

L'ORÉAL

**Réunion Semestrielle
d'Information Financière**

**Half-Year Financial
Information Meeting**

**Vendredi 2 septembre 2005
Friday, September 2nd, 2005**

**Extraits des
Comptes Consolidés**

**Extracts from the
Consolidated Financial Statements**

I - IFRS COMPARED CONSOLIDATED PROFIT AND LOSS ACCOUNTS

IFRS Compared consolidated profit and loss accounts

€ millions

	06.30.2005	06.30.2004 pro forma *	06.30.2004	12.31.2004 pro forma *	12.31.2004
Net sales	7 163,6	6 921,6	6 921,6	13 641,3	13 641,3
Cost of sales	-2 162,5	-2 055,9	-2 055,9	-4 101,1	-4 101,1
Gross profit	5 001,1	4 865,7	4 865,7	9 540,2	9 540,2
Research and development	-240,8	-222,3	-222,3	-466,6	-466,6
Advertising and promotion	-2 182,6	-2 152,9	-2 152,9	-4 176,9	-4 176,9
Selling, general and administrative expenses	-1 454,9	-1 403,3	-1 403,3	-2 844,3	-2 844,3
Operating profit before foreign exchange gains and losses	1 122,8	1 087,2	1 087,2	2 052,4	2 052,4
Foreign exchange gains and losses	-8,2	28,1	28,1	36,5	36,5
Operating profit	1 114,6	1 115,3	1 115,3	2 088,9	2 088,9
Other income and expenses	-2,3	4,5	4,5	-126,2	2 728,3
Operational profit	1 112,3	1 119,8	1 119,8	1 962,7	4 817,2
Finance costs	-26,4	-23,1	-23,1	-43,1	-43,1
Other financial income (expense)	-0,5	0,3	0,3	-3,9	-3,9
Sanofi-Aventis dividends	171,7	145,9	-	145,9	-
Share in net income of equity affiliates	-0,6	-0,5	233,5	-1,2	292,3
Profit before tax and minority interests	1 256,5	1 242,4	1 330,5	2 060,4	5 062,5
Income tax	-364,2	-362,0	-381,0	-618,6	-1 089,7
Net profit before minority interests	892,3	880,4	949,5	1 441,8	3 972,8
Minority interests	-0,6	-2,7	-2,7	-3,1	-3,1
Net profit after minority interests	891,6	877,7	946,8	1 438,7	3 969,7
Net profit after minority interests per share (in euros):					
Basic earnings per share	1,41	1,35	1,45	2,22	6,13
Diluted earnings per share	1,40	1,35	1,45	2,21	6,11
Net profit excluding non-recurrent items after minority interests per share (in euros):					

* For purposes of comparison, the pro forma profit and loss account presented has been restated to allow for the deconsolidation of Sanofi-Synthélabo on January 1st, 2004:

- by replacing the share in the net profit of Sanofi-Synthélabo by the dividends received,
- and by neutralising the dilution capital gain, net of tax, relating to these shares.

II - IFRS COMPARED CONSOLIDATED BALANCE SHEETS

€ millions

Assets	06.30.2005	06.30.2004 pro forma *	06.30.2004	12.31.2004
Non-current assets	17,618.9	15,094.3	9,607.0	15,734.0
Goodwill	3,670.5	3,690.5	3,690.5	3,513.8
Other intangible assets	1,290.2	1,169.5	1,169.5	1,064.9
Tangible assets	2,354.6	2,163.1	2,163.1	2,185.0
Financial assets	9,853.9	7,581.3	128.8	8,542.4
Investments in equity affiliates	-	0.7	1,965.9	-
Deferred tax assets	449.7	489.2	489.2	427.9
Current assets	5,316.0	5,001.7	5,001.7	4,651.2
Inventories	1,276.0	1,171.4	1,171.4	1,123.4
Trade accounts receivable	2,629.1	2,439.1	2,439.1	2,063.4
Other current assets	844.9	817.0	817.0	831.0
Current tax assets	96.2	83.5	83.5	57.2
Cash and cash equivalents	469.8	490.7	490.7	576.2
TOTAL ASSETS	22,934.9	20,096.0	14,608.7	20,385.2

* For comparison purpose, the pro-forma balance sheet as of June 30, 2004 is restated with Sanofi-Aventis shares classified as investments and revalued at listed share price at June 30, 2004. The revaluation effect is recorded through equity as well as the associated tax effect.

