RICHEMONT

INTERIM RESULTS

Richemont, the Swiss luxury goods group, announces its unaudited results for the six-month period ended 30 September 1999. These results are presented here for the first time in Euros.

	September 1999	September 1998	
Sales	**€ 1 263.4 m**	€ 1 051.0 m	+ 20.2 %
Operating profit	**€ 205.9 m**	€ 151.6 m	+ 35.8 %
Attributable profit			
- parent and subsidiaries	**€ 134.4 m**	€ 105.9 m	+ 26.9 %
- share of associated companies	**€ 208.2 m**	€ 183.1 m	+ 13.7 %
- the Group	**€ 342.6 m**	€ 289.0 m	+ 18.5 %
Earnings per unit – fully diluted basis	**€ 60.05**	€ 50.33	+ 19.3 %

The operating and attributable profit figures exclude the effects of goodwill amortisation and exceptional items from the results for both periods. To facilitate the comparison of the results of Richemont's luxury goods businesses following the merger of Rothmans International with British American Tobacco, the results of the Group's tobacco interests have been accounted for under the equity method in both the current and prior periods and are therefore excluded from sales, operating profit and attributable profit of the parent and its subsidiaries for both periods.

- Operating profit of Richemont's luxury goods businesses increased by 36 per cent to € 205.9 million. This reflected sales growth of 20 per cent during the period.
- Whilst all product categories showed good growth in sales, watch sales were particularly strong, growing by 30 per cent.
- Sales in the Far East grew by 43 per cent, reflecting the strong economic recovery in that region, whilst sales in the Americas increased by 19 per cent. Sales in Europe grew by a more modest 8 per cent.
- Attributable profit of the parent and its subsidiaries – effectively the Group's luxury goods businesses – increased by 27 per cent to € 134.4 million.
- The Group's share of the results of associated companies grew by 14 per cent to € 208.2 million, largely as a result of higher earnings in respect of the Group's tobacco interests, which are now held through its 23.3 per cent shareholding in British American Tobacco.
- Earnings per unit on a fully diluted basis grew by 19 per cent to € 60.05.
- Richemont will initiate a programme to buy back a further 100 000 'A' units in the market over the coming twelve month period. This is in addition to the programme to acquire 100 000 units, announced in February and completed in April of this year.

Business review

Luxury goods – sales and operating profit

Operating profit of Richemont's luxury goods businesses increased by 36 per cent to € 205.9 million, reflecting sales growth of 20 per cent due to strong watch sales and the continued recovery in Asian markets. In addition, the strength of the US dollar and the yen has had a beneficial effect on sales and gross margin, the latter having increased by 1.3 percentage points to 65.3 per cent.

	September 1999	September 1998		
	€ m	€ m		
Sales	**1 263.4**	1 051.0	+	20.2 %
Cost of sales	**(438.0)**	(378.2)	+	15.8 %
Gross margin	**825.4**	672.8	+	22.7 %
Net operating expenses	**(619.5)**	(521.2)	+	18.9 %
Operating profit	**205.9**	151.6	+	35.8 %

The 19 per cent increase in operating expenses is largely due to continued investment in the brands – being principally the cost of retail expansion and publicity expenses associated with new products, partly offset by cost reductions at Alfred Dunhill. The operating profit margin in the period increased from 14.4 per cent to 16.3 per cent.

Sales by region

	September 1999	September 1998		
	€ m	€ m		
Europe	**485.6**	451.7	+	7.5 %
Far East	**485.3**	340.1	+	42.7 %
Americas	**256.7**	216.5	+	18.6 %
Other	**35.8**	42.7	-	16.2 %
	1 263.4	1 051.0	+	20.2 %

Sales in the Far East increased by 43 per cent over the prior period, reflecting a good performance in Japan and the speed with which domestic sales elsewhere in the Asia-Pacific region have recovered from the economic difficulties of the two previous years. Cartier continues to benefit from an exceptionally strong brand image in Japan and remains the main contributor to the increased sales in that market. The underlying growth achieved in the domestic markets has been supported by a return to growth in the important Japanese tourist market which has benefited sales not only in the other Asian markets but also in the tourist destinations of Europe and the Americas.

