

RICHEMONT

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Results for the year ended 31 March 2008

Richemont, the Swiss luxury goods group, announces its audited results for the year ended 31 March 2008.

Financial highlights

- Sales increased by 10 per cent to € 5 302 million. Good growth seen during the earlier part of the year continued in the fourth quarter.
- Operating profit from the luxury goods businesses increased by 21 per cent to € 1 108 million.
- Net profit, including the Group's share of the results of British American Tobacco, increased by 18 per cent to € 1 570 million. Excluding the impact of non-recurring items in both years, net profit attributable to unitholders increased by 17 per cent to € 1 582 million.
- Cash generated by the Group's luxury goods operations was € 968 million.
- The ordinary dividend for the year, at € 0.78 per unit, represents an increase of 20 per cent over that paid in 2007.

Sales

The 10 per cent sales increase reflected good underlying growth across all business areas. At constant exchange rates, sales increased by 16 per cent. The Jewellery Maisons, Specialist Watchmakers and Montblanc all saw strong growth throughout the year.

Operating profit

Higher sales and increased margins generated a 21 per cent increase in operating profit to € 1 108 million. The operating margin for the year was 21 per cent, 2 percentage points higher than the comparative year.

British American Tobacco ('BAT')

Richemont's share of the results of BAT increased 13 per cent to € 609 million, reflecting the higher profitability of BAT and the Group's higher interest in that company as a result of its buy-back programme. Cash dividends received from BAT during the year amounted to € 325 million.

Net profit

Net profit, including the Group's share of the results of British American Tobacco, increased by 18 per cent to € 1 570 million. Earnings per unit on a diluted basis were 18 per cent higher at € 2.760 per unit.

Cash position

The Group's net cash position at 31 March 2008 was € 1 246 million, Group net cash having increased by € 105 million during the year. This reflected strong net cash generation by the Group's luxury business of € 543 million, after tax and capital expenditure, as well as the dividends received from BAT, net of dividends paid to unitholders. During the year, Richemont paid ordinary and special dividends amounting to € 701 million.

Dividend

The dividend for the year will be € 0.78 per unit, an increase of 20 per cent over the prior year's ordinary dividend.

Richemont holds a portfolio of several of the most prestigious names in the luxury goods industry including Cartier, Van Cleef & Arpels, Piaget, Vacheron Constantin, Jaeger-LeCoultre, IWC, Alfred Dunhill and Montblanc. In addition to its luxury goods interests, Richemont also holds a significant investment in British American Tobacco – one of the world's leading tobacco groups.

www.richemont.com

Group results

in € millions	<u>March 2008</u>	<u>March 2007</u>	
Sales	5 302	4 827	+ 10 %
Cost of sales	<u>(1 897)</u>	<u>(1 753)</u>	
Gross profit	3 405	3 074	+ 11 %
Net operating expenses	<u>(2 297)</u>	<u>(2 158)</u>	+ 6 %
Operating profit	1 108	916	+ 21 %
Net financial income	47	31	
Profit before taxation	1 155	947	
Taxation	<u>(195)</u>	<u>(158)</u>	
Net profit - parent and subsidiaries	960	789	+ 22 %
Share of post-tax profit of associates	610	540	+ 13 %
Net profit	1 570	1 329	+ 18 %
<i>Analysed as follows</i>			
<i>Net profit attributable to unitholders</i>	1 571	1 328	
<i>Net profit attributable to minority interests</i>	<u>(1)</u>	<u>1</u>	
	1 570	1 329	
Earnings per unit - diluted basis	€ 2.760	€ 2.331	+ 18 %
Dividends			
Ordinary dividend per unit	€ 0.78	€ 0.65	+ 20 %
Special dividend per unit	-	€ 0.60	-
Total dividend per unit	€ 0.78	€ 1.25	-

Operating profit in the prior year included a one off, non-operational gain of € 16 million. During the year under review, there were no such items.

The Group's share of the results of its principal associate, British American Tobacco, also includes non-recurring items reported by that entity.

Including the Group's share of results from associates, the overall impact of these non-recurring items, after

taxation and minority interests, on net profit was a loss of € 11 million (2007: loss of € 22 million). Excluding non-recurring items, net profit attributable to unitholders increased by 17 per cent to € 1 582 million from € 1 350 million in the prior year.

An analysis of the effect of non-recurring items is given on page 11 of this document.

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside the Group's control. Richemont does not undertake to update, nor does it have any obligation to provide updates of or to revise, any forward-looking statements.

Executive Chairman's Commentary

Overview

As we approach the 20th anniversary of the foundation of the Group in September 1988, I am pleased to be able to report that Richemont's performance during the past year has demonstrated its capacity to weather the challenging economic environment. The business has grown across a broad geographic base with sales increasing by 10 per cent to € 5 302 million and operating profit growing by 21 per cent to € 1 108 million. All of the Maisons enjoyed a good year, with some performing exceptionally well. In this respect, I must compliment Cartier, Van Cleef & Arpels, Piaget, IWC and Jaeger-LeCoultre for their excellent performances. We see the global market for true luxury goods as continuing to expand, as consumers seek more sophisticated, authentic and elegant products.

Business developments

Richemont's Maisons have positioned themselves to take advantage of opportunities in existing and new market areas. In established markets we invest in optimising our boutique locations and, have a comprehensive boutique refurbishment programme across all of our Maisons. In new market areas we seek to invest prudently, where we believe the potential exists to develop strong businesses in the medium to long term.

In China for example, we have followed the same principles as we apply elsewhere – opening stores either directly or with local partners to ensure a good geographic coverage. It has been important to realise that consumers in new markets expect to see the same breadth of product offering as they see when travelling abroad and, to this end, we are taking care to ensure that our boutiques are both opened in the most prestigious locations and offer the full range of products. Both Montblanc and Alfred Dunhill have been quick to grasp the retail growth opportunities which the Chinese market offers. Cartier has also invested in this important market and now operates 18 stores in mainland China, in addition to its 9 stores in Hong Kong and Macao.

British American Tobacco

During the year Richemont benefited from a further significant contribution to profits from its associated company, British American Tobacco ('BAT'). The equity accounted share of BAT's profits increased by 13 per cent to € 609 million. As a consequence of BAT's share buy back programme the Group's effective interest in the company grew during the year to reach 19.3 per cent by 31 March 2008. By the end of

April 2008, Richemont's interest in BAT - taken together with that of our joint venture partner, Remgro - reached 30 per cent of BAT's capital. At the BAT annual general meeting held last month, its shareholders once again approved the special waiver, which allows Richemont and Remgro to hold more than 30 per cent of BAT's equity without any obligation arising on the partners to make a full bid for the shares in BAT that they do not already own.

