

RICHEMONT

Compagnie Financière Richemont AG, Zug

Interim Report 1989

Compagnie Financière Richemont AG
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Interim report for the six months ended September 30, 1989

The Board of Directors of Compagnie Financière Richemont AG is pleased to report the unaudited results of the group for the six months ended September 30, 1989.

	Six months ended September 30 1989 £m	Six months ended September 30 1988 £m	Year ended March 31 1989 £m
INCOME			
Income from associated companies	87.9	66.1	149.6
Income from other investments	5.4	1.7	7.4
Interest income	7.8	7.0	13.4
Other income	1.3	0.2	2.7
	<u>102.4</u>	<u>75.0</u>	<u>173.1</u>
EXPENSE			
Interest expense	3.0	2.3	4.8
Depreciation	0.8	0.6	1.6
Other expenses	3.5	1.2	5.4
	<u>7.3</u>	<u>4.1</u>	<u>11.8</u>
PROFIT BEFORE TAXATION	95.1	70.9	161.3
Taxation	28.8	23.1	51.2
PROFIT AFTER TAXATION	66.3	47.8	110.1
Minority interests	1.7	1.1	3.6
NET PROFIT BEFORE EXTRAORDINARY ITEM	64.6	46.7	106.5
Extraordinary item	—	—	3.3
ATTRIBUTABLE NET PROFIT	<u>64.6</u>	<u>46.7</u>	<u>109.8</u>
Earnings per unit	<u>£ 112.50</u>	<u>£ 81.30</u>	<u>£ 185.40</u>

The accounting policies used in the preparation of this report are those used in the preparation of the financial statements for the year ended March 31, 1989, as set out in the Richemont annual report.

Principal Events

Since March 31, 1989 the principal events relating to Richemont have been:

1. The acquisition of further luxury goods interests, in particular the acquisition in June of 6.1% of Groupe Yves Saint Laurent SCA for a sum of approximately £ 21 million and in September of A. Sulka & Company Ltd.
2. The sale in July of the group's interest in Fosforera Española SA for a sum of approximately £ 20 million.
3. The announcement on November 9, 1989 of an offer for Rothmans International plc. Neither this offer nor its outcome affect the results to September 30, 1989.

Offer for Rothmans International plc

On November 9, 1989 Rothmans Tobacco (Holdings) Limited ("RTH"), a wholly-owned subsidiary of Richemont, announced an offer to acquire the whole of the "B" ordinary share capital of Rothmans International plc ("Rothmans") that it did not already own.

RTH or its affiliates have been principal shareholders since the foundation of Rothmans in 1972. This holding was reduced in 1981 when part of it was sold to Philip Morris Companies Inc. ("Philip Morris"). Since that time, the resultant holdings have been governed by agreements granting reciprocal rights of first refusal in the event of any intended disposal. Following a recent strategic review Philip Morris informed Richemont that it was considering the possible disposal of its shares.

Richemont has every confidence in the future prospects of the businesses of Rothmans. Accordingly, RTH, following discussions with Philip Morris, made an offer to all holders of Rothmans "B" ordinary share capital, which offer Philip Morris has irrevocably accepted.

The offer was made on the basis of 660 p nominal in RTH 10¼% loan notes due in 1994 for each Rothmans "B" ordinary share. RTH advisers have indicated that, in their opinion, a reasonable estimate of the value of the RTH Loan Notes, on the date of the announcement of the offer, was 588 p.

The Board of Rothmans has recommended to Rothmans shareholders that they should not accept the RTH offer, and RTH does not expect any significant number of acceptances other than that of Philip Morris.

On November 23, 1989 RTH owned or had received acceptances in respect of 63.43% of Rothmans' total issued "B" ordinary and ordinary share capital, representing together approximately 68.84% of the total voting rights.

Nikolaus Senn
Chairman

Johann Rupert
Managing Director

November 23, 1989