

# RICHMONT

## PRESS RELEASE FOR IMMEDIATE RELEASE

16 November 2007

### Results for the six months ended 30 September 2007

Richemont, the Swiss luxury goods group, announces its unaudited results for the six-month period ended 30 September 2007.

#### Financial highlights

- Sales increased by 11 per cent to € 2 548 million.
- Operating profit from the luxury goods businesses increased by 28 per cent to € 560 million.
- Net profit, including the Group's share of the results of British American Tobacco, increased by 28 per cent to € 824 million.
- Cash generated by the Group's luxury goods operations was € 268 million.

#### Sales

Group sales increased by 11 per cent to € 2 548 million. At constant exchange rates, sales growth was 16 per cent, including particularly strong growth in the Asia-Pacific region.

#### Operating profit

Operating profit from Richemont's luxury goods businesses increased by 28 per cent to € 560 million. The significant increase reflected the increase in sales, an improvement in gross margin and operating leverage.

#### British American Tobacco ('BAT')

The Group's share of the post-tax profit of its associated company, British American Tobacco ('BAT'), increased by 22 per cent to € 334 million. The Group's share of the underlying post-tax profit of BAT before non-recurring items in both years increased by 10 per cent to € 332 million.

#### Net profit

Net profit, including the Group's share of the results of British American Tobacco, increased by 28 per cent to € 824 million. Earnings per unit attributable to unitholders on a diluted basis increased by 27 per cent to € 1.445. Excluding the impact of non-recurring items reported by British American Tobacco in both years, net profit attributable to unitholders increased by 22 per cent to € 821 million.

#### Cash position

During the period, cash generated by operations was € 268 million and the Group received dividends from BAT totalling € 338 million. Net cash at 30 September 2007, after the payment of the ordinary and special dividends of € 689 million, amounted to € 904 million.

## Group results

in € millions	<u>September 2007</u>	<u>September 2006</u>	
<b>Sales</b>	<b>2 548</b>	2 303	+ 11 %
Cost of sales	<u>( 893)</u>	<u>( 840)</u>	
Gross profit	<b>1 655</b>	1 463	+ 13 %
Net operating expenses	<u>(1 095)</u>	<u>(1 027)</u>	+ 7 %
<b>Operating profit</b>	<b>560</b>	436	+ 28 %
Net financial income	<b>38</b>	9	
<b>Profit before taxation</b>	<b>598</b>	445	
Taxation	<u>( 108)</u>	<u>( 74)</u>	
<b>Net profit - parent and subsidiaries</b>	<b>490</b>	371	+ 32 %
<b>Share of post-tax profit of associates</b>	<b>334</b>	274	+ 22 %
<b>Net profit</b>	<b>824</b>	645	+ 28 %
<b><i>Analysed as follows</i></b>			
<i>Net profit attributable to unitholders</i>	<b>823</b>	645	
<i>Net profit attributable to minority interests</i>	<b>1</b>	-	
	<u><b>824</b></u>	<u>645</u>	
<b>Earnings per unit - diluted basis</b>	<b>€ 1.445</b>	€ 1.141	+ 27 %

There were no significant one-off items included in the results of the parent and its subsidiaries during either the current or comparative periods. However, the Group's share of the results of its principal associate, British American Tobacco, includes non-recurring items reported by that entity. Further details are given on page 10 of this report.

Including the Group's share of results from associates, the overall impact of non-recurring items, after taxation and minority interests, on net profit was a gain of € 2 million (2006: a loss of € 29 million). Excluding non-recurring items, net profit attributable to unitholders increased by 22 per cent to € 821 million from € 674 million in the comparative period.

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Words such as 'may', 'should', 'estimate', 'project', 'plan', 'believe', 'expect', 'anticipate', 'intend', 'potential', 'goal', 'strategy', 'target', 'will', 'seek', and similar expressions may identify forward-looking statements. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside the Group's control. Richemont does not undertake to update, nor does it have any obligation to provide updates of or to revise, any forward-looking statements.

## Executive Chairman's commentary

The Group's results for the first half of the year are very satisfactory.

Sales of luxury goods increased by 11 per cent and further margin improvements have resulted in operating profit growth of 28 per cent to € 560 million for the six-month period. In general, the market for luxury goods has remained favourable and Richemont has been well positioned to take advantage of this with its first-class portfolio of Maisons and broad geographic footprint.

### Operating performance

The Jewellery Maisons reported 9 per cent sales growth. Cartier continued to develop its business, both in established markets and in new markets such as China and Russia. The sales performance at Van Cleef & Arpels was very strong during the period under review, albeit from a much smaller base than Cartier.

Sales of the Group's Specialist Watchmakers grew by 18 per cent during the period, with excellent performances reported by IWC and Jaeger-LeCoultre. The strong demand for watches featuring high quality mechanical movements seen by the Swiss watch industry as a whole has led to some supply constraints in terms of components. Dependent upon the level of demand, these shortages may limit sales of specific product ranges during the second half of this year.

Sales of the Writing Instrument Maisons increased by 11 per cent, an excellent achievement considering the high comparative figures from 2006 linked to Montblanc's centenary year.

In the Leather and Accessories businesses, Alfred Dunhill saw growth in sales and lower operating losses during the period under review. Lancel reported lower sales, in connection with the planned repositioning of its product ranges. Both Maisons are moving in the right direction, in line with their respective business plans.

In terms of the Group's other businesses, Chloé is in a consolidation phase after seeing extremely high rates of growth in recent years. The Maison's store opening programme is continuing, reflecting the international recognition of the Chloé name and its potential in new markets.

### British American Tobacco ('BAT')

The Group's share of BAT's results increased by 22 per cent in euro terms compared to the first six months of last year and BAT contributed € 334 million to the Group's net profit for the period. Excluding restructuring charges and one-off items in both periods, the Group's share of BAT's results increased by 10 per cent to € 332 million.

Over the six month period, the Group received dividends from BAT amounting to € 338 million. This represents a 22 per cent increase in cash receipts, reflecting the board of BAT's commitment to return profits to shareholders.

### Outlook for the year

Sales for the month of October continued the pattern established in the first six months of the year, showing an increase of 11 per cent at actual exchange rates. At constant exchange rates, underlying growth was 18 per cent for the month. Sales growth in Europe and the Asia-Pacific region was above the level established during the first six months of the year, whereas constant currency sales growth in the Americas and Japan was lower at 11 per cent and 4 per cent, respectively. The results of any one month are not necessarily a reliable indicator of broader trends but October's figures are nonetheless encouraging ahead of the important pre-Christmas trading season.

Overall, the Group achieved a high level of profitability over the first half of the year. However, recent, marked movements in exchange rates linked to the current uncertainties in financial markets will make the second half of the year more testing. Additionally, the Group performed particularly well over the Christmas season last year, setting tough comparative figures. Given the appeal of our products, the strength of the Maisons and the financial position of the Group as a whole, I nonetheless look forward with a degree of confidence and, in the absence of any significant deterioration in debt and equity markets, expect that the Group's results for the full financial year will be comfortably ahead of last year.

