RICHEMONT

INTERIM RESULTS

Richemont, the Swiss luxury goods group, announces its unaudited results for the six month period ended 30 September 2000

	September 2000	September 1999	
Sales	**€ 1 669 m**	€ 1 263 m	+ 32 %
Operating profit	**€ 319 m**	€ 206 m	+ 55 %
Attributable profit			
- parent and subsidiaries	**€ 227 m**	€ 134 m	+ 69 %
- share of associated companies	**€ 236 m**	€ 209 m	+ 13 %
- the Group	**€ 463 m**	€ 343 m	+ 35 %
Earnings per unit – fully diluted basis	**€ 82.33**	€ 60.05	+ 37 %

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

- Operating profit increased by 55 per cent during the period, built on sales growth of 32 per cent.
- Jewellery sales were particularly strong, growing by 58 per cent. This growth reflected not only the continuing success of Cartier but also the inclusion for the first time of the results of Van Cleef & Arpels, which was acquired during 1999. Watch sales also grew by 29 per cent overall.
- All geographic regions reported strong sales growth. Sales in Europe grew by 26 per cent, whilst sales in the Americas and Asia, which benefited significantly from the weakness of the euro against the dollar and the yen, increased by 38 per cent and 36 per cent, respectively.
- Attributable profit, before the contribution from associated companies, grew by 69 per cent to € 227 million.
- The Group's equity accounted share of the results of associated companies - being largely in respect of its shareholding in British American Tobacco - increased by 13 per cent to € 236 million.
- Attributable profit of the Group as a whole increased to € 463 million, an increase of 35 per cent. Earnings per unit on a fully diluted basis increased by 37 per cent to € 82.33.
- In July, the Group was the successful bidder in the auction to acquire the watchmaking companies Jaeger LeCoultre, IWC and Lange & Söhne from Mannesmann AG. Pending completion of this transaction, the results for the period do not include any contribution from these businesses.

Business Review

Sales and operating profit

During the period Richemont benefited considerably from the strong economic environment around the world, the pattern of strong sales growth seen during the previous financial year being extended into the current period. In addition, the Group's performance was very positively impacted by the strength of the dollar and the yen against the euro, the weakness of the euro first seen in 1999 becoming even more pronounced in the period. Sales for the period also include the results of Van Cleef & Arpels and other minor brands, which were not reflected in the results in the comparative period last year.

	Sept 2000 € m	Sept 1999 € m	
Sales	**1 669**	1 263	+ 32 %
Cost of sales	**(565)**	(438)	
Gross margin	**1 104**	825	+ 34 %
Net operating expenses	**(785)**	(619)	+ 27 %
Operating profit	**319**	206	+ 55 %

The increase in the gross margin percentage to 66.1 per cent reflects the beneficial impact of exchange rate movements, together with a further shift to sales through the Group's own retail outlets. Operating expenses increased by 27 per cent in the period, reflecting the continued expansion of the Group's business, including the effect of acquisitions, together with the impact of the strong dollar and yen on the translation of costs incurred in these currencies. Nonetheless, operating profit grew by 55 per cent in the period, significantly higher than the rate of growth in sales.

Sales by region

	Sept 2000 € m	Sept 1999 € m	
Europe	**657**	521	+ 26 %
Asia	**658**	485	+ 36 %
Americas	**354**	257	+ 38 %
	1 669	1 263	+ 32 %

In contrast to the prior year, when sales benefited disproportionately from the significant recovery in Asia, sales in the period to 30 September showed good growth in all regions. The Americas region, in particular, grew by 38 per cent, mirroring the continuing strength of the domestic economy and the strength of the dollar during the period.

Within Asia, the important Japanese market has showed more modest growth, many Japanese choosing to take advantage of the strong yen to shop in Europe rather than in the domestic market. Sales in Europe also benefited from the continued improvement in economic conditions as well as the benefit of increased tourism, with particularly strong demand being seen in France and Italy.