Group restructuring proposals

In November 2007, the Group announced that it was considering plans which might lead to a separation of its luxury goods operations from its other interests, which include the investment in BAT.

A further announcement has been released co-terminously with this preliminary results announcement and may be obtained from the Group Secretariat (secretariat@cfrinfo.net) or downloaded from the Group's website (www.richemont.com).

Dividends

Given the strong results of the Group's businesses this year, the Board has decided to recommend an increase of 20 per cent in the level of ordinary dividend to bring it to € 0.78 per unit. The dividend will be payable to unitholders immediately after the annual shareholders' meeting to be held in September.

Over each of the past three years, Richemont has paid a special dividend in order to return to unitholders the proceeds of the disposal in 2004 of the BAT preference shares, received at the time of the merger with Rothmans International in 1999. In total, the Group has paid some € 890 million in such special dividends. Given that the proceeds of the preference shares have now been repaid in full to shareholders and in the light of the potential restructuring referred to above, the Board considers that it would not be appropriate to make a further special dividend payment this year.

The global environment and outlook

"The pessimist complains about the situation, the optimist hopes it will improve, and the realist plans and acts according to circumstances."

The crisis currently affecting the global economy is a cause for concern. We are carefully monitoring the performance of our businesses in all markets to establish whether consumer purchasing trends are changing.

Over the first 20 years of its existence we have positioned Richemont well to face the challenges of the global economy. The Group has no net debt and a strong balance sheet and we have invested our surplus funds prudently.

We fully intend to ensure that the luxury goods business will remain financially strong after any possible restructuring. The company will possess adequate resources to finance organic growth or, should appropriate opportunities present themselves, expansion through acquisitions.

Furthermore, the Group's business model is straightforward, the Maisons drawing on the intellectual property inherent in their history, the creative talent within them and the skill and craftsmanship of their employees. The Maisons aspire to produce intrinsically desirable products, which respect and interpret their traditional values, and offer these through a global

distribution and after-sales service network designed to meet our partners' and customers' expectations.

Despite turbulent times, sales during the first quarter of 2008 showed growth of 11 per cent at actual exchange rates and that pattern has been repeated in the month of April, with sales growth of 16 per cent at actual exchange rates and 24 per cent in local currency terms.

I am confident in the strength of Richemont and look forward to the next 20 years with a well-founded degree of confidence and optimism.

Johann Rupert

Executive Chairman

Compagnie Financière Richemont SA

Geneva, 22 May 2008

Business Review

in € millions	March 2008	March 2007	
Sales	5 302	4 827	+ 10 %
Cost of sales	<u>(1 897)</u>	<u>(1 753)</u>	
Gross profit	3 405	3 074	+ 11 %
Net operating expenses	(2 297)	(2 158)	+ 6 %
Selling and distribution expenses	<u>(1 181)</u>	<u>(1 090)</u>	+ 8 %
Communication expenses	<u>(607)</u>	(570)	+ 6 %
Administration expenses	<u>(522)</u>	(503)	+ 4 %
Other operating income	<u>13</u>	5	-
Operating profit	1 108	916	+ 21 %
Further analysed as follows:			
Underlying operating profit from luxury business	1 108	900	+ 23 %
Non-recurring items included in 'Other operating income'	-	16	-
Operating profit	1 108	916	+ 21 %

Sales increased by 10 per cent to € 5 302 million, with particularly strong sales growth at the Group's specialist watchmakers. Sales growth by region was mixed, with double-digit sales growth in most regions except Japan.

The gross margin percentage increased by 0.5 percentage points to 64.2 per cent. This was largely due to manufacturing efficiencies combined with channel and product mix effects. Price changes during the year broadly offset negative exchange rate impacts. Sales growth and the improved margin percentage generated an 11 per cent increase in gross profit to € 3 405 million.

Net operating expenses increased by 6 per cent. The increase reflected the growth in selling and distribution expenses linked to the Group's expanding boutique network as well as higher communication costs.

The 6 per cent increase in communication costs included the costs associated with new product launches and initiatives in new markets. As a

percentage of sales, communication costs were marginally lower than the prior year at 11.4 per cent.

Administration expenses increased by 4 per cent overall. Within this figure, the Group's central support service costs increased by 7 per cent excluding provisions for costs associated with the Group restructuring project. Net operating expenses included stock option charges amounting to € 31 million (2007: € 33 million).

Other operating income in the comparative year included a net, non-recurring gain of € 16 million in respect of a property lease disposal attributable to Alfred Dunhill.

Operating profit increased by 21 per cent to € 1 108 million. Excluding net non-recurring gains, the underlying operating profit of € 1 108 million from the Group's luxury businesses represented an increase of 23 per cent, compared to € 900 million in the prior year.

Analysis of sales and operating results by business area

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

in € millions	March 2008	March 2007	
Sales			
Jewellery Maisons	2 657	2 435	+ 9 %
Specialist watchmakers	1 378	1 203	+ 15 %
Writing instrument Maisons	637	585	+ 9 %
Leather and accessories Maisons	309	307	+ 1 %
Other businesses	321	297	+ 8 %
Total sales	5 302	4 827	+ 10 %
Operating results			
Jewellery Maisons	767	667	+ 15 %
Specialist watchmakers	376	274	+ 37 %
Writing instrument Maisons	120	110	+ 9 %
Leather and accessories Maisons	(3)	(11)	-
Other businesses	5	20	- 75 %
	1 265	1 060	+ 19 %
Corporate costs			
Central support services	(157)	(144)	+ 9 %
Other operating expense, net	(146)	(137)	+ 7 %
	(11)	(7)	+ 57 %
Operating profit	1 108	916	+ 21 %
Further analysed as follows:			
Underlying operating profit from luxury business	1 108	900	+ 23 %
Non-recurring items - Leather and accessories Maisons	-	16	
Operating profit	1 108	916	+ 21 %

In the table above, those Maisons which are principally engaged in a specific business area have been grouped together. By way of example, those businesses which have a heritage as producers of high jewellery and jewellery watches – Cartier and Van Cleef & Arpels – are grouped together as 'Jewellery Maisons'. Their entire product ranges, including watches, writing instruments and leather goods, are reflected in the sales and operating result for that business area. Charges for stock options have been allocated to operating costs within the relevant business areas and central support services.

