Compagnie Financière Richemont AG, Zug
Richemont SA, Luxembourg
Annual Report 1989
Richemont SA

Company secretary: Alain Greve

Registered office: 6300 Zürich, Wehrhansaase 5, Switzerland

Auditors: Marc Treilhard

Board of Directors: Jean-Paul Aeschimann, Jean Ruperti, Nicholas Sein

Company Information

Executive Director: Mathys Roux

Finance Director: Jean du Plessis

Managing Director: Joseph Kassoul

Deputy Chairman: John Ruperti

Chairman: Jean Paul Aeschimann

Executive Director: Howard Tanner

Executive Director: Elroy Nhlapo

Finance Director: Jan du Plessis

Managing Director: Joseph Kassoul

Executive Chairman: John Ruperti

Company Secretary: Alain Greve

Registered Office: 1930 Luxembourg, 24-26 Avenue de la Liberte, Luxembourg

Auditors: Price Waterhouse

Board of Directors: John Ruperti
<table>
<thead>
<tr>
<th></th>
<th>32.75</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>12-31-10</td>
<td>183.40</td>
<td></td>
</tr>
<tr>
<td>12-31-11</td>
<td>144.80</td>
<td></td>
</tr>
<tr>
<td><strong>m</strong></td>
<td>77.00</td>
<td></td>
</tr>
<tr>
<td><strong>m</strong></td>
<td>118.55</td>
<td></td>
</tr>
<tr>
<td><strong>m</strong></td>
<td>118.78</td>
<td></td>
</tr>
<tr>
<td><strong>m</strong></td>
<td>288.5</td>
<td></td>
</tr>
<tr>
<td><strong>Total profo</strong></td>
<td>855.0</td>
<td></td>
</tr>
<tr>
<td><strong>Total profo</strong></td>
<td>918.3</td>
<td></td>
</tr>
<tr>
<td><strong>Total profo</strong></td>
<td>730.0</td>
<td></td>
</tr>
<tr>
<td><strong>Total profo</strong></td>
<td>888.9</td>
<td></td>
</tr>
</tbody>
</table>

**Financial Highlights**
Dear Shareholders,

Thank you for your continuous support and for laying the foundations of Robemont’s achievements. Over the past year, we have been very proud to announce the results of our company.

On behalf of the Board of Directors, we wish to thank all our employees, partners, and associates who have contributed to this year’s achievements. The past year was characterized by good progress in all areas of business and by a strong focus on the consolidation of commercial and financial markets.

Our results are in line with the expectations of the opportunities offered by the market, including the balance of activities offering above-average returns on capital employed and the strong performance of the company’s activities in Europe, North America, and the Asia-Pacific region.

In addition, Robemont has expanded its business footprint throughout the world, increasing its presence in excess of 35 countries.

We are delighted to share that Robemont AG and Robemont SA are together with those of Compagnie Financière Richemont AC and Richemont SA, leading to a global footprint.

Compagnie Financière Richemont AG
Chairman
Nicholas Sean
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Zurich, July 2, 1999

