-	500	-	-	-
Total					**49**	**-**	**49**

(a) Gain/(Loss).

22.4. Derivatives used to manage foreign exchange risk

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

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

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

Derivatives used to manage foreign exchange risk outstanding as of June 30, 2015 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation				Market value [a]				
	2015	2016	Beyond	Total	Fair value hedges	Future cash flow hedges	Foreign currency net investment hedges	Not allocated	Total
Options purchased									
Put USD	2,091	132	-	2,223	-	6	-	-	6
Put JPY	7	-	-	7	-	-	-	-	-
Put GBP	1	-	-	1	-	-	-	-	-
	2,099	**132**	**-**	**2,231**	**-**	**6**	**-**	**-**	**6**
Collars									
Written USD	643	2,582	-	3,225	(15)	23	-	(4)	4
Written JPY	423	338	-	761	2	23	-	-	25
Written Other	225	106	-	331	(2)	(5)	-	-	(7)
	1,291	**3,026**	**-**	**4,317**	**(15)**	**41**	**-**	**(4)**	**22**
Forward exchange contracts [b]									
USD	(1)	(31)	-	(32)	-	1	-	-	1
JPY	(162)	(18)	-	(180)	4	28	-	-	32
GBP	38	5	-	43	-	-	-	-	-
Other	128	-	-	128	2	-	-	-	2
	3	**(44)**	**-**	**(41)**	**6**	**29**	**-**	**-**	**35**
Foreign exchange swaps [b]									
USD	3,830	(40)	-	3,790	10	-	34	1	45
CHF	613	-	-	613	(41)	-	2	-	(39)
GBP	237	(22)	-	215	(9)	2	-	-	(7)
JPY	392	-	-	392	49	-	(1)	1	49
HKD	127	-	-	127	(43)	-	54	-	11
Other	368	16	-	385	2	-	-	2	4
	5,567	**(46)**	**-**	**5,522**	**(32)**	**2**	**89**	**4**	**63**
Total					**(41)**	**78**	**89**	**-**	**126**

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

22.5. Financial instruments used to manage other risks

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

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

The Group may also use equity-based derivatives to create synthetically an economic exposure to certain assets, or to hedge cash-settled compensation plans index-linked to the LVMH share price. The carrying amount of these unlisted financial instruments corresponds to the estimate of the amount, provided by the counterparty, of the valuation at the balance sheet date. The valuation of financial instruments thus takes into consideration market parameters such as interest rates and share prices.

The Group, mainly through its Watches and Jewelry business group, may be exposed to changes in the prices of certain precious metals, such as gold. In certain cases, in order to ensure visibility with regard to production costs, hedges may be implemented. This is achieved either by negotiating the forecast price of future deliveries of alloys with precious metal refiners, or the price of semi-finished products with producers; or directly by purchasing hedges from top-ranking banks. In the latter case, gold may be purchased from banks, or future and/or options contracts may be taken out with a physical delivery of the gold. Derivatives outstanding relating to the hedging of precious metal prices as of June 30, 2015 have a negative market value of 1 million euros. Considering nominal values of 126 million euros for those derivatives, a uniform 1% change in their underlying assets' prices as of June 30, 2015 would induce a net impact on the Group's consolidated reserves in an amount of less than 0.5 million euros. These instruments mature in 2015 and 2016.

23. SEGMENT INFORMATION

The Group's brands and trade names are organized into six business groups. Four business groups – Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry – comprise brands dealing with the same category of products that use similar production and distribution processes. The Selective Retailing business comprises the Group's own-label retailing activities. Other activities and holding companies comprise brands and businesses that are not associated with any of the above mentioned business groups, most often relating to the Group's new businesses and holding or real estate companies.