Sales by product line

	Sept 2000 € m	Sept 1999 € m	
Jewellery	**379**	240	+ 58 %
Gold and jewellery watches	**374**	291	+ 29 %
Other watches	**398**	309	+ 29 %
Leather goods	**136**	115	+ 18 %
Writing instruments	**109**	103	+ 6 %
Menswear	**72**	60	+ 20 %
Other	**201**	145	+ 39 %
	1 669	1 263	+ 32 %

Jewellery saw significant sales growth during the period. The increase is in part due to Van Cleef & Arpels, which was acquired in May 1999 and only included in the results of the Group with effect from 1 October 1999. Cartier's jewellery business enjoyed a buoyant first half year, the new *Cartier de Lune* high jewellery line, which was introduced at the beginning of the year, being well received by customers.

The continuing programme of new product launches by all brands has contributed in part to the growth of 29 per cent in sales of gold and jewellery watches. Richemont's watch brands reported excellent demand during the period. In particular Cartier's jewelled *Pasha*, Piaget's *Emperador* and Vacheron Constantin's *Carrée* models, which were introduced this year, have enjoyed good demand.

There has been a continued shift in the market towards white metals such as platinum, white gold and steel and the Group's brands have been well placed to take advantage of this trend. The new Cartier steel models targeted at younger customers - the steel *21 Chronoscaph* and the *21 Autoscaph* - have exceeded expectations, whilst Baume & Mercier have seen good sales, particularly in North America, with the introduction of the steel *Hampton Milleis* and the *Capeland Chronograph*. Panerai continued to develop its niche appeal with its special editions, whilst Alfred Dunhill's *Facet* range has been expanded to further broaden its appeal.

In terms of leather goods, sales increased by 18 per cent. Lancel in particular has revamped its product ranges, has implemented a programme of store renovations and is significantly expanding its geographical coverage. At Cartier, sales of leather goods were impacted by the phasing out of the *Bordeaux* range and the gradual introduction of the new *Cage de Cartier* product line in anticipation of the important pre-Christmas season. Sales of Montblanc's leather goods increased by some 50 per cent, reflecting the successful extension of the Montblanc brand in this market segment.

Writing instrument sales have shown modest growth as a result of a combination of factors. Montblanc, being the largest contributor in this sector, had benefited from very strong sales in the comparative period in 1999 linked to the 75th anniversary of its leading *Meisterstück* model range. In anticipation of the pre-Christmas season, Montblanc launched a major new range of models - the Montblanc *Bohème* - in autumn 2000.

Richemont's menswear brands, Alfred Dunhill, Hackett and Sulka, have also reported increased sales through expansion of the retail network in the case of Hackett and good sales in the important Asian markets for Alfred Dunhill, in part reflecting the benefits of the strong yen against the euro.

Sales by distribution channel

	Sept 2000 € m	Sept 1999 € m	
Retail sales	**721**	493	+ 46 %
Wholesale sales	**948**	770	+ 23 %
	1 669	1 263	+ 32 %

The substantial growth in retail sales in the period reflects the inclusion for the first time of Van Cleef & Arpels and certain smaller brands which have a strong retail presence. Excluding the impact of acquisitions, retail sales grew by well in excess of 30 per cent, with Cartier in particular showing a broad-based increase in demand. Retail sales represented 43 per cent of total sales in the period, reflecting the benefits of the Group's long-term strategy of increasing its retail presence. At 30 September, the Group operated some 450 stores. A further 268 stores are operated on a franchise basis, contributing to the growth of 23 per cent in wholesale sales in the period.

Les Manufactures Horlogères

In July 2000, Richemont was successful in winning the auction process to acquire Les Manufactures Horlogères, the watchmaking division of Mannesmann AG. Richemont offered SFrs 2 800 million to acquire the 60 per cent of Jaeger LeCoultre, 100 per cent of IWC and 90 per cent of Lange & Söhne owned by Mannesmann. In a separate transaction, Richemont acquired the remaining 40 per cent of Jaeger LeCoultre formerly held by Audemars Piguet for SFrs 280 million.

The acquisition of Les Manufactures Horlogères is conditional upon certain regulatory approvals being obtained. It is currently anticipated that the transaction will be completed by 31 December 2000. Accordingly, neither the profit and loss account for the period nor the balance sheet at 30 September 2000 reflect the Mannesmann transaction in any way.

The investment in the 40 per cent of Jaeger LeCoultre acquired from Audemars Piguet is carried in the consolidated balance sheet at 30 September 2000 as a long-term investment pending conclusion of the acquisition of Les Manufactures Horlogères. The profit and loss account for the period under review does not reflect any share of the results of Jaeger LeCoultre in the period from July to September.