Sales in Europe in the first few months of the year were lower than expected. However, performance has improved over the summer months and the growth achieved for the first half year as a whole reflects increasingly favourable economic conditions in most of the major markets. In the Americas, growth of 19 per cent largely reflects the success of new products and increased domestic demand which continued to benefit from the strong US economy. In addition, increased levels of tourism have contributed to the improvement in the retail business, particularly in Hawaii.

Sales by product line

	September 1999	September 1998			
	€ m	€ m			
Jewellery	**240.1**	211.1	+	13.7	%
Gold and jewellery watches	**291.0**	251.1	+	15.9	%
Other watches	**309.1**	210.8	+	46.6	%
Leather goods	**115.5**	96.8	+	19.3	%
Writing instruments	**102.7**	85.9	+	19.6	%
Menswear	**60.1**	51.5	+	16.7	%
Other	**144.9**	143.8	+	0.8	%
	1 263.4	1 051.0	+	20.2	%

In terms of product analysis, sales of new and gold jewellery items have increased significantly, reflecting growth in sales of established ranges together with the continued success of Cartier's strategy of increasing its share of the gold jewellery market with innovative new products. The major development in the first half has been the success of "Nouvelle Vague", an original concept combining highly contemporary pieces of both new and gold jewellery. Sales of high jewellery pieces were below last year's levels, partly in anticipation of the launch of a new collection by Cartier. Overall, jewellery sales in the first half grew by 14 per cent reflecting the strong growth in sales of new and gold jewellery offset by the decrease in sales of high jewellery pieces.

Successful new product launches have also contributed to a 16 per cent increase in sales of gold and jewellery watches in the first six months. This is a product line which is particularly important in the Far Eastern markets and brands such as Piaget and Vacheron Constantin, as well as Cartier, have therefore shown particularly good increases as a result of increased demand in the region.

The Group's brands have been particularly successful in exploiting the trend in the watch market towards white metals such as platinum, white gold and steel. This has been evident from the 47 per cent increase in sales of other watches in the first half of the year. Following on from the successful launches of the Cartier "Pasha" and "Tank Française" steel models and the "Overseas" range by Vacheron Constantin in previous years, the first half included new developments in many of the group's steel watch lines. These included the launches of the innovative "Tank Basculante" from Cartier and the "CapeLand" from Baume & Mercier, both of which produced sales ahead of expectations.

Leather goods sales are particularly sensitive to trends in the Far Eastern tourist markets and the increase of 19 per cent over last year is a reflection of the increased demand in that region compared to a particularly depressed comparative period. This underlying growth has been stimulated by significant new product launches, including those by Alfred Dunhill.

Sales of writing instruments have returned to growth in the first half year, increasing by 20 per cent, largely due to better performance in the Far East and the introduction of new product lines. These included the “Diabolo du Cartier” and the range of special products launched to celebrate the 75th anniversary of the Montblanc’s ”Meisterstuck” range.

Menswear sales have shown good growth at Hackett and Sulka, whilst the improvements made in the Alfred Dunhill collections are beginning to be reflected in increased sales. Overall, menswear sales in the first six months are 17 per cent over last year.

Sales by distribution channel

	September 1999 € m	September 1998 € m		
Retail sales	**492.9**	396.6	+	24.3 %
Wholesale sales	**770.5**	654.4	+	17.7 %
	1 263.4	1 051.0	+	20.2 %

The continued strong growth in sales through the retail network is primarily due to the success achieved with sales of jewellery and gold and jewellery watches, which are primarily sold through the Group’s own stores and boutiques, the selective increase in the number of retail outlets and increased demand in the Far East. In the first six months of the year, 18 new outlets were opened, the main development being the opening of retail outlets by five of the Group’s brands in one block on Madison Avenue in New York as part of a single project. The results of this project are being carefully monitored with a view to similar investments in the future.

Sales through the wholesale distribution network increased by 18 per cent in the first six months, primarily as a result of the success of new products, complemented by increased domestic demand in Far Eastern markets and the effect of increased Japanese tourism on duty free sales world-wide.

