Compagnie Financière Richemont AG
is a Swiss-based holding company which exercises financial and operational control over 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 Rothmans International. 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. Richemont's electronic media interests are held through Ichor SA, which has investments in Network Holdings SA and Telepiù S.r.l. 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 1994

The Board of Directors of Compagnie Financière Richemont AG announces the following results for the six month period ended 30 September 1994.

Net sales revenue	£1 877.3 million	– increased by	7.6%
Operating profit before goodwill amortisation	£ 339.0 million	– increased by	11.0%
Profit before taxation	£ 352.2 million	– increased by	13.5%
Attributable profit	£ 112.8 million	– increased by	16.8%
Earnings per unit	£ 19.64	– increased by	16.8%

ANALYSIS OF PROFIT ATTRIBUTABLE TO UNITHOLDERS Comparison of the Group's reported earnings across the relevant periods is distorted by the effects of exceptional items. In addition, results for both the current and prior periods have been impacted by the Group's accounting policy of amortising goodwill through the consolidated profit and loss account. A summary of attributable profit on a restated basis, excluding the effect of these items, is set out below.

	Six months ended 30 Sept 1994 £ m	Six months ended 30 Sept 1993 £ m	Year ended 31 March 1994 £ m
Profit attributable to unitholders as reported	112.8	96.6	115.0
Goodwill amortisation	3.0	0.9	2.2
Group restructuring costs	–	–	50.4
European rationalisation costs	–	4.5	36.7
Profit attributable to unitholders on a restated basis	115.8	102.0	204.3
Earnings per unit on a restated basis	£20.17	£17.76	£35.58

Goodwill increased by £155.5 million to £179.4 million at 30 September 1994, largely as a result of the goodwill arising on the Group's purchase of its 25 per cent interest in Telepiù S.r.l. during the period. Richemont's accounting policy is to capitalise goodwill and, in accordance with International Accounting Standards, amortise it through the consolidated profit and loss account over 20 years.

Cash and cash equivalents, which comprise cash and marketable securities net of short-term borrowings, amounted to £1 710.0 million at 30 September 1994. The short-term portion of long-term loans shown above principally represented the Rothmans Tobacco (Holdings) Limited, Jersey 10.25 per cent Loan Notes, which were repaid in October 1994.

OUTLOOK Although trading conditions remain difficult in a number of markets where the Rothmans International group operates, it is expected that the trading results of the Group's tobacco interests for the year ending March 1995 will be satisfactory. Rothmans International's results for the year ending March 1995 will include the profit arising on the disposal of properties in Singapore completed in November 1994. The gain arising is approximately £69 million, of which Richemont's share will amount to some £21 million. Vendôme's results for the year as a whole should reflect sustained growth in most major markets. The achievement of an increase in the second half of the year similar to that experienced in the first six months will nonetheless depend on satisfactory sales performance, particularly in the important trading months of November and December. In terms of Richemont's other interests, additional investment will be required to further expand and develop the Group's media interests, particularly in respect of the recently launched Central and Southern European services of Network Holdings SA. Overall, barring unforeseen circumstances, the Board believe that Richemont's results for the year will be satisfactory.

Nikolaus Senn
CHAIRMAN

Johann Rupert
MANAGING DIRECTOR

Compagnie Financière Richemont AG

Zug, 2 December 1994

Media interests Richemont's media interests are represented by its 50 per cent holding in Network Holdings SA and its 25 per cent holding in Telepiù S.r.l., the latter interest having been acquired at the end of June 1994.

Network Holdings, through its wholly-owned subsidiary FilmNet SA, broadcasts a total of four pay-tv channels in Scandinavia, Belgium and the Netherlands and, through its MultiChoice Kaleidoscope subsidiary, provides subscriber management services to a bouquet of other broadcasters. Losses from the pay-tv business of FilmNet SA rose only slightly in the first half of the year following continued subscriber growth in all territories. Operating losses at Network Holdings increased against the six months ended 30 September 1993, largely as a result of the level of investment being made in developing the business into a number of new territories. Pay-tv operations, covering both programming and subscriber management services, were launched during the period in Cyprus and in Greece and Poland with effect from early November of this year.

