RICHEMONT

Annual Report and Accounts 2016

Richemont is one of the world's leading luxury goods groups.

The Group's luxury goods interests encompass some of the most prestigious names in the industry, including Cartier, Van Cleef & Arpels, Piaget, Vacheron Constantin, Jaeger-LeCoultre, IWC, and Montblanc.

Each of Our Maisons™ represents a proud tradition of style, quality and craftsmanship which Richemont is committed to preserving.

Financial and operating highlights

Group sales (€m)

Sales by business area (% of Group)

Operating profit (€m)

Jewellery Maisons (€m)

Earnings per share, diluted basis (€)

Specialist Watchmakers (€m)

Dividend per share

Other Businesses (€m)

- Sales grew by 6% to € 11 076 million; at constant exchange rates, sales decreased by 1%
- Growth in Europe, the Middle East, Americas and Japan was offset by weaker trading in the Asia Pacific region
- Operating profit decreased by 23% due to a non-recurring property disposal gain of € 234 million in the prior year and current year restructuring and one-time charges of € 97 million
- Net profit for the year increased by 67% to € 2 227 million, primarily due to a non-cash post-tax gain of € 639 million relating to the merger of the NET-A-PORTER and YOOX Groups, and the non-recurrence of losses largely due to the revaluation of the Swiss franc in the prior year of € 686 million
- Cash flow from operations of € 2 419 million and the net cash position of € 5 339 million were broadly in line with the prior year
- Proposed dividend of CHF 1.70 per share, an increase of 6%

Chairman's review

Johann Rupert, Chairman

Overview of results

In the first six months of the year under review, Richemont reported double-digit growth, followed by a decline in the second half. Our concerns over geopolitical risks and the impact on the behaviour of our clients proved justified. Europe turned negative in mid-year and trading conditions in Hong Kong and Macau remained difficult. Only mainland China showed good growth. Overall, full year Group sales rose by 6%, helped by favourable exchange rate effects.

Against this background of difficult trading conditions and events, the Maisons have worked to respond to changing market demands. The Jewellery Maisons delivered sales growth and profit resilience through successful jewellery lines and favourable currencies. For the Specialist Watchmakers and Cartier watches, the impact of the stronger Swiss franc on watch manufacturing costs, together with lower capacity utilisation, combined to depress gross margins. Montblanc, Chloé and Peter Millar reported good sales growth. Other fashion Maisons faced difficult trading conditions throughout the year.

In this environment our Maisons adjusted their fixed cost bases. Accordingly, related restructuring and one-time charges of € 97 million were recorded against operating profit during the year under review. Excluding these charges and the gain realised on the sale of a real estate property in the comparative year, operating profit decreased by 11%.

On 5 October 2015, Richemont announced the completion of the merger of The NET-A-PORTER GROUP with The YOOX GROUP which generated a one-off, non-cash pre- and post-tax accounting gain of € 639 million in the current year. At that point, Richemont owned 50% of the enlarged group but chose to limit its voting rights to 25%. Following the completion of a € 100 million rights issue entirely subscribed by the Emaar Properties Group, owner of the Dubai Mall, Richemont's equity interest is now 49%.

In the comparative year, Richemont reported a gain on the sale of a real estate property, but also incurred significant non-cash losses stemming from the revaluation of the Swiss franc. Including the impact of the significant one-off items in both years, Richemont's net profit increased by 67% over the prior year's level.

Important to the Board and shareholders are the Group's operating and free cash flows. Both remain solid and stable over the two-year period. At the end of March 2016, the Group's balance sheet was exceptionally strong, with net cash amounting to € 5 339 million and shareholders' equity representing 75% of total equity and liabilities.

Dividend

Based upon the results for the year and in keeping with its stated objective to grow dividends steadily over the long term, the Board has proposed a dividend of CHF 1.70 per share; up from CHF 1.60 per share last year.

Annual General Meeting

At the annual general meeting in September, shareholders will be asked to elect two new members directors to the Board: Mr Jeff Moss and Mr Cyrille Vigneron. Their biographical details may be found on pages 47 and 48.

Mr Alain Dominique Perrin will not be standing for re-election. He joined Cartier in 1969 and was among the entrepreneurs who, through creative collections and innovative marketing techniques, brought that Maison back to global prominence. He also served as Chief Executive of the Group's luxury goods businesses and, since 2003, as a director of Compagnie Financière Richemont. We will continue to benefit from his inimitable knowledge of the business in the years to come as a consultant to the Group. He has provided Richemont shareholders with 47 years of outstanding service and the board warmly thanks him for his contribution to Richemont's growth.

Your Board also thanks Mr Bernard Fornas, who served as Co-Chief Executive Officer with Mr Richard Lepeu until 31 March. Mr Fornas contributed hugely to the development of Cartier, and latterly the larger Group, over the past 22 years. Richemont's Board is delighted that he has accepted to serve as a non-executive director. We also sincerely thank the 29 000 employees of the Group and its Maisons for the talents and skills that they bring to Richemont as well as their commitment and hard work.

Peace Parks Foundation and Laureus

On pages 38 and 39, you may read about the commendable work of the Peace Parks Foundation and the Laureus Sport for Good Foundation ('Laureus'). The Peace Parks Foundation has created and continues to protect a network of vast ecosystems that traverse Southern Africa's political borders. Laureus uses the power of sport to improve the lives of disadvantaged young people around the world. Laureus also celebrates sporting excellence at the annual Laureus World Sports Awards, held most recently in Berlin. Richemont is proud to be associated with the inspiring vision of these Foundations and invites you to join us in supporting their work.

Outlook

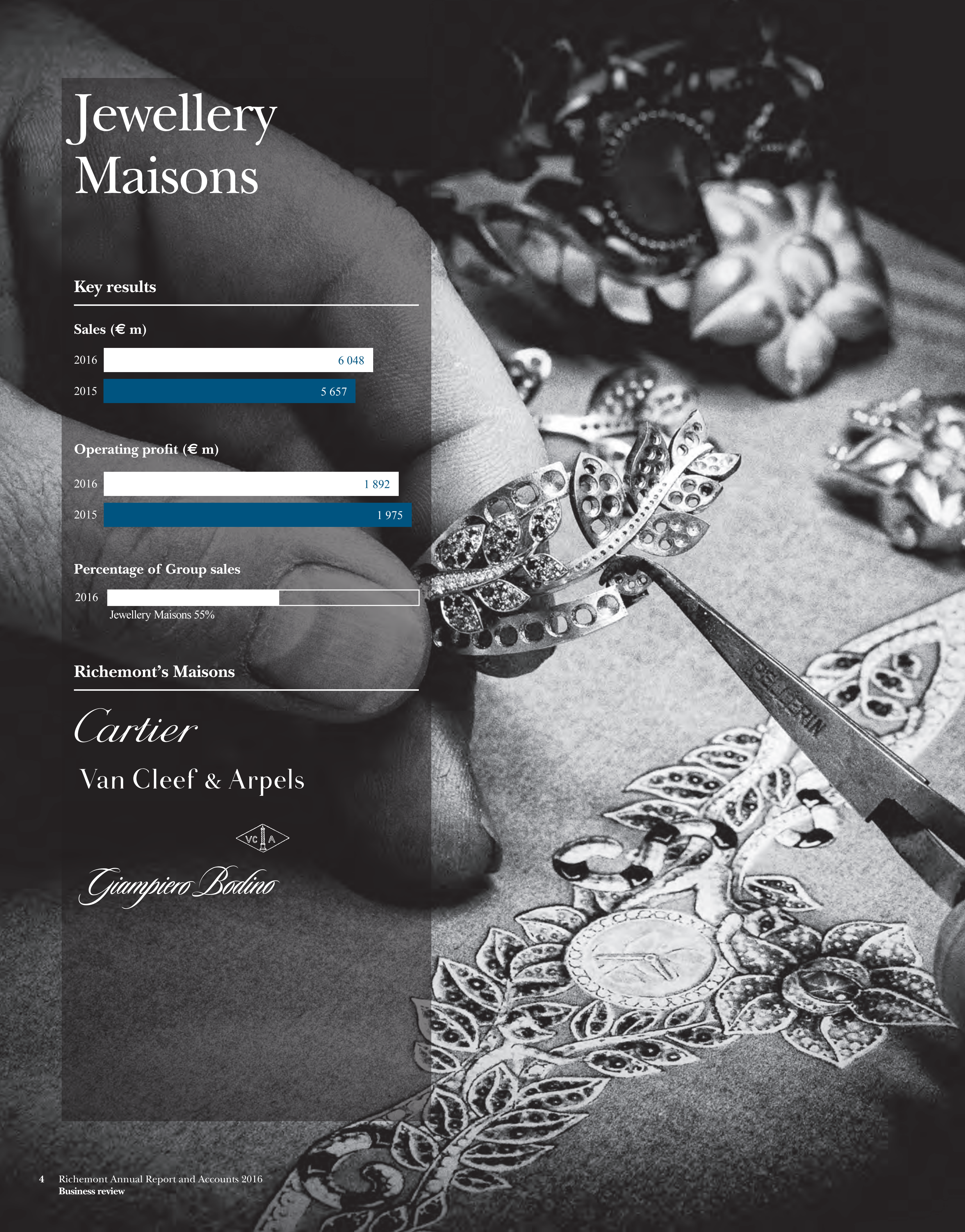
April sales declined by 18% and 15% on a reported and constant rates basis. All regions reported a decline in sales. At constant exchange rates, only the Middle East and Africa posted growth. This performance was largely anticipated. Asia Pacific remained weak due to no recovery in Hong Kong and Macau, only partially offset by continued improvement in mainland China, which was up 26% on a constant rate basis. Retail sales continued to outperform the wholesale channel. The challenging comparatives will persist through September.

In the near term, we are doubtful that any meaningful improvement in the trading environment is to be expected. We are notably addressing the challenges faced by the watch industry. Cash flow generation is a key priority. We are tightly monitoring costs, working capital requirements and allocating resources in a highly selective manner. Nevertheless this will be accompanied by continued investments in our Maisons to ensure long-term value creation. The Group will look to consolidate its global retail presence, particularly in mainland China, and will invest further in jewellery.

We are confident in the long-term demand for high quality products. The Group remains committed to supporting its Maisons to conceive, develop, manufacture and market products of beauty, individuality and the highest quality. These values are enduring and will see Richemont well positioned to benefit from an improved market in the years to come.

Johann Rupert
Chairman

Compagnie Financière Richemont SA
Geneva, 20 May 2016



Jewellery Maisons

Key results

Sales (€ m)

2016	6 048
2015	5 657

Operating profit (€ m)

2016	1 892
2015	1 975

Percentage of Group sales

2016

Jewellery Maisons 55%

Richemont's Maisons

Cartier

Van Cleef & Arpels

Giampiero Bodino

Cartier

Founded in 1847, Cartier is not only one of the most established names in the world of Jewellery and Watches, it is also the reference of true and timeless luxury. Driven by a constant quest for excellence in design, innovation and expertise, Cartier has successfully managed over the years to establish itself as a leader not only in jewellery but as a global luxury Maison.

5th Avenue boutique, New York

- *Étourdissant Cartier*, the latest High Jewellery collection, was composed of some one hundred colourful creations.
- *Drive de Cartier*, a watch with an elegant, masculine design, was launched at the 2016 SIHH.
- E-commerce continues to be developed, answering clients' expectations for service, accessibility and performance.
- 'Cartier, the Making of Art' exhibition at the Chengdu Sichuan Museum welcomed 228 000 visitors.

Étourdissant Cartier, the latest High Jewellery collection exclusively presented on the French Riviera before touring the world; notably in Singapore where it was shown at the inauguration of a new fine arts museum, the Pinacothèque de Paris. Composed of some one hundred colourful creations, this collection was very well received. Other jewellery selections during the year included new pieces which continue to explore the creative universes of the *Amulette de Cartier* collection and the *Paris Nouvelle Vague* collection, inspired by the City of Light.

At the 2016 Salon International de la Haute Horlogerie, the Maison launched the *Drive de Cartier* watch, creating a new, elegant, masculine design. *Rotonde de Cartier Astromystérieux* also showed how technical complications can serve design and emotion. The year has also confirmed the success of the *Clé de Cartier* watch.

For many years the Maison has been developing its manufacturing and craftsmanship investment plan. This includes the opening, at the end of 2014, of Cartier's Maison des Métiers d'Art in La Chaux-de-Fonds, alongside the Manufacture. This special place brings together the most precious artistic crafts applied to Swiss watchmaking.

During the year, the Maison continued to expand its eyewear offering by launching the *Trinity de Cartier* and the *Panthère Divine de Cartier* sunglasses. Leather goods were also expanded with the *C de Cartier* collection, which proposes women's handbags in a multitude of colours inspired by fine gemstones.

Cartier's ability to showcase all of its creations in its own retail environment has been, more than ever, at the centre of the Maison's priorities. Several new boutiques were opened during the year, including Shin Kong Place in Beijing and Iguatemi in São Paolo, then to Castlereagh Street in Sydney and Brisbane in Australia. In May 2015, the Champs-Elysées flagship boutique was reopened following refurbishment.

To complement and support the appeal of its boutiques, Cartier continues to develop an e-commerce network. This digital experience answers clients' higher expectations for service, accessibility and performance through 19 mobile versions of Cartier sites all over the world, including China.

Communication was a strategic priority during the year, placing Cartier as the jeweller of choice for diamonds. To achieve this goal, a new advertising campaign was initiated and an advertising film – directed by Johan Renck with Paris as its setting and starring the model and singer Karen Elson – was distributed around the world, from cinemas to social networks.

Cartier

Since 1989, the year of its first exhibition at the Petit Palais in Paris, Cartier has been shown in the world's greatest museums. In 2015, the Maison was hosted by two prestigious cultural institutions in China and in Switzerland, displaying rare pieces from the Cartier Collection. The Chengdu Sichuan Museum, whose 'Cartier, the Making of Art' exhibition welcomed 228 000 visitors; the Fondation Baur, Museum of Far Eastern Art of Geneva, proposed an enriching confrontation between pieces coming from its own collections and Asian inspired creations from the Maison. These cultural events demonstrate once again the public's enthusiasm for the Maison and the strong link between Cartier and the art world.

The Fondation Cartier pour l'art contemporain, created in 1984, is a pioneering creative space for artists and a place where art and the public can meet. Following the events of the 30th anniversary in 2014, the Fondation Cartier presented in 2015 the first major Bruce Nauman exhibition in Paris in over 15 years and also allowed almost 160 000 people to discover 'Beauté Congo – 1926 – 2015 – Congo Kitoko'. This cultural event was the third most successful exhibition of the Fondation since 1984. Moreover, on the occasion of the COP21, the Palais de Tokyo in Paris hosted 'Exit', an installation conceived at the Fondation Cartier.

Instituted in 2012 to catalyse the Maison's philanthropic commitment to improve the livelihoods of the most vulnerable, the Cartier Charitable Foundation focuses on the most excluded, in particular women and children living in the world's least developed regions. It currently supports 17 partners, mostly non-governmental, in 28 developing countries.

In the year ahead, three of the Maison's most important boutiques will be reopened after renovation: Tokyo Ginza, Seoul Maison Cheongdam and New York Fifth Avenue.

Cyrille Vigneron
Chief Executive

Bond Street boutique, London

13 rue de la Paix boutique, Paris

Established 1847
13 rue de la Paix, Paris, France
Chief Executive Cyrille Vigneron
Finance Director François Lepercq
www.cartier.com

Van Cleef & Arpels

Created in 1906, Van Cleef & Arpels is a High Jewellery Maison based on the values of creation, transmission and expertise. Each new jewellery and timepiece collection is inspired by the identity and heritage of the Maison and tells a story with a universal cultural background, a timeless meaning and expresses a positive and poetic vision of life.

Van Cleef & Arpels on Place Vendôme, Paris

- The *Seven Seas* collection of High Jewellery pieces was unveiled in Monaco.
- L'ÉCOLE Van Cleef & Arpels spread its expertise across the world.
- The Maison's digital roadmap seeks to integrate its different dimensions, while always respecting and expressing its identity.

Major launches during the year were focused on: High Jewellery with the collection *Seven Seas*, unveiled in Monaco; the relaunch of the *Cadenas* watch; a specific focus on *Alhambra* with new jewellery creations; and the *Perlée* collection as a second pillar of the Maison.

With a network of 117 boutiques, the Maison has established itself worldwide, with the ambition to build a well-balanced business both geographically and between nationalities. In the past year, the Maison opened nine new boutiques, expanding to new cities such as Rome and Bangkok, reinforcing its presence in key cities, including Singapore and Beijing, extending its historical home in Place Vendôme and relocating its Ginza boutique in Tokyo. The Maison continued to upgrade its existing network, renovating eleven stores including Bal Harbour in Miami and New Bond Street in London.

Van Cleef & Arpels continues to reinforce its links with the world of culture and dance through specific projects such as: *Un Exercice de style*, a book written in collaboration with the French editor Gallimard, gathering 25 words defining the identity of the Maison, or the creation of the Fedora – Van Cleef & Arpels Prize for ballet to support the emergence of a new generation of choreographers.

L'ÉCOLE Van Cleef & Arpels continues to promote the traditional crafts of jewellery and watchmaking with the development of new classes and the Creative Workshops dedicated to children. L'ÉCOLE also enlarged and diversified its curriculum and opened its doors to a new business audience. In addition, L'ÉCOLE spread its expertise across the world and through two-week sessions in New York and in Hong Kong.

Regarding human resources, our main focus consists of building sustainable teams, reinforcing expertise, promoting flexibility and adaptability within the Maison. The focus ensures that the vision, purpose and values of the Maison are shared and understood at all levels.

Nicolas Bos
Chief Executive

Established 1906
20-22 place Vendôme, Paris, France
Chief Executive Nicolas Bos
Finance Director Burkhart Grund
www.vancleefarpels.com

Giampiero Bodino

Giampiero Bodino is a signature High Jewellery Maison hinged on the highest form of creativity inspired by the Italian culture and arts. An explosion of colour, sinuous shapes and superb savoir faire bring to life the artist's contemporary vision.

Villa Mozart, Milan

- The Maison is fostering its unique business model through one-on-one meetings with international high-jewellery connoisseurs.
- A first programme of international private events has already been completed covering Paris, Hong Kong, Geneva and London.
- The Maison has actively entered into the digital world.

After participating in the 'Biennale de Paris' last year, widely celebrated by worldwide media, the Maison embarked on a first international tour covering Paris, Hong Kong, Geneva, and London to present its creations to a selected group of high jewellery connoisseurs.

Guests from different origins and cultures expressed their emotion and fascination, meeting with a newly revealed artist and discovering his creations, comforting the Maison on its true legitimacy. The offer for bespoke pieces, introduced to selected guests and journalists during the Paris Haute Couture week, supported by a set of stunning and exceptional precious stones was widely acclaimed.

In parallel, the Maison continued to actively promote its public awareness through specific tools and activities.

The new website, launched in May 2015, offers a journey of discovery punctuated by specific interactive experiences based on aspirational content. At the same time the '@GiampieroBodino' Instagram account was launched, providing a glimpse into the Maison's world, featuring images shot by Giampiero himself. Both tools translate the quintessence of the Maison into the digital world.

One-on-one interviews with top journalists and influencers were organised throughout the year, Giampiero and his creations always capturing their mind and attention, generating spontaneous editorials in highly reputed offline and online media.

The Maison became a certified member of the Responsible Jewellery Council in June.

The year to come will be devoted to the launch of the new collection, while continuing to promote the Maison amongst true high jewellery connoisseurs. Several appointments have already been made during the Paris Haute Couture week, at the French Riviera and in Paris again in early September, during the Biennale.

The sales team, which was strengthened this year, will lead a programme of private events in London, Hong Kong, New York, and Dubai to develop relationships with potential clients. Participation in art fairs will be carefully considered as well, as an echo to Giampiero's artistic talent, which was again celebrated this year in a site specific exhibition named '*Imago Non Fugit*' at the Museo Bagatti Valsecchi in Milan.

New creations will be developed, further establishing the precise and recognisable style of Giampiero, demonstrating his endless quest for exclusive craftsmanship, uniqueness and attention to detail.

Established 2013
Villa Mozart, via Mozart 9, Milan, Italy
Creative Director Giampiero Bodino
www.giampierobodino.com

Specialist Watchmakers

Key results

Sales (€ m)

2016	3 225
2015	3 123

Operating profit (€ m)

2016	520
2015	730

Percentage of Group sales

2016

Specialist Watchmakers 29%

Richemont's Maisons

A. Lange & Söhne
Officine Panerai
Baume & Mercier
Piaget
IWC Schaffhausen
Roger Dubuis
Jaeger-LeCoultre
Vacheron Constantin

Joint venture

Ralph Lauren Watch and Jewelry Co.

A. LANGE & SÖHNE
GLASHÜTTE I/SA

A. Lange & Söhne creates outstanding hand-finished mechanical timepieces with challenging complications that follow a clear and classical design line. Innovative engineering skills and traditional craftsmanship of the highest level guarantee state-of-the-art calibre design, the utmost mechanical precision, and meticulously hand-finished movements.

Old family home and manufacturing building, built in 1873

- *Zeitwerk Minute Repeater*, a chiming wristwatch that sounds the hours, ten-minute intervals, and minutes.
- 200th anniversary of founder F.A. Lange.
- German Chancellor Angela Merkel inaugurated the new manufactory.

Since its refoundation in 1990, the brand has developed 54 different in-house calibres, each revealing its unmistakable origins in high-precision Lange pocket watches. During the year, the Maison received nine international awards for its products and the Maison itself.

During the year, Lange's keynote topic was 'Precision beyond accuracy'. With its eminently legible jumping numerals display, the *Zeitwerk Minute Repeater* stands out as a paragon of sophisticated design. The new chiming wristwatch is the first A. Lange & Söhne model with a striking mechanism that sounds the hours, ten-minute intervals, and minutes. The icon *Lange 1*, which is part of the brand's collection since its comeback in 1994, has been endowed with a technically evolved manually wound calibre. The Maison presented also a new special white gold *1815 Chronograph* with blue numerals and a pulsometer scale, and the *1815 Tourbillon Handwerkskunst* with exceptional decorative elements of dial and movement. The movement unites the two patented mechanisms zero-reset and the stop-seconds device for the tourbillon.

Besides the presentation of the new collection at the Salon International de la Haute Horlogerie in Geneva in January 2016, the Maison has taken part for the third time in the Watches & Wonders exhibition in Hong Kong.

To support the education of the next generation of watchmakers, A. Lange & Söhne organised the international F.A. Lange Scholarship & Watchmaking Excellence Award for the sixth time this year and will continue with this programme in the coming year.

The Maison is perpetuating sponsorships for the Dresden State Art Collections, the Semper Opera house in Dresden and the Concorso d'Eleganza Villa d'Este, a renowned contest for beauty and elegant design of classic automobiles.

A. Lange & Söhne timepieces are available in 60 countries. The Maison has opened new boutiques in Costa Mesa and Beijing, reaching 16 in total.

On 26 August 2015, German Chancellor Angela Merkel inaugurated A. Lange & Söhne's new 5 400-square-metre manufactory building. On 7 December, the Maison's date of foundation, A. Lange & Söhne celebrated the conclusion of its jubilee year in honour of Ferdinand Adolph Lange's 200th birthday with an impressive event for customers and press.

'Mechanical Masters' is the Maison's keynote topic in the year ahead and it gives a first impression of a year full of performance, craftsmanship and tradition.

Wilhelm Schmid
Chief Executive

Established 1845
Ferdinand-A.-Lange-Platz 1, Glashütte, Germany
Chief Executive Wilhelm Schmid
Finance Director Beat Bührer
www.lange-soehne.com

BAUME & MERCIER
MAISON D'HORLOGERIE GENEVE 1830

Since 1830, Baume & Mercier has been creating watches of the highest quality, imbued with a classic, timeless aesthetic and leaving their mark on time itself. Our timepieces for men and women are all unfailingly committed to excellence and driven by a single purpose: to be indelible embodiments of the most memorable moments of our lives.

Baume & Mercier headquarters in Geneva

- Baume & Mercier's 185th anniversary celebrations were symbolised by a *Clifton Limited Edition.*
- Launch of the partnership with Carroll Shelby International, Inc.
- Relaunch of the *Classima* collection through partnerships with prestigious schools, universities and the LinkedIn social network.
- Appointment of Chen Kun as Baume & Mercier international ambassador.

To celebrate its 185 years of Swiss watchmaking, Baume & Mercier focused on its emblematic *Clifton* collection with a special 185-piece limited edition of the *Clifton 8-Day Power Reserve*. It appeared as a perfect interpretation of the luxury qualities, traditional finishes and exceptional performance within the family of complex timepieces created by the Maison. It was also a perfect symbol of our watchmaking expertise.

2015 was also a special year in terms of the partnership with Carroll Shelby International, Inc. This enabled us to increase brand desirability through high-impact storytelling, remaining firmly in line with our celebration DNA in tribute to the 50th anniversary of Carroll Shelby's Fédération Internationale de l'Automobile world championship victory and to give a new boost to the brand in the US. This initiative has had very positive results in terms of image perception among retailers and journalists worldwide.

The Maison took a new turn with the relaunch of *Classima*, its pillar collection. Baume & Mercier innovated by instigating a number of partnerships with prestigious schools and universities around the world so as to attract a younger clientele. In parallel, our partnership with LinkedIn has enabled us to accentuate our presence on social networks. Baume & Mercier's image among young people is changing fast. It is increasingly perceived as an introduction to innovative watchmaking and accomplice, through graduation ceremonies, of one of life's key celebration moments.

Pursuing its efforts to enhance awareness in the Chinese market, the Maison commenced an association with actor and singer Chen Kun, a major star in China with more than 80 million followers. This association was enhanced through advertising in the press and on social networks.

In the coming year, our priorities will be to support our main collections: *Classima*, *Clifton* and *Promesse*. We will continue to develop the feminine range with the *Promesse* collection – and notably with our new *Petite Promesse* unveiled at the Salon International de la Haute Horlogerie in January 2016 – as well as with the *Classima* women's collection.

In the coming year we are also planning to capitalise on the success of the *Capeland Shelby Cobra* with two new limited editions. Our Maison will also continue strengthening its distribution and increasing its visibility at points of sale around the world, with a particular emphasis on the US and China. Finally, Baume & Mercier will seek to reach a younger clientele through new creations, strategic partnerships and innovative, digitally focused operations.

Alain Zimmermann
Chief Executive

Established 1830
50 chemin de la Chênaie Bellevue, Geneva, Switzerland
Chief Executive Alain Zimmermann
Finance Director Jean-Baptiste Dembreville
www.baume-et-mercier.com

IWC
SCHAFFHAUSEN

Since 1868, IWC Schaffhausen has been crafting exquisite timepieces which combine innovative ideas with pure, distinctive designs. With their focus on engineering, its products appeal to enthusiasts with a technical interest in watches and an affinity for discreet luxury.

IWC headquarters in Schaffhausen

- The *Pilot's* Watch collection has been expanded to include elegant and smaller entry-level models.
- The Maison's motor sport involvement now extends to heritage classic car races.
- IWC Schaffhausen started a new partnership with the Singapore Film Festival.

The focal point of our year was the launch of the *Pilot's* Watch collection at the Salon International de la Haute Horlogerie in Geneva in January 2016. The *Big Pilot's Heritage* Watch with case diameters of 48 and 55 millimetres was inspired by the design of earlier *Pilot's* Watches. With the elegant *Pilot's Watch Automatic 36*, we extended our offering for women and men with slimmer wrists. The *Pilot's Watch Timezoner Chronograph* debuted as the Maison's first model that shows a new time zone, including the date, as the result of a simple twisting action. With the Big Pilot's Watch Annual Calendar Edition '*Le Petit Prince*', the annual calendar compilation found its way into the *Pilot's* watch collection. The launch was celebrated with a revue-style show in the presence of many IWC brand ambassadors and celebrities.

At the third Watches & Wonders exhibition in Hong Kong in September, IWC Schaffhausen introduced new models from the *Portofino* collection including the *Portofino Hand-Wound Monopusher*, the Maison's first ever model with an ingenious single push-button chronograph, and the *Portofino Hand-Wound Day & Date*. In addition, the focus was on the relaunched *Portugieser* collection.

During the past year, we underlined our passion for cinema by debuting as an official partner of the Singapore International Film Festival. This adds to collaborations with the Tribeca Film Festival New York, the Beijing Film Festival, the Dubai Film Festival, the BFI London Film Festival and the Zurich Film Festival.

We also extended our involvement with the world of motor sport. In addition to the partnerships with the Mercedes AMG Petronas Formula One™ Team and Mercedes-AMG, we now focus on classic car races. Since 2015, IWC Schaffhausen functions as official partner of the Rallye Passione Caracciola and Timing Partner of the Goodwood Members' Meeting.

For the second time, IWC Schaffhausen was both Official Timekeeper for the Volvo Ocean Race (VOR) and sponsor of the Abu Dhabi Ocean Racing (ADOR). The IWC-sponsored team took overall victory in the Volvo Ocean Race 2014/15. This was celebrated at the final destination in Gothenburg, Sweden and each team member awarded a *Portugieser Yacht Club Chronograph 'Ocean Racer'*.

We continued our selective distribution strategy and opened new boutiques in Seoul, Macau, Paris and Milan. Boutiques were relocated to prime locations in Shanghai, Taipei, Beijing and Los Angeles. The new Flagship Boutique on Rodeo Drive in Beverly Hills celebrates IWC's American heritage as well as the Maison's passion for filmmaking and cinema.

We will continue to sustainably expand our boutique network during the next year and will begin construction on our production site in Merishausen, adjacent to Schaffhausen. The new facility will concentrate on the development and production of IWC-manufactured movements and haute horlogerie complications.

Georges Kern
Chief Executive Officer

Established 1868
Baumgartenstrasse 15, Schaffhausen, Switzerland
Chief Executive Officer Georges Kern
Chief Financial Officer Kimberly S. Mattoon
www.iwc.com

JAEGER-LECOULTRE

Since its founding in 1833, Jaeger-LeCoultre has created over 1 200 calibres and registered more than 400 patents, placing the Manufacture at the forefront of invention in fine watchmaking. Its leading position stems from its full integration with over 180 savoir faire gathered under one roof, in the heart of the Vallée de Joux.

Manufacture Jaeger-LeCoultre, Le Sentier

- The *Geophysic* line is at the forefront of innovation.
- The *Reverso Classic* is the Manufacture's iconic timepiece, inspired by the original codes of the line.
- The *Reverso Tribute* collection is for connoisseurs of horological content and aesthetics.

After paying tribute to the origins of time measurement with a collection dedicated to astral complications, Jaeger-LeCoultre celebrated high watchmaking and elegance, which sit at the heart of the Maison's identity.

In the autumn the Maison revealed the new *Geophysic* line featuring state-of-the-art movements in a classic yet versatile design. With the *Geophysic*, Jaeger-LeCoultre is seeking a new standard in its classic round offer, in keeping with its goal to be at the forefront of innovation.

2016 was marked by the 85th anniversary of the iconic *Reverso*. To celebrate the occasion, the Maison wished to offer a new vision of the *Reverso* with three stylistic expressions – *Reverso Classic*, *Reverso Tribute* and *Reverso One* – each with its own distinct worlds.

The *Reverso Classic* inspired by the original codes of the line: its geometrical case reminiscent of Art Deco, its gadroons, its straight Arabic numerals, along with its minute track. It is the true iconic timepiece. Available in small, medium and large sizes, the *Reverso Classic* models are equipped with mechanical automatic movement in most models thereby meeting the demand for functionality and user friendliness. The back of the *Reverso Classic* timepiece, be it a steel back or a second dial on the duoface models, is the perfect space for personalisation. To enable each *Reverso Classic* to be personalised, Jaeger-LeCoultre has created the Atelier Reverso offering a choice of straps, back dials and engravings on a digital in-store tool.

The Maison revealed the new *Reverso Tribute*, inspired by its watchmaking expertise. This collection is clearly intended for connoisseurs with a discerning vision of both its horological content and its aesthetic. The star of this line is the *Reverso Tribute Gyrotourbillon*, a *Hybris Mechanica* featuring a multi-axis tourbillon in a wearable and fully hand-decorated execution.

The *Reverso One* collection pays eloquent tribute to femininity. While reviving the elongated shape of 1930s watch cases, the *Reverso One* has its finger firmly on the pulse of today's fashion trends.

Meanwhile, masterpieces of the brand continued to perform well this year, notably high complications as well as Jewellery pieces in the *Rendez-Vous* line.

In distribution, Jaeger-LeCoutre's continuous focus is to qualitatively improve its distribution network, through investments in architectural design and in-store service.

Jaeger-LeCoultre communications and events remain coherent and continue to reinforce its three territories of expression: polo, cinema and UNESCO.

The Maison is looking to incorporate more inventions, exclusivity and personalisation into its timepieces.

Daniel Riedo
Chief Executive

Established 1833
Rue de la Golisse 8, Le Sentier, Switzerland
Chief Executive Daniel Riedo
Finance Director Peggy Le Roux
www.jaeger-lecoultre.com

OFFICINE PANERAI
FIRENZE 1860

Officine Panerai's exclusive sports watches are a natural blend of Italian design, Swiss technology and maritime heritage.

Officine Panerai boutique in Piazza San Giovanni, Florence

- The *Radiomir 1940* assortment was enriched with special materials, including titanium and ceramic, and a hand-wound movement with a 3-day power reserve.
- The *Luminor Submersible 1950* in Carbotech was launched. The material is very light and exceptionally resistant to corrosion.
- Panerai Classic Yachts Challenge circuit counts more than ten Regattas reserved for classic and vintage yachts.

The development of the *Radiomir 1940* collection has been an important point of the year for Panerai. This watch assortment has been enriched by a new range of products made of special materials, including titanium and ceramic, and the introduction of a new hand-wound movement with a 3-day power reserve. The new movement was presented to the public on the occasion of the Watches & Wonders exhibition in Hong Kong, enjoying a highly favourable reception.

The *Luminor 1950* collection has been enriched with the launch of the first Panerai *Submersible* watch in Carbotech, a new exclusive material with a unique appearance, very light and exceptionally resistant to corrosion. The *Luminor Submersible 1950* collection has been further developed with the presentation of two new watches with Flyback chronograph function that strengthen the positioning of the Maison in the high-end sports segment and consolidate the strong link between Panerai and the sea world.

Panerai continued to increase the level of technical awareness through the development of the *Luminor* and *Radiomir* collections with new models featuring the in-house 8-days calibre.

At the same time, the introduction of Vintage watches and Special Editions with high-end movements dedicated to the retail network has reinforced the exclusivity of the Maison.

Panerai continued to sponsor the Panerai Classic Yachts Challenge ('PCYC'), reaffirming Panerai's historical relationship with the sea. The PCYC circuit, renowned internationally, counts more than ten Regattas in Europe, the US and the Caribbean, all of them reserved for classic and vintage yachts. The corporate yacht Eilean, which dates from 1936, is the Maison's ambassador during the circuit and serves as a platform for both communication and CSR activities, in partnership with non-profit organisations which are active in the countries where the events are based.

The link with Florence, Panerai's home town, is communicated through the ongoing sponsorship of the Museo Galileo, renewed for a further three years.

During the year, to continue the development in the digital environment, Panerai launched its new website with additional features. The US version is also integrated with the e-commerce functionality for the sale of Panerai watches and accessories. Panerai continues to consolidate its digital presence by developing specific contents and videos for the social media networks, capable of raising awareness of Panerai at a global level. Amongst those activities, a special focus has been given to Chinese social media.

Panerai continued to upgrade its distribution network, including the opening of the Miami Design District boutique and the enlargement of its New York Fifth Avenue and Milan Montenapoleone boutiques.

The Manufacture in Neuchâtel, Switzerland confirms Panerai as a sports brand featuring a high degree of manufacturing know-how, deeply rooted in Italian design and Swiss technology.

Panerai will consolidate its image in sports watches and enhance its in-house technical competences.

Angelo Bonati
Chief Executive

Established 1860
Piazza San Giovanni 14/R, Palazzo Arcivescovile, Florence, Italy
Chief Executive Angelo Bonati
Finance Director Giorgio Ferrazzi
www.panerai.com

PIAGET

Piaget enjoys inimitable credentials as both a Watchmaker and a Jeweller. The fully integrated Manufactures enable the Maison to reaffirm its unique expertise in ultra-thin movements and gold crafting. Among its technical skills, Piaget is known for its boundless creativity shown in each new breathtaking thematic collection.

Piaget's manufacture and headquarters, Geneva

- *Limelight Stella*, the first automatic watch with complication dedicated to women, was entirely designed and developed in our Manufactures of La Côte aux Fées and Geneva.
- The *Possession* jewellery line was relaunched to celebrate its 25 years.
- *Mediterranean Garden* and *Secrets & Lights*, two exceptional 'Haute Joaillerie et Haute Horlogerie' collections.

During the year Piaget asserted its identity by expanding its iconic lines with ever more creative, ambitious and audacious designs, whether it be in Watches or in Jewellery.

The Maison reconfirmed its Watchmaking expertise through two innovations. The *Limelight Stella* watch, the first automatic watch with complication dedicated to women, was entirely designed and developed in our Manufactures of La Côte-aux-Fées and Geneva. The *Emperador Coussin XL 700P*, an innovative timepiece featuring an unusual blend between a mechanical calibre and a generator.

Piaget also extended its iconic lines, relaunching 25 years later the *Possession* jewellery line, with its unique avant-garde design as well as developing an *Altiplano* gold bracelet creating a chic, urban must-have version of this legend.

Piaget won two prizes during the Grand Prix de l'Horlogerie in Geneva, rewarding the Maison for both its new *Altiplano* chronograph and a High Jewellery *Manchette*.

Piaget also created two exceptional 'Haute Joaillerie et Haute Horlogerie' collections. The 'Haute Joaillerie' beautifully combines the creativity of Piaget with exceptional stones, while the 'Haute Horlogerie' embodies the most daring and spectacular decorative techniques, such as micromosaic, scrimshaw and miniature painting techniques. Those audacious and creative collections, *Mediterranean Garden* and *Secrets & Lights*, comprised of 175 jewellery creations and 44 watchmaking creations have been revealed during two glittering events in the South of France and in Dubai respectively.

For the first time, Piaget commenced a collaboration with the Art Dubai Fair, where a specially curated collection of extraordinary pieces from both its patrimony and new creations was exposed.

Piaget continued to develop its participation in the film-making industry by sponsoring the Spirit Awards ceremony for the ninth time and the Hong Kong Film Awards and the Golden Horse Film Festival in Taiwan. As a result, many actors and actresses choose Piaget creations to dazzle on and off the red carpet. Our international ambassadors, Jessica Chastain and Gong Li, always look wonderful dressed in Piaget.

Piaget has expanded its retail network with the opening of eight new boutiques including two flagships: Paris and Milan, bringing the network total to 97. The majority of this boutique network features the Maison's new in-store design.

Going forward, Piaget will consolidate its watch offering around its unique dual expertise both as Master of Ultra-Thin watches and Jeweller of watchmakers. On the jewellery side, it will continue to strongly capitalise on its iconic *Possession* Line and High Jewellery, with a major thematic collection to be launched in September 2016.

Philippe Léopold-Metzger

Philippe Léopold-Metzger
Chief Executive

Established 1874
37, chemin du Champ-des-Filles, Geneva, Switzerland
Chief Executive Philippe Léopold-Metzger
Deputy Managing Director Christophe Grenier
www.piaget.com

RALPH LAUREN
WATCH AND JEWELRY CO.

