

**First-half 2011 results**

**HISTORICALLY HIGH NET PROFIT\*:  
1,506 MILLION EUROS**

- **Solid and good quality results:**
- Improvement in gross profit at 71.5%
  - Sustained investments in R&D and Advertising & Promotion
  - High operating margin, at 16.8% of sales
  - Net profit excluding non-recurring items after non-controlling interests: €1,506m, +6.7%
  - Net profit after non-controlling interests: +11.6%
  - EPS\*\* at 2.52 euros: +5.4%
- **Confidence in the improvement of profitability for 2011.**

Commenting on the figures, Mr Jean-Paul Agon, Chairman and CEO of L'Oréal, said:

*“Organic growth in the first half of 2011 has confirmed the good dynamics of the group, which is further strengthening its worldwide positions, particularly in North America, in Latin America and in Asia Pacific.*

*The first-half results are up, solid and of good quality. Gross profit is improving, despite the higher cost of raw materials. Operating margin is at a high level, and net profit is growing strongly. At the same time we are continuing to pave the way for the future with our ongoing policy of sustained investments in R&D and advertising & promotion business drivers. Finally, the group's debt is particularly low.*

*These performances reflect the quality and solidity of the L'Oréal business model, based on powerful innovation, the vitality of our brand portfolio and a vast potential for internationalisation. In an uncertain economic environment, these fundamentals make us more confident than ever in the group's ability to build sustainable and profitable growth.*

*For 2011, we confirm our ambition to outperform the market and improve the group's profitability.”*

\* net profit excluding non-recurring items after non-controlling interests.

\*\* diluted net earnings per share, based on net profit excluding non-recurring items after non-controlling interests.

## A – First-half 2011 sales

- Based on reported figures, the group's sales, at June 30<sup>th</sup>, 2011, amounted to 10.15 billion euros, an increase of +5.0%. Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales growth of the L'Oréal group was +5.2%. The net impact of changes in consolidation was +0.7%. Currency fluctuations had a negative impact of -0.9%. Growth at constant exchange rates was +5.9%.
- If the exchange rates at the end of July, i.e. €1 = \$1.438, are extrapolated up to December 31<sup>st</sup>, the impact of currency fluctuations on sales would be approximately -1.8% for the whole of 2011.
- The news release of July 12<sup>th</sup>, 2011 details the activity for the first half of 2011. This news release is available and can be downloaded from the [www.loreal-finance.com](http://www.loreal-finance.com) website.

### Sales by operational division and geographic zone

	2 <sup>nd</sup> quarter 2011			1 <sup>st</sup> half 2011		
	€m	Growth Like-for-like	Reported	€m	Growth Like-for-like	Reported
<b><u>By operational division</u></b>						
Professional Products	704.6	1.2%	-0.7%	1,420.2	2.1%	4.2%
Consumer Products	2,453.6	4.0%	-0.2%	5,037.3	5.2%	4.5%
Luxury Products	1,133.3	9.5%	3.8%	2,249.8	8.5%	6.9%
Active Cosmetics	352.6	1.2%	-0.9%	797.7	3.2%	3.2%
<b>Cosmetics total</b>	<b>4,644.0</b>	<b>4.6%</b>	<b>0.6%</b>	<b>9,505.0</b>	<b>5.3%</b>	<b>4.9%</b>
<b><u>By geographic zone</u></b>						
Western Europe	1,854.9	1.2%	1.4%	3,765.3	0.8%	1.4%
North America	1,066.2	4.5%	-4.9%	2,183.4	5.8%	3.1%
New Markets, of which:	1,722.9	8.6%	3.4%	3,556.3	10.1%	10.1%
- <i>Asia Pacific</i>	831.2	14.4%	8.1%	1,748.1	13.0%	13.5%
- <i>Eastern Europe</i>	325.3	-5.4%	-8.2%	680.0	-3.4%	-3.8%
- <i>Latin America</i>	427.1	11.7%	7.5%	830.7	17.3%	18.0%
- <i>Africa, Middle East</i>	139.4	4.3%	-4.6%	297.6	10.1%	6.4%
<b>Cosmetics total</b>	<b>4,644.0</b>	<b>4.6%</b>	<b>0.6%</b>	<b>9,505.0</b>	<b>5.3%</b>	<b>4.9%</b>
The Body Shop	167.9	4.5%	-1.3%	337.4	2.6%	0.9%
Dermatology <sup>(1)</sup>	177.5	4.9%	12.2%	307.2	5.3%	13.6%
<b>Group total</b>	<b>4,989.4</b>	<b>4.6%</b>	<b>0.9%</b>	<b>10,149.6</b>	<b>5.2%</b>	<b>5.0%</b>

