RICHEMONT

RESULTS FOR THE YEAR ENDED 31 MARCH 2000

Richemont, the Swiss luxury goods group, announces its results for the year to 31 March 2000.

		March 2000		March 1999		
Sales	**€**	**2 924.2 m**	€	2 318.1 m	+	26.1 %
Operating profit	**€**	**534.1 m**	€	390.4 m	+	36.8 %
Attributable profit						
- parent and subsidiaries	**€**	**357.8 m**	€	260.0 m	+	37.6 %
- share of associated companies	**€**	**424.8 m**	€	415.2 m	+	2.3 %
- the Group	**€**	**782.6 m**	€	675.2 m	+	15.9 %
Earnings per unit – fully diluted basis	**€**	**137.04**	€	117.59	+	16.5 %

The results presented above exclude the effects of goodwill amortisation and exceptional items from both years.

- Operating profit of Richemont's luxury goods businesses grew by 37 per cent to € 534.1 million.
- Sales increased by 26 per cent compared to the previous year. Continuing economic growth in the United States and the strength of the U.S. dollar helped generate sales growth of almost 30 per cent in that region. The recovery of many Far Eastern economies, together with the strength of the Japanese yen, has contributed to a 41 per cent increase in sales in that region.
- All of Richemont's product categories showed good growth in sales, with watches growing by 29 per cent and jewellery sales increasing by 41 per cent - in part reflecting the contribution from Van Cleef & Arpels, which was acquired during the year.
- Attributable profit of the parent and its subsidiaries increased by 38 per cent to € 357.8 million.
- The Group's share of the results of its associated companies, largely comprising its shareholding in British American Tobacco, is broadly in line with the previous year.
- Earnings per unit on a fully diluted basis grew by 17 per cent to € 137.04.
- The dividend for the year is € 24.00, an increase of 15.4 per cent over last year.

Sales and operating profit

The Group had an excellent year, with sales increasing by 26.1 per cent and operating profit increasing by 36.8 per cent to € 534.1 million. This in part reflected the continuing strength of the U.S. economy and the recovery in the important Far Eastern economies, following the economic difficulties of the previous two years. The strength of both the U.S. dollar and the Japanese yen has also had a positive impact on the Group's results, given its largely European manufacturing base.

	March 2000	March 1999		
	€ m	€ m		
Sales	**2 924.2**	2 318.1	+	26.1 %
Cost of sales	**(995.0)**	(839.8)	+	18.5 %
Gross margin	**1 929.2**	1 478.3	+	30.5 %
Net operating expenses	**(1 395.1)**	(1 087.9)	+	28.2 %
Operating profit	**534.1**	390.4	+	36.8 %

The Group's gross margin percentage increased to 66.0 per cent of sales, reflecting particularly favourable exchange rates, an increasing share of sales through the retail network and product mix changes, particularly in respect of watch sales. This increase translated into a 30.5 per cent growth in aggregate gross margin compared to the year to 31 March 1999.

Operating expenses grew by 28.2 per cent, reflecting a number of factors including the expansion of the retail network, higher rentals for certain boutiques - which are directly linked to the value of sales - and the strength of both the dollar and the yen. Notwithstanding the overall level of increase in operating expenses, operating margin increased from 16.8 to 18.3 per cent, resulting in operating profit growth of 36.8 per cent.

Sales by region

	March 2000	March 1999		
	€ m	€ m		
Europe	**1 152.6**	994.3	+	15.9 %
Far East	**1 115.6**	790.9	+	41.0 %
Americas	**605.6**	468.3	+	29.3 %
Other	**50.4**	64.6	-	21.9 %
	2 924.2	2 318.1	+	26.1 %

Growth of sales of 41 per cent in the Far East reflected the recovery of certain domestic markets and the increase in tourism in consequence of the economic recovery in the region as well as the benefit of the strength of the yen. The Group's level of sales in the Japanese market has seen substantial growth in the year, primarily due to the success of Cartier in that market. Sales in Europe have grown by 15.9 per cent, despite a slow start to the year, benefiting in part from the inclusion of Van Cleef & Arpels in the second six months of the year. The continuing strength of the U.S. economy has also led to strong growth for many of the Group's brands represented in that market.