€ millions

Liabilities	06.30.2005	06.30.2004 pro forma *	06.30.2004	12.31.2004
Shareholders' equity	12,952.5	11,037.5	6,656.2	11,825.4
Capital stock	131.7	135.2	135.2	135.2
Additional paid-in capital	953.8	953.5	953.5	953.5
Other reserves	8,810.7	8,826.6	6,295.6	6,325.6
Items directly recognized in equity	4,032.9	1,944.9	25.5	3,031.0
Cumulative translation adjustments	128.7	75.1	75.1	-139.9
Treasury stock	-1,998.3	-1,779.7	-1,779.7	-2,450.9
Net profit after minority interests	891.6	877.7	946.8	3,969.7
Shareholders' equity excluding minority interests	12,951.1	11,033.3	6,652.0	11,824.2
Minority interests	1.4	4.2	4.2	1.2
Non-current liabilities	3,163.4	3,442.2	2,336.2	3,218.8
Provisions for employee retirement obligation and related benefits	958.6	1,030.9	1,030.9	995.6
Provisions for liabilities and charges	164.2	202.0	202.0	188.0
Deferred tax liabilities	1,531.8	1,468.6	362.6	1,322.2
Non-current borrowings and debts	508.8	740.7	740.7	713.0
Current liabilities	6,819.0	5,616.3	5,616.3	5,341.0
Trade account payable	2,047.4	2,039.2	2,039.2	2,108.7
Other current liabilities	1,904.6	1,710.5	1,710.5	1,597.5
Current tax liabilities	256.5	310.3	310.3	203.6
Current borrowings and debts	2,610.5	1,556.3	1,556.3	1,431.2
TOTAL LIABILITIES	22,934.9	20,096.0	14,608.7	20,385.2

* For comparison purpose, the pro-forma balance sheet as of June 30, 2004 is restated with Sanofi-Aventis shares classified as investments and revalued at listed share price at June 30, 2004. The revaluation effect is recorded through equity as well as the associated tax effect.

III - IFRS CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

€ millions

	Common shares outstanding	Capital stock	Additional paid-in capital	Retained earnings and net income	Items directly recognized in equity	Treasury stocks	Cumulative translation adjustments	Shareholders' equity excluding minority interests	Minority interests	Shareholders' equity
At au 12.31.2003	649,575,760	135.2	953.4	6,773.6	73.7	-1,792.6		6,143.3	8.3	6,151.6
Dividends paid (not paid on treasury stock)				-513.8				-513.8	-6.0	-519.8
<i>Cumulative translation adjustments</i>							-139.9	-139.9	-0.3	-140.2
<i>Financial assets available for sale</i>					2,974.1			2,974.1		2,974.1
<i>Cash flows hedging</i>					-16.8			-16.8	-0.3	-17.1
Net income changes directly recognized in equity					2,957.3		-139.9	2,817.4	-0.6	2,816.8
Consolidated net income of the period				3,969.7				3,969.7	3.1	3,972.8
Deferred share-based payment				20.4				20.4		20.4
Net changes in treasury stock	-11,301,400					-658.3		-658.3		-658.3
Others movements ⁽¹⁾			0.1	45.4				45.5	-3.7	41.8
At 12.31.2004	638,274,360	135.2	953.5	10,295.3	3,031.0	-2,450.9	-139.9	11,824.2	1.2	11,825.4
Capital increase	5,000	0.0	0.3					0.3		0.3
Cancellation of treasury stock	-17,300,000	-3.5		-980.9		984.4				0.0
Dividends paid (not paid on treasury stock)				-518.8				-518.8	-0.6	-519.4
<i>Cumulative translation adjustments</i>							268.6	268.6	0.3	268.9
<i>Financial assets available for sale</i>					1,094.0			1,094.0		1,094.0
<i>Cash flows hedging</i>					-92.1			-92.1	-0.1	-92.2
Net income changes directly recognized in equity					1,001.9		268.6	1,270.5	0.2	1,270.7
Consolidated net income of the period				891.6				891.6	0.6	892.3
Deferred share-based payment				14.4				14.4		14.4
Net changes in treasury stock	8,633,250			-0.3		-531.8		-532.1		-532.1
Others movements ⁽¹⁾				0.9				0.9		0.9
At 06.30.2005	629,612,610	131.7	953.8	9,702.3	4,032.9	-1,998.3	128.7	12,951.1	1.4	12,952.5