Jewellery Maisons

Cartier reported growth at constant rates in all regions with the exception of Japan, which saw modest growth. Van Cleef & Arpels also enjoyed very good growth in sales; albeit from a significantly lower base. Operating profit for the business area as a whole increased by 15 per cent to € 767 million. Operating margin for the business area improved by 1 percentage point to 29 per cent.

Specialist Watchmakers

The Group's seven specialist watchmakers enjoyed very strong demand throughout the year in all regions, leading to sales growth of 15 per cent. Sales at IWC and Jaeger-LeCoultre were particularly strong. The increase in sales combined with operating leverage generated a 37 per cent increase in operating profit.

Writing Instrument Maisons

Montblanc's sales growth of 9 per cent included strong growth through its expanding retail network, with an increasing proportion of sales being generated by leather goods, watches and jewellery lines. Operating profit for the business area, which includes Montegrappa, increased by 9 per cent and the operating margin remained stable at 19 per cent.

Leather and Accessories Maisons

Alfred Dunhill reported continuing sales growth, primarily through its own boutique network. Sales in the Asia-Pacific region grew strongly but sales in Japan were flat in local currency terms. Excluding one-off gains, Alfred Dunhill was close to breakeven. This represents a significant improvement over the prior

year, when operating losses were € 8 million after taking into account the benefit of a non-recurring gain of € 16 million on the disposal of a property.

Lancel's sales were lower than the prior year, reflecting steps to reposition its product ranges at higher price points with improved margins. The repositioning provides a basis for further expansion, particularly in the fast-growing Asia-Pacific region. Lancel's operating losses increased from € 3 million in the prior year to € 4 million in the year under review.

Other businesses

Chloé's sales were in line with the prior year. Sales of this business area included the impact of acquisitions made during the current financial year. These included watch component manufacturing businesses and Azzedine Alaïa's *Haute Couture* Maison.

Operating profit in this business area fell significantly, largely due to losses from watch component manufacturing activities. These issues are being addressed. In addition, the costs of developing the joint venture in terms of watches and jewellery

manufacturing with Polo Ralph Lauren Inc, which has not yet started trading, are reported in this business area.

Corporate costs

Corporate costs include central support services such as strategic management, marketing and functional support, legal services, manufacturing and logistics, intellectual property, finance, human resources and information technology together with central marketing initiatives. These and other net expenses are not allocated to specific business areas. Costs are well controlled, the increase in other operating expenses being largely due to costs associated with the Group restructuring project.

Operating profit

After corporate costs, Group operating profit amounted to € 1 108 million, an increase of 21 per cent over the prior year. This increase reflects the growth in sales, the improvement in the gross margin percentage and continuing cost control. The Group's overall operating profit margin increased from 19 per cent to 21 per cent.

Sales by region

in € millions	<u>March 2008</u>	<u>March 2007</u>	Movement at:	
			<u>Constant exchange rates</u>	<u>Actual exchange rates</u>
Europe	2 293	2 042	+ 14 %	+ 12 %
Asia-Pacific	1 296	1 070	+ 31 %	+ 21 %
Americas	1 014	984	+ 13 %	+ 3 %
Japan	699	731	+ 3 %	- 4 %
	<u>5 302</u>	<u>4 827</u>	+ 16 %	+ 10 %

Europe

Europe remains the Group's most important market by far, with sales representing 43 per cent of turnover. The 12 per cent increase reflects good growth in established markets and double-digit sales growth in developing markets in the region, including the Middle East.

Asia-Pacific

Sales growth was very strong, particularly in China and Hong Kong. Despite the negative impact of exchange rate movements relative to the euro, sales increased by 21 per cent. Overall sales in the region now represent 25 per cent of total sales.

Americas

The Americas region reported good underlying growth for the year as a whole. Sales during the final quarter

of the year proved to be very resilient in local currency terms. The significant decrease in the value of the dollar relative to the euro during the year resulted in sales growth for the year as a whole being limited to 3 per cent at actual exchange rates. Sales in the Americas represent 19 per cent of total sales.

Japan

The Japanese market was challenging throughout the year, with local currency sales in the fourth quarter being slightly below the prior year's levels. Notwithstanding the limited growth in underlying sales the weakness of the yen resulted in sales in euro terms being down by 4 per cent. Sales in Japan now represent 13 per cent of total Group sales.

Sales by distribution channel

in € millions	<u>March 2008</u>	<u>March 2007</u>	
Retail	2 214	2 009	+ 10 %
Wholesale	3 088	2 818	+ 10 %
	<u>5 302</u>	<u>4 827</u>	+ 10 %

Retail

Retail sales increased by 10 per cent to € 2 214 million. This high level of growth reflected good trading at established boutiques and the expansion of the network of Group-owned points of sale. The total retail network increased by 158 to 1 312 boutiques. This increase includes the opening or internalisation of boutiques by Montblanc, Alfred Dunhill and Chloé in particular. At the end of March 2008, the Group's Maisons owned 738 boutiques. A further 574 points of sale were operated by franchise partners.

Wholesale

Wholesale sales increased by 10 per cent. Strong sales at certain specialist watchmakers and Van Cleef & Arpels contributed to this double-digit growth rate. Sales to franchise partners are treated as wholesale sales.

Summary income statement and results of associates

in € millions	March 2008	March 2007
Operating profit	1 108	916
Net finance income	47	31
Profit before taxation	1 155	947
Taxation	(195)	(158)
Share of post-tax results of associated undertakings	610	540
Before non-recurring expenses	621	578
Share of non-recurring expenses	(11)	(38)
Net profit	1 570	1 329
Attributable to unitholders	1 571	1 328
Attributable to minority interests	(1)	1
Net profit	1 570	1 329

Net finance income amounting to € 47 million includes net interest income, net foreign exchange gains and losses and fair value adjustments. Net fair value gains amounted to € 9 million (2007: € 16 million gain), including the appreciation of certain listed and unlisted investments. Under IFRS, such investments and other 'fair value financial assets' must be revalued at the balance sheet date with reference to market valuations. This 'mark to market' approach inevitably creates such volatility in the reported finance income line.

Excluding the Group's share of the results of its investment in British American Tobacco, the Group's effective taxation rate was 16.9 per cent compared with 16.7 per cent last year. The effective taxation rate in general reflects the lower level of corporate taxes in Switzerland compared to other jurisdictions. The lower effective taxation rate in the prior year reflected principally the first time deductibility of costs related to share-based payments.

Associated companies

The Group's principal associated company is British American Tobacco plc. At 31 March 2008, Richemont had an effective interest of 19.3 per cent in British American Tobacco, with a market value of € 9 250 million.