Sales by product line

	March 2000 € m	March 1999 € m			
Jewellery	**667.4**	473.1	+	41.1	%
Gold and jewellery watches	**652.8**	532.8	+	22.5	%
Other watches	**639.6**	466.4	+	37.1	%
Leather goods	**267.1**	223.9	+	19.3	%
Writing instruments	**234.2**	206.4	+	13.5	%
Menswear	**137.4**	111.8	+	22.9	%
Other	**325.7**	303.7	+	7.2	%
	2 924.2	2 318.1	+	26.1	%

Sales of all major product lines have shown strong growth, with particularly good increases in jewellery and watches.

The increase in jewellery sales largely reflects Cartier's continuing success with its established ranges and the launch of new products aimed at the gold jewellery market. The excellent performance by Cartier was complemented by an increase in Piaget jewellery lines and by the inclusion of Van Cleef & Arpels in the second half of the year.

Piaget and Vacheron Constantin, as well as Cartier, have reported good growth of gold and jewellery watches, enhanced by new product launches such as the *Altiplano* from Piaget and Vacheron Constantin's *Overseas* chronograph in gold.

The trend in many markets towards white metals, including steel, has been reflected in the steep rise in sales of other watches. The Cartier *Pasha* and *Tank Française* steel editions have been successfully launched to a wider market following last year's debut and the *Tank Basculante* has been a major success. Other brands also enjoyed success with new steel models, notably Baume & Mercier's *CapeLand*, Alfred Dunhill's *Facet* and Montblanc's growing range of watches.

In terms of leather goods, new product launches by Alfred Dunhill coincided with the recovery in the Far East and complemented the steady growth enjoyed by other brands. Lancel's continuing success in women's handbags reflects both the distinctive Lancel style and the level of service provided by the brand's extensive retail network.

The increase in writing instrument sales was largely due to the benefits of marketing programmes surrounding the 75th anniversary of Montblanc's *Meisterstück* range. Moreover, new products, such as Montblanc's *Platinum* line, Alfred Dunhill's *Gemline* and Cartier's *Diabolo*, all contributed to higher sales.

Menswear sales have increased primarily due to the positive market reaction to Alfred Dunhill's new collections. Hackett has also shown excellent growth, reflecting in part the positive impact of new store openings.

Sales by distribution channel

	March 2000 € m	March 1999 € m		
Retail sales	**1 272.1**	900.0	+	41.3 %
Wholesale sales	**1 652.1**	1 418.1	+	16.5 %
	2 924.2	2 318.1	+	26.1 %

Retail sales showed excellent growth of 41 per cent. This reflected strong market demand for jewellery pieces and gold and jewellery watches, which are principally sold through the Group's own boutiques, together with the impact of new store openings.

During the year, 20 new boutiques were opened around the world, including six separate stores co-located on a single block on Madison Avenue, New York. This brings the total number of company-owned stores worldwide to 444, with a further 275 boutiques operated by third parties. Cartier introduced a new retail concept during the year with a major refurbishment of important boutiques in Paris and Tokyo. This programme will be rolled out over the coming few years.

Sales through wholesale channels (which include sales to boutiques operated by third parties) increased by 17 per cent over last year, reflecting the success of new products, increased demand in Far Eastern markets and the effect of increased Japanese tourism.

Accounting for associated companies

Richemont's share of the results of associated companies was previously reported within the operating profit, net investment expense, taxation and minority interest captions of the Group's profit and loss account. Following the merger of Rothmans International with British American Tobacco in June 1999, the Board decided to adopt a revised presentation of the results of associated companies which will provide users of the financial statements with greater transparency in analysing the results of the luxury goods businesses. The Group's share of the attributable profit of associated companies is now presented as a separate caption within the profit and loss account. This is supplemented by the extensive financial information made available by those companies through their own annual and quarterly reporting to shareholders.