<sup>(1)</sup> Group share, i.e. 50%.

## B – First-half 2011: Solid and good quality results

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

### 1) Operating profitability at 16.8% of sales

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

<i>In €m</i>	06/30/10	As % of sales	12/31/10	As % of sales	06/30/11	As % of sales	Growth 06/30/10 06/30/11
<b>Sales</b>	<b>9,667</b>	<b>100%</b>	<b>19,496</b>	<b>100%</b>	<b>10,150</b>	<b>100%</b>	<b>+ 5.0%</b>
<i>Cost of sales</i>	-2,776	28.7%	-5,697	29.2%	-2,890	28.5%	+4.1%
<b>Gross Profit</b>	<b>6,890</b>	<b>71.3%</b>	<b>13,799</b>	<b>70.8%</b>	<b>7,260</b>	<b>71.5%</b>	<b>+5.4%</b>
<i>R&amp;D expenses</i>	-309	3.2%	-665	3.4%	-346	3.4%	+12.2%
<i>Advertising and promotion expenses</i>	-2,950	30.5%	-6,029	30.9%	-3,135	30.9%	+6.3%
<i>Selling, general and administrative expenses</i>	-1,963	20.3%	-4,049	20.8%	-2,076	20.5%	+5.8%
<b>Operating profit</b>	<b>1,669</b>	<b>17.3%</b>	<b>3,057</b>	<b>15.7%</b>	<b>1,702</b>	<b>16.8%</b>	<b>+2.0%</b>

**Gross profit**, at €7,260m, increased by 5.4%, and came out at 71.5% of sales, compared with 71.3% in the first half of 2010. Despite the unfavourable impact of higher raw materials prices, the improved efficiency and productivity of the factories, good stock management and finally the positive conversion effect, resulting from the strengthening of the euro, have contributed to this further improvement.

**Research and development expenses** have increased by 12.2%. This increase reflects the group's determination to step up its investments in Research and Innovation and, to a lesser extent, the integration of Q-Med.

**Advertising and promotion expenses** came out at 30.9% of sales, amounting to €3,135m, in line with the level for the full-year 2010.

**Selling, general and administrative expenses** amounted to €2,076m, representing 20.5% of sales, a level below that recorded in the full-year 2010.

**Operating profit**, at 16.8% of sales, amounted to €1,702m. This compares with the record level achieved in the first half of 2010 of 17.3%. The difference compared with the first half of 2010, that is 50 basis points, is the result of increased investments in R&D and advertising & promotion business drivers.