The Group also has a number of smaller investments which are classified as associated companies. The Group's share of results of these smaller investments amounted to a profit of € 1 million (2007: a profit of € 1 million).

British American Tobacco plc ('BAT')

The Group's share of the results of BAT increased by 13 per cent to € 609 million. Excluding non-recurring

income and expense from both years, the Group's share of the results of BAT would have increased by 7 per cent to € 620 million.

Non-recurring items in respect of BAT are reported net of taxation and minority interests in this review. Non-recurring items include those of BAT's subsidiary companies as well as its own associated companies. Further details of non-recurring items are given on page 11 of this announcement.

In its financial year ended 31 March 2008, Richemont accounted for BAT's nine months ended 31 December 2007 and three months ended 31 March 2008. In the comparative period, the same approach was applied. The following table presents the Group's effective interest in BAT applied in the current and the prior year periods. The increases in the Group's interest in both the current and prior year were due to the share buy-back programme carried out by BAT.

	<u>2007-08</u>	<u>2006-07</u>
	%	%
1 April to 30 June	19.1	18.8
1 July to 31 December	19.3	18.9
1 January to 31 March	19.3	19.0

BAT reports its results in sterling. The average euro: sterling exchange rate for the Group's financial year was 0.71, compared with 0.68 in the prior year. Consequently, there was a 4 per cent negative impact on the Group's share of BAT's results on translation into euros due to exchange rate movements.

In cash flow terms, the Group received dividends totalling € 325 million from BAT during the year (2007: € 280 million).

In British American Tobacco's financial year to 31 December 2007, its adjusted, diluted earnings per share, a good indicator of its underlying performance, grew by 11 per cent to 108.53 pence per share, principally as a result of the strong growth in profit from operations, partly offset by the adverse impact from foreign exchange movements. Basic earnings per share were higher at 105.19p compared to the prior year of 92.08p.

The following commentary is condensed from British American Tobacco's annual report for the year ended 31 December 2007.

BAT's cigarette sales volumes from subsidiaries for the year ended 31 December 2007 decreased by 1 per cent to 684 billion, mainly as a result of the high level of trade buying in some markets at the end of 2006, supply chain disruptions in the Middle East and the loss of StiX in Germany. British American Tobacco's revenue increased by 3 per cent to £ 10 018 million but, at comparable rates of exchange, would have increased by 5 per cent as a result of more favourable pricing and an improving product mix.

Profit from operations was 11 per cent higher at £ 2 905 million or 7 per cent higher if exceptional items were excluded. However, profit from operations at comparable rates of exchange and excluding exceptional items, would have been 11 per cent higher, with all regions contributing to this strong result.

In Europe, profit at £ 842 million was up £ 61 million or 8 per cent, at both current and comparable rates of exchange, mainly as a result of higher margins in Russia, Romania, Hungary and Spain, which more than offset the impact of reduced volumes in a number of markets.

In Asia-Pacific, profit rose by £ 56 million to £ 672 million, mainly attributable to strong performances from Australasia, Vietnam, Pakistan and Bangladesh, despite the adverse impact of exchange rates. At comparable rates of exchange, profit would have increased by £ 66 million or 11 per cent.

Profit in Latin America increased by £ 69 million to £ 680 million due to good performances in key markets such as Brazil and Venezuela, partly offset by lower profit in Mexico and the adverse impact of some weaker local currencies. At comparable rates of

exchange, profit would have increased by £ 86 million or 14 per cent.

Profit in the Africa and Middle East region was £ 2 million higher at £ 470 million due to exchange rate movements. However, at comparable rates of exchange, profit would have increased by £ 53 million or 11 per cent with strong performances from South Africa and Nigeria.

The profit from the America-Pacific region increased by £ 22 million to £ 446 million as a result of higher profit in local currency in Japan and Canada, partly offset by the impact of weaker exchange rates. At comparable rates of exchange, profit would have increased by £ 45 million or 11 per cent.

BAT's associated companies comprise Reynolds American, ITC and Skandinavisk Tobakskompagni (ST). BAT's share of the post-tax results of its associates increased by £ 11 million, or 3 per cent to £ 442 million, after taxation of £ 246 million. Excluding exceptional items, BAT's share of the post-tax results of associates was £ 449 million. However, BAT's share of these results was particularly affected by the weakening of the average US dollar rate against sterling from 1.844 to 2.001 and, at comparable rates of exchange, the increase would have been 11 per cent.

In terms of recent developments, BAT announced an agreement to acquire 100 per cent of the Skandinavisk Tobakskompagni's (ST) cigarette and snus business in exchange for its 32.25 per cent holding in ST and payment of DKK 11 384 million in cash. This transaction is subject to approval by the European Commission. ST accounts for more than 60 per cent of cigarette sales in Scandinavia. In addition, BAT won the public tender for the cigarette assets of Tekel, the Turkish state owned tobacco company, with a bid of US\$ 1 720 million (£ 860 million). On completion, which is expected later this year and is subject to regulatory approvals, the acquisition will raise BAT's market share in Turkey, the eighth largest cigarette market in the world, to some 36 per cent from just over 7 per cent prior to acquisition.

Further information in respect of British American Tobacco can be obtained from that company's website: www.bat.com.

Analysis of underlying net profit attributable to unitholders

in € millions	March 2008			March 2007		
	Underlying	Non-recurring items	IFRS	Underlying	Non-recurring items	IFRS
Sales	5 302	-	5 302	4 827	-	4 827
Operating profit	1 108	-	1 108	900	16	916
Net profit - parent and subsidiaries	961	-	961	772	16	788
Share of post-tax profit of associates	621	(11)	610	578	(38)	540
Net profit attributable to unitholders	1 582	(11)	1 571	1 350	(22)	1 328
Underlying earnings per unit excluding non-recurring items						
Basic	€ 2.819		€ 2.800	€ 2.405		€ 2.366
Diluted basis	€ 2.780		€ 2.760	€ 2.369		€ 2.331

During the year under review, there were no significant non-recurring items in operating profit.

During the prior year, the Group realised non-recurring income of € 16 million, being a net gain on the disposal of a retail property lease by Alfred Dunhill.

The non-recurring items included in the Group's share of the results of its associate, BAT, amounted to a net charge of € 11 million in the year under review (2007: € 38 million). This primarily reflected restructuring charges, net of gains and losses on the disposal of businesses and brands as well as termination fees received by Reynolds American, an associated company of BAT. Non-recurring items in respect of BAT are reported net of taxation and minority interests

in the analysis above. Non-recurring items include those of BAT's subsidiary companies as well as its own associated companies.

