HALF-YEAR FINANCIAL REPORT

AT JUNE 30TH, 2013

L'ORÉAL

Contents

HALF-YEAR FINANCIAL REPORT

at June 30th, 2013

Half-year situation at June 30th, 2013

The following statements have been examined by the Board of Directors of August 29th, 2013 and have been the object of a limited review by the Statutory Auditors.

This is a free translation into English of the L'Oréal 2013 Half-year Financial Report issued in the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy the French version prevails.

1
Activity Report

It should be noted that L'Oréal's half-year results are not representative of the full-year results.

1.1. The Group consolidated

Based on reported figures, the Group's **sales** at June 30th, 2013 amounted to 11.74 billion euros, an increase of +4.7%. Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales growth of the L'Oréal Group was +5.4%. The net impact of changes in consolidation was +1.0%. Currency fluctuations had a negative impact of -1.7%. If the exchange rates at the end of August 2013, i.e. €1 = $1.334, are extrapolated up to December 31st, the impact of currency fluctuations on sales would be approximately -3.6% for the whole of 2013. Growth at constant exchange rates was +6.4%.

1.1.1 Consolidated profit and loss accounts

Gross profit, at 8,419 million euros, came out at 71.7% of sales, compared with 71.0% in the first half of 2012, representing an improvement of 70 basis points.

Research and Development expenses increased from 3.4% to 3.6% as a percentage of sales, and have grown by 8.8%. This increase reflects the Group's constant determination to support its investments in Research and Innovation.

Advertising and promotion expenses came out at 30.2% of sales, which is the same as the figure for the first half of 2012 at constant exchange rates and scope of consolidation.

Selling, general and administrative expenses, at 20.5% of sales, were slightly higher, by 20 basis points, than in the first half of 2012.

Operating profit grew by 7.7%, with a further 50 basis point improvement in profitability, and amounted to 17.4% of sales, which is a record level for a half-year.

Overall finance costs amounted to 18.0 million euros, compared with 4.7 million euros in the first half of 2012. This increase is mainly the result of the restatement of the financial component of the retirement expense in the financial cost and of the modification of the IAS 19 standard on employee benefits schemes.

The dividends received from Sanofi amounted to 327.5 million euros.

Income tax excluding non-recurring items amounted to 560.8 million euros, representing a rate of 23.8%, slightly below the rate for the first half of 2012, which was 24.7%.

Net profit excluding non-recurring items after non-controlling interests came out at 1,789.9 million euros, up by 7.9%.

Net EPS amounted to 2.94 euros, an increase of 7.1%.

Net profit after allowing for non-recurring items after non-controlling interests amounted to 1,708.9 million euros, an increase of 5.2%.

1.1.2. Cash flow statements/ balance sheet

Gross cash flow amounted to 2,115 million euros; an increase of 7.8% compared with the first half of 2012.

The **change in working capital** increased significantly, as it does in the first half of each year, reflecting the seasonality of our business. In the first half of 2013, the increase was slightly below the figure for the first half of 2012.

Investments amounted to 524 million euros, that is 4.5% of sales.

Total cash flow from operating activities came out at 943 million euros, an increase of 22.7%.

Finally, after payment of the dividend and acquisitions, consisting mainly of the acquisition of Vogue in Colombia, of the Beauty business of Interconsumer Products in Kenya and of Spirig at Galderma, the **residual cash flow** came out at -1,017 million euros.

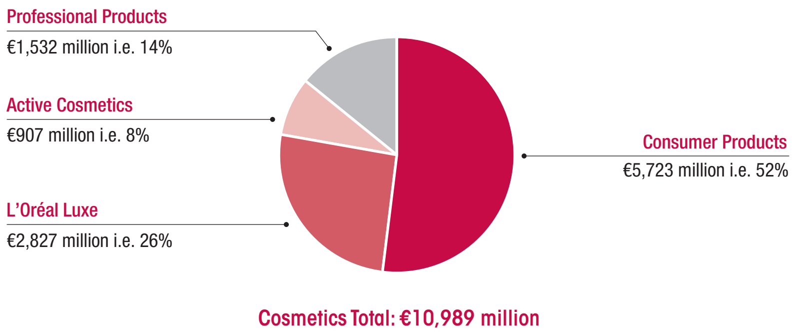
At June 30th, 2013, **net cash** was positive at 572 million euros.

The balance sheet structure is particularly robust, as **shareholders' equity** represents approximately 71% of total assets.

1.2. Segment information

1.2.1. By branch

1.2.1.1. Cosmetics



The Professional Products Division recorded growth of +1.4% like-for-like and +0.6% based on reported figures. The mature markets are still proving difficult, particularly in southern Europe, while the Division continues to be dynamic in the New Markets and is actively pursuing its policy of recruiting new salons.

- In the luxury haircare segment, *Kérastase*, which is growing strongly, is introducing a new category - "Couture Styling" - with Kate Moss as its ambassador. Haircare sales are growing, driven by hair oils and the launch of *Biolage Advanced* by *Matrix* in the United States. In hair colourants, the revolutionary ODS2 technology is now being rolled out across the Division's three major brands (*L'Oréal Professionnel*, *Matrix* and *Redken*).

  Essie professional nail care products are continuing their development.

- The Division, which remains strongly exposed to mature markets, did however improve its positions in the second quarter. In the New Markets excluding Japan, all the zones are continuing to grow strongly, particularly in Russia, Brazil, India, Indonesia and Africa, Middle East.

The Consumer Products Division posted sales growth of +6.3% like-for-like and +5.1% based on reported figures, and is continuing to gain market share thanks to the substantial progress achieved by its major brands and major product initiatives.

- *L'Oréal Paris* is gaining momentum, thanks in particular to the successful globalisation of *Elvive*. In facial skincare, *Revitalift Laser* is building on its success, while the hair colourants category is receiving a boost from *Préférence Mousse Absolue* and *Préférence les Ombrés*.

  At *Garnier*, the success of *Olia*, now being rolled out worldwide, is contributing to the strong growth of the hair colourant category. In haircare, *Fructis* is returning to positive growth and *Ultra-Doux* is continuing its very solid sales growth.

  Maybelline is confirming its appeal among the younger generation with the worldwide success of *Baby Lips*, and the launch of *Color Show* in the nail varnish segment.

- The Division is well oriented and records particularly significant market share gains in Western Europe, North America, and Latin America.

At end-June, **L'Oréal Luxe** sales increased by +6.4% like-for-like and +6.6% based on reported figures. The Division is growing significantly faster than the market, thanks to the advances of all its core brands, the success of its recent acquisitions, and a remarkable performance in women's fragrances.

- Continuing their trends from the start of the year, *Lancôme*, *Giorgio Armani* and *Kiehl's* are maintaining their growth dynamics. In addition to the ongoing success of *La Vie est Belle*, *Teint Touche Eclat* and *Rouge Pur Couture* lipstick by *Yves Saint Laurent*, the Division is enhancing its offering with major innovations such as *Advanced Génifique* and *Teint Visionnaire* by *Lancôme*, and *Powerful Wrinkle Reducing Cream* by *Kiehl's*.

  Clarisonic is continuing its global roll-out. *Urban Decay*, the new make-up brand of L'Oréal Luxe, is growing strongly and is launching *Naked BB Cream*.

- In Western Europe, a stagnant market, the Division is improving its positions, and in North America it is achieving solid growth. Although the South Korean market remains depressed, dynamic sales trends are continuing in China, Russia, the Middle East and Travel Retail.

In the first half, **the Active Cosmetics Division** continued to build momentum, with sales increasing by +7.8% like-for-like (+6.6% based on reported figures), driven by the recovery of *Vichy* and the strong and sustained growth of *La Roche-Posay*.

- *Vichy* is continuing to perform well, particularly in Western Europe and in skincare, with the launch of *Idealia BB Cream*. *La Roche-Posay* is once again posting very strong growth in Western Europe and across all the New Markets.
- In Western Europe, the Division is growing significantly faster than the market. All the geographic zones are growing, with an outstanding performance in Latin America, driven by Brazil in particular.

1.2.1.2. The Body Shop

At end-June, **The Body Shop** recorded like-for-like growth of +0.5% and -1.4% based on reported figures. Dynamic sales trends are continuing in Southern Asia, the Middle East and Eastern Europe, while western countries are facing a more difficult environment.

In the first half, The Body Shop was impacted by the phasing of launches, which will occur in the second half. The brand is continuing the international roll-out of "Pulse", its innovative store concept, and the expansion of its development in e-commerce, now with 21 online sales sites.

At June 30th, 2013, The Body Shop has a total of 2,840 stores.

1.2.1.3. Dermatology (Group share, i.e. 50%)

Galderma's sales trends were +0.3% like-for-like, and +3.3% based on reported figures, with strongly contrasting performances in the geographic zones.

Growth remains solid in the New Markets, particularly in Asia, Pacific, in Latin America and in Russia.

Metrogel 1% (rosacea) in the United States, along with *Loceryl* (nail mycosis) and *Tetralysal* (acne) in Western Europe, are facing competition from generics.

Epiduo (acne) and *Clobex Spray* (psoriasis) are performing very well.

In the over-the-counter market, the dynamism of *Loceryl* and *Cetaphil* (a hydrating and cleansing skincare range) is continuing and corrective medical solutions are being driven by the good performances in Asia, Pacific of *Azzalure* (muscle relaxant) and of *Restylane* (a hyaluronic acid-based dermal filler).