23.1. Information by business group

First half 2015

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [a]	Total
Sales outside the Group	1,917	5,914	1,839	1,524	5,277	236	-	16,707
Intra-Group sales	13	19	320	28	14	7	(401)	-
Total revenue	**1,930**	**5,933**	**2,159**	**1,552**	**5,291**	**243**	**(401)**	**16,707**
Profit from recurring operations	482	1,661	248	205	428	(69)	-	2,955
Other operating income and expenses	(6)	(46)	1	1	(3)	(11)	-	(64)
Depreciation and amortization expense	(63)	(302)	(85)	(90)	(174)	(19)	-	(733)
Impairment expense	-	(25)	(1)	-	(2)	(11)	-	(39)
Intangible assets and goodwill [b]	4,615	7,270	1,204	5,914	3,362	860	-	23,225
Property, plant and equipment	2,387	2,186	497	461	1,441	3,725	-	10,697
Inventories	4,814	1,695	458	1,500	1,895	234	(215)	10,381
Other operating assets	1,133	895	716	693	681	505	6,155 [c]	10,778
Total assets	**12,949**	**12,046**	**2,875**	**8,568**	**7,379**	**5,324**	**5,940**	**55,081**
Equity	-	-	-	-	-	-	24,445	24,445
Liabilities	1,189	2,338	1,248	792	1,970	860	22,239 [d]	30,636
Total liabilities and equity	**1,189**	**2,338**	**1,248**	**792**	**1,970**	**860**	**46,684**	**55,081**
Operating investments [e]	(87)	(280)	(101)	(102)	(140)	(106)	-	(816)

Fiscal year 2014

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [a]	Total
Sales outside the Group	3,945	10,796	3,368	2,720	9,511	298	-	30,638
Intra-Group sales	28	32	548	62	23	14	(707)	-
Total revenue	**3,973**	**10,828**	**3,916**	**2,782**	**9,534**	**312**	**(707)**	**30,638**
Profit from recurring operations	1,147	3,189	415	283	882	(162)	(39)	5,715
Other operating income and expenses	(34)	(110)	(14)	1	(74)	(53)	-	(284)
Depreciation and amortization expense	(119)	(555)	(149)	(171)	(296)	(41)	-	(1,331)
Impairment expense	(22)	(71)	(9)	(1)	(85)	(34)	-	(222)
Intangible assets and goodwill [b]	3,758	7,242	1,183	5,635	3,161	862	-	21,841
Property, plant and equipment	2,339	2,165	477	425	1,415	3,566	-	10,387
Inventories	4,567	1,561	398	1,244	1,668	239	(202)	9,475
Other operating assets	1,340	781	664	635	668	608	6,963 [c]	11,659
Total assets	**12,004**	**11,749**	**2,722**	**7,939**	**6,912**	**5,275**	**6,761**	**53,362**
Equity	-	-	-	-	-	-	23,003	23,003
Liabilities	1,461	2,265	1,325	743	2,053	932	21,580 [d]	30,359
Total liabilities and equity	**1,461**	**2,265**	**1,325**	**743**	**2,053**	**932**	**44,583**	**53,362**
Operating investments [e]	(152)	(585)	(221)	(191)	(389)	(237)	-	(1,775)

First half 2014

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [a]	Total
Sales outside the Group	1,665	5,012	1,580	1,236	4,371	145	-	14,009
Intra-Group sales	12	18	259	30	11	7	(337)	-
Total revenue	**1,677**	**5,030**	**1,839**	**1,266**	**4,382**	**152**	**(337)**	**14,009**
Profit from recurring operations	461	1,487	204	107	398	(59)	(22)	2,576
Other operating income and expenses	(6)	(20)	1	-	(3)	(21)	-	(49)
Depreciation and amortization expense	(55)	(244)	(66)	(81)	(140)	(21)	-	(607)
Impairment expense	-	(24)	-	-	(3)	(6)	-	(33)
Intangible assets and goodwill [b]	3,875	7,205	1,067	5,627	3,010	858	-	21,642
Property, plant and equipment	2,286	2,047	421	403	1,294	3,468	-	9,919
Inventories	4,508	1,539	407	1,271	1,572	206	(177)	9,326
Other operating assets	1,103	654	564	639	575	753	10,985 [c]	15,273
Total assets	**11,772**	**11,445**	**2,459**	**7,940**	**6,451**	**5,285**	**10,808**	**56,160**
Equity	-	-	-	-	-	-	28,604	28,604
Liabilities	1,059	2,072	1,082	780	1,603	667	20,293 [d]	27,556
Total liabilities and equity	**1,059**	**2,072**	**1,082**	**780**	**1,603**	**667**	**48,897**	**56,160**
Operating investments [e]	(50)	(274)	(92)	(93)	(177)	(162)	-	(848)