Consolidated profit and loss account

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

	Sept 2000 € m	Sept 1999 € m
Operating profit	**319**	206
Net investment income / (expense)	**5**	(11)
Profit before taxation	**324**	195
Taxation	**(96)**	(60)
Profit after taxation	**228**	135
Minority interests	**(1)**	(1)
Attributable profit of the parent and its subsidiaries	**227**	134
Share of attributable profit of associates:	**236**	209
British American Tobacco	**250**	217
Hanover Direct	**(14)**	(4)
Canal+	**-**	(4)
Attributable profit of the Group	**463**	343
Earnings per unit – basic	**€ 83.10**	€ 60.63
Earnings per unit – fully diluted	**€ 82.33**	€ 60.05

Net investment income in the period amounted to € 5 million, compared to an expense of € 11 million in the prior year. This largely reflected the availability of the proceeds of the partial disposal of the Group's interest in British American Tobacco preference shares in June 2000, which provided the Group with some € 740 million in cash. In addition, the result for the period included dividend income of € 18 million received from Vivendi, whereas Richemont had equity accounted the interest in Canal+ during the six month period to 30 September 1999 prior to the exchange of that interest for the Vivendi shareholding.

At 29.6 per cent, the effective taxation rate during the period is in line with that applicable during the prior year.

Earnings per unit

Basic earnings per unit is calculated by reference to the weighted average number of units outstanding during the year of 5 577 354 (1999: 5 650 963) units and the attributable profit of the Group on an adjusted basis of € 463 million (1999: € 343 million) for the period. This takes into account the effects of the buy-back of units implemented during the current period and previous years.

Fully diluted earnings per unit have grown by some 37 per cent to € 82.33. Fully diluted earnings per unit is calculated by reference to 5 742 000 units outstanding (1999: 5 742 000 units) and attributable profit on an adjusted basis for the year of € 472 million (1999: € 345 million) which reflects the notional additional interest of € 9 million (1999: € 2 million) which would have accrued to the company had the full number of shares been outstanding during the period.

Associated companies

British American Tobacco - In the six month period to 30 September 2000, profits from Richemont's tobacco interests increased by 15 per cent to € 250 million.

Comparison of the results of the Group's tobacco interests in the current period against those of 1999 remains difficult for a number of reasons. Whereas the results in the six month period to 30 September 2000 reflect the inclusion of the former Rothmans International companies in the enlarged BAT organisation for the entire six month period, the comparative figures in the period to 30 September 1999 reflected Richemont's 66.7 per cent ownership of Rothmans International in the months of April and May and Richemont's effective interest of 23.3 per cent in the enlarged BAT for the period June to September 1999 following the merger.

In addition, the current period saw a reduction in Richemont's effective interest in BAT. During the period from 1 April 2000 to 7 June 2000, Richemont held an effective interest of 23.3 per cent in BAT. From 7 June that interest was reduced from 23.3 per cent to 21.1 per cent following the partial disposal by Richemont of its holding of BAT preference shares under the terms of a put option granted by BAT at the time of the merger with Rothmans International.

As BAT's financial year ends on 31 December, Richemont's accounting treatment involves adjustments to the results presented by BAT to bring these into line with Richemont's 31 March financial year-end. The results presented in respect of BAT in the current report are therefore based on BAT's results for the nine month period to 30 September 2000, adjusted to eliminate the results for the quarter to 31 March 2000. In addition, the application of differing accounting standards requires certain adjustments to be made to the results of BAT for inclusion in Richemont's financial statements. Details of the adjustments are set out in Appendix 2 of this document. Richemont's share of BAT's results in euro terms have been further positively influenced by the strength of sterling against the euro during the period.

British American Tobacco's results for the period to 30 September 2000 showed satisfactory growth. The merger with Rothmans International in June 1999 has resulted in considerably increased sales and operating profit and, for the nine month period to 30 September 2000, adjusted earnings per share of the enlarged BAT, arguably the best measure of the company's performance since the merger, increased by 8 per cent in sterling terms.