Letter to Shareholders
<table>
<thead>
<tr>
<th>Name of company</th>
<th>Country of Incorporation</th>
<th>Class of share</th>
<th>Effective Interest</th>
<th>Incorporated Capital (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iberdrola S.A.</td>
<td>Spain</td>
<td>Ordinary shares</td>
<td>25.8%</td>
<td>1,416,962</td>
</tr>
<tr>
<td>Resources Ltd</td>
<td>North American</td>
<td>Preferred shares</td>
<td>0.0%</td>
<td>500</td>
</tr>
<tr>
<td>British Vitafoam</td>
<td>The United Kingdom</td>
<td>Preferred shares</td>
<td>50.0%</td>
<td>500</td>
</tr>
<tr>
<td>Cumulative</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Allied Managers</td>
<td>United Kingdom</td>
<td>Ordinary shares</td>
<td>20.2%</td>
<td>4,732</td>
</tr>
<tr>
<td>TransAtlantic</td>
<td>United Kingdom</td>
<td>Ordinary shares</td>
<td>30.0%</td>
<td>3,061,940</td>
</tr>
<tr>
<td>Holdings PLC</td>
<td>United Kingdom</td>
<td>Preferred shares</td>
<td>90.0%</td>
<td>55,669</td>
</tr>
<tr>
<td>Cumulative</td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>P. Ordinary</td>
<td></td>
<td></td>
<td></td>
<td>8,028</td>
</tr>
<tr>
<td>International PLC</td>
<td>United Kingdom</td>
<td>Ordinary shares</td>
<td>99.9%</td>
<td>2,237</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>United Kingdom</td>
<td>Ordinary shares</td>
<td>90.0%</td>
<td>500,000</td>
</tr>
<tr>
<td>Swissmaison</td>
<td>Switzerland</td>
<td>Ordinary shares</td>
<td>100.0%</td>
<td>1</td>
</tr>
<tr>
<td>International Ltd</td>
<td>United Kingdom</td>
<td>Ordinary shares</td>
<td>100.0%</td>
<td>500</td>
</tr>
<tr>
<td>Swissmaison</td>
<td>Switzerland</td>
<td>Ordinary shares</td>
<td>100.0%</td>
<td>500</td>
</tr>
<tr>
<td>Lufthansa SA</td>
<td>Germany</td>
<td>Ordinary shares</td>
<td>100.0%</td>
<td>1,435,590</td>
</tr>
</tbody>
</table>

This summary has been compiled from the director’s report below. For the sake of clarity, intermediate companies which have no operating role have been omitted from the list. The principal companies in the Group, as well as in each case the effective interest in their equity which is attributable to compartmental parent, are set out below.
As a result of the acquisition of Richmonbank SA in September 1988, Compugraphic

Introduction

REVIEW OF OPERATIONS
over 3.194 million,
reported a net profit of 2.68 million up 30% on the profit of the previous year on a run-

Pepere and Baver SA, which are private companies, and Dumin

Dunhill Holdings, which is a Swiss luxury watch and jewellery house. The three companies

operating profits of $1.78 million.

Pepere and Baver SA, which are private companies, and Dumin.

controlling interests in Pepere and Baver SA, in the event under review. Pepere

over Luxco also holds 23.0% and can raise 75.0% of PMH Holdings SA, which in turn has

Together Luxco and Rosman International hold directly and indirectly 99.0% of Car-

manufacturer of watches of elegance, distribution and componentary appeal.

the world's leading manufacturer of all kinds of watches and jewellery at a premium

Since their acquisition in May 1988, Pepere and Baver SA, which are private companies, and

a worldwide leader, Swiss luxury watch and jewellery manufacturer, are also designers and distributors, under

Dunhill Holdings PLC, which is based on the London Stock Exchange.

Luxury goods
This was achieved on net sales revenue, excluding excise and duties, of £1,695 million.

In the year ended March 31, 1999, international operating profits of $728 million.

In particular, by way of joint ventures and brand licensing, in the Asia-Pacific region.

Participation in the joint ventures and brand licensing is also in keeping with the European

resulting from the proposal was harmonization and the restructuring of our

Instead of the commercial and legal implications of the creation of a single EU

In the European Economic Community, Romanian International is facing the challenge

national initiatives.

is adapting itself to these structural changes through several marketing and operational

new, but in other markets around the world, it is still increasing. Romanian International

name marks of Western Europe and North America is taking its place in developing a slow

the Romanian industry has shown remarkable resilience. Tobacco companies in the

Tobacco

International, the shares of which are quoted on the London Stock Exchange.

Romanian Tobacco has a 74.1% equity interest and 43.8% voting interest in Romanian

Tobacco.

Based, in the luxury goods and travel retail.

Luxottica continues to promote the development of trademarks, other activities on a
growth, understood, as they are by some of the most valuable trademarks in the world.