Van Cleef & Arpels

In May 1999, Richemont acquired a controlling interest in Van Cleef & Arpels, one of the world’s leading brands in the field of high jewellery. The results of the Group for the period do not reflect any contribution from the company, which will be consolidated for the first time in the Group’s results for the second six months of the current financial year. The investment is carried in the Group balance sheet at 30 September 1999 as a long-term investment.

Change in basis of accounting for associated companies

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

To facilitate comparability, the Group's 66.7 per cent interest in Rothmans International held during the six months to 30 September 1998 and the two month period up to end May 1999 has been reflected in this report using the equity method and reflected in the Group's share of the results of associated companies. The 'Attributable profit of the parent and its subsidiaries' presented below therefore relates solely to Richemont's luxury goods operations and does not include the results of the tobacco business in either period.

Consolidated profit and loss account

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

	September 1999	September 1998 Proforma
	€ m	€ m
Operating profit	**205.9**	151.6
Net investment expense	**(10.8)**	-
Profit before taxation	**195.1**	151.6
Taxation	**(60.1)**	(45.2)
Profit after taxation	**135.0**	106.4
Minority interests	**(0.6)**	(0.5)
Attributable profit of the parent and its subsidiaries	**134.4**	105.9
Share of attributable profit of associates:	**208.2**	183.1
British American Tobacco / Rothmans International	**216.9**	190.1
Canal+	**(4.0)**	(2.9)
Hanover Direct	**(4.7)**	(4.1)
Attributable profit of the Group	**342.6**	289.0
Earnings per unit - basic	**€ 60.63**	€ 50.33
Earnings per unit – fully diluted	**€ 60.05**	€ 50.33

Net investment expense increased to € 10.8 million in the period under review, no net charge having arisen in the comparative period. The movement largely reflects interest relating to the outflows of funds in respect of the unit buy-back and the acquisition of Van Cleef & Arpels during the period.

The Group's overall taxation rate increased marginally to 30.8 per cent.

The attributable profit of the parent and its subsidiaries increased by € 28.5 million or some 27 per cent to € 134.4 million. This reflects the 36 per cent growth in operating profit in the period, offset to a degree by higher financing and taxation costs.

Earnings per unit

Basic earnings per unit is calculated by reference to the weighted average number of units outstanding during the period of 5 650 963 units, taking into account the effects of the buy back of 100 000 units implemented during March and April 1999, and the attributable profit of the Group on an adjusted basis of € 342.6 million for the period.

Fully diluted earnings per unit is calculated by reference to 5 742 000 units outstanding and attributable profit on an adjusted basis for the period of € 344.8 million which reflects the notional additional interest of € 2.2 million which would have accrued to the company had the full number of shares been outstanding during the period.

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

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

As BAT’s financial year ends on 31 December, Richemont’s accounting treatment will in future involve adjustments to the results of BAT’s financial year ended 31 December to eliminate the first 3 months of each year and to add the results for the quarter ending 31 March of the following year.

Richemont’s accounting policies conform with International Accounting Standards, which require that full provision be made for all deferred tax assets and liabilities, whereas BAT prepares its financial statements under UK Generally Accepted Accounting Principles which prescribe partial provisioning. An adjustment must therefore be made to account for the difference in the accounting treatment of deferred tax assets and liabilities. In the current period the largest element thereof relates to costs incurred by BAT’s subsidiary in the United States in terms of the master settlement reached by the tobacco industry with the majority of states during 1998.

The table below illustrates the adjustments made to BAT’s reported results for the period to 30 September 1999 for inclusion in Richemont’s financial statements.