In its report on the results for the nine month period to 30 September 2000, BAT management commented that the integration of the Rothmans International business into BAT was well advanced and that synergy benefits continued to be delivered well ahead of schedule. Despite a fall of some 3 per cent in cigarette volumes on a comparable basis (excluding the positive impact of the inclusion of the sales volumes of the former Rothmans International companies), changes in the sales mix - with increased volumes in terms of both 'international' and 'light' brands - resulted in higher margins. In various regions around the world the merger with Rothmans International has significantly enhanced the sales performance and profitability of British American Tobacco. Equally, global procurement initiatives and further rationalisation of production facilities have had a positive impact on manufacturing costs.

Associated companies

Hanover Direct - During the period under review the Group's share of the losses reported by Hanover Direct increased from € 4 million to € 14 million. This was largely due to the continued development of Hanover Direct's e-commerce based initiatives, in particular the expansion of its third party order fulfillment capability. Given the dramatic changes which have been seen since the spring of 2000 in terms of the outlook for e-commerce businesses, Hanover Direct has undertaken a re-evaluation of its strategy in this area with a view to adding scale and critical mass and reducing its operating losses by taking advantage of consolidation opportunities. During the period, Richemont has invested a further $ 70 million in Hanover Direct by way of redeemable preference shares. These funds were utilised to retire debt and provide additional liquidity to the company.

Canal+ / Vivendi - Richemont's interest in Canal+ was exchanged for a 2.9 per cent shareholding in Vivendi in September 1999. Accordingly, in the results for the comparative period, Richemont equity accounted its 15 per cent interest in Canal+. In the current period, Richemont accounted for its 2.9 per cent interest in Vivendi as a short-term investment, reporting the dividend income of € 18 million received from Vivendi as an element of net investment income. The investment in Vivendi was sold in September 2000 for € 1 176 million, representing the final realisation of Richemont's interests in the electronic media industry. In consequence of this transaction, the Group has realised an exceptional gain of some € 533 million in the current period.

Consolidated Cash Flow Statement

	Sept 2000 € m	Sept 1999 € m
Operating profit	**319**	206
Depreciation and other non-cash items	**47**	42
Increase in working capital	**(79)**	(63)
Net cash inflow from operating activities	**287**	185
Dividends received from associates	**236**	52
Returns on investments and servicing of finance	**7**	(9)
Taxation paid	**(64)**	(56)
Net acquisitions of tangible fixed assets	**(82)**	(57)
Buy–back of Richemont units	**(142)**	(79)
Proceeds on redemption of BAT preference shares	**741**	-
Proceeds of disposal of Vivendi shares	**1 176**	-
Other acquisitions and investments	**(226)**	(281)
Net cash inflow / (outflow) before financing activities	**1 933**	(245)
(Repayment of) / increase in long-term borrowings	**(677)**	8
Exchange rate effects	**(39)**	(2)
Increase / (decrease) in cash, cash equivalents and short-term borrowings	**1 217**	(239)
Cash and cash equivalents at beginning of period	**(291)**	109
Cash and cash equivalents at end of period	**926**	(130)

Net cash inflow from operating activities increased substantially during the period, reaching € 287 million. This reflected the growth in operating profit in the period. Operating working capital increased in line with the growth in sales.

Dividends received from associates reflects the dividends received from BAT in the period, being the final dividend in respect of BAT's financial year ended 31 December 1999 and the interim dividend in respect of its current financial year. In the prior year, only an interim dividend was received from BAT - the previous year's final dividend being paid prior to the merger of BAT with Rothmans International.

During the period, Richemont bought back 50 000 'A' units through the market. A total of 200 000 units have been acquired in the period from February 1999 to September 2000 linked to the implementation of long-term, unit-based executive compensation schemes.

In June 2000, the Group put one half of its holding of BAT preference shares back to that company under the terms of the agreement relating to the merger of BAT and Rothmans International. The Group's holding of BAT ordinary shares was not reduced in any way. The remaining preference shares fall to be redeemed, unless previously sold by Richemont, on the fifth anniversary of the transaction in June 2004.

The Group also disposed of its interest in Vivendi during the period, realising € 1 176 million.

Linked to the acquisition of Les Manufactures Horlogères from Mannesmann, Richemont acquired the 40 per cent interest in Jaeger LeCoultre held by Audemars Piguet for a consideration amounting to SFrs 230 million (€ 151 million). A further SFrs 50 million will be payable to Audemars Piguet in respect of this investment upon completion of the acquisition of the remaining shareholding in Jaeger LeCoultre from Mannesmann. Other investments includes $ 70 million (€ 75 million) invested in Hanover Direct preference shares.