1.2.2. Operating profit by branch and division

	06.30.12		12.31.12		06.30.13	
	€ millions	*% of sales*	*€ millions*	*% of sales*	*€ millions*	*% of sales*
By operational division						
Professional Products	303.2	19.9%	615.2	20.5%	307.3	20.1%
Consumer Products	1,081.7	19.9%	2,050.8	19.1%	1,190.2	20.8%
L'Oréal Luxe	517.2	19.5%	1,077.0	19.3%	566.2	20.0%
Active Cosmetics	221.9	26.1%	311.2	20.4%	247.9	27.3%
Cosmetics divisions total	**2,123.9**	**20.3%**	**4,054.3**	**19.5%**	**2,311.6**	**21.0%**
*Non-allocated**	*-279.7*	*-2.7%*	*-577.2*	*-2.8%*	*-294.8*	*-2.7%*
COSMETICS BRANCH TOTAL	**1,844.2**	**17.6%**	**3,477.1**	**16.7%**	**2,016.8**	**18.4%**
The Body Shop	11.6	3.1%	77.5	9.1%	9.8	2.7%
Dermatology branch**	40.7	11.0%	142.6	17.9%	16.2	4.3%
GROUP	**1,896.5**	**16.9%**	**3,697.3**	**16.5%**	**2,042.9**	**17.4%**

* *Non-allocated = Central Group expenses, fundamental research expenses, stock option and free grant of shares expenses and miscellaneous items. As a % of cosmetics sales.*
** *Group share, i.e. 50%.*

The profitability rates of each of the Divisions improved during the first half:

The profitability of **Professional Products Division** increased from 19.9% to 20.1%, in a difficult market context.

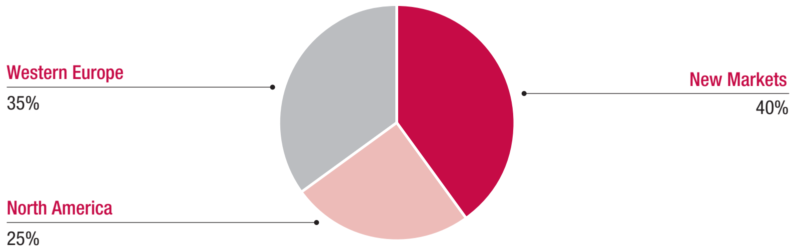
The profitability of the **Consumer Products Division** increased from 19.9% to 20.8%, that of **L'Oréal Luxe** from 19.5% to 20.0%, and that of the **Active Cosmetics Division** from 26.1% to 27.3%.

The profitability of the **Cosmetics branch**, at 18.4%, grew by 80 basis points in the first half.

The profitability of **The Body Shop**, which is mainly achieved in the second half, came out at 2.7% in the first half.

Dermatology, whose profitability is traditionally stronger in the second half of each year, came out at 4.3%.

1.2.3. Cosmetics sales by geographic zone



1.2.3.1. Western Europe

The European market is declining slightly, with a negative southern Europe, and the rest of Europe remaining more or less stable. Against this background, L'Oréal recorded growth of +1.7% like-for-like, and +1.6% based on reported figures, thanks to substantial market share gains by the Consumer Products and Active Cosmetics Divisions. Germany, France and the countries of northern Europe are all contributing to growth; Spain and Portugal are gradually recovering. *L'Oréal Paris*, *Garnier*, *Lancôme*, *Kiehl's*, *Vichy* and *La Roche-Posay* are all making strong progress.

1.2.3.2. North America

North America achieved growth of +5.4% like-for-like and +6.7% based on reported figures. Group sales are increasing nearly twice as fast as the market. In an American market that is growing slightly slower than in 2012, the Consumer Products Division is making strategic breakthroughs with *L'Oréal Paris Advanced Haircare*, *Olia* hair colourant by *Garnier*, and the ramp-up of *Essie*. At L'Oréal Luxe, *Urban Decay* and *Kiehl's* are expanding strongly, and the new men's fragrance *Red* by *Ralph Lauren* is making a good start. The Active Cosmetics Division is continuing to expand, thanks to the opening of new sales outlets and the continuing success of *SkinCeuticals*.

1.2.3.3. New Markets

- Asia, Pacific: L'Oréal recorded growth of +8.0% like-for-like and +5.1% based on reported figures. If Japan is excluded, like-for-like growth reached +9.2%. The contrasting trends in this zone are continuing, with a negative market trend in South Korea, while in China, India and the ASEAN countries, the market remains favourable.

  The Group is strengthening its positions, thanks in particular to the strong performance of *L'Oréal Paris* in the Consumer Products Division, and *Lancôme*, *Yves Saint Laurent* and *Kiehl's* at L'Oréal Luxe. *Yves Saint Laurent* has been launched in China. Amongst the countries, Indonesia, India and China in particular are contributing to the strong performance in this zone.
- Latin America: Latin America recorded growth of +13.5% like-for-like and +9.6% based on reported figures. Each division is performing well and gaining market shares. Brazil is returning to strong growth, thanks to the solid performance of the Consumer Products Division, in haircare with *Elvive* by *L'Oréal Paris*, in hair colourants with *Casting Crème Gloss* and the acceleration in the roll-out of *Maybelline*.

  The Active Cosmetics Division is continuing to grow faster than the market. The Professional Products Division is accelerating, thanks to the launch in Brazil of *Serie Expert Absolut Control* and *Matrix Biolage Repair Inside*.
- Eastern Europe: This zone recorded growth of +8.4% like-for-like and +6.7% based on reported figures in a market that has slowed down slightly. Growth in this zone is being driven by Russia and Ukraine, while Poland is now recovering. L'Oréal Luxe performed well in Russia thanks to *Lancôme* and *Giorgio Armani*, and the trends of all the Consumer Product Division brands are favourable. Professional Products is continuing its conquest of new hair salons.
- Africa, Middle East: The Africa, Middle East zone continued its solid growth at +15.1% like-for-like and +12.3% based on reported figures, with strong performances from all the Divisions. By country, sales are particularly dynamic in Saudi Arabia, the United Arab Emirates and Turkey. Egypt is posting solid growth despite the difficult context. The acquisition of Interconsumer Products Limited (ICP) is strengthening the Group's presence in the markets of Eastern Africa.

1.3. Important events during the period

- On January 31st, 2013, L'Oréal completed the acquisition of the *Vogue* brand in Colombia.
- On February 11th, 2013, the Board of Directors decided to set up a share buyback program amounting to €500 million in the first half of 2013.
- On February 27th, 2013, *Galdema* completed the acquisition of Spirig in Switzerland.
- On April 15th, 2013, L'Oréal announced the acquisition of the Hygiene and Beauty business of Interconsumer Products Limited (ICP) in Kenya. ICP, a major player in the Kenyan beauty market, is strengthening the Group's position in Eastern Africa.
- On April 26th, 2013, the Annual General Meeting of L'Oréal appointed Mrs. Virginie Morgon as a new Board member and renewed the tenure of Mrs. Françoise Bettencourt Meyers, Mr. Peter Brabeck-Letmathe and Mr. Louis Schweitzer.

  Furthermore, the Annual General Meeting decided the payment of a dividend of €2.30 per share, representing an increase of +15% compared with 2012.
- On May 17th, 2013, L'Oréal announced several appointments to its Executive Committee: Mr. Jean-Jacques Lebel retired on July 1st; Mr. Marc Menesguen succeeds him as President Consumer Products Division. Mr. Nicolas Hieronimus is appointed President Selective Divisions (L'Oréal Luxe, Professional Products, Active Cosmetics, The Body Shop). Mr. Frédéric Rozé is appointed Executive Vice-President of the Americas zone, which includes North and Latin America. Mr. Alexandre Popoff is appointed Executive Vice-President Eastern Europe zone. Mr. Jochen Zaumseil is appointed Executive Vice-President Western Europe zone. Lastly, Mr. Alexis Perakis-Valat is appointed Executive Vice-President for the Asia, Pacific zone. These appointments are effective as of July 1st, 2013.

1.4. Risk factors and transactions between related parties

1.4.1. Risks factors

Risk factors are similar to those presented in the section 1.8. of the 2012 Registration Document (pages 20 to 27) and did not change significantly during the first half-year of 2013. The amounts relating to market and financial risks at June 30th, 2013 are described in notes 14 & 15 in the section "Notes to financial statements" of this Half-year Report.

1.4.2. Transactions between related parties

Transactions between the companies consolidated on a proportional basis (no company consolidated under the equity method) don't represent a significant amount at June 30th, 2013. Furthermore, during the first half-year of 2013, there was no significant transaction concluded with a member of the senior management or with a shareholder having a material influence on the Group.

1.5. Prospects

In the first half, in a market whose growth slowed down slightly, L'Oréal has continued to record good sales dynamics, and achieved further growth in profits.

The Group's competitiveness has improved once again, and is reflected in market share gains across all divisions and zones. Operating profit has reached a historically high level, with a good quality gross profit and an ongoing policy of sustained investments in Research & Innovation and in Advertising and Promotional growth drivers.

These performances demonstrate the relevance of L'Oréal's business model and the quality of its fundamentals: the ability of its research to create major innovations and stimulate the market, and the vitality and quality of its brand portfolio. The Group is thus ambitious and optimistic as it continues to implement its strategy of the "universalisation of beauty" and conquer the next billion consumers.

The Group is confirming its targets for 2013 and remain confident in its ability to once again outperform the market, and to achieve a further year of growth in sales, results and profitability.