	£ m
Attributable profit as reported by BAT for the quarter ended 30 September 1999	200.0
Adjustments:	
- in respect of deferred taxation	79.0
- to eliminate goodwill amortisation	91.0
- to eliminate exceptional items:	
- restructuring costs arising from the merger	64.0
- gain on disposal of brands	(52.0)
Adjusted attributable profit of BAT for the quarter ended 30 September 1999	382.0
Attributable profit of BAT for June 1999 (adjusted on the same basis)	72.7
Adjusted attributable profit of BAT 1 June to 30 September 1999	**454.7**
Richemont’s 23.3 % share of the attributable profit of BAT for the period 1 June to 30 September 1999	106.1
Richemont’s 66.7 % share of the attributable profit of Rothmans International for the period 1 April to 31 May 1999	36.4
Results of the Group’s tobacco interests for the period 1 April to 30 September 1999	**142.5**
	€ m
Converted at the average Euro/£ rate of 0.6568 for the period	**216.9**

Year-on-year comparisons of the results of BAT are complicated by the inclusion for the first time in the quarter to 30 September 1999 of the results of Rothmans International within BAT's published results. However, BAT's results on a pre-merger basis during the third quarter reflected an improvement over the trends seen in previous quarters of the current year. Operating profit on an adjusted basis for the quarter was only 1 per cent below the prior year's level whereas the operating results for the six-month period to 30 June 1999 had shown a decline of 9 per cent. BAT's earnings per share for the quarter ended 30 September 1999, adjusted for goodwill amortisation and exceptional items, were well above the level reported in respect of the first two quarters of the current year and 8 per cent above the level reported for the comparative quarter of the previous year.

In the announcement of its results for the nine months to 30 September 1999, BAT commented that group volumes continued to be affected by difficult trading conditions in the Asia-Pacific region, by price increases to fund the US tobacco settlements and by the cigarette export tax in Brazil. The good progress reported by BAT earlier in the year in a number of markets continued during the current quarter as, however, did the impact of downtrading on sales of BAT's international brands.

To date progress in the merger has been excellent, with many businesses already being managed on a unified basis. BAT believe therefore that the forecast cost savings of at least £ 250 million per annum will be achievable as planned.

Associated companies – Canal+

During September, Richemont completed the sale of its 15 per cent interest in Canal+ in exchange for a 2.9 per cent interest in Vivendi SA. Richemont received 17.5 million shares in Vivendi in exchange for its interest in Canal+. Vivendi, which prior to the transaction held a 34 per cent interest in Canal+, is a world leader in utilities and is a major participant in the construction, property and communication industries. Richemont will equity account for its share of the results of Canal+ up to September 1999. As the Group's results for the six-month period to 30 September 1999 includes Richemont's share of Canal+'s results for the period from January to June, Richemont will include the results of Canal+ for the quarter from July to September in its results for the second half of the year.

Richemont's share of the attributable loss of Canal+ for the six months to 30 June 1999, after adjusting for goodwill amortisation, was € 4.0 million, compared to a loss of € 2.9 million in the previous year.

Associated companies - Hanover Direct

Richemont holds a 49 per cent interest in Hanover Direct, a leading direct retailer in the United States which provides branded merchandise to consumers through a portfolio of catalogues and e-commerce platforms as well as a range of telemarketing, e-commerce and fulfilment services to Internet based businesses.

In the six month period to 30 June 1999, Hanover Direct reported slightly increased net losses compared to the prior period. These losses are due primarily to the increased costs of implementing the company's strategic e-commerce and fulfilment initiatives, partly offset by significantly improved performances by the company's core catalogues. Internet related sales also grew significantly and Hanover Direct's third party fulfilment business was also successful in expanding its client base during the period.

At the attributable profit level, Richemont's share of Hanover Direct's losses for the six month period was € 4.7 million compared to a loss of € 4.1 million in the prior period.

Consolidated cash flow

As noted on page 5 of this report, the Group's 66.7 per cent interest in Rothmans International held during the six months to 30 September 1998 and the two-month period up to end May 1999 has been reflected in this report using the equity method. In consequence, the cash flows generated by Rothmans International are excluded from the consolidated cash flow statement presented below, which reflects only dividend flows from the company.