Overall, Romanian increases in the field of luxury goods have demonstrated sustained
Ricemonde and the Quasa family was formed to acquire and manage the assets
in the herd of natural resources. The initial operation in March 1988. As a joint venture between
North American Resources, which holds the Group's interests in

Natural Resources

Net total assets have increased by 42% to 1.1 billion.

has achieved a profit on a capital and reserves base of 3.15 billion.
infrastructure in the United Kingdom. The United Kingdom is a

Continental, which Ricemonde separately has a direct shareholding of 20%, has

Continental Stock Exchange.

amounting to 3.275 billion. The United Kingdom, the shares of Continental, Capital and Counties and

Financial Services
Diversified Consumer Goods

North American Resources has been under the joint control of the Perrot family and

Barcelona Stock Exchange.

of a subsidiary rights issue. The shares of Fostoria are traded on the Madrid and

Controlled in 1996, Fostoria has been under the joint control of the Perrot family and

proximity having placed in the forestry business in the United States of America.

which was in place at the beginning of the year as well as non-operational charges

the company's consolidated financial statements. The results were primarily due to the

net profit of $27.6 million and the net profit during the period of $1.4 million.

improved and had excellent results for the period under review with

and that can benefit from North American Resources' financial and operational resources.

operating in other niche market niches in the industrial sector which are consolidating

products. It is actively pursuing acquisition opportunities in companies in the

North American Resources currently has increased its presence in companies active in the

mation of profitability in all operating units.

were acquired in the period under review. Additional acquisitions are planned in 1999.

the production of products as well as markets and territories. Fostoria's T.A. Plant

Diversa now distributes the products of Fostoria's food manufacturing subsidiaries.
The Board of Directors of Company A and B have recommended to the Annual General Meeting of Holders of Ordinary Shares a dividend of 5.9% per share in respect of the current year, amounting to £3.75 per share.

The Board of Directors of Company A and B have recommended to the Annual General Meeting of Holders of Ordinary Shares a dividend of 5.9% per share in respect of the current year, amounting to £3.75 per share.

Meetings of holders of ordinary shares will not be announced at the Annual General Meeting of Holders of Ordinary Shares.

Dividends

The profit for the year under review attributable to members of the Board of Directors for the year ended 31st March 1987 was £3.75 per share, representing a 39% increase on the previous year's profit of £3.71 per share.

The increase in profit can be attributed primarily to improved operating performance in the Group's principal activities, which are derived from the Group's interests in the United Kingdom, the European Community, and the United States. The increase in profit is attributed to an increase in the Group's operating profit of 38% over the previous year, from £3.7 million to £5.1 million.

The results of the Group for the year under review, together with the profit and loss account for the year ended 31st March 1987, are included in the financial statements.
RESERVES

With the Group's accounting policy, reserves of £1.1 million in full directly affect consolidated reserves from new investments in associated companies and which were in accordance with the 3.175 million of RDMILL which was retained at March 31, 1988. This increase is primarily attributable to the consolidated balance sheet at March 31, 1989. The increase in preference attributable to the consolidated balance sheet at March 31, 1989 amounted to £98.3 million, up from the amount of £730.0 million which was reflected in the prior year's consolidated balance sheet.

Shareholders' Funds

(d) Other investments amounted to £2.6 million.

(e) RDMILL increased equity interests in RDMILL International by about 1%, at a cost of £1.5 million.

(f) RDMILL increased its equity interests in RDMILL International by about 1%, at a cost of £1.5 million.

(g) In September 1988, the Group concluded an agreement with the Perito family in Venice through the acquisition of a 25% interest in PPM Holding.

(h) An amount of SFR 49.5 million was invested by Lucao in PPM and Banana & White.

Other new investments of £29.8 million during the year included RDMILL's acquisition of an amount of £44.7 million.
<table>
<thead>
<tr>
<th></th>
<th>6/30/18</th>
<th>6/30/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Receivable</td>
<td>68,448</td>
<td>73,521</td>
</tr>
<tr>
<td>Inventories</td>
<td>32,773</td>
<td>42,948</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>12,3</td>
<td>12,164</td>
</tr>
<tr>
<td>Notes payable</td>
<td>2,238</td>
<td>4,207</td>
</tr>
<tr>
<td>Total assets</td>
<td>114,130</td>
<td>140,863</td>
</tr>
</tbody>
</table>

**LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th>6/30/18</th>
<th>6/30/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>35,008</td>
<td>40,030</td>
</tr>
<tr>
<td>Notes payable</td>
<td>12,164</td>
<td>11,840</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>47,172</td>
<td>51,870</td>
</tr>
</tbody>
</table>

**CAPITAL AND RESERVES**

<table>
<thead>
<tr>
<th></th>
<th>6/30/18</th>
<th>6/30/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minority interests</td>
<td>8,186</td>
<td>8,449</td>
</tr>
<tr>
<td>Preferred shares and other reserves</td>
<td>4,467</td>
<td>5,337</td>
</tr>
<tr>
<td>Undistributed capital</td>
<td>7,694</td>
<td>7,213</td>
</tr>
<tr>
<td>Preferred reserve</td>
<td>633,000</td>
<td>583,000</td>
</tr>
<tr>
<td>Share capital</td>
<td>4,070</td>
<td>4,070</td>
</tr>
<tr>
<td>Undistributed funds</td>
<td>2,238</td>
<td>4,207</td>
</tr>
<tr>
<td>Total capital and reserves</td>
<td>723,298</td>
<td>686,094</td>
</tr>
</tbody>
</table>

**ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>6/30/18</th>
<th>6/30/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>1,483,900</td>
<td>1,522,500</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>180,000</td>
<td>169,300</td>
</tr>
<tr>
<td>Cash</td>
<td>13,811</td>
<td>14,304</td>
</tr>
<tr>
<td>Current assets</td>
<td>1,691,300</td>
<td>1,780,400</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>572,150</td>
<td>658,000</td>
</tr>
<tr>
<td>Other Long-term investments</td>
<td>52,973</td>
<td>33,190</td>
</tr>
<tr>
<td>Investments in associated companies</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Total assets</td>
<td>5,117,973</td>
<td>5,714,890</td>
</tr>
</tbody>
</table>

**NOTES**

- Pro forma figures do not reflect the impact of the acquisition.
- 1988 figures are unaudited.

**CONSOLIDATED BALANCE SHEET AT MARCH 31, 1989**

- Before application of retained earnings
<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per unit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>132,400</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>185,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

|                |            |            |            |            |
| 77,000         | 130,980    |            |            |            |
|                |            | 130,000    |            |            |
|                | 110,000    |            |            |            |
|                | 110,000    |            |            |            |
|                | 110,000    |            |            |            |
| 118,000        |            | 116,000    |            |            |

|                |            |            |            |            |
| 7,9         | 8,6        |            |            |            |
| 7            | 9          |            |            |            |
| 7            | 9          |            |            |            |
| 7            | 9          |            |            |            |
| 4            | 4          |            |            |            |

|                |            |            |            |            |
| 135,000        |            |            |            |            |
| 135,000        |            |            |            |            |
| 135,000        |            |            |            |            |
| 135,000        |            |            |            |            |
| 135,000        |            |            |            |            |

|                |            |            |            |            |
| 3,6           | 4          |            |            |            |
| 3             | 4          |            |            |            |
| 3             | 4          |            |            |            |
| 3             | 4          |            |            |            |
| 4             | 4          |            |            |            |

|                |            |            |            |            |
| 131,000        |            |            |            |            |
| 131,000        |            |            |            |            |
| 131,000        |            |            |            |            |
| 131,000        |            |            |            |            |
| 131,000        |            |            |            |            |

|                |            |            |            |            |
| 127,000        |            |            |            |            |
| 127,000        |            |            |            |            |
| 127,000        |            |            |            |            |
| 127,000        |            |            |            |            |
| 127,000        |            |            |            |            |

March 31, 1999
Consolidated profit and loss account for the year ended
NET MOVEMENT IN RESERVES