"To design something legendary that has a sense of timelessness; that is what I aspire to do." "The watches I've been drawn to represent a passion for design and a respect for tradition and craftsmanship. A watch also represents something personal. It reflects your individuality and taste, from its functionality to its aesthetic." Ralph Lauren.

Ralph Lauren Watch & Jewelry Salon at the 888 Madison Avenue Flagship in New York

- Ralph Lauren Watch & Jewelry Co. continues to build on its strong foundation with fresh interpretations of classic American elegance combined with traditional Swiss watchmaking.
- 2016 celebrates the iconic Ralph Lauren woman with the launch of the *RL888* collection and new women's watches in the *867* collection.
- Ralph Lauren watches are distributed in more than 25 countries, with 95 points of sale.

At the Salon International de la Haute Horlogerie in January 2009, Ralph Lauren Watch & Jewelry Co. launched three collections of iconic timepieces: the Ralph Lauren *Stirrup* Collection, the Ralph Lauren *Slim Classique* Collection and the Ralph Lauren *Sporting* Collection. Respecting tradition and watchmaking heritage, Ralph Lauren watches are of the finest quality and craftsmanship, combining extraordinary design and innovative materials.

In 2010, Ralph Lauren Fine Jewelry was introduced exclusively at the 888 Madison Flagship in New York, and later was launched at the Paris Avenue Montaigne and Hong Kong Peninsula boutiques. Featuring brilliance, movement, and the remarkable allure from the world of Ralph Lauren, the Fine Jewelry collections are handcrafted with the most exceptional materials and intricate finishing techniques, capturing the designer's tradition of masterful craftsmanship.

Today, Ralph Lauren Watch & Jewelry Co. continues to build on its strong foundation with fresh interpretations of classic American elegance combined with traditional Swiss watchmaking. The collections pay tribute to the designer's passion for equestrian, art deco, automotive and safari aesthetics. The attention to detail, the materials, and the finishes bring a comprehensive and unique offering that represent Ralph Lauren's distinguished style and taste.

2016 celebrates the iconic Ralph Lauren woman with the launch of the *RL888* collection and new women's watches in the *867* collection. Ralph Lauren's first round watch designed exclusively for women, the *RL888* collection is named in honour of the women's flagship store at 888 Madison Avenue – a glamorous mansion in the heart of New York City. Expressing a sleek, confident sensibility that defines the Ralph Lauren woman, *RL888* timepieces are offered in polished 18-karat rose gold or stainless steel in two sizes – 32mm and 38mm. The *867* collection builds on elegant art-deco inspiration which is beautifully echoed in the architectural allure of the signature square case and concentric square designs. Each of these pieces emphasises timeless elegance and femininity, while embodying fine craftsmanship and modern sensibility. Additional launches this year will include new *Automotive* and *Safari* models.

Ralph Lauren watches are distributed in more than 25 countries, with 95 points of sale, and are available at select Ralph Lauren boutiques and top independent retailers worldwide.

Luc Perramond
President & CEO

Ralph Lauren Watch & Jewelry Co.
is a joint venture between Richemont
and Ralph Lauren Corporation.

Established 2007
24, route de la Galaise, Geneva, Switzerland
President & CEO Luc Perramond
Finance Director Guillaume Gauthier
www.ralphlaurenwatches.com
www.ralphlaurenjewelry.com

ROGER DUBUIS

HORLOGER GENEVOIS

Representing an irresistible blend of distinctive character and Haute Horlogerie expertise, Roger Dubuis has been at the forefront of the contemporary watchmaking scene since 1995. The Manufacture offers a range of audacious, hand-crafted, all-mechanical timepieces combining inventive horological mechanisms with powerful, daring designs.

Roger Dubuis' manufacture and headquarters, Geneva

- Roger Dubuis offers exceptional complications highlighted by *Excalibur*, embodying a world of mastery and power.
- In 2016, Roger Dubuis introduced five new facets of the feminine *Velvet* collection and celebrated the Year of the Diva.
- The Maison now has an exclusive distribution network with 180 points of sale and 24 boutiques.

The exceptional degree of vertical integration achieved by the Manufacture Roger Dubuis enables it to enjoy comprehensive mastery of its in-house production. This capacity has also contributed to its specialisation in often spectacular limited editions, as well as its enviable reputation in the domain of skeletonised single and double flying tourbillons. The substantial investments in research and development, conducted by the in-house technical lab and in close co-operation with the design studio, have led to a steady stream of breakthrough technical solutions as well as inventive uses and combinations of materials. Many of the resulting world-first mechanisms or inventions are in turn protected by patents. The Maison's manageable scale of production provides the flexibility and freedom to offer almost limitless scope for personalisation of movements, watch exteriors and finishes, regrouped under the *Rarities* concept.

In 2015, having firmly established itself as the pioneer of contemporary skeleton calibres and a specialist in architectural and technical mechanics, Roger Dubuis celebrated its Year of the Astral Skeleton with a charismatic line-up of *Excalibur* creations. These included its Technical Skeletons named *Excalibur Spider,* in which the iconic skeletonisation concept is taken to a higher level by extending it to the case, flange and hands.

In 2015, Roger Dubuis enlarged its international retail network with the reopening of the Geneva flagship and the inauguration of its New York and Dubai boutiques, while continuing to upgrade its exclusive wholesale network. The Maison organised and took part in some 50 events worldwide on the *Excalibur* theme, including participation in the third edition of Asia's major Haute Horlogerie exhibition, Watches & Wonders.

At the Salon International de la Haute Horlogerie, Roger Dubuis turned the spotlight on women, unveiling five new facets of the *Velvet* collection. They convey a unique blend of sophisticated watchmaking and feminine aesthetic appeal, pursuing the Maison's mission as the 'Jeweller of rare artistic masterpieces'. The Maison also presented a stunning world premiere *Black Velvet* model, combining what are generally regarded as diametrically opposite materials: carbon set with precious stones.

We will see a continued emphasis on the iconic *Excalibur* collection in 2017, which will be celebrated through events around the world. Roger Dubuis will continue to focus on original experiences, showcasing its aesthetic boldness and extravagance, as well as the extreme mechanical sophistication of its standout models.

Jean-Marc Pontroué
Chief Executive

Established 1995
2 rue André de Garrini, Meyrin, Geneva, Switzerland
Chief Executive Jean-Marc Pontroué
Finance Director Patrick Addor
www.rogerdubuis.com

VACHERON CONSTANTIN

Manufacture Horlogère. Genève, depuis 1755.

Crafting eternity since 1755, Vacheron Constantin is the world's oldest watch Manufacture in continuous production, faithfully perpetuating a proud heritage based on transmitting expertise through generations of master craftsmen. Epitomising the spirit of Haute Horlogerie, Vacheron Constantin continues to design, develop and produce outstanding timepieces that remain faithful to its three brand fundamentals: technical excellence, inspired aesthetics and superlative finishing.

The Maison on an island in Lake Geneva

- The new *Harmony* collection houses a new generation of calibres, strengthening the offer of chronograph complications.
- To mark its 260th anniversary, the Maison unveiled Reference 57260, the most complicated watch ever made.
- Artistic crafts were evidenced by *Arca*, a collection of twelve openworked table clocks adorned with enamel and guilloché work.

Vacheron Constantin is the doyenne among companies submitting timepieces to the 'Poinçon de Genève'. Its ties to the 'Poinçon' date back to 1901. The Manufacture also offers the largest number of watches bearing this prestigious guarantee of quality.

The year was dedicated to the celebration of Vacheron Constantin's 260th anniversary. A new collection named *Harmony* was presented through a number of limited-edition models. *Harmony* houses a new generation of calibres including ultra-thin *grande complication* split-seconds, tourbillon chronograph and pulsometer monopusher chronograph movements, strengthening the Maison's offer of chronograph complications. To mark the anniversary of its founding on 17 September, the Maison unveiled at its Geneva headquarters, *Reference 57260*, the most complicated watch ever made. This incredible pocket watch, a breakthrough in technical Haute Horlogerie displaying 57 complications and since presented around the world, was developed over a period of eight years for a private collector. *Patrimony*, the Maison's iconic collection, continued to see strong demand.

In the realm of artistic crafts, Vacheron Constantin's leading position was further evidenced with the presentation of *Arca*, a collection of twelve openworked table clocks adorned with enamel and guilloché work, along with the *Métiers d'Art – Savoirs Enluminés* collection that revisits illuminated manuscripts from the Middle Ages. In addition, the Maison supports cultural institutions throughout the world in this domain, notably the National Institute for Arts & Crafts in France and the Fondazione dei Mestieri d'arte in Italy. Vacheron Constantin is the main sponsor of the European Artistic Crafts Days and the London Craft Week and a partner of world-class art and design schools ECAL in Lausanne and Ecole Boulle in Paris.

During the year the Maison recorded solid growth in a number of markets, in particular in Japan and the Middle East. Vacheron Constantin's distribution network now comprises 61 dedicated boutiques in capitals around the world, complemented by retail partnerships. Its reach was further expanded during the year by the opening of four new boutiques: Paris Galeries Lafayettes, Moscow Gum, Macau Studio City, and Dubai Mall.

The year ahead will see the launch of a new 'Poinçon de Genève' certified *Overseas* collection, designed to be the ideal travelling companion.

Vacheron Constantin looks to the future with confidence, building on its successful collections, its indisputable reputation for fine craftsmanship and its unique one-to-one approach to client relations – all forged in accordance with François Constantin's motto '*Do better if possible, and that is always possible*'.

Juan-Carlos Torres
Chief Executive

Established 1755
7 Quai de l'Ile, Geneva, Switzerland
Chief Executive Juan-Carlos Torres
Finance Director Robert Colautti
www.vacheron-constantin.com

Other Businesses

Key results

Sales (€ m)

2016	1 803
2015	1 630

Operating profit (€ m)

2016	-94
2015*	-64

Percentage of Group sales

2016

Other Businesses 16%

Richemont's Maisons

ALAÏA PARIS

MONTBLANC

dunhill LONDON

PETER MILLAR

Chloé

PURDEY

LANCEL

SHANGHAI TANG 滩海上

* Operating loss in 2015 excludes a property disposal gain of € 234 million

ALAÏA PARIS

A living legend in the fashion world, the 'soul of French fashion', Mr Azzedine Alaïa continues to create exceptional pieces that pay homage to the female form and are recognised globally for their exquisite design and beauty.

7 rue de Moussy, Paris

- The 'Couture/Sculpture' exhibition at the Galleria Borghese, Rome paired Caravaggio and Bernini masterpieces with Mr Alaïa's work.
- The *Alaïa Paris* fragrance was launched worldwide.
- Ready-to-wear maintains its majority positioning within the product mix, setting the Maison apart from other luxury fashion houses.

From the outstanding 'Couture/Sculpture' exhibition at the Galleria Borghese in Rome to the worldwide launch of the *Alaïa Paris* fragrance, the year was filled with extraordinary events and tributes to the work of Mr Alaïa.

The Alaïa retrospective at the Galleria Borghese was an unforgettable experience: pairing Caravaggio and Bernini masterpieces with Mr Alaïa's work, the magical environment made this one of his most exceptional retrospectives yet. The first time that the museum staged a fashion designer within its collection, the event created an unprecedented response and led to an extension of the exhibition by one month. It ran from July to November.

The worldwide launch of the *Alaïa Paris* fragrance, in partnership with Beauté Prestige International, has been very well received, with the product winning a number of prizes worldwide. Distribution follows the same strategy as that of the fashion business, focusing on the best partners and, in particular, those with a more fashion focused clientele.

The accessories business continues to flourish. The product category has experienced double-digit growth combined with corner openings. The accessories are also now incorporated into a store personalisation concept in department stores, wherever possible. Ready-to-wear still maintains its majority positioning within the product mix, setting the Maison apart from other luxury fashion houses.

On the wholesale side of the business, major refurbishments this year took place within larger personalised spaces at Saks New York and Harrods in London. The Maison continues to enforce its strategy of nurturing relationships with key partners, improving personalised spaces, and growing its business over the long term with each client. This has included a greater focus on product training.

In the year ahead the Maison will be exploring new terrains: with its first foray into the digital marketing world, the Maison has launched a project to increase brand awareness in China through several Chinese platforms. The Maison will also be looking to expand its presence in Asia and the Middle East. Other projects include potential partnerships for boutique openings in specific markets in order to best develop the positioning of this unique Maison.

Established 1983
7 rue de Moussy, Paris, France
Creative Director Azzedine Alaïa

dunhill

LONDON

Since 1893, the name Alfred Dunhill has been synonymous with the British gentleman. Innovative, masculine and at all times functional, the Maison has an uncompromising stance to modern luxury.

Bourdon House, the London Home of Alfred Dunhill

- The Maison has focused on the launch of its new grooming and welted shoes collection.
- The *Albany* leather luggage collection encapsulates the Founder's spirit.
- The leather goods offer has benefited from refurbished production facilities in Walthamstow, London.

Alfred Dunhill allows the world to rediscover a very British type of masculine elegance, from an impeccable menswear collection to luxurious leather goods and accessories, all exhibiting exceptional quality and attention to detail. Excellence blended with innovative products was the recipe for success of the young Alfred Dunhill and will be central to the success of the Maison in the decades ahead.

During this year, the Maison has focused on the launch of a new grooming collection inspired by the barber at Bourdon House, the introduction of welted shoes made in Northampton and the *Albany* leather luggage collection - all of which further encapsulate the spirit of the Founder. A partnership has also been agreed for the dunhill *Links* collection for distribution in US green grass accounts.

The idea of a gentlemen's club has remained an integral component of our communications campaigns and forms the backbone of the content hub on our newly launched e-commerce platform. The club encapsulates and reflects the dunhill man as a gentleman's way of life: elegant, discerning and a globetrotting professional who enjoys life to the full.

The leather goods offer has been enhanced by capitalising on the DNA of the Maison and a recently refurbished production facility in Walthamstow, London. Our archives are our first source of inspiration and craftsmanship is our priority for all of our products. We work with the best tanneries in the world to select the most beautiful skins and we include exclusive details to make them unique and show our *savoir faire*. Alfred Dunhill today honours its namesake by offering its customers the best in quality, service and experience. All those elements are embodied in our Home flagship stores in London, Shanghai, Tokyo and in our London showroom.

The year ahead will focus on the development of a new store concept, building our digital presence through our new e-commerce store and the expansion of our current product offerings.

Fabrizio Cardinali
Chief Executive

Established 1893
Bourdon House, 2 Davies Street, London, England
Chief Executive Fabrizio Cardinali
Finance Director Gary Stevenson
www.dunhill.com

Chloé

Chloé is the most naturally feminine Parisian fashion Maison, located at the intersection of couture savoir faire and youthful attitude. The Maison was founded over 60 years ago by Gaby Aghion who rejected the stiff formality of the 1950s, creating soft, body-conscious clothes from fine fabrics, calling them 'luxury prêt-à-porter'. Today, Chloé continues to epitomise the free spirit and values of femininity, modernity, effortlessness and grace.

Chloé Flagship, rue Saint Honoré, Paris

- Continued brand momentum since 2015.
- Bags revival, initiated by the *Drew* bag.
- Ten million likes on #chloeGIRLS content on Instagram.

After the Spring-Summer 2015 collection was hailed as a turning point, this year has confirmed Chloé's momentum. Clare Waight Keller's collections continue to receive both critical and commercial acclaim. The ready-to-wear and bags categories performed well, the *Drew* bag playing a key role in the bags revival.

Chloé continued showcasing the distinct attitude of the Chloé girl under the #chloeGIRLS hashtag. The movement grew stronger with each woman joining the circle, resulting in two million followers on Instagram by March. The Maison's digital audience remains highly engaged – over ten million likes were tracked on Instagram posts including the hashtag in 2015. The presence on regional social media platforms in China was also strengthened, especially on WeChat with the first pre-order activation on an exclusive Chloé bag.

From Paris to Hollywood – this has been the year when Chloé finally showcased its unique couture *savoir faire* in front of a global audience. Daisy Ridley wore a bespoke Chloé evening dress at the world premiere of 'Star Wars: The Force Awakens' in Los Angeles. The first-ever bespoke *Drew* bag was created for Chinese actress Gao Yuanyuan with Fall-Winter 2016 at Chloé's new bags atelier in Milan, displaying the Maison's distinct leather know-how.

Chloé continues its commitment to support emerging fashion talent by awarding the Chloé Prize at the annual Festival d'Hyères and will chair the upcoming ANDAM Fashion Awards.

The year ahead also sees us launch e-commerce in order to convert digital brand interest into sales.

Geoffroy de La Bourdonnaye
Chief Executive

Established 1952
5-7 Avenue Percier, Paris, France
Chief Executive Geoffroy de La Bourdonnaye
Chief Financial Officer Carole Chevron
www.chloe.com

LANCEL

As an iconic French Maison since 1876, Lancel accessories stand for authentic luxury that combines savoir faire, classic Parisian elegance and imagination.

Lancel headquarters, Paris

- Launch of *Huit*, adding a new women's bag best-seller.
- New web-site and advertising campaigns, faithful to Lancel's longtime identity.
- New store concept rolled out and e-commerce site launched.

In September 2015, Lancel refreshed its collections, thanks to the strong and consistent creative vision of Nicole Stulman. Her meaningful designs bring together timelessness and modernity, intelligence and optimism, authenticity and joy. Leathers and precious skins from the finest tanneries in Italy and France have been transformed into collections that reflect the enduring style of the Maison.

On top of the continuous success of the *Charlie* bag designed in 2014 with a discrete logo and no apparent hardware, the launch in 2015 of *Huit,* revisiting the iconic Lancel bucket bag, gave another best-selling line. The *Bianca* bag enriched our women's offering and pushed further the image of the Maison and was widely acclaimed. The *Pop* line in lightweight leather, released in April at a party in Paris Palais de Tokyo, reaffirmed the love of colour, the modernity and the unisex spirit at the heart of the brand. Backed by a unique heritage, Lancel is reconnecting with its four historic pillars: Women, Men, Travel, and Gifts. The archives illustrate the spirit of innovation that has guided the Maison for 140 years.

The advertising campaigns portraying women and men conveyed a sense of beauty, a subtle colour palette, an authentic luxury that tells the story of connections between people and accessories.

The website has been relaunched and is now an e-commerce venue designed to offer our customers a gracious welcome and the best service in an elegant, personalised environment, a true invitation to the Lancel style. E-commerce will be extended to the Asia region.

A new concept, both timeless and modern, has been used in the refurbishment of boutiques in Cannes, Deauville, Toulouse, and Brussels and will be rolled out in the coming year as more boutiques are refurbished.

In 2016, the Maison will celebrate its 140th anniversary. A unique opportunity to reconnect to Lancel's true identity: authentic luxury rooted in today's world and today's lifestyles, a modern form of luxury that will last, that's attentive to beauty, *savoir faire* and a certain restraint.

Marianne Romestain
Chief Executive Officer

Established 1876
48-50 rue Ampère, Paris, France
Chief Executive Officer Marianne Romestain
Chief Operating Officer Ekaterina Falkovich
www.lancel.com

MONT BLANC

For over a century, Montblanc's writing instruments have been the symbol of the art of writing and the favourite companions of the successful individuals who changed our perception in the world of art, politics and science. Moved by its passion for craftsmanship, Montblanc elevated itself to become the Maison of the Fine Lifetime Companions, providing elegant, sophisticated and innovative creations, in the field of Haute Horlogerie, Fine Leather and Jewellery.

Montblanc Montres, Le Locle, Switzerland

- The new international advertising campaign featuring Hugh Jackman and Charlotte Casiraghi.
- The unveiling of the Maison's new retail concept: NEO.
- The successful launch of the *Montblanc M* collection designed by Marc Newson.

This year, the Maison further strengthened the rejuvenation of its product portfolio and the modernisation of its communication message while expanding its reach through an active product, distribution and communication agenda.

In the writing instrument field, Montblanc unveiled a new writing collection named *Montblanc M*, designed by Marc Newson. *Montblanc M* is the Maison's first new writing instrument line since the launch of the *StarWalker* in 2003.

In the leather goods category, the Maison introduced two new collections to further complete its offer, with *Sfumato*, a high-end line inspired by Leonardo Da Vinci's painting techniques, and *Sartorial*, a collection made of Saffiano leather dedicated to a younger clientele.

In fine watchmaking the Maison consolidated its offer through the introduction of a new collection unveiled at the Mexican Salon Internacional de Alta Relojeria event, celebrating *Minerva Heritage* and named after the date of creation of the Minerva Manufacture: *1858*. At the Salon International de la Haute Horlogerie 2016 edition, the Maison presented the rejuvenated *4810* line, celebrating the pioneering spirit of Montblanc's founders crossing the Atlantic 110 years ago on their journey to conquer new markets. The line, which has been designed to celebrate today's modern travellers, features a range of travel-dedicated functions.

This year the Maison ran a number of communication campaigns. Those included the set-up of one international PR event every two months in cities such as New York, London, Paris or Rome; and through the launch of an international campaign featuring brand ambassadors Hugh Jackman and Charlotte Casiraghi. Olympic Champions Lin Dan and Gwei Lun Mei continued to be the Maison's ambassadors in China.

The Maison launched its *NEO* retail concept in the Taipei 101 boutique in June 2015. Designed by Parisan architect Noe Duchaufour Lawrence, the retail concept has been adopted in other cities including Paris, Hamburg and Shanghai. The Maison reinitiated its operations in India through the Joint Venture operated with Titan Group.

In 2016, the Maison will celebrate its 110th Anniversary as well as the pioneering spirit of its founders. Throughout the year the Maison will invite luxury lovers to explore Montblanc's universe through a series of pop-up Museum exhibitions as well as through various PR and Digital animations. A new movie and advertising campaign featuring Hugh Jackman as well as the re-edition of historical lines will further support the Maison's anniversary celebrations.

Jérôme Lambert
Chief Executive

Established 1906
Hellgrundweg 100, Hamburg, Germany
Chief Executive Jérôme Lambert
Finance Director Hendrik Bitterschulte
www.montblanc.com

PETER MILLAR

Peter Millar designs classic, luxury sportswear embracing timeless style with a modern twist. Displaying superior craftsmanship, unexpected details, and the highest quality materials from the finest mills in the world, Peter Millar lifestyle apparel offers a distinctive vision of casual elegance.

Peter Millar boutique, 313 Worth Avenue, Palm Beach, Florida

- The Maison's growth strategy was highlighted by the opening of boutiques in Atlanta, Denver and its home town, Raleigh, North Carolina.
- Consumer engagement was supported by the relaunch of the US website and digital marketing campaigns.
- The development of European operations included a shop-in-shop at Harrods.

One of the fastest growing and most respected brands in luxury apparel, Peter Millar enjoys distribution through the finest specialty retail stores, prestigious resorts, and the most exclusive country clubs in the world, as well as through its own boutiques and online store. Strong relationships, exceptional product offerings and a premier level of customer service have cultivated an extraordinarily loyal clientele around the world.

The Maison continued to execute its growth strategy over the past year, highlighted by the opening of boutiques in Atlanta, Denver and its home town, Raleigh, North Carolina. The Maison also opened more shop-in-shops in premier haberdasheries in the United States. Growth within the Maison's sartorially focused, European-inspired *Peter Millar* Collection led to strong demand from existing accounts.

Peter Millar achieved significant consumer engagement over the past year, supported by the relaunch of its US website and more refined digital marketing campaigns. These initiatives led to greater awareness, as evidenced by record website traffic and sales, and will continue to yield favourable returns as the Maison uses this information to enhance our customers' experience online and in boutiques.

After internalising its European wholesale and e-commerce businesses in 2014, the Maison focused on expanding distribution and setting-up operations this year. Significant achievements include launching a shop-in-shop at Harrods and doubling the number of international markets in which it has a presence. These initiatives, in conjunction Peter Millar's roster of both American and international Ambassadors, position Peter Millar to share its unique message around the world for years to come.

In the year ahead, Peter Millar will continue to refine its four main product ranges – *Peter Millar* Collection, *Crown*, *Crown Sport*, and *Seaside/Mountainside*, and support each of these ranges with more elevated and defined advertising campaigns. The Maison will continue to invest in the online shopping experience and digital marketing campaigns. Additionally, the Maison will relocate to a larger distribution centre and implement more sophisticated warehouse systems to ensure long-term scalability in its distribution processes. These investments will support further growth in both its wholesale and retail businesses for years to come. As always, a focus on outstanding quality and world-class customer service will underpin these initiatives.

Scott Mahoney
Chief Executive Officer

Established 2001
1101 Haynes Street, Suite 106
Raleigh, North Carolina, United States
Chief Executive Officer Scott Mahoney
Vice President of Finance Jon Mark Baucom
www.petermillar.com

PURDEY

James Purdey & Sons, gunmakers to the British Royal family, have been crafting the finest shotguns and rifles for over two centuries since the business was founded by James Purdey in 1814. The precision craftsmanship and exquisite finish of a Purdey gun make Purdey the authentic choice for the passionate shooter.

Audley House – the home of James Purdey & Sons since 1882

- Purdey's new gunmaking workshop in Hammersmith, London has enabled improvements in quality and reductions in cost.
- New technologies at the workshop have facilitated the development of a new gun, to be manufactured using Purdey's traditional techniques.
- Demand for clothing and accessories continues to grow online and in-store.

During the year James Purdey and Sons Ltd continued to build upon the opening of its new workshop in Hammersmith, London which was honoured by an informal visit by His Royal Highness, The Duke of Edinburgh. Continued investment in new product technology over the year has enabled the company to strengthen its commercial position through improvements in quality and reduction in costs. At the same time, the company has maintained its emphasis on the fine craftsmanship that is its foundation.

Purdey works continually to reinforce its reputation as an authentic British gunmaker and this has been rewarded through a number of significant purchases from American customers in 2015 and 2016.

Purdey's marketing programme has placed increased emphasis on developing stronger relationships with customers, both past and present. This has helped to enhance sales of clothing and accessories online and in-store. This will be further developed in 2016 with investments in a new digital platform which will integrate and improve our front-line and back-room business processes.

The company continues to support the shooting community by its continued patronage of the Purdey Awards for Shooting and Conservation and the sponsorship of The Chatsworth Art Out Loud Festival.

Some new developments in the clothing and accessories ranges will take place in the coming year, with the introduction of the Purdey luggage range which will be characterised by traditional hand-made skills and unusual heritage materials. There will be a partnership project with Officine Panerai for a limited edition range of timepieces displaying a hunting theme. Purdey will also be offering its customers the opportunity to design their own tweed, which will be hand made in Scotland.

The new product technologies at the Purdey workshop have facilitated the development of a new gun, which is manufactured using Purdey's hallmark traditional techniques and will be ideally suited to challenges presented by today's shooting world. The new gun will be tested and launched in the year ahead.

James HN Horne

James Horne
Executive Chairman

Established 1814
Audley House
57-58 South Audley Street, London, England
Chairman James Horne
Head of Finance Kristine Pressney
www.purdey.com

SHANGHAI TANG

上海灘

As the global curator of modern Chinese chic, Shanghai Tang champions its belief in the beauty and richness of Chinese culture and heritage through lifestyle products and experiences.

The Shanghai Tang Cathay Mansion, Shanghai

- The Maison has focused on its signature items: silk dresses, cashmere cardigans with silk lining for women and a complete Mandarin Collar wardrobe for men.
- Mainland Chinese are now the predominant wearers of Shanghai Tang garments.
- The Chinese e-commerce platform was successfully launched during autumn 2015.

The Maison continues on its journey as the first International Chinese Luxury Maison through innovative collections, supported by an aspirational shopping experience and striking imagery.

The new design studio led by the Creative Director, Raffaele Borielo, has developed a truly cohesive Modern Chinese Chic collection. The ready-to-wear offer is completed by curated accessory lines of silk scarves, clutches and custom jewellery.

This year, the Maison has focused on its legitimate signature items: silk dresses, cashmere cardigans with silk lining for women and a complete Mandarin Collar wardrobe for men. Expressing its DNA through a distinctive offer targeting mainland Chinese, it has attracted many new customers. Mainland Chinese are now the predominant wearers of Shanghai Tang garments.

A complete fragrance line under license with Interparfum was unveiled in Asia. The line will be rolled out globally within the next two years.

As travel becomes a luxury for mainland Chinese, the Maison has featured the journey of a young Chinese couple discovering Europe in its latest campaign, including visits to Paris and Seville.

The Maison secured its presence at Hong Kong International Airport and is reviewing its boutique network across the region.

Shanghai Tang's Travel Retail network with boutiques in many major airports in China performed well, reflecting strong demand from domestic customers.

The Chinese e-commerce platform was successfully launched during autumn 2015.

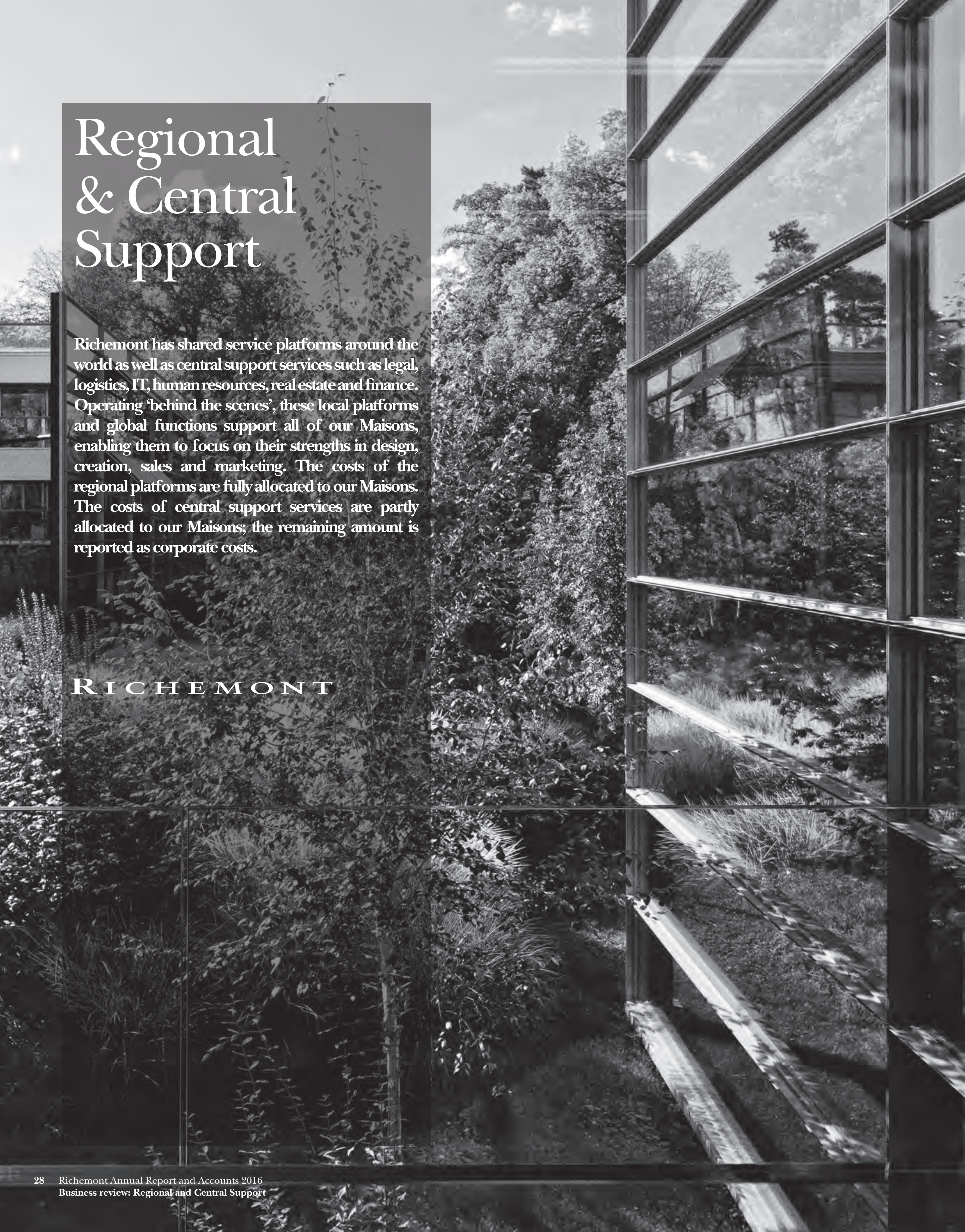
A first attendance at 'Maison et Objet' in Paris has led to the opening of the first Home wholesale corner with Harrods in London.

In the year ahead, capitalising on the growing Chinese pride in traditional craft and its established distribution network, the Maison plans to raise its market positioning through a refined and desirable product offer. This will celebrate Chinese 'Metiers d'Art', such as Shanghainese tailoring, silk, delicate embroidery, Mongolian cashmere, bone china and lacquer techniques, with special emphasis on some limited edition 'produits d'exceptions'.

To mark the first milestone of its new chapter, Shanghai Tang is to launch, with Assouline editions, a coffee table book illustrating the fascinating journey of the Maison since inception, emerging from a local tailoring boutique store in Hong Kong to become a leading Chinese luxury Maison.

Raphaël Le Masne de Chermont
Executive Chairman

Established 1994
1 Duddell Street, Hong Kong, People's Republic of China
Executive Chairman Raphaël Le Masne de Chermont
Finance Director Annie Paray
www.shanghaitang.com



Regional & Central Support

Richemont has shared service platforms around the world as well as central support services such as legal, logistics, IT, human resources, real estate and finance. Operating 'behind the scenes', these local platforms and global functions support all of our Maisons, enabling them to focus on their strengths in design, creation, sales and marketing. The costs of the regional platforms are fully allocated to our Maisons. The costs of central support services are partly allocated to our Maisons; the remaining amount is reported as corporate costs.

RICHEMONT

Richemont

Richemont's regional and global support functions enable our Maisons to enter new markets more easily and, aided by in-house tools, support teams and development initiatives. With some 4 000 employees directly employed by our subsidiaries, these functions make a regular and significant contribution to the Group's sales growth and operating margins. The following section highlights specific developments during the year under review.

Europe, Middle East, Africa and Latin America

Richemont's European distribution entity provides efficient delivery to our European boutiques and retail partners. Our Maisons' European retail network expanded and several of our leading retail partners opened new retail stores in the year, providing superior customer experience and product choice. The European Client Relation Centre ('CRC') has further expanded its reach and now operates across the whole European zone.

Our Dubai-based operations accelerated its speed to market in the Gulf Cooperation Council region. Our Dubai business also expanded through strengthened relationships with key shopping mall partners. Our South African entity has seen a complete renewal of its technical backbone, improving the overall infrastructure for the business. In India, the Joint Venture between Montblanc and Titan, a subsidiary of the Tata Group started and already operates three boutiques. Despite a difficult trading environment, our Russian subsidy experienced business growth, driven by retail expansion with a shopping mall operator.

Overall compliance has been further strengthened in the area of security, and new Corporate Social Responsibility ('CSR') and Health and Safety standards have been deployed within the markets.

Asia Pacific

The Asia Pacific Region successfully implemented the Group's Enterprise Resources Planning ('ERP') system in Hong Kong and Macau. The CRC and e-commerce activities in China were further enhanced. A CRC was set up during the year in Hong Kong to cover Asia Pacific and has proved to be very popular. The Region has also reinforced its administrative processes by creating a Procurement function to coordinate our purchasing needs. Qualifying vendors will be judged based on quality and price as well as their CSR profile. In light of the challenges in recruiting and retaining retail staff in the Region, a second Richemont Retail Academy was established in Macau, complementing the one in Shanghai.

Americas

Richemont North America completed the integration of Montblanc. The Region implemented the latest enhancements of the Group's ERP, resulting in additional global integration. To expand its capacity and allow for further efficiencies across this important operation, major investments in the Region's Customer Service platform were started.

Japan

Richemont Japan has seen a notable increase in demand from inbound tourists and a successful expansion of retail business this year. Japan's CRC provides highly satisfactory service to Maisons and their clients as well as increasing e-commerce sales support to our Maisons. The wholesale partners' support tool, known as Booster, was successfully launched and the second phase of this implementation is proceeding.

Central support functions

In Information Technology ('IT'), the Group continued the roll out of its ERP systems in Asia. In parallel, the Group's strategic project to integrate the fashion and accessories Maisons into its IT systems is underway with a first 'Go Live' scheduled next year. The Group continues to support the digital projects of our Maisons: our global e-commerce operations will be extended to Hong Kong and South East Asia and innovative features are continuously added to our Group template, such as a new WeChat shopping experience in China and the 'Buy' button on Instagram in the US.

In the Supply Chain and Procurement function, the Group continued the Logistics re-engineering and investment programmes launched in Switzerland, Middle-East, Americas and South Korea. Those initiatives are well under way. Further Logistics integration was initiated in 2015 for Fashion and Accessories Maisons and will continue throughout 2016. The Supply Chain Compliance team continues to support Richemont's risk management programme, enforcing best practices and guidelines and is on the front line of Business Continuity Management. Separately, the Procurement organisation continued to generate savings, best practices, and leverage throughout the Group.

The Real Estate function supported the Maisons in their acquisition of boutiques and major construction projects. This year, the main manufacturing building projects in Switzerland were in Meyrin with the Campus Genevois de Haute Horlogerie, in Le Locle for Cartier jewellery and in Plan-les-Ouates for Piaget as well as Vacheron Constantin. Significant manufacturing building projects were also successfully completed in Germany for A. Lange & Söhne and in the UK for Purdey. The Real Estate function also manages a portfolio of properties which seek to create value for the Group over the longer term. During the year, that portfolio was enlarged through acquisitions in Paris, on rue du Faubourg Saint-Honoré, and in Vancouver on Burrard Street.

Component manufacturing

Richemont's internal manufacturing entities play an important role in the Maisons' sourcing strategy, with a secure and competitive offer in both watch and jewellery components. In the past year, several projects have been launched or have progressed, targeting competitiveness and synergies with our Maisons' own production capacity. These initiatives mainly target precious metal refining and transformation, to improve lead times and to secure critical components.

All these efforts will go on next year, as ensuring business continuity as well as efficiency will remain in focus.

Financial review

in € millions	March 2016	March 2015	% change
Sales	11 076	10 410	+6%
Cost of sales	(3 958)	(3 534)	
Gross profit	7 118	6 876	+4%
Net operating expenses	(5 057)	(4 440)	+14%
Gain on disposal of investment property	–	234	
Operating profit	2 061	2 670	-23%
Net financial income/(costs)	2	(953)	
Share of post-tax results of equity-accounted investments	(5)	(12)	
Profit before taxation	2 058	1 705	+21%
Taxation	(370)	(369)	+0%
Profit for the year from continuing operations	1 688	1 336	+26%
Profit/(loss) for the year from discontinued operations	539	(2)	
Profit for the year	2 227	1 334	+67%
Analysed as follows:			
Attributable to owners of the parent company	2 227	1 334	
Attributable to non-controlling interests	–	–	
Profit for the year	2 227	1 334	+67%
Earnings per share diluted – basis	€ 3.935	€ 2.356	+67%

Sales

The 6% increase in sales at actual exchange rates, or 1% decrease at constant exchange rates, reflected growth in jewellery, leather goods and clothing. Regionally, demand grew in Europe, the Middle East, Americas and Japan.

The retail channel performed better than the wholesale channel, although sales through both channels remained volatile. The volatility was highlighted by the contrasted first and second half of the year under review for all regions and channels.