Excluding non-recurring items from both years, attributable net profit in the year to 31 March 2008 would have been € 1 582 million compared to € 1 350 million in the prior year, an increase of 17 per cent.

Excluding non-recurring items, Richemont's basic earnings per unit would have increased by 17 per cent from € 2.405 to € 2.819 and diluted earnings per unit would have increased by 17 per cent from € 2.369 to € 2.780.

Cash flow

in € millions	March 2008	March 2007
Operating profit	1 108	916
Depreciation, amortisation and other items, net	134	175
Increase in working capital	(274)	(121)
Cash generated from operations	968	970
Dividends received from associate	325	280
Net interest received	41	27
Taxation paid	(171)	(177)
Net acquisitions of tangible fixed assets	(265)	(201)
Net acquisitions of intangible assets	(30)	(20)
Other investing activities, net	(102)	(126)
Net cash inflow before financing activities	766	753
Dividends paid to unitholders	(701)	(612)
Ordinary dividend	(364)	(334)
Special dividend	(337)	(278)
Increase/(decrease) in borrowings and other financing activities	69	(14)
Net cash flow in respect of treasury units	(37)	63
Exchange rate effects	51	17
Increase in cash and cash equivalents	148	207
Cash and cash equivalents at the beginning of the year	1 623	1 416
Cash and cash equivalents at end of year (1)	1 771	1 623
Borrowings	(525)	(482)
Net cash at the end of the year	1 246	1 141

The Group's net cash position at 31 March 2008 was € 1 246 million compared with € 1 141 million twelve months earlier. The increase in net cash largely reflects the net cash inflow before financing activities of € 766 million, partly offset by the payment of ordinary and special dividends to unitholders in September 2007.

Cash generated from operations totalled € 968 million for the year. An increase in working capital, due to higher inventories, largely offset the higher contribution from operating profit. The increase in net inventories reflected principally higher raw material stocks and work in progress.

Dividends received from the Group's associate, BAT, comprised the final dividend in respect of its financial year ended 31 December 2006, received in May 2007 and the interim dividend for the 2007 financial year, received in September 2007.

Net acquisitions of tangible fixed assets amounted to € 265 million. This amount included investments in the

Group's network of boutiques as well as the further investment in the Maisons' manufacturing facilities.

Other investing activities included the acquisition of the watch component production facilities of Manufacture Roger Dubuis SA, the watch case maker Donzé-Baume SA and the *Haute Couture* Maison of Azzedine Alaïa. The cash outflow from these investing activities was partly offset by proceeds from the disposal of financial assets.

In order to hedge executive stock option grants, the Group exercised options to purchase Richemont units for a consideration of € 60 million and bought further call options over Richemont 'A' units for a consideration of € 20 million. The cost of these purchases was partly offset by proceeds from the exercise of stock options by executives, leading to a net cash outflow of € 37 million.

(1) Cash and cash equivalents are as per the consolidated cash flow statement on page 19 of this report.

Summarised balance sheet

in € millions	<u>31 March 2008</u>	<u>31 March 2007</u>
Non-current assets		
Fixed assets	1 207	922
Investment in associated undertakings	3 008	3 506
Other non-current assets	493	546
	<u>4 708</u>	<u>4 974</u>
Net current assets	<u>1 866</u>	<u>1 594</u>
Net operating assets	6 574	6 568
Net cash	1 246	1 141
Cash and cash equivalents	1 771	1 623
Borrowings	(525)	(482)
Other non-current liabilities	(168)	(196)
	<u>7 652</u>	<u>7 513</u>
Equity		
Unitholders' equity	7 648	7 511
Minority interests	4	2
	<u>7 652</u>	<u>7 513</u>

At 31 March 2008, the Group's interest in BAT's ordinary shares amounted to 19.3 per cent and BAT's market capitalisation, based on 2 016 million ordinary shares in issue, amounted to € 47 815 million (£ 38 126 million).^{aa} The fair value of the Group's investment in BAT therefore amounted to € 9 250 million. The carrying value of the investment amounted to € 2 998 million on that date. Details of movements in the Group's effective interest in BAT ordinary shares during the year are given in the commentary on page 9. The carrying value of investments in other associates at 31 March 2008 was € 10 million.

Net current assets increased by € 272 million compared to March 2007. The value of net inventories increased by 20 per cent to € 2 076 million. The inventory increase largely reflects the purchase of raw materials and an increase in the work in progress inventories. Consequently, the inventory rotation rate has slowed by 1.3 months to 16.4 months. The

increases in inventories were partly offset by increases in current liabilities.

At 31 March 2008, net cash amounted to € 1 246 million. Cash balances were primarily denominated in euros, whereas borrowings were spread across the principal currencies of the countries in which the Group has significant operations, namely, euros, yen, US dollars, Hong Kong dollars and Swiss francs. Borrowings reflect the financing of net operating assets in the countries concerned.

Unitholders' equity amounted to € 7 648 million, net of the cost of repurchased treasury units and related instruments. These treasury units are held as a hedge against the exercise of executive unit options. At 31 March 2008, the Group held 13.1 million treasury units, representing 2.5 per cent of the total number of the 'A' bearer units in issue.

Proposed dividend

The Board has proposed an ordinary dividend of € 0.78 per unit, an increase of 20 per cent over the prior year's level. Withholding tax is payable on the proposed dividend to be paid by Compagnie Financière Richemont SA, Switzerland as detailed in the table below.

The dividends will be payable following the Annual General Meeting in September 2008. The meeting is currently scheduled to take place on Wednesday, 10 September 2008. The currently anticipated dividend payment dates are as follows:

'A' unit dividend: Monday, 15 September 2008

The dividend in respect of Richemont 'A' units is payable in euros.

South African Depository Receipt dividend: Friday, 26 September 2008

The South African Depository Receipt dividend is payable in rand to residents of the South African Common Monetary Area ('CMA') but may, dependent upon status, be payable in euros to non-CMA residents.