To facilitate comparability, the Group's 66.7 per cent interest in Rothmans International held during the year to 31 March 1999 and the two month period up to end May 1999 has been reflected in this report using the equity method and reflected in the Group's share of the results of associated companies. The 'Attributable profit of the parent and its subsidiaries' presented below therefore relates solely to Richemont's luxury goods operations and does not include the results of the tobacco business in either year.

Consolidated profit and loss account

The summary profit and loss account as well as the earnings per unit information set out below is presented on an adjusted basis, which excludes the effects of goodwill amortisation and exceptional items from the results for both years. A reconciliation of this profit and loss account to the Group's results on a reported basis is presented as an appendix to this announcement.

	March 2000 €m	March 1999 € m
Operating profit	**534.1**	390.4
Net investment expense	**(20.8)**	(15.3)
Profit before taxation	**513.3**	375.1
Taxation	**(152.2)**	(113.1)
Profit after taxation	**361.1**	262.0
Minority interests	**(3.3)**	(2.0)
Attributable profit of the parent and its subsidiaries	**357.8**	260.0
Share of attributable profit of associates:	**424.8**	415.2
British American Tobacco / Rothmans International	**430.0**	428.1
Canal+	**2.5**	(1.9)
Hanover Direct	**(7.7)**	(11.0)
Attributable profit of the Group	**782.6**	675.2
Earnings per unit - basic	**€ 138.39**	€ 117.59
Earnings per unit - fully diluted	**€ 137.04**	€ 117.59

Consolidated profit and loss account (continued)

Net investment expense increased by € 5.5 million to € 20.8 million, primarily due to the cost of financing the Richemont unit buy-back scheme and the acquisition of Van Cleef & Arpels.

The Group's tax rate is largely in line with the prior year, with an overall effective rate of 29.6 per cent compared to 30.1 per cent in the year to 31 March 1999.

The attributable profit of the parent company and its subsidiaries, representing the Group's luxury goods business, has increased by € 97.8 million, or 37.6 per cent, largely in line with the increase in the Group's operating profit.

The Group's associates contributed € 424.8 million at the attributable profit level. The Group's tobacco interests, previously held through Rothmans International and following the merger of Rothmans International with British American Tobacco in June 1999 through the Group's 23.3 per cent interest in British American Tobacco, contributed € 430.0 million to this figure.

This increased contribution from associates resulted in Group attributable profit being € 107.4 million higher than in the year to March 1999, an increase of 15.9 per cent.

Basic earnings per unit is calculated by reference to the weighted average number of units outstanding during the year of 5 655 018 units and the attributable profit of the Group on an adjusted basis of € 782.6 million for the year. This takes into account the effects of the buy-back of units implemented during the current and previous years.

Fully diluted earnings per unit has grown by 16.5 per cent to € 137.04. This is calculated by reference to 5 742 000 units outstanding and attributable profit on an adjusted basis for the year of € 786.9 million which reflects the notional additional interest of € 4.3 million which would have accrued to the company had the full number of shares been outstanding during the year.

Associated companies - British American Tobacco p.l.c.

The merger of Rothmans International and British American Tobacco p.l.c. ("BAT") was completed on 7 June 1999. In consequence, Richemont has equity accounted its 66.7 per cent interest in Rothmans International for the two-month period ended 31 May 1999 and its effective 23.3 per cent interest (being two thirds of the 35 per cent equity interest held jointly with Rembrandt Group Limited) in BAT for the period 1 June 1999 to 31 March 2000.

As BAT's financial year ends on 31 December, Richemont's accounting treatment involves adjustments to the results of BAT's financial year ended 31 December to eliminate the first three months of each year and to add the results for the quarter ending 31 March of the following year.

The table below illustrates the adjustments made to BAT's reported results for the period to 31 March 2000 for inclusion in Richemont's financial statements.