INCREASE IN LONG-TERM LIABILITIES

INCREASE IN FIXED ASSETS

INVESTMENTS, NET OF DISPOSALS

APPLICATION OF FUNDS

DECREASE IN CREDITORS AND ACCRUED LIABILITIES

INCREASE IN DEPOSITORS

DECREASE IN CASH AND MARKETABLE SECURITIES

NET MOVEMENT IN WORKING CAPITAL

RETURNED BY ASSOCIATED COMPANIES

SHARE OF NET PROFIT BEFORE EXTRAORDINARY ITEMS

DEPRECIATION

PROFIT AFTER TAXATION

FUNDS FROM OPERATIONS

SOURCE OF FUNDS

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED MARCH 31, 1989

45.6
(2.2)
1.7
0.3
45.9

1.2
(25.4)
(4.7)
36.8

38.5
(73.2)
1.6
11.1

-
Statements as from their date of acquisition:

The results of subsidiary and associated companies are included in the financial statements. Accounting adjustments are based on the latest available audited financial statements. Associated companies’ financial statements are not drawn up at March 31, the equity percentage in which CRC holds a long-term interest of over 20 per cent and 50 per cent are accounted for under the equity method as associated companies. Where companies in which CRC holds a long-term interest of between 20 per cent and 50 per cent are not consolidated, statements of all subsidiary companies are drawn up at March 31 of each year. CRC’s shareholders’ funds are accounted for as subsidiaries. The minority interests in which CRC holds an interest of over 20 per cent of the ordinary share capital and voting rights are accounted for as subsidiaries. The financial statements include the accounts of CRC and its subsidiaries. All companies in which CRC holds a long-term interest of over 20 per cent are consolidated.

(b) Basis of consolidation

Group’s principal investments

All statements are presented in pounds sterling as it is the reporting currency of the Group.

The financial statements are prepared under the historic cost convention. The Group

Note 2 - Summary of significant accounting policies

Consolidated by CRC throughout the year ended 31 March 1998. This has been prepared on the principle of amortisation of all corporate overheads. For the year ended March 31, 1998, the Group has been reflected on a pro forma basis to reflect the capital increase from the issue of shares at a price above the net asset value per share at the time of the capital increase, has been reflected for accounting purposes.

The Group comprises the parent company and all its subsidiaries, which are included in the Parent company and its Group of companies, which includes the

Bank and Business Control SA, Cabinet September 20, 1998, acquired and issued shares in the Parent company, which is the ultimate parent company of the

Compagnie Financière Richemont AG („CFR“), the ultimate parent company of the

Notes to the consolidated accounts at March 31, 1999
will Goodwill is amortised through the consolidated profit and loss account on a
Group’s share of their underwriting net tangible assets, the excess if referred to Good-
Where subsidiary and associated companies are accounted at a cost in excess of the

(8) Goodwill

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calcu-

(i) Fixed assets

Of a permanent nature:

at cost less amount written off for diminutions in value which are considered to be
Long-term investments, other than investments in associated companies, are stated

(6) Other long-term investments

as movements in the consolidated reserves.

The Group’s share of reserve movements in associated companies are accounted for
account.

of the related exchange change are accounted for in the consolidated profit and loss
short-term investments, other than investments in associated companies, are stated
policies.

The Group’s share of associated companies’ net income before exchange and other
share of their net assets adjusted where necessary to reflect the Group’s accounting
investments in associated companies are carried in the balance sheet at the Group’s

(9) Investments in associated companies

receivables.

Compares exchange differences, are credited or charged directly to consolidated
All foreign exchange gains and losses, together with the Group’s share of associated

at a narrative basis prevailing during the year

Some movements are determined in foreign currencies are translated into pounds sterling
those companies in the Group, including associated companies, whose functional
changed from Swiss francs into pounds sterling at the historic rate. The earnings of
The balance sheet does not consolidate those receivables and liabilities denominated in foreign currencies, including investments in as-

(5) Foreign currencies
Less amounts written off
Shares in unlisted companies, at cost
Less amounts written off
Shares in listed companies, at cost

3.3
3.3
-
-

Note 4 - Other long-term investments

29th March to
Marketable value of listed associated companies

Unlisted

Listed

Note 3 - Investments in associated companies
certain.
in the event that such earnings are retained for reinvestment in the company or in the event that undistributed earnings of subsidiary companies are distributed, on
earned in that period. No provision is made for withholding and other taxes payable
is made in each accounting period for all taxes payable.

