RICHEMONT

Interim Report 2013

Cartier

Van Cleef & Arpels

A. Lange & Söhne
Glashütte I/SA

Baume & Mercier
Maison d'Horlogerie Genève 1830

IWC
Schaffhausen

Jaeger-LeCoultre

Officine Panerai
Firenze 1860

Piaget

Ralph Lauren
Watch and Jewelry Co.

Roger Dubuis
Horloger Genevois

Vacheron Constantin
Manufacture Horlogère. Genève, depuis 1755.

Montblanc

dunhill
London

Alaïa
Paris

Chloé

Lancel
Paris 1876

The Net-A-Porter Group

Peter Millar

Purdey

Shanghai Tang
上海灘

Contents

Financial highlights

- Sales grew by 4 % to € 5 324 million; sales grew by 9 % at constant exchange rates
- Satisfactory growth across segments, regions and channels
- Operating profit decreased by 1 % to € 1 370 million, reflecting unfavourable currency movements
- Operating margin declined by 130 basis points to 25.7 %
- Profit for the period rose by 10 % to € 1 185 million, reflecting currency hedging gains
- Strong increase in cash flow from operations to € 1 292 million.

Key financial data (unaudited)

	Six months ended 30 September 2013	Six months ended 30 September 2012*	Change
Sales	**€ 5 324 m**	€ 5 106 m	+4 %
Gross profit	**€ 3 402 m**	€ 3 310 m	+3 %
Gross margin	**63.9 %**	64.8 %	–90 bps
Operating profit	**€ 1 370 m**	€ 1 380 m	–1 %
Operating margin	**25.7 %**	27.0 %	–130 bps
Profit for the period	**€ 1 185 m**	€ 1 078 m	+10 %
Earnings per share, diluted basis	**€ 2.118**	€ 1.942	+9 %
Cash flow generated from operations	**€ 1 292 m**	€ 577 m	+€ 715 m
Net cash position	**€ 3 855 m**	€ 3 045 m	+€ 810 m

* Re-presented for changes in accounting policies.

Chairman's commentary

Richemont can report a satisfactory set of results for the first half of this year in view of demanding comparatives in Europe, the Middle-East and Asia Pacific. The Group's Maisons benefited from successful product launches, above average growth in retail and, in certain markets, higher prices.

Good cost control helped mitigate the overall negative impact of foreign exchange effects, limiting the decline in operating profit to 1 %.

To mitigate its exposure to certain foreign exchange rate movements on its cash flows, the Group has a long-standing and successful practice of using derivative instruments for hedging purposes on some 70 % of its forecasted net cash flows into Swiss francs and euros. For accounting purposes however, sales and all operational costs are reported without the benefit of any hedging gains or losses. Such gains and losses are reported 'below' the operating profit line of the income statement.

Net profit increased by 10 %, including the positive effects of the exchange rate hedging activities noted above.

Cash flow from operations was substantially above the prior period, due to our Maisons' working capital management and the desired effects of the exchange rate hedging programme. Richemont's financial position continues to be strong: the Group's net cash position at 30 September was € 3.9 billion.

Richemont's Maisons will continue to pursue their differentiated strategies and planned long-term investment programmes. Those programmes, in their respective manufacturing facilities and distribution networks, are complemented by Richemont's shared service platforms in Switzerland and around the world.

Richemont has completed the review of Maisons referred to at the annual general meeting. Further investment in the Maisons will be made, as in the past, to assure their long-term prosperity. No disposals are under consideration at this time or for the foreseeable future. The company will not comment further on this subject.

In the month of October, sales increased by 6 % at actual exchange rates. At constant exchange rates, they were 12 % higher. At actual rates, all regions reported sales growth except for Japan, where double-digit growth in local currency terms continued to be adversely impacted by foreign exchange rates. Sales in the Asia Pacific region grew during the month, primarily due to positive retail developments and exceptional high jewellery sales. In all regions, retail sales were strong, outperforming the wholesale channel where re-order levels remain cautious.

For the second half of the year, current exchange rates are likely to weigh on our reported results. While the comparative sales figures for the important holiday trading period are less challenging, the subdued overall environment and in particular our continued investments for the long term call for increased caution.