	£ m
Attributable profit as reported by BAT for the year ended 31 December 1999	556.0
Attributable profit as reported by BAT for the quarter ended 31 March 2000	55.0
Adjustments:	
- to eliminate the attributable profit of BAT for the five months to 31 May 1999	(236.0)
- in respect of deferred taxation (see below)	112.0
- to eliminate goodwill amortisation	246.0
- to eliminate exceptional items:	
- restructuring costs arising from the merger	245.0
- gain on disposal of brands	(52.0)
- restructuring costs arising from Imasco transaction	45.0
- charge on acquisition of Japanese distributor	50.0
- others	3.0
Adjusted attributable profit of BAT for the period 1 June 1999 to 31 March 2000	**1 024.0**
Richemont's 23.3 % share of the attributable profit of BAT for the period 1 June 1999 to 31 March 2000	238.9
Richemont's 66.7 % share of the attributable profit of Rothmans International for the period 1 April 1999 to 31 May 1999	36.4
Results of the Group's tobacco interests for the period 1 April 1999 to 31 March 2000	**275.3**
	€ m
Converted at the average €/£ rate of 0.64 for the year	**430.0**

Richemont's accounting policies conform with the valuation principles of International Accounting Standards, which require that full provision be made for all deferred tax assets and liabilities, whereas BAT prepares its financial statements under UK Generally Accepted Accounting Principles, which prescribe partial provisioning of deferred tax. An adjustment must therefore be made to account for the difference in the accounting treatment of deferred tax assets and liabilities.

Associated companies - British American Tobacco p.l.c. (continued)

Comparison of the results of Richemont's tobacco interests in the current and prior years is severely complicated by the impact of the merger of Rothmans International with BAT in June 1999. Whereas in the previous financial year Richemont directly held a 66.7 per cent interest in Rothmans International, in the year under review the results of Richemont's tobacco interests are made up as to a 66.7 per cent share of Rothmans International in April and May 1999 and an effective 23.3 per cent interest in the enlarged BAT for the latter ten months of the year.

In operational terms, the merger of the former Rothmans International operations with those of BAT is now complete. Cost savings as a result of the merger are already being realised and the anticipated level of savings of £250 million per annum will be achieved ahead of schedule. BAT has made rapid progress in simplifying its long-term brand portfolio with State Express 555, Kent, Lucky Strike, Benson & Hedges, Dunhill, Rothmans and Pall Mall being its main international brands for the future. As a consequence of the merger, BAT is in a strong position to further expand its position as the world's second largest tobacco company and, during 1999, increased its global market share to 15.4 per cent and its share of the important premium international brand segment to 17.6 per cent.

Richemont's share of the results of its tobacco operations grew by € 1.9 million or 0.4 per cent to € 430.0 million. The results of both periods are not directly comparable for the reasons given above and are further complicated by the impact of the translation of the results of both years from sterling into euros.

Associated companies - Canal+

During September 1999, Richemont completed the sale of its 15 per cent interest in Canal+ in exchange for a 2.9 per cent interest in Vivendi SA. Richemont received 17.5 million shares in Vivendi in exchange for its interest in Canal+. Vivendi, which prior to the transaction held a 34 per cent interest in Canal+, is a world leader in utilities and is a major participant in the construction, property and communication industries.

Richemont has equity accounted for its share of the results of Canal+ up to September 1999. Its share of the attributable profit of Canal+ for the nine months to 30 September 1999, after adjusting for goodwill amortisation, was € 2.5 million, compared to a loss of € 1.9 million for the previous twelve month period.

The Group's investment in Vivendi is included within short-term investments at 31 March 2000, as Richemont intends to dispose of its shares in Vivendi after September 2000, twelve months after completion of the above transaction. The disposal value of the investment has been locked in at some € 1.2 billion following a hedging programme which was completed in December 1999.

Associated companies - Hanover Direct

Richemont has a 48 per cent interest in Hanover Direct Inc., a U.S. public company active in two main business areas – direct retailing through both catalogues and the Internet and the provision of fulfilment services to e-commerce retailers.

Over the last two years, Hanover Direct has been transformed from a traditional, catalogue-based direct retailer into an e-commerce oriented business. Two distinct, Internet-focused organisations have been established under the Hanover Direct banner.

In its financial year to 31 December 1999, Hanover Direct reported a net loss of $ 16.9 million, largely as a result of the considerable investment made in launching the third party Internet fulfilment division. Richemont's equity accounted share of Hanover Direct's losses amounted to a loss of € 7.7 million, compared to a loss of € 11.0 million in the prior year.

