RICHEMONT

Annual Report and Accounts 2013

25 years

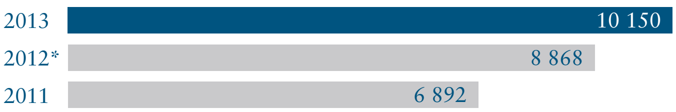
Richemont is one of the world's leading luxury goods groups.

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, Alfred Dunhill, Montblanc and Net-a-Porter.

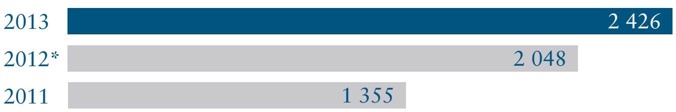
Each of Our Maisons™ represents a proud tradition of style, quality and craftsmanship which Richemont is committed to preserving.

Financial and operating highlights

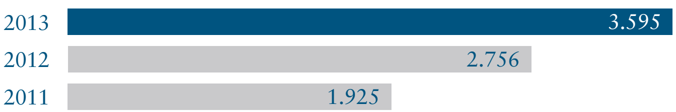
Group sales (€ m)



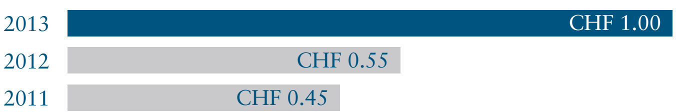
Operating profit (€ m)



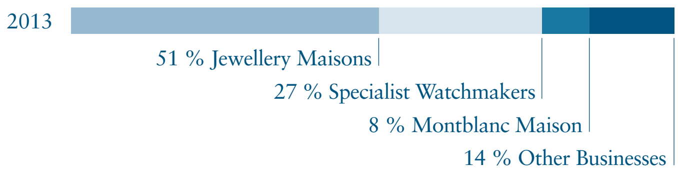
Earnings per share, diluted basis (€)



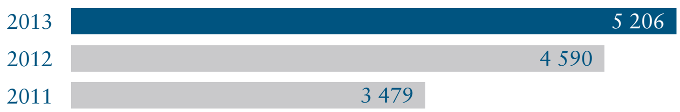
Dividend per share



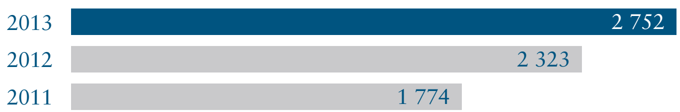
Sales by business area (% of Group)



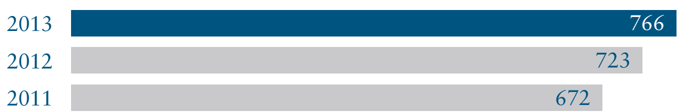
Jewellery Maisons (€ m)



Specialist Watchmakers (€ m)



Montblanc Maison (€ m)



Other Businesses (€ m)

- Sales increased by 14 % to € 10 150 million and by 9 % on a constant basis
- Solid growth across segments, regions and channels
- Operating profit increased by 18 % to € 2 426 million
- Operating margin gained 80 basis points to reach 24 %
- Profit for the year rose by 30 % to € 2 005 million
- Cash flow from operations of € 1 944 million
- Proposed dividend of CHF 1.00 per share

* Re-presented

Chairman's review

Johann Rupert, Chairman

Overview of results

We are pleased to report that Richemont has achieved solid sales growth across all segments, geographic regions and channels during the year.

The Jewellery Maisons and the Specialist Watchmakers have reported remarkable growth in sales and profits, despite the continuing strength of the Swiss franc and historically high cost of precious metals and stones. Among our other Maisons, Net-a-Porter continues to enjoy sales growth above the Group average. Montblanc and the Fashion and Accessories Maisons grew in the mid-single digits, reflecting challenging conditions in their major markets.

The Group's operating profit was 18 % higher than the prior year. The net profit increase of 30 % was largely achieved due to the non-recurrence of non-cash charges related to the strengthening of the Swiss franc in the previous year.

These performances reflect the commitment and efforts of all our colleagues, the strength of our Maisons and the efficiencies provided by the Group's shared service platforms.

Business developments

The Business Review presented on pages 7 to 33 describes the year's developments in each of our Maisons. Recognising their potential for organic growth, we continue to invest in their production, marketing and distribution and the fruits of those investments are reflected in the results. In parallel, Richemont is also investing in the shared service platforms which support our Maisons around the world, and in its specialist functions such as legal, IT and financial services. Operating 'behind the scenes', these local platforms and global functions enable our Maisons to improve customer service, for example through better product availability and shorter delivery times.

During the year, a number of business acquisitions were completed, amounting to € 474 million in total. Richemont acquired Varin-Etampage & Varinor ('VV SA'), a Swiss manufacturer of precious metal products for the watch and jewellery industry, and Antica Ditta Marchisio SpA, an Italian company specialising in the production of hand-crafted jewellery. The Group also acquired Peter Millar LLC, a US-based international apparel business and a retail investment property in New York: that property is independent from Richemont's property fund. These acquisitions complement the Group's long-term investment plans. The year under review saw capital investment of € 612 million, primarily in manufacturing facilities and boutiques.

Dividend

Based upon the good results for the year, the Board has proposed a dividend of CHF 1.00 per share.

25 years

On the following pages, we present a summarised history of Richemont's first 25 years. As custodians of investors' capital and trust, your Board has prudently developed its initial businesses, acquired others, and, when the time was right, disposed of businesses and exited from certain industries. Looking back, it has been a journey of growth and transformation. At the time, it felt like a marathon of successive sprints.

Over this period, the Richemont share price, adjusted for share splits and the 2008 reorganisation, increased from CHF 2.20 on 12 October 1988 to CHF 74.50 on 31 March 2013. Moreover, the 2008 reorganisation saw the distribution of shares in Reinet Investments SCA and British American Tobacco PLC, both publicly-traded companies, to Richemont's investors. Taking into account the relevant value of the three shares held at 31 March 2013 and the respective dividends paid out by each of them to a founding Richemont investor, total shareholder returns amounted to CHF 120.38 from an initial investment of CHF 5.10 in 1988. This equates to an internal rate of return of 15.3 % in Swiss franc-terms or 24.1 % in South African rand-terms.

Richemont's history does not end here, but we can draw breath, look back and take stock of what we have achieved for our investors. However, our quarter-century history simply pales when compared to our Maisons and their combined history of more than two millennia. For example, Vacheron Constantin alone has been in continuous production for more than 250 years, ever faithful to its founder's motto, "do better if possible, and that is always possible".

Annual General Meeting

Your Board has noted that certain shareholders did not exercise their voting rights at last year's Annual General Meeting ('AGM') due to 'share blocking' requirements. These require Richemont's bearer shares to be blocked in the days prior to the general meeting. In line with changes introduced by other leading Swiss companies, at this year's AGM your Board will propose amendments to the Company's Articles of Incorporation to move from 'A' bearer shares to 'A' registered shares. Accordingly, the SIX Swiss Exchange-traded shares shall be defined as 'A' registered shares. They will enjoy the same rights as the 'A' bearer shares, including dividend and voting rights. 'Share blocking' requirements will disappear and be replaced by a record date for voting at subsequent AGMs.

Our shareholders will be asked to approve the 2013 compensation report in a non-binding vote. Your Board has listened to the issues raised last year by certain investors and, through additional disclosures on pages 53 to 60, has sought to resolve many of those issues. Other disclosures have also been added in anticipation of legislative changes following a referendum supported by the Swiss people in March 2013 (the 'Minder Initiative').

Three executive directors will stand for re-election. In addition, Mr Bernard Fornas, Richemont Co-Chief Executive Officer, will stand for election. His biographical details may be found on page 54. Mr Fornas, formerly Chief Executive Officer of Cartier, and Mr Lepeu, formerly Richemont Deputy Chief Executive Officer, were appointed Co-CEOs with effect from 1 April 2013. Recognising the experience and expertise of Messrs Fornas, Lepeu and Saage, Chief Financial Officer, I plan to take a twelve-month sabbatical leave of absence following the AGM. During my absence, Mr Yves-André Istel, Deputy Chairman, will Chair meetings of the Board of Directors. Richemont's independently-minded, non-executive directors are standing for re-election. The wealth of their combined business experience, including the design, production and distribution of luxury goods, has made an immeasurable contribution to the Group's prosperity and the superior returns enjoyed by all of Richemont's shareholders over the past 25 years.

Recognising growing concerns globally, your Board has decided to create a distinct sub-committee to address Richemont's security awareness and preparedness. Professor Schrempp has accepted the Chairmanship of the Strategic Security Committee and your Board is grateful for his commitment to this wide-reaching and complex matter. Further details may be found on page 52.

In May 2013, Ms Martha Wikstrom resigned from her role as Chief Executive Officer of Richemont Fashion and Accessories. She will serve as a non-executive director until the AGM. A member of the Board since 2005, the other directors warmly thank her for positioning our fashion and accessories businesses for prosperous growth.

A number of changes to the Group Management Committee took place during the year, reflecting changing roles both inside and outside the Group. Your Board thanks again those who no longer serve on the Committee, those who continue to serve, and those who joined the Committee in November 2012. Further details of these changes may be found on pages 52, 54 and 55.

Peace Parks Foundation and Laureus

On pages 41 and 42, you may read about the commendable work of the Peace Parks Foundation and the Laureus Sport for Good Foundation ('Laureus'). In less than 20 years, the Peace Parks Foundation has created and continues to protect a network of vast ecosystems that traverse Southern Africa's political borders. Laureus, established in 1999 as a joint venture with German auto manufacturer Daimler, 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 Rio de Janeiro.

Richemont is proud to be associated with the inspiring vision of these Foundations and invites you to join us in supporting their work.

Outlook

Despite the slowdown in the Asia-Pacific region and continuing uncertainty in the world economy, sales in the month of April were 12 % above the comparative period and 13 % at constant exchange rates. However, one month of sales should not necessarily be taken as an indication of the year as a whole.

The enduring appeal of our Maisons and their growth potential lead us to look forward to the future with a degree of optimism. Therefore our investments will continue to focus on the differentiation of our Maisons, the expansion and integration of their respective manufacturing facilities, and the adaption of their distribution strategies to the constantly changing customer environment in growth markets and tourist destinations.

Johann P. Rupert.

Johann Rupert
Chairman

Compagnie Financière Richemont SA
Geneva, 16 May 2013

Richemont's 25th anniversary

Over 25 years Richemont has grown to become one of the largest luxury goods groups in the world, encompassing some of the most prestigious Maisons in the industry including Cartier, Van Cleef & Arpels, Piaget, Vacheron Constantin, Jaeger-LeCoultre, Alfred Dunhill and Montblanc.

Origins

Richemont began with the spin-off of the non-South African assets of Rembrandt Group Limited of South Africa (now known as Remgro Limited). Established by Dr Anton Rupert in the 1940s, Rembrandt Group owned significant interests in the tobacco, financial services, wines and spirits, gold and diamond mining industries as well as the luxury goods investments. Certain of these, along with the investment in Rothmans International (itself founded in 1973), would become Richemont.

In September 1988 Compagnie Financière Richemont AG was founded in Zug, Switzerland. At that time, the Company held minority investments in Cartier Monde (47 %) and Rothmans International (30 %), the latter itself having interests in Cartier, Alfred Dunhill and, through Alfred Dunhill, Montblanc and Chloé. Dr Nikolaus Senn was nominated Chairman and Mr Johann Rupert Chief Executive Officer of the new Company. Richemont's 'A' equity units, each comprising a Swiss share and a Luxembourg participation certificate, were listed on the Zürich Stock Exchange. Depository Receipts were also listed on the Johannesburg Stock Exchange. Initially, 10 % of the shares were in Switzerland and 90 % in South Africa. The unit price in the initial offering was CHF 5 100.-, which would be equivalent to CHF 2.20 today, taking into account subsequent splits and the 2008 reorganisation. The initial market capitalisation was CHF 2.9 billion. The Group's presentation currency was sterling.

The Group also held 50 % of North American Resources, an oil and gas joint venture in the US and Canada.

Expansion

Richemont embarked on major growth in 1989, buying out Philip Morris' 30 % stake in Rothmans International and, in doing so, gaining control of Rothmans. The Richemont 'A' equity units were split in the ratio of 10 for 1 in 1992.

In a major restructuring exercise in 1993, Richemont separated the luxury goods Maisons from Rothmans International and created Vendôme Luxury Group, listed in London and Luxembourg. Vendôme encompassed Cartier, Chloé, Karl Lagerfeld, Sulka, Montblanc, Baume & Mercier and Piaget as well as Alfred Dunhill and Hackett.