### 2) Operating profit by branch and division

	06/30/10		12/31/10		06/30/11	
	€m	% of sales	€m	% of sales	€m	% of sales
<b>By operational division</b>						
Professional Products	288	21.2%	552	20.3%	281	19.8%
Consumer Products	982	20.4%	1,765	18.5%	1,013	20.1%
Luxury Products	378	18.0%	791	17.5%	426	18.9%
Active Cosmetics	208	26.9%	278	20.1%	210	26.3%
<b>Cosmetics divisions total</b>	<b>1,856</b>	<b>20.5%</b>	<b>3,385</b>	<b>18.7%</b>	<b>1,930</b>	<b>20.3%</b>
<i>Non-allocated*</i>	-235	-2.6%	-513	-2.8%	-262	-2.8%
<b>Cosmetics branch total</b>	<b>1,622</b>	<b>17.9%</b>	<b>2,872</b>	<b>15.8%</b>	<b>1,668</b>	<b>17.5%</b>
<b>The Body Shop</b>	14	4.1%	65	8.7%	9	2.8%
<b>Dermatology branch**</b>	33	12.4%	119	19.8%	25	8.1%
<b>Group</b>	<b>1,669</b>	<b>17.3%</b>	<b>3,057</b>	<b>15.7%</b>	<b>1,702</b>	<b>16.8%</b>

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

\*\* Group share, i.e. 50%.

The **Professional Products Division** is operating in a difficult market this year, and its profitability has edged down from 21.2% to 19.8%.

The profitability of the **Consumer Products Division** at 20.1% is slightly down on the first half of 2010, but is considerably higher than the full-year 2010 figure of 18.5%.

The profitability of the **Luxury Products Division**, at 18.9%, has grown strongly.

The **Active Cosmetics Division** has again recorded very high profitability at 26.3%.

The increase in non-allocated costs, at 2.8%, is mainly the result of the rise in Research expenses.

The profitability of **The Body Shop**, which is mainly achieved in the second half of each year, came out at 2.8%.

The decline in profitability of **Dermatology** is the result of two factors: firstly, competition from generics for *Differin* 0.1% gel and cream and for *Loceryl* and, secondly, negative exchange rate effects.

### 3) Net earnings per share\*: €2.52

Consolidated profit and loss accounts, from operating profit to net profit excluding non-recurring items.

<i>In €m</i>	06/30/10	12/31/10	06/30/11	Evolution 06/30/10 06/30/11
<b>Operating profit</b>	<b>1,669</b>	<b>3,057</b>	<b>1,702</b>	<b>+2.0%</b>
<i>Financial revenues and expenses excluding dividends received</i>	- 18	-36	-9	
Sanofi dividends	284	284	296	
Profit before tax excluding non-recurring items	1,935	3,305	1,989	+2.8%
<i>Income tax excluding non-recurring items</i>	-522	-932	-481	
<i>Non-controlling interests</i>	-2	-2	-2	
<b>Net profit excluding non-recurring items after non-controlling interests</b>	<b>1,411</b>	<b>2,371</b>	<b>1,506</b>	<b>+6.7%</b>
<b>Net EPS ** (€)</b>	<b>2.39</b>	<b>4.01</b>	<b>2.52</b>	<b>+5.4%</b>
Net profit after non-controlling interests	1,314	2,240	1,467	
Diluted net EPS after non-controlling interests (€)	2.23	3.79	2.46	
<b>Diluted average number of shares</b>	<b>589,549,689</b>	<b>591,392,449</b>	<b>596,970,041</b>	

\* Net profit excluding non-recurring items after non-controlling interests does not include capital gains and losses on disposals of long-term assets, impairment of assets, restructuring costs, as well as competition litigation, and associated tax effects or non-controlling interests.

\*\* Diluted net earnings per share excluding non-recurring items after non-controlling interests.

**Overall finance costs**, at €9m, have fallen sharply compared with the first half of 2010. This large reduction is the result of the significant decline in net debt.

The **dividend** received from Sanofi for 2010 amounted to €296m, an increase of +4.2%.

**Profit before tax excluding non-recurring items** amounted to €1,989m, an increase of +2.8%.

**Income tax** amounted to €481m, less than in the first half of 2010.

**Net profit excluding non-recurring items after non-controlling interests** amounted to €1,506m, up by +6.7%. **EPS** amounted to €2.52, up by +5.4% compared with the first half of 2010.

After allowing for non-recurring items, **net profit after non-controlling interests** amounted to €1,467m, an increase of +11.6%.