YVES-ANDRÉ ISTEL
CHAIRMAN
COMPAGNIE FINANCIÈRE RICHEMONT SA
GENEVA, 8 NOVEMBER 2013

Financial review

SALES

In the six-month period, sales increased by 4 % at actual exchange rates, or by 9 % at constant exchange rates. The increase in sales reflected, in particular, international demand for jewellery and, from the Specialist Watchmakers, *haute horlogerie*. In regional terms, the markets in Europe and the Americas enjoyed solid growth, whereas sales in Asia Pacific were broadly in line with the prior period. Further details of sales by region, distribution channel and business area are given in the Review of operations on pages 4 to 7.

GROSS PROFIT

Gross profit rose by 3 %. The gross margin percentage was 90 basis points lower at 63.9 % of sales. This decrease can be mainly attributed to unfavourable currency movements, which accounted for 80 basis points of the overall decline.

OPERATING PROFIT

Operating profit declined against the prior period by 1 % to € 1 370 million. The operating margin decreased by 130 basis points to 25.7 % in the period under review.

The increase in gross profit was offset by controlled increases in operating expenses. Selling and distribution expenses were 5 % higher overall, in line with the increase in sales through the Maisons' own boutique networks. The main increases within operating expenses were linked to depreciation charges and fixed rental costs, whereas personnel costs increased slightly. Communication expenses were stable in value terms and represented 8 % of sales in the period.

PROFIT FOR THE PERIOD

Profit for the period increased by 10 % to € 1 185 million, reflecting the following significant items recorded within net finance income/(costs):

- € 127 million of mark-to-market net gains in respect of currency hedging activities (2012: net losses of € 142 million); partly offset by
- € 56 million of net foreign exchange losses in respect of monetary items (2012: net gains of € 43 million).

Earnings per share increased by 9 % to € 2.118 on a diluted basis. To comply with the South African practice of providing headline earnings per share ('HEPS') data, the relevant figure for headline earnings for the period ended 30 September 2013 would be € 1 191 million (2012*: € 1 084 million). Basic HEPS for the period was € 2.148 (2012*: € 1.978). Diluted HEPS for the period was € 2.123 (2012*: € 1.943). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 7 of the Group's condensed consolidated interim financial statements.

* Re-presented for changes in accounting policies.

CASH FLOW

Cash flow generated from operations was € 1 292 million, more than double the amount in the prior period. The significant increase broadly reflected a combination of a comparatively slower increase in inventories in the current period and of a net cash inflow from the settlement of maturing foreign exchange contracts in the current period (2012: a net cash outflow). Together, these two factors reduced the overall absorption of working capital in the current period to € 321 million (2012: € 1 027 million).

The net acquisition of tangible fixed assets amounted to € 208 million, reflecting further selected investments in the Group's network of boutiques and in manufacturing facilities, primarily in Switzerland.

The 2013 dividend of CHF 1.00 per share was paid to shareholders net of withholding tax in September. The cash outflow in the period amounted to € 294 million; the withholding tax of € 158 million was remitted to the Swiss authorities in October.

The Group acquired some 1 million 'A' shares to hedge executive stock options during the six-month period. The cost of these purchases was more than offset by proceeds from the exercise of stock options by executives and other activities linked to the hedging programme, leading to a net inflow of € 68 million.

FINANCIAL STRUCTURE AND BALANCE SHEET

At the end of September, inventories amounted to € 4 344 million, representing 16.6 months of cost of sales. The rotation rate was broadly in line with the rate at 30 September 2012. In value terms, the modest increase during the six-month period reflected prudent inventory management, partly offset by the growth in the number of directly owned boutiques.

At 30 September 2013, the Group's net cash position amounted to € 3 855 million, an increase of € 640 million during the six-month period. The Group's net cash position includes short-term liquid funds as well as cash, cash equivalents and all borrowings. Liquid bond funds and cash balances were primarily denominated in euros and Swiss francs, whereas borrowings to finance local operating assets are denominated in the currencies of the countries concerned.

Richemont's balance sheet remains strong, with shareholders' equity representing 70 % of total equity and liabilities.

Review of operations

Sales by region

in € millions	30 September 2013	30 September 2012	Movement at Constant exchange rates*	Movement at Actual exchange rates
Europe/Middle East	**2 002**	1 857	+10 %	+8 %
Asia Pacific	**2 124**	2 103	+4 %	+1 %
Americas	**784**	698	+17 %	+12 %
Japan	**414**	448	+18 %	–8 %
	5 324	5 106	+9 %	+4 %

* Note: movements at constant exchange rates are calculated translating underlying sales in local currencies into euros in both the current period and the comparative period at the average exchange rates applicable for the financial year ended 31 March 2013.

