Compagnie Financière Richemont AG is a Swiss-based company with interests in subsidiary companies operating primarily in the fields of tobacco and luxury goods. In addition, Richemont holds investments in associated companies operating in the electronic media and direct marketing industries. Richemont is the ultimate parent of a family of some of the world's leading consumer brands.

Richemont's tobacco interests are held through its wholly-owned subsidiary, Rothmans International BV. Its interests in the luxury goods industry are held through Vendôme Luxury Group which owns a portfolio of brands, including Cartier, Alfred Dunhill, Montblanc, Piaget and Baume & Mercier.

The Group's electronic media interests are held through Network Holdings SA which, through its wholly-owned subsidiary, Nethold BV, controls FilmNet, MultiChoice Europe, MultiChoice Africa, ProNet and Irdeto and holds investments in Telepiù S.r.l. and M-Net. The Group's direct marketing interests are held through NAR Group Limited, which holds a controlling interest in Hanover Direct, Inc.

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

Compagnie Financière Richemont AG
Rigistrasse 2, 6300 Zug, Switzerland

RICHEMONT

INTERIM REPORT 1995

Consolidated Profit and Loss Account on a Reported Basis

	Six months ended 30 Sept 1995 £ m	Six months ended 30 Sept 1994 £ m	Year ended 31 March 1995 £ m
Operating profit	354.1	339.0	688.0
Goodwill amortisation (note 1)	(22.4)	(3.0)	(5.6)
Profit on sale of properties (note 2)	–	–	72.7
Profit before net investment income and taxation	331.7	336.0	755.1
Net investment income	21.1	16.9	52.8
Profit before taxation	352.8	352.9	807.9
Taxation	(126.3)	(119.6)	(232.1)
Profit after taxation	226.5	233.3	575.8
Minority interests	(96.2)	(120.5)	(296.2)
Profit attributable to unitholders	130.3	112.8	279.6
Earnings per unit	£22.69	£19.64	£48.69

Note 1 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 amortisation charges in the table on page 2 of this announcement are shown at the attributable profit level, after deduction of minority interests.

Note 2 The Group's profit and loss account for the year ended 31 March 1995 included the exceptional profit reported by Rothmans International on the disposal of properties in Singapore and Germany. The total gain arising was £72.7 million, Richemont's share of the profit at the attributable profit level being £23.2 million.

Interim Report

The Board of Directors of Compagnie Financière Richemont AG is pleased to announce further progress in terms of sales and profitability in the six month period ended 30 September 1995. These improved results reflect continued growth in the Group's core tobacco and luxury goods businesses. Profit attributable to unitholders and earnings per unit, excluding the effects of goodwill amortisation, increased by 31.6 per cent to £152.4 million and £26.54, respectively.

Net sales revenue increased by 8.5 per cent against the first half of last year to £2 037.7 million whilst operating profit grew by 4.5 per cent to £354.1 million. Operating profit from the Group's tobacco interests, which are held through Rothmans International, increased by 3.9 per cent to £264.1 million. Vendôme Luxury Group, the vehicle for Richemont's luxury goods interests, reported operating profit of £113.3 million, which represented an improvement of 15.4 per cent against the first half of last year. The Group's share of operating losses from its media interests, which are held through Nethold BV, was slightly lower than last year at £14.9 million.

Net investment income in the period under review included the financing costs of the acquisition of the Rothmans International public minorities in July 1995, being income lost on cash resources used to finance the buy-out and interest expense on borrowings incurred. Despite the impact of these costs, net investment income was £4.2 million higher than the comparable period last year at £21.1 million. The improvement principally reflected income on cash generated by the Group's businesses during the period along with higher income from investments. The effective taxation rate, after adjusting pre-tax profits to exclude goodwill amortisation from both periods, was virtually unchanged at 33.7 per cent.

The Group's results further benefited from a decrease of £24.0 million in the share of profit attributable to minority interests, principally as a result of Richemont's increased interest in Rothmans International.

Richemont's accounting policy, in accordance with International Accounting Standards, of amortising goodwill through the consolidated profit and loss account, resulted in a significant additional amortisation charge in the period under review. This arose largely in consequence of the amortisation of the goodwill of £1 235 million which resulted from the buy-out of the minority shareholders in Rothmans International in July 1995. The amortisation charge at the attributable profit level for the six months to 30 September 1995 was £22.1 million (1994: £3.0 million). On a reported basis, therefore, profit attributable to unitholders and earnings per unit increased by 15.5 per cent to £130.3 million and £22.69, respectively.

Consolidated Profit and Loss Account

To facilitate the comparison of the Group's results across the relevant periods, the summary profit and loss account set out below is presented on an adjusted basis, excluding the effect of goodwill amortisation and exceptional items from results for all periods shown.