The dividend will be paid as follows:

	Gross dividend per unit	Withholding tax @ 35%	Net payable per unit
Ordinary dividend			
Richemont SA, Luxembourg	€ 0.720	-	€ 0.720
Compagnie Financière Richemont SA, Switzerland	€ 0.060	(€ 0.021)	€ 0.039
	<u>€ 0.780</u>	<u>(€ 0.021)</u>	<u>€ 0.759</u>

Norbert Platt
Chief Executive Officer

Richard Lepeu
Group Finance Director

Compagnie Financière Richemont SA
Geneva, 22 May 2008

**Extracts from the audited
consolidated financial statements
at 31 March 2008**

Consolidated balance sheet at 31 March

	Note	2008 € m	2007 € m
ASSETS			
Non-current assets			
Property, plant and equipment		975	808
Intangible assets		232	114
Investments in associated undertakings	2	3 008	3 506
Deferred income tax assets		251	268
Financial assets held at fair value through profit or loss		68	113
Other non-current assets		174	165
		<u>4 708</u>	<u>4 974</u>
Current assets			
Inventories		2 076	1 732
Trade and other receivables		641	658
Derivative financial instruments		72	15
Prepayments and accrued income		147	121
Cash at bank and on hand		2 094	1 881
		<u>5 030</u>	<u>4 407</u>
Total assets		<u>9 738</u>	<u>9 381</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		334	334
Participation reserve		645	645
Treasury units		(268)	(264)
Hedge and unit option reserves		176	151
Cumulative translation adjustment reserve		(348)	113
Retained earnings		7 109	6 532
Total Unitholders' equity		<u>7 648</u>	<u>7 511</u>
Minority interest		<u>4</u>	<u>2</u>
Total equity		<u>7 652</u>	<u>7 513</u>
LIABILITIES			
Non-current liabilities			
Borrowings		246	203
Deferred income tax liabilities		59	32
Retirement benefit obligations		42	103
Provisions		52	61
Other long term liabilities		15	-
		<u>414</u>	<u>399</u>
Current liabilities			
Trade and other payables		563	488
Current income tax liabilities		188	160
Borrowings		12	28
Derivative financial instruments		8	2
Provisions		95	90
Accruals and deferred income		216	192
Short-term loans		267	251
Bank overdrafts		323	258
		<u>1 672</u>	<u>1 469</u>
Total liabilities		<u>2 086</u>	<u>1 868</u>
Total equity and liabilities		<u>9 738</u>	<u>9 381</u>

**Consolidated income statement
for the year ended 31 March**

		2008	2007
	<i>Notes</i>	€ m	€ m
Sales	1	<u>5 302</u>	<u>4 827</u>
Cost of sales		(1 897)	(1 753)
Gross profit		<u>3 405</u>	<u>3 074</u>
Selling and distribution expenses		(1 181)	(1 090)
Communication expenses		(607)	(570)
Administrative expenses		(522)	(503)
Other operating income	3	13	5
Operating profit		<u>1 108</u>	<u>916</u>
Finance costs	4	(114)	(58)
Finance income	4	161	89
Share of post-tax profit of associated undertakings	2	610	540
Profit before taxation		<u>1 765</u>	<u>1 487</u>
Taxation	5	(195)	(158)
Net profit		<u>1 570</u>	<u>1 329</u>
Attributable to:			
Unitholders		1 571	1 328
Minority interest		(1)	1
		<u>1 570</u>	<u>1 329</u>
Earnings per unit for profit attributable to Unitholders during the year (expressed in € per unit)			
- basic	6	<u>2.800</u>	<u>2.366</u>
- diluted	6	<u>2.760</u>	<u>2.331</u>

Consolidated statement of changes in equity for the year ended 31 March

	Equity attributable to Unitholders					Minority	Total	
	Unitholders' capital € m	Treasury units € m	Other reserves € m	Cumulative translation adjustment reserve € m	Retained earnings € m	Total € m	interest € m	equity € m
Balance at 1 April 2006	979	(408)	72	38	6 092	6 773	8	6 781
Currency translation adjustments	-	-	-	75	-	75	-	75
Cash flow hedges:								
- net gains	-	-	22	-	-	22	-	22
- recycle to income statement	-	-	(3)	-	-	(3)	-	(3)
Net share of expense of associated undertakings recognised directly in equity	-	-	-	-	(97)	(97)	-	(97)
Tax on items recognised directly in equity	-	-	29	-	-	29	-	29
Net income / (expense) recognised directly in equity	-	-	48	75	(97)	26	-	26
Net profit	-	-	-	-	1 328	1 328	1	1 329
Total recognised income	-	-	48	75	1 231	1 354	1	1 355
Acquisition of minority interest	-	-	-	-	-	-	(7)	(7)
Net share of transactions of associated undertakings with their equity holders	-	-	-	-	(98)	(98)	-	(98)
Net changes in treasury units	-	144	-	-	(81)	63	-	63
Employee unit option scheme	-	-	31	-	-	31	-	31
Dividends paid	-	-	-	-	(612)	(612)	-	(612)
Balance at 31 March 2007	979	(264)	151	113	6 532	7 511	2	7 513
Currency translation adjustments	-	-	-	(461)	-	(461)	3	(458)
Cash flow hedges:								
- net gains	-	-	31	-	-	31	-	31
- recycle to income statement	-	-	(13)	-	-	(13)	-	(13)
Net share of expense of associated undertakings recognised directly in equity	-	-	-	-	(87)	(87)	-	(87)
Tax on items recognised directly in equity	-	-	(24)	-	-	(24)	-	(24)
Net income / (expense) recognised directly in equity	-	-	(6)	(461)	(87)	(554)	3	(551)
Net profit	-	-	-	-	1 571	1 571	(1)	1 570
Total recognised income/(expense)	-	-	(6)	(461)	1 484	1 017	2	1 019
Net share of transactions of associated undertakings with their equity holders	-	-	-	-	(173)	(173)	-	(173)
Net changes in treasury units	-	(4)	-	-	(33)	(37)	-	(37)
Employee unit option scheme	-	-	31	-	-	31	-	31
Dividends paid	-	-	-	-	(701)	(701)	-	(701)
Balance at 31 March 2008	979	(268)	176	(348)	7 109	7 648	4	7 652

Consolidated cash flow statement for the year ended 31 March

	2008	2007
<i>Note</i>	€ m	€ m
Cash flows from operating activities		
Cash flow generated from operations	968	970
Interest received	82	60
Interest paid	(41)	(33)
Dividends from associated undertaking	325	280
Taxation paid	(171)	(177)
Net cash generated from operating activities	<u>1 163</u>	<u>1 100</u>
Cash flows from investing activities		
Acquisition of subsidiary undertakings, net of cash acquired	(145)	(19)
Acquisition of associated undertakings	(1)	(4)
Acquisition of minority interest	-	(20)
Acquisition of property, plant and equipment	(271)	(207)
Proceeds from disposal of property, plant and equipment	6	6
Acquisition of intangible assets	(33)	(40)
Proceeds from disposal of intangible assets	3	20
Acquisition of other non-current assets	(44)	(102)
Proceeds from disposal of other non-current assets	88	19
Net cash used in investing activities	<u>(397)</u>	<u>(347)</u>
Cash flows from financing activities		
Proceeds from borrowings	179	284
Repayment of borrowings	(107)	(295)
Dividends paid	(701)	(612)
Payment for treasury units	(80)	(14)
Proceeds from sale of treasury units	43	77
Capital element of finance lease payments	(3)	(3)
Net cash used in financing activities	<u>(669)</u>	<u>(563)</u>
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of year	1 623	1 416
Exchange gains on cash and cash equivalents	51	17
Cash and cash equivalents at end of year	<u>1 771</u>	<u>1 623</u>

Notes to the consolidated financial statements 31 March 2008

Accounting policies and basis of preparation

These consolidated financial statements of the Company are for the year ended 31 March 2008. They have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements are presented in millions of euros; the euro represents the functional and presentational currency of the Group.