EUROPE/MIDDLE EAST

Europe accounted for 38 % of overall sales. European and Middle-Eastern sales continued to benefit from visitors in major tourist destinations.

ASIA PACIFIC

Sales in the Asia Pacific region accounted for 40 % of the Group total, with Hong Kong and mainland China the two largest markets. Asia Pacific was led by good growth in Hong Kong and Macau, offset by lower sales in mainland China, largely reflecting prudent consumer sentiment after several years of exceptional expansion.

AMERICAS

Sales growth in the Americas was strong, primarily achieved through the sustained momentum of jewellery sales. The acquisition of Peter Millar in October 2012 also contributed to the performance in the Americas.

JAPAN

Sales growth in Japan was robust, benefiting from strong domestic consumption. The decrease in the yen : euro exchange rate more than offset the sales growth in yen terms.

Sales by distribution channel

in € millions	30 September 2013	30 September 2012	Movement at Constant exchange rates*	Movement at Actual exchange rates
Retail	**2 747**	2 618	+11 %	+5 %
Wholesale	**2 577**	2 488	+7 %	+4 %
	5 324	5 106	+9 %	+4 %

* Note: movements at constant exchange rates are calculated translating underlying sales in local currencies into euros in both the current period and the comparative period at the average exchange rates applicable for the financial year ended 31 March 2013.

RETAIL

Retail sales, comprising directly operated boutiques and Net-a-Porter, increased by 5 %. Retail sales growth continues to outperform wholesale sales, reflecting a good performance in the Maisons' existing boutiques as well as the opening of new ones, primarily in Europe, the Middle East and the Asia Pacific regions.

52 % of Group sales were generated through its own retail network, which increased to 1 043 boutiques at the end of September.

WHOLESALE

The Group's wholesale business, including sales to franchise partners, reported satisfactory growth.

Review of operations continued

Sales and operating results by business area

JEWELLERY MAISONS

in € millions	30 September 2013	30 September 2012	Change
Sales	**2 667**	2 607	+2 %
Operating results	**984**	958	+3 %
Operating margin	**36.9 %**	36.7 %	+20 bps

The Jewellery Maisons' sales grew by 2 % in a subdued environment.

Cartier and Van Cleef & Arpels' boutique networks reported good growth, with particularly strong demand for jewellery. Demand for Cartier's watch collections was broadly in line with the prior year at constant exchange rates.

The operating margin improved slightly against the prior period.

SPECIALIST WATCHMAKERS

in € millions	30 September 2013	30 September 2012	Change
Sales	**1 587**	1 459	+9 %
Operating results	**504**	470	+7 %
Operating margin	**31.7 %**	32.2 %	–50 bps

The Specialist Watchmakers' sales increased by 9 %, reflecting strong demand for *haute horlogerie*.

The operating margin decreased slightly against the prior period.

MONTBLANC MAISON

in € millions	30 September 2013	30 September 2012	Change
Sales	**358**	368	–3 %
Operating result	**24**	53	–55 %
Operating margin	**6.7 %**	14.4 %	–770 bps

Montblanc's sales decreased in the period, including unfavourable exchange rate effects. The Maison is less exposed to tourist purchases than many of the Group's other businesses.

Results in the period included provisions for € 13 million to exit the female high jewellery segment and reposition certain organisational activities. The Maison's operating margin decreased to 6.7 %.

Sales and operating results by business area continued

OTHER

in € millions	30 September 2013	30 September 2012*	Change
Sales	**712**	672	+6 %
Operating results	**(35)**	(12)	n/a
Operating margin	**(4.9) %**	(1.8) %	–310 bps

* Re-presented for changes in accounting policies.

'Other' includes the Group's clothing and accessories Maisons, Net-a-Porter and the Group's watch component manufacturing activities.

The overall sales increase included the positive impact of acquisitions made in the second half of the prior year, namely Peter Millar and Varin-Varinor, a Swiss gold refiner. Net-a-Porter reported double-digit sales growth within 'Other' sales.

The increase in overall losses were primarily due to a deterioration of the performance at Alfred Dunhill and Chloé. Losses at the Group's watch component manufacturing facilities were lower than the comparative period.

CORPORATE COSTS

in € millions	30 September 2013	30 September 2012*	Change
Corporate costs	**(107)**	(89)	+20 %
Central support services	**(102)**	(81)	+26 %
Other operating (expense)/income, net	**(5)**	(8)	–38 %

* Re-presented for changes in accounting policies.