(a) Eliminations correspond to sales between business groups; these generally consist of sales from business groups other than Selective Retailing to Selective Retailing. Selling prices between the different business groups correspond to the prices applied in the normal course of business for sales transactions to wholesalers or distributors outside the Group.
(b) Intangible assets and goodwill correspond to the net carrying amounts shown under Notes 3 and 4.
(c) Assets not allocated include available for sale financial assets, other financial assets, and income tax receivables. As of June 30, 2014 they included the 23.2% shareholding in Hermès International, representing an amount of 6,595 million euros.
(d) Liabilities not allocated include financial debt and both current and deferred tax liabilities.
(e) Increase/(Decrease) in cash and cash equivalents.

23.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
France	1,640	3,212	1,441
Europe (excluding France)	2,827	5,830	2,535
United States	4,051	7,262	3,168
Japan	1,164	2,107	1,027
Asia (excluding Japan)	4,869	8,740	4,282
Other	2,156	3,487	1,556
Revenue	**16,707**	**30,638**	**14,009**

Operating investments by geographic region are as follows:

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
France	274	651	357
Europe (excluding France)	164	326	152
United States	133	255	95
Japan	39	50	19
Asia (excluding Japan)	154	387	185
Other	52	106	40
Operating investments	**816**	**1,775**	**848**

No geographic breakdown of segment assets is provided since a significant portion of these assets consists of brands and goodwill, which must be analyzed on the basis of the revenue generated by these assets in each region, and not in relation to the region of their legal ownership.

23.3. Quarterly information

Quarterly sales by business group break down as follows:

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated	Total
First quarter	992	2,975	1,094	723	2,656	90	(207)	8,323
Second quarter	938	2,958	1,065	829	2,635	153	(194)	8,384
Total first half 2015	**1,930**	**5,933**	**2,159**	**1,552**	**5,291**	**243**	**(401)**	**16,707**

(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	Total
First quarter	888	2,639	941	607	2,222	78	(169)	7,206
Second quarter	789	2,391	898	659	2,160	74	(168)	6,803
Total first half 2014	**1,677**	**5,030**	**1,839**	**1,266**	**4,382**	**152**	**(337)**	**14,009**
Third quarter	948	2,647	961	706	2,234	65	(173)	7,388
Fourth quarter	1,348	3,151	1,116	810	2,918	95	(197)	9,241
Total second half 2014	**2,296**	**5,798**	**2,077**	**1,516**	**5,152**	**160**	**(370)**	**16,629**
Total 2014	**3,973**	**10,828**	**3,916**	**2,782**	**9,534**	**312**	**(707)**	**30,638**

24. EXPENSES BY NATURE

Profit from recurring operations includes the following expenses:

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Advertising and promotion expenses	1,871	3,484	1,619
Commercial lease expenses	1,649	2,742	1,310
Personnel costs	3,079	5,455	2,662
Research and development expenses	42	79	37

A significant proportion of the increase in expenses between first-half 2014 and first-half 2015 related to fluctuations in exchange rates, particularly the US dollar.

25. OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Net gains *(losses)* on disposals of fixed assets	(1)	1	-
Restructuring costs	(30)	(36)	2
Transaction costs relating to the acquisition of consolidated companies	-	(8)	(8)
Impairment or amortization of brands, trade names, goodwill and other property	(46)	(246)	(41)
Other items, net	13	5	(2)
Other operating income and expenses	**(64)**	**(284)**	**(49)**

Restructuring costs mainly related to the Fashion and Leather Goods business group.

Impairment or amortization expenses recorded in the first half of 2015 relate mainly to brands and goodwill.