1. Segment information

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

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

(a) Primary reporting format – business segments

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

- Jewellery Maisons - businesses whose heritage is in the design, manufacture and distribution of jewellery products; these comprise Cartier and Van Cleef & Arpels.
- Specialist Watchmakers – businesses whose primary activity includes the design, manufacture and distribution of precision timepieces. The Group's specialist watchmakers comprise Jaeger-LeCoultre, Baume & Mercier, IWC, Vacheron Constantin, A. Lange & Söhne, Piaget and Officine Panerai.
- Writing Instrument Maisons - businesses whose primary activity includes the design, manufacture and distribution of writing instruments. These are Montblanc and Montegrappa.
- Leather and Accessories Maisons – businesses whose principal activities include the design and distribution of leather goods and other accessories, being Alfred Dunhill and Lancel.

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

Amounts included in Corporate represent the costs of the Group's corporate operations which cannot be meaningfully attributed to the segments.

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

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

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

The segment results for the years ended 31 March are as follows:

	Sales		Inter-segment sales		Total segment sales	
	2008	2007	2008	2007	2008	2007
	€ m	€ m	€ m	€ m	€ m	€ m
Sales						
Jewellery Maisons	2 657	2 435	1	1	2 658	2 436
Specialist Watchmakers	1 378	1 203	7	5	1 385	1 208
Writing Instrument Maisons	637	585	1	11	638	596
Leather and Accessories Maisons	309	307	-	-	309	307
Other Businesses	321	297	105	97	426	394
	<u>5 302</u>	<u>4 827</u>	<u>114</u>	<u>114</u>	<u>5 416</u>	<u>4 941</u>
					2008	2007
Operating result					€ m	€ m
Jewellery Maisons					<u>767</u>	<u>667</u>
Specialist Watchmakers					376	274
Writing Instrument Maisons					120	110
Leather and Accessories Maisons					(3)	(11)
Other Businesses					5	20
Corporate					<u>(157)</u>	<u>(144)</u>
Operating profit					1 108	916
Finance costs					(114)	(58)
Finance income					<u>161</u>	<u>89</u>
Operating profit before share of results of associated undertakings					1 155	947
Share of post-tax profit of associated undertakings					610	540
Profit before taxation					<u>1 765</u>	<u>1 487</u>
Taxation					<u>(195)</u>	<u>(158)</u>
Net profit					<u>1 570</u>	<u>1 329</u>

Net segment assets at 31 March are as follows:

	Segment assets		Segment liabilities		Net segment assets	
	2008	2007	2008	2007	2008	2007
	€ m	€ m	€ m	€ m	€ m	€ m
Net segment assets						
Jewellery Maisons	1 777	1 656	(295)	(259)	1 482	1 397
Specialist Watchmakers	1 019	843	(164)	(135)	855	708
Writing Instrument Maisons	446	362	(86)	(80)	360	282
Leather and Accessories Maisons	181	169	(60)	(67)	121	102
Other Businesses	459	211	(111)	(86)	348	125
Corporate	503	485	(233)	(206)	270	279
	<u>4 385</u>	<u>3 726</u>	<u>(949)</u>	<u>(833)</u>	<u>3 436</u>	<u>2 893</u>
Investments in associated undertakings	3 008	3 506	-	-	3 008	3 506
Cash and cash equivalents	2 094	1 881	(323)	(258)	1 771	1 623
Short-term loans and borrowings	-	-	(525)	(482)	(525)	(482)
Retirement benefit obligations	-	-	(42)	(103)	(42)	(103)
Deferred and current income tax, net	251	268	(247)	(192)	4	76
Net assets	<u>9 738</u>	<u>9 381</u>	<u>(2 086)</u>	<u>(1 868)</u>	<u>7 652</u>	<u>7 513</u>

Other segment information for the years ended 31 March is as follows:

Items related to property, plant, equipment and intangible assets	Capital expenditure		Depreciation/amortisation charge	
	2008	2007	2008	2007
	€ m	€ m	€ m	€ m
Jewellery Maisons	107	104	63	54
Specialist Watchmakers	61	49	31	26
Writing Instrument Maisons	43	33	21	19
Leather and Accessories Maisons	25	20	11	11
Other Businesses	36	20	19	10
Corporate	39	34	29	24
	<u>311</u>	<u>260</u>	<u>174</u>	<u>144</u>

Other non-cash items	Unit option costs	
	2008	2007
	€ m	€ m
Jewellery Maisons	6	6
Specialist Watchmakers	5	4
Writing Instrument Maisons	2	2
Leather and Accessories Maisons	1	1
Other Businesses	1	1
Corporate	16	19
	<u>31</u>	<u>33</u>

(b) Secondary reporting format – geographical segments

Sales, segment assets and capital expenditure in the three main geographical areas where the Group's business segments operate are as follows in respect of the years ended 31 March:

	Sales		Segment assets at 31 March		Capital expenditure	
	2008	2007	2008	2007	2008	2007
	€ m	€ m	€ m	€ m	€ m	€ m
Europe	2 293	2 042	3 273	2 587	194	178
France	493	462	508	470	25	26
Switzerland	257	211	1 911	1 364	92	88
Germany, Italy and Spain	690	671	492	445	30	33
Other Europe	853	698	362	308	47	31
Asia	1 995	1 801	676	690	75	54
China/Hong Kong	791	600	239	278	34	21
Japan	699	731	293	276	30	22
Other Asia	505	470	144	136	11	11
Americas	1 014	984	436	449	42	28
USA	777	771	345	393	36	25
Other Americas	237	213	91	56	6	3
	<u>5 302</u>	<u>4 827</u>	<u>4 385</u>	<u>3 726</u>	<u>311</u>	<u>260</u>

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

2. Investments in associated undertakings

	BAT	Other	Total
	€ m	€ m	€ m
At 1 April 2006	3 343	4	3 347
Exchange adjustments	90	-	90
Share of post-tax profit	539	1	540
Dividends received	(280)	-	(280)
Acquisition of associated undertakings	-	4	4
Other equity movements arising from:			
- expenses recognised directly in equity	(97)	-	(97)
- transactions with equityholders	(98)	-	(98)
At 31 March 2007	<u>3 497</u>	<u>9</u>	<u>3 506</u>
Exchange adjustments	(523)	(1)	(524)
Share of post-tax profit	609	1	610
Dividends received	(325)	-	(325)
Acquisition of associated undertakings	-	1	1
Other equity movements arising from:			
- expenses recognised directly in equity	(87)	-	(87)
- transactions with equityholders	(173)	-	(173)
At 31 March 2008	<u>2 998</u>	<u>10</u>	<u>3 008</u>

Investments in associated undertakings at 31 March 2008 include goodwill of € 2 200 million (2007: € 2 583 million).