**Johann Rupert**

*Executive Chairman*

Geneva, 16 November 2007

# Business Review

## Overview

in € millions	<u>September 2007</u>	<u>September 2006</u>	
<b>Sales</b>	<b>2 548</b>	2 303	+ 11 %
Cost of sales	<u>( 893)</u>	<u>( 840)</u>	
<b>Gross profit</b>	<b>1 655</b>	1 463	+ 13 %
<b>Net operating expenses</b>	<b>(1 095)</b>	(1 027)	+ 7 %
Selling and distribution expenses	<u>( 565)</u>	<u>( 515)</u>	+ 10 %
Communication expenses	<u>( 282)</u>	<u>( 262)</u>	+ 8 %
Administration expenses	<u>( 255)</u>	<u>( 248)</u>	+ 3 %
Other income/(expenses)	<u>7</u>	<u>( 2)</u>	-
<b>Operating profit</b>	<b>560</b>	436	+ 28 %

Sales of luxury goods during the six-month period increased by 11 per cent to € 2 548 million. This performance reflected both the strength of the Group's Maisons, market conditions and very strong demand for mechanical watches. Overall sales increased by 16 per cent in constant currency terms.

The improvement in gross margin reflected product and channel mix effects, product pricing adjustments and the favourable movement in the euro:Swiss franc exchange rate, which combined to more than offset an otherwise negative foreign exchange environment. Sales growth and the improved gross margin generated a 13 per cent increase in gross profit.

Net operating expenses increased by 7 per cent overall. The main increases in operating expenses were in selling and distribution expenses and communication costs. The 10 per cent growth in selling and distribution expenses was broadly in line with the growth in sales. Communication costs increased by 8 per cent but, as a percentage of sales, were lower than the comparative period at some 11.1 per cent of sales.

There were no significant one-off items included in the operating results during either the current or comparative periods.

Operating profit increased by 28 per cent to € 560 million with the operating margin improving by 3.1 percentage points to 22.0 per cent for the period under review.

## Analysis of sales and operating results by business area

Sales and the operating results of the Group's main areas of activity were as follows:

in € millions	<u>September 2007</u>	<u>September 2006</u>	
<b>Sales</b>			
Jewellery Maisons	1 277	1 170	+ 9 %
Specialist Watchmakers	707	597	+ 18 %
Writing Instrument Maisons	284	257	+ 11 %
Leather and Accessories Maisons	137	136	+ 1 %
Other Businesses	143	143	+ 0 %
<b>Total sales</b>	<b>2 548</b>	<b>2 303</b>	<b>+ 11 %</b>
<b>Operating results</b>			
Jewellery Maisons	367	328	+ 12 %
Specialist Watchmakers	218	140	+ 56 %
Writing Instrument Maisons	42	39	+ 8 %
Leather and Accessories Maisons	( 9)	( 12)	+ 25 %
Other Businesses	11	15	-
	<b>629</b>	<b>510</b>	<b>+ 23 %</b>
<b>Corporate</b>			
	( 69)	( 74)	- 7 %
Central support services	( 74)	( 67)	+ 10 %
Other income/(expenses)	5	( 7)	-
<b>Operating profit</b>	<b>560</b>	<b>436</b>	<b>+ 28 %</b>

### Jewellery Maisons

Sales increased by 9 per cent overall. Sales growth at Cartier benefited from the successful launch of the *Ballon Bleu* watch collection and the *Marcello* bag. The Maison's *Inde Mystérieuse* high jewellery collection was presented in September, reinforcing Cartier's long relationship with India.

Despite the contribution to sales related to Van Cleef & Arpels' centenary celebrations in the comparative period, the Maison continued to report very strong sales growth in the first six months of the current year.

The Jewellery Maisons' total operating profit increased by 12 per cent to € 367 million, representing an operating margin of 29 per cent.

### Specialist Watchmakers

The Group's specialist watchmaking Maisons reported an overall 18 per cent increase in sales and a 56 per cent increase in operating profit. As a consequence, the operating margin increased from 23 per cent to 31 per cent.

The seven Maisons continued to develop new markets and reported very good trading in established markets. The very strong rate of sales growth reflects demand for both classic watches and the new collections presented at the 2007 Salon International de la Haute Horlogerie in Geneva. Jaeger-LeCoultre benefited from sales of its *Master Compressor* line. The redesigned *Pilot* collection from IWC and Panerai's watches featuring in-house movements were also in demand. Piaget's reputation as jeweller and watchmaker was enhanced by additions to its *Limelight Party* collection while Vacheron Constantin enjoyed notable success with its relaunched *Patrimony* collection, featuring the *Poinçon de Genève* hallmark. Baume & Mercier launched its trendsetting *Hampton Square Magnum*, while more classical designs from A. Lange & Söhne included the *Lange 31*.

### Writing Instrument Maisons

Following its centenary year, Montblanc's increasingly diversified portfolio of luxury goods, including writing instruments, jewellery, watches and leather goods, provided the basis for strong retail sales growth. Operating profit increased by 8 per cent and the Maisons' operating margin was in line with the comparative period at 15 per cent.

**Leather and Accessories Maisons**

Alfred Dunhill's sales increased overall, with good growth in sales through its own retail network. Alfred Dunhill's operating losses for the six months amounted to € 5 million, significantly lower than in the comparative period.

In connection with a planned product repositioning programme, Lancel reported lower sales than the comparative period. The programme includes higher price points and gross margin for new products. Compared with the same six months last year, operating losses were marginally higher.

**Other businesses**

Sales of other businesses were in line during the six-month period with Chloé up against strong prior period comparatives, which benefited significantly from sales of its *Paddington* bag collection.

**Corporate**

Corporate principally represent the costs of central management, marketing support and other central functions, as well as other expenses and income which are not allocated to specific business areas, including foreign exchange hedging gains and losses.

Central support service costs increased by 10 per cent during the period. This increase was more than offset by the effects of the foreign exchange hedging programme, leading to a 7 per cent reduction in net corporate costs overall.

**Operating profit**

Operating profit for the period increased by 28 per cent to € 560 million. The continued growth in sales, combined with the improvement in gross margin and continuing cost control, has resulted in a 3.1 percentage point improvement in the operating profit margin from 18.9 per cent to 22.0 per cent.

## Sales by region

in € millions	<u>September 2007</u>	<u>September 2006</u>	Movement at:	
			<u>Constant exchange rates</u>	<u>Actual exchange rates</u>
Europe	<b>1 092</b>	975	+ 14 %	+ 12 %
Asia-Pacific	<b>612</b>	499	+ 30 %	+ 23 %
Americas	<b>506</b>	478	+ 13 %	+ 6 %
Japan	<b>338</b>	351	+ 7 %	- 4 %
	<b>2 548</b>	2 303	+ 16 %	+ 11 %

### Europe

Sales in European markets, which together accounted for 43 per cent of total sales, increased by 12 per cent. The European region includes the Russian and Middle Eastern markets, where sales growth was very strong.