	Six months ended 30 Sept 1995 £ m	Six months ended 30 Sept 1994 £ m	Year ended 31 March 1995 £ m
Operating profit	354.1	339.0	688.0
Net investment income	21.1	16.9	52.8
Profit before taxation	375.2	355.9	740.8
Taxation	(126.3)	(119.6)	(232.1)
Profit after taxation	248.9	236.3	508.7
Minority interests	(96.5)	(120.5)	(246.8)
Profit attributable to unitholders	152.4	115.8	261.9
Earnings per unit	£26.54	£20.17	£45.61

A summary of the effects of goodwill amortisation and exceptional items on attributable profit is shown below. The Group's profit and loss account on a reported basis is presented on page 8 of this announcement.

	Six months ended 30 Sept 1995 £ m	Six months ended 30 Sept 1994 £ m	Year ended 31 March 1995 £ m
Profit attributable to unitholders on a reported basis	130.3	112.8	279.6
Goodwill amortisation	22.1	3.0	5.5
Profit on sale of properties	–	–	(23.2)
Profit attributable to unitholders on an adjusted basis	152.4	115.8	261.9

Goodwill of £1 235 million arose as a result of the purchase of the Rothmans International minorities while the reduction of £427.2 million in minority interests from 31 March 1995 reflected the buy-out, partly offset by the share of profits for the period under review attributable to other minorities within the Group.

Outlook Although price competition continues to have an adverse effect in certain of the markets in which the Rothmans International group operates, it is expected that the trading results of the Group's tobacco interests for the year to March 1996 will be satisfactory.

With the continued strength of the Swiss franc, the second six months of the year will be another difficult period for Vendôme as operating margins will continue to be under pressure. The growth which should be achievable in the underlying markets, however, will continue to be reflected in the results in sterling terms.

Subsequent to the end of the period under review, Nethold has, in conjunction with other investors, acquired a minority interest in Mediaset SpA, an Italian free-to-air commercial television broadcaster and has acquired a further 7.5 per cent interest in Telepiù. In total, these investments amounted to some £240 million. In addition to the cost of financing these investments, Nethold will incur significant additional costs in the introduction of its digital pay-television services in Africa and Europe. The digital services, which will substantially increase the number of channels and range of programming available to subscribers, were launched in Africa in October 1995 and will be launched in Europe early in 1996.

In the light of these considerations, it is therefore unlikely that the strong growth achieved in the first six months of the current financial year will be repeated in the latter half of the year. We look forward, however, to a satisfactory performance for the year as a whole.

Nikolaus Senn
Chairman

Johann Rupert
Managing Director

Compagnie Financière Richemont AG

Zug, 30 November 1995

NAR GROUP LIMITED Richemont's share of NAR Group's operating loss was £1.2 million against an operating profit of £5.2 million in the first half of last year. Although the prior period results included non-recurring gains, the movement also reflected operating losses incurred by NAR's principal subsidiary undertaking, Hanover Direct. Hanover Direct is a leading specialty direct retailer in the United States and reported operating results for the first half of its 1995 financial year which were negatively impacted by several non-recurring charges and substantial postage rate and paper price increases.

CONSOLIDATED BALANCE SHEET

	30 Sept 1995 £m	31 March 1995 £m
Fixed assets		
Tangible	588.8	591.8
Investments in associated undertakings	444.0	460.0
Other long-term investments	157.0	222.6
	1 189.8	1 274.4
Net working capital	745.2	607.6
Net operating assets	1 935.0	1 882.0
Goodwill	1 278.8	50.9
Net liquid funds / (borrowings)	(394.8)	1 220.3
Cash and cash equivalents	677.4	1 323.9
Long-term borrowings	(1 072.2)	(103.6)
Other long-term liabilities	(592.5)	(613.4)
	2 226.5	2 539.8
Capital employed		
Unitholders' funds	1 639.7	1 525.8
Minority interests	586.8	1 014.0
	2 226.5	2 539.8

The consolidated balance sheet at 30 September 1995 reflected the acquisition of the Rothmans International public minorities during the period. The transaction impacted primarily on goodwill, minority interests and net liquid funds.

The total consideration in respect of the buy-out amounted to £1 653 million, which was funded by available cash resources within Rothmans International and by long-term borrowings. Cash and cash equivalents, which comprise cash and marketable securities net of short-term borrowings, were £677.4 million at 30 September 1995. The reduction of £646.5 million from 31 March 1995 largely reflected the Rothmans International buy-out together with additional investments made in Nethold BV in the period under review. The borrowings taken out in connection with the Rothmans International buy-out were the principal factor behind the increase of £968.6 million in long-term borrowings.

ANALYSIS OF OPERATING RESULTS BY BUSINESS SEGMENT

The following table analyses the Group's results between the two principal business segments, tobacco and luxury goods, as well as other activities.

	Net sales revenue		Operating profit	
	Six months ended 30 Sept 1995 £m	Six months ended 30 Sept 1994 £m	Six months ended 30 Sept 1995 £m	Six months ended 30 Sept 1994 £m
Tobacco	1 338.2	1 272.3	256.6	249.5
Luxury goods	699.5	605.0	113.3	98.2
Other	–	–	(7.2)	(2.5)
The Company and its subsidiary undertakings	2 037.7	1 877.3	362.7	345.2
Share of associated undertakings			(8.6)	(6.2)
Tobacco			7.5	4.7
Media interests			(14.9)	(16.1)
NAR Group			(1.2)	5.2
Operating profit			354.1	339.0

Note: Amounts shown in respect of other activities include operating costs which are incurred centrally and not allocated to a specific business segment.