Further expansion saw Richemont acquire gunmaker Purdey in 1994. The following year the public minority shareholders in Rothmans International were bought out.

Richemont entered the European pay TV market in 1995 and joined with South African TV operator MultiChoice Limited to form NetHold, taking a 50 % interest in that business.

Consolidation and expansion in 1996 saw the merger of Richemont's tobacco interests with those in South Africa held by Rembrandt Group Limited, with Richemont taking a 67 % share of the enlarged tobacco group. In 1996, Richemont added watchmakers Vacheron Constantin and, a year later, Officine Panerai and leather goods brand Lancel to Vendôme Luxury Group, continuing the expansion of the luxury goods business.

In 1997, NetHold merged with France's Canal+ and Richemont acquired 15 % of the enlarged French TV company.

In 1998, the North American Resources joint venture ended and Richemont took over residual shareholdings in Hanover Direct, a US-based mail order business.

Richemont: 25 years of growth and transformation

1989–1997
Expansion
Gains control of Rothmans International, separates the luxury goods and tobacco businesses, enters pay TV market. Merger of tobacco interests with Rembrandt Group and series of acquisitions of luxury businesses.

2000–2001
Luxury focus
Acquisition of three leading watchmaking businesses strengthens Richemont's position. Steps to build Richemont regional platforms.

1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000

1988
Origins
Richemont is founded. Johann Rupert appointed CEO. Listed in Zurich and Johannesburg.

1998–1999
Restructuring
Merger of Rothmans International and British American Tobacco; Richemont and Remgro are largest shareholders. Buyout of Vendôme Luxury Group minority shareholders and restructuring. Acquires Van Cleef & Arpels. Exits pay TV/media market.

Restructuring

Richemont made a successful offer to buy out the 30 % minority shareholders in Vendôme Luxury Group in 1998 and took the business private.

Rothmans International merged with British American Tobacco ('BAT') in 1999, with Richemont and Remgro jointly holding 35 % of the enlarged business, which became the world's second largest tobacco group. This interest was partially reduced a year later through the partial disposal of BAT preference shares.

The same year, Richemont acquired a controlling 60 % interest in Van Cleef & Arpels, one of the world's most renowned jewellery Maisons, raising its stake to 80 % two years later and to 100 % in 2003.

Richemont also disposed of its 15 % interest in Canal+ in 1999 in exchange for a 3 % interest in Vivendi, the French media company. Richemont exited from media completely the following year through the disposal of the minority stake in Vivendi.

Luxury focus

The merger of Rothmans International with BAT saw Richemont move from being a tobacco-oriented group to a much more luxury goods focused business. Richemont initiated a reorganisation in 2000 to develop and streamline its luxury goods operating activities. The management and executive Board structures of Richemont and Vendôme Luxury Group were merged, with Mr Rupert taking over as Chairman and Chief Executive of Vendôme following the retirement of Mr Joseph Kanoui, its former Chairman & Chief Executive Officer. The euro was adopted as Richemont's presentation currency.

Further investments to boost Richemont's watchmaking skills followed, with the acquisition of Les Manufactures Horlogères ('LMH'), which comprised IWC Schaffhausen, Jaeger-LeCoultre and A. Lange & Söhne. The acquisition of the LMH companies significantly enhanced Richemont's watchmaking expertise. The Group adopted a strict policy – still followed today – to ensure the luxury Maisons each maintain their separate, vertical autonomy and product integrity. Separately, Richemont acquired the watch dial maker Stern and sold Hanover Direct.

In 2000, Richemont was included in the Swiss Stock Exchange's SMI index of leading Swiss companies.

A modernisation plan began in June 2001, following a comprehensive review by external consultants. This review drove the development of central and regional IT, supply chain management, logistics and after sales services functions and drove the development of shared service platforms to support the growth of the Maisons.

The Richemont units were once again split, this time in the ratio of 100 to 1.

Consolidation and growth

A year later, concerns about the SARS virus, the bursting of the 'dotcom bubble' and the impact of the 9/11 terrorist attacks shook consumer confidence. Richemont, anticipating a significant fall in profitability, was forced to issue a profit warning.

In 2002, Richemont moved its head office from Zug to Geneva, reflecting the changed focus towards luxury goods, jewellery and watchmaking. Following the retirement of Dr Senn the same year, Mr Rupert became Executive Chairman.

That year, Richemont acquired the final 10 % of A. Lange & Söhne that had been held by members of the Lange family.

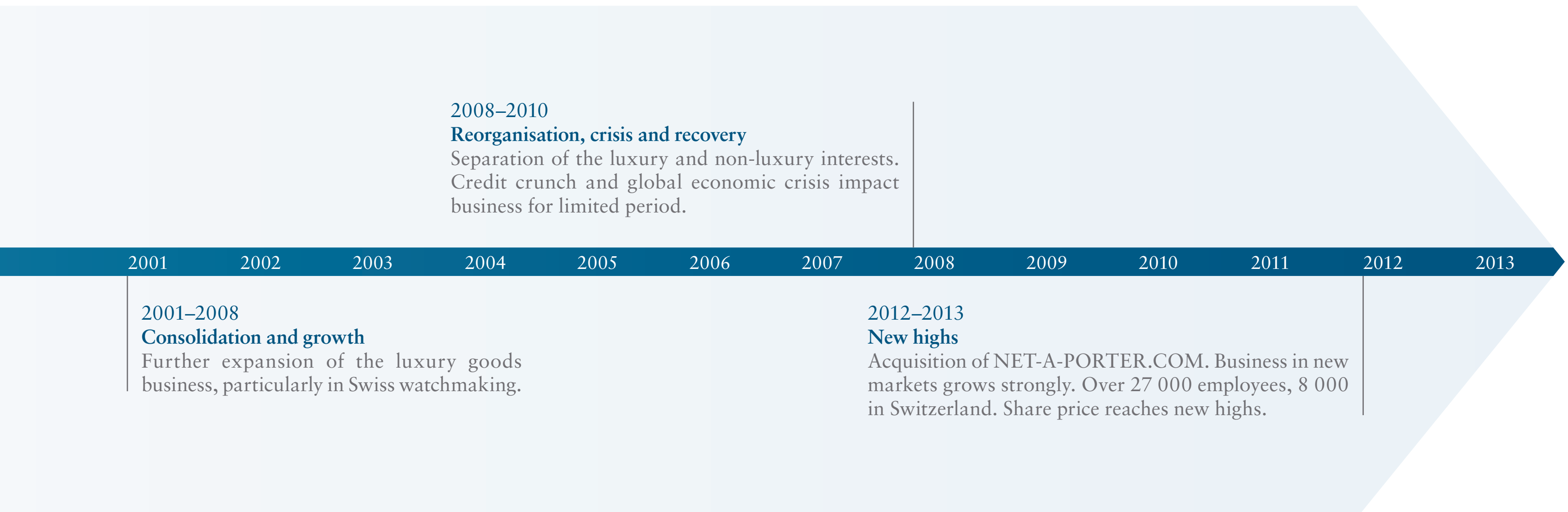
Richemont's effective interest in BAT was reduced to some 19 % in 2004 and to some 18 % a year later through the indirect sale of shares to Remgro Limited. Hackett was sold.

Watchmaking investments in 2006 included the purchase of Fabrique d'Horlogerie Minerva and a long-term partnership with Greubel Forsey. There was further expansion during 2007, with Richemont and Polo Ralph Lauren announcing the formation of the Ralph Lauren Watch and Jewelry Company joint venture.

Richemont also acquired an interest in Maison Alaïa, the Parisian fashion house, and bought the component manufacturing operations of Manufacture Roger Dubuis, later renamed Manufacture Genevoise de Haute Horlogerie. Richemont followed this with the acquisition of watch case manufacturer Donzé-Baume and, the following year, the purchase of a 60 % stake in the Roger Dubuis Maison.

Reorganisation

In October 2008, Richemont separated its luxury and non-luxury interests, largely spinning off the substantial BAT interests directly to



Richemont's 25th anniversary continued

shareholders as well as forming Reinet Investments S.C.A. ('Reinet') to hold remaining BAT shares and the other non-luxury assets.

The separation of Richemont and Reinet saw the end of Richemont's connection to Richemont SA in Luxembourg. That entity became Reinet and was listed on the Luxembourg Stock Exchange. The equity units were de-twinned and the Richemont Swiss shares, now representing solely the luxury business, were listed on the Swiss Exchange in place of the equity units. As expected, the price of the Swiss share was some 56 % lower than the price of the former equity unit and Richemont's historic prices were reduced by the same factor.

Holders of the former unit-based, Johannesburg-listed Richemont Depository Receipts received new share-based Richemont Depository Receipts, share-based Reinet Depository Receipts and BAT shares, each of which were listed separately and traded on the Johannesburg stock exchange.

Crisis and recovery

The US sub-prime credit crunch led to the collapse of Lehman Brothers in September 2008 and to a virtually unprecedented global financial crisis. Confidence in stock markets and the global banking industry collapsed and economies suffered, leading to a significant fall in demand across Richemont's businesses in the second half of the financial year.

A slow recovery in demand, combined with substantial efforts made by the Group during the slowdown, began to pay off in terms of sales and profitability and an increase in employee numbers in the latter part of 2009. The first watch collection from the Ralph Lauren joint venture was launched that year.

Richemont's Fashion and Accessories division, including Alfred Dunhill, Lancel, Chloé, Alaïa, Purdey and Shanghai Tang was established.

Investments in new markets, particularly in the Asia Pacific region, began to compensate the weak demand for luxury goods in more mature markets such as Japan and Western Europe.

In 2010, Richemont acquired a controlling interest in Net-a-Porter, the premier online luxury fashion retailer, operating it independently alongside the Group's other luxury goods businesses.

In 2012, Richemont acquired Peter Millar, a US-based international apparel business, and Varin-Etampage & Varinor, a manufacturer of precious metal products for the watch and jewellery industry.

New highs

Richemont's shareholding base has broadened and the proportion of shares listed in Switzerland has increased over the 25 years from 10 % to some 80 %. Separately, Richemont's reported sales passed the € 10 billion-mark in 2013 and its shares were included in the 'Stoxx Europe 50' index for the first time.

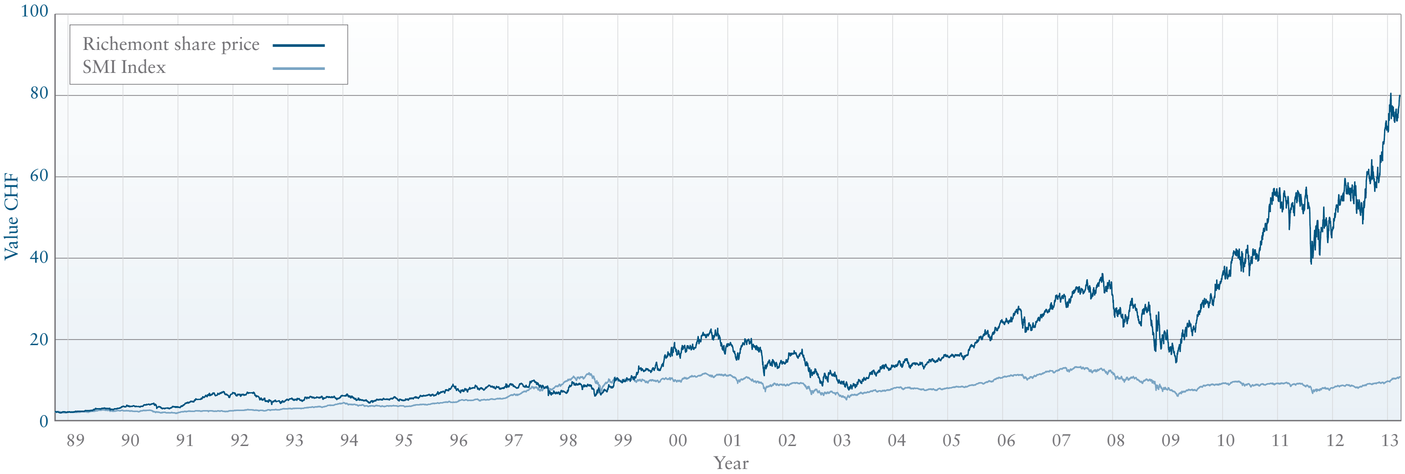
Expansion of the Maisons' retail networks mean that more than half of the Maisons' combined sales are now made directly to their final customers, either in their own boutiques around the world, which passed the 1 000-mark this year, or through their tailored e-commerce websites.

Richemont has an integrated performance appraisal process and all employees benefit from training and development opportunities. As responsible businesses, all of Richemont's jewellery, watchmaking and writing instrument Maisons participate in the Responsible Jewellery Council process, certifying compliance with industry best practices.