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. Excluding charges incurred for social security stemming from the Group's stock option programme, central support service costs decreased by 4 %.

The unaudited condensed consolidated interim financial statements are set out on the following pages.

BERNARD FORNAS RICHARD LEPEU
CO-CHIEF EXECUTIVE OFFICERS

GARY SAAGE
CHIEF FINANCIAL OFFICER

COMPAGNIE FINANCIÈRE RICHEMONT SA
GENEVA, 8 NOVEMBER 2013

Condensed consolidated statement of financial position

	30 September 2013 € m	31 March 2013 € m
Assets		
Non-current assets		
Property, plant and equipment	**1 782**	1 787
Goodwill	**559**	561
Other intangible assets	**377**	391
Investment property	**351**	367
Equity-accounted investments	**12**	11
Deferred income tax assets	**500**	441
Financial assets held at fair value through profit or loss	**8**	59
Other non-current assets	**332**	327
	3 921	3 944
Current assets		
Inventories	**4 344**	4 326
Trade and other receivables	**1 150**	922
Derivative financial instruments	**92**	50
Prepayments	**140**	100
Financial assets held at fair value through profit or loss	**2 644**	2 712
Cash at bank and on hand	**3 318**	2 443
	11 688	10 553
Total assets	**15 609**	14 497
Equity and liabilities		
Equity attributable to owners of the parent company		
Share capital	**334**	334
Treasury shares	**(404)**	(556)
Hedge and share option reserves	**314**	288
Cumulative translation adjustment reserve	**1 282**	1 324
Retained earnings	**9 468**	8 826
	10 994	10 216
Non-controlling interests	**(4)**	(1)
Total equity	**10 990**	10 215
Liabilities		
Non-current liabilities		
Borrowings	**345**	345
Deferred income tax liabilities	**25**	39
Employee benefits obligation	**111**	99
Provisions	**171**	176
Other long-term financial liabilities	**167**	167
	819	826
Current liabilities		
Trade and other payables	**1 436**	1 324
Current income tax liabilities	**421**	282
Borrowings	**146**	142
Derivative financial instruments	**4**	83
Provisions	**177**	172
Bank overdrafts	**1 616**	1 453
	3 800	3 456
Total liabilities	**4 619**	4 282
Total equity and liabilities	**15 609**	14 497

The notes on pages 12 to 20 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of comprehensive income

	Notes	Six months to 30 September 2013 €m	Six months to 30 September 2012 re-presented €m
Sales	4	**5 324**	5 106
Cost of sales		**(1 922)**	(1 796)
Gross profit		**3 402**	3 310
Selling and distribution expenses		**(1 149)**	(1 097)
Communication expenses		**(419)**	(418)
Administrative expenses		**(459)**	(407)
Other operating (expense)/income	5	**(5)**	(8)
Operating profit		**1 370**	1 380
Finance costs	6	**(79)**	(156)
Finance income	6	**148**	57
Share of post-tax results of equity-accounted investments		**(2)**	(4)
Profit before taxation		**1 437**	1 277
Taxation	8	**(252)**	(199)
Profit for the period		**1 185**	1 078
Other comprehensive (loss)/income:			
Items that will never be reclassified to profit or loss			
Defined benefit plan actuarial gains/(losses)		**(12)**	–
Tax on defined benefit plan actuarial gains/(losses)		**2**	–
		(10)	–
Items that are or may be reclassified subsequently to profit or loss			
Currency translation adjustments			
– movement in the period		**(44)**	(30)
– reclassification to profit or loss		**2**	–
Cashflow hedges			
– reclassification to profit or loss		**–**	1
		(42)	(29)
Other comprehensive (loss)/income, net of tax		**(52)**	(29)
Total comprehensive income		**1 133**	1 049
Profit attributable to:			
Owners of the parent company		**1 188**	1 083
Non-controlling interests		**(3)**	(5)
		1 185	1 078
Total comprehensive income attributable to:			
Owners of the parent company		**1 136**	1 054
Non-controlling interests		**(3)**	(5)
		1 133	1 049
Earnings per share attributable to owners of the parent company during the period (expressed in € per share)			
Basic	7	**2.142**	1.976
Diluted	7	**2.118**	1.942

The notes on pages 12 to 20 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

