RICHEMONT

ANNUAL REPORT 1995

RICHEMONT

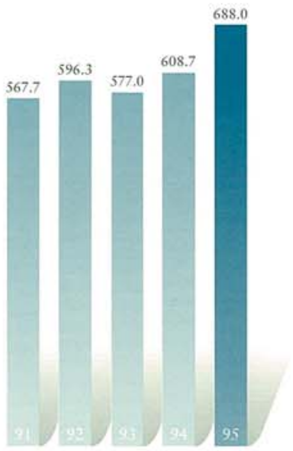
Compagnie Financière Richemont AG
is a Swiss-based holding company which exercises
financial and operational control
over companies operating primarily in the fields
of tobacco and luxury goods.
In addition, Richemont holds investments in
the electronic media and direct marketing
industries. It is the ultimate parent of a family of
some of the world's leading consumer brands.

The Group is managed with a view
to the profitable long-term development of
successful international brands.

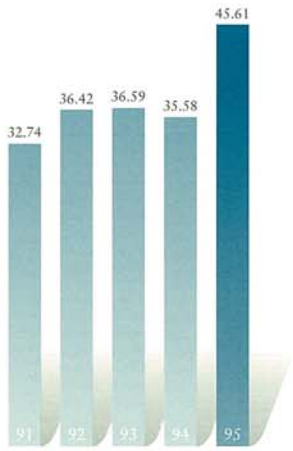
Contents

Financial Highlights

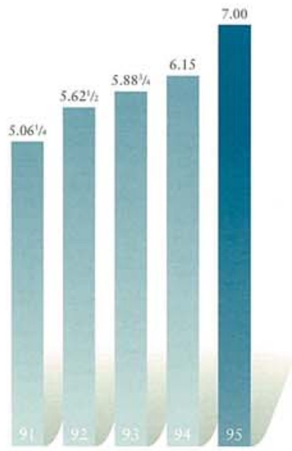
	1995 £	1994 £	Increase
Net sales revenue	3 852.1 m	3 665.1 m	5.1%
Operating profit	688.0 m	608.7 m	13.0%
Attributable profit			
– excluding exceptional items and goodwill amortisation	261.9 m	204.3 m	28.2%
– including exceptional items and goodwill amortisation	279.6 m	115.0 m	143.1%
Earnings per unit			
– excluding exceptional items and goodwill amortisation	45.61	35.58	28.2%
– including exceptional items and goodwill amortisation	48.69	20.03	143.1%
Dividend per unit	7.00	6.15	13.8%
Unitholders' funds	1 525.8 m	1 220.9 m	25.0%
Net assets per unit	265.73	212.63	25.0%



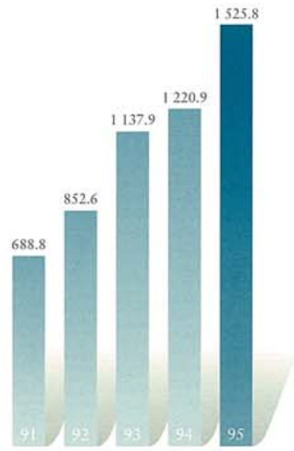
OPERATING PROFIT (£ m)



EARNINGS PER UNIT* (£)



DIVIDEND PER UNIT (£)



UNITHOLDERS' FUNDS (£ m)

*Earnings per unit have been presented on an adjusted basis, excluding the effects of exceptional items and goodwill amortisation.

Directors and Company Information

Compagnie Financière Richemont AG

Nikolaus Senn
Chairman

Jean-Paul Aeschimann
Deputy Chairman

Johann Rupert*
Managing Director

Jan du Plessis*

René Gerber*

Yves-André Istel

Joseph Kanoui*

The Rt Hon Lord Swaythling

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Group and Statutory Auditors

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Zurich

Company Secretary

Alan Grieve

Richemont SA

Johann Rupert*
Chairman

Joseph Kanoui*
Managing Director

Jean-Paul Aeschimann

Jan du Plessis*

René Gerber*

Robert Hersov*

Eloy Michotte*

Frederick Mostert*

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Howard Tanner*

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Statutory Auditors

Coopers & Lybrand SC
Luxembourg

Company Secretary

Alan Grieve

**Denotes member of the Executive Committee*

DEAR UNITHOLDER,

Richemont has enjoyed a year of good growth in terms of overall sales and profitability. Profit attributable to unitholders and earnings per unit on an adjusted basis were £261.9 million and £45.61 respectively, an increase of 28.2 per cent over the year ended 31 March 1994. In the light of this, your Board has proposed an increase of 13.8 per cent in the level of dividend payable for the year, bringing the dividend per unit to £7.00.

In April 1995 the Boards of Richemont and Rothmans International announced an offer whereby Richemont would acquire the units in Rothmans International that it did not already own. The offer to the minority unitholders represented the most efficient way in which the surplus cash held within the Rothmans International group could be returned to unitholders and provides Richemont with access to Rothmans International's cash flow. The proposals were overwhelmingly approved by Rothmans International unitholders at meetings held last month and, an adequate level of acceptances having been received, have now been implemented. The completion of the transaction gives Richemont full control of the underlying tobacco business and its inherent cash generative capacity as well as creating a capital structure which is more closely suited to the needs of that business.

In a second restructuring initiative announced during the year, Richemont has merged its pay-television interests with those of MultiChoice Limited and Electronic Media Network Limited ('M-Net') of South Africa to create a substantial new media group. The new group, Nethold BV, will operate in the established FilmNet territories of Scandinavia and the Benelux countries, in MultiChoice's principal market of South Africa and in other territories on the African continent. In addition the group will hold the 25 per cent interest in Telepiù, the Italian pay-television operator, acquired last year by Richemont. The new media business will benefit from an established subscriber base, a strong and committed management team and adequate financial resources to enable it to undertake the challenging tasks of expanding into new territories and developing new services to take full advantage of digital broadcasting technology.

The Group's employees have responded strongly to the challenges of operating in a changing business environment. We thank them not only for their efforts during the year under review but also for their underlying commitment to the Group.

Nikolaus Senn
CHAIRMAN
Compagnie Financière Richemont AG

Zug, 31 July 1995

Group Structure

Compagnie Financière Richemont AG

- **Richemont SA**
  - **Tobacco Products**
    - 60.6%
    - **Rothmans International**
      - Europe
      - Exports
      - Americas
      - Asia
      - Pacific
      - Tobacco Products
  - **Electronic Media**
    - 50.0%
    - **Network Holdings**
      - 100%
      - **Nethold**
        - Benelux
        - Nordic
        - Africa
        - Italy
        - Central Europe
        - Mediterranean
  - **Direct Retailing**
    - 50.0%
    - **NAR Group**
      - 50.3%
      - **Hanover Direct**
        - Home Fashion & Gift Catalogues
        - Apparel Catalogues
        - Sears Joint Venture
  - **Luxury Goods**
    - 69.9%
    - **Vendôme Luxury Group**
      - Cartier
      - Alfred Dunhill
      - Piaget
      - Baume & Mercier
      - Montblanc
      - Seeger
      - Karl Lagerfeld
      - Sulka
      - Hackett
      - Chloé
      - Purdey

Johann Rupert
MANAGING DIRECTOR

THE BENEFITS of the restructuring in 1993 of Richemont's two principal business areas – tobacco and luxury goods – have begun to be realised during the year under review. In each business area management has become more focused. The effects of this together with the successful implementation of the initial phase of the European rationalisation programme within Rothmans International are evidenced by the results of that company for the year under review. The elimination of minority shareholdings in subsidiary companies within Vendôme Luxury Group has allowed management the flexibility to implement new strategies in the various product areas. Vendôme's management is committed to pursuing a policy of long-term growth whilst maintaining and enhancing the separate identities of the brands under their control.

GROUP RESULTS The Group's operating profit increased by 13 per cent over the previous year to £688 million. This was achieved on consolidated net sales revenue of £3852 million, which itself represented an increase of 5 per cent. Profit attributable to unitholders and earnings per unit, excluding the impact of exceptional items and goodwill amortisation from results for both years, were £262 million and £45.61 respectively, an increase of 28 per cent compared to last year.

Sales of tobacco products by Rothmans International showed an increase of 3 per cent to £2552 million, generating operating profits, including the share of profits from associated undertakings, of £499 million, an increase of 14 per cent over the previous year. Vendôme's sales revenue increased by 10 per cent to £1300 million, with operating profits 15 per cent higher at £222 million. The Group's share of operating losses from associated undertakings increased by £14 million, largely reflecting the costs of developing the Group's media interests.

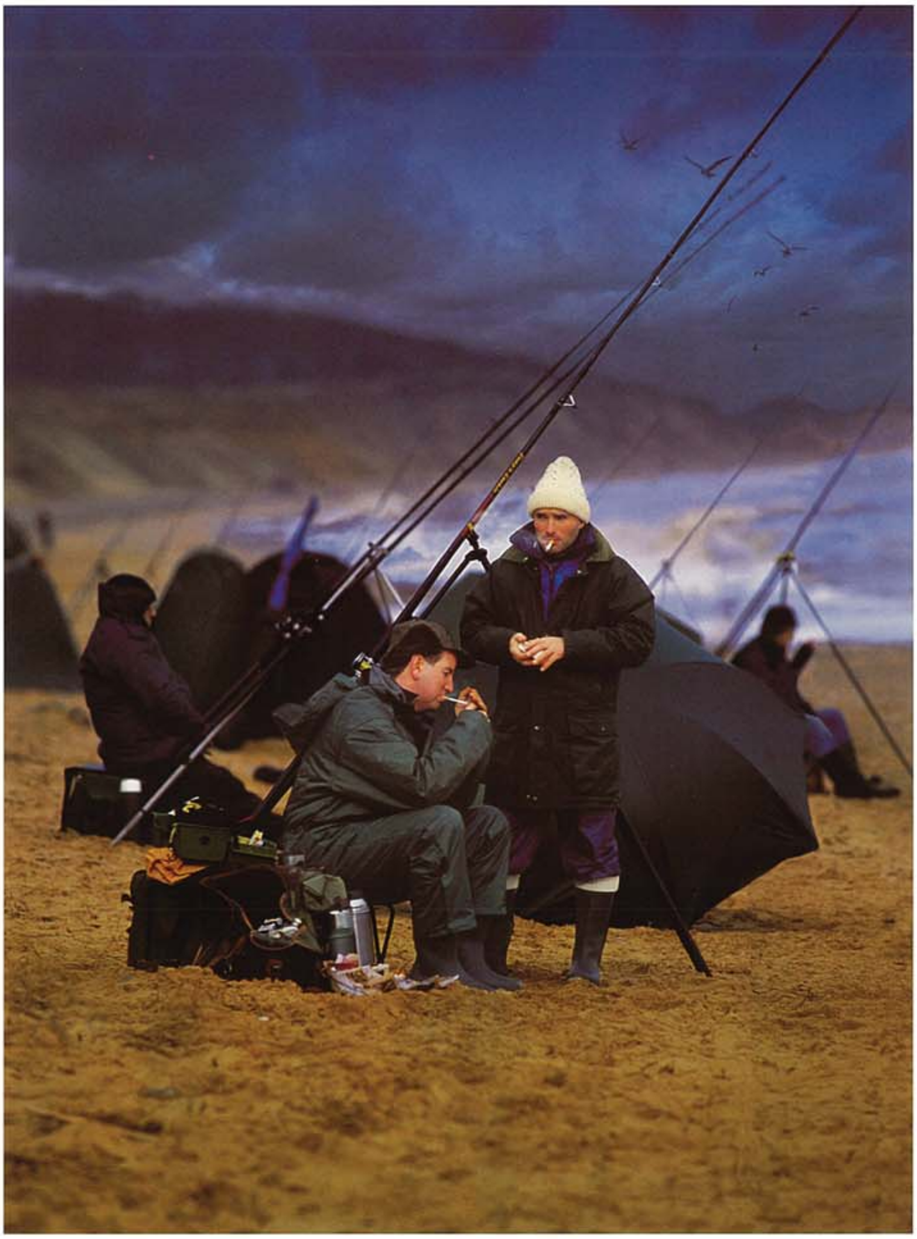
TOBACCO PRODUCTS Richemont's interests in the tobacco industry are held through Rothmans International. All business activities of Rothmans International are focused on the manufacture and marketing of tobacco products which are made in the Group's 32 cigarette factories and in other tobacco production facilities, as well as under licence, and sold in over 165 countries and territories worldwide.

Three of the Group's trade marks, Rothmans, Dunhill and Peter Stuyvesant, are among the top 15 international cigarette trade marks in the world. Some of the Group's other well-known international trade marks include Craven 'A' and Golden American. The Group's portfolio is also complemented by local trade marks with strong heritage, such as Winfield in Australasia, Belga in Belgium, Lord Extra in Germany, Caballero in The Netherlands and Carrolls in Ireland. Rothmans International is a leading supplier of cigars, fine cut and pipe tobaccos, including Dunhill and Schimmelpenninck cigars, Winchester little cigars, Samson fine cut tobacco and Captain Black and Erinmore pipe tobaccos.

The Group's mission is to serve smokers by providing products which satisfy their changing requirements. This is achieved by ensuring that the best quality products are available in sufficient quantity, that innovation is utilised to create and adapt products to changing consumer needs and that the Group is an efficient and low cost producer and marketer of tobacco products. Rothmans International has approximately 17 000 employees – and particular attention is devoted to developing an experienced base of international managers and ensuring that employees are well-trained and motivated.

Rothmans International's objective is to remain a major international tobacco group by focusing its resources on core trade marks and on development markets which hold optimum long term profit potential, while at the same time defending current core profit markets. In the year under review, Rothmans International launched around 80 brands or brand variants worldwide and undertook numerous marketing initiatives in support of its trade marks. In support of the Rothmans trade mark, the Group commenced sponsorship of Formula One motor racing in the 1994 season as key sponsor of the Rothmans–Williams–Renault team.

During the year ended 31 March 1995, worldwide sales volume was marginally higher than in the previous year. The principal gains were obtained in Eastern Europe, Indonesia, Japan and the United Kingdom while sales declined in Africa, France and Germany. Net sales revenue increased by nearly 3 per cent to £2.6 billion, benefiting from price increases and exchange rate movements. Rothmans International's operating profit amounted to £499 million, 14 per cent higher than the previous year. Malaysia, France, the United Kingdom, Germany, Canada and the Tobacco Products division were among the major contributors to this increase. Associated undertakings accounted for £12 million, with Carreras Group Jamaica being the main contributor.



Rothmans King Size continues to be the Group's largest selling brand with an international reputation for quality and smoking satisfaction.