Further details of sales by region, distribution channel and business area are given in the Review of Operations on pages 32 to 35.

Gross profit

Gross profit increased by 4%. The gross margin percentage was 180 basis points lower at 64.3% of sales. The significant increase in the value of the Swiss franc versus other currencies, which followed the Swiss National Bank's decision in January 2015 to remove the euro/Swiss franc 'peg', had a negative impact on the cost of sales throughout the year under review. The gross margin was also negatively impacted by lower capacity utilisation and one-time charges of € 67 million related to various Maisons and manufacturing facilities in Switzerland.

Operating profit

Operating expenses increased by 14% during the year amid adverse exchange rate effects. Compared to the 13% increase in sales through the Maisons' own boutique networks, selling and distribution expenses were 16% higher, including depreciation charges linked to the opening of new boutiques in the prior year as well as higher fixed rental costs. Communication expenses rose by 8% and continued to represent between 9% and 10% of sales. Administration and other expenses grew by 16%, largely driven by the stronger Swiss franc. Included within operating expenses are further one-time charges of € 30 million, primarily relating to asset impairment and restructuring charges.

Operating profit was 23% below the prior year at € 2 061 million. Excluding the restructuring and one-time charges in the current year and the gain realised on the sale of a real estate property in the comparative year, operating profit decreased by 11%.

Profit for the year

Profit for the year increased by 67% to € 2 227 million. In value terms, the significant increase in net profit primarily reflects the non-recurrence of a non-cash financial charge related to the Swiss National Bank's actions in January 2015; and a non-cash gain arising from the merger of The NET-A-PORTER GROUP with YOOX Group in October 2015.

In the prior year, net financial costs amounted to € 953 million. Of those net costs, a non-cash financial charge € 652 million stemmed from the appreciation of the Swiss franc relative to other currencies in January 2015. Since January 2015, the value of the Swiss franc has depreciated somewhat relative to the euro. Accordingly, the Group has recorded translation gains on certain cash and short-term money market investments during the year under review. The size of those gains is less than the losses in the prior year due to the relative movement in exchange rates and a greater diversification in the Group's investments. Compared to January 2015, a larger proportion of the Group's liquid assets are now held in instruments denominated in US dollar and the Swiss franc.

On 5 October 2015, the merger of The NET-A-PORTER GROUP with YOOX Group was completed. The all-share transaction generated a non-cash gain amounting to € 639 million. This gain was partly offset by the operating results of The NET-A-PORTER GROUP until the merger date. At 31 March 2016, Richemont held 50% of the publicly traded ordinary shares in YOOX NET-A-PORTER GROUP S.p.A., but capped its voting rights in those shares at 25%. Accordingly, Richemont equity-accounts its share of the results from that investment: the results for the year ended 31 March 2016 include a post-tax gain of € 3 million for the period from 5 October to 31 December 2015. Further details regarding the accounting treatment of the merger transaction and subsequent reporting may be found in notes 10 and 28 of the consolidated financial statements.

Earnings per share on a diluted basis, including discontinued operations, increased by 67% to € 3.935.

To comply with the South African practice of providing headline earnings per share ('HEPS') data, the relevant figure for headline earnings for the year ended 31 March 2016 would be € 1 626 million (2015: € 1 208 million). Basic HEPS for the year was € 2.882 (2015: € 2.143). Diluted HEPS for the year was € 2.873 (2015: € 2.133). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 29 of the Group's consolidated financial statements.

Cash flow

Cash flow generated from operations was € 2 419 million, broadly in line with the prior year. This solid cash generation principally reflected a limited increase in working capital, broadly offsetting the decrease in operating profit. Inventories increased by € 139 million in the year under review compared with an increase of € 506 million in the comparative period.

The net acquisition of tangible fixed assets amounted to € 613 million, reflecting further investment in manufacturing facilities, largely in Switzerland, as well as selective investment in the Group's worldwide network of boutiques, including refurbishments.

The 2015 dividend, at CHF 1.60 per share, was paid to 'A' shareholders in September 2015. The cash outflow in the year amounted to CHF 903 million or € 854 million (2014: € 650 million).

During the year, the Group acquired 1.8 million 'A' shares to hedge executive stock options. The cost of these purchases was partly offset by proceeds from the exercise of stock options by executives and other activities linked to the hedging programme, leading to a net cash outflow of € 94 million.

Financial structure and balance sheet

Inventories at the year-end amounted to € 5 345 million (2015: € 5 438 million) and the year-end inventory position represented 22 months of gross inventories. The inventory rotation rate remained stable, reflecting disciplined management by all Maisons.

At 31 March 2016, the Group's net cash position amounted to € 5 339 million (2015: € 5 419 million). The net cash position includes highly liquid, highly rated Money Market Funds, short-term bank deposits and medium-duration bond funds, primarily denominated in Swiss francs, euros and US dollars. Bank loans to finance local operating entities are denominated in their local currency.

Richemont's financial structure remains strong, with shareholders' equity representing 75% of total equity and liabilities.

Proposed dividend

The Board has proposed a cash dividend of CHF 1.70 per share.

The dividend will be paid as follows:

	Gross dividend per share	Swiss withholding tax @ 35%	Net payable per share
Cash dividend	CHF 1.700	CHF 0.595	CHF 1.105

The dividend will be payable following the Annual General Meeting, which is scheduled to take place in Geneva on Wednesday, 14 September 2016.

The last day to trade Richemont 'A' shares and Richemont South African Depository Receipts cum-dividend will be Tuesday, 20 September 2016. Both will trade ex-dividend from Wednesday, 21 September 2016.

The dividend on the Compagnie Financière Richemont SA 'A' shares will be paid on Friday, 23 September 2016. The dividend in respect of the 'A' shares is payable in Swiss francs.

The dividend in respect of Richemont South African Depository Receipts will be payable on Monday, 26 September 2016. The South African Depository Receipt dividend is payable in rand to residents of the South African Common Monetary Area ('CMA') but may, dependent upon residence status, be payable in Swiss francs to non-CMA residents. Further details regarding the dividend payable to South African Depository Receipt holders may be found in a separate announcement dated 20 May 2016 on SENS, the Johannesburg stock exchange news service.

Review of operations

Sales by region

			Movement at:	
in € millions	31 March 2016	31 March 2015	Constant exchange rates*	Actual exchange rates
Europe	**3 388**	3 067	+10%	+10%
Middle East and Africa	**975**	841	+2%	+16%
Asia Pacific	**3 937**	4 100	-13%	-4%
Americas	**1 745**	1 588	-1%	+10%
Japan	**1 031**	814	+20%	+27%
	11 076	10 410	-1%	+6%

* Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current year and the comparative year at the average exchange rates applicable for the financial year ended 31 March 2015.

Europe
Europe accounted for 31% of overall sales. Due to both the exchange rate environment and a change in sentiment from November 2015, tourism flows were significantly lower in the second half of the year. Those flows were reflected in first-half sales growth of 26%, whereas the second half-year sales were 5% lower than the comparative period. For the year as a whole, sales in the region increased by 10%.

Middle East and Africa
Markets in the Middle East and Africa continued to report strong growth throughout the year. Those markets benefit from a resilient domestic clientele and now account for 8% of Group sales.

Asia Pacific
Sales in the Asia Pacific region accounted for 36% of the Group total. Hong Kong and Macau saw significantly lower sales throughout the year, most notably affecting the watch category and the wholesale channel. However, those decreases were partly offset by growth in other important markets, including mainland China.

Americas
The Americas region, which accounted for 16% of Group sales, was subdued throughout the year. Domestic demand for jewellery largely offset soft demand for watches.

Japan
In Japan, sales to tourists increased during the year, partly reflecting exceptionally favourable exchange rate effects for incoming visitors. The high rate of sales growth reported in the first half of the year was tempered during the second half-year period.

Sales by distribution channel

in € millions	31 March 2016	31 March 2015	Movement at: Constant exchange rates*	Movement at: Actual exchange rates
Retail	**6 142**	5 436	+5%	+13%
Wholesale	**4 934**	4 974	-7%	-1%
	11 076	10 410	-1%	+6%

* Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current year and the comparative year at the average exchange rates applicable for the financial year ended 31 March 2015.

Retail

Sales through the Maisons' directly operated boutiques and e-commerce accounted for 55% of Group sales. During the year as a whole, sales through those channels increased by 13% and continued to outperform the more volatile wholesale channel. In the first half-year period, retail sales increased by 26%, whereas sales in the second half-year were just 2% higher than the comparative period.

The growth in retail sales partly reflected the addition of 22 internal boutiques to the Maisons' network, which reached 1 155 stores.

Wholesale

The Group's wholesale business, including sales to franchise partners, reported lower sales for the year. In the first half-year period, wholesale sales increased by 4%, whereas sales in the second half-year were 6% lower than the comparative period.

The year's performance partly reflected the caution of our Maisons' business partners in general, particularly in Hong Kong, Macau and, in the second half of the year, Europe.

Sales and operating results by segment

Jewellery Maisons

in € millions	31 March 2016	31 March 2015	Change
Sales	**6 048**	5 657	+7%
Operating results	**1 892**	1 975	-4%
Operating margin	**31.3%**	34.9%	-360 bps

The Jewellery Maisons – Cartier, Van Cleef & Arpels, and Giampiero Bodino – reported 7% growth.

The Maisons saw good demand for their jewellery collections, but overall demand for watch collections suffered due to a challenging environment in the Asia Pacific and Americas regions. Despite a number of flagship closures for renovation, the boutique networks reported growth, whereas wholesale sales were lower than the comparative period.

At 31%, the operating margin was 360 basis points lower than the prior year, partly reflecting one-time charges of € 24 million.

Specialist Watchmakers

in € millions	31 March 2016	31 March 2015	Change
Sales	**3 225**	3 123	+3%
Operating results	**520**	730	-29%
Operating margin	**16.1%**	23.4%	-730 bps

The Specialist Watchmakers' sales increased by 3% overall.

Operating contribution was 29% lower than the prior year, primarily reflecting negative sentiment and a difficult environment in Hong Kong, Macau and the Americas region as well as the impact of a strong Swiss franc on the cost of goods sold. The operating margin for the year was 16%, partly reflecting one-time charges of € 24 million.

Sales and operating results by segment continued

Other

in € millions	31 March 2016	31 March 2015	Change
Sales	1 803	1 630	+11%
Operating results	(94)	170	n/a
Operating margin	-5.2%	10.4%	n/a

'Other' includes Montblanc, the Group's Fashion and Accessories businesses and its watch component manufacturing activities. The operating results for the prior year included a one-time, pre-tax gain of € 234 million stemming from a real estate property disposal. Excluding that gain, operating losses increased from € 64 million to € 94 million, largely attributable to the performances at Alfred Dunhill and Lancel. The overall losses were partly offset by improved profitability at Montblanc, Chloé, and Peter Millar. One-time charges amounted to € 33 million.

Corporate costs

in € millions	31 March 2016	31 March 2015	Change
Corporate costs	(257)	(205)	+25%
Central support services	(239)	(190)	+26%
Other operating income/(expense), net	(18)	(15)	n/a

Corporate costs represent the costs of central management, marketing support and other central functions (collectively central support services), as well as other expenses and income which are not allocated to specific business areas. Included in central support services costs in the current year is a goodwill impairment charge relating to a fashion business amounting to € 16 million. The majority of corporate costs are incurred in Switzerland. On a constant currency basis and excluding the goodwill impairment charge, central support services grew by 6 %.

Richard Lepeu
Chief Executive Officer

Gary Saage
Chief Financial Officer

Compagnie Financière Richemont SA
Geneva, 20 May 2016

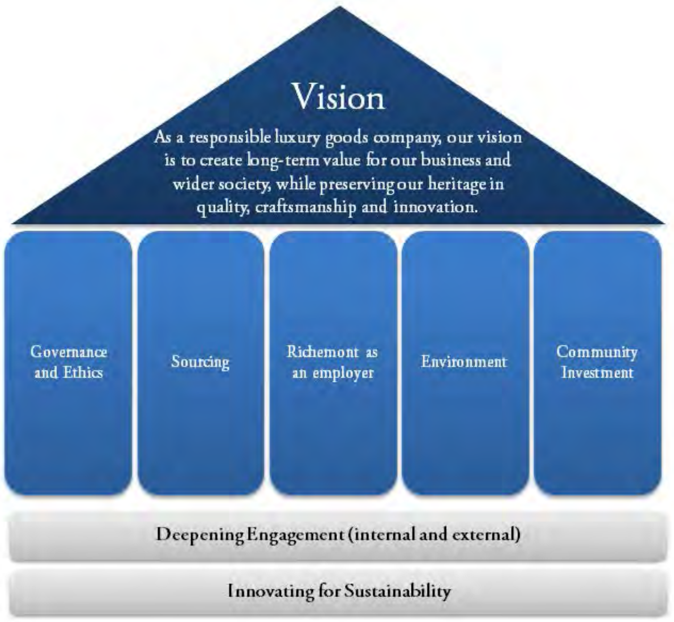
Corporate social responsibility

Richemont has a long-standing commitment to doing business responsibly. Building trust in our Maisons and our operating companies lies at the heart of the way we work.

Since 2006, Richemont has annually reported Corporate Social Responsibility ('CSR') progress. Internally, Richemont has communicated with the Board, its Audit Committee and CSR representatives. Richemont's first three-year CSR plan was validated by the Board in May 2014. The plan consolidates current CSR activity, providing structure, setting goals and facilitating communication within the Group, in line with its financial goals.

The plan was developed by the CSR Committee and participants from Group functions and Maisons. The plan prioritised issues and grouped them into five areas of focus, called pillars. Each pillar was assigned an owner at Group level. They have subsequently defined the commitments and goals for each pillar, taking into account Richemont's peers among leading Swiss public companies.

Schematically, the plan is represented as follows:



Each of the pillars are described in the following paragraphs. The pillars are underpinned by our deepening engagement with internal and external stakeholders, including investors, and our innovative practices.

Governance and Ethics

The Group's activities are guided by a common framework which helps Richemont managers, employees, suppliers and associates to understand our expectations. The framework includes our Code of Business Ethics and Corporate Social Responsibility Guidelines, as well as codes of conduct for employees, suppliers and environmental management. The Group also consults with its largest shareholders to determine their concerns and priorities regarding CSR issues and disclosures.

Each Maison and local Richemont platform has established its own CSR Committee and targets in support of the Group's three-year plan.

In December 2013, Richemont became a participant in the United Nations Global Compact ('UNGC') and publishes a 'Communication on Progress' annually. The Company is also involved in the UNGC's Swiss Network, which provides a local platform for Swiss companies to discuss matters of common interest, including the promotion of human rights and environmental stewardship in their respective global supply chains.

Sourcing

Richemont's full supply chain often lies beyond our direct control. We therefore seek to influence the behaviour of our suppliers through our Supplier Code of Conduct and by collaborating with jewellery and watchmaking peers via the Responsible Jewellery Council. Further details are provided on the following page.

Each year, between 50 and 150 suppliers are audited as part of the regular relationship with our Maisons.

Richemont as an employer

Richemont directly employs some 29 000 people in manufacturing, distribution, retail and administrative functions. Two-thirds of Richemont's employees are based in Europe, primarily in Switzerland, France, the UK and Germany, reflecting the location of our Maisons' manufacturing bases.

Training is a key component of our Maisons' success and is fully integrated in the performance and development appraisal process for all employees. The quality and longevity of our goods rely on highly skilled craftsmen, and our customer satisfaction on passionate retail staff.

To preserve the skills of master craftsmen from one generation to the next, our Maisons engage a number of apprentices each year. Some 600 apprentices and trainees are currently employed.

Richemont supports The Creative Academy in Milan, which offers students a Master's programme in Arts in Design. The Academy's mission is to promote the integration of young talents within the Group.

The Group collaborates with the Watchmakers of Switzerland Training and Educational Programme ('WOSTEP'), which has watchmaking schools in Dallas, Hong Kong, Manchester and Shanghai.

Separately, the Richemont Retail Academies in Shanghai and Macau provide platforms for recruiting and training personnel for our Maisons' boutiques across China.

The training of employees is also facilitated by the Fondation de la Haute Horlogerie, which promotes the cultural and historical aspects of fine watchmaking.

Richemont has inaugurated its Campus Genevois de Haute Horlogerie ('Campus') in Meyrin, Geneva. The Campus combines a Learning and Apprenticeship Centre for Haute Horlogerie with the manufacturing facilities of several Maisons. The Campus also hosts a Research Centre for Watchmaking, with the mission to develop new technologies. Over ten years, Richemont will invest some CHF 60 million in training and research. The development of the teaching and training aspects of the Campus was in collaboration with the Canton of Geneva's Department of Public Education.

Environment

Our Environmental Code of Conduct is built on internationally recognised standards for environmental management and includes industry-specific issues.

The Group seeks to minimise its carbon emissions through energy-efficient building design and energy-saving measures in our activities, together with a programme of carbon offset purchases. The costs of offset purchases are reinvoiced to the Maisons to increase awareness and to encourage energy efficiency. Richemont has established long-term targets to reduce its overall carbon intensity and the environmental impact of its packaging materials and logistics.

Community Investment

Our Maisons support art and cultural programmes that reflect their historical background and the nature of their products, together with global and local community programmes. Art and cultural programmes include the Fondation Cartier pour l'art contemporain, the Fondazione Cologni dei Mestieri d'Arte and the Fondation de la Haute Horlogerie. Globally, Richemont supports the Peace Parks Foundation and Laureus Sport for Good.

The Cartier Charitable Foundation was established in 2012. Since then it has progressively increased the number and value of grants made to independent organisations.

2016 Corporate social responsibility report

Richemont's full corporate social responsibility report, which applies GR1-GR4 for the first time, will be available from July 2016 at www.richemont.com/corporate-social-responsibility

Responsible Jewellery Council

The Responsible Jewellery Council ('RJC') promotes responsible, ethical, human rights, social and environmental practices in the gold and diamond supply chains. The RJC is the leading standard for the watchmaking and jewellery industry and a member of the ISEAL Alliance.

The RJC's membership spans from mining houses to the retailers of jewellery and watches. Under the RJC's certification system, members must be independently audited to verify compliance with the RJC's stringent Code of Practices. Since its foundation in 2005, its influence within the industry has grown and the RJC now has some 750 corporate members. The great majority have been independently certified.

In 2015, the RJC celebrated its tenth anniversary. Cartier was amongst the 14 founders and Richemont is a long-term supporter. All of our Maisons using gold and diamonds are now full members. Together, those Maisons account for over 90% of the Group's consolidated sales.

In March 2012, the RJC launched its Chain-of-Custody ('CoC') Standard for the precious metals supply chain. The CoC Standard aims to support claims for responsibly sourced jewellery materials produced, processed and traded through the jewellery supply chain. RJC defines responsibly sourced as: conflict-free at a minimum, and responsibly produced at each step of the supply chain. The CoC certification is voluntary for RJC members and some 40 have been certified to date.

The RJC is developing its membership through the Union Française de la Bijouterie, Joaillerie, Orfèvrerie, des Pierres et des Perles ('UFBJO') in France and the Hong Kong Jewellery & Jade Manufacturers Association ('HKJJA') in Hong Kong; integrating more members from the supply chain; and working closely with mining associations. As new standards emerge in the industry, the RJC will study the feasibility of cross-recognition whenever possible. This approach seeks to ease its members' self-assessment processes.

Further information can be obtained at www.responsiblejewellery.com

Responsible Jewellery Council

Peace Parks Foundation

Rivalling the combined land mass of France and Spain, the magnificent peace parks of southern Africa are as vast as they are varied in their natural and cultural significance. Peace Parks Foundation facilitates their development, bringing conservation and community development together to preserve these protected areas for present and future generations.

Hand-in-hand with the region's governments and with the generous support of the donor community, many new milestones were reached this year.

A treaty formally establishing the Malawi-Zambia Transfrontier Conservation Area ('TFCA') was signed by the presidents of both countries. Further south, the Government of Mozambique and Peace Parks Foundation signed an agreement to jointly manage and develop Zinave National Park, the first step in extending the Great Limpopo TFCA.

Community development continued to gain prominence in the Foundation's work, with fresh water being supplied to almost 11 000 people and food security to 870 households.

Game viewing represents 80% of total annual sales of trips to Africa. As the basis for tourism development, the Foundation's support of efforts to reintroduce wildlife to certain areas within the TFCAs is ongoing, with almost 7 000 animals reintroduced since 2001.

The Foundation devoted considerable time and resources to combatting wildlife crime. This encompasses strategies along the entire value chain of rhino poaching: countering the slaughter with greater support in protected areas; thwarting trade through harmonised policies, legislation and counter-trafficking measures; and reducing demand through behavioural change campaigns. For the first time since 2008, rhino poaching in South Africa did not increase in 2015.

In southern Africa, leopard skins are coveted by communities and worn during religious ceremonies. As many as 7 500 leopards are killed each year. With Cartier's support, the Foundation is working with Panthera, a global wild cat conservation organisation, to reduce the threat to wild leopards by supplying communities with some 18 000 fabric furs by 2017.

More African elephants are being killed for ivory than are being born, with at least 20 000 killed for ivory in 2015

With the Foundation's long-term support, the Southern African Wildlife College and SA College for Tourism provides people with the skills to lead and work in conservation and tourism. Since 1997, 16 000 people have been trained and employed in the industry.

Without the support of donors from around the world, these milestones would not be possible. In a world beset by deepening environmental and social ills, we invite you to become a protagonist in this African story of hope and progress.

Contact
Werner Myburgh, CEO, Peace Parks Foundation
Tel: +27 (0)21 880 5100
E-mail: wmyburgh@ppf.org.za
Website: www.peaceparks.org

Laureus

The pioneering work of the Laureus Sport for Good Foundation is a source of pride to all at Richemont.

Laureus Sport for Good celebrated a key breakthrough moment in 2015 when State Governments, the United Nations ('UN') and other stakeholders endorsed our long-held belief that sport has the power to change the world. In creating the new UN Sustainable Development Goals that will act as the focus for international development between now and 2030, the UN stated unequivocally: 'We recognise the growing contribution of sport to the realisation of development and peace in its promotion of tolerance and respect and the contributions it makes to the empowerment of women and of young people, individuals and communities as well as to health, education and social inclusion objectives.'

Laureus Academy Member, Michael Johnson, sprints with MYSA in Nairobi

This echoes the stirring words of Nelson Mandela at the Laureus World Sports Awards in 2000. President Mandela said: "Sport has the power to change the world. It has the power to inspire. It has the power to unite people in a way that little else does. It speaks to youth in a language they understand."

Laureus has found this to be true in practice in the youth programmes it funds every day around the world, using sport as a battering ram to break into areas otherwise resistant to social change. From gang crime in the UK, to mental health in South African townships, to lack of education for girls in Cambodia, Laureus is tackling violence, discrimination and disadvantage worldwide. In Brazil, Luta Pela Paz participants are 68% less likely to commit a crime or carry a weapon, while 94% of Bola pra Frente participants report that the project has helped them stay in education.

These are achievements of which Richemont, which co-founded Laureus with German auto manufacturer Daimler, can feel rightly proud.

The very first Laureus project, Mathare Youth Sports Association ('MYSA'), has raised awareness of HIV to 40,000 young people in the slums of Nairobi and worked with hundreds of thousands more since 2000. The most recent project, Diepsloot Mountain Bike Academy in Johannesburg, joined the Laureus family from January 2016. Its founder, André Ross, summed up what this meant for youth raised in one of South Africa's most marginalised communities: "This is an endorsement of their efforts to improve themselves, and brings home the reality that they are part of a global community; the reality that the world is bigger than the 5km² where they have been raised and that they have significance. We are thrilled to see where the next part of our journey together leads."

From a Richemont perspective, we are proud to support projects like Diepsloot, which are changing the world, one young life at a time, and we are delighted that organisations as influential as the UN are recognising the power of sport to change the world.

IWC Schaffhausen is Richemont's nominated business which partners with Laureus and supports Laureus events.

For more information, go to www.laureus.com

Board of Directors

1. Johann Rupert
Chairman
South African, born 1950

Mr Rupert was first appointed to the Board in 1988 and served as Chairman from 2002 to 2013. Following a sabbatical year, he was reappointed Chairman in September 2014. He is Chairman of the Nominations Committee and the Senior Executive Committee.

Mr Rupert is the Managing Partner of Compagnie Financière Rupert. He studied economics and company law at the University of Stellenbosch. After working for the Chase Manhattan Bank and Lazard Freres in New York, he founded Rand Merchant Bank in 1979. In 1985 he joined Rembrandt. He founded Richemont in 1988 and became Group Chief Executive. He also served as Chief Executive Officer from 2003 to 2004 and from 2010 to 2013. He is Non-Executive Chairman of Remgro Limited, Chairman of Reinet Investments Manager SA, the management company of Reinet Investments S.C.A. and a Director of Renshaw Bay Limited.

Mr Rupert holds honorary doctorates in Law, Economics and Commerce, is the Chancellor of the University of Stellenbosch and is Chairman of the Peace Parks Foundation.

2. Yves-André Istel
Deputy Chairman
American, born 1936

Mr Istel was appointed to the Board in 1990. He became its Deputy Chairman in 2010 and served as Chairman from September 2013 to September 2014. A Non-Executive Director, he is a member of the Audit, Compensation and Nominations Committees.

Mr Istel graduated from Princeton University. He has had an extensive career in investment banking, including Managing Director and member of the Board of Lehman Brothers; Co-Chairman of First Boston International; Chairman of Wasserstein Perella & Co International; and, from 1993 to 2002, Vice Chairman of Rothschild Inc.

Mr Istel is currently Senior Advisor to Rothschild Global Financial Advisory; a Non-Executive Director of Tiedemann Wealth Board of Management; Chair of HealthpointCapital Business Advisory Board; and Member of HealthpointCapital Board of Managers.

Mr Istel is Chairman of the Center for French Civilisation and Culture and the Fondation Saint-John Perse. He is Honorary Chairman of the European Institute. He is a member of the Economic Club of New York and the Bretton Woods Committee.

3. Josua Malherbe
Deputy Chairman
South African, born 1955

Mr Malherbe was appointed to the Board in 2010 as a Non-Executive Director and has served as Deputy Chairman since September 2013. He also serves as Chairman of the Audit Committee and is a member of the Strategic Security and Nominations Committees.

Mr Malherbe qualified as a Chartered Accountant in South Africa and worked with the predecessor firm of PricewaterhouseCoopers before joining Rand Merchant Bank in 1985. In 1990 he joined Rembrandt Group Limited and was involved with Richemont at that time. Since its formation in 2000, he served first as Chief Executive Officer and then as Deputy Chairman of VenFin Limited until 2009 when that company was acquired by Remgro Limited.

Mr Malherbe continues to serve as a director of Richemont Securities S.A., Remgro Limited, Reinet Investments Manager S.A., Pension Corporation Group Limited, and Renshaw Bay Limited.

4. Bernard Fornas
Co-Chief Executive Officer, to 31 March 2016
Non-Executive Director, from 1 April 2016
French, born 1947

Mr Fornas was appointed to the Board in September 2013. He served as a member of the Senior Executive Committee until March 2016.

Mr Fornas graduated from Lyon Business School and holds an MBA from the Kellogg School of Management, Northwestern University. Prior to joining Cartier, he worked with a number of companies in the consumer products sector, including Procter & Gamble and the International Gold Corporation, where he was Jewellery Division Manager. He then moved to Guerlain, where he was International Marketing Director and Advisor to the President from 1984 to 1993.

Mr Fornas joined Cartier as International Marketing Director in 1994. He became Chief Executive of Baume & Mercier in 2001 and was appointed Chief Executive of Cartier in 2002. Mr Fornas and Mr Lepeu were appointed Co-Chief Executive Officers of the Group with effect from April 2013.

Mr Fornas also serves as a Non-Executive Director of Holding Benjamin et Edmond de Rothschild, Pregny S.A.




5. Richard Lepeu
Co-Chief Executive Officer, to 31 March 2016
Chief Executive Officer, from 1 April 2016
Swiss, born 1952

Mr Lepeu was appointed to the Board in 2004. He is a member of the Senior Executive Committee.

Mr Lepeu is a graduate of the Institut d'Etudes Politiques de Paris and the Université de Sciences Economiques de Paris X. He worked in international corporate finance before joining Cartier in 1979 as assistant to the President. He served as Chief Executive Officer of Cartier from 1995 until 2001. He served as Chief Operating Officer of Richemont from 2001 until 2004 and as Group Finance Director from 2004 until 2010. From 2010 to 2012 he served as Deputy Chief Executive Officer to Mr Rupert. Mr Lepeu and Mr Fornas were appointed Co-Chief Executive Officers with effect from April 2013. From April 2016, Mr Lepeu serves as Chief Executive Officer. Mr Lepeu also serves as a Non-Executive Director of YOOX NET-A-PORTER GROUP.

6. Gary Saage
Chief Financial Officer
American, born 1960

Mr Saage was appointed to the Board in 2010. He is a member of the Senior Executive Committee.

Mr Saage is a graduate of Fairleigh Dickinson University, USA and is a Certified Public Accountant.

Following an early career in public accounting with Coopers & Lybrand, he joined Cartier's US business in 1988. Between 1988 and 2006, he served as Chief Operating Officer of Richemont North America and of Alfred Dunhill in London. From 2006 to 2010, he served as Group Deputy Finance Director. He serves as Chairman of Richemont North America and as a Director of Peter Millar LLC. Mr Saage also serves as a Non-Executive Director of YOOX NET-A-PORTER GROUP.

7. Jean-Blaise Eckert
Swiss, born 1963

Maître Eckert was elected as a Non-Executive Director in September 2013 and is a member of the Audit and Nominations Committees.

Maître Eckert graduated from Neuchâtel University, Switzerland, and holds an MBA from Berkeley, University of California, USA.

Maître Eckert has been a practising lawyer since 1989 and a Partner of Lenz & Staehelin since 1999, advising on national and international corporate, commercial and tax law.

Maître Eckert serves on the Board of several Swiss companies, including Ladurée International SA and UL (Underwriters Laboratories) AG, and on the Board of several not-for-profit organisations, including the Fondation pour la Musique et la Culture, Genève. He is also a member of a number of Swiss and international professional organisations.

8. Ruggero Magnoni
Italian, born 1951

Mr Magnoni was elected as a Non-Executive Director in 2006 and is a member of the Audit and Nominations Committees. In 2006 he became a partner of Compagnie Financière Rupert.

Mr Magnoni graduated from Bocconi University, Italy and holds an MBA from Columbia University, USA.

Mr Magnoni joined Lehman Brothers in 1977 and held a number of senior roles across that firm's international activities. In 2000, Mr Magnoni became Head of the European Private Equity division and Vice Chairman of Lehman Brothers Inc and in 2002, Chairman of Lehman Brothers International Italy. Between 2008 and 2013, Mr Magnoni served as Chairman of Nomura International plc's Investment Banking division for Europe, Middle East and Africa. He was a member of the Board of Overseers of Reinet Investments S.C.A. ('Reinet') up to September 2009 and has indirect interests in certain investments held by Reinet.

Mr Magnoni is involved with various philanthropic activities, including Fondazione Laureus Italia. He is a member of the Advisory Committee of the Bocconi Foundation.

Board of Directors continued




9. Simon Murray
British, born 1940

Mr Murray became a Non-Executive Director in 2003 and is a member of the Nominations Committee.

He was educated at Bedford School in England and attended SEP Stanford Business School in the United States. He began his business career at Jardine Matheson and in 1980 he formed Davenham, an advisory company for capital-intensive engineering projects. In 1984 he became the Group Managing Director of Hutchison Whampoa. He joined Deutsche Bank Group as Executive Chairman Asia Pacific in 1994 and in 1998 he founded Simon Murray & Associates.

Mr Murray is currently: Chairman of GEMS Limited; and Independent Non-Executive Director of Cheung Kong Property (Holdings) Limited; Orient Overseas (International) Limited; Wing Tai Properties Limited; and Spring Asset Management Ltd. (manager of the listed entity Spring REIT). He is also a Non-Executive Director of IRC Limited, Greenheart Group Limited, and China LNG Group Ltd.

10. Alain Dominique Perrin
French, born 1942

Mr Perrin was appointed to the Board in 2003. A Non-Executive Director, he is a member of the Nominations Committee and active in the creativity of the Group's Maisons.

Mr Perrin is a graduate of the Ecole des Cadres et des Affaires Economiques, Paris (E.D.C.). He joined Cartier in 1969, assuming a series of roles and serving as President of Cartier International SA between 1981 and 1998. Overseeing the Group's luxury goods businesses from 1999 to 2003, he was Chief Executive of Richemont SA (Luxembourg) from 2001 to 2003 and served as an Executive Director of Compagnie Financière Richemont until March 2010. He created the Fondation Cartier pour l'art contemporain in Paris and the annual Salon International de la Haute Horlogerie.

Mr Perrin serves on the management committees of a number of non-profit organisations. He is President of the Ecole de Dirigeants et Créateurs d'entreprise and President of the European Foundation for Management Development (E.F.M.D.). He is also President of the Fondation Cartier pour l'art contemporain and the Jeu de Paume Museum, Paris.

Mr Perrin will not be standing for re-election at the 2016 annual general meeting.

11. Guillaume Pictet
Swiss, born 1950

Mr Pictet was appointed to the Board in 2010. A Non-Executive Director, he is a member of the Nominations Committee.

Mr Pictet is a graduate of HEC, Lausanne University. His career in private banking has included membership of Darier Hentsch & Cie's senior management. He has also served as an international economist in Switzerland's Federal Department of Economic Affairs.

Since 1996, Mr Pictet has been Founding Partner and Vice-Chairman of de Pury Pictet Turrettini & Cie SA. He also serves as Chairman of EIC Partner AG and of Sécheron SA; and as a Director of Zurmont Madison Management AG.

12. Norbert Platt
German, born 1947

Mr Platt was appointed to the Board in 2005. A Non-Executive Director, he is a member of the Nominations Committee and active in the creativity of the Group's Maisons.

He graduated with a BSc in precision mechanical engineering from the University of Frankfurt/Main and has studied business and management topics at Harvard Business School and at INSEAD.

He worked for a number of years in the field of precision instruments, working with Rollei in Germany and internationally, becoming CEO of Rollei Singapore and Managing Director of Rollei Fototechnic in Germany.

He joined Montblanc in 1987 and was President and CEO of Montblanc International. Mr Platt served on the Group Management Committee from 2000 and served as Group Chief Executive Officer from 2004 until 2010.

Mr Platt currently serves as a Non-Executive Director of Esprit Holdings Limited.

13. Alan Quasha
American, born 1949

Mr Quasha was elected as a Non-Executive Director in 2000 and is a member of the Nominations Committee.

He is a graduate of Harvard College, Harvard Business School, Harvard Law School and New York University Law School. After practising law, he moved into commerce and since 1987 has been President of Quadrant Management Inc.

Mr Quasha served as a director of Richemont SA, Luxembourg from 1988 until 2000. He was Chief Executive Officer of North American Resources Limited between 1988 and 1998. He was a member of the Board of Overseers of Reinet Investments S.C.A. ('Reinet') up to September 2009; he has indirect interests in certain investments held by Reinet and is involved as a manager of a fund in which Reinet has invested. He was a director of American Express Funds, a former Governor of the American Stock Exchange, and a former Chairman of the Visiting Committee of the Weatherhead Centre for International Affairs.

Mr Quasha is currently Managing Partner of Vanterra Capital; Chairman of Brean Murray; Carret & Co; Carret Asset Management Group LLC; and HKN Inc. He is also Chairman of the American Brain Trauma Foundation.

14. Maria Ramos
South African, born 1959

Ms Ramos was appointed to the Board in 2011. A Non-Executive Director, she is a member of the Nominations Committee.

Ms Ramos holds degrees from the University of the Witwatersrand and the University of London and is a member of the Institute of Bankers. She also holds honorary doctorates from the University of Stellenbosch and Free State University.

Previous positions held by Ms Ramos include Director-General of the National Treasury of South Africa and Group Chief Executive of Transnet Limited. She has also served as a Non-Executive and Independent director on the boards of Sanlam Limited, SABMiller PLC, and Remgro Limited.

She is currently Chief Executive of Barclays Africa Group Ltd and a member of the Executive Committee of Barclays PLC. In addition, she serves on the Executive Committee of the World Economic Forum's International Business Council, and the Executive Committee of Business Leadership South Africa.

15. Lord Renwick of Clifton
British, born 1937

Lord Renwick was appointed to the Board in 1995. A Non-Executive Director, he serves as Independent Lead Director of the Board, Chairman of the Compensation Committee and is a member of the Audit, the Strategic Security and the Nominations Committees.

He is a graduate of Cambridge University and served in the British diplomatic service, rising to become Ambassador to South Africa from 1987 to 1991 and Ambassador to the United States from 1991 to 1995.

Lord Renwick was formerly Vice Chairman, Investment Banking of JPMorgan Europe and of JPMorgan Cazenove and a Director of British Airways PLC, BHP Billiton PLC and SABMiller PLC.

He is currently a Director of Stonehage Fleming Family and Partners Ltd; and Senior Advisor to Appian Capital.

16. Jan Rupert
South African, born 1955

Mr Jan Rupert was appointed to the Board in 2006. He serves as a Non-Executive Director and a member of the Nominations Committee.

From 1999, when he joined the Group, until 2012, he was Manufacturing Director with overall responsibility for the Group's manufacturing strategy.

Mr Jan Rupert is a graduate in mechanical engineering from Stellenbosch University, South Africa and has had an extensive career in production management in the tobacco and watchmaking industries. Prior to joining Richemont, he was Manufacturing Director of Rothmans International.

Board of Directors continued

17. Juergen Schrempp
German, born 1944

Prof Schrempp was appointed to the Board in 2003. A Non-Executive Director, he is Chairman of the Strategic Security Committee and a member of the Nominations Committee. He became a partner of Compagnie Financière Rupert in 2006.

Prof Schrempp holds a professorship of the Federal State of Baden-Wurttemberg and honorary doctorates from the University of Graz and the University of Stellenbosch.

Prof Schrempp is former Chairman of the Board of Management of DaimlerChrysler AG and of Daimler Benz Aerospace AG. He is also a former Director of Allianz AG, the New York Stock Exchange, Vodafone Group plc, South African Airways Limited, Non-Executive Chairman of Mercedes-Benz of South Africa, and Chairman of Iron Mineral Beneficiation Services Limited and Independent Lead Director of SASOL.

He is the Executive Chairman of Katleho Capital GmbH and a shareholder and Director of Merkur Bank KGaA, Munich. He is also a member of the International Investment Council of the President of the Republic of Togo.

Prof Schrempp is Chairman Emeritus of the Global Business Coalition on HIV/AIDS and Honorary Consul-General of the Republic of South Africa. Amongst other distinctions, he holds South Africa's highest civilian award, the Order of Good Hope.

For his contribution to the development of the European Aerospace Industry he gained the distinction of Commander of the French Legion of Honour.

18. The Duke of Wellington
British, born 1945

The Duke has served as a Non-Executive Director since 2000. He is a member of the Compensation and Nominations Committees.

He holds an MA degree from Oxford University. He has broad experience in banking and finance, serving as Chairman of Sun Life and Provincial Holdings and the Framlington Group and as a Director of Sanofi. He is a Director of RIT Capital Partners and a member of the International Advisory Board of Abengoa. He is Chairman of the Council of King's College, London. He was a member of the European Parliament from 1979 to 1989.

In 2015 he was elected to the House of Lords as a representative Hereditary Peer.