### Asia-Pacific

Demand for luxury goods, particularly watches, in the Asia-Pacific region remained excellent. Overall sales in the important markets of Hong Kong and mainland China increased by 33 per cent to € 367 million. Elsewhere in the region, sales growth rates were also good. At constant exchange rates, sales growth in the region was 30 per cent.

### Americas

The further weakening of the average euro: dollar exchange rate, from 1.27 in the prior period to 1.36 in the current six month period, reduced sales growth in the region from 13 per cent in dollar terms to 6 per cent in euro terms. Sales in the United States amounted to € 391 million during the period, an increase of 4 per cent in euro terms.

### Japan

A 7 per cent sales increase in yen terms was more than offset by movements in the euro: yen exchange rate, leading to a reported decrease for the period of 4 per cent at actual exchange rates. In yen terms, double-digit growth in the specialist watchmaker business area was partly offset by slower sales growth in other areas. Sales in Japan accounted for 13 per cent of Group sales during the period.

## Sales by distribution channel

in € millions	<u>September 2007</u>	<u>September 2006</u>	
Retail	<b>995</b>	904	+ 10 %
Wholesale	<b>1 553</b>	1 399	+ 11 %
	<b>2 548</b>	2 303	+ 11 %

### Retail

Retail sales increased by 10 per cent to € 995 million. During the six-month period, the total retail network increased by 64 stores to 1 218 boutiques. The total increase included 22 internal stores. A further 42 external boutiques were either opened or were reclassified as boutiques, having previously been classified as 'shop-in-shops' or 'corners'. At the end of September, the Group's Maisons owned 695 boutiques, with a further 523 points of sale being operated by franchise partners.

### Wholesale

Wholesale sales increased by 11 per cent overall, with particularly strong growth among the specialist watchmakers. Wholesale growth reflects the weighting of sales growth by product area and by Maison as well as the impact of the expansion of the Group's own retail operations.

## Summary income statement and results of associates

in € millions	September 2007	September 2006
<b>Operating profit</b>	<b>560</b>	436
Finance income	<b>38</b>	9
	<b>598</b>	445
Share of post-tax results of associated undertakings	<b>334</b>	274
Before non-recurring income / (expenses)	<b>332</b>	303
Share of non-recurring income / (expenses)	<b>2</b>	(29)
<b>Profit before taxation</b>	<b>932</b>	719
Taxation	<b>(108)</b>	(74)
<b>Net profit</b>	<b>824</b>	645

Net financial income amounted of € 38 million in the period under review. Interest income on deposits and financial investment disposal gains were partly offset by interest on borrowings and net foreign exchange losses.

Excluding its share of the results of its investment in British American Tobacco, the Group's effective taxation rate was 18.1 per cent, reflecting the anticipated full-year rate. The effective taxation rate in general reflects the lower level of corporate taxes in Switzerland compared to other jurisdictions. The increase in the effective taxation rate compared to the prior period was largely due to the first-time recognition of specific deferred tax assets in the prior period.

### Associated companies

The Group's principal associated company is British American Tobacco plc. Richemont has an effective interest of 19.3 per cent in British American Tobacco, with a market value at 30 September 2007 of € 9 785 million.

In addition, the Group has a number of smaller investments which are classified as associated companies. These other associated companies have no material impact on the Group's financial statements.

### British American Tobacco ('BAT')

For the six-month period ended 30 September 2007, the Group's share of the results of BAT increased to € 334 million. Excluding non-recurring items from the Group's share of the results of its associates, attributable profit increased by 10 per cent. Non-recurring items primarily related to restructuring costs, and net asset disposal gains.

The results in the period reflected a 19.1 per cent interest in BAT's results for the three months to June 2007 and a 19.3 per cent interest for the three months

to September 2007. The results for the prior period reflected an 18.8 per cent interest in BAT's results for the three months to June 2006 and an 18.9 per cent interest for the three months to September 2006. The increase in the Group's interest reflects the impact of BAT's own share buy-back programme, which Richemont does not participate in.

As a U.K.-based company, BAT reports in sterling. The average sterling-euro exchange rate during the period was broadly in line with the average rate in the comparative six-month period. Accordingly, the exchange rate impact on the Group's share of BAT's sterling-denominated results was negligible.

In cash flow terms, during the six months under review, Richemont received dividends from BAT totalling € 338 million (2006: € 278 million).

BAT has a 31 December year-end but reports to its shareholders on a quarterly basis. The following commentary is condensed from BAT's financial report for the nine months ended 30 September 2007. More complete information in respect of BAT, including copies of the annual and quarterly reports, is available from the BAT website at [www.bat.com](http://www.bat.com).

The reported profit from BAT's operations was 19 per cent higher at £ 2 304 million or 8 per cent higher if non-recurring items are excluded. However, profits from operations at comparable rates of exchange and excluding non-recurring items would have been 14 per cent higher, with all regions contributing to this result.

In Europe, profit at £ 650 million was up £ 56 million mainly as a result of higher margins in Russia, Romania, Hungary and Spain, partly offset by the impact of reduced volumes in a number of markets and weaker exchange rates. At comparable rates of



exchange, profits would have increased by £ 67 million or 11 per cent.

In BAT's Asia-Pacific region, profit rose by £ 32 million to £ 498 million, mainly attributable to strong performances from Australasia, South Korea, Vietnam, Pakistan and Bangladesh, despite the adverse impact of exchange. At comparable rates of exchange, profit would have increased by £ 47 million or 10 per cent.

Profit in Latin America increased by £ 103 million to £ 550 million due to exceptionally strong performances in Brazil and Venezuela, partly offset by lower profit in Mexico and the adverse impact of weaker local currencies. At comparable rates of exchange, profit would have grown by £ 127 million or 28 per cent.

Profit in the Africa and Middle East region fell by £ 8 million to £ 354 million due to exchange rate movements. However, at comparable rates of exchange, profit would have increased by £ 45 million or 12 per cent with strong performances from South Africa and Nigeria.

The profit from BAT's America-Pacific region decreased by £ 12 million to £ 320 million as a result of

lower profit in Canada and the impact of weaker exchange rates. At comparable rates of exchange, profit would have increased by £ 15 million or 5 per cent.

BAT's share of the post-tax results of its associates decreased by £ 13 million to £ 335 million. Excluding the exceptional item in 2006, its share of the post-tax results of associates was slightly up at £ 335 million but would have been 8 per cent higher at comparable rates of exchange. The contribution from Reynolds American, excluding the benefit from the favourable resolution of tax matters in 2006, was £ 10 million lower due to the impact of the weaker US dollar. BAT's associate in India, ITC, continued its strong growth and its contribution rose by £ 12 million to £ 77 million.