The decades have seen continuous growth in the number of people employed by Richemont. Through acquisitions and organic growth, the Group employs over 27 000 people today. In Switzerland alone, Richemont employs over 8 000 people, compared to just a dozen in 1988, and our businesses provide regular, value-adding work to a wide range of Swiss suppliers. Moreover, our Swiss employees export some 95 % of their output.

25 years since its formation, the Richemont share price reached a record high of CHF 80.50 on 17 January 2013, valuing the Company at some CHF 46 billion (€ 38 billion).

Richemont share price over 25 years, including share splits and 2008 reorganisation



Jewellery Maisons

Key results

Sales (€ m)

2013	5 206
2012	4 590
2011	3 479

Operating profit (€ m)

2013	1 818
2012	1 510
2011	1 062

Percentage of Group sales

2013

Jewellery Maisons **51 %**

Richemont’s Maisons

Cartier

Van Cleef & Arpels

Cartier

Founded in 1847, Cartier is not only one of the most established names in the world of Jewellery, it is also the reference of true and timeless luxury. Referred to as The Maison Cartier, it distinguishes itself by its mastery of all the unique skills and crafts used for the creation of a Cartier piece. Driven by a constant quest for excellence in design, innovation and execution, the Maison has become a leader and pioneer in its field.

13 rue de la Paix boutique, Paris

– The *Biennale 2012* collection was once again a resounding demonstration of Cartier's ability to celebrate its creative flair while mastering the highest and finest craftsmanship.

– The *Juste un Clou* jewellery collection was unveiled at Cartier's New York Mansion on Fifth Avenue.

– The Maison re-asserted its status of king of jewellery and shaped watches, successfully adding the new *Tank Anglaise* to the iconic *Tank* watch collection.

Unmistakable yet inimitable, the *Cartier style* has been at the heart of the Maison's drive for excellence and today constitutes its most highly prized asset. Nourished by a vibrant inspiration, it relentlessly explores and refines new vocabularies whilst remaining true to its roots.

The *Biennale 2012* collection, presented in September at the Biennale des Antiquaires in Paris, was once again a resounding demonstration of Cartier's ability to celebrate its creative flair while mastering the highest and finest craftsmanship. With 155 unique High Jewellery pieces and precious objects, the Maison dazzled many, capturing their imagination and fuelling the desire to own a piece of the Cartier history. The *Biennale* collection, complemented by a further 445 unique High Jewellery pieces, was unveiled to a private gathering of connoisseurs, as well as taking centre stage at the Biennale des Antiquaires to great acclaim.

This event was preceded by the unveiling of another jewellery collection, *Juste un Clou*, in Cartier's New York Mansion on Fifth Avenue in April 2012. Both striking and assertive, this reinterpretation of an unassuming object, a nail, within the elaborate codes of jewellery design is rightfully inscribed in the great tradition of Cartier creations. Widely recognised and applauded at its launch, pieces from the *Juste un Clou* collection quickly became sought after. Next to the iconic and highly successful *Trinity* and *Love* designs, *Juste un Clou* will add an appealing new expression to Cartier's vocabulary.

Alongside its high creativity in jewellery, Cartier has also accomplished great feats in the realm of watchmaking. Building on its reputation as an established designer and craftsman of high complication movements, Cartier proudly presented four new complicated calibres and eleven new creations during the year, starting with a distinguished *Répétition Minute*. The Maison also re-asserted its status of king of jewellery and shaped watches, successfully adding the new *Tank Anglaise* to the iconic *Tank* watch collection.

The energy, inventiveness and passion with which the Cartier Horlogerie teams have relentlessly advanced in watchmaking design and creation have also been instrumental in the development of truly ground-breaking innovations. This past year, Cartier revealed to enthralled experts and connoisseurs its latest concept watch code named *IDTwo*. With a revolutionary movement design and the ground-breaking use of high-tech materials, *IDTwo* rises to the challenge of high-energy efficiency. The knowledge and patents developed during this project will be re-engineered in the years to come to further enhance the reliability and longevity of Cartier's own movements.

Cartier's ability to showcase the full breadth of its creations in the ultimate retail environment has been at the centre of the Maison's priorities. As a result, its retail footprint has undoubtedly become one of its prime assets. Built around a stable network of some 300 Cartier boutiques, the Maison constantly and tirelessly assesses its customers' experience. Behind striking facades at the heart of the most coveted locations, significant efforts were made to further enhance the quality of service. The welcome, comfort, luxuriousness and the appeal in the presentation of Cartier's creations have all been areas of particular attention. Standing as a vibrant illustration of these accomplishments, the newly renovated Montenapoleone boutique in Milan represents the Maison's new retail standard.

To complement and support the appeal of the Maison's boutiques, Cartier can depend upon another of its strongest assets: its communication. With the red Cartier box as an underlining signature, Cartier's communication has achieved a level of recognition and impact equalled by few. The key to this accomplishment lies in the consistency and continuity with which the Maison conducts its communication strategy. Although an established reference, the Maison's vocabulary has nonetheless remained extremely modern and lively, with plenty of surprises. As a clear demonstration of its great vitality, Cartier launched two major communication initiatives over the past year. The first one, in the form of the institutional film *l'Odyssée de Cartier*, has captivated the imagination of millions of viewers around the world and received numerous awards and countless praises. The second one takes the form of a fully remastered digital platform. This has greatly enhanced the friendliness of the Maison's online services whilst dramatically boosting its evocative appeal. It has set in process a new standard of luxury digital experience.

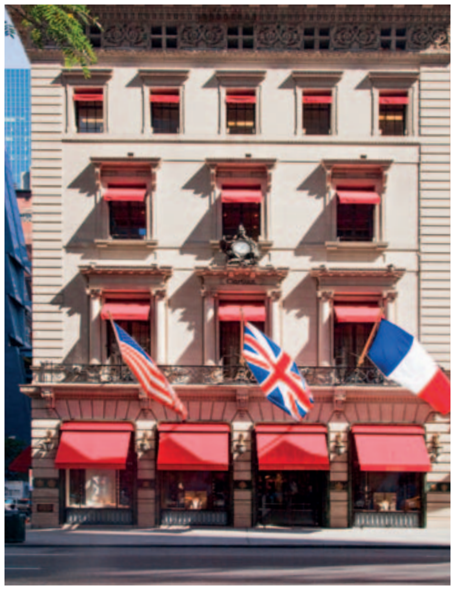
Although firmly in tune with its time, Cartier remains profoundly attached to its rich and distinctive history. To celebrate its priceless patrimony of over 160 years of creation, the Maison collaborates with the most discerning curators and accepts the invitation of the most prestigious museums to expose pieces from the Collection Cartier. This year a broad selection of 232 museum pieces were presented, some of them for the first time, at the National Palace Museum in Taipei. Another selection of 420 pieces was admired at the Museo Thyssen in Madrid. These exceptional events are a constant reminder of Maison Cartier's uniqueness.

Finally, an overview of the Maison's extensive activities would not be complete without underlying the programmes carried forward by the Fondation Cartier pour l'Art Contemporain. Indeed, with nearly 30 years of modern art patronage and a pioneering approach, the Fondation Cartier pour l'Art Contemporain is widely recognised in the art world as an active and esteemed institution. Last year, it demonstrated its forward thinking vision with two acclaimed exhibitions: *Show and Tell*, setting a shining light on the art naïf; and the first European retrospective of works by the Chinese artist Yue Minjue.

More than ever, we can assert that the Maison stands in an exceptional and privileged position: Cartier is known by many, owned by few and dreamt by all.

Stanislas de Quercize
Chief Executive

Bond Street boutique, London



5th Avenue boutique, New York

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

Van Cleef & Arpels

Van Cleef & Arpels is a High Jewellery Maison based on the values of creation, transmission and exceptional savoir-faire. Each new collection of jewellery and timepieces is inspired by the strong heritage of the Maison and tells a unique story with a universal cultural background and timeless meaning.

Van Cleef & Arpels on Place Vendôme, Paris

- The Maison continues to enrich its great signatures through new one-of-a-kind creations: *Zip, Butterfly, Mystery Set* and *Pierres de Caractère*.
- The Maison now operates almost 100 boutiques, including openings in Paris, Brazil, the Middle East and China.
- In June, the new Van Cleef & Arpels website was launched, with an e-commerce section for the Japanese and US markets.

Palais de la Chance, the new High Jewellery thematic collection, reinterprets symbols of luck. The collection was presented at the Biennale des Antiquaires before travelling to Asia, the US and Japan. The Maison continues to enrich its great signatures through new one-of-a-kind creations: *Zip*, *Butterfly, Mystery Set* and *Pierres de Caractère*.

To support and develop the Maison's pillars, this year's jewellery launches included additions to the *Perlée* collection and new precious materials such as *bois d'amourette* for the *Alhambra* collection. The *Two Butterfly* collection was extended with pink sapphire versions, supporting one of the Maison's signature creations: the *Between the Finger Ring.*

The Maison further enriched its *Poetry of Time*. The *Extraordinary Dials* collection tells stories about luck and the *Poetic Complications* pay tribute to the *Bals de Légende* collection. This year was also the opportunity to open a new poetic chapter with the *Midnight* and the *Lady Arpels Poetic Wish* pieces. A contemporary interpretation of the masculine watch *PA49*, the *Pierre Arpels*, was launched in September.

The Maison now operates almost 100 boutiques, including openings in Paris, Brazil, the Middle East and China. Five fully renovated stores were also unveiled during the year. In June, the new Van Cleef & Arpels website was launched, with an e-commerce section for the Japanese and US markets.

Two exhibitions were inaugurated: Timeless Beauty at the MOCA in Shanghai, and The Art of High Jewelry at the Musée des Arts Décoratifs in Paris, with over 200 000 visitors. Opened in February 2012, *l'ÉCOLE Van Cleef & Arpels* enrolled over 1 500 students of 23 different nationalities.

In order to create paths and content for its personnel, the Maison developed training programmes based on three values: Care, Search for Excellence and Transmission.

For the coming year, projects include: further boutique service enhancements; developing the retail network in the Middle East and China; creations for *Between the Finger Ring, Ballerinas* and *Poetic Complications;* and temporarily installing *l'ÉCOLE* in Japan.

Nicolas Bos
Chief Executive

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

Specialist Watchmakers

Key results

Sales (€ m)

2013	2 752
2012	2 323
2011	1 774

Operating profit (€ m)

2013	733
2012	539
2011	379

Percentage of Group sales

2013	Specialist Watchmakers 27 %

Richemont's Maisons

A. Lange & Söhne Glashütte I/SA
Piaget
Baume & Mercier Maison d'Horlogerie Genève 1830
Roger Dubuis Horloger Genevois
IWC Schaffhausen
Jaeger-LeCoultre
Vacheron Constantin Manufacture Horlogère. Genève, depuis 1755.
Officine Panerai Firenze 1860

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

- The present generation of A. Lange & Söhne elegant timepieces includes 46 in-house calibres, each revealing its unmistakable origins in high-precision Lange pocket watches.
- The Maison opened new boutiques in Abu Dhabi, Dubai, Singapore, Palm Beach, Paris and Lisbon during the year, reaching a total of eleven.
- A. Lange & Söhne received 14 international awards for its products and for the Maison itself.

The present generation of A. Lange & Söhne elegant timepieces includes 46 in-house calibres, each revealing its unmistakable origins in high-precision Lange pocket watches.

Underlining the theme 'Unique by Tradition', the year's focus was on the 1815 timepiece family. The manufacture showcased the most complicated Lange wristwatch of all time: the *Grand Complication*. This outstanding timepiece is limited to six pieces. It features a mechanism with grand and small strike, minute repeater, split-seconds chronograph with minute counter and flying seconds as well as a perpetual calendar with moon-phase display. Its case is made of pink gold and the five-part dial is made of enamel. It is a conclusion of the manufacture's competences in fine mechanical watchmaking.

A. Lange & Söhne also presented the *1815 Rattrapante Perpetual Calendar*. It combines the technical fascination of a split-seconds chronograph with the enduring precision of a perpetual calendar. The sleek perfection of the *1815 Up/Down* with a power-reserve indicator reflects the A. Lange & Söhne style in its purest form.

Apart from the new members of the 1815 family, A. Lange & Söhne presented a new platinum version of the *Saxonia Annual Calendar* that was first launched three years ago. Newcomers also grace the *Lange 1* family: the *Grand Lange 1* in white gold with a black dial as well as luminous hands and appliques, and the limited-edition *Grand Lange 1 'Lumen'* which features for the first time a luminous outsize date in combination with a semi-transparent dial.