From 1990 to 1993 he was Chairman of Dunhill Holdings and from 1993 to 1998 Deputy Chairman of Vendôme Luxury Group, both former subsidiaries of the Group. Since 1998 he has served as Non-Executive Chairman of Richemont Holdings (UK) Limited, the holding company for the Group's UK interests.

Members of the Board

Subject to shareholder approval at the annual general meeting in September 2016, Mr Jeff Moss and Mr Cyrille Vigneron will become members of the Board. Their biographical details may be found on pages 47 and 48 of the annual report.

Corporate governance

Contents

1. Introduction

Richemont ('the Group') is committed to maintaining a high standard of corporate governance. It subscribes to the principles laid down in the Swiss Code of Best Practice for Corporate Governance published by 'economiesuisse', the Swiss Business Federation, and SIX Swiss Exchange. In addition to Swiss law, the Group complies with the Listing Rules of SIX Swiss Exchange. It also complies with the rules of the Johannesburg stock exchange, to the extent that they apply to companies with secondary listings there.

The Group's principles of corporate governance are embodied in the Articles of Incorporation of Compagnie Financière Richemont SA (the 'Company'), in its Corporate Governance Regulations and in the terms of reference of the Audit, Compensation, Nominations and Strategic Security Committees of the Board. The Corporate Governance Regulations are available on the Group's website: www.richemont.com/about-richemont/corporate-governance.html The Group's corporate governance principles and practices are reviewed by the Audit Committee and the Board on an annual basis in the light of prevailing best practices.

The Board of Directors ('the Board') believes that the Company's corporate governance arrangements continue to serve its shareholders well. The Board is confident that our governance structure reinforces our ability to deliver the Group's strategy of growing value for shareholders over the long term through the sustained growth of our Maisons.

The sections that follow provide information on the Group's structure, general shareholder information and details regarding the Board and Management committees. They adhere to the recommendations of the SIX Swiss Exchange's Directive on Information relating to Corporate Governance ('DCG'). Headings also follow the recommended format of the DCG and cross-references to other sections of the report are provided where appropriate. In certain instances, where the issues contained in the DCG do not apply to Richemont or where the amounts involved are not material, no disclosure may be given.

2. Group structure and shareholders

Structure

Compagnie Financière Richemont SA is a Swiss company with its registered office at 50, chemin de la Chênaie, CH-1293 Bellevue, Geneva. The Company's Board is the Group's supervisory board, composed of a majority of non-executive directors.

The Group's luxury goods businesses are reported within: (i) Jewellery Maisons; (ii) Specialist Watchmakers; and (iii) Other Businesses. Each of the Maisons in the Group enjoys a high degree of autonomy, with its own management group under a chief executive officer. To complement those businesses, the Group has established central functions and a regional structure around the world to provide central controlling and support services in terms of distribution, finance, legal, IT and administration services.

Details of the principal companies within the Group are set out in note 39 to the Group's consolidated financial statements. The market capitalisation and International Security Identification Number ('ISIN') of the Richemont 'A' shares are given in section 3 of this corporate governance report, which deals with the capital structure.

The Group holds an equity-accounted interest in one listed company: The YOOX NET-A-PORTER GROUP ('YNAP'). The YNAP registered office is in Milan, Italy and its ordinary shares are listed on Borsa Italiana, the Italian stock exchange with ISIN number IT0003540470. Further details regarding Richemont's shareholding in YNAP, including market capitalisation, may be found in note 10. Non-listed companies belonging to the Group are identified in the business review from pages 4 to 37.

Significant shareholders

Compagnie Financière Rupert, a Swiss partnership limited by shares, holds 522 000 000 Richemont 'B' registered shares representing 9.1% of the equity of the Company and controlling 50% of the Company's voting rights. Mr Johann Rupert, Chairman of Richemont, is the sole General Managing Partner of Compagnie Financière Rupert. Prof Juergen Schrempp and Mr Ruggero Magnoni, both non-executive directors of the Company, are partners of Compagnie Financière Rupert.

Compagnie Financière Rupert does not itself hold any Richemont 'A' shares. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2016.

As at 31 March 2016, there were no other significant shareholders in the Company, i.e. with at least 3% of the voting rights.

Cross-shareholdings

Richemont does not hold an interest in any company which is itself a shareholder in the Group.

Corporate governance continued

3. Capital structure

Shares

There are 522 000 000 'A' registered shares and 522 000 000 'B' registered shares in issue. Richemont 'A' registered shares are listed and traded on SIX Swiss Exchange. The 'B' registered shares are not listed and are held by Compagnie Financière Rupert, as detailed above. Each 'A' registered share has a par value of CHF 1.00 and each 'B' registered share has a par value of CHF 0.10. The authorised and issued capital therefore amounts to CHF 574 200 000. Further details are given in note 18 to the Group's consolidated financial statements.

During the three years ended 31 March 2016, there was one change to the Company's capital structure. With effect from 27 September 2013, the Company replaced its former 'A' bearer shares with 'A' registered shares. There was no change in respect of the 'B' registered shares. The change followed shareholder approval, with the required majorities, of changes to the Company's Articles of Incorporation at the 2013 AGM. The economic rights, including dividend and voting rights, attaching to the 'A' shares were not changed as a consequence of the move.

At 31 March 2016, Richemont's market capitalisation, based on a closing price of CHF 63.55 per share and a total of 522 000 000 'A' shares in issue, was CHF 33 173 million. The overall valuation of the Group at the year end, reflecting the value of both the listed 'A' shares and the unlisted 'B' shares, was CHF 36 490 million.

Over the preceding year, the highest closing price of the 'A' share was CHF 86.85 on 21 May 2015, and the lowest closing price of the 'A' share was CHF 60.75 on 11 February 2016.

The ISIN of Richemont registered 'A' shares is CH0210483332 and the Swiss 'Valorennummer' is 21048333.

General shareholder information

Dividend

Holders of 'A' and 'B' shares enjoy the same dividend rights, but due to the differing par values of the two classes of shares, 'B' shareholders receive one tenth of the dividend per share paid to holders of the 'A' shares.

In respect of the financial year ended 31 March 2016, an ordinary dividend of CHF 1.70 per 'A' share and CHF 0.17 per 'B' share has been proposed for approval by the shareholders in September 2016. During the year under review, the shareholders approved a dividend of CHF 1.60 per 'A' share and CHF 0.16 per 'B' share.

Share buy-back programmes

Over the course of the preceding 16-year period ended 31 March 2015, the Group had repurchased a total of 34 552 934 former 'A' units and 34 931 876 'A' shares through the market to meet obligations under stock option plans for executives. During the year under review, the Group repurchased a further 1 790 000 'A' shares through the market.

Taking into account the exercise of options by executives during the course of the year and other activities linked to the hedging programme, the balance held in treasury at 31 March 2016 was 9 615 860 'A' shares.

On 15 May 2014, Richemont announced a programme envisaging the buy-back of 10 000 000 of its own 'A' shares over a three-year period, linked to the requirements of the executive stock option plan. Richemont's strategy is to maintain a hedge ratio of at least 90%. The programme received the requisite approvals from the Swiss Takeover Board and Richemont undertakes to publish transactions on its website in accordance with those approvals.

Details of the Group's stock option plan are set out in the Compensation Report from page 53 and in note 36 to the Group's consolidated financial statements. The operating expense charged to the consolidated statement of comprehensive income in respect of the fair value of stock options granted to executives is set out in note 26.

When 'A' shares or former 'A' units are bought back, a reserve for treasury shares, equal to the cost value of the shares purchased in the market, is established as an element of shareholders' equity in the Group's consolidated statement of financial position. As shares are sold as a consequence of the exercise of options by executives, the reserve is correspondingly reduced. Details are given in note 18 to the Group's consolidated financial statements.

Voting rights

Holders of Richemont shares may attend and vote at meetings of shareholders of the Company. They may attend in person or may appoint a third party to represent them at the meeting. In addition, an independent representative is appointed at each general meeting by shareholders for the following year's general meeting.

There is no limit on the number of shares that may be held by any given party. The voting rights attaching to those shares are only restricted if the shares are either unregistered, or are held by a registered nominee with at least 1% of the share capital of the Company and that nominee has declined the Company's request to provide certain details regarding the owners. Further details of this restriction may be found in Article 6 of the Company's Articles of Incorporation.

Richemont 'A' and 'B' shares have equal rights to share in the dividends and capital of the Company; 'B' shareholders are entitled to receive 10% of the dividend per share paid to 'A' shareholders and 9.1% of the Company's capital. However, despite the differing nominal values of the 'A' and 'B' shares, each 'B' share conveys the same voting rights as each 'A' share, in normal circumstances, at shareholder meetings. Richemont 'B' shareholders therefore control 50% of the votes at shareholder meetings. The 'B' registered shares are entirely held by Compagnie Financière Rupert. In accordance with Swiss company law, certain resolutions, notably those relating to the objects of the Company, its capital structure, the transfer of its registered office or its dissolution, require the approval of two-thirds of the shares and an absolute majority of the nominal share capital represented at a general meeting of shareholders.

Statutory quorums

The general meeting of shareholders is the Company's ultimate decision-making forum. Resolutions of the general meeting are generally passed by an absolute majority of the votes represented at the meeting. As detailed above, certain resolutions may require the approval of two-thirds of the shares and an absolute majority of the nominal share capital represented at a general meeting of shareholders.

The AGM, in respect of the financial year ended 31 March 2016, will be held on 14 September 2016 at the Four Seasons Hotel des Bergues, Geneva. The draft agenda for that meeting is set out on page 131 of this report. The notice period and agenda in respect of the meeting follow the requirements of Swiss company law. Holders of a minimum of one million 'A' shares in the Company with a nominal value of CHF 1 million may request that an item be placed on the meeting agenda. Such requests must be submitted in writing at least 20 days in advance of the deadline for publication of the formal notice convening the meeting.

South African Depository Receipts

Richemont Securities SA ('Richemont Securities'), a wholly owned subsidiary of the Company, acts as Depository for the issuance, transfer and cancellation of Richemont South African Depository Receipts ('DRs'), which are traded on the Johannesburg stock exchange operated by JSE Limited. DRs trade in the ratio of ten DRs to each Richemont 'A' share. The terms and conditions applicable to DRs are set out in the Deposit Agreement entered into between Richemont Securities, as Depository, and the Company, as Issuer. The Deposit Agreement was most recently amended on 26 March 2014.

In its capacity as Depository, Richemont Securities holds one 'A' share in safe custody for every ten DRs in issue. Richemont Securities SA's interest in the 'A' shares that it holds is therefore non-beneficial. At 31 March 2016, Richemont Securities held 91 267 613 'A' shares in safe custody in respect of the DRs in issue. This amount represents some 17% of the listed and traded 'A' shares.

Dividends received by Richemont Securities are payable in rand to South African residents. Dividends are converted upon receipt by Richemont Securities and remitted to the holders of DRs. Non-South African resident holders of DRs may receive the dividends in Swiss francs, subject to their residence status.

Holders of DRs issued by Richemont Securities are not entitled to attend the shareholders' meeting of Compagnie Financière Richemont SA or to vote in person. Rather, DR holders are canvassed as to their voting instructions by Richemont Securities, which then represents the holders at such meetings.

Transferability of shares

Richemont's 'A' shares are issued as uncertificated securities within the meaning of the Swiss Code of Obligations and as intermediated securities within the meaning of the Swiss Federal Act on Intermediated Securities ('ISA'). Following entry in the Share Register, shareholders may request a statement in respect of their 'A' shares from the Company at any time. Shareholders do not have the right to request the printing and delivery of certificated 'A' shares. Certificates (individual share certificates or certificates representing several 'A' shares) may however be printed and delivered if considered appropriate by the Company. The transfer and encumbering of 'A' shares are carried out according to the provisions of the ISA. There are no restrictions on the transfer of shareholdings. Transfers of the unlisted 'B' registered shares in the Company, which are held solely by Compagnie Financière Rupert, must be approved by the Board.

4. Board of Directors

Responsibilities and membership

The Board is responsible for the overall strategic direction of the Group and the appointment of senior management. In addition, it is responsible for establishing financial controls and appropriate procedures for the management of risk within the Group as well as the overall supervision of the business. The Board is responsible for the preparation of the financial statements of the Company and of the Group and for the organisation of shareholder meetings.

The introduction to this section provides commentary about the composition of the Board's membership and the qualities of its members. The Board is composed principally of non-executive directors with diverse professional and business backgrounds. Seven nationalities are represented on the Board, which was composed of 18 members at 31 March 2016. Board members are proposed for election on an individual basis at each year's AGM for a term of one year. All directors are eligible to stand for re-election each year, details of nominations being given in the notice of the AGM. There is no restriction on the number of times a director may seek re-election and no formal age limit for directors. Neither age nor the number of years served on the Board is deemed to affect a director's independence. Certain independent directors have served for more than ten years.

The non-executive directors are, without exception, indisputably independent in character and judgement. They bring to the Board a formidable array of expertise and experience. In many cases they have served on the Board for a considerable period of time or have special expertise in relation to the luxury goods businesses. As a result, they have an in-depth understanding of the Group. The Board considers that this combination of experience and expertise has been a significant factor in contributing to the superior returns for shareholders generated by the Group since the listing of Richemont on the Swiss Stock Exchange in 1988. Photographs and biographies of the Board members may be found on pages 40 to 44.

The Board proposes two new members for election at the September 2016 AGM: Mr Jeff Moss and Mr Cyrille Vigneron.

Mr Jeff Moss is a computer security and internet security expert. He currently serves as: a member of the U.S. Department of Homeland Security Advisory Council; a member of the Council on Foreign Relations; a Non-resident Senior Fellow at the Atlantic Council; and a member of the Georgetown University School of Law Cybersecurity Advisory Committee. Previously Mr Moss has served as: Chief Security Officer of the Internet Corporation for Assigned Names and Numbers ('ICANN'); and a director at Secure Computing Corporation. He is the founder of the Black Hat Briefings and DEF CON. Mr Moss is an American national. He will serve as a Non-Executive Director and become a member of the Board's Nominations and Strategic Security Committees.

Corporate governance continued

On 1 January 2016, Mr Cyrille Vigneron succeeded Mr Stanislas de Quercize as Chief Executive Officer of Cartier. Prior to his new role, Mr Vigneron was President of LVMH Japan and worked with Richemont from 1988 to 2013: principally with Cartier, rising to become Managing Director of Cartier Japan, President of Richemont Japan, and finally, Managing Director of Cartier Europe. Mr Vigneron is a French national. He will serve as an Executive Director.

As regards the executive directors of the Board, Messrs Bernard Fornas and Richard Lepeu served as Co-Chief Executive Officers of the Group during the year under review. Mr Fornas was responsible for overseeing the Maisons; Mr Lepeu was responsible for overseeing Richemont's central and regional functions. The other executive director was Mr Gary Saage, Chief Financial Officer. With effect from 1 April 2016, Messrs Lepeu and Saage are the executive directors and they are joined by Mr Vigneron.

In terms of its regular business, the Board generally meets for half a day to a full day, five times per annum. Further meetings on specific topics are held on an ad hoc basis. During the year under review, the Board of Directors held five meetings. These included a two-day meeting with the senior management of certain Maisons at which strategy, marketing plans and new products were presented. The Chairman, the Co-Chief Executive Officers and Chief Financial Officer establish the agendas for the meetings of the Board. Directors may ask that an item be placed on the agenda for any meeting. Financial reports and supporting information in respect of agenda items are circulated to members of the Board in advance of each meeting. The Board may invite other managers and external advisors to attend meetings.

Board Evaluation

The Board and each of its Committees conduct an annual assessment of their own role and effectiveness. This provides our Board Members the opportunity to reflect on their individual and collective performance. The respective Committee's conclusions are communicated to the Board.

Board Committees

In terms of the Group's framework of corporate governance, the Board has established: an Audit Committee; a Compensation Committee; a Nominations Committee; and a Strategic Security Committee. The composition of these Committees is indicated below and in the biographical notes on Board members. In addition to these four Board Committees, the Company's executive directors are members of the Senior Executive Committee.

Each Board Committee has its own written Charter outlining its duties and responsibilities and a Chairman elected by the Board. The Chairman of each Committee presents a summary of the proceedings of each Committee meeting to the Board. All Board Committees are entitled to invite members of senior management and external specialists to attend meetings for specific matters on an ad hoc basis.

Audit Committee

The five members of the Audit Committee are: Mr Josua Malherbe (Chairman); Maître Jean-Blaise Eckert; Mr Yves-André Istel; Mr Ruggero Magnoni; and Lord Renwick of Clifton. They are all non-executive directors and, without exception, indisputably independent in character and judgement. The Chief Financial Officer attends all meetings, as do the Head of Internal Audit and representatives of PricewaterhouseCoopers SA, the Group's external auditor.

Meetings of the Committee are held at least three times per annum and have a typical duration of half a day. During the year under review, three meetings took place. The Committee meets in camera with the external auditor during the course of each meeting.

The Audit Committee's principal tasks are to:

- satisfy itself that the consolidated financial statements follow approved accounting principles and give a true and fair view of the Group's financial position and results;
- recommend to the Board the appointment, reappointment or dismissal of the external auditor and keep under review their independence and objectivity as well as their level of compensation;
- examine and review, with both the external and internal auditor, the adequacy and effectiveness of the Group's management information systems as well as accounting, financial and operational controls;
- oversee the effectiveness of the Group's Internal Audit function and liaise with the Head of Internal Audit on all matters of significance arising from the department's work;
- oversee the adequacy and effectiveness of risk management practices in the Group and advise the Board on its responsibility to perform regular risk assessments;
- examine and review the adequacy, effectiveness and integrity of the processes to assure the Group's compliance with all applicable laws and regulations; and
- ensure compliance with the Group's internal Corporate Governance Regulations, including the Code of Conduct for Dealings in Securities, and its Group Investment Procedures.

The Chairman of the Audit Committee reports the findings of each Committee meeting to the Board and makes recommendations to management on behalf of the Board.

The Company has a risk management process which gives consideration to both strategic and operational risks. All identified risks are modelled according to their probability of occurrence and potential impact and subsequently prioritised by management. A consolidated risk report, which includes action plans prepared by the Group executive directly responsible for addressing the risk, is reviewed annually by the Audit Committee and the Board of Directors.

Compensation Committee

The Compensation Committee is composed of three non-executive directors: Lord Renwick of Clifton (Chairman); Mr Yves-André Istel; and the Duke of Wellington. They are all non-executive directors and, without exception, indisputably independent in character and judgement. To assist it in its deliberations, the Committee may draw on support from the Group's internal specialists and external advisors. Meetings of the Committee are held as necessary but at least three per annum and typically last one to two hours. During the year under review, the Committee met on four occasions.

The purpose of the Committee is to support the Board in establishing and reviewing the compensation strategy and guidelines as well as in preparing the proposals to the general meeting of shareholders regarding the compensation of the Board and the Senior Executive Committee. The Compensation Committee may submit proposals to the Board on other compensation-related issues.

The Committee oversees the administration of the Group's long-term incentive plans for executive members of the Board and, inter alia: approves the awards granted to executive directors; and approves the awards made to other executives in aggregate, recognising that the Senior Executive Committee has the authority to make awards to executives other than those serving on the Board. In addition, the Committee oversees any material amendment to existing long-term incentive plans or the creation of any other long-term incentive plan pertaining to senior management.

Nominations Committee

The Nominations Committee consists of the 14 non-executive directors meeting under the chairmanship of the Chairman of the Board. During the year under review, five meetings took place.

The principal functions of the Committee are to advise the Board in areas such as the composition and size of the Board and the criteria to be applied in the selection of new members of the Board and senior management. In addition, the Committee is responsible for the nomination of directors to serve on Board Committees.

Succession planning is established throughout the Group's operations. At the level of Board membership, the Nominations Committee is responsible for continuity as directors reach retirement or indicate their intention to resign.

The Group's succession plans seek to preserve the current balance of executive directors, former executive directors in a non-executive capacity, and non-executive directors who have not held operational responsibilities within the Group. While this balance will be preserved in the long term, as the continuity it brings to strategic discussions is one of the Group's strengths, the profile of individual appointments may vary from time to time. Such variations take account of the Board's evolving requirements in terms of experience and diversity.

Strategic Security Committee

The Strategic Security Committee is composed of three non-executive directors: Prof Juergen Schrempp (Chairman); Mr Josua Malherbe; and Lord Renwick of Clifton. To assist it in its deliberations, the Committee draws on support from the Group's internal specialists and external advisors. Meetings of the Committee are held as necessary and typically last half a day. The Committee met four times during the year under review.

The purpose of the Committee is to advise the Board in all aspects of security policy. It aims to protect the company's assets, including confidential business information and intellectual property, and its operations against intrusive actions. It also oversees the protection of Richemont's employees and physical assets.

Corporate governance continued

Attendance

The attendance of each non-executive director at Board and committee meetings during the year under review are indicated in the following table. The executive directors attended all Board meetings.

	Board	Audit Committee	Compensation Committee	Nominations Committee	Strategic Security Committee
Number of meetings	5	3	4	5	4
Johann Rupert	5	–	–	5	–
Yves-André Istel	5	3	4	5	–
Josua Malherbe	5	3	–	5	4
Jean-Blaise Eckert	5	3	–	5	–
Ruggero Magnoni	5	3	–	5	–
Simon Murray	5	–	–	5	–
Alain Dominique Perrin	5	–	–	5	–
Guillaume Pictet	5	–	–	5	–
Norbert Platt	5	–	–	5	–
Alan Quasha	5	–	–	5	–
Maria Ramos	5	–	–	4	–
Lord Renwick	5	3	4	5	4
Jan Rupert	5	–	–	5	–
Juergen Schrempp	5	–	–	5	4
The Duke of Wellington	5	–	4	5	–

Activities outside the Group

The Company's Articles of Incorporation limit the number of permitted activities of non-executive directors. Those activities include directorships in other organisations, including publicly quoted businesses.

Control instruments

Management is responsible for implementing the strategic policies determined by the Board. Members of management are empowered to conduct the day-to-day strategic and operational administration of the Group including, inter alia, financial management. Senior management is responsible for the management of the Group's underlying businesses and investments, subject at all times to an obligation to provide adequate information on the development of those businesses to the Board. Management operates within the guidelines as set out in the Group Investment Procedures and such other policies and procedures as may from time to time be laid down by the Board. In addition, management provides the Board with appropriate support to consider and evaluate strategic alternatives.

The Board employs various reporting means and control mechanisms in order to monitor the way in which senior management exercises the authority delegated to it.

- Prior to each Board meeting, members of the Board receive a financial report, summarising recent Group, segmental and Maison financial performance as well as operational developments.
- Members of the Senior Executive Committee ('Senior Executives') report to the Board at each meeting. Supplementary reports are provided by the Company Secretary.
- The Group's employee performance review process requires that members of management are given clearly defined targets at the beginning of each financial year. The Senior Executives monitor performance against these targets on an ongoing basis and report progress to the Board.
- There is interaction between the Board and other members of the management, for example, through the presence on a regular or ad hoc basis at Board Committee meetings. Members of the Board are also exposed to the decision-making process at the level of each Maison through their involvement with the annual reviews of the Maisons' strategies.
- The Group's Internal Audit function provides an objective means of assessing how the Group's risks are being managed and controlled. This function's independent status is reinforced by the direct reporting line from the Head of Internal Audit to the Chairman of the Audit Committee. The function performs financial and operational audits in accordance with a programme approved annually by the Audit Committee. This risk-based programme is designed to ensure that all business units as well as Group-wide issues are given sufficient audit coverage within an appropriate time frame. Summary reports from each audit are provided to the Audit Committee and discussed at its meetings. Progress with implementation of corrective actions is monitored on a regular basis.

5. Senior Executive Committee

The Senior Executive Committee comprised the two Co-Chief Executive Officers and the Chief Financial Officer during the year under review. Their biographical details and other activities may be found on pages 40 and 41. The Committee was chaired by the Chairman of the Board. Other managers were invited to participate on an ad hoc basis at the Chairman's discretion.

The Senior Executive Committee meets on an ad hoc basis to review matters associated with the implementation of the Group's strategic policies. During the year under review the Committee met four times.

Activities outside the Group

The Company's Articles of Incorporation limit the number of permitted activities of Senior Executives. Those activities include directorships in other organisations, including publicly quoted businesses.

Management contracts

There are no contracts between the Group and any third parties for the management of the Company or any subsidiary in the Group.

Committees reporting to the Senior Executive Committee

Richemont's Group Management Committee reports to the Senior Executive Committee. During the year it comprised the three Senior Executives, the Chief Executive Officers ('CEO') of certain Maisons and the heads of certain Group functions.

Maison Chief Executive Officers:
Nicolas Bos, CEO of Van Cleef & Arpels;
Stanislas de Quercize, CEO of Cartier to 5 November 2015;
Georges Kern, CEO of IWC Schaffhausen;
Jérôme Lambert, CEO of Montblanc;
Philippe Léopold-Metzger, CEO of Piaget;
Daniel Riedo, CEO of Jaeger-LeCoultre;
Cyrille Vigneron, CEO of Cartier from 1 January 2016;

Heads of Group functions:
Hans-Peter Bichelmeier, Group Operations Director;
Cédric Bossert, Group General Counsel;
Thomas Lindemann, Group Human Resources Director.

Other committees have been established to determine the Group's policy in specific business areas, including finance, health and safety matters and corporate social responsibility.

6. Compensation, shareholdings and loans

Details of compensation-related matters are given in the Compensation Report from page 53.

7. Shareholder participation rights

Details of shareholder voting rights and the right to attend shareholder meetings are given in section 3 of this corporate governance report.

Corporate governance continued

8. Change of control and defence mechanisms

In terms of the Swiss Stock Exchange and Securities Trading Act ('SESTA'), the Company has not elected to 'opt out' or 'opt up' in respect of the provisions relating to the obligations for an acquirer of a significant shareholding to make a compulsory offer to all shareholders. In accordance with SESTA, any party that would directly or indirectly, or acting in concert with third parties, acquire more than 33⅓% of the voting rights of the Company would therefore be obliged to make an offer to acquire all of the listed equity securities of the Company. The interest of Compagnie Financière Rupert in 100% of the 'B' registered shares in the Company, which existed at the date SESTA came into force, does not trigger any obligation in this respect. As noted above, Compagnie Financière Rupert controls 50% of the voting rights of the Company.

No specific provisions exist in the Articles of Incorporation or internal regulations of the Company which would seek to limit or block any takeover bid. No special contractual relationships exist between Group companies and directors or members of senior management which would protect management or act as a deterrent to a change of control of the Company.

The rules of the long-term compensation plans for executives in the Group contain specific provisions in respect of a change of control of the Group. These provisions are typical in terms of such plans and would result in the immediate vesting of benefits due to participants in the event of a change of control taking place.

9. Auditor

The external auditor reports to the Board through the Audit Committee, which also supervises the Group's relationship with the auditor.

PricewaterhouseCoopers SA were reappointed by the Company's shareholders at the 2015 AGM as the auditor of the Company's financial statements and the Group's consolidated financial statements. They were appointed for a period of one year and, being eligible, will stand for a further period of office of one year at this year's AGM. A questionnaire-based evaluation, in which the Finance Director of every subsidiary is consulted, forms the basis of an annual review of the external auditor's performance. The results of the evaluation are reviewed by the Audit Committee.

PricewaterhouseCoopers was initially appointed as auditor of the Company and the Group in 1993 (as Coopers & Lybrand). Mr Michael Foley, the lead auditor, assumed that role in September 2011. The Company's policy is to rotate the lead auditor at least once every seven years.

In the year under review, total fees and expenses paid or accrued as payable to PricewaterhouseCoopers for the audit of the financial statements of the Company, the Group, its subsidiaries and related services were € 8.0 million. Total fees and expenses paid or accrued as payable in respect of the financial year to PricewaterhouseCoopers for non -audit services amounted to € 1.3 million, primarily relating to tax compliance services and advice. The scope of services provided by the external auditor is reviewed annually by the Audit Committee and the relative weight of non-audit work provided by the external auditor is also kept under close review.

Representatives of PricewaterhouseCoopers attended all meetings of the Audit Committee held during the year as well as the meeting of the Committee held on 18 May 2016 at which the financial statements were reviewed.

10. Information policy

The Group reports to shareholders in accordance with the requirements of Swiss law and the guidance provided by SIX Swiss Exchange. The annual report is the principal source of financial and business information for shareholders. The Group's announcement of the results for the financial year is issued in May each year. In addition to the regulatory annual and interim reports, Richemont publishes trading statements in September, at the time of its AGM, and in January covering the Group's performance during the third quarter of its financial year and the pre-Christmas trading period. Ad hoc announcements are made in respect of matters which the Board considers to be of significance to shareholders, in accordance with the specific guidelines laid down by SIX Swiss Exchange.

The annual report is distributed to all parties who have asked to be placed on the Group's mailing list, including holders of South African Depository Receipts. Investors may request electronic notification that such reports have been published on the Group's website.

All news announcements other than the annual financial report are distributed by email. Shareholders and other interested parties may ask to be included on the distribution list by contacting the Company Secretary at the Company's registered office or by email (secretariat@cfrinfo.net) or by registering on the Group's website www.richemont.com/press-centre/company-announcements.html

Copies of the annual and interim reports, results announcements, trading statements, ad hoc announcements and the corporate social responsibility report may also be downloaded from the Richemont website. Copies of the Company's Articles of Incorporation, together with its Corporate Governance Regulations, are also available on the website.

The Group presents its annual and interim results to analysts and major investors each year. The presentations to invited participants take place in Geneva and are simultaneously broadcast over the internet. The slide presentation is downloadable from the website. A replay of the broadcast is available on the Group's website within 24 hours of the presentation and a transcript of the presentation shortly thereafter.

Statutory and regulatory announcements are published in the Swiss Official Gazette of Commerce and, in certain cases, by SIX Swiss Exchange.

Compensation report

Letter from the Chairman of the Compensation Committee

Lord Renwick of Clifton, Chairman

Dear Shareholders,

We are pleased to present to you our Compensation Report for the year ended 31 March 2016.

In accordance with the Ordinance against Excessive Compensation in listed companies, the first binding votes on aggregate Board member and management compensation levels were held at the 2015 Annual General Meeting ('AGM'). Specifically, shareholders were asked to approve the maximum amount of fixed Board compensation from the 2015 AGM to the 2016 AGM; the maximum amount of fixed Senior Executive Committee compensation for the 2017 financial year and the variable compensation of the Senior Executive Committee for the 2015 financial year. We are pleased that shareholders approved all three proposals by a large majority. On behalf of the Board, we would like to thank you for your continued support on executive compensation matters and account has been taken of the comments received.

The Committee is continually reviewing the compensation framework to ensure that it remains aligned with our strategic direction and that it maintains an executive incentive system which drives the achievement of both short- and long-term strategic goals and continued value creation for shareholders. We believe that our compensation system continues to achieve these goals by placing a strong emphasis on the long-term performance of the Group and equity-based compensation, thereby aligning the interests of our management team with those of our shareholders. It ensures focus on those matters which are of most importance to the Group, such as the allocation of capital and the development of a culture of creativity, amongst others.

The Committee strongly believes that the Group's compensation strategy should reward our most senior executives when the Group outperforms our competitors while making the necessary adjustments in periods of more moderate performance. For the year under review, fixed compensation of the Senior Executive Committee is 8% lower than in the comparative year, with variable compensation 30% lower. Fixed compensation is being further reduced in the current financial year. We are committed to a compensation framework which allows the Group to remain aligned with market practices and trends in top compensation levels for competitors and other major companies listed on the SIX Swiss Exchange.

Mr Bernard Fornas announced his retirement as Co-CEO with effect from 31 March 2016, having contributed greatly to value creation for the group, both in his current role and as Chief Executive of Cartier.

The Compensation Report that follows describes the Group's guiding principles, philosophy and policies for setting the compensation of members of the Board and the Senior Executive Committee. The report complies with the relevant articles of the Swiss Code of Obligations, the Swiss Code of Best Practice, and the Ordinance against Excessive Compensation ('Ordinance'). The compensation for the financial year under review, as detailed on pages 59 to 62, has been audited by the Group's auditors, PricewaterhouseCoopers.

In the coming year, the Compensation Committee will continue to review our compensation arrangements on a periodic basis to ensure they are in line with evolving regulatory changes and best-practice developments. We look forward to receiving comments from our investors.

Lord Renwick of Clifton
Compensation Committee Chairman

Compagnie Financière Richemont SA
Geneva, 20 May 2016

Compensation report continued

Contents

1. Richemont's compensation principles

The Group's compensation philosophy is based upon the following guiding principles:

- Transparency
- Performance based
- Long-term value creation
- Alignment with shareholders' interests
- Sharing success with employees
- Emphasis on variable over fixed compensation

2. Our compensation-setting philosophy

The Group's compensation policies are designed to ensure that Group companies attract and retain management of the highest calibre and motivate them to perform to the highest standards, recognising the international nature of their businesses and the long-term objectives of the Group. The Group sets high standards in the selection of executives who are critical to the long-term development of the business.

In pursuit of this goal, the Compensation Committee supports the Board of Directors in reviewing and establishing the Group's compensation policies and strategy. The core responsibilities of the Committee include setting the compensation of the non-executive directors and the Chairman of the Board of Directors and agreeing the compensation of the other executive director members of the Board and the Senior Executive Committee. The compensation of all other members of senior management is regularly reviewed by the Committee to ensure that retention and motivation are in place to support the Group's long-term succession planning.

The Compensation Committee meets three times a year. In general a meeting is held in November to review the Group's compensation philosophy and framework, with a further meeting in March to consider the objectives for the following year. These objectives include financial metrics such as sales, profit and cash and individual performance metrics aligned to the business strategy and recognising the importance of long-term creativity and successful team-work. A third meeting is held in May to assess the degree of achievement of objectives for the previous year. In the year under review the Committee held an additional meeting in May to finalise compensation awarded for the financial year ended 31 March 2015.

The Compensation Committee considers the recommendations of the Chairman of the Board of Directors regarding compensation awards for the executive directors. For all other members of senior management, the recommendations of the Chief Executive Officer and the Group Human Resources Director are also considered. The Compensation Committee may amend or reject these recommendations.

Executive directors and members of the Senior Executive Committee are not present at any meeting where decisions are taken regarding their own compensation. The Chairman of the Compensation Committee reports to the full Board on the discussions and decisions taken at each Committee meeting.

3. Comparative group benchmarking

At least once every three years, the compensation of both the members of the Board and the Senior Executive Committee is benchmarked under the guidance of the Compensation Committee. To ensure that the Group remains competitive in its compensation arrangements, benchmarking surveys, providing details on all elements of total compensation and the mix thereof, for a wide range of executive roles including Chairman of the Board of Directors, Chief Executive Officer and other executives, are regularly considered. The Group last conducted a comparative group benchmark in 2014.

The comparative benchmark group utilised by the Group in 2014 comprised some 40 companies in the competitive environment in which the Group operates. Criteria such as business type, geographic location, market capitalisation and specialty focus are all considered in the selection process. The comparative group detailed on page 57 were included in the benchmark group. As a point of reference, the company targets at least the median compensation level of the peer group, while maintaining the potential for above-average variable compensation for superior performance.

The Group also uses external consultants for advice on remuneration matters. During the year, external advice on specific compensation and share-option-related matters was received from a number of professional firms including PricewaterhouseCoopers and Lenz & Staehelin. None of these firms received any additional mandates from those consultations. PricewaterhouseCoopers is the Company and Group's external auditor, as described on page 52.

4. Compensation of the Board of Directors

Chairman

The Chairman of the Board of Directors, Mr Johann Rupert, receives an annual compensation of € 3.0 million (equivalent to CHF 3.2 million at the average exchange rate for the financial year 2016), split between salary and pension contributions. During the period under review no variable compensation was awarded. The level of compensation is reviewed annually by the Compensation Committee and is considered commensurate to the role.

In the comparative year Mr Rupert served as Chairman of the Board of Directors from 17 September 2014 to 31 March 2015. The table that follows shows the compensation received during the periods of service noted above.

	Financial year to 31 March 2016 CHF	31 March 2015[1] CHF
Fixed annual retainer	**1 611 307**	880 548
Pension contributions	**1 611 444**	84 288
Employer's social security	**–**	–
Total	**3 222 751**	964 836

1. Compensation for the financial year to 31 March 2015 relates to the six-month period from 17 September 2014 to 31 March 2015.

Non-executive directors

Non-executive directors are entitled to receive an annual base retainer of CHF 100 000, plus a fee of CHF 20 000 for each Board meeting attended. This fee is reduced to CHF 4 800 for participation by telephone.

Non-executive directors who are also members of the Audit Committee, the Compensation Committee or the Strategic Security Committee are entitled to receive further fees per meeting attended.

Committee attendance fees	Chairman	Member
Audit Committee	CHF 20 000	CHF 15 000
Compensation Committee	CHF 15 000	CHF 10 000
Strategic Security Committee	see below	CHF 10 000

The Chairman of the Strategic Security Committee receives an annual fee of CHF 200 000, reflecting the time and effort the Chairman has had to devote to ensuring that Richemont is fully equipped to meet the increasingly serious challenge posed by cyber-crime.

The amounts above may be paid in local currency equivalents.

Non-executive directors are not eligible for performance-related payments and do not receive awards under the Group's share option or other long-term incentive plan. There is no scheme to issue shares to non-executive directors.

Executive directors

The executive directors of the Board are all members of the Senior Executive Committee and do not receive any compensation for their role as members of the Board.

5. Compensation of the Senior Executive Committee

In the year under review the members of the Senior Executive Committee were: Mr Bernard Fornas, Mr Richard Lepeu and Mr Gary Saage.

The Chairman of the Board of Directors also chairs meetings of the Senior Executive Committee.

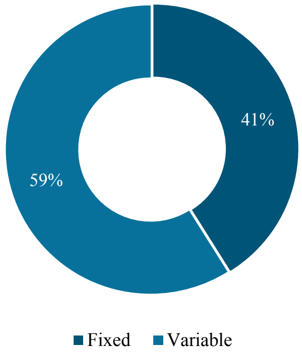
Members of the Senior Executive Committee are rewarded in line with the level of their authority and responsibility within the organisation. The compensation for Mr Richard Lepeu and Mr Gary Saage recognises their long service and significant contribution to the creation of value for the Group. Mr Richard Lepeu has served the Group for over 37 years and Mr Gary Saage for 28 years. In general, an executive's total compensation will comprise both fixed and variable elements.

In addition to a fixed base salary and post-employment benefits, an executive may receive a variable short-term cash incentive and an annual award in one of the three long-term benefit plans described below.

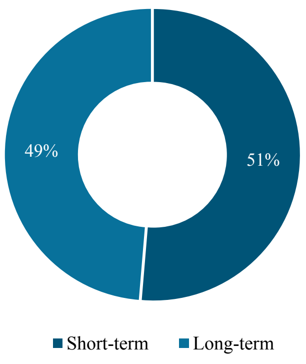
Compensation mix to 31 March 2016 (excluding employer's social security)

The split of fixed and variable compensation varies by individual, reflecting their role and local market conditions. In the year under review, variable compensation represented 59% of total compensation, with the long-term component representing 49% of the variable component.

Total compensation (excluding employer's social security)



Variable compensation (excluding employer's social security)



With the exception of share options, all incentives are cash-settled on their due date.

The Group does not provide for any sign-on or transaction-specific success fees for its executives.