Consolidated statement of changes in shareholders equity 2004 – Pro forma

€ millions

	Common shares outstanding	Capital stock	Additional paid-in capital	Retained earnings and net income	Items directly recognized in equity	Treasury stocks	Cumulative translation adjustments	Shareholders' equity excluding minority interests	Minority interests	Shareholders' equity
At 12.31.2003	649,575,760	135.2	953.4	6,773.6	73.7	-1,792.6		6,143.3	8.3	6,151.6
Pro forma restatements				2,531.0	2,800.1			5,331.1		5,331.1
At 12.31.2003 pro forma	649,575,760	135.2	953.4	9,304.6	2,873.8	-1,792.6		11,474.4	8.3	11,482.7
Dividends paid (not paid on treasury stock)				-513.8				-513.8	-6.0	-519.8
<i>Cumulative translation adjustments</i>							-139.9	-139.9	-0.3	-140.2
<i>Financial assets available for sale</i>					174.0			174.0		174.0
<i>Cash flows hedging</i>					-16.8			-16.8	-0.3	-17.1
Net income changes directly recognized in equity					157.2		-139.9	17.3	-0.6	16.7
Consolidated net income of the period				1,438.7				1,438.7	3.1	1,441.8
Deferred share-based payment				20.4				20.4		20.4
Net changes in treasury stock	-11,301,400					-658.3		-658.3		-658.3
Others movements ⁽¹⁾			0.1	45.4				45.5	-3.7	41.8
At 12.31.2004	638,274,360	135.2	953.5	10,295.3	3,031.0	-2,450.9	-139.9	11,824.2	1.2	11,825.4

⁽¹⁾ Other investments mainly relates to adjustments linked to Sanofi-Aventis transition to IFRS standards as well as for 2004 to a reversal of provision for risks relating to pension plans initially accounted for through equity (€ 36.9 million).

Consolidated statement of changes in shareholders equity - First half 2004

€ millions

	Common shares outstanding	Capital stock	Additional paid-in capital	Retained earnings and net income	Items directly recognized in equity	Treasury stocks	Cumulative translation adjustments	Shareholders' equity excluding minority interests	Minority interests	Shareholders' equity
At au 12.31.2003	649,575,760	135.2	953.4	6,773.6	73.7	-1,792.6		6,143.3	8.3	6,151.6
Dividends paid (not paid on treasury stock)				-513.8				-513.8	-5.3	-519.1
<i>Cumulative translation adjustments</i>							75.1	75.1	0.3	75.4
<i>Financial assets available for sale</i>					0.8			0.8		0.8
<i>Cash flows hedging</i>					-49.0			-49.0		-49.0
Net income changes directly recognized in equity					-48.2		75.1	26.9	0.3	27.2
Consolidated net income of the period				946.8				946.8	2.7	949.5
Deferred share-based payment				9.2				9.2		9.2
Net changes in treasury stock	569,400					12.9		12.9		12.9
Others movements ⁽¹⁾			0.1	26.6				26.7	-1.9	24.8
At 06.30.2004	650,145,160	135.2	953.5	7,242.4	25.5	-1,779.7	75.1	6,652.0	4.2	6,656.2

Consolidated statement of changes in shareholders equity - First half 2004 - Pro forma

€ millions

	Common shares outstanding	Capital stock	Additional paid-in capital	Retained earnings and net income	Items directly recognized in equity	Treasury stocks	Cumulative translation adjustments	Shareholders' equity excluding minority interests	Minority interests	Shareholders' equity
At 12.31.2003	649,575,760	135.2	953.4	6,773.6	73.7	-1,792.6		6,143.3	8.3	6,151.6
Pro forma restatements				2,531.0	2,800.1			5,331.1		5,331.1
At 12.31.2003 pro forma	649,575,760	135.2	953.4	9,304.6	2,873.8	-1,792.6		11,474.4	8.3	11,482.7
Dividends paid (not paid on treasury stock)				-513.8				-513.8	-5.3	-519.1
<i>Cumulative translation adjustments</i>							75.1	75.1	0.3	75.4
<i>Financial assets available for sale</i>					-879.9			-879.9		-879.9
<i>Cash flows hedging</i>					-49.0			-49.0		-49.0
Net income changes directly recognized in equity					-928.9		75.1	-853.8	0.3	-853.5
Consolidated net income of the period				877.7				877.7	2.7	880.4
Deferred share-based payment				9.2				9.2		9.2
Net changes in treasury stock	569,400					12.9		12.9		12.9
Others movements ⁽¹⁾			0.1	26.6				26.7	-1.9	24.8
At 06.30.2004 pro forma	650,145,160	135.2	953.5	9,704.3	1,944.9	-1,779.7	75.1	11,033.3	4.2	11,037.5