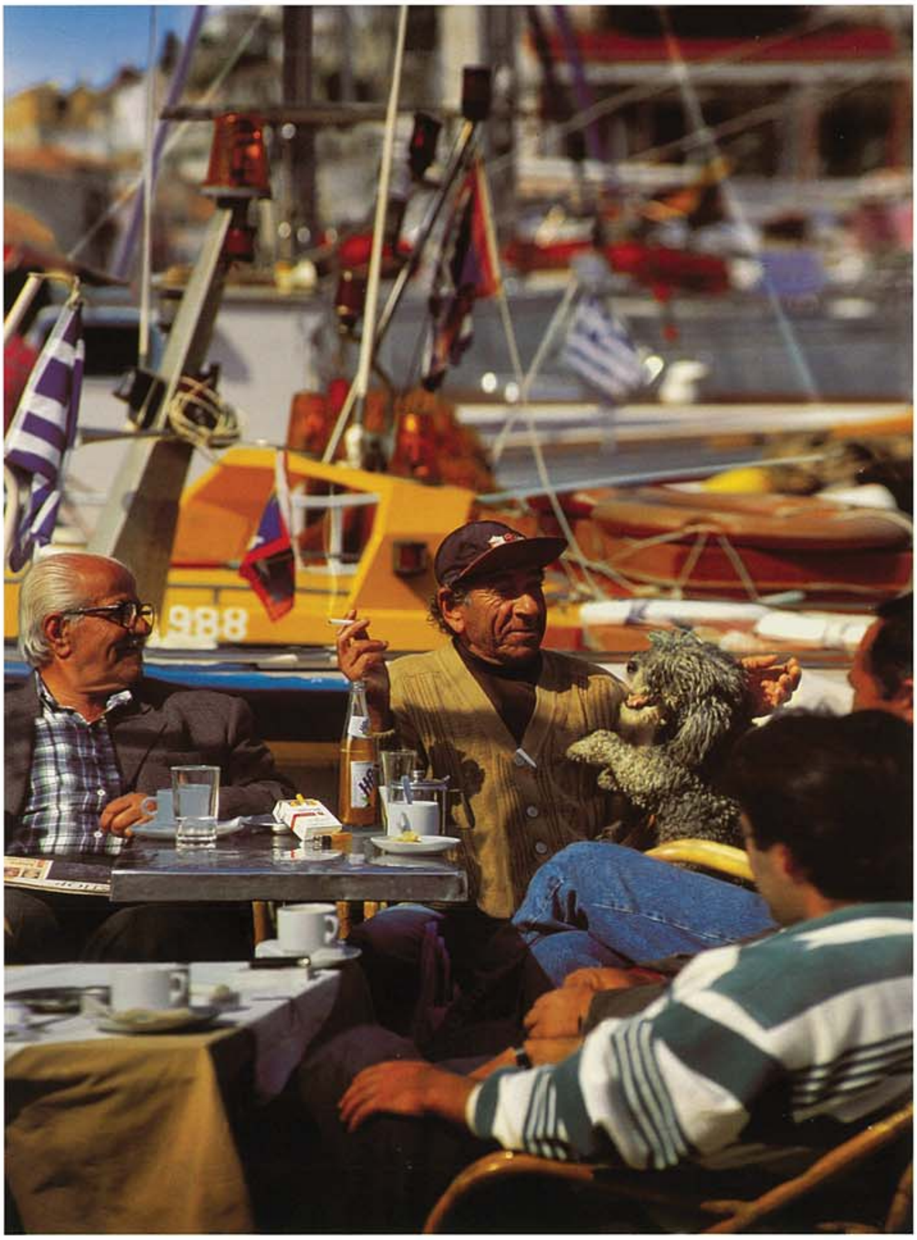
The European rationalisation programme which was announced last year is progressing to plan. In The Netherlands, the factory in The Hague has been closed and production transferred to the factory in Zevenaar. Production is also being transferred according to schedule from the factory in Berlin to the factory in Zevenaar and to the two factories in the United Kingdom. The restructuring of the Belgian operations was successfully completed in early 1995.

As part of its global strategy, Rothmans International's business is organised into five geographic regions, being Europe, Exports, Americas, Asia and Pacific. In addition, there is a separately managed Tobacco Products Division, comprising the Group's European-based fine cut, pipe tobacco and cigar business. For the purpose of this report, this Division is reviewed together with Europe.

EUROPE Rothmans International is the second largest tobacco group in Western Europe, where its principal markets are the United Kingdom, Germany, France and The Netherlands. During the year under review, the region achieved operating profit of £ 162 million, which represents an increase of 63 per cent over the previous year, with the main contributing factors being price increases and lower product costs. Notwithstanding lower consumption in most markets, regional volume was unchanged as increases in the United Kingdom and Greece were offset by losses in France, Germany and Belgium. Higher volumes in the United Kingdom were principally a recovery from the distortions of the previous year, when volumes were affected by a change in the timing of the national budget. In Greece, Peter Stuyvesant has grown from the number nine to the number two trade mark over the past three years. Net sales revenue for the region increased by 7 per cent to £ 1 109 million, and profits were higher in all major markets with the exception of Belgium.

The Rothmans International Tobacco Products Division achieved strong profit performance. Sales of Samson fine cut tobacco grew substantially in Belgium and France, while Cutters Choice continued to gain market share in the United Kingdom. Profit from cigars doubled as a result of price increases and substantial product cost reduction in Belgium. The market share of pipe tobaccos was maintained in most markets, and profits increased, despite the continuing long term decline in market consumption.

A critical issue faced by the European tobacco industry is the likelihood of continued increases in excise taxation imposed by individual member states. Higher taxes coupled with a lack of tax harmonisation in the European Union threaten to further depress consumption and stimulate an increase in the level of cross border trading and contraband cigarettes. The European Commission will undertake a fundamental review on excise policy in the second half of 1995, at which time the industry will actively address the issues relating to tax differentials, tax structures and trade flows, including the dangers posed by contraband.



Sales of Peter Stuyvesant in the Greek market continue to grow strongly with the trade mark advancing to number two position by the end of the year.

EXPORTS The Exports region, which operates as Rothmans of Pall Mall (International) Limited, encompasses exports from the Group's factories in Western Europe to Africa, the Middle East and Central and Eastern Europe, together with local manufacturing and licensing operations in certain of these territories and in the Indian sub-continent. The region is also responsible for the Group's World Duty Free operations. During the year under review, operating profit declined by 26 per cent to £60 million as a result of increased price competition in certain African markets and higher marketing investment and start-up costs for local production facilities in the development markets of Central and Eastern Europe. Trading performance in Africa was also affected by civil and economic difficulties in Western and Central Africa. Sales volume for the year was static as growth in Central and Eastern Europe, mainly due to increased sales of locally manufactured cigarettes in Poland, was balanced by lower volume in Africa. Net sales revenue declined by 10 per cent to £385 million due to an adverse sales mix and exchange rate movements.

Central and Eastern Europe is a priority development area within the region and a potential long term profit generator for Rothmans International. In Poland, Rothmans International manufactures the Golden American trade mark at ZTL in Lublin, sales of which increased threefold against last year. In Russia, as part of the Group's joint venture with the Nevo Tobacco Company in St Petersburg, the first phase of local manufacture will commence during the year ending 31 March 1996.

AMERICAS Rothmans is the second largest tobacco group in Canada, the market leader in Jamaica and a strong competitor in the United States pipe tobacco and little cigar market sectors. Underlying operating profit was higher than the previous year but, when expressed in sterling, profit of £91 million was unchanged. Net sales revenue declined by 8 per cent to £261 million, due to currency translation effects, although volumes were marginally higher.

In Canada, Rothmans International operates through a 71 per cent holding in its listed company Rothmans Inc., which holds 60 per cent of Rothmans, Benson & Hedges Inc., an equity partnership with Philip Morris. Despite increasing restrictions on marketing freedoms in Canada, Rothmans Inc.'s consolidated operating profit increased by nearly 12 per cent due to the full year impact of selling price increases in July 1993 and continued containment of costs.

In the United States, Captain Black is the leading brand of pipe tobacco and Winchester is a leader in the little cigar market, while sales of Dunhill cigars have surged in response to the increasing popularity of premium cigars. The Group is a profitable niche competitor in the United States' premium cigarette market, where Dunhill is the leading import brand.

During the year, Craven 'A' in the distinctive gold pack was successfully introduced in China through the Shandong Rothmans Tobacco Company joint venture.

Asia During the year under review, the Asia region achieved strong growth in both sales volumes and profit, and increased share in key markets, particularly in Malaysia, China, Japan, South Korea and Vietnam. Net sales revenue increased by 14 per cent to £466 million and regional volume grew by 11 per cent, resulting in operating profit improvement of 19 per cent to £120 million. Sales of the core Dunhill trade mark in the region were 10 per cent higher than in the previous year.

Rothmans of Pall Mall (Malaysia) Berhad, a listed company, achieved pleasing growth in sales volume and operating profit. Market share remained above 50 per cent, with the leading brand, Dunhill King Size, continuing to grow. Malaysia continues to be the Group's most important market in terms of profitability.

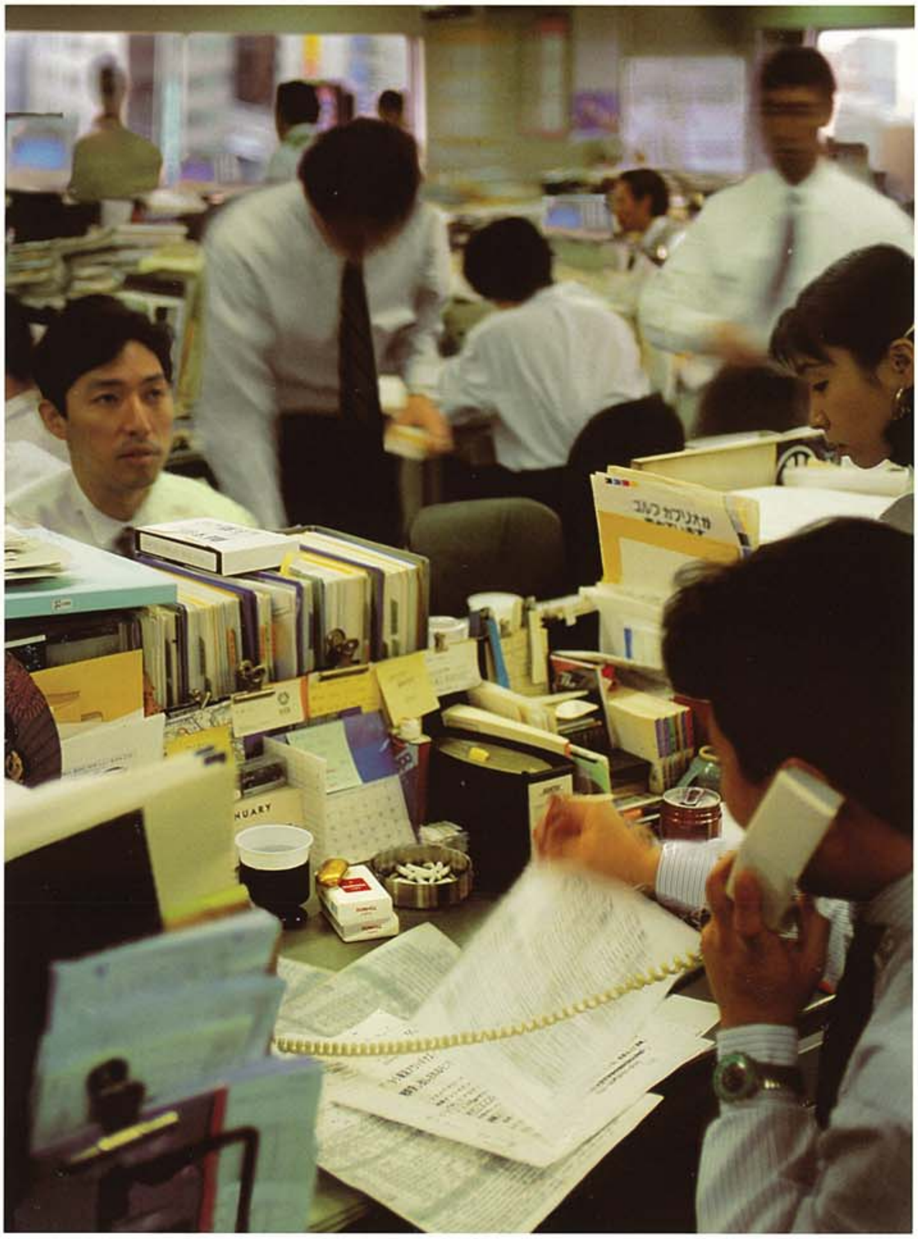
In Singapore, Rothmans Industries Limited, a listed company, maintained market share but volumes declined in line with the fall in market consumption. Operating profit was lower for the first time in recent years. In Vietnam, the Group's Singapore company succeeded in becoming the first foreign company in any industry to secure a trading licence and to employ a salesforce.

In China, which accounts for a third of world cigarette consumption, Shandong Rothmans Tobacco Company is one of only two joint ventures involving an international company currently manufacturing cigarettes. Trade marks under production include Craven International, Rothmans King Size and Craven Gold, together with Neptune, a jointly developed local brand, for domestic and export markets.

In Japan, which is the third largest cigarette market in the world, the Group's business is making encouraging progress. Sales volume increased by 40 per cent with strong gains by Dunhill Ultimate Lights and Carlton. The Group plans to continue to make the necessary marketing investment in Japan in order to attain critical mass.

Pacific Rothmans Holdings Limited, a listed company, is the market leader in New Zealand and Papua New Guinea and has a third of the market in Australia. During the year under review, net sales revenue increased by 1 per cent to £331 million, despite a fall in volume of 9 per cent. Operating profit increased by 3 per cent to £54 million, with results benefiting from the withdrawal from manufacturing operations in the Philippines in May 1994.

In Australia, the Group retained the number two position in the market, but volumes fell in line with a 4 per cent decline in market consumption. Operating margins were lower, principally as a result of higher marketing expenditure and costs associated with the implementation of recently legislated



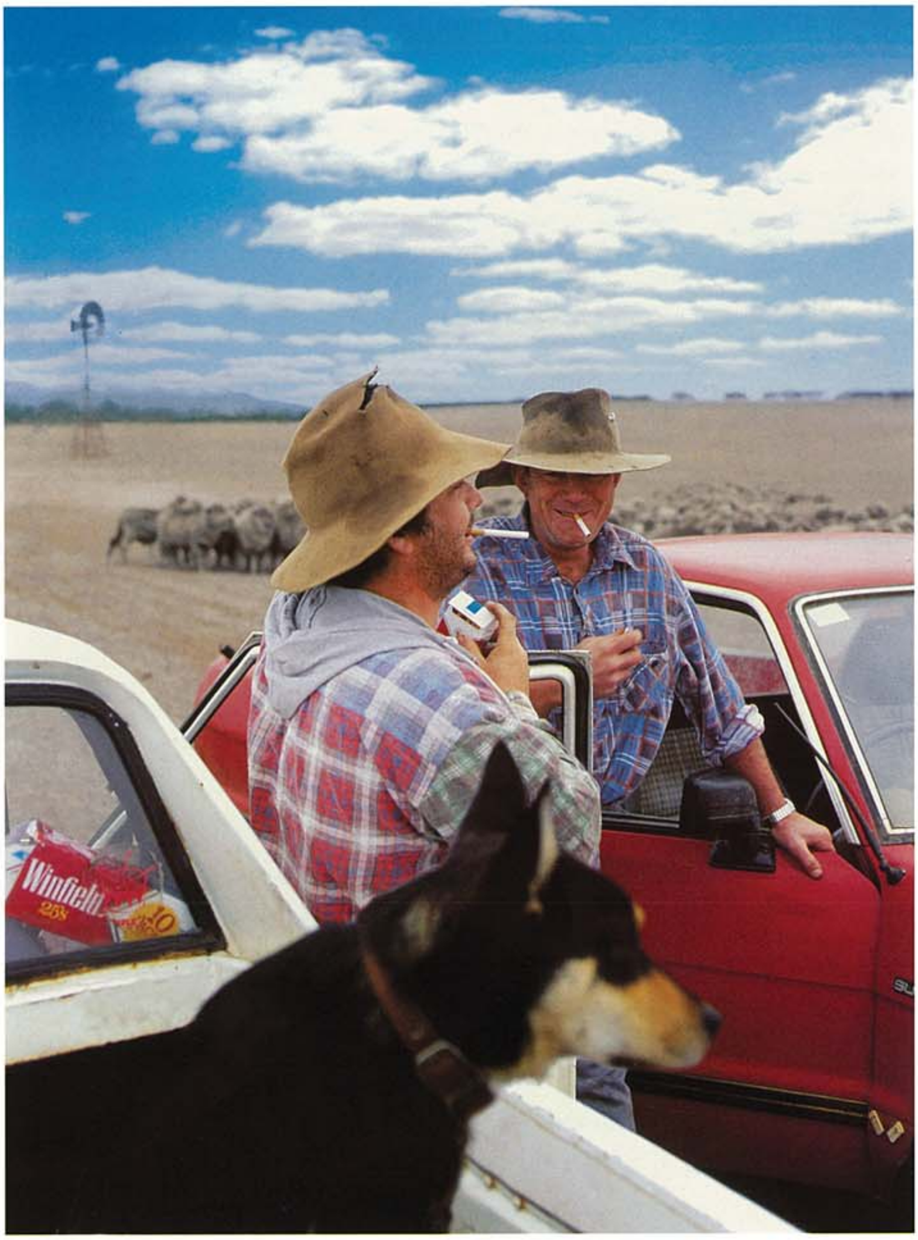
Dunhill Lights in its distinctive high quality bevelled edge pack is widely appreciated by discerning Japanese smokers.

labelling requirements; however, restructuring of manufacturing operations provided reductions in product cost. Price competition has intensified with a strengthening of advertising restrictions. In New Zealand, the Group's market share was maintained above 70 per cent, but operating profit fell principally due to aggressive price competition.