26. NET FINANCIAL INCOME/(EXPENSE)

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Borrowing costs	(63)	(144)	(70)
Income from cash, cash equivalents and current available for sale financial assets	16	30	16
Fair value adjustment of borrowings and interest rate hedges	(5)	(1)	4
Cost of net financial debt	**(52)**	**(115)**	**(50)**
Dividends received from non-current available for sale financial assets	4	74	74
Ineffective portion of foreign currency hedges	(296)	(238)	(67)
Net gain/(loss) related to available for sale financial assets and other financial instruments	99	3,263	8
Other items, net	(14)	(37)	(15)
Other financial income/(expenses)	**(207)**	**3,062**	**-**
Net financial income/(expense)	**(259)**	**2,947**	**(50)**

The ineffective portion of foreign currency hedges breaks down as follows for the periods presented:

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Ineffective portion of commercial foreign exchange derivatives	(281)	(222)	(64)
Ineffective portion of foreign exchange derivatives related to net investments denominated in foreign currency	3	6	4
Ineffective portion of other foreign exchange derivatives	(18)	(22)	(7)
Ineffective portion of foreign exchange derivatives	**(296)**	**(238)**	**(67)**

27. INCOME TAXES

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Current income taxes for the fiscal year	(996)	(2,458)	(856)
Current income taxes relating to previous fiscal years	19	30	-
Current income taxes	**(977)**	**(2,428)**	**(856)**
Change in deferred income taxes	94	153	79
Impact of changes in tax rates on deferred taxes	3	2	21
Deferred income taxes	**97**	**155**	**100**
Total tax expense per income statement	**(880)**	**(2,273)**	**(756)**
Tax on items recognized in equity	**150**	**406**	**25**

The effective tax rate is as follows:

(EUR millions)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Profit before tax	2,632	8,378	2,477
Total income tax expense	(880)	(2,273)	(756)
Effective tax rate	**33.4%**	**27.1%**	**30.5%**

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

This takes into consideration the difference between French and foreign tax rates, which lower the effective tax rate by 5 points, compared with the tax rate applicable in France as of June 30, 2015.

Total income tax expense for France during the six-month period includes in the amount of 30 million euros the impact of the 3% tax on dividends.

28. EARNINGS PER SHARE

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Net profit, Group share *(EUR millions)*	**1,580**	**5,648**	**1,509**
Average number of shares in circulation during the period	507,824,670	507,978,312	508,140,320
Average number of treasury shares owned during the period	(5,618,375)	(6,668,943)	(7,094,266)
Average number of shares on which the calculation before dilution is based	**502,206,295**	**501,309,369**	**501,046,054**
Basic Group share of profit per share *(EUR)*	**3.15**	**11.27**	**3.01**
Average number of shares on which the above calculation is based	502,206,295	501,309,369	501,046,054
Dilution effect of stock option plans	2,521,334	2,552,364	2,124,977
Other dilution effects	-	-	-
Average number of shares on which the calculation after dilution is based	**504,727,629**	**503,861,733**	**503,171,031**
Diluted Group share of profit per share *(EUR)*	**3.13**	**11.21**	**3.00**

29. OFF-BALANCE SHEET COMMITMENTS

The Group's off-balance sheet commitments, which amounted to 10.1 billion euros as of December 31, 2014, rose by 1.6 billion euros in the first half of 2015. This change was due to the increase in commitments given in respect of operating leases and concessions in the amount of 1.3 billion euros, of which 0.5 billion euros was attributable to fluctuations in exchange rates, and the increase in purchase commitments for fixed assets in the amount of 0.2 billion euros.

On May 26, 2015, following a firm offer addressed to the Amaury group, LVMH announced that it had entered into exclusive negotiations with the Amaury group to acquire the newspaper Le Parisien/Aujourd'hui en France. The proposed acquisition, which would cover the publishing, printing and distribution of that newspaper as well as the weekly Le Parisien Magazine, is currently in the consultation stage with the relevant bodies at the Amaury group; completion of the transaction will be contingent on authorization from the Competition Authority (Autorité de la Concurrence) in France. Subject to those reservations, the acquisition is expected to take place in the second half of 2015.