Consolidated Balance Sheet

	30 Sept 2000 € m	31 March 2000 € m
Fixed assets		
Tangible	**553**	483
Investments in associated companies	**623**	512
Other assets	**367**	885
	1 543	1 880
Net working capital	**1 029**	1 175
Net operating assets	**2 572**	3 055
Goodwill	**4 327**	4 910
Net cash / (borrowings)	**862**	(1 004)
Cash, cash equivalents and short-term borrowings	**926**	(291)
Long-term borrowings	**(64)**	(713)
Other long-term liabilities	**(115)**	(102)
	7 646	6 859
Capital employed		
Unitholders' funds	**7 518**	6 732
Minority interests	**128**	127
	7 646	6 859

Tangible fixed assets increased by € 70 million, largely reflecting further investment in the Group's retail network and watchmaking facilities during the period.

The increase in investments in associated undertakings reflects a further investment of $ 70 million (€ 75 million) in Hanover Direct in the form of redeemable preference shares together with the increase in the Group's equity accounted share of the net assets of British American Tobacco. Although the Group's effective interest in BAT was reduced from 23.3 per cent at 31 March 2000 to 21.1 per cent at 30 September, the underlying asset base of BAT in euro terms increased during the period, offsetting the reduction in the percentage held.

During the period, Richemont acquired a 40 per cent interest in the Swiss watchmaker Jaeger LeCoultre for a cash consideration of SFrs 230 million. This is included as an investment in other assets as at 30 September 2000.

Net working capital decreased by € 146 million in balance sheet terms, reflecting non-operating items, such as the dividend of € 133 million payable to unitholders in October and the reduction in non-trade receivables compared to the position at 31 March 2000. The largest element of the receivables at 31 March was the final dividend of € 158 million from BAT, which was received in April.

Goodwill decreased by € 583 million, largely as a consequence of the partial disposal of the Group's interest in BAT preference shares during the period.

Long-term borrowings in the amount of € 677 million were repaid during the period out of the proceeds of the partial disposal of the Group's interest in BAT preference shares and the sale of the Vivendi interest. As at 30 September 2000, the Group had net cash resources amounting to € 862 million.

Changes in unitholders' funds

	Sept 2000 **€ m**	Sept 1999 € m
Profit attributable to unitholders on an adjusted basis	**463**	343
Goodwill amortisation	**(151)**	(137)
Exceptional items:	**706**	2 578
- gain on the sale of investment in Vivendi	**533**	-
- gain on partial disposal of BAT preference shares	**189**	-
- gain arising from merger of Rothmans International and BAT	**-**	2 582
- as reported by associated companies	**(16)**	(4)
Profit attributable to unitholders on a reported basis	**1 018**	2 784
Dividend declared	**(133)**	(116)
Buy-back of Richemont units	**(142)**	(79)
Translation and other adjustments	**43**	(152)
Net increase in unitholders' funds	**786**	2 437
Unitholders' funds at the beginning of the period	**6 732**	4 047
Unitholders' funds at the end of the period	**7 518**	6 484

Unitholders' funds increased by € 786 million during the period, the attributable profit of the Group on an adjusted basis of € 463 million being increased by the effect of exceptional items offset to some extent by goodwill amortisation. At the annual meeting of shareholders held in September 2000, a dividend of € 24.0 per unit was approved, a total of € 133 million being paid to unitholders in October 2000. In addition, the completion of the unit buy-back programme gave rise to an accounting adjustment of € 142 million in terms of the value of the units acquired during the period since 31 March 2000.

Accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies as those set out on pages 51 to 53 of the Annual Report for the year to 31 March 2000.

Swiss Stock Exchange compliance

These interim financial statements comply with the listing rules of the Swiss Stock Exchange.

Outlook

As Richemont's associated companies are publicly quoted, it would be inappropriate for Richemont to comment on the earnings outlook for these businesses. The following comments are therefore confined to the Group's luxury goods businesses.