	30 September 1999	30 September 1998 Proforma
	€ m	€ m
Operating profit	**205.9**	151.6
Depreciation and other non-cash items	**41.8**	30.4
Decrease/(increase) in working capital	**(63.0)**	(164.9)
Net cash inflow from operating activities	**184.7**	17.1
Dividends received from associates	**52.0**	96.6
Returns on investments and servicing of finance	**(8.9)**	(10.2)
Taxation paid	**(55.8)**	(99.0)
Net acquisitions of tangible fixed assets	**(57.4)**	(39.6)
Buy–back of Richemont units	**(79.5)**	-
Other acquisitions and investments	**(280.8)**	9.2
Net cash outflow before financing activities	**(245.7)**	(25.9)
Dividends paid	**-**	(42.7)
Other financing activities	**8.0**	(29.7)
Exchange rate effects	**(1.8)**	(1.0)
Decrease in cash, cash equivalents and short-term borrowings	**(239.5)**	(99.3)
Cash and cash equivalents at beginning of the period	**109.2**	(13.8)
Cash and cash equivalents at end of period	**(130.3)**	(113.1)

Net cash inflow from operating activities increased by € 167.6 million, reflecting the increase in operating profit together with a lower increase in the level of working capital in the Group's luxury goods businesses compared with the prior period. This has been achieved notwithstanding the expansion of the Group's retail network and higher levels of sales.

Dividends received from associates principally reflects the dividends received from BAT during the period under review and from Rothmans International during the comparative period.

Other acquisitions and investments includes the acquisition of a 60 per cent interest in Van Cleef & Arpels in May 1999 together with other smaller investments during the period.

Richemont's dividend for the year ended 31 March 1999 was paid to unitholders during October and, in consequence, has no impact on the Group's cash flow in the period. The prior year comparative figure reflects that element of the dividend for the year ended 31 March 1998 which had been paid prior to 30 September, the balance being paid in October 1998.

Cash and cash equivalents at the beginning of the period excludes cash and cash equivalents in respect of Rothmans International, which was included in the consolidated balance sheet as at 31 March 1999 but which, in accordance with the approach set out on page 5, has now been included on an equity accounted basis. Proforma comparative results exclude the cash flow generated by Rothmans International on the same basis.

Consolidated balance sheet

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

	30 September 1999	31 March 1999 Proforma
	€ m	€m
Fixed assets		
Tangible	**395.6**	363.4
Investments in associated companies	**475.0**	1 540.3
Other long-term investments	**418.1**	185.0
	1 288.7	2 088.7
Net working capital	**787.6**	822.9
Net operating assets	**2 076.3**	2 911.6
Goodwill	**5 471.6**	1 943.9
Net borrowings	**(970.2)**	(720.7)
Cash, cash equivalents and short-term borrowings	**(130.3)**	109.2
Long-term borrowings	**(839.9)**	(829.9)
Other long-term liabilities	**(83.0)**	(78.0)
	6 494.7	4 056.8
Capital employed		
Unitholders' funds	**6 484.4**	4 047.7
Minority interests	**10.3**	9.1
	6 494.7	4 056.8

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

Other long-term investments have increased largely due to the inclusion for the time being of the Group's interest in Van Cleef & Arpels. In the financial statements for the year to 31 March 2000 this investment will be fully consolidated.

Net working capital fell to € 787.6 million reflecting an increase in operating working capital, offset by the accrual in respect of the dividend payable in respect of Richemont units, which was paid in early October.

Goodwill increased substantially to € 5 471.6 million as a consequence of the Group's investment in BAT in June this year. Goodwill of € 3 860.2 million arose in consequence of the merger.

Changes in unitholders' funds

The table below illustrates the movement in unitholders' funds during the period under review.

	€ m
Profit attributable to unitholders on an adjusted basis	342.6
Goodwill amortisation	(137.6)
Exceptional items:	
- as reported by the parent	2 582.4
- as reported by associated companies	(4.3)
Profit attributable to unitholders on a reported basis	2 783.1
Dividends declared	(115.9)
Buy-back of Richemont 'A' units	(79.5)
Translation and other adjustments	(151.0)
Net increase in unitholders' funds	2 436.7
Unitholders' funds at the beginning of the period	4 047.7
Unitholders' funds at the end of the period	6 484.4

Unitholders' funds increased during the period by € 2 436.7 million, the increase being principally due to profit attributable to unitholders on a reported basis of € 2 783.1 million, reduced by the buy-back of Richemont 'A' units and the dividend of € 115.9 million declared at the annual general meeting in September and paid in October. Unitholders' funds at the end of the period amounted to € 6 484.4 million.

Accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies as those set out on pages 53 to 55 of the Annual Report for the year ended 31 March 1999, with the exception of the presentation of the Group's share of the results of associated companies as detailed on page 5 of this report.

In compliance with the recently introduced International Accounting Standard 19 (revised) in respect of employee benefits, the Group has, with effect from 1 April 1999, amended its accounting policy in terms of employee benefits in general and pension obligations in particular. The transitional adjustment required to be recognised in terms of the balance sheet as at 31 March 1999 is currently being quantified and will be reported in the financial statements for the full year to 31 March 2000 as an adjustment to the opening balance of retained earnings. It is anticipated that this adjustment will have no material impact on retained earnings.

Swiss Stock Exchange compliance

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

Buy-back of Richemont units

The Board of Richemont has approved a programme to repurchase up to 100 000 Richemont 'A' units, representing some 2 per cent of the 'A' units in circulation. It is anticipated that the buy-back will be effected from time to time over the coming twelve month period through the purchase in the respective markets of 'A' units or Richemont depositary receipts. No second trading line will be introduced on the Swiss Exchange as a consequence of the offer. This programme is in addition to the buy-back of 100 000 units announced in February 1999 and completed in April 1999.

Outlook

A substantial proportion of Richemont's attributable profit is generated by its associated companies. Furthermore, for a variety of reasons, the earnings arising from Richemont's shareholding in British American Tobacco in the second half of the year are not comparable to those derived from Rothmans International in the previous period. Given that Richemont's associated companies are publicly quoted, it would be inappropriate for Richemont to comment on the earnings outlook for those companies. The following comments are therefore confined to Richemont's luxury goods businesses.

Richemont's luxury goods businesses have benefited during the first six months of the current year from the recovery in demand in Far Eastern markets together with the continued strength of the US economy. In line with the experience of other luxury goods companies, the improving trend in the Group's sales was already in evidence during the second half of the previous financial year. A continuation in the second six months of the strong rate of growth in sales seen during the period under review, may therefore not be achievable.

Notwithstanding that sales growth may slow in the second half year, the growth in expenditure on the Group's brands is planned to continue at a rate similar to that seen in the first six-month period. As a result, the improvement in operating profit of 36 per cent seen in the period under review is unlikely to be maintained. Nonetheless, with significant new product initiatives, additional store openings and promotional activities linked to the important pre-Christmas period, we are confident that Richemont's luxury goods businesses will be able to report good growth in attributable profit for the year as a whole.

Nikolaus Senn
Chairman

Johann Rupert
Chief Executive

Compagnie Financière Richemont AG

Zug, 22 November 1999

Appendix 1

Consolidated profit and loss account – on a reported basis

	Notes	Sept 1999 € m	Sept 1998 Proforma € m
Operating profit		**205.9**	151.6
Goodwill amortisation	1	**(36.3)**	(34.7)
Exceptional items	2	**2 582.4**	-
Profit before net investment expense and taxation		**2 752.0**	116.9
Net investment expense		**(10.8)**	-
Profit before taxation		**2 741.2**	116.9
Taxation		**(60.1)**	(45.2)
Profit after taxation		**2 681.1**	71.7
Minority interests		**(0.6)**	(0.5)
Attributable profit of the parent and its subsidiaries		**2 680.5**	71.2
Share of attributable profit of associates		**102.6**	115.7
Attributable profit of the Group on a reported basis		**2 783.1**	186.9
Earnings per unit on a reported basis - basic	3	**€ 492.50**	€ 32.55
Earnings per unit on a reported basis - fully diluted		**€ 485.07**	€ 32.55

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

		Sept 1999 € m	Sept 1998 Proforma € m
Attributable profit of the Group on a reported basis		**2 783.1**	186.9
Elimination of goodwill amortisation	1	**137.6**	102.1
Reported by the parent and its subsidiaries		**36.3**	34.7
Reported by associates		**101.3**	67.4
Elimination of exceptional items		**(2 578.1)**	-
Gain arising from Rothmans International / BAT merger		**(2 582.4)**	-
Reported by BAT		**4.3**	-
Attributable profit of the Group on an adjusted basis		**342.6**	289.0
Earnings per unit on an adjusted basis – basic	4	**€ 60.63**	€ 50.33
Earnings per unit on an adjusted basis - fully diluted		**€ 60.05**	€ 50.33