	Note	Share capital €m	Treasury shares €m	Hedge and share option reserves €m	Cumulative translation adjustment reserve re-presented €m	Retained earnings re-presented €m	Total re-presented €m	Non-controlling interests €m	Total equity re-presented €m
		Equity attributable to owners of the parent company							
Balance at 1 April 2012		334	(515)	255	1 410	7 071	8 555	9	8 564
Comprehensive income									
Profit for the period		–	–	–	–	1 083	1 083	(5)	1 078
Other comprehensive loss		–	–	1	(30)	–	(29)	–	(29)
		–	–	1	(30)	1 083	1 054	(5)	1 049
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares		–	(81)	–	–	(6)	(87)	–	(87)
Employee share option plan		–	–	12	–	–	12	–	12
Tax on share option plan		–	–	(13)	–	–	(13)	–	(13)
Acquisition of non-controlling interest		–	–	–	–	(1)	(1)	(2)	(3)
Dividends	*11*	–	–	–	–	(252)	(252)	–	(252)
		–	(81)	(1)	–	(259)	(341)	(2)	(343)
Balance at 30 September 2012		334	(596)	255	1 380	7 895	9 268	2	9 270
Balance at 1 April 2013		**334**	**(556)**	**288**	**1 324**	**8 826**	**10 216**	**(1)**	**10 215**
Comprehensive income									
Profit for the period		**–**	**–**	**–**	**–**	**1 188**	**1 188**	**(3)**	**1 185**
Other comprehensive loss		**–**	**–**	**–**	**(42)**	**(10)**	**(52)**	**–**	**(52)**
		–	**–**	**–**	**(42)**	**1 178**	**1 136**	**(3)**	**1 133**
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares		**–**	**152**	**–**	**–**	**(84)**	**68**	**–**	**68**
Employee share option plan		**–**	**–**	**10**	**–**	**–**	**10**	**–**	**10**
Tax on share option plan		**–**	**–**	**16**	**–**	**–**	**16**	**–**	**16**
Dividends	*11*	**–**	**–**	**–**	**–**	**(452)**	**(452)**	**–**	**(452)**
		–	**152**	**26**	**–**	**(536)**	**(358)**	**–**	**(358)**
Balance at 30 September 2013		**334**	**(404)**	**314**	**1 282**	**9 468**	**10 994**	**(4)**	**10 990**

The notes on pages 12 to 20 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

	Notes	Six months to 30 September 2013 €m	Six months to 30 September 2012 re-presented €m
Cash flows from operating activities			
Cash flow generated from operations	9	**1 292**	577
Interest received		**8**	6
Interest paid		**(18)**	(11)
Other investment income		**2**	2
Taxation paid		**(177)**	(150)
Net cash generated from operating activities		**1 107**	424
Cash flows from investing activities			
Acquisition of subsidiary undertakings and other businesses, net of cash acquired		**(8)**	(30)
Acquisition of property, plant and equipment		**(210)**	(218)
Proceeds from disposal of property, plant and equipment		**2**	1
Acquisition of intangible assets		**(47)**	(38)
Acquisition of investment property		**(1)**	(13)
Investment in money market and government bond funds		**(491)**	(2)
Proceeds from disposal of money market and government bond funds		**556**	230
Acquisition of other non-current assets		**(22)**	(20)
Proceeds from disposal of other non-current assets		**20**	7
Net cash used in investing activities		**(201)**	(83)
Cash flows from financing activities			
Proceeds from borrowings		**60**	127
Repayment of borrowings		**(30)**	(4)
Acquisition of non-controlling interests		**–**	(3)
Dividends paid	*11*	**(294)**	(164)
Payment for treasury shares	*13*	**(81)**	(206)
Proceeds from sale of treasury shares	*13*	**149**	120
Capital element of finance lease payments		**(1)**	(1)
Net cash generated used in financing activities		**(197)**	(131)
Net change in cash and cash equivalents		**709**	210
Cash and cash equivalents at beginning of period		**990**	870
Exchange gains on cash and cash equivalents		**3**	5
Cash and cash equivalents at end of period		**1 702**	1 085

The notes on pages 12 to 20 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements
at 30 September 2013

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, Baume & Mercier, Roger Dubuis, Montblanc, Alfred Dunhill, Lancel, Chloé, Azzedine Alaïa, Net-a-Porter, 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 unaudited condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 7 November 2013.

2. Basis of preparation

The condensed consolidated interim financial statements for the half year ended 30 September 2013 have been prepared in accordance with International Accounting Standard ('IAS') 34 *Interim Financial Reporting*. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2013 which were prepared in accordance with International Financial Reporting Standards.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2013.

