

# Company financial statements

## Compagnie Financière Richemont SA

### Income statement for the year ended 31 March

	Notes	2011 CHF m	2010 CHF m
<b>Income</b>			
Dividend income		551.5	61.1
Interest income		8.6	4.8
Other income		0.3	0.9
		<b>560.4</b>	<b>66.8</b>
<b>Expenses</b>			
General expenses	2,3	7.2	9.2
Financial expenses	4	11.3	–
		<b>18.5</b>	<b>9.2</b>
<b>Profit before taxation</b>		<b>541.9</b>	<b>57.6</b>
Taxation		0.7	0.4
<b>Net profit</b>		<b>541.2</b>	<b>57.2</b>

### Balance sheet at 31 March

	Notes	2011 CHF m	2010 CHF m
<b>Long-term assets</b>			
Investments	5	1 847.8	1 847.8
Long-term loan receivable from Group company		91.6	–
		<b>1 939.4</b>	<b>1 847.8</b>
<b>Current assets</b>			
Short-term loan receivable from Group company		68.7	–
Current accounts receivable from Group companies		1 024.0	840.8
Taxation		1.4	1.4
Other receivables		0.2	0.1
Cash and cash equivalents		0.6	0.6
		<b>1 094.9</b>	<b>842.9</b>
		<b>3 034.3</b>	<b>2 690.7</b>
<b>Shareholders' equity</b>			
Share capital	7	574.2	574.2
Legal reserve	8	117.6	117.6
Reserve for own shares	9	497.9	389.5
Retained earnings	10	1 840.8	1 600.5
		<b>3 030.5</b>	<b>2 681.8</b>
<b>Current liabilities</b>			
Accrued expenses		0.5	3.4
Current accounts payable to Group companies		0.9	3.2
		<b>1.4</b>	<b>6.6</b>
<b>Long-term liabilities</b>	6	<b>2.4</b>	<b>2.3</b>
		<b>3 034.3</b>	<b>2 690.7</b>

## Notes to the Company financial statements at 31 March 2011

### Note 1 – General

#### Basis of preparation of the financial statements

The financial statements represent the financial position of Compagnie Financière Richemont SA ('the Company') at 31 March 2011 and the results of its operations for the year then ended, prepared in accordance with Swiss law and the Company's articles of incorporation.

#### Risk management disclosure

The Company has a risk management process which gives consideration to both strategic and operational risks. All identified risks are quantified according to their probability of occurrence and potential impact and subsequently prioritised by Group Management. A consolidated risk report, which includes action plans prepared by the Group executive directly responsible for addressing the risk, is reviewed annually by the Audit Committee and the Board of Directors.

### Note 2 – General expenses

General expenses include personnel costs of CHF 3.4 million (2010: CHF 3.2 million).

### Note 3 – Board and executive compensation disclosures

Details of compensation required by the Swiss Code of Obligations, art. 663 and following, can be found in note 34 to the consolidated financial statements.

### Note 4 – Financial expenses

Financial expenses include CHF 11.2 million of exchange losses incurred on loans receivable from a Group company.

### Note 5 – Investments

These comprise investments in subsidiary companies, which are stated at cost.

Company	Domicile	Purpose	Ownership	2011 CHF m	2010 CHF m
Richemont Holdings AG	Switzerland	Investment holding company	100%	770.7	770.7
Richemont International Holding SA	Luxembourg	Investment holding company	100%	459.0	459.0
Richemont International SA	Switzerland	Operating company	100%	385.0	385.0
Richemont Luxury Group Ltd	Jersey	Investment holding company	100%	231.0	42.0
Bespoke Innovations Sàrl	Switzerland	Investment holding company	100%	2.0	2.0
Richemont Securities SA	Switzerland	Depository/issuer of Richemont South African Depository Receipts	100%	0.1	0.1
Richemont Finance SA	Luxembourg	Investment holding company	–	–	189.0
				<b>1 847.8</b>	<b>1 847.8</b>

### Note 6 – Long-term liabilities

Long-term liabilities include retirement benefit obligations in the amount of CHF 2.2 million (2010: CHF 2.1 million).

# Compagnie Financière Richemont SA

## Notes to the Company financial statements continued

### Note 7 – Share capital

	2011 CHF m	2010 CHF m
522 000 000 'A' bearer shares with a par value of CHF 1.00 each, fully paid	<b>522.0</b>	522.0
522 000 000 'B' registered shares with a par value of CHF 0.10 each, fully paid	<b>52.2</b>	52.2
	<b>574.2</b>	574.2

### Note 8 – Legal reserve

The legal reserve of CHF 117.6 million (2010: CHF 117.6 million) is not available for distribution.

### Note 9 – Reserve for own shares

The reserve is created in respect of Richemont 'A' shares purchased by Richemont Employee Benefits Ltd ('REBL'), a subsidiary company.

During the year REBL purchased 1 500 000 'A' shares in the open market and acquired a further 3 158 509 'A' shares through the exercise of call options (2010: 9 975 192 'A' shares were purchased and a further 67 950 'A' shares were acquired through the exercise of call options).

During the year 2 504 841 'A' shares (2010: 7 319 015 'A' shares) were sold to executives under the Richemont share option plan by REBL.