A. Lange & Söhne opened new boutiques in Abu Dhabi, Dubai, Singapore, Palm Beach, Paris and Lisbon during the year, reaching a total of eleven.

In 2012, A. Lange & Söhne received 14 international awards for its products and for the Maison itself.

To promote the watchmakers of tomorrow, the brand has organised the F. A. Lange Scholarship & Watchmaking Excellence Award for the third time. With eight participating students from international watchmaking schools, Lange has proven again its responsibility to support the education of the next generation of watchmakers, following in the footsteps of Ferdinand A. Lange.

In 2012, the Maison began sponsorship of the Concorso d'Eleganza Villa d'Este, a renowned contest of beauty and elegant design among classic automobiles. This commitment will be continued in 2013. The Maison perpetually sponsors the Dresden State Art Collections, including the Mathematical and Physical Salon, which hosts early A. Lange & Söhne pocket watches.

Wilhelm Schmid
Chief Executive

Established 1845
Lange Uhren GmbH
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 timepieces of the highest quality with classic, timeless aesthetics that leave their mark on time itself. Our timepieces for men and women have emerged over 180 years, unfailingly committed to excellence and with a single purpose: to be indelible embodiments of the most memorable moments of our lives.

Baume & Mercier headquarters in Geneva

- New collections were all warmly received reflecting an enthusiasm for contemporary timepieces inspired by the past.
- The year also saw the preview launch in Hong Kong, China and Macao of the *Clifton* collection: a collection of automatic, round men's watches inspired by a museum piece from the 'Golden Fifties'.
- The Maison is reinforcing visibility at points of sale, particularly by putting in place a more carefully targeted commercial strategy in Greater China.

The 2011 launch of the *Linea, Capeland chronograph* and shaped *Hampton* collections gave the Maison a strong boost. It enabled us to acquire a favourable market position with timepieces that are appreciated for the quality of their design as well as for their reliable mechanisms. These creations, all inspired by our historical models, have been reinterpreted in order to focus on essentials and thus preserve the very spirit of the Maison: affordable luxury through perfect mastery of well-balanced shapes.

These new collections were all warmly received reflecting an enthusiasm for contemporary timepieces inspired by the past. Firmly rooted in the history of our Maison, one of the oldest in the Swiss watch industry, additional references were unveiled in 2012. The *Linea* ladies' line was enriched with 32 mm-diameter watches and appealing automatic versions. Meanwhile, the men's range was strengthened by the launch of the 44 mm *Capeland* chronographs equipped with new dials and bracelets.

The year also saw the preview launch in Hong Kong, China and Macao of the *Clifton* collection: a collection of automatic, round men's watches inspired by a museum piece from the 'Golden Fifties'. This major launch establishes Baume & Mercier as a specialist watchmaker in a market which is highly receptive to both our collections and to our philosophy. This event also enabled us to present an exhibition of historical pieces in China. The event confirmed the Maison's credentials and was backed by a broad multimedia communication campaign. Presented to the rest of the world at the Salon International de la Haute Horlogerie 2013, the *Clifton* collection, composed of models with timeless lines, was a hit among professionals. Energised by this interest, the Maison is reinforcing visibility at points of sale, particularly by putting in place a more carefully targeted commercial strategy in Greater China, based on shop-in-shops and dedicated corners.

In parallel, Baume & Mercier is pursuing developments in the digital sphere. Well established and identified on social networks, the Maison currently has 350 000 fans on Facebook, confirming that our collections fully embody our values of quality, timeless aesthetics and affordability. Values that enable us to reach a broad public seeking to combine the art of living with timeless elegance.

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 in which innovative ideas are combined with pure, distinctive designs. With their focus on technology, its products appeal to enthusiasts with a technical interest in watches and an affinity with discreet luxury.

IWC headquarters in Schaffhausen

– At the 2012 Salon International de la Haute Horlogerie, IWC revealed the *TOP GUN* collection, an independent subset of the IWC Pilot's Watch family.

– IWC Schaffhausen continued its existing sponsorship and partnering activities within the world of sports.

– IWC Schaffhausen pursued its selective distribution strategy by opening 17 boutiques in 2012 in key cities worldwide.

Pilot's watches have been an integral part of IWC Schaffhausen since 1936. At the 2012 Salon International de la Haute Horlogerie (SIHH), IWC revealed a new collection. The *TOP GUN* collection, with five new models, established itself as an independent subset of the IWC Pilot's Watch family. *TOP GUN* was also the motto of an unforgettable gala event to celebrate the launch, with international guests and journalists.

IWC continued its existing sponsorship and partnering activities within the world of sports as a long-term supporter of the Laureus Sport for Good Foundation and supplied the 'OFFICIAL WATCH OF THE GERMAN NATIONAL FOOTBALL TEAM'. IWC Schaffhausen demonstrated its commitment to film and film-makers by hosting glamorous gala events during the Cannes International Film Festival and at the Dubai International Film Festival, where the prestigious IWC Gulf Filmmaker Award was presented.

IWC Schaffhausen pursued its selective distribution strategy by opening 17 boutiques in 2012 in key cities worldwide. Highlights were the opening of new flagship boutiques in New York and Beijing. Significant boutique openings also took place in Paris and Zurich.

Under the motto 'Performance engineering for the wrist', IWC Schaffhausen started the year 2013 with a powerful launch at the SIHH. The completely remodelled *Ingenieur* watch collection focuses entirely on IWC's new partnership with the MERCEDES AMG PETRONAS Formula One™ Team. Materials typically used in motorsport, such as carbon fibre, ceramic and titanium, are the hallmarks of the relaunched product family. Pole position went to the spectacular *Ingenieur Constant-Force Tourbillon* in its platinum and ceramic case. Other models earning a place at the front of the grid were the *Ingenieur Perpetual Calendar Digital Date-Month*, the *Ingenieur Automatic Carbon Performance* and the vintage-style *Ingenieur Chronograph Silberpfeil*. The launch of the new collection was celebrated with a Race Night for 800 international guests and media representatives, who saw Nico Rosberg and his sleek Formula One™ racing car galvanising the atmosphere.

In the coming years, the Maison will pursue its selective distribution strategy and expand its boutique network, mainly in Europe and the Middle East. The Maison will also continue to invest in its production capacity in Schaffhausen with a strong focus on the development and production of IWC-manufactured movements and new *Haute Horlogerie* complications.

Georges Kern
Chief Executive Officer

Established 1868
Baumgartenstrasse 15, Schaffhausen, Switzerland
Chief Executive Officer Georges Kern
Chief Financial Officer Christian Klever
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 specialist skills gathered under one roof in the heart of the Vallée de Joux.

Place Vendôme boutique, Paris

- To mark its 180th anniversary, Jaeger-LeCoultre dedicated the *Jubilee* collection to its founder Antoine LeCoultre.
- For ladies, Jaeger-LeCoultre unveiled a new sophisticated and refined collection: the *Rendez-Vous*.
- The Maison amplified its international presence, enabling it to share its horological passion on a global scale. As a symbol of its global expansion, Jaeger-LeCoultre enhanced and enlarged its Place Vendôme flagship store.

Jaeger-LeCoultre dedicated the year to the celebration of its 180th anniversary of its founder's workshop in the Vallée de Joux. Over the past 180 years, Jaeger-LeCoultre has recorded extraordinary achievements and unveiled legendary timepieces, such as the iconic *Reverso* watch and the perpetual *Atmos* clock. Each has contributed to the international reputation of Swiss watchmaking.

To mark its 180th anniversary, Jaeger-LeCoultre dedicated the *Jubilee* collection to its founder Antoine LeCoultre. Comprising three masterpieces, this collection opened new horizons in the fine watchmaking universe. The *Master Grande Tradition Gyrotourbillon 3 Jubilee* combines the prodigious precision of the spherical tourbillon with the first instantaneous digital-display chronograph presented within a Grande Complication watch. The *Master Grande Tradition Tourbillon Cylindrique À Quantième Perpétuel Jubilee* embodies a miniature watchmaking revolution as it features a tourbillon equipped with a cylindrical balance spring, which puts on a spectacular watchmaking performance. *The Master Ultra Thin Jubilee*, which stands as the thinnest mechanical manual winding watch in the world, with a case thickness of only 4.05 mm.

For ladies, Jaeger-LeCoultre unveiled a new sophisticated and refined collection: the *Rendez-Vous*. Admirably reflecting its ambassadress Diane Kruger, the line inspired as much by Art Deco for the case as by Art Nouveau for the dial, it embodies a free-spirited and spontaneous personality that constantly reinvents itself in order to spring new surprises.

The Maison reinforced its long-term commitment to environmental causes, extending its partnership with the UNESCO World Heritage Centre, initiated in 2008, to support the defence and protection of remarkable marine sites. Jaeger-LeCoultre also renewed its contribution to the 7th Art, with the sponsoring of several cinematographic events such as the Abu Dhabi Film Festival and the Shanghai International Film Festival.

During the year the Maison amplified its international presence, enabling it to share its horological passion on a global scale. Its boutique openings included Abu Dhabi, Las Vegas and Moscow. As a symbol of the Maison worldwide expansion, Jaeger-LeCoultre transformed its Parisian boutique at No. 7 Place Vendôme. With considerably enlarged premises, Place Vendôme has become the Maison's flagship boutique.

Jaeger-LeCoultre will dedicate the year ahead to further celebrations of the Maison's 180th anniversary, through the unveiling of a bouquet of luxury watch revelations and prestigious events.

Jérôme Lambert
Chief Executive

Established 1833
Manufacture Jaeger-LeCoultre,
Rue de la Golisse 8, Le Sentier, Switzerland
Chief Executive Jérôme Lambert
Finance Director Peggy Le Roux
www.jaeger-lecoultre.com

OFFICINE PANERAI
FIRENZE 1860

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

Officine Panerai boutique, Florence

- The *Historic* Collection has been enriched by the new *Radiomir California* and the *Radiomir S.L.C.* models. Those watches represented a milestone in the history of watchmaking for professional divers.
- Panerai continued to upgrade its distribution through its own retail network and opened a further 16 boutiques.
- A new website was launched, communicating the Maison's history, design, innovation and passion.

In 2012, Officine Panerai introduced the *Radiomir 1940*. Like the historic *Radiomir* models made in the 1940s, the distinctive 47 mm case is characterised by a cylindrical crown and pronounced rounding of the cusps of the middle case, in which the strap attachments are not made of steel wires welded to the case but are formed out of the same block of steel as the case itself, thus resulting in stronger, more solid lugs. The *Historic* Collection has been enriched by the new *Radiomir California* and the *Radiomir S.L.C.* models. Those watches represented a milestone in the history of watchmaking for professional divers.

The Maison's in-house movements have been further enriched with the P.2002/10, 8 Days hand-wound calibre with skeletonised bridges and barrels, and with two hand-wound calibres with vintage inspirations: the P.3001, characterised by the 3-Days power reserve indicator visible on the case back; and the P.3002, with the power reserve indicator on the dial.

Panerai continued to upgrade its distribution through its own retail network and opened a further 16 boutiques. The Panerai network now comprises 52 exclusive boutiques.

Following its success in Milan, the Triennale Design Museum presented a new edition of the exhibition 'O'Clock – time design, design time' at the CAFA Art Museum in Beijing. The exhibition displayed an updated selection of works created by new Chinese designers.

The sponsorship of the largest international circuit of classic boat regattas, the 2012 Panerai Classic Yachts Challenge, strengthened the Maison's strong marine heritage and reaffirmed its connection to the sea world and enduring craftsmanship.

For Panerai, corporate responsibility starts with concrete actions such as: a new zero-impact manufacturing plant; FSC® certified paper; reducing the quantity of printed materials; non-profit projects like 'Captain for a day', linked to the Panerai Classic Yachts Challenge; and events aboard Panerai's classic boat Eilean, where those in need may experience the healing power of the sea.

A new website was launched, communicating the Maison's history, design, innovation and passion. In addition, several digital projects helped to narrow the gap between the Maison and its customers.

In the year ahead, the new *Manufacture* will be opened in Neuchâtel, Switzerland, bringing many benefits to the production of in-house movements. The Maison's network of partners will be optimised and the boutique network will see further investments.

The Maison's home city of Florence will be given greater prominence to strengthen its 'Made in Italy' origins. Florence, the cradle of the Renaissance, made Italy famous for its creativity and genius: Officine Panerai espouses these qualities in its watches, which it reinterprets over time with passion, technical excellence and exclusive design.

Angelo Bonati
Chief Executive

Established 1860
Piazza San Giovanni 16, Palazzo Arcivescovile, Florence, Italy
Chief Executive Angelo Bonati
Finance Director Giorgio Ferrazzi
www.panerai.com

PIAGET

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

Piaget's manufacture and headquarters, Geneva

– A new Piaget icon was born with *Limelight Gala*, a dazzling jewellery watch inspired by a 1973 model.