The Group's results for the first six months of the current financial year are undoubtedly most satisfactory. They reflect the very positive economic climate which has prevailed in most major industrialised countries during the period, together with the unusually favourable impact of the weakness of the euro against both the dollar and the yen. This highly beneficial combination of favourable trading conditions and exchange rates will, of course, not continue indefinitely.

At this time it is very difficult to make predictions as to the likely performance of the Group in the coming six month period. We are naturally cautious. It should be noted that Richemont recorded exceptionally strong sales growth of more than 30 per cent in the second half of the financial year to 31 March 2000, setting a higher hurdle than that which has faced the Group over the first six months of the current year. Whilst retail sales remain generally strong, wholesale sales in September and October have shown lower year-on-year rates of growth and it remains to be seen how these will develop in the months to come. The pre-Christmas period is key to the Group's performance and, as in prior years, we anticipate issuing a brief statement in mid-January summarising the Group's trading performance during the December quarter.

Nikolaus Senn
Chairman

Johann Rupert
Chief Executive

Compagnie Financière Richemont AG

Zug, 20 November 2000

Appendix 1

Consolidated profit and loss account – on a reported basis

	Notes	Sept 2000 € m	Sept 1999 € m
Operating profit		**319**	206
Goodwill amortisation	1	**(48)**	(36)
Exceptional items	2	**722**	2 582
Profit before net investment income / (expense) and taxation		**993**	2 752
Net investment income / (expense)		**5**	(11)
Profit before taxation		**998**	2 741
Taxation		**(96)**	(60)
Profit after taxation		**902**	2 681
Minority interests		**1**	(1)
Attributable profit of the parent and its subsidiaries		**903**	2 680
Share of attributable profit of associates		**115**	104
Share of attributable profit on an adjusted basis		**236**	209
Goodwill amortisation in respect of associates		**(105)**	(101)
Share of exceptional items reported by associates		**(16)**	(4)
Attributable profit of the Group on a reported basis		**1 018**	2 784

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

	Notes	Sept 2000 € m	Sept 1999 € m
Attributable profit of the Group on a reported basis		**1 018**	2 784
Elimination of goodwill amortisation	1	**151**	137
Reported by the parent and its subsidiaries		**48**	36
In respect of associates		**105**	101
Minority interests		**(2)**	-
Elimination of exceptional items		**(706)**	(2 578)
Gain on the sale of investment in Vivendi		**(533)**	-
Gain on the partial disposal of BAT preference shares		**(189)**	-
Gain arising from Rothmans International / BAT merger		**-**	(2 582)
Items reported by BAT		**16**	4
Attributable profit of the Group on an adjusted basis		**463**	343

Note 1 - Goodwill amortisation

The reported results reflect the Group's accounting policy of amortising goodwill through the consolidated profit and loss account. The goodwill amortisation charge at the pre-tax profit level for the six months ended 30 September 2000 was € 48 million. An additional goodwill amortisation charge of € 105 million arises in respect of the Group's interest in associated companies. Of this, € 103 million relates to the Group's investment in BAT. The goodwill amortisation relating to minority interests is in respect of goodwill arising on the acquisition of Van Cleef & Arpels.

Note 2 - Exceptional items

a) Gain on partial disposal of BAT preference shares

The exceptional gain of € 189 million in the six months to 30 September 2000 represents Richemont's gain on the partial disposal of its holding of BAT preference shares. Under the terms of the merger agreement between Richemont, Rembrandt Group Limited ('Rembrandt') and BAT, up to half of the convertible redeemable preference shares were redeemable for cash at a fixed price of £ 5.75 per share on 7 June 2000. As provided for under the merger agreement, in December 1999 and March 2000 Richemont and Rembrandt jointly notified BAT that they wished to redeem these shares. As a result, Richemont and Rembrandt have redeemed a total of 120.8 million convertible redeemable preference shares, resulting in a cash payment to Richemont of £ 463 million or € 741 million on 7 June 2000. The gain is calculated on the basis of the redemption proceeds less the value of the share of BAT's net assets attributable to the preference shareholding at the date of transaction together with goodwill and costs related thereto. On a consolidated basis there is no tax effect.

b) Gain on the sale of investment in Vivendi

The exceptional gain in the six months to 30 September 2000 represents Richemont's gain on disposal of its holding of 17.5 million shares in Vivendi. The gain of € 533 million is calculated by reference to the proceeds less the carrying value of Vivendi together with costs related thereto. The Group had previously hedged the value of the investment such that the net proceeds on disposal amounted to € 1 176 million. Once again, on a consolidated basis there is no tax effect.