In Indonesia, sales volume increased by over 50 per cent, with encouraging growth in the Dunhill and White Horse trade marks. In support of the Dunhill trade mark, the Group entered into a major sponsorship of the Dunhill League, the first national premier soccer competition.

THE EXTERNAL ENVIRONMENT The level of costly and largely ineffective public policy initiatives against the tobacco industry continues. Notwithstanding these challenges, Rothmans International remains committed to addressing those issues that affect its consumers, its employees and its business. The Group will continue to maintain a strong defence of the rights and freedoms of those adults who choose to smoke its products. As free competition is the cornerstone of a strong market economy, the Group will continue to oppose any proposals to further reduce marketing freedoms. All the necessary resources will be committed to vigorously defend any product liability actions against Group companies, while remembering that in spite of 40 years of such litigation, particularly in the United States, the tobacco industry has never been required to pay any damages anywhere in the world. Finally, Rothmans International will defend itself against any restrictions on the use of Group trade marks.

Despite external pressures on the industry, world cigarette consumption is still growing, having increased by an estimated one trillion cigarettes or nearly 25 per cent since 1980. Given the economic advantage of tobacco to the estimated 50 million people worldwide directly engaged in the industry, there is little reason to doubt that this growth will continue. Rothmans International believes that it is well placed to remain a major competitor in the tobacco industry and to continue to achieve real profit growth.



In Australia the Winfield trade mark strengthened its position as market leader with a further increase in market share during the year.

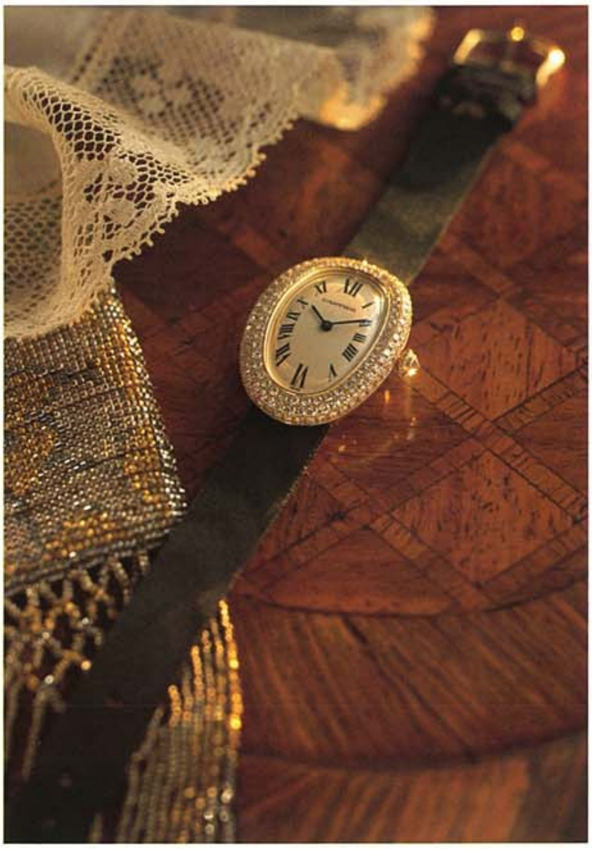
LUXURY GOODS Through its majority shareholding in Vendôme Luxury Group, Richemont controls a unique portfolio of some of the world's leading luxury goods brands. Vendôme's principal objective is the development of each of its brands to generate long-term growth in turnover and profits while ensuring that the reputation and integrity of the brands are maintained and, wherever possible, enhanced.

CARTIER During the year Cartier has continued to enjoy the rewards of the strategy employed over the last few years in respect of the development of innovative and exciting new products, the improved control of its distribution and the continued integration of its sourcing. This strategy has enabled Cartier to remain in its leading position at the top end of the luxury goods market and has set the basis for growth during the year under review and in the future.

The best performances in the year have been achieved by those products most associated with the image of Cartier – jewellery and watches. Sales of jewellery confirmed the growth trends experienced in the previous financial year. The year saw the launch of the Charms series which reproduces, in miniature and with perfect detail, the traditional and recognisable symbols of the world of Cartier jewellery. In addition, the range of international jewellery achieved its objective of attracting a younger clientele with the continued success of the Ellipse ring. The high jewellery collection was reinforced in the year by the introduction of the Natura line and a series commemorating the recent Cartier exhibition in St Petersburg.

There have been three major developments in the Cartier watch business during the year. The collection of "haute horlogerie" was reinforced by the introduction of a new watch concept – the Bi Plan Louis Cartier, which links the expertise of the watchmaker with that of the jeweller through its discreet opening system. Secondly, two ranges of jewellery watches were launched during the year including the Art Deco collection, which was presented at the annual Salon de la Haute Horlogerie in Geneva, of which Cartier is the organiser and principal contributor. Thirdly, a new "21" model was launched. This watch, which has been designed to attract a younger clientele, has achieved great success in a very competitive market segment.

During the year, Cartier has also continued its policy of revitalising the other ranges of products such as leather goods, writing instruments, lighters, eyewear, perfumes, scarves, gifts and accessories, which, together with the core products of jewellery and watches, represent the entire product range of the brand.



Founded by Louis François Cartier in 1847, Cartier – with its reputation of tradition and excellence – is one of the leading names in the world of high jewellery. The range of products produced under the Cartier name comprises jewellery, watches, leather goods, fragrances and other products, including writing instruments, lighters, scarves and eyewear.

The Cartier retail network, which represented 156 boutiques at the end of the year, was further developed during the year with the opening of eight new boutiques throughout the world. Four of these boutiques were opened in the Far East, two in Central America and one each in Europe and the Middle East. As a result of these developments, and the continued strong demand for jewellery products, which are sold exclusively through the retail network, Cartier has enjoyed another year in which retail sales increased both in terms of value and in terms of a percentage of total sales.

ALFRED DUNHILL The year under review has seen major developments in the products offered by Alfred Dunhill, all carefully designed to comply with the founder's dictum, "It must be useful, it must work reliably, it must be beautiful, it must last, it must be the best of its kind". Most of these developments have been inspired by historical pieces contained within the Alfred Dunhill Museum archive.

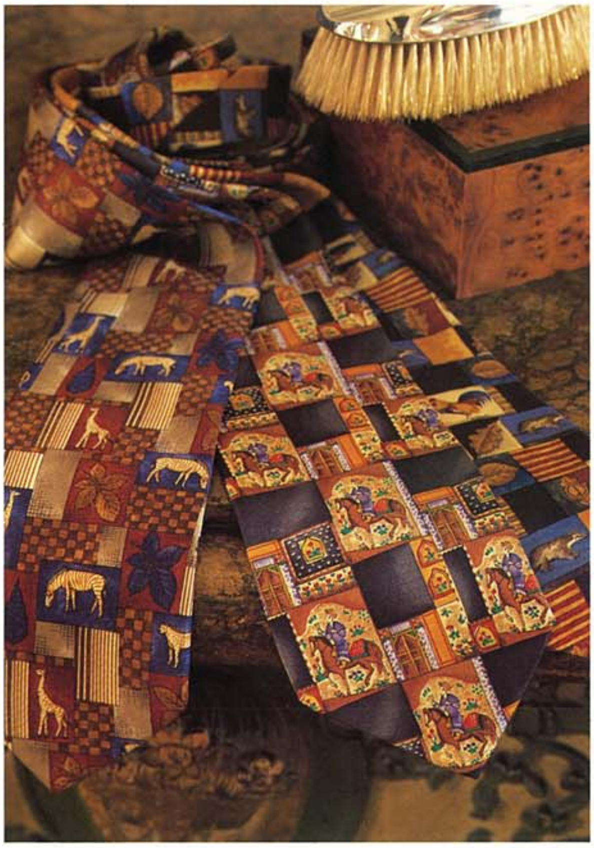
The Centenary range of watches, introduced at the end of last year, has been very well received by customers. These watches are inspired by models sold originally in the 1920's and 1930's. The other major event of the year was the establishment of the Londinium range in the global marketplace. These watches draw their inspiration from the architecture of both old and new London and bridge the past and the future of both the city and of the brand.

In the area of leather goods, the new Norfolk range of luggage has been very successful in the year under review and a business range, including a briefcase and holdalls, is planned for the current year to cater for the needs of the international traveller.

Menswear, in its various aspects, has been a cornerstone of the Alfred Dunhill collection for many years and its seasonal themes have always sought to emphasise traditional English values. The Autumn/Winter 1994 collection was inspired by the London gentlemen's club, emphasising a mixture of both elegant style and comfort. The season in 1995 will have the city of Bath as its theme, a city identified with all that is recognised as the best of English style and elegance.

Whilst demand in both Europe and North America has seen some recovery in the year, it is in Asia that the most pronounced growth has come. As a result of the high rates of economic growth, people in the region are increasingly developing a taste for luxury goods. Given the prevailing economic climate, business in Japan has been reasonably buoyant and a further investment has been made during the year to strengthen the brand's presence in that region.

With its tradition, its creativity and the investments made in its distribution network, Alfred Dunhill is well placed to continue its expansion in the next year and into future years.



Alfred Dunhill's principal products are leather goods, menswear and watches, as well as a range of complementary products and other small items such as purses and wallets.

Alfred Dunhill is one of the most prestigious and widely recognised men's luxury brands. Menswear covers both formal and casual clothing, including blazers, suits, shirts, silk ties and belts.

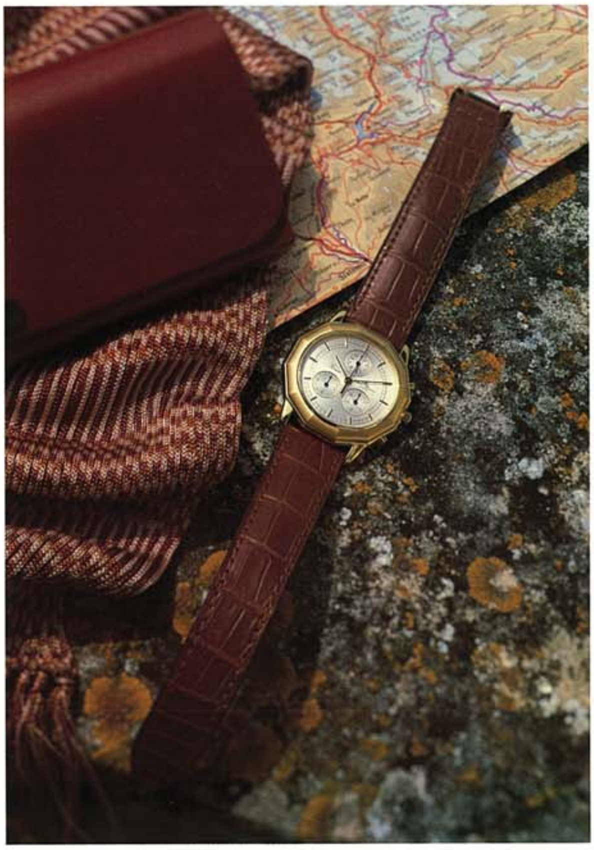
PIAGET During the year under review, Piaget continued its development around the theme of "true luxury" which has not only been applied to every Piaget timepiece available in the market but also to the quality of the distribution network and the service provided to the client. Piaget remains at the very highest level in the watch and jewellery business by creating watches and jewellery exclusively in gold or platinum and by continually introducing innovative new items of the highest quality.

Although the Far East remains the principal market for the brand's watches, strong growth has been achieved during the year in the Americas. In Europe, the growth of Piaget is due to the success of the development of the jewellery lines in Piaget boutiques and through other outlets of the highest quality.

To continue this development in the next year, Piaget will, in addition to the launch of new innovative timepieces, open 15 more Piaget shop-in-shops with quality distributors and will implement a new advertising campaign concentrating on the unique qualities of Piaget.

BAUME & MERCIER During the year, Baume & Mercier has continued to develop its place in a very competitive market by emphasising its special qualities: the balance between tradition and modernity, the use of the finest materials and perfection down to the smallest detail. The introduction of a new range of watches, the Hampton, has been successful and enables the brand to reach a younger target group with watches in steel which combine tradition and modernity, sport and elegance. With new collections of jewellery and classic gold watches introduced during the year, Baume & Mercier aims to achieve both an increase in volume and a change in the mix of products towards those which should be most closely identified with the brand – the "image" products.

The company can look confidently ahead to growth in the future by consolidating its position in the United States, which remains its principal market, broadening its market share in Europe, where there is still large growth potential, and progressively penetrating new markets in Asia.



Piaget is a watch brand positioned at the top end of the luxury watch segment with a well-established jewellery image.
Piaget watches are handcrafted and are frequently inset with jewels.
Positioned largely in the middle of the luxury watch segment, Baume & Mercier is a traditional premium Swiss watch brand, with priority given to classic elegance.

MONTBLANC The development of Montblanc in the year has centred around continued emphasis on the quality of the brand's distribution on an international basis. In the past three years, Montblanc has been through a significant transformation from a manufacturing company, selling only to third party distributors, to a truly worldwide business and has now established distribution operations in its 15 key markets. Four of these operations were established during the year in Canada, Singapore, Malaysia and Taiwan. With further integration of its markets, Montblanc has been able to focus on improving the quality of its distribution network. The major elements of this improvement have been: the successful implementation of a selective distribution system in the last few years; the introduction of Montblanc "Islands of Excellence" with key trade partners in all major locations and the opening of 20 boutiques across the world.

This process of improving Montblanc's distribution with a permanent expansion in high quality outlets enables management to present Montblanc products in the highest quality environment.

Following very substantial demand for limited editions, Montblanc launched a fourth Writer's Edition during the year, the "Oscar Wilde", and a fourth Patron Edition entitled "Prince Regent", which was limited to 4 810 pieces.

A significant attempt has been made during the year under review to strengthen the brand's diversification into the area of leather goods. A complete range of pocket accessories and business leather goods has now been launched and has been very well received in the market. Management believes that this area of the business has strong development potential in the future.

The improved network of top quality authorised dealers, the network of Islands of Excellence and, above all, the presence of exclusive boutiques were all factors contributing to the successful transition of Montblanc from a writing instrument manufacturer to a "culture brand" of the 1990's.

SEEGER The last year has seen Seeger improve the organisation of its manufacturing, marketing, sales and distribution activities and the company is now well prepared for international expansion.

The classic Seeger line has been carefully redesigned by adding additional product features such as a redesigned trim and a new locking system.

The classic line of Seeger has been complemented during the year by an Annual Line which is made from the same finest nappa lambskin as the Seeger collection but has a beautiful, colourful interior. A new Annual Line will be introduced every year with a different interior colour, the red interior of this year being inspired by the "gods of light" of ancient Greece.