British American Tobacco ('BAT')

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

	2008	2007
	€ m	€ m
Operating profit	<u>826</u>	<u>748</u>
After:		
Share of other expense	<u>(27)</u>	<u>(41)</u>
Finance costs	(137)	(106)
Finance income	53	28
Share of post-tax profit of associates	<u>134</u>	<u>118</u>
Profit before taxation	<u>876</u>	<u>788</u>
Taxation	<u>(223)</u>	<u>(205)</u>
Net profit	<u>653</u>	<u>583</u>
Attributable to:		
Shareholders' equity	609	539
Minority interest	<u>44</u>	<u>44</u>
	<u>653</u>	<u>583</u>

Richemont accounts for its effective interest in BAT under the equity method. At 31 March 2008, the Group held an effective interest of 19.3 per cent in BAT. The Group has joint control of R&R Holdings SA, Luxembourg ('R&R') which holds 30.0 per cent of BAT, and this joint venture has the ability to exert significant influence over BAT, including representation on the Board of Directors. Thus, Richemont considers BAT to be an associated undertaking.

The market capitalisation of BAT ordinary shares at 31 March 2008 was £ 38 126 million (2007: £ 32 658 million). The fair value of the Group's effective interest of 19.3 per cent in BAT ordinary shares at that date was € 9 250 million (2007: effective interest 19.0 per cent, fair value € 9 130 million).

3. Other operating income

	2008	2007
	€ m	€ m
Royalty income - net	<u>15</u>	<u>13</u>
Profit on sale of an interest in a leasehold property	-	19
Other expenses	<u>(2)</u>	<u>(27)</u>
	<u>13</u>	<u>5</u>

4. Net finance income

	2008	2007
	€ m	€ m
Finance income:		
Interest income on bank and other deposits	82	62
Dividend income on financial assets at fair value through profit or loss	6	2
Net changes in fair value of financial assets at fair value through profit or loss	9	16
Net foreign exchange gains on derivatives	64	9
Finance income	161	89
Finance costs:		
Interest expense:		
- bank borrowings	(35)	(32)
- other financial expenses	(1)	(2)
Net foreign exchange losses on monetary items	(78)	(24)
Finance costs	(114)	(58)
Net finance income	47	31

Foreign exchange gains resulting from effective hedge derivative instruments of € 13 million (2007: gains of € 3 million) were reflected in cost of sales during the year. Gains and losses on all non-hedge derivatives are included in net finance income.

5. Taxation

Taxation charge in the income statement:

	2008	2007
	€ m	€ m
Current tax	204	144
Deferred tax charge/(credit)	(9)	14
	195	158

The average effective tax rate is calculated in respect of profit before taxation but excluding the share of post-tax profit of associated undertakings. The rates for the years ended 31 March 2008 and 2007 were 16.9 per cent and 16.7 per cent respectively.

6. Earnings per unit

Basic

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

	2008	2007
Profit attributable to Unitholders of the Company (€ millions)	1 571	1 328
Weighted average number of units in issue (millions)	561.1	561.4
Basic earnings per unit (€ per unit)	2.800	2.366

Diluted

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

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

	2008	2007
Profit attributable to Unitholders of the Company (€ millions)	1 571	1 328
Weighted average number of units in issue (millions)	561.1	561.4
Adjustment for unit options (millions)	8.0	8.4
Weighted average number of units for diluted earnings per unit (millions)	569.1	569.8
Diluted earnings per unit (€ per unit)	2.760	2.331

7. Cash flow generated from operating activities

	2008	2007
	€ m	€ m
Operating profit	1 108	916
Depreciation of property, plant and equipment	139	121
Amortisation of intangible assets	35	23
Loss on disposal of property, plant and equipment	1	-
Profit on disposal of intangible assets	(2)	(19)
Increase in provisions	2	14
(Decrease)/increase in retirement benefit obligations	(60)	2
Non-cash items	19	34
Increase in inventories	(308)	(145)
Increase in trade debtors	(11)	(56)
Increase in other receivables, prepayments and accrued income	(13)	(37)
Increase in current liabilities	58	117
Cash flow generated from operations	968	970

8. Share-based payment

Unit option scheme

The Group has a long-term unit-based compensation plan whereby executives are awarded options to acquire units at a pre-determined price. Awards under the unit option scheme vest over periods of three to eight years and have expiry dates, the date after which unexercised options lapse, of between five and thirteen years from the date of grant. During the year ended 31 March 2008, awards of 2 368 400 options (2007: 3 343 800 options) were granted at a weighted average exercise price of CHF 75.10 (2007: CHF 53.10) per unit. Options in respect of 2 697 893 units (2007: 5 405 424 units) were exercised during the year at an average exercise price of CHF 25.97 (2007: CHF 23.18) per unit.

Exchange rates

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

Exchange rates against the Euro	Year to March 2008	Year to March 2007
Average		
United States dollar	1.42	1.28
Japanese yen	161.59	150.00
Swiss franc	1.64	1.59
Pound sterling	0.71	0.68
	31 March 2008	31 March 2007
Closing		
United States dollar	1.58	1.33
Japanese yen	157.82	157.22
Swiss franc	1.57	1.62
Pound sterling	0.80	0.68

Statutory Information

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

The closing price of a Richemont 'A' unit on 31 March 2008 was CHF 55.70 and the market capitalisation of the Group's 'A' units on that date was CHF 29 075 million (€ 18 531 million). Over the preceding twelve months, the highest closing price of an 'A' unit was CHF 82.80 (29 October 2007), and the lowest CHF 52.75 (17 March 2008).

Compagnie Financière Richemont SA

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