3. Accounting policies

Except as described below the accounting policies adopted are consistent with those described in the consolidated financial statements for the year ended 31 March 2013.

The Group has adopted the amendments to IAS 1 *Presentation of Financial Statements* requiring items to be grouped within Other Comprehensive Income. Items that could be reclassified to profit or loss at a future time now have to be presented separately from those items that will never be reclassified. The amendment affected presentation only and had no impact on the Group's financial position or performance.

The Group has also adopted IFRS 13 *Fair Value Measurement*. IFRS 13 provides a single source definition and framework for measuring fair value. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards. Some of these disclosures are specifically required in interim financial statements for financial instruments. The Group has included additional disclosures in this regard (note 15).

4. 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 and Van Cleef & Arpels;
- **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, Baume & Mercier and Roger Dubuis; and
- **Montblanc Maison** – a business whose primary activity includes the design, manufacture and distribution of writing instruments.

Other operating segments include Alfred Dunhill, Lancel, Chloé, Net-a-Porter, Purdey, textile brands 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 such transactions are eliminated in the reports reviewed by the CODM.

4. Segment information continued

(a) Information on reportable segments continued

The segment results are as follows:

	Six months to 30 September 2013 € m	Six months to 30 September 2012 € m
External sales		
Jewellery Maisons	**2 667**	2 607
Specialist Watchmakers	**1 587**	1 459
Montblanc Maison	**358**	368
Other	**712**	672
	5 324	5 106

	Six months to 30 September 2013 € m	Six months to 30 September 2012 re-presented € m
Operating result		
Jewellery Maisons	**984**	958
Specialist Watchmakers	**504**	470
Montblanc Maison	**24**	53
Other	**(35)**	(12)
	1 477	1 469
Unallocated corporate costs	**(107)**	(89)
Consolidated operating profit before finance and tax	**1 370**	1 380
Finance costs	**(79)**	(156)
Finance income	**148**	57
Share of post-tax results of equity-accounted investments	**(2)**	(4)
Profit before taxation	**1 437**	1 277
Taxation	**(252)**	(199)
Profit for the period	**1 185**	1 078

Notes to the condensed consolidated interim financial statements continued

4. Segment information continued

(a) Information on reportable segments continued

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

	At 30 September 2013 € m	At 31 March 2013 € m
Segment assets		
Jewellery Maisons	**2 562**	2 543
Specialist Watchmakers	**1 548**	1 419
Montblanc Maison	**408**	397
Other	**584**	549
	5 102	4 908
Total segment assets	**5 102**	4 908
Property, plant and equipment	**1 782**	1 787
Goodwill	**559**	561
Other intangible assets	**377**	391
Investment property	**351**	367
Equity-accounted investments	**12**	11
Deferred income tax assets	**500**	441
Financial assets held at fair value through profit or loss	**2 652**	2 771
Other non-current assets	**332**	327
Other receivables	**392**	340
Derivative financial instruments	**92**	50
Prepayments	**140**	100
Cash at bank and on hand	**3 318**	2 443
Total assets	**15 609**	14 497

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

	Six months to 30 September 2013 € m	Six months to 30 September 2012 € m
Additions to non-current assets:		
Property, plant and equipment, other intangible assets and investment property		
Jewellery Maisons	**66**	75
Specialist Watchmakers	**80**	58
Montblanc Maison	**10**	10
Other	**32**	53
Unallocated	**39**	26
	227	222

4. Segment information continued

(b) Information about geographical areas

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

	Six months to 30 September 2013 € m	Six months to 30 September 2012 € m
Europe	2 002	1 857
France	408	413
Switzerland	282	210
Germany, Italy and Spain	396	383
Other Europe	916	851
Asia	2 538	2 551
China/Hong Kong	1 309	1 325
Japan	414	448
Other Asia	815	778
Americas	784	698
USA	613	548
Other Americas	171	150
	5 324	5 106

Sales are allocated based on the location of the wholesale customer, the boutique or the shipping address for on-line 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:

	At 30 September 2013 € m	At 31 March 2013 € m
Switzerland	1 427	1 394
United Kingdom	409	412
USA	513	539
Rest of the world	905	945
	3 254	3 290

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

(c) Information about products

External sales by product are as follows:

	Six months to 30 September 2013 € m	Six months to 30 September 2012 € m
Watches	2 710	2 622
Jewellery	1 422	1 315
Leather goods	318	366
Writing instruments	167	177
Clothing and other	707	626
	5 324	5 106