#### 4) Stable operating cash flow and a robust balance sheet

**Gross cash flow** amounted to €1,795m, which is stable compared with the first half of 2010. The **change in working capital** has increased by €701m. The greater increase compared with the first half of 2010 stems mainly from the trade accounts payable and tax items. **Total cash flows from operating activities** (see cash flow statement in Appendix VI) **amounted to €1,094m.** **Investments** amounted to €400m that is approximately 4% of sales.

At June 30<sup>th</sup>, 2011, **net financial debt** totalled €526m. Gearing amounted to 3.3% of shareholders' equity.

The balance sheet structure, which was already robust, was further reinforced with **shareholders' equity** representing 64% of total assets.

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

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

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## **C – Appendices**

### **I - Consolidated profit and loss accounts**

<i>€ millions</i>	<b>1<sup>st</sup> half 2011</b>	<b>1<sup>st</sup> half 2010</b>	<b>2010</b>
<b>Net sales</b>	<b>10,149.6</b>	<b>9,666.8</b>	<b>19,495.8</b>
Cost of sales	-2,889.5	-2,776.3	-5,696.5
<b>Gross profit</b>	<b>7,260.1</b>	<b>6,890.4</b>	<b>13,799.3</b>
Research and development	-346.3	-308.7	-664.7
Advertising and promotion	-3,135.4	-2,950.4	-6,029.1
Selling, general and administrative expenses	-2,076.1	-1,962.8	-4,048.6
<b>Operating profit</b>	<b>1,702.3</b>	<b>1,668.6</b>	<b>3,056.9</b>
Other income and expenses	-62.6	-107.0	-153.2
<b>Operational profit</b>	<b>1,639.7</b>	<b>1,561.5</b>	<b>2,903.7</b>
Finance costs on gross debt	-18.8	-23.5	-43.8
Finance income on cash and cash equivalents	12.7	9.2	17.2
<b>Finance costs, net</b>	<b>-6.1</b>	<b>-14.3</b>	<b>-26.6</b>
Other financial income (expenses)	-3.2	-3.5	-9.0
Sanofi dividends	295.6	283.8	283.8
<b>Profit before tax and non-controlling interests</b>	<b>1,926.0</b>	<b>1,827.5</b>	<b>3,151.9</b>
Income tax	-457.9	-511.5	-909.9
<b>Net profit</b>	<b>1,468.1</b>	<b>1,316.0</b>	<b>2,242.0</b>
attributable to:			
- owners of the company	1,466.6	1,314.3	2,239.7
- non-controlling interests	1.5	1.7	2.3
Earnings per share attributable to owners of the company ( <i>euros</i> )	2.48	2.24	3.82
Diluted earnings per share attributable to owners of the company ( <i>euros</i> )	2.46	2.23	3.79
Earnings per share attributable to owners of the company excluding non-recurring items ( <i>euros</i> )	2.55	2.41	4.04
Diluted earnings per share attributable to owners of the company excluding non-recurring items ( <i>euros</i> )	2.52	2.39	4.01

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

€ millions	1 <sup>st</sup> half 2011	1 <sup>st</sup> half 2010	2010
<b>Consolidated net profit for the period</b>	<b>1,468.1</b>	<b>1,316.0</b>	<b>2,242.0</b>
<i>Financial assets available for sale</i>	896.7	-653.8	-852.3
<i>Cash flow hedges</i>	37.7	-81.0	-8.0
<i>Actuarial gains and losses</i>	-1.0	-0.4	-213.5
<i>Tax effect on items directly recognised in equity</i> <sup>(1)</sup>	-25.8	32.8	92.0
<i>Cumulative translation adjustments</i>	-359.5	798.4	463.3
<b>Changes in gains and losses directly recognised in equity</b>	<b>548.1</b>	<b>96.0</b>	<b>-518.5</b>
<b>Total net profit and gains and losses directly recognised in equity</b>	<b>2,016.2</b>	<b>1,412.0</b>	<b>1,723.5</b>
Attributable to:			
- owners of the company	2,014.6	1,410.3	1,721.2
- non-controlling interests	1.6	1.7	2.3