Compensation report continued

6. Fixed compensation of the Senior Executive Committee

Base salary

The base salary reflects the market value of the position and is consistent with local practice. It is paid on a monthly basis in cash. The level of all awards is reviewed annually in accordance with the Group's salary review process, which takes place in May. In determining the level of any increase to base salary, consideration is given to the Group's performance; the role and responsibilities of the individual; and market benchmarking information provided by external compensation consultants. In May 2015, the Senior Executive Committee offered to reduce the base salary for all members.

Benefits

Senior executive members also receive benefits in line with their duties and responsibilities and may include car or travel allowance; housing; and medical insurance. The company also operates a retirement foundation in Switzerland which provides benefits on a defined contribution basis. Each executive has a retirement account to which the executive and the Group make contributions at rates set out in the foundation rules based on a percentage of salary. A Group contribution of 12.25% was applied in the year on salaries to a ceiling of CHF 846,000.

Directors are reimbursed for travel and other necessary business expenses incurred in the performance of their duties.

Other

Remuneration received in respect of the membership of Mr Richard Lepeu and Mr Gary Saage of the Board of Directors of YOOX-NET-A-PORTER S.p.A., an associated company, is paid directly to the Group.

7. Variable compensation of the Senior Executive Committee

The Group operates a short-term cash incentive and three distinct long-term benefit incentive plans for executives. The Compensation Committee considers these components in total to ensure there is an appropriate balance between reward for short-term success and long-term retention. Targets used to determine the payout levels for both the variable short-term incentives and the variable long-term incentives are considered by the Compensation Committee on an annual basis prior to the start of the next financial year.

A retention ratio is determined by individual, comparing the long-term variable awards already granted in the form of the Group's three distinct plans with the total compensation for the year. For share options, the gains achievable on unvested options by reference to the current market share price are included. Awards granted for each of the short- and long-term incentive plans reflect both the individual's performance and their contribution to the Group's overall results.

An annual target is set for each of the Group's short- and long-term incentive plans.

Short-term cash incentives

The determination of the level of short-term cash incentive comprises both quantitative and qualitative components, each with a preset target and a maximum percentage of base salary. The mix of quantitative and qualitative targets are aligned with the Group's business priorities for the year ahead, encouraging individual creativity and delivering continued profit growth.

The short-term incentive targets vary according to function from 40% to 75% of base salary, with a maximum cap set at 200% of base salary. In general, the quantitative component should represent at least 60% of the target.

The quantitative component of the short-term cash incentive is assessed on actual Group sales, operating profit and adjusted free cash flow for the year compared against the current year's budget and the prior year's actual financial results. The qualitative component is assessed on performance against individual strategic targets, measuring the contribution to creativity, team-building and succession-planning, among other elements. The qualitative percentage will vary by executive; the achieved quantitative percentage will apply equally to each executive.

For those members of the Senior Executive Committee receiving a short-term incentive for the year to March 2015, the quantitative component represented 50% of the incentive target and the qualitative component 25%. The achievement of each executive as determined by the Compensation Committee is detailed below.

The total incentive awards achieved represented on average 78% of base salary, a reduction of 7% on the 84% average for the prior year.

	Quantitative (% of salary)		Qualitative (% of salary)		Total	
	Target	Achieved	*Target*	Achieved	*Target*	Achieved
Bernard Fornas	*50%*	45%	*25%*	25%	*75%*	70%
Richard Lepeu	*50%*	45%	*25%*	25%	*75%*	70%
Gary Saage	*50%*	45%	*25%*	50%	*75%*	95%

The Compensation Committee has discretion to adjust the final award downwards if it considers that the short-term performance has been achieved at the expense of long-term future success and may adjust the award upwards to recognise exceptional circumstances that were beyond the direct responsibility of the executive.

The award for the year to March 2015 was proposed by the Compensation Committee at their meeting in May 2015 and retrospectively approved by shareholders in September 2015.

Long-term variable components

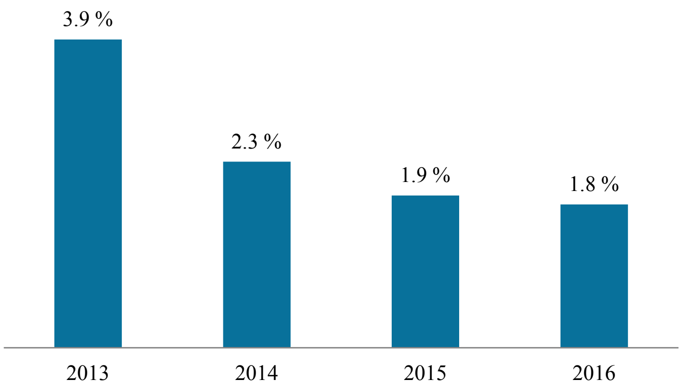
The Group operates three long-term incentive plans in which executives may be eligible to participate. These plans are a significant component of the Group's remuneration strategy. They serve to both retain key executives and to ensure that the interests of these executives are aligned to the values of the Group, including a focus on capital allocation for long-term strategic purposes and the development of a culture of creativity within the Brands.

Share options

Executives may be eligible to participate in the Group's share option plan, details of which are set out on page 119 of this report. The Compensation Committee determines both the maximum aggregate number of options to be awarded and agrees the award to each member of the Senior Executive Committee, subject to the shareholders' approval of total compensation.

In determining the number of options to be awarded, the Compensation Committee considers the forecast value of the option at the award date; the ratio of unexercised options to issued share capital; the cost of hedging the award and the long-term benefit to the executives. As a general rule, no options are awarded should the number of unexercised options exceed 5% of the issued share capital of the Company. The Group continues to actively manage its share option grant practices to employees and this has resulted in a consistent decline in share option dilution.

Share option dilution from 2013 (based on 522 million 'A' shares)



To meet the obligations arising under its share-based compensation plans, Richemont has implemented a series of buy-back programmes since 1999 to acquire former 'A' units and 'A' shares. By using its own capital to acquire these shares, Richemont has reflected the financing cost of the share option plans in the consolidated statement of comprehensive income. The shares held provide a comprehensive hedge of the Group's anticipated obligations arising under its share option plan. Awards under the Group's share option plan will not result in the issue of new capital.

Option holders are not entitled to receive any dividends on unexercised options.

At the individual level, the compensation fair value of a share option award, as determined at the award date applying the valuation principles of International Financial Reporting Standards and excluding employer's social security contributions, should not exceed 200% of the executive's base salary. The compensation fair value is the value considered by the Compensation Committee to represent the fair value of the compensation awarded.

The award of options requires retrospective approval from Shareholders at the AGM. Following such approval, a revised fair value is determined for accounting purposes only.

The compensation fair value disclosed below, of CHF 17.37, will be reassessed for accounting purposes, if approved by Shareholders, in September 2016.

The compensation fair value reported in the prior year of CHF 25.00 was reassessed for accounting purposes in September 2015 at CHF 11.07.

The change in value is disclosed in note 36 of the consolidated financial statements. The final cash value of the share option will depend on the share price when the option is exercised.

Two members of the Senior Executive Committee received share options in May 2015.

	Options awarded	IFRS value (CHF)	Multiple of base salary
Richard Lepeu	137 500	2 388 375	66%
Gary Saage	165 000	2 866 050	116%

Options granted from 2008 onwards have included a vesting condition linked to the performance of the Company's share price, between the grant date and relevant vesting dates, relative to the share price movements of a comparative group of luxury goods businesses over the same period. At each vesting date, the Directors, or a duly appointed committee of the Board, have the discretion to lapse some, or all, of the options vesting which are subject to this performance condition. The review of share price performance takes place on the final Monday in May preceding the option vesting date.

The comparative group currently comprises Swatch Group, LVMH, Hermes International, Kering, and Tiffany & Co. The comparative group at each relevant vesting date will reflect a selection of the Group's luxury goods competitors at that date and may therefore differ from the current group.

In the event that an option holder retires, all outstanding share options vest immediately with the exception of the options granted in May 2015 to Mr Richard Lepeu. These options will vest in tranches beginning twelve months after the date of his retirement, if before the normal vesting date. In the event that an option holder terminates employment with the Group for another reason, unvested share options are forfeited. Accelerated vesting of share options is never granted to any member of the Senior Executive Committee. The consequences of a change of control are described below.

On 1 July 2015, two option awards vested. In accordance with the plan rules, the Compensation Committee compared the performance of the Company's share price with those of the comparative group over the relevant vesting periods. In both cases it was concluded that the share price had outperformed all members of the comparative group. The Committee therefore agreed that the options due to vest should vest at 100%

As a general rule, share options are not awarded to directors and members of the Senior Executive Committee working principally for a Maison as more appropriate long-term incentives exist, specifically the long-term incentive plan described on the next page.

Compensation report continued

Details of options held by members of the Board and the Senior Executive Committee under the Group's share option plan at 31 March 2016 are as follows:

	1 April 2015	Granted in year number of options	Exercised in year	31 March 2016	Average grant price CHF	Earliest exercise period	Latest expiry
Bernard Fornas	120 249		120 249	**-**			
Richard Lepeu	1 582 479	137 500	324 854	**1 395 125**	66.56	Apr 2016 – Jul 2021	June 2024
Jan Rupert	143 126			**143 126**	21.20	Apr 2016	June 2017
Gary Saage	613 667	165 000	-	**778 667**	75.18	Apr 2016 – Jul 2021	June 2024
	2 459 521	302 500	445 103	**2 316 918**			

The options held by Mr Jan Rupert, a non-executive director, were awarded to him in his previous role as an executive director of the Company.

Share options granted during the year have an exercise price of CHF 83.30.

Long-term retention plan

As an alternative long-term benefit to the share option plan described above, the Group introduced a Long-term Retention Plan ('LRP') in June 2010. The LRP is a cash incentive plan. For each eligible participant, the awards are set at the grant date at between 50% and 150% of the target short-term cash incentive awarded for the previous year and become payable, typically after three further years of service. In exceptional circumstances a higher percentage may be awarded. The cash settlement will be subject to a comparison of the performance of the Company's share price relative to a comparative group of luxury goods businesses, similar to the vesting conditions that apply to the Group's share option plan.

As a general rule, the LRP is used to reward members of the Senior Executive Committee when neither share options, for example due to their dilutive effect, nor an award under the long-term incentive plan are appropriate. Mr Bernard Fornas received an LRP award of CHF 2.4 million in the 2015/16 financial year.

Long-term incentive plan

The Group also operates a cash-settled long-term incentive plan ('LTIP'). The purpose of this plan is to motivate and reward Maison executives by linking a major part of their compensation package to the increase in value of the business area for which they are responsible. LTIP awards are made annually and typically vest after a three-year vesting period. The value of a Maison is consistently determined as the average of multiples of sales, operating profit and cash contributions achieved for the previous year. The executive receives a percentage of the increase in value of the Maison from the date of grant to the vesting date, with the vesting value being an average of the preceding two years' valuations. The percentage granted to each executive takes into consideration the size of the Maison and the estimated compensation that could be derived from this programme as a percentage of total compensation. It takes account also of the relative performance of each Maison in terms of sales and profit growth vis-à-vis both external and internal comparators.

The expected LTIP benefit, as determined at the grant date, is capped at a maximum of four times the executive's base salary at the grant date. In general, the expected payout ratio will be substantially below this limit. The final payout may be more or less than target, depending upon the Maison's actual performance over the vesting period.

No member of the Senior Executive Committee received an LTIP award in the year under review.

An executive will receive an award in only one of the three long-term benefit plans described above on an annual basis.

8. Compensation governance

Severance

There are no arrangements in place to provide for any severance benefit or other special departure payments for any director or any member of the Senior Executive Committee, other than their contractual and legal rights. In general, contractual notice periods are for six months. In certain cases, the employing entity is required to provide twelve months' notice.

Clawback

In addition to applicable statutory provisions, the Group's long-term benefit plans include provisions allowing the Group to reclaim, in full or in part, distributed compensation as a result of special circumstances.

Upon termination of employment as a result of serious misconduct, including fraud as defined by the applicable criminal law and violation of the Group's Standards of Business Conduct, all awards granted and outstanding, whether vested or unvested, lapse immediately without any compensation.

In the event of termination of employment for another reason, awards which are unvested at the date of termination of employment lapse immediately without any compensation.

Change-in-control

The rules of the stock option plan for executives in the Group contain specific provisions in respect of a change of control of the Group. These provisions are typical in terms of such plans and would result in the vesting of benefits due to participants in the event of a change of control taking place.

Management contracts

There are no contracts between the Group and any third parties for the management of the Company or any subsidiary in the Group.

Allotment of shares

No shares were allotted to directors or members of senior management during the year under review.

Trading in Richemont shares

The exercise of options and transactions in Richemont shares and related securities by any current director or member of the Senior Executive Committee and their related parties is promptly notified to SIX Swiss Exchange ('SIX'). SIX simultaneously publishes such notifications at: http://www.six-exchange-regulation.com/obligations/management_transactions/notifications_en.html

9. Compensation report for the financial year under review

The Ordinance against Excessive Compensation requires that the Board identify the corporate body to which management has been delegated by the Board of Directors for the day-to-day management of the organisation. This is deemed to be the Senior Executive Committee, which is chaired by the Chairman of the Board and comprises the Group's two Co-Chief Executive Officers and its Chief Financial Officer. Members of this Committee are considered to be subject to the various disclosure and approval requirements imposed by the regulations.

The total compensation of the members of the Board and Senior Executive Committee, including pension contributions, benefits in kind and all other aspects of compensation, amounted to CHF 36 850 516. The highest paid executive was Mr Bernard Fornas, Co-Chief Executive Officer, with a total compensation of CHF 9 700 720.

The measurement basis for each component of compensation is described below:

- Salary and other short-term benefits: accruals basis.
- Short-term incentives: cash paid basis. In the comparative year the disclosed short-term cash incentives amount of CHF 9 million was determined on the accruals basis and related to the performance for the year to 31 March 2015, the amount being finalised and paid only after the annual results were available. In the current year the short-term cash incentives are disclosed on a cash-paid basis and relate to amounts paid with respect to performance for the year to 31 March 2015. Had the amount for the comparative year been disclosed on this basis, the amount would have remained CHF 9 million.
- Pension: contributions paid or increase in accrued value depending upon the pension plan type.
- Share options: total fair value, as determined at the date of award of the options granted in the year, the option value being determined in accordance with the valuation methodology of IFRS 2.
- LRP: total fair value of award, as determined at the date of grant.
- LTIP: total fair value, approximating to the estimated payout value as determined at the date of grant. The estimated benefit values are based on the forecast growth of the Maison determined using the most recent budgets and forecasts covering the relevant vesting periods.
- Employer's social security: amounts are presented on a cash paid basis for short-term compensation and estimated, based on fair value at grant date and mandatory employer social security contributions which provide rights up to the maximum future state benefit, for long-term incentives.

All amounts are stated gross before the deduction of any related tax or amounts due by the employee.

AUDITED

Compensation report continued

Compensation for the financial year to 31 March 2016

AUDITED

	Fixed components		Variable components				
	Salary and other employee benefits CHF	Post-employment benefits CHF	Short-term incentives CHF	Long-term benefits[1] CHF	Share option award[1] CHF	Social security cost[3] CHF	Total CHF
Board of Directors							
Johann Rupert	1 611 307	1 611 444	–	–	–	–	**3 222 751**
Yves-André Istel	285 000	–	–	–	–	19 492	**304 492**
Josua Malherbe	300 000	–	–	–	–	23 670	**323 670**
Bernard Fornas	–	–	–	–	–	–	**–**
Richard Lepeu	–	–	–	–	–	–	**–**
Gary Saage	–	–	–	–	–	–	**–**
Jean-Blaise Eckert	245 000	–	–	–	–	–	**245 000**
Ruggero Magnoni[2]	–	–	–	–	–	–	**–**
Simon Murray	200 000	–	–	–	–	–	**200 000**
Alain Dominique Perrin[2]	2 415 461	–	–	–	–	–	**2 415 461**
Guillaume Pictet	200 000	–	–	–	–	14 782	**214 782**
Norbert Platt	264 397	–	–	–	–	13 288	**277 685**
Alan Quasha	200 000	–	–	–	–	–	**200 000**
Maria Ramos	184 800	–	–	–	–	15 203	**200 003**
Lord Renwick of Clifton	345 000	–	–	–	–	–	**345 000**
Jan Rupert	200 000	–	–	–	–	16 388	**216 388**
Jürgen Schrempp	384 800	–	–	–	–	–	**384 800**
Duke of Wellington	359 951	–	–	–	–	62 069	**422 020**
Total	7 195 716	1 611 444	–	–	–	164 892	**8 972 052**
Senior Executive Committee							
Bernard Fornas	4 009 329	132 482	2 800 000	2 400 000	–	358 909	**9 700 720**
Richard Lepeu	3 954 074	108 991	2 800 000	–	2 388 375	425 732	**9 677 172**
Gary Saage	2 574 126	190 382	2 470 000	–	2 866 050	400 014	**8 500 572**
Total	10 537 529	431 855	8 070 000	2 400 000	5 254 425	1 184 655	**27 878 464**
Total compensation	17 733 245	2 043 299	8 070 000	2 400 000	5 254 425	1 349 547	**36 850 516**

1. Long-term benefits and share option compensation is recognised at the total fair value at the date of the award. Details of the share option valuation model and significant inputs to this model are found in note 36.

2. Mr Magnoni and Mr Perrin have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors. The table above includes compensation for other services.

3. Social security costs are the employer's contribution on all components of compensation.

Compensation for the financial year to 31 March 2015

	Fixed components		Variable components				
	Salary and other employee benefits	Post-employment benefits	Short-term incentives	Long-term benefits[1]	Share option award[1]	Social security cost[6]	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Board of Directors							
Johann Rupert[2]	880'548	84'288	–	–	–	–	964'836
Yves-André Istel	567'316	–	–	–	–	39'554	606'870
Josua Malherbe	290'000	–	–	–	–	–	290'000
Bernard Fornas	–	–	–	–	–	–	–
Richard Lepeu	–	–	–	–	–	–	–
Gary Saage	–	–	–	–	–	–	–
Franco Cologni[3,4]	341'511	–	–	–	–	–	341'511
Jean-Blaise Eckert	245'000	–	–	–	–	–	245'000
Ruggero Magnoni[3]	–	–	–	–	–	–	–
Frederick Mostert[5]	1'616'320	34'848	1'201'679	–	1'875'000	795'853	5'523'700
Simon Murray	180'000	–	–	–	–	–	180'000
Alain Dominique Perrin[3]	2'539'418	–	–	–	–	–	2'539'418
Guillaume Pictet	200'000	–	–	–	–	17'203	217'203
Norbert Platt	270'664	–	–	–	–	13'150	283'814
Alan Quasha	200'000	–	–	–	–	–	200'000
Maria Ramos	184'800	–	–	–	–	15'019	199'819
Lord Renwick of Clifton	315'000	–	–	–	–	(1'575)	313'425
Jan Rupert	200'000	–	–	–	–	16'203	216'203
Jürgen Schrempp	400'000	–	–	–	–	(2'000)	398'000
Duke of Wellington	344'909	–	–	–	–	62'774	407'683
Total	8'775'486	119'136	1'201'679	–	1'875'000	956'181	12'927'482
Senior Executive Committee							
Bernard Fornas	4'419'176	129'998	3'677'200	3'000'000	–	488'804	11'715'178
Richard Lepeu	4'323'156	146'070	2'957'200	–	6'250'000	657'836	14'334'262
Gary Saage	2'715'707	151'689	2'855'240	–	3'750'000	454'629	9'927'265
Total	11'458'039	427'757	9'489'640	3'000'000	10'000'000	1'601'269	35'976'705
Total compensation	20'233'525	546'893	10'691'319	3'000'000	11'875'000	2'557'450	48'904'187

1. Long-term benefits and share option compensation is recognised at the total fair value. Details of the share option valuation model and significant inputs to this model are found in note 36.

2. Compensation for the period from 17 September 2014 to 31 March 2015.

3. Dr Cologni, Mr Magnoni and Mr Perrin have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors. The table above includes compensation for other services.

4. Compensation for the period from 1 April 2014 to 17 September 2014.

5. Compensation for the period from 1 April 2014 to 31 December 2014.

6. Social security costs are the employer's contribution on all components of compensation.

AUDITED

Compensation report continued

AUDITED

Changes in the level of compensation awarded to members of the Board and the Senior Executive Committee reflect changes in the composition of the Board; a decrease in the grant date fair value of long-term awards and the related employer's social security and a reduction in base salary of the Senior Executive Committee.

Loans to members of governing bodies

As at 31 March 2016, there were no loans or other credits outstanding to any current or former executive, non-executive director or member of the Senior Executive Committee. The Group's policy is not to extend loans to current or former members of the Board or Senior Executive Committee. There were also no non-business related loans or credits granted to relatives of any member of the Board or Senior Executive Committee.

10. Related party transactions

In addition to their duties as non-executive directors, Mr Alain Dominique Perrin and Mr Norbert Platt provided consultancy services to the Group during the year. Fees for those services, amounting to CHF 2.4 million and CHF 0.1 million respectively, are included in the compensation disclosures above. The consultancy services provided to the Group are in connection with business development and marketing related activities, in particular ensuring that matters related to communication, products and distribution are appropriate and consistent with the identity and strategy of the Group's Maisons.

Maître Jean-Blaise Eckert, a non-executive director, is a partner of the Swiss legal firm Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totalling CHF 0.8 million from Group companies for advice on legal and taxation matters.

During the year the Group gave donations of CHF 0.2 million to the Fondazione Giuliano e Maria Carmen Magnoni, a charitable organisation supporting initiatives for young people in disadvantaged conditions. Mr Ruggero Magnoni is Vice-Chairman of the Foundation.

In addition to his non-executive director's fees, the Duke of Wellington received fees, pension contributions and other benefits totalling CHF 0.1 million in connection with his role as director and non-executive chairman of Richemont Holdings (UK) Limited.

Compagnie Financière Richemont SA
Report of the statutory auditor

Report of the statutory auditor to the general meeting of Compagnie Financière Richemont SA, Geneva

We have audited pages 59 to 62 of the accompanying Compensation Report of Compagnie Financière Richemont SA for the year ended 31 March 2016. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) labelled 'audited' on pages 59 to 62 of the remuneration report.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the Compensation Report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies ('Ordinance'). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the accompanying Compensation Report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Compensation Report complies with Swiss law and articles 14-16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the Compensation Report with regard to compensation, loans and credits in accordance with articles 14-16 of the Ordinance. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the Compensation Report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the Compensation Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the Compensation Report of Compagnie Financière Richemont SA for the year ended 31 March 2016 complies with Swiss law and articles 14-16 of the Ordinance.

PricewaterhouseCoopers SA

Michael Foley	**Sylvère Jordan**
Audit expert	Audit expert
Auditor in charge	

Geneva, 19 May 2016

Consolidated financial statements
Directors' Report

The Board of Directors of Compagnie Financière Richemont SA ('Richemont' or 'the Company') is pleased to submit its report on the activities of the Company and its subsidiaries and equity-accounted investments (together, 'the Group') for the year ended 31 March 2016. The consolidated financial statements on the following pages set out the financial position of the Group at 31 March 2016 and the results and cash flows of its operations for the year then ended. The financial statements of the Company are presented on pages 122 to 126.

The draft agenda of the Annual General Meeting, which is to be held in Geneva on 14 September 2016, is set out on page 131.

Further information on the Group's activities during the year under review is given in the financial review on pages 30 to 35.

Consolidated financial statements

Company financial statements

Consolidated statement of financial position
at 31 March

	Notes	2016 €m	2015 €m
Assets			
Non-current assets			
Property, plant and equipment	*6*	**2 476**	2 446
Goodwill	*7*	**291**	320
Other intangible assets	*8*	**421**	461
Investment property	*9*	**191**	70
Equity-accounted investments	*10*	**1 283**	115
Deferred income tax assets	*11*	**700**	701
Financial assets held at fair value through profit or loss	*12*	**7**	11
Other non-current assets	*13*	**398**	398
		5 767	4 522
Current assets			
Inventories	*14*	**5 345**	5 438
Trade and other receivables	*15*	**1 021**	1 071
Derivative financial instruments	*16*	**41**	41
Prepayments		**135**	140
Financial assets held at fair value through profit or loss	*12*	**3 247**	2 858
Cash at bank and on hand	*17*	**4 569**	5 654
Assets of disposal group held for sale		**–**	726
		14 358	15 928
Total assets		**20 125**	20 450
Equity and liabilities			
Equity attributable to owners of the parent company			
Share capital	*18*	**334**	334
Treasury shares	*18*	**(412)**	(364)
Share option reserve	*18*	**289**	291
Cumulative translation adjustment reserve		**2 725**	3 306
Retained earnings	*18*	**12 111**	10 854
		15 047	14 421
Non-controlling interests	*39*	**–**	(1)
Total equity		**15 047**	14 420
Liabilities			
Non-current liabilities			
Borrowings	*19*	**379**	405
Deferred income tax liabilities	*11*	**10**	71
Employee benefits obligation	*20*	**290**	237
Provisions	*21*	**79**	96
Other long-term financial liabilities	*22*	**124**	133
		882	942
Current liabilities			
Trade and other payables	*23*	**1 526**	1 514
Current income tax liabilities		**268**	236
Borrowings	*19*	**77**	186
Derivative financial instruments	*16*	**93**	160
Provisions	*21*	**211**	277
Bank overdrafts	*17*	**2 021**	2 502
Liabilities of disposal group held for sale		**–**	213
		4 196	5 088
Total liabilities		**5 078**	6 030
Total equity and liabilities		**20 125**	20 450

The notes on pages 70 to 120 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 March

	Notes	2016 €m	2015 €m
Sales	*5*	**11 076**	10 410
Cost of sales		**(3 958)**	(3 534)
Gross profit		**7 118**	6 876
Selling and distribution expenses		**(2 950)**	(2 554)
Communication expenses		**(1 093)**	(1 010)
Administrative expenses		**(992)**	(874)
Gain on disposal of investment property		**–**	234
Other operating (expense)/income	*24*	**(22)**	(2)
Operating profit		**2 061**	2 670
Finance costs	*27*	**(166)**	(972)
Finance income	*27*	**168**	19
Share of post-tax results of equity-accounted investments	*10*	**(5)**	(12)
Profit before taxation		**2 058**	1 705
Taxation	*11*	**(370)**	(369)
Profit for the year from continuing operations		**1 688**	1 336
Profit/(loss) for the year from discontinued operations	*28*	**539**	(2)
Profit for the year		**2 227**	1 334
Other comprehensive income:			
Items that will never be reclassified to profit or loss			
Defined benefit plan actuarial (losses)/gains	*20*	**(59)**	(139)
Tax on defined benefit plan actuarial (losses)/gains		**11**	29
Share of other comprehensive income of equity-accounted investments	*10*	**2**	–
		(46)	(110)
Items that are or may be reclassified subsequently to profit or loss			
Currency translation adjustments			
– movement in the year		**(545)**	1 971
– reclassification to profit or loss		**(36)**	–
Share of other comprehensive income of equity-accounted investments	*10*	**–**	–
		(581)	1 971
Other comprehensive income, net of tax		**(627)**	1 861
Total comprehensive income		**1 600**	3 195
Profit attributable to:			
Owners of the parent company		**2 227**	1 334
Non-controlling interests		**–**	–
		2 227	1 334
Total comprehensive income attributable to:			
Owners of the parent company		**1 600**	3 192
– continuing operations		**1 111**	3 152
– discontinued operations		**489**	40
Non-controlling interests		**–**	3
		1 600	3 195
Earnings per share attributable to owners of the parent company during the year (expressed in € per share)			
From profit for the year			
Basic	*29*	**3.947**	2.367
Diluted	*29*	**3.935**	2.356
From continuing operations			
Basic	*29*	**2.992**	2.370
Diluted	*29*	**2.983**	2.359

The notes on pages 70 to 120 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 March

		Equity attributable to owners of the parent company						Non-controlling interest	Total equity
	Notes	Share capital €m	Treasury shares €m	Share option reserves €m	Cumulative translation adjustment reserve €m	Retained earnings €m	Total €m	€m	€m
Balance at 1 April 2014		334	(326)	309	1 338	10 309	11 964	(6)	11 958
Comprehensive income									
Profit for the year		–	–	–	–	1 334	1 334	–	1 334
Other comprehensive income		–	–	–	1 968	(110)	1 858	3	1 861
		–	–	–	1 968	1 224	3 192	3	3 195
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares	*18*	–	(38)	–	–	(27)	(65)	–	(65)
Employee share option plan	*18*	–	–	22	–	–	22	–	22
Tax on share option plan	*18*	–	–	(40)	–	–	(40)	–	(40)
Acquisition of non-controlling interest		–	–	–	–	(2)	(2)	2	–
Dividends paid	*30*	–	–	–	–	(650)	(650)	–	(650)
		–	(38)	(18)	–	(679)	(735)	2	(733)
Balance at 31 March 2015		**334**	**(364)**	**291**	**3 306**	**10 854**	**14 421**	**(1)**	**14 420**
Comprehensive income									
Profit for the year		**–**	**–**	**–**	**–**	**2 227**	**2 227**	**–**	**2 227**
Other comprehensive income		**–**	**–**	**–**	**(581)**	**(46)**	**(627)**	**–**	**(627)**
		–	**–**	**–**	**(581)**	**2 181**	**1 600**	**–**	**1 600**
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares	*18*	**–**	**(48)**	**–**	**–**	**(46)**	**(94)**	**–**	**(94)**
Employee share option plan	*18*	**–**	**–**	**24**	**–**	**–**	**24**	**–**	**24**
Tax on share option plan	*18*	**–**	**–**	**(26)**	**–**	**–**	**(26)**	**–**	**(26)**
Acquisition of non-controlling interest		**–**	**–**	**–**	**–**	**(24)**	**(24)**	**1**	**(23)**
Dividends paid	*30*	**–**	**–**	**–**	**–**	**(854)**	**(854)**	**–**	**(854)**
		–	**(48)**	**(2)**	**–**	**(924)**	**(974)**	**1**	**(973)**
Balance at 31 March 2016		**334**	**(412)**	**289**	**2 725**	**12 111**	**15 047**	**–**	**15 047**

The notes on pages 70 to 120 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 March

	Notes	2016 €m	2015 €m
Cash flows from operating activities			
Cash flow generated from operations	*31*	**2 419**	2 387
Interest received		**58**	16
Interest paid		**(68)**	(39)
Dividends from equity-accounted investments	*10*	**1**	–
Taxation paid		**(446)**	(660)
Net cash generated from operating activities		**1 964**	1 704
Cash flows from investing activities			
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	*34*	**(131)**	(31)
Proceeds from disposal of subsidiary undertakings, net of cash		**(5)**	–
Acquisition of equity-accounted investments		**(11)**	(100)
Proceeds from disposal of equity-accounted investments		**–**	3
Acquisition of property, plant and equipment		**(630)**	(601)
Proceeds from disposal of property, plant and equipment		**17**	16
Acquisition of intangible assets		**(80)**	(107)
Proceeds from disposal of intangible assets		**1**	3
Proceeds from disposal of investment property		**–**	552
Investment in money market and government bond funds		**(6 428)**	(1 365)
Proceeds from disposal of money market and government bond funds		**6 007**	1 336
Acquisition of other non-current assets		**(58)**	(67)
Proceeds from disposal of other non-current assets		**31**	18
Net cash used in investing activities		**(1 287)**	(343)
Cash flows from financing activities			
Proceeds from borrowings		**105**	160
Repayment of borrowings		**(205)**	(85)
Dividends paid		**(854)**	(650)
Payment for treasury shares		**(144)**	(123)
Proceeds from sale of treasury shares		**50**	58
Acquisition of non-controlling interests in subsidiaries		**(152)**	–
Capital element of finance lease payments		**(1)**	(2)
Net cash used in financing activities		**(1 201)**	(642)
Net change in cash and cash equivalents		**(524)**	719
Cash and cash equivalents at the beginning of the year		**3 152**	2 214
Exchange (losses)/gains on cash and cash equivalents		**(80)**	219
Cash and cash equivalents at the end of the year	*17*	**2 548**	3 152

The notes on pages 70 to 120 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
at 31 March 2016

1. General information

Compagnie Financière Richemont SA ('the Company') and its subsidiaries (together 'Richemont' or 'the Group') is one of the world's leading luxury goods groups. The Group's interests encompass several of the most prestigious names in the industry including Cartier, Van Cleef & Arpels, Piaget, A. Lange & Söhne, Jaeger-LeCoultre, Vacheron Constantin, Officine Panerai, IWC Schaffhausen, Baume & Mercier, Roger Dubuis, Montblanc, Alfred Dunhill, Lancel, Chloé, Azzedine Alaïa, Purdey, Shanghai Tang and Peter Millar.

The Company is registered in Bellevue, Geneva, Switzerland. Shares of the Company are listed and traded on SIX Swiss Exchange and are included in the Swiss Market Index ('SMI') of leading stocks. Depository Receipts in respect of Richemont shares are traded on the Johannesburg stock exchange operated by JSE Limited.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company ('the Board') on 19 May 2016 and are subject to approval at the shareholders' general meeting on 14 September 2016.

2. Summary of significant accounting policies

2.1. Basis of preparation

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations (together 'IFRS').

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The policies set out in notes 2.2 to 2.21 have been consistently applied to the periods presented. Amendments to IFRSs effective for the financial year ending 31 March 2016 do not have a material impact on the Group.

2.2. Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary undertakings together with the Group's share of the results and retained post-acquisition reserves of equity-accounted investments.

The attributable results of subsidiary undertakings are included in the consolidated financial statements from the date control commences until the date control ceases. The Group's share of profit or loss and other comprehensive income of equity-accounted investments is included from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

Uniform accounting policies have been adopted.

Subsidiary undertakings are defined as those undertakings that are controlled by the Group. Control of an undertaking exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its powers over the entity. The accounts of subsidiary undertakings are drawn up at 31 March of each year. In consolidating the financial statements of subsidiary undertakings, intra-Group transactions, balances and unrealised gains and losses are eliminated.

The Group is a limited partner in a property fund. The Group is also the general partner and property manager of the fund. As a general partner, the Group has full power and authority to carry on all activities which it considers necessary or desirable to the operation of the partnership. It is considered that the Group controls the property fund.

The Group applies the acquisition method to account for business combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred at the date of exchange, plus the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the cost of acquisition, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss for the period.

Any contingent consideration is measured at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Acquisition-related costs are expensed in the period in which they are incurred.

Associated undertakings are defined as those undertakings, not classified as subsidiary undertakings, where the Group is able to exercise a significant influence. Significant influence is presumed to exist where the Group holds between 20% and 50% of the voting rights of another entity. Joint ventures are those arrangements where the Group has joint control and rights to the net assets of the arrangement. Associated undertakings and joint ventures ('equity-accounted investments') are accounted for under the equity method.

Unrealised gains on transactions between the Group and its equity-accounted investments are eliminated to the extent of the Group's interest in the equity-accounted investments. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group's share of its equity-accounted investments' movements in other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the investment, the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investment.

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3. Segment reporting

Details on the Group's operating segments can be found in note 5. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Operating segments are aggregated into reportable segments only if they have similar economic characteristics, and are similar in each of the following: nature of products; distribution method; and long-term margin.

2.4. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the Company is Swiss francs. The consolidated financial statements are presented in millions of euros (the 'presentation currency'). Management believes that this currency is more useful to the users of the consolidated financial statements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rates prevailing during the period. The average rates approximate actual rates at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Group companies

The assets and liabilities of foreign operations that have a functional currency different from the presentation currency are translated to euro at the closing exchange rates at the reporting date.

The income, expenses and cash flows of foreign operations are translated to euro at the average exchange rates.

All resulting foreign exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

2.5. Property, plant and equipment

Land and buildings comprise mainly factories, retail boutiques and offices.

All property, plant and equipment is shown at cost less accumulated depreciation and impairment, except for owned land, which is shown at cost less impairment and items acquired in a business combination, which are recognised at fair value on the acquisition date. Cost includes expenditure that is directly attributable to the acquisition of the items, together with the estimated cost of the Group's obligation to remove an asset or restore a site, when such costs can be reliably estimated and the likelihood of having to satisfy the obligation is probable.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, up to the following limits:

• Buildings	40 years
• Plant and machinery	20 years
• Fixtures, fittings, tools and equipment	15 years

Notes to the consolidated financial statements continued

Assets under construction are not depreciated. Land acquired under finance lease arrangements is depreciated to its residual value over the lease term. All other land is not depreciated.

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate.

Gains and losses on disposals, calculated as the difference between the net proceeds from disposals and the carrying amounts, are included in profit or loss. Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

2.6. Goodwill and other intangible assets

(a) Goodwill

Goodwill arising on business combinations is recognised as a separate asset. Goodwill arising on the acquisition of equity-accounted investments is included in the carrying value of the equity-accounted investment.

Goodwill arising from business combinations is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. An allocation is made to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, subject to an operating segment ceiling.

(b) Computer software and related licences

Costs that are directly associated with developing, implementing or improving identifiable software products having an expected benefit beyond one year are recognised as other intangible assets and amortised using the straight-line method over their useful lives, not exceeding a period of five years. Licences are amortised over their contractual lives to a maximum period of 15 years. Costs associated with evaluating or maintaining computer software are expensed as incurred.

(c) Research and development and intellectual property

Research expenditures are recognised as an expense as incurred. Costs incurred on development projects, including internally generated costs, are recognised as other intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have a finite useful life and that have been capitalised are amortised from the commencement of commercial production of the product on the straight-line method over the period of its expected benefit not exceeding ten years.

Separately acquired patents and trademarks are recognised at cost. Those acquired in a business combination are recognised at fair value at the acquisition date. Amortisation is calculated using the straight-line method to allocate the cost of each asset over its estimated useful life up to the limit of 50 years.

(d) Leasehold rights and distribution rights

Premiums paid to parties other than the lessor at the inception of operating leases for leasehold buildings are capitalised and amortised over their expected useful lives or, if shorter, the lease period. Useful lives do not exceed 20 years.

Distribution rights are shown at cost less subsequent amortisation and impairment. Those acquired in a business combination are initially recognised at fair value at the acquisition date. Amortisation is calculated on a straight-line basis over the estimated useful life to the limit of five years.

2.7. Investment property

Investment property consists of land and buildings held to earn rental income or for capital appreciation, or both, and not for use in the production or supply of goods or services or for administrative purposes. Where only an insignificant portion of the whole property is for own use the entire property is recognised as an investment property, otherwise the part of the property used internally is recognised within property, plant and equipment.

Investment property is initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property, unless it is acquired as part of a business combination, in which case it is expensed. Subsequent measurement is in accordance with the Group policy for property, plant and equipment, see note 2.5 above.

Income from investment property and related operating costs are included within other operating income and expenses.

2.8. Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. The Group has identified goodwill as the only category of intangible asset with an indefinite life. All other non-financial assets are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be fully recoverable.

An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2.9. Other financial asset investments

The Group classifies its investments in the following categories: financial assets held at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investment was acquired. Management determines the classification of its investments at initial recognition.

(a) Financial assets held at fair value through profit or loss

This category has two sub-categories: financial assets held for trading; and those designated at fair value through profit or loss at initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are categorised as held for trading. Assets in this category are classified as current if they are either held for trading or are expected to be realised within the next twelve months.

Purchases and sales of these financial assets are recognised on the transaction date. They are initially recognised at cost excluding transaction costs, which represents fair value. Fair value adjustments are included in profit or loss in the period in which they arise.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risk and rewards of ownership.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets held with no intention of trading and which have fixed or determinable payments that are not quoted in an active market. They are included in trade and other receivables within current assets, except for maturities greater than twelve months which are classified as other non-current assets.