BAT's adjusted, diluted earnings per share for the nine-month period rose 9 per cent to 82.00 pence, principally as a result of the strong operating profit performance, partly offset by the adverse impact from foreign exchange movements. Some 38 million shares were repurchased in the nine months at a cost of £ 612 million and at an average of 1630 pence per share.

## Analysis of net profit

in € millions	September 2007	September 2006
<b>Net profit from parent and subsidiaries</b>	<b>490</b>	371
<b>Share of post-tax profit of associates</b>		
Net profit before non-recurring income / (expenses)	332	303
Non-recurring income / (expenses)	2	(29)
<b>Net profit - share of associates</b>	<b>334</b>	274
<b>Net profit of the Group</b>	<b>824</b>	645
<i>Analysed as follows:</i>		
<b>Parent, subsidiaries and share of associates before non-recurring items</b>	<b>822</b>	674
<b>Non-recurring income/ (expenses)</b>	<b>2</b>	(29)
<b>Net profit of the Group</b>	<b>824</b>	645
<b>Earnings per unit excluding non-recurring income / (expenses)</b>		
Basic	€ 1.463	€ 1.211
Diluted basis	€ 1.442	€ 1.193

There were no significant one-off items included in the results from the parent and its subsidiaries during either the current or comparative periods.

The non-recurring items included in the Group's share of the results of its associate, British American Tobacco, amounted to a net gain of € 2 million in the period under review (2006: a net charge of € 29 million). Non-recurring items in BAT's subsidiaries and those of its own associated companies, which are presented on a post-tax basis, primarily relate to restructuring costs and net asset disposal gains.

The presentation of BAT's non-recurring items in Richemont's analysis of its consolidated results was revised in the financial year ended 31 March 2007. Accordingly, the non-recurring expense reported for the comparative period has been revised from a charge of € 39 million at the pre-tax level reported last year to a post-tax charge of € 29 million. The overall contribution from BAT on an IFRS basis remains unchanged. The presentational change has no effect

on Richemont's IFRS-reported results or balance sheet. The comparative, net profit of the Group before non-recurring items has been amended together with the related underlying earnings per unit. The revised underlying net profit attributable to unitholders for the six month period ended 30 September 2006 is € 674 million. The amount previously reported was € 684 million.

Excluding all such non-recurring items from both periods, net profit in the six months to 30 September 2007 would have been € 822 million compared to € 674 million in the prior period, representing an increase of 22 per cent. On the same basis, diluted earnings per unit would have increased by 21 per cent from € 1.193 to € 1.442.

## Cash flow

in € millions	September 2007	September 2006
Operating profit	560	436
Depreciation and other non-cash items	101	97
<b>Earnings before interest, tax and depreciation</b>	<b>661</b>	<b>533</b>
Increase in working capital	( 393)	( 298)
<b>Cash generated from operations</b>	<b>268</b>	<b>235</b>
Dividends received from associate	338	278
Returns on investments and servicing of finance	19	16
Taxation paid	( 71)	( 97)
Net acquisitions of fixed assets	( 108)	( 72)
Other investing activities, net	12	( 71)
<b>Net cash inflow before financing activities</b>	<b>458</b>	<b>289</b>
Dividends paid to unitholders	( 689)	( 613)
Normal dividend	( 358)	( 335)
Special dividend	( 331)	( 278)
Increase in borrowings	35	35
(Payments)/proceeds relating to treasury units, net	( 37)	12
Other financing activities	( 2)	( 2)
<b>Decrease in cash, cash equivalents and short-term borrowings</b>	<b>( 235)</b>	<b>( 279)</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>1 623</b>	<b>1 416</b>
Exchange rate effects	13	12
<b>Cash and cash equivalents at the end of period</b>	<b>1 401</b>	<b>1 149</b>
Borrowings	( 497)	( 548)
<b>Net cash</b>	<b>904</b>	<b>601</b>

The Group's net cash position decreased from € 1 141 million at 31 March 2007 to € 904 million at 30 September 2007. The decrease largely reflected the payment of the regular dividend and the special dividend at the end of September.

During the period, cash generated from operations amounted to € 268 million (2006: € 235 million). The increase in operating profit was partially offset by increases in working capital requirements. An increase in inventories reflected higher raw material purchases and work in progress. An increase in debtors reflected the growth in wholesale sales during the period.

Dividends received from associates, namely British American Tobacco, comprise the final dividend in respect of its financial year ended 31 December 2006, received in May 2007 and the interim dividend for the 2007 financial year, received in September 2007.

Investing activities during the period included further investments in the Group's worldwide distribution network and European manufacturing facilities,

including the acquisition of the watch component production facilities of Manufacture Roger Dubuis SA, Geneva. The cash outflow from these investing activities was more than offset by proceeds from the disposal of financial assets.

The dividends paid in the current period represent the dividends paid by Compagnie Financière Richemont SA and Richemont SA, Luxembourg for the year ended 31 March 2007. The withholding tax payable on the part of the dividend paid by Compagnie Financière Richemont SA was remitted to the Swiss authorities in October.

In order to hedge executive stock option grants, the Group exercised options to purchase Richemont units for a consideration of € 60 million and bought further call options over Richemont 'A' units for a consideration of € 14 million. The cost of these purchases was partly offset by proceeds from the exercise of stock options by executives, leading to a net cash outflow of € 37 million.

## Summarised balance sheet

in € millions	<u>30 September 2007</u>	<u>31 March 2007</u>
<b>Non-current assets</b>		
Fixed assets	950	922
Investment in associated undertakings	3 318	3 506
Other non-current assets	510	546
	<u>4 778</u>	<u>4 974</u>
<b>Net current assets</b>	<b>1 930</b>	<b>1 594</b>
<b>Net operating assets</b>	<b>6 708</b>	<b>6 568</b>
Net cash	904	1 141
Cash and cash equivalents	1 401	1 623
Borrowings	( 497)	( 482)
Other non-current liabilities	( 210)	( 196)
	<u>7 402</u>	<u>7 513</u>
<b>Equity</b>		
Unitholders' equity	7 399	7 511
Minority interests	3	2
	<u>7 402</u>	<u>7 513</u>

At 30 September 2007, the Group's interest in British American Tobacco ('BAT') ordinary shares amounted to 19.3 per cent and BAT's market capitalisation, based on 2 025 million ordinary shares in issue, amounted to € 50 808 million (£ 35 483 million). The fair value of the Group's investment in BAT therefore amounted to € 9 785 million. The carrying value of the investment amounted to € 3 309 million on that date. Details of movements in the Group's effective interest in BAT ordinary shares during the period are given in the notes to the consolidated interim financial statements. The carrying value of investments in other associates at 30 September 2007 was € 9 million (2006: € 14 million).