Note 1 - Goodwill amortisation

As shown above, the reported results have been impacted by the Group's accounting policy of amortising goodwill through the consolidated profit and loss account. The goodwill amortisation charge at the pre-tax profit level for the six months ended 30 September 1999 was € 36.3 million. An additional goodwill amortisation charge of € 101.3 million arises in respect of the Group's interest in associated companies. Of this, € 64.3 million relates to the Group's investment in BAT. Given the complexity of that transaction, however, the goodwill figure arising is provisional at this time.

Note 2 – Exceptional items

The exceptional gain in the six months to 30 September 1999 represents the gain realised by Richemont on the merger of Rothmans International with British American Tobacco. The transaction has been accounted for as a dilution of the Group's interest in Rothmans International in return for an equity interest in the enlarged BAT, resulting in a gain of € 2 582.4 million. The gain is calculated on the basis of the value of the shares in BAT received in consideration for the Group's interest in Rothmans International and the Group's share of the underlying net assets of Rothmans International together with the goodwill related thereto as at the date of transfer.

Note 3 – Earnings per unit on a reported basis

Basic earnings per unit is calculated by reference to the weighted average number of units outstanding during the period of 5 650 963 units, taking into account the effects of the buy back of 100 000 units implemented during March and April 1999, and the attributable profit of the Group on a reported basis of € 2 783.1 million for the period.

Fully diluted earnings per unit is calculated by reference to 5 742 000 units outstanding and attributable profit on a reported basis for the period of € 2 785.3 million which reflects the notional additional interest of € 2.2 million which would have accrued to the company had the full number of shares been outstanding during the period.

Note 4 – Earnings per unit on an adjusted basis

See note on page 6 of this document.

Appendix 2

Reporting currency

Richemont has adopted the Euro for financial reporting purposes with effect from 1 April 1999. For the six-month period ended 30 September 1999 average exchange rates against the Euro have been used to translate the results of subsidiaries and associates not reporting in Euros. Given that the Euro was introduced only on 1 January 1999, the comparative results for the six months ended 30 September 1998 have been translated using average exchange rates against the Ecu.

Average exchange rates against the Ecu/Euro	**September 1999**	**September 1998**
Sterling	0.6568	0.6711
U.S. dollar	1.0544	1.1141
Swiss franc	1.5997	1.6443
Closing exchange rates against the Euro	**September 1999**	**March 1999**
Sterling	0.6490	0.6682
U.S. dollar	1.0706	1.0733
Swiss franc	1.5977	1.5970

Richemont SA - change in currency denomination

In consequence of the change of reporting currency of the Group, it will be necessary for unitholders to approve a change in the currency of denomination of the share capital and participation reserve of Richemont SA, Luxembourg. An extraordinary general meeting of Richemont SA will be held for this purpose during the first quarter of 2000.

Notes for editors

Richemont is a Swiss luxury goods group. It is managed with a view to the profitable long-term development of successful international brands and is the parent of a family of some of the world's leading brands including Cartier, Alfred Dunhill, Montblanc, Lancel and Van Cleef & Arpels as well as the prestigious Swiss watch manufacturers Vacheron Constantin, Piaget and Baume & Mercier.

Following the merger of the Group's tobacco interests, previously held through Rothmans International, with British American Tobacco in June 1999, Richemont holds a 23.3 per cent interest in BAT, the world's second largest multinational tobacco company. It is publicly quoted on the London Stock Exchange.

In September 1999, Richemont exchanged its 15 per cent interest in Canal+ for a 2.9 per cent interest in Vivendi SA. Vivendi is a leading utility, construction, property and communication company and is listed on the Paris Bourse.

The Richemont financial statements for the year ended 31 March 1999 expressed in Euros, including 5-year historic summary data, may be downloaded from the Richemont internet site at www.richemont.com or may be obtained from the Group's registered office.