() Taxation

is the lower of cost and market value.
Marketable securities, which comprise investments in listed shares and bonds, are
Marketable securities

() Marketable securities

they are incurred.
Acquisition and other costs relating to reclassifications are expensed in the year in which

() Transactions

time of acquisition.
straight-line basis over 40 years of written off gains consolidated reserves at the
participation certificate in Richemontr S.A with no par value to form one A unit is...

as follows:

Note 8 - Unitholders' capital

by Richemontr S.A.

Certificates with no par value issued
Reserve in respect of 2,020,000 participation

Note 7 - Participation Reserve

100 each, fully paid
2,000,000 B shares with a par value
1,000 each, fully paid
522,000 A bearer shares with a par value

Note 6 - Share Capital

Marketable value at March 31

and market value
Investments in bonds at lower of cost
and market value
Investments in shares at lower of cost

Note 5 - Marketable Securities
<table>
<thead>
<tr>
<th>174.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.7</td>
</tr>
<tr>
<td>6.1</td>
</tr>
<tr>
<td>(5.71)</td>
</tr>
<tr>
<td>(2.6)</td>
</tr>
<tr>
<td>(0.1)</td>
</tr>
</tbody>
</table>

March 31, 1989

**Other movements**

Exchange difference

*Cash withdrawal of
  Consolidated Reserve* Reserve movements:

Net profit attributable to unitholders

April 1, 1988 (Piero Comma)

**Note 9** - *Retained earnings and other reserves*

 sis-

mdlly be stated on a per share basis. The figures in these financial statements on a per unit ba-

non reserve of Hillmon SA is presented in the consolidated balance sheet of CRP as a-

In view of this indivisible nature of shares and participation certificates, the participa-

<table>
<thead>
<tr>
<th>574.200</th>
</tr>
</thead>
<tbody>
<tr>
<td>32.200</td>
</tr>
</tbody>
</table>

Participation certificate in Hillmon SA
shares in CRP and one registered
(b) 1. Registered units: each comprising ten, B, registered

<table>
<thead>
<tr>
<th>522.000</th>
</tr>
</thead>
<tbody>
<tr>
<td>92.000</td>
</tr>
</tbody>
</table>

Participation certificate in Hillmon SA
share in CRP and one bearer
(a) 1, bearer units: each comprising one, A, bearer

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

from one B, with, issued in registered form

with one registered participation certificate in Hillmon SA, with no par value to

(q) Every ten B, registered shares in CRP with a par value of SF 100 each are rounded
Earnings per unit are calculated by reference to the net profit before extraordinary items.

Note 14 - Earnings per unit

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7.72</td>
<td>8.1</td>
</tr>
<tr>
<td>3.20</td>
<td>9.93</td>
</tr>
<tr>
<td>4.50</td>
<td>9.33</td>
</tr>
</tbody>
</table>

Group's share of net profits earned by associated companies

Net profit of CFP and subsidiary companies

Note 13 - Net profit attributable to shareholders of the company

This represents the Group's share of an extraordinary gain recorded by an associated company.

Note 12 - Extraordinary item

be reimbursed by the banks concerned with not less than thirteen months' notice.

These loans bear interest at market rates and are drawn down under facilities which may

Note 11 - Long-term borrowings

 Minority Interests represent the interests of third party shareholders in a subsidiary

Note 10 - Minority Interests
Report of the auditors

We have examined the consolidated balance sheet of Compagnie Financière Richemont AG, Zürich, and the consolidated profit and loss account and statement of source and application of funds for the year then ended, as set out on pages 1 to 24. Our examination was made in accordance with generally accepted international auditing standards and accordingly included such examination, as we considered necessary of the accounting records and such other audit procedures as we considered necessary.

Based on our examination we confirm that:

- the consolidated profit and loss account and profit and statement of source and application of funds for the year ended 31 March 1989 and the consolidated profit and loss account and statement of source and application of funds for the year then ended, as set out on pages 1 to 24,
- the consolidated balance sheet at 31 March 1989 and at 31 March 1988,
- the financial statements for the year then ended, as set out on pages 1 to 24.