<sup>(1)</sup> The tax effect is as follows:

€ millions	1 <sup>st</sup> half 2011	1 <sup>st</sup> half 2010	2010
Financial assets available for sale	-15.2	11.3	14.6
Cash flow hedges	-10.8	21.3	1.1
Actuarial gains and losses	0.2	0.2	76.3
<b>Total</b>	<b>-25.8</b>	<b>32.8</b>	<b>92.0</b>

### III - Consolidated balance sheets

#### Assets

€ millions	06.30.2011	06.30.2010	12.31.2010
<b>Non-current assets</b>	<b>17,945.8</b>	<b>17,605.6</b>	<b>17,048.2</b>
Goodwill	5,705.9	5,894.9	5,729.6
Other intangible assets	2,232.0	2,297.0	2,177.5
Tangible assets	2,672.0	2,780.0	2,677.5
Non-current financial assets	6,729.0	6,043.9	5,837.5
Deferred tax assets	606.9	589.8	626.1
<b>Current assets</b>	<b>7,230.2</b>	<b>7,160.0</b>	<b>6,996.3</b>
Inventories	1,896.0	1,766.6	1,810.1
Trade accounts receivable	3,049.9	3,077.5	2,685.3
Other current assets	969.9	833.8	846.0
Current tax assets	60.0	48.1	104.5
Cash and cash equivalents	1,254.4	1,434.0	1,550.4
<b>Total</b>	<b>25,176.0</b>	<b>24,765.6</b>	<b>24,044.5</b>

#### Equity & Liabilities

€ millions	06.30.2011	06.30.2010	12.31.2010
<b>Equity</b>	<b>16,118.3</b>	<b>14,254.3</b>	<b>14,865.8</b>
Share capital	120.5	119.9	120.2
Additional paid-in capital	1,251.2	1,053.9	1,148.3
Other reserves	12,322.5	11,052.9	11,107.1
Items directly recognised in equity	2,095.6	1,467.6	1,188.1
Cumulative translation adjustments	-449.1	245.4	-89.6
Treasury stock	-691.3	-1,002.5	-850.9
Net profit attributable to owners of the company	1,466.6	1,314.3	2,239.7
<b>Equity attributable to owners of the company</b>	<b>16,116.0</b>	<b>14,251.5</b>	<b>14,862.9</b>
Non-controlling interests	2.3	2.8	2.9
<b>Non-current liabilities</b>	<b>1,854.5</b>	<b>2,593.5</b>	<b>2,596.6</b>
Provisions for employee retirement and obligations and related benefits	1,012.0	1,006.4	1,129.0
Provisions for liabilities and charges	172.6	163.2	181.3
Deferred tax liabilities	506.1	429.4	462.0
Non-current borrowings and debt	163.8	994.5	824.3
<b>Current liabilities</b>	<b>7,203.2</b>	<b>7,917.8</b>	<b>6,582.1</b>
Trade accounts payable	2,997.3	2,950.1	3,153.5
Provisions for liabilities and charges	517.0	602.8	536.9
Other current liabilities	1,905.8	2,039.2	1,958.1
Income tax	166.4	213.4	166.6
Current borrowings and debt	1,616.7	2,112.3	767.0
<b>Total</b>	<b>25,176.0</b>	<b>24,765.6</b>	<b>24,044.5</b>