2.10. Other non-current assets

The Group holds a collection of jewellery and watch pieces primarily for presentation purposes to promote the Maisons and their history. They are not initially intended for sale.

Maisons' collection pieces are held as non-current assets at cost less any impairment in value. The residual values of such pieces are generally equal to or in excess of cost.

2.11. Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is determined using either a weighted average or specific identification basis depending on the nature of the inventory. The cost of finished goods and work in progress comprises raw materials, direct labour, related production overheads and, where applicable, duties and taxes. It excludes borrowing costs.

2.12. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. An impairment loss for trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in profit or loss for the period.

2.13. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.14. Equity

(a) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity, net of any tax effects.

(b) Treasury shares

All consideration paid by the Group in the acquisition of treasury shares and received by the Group on the disposal of treasury shares is recognised directly in shareholders' equity. The cost of treasury shares held at each reporting date is deducted from shareholders' equity. Gains or losses arising on the disposal of treasury shares are recognised within retained earnings directly in shareholders' equity.

2.15. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2.16. Current and deferred income tax

The tax expense comprises current and deferred tax.

Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. In such cases the tax is also recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and the carry forward of unused tax losses can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and equity-accounted investments, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or on different tax entities where there is an intention to settle the balances on a net basis.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

2.17. Employee benefits

(a) Defined benefit and defined contribution plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive post-employment, usually dependent on one or more factors such as age, years of service and compensation.

The Group operates a number of defined benefit post-employment benefit plans throughout the world. The plans are generally funded through payments to separately-administered funds by both employees and relevant Group companies taking into account periodic actuarial calculations.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the reporting date less the fair values of plan assets. The defined benefit obligations are calculated on a regular cyclical basis by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yields available at reporting dates on high-quality corporate or government bonds (in countries with no deep corporate bond market) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity consistent with the terms of the related pension liability.

Past service costs are recognised immediately in profit or loss.

Remeasurements, comprising actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest) are charged or credited to other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when employees have rendered services entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(c) Incentive plans

The Group recognises a liability and an expense for incentive plans when contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Share-based payment

The Group operates an equity-settled share-based compensation plan based on options granted in respect of Richemont shares. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the Group revises its estimate of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss over the remaining vesting period with a corresponding adjustment to equity.

2.18. Provisions

Provisions for restructuring costs, legal claims and other liabilities are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions include lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value at the reporting date of management's best estimate of the expenditure required to settle the obligation. The pre-tax discount rate used to determine the present value reflects current market assessments of the time value of money and the risk specific to the liability. Any increase in provisions due to the passage of time is recognised as interest expense.

2.19. Revenue recognition

(a) Goods

Sales revenue is measured at the fair value of the consideration received from the sale of goods, net of value-added tax, duties, other sales taxes, rebates and trade discounts and after eliminating sales within the Group. Revenue is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Where there is a practice of agreeing to customer returns, accumulated experience is used to estimate and provide for such returns at the time of sale.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(c) Royalty income

Royalty income is recognised on the accruals basis in accordance with the substance of the relevant agreements.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.20. Leases

(a) Group as lessee

Leases are classified as finance leases wherever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at the lower of the present value of future minimum lease payments and fair value of the leased item. In cases where land and buildings are acquired under finance leases, separate values of the land and buildings are established. All property, plant and equipment so recognised is depreciated over the shorter of the asset's expected useful life or the lease term.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Payments made under operating leases (net of any incentives received) are charged to profit or loss using the straight-line method over the lease term. Sub-lease income (net of any incentives given) is recognised in profit or loss using the straight-line method over the sub-lease term.

(b) Group as lessor

Rental income from operating leases is recognised in profit or loss using the straight-line method over the lease term.

2.21. Dividend distributions

Dividend distributions to Richemont shareholders are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the shareholders of the Company.

2.22. New standards and interpretations not yet adopted

Certain new accounting standards and amendments, issued by the IASB and interpretations issued by the IFRS Interpretations Committee are not yet effective and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below.

IFRS 9 *Financial Instruments,* issued in November 2009, introduces new requirements for the classification and measurement of financial assets. IFRS 9, amended in October 2010, introduces additional changes relating to financial liabilities. Adoption of these standards is not expected to have a significant impact on the Group's financial position. IFRS 9, amended in November 2013, introduced new requirements for general hedge accounting. The standard is applicable for annual periods beginning on or after 1 January 2018. The Group is yet to assess the full impact of this new standard.

IFRS 15 *Revenue from Contracts with Customers* was issued in May 2014. The new standard establishes a model to use in accounting for revenue from contracts with customers. The standard is effective for annual periods beginning on or after 1 January 2018. The Group does not expect the impact of the new standard to be significant.

IFRS 16 *Leases* was issued in January 2016. The new standard eliminates the distinction between operating and finance leases, resulting in the recognition of a right-to-use asset and corresponding lease liabilities for all of the Group's lease contracts. The income statement will record depreciation and finance costs, rather than rental expenses, and the cost of an individual rental contract will be higher at the beginning of the lease term, rather than spread evenly across the life of the lease. The standard is effective for annual periods beginning on or after 1 January 2019. While still assessing the full impact of these new requirements, the Group expects that the impact of the adoption of the new requirements will be significant.

3. Risk assessment

The Company has a risk management process which gives consideration to both strategic and operational risks. All identified risks are modelled according to their probability of occurrence and potential impact and subsequently prioritised by Group Management. A consolidated risk report, which includes action plans prepared by the Group executive directly responsible for addressing the risk, is reviewed annually by the Audit Committee and the Board of Directors.

For any risks identified which relate to accounting and financial reporting, and to reduce the risk to the financial statements arising from material misstatement, whether due to fraud or error, the Group's internal control system framework defines relevant control measures which are implemented across the Group and appropriately monitored.

4. Critical accounting estimates and assumptions

The Group is required to make estimates and assumptions that affect the reported amount of certain asset, liability, income and expense items and certain disclosures regarding contingencies, and to make judgements in the process of applying its accounting policies. Estimates and assumptions applied by management are continuously evaluated and are based on information available, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances at the dates of preparation of the consolidated financial statements. Principal matters involving significant estimates, assumptions or judgements relate in particular to:

(a) Inventory

The Group records a provision against its inventory for damaged and non-sellable items. This provision is based on estimates made by management taking into consideration various factors including historical experience, estimated future demand, discontinuations and development of products.

The provision is assessed at each reporting date by the respective Maison and is adjusted accordingly. Details of the movement in the provision are provided in note 14.

(b) Uncertain tax provision

The Group is subject to income taxes in a number of jurisdictions due to its wide geographical expansion. There are a number of transactions and calculations on which the ultimate tax determination is uncertain. Management exercises judgement in determining the provision needed with respect to these uncertain tax positions. The amounts accrued are based on management's interpretation of the specific tax law. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Details of the Group's tax liabilities are given in note 11.

(c) Recoverable amount of cash generating units for goodwill impairment testing

Goodwill is tested annually for impairment. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates for sales growth, EBITDA %, terminal value and WACC.

Details of the impairment testing done in the year are given in note 7.

(d) Investment in YOOX-NET-A-PORTER Group

Upon completion of the transaction to dispose of a controlling interest in The NET-A-PORTER GROUP (note 28), the Group held 50% of the share capital of YOOX-NET-A-PORTER Group S.p.A ('YNAP'), a company registered in Italy. As its voting rights are limited to 25% of the total voting rights of the company, the Group concluded that it had not obtained control of YNAP. The investment is therefore classified as an equity-accounted investment.

Details of the investment in YNAP are given in Note 10.

5. Segment information

(a) Information on reportable segments

Management has determined the operating segments based on the reports regularly reviewed by the chief operating decision maker ('CODM') in making strategic decisions. Each operating segment is managed separately by a dedicated Chief Executive Officer and management team allowing management to maintain and develop the specific identity of each Maison. These operating segments have been aggregated into reportable segments as follows:

- Jewellery Maisons – businesses whose heritage is in the design, manufacture and distribution of jewellery products; these comprise Cartier, Van Cleef & Arpels and Giampiero Bodino; and
- Specialist Watchmakers – businesses whose primary activity includes the design, manufacture and distribution of precision timepieces. The Group's Specialist Watchmakers comprise Piaget, A. Lange & Söhne, Jaeger-LeCoultre, Vacheron Constantin, Officine Panerai, IWC Schaffhausen, Baume & Mercier and Roger Dubuis.

In order to determine which operating segments share similar economic characteristics and thus meet the criteria for aggregation, management has focused on the distribution network, product mix and gross margin of the Maisons.

Other operating segments include Montblanc, Alfred Dunhill, Lancel, Chloé, Purdey, Shanghai Tang, Peter Millar, investment property companies and other manufacturing entities. None of these segments meet the quantitative thresholds for determining reportable segments.

The entire product range of a particular Maison, which may include jewellery, watches, writing instruments and leather goods, is reflected in the sales and operating result for that segment.

The non-separable costs of operating multi-brand regional platforms are allocated to individual operating segments using allocation keys most relevant to the nature of the expense being allocated.

Unallocated corporate costs represent the costs of the Group's corporate operations which are not attributed to the segments.

Performance measurement is based on segment contribution before corporate costs, interest and tax, as management believes that such information is most relevant in evaluating the results of segments relative to other entities that operate within similar markets.

Inter-segment transactions between different fiscal entities are transacted at prices that reflect the risk and rewards transferred and are entered into under normal commercial terms and conditions. Inter-segment transactions within the same fiscal entity are transacted at cost. All inter-segment sales are eliminated in the reports reviewed by the CODM.

5. Segment information continued

(a) Information on reportable segments continued

The segment results from continuing operations for the years ended 31 March are as follows:

	2016 €m	2015 €m
External sales		
Jewellery Maisons	6 048	5 657
Specialist Watchmakers	3 225	3 123
Other	1 803	1 630
	11 076	10 410

	2016 €m	2015 €m
Operating result		
Jewellery Maisons	1 892	1 975
Specialist Watchmakers	520	730
Gain on disposal of investment property ('other' segment)	–	234
Other	(94)	(64)
	2 318	2 875
Unallocated corporate costs	(257)	(205)
Consolidated operating profit before finance and tax	2 061	2 670
Finance costs	(166)	(972)
Finance income	168	19
Share of post-tax results of equity-accounted investments	(5)	(12)
Profit before taxation	2 058	1 705
Taxation	(370)	(369)
Profit for the year from continuing operations	1 688	1 336

	2016 €m	2015 €m
Depreciation and amortisation costs included within the segment operating results		
Jewellery Maisons	190	171
Specialist Watchmakers	153	126
Other	116	103
Unallocated	82	63
	541	463

An impairment charge of € 2 million was included in the 'Other' segment in 2016 (2015: nil), with a further charge of € 16 million included in unallocated corporate costs.

5. Segment information continued

(a) Information on reportable segments continued

The segment assets which are reviewed by the CODM comprise inventories and trade debtors.

	2016 €m	2015 €m
Segment assets		
Jewellery Maisons	**3 249**	3 253
Specialist Watchmakers	**1 842**	1 935
Other	**903**	930
	5 994	6 118

	2016 €m	2015 €m
Total segment assets	**5 994**	6 118
Property, plant and equipment	**2 476**	2 446
Goodwill	**291**	320
Other intangible assets	**421**	461
Investment property	**191**	70
Equity-accounted investments	**1 283**	115
Deferred income tax assets	**700**	701
Financial assets at fair value through profit or loss	**3 254**	2 869
Other non-current assets	**398**	398
Other receivables	**372**	391
Derivative financial instruments	**41**	41
Prepayments	**135**	140
Cash at bank and on hand	**4 569**	5 654
Assets of disposal group held for sale	**–**	726
Total assets	**20 125**	20 450

The CODM also reviews additions to property, plant and equipment, other intangible assets, and investment property as follows:

	2016 €m	2015 €m
Additions to non-current assets:		
Property, plant and equipment, other intangible assets and investment property		
Jewellery Maisons	**276**	274
Specialist Watchmakers	**166**	219
Other	**115**	113
Unallocated	**145**	135
	702	741

5. Segment information continued

(b) Information about geographical areas

Each operating segment operates on a worldwide basis. External sales presented in the four main geographical areas where the Group's operating segments operate are as follows:

	2016 €m	2015 €m
Europe	3 388	3 067
France	864	783
Switzerland	572	544
Germany, Italy and Spain	964	800
Other Europe	988	940
Middle East and Africa	975	841
Asia	4 968	4 914
China/Hong Kong	2 392	2 450
Japan	1 031	814
Other Asia	1 545	1 650
Americas	1 745	1 588
USA	1 368	1 224
Other Americas	377	364
	11 076	10 410

Sales are allocated based on the location of the wholesale customer, the boutique or the shipping address for online transactions.

The total non-current assets, other than financial instruments and deferred tax assets, located in Switzerland, the Company's domicile, and the rest of the world are as follows:

	2016 €m	2015 €m
Switzerland	1 982	1 978
United Kingdom	1 349	189
USA	314	323
Rest of the world	1 275	1 164
	4 920	3 654

Segment assets are allocated based on where the assets are located.

(c) Information about products

External sales by product are as follows:

	2016 €m	2015 €m
Watches	5 098	5 168
Jewellery	3 881	3 325
Leather goods	698	610
Clothing	442	384
Writing instruments	382	361
Other	575	562
	11 076	10 410

(d) Major customers

Sales to no single customer represented more than 10% of total revenue. Given the local nature of the luxury goods wholesale and retail businesses, there are no major customer relationships.

Notes to the consolidated financial statements continued

6. Property, plant and equipment

	Land and buildings €m	Plant and machinery €m	Fixtures, fittings, tools and equipment €m	Assets under construction €m	Total €m
1 April 2014					
Cost	848	679	1 960	205	3 692
Depreciation	(270)	(403)	(1 053)	–	(1 726)
Net book value at 1 April 2014	578	276	907	205	1 966
Exchange adjustments	92	41	164	42	339
Additions	27	72	321	215	635
Disposals	(1)	(1)	(21)	(1)	(24)
Depreciation charge	(35)	(60)	(300)	–	(395)
Reclassified to assets held for sale (note 28)	–	–	(69)	(5)	(74)
Transfers and reclassifications	54	2	64	(121)	(1)
31 March 2015					
Cost	1 060	831	2 394	335	4 620
Depreciation	(345)	(501)	(1 328)	–	(2 174)
Net book value at 31 March 2015	715	330	1 066	335	2 446

	Land and buildings €m	Plant and machinery €m	Fixtures, fittings, tools and equipment €m	Assets under construction €m	Total €m
1 April 2015					
Cost	1 060	831	2 394	335	4 620
Depreciation	(345)	(501)	(1 328)	–	(2 174)
Net book value at 1 April 2015	715	330	1 066	335	2 446
Exchange adjustments	(36)	(12)	(57)	(12)	(117)
Additions	64	62	306	195	627
Disposals	(11)	(6)	(13)	(1)	(31)
Depreciation charge	(46)	(70)	(331)	–	(447)
Impairment charge	–	–	(2)	–	(2)
Transfers and reclassifications	244	3	76	(323)	–
31 March 2016					
Cost	1 299	830	2 494	194	4 817
Depreciation	(369)	(523)	(1 449)	–	(2 341)
Net book value at 31 March 2016	930	307	1 045	194	2 476

Included above is property, plant and equipment held under finance leases with a net book value of € 38 million (2015: € 40 million) comprising land and building € 35 million (2015: € 37 million); and fixtures, fittings, tools and equipment € 3 million (2015: € 3 million).

Borrowing costs capitalised during the current and prior years were immaterial.

Committed capital expenditure not reflected in these financial statements amounted to € 77 million at 31 March 2016 (2015: € 100 million).

7. Goodwill

Goodwill is the only intangible asset with an indefinite life.

	€m
Cost at 1 April 2014	562
Exchange adjustments	89
Reclassified to assets held for sale (note 28)	(331)
Cost at 31 March 2015	320
Exchange adjustments	(13)
Impairment charge	(16)
Cost at 31 March 2016	291

Impairment testing for goodwill

For the purposes of impairment testing, goodwill is allocated to several cash-generating units ('CGU') or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose, subject to an operating segment ceiling. No single CGU has an allocation of goodwill which is significant to the Group.

Goodwill is impaired if the carrying value of the CGU, calculated using value-in-use, exceeds the recoverable amount. The discounted cash flow model used for impairment testing considers five years of cash flows and a long-term growth rate based on the long-term inflation rate appropriate to the relevant markets. The budget EBITDA is based on expected future results taking into consideration past experience with adjustments for anticipated sales growth. Sales growth is projected taking into account the average growth levels experienced over the past five years and the volumes expected over the next five years. The discount rate is a pre-tax measure that reflects the specific risk relating to the CGU.

One CGU was found to be impaired and an impairment charge of € 16 million has been recorded. No other impairment has been identified at 31 March 2016 (2015: € 0 million). A reasonably possible change in key assumptions at 31 March 2016 would not cause the carrying amount of any of the remaining CGUs to exceed the recoverable amount.

8. Other intangible assets

	Intellectual property related €m	Leasehold and distribution rights €m	Computer software and related licences €m	Development costs €m	Total €m
1 April 2014					
Cost	190	298	167	151	806
Amortisation	(70)	(174)	(99)	(60)	(403)
Net book value at 1 April 2014	120	124	68	91	403
Exchange adjustments	23	9	11	15	58
Acquisition through business combinations	–	16	–	–	16
Additions:					
– internally developed	–	–	–	37	37
– other	2	49	18	–	69
Disposals	–	(3)	–	(2)	(5)
Amortisation charge	(13)	(47)	(21)	(25)	(106)
Reclassified to assets held for sale (note 28)	–	(1)	(11)	–	(12)
Transfers and reclassifications	(1)	1	1	–	1
31 March 2015					
Cost	222	256	165	200	843
Amortisation	(91)	(108)	(99)	(84)	(382)
Net book value at 31 March 2015	131	148	66	116	461

	Intellectual property related €m	Leasehold and distribution rights €m	Computer software and related licences €m	Development costs €m	Total €m
1 April 2015					
Cost	**222**	**256**	**165**	**200**	**843**
Amortisation	**(91)**	**(108)**	**(99)**	**(84)**	**(382)**
Net book value at 1 April 2015	**131**	**148**	**66**	**116**	**461**
Exchange adjustments	**(6)**	**(4)**	**(3)**	**(5)**	**(18)**
Additions:					
– internally developed	**–**	**–**	**–**	**41**	**41**
– other	**1**	**18**	**15**	**–**	**34**
Disposals	**–**	**–**	**–**	**(5)**	**(5)**
Amortisation charge	**(13)**	**(28)**	**(21)**	**(30)**	**(92)**
31 March 2016					
Cost	**209**	**265**	**166**	**211**	**851**
Amortisation	**(96)**	**(131)**	**(109)**	**(94)**	**(430)**
Net book value at 31 March 2016	**113**	**134**	**57**	**117**	**421**

Amortisation of € 31 million (2015: € 27 million) is included in cost of sales; € 25 million (2015: € 21 million) is included in selling and distribution expenses; € 20 million (2015: € 16 million) is included in administration expenses; and € 16 million (2015: € 16 million) is included in other expenses. For the year ended 31 March 2015 an amount of € 26 million was included within discontinued operations.

Computer software and related licences include internally generated computer software, whilst internally generated product development costs are included within the total for development costs.

9. Investment property

	Property fund €m	Other €m	Total €m
1 April 2014			
Cost	71	276	347
Depreciation	(1)	(1)	(2)
Net book value at 1 April 2014	70	275	345
Exchange adjustments	–	26	26
Depreciation	–	(1)	(1)
Disposal	–	(300)	(300)
31 March 2015			
Cost	71	–	71
Depreciation	(1)	–	(1)
Net book value at 31 March 2015	70	–	70

	Property fund €m	Other €m	Total €m
1 April 2015			
Cost	71	–	71
Depreciation	(1)	–	(1)
Net book value at 1 April 2015	70	–	70
Acquisition through business combinations (note 34)	122	–	122
Depreciation	(1)	–	(1)
31 March 2016			
Cost	193	–	193
Depreciation	(2)	–	(2)
Net book value at 31 March 2016	191	–	191

The Group owns investment properties located in Paris, France and Vancouver, Canada as part of its Property Fund. Independent property valuers performed market valuations of the Group's properties at 31 March 2016. The property valuers, who are external to the Group, hold appropriate recognised professional qualifications and have recent experience in the location and category of properties being valued. The fair value of the properties was determined using the income approach considering recent market transactions, supported by market knowledge and the current and future rental income potential arising from the existing leases.

The fair values are considered as Level 3 in the fair value hierarchy. The most significant inputs considered in the valuation were the capitalisation rates of between 3.2% and 4.5% and the current and future level of rental income per square metre. The total fair value of the Group's investment property was determined to be € 290 million at 31 March 2016.

The Group leases out its investment properties. The minimum rental payments under non-cancellable leases receivable at 31 March are as follows:

	2016 €m	2015 €m
Within one year	5	3
Between two and five years	17	14
Thereafter	13	16
	35	33

9. Investment property continued

Rental income of € 8 million was received in the year to 31 March 2016 and included as other operating income (2015: € 7 million). Repairs and maintenance expenses included as other operating expenses were as follows:

Expenses relating to:	2016 €m	2015 €m
Income generating properties	11	4
Vacant properties	–	–
	11	4

The investment properties are leased out for use as retail space with contract terms ending 2033. The lease terms are comparable with the market for retail space in the appropriate location, recognising the commencement date of the lease. These include a mix of fixed base rent, fixed annual increases and variable rentals based on a percentage of sales achieved by the lessee.

An insignificant portion of one property is occupied by the Group for own use. The entire property is included in investment property value above.

10. Equity-accounted investments

	€m
At 1 April 2014	13
Exchange adjustments	10
Acquisition of equity-accounted investments	100
Disposal of equity-accouted investments	(3)
Dividend received	(1)
Share of post-tax results	(12)
Share of losses offset against long-term receivable from an equity-accounted investment	8
At 31 March 2015	115
Exchange adjustments	(9)
Acquisition of equity-accounted investments	1 170
Disposal of equity-accounted investments	–
Dividend received	(1)
Share of post-tax results	(5)
Share of other comprehensive income	2
Share of losses offset against long-term receivable from an equity-accounted investment	11
At 31 March 2016	1 283

The value of equity-accounted investments at 31 March 2016 includes goodwill of € 867 million (2015: € 7 million).

The Group's principal equity-accounted investments at 31 March 2016 are as follows:

			% interest held	Country of incorporation	Country of operation
Greubel Forsey SA	Watchmaker	Associate	20	Switzerland	Switzerland
Rouages SA	Watch component manufacturer	Associate	35	Switzerland	Switzerland
Schwab-Feller AG	Watch component manufacturer	Associate	20	Switzerland	Switzerland
YOOX-NET-A-PORTER SpA [1]	e-Commerce	Associate	50	Italy	Worldwide
Les Cadraniers de Genève SA	Watch component manufacturer	Joint venture	50	Switzerland	Switzerland
Fook Ming Watch Limited	Distributor of watch products	Joint venture	50	Hong Kong	Hong Kong
Laureus World Sports Awards Limited	Sports Awards	Joint venture	50	United Kingdom	Worldwide
Ralph Lauren Watch & Jewelry Company Sàrl	Watchmaker	Joint venture	50	Switzerland	Worldwide
Dalloz Pre-Setting SAS	Jewellery manufacturer	Joint venture	33	France	France
New Bond Street JV Jersey Unit Trust	Investment entity	Joint venture	48	United Kingdom	United Kingdom
Snowcap Retail (India) Private Limited [2]	Investment entity	Joint venture	51	India	India

1. The Group's share of the total voting rights of YOOX-NET-A-PORTER GROUP S.p.A. is limited to 25%.

2. Snowcap Retail (India) Private Limited is classified as a joint venture due to the terms of the agreement between the Group and the joint venture partner.

10. Equity-accounted investments continued

(a) YOOX-NET-A-PORTER GROUP

The summarised financial information and reconciliation to the amounts recognised in the Group statement of financial position and profit or loss in respect of the Group's share of results of its principal associated undertaking, YOOX-NET-A-PORTER GROUP, is as follows:

	2016 €m	2015 €m
Revenue	483	–
Profit/(loss) for the period	20	–
Other comprehensive income	5	–
Total comprehensive income	25	–
Group's share of profit/(loss) at % owned	10	–
Amortisation of fair-value adjustments on acquisition	(7)	–
Amount recognised in profit	3	–
Group's share of Other comprehensive income at % owned	2	–
Amount recognised in Other comprehensive income	2	–

	2016 €m	2015 €m
Non-current assets	503	–
Current assets	820	–
Non-current liabilities	(109)	–
Current liabilities	(608)	–
Net assets	606	–
Group's share of net assets	305	–
Goodwill	860	–
Carrying amount of equity-accounted investments	1 165	–

The financial year-end of YOOX-NET-A-PORTER GROUP is 31 December. The information above reflects the amounts presented in the publicly available financial statements of YOOX-NET-A-PORTER at that date, which are prepared in accordance with IFRS (as adopted in the EU). These amounts are adjusted for fair value adjustments at acquisition and differences in accounting policy.

As at 31 March 2016, the fair value of the Group's interest in YOOX-NET-A-PORTER GROUP, which is listed on the Milan stock exchange, was € 1 769 million. As this valuation is based on the quoted share price at that date, it is classified as a Level 1 in the fair value hierarchy.

Notes to the consolidated financial statements continued

10. Equity-accounted investments continued

(b) Other equity-accounted investments

No other equity-accounted investment is considered individually significant to the Group. The summarised financial information is provided on an aggregate basis, together with reconciliation to the amounts recognised in the Group statement of financial position and profit or loss:

	Associated undertakings		Joint ventures		Total	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Revenue	35	32	27	16	62	48
Profit/(loss) for the year	1	–	(16)	(24)	(15)	(24)
Group's share of profit/(loss) at individual % owned	–	–	(8)	(12)	(8)	(12)
Amount recognised in profit or (loss)	–	–	(8)	(12)	(8)	(12)

	Associated undertakings		Joint ventures		Total	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Non-current assets	56	19	431	456	487	475
Current assets	36	27	33	42	69	69
Non-current liabilities	(17)	(15)	(315)	(242)	(332)	(257)
Current liabilities	(22)	(18)	(40)	(121)	(62)	(139)
Net assets	53	13	109	135	162	148
Group's share of net assets	12	3	49	65	61	68
Goodwill	7	7	–	–	7	7
Losses recognised against long-term loan	–	–	50	40	50	40
Carrying amount of equity-accounted investments	19	10	99	105	118	115

The information above reflects the amounts presented in the financial statements of the equity-accounted investments, adjusted for fair value adjustments at acquisition and differences in accounting policies.

11. Taxation

11.1. Deferred income tax

(a) Deferred income tax assets

	1 April 2014 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised directly in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2015 €m
Depreciation	23	3	(7)	–	2	21
Provision on inventories	27	4	10	–	(2)	39
Bad debt reserves	4	–	(1)	–	–	3
Employee benefits obligation	22	4	2	29	–	57
Unrealised gross margin elimination	346	77	94	–	–	517
Tax losses carried forward	15	3	7	–	1	26
Deferred tax on option plan	78	8	2	(40)	–	48
Other	109	18	(6)	–	(5)	116
	624	117	101	(11)	(4)	827
Offset against deferred tax liabilities for entities settling on a net basis	(145)					(126)
	479					701

	1 April 2015 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised directly in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2016 €m
Depreciation	21	(2)	3	–	–	22
Provision on inventories	39	(2)	7	–	–	44
Bad debt reserves	3	–	–	–	–	3
Employee benefits obligation	57	(2)	–	11	–	66
Unrealised gross margin elimination	517	(23)	21	–	(1)	514
Tax losses carried forward	26	(2)	(5)	–	–	19
Deferred tax on option plan	48	(2)	2	(26)	–	22
Other	116	(5)	6	–	6	123
	827	(38)	34	(15)	5	813
Offset against deferred tax liabilities for entities settling on a net basis	(126)					(113)
	701					700

€ 255 million of deferred tax assets are expected to be recovered after more than twelve months (2015: € 270 million).

Movements shown as 'Acquisition in business combinations and transfers' for the year ended 31 March 2015 includes the reclassification of deferred tax assets and liabilities to assets held for sale in the prior year (note 28).

Notes to the consolidated financial statements continued

11. Taxation continued

11.1. Deferred income tax continued

(b) Deferred income tax liabilities

	1 April 2014 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised directly in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2015 €m
Depreciation	(38)	(5)	14	–	(6)	(35)
Provision on inventories	(120)	(18)	20	–	–	(118)
Undistributed retained earnings	(24)	–	(12)	–	–	(36)
Other	(23)	(1)	17	–	(1)	(8)
	(205)	(24)	39	–	(7)	(197)
Offset against deferred tax assets for entities settling on a net basis	145					126
	(60)					(71)

	1 April 2015 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised directly in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2016 €m
Depreciation	(35)	1	5	–	–	(29)
Provision on inventories	(118)	4	64	–	–	(50)
Undistributed retained earnings	(36)	–	5	–	–	(31)
Other	(8)	1	(1)	–	(5)	(13)
	(197)	6	73	–	(5)	(123)
Offset against deferred tax assets for entities settling on a net basis	126					113
	(71)					(10)

€ 73 million of deferred tax liabilities are expected to be settled after more than twelve months (2015: € 80 million).

Movements shown as 'Acquisition in business combinations and transfers' for the year ended 31 March 2015 includes the reclassification of deferred tax assets and liabilities to assets held for sale in the prior year (note 28).

(c) Unrecognised deferred tax assets

The Group has not recognised a deferred tax asset in respect of tax losses of € 436 million (2015: € 603 million). € 368 million of the unrecognised tax losses can be carried forward in the applicable jurisdiction of the reporting entity with no expiry dates (2015: € 344 million). The remainder of the unrecognised tax losses have maximum expiration dates of between five and ten years.

11.2. Taxation charge from continuing operations

Taxation charge for the year:

	2016 €m	2015 €m
Current tax	477	499
Deferred tax (credit)/charge	(107)	(130)
	370	369

The average effective tax rate is calculated in respect of profit before taxation but excluding the share of post-tax results of equity-accounted investments. The rates for the years ended 31 March 2016 and 2015 were 17.9% and 21.5% respectively.

11. Taxation continued

11.2. Taxation charge continued

The taxation charge on the Group's profit before tax differs from the amount that arises using the local statutory tax rates applicable to profits of the consolidated companies as follows:

	2016 €m	2015 €m
Profit before taxation	2 058	1 705
Share of post-tax results of equity-accounted investments	5	12
Adjusted profit before taxation	2 063	1 717
Tax on adjusted profit calculated at statutory tax rate	433	361
Difference in tax rates	(28)	(1)
Non-taxable income	(3)	(5)
Non-deductible expenses net of other permanent differences	15	(18)
Utilisation and recognition of prior year tax losses	(50)	(5)
Non-recognition of current year tax losses	14	15
Withholding and other taxes	16	18
Prior year adjustments	(27)	4
Taxation charge	370	369

The statutory tax rate applied of 21% reflects the average rate applicable to the main Swiss-based operating companies.

12. Financial assets held at fair value through profit or loss

	2016 €m	2015 €m
Non-current:		
Investments in listed undertakings	–	5
Investments in unlisted undertakings	7	6
Total non-current	7	11
Current:		
Investments in money market and externally managed funds	3 247	2 858
Total current	3 247	2 858
Total financial assets held at fair value through profit or loss	3 254	2 869

Investments in unlisted undertakings and money market funds were designated as held at fair value through profit or loss on initial recognition. These assets are managed and their performance is evaluated on a fair value basis. Management reviews performance and valuation of these investments on a regular basis. Investments in externally managed funds are classified as Held for Trading.

Notes to the consolidated financial statements continued

13. Other non-current assets

	2016 €m	2015 €m
Maisons' collections	**227**	221
Lease deposits	**131**	143
Loans and receivables	**9**	13
Other assets	**31**	21
	398	398

The carrying values of lease deposits, loans and receivables approximate their fair values. There are no overdue or impaired amounts included in deposits, loans and receivables.

Included in loans and receivables is an amount of € 3 million (2015: € 2 million) due from an equity-accounted investment.

14. Inventories

	2016 €m	2015 €m
Raw materials and work in progress	**2 014**	2 057
Finished goods	**3 894**	3 895
	5 908	5 952
Provision for inventory	**(563)**	(514)
	5 345	5 438

The cost of inventories recognised as an expense and included in cost of sales amounted to € 3 272 million (2015: € 3 111 million).

The Group reversed € 94 million (2015: € 62 million) of a previous inventory write-down during the year as the goods were sold at an amount in excess of the written-down value. The amount reversed has been credited to cost of sales.

The Group recognised € 232 million (2015: € 159 million) in the write-down of inventory as a charge to cost of sales.

15. Trade and other receivables

	2016 €m	2015 €m
Trade receivables	**671**	701
Less: provision for impairment	**(22)**	(21)
Trade receivables – net	**649**	680
Loans and other receivables	**372**	391
	1 021	1 071

Trade and other receivables are valued based on expected cash flows which are not discounted as they are expected to occur within the next twelve months.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of internationally dispersed customers. The maximum exposure to credit risk is equal to the carrying value.

In addition to the amounts above there are non-current assets amounting to € 140 million (2015: € 156 million) and cash balances as disclosed in note 17 which are considered to be loans and receivables.

15. Trade and other receivables continued

Impairment losses

Impairment losses are recognised for all known bad debts and are provided on a specific basis.

The movement in the provision for impairment of trade and other receivables was as follows:

	2016 €m	2015 €m
Balance at 1 April of prior year	(21)	(20)
Provision charged to profit or loss	(7)	(17)
Utilisation of provision	1	3
Reversal of unutilised provision	4	13
Exchange differences	1	–
Balance at 31 March	(22)	(21)

At 31 March 2016, trade and other receivables of € 34 million (2015: € 39 million) were impaired.

Receivables past due but not impaired:

	2016 €m	2015 €m
Up to three months past due	46	50
Three to six months past due	5	5
Over six months past due	1	5
	52	60

Based on past experience, the Group does not impair receivables that are not past due unless they are known to be bad debts. The Group has established credit check procedures that ensure the high creditworthiness of its customers.

Due to their short maturity, the fair values of trade and other receivables approximate to their book values.

16. Derivative financial instruments

The Group uses the following derivative instruments:

(a) Currency forwards: representing commitments to purchase or sell foreign currencies;

(b) Interest rate swaps (including forward-starting interest rate swaps) and cross-currency swaps: commitments to exchange one set of cash flows for another. Interest rate swaps result in an economic exchange of interest rates (for example, fixed for floating). No exchange of principal takes place. The Group's credit exposure represents the potential cost of replacing the swap contracts if counterparties fail to perform their obligation; and

(c) Derivative share options: options granted to certain Richemont executives giving them the right to acquire shares in listed equities at predetermined prices. All of these options expired in June 2015.

The nominal amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the reporting date but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments, and therefore do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms.

The fair value of publicly traded derivatives, securities and investments is based on quoted market prices at the reporting date. In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date.

The nominal amounts and fair values of derivative instruments held are as follows:

	Nominal amount		Fair value assets		Fair value liabilities	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Currency forwards	3 061	3 726	41	41	(51)	(148)
Cross-currency swap derivatives	371	–	–	–	(22)	–
Interest rate swap derivatives	351	373	–	–	(20)	(10)
Derivative share options	–	5	–	–	–	(2)
	3 783	4 104	41	41	(93)	(160)

The contractual maturity of the nominal value of derivative instruments held is as follows:

	Less than 6 months		Between 6 and 12 months		After 12 months	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Currency forwards	1 722	1 860	1 339	1 866	–	–
Cross-currency swap derivatives	–	–	371	–	–	–
Interest rate swap derivatives	–	–	–	–	351	373
Derivative share options	–	5	–	–	–	–
	1 722	1 865	1 710	1 866	351	373

Nominal amount

Nominal amounts represent the following:

- Currency forwards: the sum of all contract volumes outstanding at the year end.
- Interest rate and cross-currency swaps: the notional principal amount on which the exchanged interest payments are based.
- Derivative share options: the sum of all share options on listed equities, other than Compagnie Financière Richemont SA, granted to executives as part of the Group stock option plan.

Foreign currency amounts have been translated to euros using the exchange rates prevailing at the reporting date.

17. Cash and cash equivalents

	2016 €m	2015 €m
Cash at bank and on hand	4 569	5 654
Bank overdrafts	(2 021)	(2 502)
	2 548	3 152

The effective interest rate on cash at bank was 0.4 % (2015: 0.3 %). The effective interest rate on bank overdrafts was 1.0 % (2015: 2.6 %).

18. Equity

18.1. Share capital

	2016 €m	2015 €m
Authorised, issued and fully paid:		
522 000 000 'A' registered shares with a par value of CHF 1.00 each	304	304
522 000 000 'B' registered shares with a par value of CHF 0.10 each	30	30
	334	334

Holders of ‘A’ and ‘B’ shares enjoy the same dividend rights, but due to the differing par values of the two classes of shares, ‘B’ shareholders receive one tenth of the dividend per share paid to holders of the ‘A’ shares.

18.2. Treasury shares

In order to hedge partially its potential obligations arising under the stock option plan, the Group has purchased Richemont ‘A’ shares. Changes in the holding of this treasury stock of shares are shown as movements in shareholders’ equity as follows:

	Shares millions	€m
Balance at 1 April 2014	11.3	326
Purchased	1.6	123
Sold	(3.0)	(85)
Balance at 31 March 2015	9.9	364
Purchased	1.8	144
Sold	(2.1)	(96)
Balance at 31 March 2016	9.6	412

The Company has given a pledge over 3 932 764 Richemont ‘A’ shares as security for vested warrants granted under the Group’s stock option plan (2015: 4 521 610 Richemont ‘A’ shares).

During the year under review the Group acquired 1.8 million treasury shares in the open market, at a total cost of € 144 million. These treasury shares provide a comprehensive hedge of the Group’s potential obligations arising under the stock option plan.

In the same period the Group delivered 2.1 million treasury shares for proceeds of € 50 million, in settlement of options exercised in the period and traded options exercised in previous periods.

The cost value of the 2.1 million shares (2015: 3.0 million shares) sold during the year to plan participants who exercised their options was € 96 million (2015: € 85 million). The loss realised on shares sold during the year amounted to € 46 million (2015: € 27 million) which was recognised directly in retained earnings.

The market value of the 9.6 million shares (2015: 9.9 million shares) held by the Group at the year end, based on the closing price at 31 March 2016 of CHF 63.55 (2015: CHF 78.30), amounted to € 560 million (2015: € 743 million).

Notes to the consolidated financial statements continued

18. Equity continued

18.3. Share option reserve

	2016 €m	2015 €m
Balance at 1 April of prior year	**291**	309
Movement in employee share option reserve		
– equity-settled share option expense	**24**	22
Tax on items recognised directly in equity	**(26)**	(40)
Balance at 31 March	**289**	291

18.4. Retained earnings

	2016 €m	2015 €m
Balance at 1 April of prior year	**10 854**	10 309
Profit for the year	**2 227**	1 334
Dividends paid	**(854)**	(650)
Defined benefit plan actuarial (losses)/gains	**(59)**	(139)
Tax on defined benefit plan actuarial (losses)/gains	**11**	29
Share of other comprehensive income of associates, net of tax	**2**	–
Acquisition of non-controlling interests (note 39)	**(24)**	(2)
Loss on sale of treasury shares	**(46)**	(27)
Balance at 31 March	**12 111**	10 854

18.5. Legal reserves

Legal reserves amounting to € 95 million (2015: € 95 million) are included in the reserves of Group companies but are not available for distribution.