Consolidated cash flow

	March 2000 € m	March 1999 € m
Operating profit	**534.1**	390.4
Depreciation and other non-cash items	**88.1**	58.8
Decrease/(increase) in working capital	**37.0**	(154.7)
Net cash inflow from operating activities	**659.2**	294.5
Dividends received from associates	**53.0**	312.8
Returns on investments and servicing of finance	**(22.4)**	(25.7)
Taxation paid	**(146.0)**	(125.0)
Net acquisitions of tangible fixed assets	**(150.3)**	(75.0)
Buy-back of Richemont units	**(203.3)**	(66.0)
Other acquisitions and investments	**(288.1)**	(50.2)
Net cash (outflow) / inflow before financing activities	**(97.9)**	265.4
Dividends paid	**(117.9)**	(96.5)
Other financing activities	**(118.2)**	(37.0)
Exchange rate effects	**(66.7)**	(8.9)
(Decrease) / increase in cash, cash equivalents and short-term borrowings	**(400.7)**	123.0
Cash and cash equivalents at beginning of year	**109.2**	(13.8)
Cash and cash equivalents at end of year	**(291.5)**	109.2

Cash generated by operating activities increased substantially by € 364.7 million compared to the year to March 1999, reflecting both the significant improvement in the Group's operating profit and a decrease in working capital requirements, in contrast to the significant increase in the prior year.

The level of dividends received from associates decreased in the current year, reflecting the receipt of only an interim dividend from BAT in September 1999, following the merger of Rothmans International with BAT in June 1999. The BAT final dividend for 1999 was received in May 2000.

Investments in tangible fixed assets increased substantially, reflecting the Group's high level of capital expenditure during the year largely due to an expansion of the existing retail network of boutiques and the launch of an extensive programme to expand the Group's manufacturing base.

The Group commenced a unit buy-back programme in March 1999, initially to purchase 100 000 Richemont units. These units were acquired during March and April 1999 as a hedge against commitments in respect of a long-term equity based executive compensation plan. During the latter part of the financial year a further 50 000 units were purchased by the Group.

During the year the Group made a number of strategic investments totalling € 288.1 million, the most significant being the purchase of a 60 per cent stake in Van Cleef & Arpels.

Consolidated balance sheet

To facilitate comparison of the March 2000 balance sheet with the position at 31 March 1999, the March 1999 balance sheet is presented on a basis which effectively deconsolidates Richemont's interest in Rothmans International and presents it as an associated company.

	31 March 2000 € m	31 March 1999 € m
Fixed assets		
Tangible	**482.9**	363.4
Investments in associated companies	**511.5**	1 540.3
Other investments	**885.3**	185.0
	1 879.7	2 088.7
Net working capital	**1 175.7**	822.9
Net operating assets	**3 055.4**	2 911.6
Goodwill	**4 910.1**	1 943.9
Net borrowings	**(1 004.1)**	(720.7)
Cash, cash equivalents and short-term borrowings	**(291.5)**	109.2
Long-term borrowings	**(712.6)**	(829.9)
Other long-term liabilities	**(102.2)**	(78.0)
	6 859.2	4 056.8
Capital employed		
Unitholders' funds	**6 731.7**	4 047.7
Minority interests	**127.5**	9.1
	6 859.2	4 056.8

The decrease in the reported level of investments in associated companies reflects the impact of the merger of Rothmans International with BAT.

Within other investments, the substantial increase compared to last year is in respect of the Group's investment in Vivendi. In the prior year, the Group equity accounted its 15 per cent interest in Canal+, which was included within investments in associates. Following the exchange of this investment for 2.9 per cent of Vivendi in September 1999, the carrying value of € 642.6 million in respect of Canal+ has been effectively reclassified within the Group's balance sheet to 'other investments'.

Net working capital increased by € 352.8 million. The small decrease in operating working capital shown in the cash flow statement was more than offset by several special factors. Amongst these were the inclusion in debtors of € 158 million in respect of the final dividend receivable from BAT for its 1999 financial year, an increase of some € 100 million in respect of working capital of businesses acquired during the year, with the balance being made up of foreign exchange effects and other non-cash items.