– Piaget presented its latest thematic collection, *Couture Précieuse* at the Biennale des Antiquaires in Paris.

– Piaget continues to strengthen its network of dedicated boutiques with twelve openings, including six in China, two in Vietnam, and a new flagship in Hong Kong.

Piaget confirmed its position as the master of ultra-thin movements with the *Piaget Emperador Coussin Minute Repeater*, setting a double record for slenderness: 4.8 mm for the calibre and 9.4 mm for the case.

A new Piaget icon was born with *Limelight Gala*, a dazzling jewellery watch inspired by a 1973 model. With its incomparable aesthetic, sensual curves and precious gem-setting, it reveals a distinctive personality imbued with a sense of glamorous chic.

Piaget presented its latest thematic collection, *Couture Précieuse* at the Biennale des Antiquaires in Paris. Entirely developed and crafted in-house, the *Couture Précieuse* collection – 59 jewellery pieces and 12 watches – pays homage to feminine beauty through exceptional High Jewellery pieces inspired by three themes: Radiant Laces, Diamond Embroidery and Magnificent Adornments.

For the Maison, the rose is a talisman. In 2012, Piaget celebrated the 30th anniversary of the 'Yves Piaget Rose' by treating its collections to an efflorescence of new models – from ear studs to a secret watch. Nourished by Melody Gardot's interpretation of 'La Vie en Rose', the *Piaget Rose* collection bloomed worldwide in the press and on social networks.

Piaget's support for corporate social responsibility initiatives is best expressed through the Altiplano Project initiated in collaboration with HUG (Geneva Hospitals). It has enabled eight health care centres to be equipped with telemedicine and connected to La Paz main hospital. This project's aim is to give access to expert health care to the isolated population of the Altiplanos. Thanks to Piaget's support, four new medical antennas will be opened in 2013.

For the sixth time, Piaget sponsored the 'Spirit Awards' ceremony and for the third time the Hong Kong International Film Festival. Those events enhance Piaget's visibility and desirability, creating awareness across the world of film.

Piaget continues to strengthen its network of dedicated boutiques with twelve openings, including six in China, two in Vietnam, and a new flagship in Hong Kong. The Maison now has 88 boutiques around the world. Piaget also launched an e-commerce site in the USA.

In line with its unique credentials as both a watchmaker and a jeweller, Piaget will develop its mastery of ultra-thin watches and as the jeweller of watchmakers. It will also develop its High Jewellery offering in the year ahead.

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.

"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

- The company highlighted the equestrian and safari worlds with new models expanding Ralph Lauren's signature aesthetic.
- The company was welcomed to the Fondation de la Haute Horlogerie and became a certified member of the Responsible Jewellery Council.
- Ralph Lauren is present in more than 25 countries, with 60 points of sale, including New York, Beverly Hills, Paris, London, Milan, Tokyo, Hong Kong and Shanghai.

At the Salon International de la Haute Horlogerie ('SIHH') in January 2009, Ralph Lauren Watches and 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 888 Madison Avenue Flagship in New York, before launching at Paris' Avenue Montaigne and Hong Kong's Peninsula boutiques. Featuring brilliance, movement and the iconic glamour from the world of Ralph Lauren, the *Fine Jewelry* collections are handcrafted with the most exceptional materials and intricate finishing techniques.

Today, Ralph Lauren Watch and Jewelry Co. continues to build on its strong foundation with fresh interpretations, demonstrating Ralph Lauren's enduring passion for fine craftsmanship. They pay tribute to the designer's iconic equestrian, art deco, automotive and safari inspirations. The attention to details, materials and finishes brings a comprehensive and unique offering that combine Ralph Lauren's hallmark sensibilities of luxury and timelessness, with the exceptional tradition of Swiss watchmaking.

Ralph Lauren Watch and Jewelry Co. is a recognised player in the market, well-received by the industry with a marked appreciation for the company's committed, serious approach and a true understanding of the unique partnership between Richemont's high-end expertise and Ralph Lauren's distinctive, timeless design.

At SIHH 2013, the company highlighted the equestrian and safari worlds with new models expanding Ralph Lauren's signature aesthetic: the *RL67 Safari* collection, which captures the lure of a travel in Africa, and the *Stirrup Link* models which celebrate the grace and beauty of the equestrian heritage.

During the year, the company was welcomed to the Fondation de la Haute Horlogerie and became a certified member of the Responsible Jewellery Council.

Ralph Lauren is present in more than 25 countries, with 60 points of sale, including New York, Beverly Hills, Paris, London, Milan, Tokyo, Hong Kong and Shanghai. The year ahead will see an expansion of its network focusing on the US, Japan and Asia Pacific with the opening of a dedicated watch salon at Prince's Building, Hong Kong.

Callum Barton
Executive Chairman

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

Established 2007
24, route de la Galaise, Plan-les-Ouates, Geneva
Executive Chairman Callum Barton
Finance Director Stéphane Boukertaba
www.ralphlaurenwatches.com
www.ralphlaurenjewelry.com

ROGER DUBUIS

HORLOGER GENEVOIS

Since its foundation, Roger Dubuis has represented an irresistible blend of character and expertise in Haute Horlogerie. As the only Manufacture to be certified entirely Poinçon de Genève, all of its audacious timepieces bear the mark of this demanding and widely recognised hallmark.

Roger Dubuis' manufacture and headquarters, Geneva

– The launch of two collections – *Pulsion*, an outdoor line, and *Velvet*, a ladies jewellery range – complete the Maison's assortment.

– At the Salon International de la Haute Horlogerie 2013, Roger Dubuis highlighted *Excalibur*, its iconic collection.

– The Maison's distribution network was substantially developed during the year, with five boutique openings in China and the Middle East.

Boldness and differentiation are the two aesthetic assets of the Maison Manufacture. Roger Dubuis is an ingenious creator of spectacular timepieces that challenge the senses with powerful designs and incredible mechanics.

The launch of two collections – *Pulsion*, an outdoor line, and *Velvet*, a ladies jewellery range – complete the Maison's assortment. Roger Dubuis took advantage of the opening of its newest flagship boutique in Dubai to unveil its latest collections. At this glamorous open air gala, thematically called 'Stars under the Stars', Kajol and Gerard Butler were among the distinguished guests immersed in the incredible world of Roger Dubuis.

Another recent brand highlight was the worldwide tour of Mr Roger Dubuis. From Tokyo to New York and ten other destinations, the Geneva Maison celebrated the launch of its key complications, holding exceptional dinners during which Roger Dubuis enthusiasts and dedicated early collectors were invited to share an exclusive moment with the Master Watchmaker himself. Exploiting its marketing and communications strategy, the new advertising campaign and online platforms have been successfully deployed and were honoured with international awards.

At the Salon International de la Haute Horlogerie 2013, Roger Dubuis highlighted *Excalibur*, its iconic collection. Sheltered under the wing of an immense eagle, the high-end complication and masterpiece *Excalibur Quatuor* once again pushed the boundaries of watchmaking by featuring two world premieres: one new movement and one new material. With two patents pending, the new RD101 calibre offers a completely new approach to compensating the effect of gravity. The first ever watch made with silicon, this audacious creation sets the Maison at the forefront of innovation.

The Maison's distribution network was substantially developed during the year, with five boutique openings in China and the Middle East. This geographical expansion and further reinforcement of Roger Dubuis's retail strategy will continue in 2013 with boutique openings and renovations. In addition, the roll-out of shop-in-shop concepts will strengthen the Maison's presence amongst its trade partners.

Jean-Marc Pontroué
Chief Executive

Richemont has a controlling interest in Roger Dubuis and owns all of its manufacturing facilities.

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.

Since its foundation in 1755, Vacheron Constantin has maintained an exceptional and unique continuous history thanks to the combination of talents of the finest master craftsmen in Geneva. Representing the very spirit of Excellence Horlogère, the Maison continues to design, develop and produce an array of outstanding timepieces that remain faithful to its three brand fundamentals: fully mastered technique, inspired aesthetics and superlative finishing.

7, Quai de l'Ile, Geneva

– The year was dedicated to the celebration of the 100th anniversary of its *Malte* tonneau-shaped watches with an exhibition that toured the world.

– The Maison's 38 dedicated boutiques, including openings in Paris, Beverly Hills and Taiwan, are complemented by a network of smaller distribution partnerships.

– Two substantial manufacturing projects are underway in Switzerland: a new building for the production of components in the Vallée de Joux; and the extension of the Geneva *Manufacture*.

The year 2012 was dedicated to the celebration of the 100th anniversary of its *Malte* tonneau-shaped watches with an exhibition that toured the world. The *Patrimony* collection remains the most important in the Maison's portfolio and is increasingly sought after by watch connoisseurs. The *Atelier Cabinotiers*, the Maison's special order service, is also in demand among collectors of highly complicated pieces. Vacheron Constantin's reputation as a master craftsman was further strengthened with the presentation of its new *Métiers d'Art* collection – *Les Univers Infinis* – inspired by M. C. Escher's artworks.

The Maison is positioned as a patron of Arts and Culture and supports several cultural institutions in the fields of Artistic Crafts, notably with the National Institute for Arts & Crafts in France, Walpole in the UK, the Fondazione Cologni dei Mestieri d'Arte in Italy, and Classical Performing Arts, in particular with the Orchestre de la Suisse Romande, Paris Opera Ballet and the Royal Ballet School, London.

The Maison enjoyed worldwide success, most notably in the Asia-Pacific region where it enjoys a leading reputation in *Haute Horlogerie* as well as in the Americas.

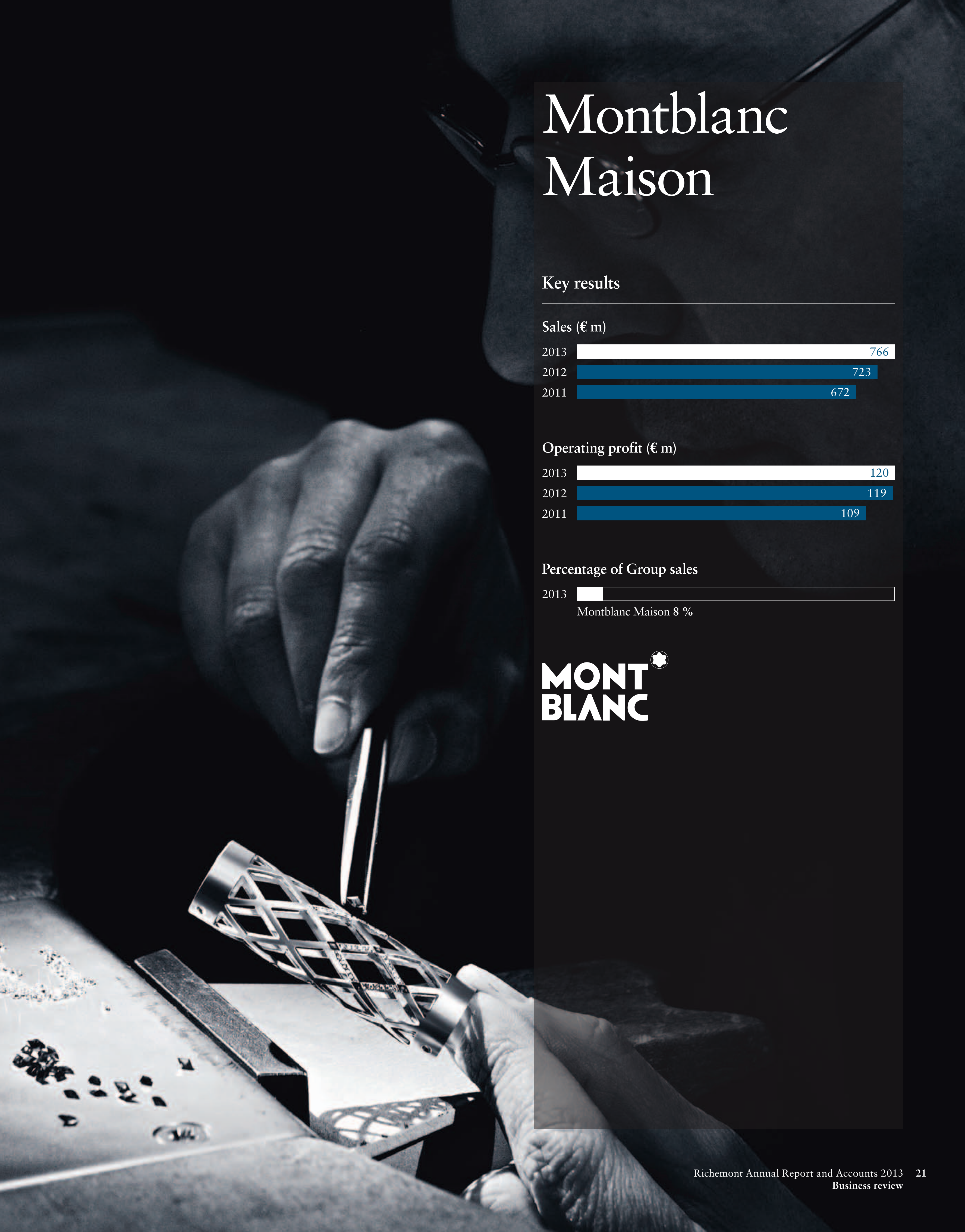
Vacheron Constantin is the longest established submitting company and produces the largest number of watches certified by the prestigious, independent quality seal, the *Poinçon de Genève*. This represents the Maison's commitment, since 1901, to guarantee the highest quality of its timepieces.