The Group's results for the six months ended 30 September 1994 included its share of Telepiù's results for the three month period from the purchase of Richemont's 25 per cent interest in the company. Telepiù broadcasts two encrypted television channels and one unencrypted channel throughout Italy and currently has over 550 000 subscribers. Network Holdings personnel are now actively involved in the management of the company. Programming and subscriber management services are being run separately and new marketing campaigns have been launched to more actively promote Telepiù's services.

Consolidated Balance Sheet

	30 Sept 1994 £ m	31 March 1994 £ m
Fixed assets		
Tangible	610.5	614.9
Investments in associated undertakings	121.9	130.7
Other long-term investments	221.4	215.9
	953.8	961.5
Net working capital	684.6	722.7
Net operating assets	1 638.4	1 684.2
Goodwill	179.4	23.9
Cash and cash equivalents	1 710.0	1 692.0
Short-term portion of long-term loans	(620.3)	(623.1)
Long-term liabilities	(740.7)	(702.8)
	2 166.8	2 074.2
Capital employed		
Unitholders' funds	1 306.9	1 220.9
Minority interests	859.9	853.3
	2 166.8	2 074.2

Consolidated Profit and Loss Account

	Six months ended 30 Sept 1994 £ m	Six months ended 30 Sept 1993 £ m	Year ended 31 March 1994 £ m
Operating profit before goodwill amortisation	339.0	305.4	608.7
Goodwill amortisation	(3.0)	(0.9)	(2.2)
Group restructuring costs	–	–	(60.5)
European rationalisation costs	–	(12.0)	(123.8)
Profit before net investment income and taxation	336.0	292.5	422.2
Net investment income	16.9	18.4	53.8
Profit before taxation	352.9	310.9	476.0
Taxation	(119.6)	(100.3)	(173.6)
Profit after taxation	233.3	210.6	302.4
Minority interests	(120.5)	(114.0)	(187.4)
Profit attributable to unitholders	112.8	96.6	115.0
Earnings per unit	£19.64	£16.82	£20.03

Group results The Group's operating profit before goodwill amortisation increased by 11.0 per cent against the comparable period last year to £339.0 million. The growth reflected higher profits from the Group's tobacco and luxury goods interests, although these improvements were partially offset by the costs of further developing the Group's media interests.

The rationalisation costs of £12.0 million shown at the operating level represent the costs of Rothmans International's European rationalisation programme which were charged in the first half of last year. At the attributable profit level, Richemont's share of these costs amounted to £4.5 million.

Net investment income decreased by £1.5 million to £16.9 million, the loss of income on funds returned to minority shareholders as part of last year's Group restructuring being partially offset by the non-recurrence of investment provisions in the six months to September 1993. The effective taxation rate increased from 32.3 per cent to 33.9 per cent, mainly as a result of a higher effective rate reported by the Group's tobacco interests.

Profit attributable to unitholders and earnings per unit increased by 16.8 per cent to £112.8 million and £19.64 respectively. On a restated basis, profit attributable to unitholders and earnings per unit were £115.8 million and £20.17 respectively, an increase of 13.5 per cent against the six months ended 30 September 1993.

Average exchange rates for the six months ended 30 September 1994, compared with those for the corresponding period last year, did not have a material effect on the translation of the results of companies not reporting in sterling.