1.6. Subsequent events

On August 15th, 2013, L'Oréal and Magic Holdings International Limited have announced L'Oréal's proposal to acquire all of the shares of Magic Holdings International Limited, a company listed in the Hong Kong Stock Exchange. The proposed price is 6.30 HK dollars per share.

L'Oréal's proposal is supported by Magic's Board of Directors. Six key shareholders, representing 62.3% of the company's equity, are already committed to supporting L'Oréal's proposal.

The implementation of the transaction is subject to the approval of the Ministry of Commerce of the People's Republic of China (MOFCOM).

A specialist in cosmetic facial masks, Magic's turnover in 2012 was approximately 150 million euros. Facial masks are one of China's beauty market's fastest growing areas with very promising development prospects. Magic's MG brand is one of China's leading brands in this category.

This paragraph is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the above mentioned proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of Magic Holdings International Limited in any jurisdiction in contravention of applicable law. The proposal, if made, will be made solely through the Scheme Document, which will contain the full terms and conditions of the proposal, including details of how to vote in favour of the proposal and any restrictions applicable to the proposal. Any response to the proposal, acceptance included, should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made, as the case may be.

2

Condensed consolidated financial statements

2.1. Compared consolidated income statements

€ millions	Notes	1st half 2013	1st half 2012	2012
Net sales	3	**11,738.1**	**11,213.2**	**22,462.7**
Cost of sales		-3,318.7	-3,247.2	-6,587.7
Gross profit		**8,419.4**	**7,966.0**	**15,875.0**
Research and development		-420.3	-386.5	-790.5
Advertising and promotion		-3,544.2	-3,403.6	-6,776.3
Selling, general and administrative expenses		-2,411.9	-2,279.4	-4,610.9
Operating profit	3	**2,042.9**	**1,896.5**	**3,697.3**
Other income and expenses	6	-30.2	-55.6	-123.8
Operational profit		**2,012.7**	**1,840.9**	**3,573.5**
Finance costs on gross debt		-13.0	-18.7	-34.5
Finance income on cash and cash equivalents		17.2	16.3	31.3
Finance costs, net		**4.2**	**-2.4**	**-3.2**
Other financial income (expenses)		-22.2	-2.2	-7.8
Sanofi dividends		327.5	313.3	313.4
Profit before tax and non-controlling interests		**2,322.2**	**2,149.6**	**3,875.9**
Income tax		-611.6	-522.8	-1,005.5
Net profit		**1,710.6**	**1,626.8**	**2,870.4**
attributable to:				
- owners of the company		1,708.9	1,625.2	2,867.7
- non-controlling interests		1.7	1.6	2.7
Earnings per share attributable to owners of the company *(euros)*	7	2.86	2.72	4.79
Diluted earnings per share attributable to owners of the company *(euros)*	7	2.81	2.69	4.74
Earnings per share attributable to owners of the company excluding non-recurring items *(euros)*	7	2.99	2.78	4.97
Diluted earnings per share attributable to owners of the company excluding non-recurring items *(euros)*	7	2.94	2.75	4.91

2.2. Consolidated statements of net profit and gains and losses recognised directly in equity

€ millions	Notes	1st half 2013	1st half 2012	2012
Consolidated net profit for the period		**1,710.6**	**1,626.8**	**2,870.4**
Financial assets available for sale		*973.0*	*353.5*	*1,730.9*
Cash flow hedges		*-18.6*	*6.7*	*103.0*
Cumulative translation adjustments		*-104.2*	*98.6*	*-134.3*
Income tax on items that may be reclassified to profit or loss (1)		*-35.1*	*-13.7*	*-116.9*
Items that may be reclassified to profit or loss		815.1	445.1	1,582.7
Actuarial gains and losses	12.4	-	*-410.3*	*-271.9*
Income tax on items that may not be reclassified to profit or loss (1)		-	*142.5*	*86.7*
Items that may not be reclassified to profit or loss		-	-267.8	-185.2
Changes in gains and losses recognised directly in equity		**815.1**	**177.3**	**1,397.5**
Total net profit and gains and losses recognised directly in equity		**2,525.7**	**1,804.1**	**4,267.9**
attributable to:				
- owners of the company		2,524.0	1,802.5	4,265.1
- non-controlling interests		1.7	1.6	2.8

(1) The tax effect is as follows:

€ millions	1st half 2013	1st half 2012	2012
Financial assets available for sale	*-40.2*	*-12.2*	*-90.0*
Cash flow hedges	*5.1*	*-1.5*	*-26.9*
Items that may be reclassified to profit or loss	-35.1	-13.7	-116.9
Actuarial gains and losses	-	*142.5*	*86.7*
Items that may not be reclassified to profit or loss	-	142.5	86.7
TOTAL	**-35.1**	**128.8**	**-30.2**

2.3. Compared consolidated balance sheets

€ millions	Notes	06.30.2013	06.30.2012 [1]	12.31.2012 [1]
ASSETS				
Non-current assets		**22,457.8**	**20,001.8**	**21,321.3**
Goodwill	8	6,554.0	6,439.5	6,478.2
Other intangible assets	8	2,598.3	2,500.8	2,625.4
Property, plant and equipment	9	3,054.6	2,987.9	2,962.8
Non-current financial assets	10	9,506.1	7,254.8	8,531.3
Deferred tax assets		744.8	818.8	723.6
Current assets		**8,379.8**	**8,233.5**	**8,209.6**
Current assets excluding assets held for sale		***8,379.8***	***8,202.5***	***8,209.6***
Inventories		2,225.0	2,109.5	2,033.8
Trade accounts receivable		3,678.9	3,494.2	3,208.8
Other current assets		1,128.5	1,056.2	1,006.6
Current tax assets		102.9	74.0	137.2
Cash and cash equivalents	11	1,244.5	1,468.6	1,823.2
Assets held for sale		-	***31.0***	-
TOTAL		**30,837.6**	**28,235.3**	**29,530.9**

(1) The balance sheets at June 30th, 2012 and December 31st, 2012 have been restated to reflect the change in accounting policies resulting from the amendment to IAS 19 (revised) (see note 1).

€ millions	Notes	06.30.2013	06.30.2012 [1]	12.31.2012 [1]
EQUITY & LIABILITIES				
Equity	12	**21,788.0**	**18,672.3**	**20,925.5**
Share capital		121.2	121.2	121.8
Additional paid-in capital		1,839.6	1,475.4	1,679.0
Other reserves		14,713.8	13,636.8	13,679.7
Items recognised directly in equity		4,505.7	2,133.4	3,586.4
Cumulative translation adjustments		-213.6	123.5	-109.4
Treasury stock		-891.5	-445.8	-904.5
Net profit attributable to owners of the company		1,708.9	1,625.2	2,867.7
Equity attributable to owners of the company		**21,784.1**	**18,669.7**	**20,920.7**
Non-controlling interests		3.9	2.6	4.8
Non-current liabilities		**2,233.2**	**2,386.5**	**2,236.0**
Provisions for employee retirement obligations and related benefits		1,177.8	1,488.7	1,242.7
Provisions for liabilities and charges	13	194.0	169.5	181.7
Deferred tax liabilities		818.0	674.2	764.7
Non-current borrowings and debt	14	43.4	54.1	46.9
Current liabilities		**6,816.4**	**7,176.5**	**6,369.5**
Trade accounts payable		3,442.2	3,210.8	3,318.0
Provisions for liabilities and charges	13	518.7	552.9	552.3
Other current liabilities		2,030.2	2,022.5	2,141.1
Income tax		196.4	210.1	157.0
Current borrowings and debt	14	628.9	1,180.2	201.1
TOTAL		**30,837.6**	**28,235.3**	**29,530.9**

(1) The balance sheets at June 30th, 2012 and December 31st, 2012 have been restated to reflect the change in accounting policies resulting from the amendment to IAS 19 (revised) (see note 1).