Montblanc is the world's leading brand for luxury writing instruments and related accessories. The distinctive Montblanc "snow cap" is featured on every product, including fountain pens, ballpoints, rollerballs and propelling pencils.

Seeger is a high quality, distinctive German leather goods brand. Products include business and travel cases, briefcases, attaché cases, document portfolios, men's bags, wallets and small purses.

SULKA The year has seen further progress in expanding Sulka's reputation as an international menswear brand.

The renovation and successful relaunch of the London boutique in its Old Bond Street location has completed the implementation of the Sulka design concept in all retail locations. The completion of this phase of the brand's development has enabled management to concentrate on market penetration for Sulka in other parts of the world.

Sulka is celebrating its 100th anniversary in 1995 and this milestone in the brand's illustrious history is being celebrated through in-store events and the introduction of special, centenary products. Management looks forward to further growth and expansion as the brand completes its development into a truly international menswear brand.

KARL LAGERFELD For Karl Lagerfeld, the year has been one of consolidation with a strategy aimed at taking the brand beyond that of a designer name to a fully developed and international luxury business.

This strategy is based on the fashion collections designed by Mr Lagerfeld. The two main collections of the year, launched in October 1994 and March 1995, were based on modern trends in a market which is shifting towards simpler and more wearable clothes made out of softer fabrics.

New packaging and advertising concepts have been created, and, following the renovation of the flagship boutique in Paris, a new visibility concept for ladies and menswear has been established.

HACKETT During the year the new Hackett store in Jermyn Street opened and in a relatively short time has become well-established in what is acknowledged to be the premier men's shopping street in London.

In March 1995, a key element of Hackett's strategic expansion into Europe was put into place, with the opening of a shop on rue de Sèvres in Paris. This shop has been designed in the same restrained, classical style which has become the hallmark of Hackett shops in London, and is located to attract local Parisians as well as international tourists.

Karl Lagerfeld (opposite) is a designer brand built on the reputation of the founder, Mr Lagerfeld, occupying a successful position between the classical and avant-garde design for women's de luxe prêt-à-porter clothing and accessories.

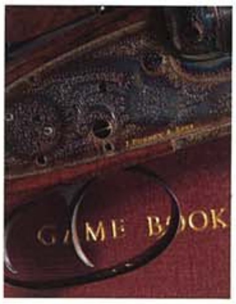
Sulka, with its comprehensive range of formal and casual clothing, is a traditional, high quality menswear brand positioned at the top end of the market for luxury men's clothing.

Hackett is a menswear brand positioned as a traditional English gentlemen's outfitter. The product range includes both city and formal wear as well as country and sportswear clothing with a full complement of accompanying accessories.

CHLOÉ The important developments for Chloé during the year were the continued development of the distribution networks for accessories and the introduction of new accessory lines, including handbags and, for the first time, watches and ties.

The new watch range shows a uniqueness in design coupled with a high standard of quality and the added value of wearability at any time. The new range of tie designs launched during the year was fresh, contemporary and different in style to the competition.

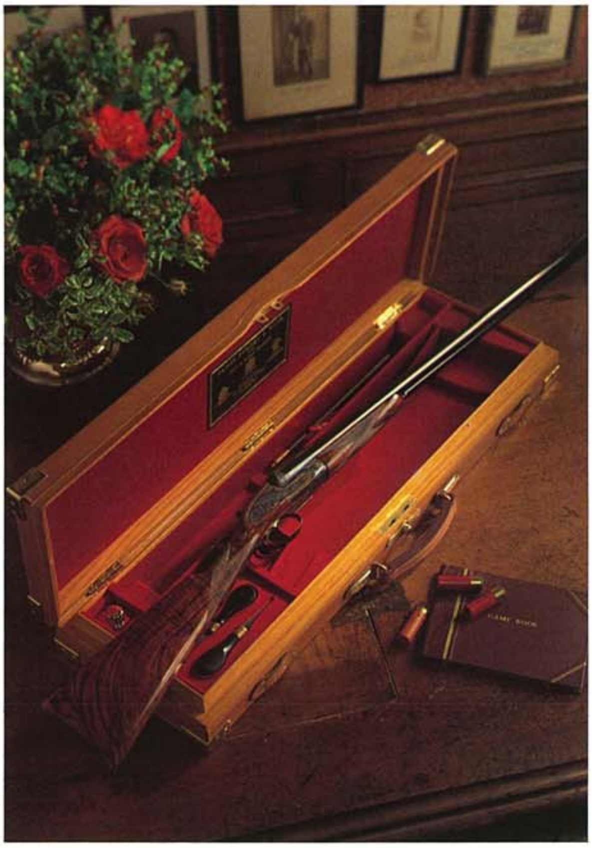
It is, however, the ready-to-wear collections which continue to form the cornerstone of the image of the brand. This year's two collections, presented in October 1994 and March 1995, were elaborate in style and finish and served as the inspiration for the development of the accessory ranges.



JAMES PURDEY & SONS LIMITED James Purdey & Sons Limited, gunmakers, has been established in London for some 180 years and makes guns only for the top end of the world game gun and express rifle market. Guns and rifles made by Purdey are only of the finest manufacture, having a very high degree of hand tooling and hand finishing. Purdey guns attained a great popularity and reputation in the last century which has continued ever since.

Throughout the world, to own fine guns made by Purdey has become synonymous with owning great quality, an asset, something that has stood the test of time.

Such values are important considerations in the activities of the company in the present day and will continue to be at the core of its business philosophy in the future.



Chloé is a well established name in the world of luxury fashion with a distinctly French and feminine appeal for both its clothing and accessories, which include fragrances, leather goods, scarves, belts and costume jewellery.

James Purdey & Sons Limited is a world famous name in the game gun and express rifle market with an excellent reputation for quality and service.

MEDIA The year under review was one of significant change for the Group's media interests. In addition to the acquisition of a 25 per cent interest in Telepiù S.r.l., the Italian pay-television operator, the Group announced the formation of a new holding structure for its media assets. This new media group established under a new Dutch holding company, Nethold BV, encompasses the European operations of FilmNet and MultiChoice Kaleidoscope, formerly held within Network Holdings, Richemont's interest in Telepiù and the assets of MultiChoice Africa. MultiChoice Africa owns the South African subscriber management operations previously held by MultiChoice Limited, a South African public company, 20 per cent of M-Net, the South African pay-television channel operator, together with interests in subscriber management and channel operations throughout the African continent.

The new Nethold BV group operates in 43 countries in Europe and Africa and serves some 2.4 million subscribers in total. During the financial year ended 31 March 1995, Richemont's results reflect only the Group's share of the results of Network Holdings SA and of Telepiù for the period. The consolidated balance sheet as at 31 March 1995, however, reflects the creation of the enlarged Nethold BV group which took effect from that date. During the year under review Richemont's share of operating losses of its media investments amounted to some £38 million.

FilmNet broadcasts five pay-television channels in Holland, Belgium, Denmark, Sweden, Norway and Finland and has some 800 000 subscribers. FilmNet has also launched pay-television channels in Central Europe and Greece. MultiChoice Kaleidoscope provides subscriber management services to FilmNet and to a bouquet of other encrypted channels in Europe. MultiChoice Africa serves over 940 000 subscribers in South Africa, Ghana, Nigeria, Egypt and elsewhere in Africa providing a bouquet of M-Net and other encrypted channels. M-Net, which broadcasts premium movies, children's programming and sports events, is broadcast to 32 countries in the African continent. Telepiù broadcasts two premium encrypted pay-television channels featuring movies and sports and a third, unencrypted channel featuring principally documentary and cultural programmes. Telepiù has some 660 000 subscribers in Italy.

In FilmNet's Benelux and Scandinavian territories subscriber growth during the year under review has reflected the improved range of programming both in terms of new subscribers and lower levels of subscriber turnover. Exclusive, first-run pay-television agreements have been reached with six major Hollywood studios thereby securing rights to virtually all "blockbuster" movies for FilmNet in its territories.

Children's programming, under the KTV name, is a popular part of the FilmNet Plus offering in the Benelux and Scandinavia.

During the year under review FilmNet also launched services in Central Europe and in Greece. The Polish market in particular, with a large number of satellite-equipped households and a high level of television viewing, is attractive for pay-television, although it will take time to firmly establish the concept there. In Greece, FilmNet has targeted the two principal population centres of Athens and Thessaloniki and benefits from being broadcast terrestrially. Subscriber growth has been strong with the rights to local football championships being a driving factor.

Despite the problems which continue to affect the Italian economy, Telepiù has strengthened its position significantly since the acquisition of the Group's interest in the company. This has been achieved through the efforts of a highly motivated team which has benefited from the expertise of a small group of FilmNet and MultiChoice executives who have been seconded to assist local management. Successful initiatives were launched to follow up non-paying subscribers and there has been a significant level of real growth in subscriber numbers. In addition, marketing campaigns have become more focused and improved financial and management information systems introduced.

The electronic media industry at the present time is in a phase of dramatic change not only in terms of technology, where established distribution systems are rapidly being supplemented by new mechanisms, but also in terms of the organisations which seek to play a role in developing the new concept of interactive media. In this latter respect there is a shift away from traditional broadcasting towards pay-television, pay per view and services catering for niche markets. Key to the future will be the use of digital technology to deliver interactive services such as pay per view, video on demand and near video on demand programming and home shopping type services. Digital services have been announced by Nethold for both Europe and Africa with transmissions scheduled to begin prior to the end of 1995. The introduction of digital technology along with data compression will permit a significant increase in the number of channels and therefore the choice of programming that can be offered to subscribers. In Nethold's markets in both Europe and Africa, MultiChoice is well placed to offer subscriber management services not only to the FilmNet and M-Net premium channels but also to other programmers. In this respect it is supported by Irdeto, Nethold's technology company, which is developing digital conditional access systems for both Nethold and third parties.

The new Nethold group will be able to bring leading edge technology to all its markets and extract cost savings and synergies in its businesses. The restructured group will also have sufficient financial and managerial resources to exploit new opportunities. Richemont remains committed to supporting its investment in the media industry whilst accepting that the additional expenditure which will be incurred in respect of the expansion of analogue services into new territories and in terms of the transition to the digital era will mean that the breakthrough to profitability is likely to be further deferred.

During the year, the FilmNet service was successfully launched in Greece with sports events, under the Supersport brand, forming a significant part of the new channel's programming.

NAR GROUP LIMITED Through its principal subsidiary Hanover Direct Inc., in which it holds a 50.3 per cent interest, NAR is primarily focused on the specialty catalogue marketing industry in the United States. In addition NAR holds a portfolio of listed and unlisted investments and at 31 March 1995 held net liquid funds of some US$47 million.

Hanover Direct publishes a portfolio of branded catalogues. As a leading direct marketing company, it is the company's goal for each of its catalogues to have a distinct brand identity and to be a leader in its market niche.

Sales revenues for Hanover Direct in the 1994 financial year increased by 19.7 per cent to US$769 million, although operating profit slipped by 16.3 per cent to US$16 million largely in consequence of significantly higher costs of producing and distributing both new and existing catalogues. The company's financial position overall strengthened considerably, largely in consequence of a successful US$48 million public offering.

During the year under review the company's state-of-the-art telephone centres became fully operational and work progressed on a 50000 square metre home textiles distribution facility at Roanoke, Virginia. New computer facilities were introduced during the year and will be extended in due course to produce enhanced management information across the entire business.

New brands acquired include Leichtung Improvements, The Safety Zone and Austad's Golf. Improvements has a leading position in the market for home improvement products; The Safety Zone is a leading catalogue for home safety and anti-hazard products whilst Austad's Golf is a favourite with golfing enthusiasts. During the year under review a new Gump's store was opened in San Francisco, which management believes will aid the further development of that established brand. In addition, the joint venture with Sears Roebuck & Co. featuring the Show Place, Great Kitchens and Right Touch catalogues enjoyed a successful first year.

The company is committed to a growth strategy; joint ventures and the development of new market opportunities playing a pivotal part in this strategy. In terms of geographic expansion, limited catalogue testing has taken place in Canada and Mexico and new business opportunities are being explored in Europe, Brazil and Japan. Hanover Direct's expertise in direct marketing is directly applicable to retailing via electronic interactive media and the company is continuing to explore television home shopping and to study the potential use of new media – for example CD-ROM – for its catalogue businesses.

Hanover Direct offers a portfolio of branded catalogues, each with a distinct identity, with the aim of becoming the preferred shopping choice of its customers.

RECENT DEVELOPMENTS In April 1995, the Boards of Richemont and Rothmans International announced a recommended proposal to the holders of Rothmans International units in terms of which Rothmans International would become an indirect, wholly-owned subsidiary of Richemont. The proposals provided an efficient means to return to Rothmans International unitholders the surplus cash held within the Group whilst allowing Richemont access to Rothmans International's cash flow. Following the approval of the resolutions required to implement the proposals at shareholder meetings of Rothmans International plc and Rothmans International N.V. held on 12 June 1995 and an adequate level of acceptances for the Rothmans International N.V. shares having been received, the proposals became wholly unconditional on 18 July 1995. The proposals involved a cash payment to public unitholders of £6.25 per Rothmans International unit which was funded out of available cash resources within Rothmans International and by borrowings. These payments were effected on 25 July 1995.

PROSPECTS Despite the pleasing results for the current year we must not lose sight of the difficulties which have faced Group companies during that time. The global economic recovery has been far from uniform, faltering in some countries. In addition, fundamental economic imbalances are coming to the fore and are being reflected in exchange rate movements, albeit to an exaggerated extent. Those exchange rate fluctuations pose obvious problems for all businesses operating on an international basis. Considering the expected financial benefits of the Rothmans International transaction, the continued strength of our luxury goods interests, steady progress at NAR Group and the steps that we have taken to strengthen our media business, I look forward to a challenging year ahead.

Johann P. Rupert.

Johann Rupert
MANAGING DIRECTOR
Compagnie Financière Richemont AG

Zug, 31 July 1995

GROUP RESULTS Comparison of the Group's reported earnings against last year is distorted by the effects of exceptional items and goodwill amortisation in both periods.

- The Group's profit and loss account for the year ended 31 March 1995 includes the exceptional profit reported by Rothmans International on the disposal of properties in Singapore and Germany. The total gain arising was £72.7 million, Richemont's share of the profit at the attributable profit level being £23.2 million.
- The consolidated profit and loss account for the year ended 31 March 1994 included the costs and taxation incurred in that year in respect of the restructuring of Richemont's tobacco and luxury goods interests. The total of these costs, including taxes of £14.6 million, was £75.1 million; Richemont's share of these costs at the attributable profit level being £50.4 million.
- The results for the year ended 31 March 1994 also reflected a significant charge in respect of European rationalisation costs incurred by Rothmans International. These costs amounted to £123.8 million at the pre-tax profit level; after accounting for taxation relief of £63.4 million and minority interests' share of the costs, Richemont's share at the attributable profit level was £36.7 million.
- Reported results for both the current and prior years have also been impacted by the Group's accounting policy, in accordance with International Accounting Standards, of amortising goodwill through the consolidated profit and loss account. The goodwill amortisation charge at the attributable profit level for the year ended 31 March 1995 was £5.5 million (1994: £2.2 million).

A summary of the effects of goodwill amortisation and each of the exceptional items on profit before taxation and profit attributable to unitholders is set out below.