The Maison's 38 dedicated boutiques, including openings in Paris, Beverly Hills and Taiwan, are complemented by a network of smaller distribution partnerships. Two substantial manufacturing projects are underway in Switzerland: a new building for the production of components in the Vallée de Joux; and the extension of the Geneva *Manufacture*.

Thanks to its 258-year heritage, the success of its collections and its undisputable reputation as a master craftsman, all three forged in accordance with François Constantin's motto "do better if possible, and that is always possible", Vacheron Constantin looks to the future with confidence.

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



Montblanc Maison

Key results

Sales (€ m)

2013	766
2012	723
2011	672

Operating profit (€ m)

2013	120
2012	119
2011	109

Percentage of Group sales

2013	Montblanc Maison 8 %

MONT BLANC

Montblanc, a Maison embodying the values of European master craftsmanship, has successfully transmitted its values and know-how to watches, fine leather and jewellery, embracing tradition and timeless elegance as well as innovation and creativity.

Montblanc Montres, Le Locle, Switzerland

- With the launch of *Nicolas Rieussec Rising Hours*, Montblanc presented a new movement innovation, demonstrating its fine watchmaking competence and creativity.
- Drawing on its roots in writing instruments, the Montblanc *Heritage Collection 1912 Limited Edition* brings to life a visionary approach to writing culture.
- Highlight of the year was the launch of a new *Signature for Good* collection, reinforcing Montblanc's long-term commitment to children's education and UNICEF.

The year was characterised by the continued international growth of Montblanc's watch business and upgrade of its distribution, with focus on quality. As a consequence, the number of points of sale in the traditional trade were significantly reduced.

With the launch of *Nicolas Rieussec Rising Hours*, Montblanc presented a new movement innovation, demonstrating its fine watchmaking competence and creativity. The continued growth of this category was also supported by successful launches during the year including *Star Classique* and *Timewalker UTC*. Small, attractive complications in the *Star* and *Timewalker* lines were launched at the Salon International de la Haute Horlogerie, further strengthening the Maison's offer in these ranges.

Drawing on its roots in writing instruments, the Montblanc *Heritage Collection 1912 Limited Edition* brings to life a visionary approach to writing culture. The *Heritage Collection* is a fitting tribute to 100 years of superior craftsmanship and the highest quality, combined with innovative design and technology.

Highlight of the year was the launch of a new *Signature for Good* collection, reinforcing Montblanc's long-term commitment to children's education and UNICEF. Embellished with a blue sapphire, the collection of writing instruments, leather goods and jewellery pieces features an extraordinary design, conveying the idea that bricks are the foundation for a school and, brick by brick, we all can help build the future of millions of children. Hillary Swank is supporting this UNICEF initiative, which was launched in Los Angeles ahead of the Oscar Award Ceremony.

The Maison's exposure in social media was further strengthened, drawing inspiration from The Montblanc Worldsecond initiative. Inspired by the idea of recording time, a vivid photo contest was launched, inviting everyone to capture moments of beauty at exactly the same instant, all over the world. The Maison also launched its e-commerce platform in Europe, covering France, the UK and Germany. The US e-commerce site, launched in 2011, enjoyed strong growth.

In 2013, the Maison will continue to offer refined, luxury objects embodying the values of European master craftsmanship.

Lutz Bethge
Chief Executive

Established 1906
Hellgrundweg 100, Hamburg, Germany
Chief Executive Lutz Bethge
Finance Director Roland Hoekzema
www.montblanc.com

Other Businesses

Key results

Sales (€ m)

2013	1 426
2012*	1 232
2011	967

Operating loss (€ m)

2013	(38)
2012*	(27)
2011	(34)

* Re-presented

Percentage of Group sales

2013	Other Businesses **14 %**

Richemont's Maisons

dunhill LONDON

THE NET-A-PORTER GROUP

ALAÏA PARIS

PETER MILLAR

Chloé

PURDEY

LANCEL PARIS 1876

SHANGHAI TANG 上海灘

Standing for masculinity, innovation and functionality, Alfred Dunhill embodies the spirit of the true British gentleman. A global luxury brand, the Maison has set new standards in retail and service, most notably with its 'Homes' in London, Shanghai, Hong Kong and Tokyo.

The London Home of Alfred Dunhill, Bourdon House

- The Maison opened new stores around the world.
- The signing of a new fragrance licence reinforces the Maison's leading position.
- The Alfred Dunhill Links Championship 2012 maintained its position as the world's most sought-after invitation in world golf.

The Maison's exceptional heritage continues to inspire the brand's performance and products, specifically in terms of innovation, luxury and British provenance. Renowned for formal menswear, the concise seasonal collections define the luxury male wardrobe: masculine, perfect for purpose and uncompromising in the use of the finest materials and artisans to create iconic menswear, leather goods and accessories.

The opening of stores around the world, the signing of a new fragrance licence with Interparfum and the continued focus on luxury service through engagement across all customer touch points, have reinforced the Maison's leading position.

Alfred Dunhill's communications platform embraces the spirit and integrity of the British gentleman, engaging and inspiring customers, most notably with its global series of in-store Discovery Evenings and the Maison's leading presence during the bi-annual London Men's Collections. The Alfred Dunhill Links Championship 2012 maintained its position as the world's most sought-after invitation in world golf.

Development of the people within Alfred Dunhill has been a significant focus during the year, through investment in the 'dunhill way', including Maison-wide training programmes and the Global Community Project. The project saw 50 members of staff, from offices all over the world, come together in May 2012 to build a playground in Shanghai for the children of migrant families.

The year ahead will see a continued focus on new product development. The brand will continue to focus on the performance of its collections, as well as its commitment to providing its customers with the most exceptional product, service and experience globally.

Eraldo Poletto
Chief Executive

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

ALAÏA PARIS

One of fashion's greatest couturiers, Mr Alaïa continues to create exceptional pieces that pay homage to the female form and are recognised worldwide for their exquisite design and beauty.

7 rue de Moussy, Paris

- Distribution remains focused on building and developing key partnerships worldwide, focusing on quality rather than quantity.
- A fragrance licence was announced in January 2013.
- The two-storey rue Marignan flagship will open in September 2013, with one full floor dedicated to footwear and accessories and another to the Maison's iconic ready-to-wear collections.

It has been a tremendous year for the Maison, from the preparation of the new boutique opening on rue Marignan in Paris, to the announcement of an Alaïa fragrance. Through its many milestones and achievements, the Maison is reinforcing the strength of its image and reaching a wider audience.

The two-storey rue Marignan flagship will open in September 2013, with one full floor dedicated to footwear and accessories and another to the Maison's iconic ready-to-wear collections. The building will also house some offices for the business. The headquarters and boutique at rue de Moussy remain a paramount part of the Maison.

A fragrance licence was announced in January 2013 with Beaute Prestige International (BPI) to partner in the development and creation of a new Alaïa fragrance. Owned by Shiseido, BPI has a long-term commitment and respect for the designers with whom they work in the creation of fragrance and related products.

The *Intemporels* collection of Alaïa signature pieces maintained its strong success with customers around the world, supported by the creative strength of the main collection presented in March and October. Knitwear, fabric, and leather ready-to-wear are complemented by a growing collection of footwear, handbags and accessories for both collections. Footwear and accessories have been a focus of the Maison's commercial team alongside the creation of a new dedicated division, based in Italy. The development of this new division should enable the Maison to strengthen footwear and accessories in the long term and gain greater control over the production process.

Distribution remains focused on building and developing key partnerships worldwide, focusing on quality rather than quantity. Europe remains strong despite some weaknesses in the economy, and in the US, which hosts nearly half of Alaïa corners, strategy centres around further expansion through partnerships with department stores. Asia has been a key area of focused growth as well.

The year ahead is full of more exciting projects, including the Noces du Figaro opera by the Los Angeles Philharmonic with Jean Nouvel: Mr Alaïa will create the costumes and Jean Nouvel the set design. There will also be a retrospective of Mr Alaïa's work at the re-opening of the newly renovated Galliera Museum in Paris in September 2013. These projects and many others will continue to solidify the Maison's global presence and serve as platforms in celebration of Mr Alaïa's exquisite design.

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

Chloé

Chloé is the most naturally feminine fashion house for women with a free-spirited attitude. The Maison was founded 60 years ago by Gaby Aghion who rejected the stiff formality of the '50s, and created soft, body-conscious clothes from fine fabrics, calling them 'luxury prêt-à-porter'. Today, Chloé continues to epitomise values of femininity, modernity, effortless grace and a free spirit.

Chloé Flagship, rue St. Honoré, Paris

- The Maison celebrated its 60-year anniversary with an event-filled year.
- Chloé opened its new flagship in Paris at 253 rue St Honoré with a new concept designed by Joseph Dirand and elevated standards of excellence in customer experience.
- The acclaim of Chloé's fragrances was further strengthened with new print and TV advertising and the successful launch of the first See By Chloé fragrance.

Chloé celebrated its 60-year anniversary with an event-filled year. The Maison inaugurated its first ever exhibit, Chloé.Attitudes, at the Palais de Tokyo in Paris, unveiling decades of remarkable creations and sketches from its archives as well as showcasing photographs from the world's most renowned fashion photographers: a fitting tribute to Chloé's contribution to fashion culture. The Chloé Alphabet, a playful and innovative digital exhibit with original films and rich visual content, spread the story online to a worldwide audience and quickly went viral through the blogosphere. Finally, the celebration continues with the launch of the Chloé *Anniversary Edition*: 16 iconic products that have marked the history of the Maison from the *Robe Embrun* by Gaby Aghion to the *Paddington* bag. The *Anniversary Edition* was exclusively featured in the most select and fashionable department stores (Printemps, Selfridges, Corso Como, Barney's, Isetan, Net-a-Porter).

In addition to the anniversary celebrations, Chloé opened its new flagship in Paris at 253 rue St Honoré with a new concept designed by Joseph Dirand and elevated standards of excellence in customer experience. The concept and the customer experience training programmes are being deployed in key locations worldwide, starting with new flagships in Shanghai-Citic, Soho New York and Prince's Building Hong Kong.

Clare Waight Keller, the designer, continues to win accolades critically and commercially with successful collections. Ready-to-wear has steadily grown worldwide and the *Alice* bag, launched in the summer, quickly became a best-seller. Other accessories, in particular shoes and jewellery, are also gaining increasing visibility. The acclaim of Chloé's fragrances was further strengthened with new print and TV advertising and the successful launch of the first See By Chloé fragrance.

The year ahead will see the launch of e-commerce, the roll-out of the new store concept in key locations and the edition of a Chloé book. New developments in the ready-to-wear and leather goods collections will firmly position Chloé as a leading Parisian fashion house at the intersection of couture *savoir-faire* and youth *savoir-être*.

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
PARIS 1876

As an iconic French Maison with a distinguished heritage, Lancel has captured and celebrated Parisian chic through Haute Maroquinerie since 1876.

Lancel headquarters, Paris

– The new headquarters are located in a Parisian *hôtel particulier* private mansion, built just a few years before the birth of Lancel.

– Revisiting a vintage bag from the '70s, the *L* is faithful to Lancel's style with its alluring L clasps and Made in France positioning.

– Lancel gave a new dimension to its communication strategy by creating an exciting advertising campaign shot by French photographer, Patrick Demarchelier.

Over the past year, the Maison has continued its expansion and elevation in the luxury realm. The new headquarters located in a Parisian *hôtel particulier* private mansion, built shortly before Lancel's foundation, is an ideal setting to welcome guests and collaborators in a French *art de vivre*. It is now possible to offer exclusive clients special orders in calfskin from the best Italian tanneries and to experience the finest leather *savoir-faire* thanks to a state-of-the-art prototyping atelier.