Goodwill increased substantially to € 4 910.1 million as a consequence of the Group's investment in BAT in June 1999.

Net borrowings increased by some € 283.4 million during the year, the cash generated by the Group's operations being more than offset by the significant long-term investments made in the Group's operating assets, strategic acquisitions and the cost of the buy-back of Richemont units.

Changes in unitholders' funds

The table below illustrates the movement in unitholders' funds during the year.

	€ m
Profit attributable to unitholders on an adjusted basis	782.6
Goodwill amortisation	(277.1)
Exceptional items:	
- as reported by the parent	2 582.4
- as reported by associated companies	(106.0)
Profit attributable to unitholders on a reported basis	2 981.9
Dividends declared and paid	(117.9)
Net adjustment in respect of buy-back of Richemont 'A' units	(171.5)
Translation and other adjustments	(28.1)
Net increase in unitholders' funds	2 664.4
Unitholders' funds at the beginning of the year	4 047.7
Effect of applying revised accounting standard	19.6
Unitholders' funds at the end of the year	6 731.7

Unitholders' funds increased during the year by € 2 664.4 million, the increase being principally due to profit attributable to unitholders on a reported basis of € 2 981.9 million, reduced by the buy-back of Richemont 'A' units and the dividend of € 117.9 million declared at the annual general meeting in September 1999 and paid in October. Unitholders' funds at the end of the year amounted to € 6 731.7 million.

In compliance with the recently introduced International Accounting Standard 19 (revised) in respect of employee benefits, the Group has, with effect from 1 April 1999, amended its accounting policy in terms of employee benefits in general and pension obligations in particular. The transitional adjustment required to be recognised in terms of the balance sheet as at 31 March 1999 as an adjustment to the opening balance of retained earnings amounts to € 19.6 million.

Redemption of BAT preference shares

The Group gave notice during the year of its intention to exercise its put option in respect of one-half of the convertible redeemable preference shares which it holds in BAT. Richemont's share of the cash consideration in respect of these shares, amounting to £ 463.3 million (some € 740 million) has been received on 7 June 2000. Richemont's effective interest in BAT has therefore been reduced from 23.3 per cent to 21.1 per cent from that date.

Dividend

The Board of Directors has proposed a dividend payable of € 24.00 per unit. This represents an increase of 15.4 per cent over the euro equivalent of the £ 13.50 paid to unitholders in October 1999. The dividend will be payable on 2 October 2000.

Annual General Meeting

The Annual General Meeting of shareholders of Compagnie Financière Richemont AG will be held at 3.00 pm in the "Grosser Saal", Artherstrasse 2-4, 6300 Zug on Thursday, 14 September 2000.

Nikolaus Senn	**Johann Rupert**
Chairman	**Chief Executive**
Compagnie Financière Richemont AG	Zug, 8 June 2000

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Appendix 1

Consolidated profit and loss account – on a reported basis

	Notes	March 2000 € m	March 1999 € m
Operating profit		**534.1**	390.4
Goodwill amortisation	1	**(80.6)**	(70.3)
Exceptional items	2	**2 582.4**	-
Profit before net investment expense and taxation		**3 035.9**	320.1
Net investment expense		**(20.8)**	(15.3)
Profit before taxation		**3 015.1**	304.8
Taxation		**(152.2)**	(113.1)
Profit after taxation		**2 862.9**	191.7
Minority interests		**(0.8)**	(2.0)
Attributable profit of the parent and its subsidiaries		**2 862.1**	189.7
Share of attributable profit of associates		**119.8**	283.6
Share of attributable profit on an adjusted basis		**424.8**	415.2
Goodwill amortisation in respect of associates		**(199.0)**	(131.6)
Share of exceptional items reported by associates		**(106.0)**	-
Attributable profit of the Group on a reported basis		**2 981.9**	473.3

A summary of the effects of goodwill amortisation and exceptional items on profit attributable to unitholders is shown below:

	Notes	March 2000 € m	March 1999 € m
Attributable profit of the Group on a reported basis		**2 981.9**	473.3
Elimination of goodwill amortisation	1	**277.1**	201.9
Reported by the parent and its subsidiaries		**80.6**	70.3
In respect of associates		**199.0**	131.6
Minority interests		**(2.5)**	-
Elimination of exceptional items		**(2 476.4)**	-
Gain arising from Rothmans International / BAT merger		**(2 582.4)**	-
Reported by BAT		**106.0**	-
Attributable profit of the Group on an adjusted basis		**782.6**	675.2

Note 1 - Goodwill amortisation

As shown above, the reported results have been impacted by the Group's accounting policy of amortising goodwill through the consolidated profit and loss account. The goodwill amortisation charge at the pre-tax profit level for the year ended 31 March 2000 was € 80.6 million. An additional goodwill amortisation charge of € 199.0 million arises in respect of the Group's interest in associated companies. Of this, € 156.6 million relates to the Group's investment in BAT. The goodwill amortisation relating to minority interests is in respect of goodwill arising on the acquisition of Van Cleef & Arpels.

Note 2 - Exceptional items

The exceptional gain in the year to 31 March 2000 represents the gain realised by Richemont on the merger of Rothmans International with BAT. The transaction has been accounted for as a dilution of the Group's interest in Rothmans International in return for an equity interest in the enlarged BAT, resulting in a gain of € 2 582.4 million. The gain is calculated on the basis of the value of the shares in BAT received in consideration for the Group's interest in Rothmans International and the Group's share of the underlying net assets of Rothmans International together with the goodwill related thereto as at the date of transfer.

Note 3 - Earnings per unit on a reported basis

	March 2000	March 1999
Earnings per unit on a reported basis - basic	**€ 527.30**	€ 82.43
- fully diluted	**€ 520.06**	€ 82.43

Basic earnings per unit is calculated by reference to the weighted average number of units outstanding during the year of 5 655 018 units and the attributable profit of the Group of € 2 981.9 million for the year. This takes into account the effects of the buy-back of 150 000 units implemented during the current and previous years, less 23 400 units sold to Group executives under the Group's executive unit purchase scheme.

Fully diluted earnings per unit is calculated by reference to 5742 000 units outstanding and attributable profit for the year of € 2 986.2 million which reflects the notional additional interest of € 4.3 million which would have accrued to the company had the full number of shares been outstanding during the year.

Note 4 - Earnings per unit on an adjusted basis

	March 2000	March 1999
Earnings per unit on an adjusted basis - basic	**€ 138.39**	€ 117.59
- fully diluted	**€ 137.04**	€ 117.59

Basic earnings per unit is calculated by reference to the weighted average number of units outstanding during the year of 5 655 018 units and the attributable profit of the Group on an adjusted basis of € 782.6 million for the year. This takes into account the effects of the buy-back of units implemented during the current and previous years.

Fully diluted earnings per unit have grown by some 16.5 per cent to € 137.04. Fully diluted earnings per unit is calculated by reference to 5 742 000 units outstanding and attributable profit on an adjusted basis for the year of € 786.9 million which reflects the notional additional interest of € 4.3 million which would have accrued to the company had the full number of shares been outstanding during the year.

Appendix 2

Reporting currency

The Group has adopted the euro for financial reporting purposes with effect from 1 April 1999.

The results of the Group's subsidiaries and associates which do not report in euros have been translated at average rates of exchange against the euro. The comparatives for the year to 31 March 1999 have been translated at an average rate composed of the currency's average rate against the ecu for the period to 31 December 1998 and the respective average rate against the euro for the period 1 January 1999 to 31 March 1999.

Average exchange rates against the ecu/euro	**Year to March 2000**	**Year to March 1999**
Pounds sterling	0.64	0.68
U.S. dollar	1.03	1.14
Japanese yen	114.53	145.21
Swiss franc	1.60	1.63
Closing exchange rates against the euro	**31 March 2000**	**31 March 1999**
Pounds sterling	0.60	0.67
U.S. dollar	0.96	1.07
Japanese yen	98.12	127.89
Swiss franc	1.59	1.60