2.4. Consolidated statements of changes in equity

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Items recognised directly in equity	Treasury stock	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
At 12.31.2011	**594,386,423**	**120.6**	**1,271.4**	**14,807.2**	**2,054.7**	**-644.4**	**24.9**	**17,634.4**	**3.1**	**17,637.5**
Changes in accounting methods at 01.01.2012	-	-	-	-10.9	-	-	-	-10.9	-	-10.9
At 01.01.2012(1)	**594,386,423**	**120.6**	**1,271.4**	**14,796.3**	**2,054.7**	**-644.4**	**24.9**	**17,623.5**	**3.1**	**17,626.6**
Consolidated net profit for the period				2,867.7				2,867.7	2.7	2,870.4
Financial assets available for sale					*1,640.9*			*1,640.9*		*1,640.9*
Cash flow hedges					*76.0*			*76.0*	*0.1*	*76.1*
Cumulative translation adjustments							*-134.3*	*-134.3*		*-134.3*
Change in gains and losses recognised directly in equity and items that may be reclassified to profit or loss					1,716.9		-134.3	1,582.6	0.1	1,582.7
Actuarial gains and losses					*-185.2*			*-185.2*		*-185.2*
Change in gains and losses recognised directly in equity and items that may not be reclassified to profit or loss					-185.2			-185.2		-185.2
Total net profit and gains and losses recognised directly in equity				**2,867.7**	**1,531.7**		**-134.3**	**4,265.1**	**2.8**	**4,267.9**
Capital increase	5,826,745	1.2	407.6					408.8	1.4	410.2
Cancellation of Treasury stock								-		-
Dividends paid (not paid on Treasury stock)				-1,204.3				-1,204.3	-2.5	-1,206.8
Share-based payment				86.4				86.4		86.4
Net changes in Treasury stock	-1,856,506			2.4		-260.1		-257.7		-257.7
Other movements				-1.1				-1.1		-1.1
At 12.31.2012(1)	**598,356,662**	**121.8**	**1,679.0**	**16,547.4**	**3,586.4**	**-904.5**	**-109.4**	**20,920.7**	**4.8**	**20,925.5**
Consolidated net profit for the period				1,708.9				1,708.9	1.7	1,710.6
Financial assets available for sale					*932.8*			*932.8*		*932.8*
Cash flow hedges					*-13.5*			*-13.5*		*-13.5*
Cumulative translation adjustments							*-104.2*	*-104.2*		*-104.2*
Change in gains and losses recognised directly in equity and items that may be reclassified to profit or loss					919.3		-104.2	815.1		815.1
Actuarial gains and losses					-			-		-
Change in gains and losses recognised directly in equity and items that may not be reclassified to profit or loss					-			-		-
Total net profit and gains and losses recognised directly in equity				**1,708.9**	**919.3**		**-104.2**	**2,524.0**	**1.7**	**2,525.7**
Capital increase	2,206,942	0.4	160.6					161.0		161.0
Cancellation of Treasury stock		-1.0		-498.2		499.2		-		-
Dividends paid (not paid on Treasury stock)				-1,380.6				-1,380.6	-2.5	-1,383.1
Share-based payment				44.7				44.7		44.7
Net changes in Treasury stock	-3,829,135			0.5		-486.2		-485.7		-485.7
Other movements									-0.1	-0.1
At 06.30.2013	**596,734,469**	**121.2**	**1,839.6**	**16,422.7**	**4,505.7**	**-891.5**	**-213.6**	**21,784.1**	**3.9**	**21,788.0**

(1) Taking into account the change in accounting policies resulting from the amendment to IAS 19 (revised) (see note 1).

Changes in first half 2012

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Items recognised directly in equity	Treasury stock	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
At 12.31.2011	**594,386,423**	**120.6**	**1,271.4**	**14,807.2**	**2,054.7**	**-644.4**	**24.9**	**17,634.4**	**3.1**	**17,637.5**
Changes in accounting methods at 01.01.2012	-	-	-	-10.9	-	-	-	-10.9	-	-10.9
At 01.01.2012[(1)]	**594,386,423**	**120.6**	**1,271.4**	**14,796.3**	**2,054.7**	**-644.4**	**24.9**	**17,623.5**	**3.1**	**17,626.6**
Consolidated net profit for the period				1,625.2				1,625.2	1.6	1,626.8
Financial assets available for sale					*341.3*			*341.3*		*341.3*
Cash flow hedges					*5.2*			*5.2*		*5.2*
Cumulative translation adjustments							*98.6*	*98.6*		*98.6*
Change in gains and losses recognised directly in equity and items that may be reclassified to profit or loss					346.5		98.6	445.1		445.1
Actuarial gains and losses					*-267.8*			*-267.8*		*-267.8*
Change in gains and losses recognised directly in equity and items that may not be reclassified to profit or loss					-267.8			-267.8		-267.8
Total net profit and gains and losses recognised directly in equity				**1,625.2**	**78.7**		**98.6**	**1,802.5**	**1.6**	**1,804.1**
Capital increase	3,030,584	0.6	204.0					204.6		204.6
Cancellation of Treasury stock								-		-
Dividends paid (not paid on Treasury stock)				-1,204.3				-1,204.3	-2.5	-1,206.8
Share-based payment				43.9				43.9		43.9
Net changes in Treasury stock	2,637,446			1.7		198.6		200.3		200.3
Other movements				-0.8				-0.8	0.4	-0.4
At 06.30.2012[(1)]	**600,054,453**	**121.2**	**1,475.4**	**15,262.0**	**2,133.4**	**-445.8**	**123.5**	**18,669.7**	**2.6**	**18,672.3**

(1) Taking into account the change in accounting policies resulting from the amendment to IAS 19 (revised) (see note 1).

2.5. Compared consolidated statements of cash flows

€ millions	1st half 2013	1st half 2012	2012
Cash flows from operating activities			
Net profit attributable to owners of the company	1,708.9	1,625.2	2,867.7
Non-controlling interests	1.7	1.6	2.7
Elimination of expenses and income with no impact on cash flows:			
- depreciation, amortisation and provisions	361.7	310.3	691.6
- changes in deferred taxes	0.4	-14.0	17.3
- share-based payment (including free shares)	44.7	43.9	86.4
- capital gains and losses on disposals of assets	-2.3	-4.4	-4.3
Gross cash flow	**2,115.1**	**1,962.6**	**3,661.4**
Changes in working capital	-647.5	-711.2	-129.1
Net cash provided by operating activities (A)	**1,467.6**	**1,251.4**	**3,532.3**
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	-524.4	-482.7	-955.0
Disposals of property, plant and equipment and intangible assets	5.4	1.9	7.3
Changes in other financial assets (including investments in non-consolidated companies)	-48.0	0.6	105.8
Effect of changes in the scope of consolidation	-177.1	-178.3	-466.2
Net cash (used in) from investing activities (B)	**-744.1**	**-658.5**	**-1,308.1**
Cash flows from financing activities			
Dividends paid	-1,416.4	-1,236.0	-1,268.2
Capital increase of the parent company	161.0	204.6	408.8
Capital increase of subsidiaries	-	-	1.4
Disposal (acquisition) of Treasury stock	-485.7	200.3	-257.7
Issuance (repayment) of short-term loans	455.7	45.6	-906.7
Issuance of long-term borrowings	-	-	-
Repayment of long-term borrowings	-16.9	-7.2	-13.4
Net cash (used in) from financing activities (C)	**-1,302.3**	**-792.7**	**-2,035.8**
Net effect of changes in exchange rates and fair value (D)	0.1	16.2	-17.4
Change in cash and cash equivalents (A+B+C+D)	**-578.7**	**-183.6**	**171.0**
Cash and cash equivalents at beginning of the year (E)	**1,823.2**	**1,652.2**	**1,652.2**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**1,244.5**	**1,468.6**	**1,823.2**

Income taxes paid amount to €530.5 million, €559.4 million and €1,114.0 million respectively for first half 2013 and 2012 and year 2012.

Interests paid amount to €13.9 million, €18.7 million and €34.5 million respectively for first half 2013 and 2012 and year 2012.

Dividends received amount to €327.5 million, €313.3 million and €313.4 million respectively for first half 2013 and 2012 and year 2012, and are included within gross cash flow.

2.6. Notes to the condensed consolidated financial statements

NOTE 1 Accounting principles

The condensed half-year consolidated financial statements of L'Oréal and its subsidiaries ("the Group") have been prepared in accordance with the international accounting standard IAS 34. As condensed financial statements, they do not include all the information required by IFRS for the preparation of the annual financial statements and must therefore be read in conjunction with the Group consolidated financial statements prepared in accordance with IFRS as adopted in the European Union for the year ending at December 31st, 2012.

The Board of Directors reviewed the condensed half-year consolidated financial statements as at June 30th, 2013 on August 29th, 2013.

The accounting policies applied are identical to those applied in the annual financial statements at December 31st, 2012, except for that relating to income tax and the change in accounting policies resulting from the amendment to IAS 19 (revised) "Employee benefits" described below.

The tax charge (current and deferred) is calculated for the half-year financial statements by applying to the profit for the period the estimated annual tax rate for the current tax year for each entity or tax group.

The Group did not early adopt any standards or interpretations not mandatorily applicable in 2013.

IFRS 13 "Fair Value Measurement" applicable as from January 1st, 2013 has no material impact on the half-year consolidated accounts.

Moreover, the Group is concerned as follows by IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities", applicable as from January 1st, 2014.

These standards redefine the notion of control over another entity, and abolish proportionate consolidation for jointly controlled entities. Only the equity method may now be used for such entities.

Consequently, Galderma and Innéov which are currently proportionately consolidated will henceforth be accounted for using the equity method. At December 31st, 2012, the entities concerned contributed €824.3 million to net sales and €138.9 million to operating profit, based on a 50% interest. At June 30th, 2013, the entities concerned contributed €395.7 million to net sales and €17.0 million to operating profit, based on a 50% interest.

Change in accounting policies applicable as from January 1st, 2013: Amendment to IAS 19 (revised), "Employee benefits".

This amendment requires:

- past service cost to be recognised immediately in profit or loss, with recognition over several periods no longer permitted;
- the estimated return on plan assets to be calculated based on the discount rate for the obligation.

At the time of its change in accounting policies, L'Oréal decided to reclassify the financial component of its pension cost to "other financial income and expenses", representing an amount of €37.2 million for 2012 and €18.6 million for the six months ended June 30th, 2012.

The impact of this new accounting policy and of the aforementioned reclassification on income for comparative periods is not deemed material. Accordingly, the comparative periods have not been restated.

The change in accounting policy led to a decrease of €10.9 million in opening equity at January 1st, 2012 and January 1st, 2013. The offsetting entry for the decrease in equity was a €16.5 million increase in the provision for employee retirement obligations and related benefits, a €5.8 million increase in deferred tax assets and a €0.3 million increase in deferred tax liabilities.