19. Borrowings

	2016 €m	2015 €m
Non-current:		
Secured bank loan	**–**	3
Unsecured bank borrowings	**351**	373
Finance lease obligations	**28**	29
	379	405
Current:		
Secured bank loan	**–**	2
Unsecured bank borrowings	**76**	183
Finance lease obligations	**1**	1
	77	186
Total borrowings	**456**	591

The Group's borrowings are denominated in the following currencies:

	2016 €m	2015 €m
Swiss franc	**24**	31
US dollar	**378**	391
Chinese yuan	**–**	120
Taiwan dollar	**43**	32
Other	**11**	17
	456	591

19. Borrowings continued

The Group's borrowings are subject to fixed and floating interest rates as follows:

	2016 €m	2015 €m
Fixed rate borrowings	351	378
Floating rate borrowings	76	183
Finance lease obligations	29	30
	456	591

The Group has one fixed rate borrowing; a 2.95% fixed rate USD borrowing of € 351 million maturing in 2019. The Group has provided an irrevocable and unconditional guarantee for the repayment of the USD-denominated loan committed by one of the Group's subsidiaries. The fair values of the fixed rate borrowings are based on the future cash flow discounted using a rate based on the borrowing rate over the remaining loan term and are within Level 2 of the fair value hierarchy.

The carrying value of the Group's floating rate borrowings approximate their fair values.

Finance lease obligations

	Minimum lease payments		Interest		Present value of finance lease obligations	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Within one year	2	2	1	1	1	1
Between one and five years	5	6	3	4	2	2
After more than five years	106	113	80	86	26	27
	113	121	84	91	29	30

20. Employee benefits obligation

The Group's major benefit plans are in Switzerland and the UK.

Switzerland

In Switzerland, the Group operates a retirement foundation with assets which are held separately from the Group. This foundation covers the majority of employees in Switzerland and provides benefits on a defined contribution basis.

Each employee has a retirement account to which the employee and the Group make contributions at rates set out in the foundation rules based on a percentage of salary. Every year the foundation Board decides the level of interest, if any, to apply to retirement accounts based on their agreed policy. At retirement an employee can take their retirement account or have this paid as a pension.

The foundation Board is expected to eventually pay out all of the foundation's assets as benefits to employees and former employees and therefore if any surplus arises this is not deemed to be recoverable by the Group. Similarly, unless the assets are insufficient to cover minimum benefits, the Group does not expect to make any deficit contributions to the foundation.

Under IAS19 *Employee Benefits*, the foundation is categorised as a defined benefit plan due to underlying benefit guarantees and therefore it is accounted for on that basis.

Under IAS19, the calculation methodology, including the use of a historically low corporate bond based discount rate (due to year-end market conditions) has resulted in disclosing a deficit on the balance sheet at the year end. In practice, based on the most recent valuation, the assets held are expected to be more than sufficient to cover the current retirement account for each member, the current pensions in payment and the future value of any guarantees and therefore the Group does not expect to be required to make any additional contributions.

The weighted average duration of the expected benefit payments from the foundation is approximately 17 years.

In addition, the Group sponsors a number of other smaller arrangements in Switzerland which are included in the figures that follow.

The Group expects to contribute € 67 million to these plans in Switzerland during 2016/17, compared to € 67 million during 2015/16.

Notes to the consolidated financial statements continued

UK

In the UK, the Group operates a defined benefit plan which is closed to new entrants. Since closure employees have been offered membership of a defined contribution plan operated by the Group.

Under the defined benefit plan, each member's pension at retirement is related to their pensionable service and final pensionable salary. The weighted average duration of the expected benefit payments from the plan is around 21 years. The defined benefit plan is operated from a trust, which has assets held separately from the Group and trustees who ensure the plan's rules are adhered to.

A funding valuation of the defined benefit plan is carried out and agreed between the Group and the plan trustees at least once every three years. The funding target is for the plan to hold assets equal in value to the accrued benefits based on projected salaries. If there is a shortfall against this target, then the Group and trustees will agree on deficit contributions to meet this deficit over a period.

There is a risk to the Group that adverse experience could lead to a requirement for the Group to make additional contributions to recover any deficit that arises.

Contributions to the defined contribution plan by both the Group and employees are at levels set out in the plan rules.

The Group expects to contribute € 10 million to the defined benefit plan during 2016/17, compared to € 11 million during 2015/16.

Rest of the world

The Group sponsors other retirement plans, a mixture of defined benefit and defined contribution, in some other countries where the Group operates.

The Group expects to contribute € 13 million to all such plans during 2016/17. This compares to € 14 million during 2015/16.

The net liabilities reflected in non-current liabilities in the statement of financial position in respect of employment benefit plans are determined as follows:

	Switzerland		UK		Rest of the world		Total	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Present value of funded obligations	**(1 417)**	(1 410)	**(331)**	(379)	**(163)**	(170)	**(1 911)**	(1 959)
Fair value of plan assets	**1 251**	1 313	**287**	316	**141**	148	**1 679**	1 777
Net funded obligations	**(166)**	(97)	**(44)**	(63)	**(22)**	(22)	**(232)**	(182)
Present value of unfunded obligations	**–**	–	**–**	–	**(57)**	(54)	**(57)**	(54)
Amount not recognised due to asset limit	**–**	–	**–**	–	**(1)**	(1)	**(1)**	(1)
Net liabilities	**(166)**	(97)	**(44)**	(63)	**(80)**	(77)	**(290)**	(237)

20. Employee benefits obligation continued

The amounts recognised in profit or loss in respect of such plans are as follows:

	Switzerland		UK		Rest of the world		Total	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Current service cost	82	57	4	3	15	12	101	72
Administration expenses	1	1	1	1	–	–	2	2
Net interest on net defined benefit liability/(asset)	1	–	2	1	1	1	4	2
Past service costs	(12)	–	–	–	2	–	(10)	–
Actuarial (losses)/gains on other employee benefits	–	–	–	–	(1)	1	(1)	1
	72	58	7	5	17	14	96	77

	Switzerland		UK		Rest of the world		Total	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Expense charged in:								
Cost of sales	38	34	1	–	4	4	43	38
Net operating expenses	34	24	6	5	13	10	53	39
	72	58	7	5	17	14	96	77

Total costs are included in employee benefits expense (note 26).

The amounts recognised immediately in other comprehensive income in respect of such plans are as follows:

	Switzerland		UK		Rest of the world		Total	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Net actuarial (gains)/losses in the year:								
Changes in financial assumptions	4	193	(23)	59	(8)	28	(27)	280
Changes in demographic assumptions	–	–	–	–	(4)	(1)	(4)	(1)
Experience adjustments on benefit obligations	9	(6)	–	(1)	(1)	–	8	(7)
Actual return on plan assets less interest on plan assets	56	(85)	13	(21)	13	(11)	82	(117)
Adjustment to recognise the effect of asset limit	–	(16)	–	–	–	–	–	(16)
	69	86	(10)	37	–	16	59	139

Changes in the net liabilities recognised are as follows:

	Switzerland		UK		Rest of the world		Total	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Balance at 1 April of prior year	(97)	(1)	(63)	(26)	(77)	(59)	(237)	(86)
Exchange differences	5	(12)	5	(6)	–	(3)	10	(21)
Amounts recognised in profit or loss	(72)	(58)	(7)	(5)	(17)	(14)	(96)	(77)
Amounts recognised in other comprehensive income	(69)	(86)	10	(37)	–	(16)	(59)	(139)
Contributions paid	67	60	11	11	14	15	92	86
Balance at 31 March	(166)	(97)	(44)	(63)	(80)	(77)	(290)	(237)

Notes to the consolidated financial statements continued

20. Employee benefits obligation continued

The movement in the fair value of plan assets was as follows:

	Switzerland		UK		Rest of the world		Total	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Balance at 1 April of prior year	1 313	951	316	243	148	121	1 777	1 315
Exchange differences	(57)	182	(26)	37	(2)	4	(85)	223
Interest on plan assets	10	21	10	12	2	4	22	37
Actual return on plan assets less interest on plan assets	(56)	85	(13)	21	(13)	11	(82)	117
Contributions paid by employer	67	60	11	11	14	15	92	86
Contributions paid by plan participants	46	42	1	1	–	–	47	43
Benefits paid	(71)	(27)	(11)	(8)	(8)	(7)	(90)	(42)
Administrative expenses	(1)	(1)	(1)	(1)	–	–	(2)	(2)
Balance at 31 March	1 251	1 313	287	316	141	148	1 679	1 777

The movement in the present value of the employee benefit obligation was as follows:

	Switzerland		UK		Rest of the world		Total	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Balance at 1 April of prior year	(1 410)	(937)	(379)	(269)	(224)	(179)	(2 013)	(1 385)
Exchange differences	62	(193)	31	(43)	2	(7)	95	(243)
Current service cost (employer part)	(82)	(57)	(4)	(3)	(15)	(12)	(101)	(72)
Contributions by plan participants	(46)	(42)	(1)	(1)	–	–	(47)	(43)
Interest on benefit obligations	(11)	(21)	(12)	(13)	(3)	(5)	(26)	(39)
Actuarial (losses)/gains	(13)	(187)	23	(58)	14	(28)	24	(273)
Past service cost	12	–	–	–	(2)	–	10	–
Benefits paid	71	27	11	8	8	7	90	42
Balance at 31 March	(1 417)	(1 410)	(331)	(379)	(220)	(224)	(1 968)	(2 013)
Present value of funded obligations	(1 417)	(1 410)	(331)	(379)	(163)	(170)	(1 911)	(1 959)
Present value of unfunded obligations	–	–	–	–	(57)	(54)	(57)	(54)
Balance at 31 March	(1 417)	(1 410)	(331)	(379)	(220)	(224)	(1 968)	(2 013)

Changes in the amount not recognised due to the asset limit are as follows:

	Switzerland		UK		Rest of the world		Total	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Balance at 1 April of prior year	–	(15)	–	–	(1)	(1)	(1)	(16)
Change in surplus/(deficit)	–	16	–	–	–	–	–	16
Exchange difference	–	(1)	–	–	–	–	–	(1)
Balance at 31 March	–	–	–	–	(1)	(1)	(1)	(1)

20. Employee benefits obligation continued

The major categories of plan assets at the reporting date are as follows:

	Switzerland		UK		Rest of the world		Total	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Equities	**396**	419	**43**	48	**48**	51	**487**	518
Government bonds	**398**	425	**109**	117	**36**	26	**543**	568
Corporate bonds	**52**	58	**23**	26	**61**	60	**136**	144
Property	**276**	285	**28**	28	**1**	–	**305**	313
Cash	**34**	46	**2**	3	**3**	6	**39**	55
Insurance policies and other assets	**95**	80	**82**	94	**(8)**	5	**169**	179
Fair value of plan assets	**1 251**	1 313	**287**	316	**141**	148	**1 679**	1 777

The plans' assets are held primarily within instruments with quoted market prices in active markets with the exception of the property and insurance policy holdings, € 58 million of the equity (2015: € 58 million), and € 16 million of the bond holdings (2015: € 18 million).

The Swiss foundation own a property valued at € 20 million (2015: € 21 million) which the Group currently leases from the foundation. With the exception of this holding, the plans do not invest directly in property occupied by the Group or in financial securities issued by the Group.

The investment strategy in Switzerland is to invest, within the statutory requirements, in a diversified portfolio which provides a long-term return which will enable the foundation Board to provide increases to the employee's accounts, whilst taking on the lowest possible risk in order to do so.

In the UK, the investment strategy is set by the trustees of the plan. The current strategy is to hold UK government bonds and corporate bonds to back the liabilities of current pensioners who are receiving their pensions and to hold return-seeking assets, such as equities and property, to back the benefits promised to future pensioners.

These two strategies result in the following long-term asset allocations:

	Switzerland	UK
Equities	**33%**	**15%**
Government bonds	**34%**	**40%**
Corporate bonds	**4%**	**10%**
Property	**21%**	**10%**
Other assets	**8%**	**25%**
	100%	**100%**

The principal actuarial assumptions used for accounting purposes reflect prevailing market conditions in each of the countries in which the Group operates, and are as follows:

	Switzerland		UK	
	2016	2015	2016	2015
Discount rate	**0.6 %**	0.8%	**3.5 %**	3.3%
Future salary increases	**0.8 %**	1.0%	**4.0 %**	4.1%
Interest credit rate	**0.8 %**	1.0%	**–**	–
Future pension increases	**–**	–	**2.9 %**	3.0%
Future life expectancy of a 60-year-old (years)	**26.3**	26.1	**28.1**	27.9

20. Employee benefits obligation continued

	Rest of the world			
	2016 Range	Weighted average	2015 Range	Weighted average
Discount rate	0.5% to 4.0%	2.2 %	0.8% to 3.5%	1.4%
Future salary increases	1.1% to 4.0%	2.3 %	2.2% to 3.3%	3.1%
Future pension increases	1.7 %	1.7 %	1.8%	1.8%

Assumptions used to determine the benefit expense and the end-of-year benefit obligations for the other defined benefit plans varied within the ranges shown above. The weighted average rate for each assumption used to measure the benefit obligation is also shown. The assumptions used to determine end-of-year benefit obligations are also used to calculate the following year's cost.

As an indication, in Switzerland a decrease in the discount rate of 0.5% per annum would, all other things being equal, increase the obligations by € 122 million (2015: € 125 million), a 0.5% per annum increase in assumed salary increases would increase the obligations by € 27 million (2015: € 31 million) and a one-year increase in members life expectancy would increase obligations by around € 24 million (2015: € 24 million). In practice, if the obligations increase then this is likely to also lead to a reduction in the assumption for future interest credit which would act to offset the increase in obligations. For example, a 0.5% per annum decrease in the interest credit rate leads to a € 58 million (2015: € 57 million) decrease in the obligations. The Group does not expect any economic benefit from the foundation in Switzerland and therefore, in practice any improvement in the obligations or assets will, in general, not impact the balance sheet, once the plan shows a surplus.

In the UK, a 0.5% per annum fall in discount rate is expected to increase the obligations by approximately € 39 million (2015: € 40 million), with a € 20 million (2015: € 34 million) increase should inflation, including future salary and pension increases, rise by 0.5 % per annum. The defined benefit obligation in the UK is also sensitive to the assumed life expectancy of the members of the Plan. The assumed life expectancy for a male aged 60 at the accounting date is 28.1 years (2015: 27.9 years), and for a male aged 60 in 20 years' time is 30.1 years (2015: 30.0 years). A one-year increase in assumed life expectancy would increase the defined benefit obligation by around € 9 million (2015: € 13 million).

For the remainder of the Group's arrangements, should the average discount rate fall by 0.5% per annum, the obligations are expected to rise by around € 12 million (2015: € 13 million) in total with a € 10 million (2015: € 9 million) rise should pension increases and salary increases rise by a similar amount.

These sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assuming no other changes in market conditions at the accounting date. This is unlikely in practice, for example, a change in discount rate is unlikely to occur without any movement in the value of the assets held by the plans.

21. Provisions

	Warranties and sales related €m	Employee benefits €m	Other €m	Total €m
At 1 April 2015	117	231	25	373
Charged/(credited) to profit or loss:				
– additional provisions	135	149	44	328
– unused amounts reversed	(8)	(19)	(5)	(32)
Net charge	127	130	39	296
Utilised during the year	(110)	(252)	(7)	(369)
Exchange adjustments	(6)	(3)	(1)	(10)
At 31 March 2016	128	106	56	290

	2016 €m	2015 €m
Total provisions at 31 March:		
– non-current	79	96
– current	211	277
	290	373

Warranties and sales-related provisions

Group companies establish provisions for potential sales returns and warranties provided on certain products. Based on past experience a provision of € 128 million (2015: € 117 million) has been recognised for expected sales returns and warranty claims. It is expected that € 116 million (2015: € 103 million) of this provision will be used within the following twelve months and that the remaining € 12 million (2015: € 14 million) which relates solely to potential warranty claims will be utilised over the remainder of the expected warranty period of the products.

Employee benefits provisions

These include obligations arising under the Group's long-term incentive plans and the social costs on the Group's stock option plan. An amount of € 45 million (2015: € 156 million) is expected to be utilised in the coming twelve months. The remainder will be utilised in the next two to eight years.

Other provisions

Other provisions include provision for certain legal claims brought against the Group and provision for the Group's obligations arising from committed restructuring activities. It is not expected that the outcomes of legal claims will give rise to any material losses beyond the amounts provided at 31 March 2016. The Group's restructuring provision is expected to be utilised in the coming year.

22. Other long-term financial liabilities

	2016 €m	2015 €m
Operating lease liabilities	112	100
Other long-term financial liabilities	12	33
	124	133

Notes to the consolidated financial statements continued

23. Trade and other payables

	2016 €m	2015 €m
Trade creditors	**487**	457
Put option over shares of subsidiary undertaking	**–**	90
Other payables and accruals	**917**	838
Current financial liabilities	**1 404**	1 385
Other current non-financial liabilities	**122**	129
	1 526	1 514

Trade and other payables are valued based on expected cash flows which are not discounted as they are expected to occur within the next twelve months.

The put option arrangement with the holders of shares of certain subsidiary undertakings was exercised during the year ended 31 March 2016.

24. Other operating (expense)/income

	2016 €m	2015 €m
Royalty income	**32**	32
Royalty expenses	**(5)**	(4)
Investment property rental income	**8**	7
Investment property costs	**(11)**	(4)
Amortisation of other intangible assets acquired on business combinations	**(16)**	(16)
Impairment of goodwill (note 7)	**(16)**	–
Other (expense)/income	**(14)**	(17)
	(22)	(2)

25. Net profit from continuing operations

Net profit is stated after the following items of expense/(income):

	2016 €m	2015 €m
Depreciation of property, plant and equipment (note 6)	**447**	383
Impairment of property, plant and equipment (note 6)	**2**	–
Amortisation of other intangible assets (note 8)	**92**	80
Impairment of goodwilll (note 7)	**16**	–
Operating lease rentals:		
– minimum lease rental	**668**	544
– contingent rental	**315**	291
Sub-lease rental income (non-investment property)	**(4)**	(3)
Research and development costs	**78**	59
Loss on disposal of property, plant and equipment	**5**	7
Loss on disposal of other intangible assets	**4**	3
Restructuring charges (including associated employee termination benefits € 31 million)	**34**	4

26. Employee benefits expense

	2016 €m	2015 €m
Wages and salaries including termination benefits € 35 million (2015: € 2 million)	1 834	1 653
Social security costs	293	259
Share option expense (note 36)	24	22
Long-term employee benefits	31	8
Pension costs – defined contribution plans	39	32
Pension costs – defined benefit plans (note 20)	96	77
	2 317	2 051

	2016 number	2015 number
Average number of employees:		
Switzerland	8 664	8 732
Rest of the world	20 146	19 592
	28 810	28 324

27. Finance costs and income

	2016 €m	2015 €m
Finance costs:		
Interest expense:		
– bank borrowings	(36)	(39)
– other financial expenses	(24)	(8)
Net foreign exchange losses on monetary items	–	(686)
Mark-to-market adjustment in respect of hedging activities	(45)	(217)
Net loss in fair value of financial instruments at fair value through profit or loss:		
– designated on initial recognition	–	(1)
– held for trading	(26)	(21)
Loss on remeasurement of put option liability on non-controlling interests	(35)	–
Finance costs	(166)	(972)
Finance income:		
Interest income:		
– bank, other deposits, money market and externally managed funds	49	17
– other financial income	4	2
Net gain in fair value of financial instruments at fair value through profit or loss:		
– designated on initial recognition	1	–
Net foreign exchange gains on monetary items	114	–
Finance income	168	19
Net finance income/(costs)	2	(953)

Notes to the consolidated financial statements continued

28. Discontinued operations

On 31 March 2015, the Group announced that it had entered into a binding, conditional agreement to sell a controlling interest in The NET-A-PORTER GROUP, which was to be merged with YOOX S.p.A. (a company registered in Italy) in an all-share transaction in which the Group would receive 50% of the share capital of the combined entity's listed parent company. The Group's voting rights were to be restricted to 25% of the total voting rights of the entity. For segmental reporting, The NET-A-PORTER GROUP was an operating segment aggregated into Other.

The sale was completed on 5 October 2015. The results of The NET-A-PORTER GROUP are reported as a discontinued operation. Financial information related to the period to the date of disposal is set out below.

	2016 €m	2015 €m
Sales	484	816
Expenses	(575)	(815)
Operating (loss)/profit	(91)	1
Finance costs	(6)	–
Finance income	–	11
Profit/(loss) before taxation of discontinued operations	(97)	12
Taxation	(3)	(14)
Loss after tax of discontinued operations	(100)	(2)
Gain on disposal	639	–
Profit/(loss) for the year from discontinued operations	539	(2)

The cumulative income or (expense) recognised in other comprehensive income to the date of disposal is as follows:

	2016 €m	2015 €m
Currency translation adjustments	36	46
Cumulative income recognised in other comprehensive income	36	46

Cash flows from/(used in) discontinued operations are as follows:

	2016 €m	2015 €m
Net cash (used in)/generated from operating activities	(232)	30
Net cash used in investing activities	(10)	(14)
	(242)	16

Details of the calculation of the gain on disposal are as follows:

	2016 €m	2015 €m
Fair value of consideration received (Level 1)	879	–
Carrying amount of net assets on disposal	(276)	–
	603	–
Reclassification of cumulative exchange adjustment reserve	36	–
Gain on sale	639	–

The Group's investment in YOOX- NET-A-PORTER acquired as a result of this transaction is classified as an equity-accounted investment (note 10).

28. Discontinued operations continued

The carrying amounts of the assets and liabilities of The NET-A-PORTER GROUP at the date of disposal (5 October 2015) were as follows:

	5 October 2015 €m
Non-current assets	**211**
Current assets	**172**
Total assets	**383**
Non-current liabilities	**(6)**
Current liabilities	**(101)**
Total liabilities	**(107)**
Net assets	**276**

These amounts represent 50% of the carrying amounts of the assets and liabilities of The NET-A-PORTER GROUP, and represent the net assets over which the Group no longer has an ownership interest, either directly or indirectly, following the transaction described above.

The following major classes of assets and liabilities of the disposal group were reclassified as held for sale at 31 March 2015:

	2015 €m
Property, plant and equipment	74
Goodwill	331
Other intangible assets	12
Deferred tax assets	13
Other non-current assets	2
Inventories	234
Trade and other receivables	49
Prepayments	11
Assets of disposal group held for sale	726
Provisions	(18)
Deferred tax liabilities	(2)
Other long-term financial liabilities	(9)
Trade and other payables	(117)
Accruals and deferred income	(56)
Current tax liabilities	(11)
Liabilities of disposal group held for sale	(213)
Net assets of disposal group held for sale	513

Notes to the consolidated financial statements continued

29. Earnings per share

29.1. Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent company by the weighted average number of shares in issue during the year, excluding shares purchased by the Group and held in treasury. Holders of 'A' and 'B' shares enjoy the same dividend rights, but due to the differing par values of the two classes of shares, 'B' shareholders receive one tenth of the dividend per share paid to holders of the 'A' shares.

	2016	2015
Profit from continuing operations attributable to owners of the parent company (€ millions)	**1 688**	1 336
Profit/(loss) from discontinued operations attributable to owners of the parent company (€ millions)	**539**	(2)
Total attributable to owners of the parent company (€ millions)	**2 227**	1 334
Weighted average number of shares in issue (millions)	**564.2**	563.6
Basic earnings per share from continuing operations	**2.992**	2.370
Basic earnings per share from discontinued operations	**0.955**	(0.003)
Total basic earnings per share	**3.947**	2.367

29.2. Diluted

Diluted earnings per share is calculated adjusting the weighted average number of shares outstanding, which assumes conversion of all dilutive potential shares. The Group has only one category of dilutive potential shares: share options.

The calculation is performed for the share options to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

3 591 258 options granted to employees are not included in the calculation of dilutive EPS for the year ended 31 March 2016 (2015: none) as they are not dilutive for the period.

	2016	2015
Profit from continuing operations attributable to owners of the parent company (€ millions)	**1 688**	1 336
Profit/(loss) from discontinued operations attributable to owners of the parent company (€ millions)	**539**	(2)
Total profit attributable to owners of the parent company (€ millions)	**2 227**	1 334
Weighted average number of shares in issue (millions)	**564.2**	563.6
Adjustment for share options (millions)	**1.7**	2.7
Weighted average number of shares for diluted earnings per share (millions)	**565.9**	566.3
Diluted earnings per share from continuing operations	**2.983**	2.359
Diluted earnings per share from discontinued operations	**0.952**	(0.003)
Total diluted earnings per share	**3.935**	2.356

29. Earnings per share continued

29.3. Headline earnings per share

The presentation of headline earnings per share as an alternative measure to earnings per share is required under the JSE listing requirements.

	2016 €m	2015 €m
Profit attributable to owners of the parent company	2 227	1 334
Loss on disposal of non-current assets	9	10
Impairment of non-current assets	18	–
Write-down of assets held for sale to its fair value less cost to disposal	11	–
Gain on disposal of investment property after tax and costs to sell	–	(136)
Gain on disposal of subsidiary undertaking	(603)	–
Currency exchange losses reclassified from currency translation adjustment reserve	(36)	–
Headline earnings	1 626	1 208

	2016 millions	2015 millions
Weighted average number of shares:		
– Basic	564.2	563.6
– Diluted	565.9	566.3
	€ per share	€ per share
Headline earnings per share:		
– Basic	2.882	2.143
– Diluted	2.873	2.133

30. Dividends

In September 2015 a dividend of CHF 1.60 per 'A' share and CHF 0.16 per 'B' share was paid (September 2014: CHF 1.40 and CHF 0.14 respectively).

31. Cash flow generated from operations

	2016 €m	2015 €m
Operating profit	2 061	2 670
Operating (loss)/profit from discontinued operations	(91)	1
Depreciation of property, plant and equipment	455	395
Depreciation of investment property	1	1
Amortisation of other intangible assets	95	106
Impairment of property, plant and equipment	2	–
Impairment of goodwill	16	–
Loss on disposal of property, plant and equipment	5	7
Loss on disposal of intangible assets	4	3
Profit on disposal of investment property	–	(252)
Increase in long-term provisions	7	19
Increase / (decrease) in retirement benefit obligations	4	(9)
Non-cash items	31	24
Increase in inventories	(139)	(506)
(Increase)/decrease in trade receivables	(2)	8
(Increase) in other receivables and prepayments	(16)	(81)
Increase in current liabilities	103	16
Increase in long-term liabilities	1	8
(Decrease) in derivative financial instruments	(118)	(23)
Cash flow generated from operations	2 419	2 387

32. Financial instruments: fair values and risk management

32.1. Fair value estimation

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their level in the fair value hierarchy.

	Carrying amount					Fair value			
31 March 2016	Designated at fair value €m	Held for trading €m	Loans and receivables €m	Other financial liabilities €m	Total €m	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets measured at fair value									
Unlisted investments	7	–	–	–	7			7	7
Investments in externally managed funds	–	2 045	–	–	2 045	2 045			2 045
Investments in money market funds	1 202	–	–	–	1 202		1 202		1 202
Derivatives	–	41	–	–	41		41		41
	1 209	2 086	–	–	3 295				
Financial assets not measured at fair value									
Non-current loans and receivables	–	–	9	–	9				
Non-current lease deposits	–	–	131	–	131				
Trade and other receivables	–	–	1 021	–	1 021				
Cash at bank and on hand	–	–	4 569	–	4 569				
	–	–	5 730	–	5 730				
Financial liabilities measured at fair value									
Derivatives	–	(93)	–	–	(93)		(93)		(93)
Financial liabilities not measured at fair value									
Fixed rate borrowings	–	–	–	(351)	(351)		(374)		(374)
Floating rate borrowings	–	–	–	(76)	(76)				
Finance lease obligations	–	–	–	(29)	(29)				
Other long-term financial liabilities	–	–	–	(124)	(124)				
Trade and other payables	–	–	–	(1 404)	(1 404)				
Bank overdrafts	–	–	–	(2 021)	(2 021)				
	–	–	–	(4 005)	(4 005)				

32. Financial instruments: fair values and risk management continued

32.1. Fair value estimation continued

	Carrying amount					Fair value			
31 March 2015	Designated at fair value €m	Held for trading €m	Loans and receivables €m	Other financial liabilities €m	Total €m	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets measured at fair value									
Listed investments	5	–	–	–	5	5			5
Unlisted investments	6	–	–	–	6			6	6
Investments in money market and government bond funds	2 858	–	–	–	2 858		2 858		2 858
Derivatives	–	41	–	–	41		41		41
	2 869	41	–	–	2 910				
Financial assets not measured at fair value									
Non-current loans and receivables	–	–	13	–	13				
Non-current lease deposits	–	–	143	–	143				
Trade and other receivables	–	–	1 071	–	1 071				
Cash at bank and on hand	–	–	5 654	–	5 654				
	–	–	6 881	–	6 881				
Financial liabilities measured at fair value									
Derivatives	–	(160)	–	–	(160)		(160)		(160)
Financial liabilities not measured at fair value									
Fixed rate borrowings	–	–	–	(378)	(378)		(373)		(373)
Floating rate borrowings	–	–	–	(183)	(183)				
Finance lease obligations	–	–	–	(30)	(30)				
Other long-term financial liabilities	–	–	–	(133)	(133)				
Trade and other payables	–	–	–	(1 385)	(1 385)				
Bank overdrafts	–	–	–	(2 502)	(2 502)				
	–	–	–	(4 611)	(4 611)				

For those financial assets and financial liabilities not measured at fair value, the carrying value approximates the fair value.

Valuation techniques

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price for financial assets held by the Group is the current bid price. These instruments are included in Level 1 and comprise investments in externally managed funds made up of listed bonds.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, maximising the use of observable market data, where available, and relying as little as possible on entity-specific estimates. If all significant inputs are observable the instrument is included as Level 2; if one or more of the significant inputs is not based on observable market data then the instrument is included as Level 3.

Specific valuation techniques used for Level 2 financial instruments include:

- Interest rate swaps are valued on the basis of discounted cash flows. The variable flows are determined for each payment date using forward interest rate curves.
- Fixed rate cross-currency swaps are valued on the basis of discounted cash flows.
- Currency forwards are measured based on observable spot exchange rates, the term interest rates of the respective currencies and the currency basis spread between the respective currencies.

The nominal value of the investments in money market and government bond funds approximates the fair value, as the maximum average life is 120 days and the maximum average maturity is 60 days. These instruments are included in Level 2.

Level 3 financial instruments consist entirely of small investments in unlisted equities. During the year to 31 March 2016 the carrying amount increased to € 7 million due to the exchange rate impact.

32. Financial instruments: fair values and risk management continued

32.2. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk); credit risk; and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department ('Group Treasury') under policies approved by the Board. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board has approved formal written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investing excess liquidity.

(a)(i) Market risk: foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Swiss franc, US dollar, HK dollar, British pound, Chinese yuan, Japanese yen, UAE dirham, Singapore dollar and Taiwan dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. This arises principally from the retranslation impact of euro and USD-denominated investments in money market, government and managed bond funds held in an entity with a Swiss franc functional currency. Changes in foreign exchange rates also impact the repricing of derivative contracts.

The Group's financial risk management policy is to hedge up to 70% of forecast net cash flow exposure arising in currencies including US dollars, HK dollars, British pounds, Chinese yuan, Japanese yen, UAE dirham, Singapore dollar, Taiwan dollar and Korean won for the subsequent twelve months. Group Treasury undertakes the management of the net position in each foreign currency by using external currency derivatives.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from these net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The sensitivity analysis presented in the following tables shows the pre-tax increase/(decrease) in profit or loss that would result from the noted percentage change in listed exchange rates, all other factors remaining constant. There is no impact in other comprehensive income. The analysis is performed on the same basis as for 2015.

	Change in rate		Profit or loss	
	2016 %	2015 %	2016 €m	2015 €m
USD strengthening vs CHF	10%	11%	70	–
JPY strengthening vs CHF	11%	11%	(39)	(33)
HKD strengthening vs CHF	10%	11%	(86)	(172)
SGD strengthening vs CHF	9%	9%	(12)	(21)
CHF strengthening vs EUR	8%	9%	(201)	(368)
AED strengthening vs CHF	10%	11%	(41)	(67)
GBP strengthening vs CHF	13%	10%	(12)	(18)
TWD strengthening vs CHF	12%	11%	(11)	(15)
KRW strengthening vs CHF	14%	13%	(29)	(37)
CNY strengthening vs CHF	13%	11%	(31)	(34)

	Change in rate		Profit or loss	
	2016 %	2015 %	2016 €m	2015 €m
USD weakening vs CHF	10%	11%	(86)	(7)
JPY weakening vs CHF	11%	11%	29	26
HKD weakening vs CHF	10%	11%	69	137
SGD weakening vs CHF	9%	9%	9	18
CHF weakening vs EUR	8%	9%	205	368
AED weakening vs CHF	10%	11%	31	54
GBP weakening vs CHF	13%	10%	9	15
TWD weakening vs CHF	12%	11%	7	12
KRW weakening vs CHF	14%	13%	21	29
CNY weakening vs CHF	13%	11%	22	27

(a)(ii) Market risk: price risk

The Group is exposed to commodity price risk, marketable securities' price risk and other price risk.

- Commodity price risk

The Group is exposed to price risk related to anticipated purchases of certain commodities, namely precious metals and stones for use in its manufacturing processes. There is no financial risk as the commodities are for use as raw materials by the Group's businesses. A change in those prices may alter the gross margin of specific businesses.

- Marketable securities' price risk

The Group is exposed to marketable securities' price risk in respect of investments in euro-denominated money market and externally managed funds with a minimum credit rating of AA. These are classified in the consolidated statement of financial position as financial assets and liabilities held at fair value through profit or loss.

The price risk associated with the investments in AAA rated money market and government bond funds held by the Group at 31 March 2016 and 2015 is considered to be minimal, due to the high credit quality of the underlying investments.

32. Financial instruments: fair values and risk management continued

32.2. Financial risk factors continued

(a)(iii) Market risk: interest rate risk

- Fair value interest rate risk

The Group is exposed to fair value interest rate risk linked to its fixed-rate loan commitment (details of the Group's borrowings are presented in note 19). The risk is considered to be the difference between current levels of interest rates and the committed rates.

The Group records its fixed rate borrowings at amortised cost using the effective interest method. The Group does not designate any interest rate swaps as hedging instruments for fair value hedge accounting. Therefore a change in interest rates at 31 March 2016 would not affect the profit for the year.

The Group uses forward-starting interest rate swaps to help manage its fair value interest rate risk exposure.

At 31 March 2016 the Group is a party to a forward-starting USD-denominated interest rate swap contract. The Group pays a fixed interest rate and in exchange receives the three-month USD-LIBOR-BBA floating rate on pre-specified dates in the future. The fair value of this financial instrument decreased by € 10 million in the year to 31 March 2016 (2015: € 21 million increase). Should the floating rate increase/(decrease) by 18% using one-year historic volatility of three-month USD LIBOR rate, with all other variables held constant, the impact on profit before tax would have been plus/(minus) € 6 million (2015: rate increase/(decrease) by 10%: impact of profit before tax plus/(minus) € 4 million).

The Group is also exposed to the impact of changes in interest rates on its investments in externally managed funds, which are made up of listed bonds. Should interest rates increase/(decrease) by 100 basis points, with all other variables held constant, the impact on profit before tax would have been (minus)/plus € 20 million.

- Cash flow interest rate risk

The Group is also exposed to future cash flow fluctuation risk due to changes in variable market interest rates. The cash flow risk associated with net cash is such that an increase/(decrease) of 100 basis points in interest rates at the reporting date would have impacted profit for the year by plus/(minus) € 39 million (2015: plus/(minus) € 58 million), all other variables remaining constant. The analysis is performed on the same basis as for 2015.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. A short-term credit rating of minimum A1/P1 is applied to cash deposits with financial counterparties. A minimum money market fund rating of AAA is applied to euro-denominated money market funds. A weighted average rating of AA is applied to euro and US dollar-denominated externally managed funds.

At 31 March 2016 the Group had € 3 247 million invested in euro-denominated money market and externally managed funds (2015: € 2 858 million) and € 4 569 million held as cash at bank (2015: € 5 654 million).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate level of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

Local liquidity is ensured by maintaining local bank credit facilities and by funding the excess funding requirements using the Group overlay cash pool.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements. Derivative assets are excluded. All outstanding derivative share options expired in June 2015.

32. Financial instruments: fair values and risk management continued

32.2. Financial risk factors continued

31 March 2016	Carrying amount €m	Total €m	Contractual cash flows 6 months or less €m	Between 6-12 months €m	Between 1-3 years €m	More than 3 years €m
Non-derivative financial liabilities						
Borrowings	456	579	82	6	24	467
Other long-term financial liabilities	124	118	–	–	59	59
Trade and other payables	1 404	1 404	1 404	–	–	–
Bank overdrafts	2 021	2 021	2 021	–	–	–
	4 005	4 122	3 507	6	83	526
Derivative financial liabilities						
Currency forwards	51	1 459	1 057	402	–	–
Cross-currency swap	22	378	4	374	–	–
Forward starting interest rate swap	20	20	–	–	–	20
	93	1 857	1 061	776	–	20

31 March 2015	Carrying amount €m	Total €m	Contractual cash flows 6 months or less €m	Between 6-12 months €m	Between 1-3 years €m	More than 3 years €m
Non-derivative financial liabilities						
Borrowings	591	735	150	49	28	508
Other long-term financial liabilities	133	179	–	–	55	124
Trade and other payables	1 385	1 385	1 385	–	–	–
Bank overdrafts	2 502	2 502	2 502	–	–	–
	4 611	4 801	4 037	49	83	632
Derivative financial liabilities						
Currency forwards	148	2 317	1 361	956	–	–
Forward starting interest rate swap	10	10	–	–	–	10
Derivative share options	2	2	2	–	–	–
	160	2 329	1 363	956	–	10

32.3. Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The Group does not apply hedge accounting to its hedging activities.

The fair values of various derivative instruments are disclosed in note 16.

32. Financial instruments: fair values and risk management continued

32.4. Offsetting financial assets and financial liabilities

The following financial assets and liabilities are subject to offsetting, as a current legally enforceable right to set-off the recognised amounts exists and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

	Gross amount of recognised asset/ (liability) subject to set-off €m	Gross amount of set-off €m	Net amount presented €m	Related amounts not set-off €m	Total €m
At 31 March 2016					
Trade receivables	8	(3)	5	–	5
Cash at bank and on hand	2 124	–	2 124	(1 851)	273
Derivative assets	41	–	41	(31)	10
	2 173	(3)	2 170	(1 882)	288
Trade payables	(69)	3	(66)	–	(66)
Bank overdrafts	(1 851)	–	(1 851)	1 851	–
Derivative liabilities	(93)	–	(93)	31	(62)
	(2 013)	3	(2 010)	1 882	(128)

	Gross amount of recognised asset/ (liability) subject to set-off €m	Gross amount of set-off €m	Net amount presented €m	Related amounts not set-off €m	Total €m
At 31 March 2015					
Trade receivables	9	(2)	7	–	7
Cash at bank and on hand	2 592	–	2 592	(2 270)	322
Derivative assets	41	–	41	(32)	9
	2 642	(2)	2 640	(2 302)	338
Trade payables	(54)	2	(52)	–	(52)
Bank overdrafts	(2 270)	–	(2 270)	2 270	–
Derivative liabilities	(158)	–	(158)	32	(126)
	(2 482)	2	(2 480)	2 302	(178)

The Group is subject to a number of master netting arrangements specific to cash pooling and derivative contract arrangements. These arrangements allow for net settlement of the relevant financial assets and financial liabilities when both parties elect to settle on a net basis. In certain circumstances, such as a default event as defined in the relevant agreement, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

These agreements do not meet the criteria for offsetting in the statement of financial position. The right to set-off is legally enforceable only following certain specified events. In addition the Group and the counterparties do not intend to settle on a net basis.