	Profit before taxation		Profit attributable to unitholders	
	1995	1994	1995	1994
	£ m	£ m	£ m	£ m
Results as reported	807.9	476.0	279.6	115.0
Profit on sale of properties	(72.7)	–	(23.2)	–
Group restructuring costs	–	60.5	–	50.4
European rationalisation costs	–	123.8	–	36.7
Goodwill amortisation	5.6	2.2	5.5	2.2
Results on an adjusted basis	740.8	662.5	261.9	204.3

To facilitate the comparison of the Group's results against last year, the profit and loss account set out below is presented on both a reported and an adjusted basis. The latter excludes the effects of exceptional items and goodwill amortisation from results for both years. The commentary that follows focuses on the comparison of these adjusted results against last year's results presented on the same basis.

Profit and loss account

	Year ended 31 March 1995			Year ended 31 March 1994		
	Reported results £ m	Exceptional items and goodwill amortisation £ m	Adjusted results £ m	Reported results £ m	Exceptional items and goodwill amortisation £ m	Adjusted results £ m
Operating profit	688.0	–	688.0	608.7	–	608.7
Goodwill amortisation	(5.6)	5.6	–	(2.2)	2.2	–
Profit on sale of properties	72.7	(72.7)	–	–	–	–
Group restructuring costs	–	–	–	(60.5)	60.5	–
European rationalisation costs	–	–	–	(123.8)	123.8	–
Profit before net investment income and taxation	755.1	(67.1)	688.0	422.2	186.5	608.7
Net investment income	52.8	–	52.8	53.8	–	53.8
Profit before taxation	807.9	(67.1)	740.8	476.0	186.5	662.5
Taxation	(232.1)	–	(232.1)	(173.6)	(48.8)	(222.4)
Profit after taxation	575.8	(67.1)	508.7	302.4	137.7	440.1
Minority interests	(296.2)	49.4	(246.8)	(187.4)	(48.4)	(235.8)
Profit attributable to unitholders	279.6	(17.7)	261.9	115.0	89.3	204.3
Earnings per unit	£ 48.69	£ (3.08)	£ 45.61	£ 20.03	£ 15.55	£ 35.58

Operating profit increased by £79.3 million or 13.0 per cent to £688.0 million for the year ended 31 March 1995. The improvement reflected increased profits from the Group's tobacco and luxury goods interests, although these were partially offset by the costs of further developing Richemont's media interests.

Net investment income decreased slightly against the year ended 31 March 1994 to £52.8 million. Income was lower as a result of the substantial return of funds to minority shareholders and the non-recurrence of gains on investment disposals realised in the previous year. The prior year figures were also impacted by non-recurring investment provisions. The proportion of total net investment income earned by the Group's wholly-owned subsidiaries increased against last year, reflecting the repayment of loan financing during the current year. The Group's effective taxation rate was 31.3 per cent against 33.6 per cent in the year ended 31 March 1994, principally as a result of a lower effective rate reported by the Group's tobacco interests.

Profit attributable to unitholders and earnings per unit on an adjusted basis were £261.9 million and £45.61 respectively, which represented an increase of 28.2 per cent over the year ended 31 March 1994. The higher percentage increase in profit attributable to unitholders relative to profit before taxation reflected the reduction in the effective taxation rate together with a fall in the proportion of profits attributable to minority interests. The latter movement mainly reflected the more tax efficient distribution of earnings from the Group's principal subsidiaries following the restructuring in 1993 of Richemont's tobacco and luxury goods interests, along with a higher proportion of profits earned by the Group's wholly-owned subsidiary undertakings in the year ended 31 March 1995.

Average exchange rates for the year ended 31 March 1995, compared with those for the previous financial year, did not have a material effect on the translation of the results of companies not reporting in sterling. Gains arising from the weakness of sterling against the German mark and related currencies were offset by losses as a result of the further weakness of the United States dollar and related currencies in the year.

DIVIDEND The Board of Directors of Richemont SA has recommended the payment of a dividend to holders of participation certificates equal to 9.33 per cent of the amount of the participation reserve, inclusive of the 1.0 per cent preference dividend. This will amount to a total dividend of £40.2 million or £7.00 per participation certificate – an increase of 13.8 per cent over the previous year.

The Board of Directors of Compagnie Financière Richemont AG has resolved to accept this recommendation, which will be approved at the Annual General Meeting of Richemont SA. However, in accordance with its policy of reserve accumulation, the Board of Compagnie Financière Richemont AG has decided not to propose an additional dividend in respect of its own share capital for the year under review.

The total dividend payable to unitholders in respect of the year ended 31 March 1995 will therefore be £7.00 per unit.

Analysis of Operating Results by Business Segment The following table analyses the Group's results between the two principal business segments, tobacco and luxury goods, as well as other activities.

	Net sales revenue		Operating profit	
	1995	1994	1995	1994
	£ m	£ m	£ m	£ m
Tobacco	2 551.7	2 485.1	487.0	424.2
Luxury goods	1 300.4	1 180.0	222.4	193.8
Other	–	–	(6.9)	(9.1)
The Company and its subsidiary undertakings	3 852.1	3 665.1	702.5	608.9
Share of associated undertakings			(14.5)	(0.2)
Tobacco			12.4	14.5
Media interests			(38.1)	(25.7)
NAR Group			11.2	11.0
Operating profit			688.0	608.7

Note: Amounts shown in respect of other activities include operating costs incurred centrally and not allocated to the tobacco or luxury goods segments.

Tobacco The worldwide volume of cigarette sales by Rothmans International group companies in the year to 31 March 1995 was marginally higher than in the previous year. The principal gains were obtained in Eastern Europe, Indonesia, Japan and the United Kingdom whilst sales declined in Africa, France and Germany. Net sales revenue from the Group's tobacco interests increased by £66.6 million (2.7 per cent) to £2551.7 million, benefiting from price increases and exchange rate movements on translation of the sales of subsidiary undertakings reporting in currencies other than sterling. The analysis of Rothmans International's net sales revenue and operating profit from subsidiary undertakings by region was as follows.

	Net sales revenue		Operating profit	
	1995	1994	1995	1994
	£ m	£ m	£ m	£ m
Europe	1 109.0	1 037.4	162.0	99.6
Exports	385.1	427.4	60.1	80.8
Americas	261.0	284.3	90.6	90.4
Asia	465.9	408.5	119.9	100.7
Pacific	330.7	327.5	54.4	52.7
	2 551.7	2 485.1	487.0	424.2

Rothmans International's operating profit from subsidiary undertakings increased by £62.8 million (14.8 per cent) to £487.0 million with both the Europe and Asia regions reporting significantly improved profits, although in the Exports region profits were down on last year. Profits in the other regions were marginally above last year. The higher operating profit in Europe was largely due to price increases and production cost savings, as the benefits of the European rationalisation programme begin to be realised. The improved operating profit in the Asia region was mainly due to higher sales volumes and cost savings achieved by Rothmans of Pall Mall (Malaysia) Berhad. In local currency terms, operating profit in the Americas region improved, mainly as a result of price increases, however, when expressed in sterling, operating profit was unchanged principally due to the depreciation of the Canadian dollar against sterling. The Pacific region reported an increase in operating profit despite lower underlying trading results, particularly in New Zealand, as last year's results included trading losses and closure costs in respect of the Philippines, together with favourable exchange rate movements on translation into sterling. The decrease in operating profits in the Exports region was principally due to lower sales in the African markets, start up costs for local production facilities, particularly in Eastern Europe, and adverse exchange rate movements.

The European rationalisation programme which was announced last year is progressing to plan. In The Netherlands, the factory in The Hague has been closed and production transferred to the factory in Zevenaar. Production is also being transferred according to schedule from the factory in Berlin to the factory in Zevenaar and to the two factories in the United Kingdom. The restructuring of the Belgian operations was successfully completed in early 1995.

Luxury goods In terms of Swiss francs, Vendôme's reporting currency, net sales revenue from luxury goods increased by SFr 56.9 million (2.2 per cent) to SFr 2 652.9 million for the year ended 31 March 1995. Vendôme's results for the year in Swiss franc terms, however, have been significantly affected by unfavourable movements in exchange rates, in particular the strengthening of the Swiss franc and the weakening of the United States dollar and related currencies. In terms of underlying currencies, after adjusting for the effects of exchange rate movements, the net sales revenue for the year represented an increase of approximately 9.5 per cent. In sterling terms, net sales revenue from the Group's luxury goods interests improved by 10.2 per cent to £1 300.4 million.

Sales of jewellery increased by SFr 43.8 million (11.1 per cent) in the year to SFr 437.7 million and now represent 16.8 per cent of total sales. Sales of gold and jewellery watches increased by SFr 25.4 million (4.7 per cent) to SFr 566.6 million. Total sales of jewellery, together with gold and jewellery watches, represented 38.5 per cent of total sales revenue in the year. Sales of other watches increased by 3.0 per cent to SFr 403.2 million.

Writing instrument sales decreased by SFr 25.8 million (7.7 per cent) against last year to SFr 310.4 million, largely due to a planned reduction in the number of points of sale. Sales of leather goods improved by 9.2 per cent to SFr 288.7 million, benefiting from an increase in demand, particularly in the first half of the year, in the important Far East markets.

Vendôme's operating profit increased by SFr 27.2 million, or 6.4 per cent, against the previous year to SFr 453.6 million. As a percentage of sales revenues, this represented 17.1 per cent against 16.4 per cent in the prior year. The operating profit for the year ended 31 March 1994, however, included a number of items which have not recurred following the restructuring of Richemont's tobacco and luxury goods interests. Excluding the impact of these items from the results for last year, Vendôme's operating profit improved by 4.7 per cent in Swiss franc terms. On translation into sterling, operating profit from the Group's luxury goods interests was £28.6 million (14.8 per cent) above last year at £222.4 million.

Media interests With effect from 31 March 1995, Richemont's media interests were combined with those of MultiChoice Limited, a South African based company with pay-television interests throughout the African continent, into a new, jointly-controlled company, Nethold BV. The new company is an indirect wholly-owned subsidiary of the existing vehicle for the Group's media interests, Network Holdings SA, in which Richemont holds a 50 per cent interest.

In terms of results for the year under review, therefore, Richemont's media interests were represented by its 50 per cent holding in Network Holdings SA and its interest in Telepiù S.r.l., the latter having been acquired at the end of June 1994. Richemont's share of operating losses from media activities increased by £12.4 million to £38.1 million. The investment in Telepiù was acquired by Richemont in anticipation of the creation of the new Nethold BV group. In consequence, the results of Telepiù have been accounted for in the period to 31 March 1995 on the basis of an effective interest of 12.5 per cent.

Operating results from the pay-television services of Network Holdings' FilmNet and MultiChoice subsidiaries in Scandinavia and the Benelux countries improved against the previous year, largely as a result of continued subscriber growth in all territories. The costs of expanding the operations of Network Holdings' operating subsidiaries into a number of new markets resulted in an increase in operating losses against last year. During the year ended 31 March 1995, pay-television operations, covering both programming and subscriber management services, were launched in Greece and Central Europe.

Since the acquisition of the Group's interest in Telepiù, Network Holdings' personnel have been involved in the management of the company. Telepiù's pay-television services have been more actively marketed and subscriber growth has been particularly encouraging. A number of operational changes have been made and the business is now structured on a similar basis as FilmNet and MultiChoice, with programming and subscriber management services being run separately.

NAR Group Limited NAR Group holds a controlling interest in Hanover Direct, a leading specialty direct retailer in the United States. Hanover Direct reported sales revenues of $ 768.9 million in its financial year to December 1994, which represented an increase of $ 126.4 million (19.7 per cent) over the previous year. The improvement primarily reflected a full year's revenues from a number of acquisitions made, and joint ventures established, in the previous year. Hanover Direct's operating results for the year were, however, adversely impacted by an increase in selling expenses. Richemont's share of NAR Group's operating profit, which included non-recurring gains in the current financial year and reflected the results of Hanover Direct and NAR Group's other activities, increased slightly to £ 11.2 million.

BALANCE SHEET The Group's summary balance sheet is set out below.

Summary balance sheet

	1995 £ m	1994 £ m
Fixed assets		
Tangible	591.8	614.9
Investments in associated undertakings	460.0	130.7
Other long-term investments	222.6	215.9
	1 274.4	961.5
Net working capital	607.6	722.7
Net operating assets	1 882.0	1 684.2
Goodwill	50.9	23.9
Cash and cash equivalents	1 323.9	1 692.0
Short-term portion of long-term loans	(51.5)	(623.1)
Long-term liabilities	(665.5)	(702.8)
	2 539.8	2 074.2
Capital employed		
Unitholders' funds	1 525.8	1 220.9
Minority interests	1 014.0	853.3
	2 539.8	2 074.2

Investments in associated undertakings increased to £460.0 million at 31 March 1995, largely reflecting the additional investments of £359.6 million made in Richemont's media interests during the year, partially offset by the Group's share of losses from media activities. In June 1994, Richemont acquired a 25 per cent interest in the Italian pay-television operator, Telepiù S.r.l.; the investment was subsequently contributed to the new media holding company, Nethold BV, as part of the restructuring of the Group's media interests discussed further above. In addition, Richemont has subscribed for both convertible preference shares and further ordinary shares in Nethold BV, the liabilities in respect of which, totalling £189.3 million, have been included in working capital in the March 1995 balance sheet above.

Net working capital decreased by £115.1 million to £607.6 million at 31 March 1995. Excluding the amounts due to Nethold BV at 31 March 1995 noted above, however, working capital increased by £74.2 million, principally as a result of exchange rate movements and higher inventories.

The short-term portion of long-term loans at 31 March 1994 principally represented the Rothmans Tobacco (Holdings) Limited, Jersey 10.25 per cent Loan Notes, which were repaid in October 1994 as shown in the summary cash flow statement opposite.

GOODWILL Richemont's accounting policy, in accordance with International Accounting Standards, is to capitalise and subsequently amortise goodwill through the consolidated profit and loss account over a period of 20 years. The Group's goodwill amortisation charge at the attributable profit level for the year ended 31 March 1995 was £5.5 million (1994: £2.2 million).

A significant proportion of this charge, however, related to goodwill arising on acquisitions made by the Group's associated undertakings. Such goodwill is capitalised within the balance sheet of the associate concerned and therefore, following the principles of equity accounting, appears in the Richemont consolidated balance sheet as part of investments in associated undertakings. At 31 March 1995, investments in associates included goodwill of £212.8 million (1994: £29.7 million) which had been capitalised by the Group's associated undertakings. Of the goodwill amortisation charge referred to above, £3.7 million (1994: £0.9 million) related to goodwill which has been capitalised by associated undertakings.

The consolidated balance sheet at 30 September 1994 included in the Group's 1994 Interim Report showed a substantially higher goodwill figure than the year end balance sheet above, primarily as a result of the goodwill arising on the purchase of Richemont's interest in Telepiù. Since this investment has now been contributed to the new media holding company, Nethold BV, and is therefore no longer owned directly by Richemont, the goodwill has been capitalised in the balance sheet at 31 March 1995 within investments in associated undertakings.

In view of the difficulty of accurately separating the value of acquired brands and trade marks from the other intangible assets of acquired businesses, Richemont has elected to categorise all acquired intangibles as goodwill. In accordance with International Accounting Standards, this goodwill is capitalised and is required to be amortised through the Group's profit and loss account. Richemont believes that the substantial investment made in marketing expenditure each year by Group companies should increase rather than decrease the value of its intangible assets; the requirements of International Accounting Standards in this area are therefore accepted with significant reluctance.

CASH FLOW STATEMENT The Group's summary cash flow statement is set out below.