30. EXCEPTIONAL EVENTS AND LITIGATION

On December 17, 2012, the Mayor of Paris granted two distinct building permits authorizing the architectural project for the restructuring and reconstruction of the former La Samaritaine department stores 2 (Seine block) and 4 (Rivoli block). Both of these permits were the subject of an action for cancellation before the Paris Administrative Court (Tribunal administratif de Paris). On April 11, 2014, the Paris Administrative Court rejected the action for cancellation filed against the building permit authorizing the restructuring of former department store 2, which is registered as a Historic Monument (Seine block). That first permit thereby became definitive. On May 13, 2014, the Paris Administrative Court cancelled the second building permit order authorizing the partial demolition of former department store 4 and the reconstruction of a contemporary building designed by the architectural firm SANAA (Rivoli block). The company Grands Magasins de La Samaritaine and the City of Paris filed an appeal against this judgment. On January 5, 2015, the Paris Administrative Court of Appeal (Cour administrative d'appel de Paris) dismissed their appeals. La Samaritaine and the City of Paris filed a cassation appeal before the Council of State (Conseil d'État), which in a judgment dated June 19, 2015, overturned the judgment of the Administrative Court of Appeal, thereby definitively validating the second building permit.

31. SUBSEQUENT EVENTS

No significant subsequent events occurred between June 30, 2015 and July 28, 2015, the date on which the financial statements were approved for publication by the Board of Directors.

STATUTORY AUDITORS' REPORT

STATUTORY AUDITORS' REPORT

To the Shareholders,

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

- The review of the accompanying condensed half-year consolidated financial statements of LVMH Moët Hennessy - Louis Vuitton, for the period from January 1 to June 30, 2015;
- The verification of the information contained in the interim management report.

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

1. Conclusion on the financial statements

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

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

2. Specific verification

We have also verified the information provided in the interim management report in respect of the condensed consolidated half-year financial statements that were the object of our review.

We have no matters to report on the fairness and consistency of this information with the condensed consolidated half-year financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 28, 2015

The Statutory Auditors

French original signed by

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

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

SIMPLIFIED ACCOUNTING INFORMATION OF LVMH MOËT HENNESSY-LOUIS VUITTON SE

INCOME STATEMENT

Income/(Expenses) *(EUR millions – French accounting principles)*	**June 30, 2015**	**Dec. 31, 2014**	**June 30, 2014**
Income from subsidiaries and investments	2,666	7,359	2,048
Profit from recurring operations before tax	2,192	7,560	1,904
Exceptional income/(expense)	-	-	-
Income tax income/(expense)	90	(399)	(7)
Net profit	2,282	7,161	1,897

CHANGE IN EQUITY

(EUR millions - French accounting principles)	**Share capital and share premium**	**Other reserves and regulated provisions**	**Retained earnings**	**Interim dividends**	**Net profit**	**Total equity**
As of December 31, 2014 before appropriation of 2014 net profit	**2,807**	**388**	**-**	**(627)**	**7,161**	**9,729**
Appropriation of 2014 net profit	-	-	7 161	-	(7,161)	-
2014 dividend: final	-	-	(1,624)	627	-	(997)
Impact of treasury shares	-	-	17	-	-	17
Exercise of share subscription options	15	-	-	-	-	15
Retirement of LVMH shares	(1)	-	-	-	-	(1)
Net profit of the first half year	-	-	-	-	2,282	2,282
As of June 30, 2015	**2,821**	**388**	**5,554**	**-**	**2,282**	**11,045**

STATEMENT BY THE COMPANY OFFICER RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

We declare that, to the best of our knowledge, the condensed interim consolidated financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company and of all consolidated companies, and that the interim management report presented on page 6 gives a true and fair picture of the significant events during the first six months of the fiscal year and their impact on the financial statements, of the main related party transactions as well as description of the main risks and uncertainties for the remaining six months of the fiscal year.

Paris, July 28, 2015

Under delegation from the Chairman and Chief Executive Officer

Jean-Jacques GUIONY

Chief Financial Officer, Member of the Executive Committee

Design and production: Agence Marc Praquin

LVMH

MOËT HENNESSY . LOUIS VUITTON

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