These financial statements are in conformity with the historic cost convention and, within the reporting frameworks, the consolidated financial statements give a true and fair view of the results of our operations and the financial position of our subsidiaries and of Compagnie Financière Richemont AG, Zürich, for the year then ended.

We have described in Note 2 the application of funds and application of funds with assets account, with assets account of source and loss account and statement of source and application of funds.

Based on our examination we confirm that:

- the financial statements of Compagnie Financière Richemont AG, Zürich, and its subsidiaries comply with the historical cost convention, within the reporting frameworks, the consolidated financial statements give a true and fair view of the results of our operations and the financial position of our subsidiaries and of Compagnie Financière Richemont AG, Zürich, for the year then ended, as set out on pages 1 to 24.

We hereby examine the consolidated balance sheet of Compagnie Financière Richemont AG, Zürich.

To the Directors

Lis Landon

Compagnie Financière Richemont AG

Zürich, July 3, 1989

David Dean
The report on the activities of the Company for the period since its incorporation on 31st August 1989 is submitted to submit the Board of Directors of Compagnie Financière Richemont AG is pleased to submit.

DIRECTORS' REPORT

COMPAGNIE FINANCIÈRE RICHEMONT AG
<table>
<thead>
<tr>
<th>LIABILITY</th>
<th>CAPITAL AND RESERVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>707 403 342</td>
<td>682 711 824</td>
</tr>
<tr>
<td>24 691 468</td>
<td>610 312</td>
</tr>
<tr>
<td>22 271 582</td>
<td>107 301 362</td>
</tr>
<tr>
<td>1 419 886</td>
<td>3 574 200 000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ASSET</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>707 403 342</td>
<td>4 51 168</td>
</tr>
<tr>
<td>81 12 319</td>
<td>1 3 406 322</td>
</tr>
<tr>
<td>2 83 442</td>
<td>2 702 565 090</td>
</tr>
</tbody>
</table>

Notes: Before appropriation of retained earnings

Balance Sheet at March 31, 1989
August 16, 1988 to March 31, 1989
Profit and Loss Account for the Period

<table>
<thead>
<tr>
<th>NET PROFIT FOR THE PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxation</td>
</tr>
<tr>
<td>PROFIT BEFORE TAXATION</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Other expenses</td>
</tr>
<tr>
<td>Interest expense</td>
</tr>
<tr>
<td>EXPENSE</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Other income</td>
</tr>
<tr>
<td>Interest income</td>
</tr>
<tr>
<td>INCOME</td>
</tr>
</tbody>
</table>

610 312
609 031
1 219 343
2 246 784
1 823 346
423 428
3 466 127
3 377 729
8 398

SEF
Note 4 - Legal Reserve

Note 3 - Share Capital

$22,000,000 of SFR 1,000 each, fully paid.
$22,000,000 of SFR 500 each, fully paid.
$22,000,000 of bearer shares with a par value.

Other Investments

Reichemont SA, Luxembourg.

Note 2 - Investments

March 31, 1998

The accounts represent the financial position of the company as of March 31, 1999 and the results of its operations for the period from its incorporation on August 16, 1988 to March 31, 1998.

Notes to the accounts as at March 31, 1999
The Board of Directors

11th June 27, 1989

Richemont SA, Luxembourg are given on page 37.

Details of the dividend proposed in respect of the participation certificates of Richemont SA, Luxembourg are given on page 37.

<table>
<thead>
<tr>
<th>610312</th>
<th>810312</th>
</tr>
</thead>
<tbody>
<tr>
<td>10000</td>
<td></td>
</tr>
</tbody>
</table>

Balance to be carried forward

Transfer to Legal Reserve

PROPOSED APPROPRIATION:

<table>
<thead>
<tr>
<th>610312</th>
</tr>
</thead>
</table>

Net profit for the period

AVAILABLE RETAINED EARNINGS:

Proposal of the Board of Directors for the appropriation of retained earnings as at March 31, 1989.
We also confirm that the proposal of the Board of Directors for the appropriation of the
approved.