TOBACCO The worldwide volume of cigarette and other tobacco product sales by Rothmans International group companies was some 4 per cent higher than that achieved in the six months to 30 September 1994. The main gains were obtained in Africa and Central and Eastern Europe. Net sales revenue from the Group's tobacco interests increased by £65.9 million (5.2 per cent) to £1 338.2 million, as a result of the higher volumes, price increases and favourable exchange rate movements on translation of the sales of subsidiary undertakings reporting in currencies other than sterling. The analysis of net sales revenue and operating profit by region is shown in the table overleaf.

	Net sales revenue		Operating profit	
	Six months ended 30 Sept 1995 £ m	Six months ended 30 Sept 1994 £ m	Six months ended 30 Sept 1995 £ m	Six months ended 30 Sept 1994 £ m
Europe	590.3	539.9	99.6	70.0
Exports	230.5	200.2	46.2	41.8
Americas	137.9	137.7	43.8	49.8
Asia	223.0	229.7	65.1	59.6
Pacific	156.5	164.8	1.9	28.3
Rothmans International and its subsidiary undertakings	1 338.2	1 272.3	256.6	249.5
Share of associated undertakings			7.5	4.7
			264.1	254.2

Operating results for the period were adversely affected by the severe price war in Australia where the Group incurred an operating loss of £7.8 million, an adverse variance of £23.9 million against last year's profit of £16.1 million. Despite this downturn, Rothmans International's operating profit increased by £9.9 million (3.9 per cent) to £264.1 million. Excluding the effects of the Australian market, the underlying increase in operating profit achieved throughout the rest of the Group was £33.8 million (13.3 per cent). All regions except Americas and Pacific reported an improvement against last year. The gain in Europe was principally due to price increases and production cost savings as the benefits of the European production rationalisation programme are realised. The increase in the Exports region was mainly attributable to higher sales partly offset by adverse currency movements. Higher sales and price increases achieved by Rothmans of Pall Mall (Malaysia) Berhad were the principal reasons for the improvement in the Asia region. Price competition in the Australian market resulted in significantly reduced operating profit in the Pacific region. The decrease in the Americas region was principally due to increased costs in Canada and adverse foreign exchange translation effects.

Luxury goods In terms of the Swiss franc, Vendôme's reporting currency, net sales revenue from luxury goods increased by 3.3 per cent to SFr 1 294.1 million. This improvement has been achieved despite unfavourable exchange movements which have had the effect of diluting the growth achieved in underlying markets. In terms of underlying currencies, Vendôme's net sales revenue for the first half of the year was some 13.0 per cent above the six months to 30 September 1994. In sterling terms, net sales revenue from the Group's luxury goods interests improved by 15.6 per cent to £699.5 million.

All Vendôme's major product lines showed an increase in sales in Swiss franc terms despite the unfavourable exchange effects. Jewellery sales increased by 13.0 per cent, reflecting a combination of sales of special jewellery, price increases, the introduction of new products and a continued increase in demand for existing product lines. Sales of watches were 2.9 per cent higher than the first half of last year, benefiting in particular from the introduction of new models. Sales of leather goods were only slightly higher, despite price increases, as the market awaits new product developments planned for the second half of the year. Writing instrument sales increased by 3.8 per cent following the introduction of new products during the period.

Vendôme's operating profit increased by SFr 6.3 million, or 3.1 per cent, over the six months to 30 September 1994 to SFr 209.6 million. Operating profit as a percentage of sales revenue was virtually constant at 16.2 per cent. On translation into sterling, operating profit from the Group's luxury goods interests was £15.1 million (15.4 per cent) above the first half of last year.

Media interests Following the restructuring which was effective from 31 March 1995, Richemont's media interests are held through Network Holdings SA, in which the Group holds a 50 per cent interest. Network Holdings, through its indirect wholly-owned subsidiary, Nethold BV, encompasses FilmNet, MultiChoice Europe and MultiChoice Africa and holds investments in the pay-television broadcasters Telepiù S.r.l. in Italy and M-Net in South Africa. The Nethold group is now the third largest pay-television group outside the United States with operations in over 40 countries and a total subscriber base of some 2.5 million homes. Richemont's media interests in the first half of the previous financial year were represented by its investment in Network Holdings (which then controlled only FilmNet and MultiChoice Europe) and the Group's direct holding of 25 per cent in Telepiù, the latter interest having been acquired at the end of June 1994.

Richemont's share of operating losses from media interests was slightly lower than last year at £14.9 million. Results from existing analogue pay-television services in Scandinavia and the Benelux markets, together with Nethold's share of Telepiù's results, continued to show the benefits of subscriber growth over the last year. The Group's results also benefited from the inclusion of MultiChoice Africa's operating results following the restructuring outlined above. These improvements were partly offset, however, by the costs of expanding Nethold's operations into a number of new markets following the launch of pay-television services in Greece and Central Europe in the second half of the previous financial year.