Note 3 - Earnings per unit on a reported basis

	Sept 2000	Sept 1999
Earnings per unit on a reported basis - basic	**€ 182.45**	€ 492.50
- fully diluted	**€ 178.83**	€ 485.07

Basic earnings per unit is calculated by reference to the weighted average number of units outstanding during the year of 5 577 354 units (1999: 5 650 963) and the attributable profit of the Group of € 1 018 million for the period (1999: € 2 784 million). This takes into account the effects of the buy-back of units implemented during the current period and previous years.

Fully diluted earnings per unit is calculated by reference to 5 742 000 units outstanding (1999: 5 742 000 units) and attributable profit for the period of € 1 027 million (1999: € 2 786 million) which reflects the notional additional interest of € 9 million (1999: € 2 million) which would have accrued to the company had the full number of shares been outstanding during the period.

Appendix 2

Accounting treatment of British American Tobacco

Richemont's accounting policies conform with the valuation principles of International Accounting Standards ('IAS') whereas BAT prepares its financial statements under UK Generally Accepted Accounting Principles ('UK GAAP'). In consequence, Richemont is required to make certain adjustments to the results of BAT as presented to bring them into line with IAS. These adjustments are set out in the table below.

	2000	1999
	£ m	£ m
Attributable profit as reported by BAT for the nine months ended 30 September (1999: three months)	**529**	200
Less: Attributable profit for the quarter ended 31 March 2000	**(55)**	-
Add: Attributable profit for the month of June 1999	**-**	73
Adjustments:		
- in respect of deferred taxation (see below)	**(12)**	79
- to eliminate goodwill amortisation	**192**	91
- to eliminate exceptional items:		
- restructuring costs arising from the merger	**44**	64
- restructuring costs arising from Imasco transaction	**2**	-
- charge on acquisition of Japanese distributor	**1**	-
- gain on disposal of brands	**-**	(52)
Adjusted attributable profit of BAT for the six month period (1999: four months)	**701**	455
Richemont's 66.7 % share of the attributable profit of Rothmans International for the period 1 April 1999 to 31 May 1999	**-**	36
Richemont's 23.3 % share of the attributable profit of BAT for the period 1 April 2000 to 7 June 2000, (1999: 1 June to 30 September)	**54**	106
Richemont's 21.1 % share of the attributable profit of BAT for the period 8 June 2000 to 30 September 2000	**99**	-
Results of the Group's tobacco interests for the period 1 April to 30 September	**153**	142
	€ m	€ m
Converted at the average €/£ rate of 0.61 for the period to September 2000 (1999: 0.66)	**250**	217

In the prior period, a significant adjustment was made to the results of BAT in terms of the different accounting treatment of deferred taxation, most importantly in terms of the costs incurred by BAT's subsidiary in the United States under the master settlement reached by the tobacco industry with the majority of states during 1998. That accounting adjustment related to the timing of the deductibility for tax purposes of the settlement payments accrued in the first year of operation of the scheme. In the period to 30 September 2000, a significantly smaller adjustment has been made in respect of the tax treatment of the payments. Although there remains a permanent difference between the timing of the deductibility of the settlement payments for tax purposes between IAS and UK GAAP, on a period to period basis henceforth the adjustment will be a function of the increase or decrease in the value of cigarette sales in the United States, which form the basis for the settlement payments, between the current period and the comparable period of the prior year. Accordingly the adjustment in this respect in the current period amounts to £ 12 million.

Appendix 3

Exchange rates used in preparation of this report

The results of the Group's subsidiaries and associates which do not report in euros have been translated at average rates of exchange against the euro.

Average exchange rates against the euro	**6 months to 30 Sept 2000**	**6 months to 30 Sept 1999**
Pounds sterling	0.61	0.66
Swiss franc	1.55	1.60
U.S. dollar	0.92	1.05
Japanese yen	98.61	123.27
Closing exchange rates against the euro	**30 Sept 2000**	**31 March 2000**
Pounds sterling	0.60	0.60
Swiss franc	1.52	1.59
U.S. dollar	0.88	0.96
Japanese yen	94.93	98.12

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