Based on the results of our examination we recommend that the financial statements be
presented in accordance with the principles of evaluation:
- the books have been properly kept,
- the balance sheet and profit and loss accounts are in agreement with the books,
- the financial position is presented in accordance with the principles of evaluation.

We report that

Code of Obligations
financial statements at March 31, 1999 in accordance with the provisions of the Swiss
as statutory auditors of Company Finance Richemont AG, we have examined the

To the Shareholders

Report of the statutory auditors
The Board of Directors of Richemont SA is pleased to submit its report on the activities of the Group for the financial year ended 31 March 1989 and the results of its operations for the year.

REPORT

RICHEMONT SA
Loans from affiliated companies
Accrued expenses

LIABILITIES

18 6
285 3
2 5
300 6
300 4
1 4
1 4
554 9
32 5
96 2
379 2
3 4

CAPITAL AND RESERVES

DIVIDEND RECEIVABLE
CASH
INVESTMENTS

ASSETS

NOTES

Balance Sheet at March 31, 1989
RETAINED EARNINGS AT MARCH 31, 1989

Revenue earnings brought forward

NET PROFIT FOR THE YEAR

General expenses

EXPENS

Other income

Dividend income

INCOME

Profit and loss account for the year ended March 31, 1989
Note 6 - General Reserve

The General Reserve amounting to £28 307 641 is available for distribution subject to the approval of the shareholders.

Note 5 - Legal Reserve

The Legal Reserve is not available for distribution.

Note 4 - Participation Reserve

Reserve established in respect of 274,200 participation certificates with no par value.

Note 3 - Share Capital

Partially paid 375 each, fully paid 191,400 registered shares with a par value.

Note 2 - Investments

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

Note 1 - Basis of preparation of the financial statements

Notes to the accounts at March 31, 1989
The Board of Directors

Luxembourg, June 13, 1989

Respect of coupon number 1, free of charge, at the banks designated as paying agents.

The dividend payable on the participation reserve will amount to 3.5% per participation.

Proposed Appropriation:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>18,874.90</td>
<td>Balance to be carried forward</td>
</tr>
<tr>
<td>55,410.02</td>
<td>4.3% dividend payable on participation reserve</td>
</tr>
<tr>
<td>19,799.25</td>
<td>3.5% dividend payable on share capital</td>
</tr>
<tr>
<td>5,204.20</td>
<td>Transfer to legal reserve</td>
</tr>
</tbody>
</table>

Available Retained Earnings:

Proposal of the Board of Directors for the appropriation of retained earnings as of March 31, 1989
Pricewaterhouse

Luxembourg, July 3, 1999

...statement.

...petition of the retained earnings in agreement with the law and with the company's principles. We also confirm that the proposal of the Board of Directors for the appro-

...for the year then ended and are prepared in accordance with Luxembourg accounting stan-

...view of the financial position of Richemont SA at March 31, 1998 and of the profit and loss account. Our examination was made in accordance with Generally accept-

...richmont SA, Luxembourg

To the Shareholders

Report of the Independent Auditors
No entrance tickets will be issued on the day of the meeting itself.

Tickets for entrance to the Annual General Meeting together with voting cards may be obtained upon deposit of share certificates, from any branch of the following banks up to August 10, 1989:

- Union Bank of Switzerland
- Bank J. Vontobel & Co. AG
- Credit Suisse

The Financial Statements and the related report of the statutory auditors together with the report of the Board of Directors are available for inspection at the registered office of the Company from July 26, 1989 onwards.

The agenda is:

1. Review and approval of the Financial Statements, the report of the Board of Directors and the report of the statutory auditors for the period ended March 31, 1989.
2. Discharge of the Board of Directors and the statutory auditors.
3. Decision on the appropriation of retained earnings.
4. Election of the Board of Directors. The existing members of the Board are eligible for re-election.
5. Election of the statutory auditors and other items as per the Board's recommendation.

The Annual General Meeting of shareholders of Compagnie Financière Richemont AG will be held at 2:30 p.m. in the «Croisette Hall», Artarctissage 2-4, 6900 Zug on Wednesday, July 29, 1989.