Summary cash flow statement

	1995 £ m	1994 £ m
Net cash inflow from operating activities	722.8	910.9
Net investment income	45.8	73.1
Net dividends paid	(182.2)	(231.2)
Taxation paid	(216.1)	(222.4)
Net acquisition of tangible fixed assets	(79.5)	(71.9)
Net acquisition of subsidiary and associated undertakings and investments	(187.6)	(76.5)
Net cash inflow before financing activities	103.2	382.0
Financing activities	(25.6)	(60.3)
Net cash inflow after financing activities	77.6	321.7
Restructuring and European rationalisation costs	(24.1)	(80.4)
Proceeds from property disposals	88.7	–
Repayment of Rothmans Tobacco (Holdings) Limited, Jersey 10.25 per cent Loan Notes	(612.7)	–
Reclassification of securities to other long-term investments	–	(92.7)
Liquidation distributions to minority shareholders	–	(222.0)
Exchange rate effects	102.4	20.2
Decrease in cash and cash equivalents	(368.1)	(53.2)
Cash and cash equivalents – opening	1 692.0	1 745.2
Cash and cash equivalents – closing	1 323.9	1 692.0

In the summary cash flow statement, the impact of exceptional and non-recurring items in both years has been presented below the net cash inflow after financing activities in order to facilitate comparison against last year. On this basis, the cash inflow after financing activities decreased by £244.1 million against the year to 31 March 1994 to £77.6 million.

The net cash inflow from operating activities decreased by £188.1 million as the higher operating profit was more than offset by the impact of an increase in net working capital requirements, principally in respect of inventories, against a reduction in working capital in the year ended 31 March 1994.

Net dividends paid of £182.2 million represented £35.3 million on the Richemont SA participation reserve payable in respect of the previous financial year and £146.9 million to minority shareholders (net of dividends received from associated undertakings). The reduction of £49.0 million in net dividend payments in the year largely reflected a fall of £49.8 million in dividends paid to minorities.

The net cash outflow in respect of the acquisitions of subsidiary and associated undertakings and investments was £187.6 million, against £76.5 million last year. The expenditure in the current year largely related to additional investments in the Group's media activities (totalling £170.3 million) together with £25.4 million in respect of acquisitions made by Vendôme (principally the purchase of James Purdey & Sons Limited and various minority interests in Vendôme group companies).

CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Board of Directors of Compagnie Financière Richemont AG is pleased to submit its report on the activities of the Group for the year ended 31 March 1995. The consolidated financial statements on the following pages set out the financial position of the Group at 31 March 1995 and the results of its operations for the year then ended. The financial statements of the Company are presented on pages 67 to 72.

The agenda for the Annual General Meeting, which is to be held in Zug on 5 September 1995, is set out on page 80.

Further information on the Group's activities during the year under review and a commentary on the consolidated financial statements are contained in the Review of the Year on pages 7 to 36 and the Financial Review on pages 37 to 46. Details of the Company's underlying investments are given in the schedule of Principal Group Companies on pages 78 and 79. These investments are principally held through the Company's wholly-owned subsidiary Richemont SA, Luxembourg.

Consolidated Profit and Loss Account

for the year ended 31 March 1995

	Notes	1995 £ m	1994 £ m
Gross sales revenue		8 394.1	7 954.9
Duty, excise and other taxes		(4 542.0)	(4 289.8)
Net sales revenue	1	3 852.1	3 665.1
Operating profit of the Company and its subsidiary undertakings	2	702.5	608.9
Share of operating losses of associated undertakings	3	(14.5)	(0.2)
Operating profit		688.0	608.7
Goodwill amortisation		(5.6)	(2.2)
Profit on sale of properties	4	72.7	–
Fees and expenses in respect of the Group restructuring	5	–	(60.5)
European rationalisation costs	6	–	(123.8)
Profit before net investment income and taxation		755.1	422.2
Net investment income	7	52.8	53.8
Profit before taxation		807.9	476.0
Taxation	8	(232.1)	(173.6)
Profit after taxation		575.8	302.4
Minority interests		(296.2)	(187.4)
Profit attributable to unitholders	9	279.6	115.0

A summary of profit attributable to unitholders on an adjusted basis, excluding the effects of goodwill amortisation and exceptional items, is set out below.

	Notes	1995 £ m	1994 £ m
Analysis of profit attributable to unitholders			
Profit attributable to unitholders as reported		279.6	115.0
Goodwill amortisation		5.5	2.2
Profit on sale of properties		(23.2)	–
Costs and taxation in respect of the Group restructuring		–	50.4
European rationalisation costs		–	36.7
Profit attributable to unitholders on an adjusted basis		261.9	204.3
		£	£
Earnings per unit	10		
Earnings per unit on a reported basis		48.69	20.03
Earnings per unit on an adjusted basis		45.61	35.58

CONSOLIDATED BALANCE SHEET
AT 31 MARCH 1995

	Notes	1995 £ m	1994 £ m
Assets			
Fixed assets			
Tangible	11	591.8	614.9
Intangible	12	50.9	23.9
		642.7	638.8
Investments			
Associated undertakings	13	460.0	130.7
Other long-term investments	14	222.6	215.9
		682.6	346.6
Net current assets			
Inventories	15	1 291.8	1 146.6
Debtors	16	914.7	954.7
Marketable securities	17	482.3	754.2
Cash		1 263.6	1 329.2
Current assets		3 952.4	4 184.7
Current liabilities	18	(2 072.4)	(2 393.1)
		1 880.0	1 791.6
		3 205.3	2 777.0
Unitholders' funds			
Share capital	20	223.2	223.2
Participation reserve	21	430.7	430.7
Unitholders' capital	22	653.9	653.9
Retained earnings and other reserves	23	871.9	567.0
		1 525.8	1 220.9
Minority interests		1 014.0	853.3
Long-term liabilities			
Borrowings	24	103.3	136.0
Other	25	562.2	566.8
		665.5	702.8
		3 205.3	2 777.0

Consolidated Cash Flow Statement

for the year ended 31 March 1995

	Notes	1995 £ m	1994 £ m
Cash inflow from operating activities	28	698.7	830.5
Returns on investments and servicing of finance			
Interest income and similar items		159.5	185.3
Interest paid and similar items		(122.4)	(119.7)
Income from long-term investments		8.7	7.5
Dividends from associated undertakings		3.1	2.4
Dividends paid on participation reserve		(35.3)	(33.8)
Dividends paid to minority shareholders		(150.0)	(421.8)
Cash flow applied to returns on investments and servicing of finance		(136.4)	(380.1)
Taxation paid		(216.1)	(222.4)
Investing activities			
Acquisitions of tangible fixed assets		(129.6)	(99.5)
Proceeds from disposals of tangible fixed assets		50.1	27.6
Proceeds from property disposals		88.7	–
Acquisitions of subsidiary undertakings, net of cash acquired		(8.9)	(10.8)
Acquisitions of minority interests		(25.5)	(18.1)
Acquisitions of investments		(10.1)	(111.8)
Proceeds from disposals of investments		27.0	107.7
Acquisitions of associated undertakings		(170.1)	(43.5)
Cash flow applied to investing activities		(178.4)	(148.4)
Net cash inflow before financing		167.8	79.6
Financing activities			
New long-term borrowings		10.4	2.7
Repayments of long-term borrowings		(635.9)	(92.0)
Capital element of finance lease payments		(13.1)	(12.8)
Increase in minority interests		0.3	41.8
Cash flow applied to financing activities		(638.3)	(60.3)
Net cash inflow/(outflow) after financing		(470.5)	19.3
Reclassification of securities to other long-term investments		–	(92.7)
Effect of exchange rate movements		102.4	20.2
Net decrease in cash and cash equivalents		(368.1)	(53.2)
Cash and cash equivalents at beginning of year		1 692.0	1 745.2
Cash and cash equivalents at end of year	29	1 323.9	1 692.0

Note 1 – Net sales revenue

The analysis of net sales revenue by business segment was as follows:

	1995	1994
	£ m	£ m
Tobacco	2 551.7	2 485.1
Luxury goods	1 300.4	1 180.0
	3 852.1	3 665.1

The analysis of net sales revenue by geographical area was as follows:

	1995	1994
	£ m	£ m
Europe	1 825.3	1 724.2
Asia Pacific	1 279.6	1 140.2
Middle East, Africa and India	235.8	274.6
Americas	511.4	526.1
	3 852.1	3 665.1

Note 2 – Operating profit

Operating profit of the Company and its subsidiary undertakings is arrived at as follows:

	1995	1994
	£ m	£ m
Net sales revenue	3 852.1	3 665.1
Cost of sales	(2 289.1)	(2 221.6)
Gross profit	1 563.0	1 443.5
Selling and distribution costs	(239.8)	(229.7)
Administration expenses	(586.4)	(558.0)
Other operating expenses	(34.3)	(46.9)
Operating profit of the Company and its subsidiary undertakings	702.5	608.9

Note 2 – Operating profit (continued)

The analysis of operating profit by business segment was as follows:

	1995 £ m	1994 £ m
Tobacco	487.0	424.2
Luxury goods	222.4	193.8
Other	(6.9)	(9.1)
Operating profit of the Company and its subsidiary undertakings	702.5	608.9

The segmental analysis of operating profit by geographical area has not been disclosed as the directors are of the opinion that such disclosure would be prejudicial to the Group's competitive position.

Operating profit of the Company and its subsidiary undertakings includes the following items:

	1995 £ m	1994 £ m
Depreciation of tangible fixed assets	124.5	118.1
Personnel expenses	702.9	692.4
Operating lease rentals	88.3	71.3

Note 3 – Share of results of associated undertakings

The Group's share of the results of associated undertakings is set out below. The Group's share of operating results, goodwill amortisation, net interest and taxation has been included under the respective headings in the consolidated profit and loss account.

	1995 £ m	1994 £ m
Operating loss	(14.5)	(0.2)
Goodwill amortisation	(3.7)	(0.9)
Net interest income/(expense)	(1.0)	2.3
Profit/(loss) before taxation	(19.2)	1.2
Taxation	(5.5)	(7.4)
Loss after taxation	(24.7)	(6.2)
Other shareholders' interests	(0.7)	0.4
Dividends	(3.1)	(2.4)
Loss retained for the year	(28.5)	(8.2)

The results of Telepiù S.r.l. have been accounted for in the year to 31 March 1995 on the basis of an effective 12.5 per cent interest in that company in consequence of the restructuring of the Group's media interests.

Note 4 – Profit on sale of properties

The profit of £72.7 million on the sale of properties in the year to 31 March 1995 was in respect of disposals by Rothmans International's subsidiary undertakings in Singapore and Germany. No taxation liability arises in respect of these disposals. After taking into account minority interests, Richemont's share of the profit on the sale of properties amounted to £23.2 million.

Note 5 – Restructuring costs

The restructuring costs incurred in the year to 31 March 1994 related to the professional fees, stamp and capital duties and other costs payable in respect of the restructuring of the Group's tobacco and luxury goods interests. Taxation costs in respect of the restructuring amounted to £14.6 million and are shown as part of the taxation charge for that year (see note 8). Richemont's share of the costs at the attributable profit level was £50.4 million.

Note 6 – European rationalisation costs

The charge for costs in respect of Rothmans International's European rationalisation programme in the year to 31 March 1994 was £123.8 million. These costs related to the planned closure of Rothmans International's factories in Berlin and in The Hague and measures to improve efficiency in the Belgian operations. The charge also included the closures in Belgium announced during that year. The tax charge for the year to 31 March 1994 was reduced by tax relief of £63.4 million in respect of these costs (see note 8). In addition, the share of the post-tax costs attributable to minority shareholders was £23.7 million.

Note 7 – Net investment income

	1995 £ m	1994 £ m
Interest income and similar items	**120.2**	165.9
Interest expense and similar charges	**(81.6)**	(117.3)
	38.6	48.6
Share of net interest income/(expense) of associated undertakings	**(1.0)**	2.3
	37.6	50.9
Income from long-term investments	**15.2**	2.9
	52.8	53.8

Note 8 – Taxation

	1995 £ m	1994 £ m
Current taxation	198.1	229.0
Deferred taxation	28.5	(14.0)
	226.6	215.0
Share of taxation of associated undertakings	5.5	7.4
	232.1	222.4
Corporate taxes payable in connection with the Group restructuring (see note 5)	–	14.6
Taxation relief in respect of European rationalisation costs (see note 6)	–	(63.4)
	232.1	173.6

Note 9 – Profit attributable to unitholders

	1995 £ m	1994 £ m
Attributable profit of the Company and its subsidiary undertakings	308.1	123.2
Group's share of loss retained by associated undertakings	(28.5)	(8.2)
	279.6	115.0

Note 10 – Earnings per unit

Earnings per unit are calculated by reference to the profit attributable to unitholders of £279.6 million (1994: £115.0 million) and 5 742 000 units in issue (1994: 5 742 000).

Earnings per unit are also shown on an adjusted basis, excluding the effects of goodwill amortisation and exceptional items. The exceptional items were the profit on the sale of properties in the year to 31 March 1995 together with the costs and taxation incurred as a result of the Group restructuring and the costs of the European rationalisation programme charged in the previous year. The profit attributable to unitholders used for this calculation was £261.9 million (1994: £204.3 million).

Note 11 – Tangible fixed assets

	Land and buildings £ m	Plant and machinery £ m	Fixtures, fittings, tools and equipment £ m	Assets under construction £ m	Total £ m
Cost					
1 April 1994	332.1	644.4	423.6	11.7	1 411.8
Exchange adjustments	20.0	35.3	16.6	0.2	72.1
Additions	12.9	26.0	56.1	41.3	136.3
Transfers and reclassifications	(6.2)	7.1	18.5	(21.1)	(1.7)
Disposals and provisions	(33.2)	(58.2)	(51.4)	(0.3)	(143.1)
31 March 1995	325.6	654.6	463.4	31.8	1 475.4
Depreciation					
1 April 1994	98.7	446.9	251.3		796.9
Exchange adjustments	7.4	27.5	10.9		45.8
Charge for the year	12.7	48.2	63.6		124.5
Transfers and reclassifications	(2.9)	(0.7)	3.1		(0.5)
Disposals and provisions	(10.2)	(33.5)	(39.4)		(83.1)
31 March 1995	105.7	488.4	289.5		883.6
Net book value					
1 April 1994	233.4	197.5	172.3	11.7	614.9
31 March 1995	219.9	166.2	173.9	31.8	591.8

Included above are fixed assets with a net book value of £32.2 million (1994: £34.2 million) held under finance leases.

The net book value of land and buildings at 31 March comprises:

	1995 £ m	1994 £ m
Freehold land	30.1	36.3
Freehold buildings	141.7	147.0
Long leaseholds	32.8	32.8
Short leaseholds	15.3	17.3
	219.9	233.4

The fire insurance value of fixed assets at 31 March 1995 was £2 225.6 million (1994: £2 213.0 million).

Authorised capital expenditure for which no provision has been made in these financial statements:

	1995 £ m	1994 £ m
Contracts placed	44.1	26.8
Authorised but not yet contracted	74.1	76.6
	118.2	103.4

Note 12 – Intangible fixed assets

	1995 £ m	1994 £ m
Goodwill at cost	56.2	27.3
Accumulated amortisation	(5.3)	(3.4)
	50.9	23.9

Goodwill arising during the year was principally in respect of the acquisitions of subsidiary undertakings and minority interests in subsidiary undertakings by Vendôme Luxury Group.

A proportion of the total goodwill amortisation charge of £5.6 million (1994: £2.2 million) shown in the consolidated profit and loss account related to goodwill arising on acquisitions made by the Group's associated undertakings. Such goodwill is capitalised in the balance sheet of the associate concerned and consequently appears in the Group balance sheet within investments in associated undertakings (see note 13 below). Of the total goodwill amortisation charge, £3.7 million (1994: £0.9 million) related to goodwill which has been capitalised by Richemont's associated undertakings.