Net current assets increased by € 336 million compared to March 2007. The value of net inventories increased by 9 per cent to € 1 885 million. The

inventory increase largely reflects the purchase of raw materials and an increase in the work in progress inventories. Consequently, the inventory rotation rate has slowed by 0.4 months to 15.8 months. Trade debtors increased during the six months, reflecting both the seasonality of wholesale sales and the growth in wholesale sales reported during the period under review.

At 30 September 2007, net cash amounted to € 904 million. Cash balances were primarily denominated in euros, whereas borrowings were spread across the principal currencies of the countries in which the Group has significant operations, namely, euros, yen, US dollars, Hong Kong dollars and Swiss francs. Borrowings reflect the financing of net operating assets in the countries concerned.

**Norbert Platt**

*Group Chief Executive Officer*

**Richard Lepou**

*Group Finance Director*

Compagnie Financière Richemont SA  
Geneva, 16 November 2007

**Unaudited consolidated interim financial statements  
at 30 September 2007**

**Consolidated balance sheet**

		30 September 2007	31 March 2007
	Note	€ m	€ m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		839	808
Intangible assets		111	114
Investments in associated undertakings	5	3 318	3 506
Deferred income tax assets		269	268
Financial assets held at fair value through profit or loss		56	113
Other non-current assets		185	165
		<u>4 778</u>	<u>4 974</u>
<b>Current assets</b>			
Inventories		1 885	1 732
Trade and other receivables		852	658
Derivative financial instruments		30	15
Prepayments and accrued income		135	121
Cash at bank and on hand		1 799	1 881
		<u>4 701</u>	<u>4 407</u>
<b>Total assets</b>		<u>9 479</u>	<u>9 381</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		334	334
Participation reserve		645	645
Treasury units		( 275)	( 264)
Hedge and unit option reserves		173	151
Cumulative translation adjustment reserve		( 20)	113
Retained earnings		6 542	6 532
<b>Total unitholders' equity</b>		<u>7 399</u>	<u>7 511</u>
<b>Minority interest</b>		<u>3</u>	<u>2</u>
<b>Total equity</b>		<u>7 402</u>	<u>7 513</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		188	203
Deferred income tax liabilities		34	32
Retirement benefit obligations		105	103
Provisions		71	61
		<u>398</u>	<u>399</u>
<b>Current liabilities</b>			
Trade and other payables		459	488
Current income tax liabilities		195	160
Borrowings		15	28
Derivative financial instruments		2	2
Provisions		86	90
Accruals and deferred income		230	192
Short-term loans		294	251
Bank overdrafts		398	258
		<u>1 679</u>	<u>1 469</u>
<b>Total liabilities</b>		<u>2 077</u>	<u>1 868</u>
<b>Total equity and liabilities</b>		<u>9 479</u>	<u>9 381</u>

The notes on pages 18 to 26 are an integral part of these consolidated interim financial statements.

**Consolidated income statement**

		Six months to 30 September 2007	Six months to 30 September 2006
	Notes	€ m	€ m
<b>Sales</b>	4	2 548	2 303
Cost of sales		( 893)	( 840)
<b>Gross profit</b>		1 655	1 463
Selling and distribution expenses		( 565)	( 515)
Communication expenses		( 282)	( 262)
Administrative expenses		( 255)	( 248)
Other operating income / (expenses)	6	7	( 2)
<b>Operating profit</b>		560	436
Finance costs	7	( 45)	( 28)
Finance income	7	83	37
Share of post-tax profit of associated undertakings	5	334	274
<b>Profit before taxation</b>		932	719
Taxation	9	( 108)	( 74)
<b>Net profit</b>		824	645
<b>Attributable to:</b>			
Unitholders		823	645
Minority interest		1	-
		824	645
<b>Earnings per unit for profit attributable to unitholders during the period (expressed in € per unit)</b>			
- basic	8	1.467	1.159
- diluted	8	1.445	1.141

The notes on pages 18 to 26 are an integral part of these consolidated interim financial statements.

## Consolidated statement of changes in equity

	Equity attributable to unitholders					Minority	Total	
	Unitholders' capital	Treasury units	Other reserves	Cumulative translation adjustment reserve	Retained earnings	Total	interest	equity
Balance at 1 April 2006	979	(408)	72	38	6 092	6 773	8	6 781
Currency translation adjustments	-	-	-	101	-	101	-	101
Cash flow hedges:								
- net gains	-	-	14	-	-	14	-	14
- recycle to income statement	-	-	4	-	-	4	-	4
Net share of expense of associated undertakings recognised directly in equity	-	-	-	-	(24)	(24)	-	(24)
Tax impact								
on unit option scheme	-	-	22	-	-	22	-	22
Net income / (expense) recognised								
directly in equity	-	-	40	101	(24)	117	-	117
Net profit	-	-	-	-	645	645	-	645
Total recognised income	-	-	40	101	621	762	-	762
Acquisition of minority interest	-	-	-	-	-	-	3	3
Net share of transactions of associated undertakings with their equity holders	-	-	-	-	(70)	(70)	-	(70)
Net changes in treasury units	-	42	-	-	(30)	12	-	12
Employee unit option scheme	-	-	16	-	-	16	-	16
Dividends paid	-	-	-	-	(613)	(613)	-	(613)
Balance at 30 September 2006	979	(366)	128	139	6 000	6 880	11	6 891
<b>Balance at 1 April 2007</b>	<b>979</b>	<b>(264)</b>	<b>151</b>	<b>113</b>	<b>6 532</b>	<b>7 511</b>	<b>2</b>	<b>7 513</b>
Currency translation adjustments	-	-	-	(133)	-	(133)	-	(133)
Cash flow hedges:								
- net gains	-	-	10	-	-	10	-	10
- recycle to income statement	-	-	(5)	-	-	(5)	-	(5)
Net share of income of associated undertakings recognised directly in equity	-	-	-	-	29	29	-	29
Tax impact								
on unit option scheme	-	-	1	-	-	1	-	1
Net income / (expense) recognised								
directly in equity	-	-	6	(133)	29	(98)	-	(98)
Net profit	-	-	-	-	823	823	1	824
Total recognised income / (expense)	-	-	6	(133)	852	725	1	726
Net share of transactions of associated undertakings with their equity holders	-	-	-	-	(119)	(119)	-	(119)
Net changes in treasury units	-	(11)	-	-	(23)	(34)	-	(34)
Employee unit option scheme	-	-	16	-	-	16	-	16
Dividends paid	-	-	-	-	(700)	(700)	-	(700)
<b>Balance at 30 September 2007</b>	<b>979</b>	<b>(275)</b>	<b>173</b>	<b>(20)</b>	<b>6 542</b>	<b>7 399</b>	<b>3</b>	<b>7 402</b>

The notes on pages 18 to 26 are an integral part of these consolidated interim financial statements.