NOTE 2 Changes in the scope of consolidation

2.1. First half 2013

On January 31st, 2013, L'Oréal finalised the acquisition of the Colombia-based Vogue group, the country's leader in mass-market make-up.
In 2012, the Vogue group reported consolidated net sales of €35.3 million.
This acquisition has been fully consolidated since February 1st, 2013.

On February 27th, 2013, Galderma Pharma S.A. finalised the acquisition of Spirig Pharma A.G.
Spirig's products treat conditions such as sun-provoked skin diseases and skin barrier function impairment. The company also has a range of medically-proven products that prevent pre-cancerous conditions such as actinic keratosis, a type of non-melanoma skin cancer. Leading brands include *Excipial*®, *Daylong*® and *Daylong Actinica*®. Based in Egerkingen in Switzerland, Spirig is the leader in dermatology in Switzerland.
Spirig generated sales of €105.9 million in 2012 (at 100%), and had 390 employees.
Spririg has been proportionally consolidated since March 1st, 2013.

On April 15th, 2013, L'Oréal announced it has acquired the Health & Beauty business of Interconsumer Products Limited (ICP) in Kenya from its founding shareholder. With a turnover of approximately €15 million in 2012, ICP is a significant player on the Kenyan beauty market, with strong positions in the hair and skin care markets.
This acquisition has been fully consolidated since April 12th, 2013.

The cost of these new acquisitions amounts to €182.5 million. The total amount of goodwill and other intangible assets resulting from the acquisitions was provisionally estimated at €101.2 million and €35.3 million, respectively.

These acquisitions represent €35.5 million in half-year net sales and €3.8 million in half-year operating profit.

2.2. 2012

On April 26th, 2012, L'Oréal announced that it had acquired 100% of Cadum, previously majority-owned by the investment fund Milestone.
In 2011, Cadum had consolidated net sales of €58 million, of which €49 million were made in France, mainly under the Cadum brand.
The acquisition was fully consolidated as from May 1st, 2012.
On July 13th, 2012, L'Oréal announced that it had completed the sale of the home care business from the Cadum Group to Eau Ecarlate SAS. This business had net sales of €17 million in 2011, two thirds of which were made in France.
The sale of the home care business resulted in the derecognition of IBA's entire assets and liabilities, with no impact on the Group's consolidated net profit.

On October 21st, 2012, L'Oréal USA announced that it had signed a contract to acquire the professional distribution business of the New Jersey-based company Emiliani Enterprises.
Well-established in the New York area, New Jersey and Connecticut, Emiliani Enterprises supplies hair salons through a network of representatives and sales outlets open only to professionals, and in 2011 had net sales of approximately $73 million. This acquisition was finalised on December 18th, 2012 and was fully consolidated as from that date.

On November 26th, 2012, L'Oréal signed an agreement to acquire Urban Decay, America's expert make-up brand. This brand fully complements L'Oréal Luxe's portfolio of brands and strengthens the Group's position in two very dynamic distribution channels in the USA: assisted self-service and e-commerce.
Urban Decay had net sales of $130 million in the last fiscal year ended June 30th, 2012.
This acquisition was finalised on December 17th, 2012 and was fully consolidated from that date.

The cost of these new acquisitions amounts to €481.6 million. The total amount of goodwill and other intangible assets resulting from the acquisitions was provisionally estimated at €309.4 million and €135.6 million, respectively.

These acquisitions represent around €200 million in full-year net sales and €10.4 million in full-year operating profit in 2012. Their impact on 2012 net sales is approximately €35 million.

NOTE 3 Segment information

3.1. Segment information

The **Cosmetics** branch is organised into four sectors, each operating with specific distribution channels:

- **Professional Products** Division: products used and sold in hairsalons;
- **Consumer Products** Division: products sold in mass-market retail channels;
- **L'Oréal Luxury** Division: products sold in selective retail outlets, i.e. department stores, perfumeries, travel retail, the Group's own boutiques and certain online sites;
- **Active Cosmetics** Division: products for "borderline" complexions (i.e. neither healthy nor problematic), sold through all health channels such as pharmacies, parapharmacies, drugstores and medispas.

The "non-allocated" item includes expenses incurred by the Functional Divisions, fundamental research and the costs of stock options not allocated to the Cosmetics Divisions. It also includes activities that are auxiliary to the Group's core businesses, such as insurance, reinsurance and banking.

The "**The Body Shop**" branch: The Body Shop offers a wide range of naturally inspired cosmetics and toiletry products. The brand, originally created in the United Kingdom, distributes its products and expresses its values through a large multi-channel network of exclusive retail shops (in more than 60 countries), as well as through home and online sales. The Body Shop net sales and operating profit are characterised by strong seasonal fluctuations due to a high level of activity during the last few months of the year.

The **Dermatology** branch, consisting of Galderma, a joint venture between L'Oréal and Nestlé, meets the needs of dermatologists and their patients.

Data by branch and by division are prepared using the same accounting principles as those used for the preparation of the consolidated financial statements.

The performance of each branch and division is measured on the basis of "operating profit".

3.1.1. Sales of Branches and Divisions

€ millions	1st half 2013	1st half 2012	2012
Professional Products	1,531.8	1,523.4	3,002.6
Consumer Products	5,723.0	5,445.2	10,713.2
L'Oréal Luxury	2,826.8	2,651.5	5,568.1
Active Cosmetics	907.1	850.7	1,528.0
Cosmetics branch	**10,988.7**	**10,470.9**	**20,811.9**
The Body Shop branch	**368.8**	**373.9**	**855.3**
Dermatology branch	**380.6**	**368.4**	**795.5**
GROUP	**11,738.1**	**11,213.2**	**22,462.7**

3.1.2. Operating profit of Branches and Divisions

€ millions	1st half 2013	1st half 2012	2012
Professional Products	307.3	303.2	615.2
Consumer Products	1,190.2	1,081.7	2,050.8
L'Oréal Luxury	566.2	517.2	1,077.0
Active Cosmetics	247.9	221.9	311.2
Cosmetics divisions total	**2,311.6**	**2,123.9**	**4,054.3**
Non-allocated	-294.8	-279.7	-577.2
Cosmetics branch	**2,016.8**	**1,844.2**	**3,477.1**
The Body Shop branch	**9.8**	**11.6**	**77.5**
Dermatology branch	**16.2**	**40.7**	**142.6**
GROUP	**2,042.9**	**1,896.5**	**3,697.3**

3.2. Information by geographic zone

All information is presented on the basis of geographic location of the subsidiaries.

3.2.1. Consolidated net sales by geographic zone

	1st half 2013		Growth (%)		1st half 2012		2012	
	€ millions	% of total	Published data	Excluding exchange effect	€ millions	% of total	€ millions	% of total
Western Europe	4,261.8	36.3%	1.5%	2.0%	4,198.1	37.4%	8,156.2	36.3%
of which France	1,382.5	11.8%	4.6%	4.6%	1,321.8	11.8%	2,528.6	11.3%
North America	2,980.2	25.4%	5.7%	7.1%	2,820.7	25.2%	5,773.0	25.7%
New Markets	4,496.1	38.3%	7.2%	10.5%	4,194.3	37.4%	8,533.4	38.0%
GROUP	**11,738.1**	**100.0%**	**4.7%**	**6.4%**	**11,213.2**	**100.0%**	**22,462.7**	**100.0%**

3.2.2. Cosmetics net sales by geographic zone

	1st half 2013		Growth (%)		1st half 2012		2012	
	€ millions	% of total	Published data	Excluding exchange effect	€ millions	% of total	€ millions	% of total
Western Europe	3,899.0	35.5%	1.6%	2.0%	3,837.2	36.6%	7,399.6	35.6%
of which France	1,351.3	12.3%	4.5%	4.5%	1,293.2	12.4%	2,469.7	11.9%
North America	2,743.2	24.9%	6.7%	8.1%	2,571.2	24.6%	5,210.7	25.0%
New Markets	4,346.6	39.6%	7.0%	10.3%	4,062.5	38.8%	8,201.6	39.4%
Asia, Pacific	2,240.2	20.4%	5.1%	8.0%	2,130.9	20.3%	4,287.0	20.6%
Latin America	966.3	8.8%	9.6%	15.2%	881.8	8.4%	1,826.6	8.8%
Eastern Europe	745.1	6.8%	6.7%	8.4%	698.2	6.7%	1,405.0	6.8%
Africa, Middle East	394.9	3.6%	12.3%	16.2%	351.6	3.4%	683.0	3.3%
COSMETICS BRANCH	**10,988.7**	**100.0%**	**4.9%**	**6.7%**	**10,470.9**	**100.0%**	**20,811.9**	**100.0%**

NOTE 4 Depreciation and amortisation expense

Depreciation and amortisation of property, plant and equipment and intangible assets included in operating expenses amount to €436.7 million, €397.0 million and €840.8 million respectively for the first half 2013 and 2012 and year 2012.

NOTE 5 Foreign exchange gains and losses

Foreign exchange gains and losses break down as follows:

€ millions	1st half 2013	1st half 2012	2012
Change in time value	-10.8	-24.7	-73.7
Other foreign exchange gains and losses	13.5	-27.1	-66.1
TOTAL	**2.7**	**-51.8**	**-139.8**

Foreign currency transactions are translated at the spot rate at the transaction date.

Assets and liabilities denominated in foreign currencies have been translated using the exchange rates effective at the closing date. Foreign exchange gains and losses also include the following items relating to derivative instruments:

- changes in market value linked to variations in the time value (forward points and premiums paid for options);
- changes in market value linked to variations in the spot rate between the inception of the hedge and the date on which the hedged transactions are completed;
- residual ineffectiveness linked to excess hedges and recognised directly in the income statement under other foreign exchange gains and losses for a negative €0.1 million for the first half 2013, a positive €0.2 million for the first half 2012 and a negative €0.9 million for year 2012.