## IV - Consolidated statements of changes in equity

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Items directly recognised in equity	Treasury stock	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
<b>At 12.31.2009</b>	<b>584,735,660</b>	<b>119.8</b>	<b>996.5</b>	<b>11,933.5</b>	<b>2,169.9</b>	<b>-1,071.6</b>	<b>-552.9</b>	<b>13,595.2</b>	<b>3.1</b>	<b>13,598.3</b>
Consolidated net profit for the period				2,239.7				2,239.7	2.3	2,242.0
<i>Financial assets available for sale</i>					-837.7			-837.7		-837.7
<i>Cash flow hedges</i>					-6.8			-6.8		-6.8
<i>Actuarial gains and losses</i>					-137.3			-137.3		-137.3
<i>Cumulative translation adjustments</i>							463.3	463.3		463.3
Change in gains and losses directly recognised in equity					-981.8		463.3	-518.5	-	-518.5
<b>Total net profit and gains and losses directly recognised in equity</b>				<b>2,239.7</b>	<b>-981.8</b>		<b>463.3</b>	<b>1,721.2</b>	<b>2.3</b>	<b>1,723.5</b>
Capital increase	2,520,175	0.5	151.8					152.3		152.3
Cancellation of treasury stock		-0.1		-37.8		37.9		-		-
Dividends paid (not paid on treasury stock)				-878.8				-878.8	-2.2	-881.0
Share-based payment				84.8				84.8		84.8
Net changes in treasury stock	2,400,068			1.1		182.8		183.9		183.9
Purchase of non-controlling interests				-2.9				-2.9		-2.9
Other movements				7.2				7.2	-0.3	6.9
<b>At 12.31.2010</b>	<b>589,655,903</b>	<b>120.2</b>	<b>1,148.3</b>	<b>13,346.8</b>	<b>1,188.1</b>	<b>-850.9</b>	<b>-89.6</b>	<b>14,862.9</b>	<b>2.9</b>	<b>14,865.8</b>
Consolidated net profit for the period				1,466.6				1,466.6	1.5	1,468.1
<i>Financial assets available for sale</i>					881.5			881.5		881.5
<i>Cash flow hedges</i>					26.8			26.8	0.1	26.9
<i>Actuarial gains and losses</i>					-0.8			-0.8		-0.8
<i>Cumulative translation adjustments</i>							-359.5	-359.5		-359.5
Change in gains and losses directly recognised in equity					907.5		-359.5	548.0	0.1	548.1
<b>Total net profit and gains and losses directly recognised in equity</b>				<b>1,466.6</b>	<b>907.5</b>		<b>-359.5</b>	<b>2,014.6</b>	<b>1.6</b>	<b>2,016.2</b>
Capital increase	1,661,947	0.3	102.9					103.2		103.2
Cancellation of treasury stock								-		-
Dividends paid (not paid on treasury stock)				-1,065.3				-1,065.3	-1.9	-1,067.2
Share-based payment				39.0				39.0		39.0
Net changes in treasury stock	2,106,656			1.3		159.6		160.9		160.9
Purchase of non-controlling interests								-		-
Other movements				0.7				0.7	-0.3	0.4
<b>At 06.30.2011</b>	<b>593,424,506</b>	<b>120.5</b>	<b>1,251.2</b>	<b>13,789.1</b>	<b>2,095.6</b>	<b>-691.3</b>	<b>-449.1</b>	<b>16,116.0</b>	<b>2.3</b>	<b>16,118.3</b>