**Consolidated cash flow statement**

		Six months to 30 September 2007	Six months to 30 September 2006
	<i>Note</i>	€ m	€ m
<b>Cash flows from operating activities</b>			
Cash flow generated from operations	10	268	235
Interest received		45	29
Interest paid		(26)	(13)
Dividends from associated undertaking		338	278
Taxation paid		(71)	(97)
Net cash generated from operating activities		<u>554</u>	<u>432</u>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary undertakings, net of cash acquired		(36)	(12)
Acquisition of associated undertakings		-	(10)
Acquisition of property, plant and equipment		(98)	(61)
Proceeds from disposal of property, plant and equipment		1	4
Acquisition of intangible assets		(12)	(17)
Proceeds from disposal of intangible assets		1	2
Acquisition of other non-current assets		(31)	(58)
Proceeds from disposal of other non-current assets		79	9
Net cash used in investing activities		<u>(96)</u>	<u>(143)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		103	144
Repayment of borrowings		(68)	(109)
Dividends paid		(689)	(613)
Payment for treasury units		(74)	(12)
Proceeds from sale of treasury units		37	24
Capital element of finance lease payments		(2)	(2)
Net cash used in financing activities		<u>(693)</u>	<u>(568)</u>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		1 623	1 416
Exchange gains on cash and cash equivalents		13	12
<b>Cash and cash equivalents at end of period</b>		<u>1 401</u>	<u>1 149</u>

The notes on pages 18 to 26 are an integral part of these consolidated interim financial statements.

## Notes to the consolidated interim financial statements at 30 September 2007

### 1. General Information

Compagnie Financière Richemont SA ('the Company') and its subsidiaries (together 'Richemont' or 'the Group') is one of the world's leading luxury goods groups. The Group's luxury goods interests encompass several of the most prestigious names in the industry including Cartier, Van Cleef & Arpels, Piaget, Vacheron Constantin, Jaeger-LeCoultre, IWC, A. Lange & Söhne, Officine Panerai, Baume & Mercier, Montblanc, Alfred Dunhill, Chloé and Lancel. In addition to its luxury goods businesses, the Group holds a significant investment in British American Tobacco ('BAT') – one of the world's leading tobacco groups.

The Company is registered in Bellevue, Geneva, Switzerland. Shares of the Company are indivisibly twinned with participation certificates issued by its wholly-owned subsidiary, Richemont SA, Luxembourg to form Richemont units. Richemont units are listed on the Swiss Stock Exchange and traded on the virt-x market and are included in the Swiss Market Index ('SMI') of leading stocks. Depository receipts in respect of Richemont units are traded on the Johannesburg Stock Exchange operated by JSE Limited.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 15 November 2007.

### 2. Basis of preparation

This interim financial information for the half year ended 30 September 2007 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim financial report should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2007.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

### 3. Accounting policies

The accounting policies adopted are consistent with those described in the annual consolidated financial statements for the year ended 31 March 2007. There are no new standards, amendments to standards or interpretations which are mandatory for the financial year ending 31 March 2008 that will have a material effect on the Group's consolidated net income and financial position. Additional disclosures relating to International Financial Reporting Standard 7 *Financial Instruments: Disclosures* will be presented in the annual consolidated financial statements.

### 4. Segment information

A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The Group has opted to use business segments as the primary segments.

A geographical segment is engaged in providing products within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. The Group uses geographical segments as the secondary segments.

#### (a) Primary reporting format – business segments

For the purposes of clarity and comparability of external reporting, the Group combines internal management units with similar risk and reward profiles into business operating segments, which are constituted as follows:

- Jewellery Maisons - businesses whose heritage is in the design, manufacture and distribution of jewellery products; these comprise Cartier and Van Cleef & Arpels.
- Specialist Watchmakers – businesses whose primary activity includes the design, manufacture and distribution of precision timepieces. The Group's specialist watchmakers comprise Jaeger-LeCoultre, Baume & Mercier, IWC, Vacheron Constantin, A. Lange & Söhne, Piaget and Officine Panerai.

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- Writing Instrument Maisons - businesses whose primary activity includes the design, manufacture and distribution of writing instruments. These are Montblanc and Montegrappa.
- Leather and Accessories Maisons – businesses whose principal activities include the design and distribution of leather goods and other accessories, being Alfred Dunhill and Lancel.

Other Group operations mainly comprise Chloé, royalty income and other businesses. None of these constitutes a separately reportable segment.

Amounts included in 'Corporate' represent the net cost of the Group's corporate operations, which are not attributed to the segments.

The entire product range of a particular Maison, which may include jewellery, watches, writing instruments and leather goods, is reflected in the sales and operating result for that segment.

Segment assets consist primarily of property, plant and equipment, inventories, trade and other debtors and non-current assets. Segment liabilities comprise operating liabilities, including provisions, but exclude short and long-term loans and bank overdrafts.

Inter-segment transactions are transacted at prices that reflect the risk and rewards transferred and are entered into under normal commercial terms and conditions.

The segment results for the six months ended 30 September are as follows.

	Sales		Inter-segment sales		Total segment sales	
	2007	2006	2007	2006	2007	2006
	€m	€m	€m	€m	€m	€m
<b>Sales</b>						
Jewellery Maisons	1 277	1 170	1	-	1 278	1 170
Specialist Watchmakers	707	597	3	3	710	600
Writing Instrument Maisons	284	257	1	2	285	259
Leather and Accessories Maisons	137	136	-	-	137	136
Other Businesses	143	143	52	45	195	188
	<u>2 548</u>	<u>2 303</u>	<u>57</u>	<u>50</u>	<u>2 605</u>	<u>2 353</u>
					2007	2006
<b>Operating result</b>					€m	€m
Jewellery Maisons					367	328
Specialist Watchmakers					218	140
Writing Instrument Maisons					42	39
Leather and Accessories Maisons					( 9)	( 12)
Other Businesses					11	15
Corporate					( 69)	( 74)
Operating profit					560	436
Finance costs					( 45)	( 28)
Finance income					83	37
Operating profit before share of results of associated undertakings					598	445
Share of post-tax profit of associated undertakings					334	274
<b>Profit before taxation</b>					932	719
Taxation					(108)	(74)
<b>Net Profit</b>					<u>824</u>	<u>645</u>

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The net segment assets at 30 September are as follows:

	Segment assets		Segment liabilities		Net segment assets	
	2007	2006	2007	2006	2007	2006
	€m	€m	€m	€m	€m	€m
<b>Net segment assets</b>						
Jewellery Maisons	1 788	1 729	( 269)	( 272)	1 519	1 457
Specialist Watchmakers	957	868	( 141)	( 134)	816	734
Writing Instrument Maisons	419	353	( 76)	( 72)	343	281
Leather and Accessories Maisons	175	159	( 61)	( 50)	114	109
Other Businesses	261	184	( 74)	( 77)	187	107
Corporate	493	445	( 227)	( 167)	266	278
	<u>4 093</u>	<u>3 738</u>	<u>( 848)</u>	<u>( 772)</u>	<u>3 245</u>	<u>2 966</u>
Investments in associated undertakings					3 318	3 352
Cash and cash equivalents					1 401	1 149
Short-term loans and borrowings					( 497)	( 548)
Retirement benefit obligations					( 105)	( 103)
Deferred and current income tax, net					40	75
<b>Net assets</b>					<u>7 402</u>	<u>6 891</u>

Other segment information for the six months to 30 September is as follows:

<b>Items related to property, plant and equipment and intangible assets</b>	Capital expenditure		Depreciation/ amortisation charge	
	2007	2006	2007	2006
	€m	€m	€m	€m
Jewellery Maisons	49	27	29	25
Specialist Watchmakers	22	16	15	12
Writing Instrument Maisons	11	7	10	10
Leather and Accessories Maisons	8	3	5	5
Other Businesses	11	8	5	4
Corporate	9	16	12	11
	<u>110</u>	<u>77</u>	<u>76</u>	<u>67</u>

<b>Other non-cash items</b>	Unit option costs	
	2007	2006
	€m	€m
Jewellery Maisons	3	3
Specialist Watchmakers	2	2
Writing Instrument Maisons	1	1
Leather and Accessories Maisons	1	-
Corporate	9	10
	<u>16</u>	<u>16</u>

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### (b) Secondary reporting format – geographical segments

Sales, segment assets and capital expenditure in the three main geographical areas where the Group's business segments operate are as follows for the six months ended 30 September:

	Sales		Segment assets at 30 September		Capital expenditure	
	2007	2006	2007	2006	2007	2006
	€m	€m	€m	€m	€m	€m
<b>Europe</b>	1 092	975	2 894	2 500	65	53
France	231	230	487	489	7	8
Switzerland	112	101	1 485	1 262	29	33
Germany, Italy and Spain	332	310	512	459	10	7
Other Europe	417	334	410	290	19	5
<b>Asia</b>	950	850	707	750	29	16
China/Hong Kong	367	276	250	303	7	7
Japan	338	351	298	308	17	5
Other Asia	245	223	159	139	5	4
<b>Americas</b>	506	478	492	488	16	8
USA	391	377	397	415	12	7
Other Americas	115	101	95	73	4	1
	<u>2 548</u>	<u>2 303</u>	<u>4 093</u>	<u>3 738</u>	<u>110</u>	<u>77</u>

Sales are allocated based on the location of the customer or the boutique. Segment assets and capital expenditure are allocated based on where the assets are located.

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### 5. Investment in associated undertakings

	BAT € m	Other € m	Total € m
At 1 April 2006	3 343	4	3 347
Exchange adjustments	94	-	94
Share of post-tax profit	274	-	274
Dividends received	( 278)	-	( 278)
Acquisition of associated undertakings	-	10	10
Other equity movements	( 95)	-	( 95)
At 30 September 2006	3 338	14	3 352
<b>At 1 April 2007</b>	<b>3 497</b>	<b>9</b>	<b>3 506</b>
Exchange adjustments	( 94)	-	( 94)
Share of post-tax profit	334	-	334
Dividends received	( 338)	-	( 338)
Other equity movements	( 90)	-	( 90)
<b>At 30 September 2007</b>	<b>3 309</b>	<b>9</b>	<b>3 318</b>

Investments in associated undertakings at 30 September 2007 include goodwill of € 2 511 million (September 2006: € 2 592 million).

The summarised financial information in respect of the Group's share of results, assets and liabilities of its principal associated undertaking, BAT, is as follows:

	Six months to 30 September 2007 € m	Six months to 30 September 2006 € m
Operating profit	457	366
After:		
Share of other income/(expense)	4	( 39)
Finance costs	( 57)	( 51)
Finance income	16	12
Share of post-tax profit of associated undertakings	63	62
Profit before taxation	479	389
Taxation	( 121)	( 93)
Net profit	358	296
<b>Attributable to:</b>		
Shareholders' equity	334	274
Minority interest	24	22
	358	296

Richemont accounts for its effective interest in BAT under the equity method. Changes in the Group's percentage holding of BAT during the period relate to the share buy-back programme carried out by BAT. The following table indicates the percentages applied to BAT's profits:

#### For the six months ended 30 September 2007

	Percentage
1 April 2007 to 30 June 2007	19.1
1 July 2007 to 30 September 2007	19.3

#### For the six months ended 30 September 2006

1 April 2006 to 30 June 2006	18.8
1 July 2006 to 30 September 2006	18.9

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### 6. Other operating income / (expenses)

Included in other operating income/(expenses) are royalties received of € 6 million (2006: € 5 million).

### 7. Net finance income

	Six months to 30 September 2007	Six months to 30 September 2006
	€ m	€ m
<b>Finance income:</b>		
Interest income on bank and other deposits	52	30
Fair value gains on financial instruments	14	2
Net foreign exchange gains on derivatives	17	5
Finance income	83	37
<b>Finance costs:</b>		
Interest expense:		
- bank borrowings	( 17)	( 15)
- other financial expenses	( 1)	( 3)
Net foreign exchange losses on monetary items	( 25)	( 4)
Net foreign exchange losses on derivatives	( 2)	( 6)
Finance costs	( 45)	( 28)
Net finance income	38	9

Foreign exchange gains of € 5 million (2006: losses of € 4 million) were reflected in cost of sales during the period.

### 8. Earnings per unit

#### 8.1. Basic

Basic earnings per unit is calculated by dividing the profit attributable to unitholders by the weighted average number of units in issue during the period, excluding units purchased by the Company and held in treasury.

	Six months to 30 September 2007	Six months to 30 September 2006
Profit attributable to unitholders of the Company (€ millions)	823	645
Weighted average number of units in issue (millions)	561.1	556.5
Basic earnings per unit (€ per unit)	1.467	1.159

#### 8.2. Diluted

Diluted earnings per unit is calculated adjusting the weighted average number of units outstanding, which assumes conversion of all dilutive potential units. The Company has only one category of dilutive potential units: unit options.

The calculation is performed for the unit options to determine the number of units that could have been acquired at fair value (determined as the average annual market unit price of the Company's units) based on the monetary value of the subscription rights attached to outstanding unit options. The number of units calculated as above is compared with the number of units that would have been issued assuming the exercise of the unit options.

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	Six months to 30 September 2007	Six months to 30 September 2006
Profit attributable to unitholders of the Company (€ millions)	823	645
Weighted average number of units in issue (millions)	561.1	556.5
Adjustment for unit options (millions)	8.4	8.6
Weighted average number of units for diluted earnings per unit (millions)	569.5	565.1
Diluted earnings per unit (€ per unit)	1.445	1.141

### 9. Taxation

The average effective tax rate is calculated in respect of profit before taxation but excluding the share of post-tax profit of associated undertakings. The rates for the periods ended 30 September 2007 and 2006 were 18.1 per cent and 16.6 per cent respectively.