Notes to the condensed consolidated interim financial statements continued

5. Other operating (expense)/income

	Six months to 30 September 2013 €m	Six months to 30 September 2012 re-presented €m
Royalty income	**14**	15
Royalty expenses	**(2)**	(2)
Investment property rental income	**5**	–
Investment property costs	**(2)**	–
Amortisation of other intangible assets acquired on business combinations	**(19)**	(22)
Other (expense)/income	**(1)**	1
	(5)	(8)

6. Finance costs and income

	Six months to 30 September 2013 €m	Six months to 30 September 2012 €m
Finance costs:		
Interest expense		
– bank borrowings	**(18)**	(12)
– other financial expenses	**(3)**	(2)
Net foreign exchange losses on monetary items	**(56)**	–
Mark-to-market adjustment in respect of hedging activities	**–**	(142)
Currency translation adjustments reclassified from reserves	**(2)**	–
Finance costs	**(79)**	(156)
Finance income:		
Interest income on bank, other deposits, and money market and government bond funds	**8**	6
Dividend income on financial assets at fair value through profit or loss	**2**	2
Net gain in fair value of financial instruments at fair value through profit or loss	**11**	2
Net foreign exchange gains on monetary items	**–**	43
Mark-to-market adjustment in respect of hedging activities	**127**	–
Gain on disposal of long-term investment	**–**	4
Finance income	**148**	57
Net finance income/(costs)	**69**	(99)

Gains and losses on all derivatives are included in net finance costs.

7. Earnings per share

7.1. 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 period, excluding shares purchased by the Group and held in treasury.

	Six months to 30 September 2013	Six months to 30 September 2012 re-presented
Profit attributable to owners of the parent company (€ millions)	**1 188**	1 083
Weighted average number of shares in issue (millions)	**554.5**	548.1

7.2. 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 market share price of the Company's shares for the period) 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.

	Six months to 30 September 2013	Six months to 30 September 2012 re-presented
Profit attributable to owners of the parent company (€ millions)	**1 188**	1 083
Weighted average number of shares in issue (millions)	**554.5**	548.1
Adjustment for share options (millions)	**6.4**	9.7
Weighted average number of shares for diluted earnings per share (millions)	**560.9**	557.8

7.3. 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.

	Six months to 30 September 2013 €m	Six months to 30 September 2012 re-presented €m
Profit attributable to owners of the parent company	**1 188**	1 083
Loss on sale of property, plant and equipment	**–**	1
Loss on disposal of intangible assets	**1**	–
Currency translation adjustments reclassified from reserve	**2**	–
Headline earnings	**1 191**	1 084

	Six months to 30 September 2013 millions	Six months to 30 September 2012 millions
Weighted average number of shares		
– Basic	**554.5**	548.1
– Diluted	**560.9**	557.8

	€ per share	€ per share re-presented
Headline earnings per share		
– Basic	**2.148**	1.978
– Diluted	**2.123**	1.943

Notes to the condensed consolidated interim financial statements continued

8. Taxation

Income tax expense is recognised based on management's best estimate of the annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The average effective rate for the period ended 30 September 2013 was 17.5 % (2012: 15.6 %).

9. Cash flow generated from operations

	Six months to 30 September 2013 € m	Six months to 30 September 2012 re-presented € m
Operating profit	**1 370**	1 380
Depreciation of property, plant and equipment	**159**	141
Amortisation of other intangible assets	**43**	43
Loss on disposal of property, plant and equipment	**–**	1
Loss on disposal of intangible assets	**1**	–
Increase in provisions	**31**	25
Increase in employee benefits obligation	**–**	1
Non-cash items	**9**	13
Increase in inventories	**(56)**	(369)
Increase in trade debtors	**(202)**	(289)
Increase in other receivables and prepayments	**(99)**	(30)
Increase/(decrease) in current liabilities	**34**	(341)
Increase in long-term liabilities	**2**	2
Cash flow generated from operations	**1 292**	577

10. Related-party transactions

There has been no significant change in the nature and magnitude of the related-party transactions and relationships during the period. Full details of related-party transactions will be included in the 2014 annual consolidated financial statements.

11. Dividends

In September 2013 a dividend of € 452 million (2012: € 252 million) was paid net of withholding tax of € 158 million (2012: € 88 million). The dividend per share was CHF 1.00 (2012: CHF 0.55).

12. Financial commitments and contingent liabilities

At 30 September 2013, 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.