The year's new products paid special tribute to the Maison's heritage. Revisiting a vintage bag from the '70s, the *L* is faithful to Lancel's style with its alluring L-clasps and Made in France provenance. This bag marks a return to the Maison's codes and is a reference to the original *Bags of Tricks* created by Angèle Lancel.

To support this luxury evolution, Lancel gave a new dimension to its communication strategy by creating an exciting advertising campaign by the renowned French photographer, Patrick Demarchelier.

In the year ahead, the Maison will continue to build upon its founder's legacy and demonstrate its values through both elevation – in France and in Russia where the Maison is well established, and education – in China and in the Middle East, where our customers are eager to learn more about Lancel's heritage. Through the launch of its digital platform and customer relationship management tools, including an online World Store, Lancel will strengthen its relevance and engagement, both physically and online.

Lancel will streamline and upgrade its current distribution network, open new stores in premium locations, including an enhanced in-store concept, and ensure superior service at every contact with customers.

The year ahead will see new important developments in women's products – including exotic leather goods and creations enhancing Lancel's *savoir-faire* in *Haute Maroquinerie* and in 'travel chic' items as sources of sustainable growth and image building for a Maison already respected for its stylish luggage. A full product range in the men's category will soon be added to Lancel's offer, enabling stronger and broader representation.

Fabrizio Cardinali
Chief Executive Officer

Established 1876
261 boulevard Raspail, Paris, France
Chief Executive Officer Fabrizio Cardinali
Finance Director Gianni Serazzi
www.lancel.com

THE NET-A-PORTER GROUP

The NET-A-PORTER GROUP, founded in 2000 with the launch of NET-A-PORTER.COM, the world's premier women's luxury fashion online retailer is now a group of e-commerce brands including THEOUTNET.COM, the most fashionable fashion outlet, and MRPORTER.COM, the men's style destination.

NET-A-PORTER headquarters, London

- NET-A-PORTER sales on mobile devices reached 30 % of total sales.
- THE OUTNET.COM has continued to develop rich editorial content for use on-site and across social media channels and launched a bespoke iPad/iPhone app currently reaching over 152 000 subscribers.
- The MR PORTER Post was amalgamated into a stylish yearbook – The MR PORTER Paperback.

NET-A-PORTER.COM achieved three key milestones in the year, the first being a dedicated website and distribution centre in Hong Kong servicing a growing customer base in Asia Pacific. Secondly, NET-A-PORTER unveiled translated websites and digital weekly online magazines in Mandarin, French and German. NET-A-PORTER also added a new product category – Beauty. Customers in over 75 countries can now shop from a highly curated edit of beauty brands. Further niche and established labels will continue to be added.

NET-A-PORTER MOBILE launched a shopping app for iPad. Sales on mobile devices reached 30 % of total sales.

NET-A-PORTER continued to set a new benchmark in the content and commerce business model by investing in publishing. NET-A-PORTER unveiled its first stage of editorial developments with the launch of its new-look weekly digital magazine *The Edit*, housed on NET-A-PORTER.COM. *The Edit* will continue to build on the weekly digital magazine's current global subscribership of 1.5 million.

MR PORTER continued to establish itself as the destination for men's style, extending its reach across a number of platforms. Partnerships were established with USA Network show SUITS that included a pop-up store and fashion show in New York. MR PORTER supported London Collections: Men with a series of initiatives including an installation featuring exclusive collections from emerging designers. The Style Wherever You Are advertising campaign encouraged customers and visitors to post pictures of themselves at their most stylish on www.mrporterglobalstyle.com. Original content from the bi-monthly journal: The MR PORTER Post was amalgamated into a stylish yearbook – The MR PORTER Paperback. An Android App was created to extend the mobile reach and an inaugural interactive magazine experience for the iPad celebrated parties and event dressing – The MR PORTER iPad Magazine, Issue 1: The TUX.

THE OUTNET launched Iris & Ink, its own collection of styling essentials to complement the existing designer offering and reinforce the Dress Me content.

2013 was the first anniversary of THE OUTNET.CN trading across mainland China with an in-house Shanghai-based team.

Fall 2013 will see the launch of a new luxury print magazine for NET-A-PORTER.COM, which will be sold on news-stands and via subscription.

Natalie Massenet

Natalie Massenet
Founder and Chairman

Established 2000
1 The Village Offices, Westfield, London, England
Founder and Chairman Natalie Massenet
Chief Executive Mark Sebba
Finance Director Richard Mills
www.net-a-porter.com
www.mrporter.com
www.theoutnet.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, USA

- The launch of six shop-in-shops expanded the Maison's presence through partnerships with several of the premier haberdasheries in the United States.
- In October, a completely revamped website was launched, the new site architecture features cutting edge adaptive mobile technology.
- Peter Millar's highly regarded Return of Style advertising campaign featured simultaneously modern and timeless brand imagery.

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 most exclusive country clubs in the world. Strong relationships, exceptional product offerings and a premier level of customer service have cultivated an extraordinarily loyal clientele around the world.

This year saw the first fruits from the company's current growth strategy. Successful maturity of boutiques in Southampton and Palm Beach solidified Peter Millar's stature in these core markets, while the launch of six shop-in-shops expanded the Maison's presence through partnerships with several of the premier haberdasheries in the United States. In addition, relationships with some of the largest high-end retailers in the USA contributed to the Maison's performance.

In October, a completely revamped website was launched. Reflecting Peter Millar's commitment to continued digital innovation, the new site architecture features cutting edge adaptive mobile technology providing a responsive, optimised shopping experience across all mobile platforms. Improvements to information technology systems and infrastructure also served to streamline operations and improve efficiency, ensuring adequate preparation to accommodate growth in this channel.

Continuing our rich association with the game of golf, Peter Millar signed four professional golfers as Ambassadors of Style on the PGA Tour: Brandt Snedeker, Bill Haas, Harris English and Brandon Grace, European Tour star. Peter Millar's highly regarded Return of Style advertising campaign featured simultaneously modern and timeless brand imagery produced from a composite blend of archival golf images and specially co-ordinated photo shoots with each player.

In the year ahead, Peter Millar will continue to develop and refine its seasonal collections, including the launch of a sartorially focused, European-inspired menswear line. Further investments will also be made to expand, upgrade and optimise the online shopping experience, and expansion into more premium retail spaces will remain a priority.

Scott Mahoney
Chief Executive Officer

Established 2001
1101 Haynes Street, Suite 106
Raleigh North, Carolina, United States
Chief Executive Officer Scott Mahoney
Chief Financial Officer Kim Mattoon
www.petermillar.com

PURDEY

James Purdey & Sons, one of the world's oldest sporting brands, is renowned for making the finest shotguns and rifles. The precision craftsmanship and exquisite finish of a Purdey gun appeals as no other to sports enthusiasts the world over.

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

- To foster the great gunmakers of the future, this year the company has created the Apprentice Academy.
- The heritage and timeless traditions of the company have been incorporated into Purdey.com, a new digital flagship, launched in 2012.
- The Purdey factory in central London was being rebuilt during the year and will be completed in 2014.

James Purdey's rapid rise to pre-eminence was founded on his unwavering commitment to excellence, known as the Purdey Way. The Purdey tradition continues to be handed down from one generation to the next, as the company continues James Purdey's legacy.

To foster the great gunmakers of the future, this year the company has created the Apprentice Academy under the aegis of our most respected Master Craftsmen. A Purdey apprenticeship takes up to six years, after which the craftsman will have fully mastered his trade, to begin a lifelong journey to become a Master Craftsman. It is this dedication that forms the very core of a Purdey bespoke gun and rifle, which can take up to 24 months to make.

The Purdey factory in central London was being rebuilt during the year and will be completed in 2014, the company's bicentenary year, providing a foundation for our next 200 years. The factory has been designed with great attention to detail by our gunmakers, incorporating their extensive gun making experience.

To complement the historic home of James Purdey & Sons at Audley House in London, the heritage and timeless traditions of the company have been incorporated into Purdey.com, a new digital flagship, launched in 2012. The new online home is rich with history, heritage and craftsmanship, reaching into our extensive archives, and enabling customers to access the Purdey team in Audley House for advice and service, as well as providing the ability to purchase clothing and accessories online. The site includes the launch of 'Purdey Owners', a new and expanding service that allows Purdey gun owners to stay in touch and gain access to privileged events and services.

The Purdey Awards are well established as a driving force in promoting greater awareness of the synergy between shooting and conservation. Every year the Purdey Awards uncover the most extraordinary conservation work that takes place in the British countryside, and seek to highlight and recognise the best of them. The 2012 Purdey Gold Award was presented to a shoot conservation project spanning almost 30 years, resulting in one of the finest driven grouse moors in the British Isles.

Nigel Beaumont.

Nigel Beaumont
Chairman

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

SHANGHAI TANG

灘 海 上

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

The Shanghai Tang Mansion, Hong Kong

– A milestone for the Maison has been the opening of its largest flagship store in the world – The Shanghai Tang Mansion.

– The boutique concept was extended to a new boutique in Pacific Place Hong Kong, one of the leading luxury malls in Asia.

– The Maison will continue its expansion in Asia with the opening of its largest flagship in China – The Cathay Mansion.

The Maison continues to evolve its shopping experience to nourish the rising global appetite for Chinese culture.

A milestone for the Maison has been the opening of its largest flagship store in the world – The Shanghai Tang Mansion at 1 Duddell Street, Central, Hong Kong. The three-storey retail destination is a modern interpretation of a Chinese art deco mansion. The boutique concept was also extended to a new boutique in Pacific Place Hong Kong, one of the leading luxury malls in Asia.

To entice the 'global citizen', who desires products that inject modern Chinese aesthetics in a relevant way to enrich their daily lives, Shanghai Tang has refined its product offering with updated, versatile styles and luxurious materials, with a growing focus on accessories.

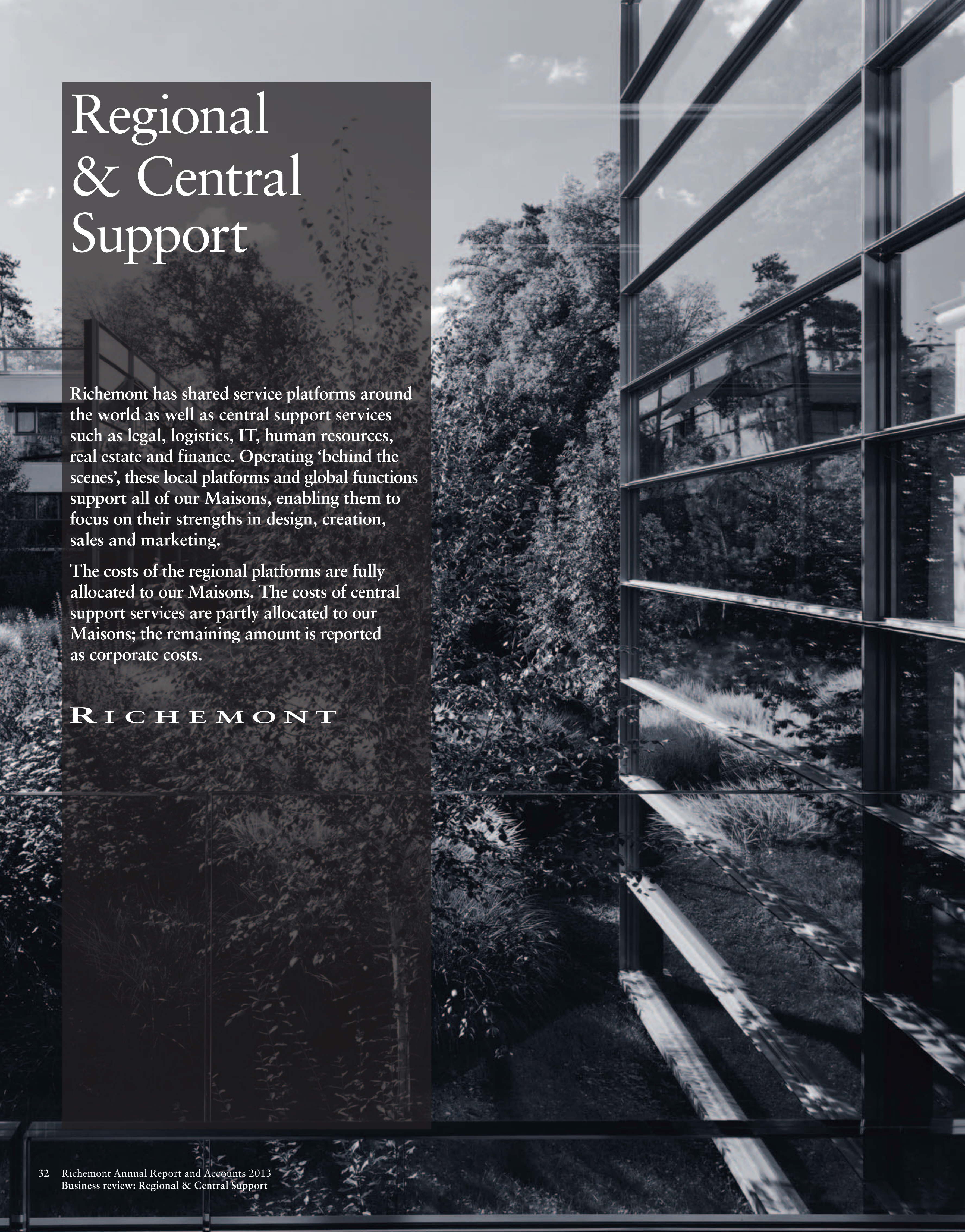
In this Year of the Snake, the Maison will continue its expansion in Asia with the opening of its largest flagship in China – The Cathay Mansion – a monumental home in Shanghai. Located in the city that inspired the birth of the Maison, this is the grand restoration project of the historic Cathay Cinema building from the 1930s, an icon of art deco architecture. The Cathay Mansion, a multi-storey retail space, will open in June 2013 as an exciting showcase of Shanghai Tang's modern interpretation of Chinese culture and heritage.