⁽¹⁾ Other investments mainly relates to adjustments linked to Sanofi-Aventis transition to IFRS standards as well as for first half 2004 to a reversal of provision for risks relating to pension plans initially accounted for through equity (€ 21.6 million)

IV - IFRS COMPARED CONSOLIDATED STATEMENTS OF CASH FLOWS

€ millions

	1 st half 2005	1 st half 2004 pro forma *	1 st half 2004	2004 pro forma *	2004
Cash flows from operating activities					
Net profit before minority interests	891.6	877.7	946.8	1,438.7	3,969.7
Minority interests	0.6	2.7	2.7	3.1	3.1
Elimination of expenses and income with no impact on cash flows					
• depreciation and charges to provisions	171.6	113.8	113.8	413.2	413.2
• changes in deferred taxes	26.9	-0.3	18.7	-19.2	451.9
• Share-based payment	14.4	9.2	9.2	20.4	20.4
• capital gains or losses	-4.7	-4.9	-4.9	62.7	62.7
• Sanofi-Aventis dilution capital gain	-	-	-	-	-2,854.4
• Share in net income of equity affiliates (net of dividends received)	0.6	0.5	-94.8	1.3	-146.3
• other non-cash movements	-0.3	0.3	0.3	2.5	2.5
Gross cash flow	1,100.7	999.0	991.8	1,922.8	1,922.8
Cash used for working capital	-502.6	-398.4	-398.4	-76.4	-76.4
Net cash provided by operating activities (A)	598.1	600.6	593.4	1,846.4	1,846.4
Cash flows from investing activities					
Investments in tangible and intangible assets	-321.3	-313.2	-313.2	-677.1	-677.1
Disposals of tangible and intangibles assets	1.7	8.0	8.0	32.2	32.2
Changes in other financial assets (including non consolidated investments)	-7.7	5.7	12.9	-11.6	-11.6
Effects of changes in the scope of consolidation	-148.4	-433.1	-433.1	-465.4	-465.4
Net cash used by investing activities (B)	-475.7	-732.6	-725.4	-1,121.9	-1,121.9
Cash flows from financing activities					
Dividends paid	-553.1	-505.8	-505.8	-542.9	-542.9
Capital increase of the parent company	0.3	-	-	-	-
Disposal (acquisition) of treasury stock	-553.4	13.0	13.0	-637.0	-637.0
Changes in financial debt	864.0	386.4	386.4	321.0	321.0
Net cash used by financing activities (C)	-242.2	-106.4	-106.4	-858.9	-858.9
Net effect of exchange rate changes and fair value changes (D)	13.4	9.7	9.7	-8.8	-8.8
Change in cash and cash equivalents (A+B+C+D)	-106.4	-228.7	-228.7	-143.2	-143.2
Cash and cash equivalent at beginning of the period (E)	576.2	719.4	719.4	719.4	719.4
Cash and cash equivalents at the end of the period (A+B+C+D+E)	469.8	490.7	490.7	576.2	576.2

* For comparison purpose, pro-forma statements of cash flows are restated in order to reflect the deconsolidation of Sanofi-Synthélabo at January 1st, 2004:

- by replacing the share in net income of Sanofi-Synthélabo by the received dividends
- and by neutralizing the net of tax dilution capital gain relating to these shares.

Income taxes paid amount to € 349.1 million, € 316.5 million and € 644.3 million respectively for the first half 2005 and 2004 and for 2004.

Interest paid amount to € 45.4 million, € 30.5 million and € 69.3 million respectively for the first half 2005 and 2004 and for 2004.

Dividends received amount to € 171.7 million, € 138.8 million and € 145.9 million respectively for the first half 2005 and 2004 and for 2004.