Analysis of Results by Business Segment

	Net sales revenue		Operating profit	
	Six months ended 30 Sept 1994 £m	Six months ended 30 Sept 1993 £m	Six months ended 30 Sept 1994 £m	Six months ended 30 Sept 1993 £m
Tobacco	1 272.3	1 219.6	249.5	216.7
Luxury goods	605.0	524.4	98.2	88.6
Other	–	–	(2.5)	(2.3)
The Company and its subsidiary undertakings	1 877.3	1 744.0	345.2	303.0
Share of associated undertakings			(6.2)	2.4
Tobacco			4.7	7.9
NAR Group			5.2	2.7
Media interests			(16.1)	(8.2)
Operating profit before goodwill amortisation			339.0	305.4
Goodwill amortisation			(3.0)	(0.9)
Operating profit			336.0	304.5

Tobacco After adjusting last year's volumes for sales in the Philippines, where the Group's interests have been sold, the worldwide volume of cigarette sales by Rothmans International group companies was just above that achieved in the six months ended 30 September 1993. The main gains were obtained in Japan and the United Kingdom, whilst sales in Africa declined. Net sales revenue from the Group's tobacco interests increased by £52.7 million or 4.3 per cent to £1 272.3 million principally as a result of price increases.

Operating profit from tobacco subsidiary undertakings increased by £32.8 million, or 15.1 per cent, to £249.5 million. Both the Europe and Asia regions reported improved profits; results in the other regions were marginally below last year's level. The gain in Europe was mainly attributable to higher sales in the United Kingdom and price increases in France. Increased sales and production cost savings achieved by Rothmans of Pall Mall (Malaysia) Berhad improved operating profit in the Asia region. The decrease reported by the Exports region was mainly due to lower sales in the African markets. Although in local currencies operating profit in the Americas region increased, in sterling operating profit decreased due to the depreciation of the Canadian dollar against sterling. The decrease in the Pacific region was due principally to price competition in New Zealand and increased marketing costs in Australia, Indonesia and New Zealand partly offset by the absence of losses in the Philippines and favourable exchange rate movements on translation.

Luxury goods In terms of the Swiss franc, Vendôme's reporting currency, in improving market conditions in many of the group's major markets, turnover from luxury goods increased by 7.1 per cent to SFr 1 252.4 million. This progression was achieved despite unfavourable exchange rate movements; at comparable rates of exchange, turnover for the six months ended 30 September 1994 increased by 14.3 per cent. All Vendôme's major product lines showed an increase in sales. Jewellery sales increased by 13 per cent, benefiting from continued interest in the high jewellery range, while watches showed an increase of 7 per cent in sales in the period. Sales of leather goods benefited from increased demand in the important Far East markets to improve by 22 per cent. Writing instrument sales increased by 1 per cent despite a planned reduction in the number of points of sale. In sterling terms, net sales revenues increased by 15.4 per cent from £524.4 million to £605.0 million.

The Far East was the major source of growth in the period with sales 15 per cent over the comparable period last year, the increased demand being stimulated by the strength of the Japanese yen and an increase in tourism. Nevertheless, Europe remains Vendôme's major market, where increased sales reflected a degree of economic recovery in many of the group's markets. Sales in the Americas showed a decrease of 2 per cent, reflecting the weakness of the US dollar.

Vendôme's operating profit increased by SFr 5.7 million, or 2.9 per cent, over the six months ended 30 September 1993. In sterling terms, operating profit from the Group's luxury goods interests increased by 10.8 per cent to £98.2 million. Results for the first half of last year, however, included a number of items which will not recur following the restructuring of Richemont's tobacco and luxury goods interests. Excluding these items, Vendôme's operating profit increased by 12.1 per cent in Swiss franc terms, with the additional margin achieved on increased sales being more than sufficient to offset planned increases in operating expenses.

NAR Group Limited NAR's principal subsidiary, Hanover Direct, is one of the leading specialty direct retailers in the United States. Hanover Direct's sales revenues increased by 37.0 per cent in the first half of its 1994 financial year to $364.3 million, mainly due to increased sales from the 'Domestications' catalogue, together with revenues from the company's joint venture with Sears, Roebuck & Co. and a number of acquisitions made in the previous year. Operating results were, however, negatively impacted by higher selling expenses. The Group's share of NAR's operating profits, which included non-recurring gains in the current period, increased to £5.2 million.