In the year ended 31 March 2007 the Group implemented procedures to increase further the tax effects of the costs of share-based payments. This, together with other one-time benefits, significantly contributed to the decrease in the effective tax rate in that period.

### 10. Cash flow generated from operations

	Six months to 30 September 2007 € m	Six months to 30 September 2006 € m
Operating profit	560	436
Depreciation of property, plant and equipment	62	57
Amortisation of intangible assets	14	10
Profit on disposal of property, plant and equipment	-	(2)
Increase in provisions	10	5
Increase in retirement benefit obligations	3	2
Non-cash items	12	25
Increase in inventories	(170)	(116)
Increase in trade debtors	(183)	(210)
Increase in other receivables, prepayments and accrued income	(45)	(24)
Increase in current liabilities	5	52
Cash flow generated from operations	268	235



## 11. Related-party transactions

Compagnie Financière Rupert, Bellevue, Geneva holds 52.2 million 'B' registered units, each unit comprising 10 'B' registered shares in Compagnie Financière Richemont SA indivisibly twinned with a 'B' registered participation certificate issued by Richemont SA, Luxembourg. Compagnie Financière Rupert therefore has an interest in 50 per cent of the voting rights in Compagnie Financière Richemont SA. In addition, Compagnie Financière Rupert has advised that parties related to it held a total of 160 694 Richemont 'A' bearer units, or the equivalent thereof in the form of Depository Receipts, as at 31 March 2007, representing 0.02 per cent of the voting rights of the Company.

The Group has a number of transactions and relationships with related parties, as defined by IAS 24 *Related Party Disclosures*, all of which are undertaken in the normal course of business.

Besides Compagnie Financière Rupert and the Boards of Directors of both Compagnie Financière Richemont SA and Richemont SA, the Group has identified the following other related parties:

- Richemont's associated undertakings;
- Richemont's joint venture interests;
- Remgro Limited, a public company incorporated in South Africa;
- VenFin Limited, a private company incorporated in South Africa; and
- Richemont foundations (employee and others).

There has been no significant change in the nature and magnitude of the related-party transactions and relationships during the period. Full details of related-party transactions will be included in the annual consolidated financial statements.

## 12. Share-based payment

### Unit option scheme

The Group has a long-term unit-based compensation plan whereby executives are awarded options to acquire units at a predetermined price. Awards under the unit option scheme vest over periods of three to eight years and have expiry dates, the date after which unexercised options lapse, of between five and 13 years from the date of grant. The executive must remain in the Group's employ until vesting. During the period ended 30 September 2007, awards of 2 368 400 options (2006: 3 343 800 options) were granted at a weighted average exercise price of CHF 75.10 (2006: CHF 53.10) per unit. Options in respect of 2 337 254 units (2006: 1 518 870 units) were exercised during the period at an average exercise price of CHF 25.94 (2006: CHF 24.65) per unit.

## 13. Dividends

In September 2007 a dividend was paid of € 0.65 per unit (2006: € 0.60 per unit), together with a special dividend of € 0.60 per unit (2006: € 0.50 per unit).

## 14. Business combinations

### Acquisitions of subsidiary undertakings

In September 2007 Richemont acquired the component production facility of Manufacture Roger Dubuis SA which, together with other non-material manufacturing businesses acquired during the period, represent the total business combinations. The Group's venture capital/investment funds did not make any business combinations in the period to 30 September 2007.

The financial information presented is on an aggregate basis and includes provisional values for certain assets and liabilities.

**Net assets acquired**

	Business operations acquired	
	Fair value	Acquirees carrying amount
	€ m	€ m
Property, plant and equipment	17	17
Intangible assets	3	-
Inventories	20	14
Receivables	1	1
Cash and cash equivalents	-	-
Liabilities	(1)	(1)
Borrowings, current and deferred tax	(4)	(4)
Net assets	<u>36</u>	<u>27</u>
Fair value of net assets acquired	36	
Goodwill	-	
Purchase consideration - cash paid	<u>36</u>	
Cash and cash equivalents acquired	-	
Cash outflow on acquisition	<u>36</u>	

**15. Financial commitments and contingent liabilities**

At 30 September 2007 the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material losses will arise.

At 30 September 2007 the Group has provided a short-term guarantee to a bank up to a maximum of € 24 million. The Group has a lien over certain third party assets as security for this guarantee.

The Group has also entered into a short-term commitment to provide a conditional, secured loan facility of up to a maximum of € 62 million. The agreement provides for interest to be earned at a rate of 2 per cent above LIBOR.

**16. Post balance sheet events**

In October 2007 the Group acquired 100 per cent of the ordinary capital of the French fashion house, Azzedine Alaïa SAS.

## Exchange rates

The results of the Group's subsidiaries and its associates which do not report in euros have been translated at the following average rates of exchange against the euro. The balance sheets of those subsidiaries and the associates have been translated into euros at the closing rates set out below.

<b>Exchange rates against the euro</b>	<b>Six months to 30 Sept 2007</b>	Six months to 30 Sept 2006
<b>Average</b>		
United States dollar	<b>1.36</b>	1.27
Japanese yen	<b>162.39</b>	145.93
Swiss franc	<b>1.65</b>	1.57
Pound sterling	<b>0.68</b>	0.68
	<b>30 September 2007</b>	31 March 2007
<b>Closing</b>		
United States dollar	<b>1.42</b>	1.33
Japanese yen	<b>163.61</b>	157.22
Swiss franc	<b>1.66</b>	1.62
Pound sterling	<b>0.70</b>	0.68

## Statutory Information

Shares of Compagnie Financière Richemont SA are indivisibly twinned with participation certificates issued by its wholly-owned subsidiary Richemont SA to form Richemont units. Richemont 'A' units are listed on the SWX Swiss Exchange and traded on the virt-x market (Reuters 'CFR.VX'/Bloombergs 'CFR VX') and are included in the Swiss Market Index ('SMI') of leading stocks. The ISIN of Richemont 'A' units is CH0012731458 and the Swiss 'Valorenummer' is 1273145. South African depository receipts in respect of Richemont 'A' units are traded on the Johannesburg Stock Exchange operated by JSE Limited (Reuters 'RCHJ.J'/Bloombergs 'RCH SJ').

The closing price of a Richemont 'A' unit on 28 September 2007 was CHF 77.15 and the market capitalisation of the Group's 'A' units on that date was CHF 40 272 million (€ 24 230 million).

Over the preceding six months, the highest closing price of an 'A' unit was CHF 80.40 (23 July), and the lowest CHF 68.75 (2 April).

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