These amounts are allocated to the appropriate operating expense items as follows:

€ millions	1st half 2013	1st half 2012	2012
Cost of sales	8.1	-45.6	-121.2
Research and development	-7.0	3.9	10.0
Advertising and promotion	1.0	-6.6	-17.8
Selling, general and administrative expenses	0.6	-3.5	-10.8
FOREIGN EXCHANGE GAINS AND LOSSES	**2.7**	**-51.8**	**-139.8**

NOTE 6 Other operational income and expenses

This item breaks down as follows:

€ millions	1st half 2013	1st half 2012	2012
Capital gains and losses on disposals of property, plant and equipment and intangible assets	2.3	4.4	4.3
Impairment of property, plant and equipment and intangible assets (1)	-10.0	-	-
Restructuring costs (2)	-20.4	-57.3	-98.0
Other (3)	-2.1	-2.7	-30.1
TOTAL	**-30.2**	**-55.6**	**-123.8**

(1) These impairment charges mainly relate to:

- *in first-half 2013, the Club des Créateurs de Beauté goodwill for €10.0 million.*

(2) Including:

- *in first-half 2013, €17.4 million as a result of termination of the distribution of the Helena Rubinstein brand in Spain and Portugal, €7.2 million relating to a voluntary departure plan implemented in Italy, and €7.9 million relating to the reversal of impairment charged against the building of the Solon plant in light of its forthcoming sale (by end-2013);*
- *in first-half 2012, the specialisation of European factories for €13.2 million, sale force adjustment in Germany for €5.1 million and the reorganisation of industrial operations within the Professional Products Division in the United States for €31.5 million;*
- *in 2012, the cost of specialising operations in European factories for €16.6 million, of sales force adjustments in Germany for €5.1 million, of reorganising industrial operations within the Professional Products Division in the US for €35.1 million, and of streamlining logistics activities in the Salon Centric Division which supplies American hair salons for €27.0 million.*

(3) Including:

- *in first-half 2013, costs relating to acquisitions for €1.7 million;*
- *in first-half 2012, costs relating to acquisitions for €2.7 million;*
- *in 2012, the revision of risks relating to investigations carried out by competition authorities for €3.1 million (see note 13.1) as well as costs relating to acquisitions for €12.9 million and revision of the earn out clause regarding Essie Cosmetics for €10.4 million.*

NOTE 7 Net profit attributable to owners of the company excluding non-recurring items – Earnings per share

7.1. Reconciliation with net profit

Net profit attributable to owners of the company excluding non-recurring items reconciles as follows with net profit attributable to owners of the company:

€ millions	1st half 2013	1st half 2012	2012
Net profit attributable to owners of the company	**1,708.9**	**1,625.2**	**2,867.7**
Capital gains and losses on property, plant and equipment and intangible assets	-2.3	-4.4	-4.3
Impairment of property, plant and equipment and intangible assets	10.0	-	-
Restructuring costs	20.4	57.3	98.0
Other	2.1	2.7	30.1
Tax effect on non-recurring items	9.4	-22.2	-44.8
Effect of changes in tax rates on the deferred tax liability arising on the remeasurement of Sanofi	-	-	25.0
3% surtax on paid dividends (1)	41.4	-	-
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY EXCLUDING NON-RECURRING ITEMS	**1,789.9**	**1,658.6**	**2,971.7**

(1) The 3% surtax levied on the amount of dividends paid by L'Oréal represents an additional tax payment on past profit distributions and depending on decisions made at the Annual General Meeting. So as not to distort the presentation of the Group's operational performance in the period, this surtax is recognised on the "income tax" line of the income statement as a non-recurring item.

7.2. Earnings per share

The tables below set out earnings per share attributable to owners of the company:

1st half 2013	Net profit attributable to owners of the company € millions	Number of shares	Earnings per share attributable to owners of the company €
Earnings per share	1,708.9	597,786,339	2.86
Stock options	-	8,119,210	
Free shares	-	1,923,583	
DILUTED EARNINGS PER SHARE	**1,708.9**	**607,829,132**	**2.81**

1st half 2012	Net profit attributable to owners of the company € millions	Number of shares	Earnings per share attributable to owners of the company €
Earnings per share	1,625.2	597,579,817	2.72
Stock options	-	4,792,358	
Free shares	-	1,012,720	
DILUTED EARNINGS PER SHARE	**1,625.2**	**603,384,895**	**2.69**

2012	Net profit attributable to owners of the company € millions	Number of shares	Earnings per share attributable to owners of the company €
Earnings per share	2,867.7	598,482,929	4.79
Stock options	-	5,491,789	
Free shares	-	1,330,740	
DILUTED EARNINGS PER SHARE	**2,867.7**	**605,305,458**	**4.74**

7.3. Earnings per share excluding non-recurring items

The tables below set out in detail earnings per share attributable to owners of the company excluding non-recurring items:

1st half 2013	Net profit attributable to owners of the company excluding non-recurring items € millions	Number of shares	Earnings per share attributable to owners of the company excluding non-recurring items €
Earnings per share excluding non-recurring items	1,789.9	597,786,339	2.99
Stock options	-	8,119,210	
Free shares	-	1,923,583	
DILUTED EARNINGS PER SHARE EXCLUDING NON-RECURRING ITEMS	**1,789.9**	**607,829,132**	**2.94**

1st half 2012	Net profit attributable to owners of the company excluding non-recurring items € millions	Number of shares	Earnings per share attributable to owners of the company excluding non-recurring items €
Earnings per share excluding non-recurring items	1,658.6	597,579,817	2.78
Stock options	-	4,792,358	
Free shares	-	1,012,720	
DILUTED EARNINGS PER SHARE EXCLUDING NON-RECURRING ITEMS	**1,658.6**	**603,384,895**	**2.75**

2012	Net profit attributable to owners of the company excluding non-recurring items *€ millions*	Number of shares	Earnings per share attributable to owners of the company excluding non-recurring items *€*
Earnings per share excluding non-recurring items	2,971.7	598,482,929	4.97
Stock options	-	5,491,789	
Free shares	-	1,330,740	
DILUTED EARNINGS PER SHARE EXCLUDING NON-RECURRING ITEMS	**2,971.7**	**605,305,458**	**4.91**

NOTE 8 Goodwill and other intangible assets

Impairment tests have been performed at June 30th, 2013 on the most sensitive Cash Generating Units. On this occasion, discount rates and cash flow forecasts were reviewed. Impairment losses have been recorded against the Club des Créateurs de Beauté Cash-Generating Unit, as follows.

The €75.8 million increase in the *"Goodwill"* item results mainly from changes in the scope of consolidation and the acquisition of the period for €104.8 million partly offset by the negative variation in exchange rates for €15.9 million and the impairment loss on Club des Créateurs de Beauté for €10.0 million.

The €27.1 million decrease in the *"Other intangible assets"* item mainly results from the depreciation expense of the period for €95.3 million and the negative variation in exchange rates for €37.1 million partly offset by the acquisitions of the period for €62.8 million and changes in the scope of consolidation for €35.3 million.

NOTE 9 Property, plant and equipment

Investments for the first half of 2013 amount to €441.7 million compared with €405.5 million and €850.6 million respectively for the first half 2012 and year 2012.

The depreciation and provisions for the first half of 2013 amount to €341.4 million compared with €322.9 million and €661.4 million respectively for the first half 2012 and year 2012.

NOTE 10 Non-current financial assets

	06.30.2013		06.30.2012		12.31.2012	
€ millions	Carrying amount	Acquisition cost	Carrying amount	Acquisition cost	Carrying amount	Acquisition cost
Financial assets available for sale						
▮ Sanofi [1]	9,413.3	4,033.5	7,062.9	4,033.5	8,440.2	4,033.5
▮ Unlisted securities [2]	8.7	11.0	5.7	6.8	5.1	7.3
Financial assets at amortised cost						
▮ Non-current loans and receivables	84.1	88.9	186.2	191.1	86.0	90.8
TOTAL	**9,506.1**	**4,133.4**	**7,254.8**	**4,231.4**	**8,531.3**	**4,131.6**

(1) L'Oréal's stake in Sanofi was 8.88% at June 30th, 2013. The carrying amount at June 30th, 2013, June 30th, 2012 and December 31st, 2012 (€9,413.3 millions, €7,062.9 million and €8,440.2 million respectively) corresponds to the market value of the shares based on the closing price at each of these dates (€79.62, €59.74 and €71.39 respectively). The acquisition cost of €4,033.5 million corresponds to an entry cost of €34.12.

(2) As the fair value of unlisted securities cannot be reliably determined, they are stated at cost less any impairment losses.

NOTE 11 Cash and cash equivalents

€ millions	06.30.2013 Carrying amount	06.30.2013 Acquisition cost	06.30.2012 Carrying amount	06.30.2012 Acquisition cost	12.31.2012 Carrying amount	12.31.2012 Acquisition cost
Marketable securities	-	-	313.3	313.3	150.0	150.1
Bank accounts and other cash and cash equivalents	1,244.5	1,244.5	1,155.3	1,155.3	1,673.2	1,673.2
TOTAL	**1,244.5**	**1,244.5**	**1,468.6**	**1,468.6**	**1,823.2**	**1,823.3**

Marketable securities consist mainly of SICAV money-market funds and unit trusts (on which the return is based on EONIA). Marketable securities are considered as Financial assets available for sale. At December 31st, 2012, they consisted solely of investments in euro zone government bonds through mutual funds.