At 31 March 2011, following these transactions, REBL held 22 406 950 Richemont 'A' shares (2010: 20 253 282) with a cost of CHF 497.9 million (2010: CHF 389.5 million). In terms of the reserve for own shares established in respect of purchased shares, a net amount of CHF 108.4 million has been transferred into the reserve (2010: CHF 127.1 million) during the year.

At 31 March 2011, call options to acquire 10 658 721 'A' shares were outstanding.

### Note 10 – Retained earnings

	2011 CHF m	2010 CHF m
Balance at 1 April	<b>1 600.5</b>	1 835.8
Dividend paid	<b>(192.5)</b>	(165.4)
Net transfer to reserve for own shares	<b>(108.4)</b>	(127.1)
Net profit	<b>541.2</b>	57.2
Balance at 31 March	<b>1 840.8</b>	1 600.5

### Note 11 – Commitments and contingencies

At 31 March 2011 the Company had issued guarantees in favour of Group companies for credit facilities up to a maximum of CHF 904.5 million (2010: CHF 1 166.8 million).

The directors believe that there are no contingent liabilities.

## Notes to the Company financial statements continued

### Note 12 – Significant shareholders

Pursuant to the requirements of the Swiss Federal Act on Stock Exchanges and Securities Trading and the associated ordinances, the Company received formal notification in December 2000 from Compagnie Financière Rupert that it held 522 000 000 'B' registered shares, representing 50.0 % of the voting rights in the Company. In addition, Compagnie Financière Rupert has indicated that parties related to it held or controlled 2 836 664 'A' bearer shares (either directly or through the medium of South African Depository Receipts), representing 0.27 % of the voting rights in the Company as at 31 March 2011.

Also pursuant to the requirements of the Swiss Federal Act on Stock Exchanges and Securities Trading and the associated ordinances, the Company has received two formal notifications of significant shareholdings. In 2008, Public Investment Corporation Limited, Pretoria, which invests funds on behalf of South African public sector entities, notified the Company that accounts under its management held Richemont South African Depository Receipts equivalent to 32 633 436 'A' shares, representing 3.13 % of the voting rights in the Company. On 19 May 2009, REBL notified the Company that it had acquired 'A' shares and the right to acquire further 'A' shares equivalent to 31 705 935 'A' shares or 3.04 % of the voting rights in the Company. REBL acquires and holds 'A' shares to hedge obligations arising from the Group's long-term share option plan. At the same date, REBL notified the Company that it held disposal positions arising from the Group's long-term share option plan equivalent to 43 211 994 'A' shares or 4.14 % of the voting rights in the Company.

Richemont Securities SA, a subsidiary of the Company, acts as depository in respect of Richemont South African Depository Receipts ('DR's'), which are traded on the JSE Limited (the Johannesburg Stock Exchange). DR's trade in the ratio of ten DR's to each Richemont 'A' share. In its capacity as depository and on behalf of the holders of DR's, Richemont Securities SA holds one 'A' share in safe custody for every ten DR's in issue. Richemont Securities SA's interest in Richemont 'A' shares is therefore non-beneficial in nature.

All dividends attributable to the 'A' shares held in safe custody are remitted by Richemont Securities SA individually to holders of DR's and Richemont Securities SA acts as the approved representative of DR holders in voting at shareholders' meetings of the Company. DR holders may provide Richemont Securities SA with voting instructions as to their holdings of DR's and Richemont Securities SA may only vote on behalf of those DR holders from whom it has received such instructions.

At 31 March 2011, Richemont Securities SA held 107 710 650 Richemont 'A' shares (2010: 143 521 960 shares), representing some 21 % (2010: 27 %) of the 'A' shares, in safe custody in respect of DR's in issue.

### Proposal of the Board of Directors for the appropriation of retained earnings at 31 March 2011

	CHF m
Available retained earnings	
Balance at 1 April 2010	1 600.5
Dividend paid	(192.5)
Net transfer to reserve for own shares	(108.4)
Net profit	541.2
	1 840.8

#### Proposed appropriation

The proposed dividend payable to Richemont shareholders will be CHF 0.45 per Richemont share. This is equivalent to CHF 0.45 per 'A' bearer share in the Company and CHF 0.045 per 'B' registered share in the Company. It will be payable to Richemont shareholders on 15 September 2011 in respect of coupon number 14, free of charges but subject to Swiss withholding tax at 35 %, at the banks designated as paying agents.

The available retained earnings remaining after deduction of the dividend amount will be carried forward to the following business year.

The Board of Directors  
Geneva, 18 May 2011

# Compagnie Financière Richemont SA

## Report of the statutory auditors

Report of the statutory auditors to the general meeting of Compagnie Financière Richemont SA, Geneva.

### Report of the statutory auditors on the financial statements

As statutory auditors, we have audited the financial statements of Compagnie Financière Richemont SA, which comprise the balance sheet, income statement and notes (pages 108 to 111), for the year ended 31 March 2011.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements for the year ended 31 March 2011 comply with Swiss law and the company's articles of incorporation.

### Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

David Mason  
Audit Expert  
Auditor in charge

Yazen Jamjum

Geneva, 18 May 2011