13. Treasury shares

The Group holds treasury shares to hedge its obligation arising under the Group stock option plan.

During the current period the Group acquired 1 100 000 treasury shares directly in the open market for € 81 million. In the same period the Group delivered 9 079 046 treasury shares for proceeds of € 149 million, in settlement of options exercised in the period and traded options exercised in previous periods.

14. Share-based payments

Equity-settled share 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 good companies upon which vesting is conditional.

During the period ended 30 September 2013 awards of 1 183 606 options were granted (2012: 1 796 500) at an exercise price of CHF 90.11 (2012: CHF 57.45).

15. Financial risk management

The Group's financial risk management objectives and policies are consistent with those described in the consolidated financial statements for the year ended 31 March 2013.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 September 2013	Level 1 € m	Level 2 € m	Level 3 € m	Total € m
Listed investments	4	–	–	4
Unlisted investments	–	–	4	4
Investment in money market and government bond funds	–	2 644	–	2 644
Derivative financial assets	–	92	–	92
	4	2 736	4	2 744
Derivative financial liabilities	–	(4)	–	(4)
	–	(4)	–	(4)

There were no transfers between any categories during the period.

Reconciliation of Level 3 fair value measurements:

	€ m
Balance at 1 April 2013	4
Net unrealised gain/(loss) recognised in profit or loss	–
Balance at 30 September 2013	4

Notes to the condensed consolidated interim financial statements continued

15. Financial risk management continued

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 used for financial assets held by the Group is the current bid price. These instruments are included in Level 1 and comprise equity investments listed on the UK and Luxembourg exchanges.

The fair value of financial instruments that are not traded in an active market is determined by 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 (broker) forward interest rate curves.
- 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.
- Derivative options are measured at the quoted market price of the underlying equities less the strike price payable by the executive. In cases where the strike price exceeds the quoted market price the option has a zero value.

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.

Level 3 financial instruments consist entirely of small investments in unlisted equities. The fair value of these investments is determined using a discounted cash flow valuation method. The valuation requires management to make certain assumptions about inputs to the model.

Carrying value and fair value

At 30 September 2013 the carrying value of the Group's USD fixed rate borrowing was € 295 million compared to a fair value of € 282 million. The fair value was determined as the present value of the future cash flows, discounted at the market rate appropriate for the remaining term and a corporate rating similar to the Group. The carrying value of all other financial assets and financial liabilities approximates their fair value at 30 September 2013.

Exchange rates

The results of the Group's subsidiaries and its associates which do not report in euros have been translated at the following average rates of exchange against the euro. The balance sheets of those subsidiaries and the associates have been translated into euros at the closing rates set out below.

Exchange rates against the euro

	Six months to 30 September 2013	Six months to 30 September 2012
Average		
United States dollar	**1.32**	1.27
Japanese yen	**130**	101
Swiss franc	**1.23**	1.20

	30 September 2013	31 March 2013
Closing		
United States dollar	**1.35**	1.28
Japanese yen	**133**	121
Swiss franc	**1.22**	1.22

Statutory information

PRIMARY LISTING

SIX Swiss Exchange (Reuters 'CFR.VX'/Bloomberg 'CFR:VX'/ISIN CH0210483332). Richemont 'A' registered shares are included in the Swiss Market Index ('SMI') of leading stocks.

SECONDARY LISTING

Johannesburg stock exchange operated by JSE Limited (Reuters 'CFRJ.J'/Bloomberg 'CFR:SJ'/ISIN CH0045159024). South African depository receipts in respect of Richemont 'A' shares.

The closing price of the Richemont 'A' share on 30 September 2013 was CHF 90.60 and the market capitalisation of the Group's 'A' shares on that date was CHF 47 293 million. Over the preceding six-month period, the highest closing price of the 'A' share was CHF 95.55 (14 August) and the lowest closing price of the 'A' share was CHF 68.15 (22 April).

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Designed and produced by Corporate Edge www.corporateedge.com

Printed in South Africa by Ultra Litho (Pty) Ltd.

The text paper in this report is Sappi Triple Green Silk. 60% of the pulp used in the production of this paper is sugar cane fibre, which is the material remaining after raw sugar has been extracted from sugar cane. The bleaching process is elemental chlorine-free. The remaining pulp used in the production process comprises wood fibre obtained from sustainable and internationally-certified forests, using independently-audited Chains of Custody.

ISBN 978-2-9700709-7-9

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