Unrealised gains amounted to -€0.1 million at December 31st, 2012. Term accounts with a maturity of less than 3 months at inception are shown on the "Bank accounts and other cash and cash equivalents" line.

NOTE 12 Equity

12.1. Share capital and additional paid-in capital

Share capital consists of 605,940,519 shares with a par value of €0.20 at June 30th, 2013, compared with 606,014,666 shares at June 30th, 2012 and 608,810,827 shares at December 31st, 2012.

12.2. Treasury stock

Shares acquired under the shareholder-approved L'Oréal share buyback programme are deducted from consolidated equity. Capital gains or losses relating to these shares are also recorded in equity net of tax.

a) 1st half 2013

The change in the number of shares for the first half 2013 is as follows:

In shares	Share capital	Treasury stock	Common shares outstanding
At 01.01.2013	**608,810,827**	**-10,454,165**	**598,356,662**
Shares cancelled	-5,077,250	5,077,250	-
Options and free shares exercised	2,206,942	202,256	2,409,198
Treasury stock purchased	-	-4,031,391	-4,031,391
At 06.30.2013	**605,940,519**	**-9,206,050**	**596,734,469**

The change in Treasury stock for the first half 2013 is as follows:

In shares	Buyback programme	Allocated to stock options/ free shares plans	Total	*€ millions*
At 01.01.2013	**5,077,250**	**5,376,915**	**10,454,165**	**904.5**
Shares cancelled	-5,077,250		-5,077,250	-499.2
Options and free shares exercised		-202,256	-202,256	-13.1
Treasury stock purchased	4,031,391	-	4,031,391	499.3
At 06.30.2013	**4,031,391**	**5,174,659**	**9,206,050**	**891.5**
€ millions	**499.3**	**392.2**	**891.5**	

b) Year 2012

The change in the number of shares in 2012 was as follows:

In shares	Share capital	Treasury stock	Common shares outstanding
At 01.01.2012	**602,984,082**	**-8,597,659**	**594,386,423**
Shares cancelled			-
Options and free shares exercised	5,826,745	3,220,744	9,047,489
Treasury stock purchased	-	-5,077,250	-5,077,250
At 12.31.2012	**608,810,827**	**-10,454,165**	**598,356,662**

The change in Treasury stock in 2012 was as follows:

In shares	Buyback programme	Allocated to stock options/ free shares plans	Total	*€ millions*
At 01.01.2012	**-**	**8,597,659**	**8,597,659**	**644.4**
Shares cancelled				
Options and free shares exercised		-3,220,744	-3,220,744	-239.1
Treasury stock purchased	5,077,250	-	5,077,250	499.2
At 12.31.2012	**5,077,250**	**5,376,915**	**10,454,165**	**904.5**
€ millions	**499.2**	**405.3**	**904.5**	

12.3. Free shares

On April 26th, 2013 the Board of Directors decided to conditionally grant 1,057,820 free shares.

Vesting conditions

For the conditional grant of shares, the plan provides for a 4-year vesting period after which vesting is effective and final, subject to meeting the conditions of the plan.

After this vesting period, a 2-year mandatory holding period applies for French residents, during which the shares cannot be sold.

The performance conditions concern:

- for 50% of shares granted, the increase in comparable Cosmetic revenues for the 2014, 2015 and 2016 fiscal years in relation to the growth in revenues for a panel of competitors;
- for 50% of shares granted, the increase over the same period in Group consolidated operating profit.

The calculation will be based on the arithmetic average of the performance in the 2014, 2015 and 2016 fiscal years and will use a predefined allocation scale based on the performance percentage achieved. No performance condition applies below a block of 200 shares.

Fair value of free share granted

The fair value corresponds to the value of the share at the grant date, less dividends expected to be paid during the vesting period. The cost of the additional 2-year holding period applicable to French residents is determined based on the interest rate granted to the employee, considered equivalent to the rate which would be granted by a bank to a private individual customer with an average financial profile. The cost of the holding period amounts to 5.75% of the share value.

On the basis of these assumptions, the fair values amount to €112.37 for French residents and to €119.87 for non-residents, compared to a share price of €130.45.

12.4. Actuarial gains and losses on employee benefits

At June 30th, 2013

The rise in benchmark interest rates used to determine the present value of employee retirement obligations as of December 31st, 2012 is mainly attributable to USD rates, which moved up 70 basis points. The decrease of the provision for employee retirement obligations and related benefits by around €80 million, or 2% of the actuarial liability induced by this increase in rates is not accounted for at June 30th, 2013.

At June 30th, 2012

The sharp fall in the reference interest rates used to calculate the present value of the Group's retirement obligations as from December 31st, 2011 led to a revaluation that increased the provisions for employee retirement obligations by an amount of €410.3 million and to the recognition of a corresponding deferred tax asset for €142.5 million, representing a net effect of €267.8 million on actuarial gains and losses.

NOTE 13 Provisions for liabilities and charges

13.1. Closing balances

€ millions	06.30.2013	06.30.2012	12.31.2012
Non-current provisions for liabilities and charges	**194.0**	**169.5**	**181.7**
Other non-current provisions (1)	194.0	169.5	181.7
Current provisions for liabilities and charges	**518.7**	**552.9**	**552.3**
Provisions for restructuring	108.2	133.4	129.4
Provisions for product returns	231.5	240.5	226.3
Other current provisions (1) (2)	178.9	179.0	196.6
TOTAL	**712.6**	**722.4**	**734.0**

(1) This item includes provisions for tax risks and litigation, industrial, environmental and commercial risks relating to operations (breach of contract), personnel-related costs and risks relating to investigations carried out by competition authorities.

(2) Investigations have been launched into the cosmetics sector by national competition authorities in several European countries.
Each of the proceedings is at a different stage:
- *in Spain, the case was heard by the Court of First Instance and a fine handed down. L'Oréal has filed an appeal against this fine, which continues to be covered by a provision in its books;*
- *in Italy, the case was heard by the Court of First Instance and the resulting fine was paid in order to avoid any late-payment penalties. The appeal decision handed down in April 2012 reduced the fine by 25% but the case is still pending before the High Court;*
- *in France, the case regarding vertical pricing arrangements in the luxury perfume and cosmetics industry ended with the ruling of June 12th, 2013 by France's highest civil court (the Cour de Cassation) upholding the decision issued in 2006 by the French Competition Council. The resulting financial penalties were already covered by a provision and have been paid by L'Oréal. A new case is currently pending in another sector;*
- *in Belgium, the proceedings are in progress;*
- *the proceedings brought in Germany in 2008 into the bodycare and personal care sector are still in progress and an appeal has been lodged against the ruling of the Court of First Instance of March 14th, 2013. Accordingly, the €9.7 million fine has not yet been paid.*

The provisions relating to these litigations amount to €45.4 million at June 30th, 2013 compared with €35.1 million at June 30th, 2012 and €45.0 million at December 31st, 2012.

13.2. Changes in provisions for liabilities and charges during the period

€ millions	06.30.2012	12.31.2012	Charges (2)	Reversals (used) (2)	Reversals (not used) (2)	Impact of change in scope/ Exchange rate/ Other (1)	06.30.2013
Provisions for restructuring	133.4	129.4	18.8	-32.0	-8.1	0.1	108.2
Provisions for product returns	240.5	226.3	126.7	-102.2	-17.7	-1.6	231.5
Other provisions for liabilities and charges	348.5	378.3	62.6	-62.2	-8.9	3.1	372.9
TOTAL	**722.4**	**734.0**	**208.1**	**-196.4**	**-34.7**	**1.6**	**712.6**

(1) Mainly resulting from translation differences.
(2) These figures can be analysed as follows:

€ millions	Charges	Reversals (used)	Reversals (not used)
▪ Other income and expenses	19.2	-35.4	-8.1
▪ Operating profit	180.5	-160.4	-25.5
▪ Financial (income)/expense	0.3	-0.1	-0.3
▪ Income tax	8.2	-0.5	-0.8

NOTE 14 Borrowings and debt

The Group uses bank loans for its medium-term financing needs and commercial paper issues in France and in the US for its short-term financing needs. None of these loans contain an early repayment clause linked to financial ratios (covenants).

14.1. Debt by type

€ millions	06.30.2013		06.30.2012		12.31.2012	
	Non-current	Current	Non-current	Current	Non-current	Current
Short-term paper	-	331.9	-	799.6	-	-
MLT bank loans	-	-	-	-	-	-
Debt on capital lease contracts	27.9	9.0	45.6	10.9	39.1	12.5
Overdrafts	-	38.9	-	32.9	-	20.8
Other borrowings and debt	15.5	249.1	8.5	336.8	7.8	167.8
TOTAL	**43.4**	**628.9**	**54.1**	**1,180.2**	**46.9**	**201.1**

14.2. Debt by maturity date

€ millions	06.30.2013	06.30.2012	12.31.2012
Under 1 year (1)	628.9	1,180.2	201.1
1 to 5 years	25.6	31.9	27.7
Over 5 years	17.8	22.2	19.2
TOTAL	**672.3**	**1,234.3**	**248.0**

(1) At June 30th 2013, the Group had confirmed undrawn credit lines for €2,588.2 million compared with €2,589.4 million at June 30th, 2012 and €2,550.0 million at December 31st, 2012. These lines were not subject to any covenants.