## V - Changes in first half 2010

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Items directly recognised in equity	Treasury stock	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
<b>At 12.31.2009</b>	<b>584,735,660</b>	<b>119.8</b>	<b>996.5</b>	<b>11,933.5</b>	<b>2,169.9</b>	<b>-1,071.6</b>	<b>-552.9</b>	<b>13,595.2</b>	<b>3.1</b>	<b>13,598.3</b>
Consolidated net profit for the period				1,314.3				1,314.3	1.7	1,316.0
<i>Financial assets available for sale</i>					-642.5			-642.5		-642.5
<i>Cash flow hedges</i>					-59.6			-59.6	-0.1	-59.7
<i>Actuarial gains and losses</i>					-0.2			-0.2		-0.2
<i>Cumulative translation adjustments</i>							798.3	798.3	0.1	798.4
Change in gains and losses directly recognised in equity					-702.3		798.3	96.0	-	96.0
<b>Total net profit and gains and losses directly recognised in equity</b>				<b>1,314.3</b>	<b>-702.3</b>		<b>798.3</b>	<b>1,410.3</b>	<b>1.7</b>	<b>1,412.0</b>
Capital increase	959,950	0.2	57.4					57.6		57.6
Cancellation of treasury stock		-0.1		-37.8		37.9		-		-
Dividends paid (not paid on treasury stock)				-878.8				-878.8	-2.0	-880.8
Share-based payment				38.7				38.7		38.7
Net changes in treasury stock	460,700			0.4		31.2		31.6		31.6
Purchase of non-controlling interests				-3.1				-3.1		-3.1
Other movements								-		-
<b>At 06.30.2010</b>	<b>586,156,310</b>	<b>119.9</b>	<b>1,053.9</b>	<b>12,367.2</b>	<b>1,467.6</b>	<b>-1,002.5</b>	<b>245.4</b>	<b>14,251.5</b>	<b>2.8</b>	<b>14,254.3</b>

## VI - Consolidated statements of cash flows

€ millions	1 <sup>st</sup> half 2011	1 <sup>st</sup> half 2010	2010
<b>Cash flows from operating activities</b>			
Net profit attributable to owners of the company	1,466.6	1,314.3	2,239.7
Non-controlling interests	1.5	1.7	2.3
Elimination of expenses and income with no impact on cash flows:			
• depreciation, amortisation and provisions	276.7	398.6	734.2
• changes in deferred taxes	14.2	39.4	110.0
• share-based payment	39.0	38.7	84.8
• capital gains and losses on disposals of assets	-3.1	-0.4	0.1
<b>Gross cash flow</b>	<b>1,795.0</b>	<b>1,792.3</b>	<b>3,171.1</b>
Changes in working capital	-701.1	-289.2	132.5
<b>Net cash provided by operating activities (A)</b>	<b>1,093.9</b>	<b>1,503.1</b>	<b>3,303.6</b>
<b>Cash flows from investing activities</b>			
Investments in tangible and intangible assets	-400.2	-320.9	-677.9
Disposal of tangible and intangible assets	7.1	6.0	18.3
Changes in other financial assets (including investments in non-consolidated companies)	-3.9	11.7	2.3
Effect of changes in the scope of consolidation	-330.9	-124.3	-160.7
<b>Net cash (used in) from investing activities (B)</b>	<b>-727.9</b>	<b>-427.5</b>	<b>-818.0</b>
<b>Cash flows from financing activities</b>			
Dividends paid	-1,096.8	-896.4	-921.6
Capital increase of the Parent Company	103.2	57.6	152.3
Disposal (acquisition) of treasury stock	160.9	31.6	184.0
Purchase of non-controlling interests	-	-8.4	-8.7
Issuance (repayment) of short-term loans	628.2	-9.6	-132.6
Issuance of long-term borrowings	-	-	4.0
Repayment of long-term borrowings	-411.0	-101.6	-1,462.5
<b>Net cash (used in) from financing activities (C)</b>	<b>-615.4</b>	<b>-926.8</b>	<b>-2,185.1</b>
Net effect of changes in exchange rates and fair value (D)	-46.6	112.1	76.9
<b>Change in cash and cash equivalents (A+B+C+D)</b>	<b>-296.0</b>	<b>260.9</b>	<b>377.4</b>
<b>Cash and cash equivalents at beginning of the year (E)</b>	<b>1,550.4</b>	<b>1,173.1</b>	<b>1,173.1</b>
<b>Cash and cash equivalents at end of the period (A+B+C+D+E)</b>	<b>1,254.4</b>	<b>1,434.0</b>	<b>1,550.4</b>