Note 13 – Investments in associated undertakings

	1995 £ m	1994 £ m
Unlisted	460.0	130.7

The changes during the year in the carrying value of investments in associated undertakings are set out below:

	1995 £ m	1994 £ m
Carrying value at 1 April	130.7	114.9
Exchange adjustments	(4.8)	(13.2)
Acquisitions	359.6	43.5
Disposals and reclassifications	–	(10.7)
Decrease in post-acquisition retained earnings and other reserves	(25.5)	(3.8)
Carrying value at 31 March	460.0	130.7

Investments in associated undertakings at 31 March 1995 include goodwill of £212.8 million (1994: £29.7 million) which has been capitalised by the Group's associated undertakings.

Note 14 – Other long-term investments

	1995 £ m	1994 £ m
Shares in listed companies, at cost less amounts written off	167.4	172.4
Shares in unlisted companies, at cost less amounts written off	8.6	5.4
Other	46.6	38.1
	222.6	215.9
Market value of shares in listed companies at 31 March	161.5	178.4

Note 15 – Inventories

	1995 £ m	1994 £ m
Raw materials and work in progress	575.9	509.6
Finished goods	715.9	637.0
	1 291.8	1 146.6

Note 16 – Debtors

	1995 £ m	1994 £ m
Trade debtors	617.3	605.1
Other debtors	151.3	149.2
Amounts owed by associated undertakings	9.8	12.1
Deferred taxation	45.7	79.5
Prepayments and accrued income	90.6	108.8
	914.7	954.7

Of the deferred taxation included above, £4.3 million (1994: £52.9 million) is recoverable after more than one year.

Note 17 – Marketable securities

	1995 £ m	1994 £ m
Listed securities	188.5	210.3
Unlisted securities	293.8	543.9
	482.3	754.2
Market value of listed securities at 31 March	189.0	213.2

Note 18 – Current liabilities

	1995 £ m	1994 £ m
Bank loans and overdrafts	422.0	391.4
Short-term portion of long-term loans	51.5	623.1
Trade creditors	186.0	156.4
Liabilities under finance leases	12.7	11.4
Amounts owed to associated undertakings	189.7	2.3
Taxation	241.0	240.1
Deferred taxation	20.5	4.1
Duty and excise taxes	572.4	558.9
Other creditors	177.5	168.6
Accrued expenses and deferred income	199.1	236.8
	2 072.4	2 393.1

Bank loans and overdrafts amounting to £14.4 million (1994: £7.0 million) and duty and excise creditors of £25.2 million (1994: £23.8 million) are secured on tangible assets of Group undertakings.

The short-term portion of long-term loans at 31 March 1994 included the Rothmans Tobacco (Holdings) Limited, Jersey 10.25 per cent Loan Notes, which were repaid in October 1994 (see note 24).

Note 19 – Net operating assets

The analysis of net operating assets by business segment was as follows:

	1995 £ m	1994 £ m
Tobacco	875.1	905.4
Luxury goods	714.9	620.3
Other	(168.0)	27.8
The Company and its subsidiary undertakings	1 422.0	1 553.5
Share of associated undertakings	460.0	130.7
Net operating assets	1 882.0	1 684.2

Net operating assets comprise total assets less current liabilities excluding intangible assets, marketable securities, cash, bank loans and overdrafts and the short-term portion of long-term loans:

	1995 £ m	1994 £ m
Net operating assets	1 882.0	1 684.2
Intangible assets	50.9	23.9
Marketable securities	482.3	754.2
Cash	1 263.6	1 329.2
Bank loans and overdrafts	(422.0)	(391.4)
Short-term portion of long-term loans	(51.5)	(623.1)
Total assets less current liabilities	3 205.3	2 777.0

Note 20 – Share capital

	1995 £ m	1994 £ m
Authorised, issued and fully paid:		
5 220 000 "A" bearer shares with a par value of SFr 100 each	202.9	202.9
5 220 000 "B" registered shares with a par value of SFr 10 each	20.3	20.3
	223.2	223.2

Note 21 – Participation reserve

	1995 £ m	1994 £ m
Reserve in respect of 5 742 000 participation certificates with no par value issued by Richemont SA	430.7	430.7

Note 22 – Unitholders' capital

In accordance with the articles of incorporation of the respective companies, the shares issued by the Company and the participation certificates issued by Richemont SA have been twinned as follows:

(a) Each "A" bearer share in the Company with a par value of SFr 100 is twinned with one bearer participation certificate in Richemont SA with no par value to form one "A" unit, issued to bearer.

(b) Every ten "B" registered shares in the Company with a par value of SFr 10 each are twinned with one registered participation certificate in Richemont SA with no par value to form one "B" unit, issued in registered form.

The total number of units in issue is thus made up as follows:

	1995	1994
(a) "A" bearer units, each comprising one "A" bearer share in the Company and one bearer participation certificate in Richemont SA	5 220 000	5 220 000
(b) "B" registered units, each comprising ten "B" registered shares in the Company and one registered participation certificate in Richemont SA	522 000	522 000
	5 742 000	5 742 000

In view of this indivisible twinning of shares and participation certificates, the participation reserve of Richemont SA is presented in the consolidated balance sheet of the Company as a component of unitholders' funds. For the same reason, information which would normally be stated on a per share basis is stated in these financial statements on a per unit basis.

Note 23 – Retained earnings and other reserves

	1995 £ m	1994 £ m
Balance at 1 April	567.0	484.0
Appropriation of prior year retained earnings:		
8.20 per cent (1994: 7.85 per cent) dividend paid on participation reserve	(35.3)	(33.8)
Profit attributable to unitholders	279.6	115.0
Exchange adjustments	60.6	17.7
Effects of the Group restructuring	–	(13.6)
Goodwill written off in the year	–	(2.2)
Other movements	–	(0.1)
Balance at 31 March	871.9	567.0

	1995 £ m	1994 £ m
The effects of the Group restructuring were as follows:		
Change in minority interest in subsidiary undertakings	–	(9.7)
Goodwill written off	–	(3.9)
	–	(13.6)

	1995 £ m	1994 £ m
Closing retained earnings and other reserves are analysed as follows:		
The Company and its subsidiary undertakings	914.6	581.8
Associated undertakings	(42.7)	(14.8)
	871.9	567.0

Legal reserves amounting to £62.4 million (1994: £59.8 million) are included above but are not available for distribution.

Note 24 – Long-term borrowings

	1995 £ m	1994 £ m
Rothmans Tobacco (Holdings) Limited, Jersey 10.25 per cent Loan Notes 1994	–	612.7
Bank loans	96.7	98.7
Other loans	6.9	6.8
	103.6	718.2
Short-term portion of long-term loans (note 18)	(51.5)	(623.1)
Long-term loans	52.1	95.1
Liabilities under finance leases	21.8	24.6
Other creditors	29.4	16.3
	103.3	136.0

Bank and other loans are subject to market rates of interest. Bank loans amounting to £40.8 million (1994: £54.4 million) are secured on tangible assets of Group undertakings.

An analysis of long-term loans by due date is set out below:

		1995 £ m	1994 £ m
Amounts repayable in the financial years ending 31 March:	1996	–	48.1
	1997	13.8	12.3
	1998	9.6	7.8
	1999	6.0	4.7
	thereafter	22.7	22.2
		52.1	95.1

Obligations under finance leases fall due for payment as follows:

	1995 £ m	1994 £ m
Amounts payable after five years	0.5	0.7
Amounts payable between two and five years	12.4	14.4
Amounts payable between one and two years	11.4	11.6
Amounts payable within one year	15.2	13.4
	39.5	40.1
Less: future finance charges included above	(5.0)	(4.1)
	34.5	36.0
Included in current liabilities (note 18)	(12.7)	(11.4)
Included in long-term borrowings	21.8	24.6

Note 25 – Other long-term liabilities

	1995 £ m	1994 £ m
Pension obligations	367.9	334.4
Deferred taxation	51.6	70.7
Other provisions	142.7	161.7
	562.2	566.8

Note 26 – Pensions

The total pension cost for the Group was as follows:

	1995 £ m	1994 £ m
Regular cost	43.2	51.8
Spreading of surpluses and deficiencies	(12.1)	(21.5)
Notional interest on balance sheet provisions	20.3	18.3
Other pension costs	–	4.9
	51.4	53.5

Other pension costs of £4.9 million in the year ended 31 March 1994 represented a harmonisation adjustment in Vendôme in respect of certain of the Group's German subsidiary undertakings, in order to bring the provision for pension benefits into line with Group accounting policies.

The liabilities of Group companies to pay future pension benefits are in general exceeded by either the actuarial value of assets separately administered to provide for such future payments or by provisions for pensions made within the accounts of each company. All material liabilities have been calculated by, and pension costs have been provided in accordance with, the recommendations of independent qualified actuaries. Where the valuation methods used locally do not comply with the Group's accounting policy, liabilities have been reassessed such that the cost of providing pensions is charged against profits on a systematic basis over the remaining service lives of the relevant employees.

The obligations of Rothmans International's main German companies to pay future pension benefits are provided by way of balance sheet provisions. Actuarial valuations of the companies' estimated long-term liabilities were performed by Rüss, Dr Zimmermann and Partner, Actuaries, Hamburg, as at 31 March 1995 using the entry age method and assuming average future salary and pension increases of 5.25 per cent and 3.75 per cent per annum respectively. At the exchange rate then ruling, the present value of the companies' future pension liabilities amounted to £ 262.9 million, which was covered by balance sheet provisions then existing.

The following balances are included in the consolidated balance sheet in respect of pensions:

	1995 £ m	1994 £ m
Debtors	3.4	3.4
Current liabilities	24.1	20.0
Other long-term liabilities	367.9	334.4

Note 27 – Financial commitments and contingent liabilities

Subsidiary undertakings of Rothmans International have a contingent liability relating to previous accounting periods. This is in respect of certain ex-works factory supplies of cigarettes to third parties for sale by them outside the European Community. The subsidiary undertakings which manufactured the product were required, in the normal course of business, to provide guarantees to Customs Authorities in respect of compliance with European Community transit procedures. The authorities have alleged that customs documents, which were supplied by third parties to substantiate that goods had been exported, were incomplete or incorrect. Customs Authorities have raised assessments for duties and taxes amounting to £26 million and they have also given notice of their intention to impose fines of a further £24 million. It is not possible to quantify the extent of further potential liability, if any. The subsidiary undertakings are contesting the assessments and strongly refute liability. The directors do not believe it is necessary to make a specific provision for this matter in the accounts.

In addition, at 31 March 1995 certain Group companies had contingent liabilities and trading commitments in the ordinary course of business in respect of which no material losses are expected to arise.

At 31 March 1995 the Group in total had signed non-cancellable operating leases in respect of which the following minimum rentals are payable:

	Land and buildings	Other assets	Total
	£ m	£ m	£ m
Within one year	58.5	4.5	63.0
Between two and five years	146.7	4.2	150.9
Thereafter	132.5	0.1	132.6
	337.7	8.8	346.5

Note 28 – Reconciliation of operating profit to cash inflow from operating activities

	1995	1994
	£ m	£ m
Operating profit	688.0	608.7
Share of operating losses of associated undertakings	14.5	0.2
Depreciation of tangible fixed assets	124.5	118.1
Increase in long-term liabilities	16.1	25.4
Profit on disposal of tangible fixed assets	(1.8)	(6.4)
(Increase)/decrease in inventories	(89.5)	124.1
(Increase)/decrease in debtors	(16.9)	117.9
Decrease in creditors	(12.1)	(77.1)
	722.8	910.9
Net cash outflow in respect of the Group restructuring	(1.0)	(66.9)
Net cash outflow in respect of European rationalisation programme	(23.1)	(13.5)
Cash inflow from operating activities	698.7	830.5

Note 29 – Cash and cash equivalents per cash flow statement

The cash and cash equivalents figure in the consolidated cash flow statement comprises:

	1995 £ m	1994 £ m
Marketable securities	**482.3**	754.2
Cash	**1 263.6**	1 329.2
Bank loans and overdrafts	**(422.0)**	(391.4)
	1 323.9	1 692.0

Note 30 – Post balance sheet event

In April 1995, the Boards of Richemont and Rothmans International announced a recommended proposal to the holders of Rothmans International units with a view to Rothmans International becoming indirectly wholly-owned by Richemont. Following the approval of the resolutions required to implement the proposals at shareholder meetings of Rothmans International plc and Rothmans International N.V. held on 12 June 1995, together with an adequate level of acceptances for the Rothmans International N.V. shares being received, the proposals became wholly unconditional on 18 July 1995. The cash payment of £6.25 per Rothmans International unit under the terms of the proposals, funded out of available cash resources within Rothmans International and by borrowings, was made on 25 July 1995.

Note 31 – Principal Group companies

Details of Richemont's underlying investments are given in the schedule of Principal Group Companies on pages 78 and 79.

REPORT OF THE GROUP AUDITORS

To the General Meeting of Shareholders of
Compagnie Financière Richemont AG, Zug

We have audited the consolidated financial statements of Compagnie Financière Richemont AG presented by the Board of Directors, consisting of the consolidated profit and loss account, consolidated balance sheet, consolidated cash flow statement and the notes to the consolidated financial statements on pages 48 to 65 for the year ended 31 March 1995 in accordance with the provisions of the law. Our audit was conducted in accordance with the International Standards on Auditing as issued by the International Federation of Accountants. We confirm that we meet the legal requirements concerning professional qualification and independence.

In our opinion the consolidated financial statements give a true and fair view of the financial position, results of operations and cash flows, in accordance with the principles of consolidation and valuation described in the statement of accounting policies and with the provisions of the law.

We recommend that the consolidated financial statements submitted to you be approved.

COOPERS & LYBRAND AG

Kurt Hausheer	Clive Bellingham	Zurich, 31 July 1995
Swiss Certified Public Accountant	Chartered Accountant	
Lead Auditor	Lead Auditor	

Compagnie Financière Richemont AG

Financial Statements of the Company

Profit and Loss Account

for the year ended 31 March 1995

	Notes	1995 SFr 000	1994 SFr 000
Income			
Dividends		21 181	21 120
Other income		6 285	5 426
		27 466	26 546
Expenses			
Interest paid		67	57
General expenses	2	9 794	10 382
		9 861	10 439
Profit before taxation		17 605	16 107
Taxation		1 091	1 083
Net profit for the year		16 514	15 024

Balance Sheet
at 31 March 1995

	Notes	1995 SFr 000	1994 SFr 000
Non-current assets			
Investments	3	702 841	702 843
Fixed assets	4	23 646	24 183
		726 487	727 026
Current assets			
Loans to affiliated companies		38 200	19 808
Debtors		337	322
Cash		1 286	2 025
		39 823	22 155
		766 310	749 181
Shareholders' equity			
Share capital	5	574 200	574 200
Legal reserve	6	111 101	110 301
Retained earnings	7	70 918	55 204
		756 219	739 705
Liabilities			
Current liabilities			
Accrued expenses		307	289
Taxation		1 367	809
Loans from affiliated companies		7 633	7 382
		9 307	8 480
Long-term liabilities		784	996
		10 091	9 476
		766 310	749 181

Notes to the Financial Statements
at 31 March 1995

Note 1 – Basis of preparation of the financial statements

The financial statements represent the financial position of the Company at 31 March 1995 and the results of its operations for the year then ended, prepared in accordance with Swiss law.

Note 2 – General expenses

	1995 SFr 000	1994 SFr 000
General expenses are comprised as follows:		
Personnel costs	3 800	4 442
Depreciation	571	599
Other	5 423	5 341
	9 794	10 382

Note 3 – Investments

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

	1995 SFr 000	1994 SFr 000
Richemont SA, Luxembourg	700 000	700 000
Other investments	2 841	2 843
	702 841	702 843

Note 4 – Fixed assets

Excluding land, the net book value of tangible fixed assets is SFr 16.0 million (1994: SFr 16.5 million). The fire insurance value of the aforementioned tangible fixed assets amounts to SFr 19.2 million (1994: SFr 19.1 million).