32.5. Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return of capital to shareholders, which the Group defines as total equity excluding non-controlling interests and the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between business returns and a secure capital position. The Group's target is to achieve a return on shareholders' equity, excluding share buy-backs, in excess of 15% (2015: 15%).

There were no changes in the Group's approach during the year.

The Group is not subject to any externally imposed capital requirements.

Notes to the consolidated financial statements continued

33. Financial commitments and contingent liabilities

At 31 March 2016 the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material losses will arise. Details of the Group's commitments in respect of financial derivatives are given in note 16 and in respect of property, plant and equipment in note 6.

The Group leases various boutiques, offices and manufacturing premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The cost for certain boutique leases contains a fixed portion together with a variable portion which is most commonly a percentage of sales achieved. The commitments below reflect only the fixed elements.

The Group has signed non-cancellable operating leases in respect of which the following minimum rentals are payable at 31 March:

	Land and buildings		Other assets		Total	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Within one year	**578**	641	**12**	13	**590**	654
Between two and five years	**1 284**	1 463	**19**	22	**1 303**	1 485
Thereafter	**1 076**	1 202	**6**	–	**1 082**	1 202
	2 938	3 306	**37**	35	**2 975**	3 341

34. Business combinations

During the year to 31 March 2016 the Group concluded several business combinations, including the acquisition of two retail investment properties in Paris and Vancouver as part of the Group's property fund. None of these transactions were individually significant to the Group. The details that follow are presented on an aggregate basis.

Fair value of assets acquired

	Business operations €m
Investment property	**122**
Inventory	**5**
Fair value of net assets acquired	**127**
Total consideration paid	**127**
Settled against receivable	**(1)**
Deposit paid in prior period	**(3)**
Purchase consideration – cash paid	**123**
Payment of amounts deferred in prior periods	**8**
Cash outflow on acquisitions	**131**

The fair value of certain acquired inventory is provisional pending finalisation of the valuation work for those items.

The contribution of the acquired businesses to sales and to net profit in both the period and for the full year was insignificant.

Acquisition related costs of € 8 million were expensed in the year to 31 March 2016 and are included in Other operating expenses.

35. Related-party transactions

The Group has a number of transactions and relationships with related parties, as defined by IAS 24, *Related Party Disclosures*.

Compagnie Financière Rupert, Bellevue, Switzerland, Geneva holds 522 000 000 'B' registered shares representing an interest in 50% of the Company's voting rights. It does not itself hold any Richemont 'A' shares. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2015, representing 0.3% of the Company's voting rights.

Besides Compagnie Financière Rupert, the Board of Directors and the Senior Executive Committee ('key management'), the Group has identified the following other related parties:

- Richemont's equity-accounted investments (see note 10)
- Richemont foundations (employee and others)
- Various entities under the common control of the Rupert family's interests

The following transactions were carried out with related parties giving rise to (expense/payables) and income/receivables:

(a) Transactions and balances between the Richemont Group and its equity-accounted investments

	2016 €m	2015 €m
Goods and services bought from and other transactions with its equity-accounted investments:		
Rouages SA – purchase of watch components	(7)	(4)
Les Cadraniers de Genève SA – purchase of watch components	(3)	(5)
Ralph Lauren Watch & Jewelry Company Sàrl – purchase of finished goods	(4)	(5)
Schwab-Feller AG – purchase of watch components	(1)	–
Dalloz Pre-Setting SAS – purchase of finished goods	(12)	–
Services provided to equity-accounted investments:		
Laureus Sports Awards Limited – sponsorship	(3)	(3)
Laureus Sports for Good Foundation – donations	(1)	(1)
Goods and services sold to and other transactions with equity-accounted investments:		
YOOX-NET-A-PORTER S.p.A. – sale of finished goods	7	–
Ralph Lauren Watch & Jewelry Company Sàrl – sale of watch components	–	2
Ralph Lauren Watch & Jewelry Company Sàrl – interest	1	1
Ralph Lauren Watch & Jewelry Company Sàrl – management and service fees	4	3
Payables outstanding at 31 March:		
Dalloz Pre-Setting SAS – purchase of finished goods	(1)	–
Laureus World Sports Awards Limited – sponsorship	(1)	(1)
Receivables outstanding at 31 March:		
YOOX-NET-A-PORTER S.p.A. – sale of finished goods	3	–
Ralph Lauren Watch & Jewelry Company Sàrl – trading	4	4
Fook Ming Watch Limited – loan	4	2
Ralph Lauren Watch & Jewelry Company Sàrl – loan	50	42

In the statement of financial position the loan to Ralph Lauren Watch & Jewelry Company Sàrl is recorded at € 3 million (2015: € 2 million). For equity-accounting purposes the long-term loan is considered part of the investment. The Group's share of losses of Ralph Lauren Watch & Jewelry Company Sàrl are offset against the receivable.

The loan to Ralph Lauren Watch & Jewelry Company Sàrl is at market comparable rates and has no fixed repayment date.

Notes to the consolidated financial statements continued

35. Related-party transactions continued

(b) Transactions and balances between the Richemont Group and entities under common control

	2016 €m	2015 €m
Services bought from and other transactions with entities under common control:		
Entities under common control of the Rupert family's interests	(6)	(3)
Services provided to and other transactions with entities under common control:		
Entities under common control of the Rupert family's interests	–	4

	2016 €m	2015 €m
Receivables outstanding at 31 March:		
Entities under common control of the Rupert family's interests	–	–
Payables outstanding at 31 March:		
Entities under common control of the Rupert family's interests	–	(1)

(c) Individuals

During the year the Group gave donations of € 0.2 million (2015: € 0.2 million) to the Fondazione Giuliano e Maria Carmen Magnoni, a charitable organisation supporting initiatives for young people in disadvantaged conditions. Mr Ruggero Magnoni, a non-executive director of the Company, is vice-chairman of the Fondazione.

Maître Jean-Blaise Eckert, a non-executive director, is a partner of the Swiss legal firm, Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totalling € 0.8 million (2015 € 0.5 million) from Group companies for advice on legal and taxation matters.

In addition to his non-executive director's fee, the Duke of Wellington received fees, pension contributions and other benefits totalling less than € 0.1 million (2015: € 0.1 million) in connection with his role as Director and Non-Executive Chairman of Richemont Holdings (UK) Limited, the holding company for the Group's UK interests.

Mr Alain Dominique Perrin and Mr Norbert Platt provided consultancy services to the Group in addition to their duties as non-executive directors. During the year to 31 March 2016, Mr Perrin received € 2.3 million (2015: € 2.5 million) and Mr Platt € 0.1 million (2015: € 0.1 million) for the services provided. These fees are included in the individual disclosures of key management compensation as short-term employee benefits.

In accordance with the terms of the modification to the Group's stock option plan in October 2008, certain executive directors received vested options over shares in Reinet Investments S.C.A. ('Reinet'). These options expired in June 2015.

(d) Key management compensation

	2016 €m	2015 €m
Salaries and short-term employee benefits	16	17
Short-term incentives	8	9
Long-term benefits	5	2
Post-employment benefits	2	1
Share option expense	6	7
Employer social security	1	2
	38	38

35. Related-party transactions continued

(d) Key management compensation continued

Key management comprises the Board of Directors of Compagnie Financière Richemont SA and the Senior Executive Committee, as detailed below.

The Ordinance against Excessive Compensation requires that the Board identify the corporate body to which management has been delegated by the Board of Directors for the day-to-day management of the organisation. This is deemed to be the Senior Executive Committee, which is chaired by the Chairman of the Board and comprises the Group's two Co-Chief Executive Offices and its Chief Financial Officer. Members of this Committee are considered to be subject to the various disclosure and approval requirements imposed by the regulations.

Board of Directors	
Johann Rupert	Chairman
Yves-André Istel	Non-Executive Deputy Chairman
Josua Malherbe	Non-Executive Deputy Chairman
Bernard Fornas	Co-Chief Executive Officer
Richard Lepeu	Co-Chief Executive Officer
Gary Saage	Chief Financial Officer
Jean-Blaise Eckert	Non-Executive Director
Ruggero Magnoni	Non-Executive Director
Simon Murray	Non-Executive Director
Alain Dominique Perrin	Non-Executive Director
Guillaume Pictet	Non-Executive Director
Norbert Platt	Non-Executive Director
Alan Quasha	Non-Executive Director
Maria Ramos	Non-Executive Director
Lord Renwick of Clifton	Independent Lead Director
Jan Rupert	Non-Executive Director
Jürgen Schrempp	Non-Executive Director
Duke of Wellington	Non-Executive Director
Members of the Senior Executive Committee	
Bernard Fornas	Co-Chief Executive Officer
Richard Lepeu	Co-Chief Executive Officer
Gary Saage	Chief Financial Officer

Stock option plan

The Group operates a long-term share-based compensation plan whereby executives are awarded options to acquire shares at the market price on the date of grant. No awards under the stock option plan have been made to persons serving as non-executive directors. Details of options held under the plan are as follows:

	Number of options						
	1 April 2015	Granted in year	Exercised in year	31 March 2016	Weighted average grant price CHF	Earliest exercise period	Latest expiry date
Board of Directors							
Bernard Fornas	120 249	–	120 249	**–**	–	–	–
Richard Lepeu	1 582 479	137 500	324 854	**1 395 125**	66.56	Apr 2016-Jul 2021	June 2024
Gary Saage	613 667	165 000	–	**778 667**	75.18	Apr 2016-Jul 2021	June 2024
Jan Rupert	143 126	–	–	**143 126**	21.20	Apr 2016	June 2017
	2 459 521	302 500	445 103	**2 316 918**			

The options held by Mr Jan Rupert, a non-executive director, were awarded to him in his previous role as an executive director of the Company.

Notes to the consolidated financial statements continued

35. Related-party transactions continued

d) Key management compensation continued

Share ownership

As at 31 March 2016 members of the Board and parties closely linked to them owned a total of 644 835 Richemont 'A' shares. Mr Johann Rupert is the General Managing Partner of Compagnie Financière Rupert, which holds the 522 000 000 'B' registered shares in the Company. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2016. The interest of individual directors and members of the Senior Executive Committee in Richemont 'A' shares is as follows:

	at 31 March 2016	at 31 March 2015
Board of Directors		
Jean-Blaise Eckert	1 120	620
Bernard Fornas	6 348	2 090
Yves-André Istel	14 000	14 000
Richard Lepeu	571 987	247 133
Ruggero Magnoni	2 000	–
Guillaume Pictet	5 380	10 265
Norbert Platt	1 000	–
Alan Quasha	1 000	–
Maria Ramos	500	–
Lord Renwick of Clifton	5 500	4 000
Jan Rupert	3 000	–
Gary Saage	8 000	4 000
Duke of Wellington	25 000	18 000
	644 835	300 108

Following the decision of the Annual General Meeting on 16 September 2015 to pay dividends of CHF 1.60 per 'A' registered share and CHF 0.16 per 'B' registered share, dividends of CHF 89 111 566 were paid to the owners of the shares who were members of the Board or the Senior Executive Committee or parties closely linked to them, at the date the dividend was paid.

Mr Josua Malherbe, a non-executive director, does not hold any 'A' shares or 'A' share equivalents. Members of Mr Malherbe's family have acquired and currently hold 14 067 'A' share equivalents and are beneficiaries of trusts holding 210 002 'A' shares or 'A' share equivalents at 31 March 2016.

Mr Jan Rupert, a non-executive director, is a director of a company which holds 2 375 005 'A' shares. He is also one of a group of family members who are beneficiaries of certain trusts which are, directly or indirectly, shareholders in that company and which hold 'A' shares and 'A' share equivalents in their own right. Mr Jan Rupert is a trustee of certain of these trusts but is not in a position to control their investment decisions or to control the exercise of voting rights by those trusts. In addition, members of Mr Rupert's family are also beneficiaries of certain companies and trusts that have acquired and currently hold 433 566 'A' shares.

Loans to members of governing bodies

As at 31 March 2016 there were no loans or other credits outstanding to any current or former executive or non-executive director, or member of the Senior Executive Committee. The Group policy is not to extend loans to directors or members of the Senior Execuitive Committee. There were also no non-business related loans or credits granted to relatives of any executive or non-executive director, or member of the Senior Executive Committee.

36. Share-based payment

Equity-settled option plan

The Group has a long-term share-based compensation plan whereby executives are awarded options to acquire shares at the market price on the date of grant. Awards under the stock option plan vest over periods of four to six years and have expiry dates, the date after which unexercised options lapse, of nine years from the date of grant. The executive must remain in the Group's employment until vesting. The options granted as from 2008 onwards include a performance condition correlated to other luxury goods companies upon which vesting is conditional.

A reconciliation of the movement in the number of share awards granted to executives is as follows:

	Weighted average exercise price in CHF per share	Number of options
Balance at 1 April 2014	38.91	12 229 425
Granted	94.00	1 270 826
Exercised	23.78	(3 421 353)
Lapsed	43.73	(65 993)
Balance at 31 March 2015	**51.04**	**10 012 905**
Granted	**83.30**	**1 229 526**
Exercised	**28.08**	**(1 635 722)**
Lapsed	**73.38**	**(184 534)**
Balance at 31 March 2016	**58.80**	**9 422 175**

Of the total options outstanding at 31 March 2016, options in respect of 3 840 384 shares (2015: 3 908 904 shares) had vested and were exercisable.

The weighted average share price at the date of exercise for options exercised during the year was CHF 74.38 (2015: CHF 89.25).

The following information applies to options outstanding at the end of each year:

	Exercise price	Number of options	Weighted average remaining contractual life
31 March 2016	CHF 32.79	382 138	0.2 years
	CHF 21.20	1 275 165	1.2 years
	CHF 23.55	1 240 547	2.2 years
	CHF 54.95	1 338 367	4.2 years
	CHF 57.45	1 594 700	5.2 years
	CHF 90.11	1 151 306	6.2 years
	CHF 94.00	1 222 926	7.2 years
	CHF 83.80	1 217 026	8.2 years
31 March 2015	CHF 23.18	350 779	0.2 years
	CHF 32.79	1 057 870	1.2 years
	CHF 21.20	1 514 972	2.2 years
	CHF 23.55	1 552 852	3.0 years
	CHF 54.95	1 437 000	5.2 years
	CHF 57.45	1 645 200	6.2 years
	CHF 90.11	1 187 406	7.2 years
	CHF 94.00	1 266 826	8.2 years

The average fair value of options granted during the year determined using the Binomial model was CHF 17.37. The significant inputs to the model were the share price of CHF 80.85 at the grant date, the exercise price shown above, a standard deviation of expected share price returns of 31%, an expected option life of six years, a dividend yield of 2.0% and a 0% risk-free interest rate. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the past six years.

The fair value of options awarded to members of the Senior Executive Committee ('SEC') is fixed on the date of approval of SEC remuneration by the shareholders of the parent company. The award date value in May 2014 of CHF 25 was revalued following the AGM in September 2015 at CHF 11.07. The estimated fair value of options awarded to members of the SEC in the year ended 31 March 2016 is based on the valuation at the award date of May 2015. Changes in the fair value of these options between the award date and 31 March 2016 are not significant to the Group. The final fair value will be fixed in September 2016 following approval by shareholders.

The amount recognised in profit or loss before social security and taxes for equity-settled share-based payment transactions was € 24 million (2015: € 22 million).

Notes to the consolidated financial statements continued

36. Share-based payment continued

Cash-settled option plan

The cash-settled option plan for executives of The NET-A-PORTER GROUP was settled during the year. The amount recognised in profit or loss before social security and taxes for cash-settled share-based payment transactions was € 91 million (2015: € 7 million).

At 31 March 2015, a liability of € 101 million was recognised as a short-term provision.

37. Ultimate parent company

The directors regard Compagnie Financière Rupert, Bellevue, Geneva, Switzerland to be the Group's controlling party, as 50% of the voting rights of the Company are held by that entity.

38. Events after the reporting period

A dividend of CHF 1.70 per share is proposed for approval at the Annual General Meeting of the Company, to be held on 14 September 2016. These financial statements do not reflect this dividend payable, which will be accounted for as an appropriation of retained earnings to be effected during the year ending 31 March 2016.

39. Principal Group companies

Details of principal companies within the Group:

Country of incorporation	Location	Name of company	Effective interest	Share capital (currency 000's)
Subsidiary undertakings				
China	Shanghai	Richemont Commercial Company Limited	100.0%	CNY 3 048 910
France	Paris	Société Cartier	100.0%	€ 25 334
Germany	Hamburg	Montblanc Simplo GmbH	100.0%	€ 1 724
	Munich	Richemont Northern Europe GmbH	100.0%	€ 13 070
Hong Kong	Hong Kong	Richemont Asia Pacific Limited	100.0%	HK$ 4 162 500
Italy	Milan	Richemont Italia SpA	100.0%	€ 10 000
Japan	Tokyo	Richemont Japan Limited	100.0%	JPY 250 000
Jersey	Jersey	Richemont Luxury Group Limited	100.0%	CHF 4 722 900
Luxembourg	Luxembourg	Richemont International Holding SA	100.0%	CHF 911 971
Netherlands	Amsterdam	RLG Europe BV	100.0%	€ 17 700
Russia	Moscow	Limited Liability Company RLG	100.0%	RUR 50 000
Switzerland	Villars-sur-Glâne	Richemont International SA	100.0%	CHF 1 007 500
United Arab Emirates	Dubai	Richemont (Dubai) FZE	100.0%	AED 9 000
United Kingdom	London	Richemont Holdings (UK) Limited	100.0%	£ 718 672
United States of America	Delaware	Richemont North America Inc.	100.0%	US$ 117 649

Transactions with non-controlling interests

During the year ended 31 March 2016, the Group acquired the outstanding ordinary shares of The NET-A-PORTER GROUP Limited and Manufacture Roger Dubuis SA for € 124 million and € 26 million, respectively. Immediately prior to the purchases, the carrying amount of non-controlling interests was € 2 million. The Group recorded a decrease in equity attributable to owners of the company of € 24 million as a result of this transaction. At 31 March 2016, there are no further non-controlling interests in any of the Group's subsidiaries.

Report of the Group auditor

To the General Meeting of Compagnie Financière Richemont SA, Bellevue, Geneva

As statutory auditor, we have audited the consolidated financial statements of Compagnie Financière Richemont SA, which comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes (pages 66 to 120) for the year ended 31 March 2016.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 March 2016 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the IFRS and comply with Swiss law.

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act ('AOA') and independence (article 728 of the Swiss Code of Obligations ('CO') and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Michael Foley	**Sylvère Jordan**
Audit expert	Audit expert
Auditor in charge	

Geneva, 19 May 2016

Company financial statements

Compagnie Financière Richemont SA

Income statement

for the year ended 31 March

	Notes	2016 CHFm	2015 CHFm
Operating income			
Dividend income		**1 510.1**	2 193.0
		1 510.1	2 193.0
Operating expense			
General expenses	*4,5*	**5.5**	9.2
		5.5	9.2
Operating profit		**1 504.6**	2 183.8
Non-operating income/(expense)			
Financial income	*3*	**17.0**	32.6
Financial expenses	*3*	**(9.0)**	(1.5)
Other non-operating income		**0.3**	–
		8.3	31.1
Profit before taxes		**1 512.9**	2 214.9
Direct taxes		**1.9**	3.6
Net profit		**1 511.0**	2 211.3

Balance sheet

at 31 March

	Notes	2016 CHFm	2015 CHFm
Current assets			
Cash and cash equivalents		**1 110.3**	1 705.1
Other receivables		**0.4**	0.5
Taxation		**2.6**	1.5
Current accounts receivable from Group companies		**3 245.3**	2 353.0
		4 358.6	4 060.1
Long-term assets			
Long-term loans receivable from a Group company		**176.2**	170.2
Investments	*6*	**3 163.2**	2 863.2
		3 339.4	3 033.4
Total assets		**7 698.0**	7 093.5
Current liabilities			
Bank overdraft		**64.4**	64.8
Current accounts payable to Group companies		**2.2**	1.8
Accounts payable and accrued expenses		**0.4**	1.0
		67.0	67.6
Long-term liabilities	*7*	**0.4**	3.2
		67.4	70.8
Shareholders' equity			
Share capital	*8*	**574.2**	574.2
Statutory legal reserve	*9*	**117.6**	117.6
Reserve for own shares	*10*	**601.0**	551.6
Retained earnings	*11*	**6 337.8**	5 779.3
		7 630.6	7 022.7
Total equity and liabilities		**7 698.0**	7 093.5

Compagnie Financière Richemont SA

Notes to the Company financial statements

at 31 March 2016

Note 1 – General

Compagnie Financière Richemont SA ('the Company') is a limited liability company (société anonyme) with registered office at 50 Chemin de la Chênaie, 1293 Bellevue, Geneva, Switzerland. The main activity of the Company is the holding of investments in the luxury goods sector. The Company employs less than ten full-time equivalent employees.

Basis of preparation of the financial statements

The financial statements represent the financial position of Compagnie Financière Richemont SA at 31 March 2016 and the results of its operations for the year then ended, prepared in accordance with Swiss law and the Company's articles of incorporation.

Application of the new Swiss Accounting Law

The revised Swiss Code of Obligations (Articles 957 to 963b CO) has been implemented as of 1 April 2015 with retroactive application. No restatement of prior periods was necessary; however, certain items of the balance sheet and income statement have been reclassified to conform to the current presentation.

Note 2 – Significant accounting policies

Current accounts receivable from Group companies

Current accounts receivable from Group companies are stated at their nominal value. Impairment charges are calculated for these assets on an individual basis.

Investments

Investments in subsidiary companies are stated at cost less amounts written off for diminutions in value which are considered to be of a durable nature.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Swiss francs at year-end exchange rates, with the exception of investments in subsidiaries which are translated using historical exchange rates.

Foreign currency transactions are translated using the actual exchange rates prevailing during the year. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Retirement benefit obligations

Retirement benefit obligations represent the present value of the Company's obligations to a pension scheme for certain employees of the Company less the fair values of the scheme's assets, as calculated by independent actuaries using the unit credit method.

Note 3 – Financial income/Financial expenses

Financial expenses include CHF 2.8 million of exchange losses incurred on loans receivable from a Group company. In 2015, financial income included CHF 15.8 million of exchange gains incurred on loans receivable from a Group company.

Note 4 – General expenses

General expenses include personnel costs of CHF 0.5 million (2015: CHF 3.5 million).

Note 5 – Board and executive compensation disclosures

Details of compensation required by the Swiss Code of Obligations, art. 663 and following, can be found in note 35 to the consolidated financial statements and in the Compensation Report.

Notes to the Company financial statements continued

Note 6 – Investments

Company	Domicile	Purpose	% capital/voting rights	2016 CHFm	2015 CHFm
Richemont Holdings AG	Switzerland	Investment holding company	100%	**770.7**	770.7
Richemont International Holding SA	Luxembourg	Investment holding company	100%	**1 774.0**	1 474.0
Richemont International SA	Switzerland	Operating company	100%	**387.4**	387.4
Richemont Luxury Group Ltd	Jersey	Investment holding company	100%	**231.0**	231.0
Richemont Securities SA	Switzerland	Depository/issuer of Richemont South African Depository Receipts	100%	**0.1**	0.1
				3 163.2	2 863.2

In addition, a list of significant direct and indirect subsidiaries can be found in note 39 to the consolidated financial statements.

Note 7 – Long-term liabilities

Long-term liabilities include retirement benefit obligations in the amount of CHF 0.4 million (2015: CHF 3.2 million).

Note 8 – Share capital

	2016 CHFm	2015 CHFm
522 000 000 'A' registered shares with a par value of CHF 1.00 each, fully paid	**522.0**	522.0
522 000 000 'B' registered shares with a par value of CHF 0.10 each, fully paid	**52.2**	52.2
	574.2	574.2

Note 9 – Statutory legal reserve

The legal reserve of CHF 117.6 million (2015: CHF 117.6 million) is not available for distribution.

Note 10 – Reserve for own shares

The reserve is created in respect of Richemont 'A' shares purchased by Richemont Employee Benefits Limited ('REBL'), a subsidiary company.

During the year REBL purchased 1 790 000 'A' shares in the open market (2015: 1 635 000 'A' shares were purchased).

During the year 684 448 'A' shares (2015: 559 609 'A' shares) were sold to executives under the Richemont stock option plan by REBL and a further 1 375 749 'A' shares (2015: 2 416 535) were sold to a third party following the exercise of over-the-counter call options linked to the hedging programme.

At 31 March 2016, following these transactions, REBL held 9 615 860 Richemont 'A' shares (2015: 9 886 057) with a cost of CHF 601.0 million (2015: CHF 551.6 million). In terms of the reserve for own shares established in respect of purchased shares, a net amount of CHF 49.4 million has been transferred to the reserve (2015: CHF 46.2 million to the reserve) during the year.

Note 11 – Retained earnings

	2016 CHFm	2015 CHFm
Balance at 1 April	**5 779.3**	4 404.2
Dividend paid	**(903.1)**	(790.0)
Net transfer to reserve for own shares	**(49.4)**	(46.2)
Net profit	**1 511.0**	2 211.3
Balance at 31 March	**6 337.8**	5 779.3

Note 12 – Commitments and contingencies

At 31 March 2016 the Company had issued guarantees in favour of Group companies for credit facilities up to a maximum of CHF 1 124.6 million (2015: CHF 1 117.6 million).

The directors believe that there are no other contingent liabilities.

Compagnie Financière Richemont SA

Notes to the Company financial statements continued

Note 13 – Significant shareholders

Compagnie Financière Rupert

Compagnie Financière Rupert, a Swiss partnership limited by shares, holds 522 000 000 Richemont 'B' registered shares representing 9.1% of the equity of the Company and controlling 50% of the Company's voting rights. Mr Johann Rupert, Chairman of Richemont until 12 September 2013, and since 17 September 2014, is the sole General Managing Partner of Compagnie Financière Rupert. Mr Jürgen Schrempp and Mr Ruggero Magnoni, non-executive directors of the Company, are partners of Compagnie Financière Rupert.

Compagnie Financière Rupert does not itself hold any Richemont 'A' shares. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2016.

Other significant shareholders

Richemont Securities SA, a subsidiary of the Company, acts as depository in respect of Richemont South African Depository Receipts ('DRs'), which are traded on the Johannesburg Stock Exchange operated by JSE Limited. DRs trade in the ratio of ten DRs to each Richemont 'A' share. In its capacity as depository and on behalf of the holders of DRs, Richemont Securities SA is the registered holder of one 'A' share in safe custody for every ten DRs in issue. Richemont Securities SA's interest in Richemont 'A' shares is non-beneficial in nature.

All dividends attributable to the 'A' shares held in safe custody are remitted by Richemont Securities SA individually to holders of DRs. Richemont Securities SA, as registered holder of 'A' shares, votes those shares at general meetings of shareholders of the Company. DR holders may provide Richemont Securities SA with voting instructions as to their holdings of DRs and Richemont Securities SA may only vote on behalf of those DR holders from whom it has received such instructions.

At 31 March 2016, Richemont Securities SA held 91 267 613 Richemont 'A' shares (2015: 100 780 896 shares), representing some 17% (2015: 19%) of the 'A' shares, in safe custody in respect of DRs in issue.

Proposal of the Board of Directors for the appropriation of retained earnings

At 31 March 2016

	CHFm
Available retained earnings	
Balance at 1 April 2015	5 779.3
Dividend paid	(903.1)
Net transfer to reserve for own shares	(49.4)
Net profit	1 511.0
Balance at 31 March 2016	6 337.8

Proposed appropriation

The proposed ordinary dividend payable to Richemont shareholders will be CHF 1.70 per Richemont share. This is equivalent to CHF 1.70 per 'A' registered share in the Company and CHF 0.17 per 'B' registered share in the Company. It will be payable to Richemont shareholders on 23 September 2016, free of charges but subject to Swiss withholding tax at 35%, at the banks designated as paying agents.

The available retained earnings remaining after deduction of the dividend amount will be carried forward to the following business year.

The Board of Directors
Geneva, 19 May 2016

Compagnie Financière Richemont SA

Report of the statutory auditor

Report of the statutory auditor to the General Meeting of Compagnie Financière Richemont SA, Bellevue, Geneva

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Compagnie Financière Richemont SA, ('the Company'), which comprise the balance sheet, income statement and notes (pages 122 to 126), for the year ended 31 March 2016.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 March 2016 comply with Swiss law and the Company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act ('AOA') and independence (article 728 of the Swiss Code of Obligations ('CO') and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Michael Foley **Mario Berckmoes**

Audit expert
Auditor in charge

Geneva, 19 May 2016

Five year record

Summary income statement	2012 * €m	2013 * €m	2014 represented €m	2015 €m	2016 €m
Continuing operations					
Sales	8 868	10 150	10 023	10 410	**11 076**
Cost of sales	(3 217)	(3 631)	(3 532)	(3 534)	**(3 958)**
Gross profit	5 651	6 519	6 491	6 876	**7 118**
Net operating expenses	(3 603)	(4 093)	(4 064)	(4 206)	**(5 057)**
Operating profit	2 048	2 426	2 427	2 670	**2 061**
Net finance (costs)/income	(235)	(47)	72	(953)	**2**
Share of post-tax results of equity-accounted investments	(9)	(4)	(5)	(12)	**(5)**
Profit before taxation	1 804	2 375	2 494	1 705	**2 058**
Taxation	(264)	(370)	(415)	(369)	**(370)**
Profit from continuing operations	1 540	2 005	2 079	1 336	**1 688**
Profit/(loss) from discontinued operations	–	–	(12)	(2)	**539**
Profit for the year	1 540	2 005	2 067	1 334	**2 227**
Gross profit margin	63.7%	64.2%	64.8%	66.1%	**64.3%**
Operating profit margin	23.1%	23.9%	24.2%	25.6%	**18.6%**

Sales by business area	2012	2013	2014	2015	2016
Jewellery Maisons	4 590	5 206	5 438	5 657	**6 048**
Specialist Watchmakers	2 323	2 752	2 986	3 123	**3 225**
Other	1 955	2 192	1 599	1 630	**1 803**
	8 868	10 150	10 023	10 410	**11 076**

Sales by geographic region	2012	2013	2014	2015	2016
Europe	2 625	2 955	2 886	3 067	**3 388**
Middle East and Africa	473	656	705	841	**975**
Asia Pacific	3 684	4 162	4 139	4 100	**3 937**
Americas	1 253	1 473	1 405	1 588	**1 745**
Japan	833	904	888	814	**1 031**
	8 868	10 150	10 023	10 410	**11 076**

Sales by distribution channel	2012	2013	2014	2015	2016
Retail	4 656	5 440	5 223	5 436	**6 142**
Wholesale	4 212	4 710	4 800	4 974	**4 934**
	8 868	10 150	10 023	10 410	**11 076**

Sales by product line	2012	2013	2014	2015	2016
Watches	4 404	4 968	5 125	5 168	**5 098**
Jewellery	2 248	2 726	3 025	3 325	**3 881**
Leather goods	721	742	644	610	**698**
Writing instruments	357	370	347	361	**382**
Clothing and other	1 138	1 344	882	946	**1 017**
	8 868	10 150	10 023	10 410	**11 076**

* with the exception of 2014, prior years have not been represented for the reclassification of Net-A-Porter.

Operating results from continuing operations

	2012 * €m	2013 * €m	2014 represented €m	2015 €m	2016 €m
Jewellery Maisons	1 510	1 818	1 890	1 975	**1 892**
Specialist Watchmakers	539	733	778	730	**520**
Other	92	82	(29)	170	**(94)**
Operating contribution	2 141	2 633	2 639	2 875	**2 318**
Unallocated corporate costs	(93)	(207)	(212)	(205)	**(257)**
Operating profit from continuing operations	2 048	2 426	2 427	2 670	**2 061**

Free cash flow

	2012	2013	2014	2015	2016
Operating profit from continuing operations	2 048	2 426	2 427	2 670	**2 061**
Operating profit/(loss) from discontinued operations	–	–	(8)	1	**(91)**
Depreciation, amortisation and other non-cash items	321	456	490	294	**620**
Increase in working capital	(571)	(938)	(34)	(578)	**(171)**
Other operating activities	10	(15)	(16)	(23)	**(9)**
Taxation paid	(317)	(361)	(365)	(660)	**(446)**
Net acquisition of non-current assets	(535)	(648)	(676)	(186)	**(719)**
Free cash flow	956	920	1 818	1 518	**1 245**

Per share information (IFRS)

	2012 *	2013 *	2014 represented	2015	2016
Diluted earnings per share					
– from continuing operations	€ 2.756	€ 3.595	€ 3.696	€ 2.359	**€ 2.983**
– from discontinued operations	–	–	€ (0.020)	€ (0.003)	**€ 0.952**
	€ 2.756	€ 3.595	€ 3.676	€ 2.356	**€ 3.935**

	2012	2013	2014	2015	2016
Ordinary dividend per share	CHF 0.55	CHF 1.00	CHF 1.40	CHF 1.60	**CHF 1.70**
Closing market price:					
Highest price	CHF 59.55	CHF 80.50	CHF 95.55	CHF 94.35	**CHF 86.85**
Lowest price	CHF 38.51	CHF 48.40	CHF 68.15	CHF 69.90	**CHF 60.75**

Exchange rates

	2012	2013	2014	2015	2016
Average rates					
€ : CHF	1.2131	1.2099	1.2295	1.1777	**1.0733**
€ : CNY	8.8131	8.0986	8.2019	7.8584	**7.0200**
€ : JPY	108.78	106.79	134.37	138.75	**132.50**
€ : US$	1.3772	1.2877	1.3407	1.2688	**1.1040**

Average number of employees

	2012 *	2013 *	2014 represented	2015	2016
Switzerland	7 446	8 218	8 586	8 732	**8 664**
Rest of the world	17 149	19 448	18 200	19 592	**20 146**
	24 595	27 666	26 786	28 324	**28 810**

* with the exception of 2014, prior years have not been represented for the reclassification of Net-A-Porter

Statutory information

Compagnie Financière Richemont SA

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'A' shares issued by Compagnie Financière Richemont SA are listed and traded on SIX Swiss Exchange, the Company's primary listing, (Reuters 'CFR.VX'/Bloomberg 'CFR:VX'/ISIN CH0210483332) and are included in the Swiss Market Index ('SMI') of leading stocks. The Swiss 'Valorennummer' is 21048333. Richemont's 'A' shares are registered. The share register is managed by SIX SAG AG, the registrar.

South African depository receipts in respect of Richemont 'A' shares are traded on the Johannesburg stock exchange operated by JSE Limited, the Company's secondary listing (Reuters 'CFRJ.J'/Bloomberg 'CFR:SJ'/ISIN CH0045159024).

Notice of meeting*

The Annual General Meeting ('AGM') of shareholders of Compagnie Financière Richemont SA (the 'Company') will be held at 10.00 am at the Four Seasons Hotel des Bergues, 33 Quai des Bergues, 1201 Geneva, Switzerland on Wednesday, 14 September 2016.

Agenda

1. Annual Report

The Board of Directors proposes that the General Meeting, having taken note of the reports of the auditor, approve the consolidated financial statements of the Group, the financial statements of the Company and the directors' report for the business year ended 31 March 2016.

2. Appropriation of profits

On 31 March 2016, the retained earnings available for distribution amounted to CHF 6 337 898 669. The Board of Directors proposes that a dividend of CHF 1.70 be paid per Richemont share. This is equivalent to CHF 1.70 per 'A' registered share in the Company and CHF 0.17 per 'B' registered share in the Company. This represents a total dividend payable of CHF 976 140 000, subject to a waiver by Richemont Employee Benefits Limited, a wholly owned subsidiary, of its entitlement to receive dividends on an estimated 10 million Richemont 'A' shares held in treasury. The Board of Directors proposes that the remaining available retained earnings of the Company at 31 March 2016, after payment of the dividend, be carried forward to the following business year.

3. Release of the Board of Directors

The Board of Directors proposes that its members be released from their obligations in respect of the business year ended 31 March 2016.

4. Election of the Board of Directors and its Chairman *

5. Election of the Compensation Committee *

6. Re-election of the Auditor

The Board of Directors proposes that PricewaterhouseCoopers be reappointed for a further term of one year as auditor of the Company.

7. Election of the Independent Representative

The Board of Directors proposes the election of Maître Françoise Demierre Morand, Etude Gampert & Demierre, Notaire, as independent representative of the shareholders for a term of one year.

8. Votes on the aggregate amounts of the compensation of the Board of Directors and the Executive Management

8.1 Approval of the maximum aggregate amount of compensation of the members of the Board of Directors *

8.2 Approval of the maximum aggregate amount of fixed compensation of the members of the Senior Executive Committee *

8.3 Approval of the maximum aggregate amount of variable compensation of the members of the Senior Executive Committee *

The financial statements of the Group and of the Company, the directors' report, the compensation report and the related reports of the auditor for the year ended 31 March 2016, which are all contained in the Richemont Annual Report and Accounts 2016, will be available for inspection at the registered office of the Company from 20 July 2016 onwards. Printed versions of all such documents will be sent to shareholders upon request. The Richemont Annual Report and Accounts 2016 is also available on the Company's website at www.richemont.com/investor-relations/reports

Shareholders entered in the share register, with the right to vote, by Monday, 5 September 2016 at 5.00 pm, are entitled to participate in the Annual General Meeting. Shareholders registered by that date will receive their admission cards (by priority mail) on request using the reply form enclosed with the invitation. The reply form or a corresponding notification must reach either the Company's registrar, SIX SAG AG ('SIX SAG'), Baslerstrasse 90, P.O. Box, 4609 Olten, or the independent representative of the shareholders, not later than Friday, 9 September 2016. Reply forms or notifications arriving after that date will not be taken into consideration.

Shareholders may either represent their shares themselves or have them represented, either by a third party, whether or not a shareholder, if the latter is given a written proxy or by the independent representative of the shareholders, Maître Françoise Demierre Morand, Etude Gampert & Demierre, Notaires, 19 rue Général-Dufour, case postale 5326, 1211 Geneva 11, Switzerland.

Compagnie Financière Richemont SA provides the possibility to vote online. Shareholders may digitally despatch their voting instructions to the independent representative using SIX SAG's eComm-Portal. Personal login-keys and detailed instructions regarding the portal will be sent with the invitations to the AGM.

The meeting will be held in English with a simultaneous translation into French.

For the Board of Directors:

Johann Rupert **Chairman**	**Richard Lepeu** **Chief Executive Officer**

* This is a draft notice. The official notice convening the AGM will be published in the Swiss Gazette and will be distributed in accordance with Swiss law and may differ from this notice in respect to the definitive proposals.

Notes

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