14.3. Debt by currency (after allowing for currency hedging instruments)

€ millions	06.30.2013	06.30.2012	12.31.2012
US dollar (USD)	299.3	503.0	14.7
Canadian dollar (CAD)	79.3	93.7	30.5
Yuan (CNY)	41.6	34.3	28.9
Brazilian Real (BRL)	40.5	45.2	43.7
Sterling pound (GBP)	18.8	22.1	19.3
Swiss franc (CHF)	11.9	326.1	0.6
Other	180.9	209.9	110.3
TOTAL	**672.3**	**1,234.3**	**248.0**

14.4. Breakdown of fixed rate and floating rate debt (after allowing for interest rate hedging instruments)

€ millions	06.30.2013	06.30.2012	12.31.2012
Floating rate	636.8	1,186.3	204.0
Fixed rate	35.5	48.0	44.0
TOTAL	**672.3**	**1,234.3**	**248.0**

14.5. Effective interest rates

Effective interest rates on Group debt after allowing for hedging instruments were respectively 0.09% and 0.18% at June 30th, 2013 and 2012 for short-term paper.The Group no longer had any short-term paper at December 31st, 2012 and no longer holds any bank loans at June 30th, 2013 as at June 30th, 2012 and December 31st, 2012.

14.6. Average debt interest rates

Average interest rates on debt after allowing for hedging instruments break down as follows:

	06.30.2013	06.30.2012	12.31.2012
Euro (EUR)	0.10%	0.35%	0.35%
US dollar (USD)	0.11%	0.14%	0.14%
Swiss franc (CHF)	-	0.43%	0.28%

14.7. Fair value of borrowings and debt

The fair value of fixed-rate debt is determined for each loan by discounting future cash flows, based on bond yield curves at the balance sheet date, after allowing for the spread corresponding to the Group's risk rating.

The net carrying amount of outstanding bank loans and other floating rate loans is a reasonable approximation of their fair value.

At June 30th, 2013, the fair value of borrowings and debt amounts to €672.7 million compared with €1,234.8 million and €248.5 million respectively at June 30th, 2012 and December 31st, 2012.

NOTE 15 Derivatives and exposure to market risks

To manage its exposure to currency and interest rate risks arising in the course of its normal operations, the Group uses derivatives negotiated with counterparties rated investment grade.

In accordance with Group rules, currency and interest rate derivatives are set up exclusively for hedging purposes.

15.1. Hedging of currency risk

The Group is exposed to currency risk on commercial transactions recorded on the balance sheet and on highly probable future transactions.

Based on information supplied by the subsidiaries, future operating transactions are covered by exchange rate hedges, either by options, or by purchases or sales of forward contracts.

At June 30th, 2013, the change in the intrinsic value of the hedging instruments allocated to future transactions and deferred through equity amounts to +€76.8 million compared with -€0.7 million and +€95.4 million respectively at June 30th, 2012 and December 31st, 2012.

15.2. Hedging of interest rate risk

As in the case of currency risk, the Group's policy is not to take a speculative position.

Furthermore, the financial derivative instruments which are negotiated in this connection are for hedging purposes.

At June 30th, 2013, the Group no longer had any interest rate hedging instruments as at June 30th, 2012 and December 31st, 2012.

15.3. Shareholding risk

No cash has been invested in shares.

Available cash is invested with top-ranking financial institutions in the form of non-speculative instruments which can be drawn in very short periods. Cash is invested exclusively in euro-zone government bonds through mutual funds.

At June 30th, 2013, the Group holds 118,227,307 Sanofi shares for an amount of €9,413.3 million (note 10). A change of plus or minus 10% in the market price of these shares relative to the market price of €79.62 on June 30th, 2013 would have an impact of plus or minus €941.3 million before tax on Group equity.

If the share price were to fall significantly below €34.12 (the initial cost of the Sanofi shares), or fall below that price for a prolonged length of time, L'Oréal may have to recognise an impairment loss on its asset through profit or loss.

15.4. Fair value hierarchy

IFRS 7 as amended in 2009 requires financial assets and liabilities recognised at fair value in the balance sheet to be classified according to the three following levels that are also defined in IFRS 13 "Fair value measurement":

- level 1: quoted prices on an active market;
- level 2: valuation techniques using observable inputs;
- level 3: valuation techniques using unobservable inputs.

The following table provides an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

June 30th 2013 *€ millions*	Level 1	Level 2	Level 3	Total fair value
Assets at fair value				
Foreign exchange derivatives		149.7		149.7
Sanofi shares	9,413.3			9,413.3
Marketable securities	-			-
TOTAL ASSETS AT FAIR VALUE	**9,413.3**	**149.7**		**9,563.0**
Liabilities at fair value				
Foreign exchange derivatives		72.3		72.3
TOTAL LIABILITIES AT FAIR VALUE		**72.3**		**72.3**

June 30th 2012 *€ millions*	Level 1	Level 2	Level 3	Total fair value
Assets at fair value				
Foreign exchange derivatives		85.4		85.4
Sanofi shares	7,062.9			7,062.9
Marketable securities	313.3			313.3
TOTAL ASSETS AT FAIR VALUE	**7,376.2**	**85.4**		**7,461.6**
Liabilities at fair value				
Foreign exchange derivatives		136.6		136.6
TOTAL LIABILITIES AT FAIR VALUE		**136.6**		**136.6**

December 31st 2012 *€ millions*	Level 1	Level 2	Level 3	Total fair value
Assets at fair value				
Foreign exchange derivatives		162.6		162.6
Sanofi shares	8,440.2			8,440.2
Marketable securities	150.0			150.0
TOTAL ASSETS AT FAIR VALUE	**8,590.2**	**162.6**		**8,752.8**
Liabilities at fair value				
Foreign exchange derivatives		104.7		104.7
TOTAL LIABILITIES AT FAIR VALUE		**104.7**		**104.7**

NOTE 16 Contingent liabilities

In the course of its normal operations, the Group is involved in legal actions and is subject to tax assessments, customs controls and administrative audits. The Group sets aside a provision wherever a risk is found to exist, and the related cost can be reliably estimated.

On this basis, a provision has been set aside for risks relating to investigations carried out by competition authorities described in note 13.

In terms of taxation, in early January 2013, L'Oréal Brasil received a tax reassessment notice regarding the indirect IPI tax for fiscal year 2008. The reassessment concerned an amount of BRL 333 million including BRL 180 million (€115 million) in interest and penalties. The Brazilian tax authorities questioned the price used to calculate the IPI tax base. After consulting its tax advisors, L'Oréal Brasil considers that the Brazilian tax authorities' position is unfounded and has challenged this notice. Consequently, no provision has been recorded.

At the present time, no exceptional event or dispute is highly likely to have a material impact on the earnings, financial position, assets or operations of the L'Oréal Company or Group.

NOTE 17 Subsequent events

On August 15th, 2013, L'Oréal and Magic Holdings International Limited have announced L'Oréal's proposal to acquire all of the shares of Magic Holdings International Limited, a company listed in the Hong Kong Stock Exchange. The proposed price is 6.30 HK dollars per share.

L'Oréal's proposal is supported by Magic's Board of Directors. Six key shareholders, representing 62.3% of the company's equity, are already committed to supporting L'Oréal's proposal.

The implementation of the transaction is subject to the approval of the Ministry of Commerce of the People's Republic of China (MOFCOM).

A specialist in cosmetic facial masks, Magic's turnover in 2012 was approximately 150 million euros. Facial masks are one of China's beauty market's fastest growing areas with very promising development prospects. Magic's MG brand is one of China's leading brands in this category.

This note is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the above mentioned proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of Magic Holdings International Limited in any jurisdiction in contravention of applicable law. The proposal, if made, will be made solely through the Scheme Document, which will contain the full terms and conditions of the proposal, including details of how to vote in favour of the proposal and any restrictions applicable to the proposal. Any response to the proposal, acceptance included, should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made, as the case may be.

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Statutory Auditors' review Report on the 2013 half-year financial information

(Six months ended June 30th, 2013)

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

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

- the review of the accompanying condensed half-year consolidated financial statements of L'Oréal, for the six months ended June 30th, 2013;
- the verification of the information contained in the Half-year 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.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of half-year financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would 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 the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information given in the half-Year Management Report on the condensed half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine, August 29th, 2013
The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit
Gérard Morin

Deloitte & Associés
David Dupont-Noel

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Declaration by the person responsible for the Half-year Financial Report

"I declare that, to the best of my knowledge, the summary consolidated financial statements for the ending semester have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and all the other companies included in the scope of consolidation, and that this Half-year Activity Report includes a fair review of the important events which occurred during the first six months of the year, their impact on the half-year financial statements, and the main transactions between related parties, together with a description of the principal risks and uncertainties that they face in the remaining six months of the year."

Clichy, August 29th, 2013

On the authority of the Chairman and Chief Executive Officer,

Christian Mulliez,

Executive Vice-President, Administration and Finance

L'ORÉAL

Incorporated in France
as a "Société Anonyme"
with registered capital
of €121,064,404.20
632 012 100 RCS Paris

Headquarters:
41, rue Martre
92117 Clichy Cedex
Tel.: +33 1 47 56 70 00
Fax: +33 1 47 56 86 42

Registered Office:
14, rue Royale
75008 Paris

www.loreal-finance.com

Labrador +33 (0)1 53 06 30 80