Note 5 – Share capital

	1995 SFr 000	1994 SFr 000
5 220 000 "A" bearer shares with a par value of SFr 100 each, fully paid	522 000	522 000
5 220 000 "B" registered shares with a par value of SFr 10 each, fully paid	52 200	52 200
	574 200	574 200

Note 6 – Legal reserve

	1995 SFr 000	1994 SFr 000
Balance at 1 April	110 301	109 701
Transfer from retained earnings	800	600
	111 101	110 301

The legal reserve is not available for distribution.

NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 1995

Note 7 – Retained earnings

	1995	1994
	SFr 000	SFr 000
1 April, before appropriation of prior year retained earnings	55 204	40 780
Transfer to legal reserve	(800)	(600)
1 April, after appropriation	54 404	40 180
Net profit for the year	16 514	15 024
	70 918	55 204

The retained earnings are stated before the proposed appropriation as set out on page 72.

Note 8 – Contingent liabilities

At 31 March 1995 the Company had given guarantees totalling SFr 894.5 million in respect of which it had received indemnities from subsidiaries of SFr 827.5 million to cover obligations of various subsidiaries amounting to SFr 354.5 million. The Company does not foresee any liability arising under these guarantees and, therefore, no provision has been made.

Note 9 – Significant shareholders

At the Annual General Meeting of shareholders which was held on 15 September 1994, the following significant shareholdings were notified to the Company:

- 5 220 000 "B" registered shares held by Compagnie Financière Rupert, representing 50.0 per cent of the voting rights in the Company.
- 1 822 124 "A" bearer shares held by Richemont Securities AG, representing 17.5 per cent of the voting rights in the Company. Richemont Securities AG acts as Depositary for depositary receipt holders and votes on their behalf and acts on their instructions at shareholders' meetings. The depositary receipts are listed on the Johannesburg Stock Exchange and represent claims against the Depositary in respect of a one hundredth undivided share of the rights and benefits, including voting rights, attaching to an "A" bearer unit.

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE APPROPRIATION OF RETAINED EARNINGS AT 31 MARCH 1995

	SFr 000
Available retained earnings	
1 April, after appropriation	54 404
Net profit for the year	16 514
	70 918
Proposed appropriation	
Transfer to legal reserve	850
Balance to be carried forward	70 068
	70 918

Details of the dividend proposed in respect of the participation certificates of Richemont SA, Luxembourg are given on page 77.

The Board of Directors

Zug, 27 June 1995

REPORT OF THE AUDITORS

To the General Meeting of Shareholders of
Compagnie Financière Richemont AG, Zug

As auditors of your company we have examined the books of account and the financial statements consisting of the profit and loss account, balance sheet and notes to the financial statements presented by the Board of Directors for the year ended 31 March 1995 in accordance with the provisions of the law. Our audit was conducted in accordance with auditing standards promulgated by the profession. We confirm that we comply with the legal requirements concerning professional qualification and independence.

Based on our examination we conclude that the books of account and the financial statements and the proposed appropriation of available earnings are in accordance with the law and the articles of incorporation.

We recommend that the financial statements submitted to you be approved.

COOPERS & LYBRAND AG

Kurt Hausheer
Swiss Certified Public Accountant
Lead Auditor

Clive Bellingham
Chartered Accountant
Lead Auditor

Zurich, 27 June 1995

RICHEMONT SA

FINANCIAL STATEMENTS OF THE COMPANY

DIRECTORS' REPORT

The Board of Directors of Richemont SA is pleased to submit its report on the activities of the Company for the year ended 31 March 1995. The following financial statements set out the financial position of the Company and the results of its operations for the year then ended.

STATEMENT OF ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared under the historical cost convention and are presented in pounds sterling.

(b) Foreign currency translation

Transactions in foreign currencies during the year are recorded at exchange rates ruling at the time the transactions take place. Monetary assets and liabilities, expressed in currencies other than pounds sterling, are translated at exchange rates ruling at the year end. The resulting exchange gains or losses are credited or charged to income in the current year.

(c) Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less amounts written off for diminutions in value which are considered to be of a permanent nature. Dividend income is recognised upon declaration by the subsidiary undertaking.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1995

	1995	1994
	£ 000	£ 000
Income		
Dividend	61 229	44 000
Other income	17	96
	61 246	44 096
Expenses		
General expenses	1 903	1 994
Profit before taxation	59 343	42 102
Taxation	124	114
Net profit for the year	59 219	41 988

BALANCE SHEET
AT 31 MARCH 1995

	Notes	1995	1994
		£ 000	£ 000
Assets			
Investments	2	1 852 523	1 852 514
Cash		1 001	6 000
Dividend receivable		–	44 000
Debtors		–	8
		1 853 524	1 902 522
Capital and reserves			
Share capital	3	143 550	143 550
Participation reserve	4	430 650	430 650
Legal reserve	5	13 803	11 703
General reserve	6	285 307	285 307
Retained earnings	7	96 590	85 120
		969 900	956 330
Liabilities			
Loans from subsidiary companies	8	883 497	946 158
Accrued expenses		44	34
Accrued taxation		83	–
		1 853 524	1 902 522

NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 1995

Note 1 – Basis of preparation of the financial statements

Richemont SA is a Luxembourg holding company, incorporated on 5 March 1979. It is a wholly-owned subsidiary of Compagnie Financière Richemont AG, Zug, Switzerland. The financial statements represent the financial position of the Company at 31 March 1995 and the results of its operations for the year then ended.

Note 2 – Investments

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

Note 3 – Share capital

	1995	1994
	£ 000	£ 000
Authorised		
Shares with a par value of £75 each	200 000	200 000
Issued and fully paid		
1 914 000 shares with a par value of £75 each	143 550	143 550

Note 4 – Participation reserve

	1995	1994
	£ 000	£ 000
Reserve established in respect of 5 742 000 participation certificates with no par value	430 650	430 650

The Company has set aside a participation reserve amounting to £430 650 000 and issued, in respect of this reserve, 5 220 000 (1994: 5 220 000) bearer non-voting participation certificates with no par value and 522 000 (1994: 522 000) registered non-voting participation certificates with no par value. Bearer and registered participation certificates have identical rights.

Note 5 – Legal reserve

The legal reserve amounting to £13 803 000 (1994: £11 703 000) is not available for distribution.

Note 6 – General reserve

The general reserve amounting to £285 307 000 (1994: £285 307 000) is available for distribution subject to the approval of the shareholders.

NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 1995

Note 7 – Retained earnings

	1995 £ 000	1994 £ 000
1 April, before appropriation of prior year retained earnings	85 120	88 771
Transfer to legal reserve	(2 100)	(2 000)
7.20 per cent dividend paid on share capital (1994: 6.85 per cent)	(10 336)	(9 833)
8.20 per cent dividend paid on participation reserve (1994: 7.85 per cent)	(35 313)	(33 806)
1 April, after appropriation	37 371	43 132
Net profit for the current year	59 219	41 988
	96 590	85 120

The retained earnings at 31 March are stated before the proposed appropriation thereof as set out on page 77.

Note 8 – Loans from subsidiary companies

The loans from subsidiary companies bear no interest and are repayable on demand.

Note 9 – Contingent liabilities

At 31 March 1995 the Company had given guarantees totalling £ 433.8 million to cover obligations of various subsidiaries amounting to £ 147.6 million. The Company does not foresee any liability arising under these guarantees and, therefore, no provision has been made.

Richemont SA

Proposal of the Board of Directors for the Appropriation of Retained Earnings at 31 March 1995

	£ 000
Available retained earnings	
1 April, after appropriation	37 371
Net profit for the year	59 219
	96 590
Proposed appropriation	
Transfer to legal reserve	552
8.33 per cent dividend payable on share capital	11 962
9.33 per cent dividend payable on participation reserve	40 194
Balance to be carried forward	43 882
	96 590

The proposed dividend on the share capital will be payable to Compagnie Financière Richemont AG, Zug.

The proposed dividend on the participation reserve amounts to £ 7.00 per participation certificate. It will be payable to unitholders of Richemont on 26 September 1995 in respect of coupon number 39, free of charges, at the banks designated as paying agents.

The Board of Directors

Luxembourg, 26 June 1995

Report of the Auditors

To the Shareholders
Richemont SA, Luxembourg

We have examined the balance sheet at 31 March 1995 of Richemont SA and the related profit and loss account. Our examination was made in accordance with generally accepted auditing standards.

In our opinion, the accompanying financial statements examined by us give a true and fair view of the financial position of Richemont SA at 31 March 1995 and of the profit for the year then ended in accordance with the principles of valuation described in the statement of accounting policies. We also confirm that the proposal of the Board of Directors for the appropriation of the retained earnings is in agreement with the law and the Company's statutes.

COOPERS & LYBRAND

Luxembourg, 26 June 1995

The principal companies in the Group, as well as in each case the effective interest in their ordinary share capital attributable to Richemont as at 31 March 1995, are set out below. The list of companies distinguishes between subsidiary undertakings and associated undertakings in accordance with the Group's accounting policy as set out in note (b) on page 48.

Country of incorporation	Name of company	Effective interest
Subsidiary undertakings – tobacco products		
Australia	Rothmans Holdings Limited	30.3%
	Rothmans of Pall Mall (Australia) Limited	30.3%
Belgium	Tabacofina-Vander Elst NV	60.6%
Canada	Rothmans, Benson & Hedges Inc.	25.9%
	Rothmans Inc.	43.2%
Germany	Rothmans Cigaretten GmbH	60.6%
	Rothmans Produktions GmbH	60.6%
Japan	Rothmans Marubeni Tobacco Corporation	60.6%
Malaysia	Rothmans of Pall Mall (Malaysia) Berhad	30.3%
Netherlands	Rothmans Exports (The Netherlands) BV	60.6%
	Rothmans Holdings BV	60.6%
	Rothmans International (Europe) BV	60.6%
	Rothmans International NV	60.6%
	Rothmans Manufacturing (The Netherlands) BV	60.6%
	Rothmans Nederland BV	60.6%
	Rothmans Tobacco Company BV	60.6%
	Schimmelpenninck Sigarenfabrieken BV	60.6%
	Theodorus Niemeyer BV	60.6%
New Zealand	Rothmans of Pall Mall (New Zealand) Limited	30.3%
Republic of Ireland	PJ Carroll and Company Limited	60.6%
Singapore	Rothmans Industries Limited	30.3%
Switzerland	Rothmans of Pall Mall Limited	60.6%
	Sullana AG	60.6%
United Kingdom	Dunhill Tobacco of London Limited	60.6%
	The London Tobacco Company Limited	60.6%
	Murray, Sons & Company, Limited	60.6%
	Rothmans International plc	60.6%
	Rothmans International Enterprises Limited	60.6%
	Rothmans International Services Limited	60.6%
	Rothmans International Tobacco (UK) Limited	60.6%
	Rothmans (Far East) Limited	60.6%
	Rothmans of Pall Mall (International) Limited	60.6%
	Rothmans (UK) Limited	39.4%
	Tobacco Exporters International Limited	60.6%
United States of America	Tobacco Exporters International (USA) Limited	60.6%
	Lane Limited	60.6%

PRINCIPAL GROUP COMPANIES

Country of incorporation	Name of company	Effective interest
Subsidiary undertakings – luxury goods		
France	Cartier SA	69.9%
	Chloé International SA	69.9%
	Karl Lagerfeld SA	69.9%
Germany	Cartier GmbH	69.9%
	Montblanc – Simplo GmbH	69.9%
	Karl Seeger Lederwarenfabrik GmbH	69.9%
Hong Kong	Les Must de Cartier Far East Limited	69.9%
Italy	LMC International Spa	69.9%
Japan	Cartier Japan Limited	69.9%
	Dunhill Group Japan Limited	46.2%
Luxembourg	Cartier Monde SA	69.9%
	Vendôme Luxury Group SA	69.9%
Netherlands	Cartier International BV	69.9%
	Dunhill Investments (Holland) BV	69.9%
Switzerland	Baume & Mercier SA	69.9%
	Cartier International SA	69.9%
	Cartier SA	69.9%
	Interdica SA	69.9%
	Piaget (International) SA	69.9%
United Kingdom	Alfred Dunhill Limited	69.9%
	Cartier Limited	69.9%
	Hackett Limited	69.9%
	James Purdey & Sons Limited	69.9%
	Vendôme Luxury Group PLC	69.9%
United States of America	A Sulka & Company Limited	69.9%
	Cartier, Incorporated	69.9%
	Montblanc North America	55.9%
Subsidiary undertakings – other		
Luxembourg	Rothmans Tobacco (Holdings) SA (Holding company)	100.0%
Switzerland	Business Control SA (Management services)	100.0%
	Richemont Securities AG (Transfer secretaries)	100.0%
United Kingdom	Richemont International Limited (Advisory services)	100.0%
Associated undertakings		
British Virgin Islands	NAR Group Limited (Holding company)	50.0%(1)
Jamaica	Carreras Group Limited (Tobacco products)	28.6%
Luxembourg	Network Holdings SA (Holding company)	50.0%
Netherlands	Nethold BV (Electronic media)	50.0%(2)
United States of America	Hanover Direct, Inc (Direct retailing)	25.2%

(1) Richemont, in addition, holds 100 per cent of the convertible preference shares of NAR Group Limited.
(2) Richemont, in addition, holds 100 per cent of the convertible preference shares of Nethold BV.

Notice of 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 Tuesday, 5 September 1995.

Agenda

1. Business Report

The Board of Directors proposes that the General Meeting, having taken cognisance of the reports of the Auditors, approve the consolidated financial statements of the Group, the financial statements of the Company and the Directors' Report for the business year ended 31 March 1995.

2. Appropriation of Profits

The Board of Directors proposes that the available retained earnings of the Company at 31 March 1995 of SFr 70 918 000 be appropriated as follows:

Transfer to legal reserve	SFr 850 000
Balance to be carried forward	SFr 70 068 000
	SFr 70 918 000

3. Discharge of the Board of Directors

The Board of Directors proposes that its members be discharged from their obligations in respect of the business year ended 31 March 1995.

4. Election of the Board of Directors

5. Election of the Auditors

The financial statements of the Group and of the Company along with the related reports of the Auditors together with the Directors' Report for the year ended 31 March 1995 will be available for inspection at the registered office of the Company from 11 August 1995 onwards. A copy of these documents, which are contained in the Richemont Annual Report 1995, will be sent to shareholders upon request.

Cards for admission to the Annual General Meeting together with voting forms may be obtained by holders of bearer shares, upon deposit of their share certificates, from any branch of the following banks up to 30 August 1995:

Union Bank of Switzerland
Darier, Hentsch & Cie
Bank J Vontobel & Co AG
Pictet & Cie
Anlage- und Kreditbank AKB

Deposited shares will be blocked until the close of the meeting. No admission cards will be issued on the day of the meeting itself.

A shareholder may appoint a proxy, who need not be a shareholder, as his or her representative at the meeting. Forms of proxy are provided on the reverse of the admission cards. In accordance with Swiss law, each shareholder may be represented at the meeting by the Company, by a bank or similar institution or by Dr Andreas Renggli, Notary Public, Baarerstrasse 8, 6300 Zug as independent agent. Unless proxies include explicit instructions to the contrary, voting rights will be exercised in support of the proposals of the Board of Directors.

Depositary agents, as defined in Article 689d of the Swiss Company Law, are requested to indicate to the Company, as soon as possible and in any event to the admission control prior to the commencement of the meeting, the number and par value of the shares they represent together with the reference numbers of the relevant admission cards. Institutions subject to the Swiss Federal Act on Banks and Savings Banks of 8 November 1934 and professional fund managers and trustees may be considered as depositary agents.

For the Board of Directors

Nikolaus Senn — Chairman

Johann Rupert — Managing Director

Zug, 31 July 1995