The Shanghai Tang Mansion at 1 Duddell Street will also welcome the opening of *Duddell's* in May. *Duddell's* will be an art-focused social and cultural destination, featuring a restaurant with Cantonese cuisine from a Michelin-starred chef.

Raphaël de Chermont

Raphael Le Masne de Chermont
Executive Chairman

Established 1994
1 Duddell Street, Hong Kong, People's Republic of China
Executive Chairman Raphael 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 local and global support services enable our Maisons to enter new markets more easily and, aided by in-house tools, support teams and development initiatives, to grow more efficiently. With over 3 000 employees directly employed by our subsidiaries, these services 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.

European platform, including Middle East and Africa

Richemont's European distribution company implemented new IT tools and refined business processes to shorten delivery times across the region. The process changes have improved controls in transport and delivery. Separately, the European platform has supported our Maisons' development of their customer contact centres. This Group coordination will benefit our Maisons and their customers as e-commerce projects can be implemented efficiently. In fast-growing markets such as India and Ukraine, new subsidiaries were created and retail operations were developed. The manufacturing facilities of certain Maisons also benefited from Richemont's dedicated IT solutions for the first time.

Asia-Pacific platform

Richemont founded the China Institute of Swiss Watchmaking in partnership with WOSTEP, the Watchmakers of Switzerland Training and Educational Program. The Shanghai-based Institute seeks to develop qualified craftsmen to keep up with the growing demand for local after sales services. Separately, the China Logistics Centre was expanded and relocated. Finally, a regional real estate team was created to support our Maisons' needs in this large and fast-changing region.

Americas platform

Building on earlier logistics developments, Richemont North America supported the development of a Dallas-based, shared customer contact centre for our Maisons and their separate e-commerce initiatives. The Americas platform also assisted in substantial transactions relating to New York real estate and more than a dozen new boutiques. In Latin America, new subsidiaries were created in Brazil and boutiques were subsequently opened, bringing our Maisons closer to their customers.

Japan platform

The platform's focus has been to ensure business continuity. This follows lessons learned from the March 2011 earthquake. For example, a second warehouse in Osaka will manage the Maisons' marketing materials. Separately, the Japan platform has supported the tailored e-commerce developments of several Maisons.

Central support services

To enhance Richemont's Swiss component manufacturing activities: the Group acquired a specialist in the alloying and shaping of precious metals; launched the first wave of 'Lean-production' projects; and relocated Donzé-Baume's watch case manufacturing site.

In IT, the Group made further strategic investments, enhancing its supply chain planning and management tools. These tools will bring gains to a growing number of our Maisons in the future. Separately, solutions to support our Maisons' respective digital and e-commerce initiatives were developed, combining industry best practices with internally developed tools. In parallel, the Group continued to invest in its IT systems.

In logistics, global supply chain compliance was reinforced through a dedicated function, enhancing coordination across the Groups' network of regional distribution centres, including China and Brazil. The dedicated function has developed expertise in hallmarking and labelling, reducing cross-border delivery times. Separately, efforts to coordinate the purchasing of certain materials have generated deeper partnerships with certain suppliers and cost savings for the Group as a whole.

The central real estate function supported the Maisons in their acquisition of boutiques, which now exceed 1 000 worldwide, and in major construction projects, primarily in Switzerland where their watchmaking facilities are being expanded to meet demand.

Finally, Richemont took steps to address our investors' concerns regarding environmental, social and governance matters. The consequences of those steps may be found throughout the 2013 annual report, including the proposal to change from bearer shares to registered shares in September.

Financial review

in € millions	March 2013	March 2012*	% change
Sales	10 150	8 868	+14 %
Cost of sales	(3 631)	(3 217)	
Gross profit	6 519	5 651	+15 %
Net operating expenses	(4 093)	(3 603)	+14 %
Operating profit	2 426	2 048	+18 %
Net financial costs	(47)	(235)	
Share of post-tax results of equity-accounted investments	(4)	(9)	
Profit before taxation	2 375	1 804	+32 %
Taxation	(370)	(264)	+40 %
Profit for the year	2 005	1 540	+30 %
Analysed as follows:			
Attributable to owners of the parent company	2 013	1 544	
Attributable to non-controlling interests	(8)	(4)	
Profit for the year	2 005	1 540	+30 %
Earnings per share – diluted basis	€ 3.595	€ 2.756	+30 %

* Re-presented for changes in accounting policies. See note 37 of the consolidated financial statements.

Sales

Sales for the year increased by 14 % at actual exchange rates, or by 9 % at constant exchange rates. The increase in sales reflected, in particular, sales growth in the Group's own retail network, bolstered by very strong demand from tourism in Europe during the period. The Americas region also remained strong throughout the year. Further details of sales by region, distribution channel and business area are given in the Review of operations on pages 36 to 39.

Gross profit

Gross profit rose by 15 % and the gross margin percentage was 50 basis points higher at 64.2 % of sales. Several factors caused the increase in the gross margin percentage, in particular favourable currency movements and the growing proportion of sales made through the Maisons' own boutiques. These favourable factors were partly offset by the impact of the cessation of hedge accounting, which was initiated in the prior year. In the year under review, foreign exchange gains and losses recognised in the gross margin were immaterial, whereas gains in the prior period added 120 basis points to the gross margin percentage.

Operating profit

Operating profit increased by 18 %, reflecting the significant increase in gross profit, offset by an increase in operating expenses of 14 %.

Selling and distribution expenses were 16 % higher, reflecting in particular the increase in sales in the Maisons' own boutique networks. Communication expenses increased by 10 % and represented 9 % of sales. Administration costs rose by 18 % and reflected the expansion of certain of the Group's shared service platforms.

As a consequence, operating margin increased by 80 basis points to 23.9 % in the year under review.

Profit for the year

Profit for the year increased by 30 % to € 2 005 million, reflecting the following significant items:

- Within net finance costs, € 120 million of mark-to-market losses have been recorded in respect of the Group's currency hedging programme (2012: losses of € 98 million).
- In the comparative year, the Swiss franc's appreciation against the euro generated reported non-cash losses of € 169 million in respect of the Group's investments in euro-denominated liquid bond funds held by a Swiss franc entity. In the year under review, non-cash gains on these investments amounted to € 19 million. The decrease in the magnitude of such losses and gains reflected the relative stability of the euro: Swiss franc exchange rate during the year.

Earnings per share on a diluted basis increased by 30 % to € 3.595. 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 2013 would be € 2 020 million (2012*: € 1 553 million). Basic HEPS for the year was € 3.672 (2012*: € 2.832). Diluted HEPS for the year was € 3.607 (2012*: € 2.772). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 30 of the Group's consolidated financial statements. (* Re-presented.)

Cash flow

Cash flow generated from operations for the year was € 1 944 million, € 146 million above the prior year. The additional cash generated from operating profit was largely absorbed by working capital movements.

The net acquisition of fixed assets amounted to € 612 million, reflecting selected investments in the Group's network of boutiques, particularly in the Asia-Pacific region, and further investments in manufacturing facilities in Switzerland.

The 2012 dividend, at CHF 0.55 per share, was paid to shareholders net of withholding tax in September. The gross cash outflow in the year amounted to € 250 million.

During the year, the Group acquired some 6 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 outflow of € 51 million.

Financial structure and balance sheet

Tangible and intangible assets increased by € 718 million during the year, including investment properties. The increase largely reflects the expansion of the Maisons' boutique networks, particularly in the Asia-Pacific region, investments made in their European manufacturing facilities, and investment property transactions.

Inventories at the year-end amounted to € 4 326 million. This figure represents 17 months of gross inventories and compares with 16 months one year earlier. The change in the rate of stock turn reflects a planned increase in finished goods and raw materials, largely offset by favourable trading conditions. In absolute terms, the increase in the value of inventories results from the expansion of the boutique network.

At 31 March 2013, the Group's net cash position amounted to € 3 215 million, in line with the prior year-end. The Group's net cash position includes short-term liquid bond 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. Total borrowings, including bank borrowings and short-term loans, amounted to € 487 million.

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

Proposed dividend

The Board has proposed a cash dividend of CHF 1.00 per share, an increase of CHF 0.45 per share compared to last year.

The dividend will be paid as follows:

	Gross dividend per share	Swiss withholding tax @ 35 %	Net payable per share
Cash dividend	CHF 1.00	CHF 0.35	CHF 0.65

The dividend will be payable following the Annual General Meeting, which is scheduled to take place in Geneva on Thursday 12 September 2013.

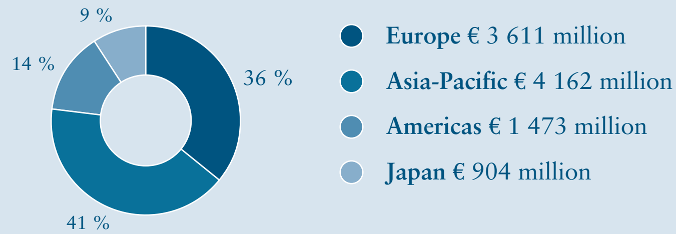
The last day to trade Richemont 'A' shares and Richemont South African Depository Receipts cum-dividend will be 13 September 2013. Richemont 'A' shares and South African Depository Receipts will trade ex-dividend from 16 September 2013.

The dividend on the Compagnie Financière Richemont 'A' shares will be paid on 19 September 2013. 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 27 September 2013. 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, including information relating to withholding taxes, may be found in an announcement dated 16 May 2013 on SENS, the Johannesburg stock exchange news service.

Review of operations

Sales by region



			Movement at	
in € millions	31 March 2013	31 March 2012*	Constant exchange rates**	Actual exchange rates
Europe	**3 611**	3 098	+14 %	+17 %
Asia-Pacific	**4 162**	3 684	+5 %	+13 %
Americas	**1 473**	1 253	+11 %	+18 %
Japan	**904**	833	+6 %	+9 %
	10 150	8 868	+9 %	+14 %

* Re-presented.

** Movements at constant exchange rates are calculated 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 2012.

Europe, including Middle East and Africa

Europe accounted for 36 % of overall sales. The region enjoyed good growth, largely due to demand from tourists. Accordingly, the highest growth rates were in the Maisons' own boutiques in tourist destinations, including the Middle East.

Asia-Pacific

Sales in the Asia-Pacific region accounted for 41 % of the Group total, with Hong Kong and mainland China the two largest markets. The rate during the year under review moderated following two years of exceptionally high rates of growth. The lower rate was more pronounced in the second six months of the year under review. Nevertheless, sales growth in our Maisons' own boutiques was higher than sales growth to wholesale partners, reflecting good performances and the expansion of the boutique networks during the last two years.

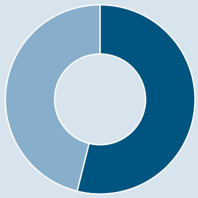
Americas

The Americas region, which accounted for 14% of Group sales, posted a third successive year of double-digit growth.

Japan

Sales in Japan continued to grow, reflecting demand in all segments.

Sales by distribution channel



in € millions	31 March 2013	31 March 2012*	Movement at Constant exchange rates**	Movement at Actual exchange rates
Retail	**5 440**	4 656	+11 %	+17 %
Wholesale	**4 710**	4 212	+7 %	+12 %
	10 150	8 868	+9 %	+14 %

* Re-presented.

** Movements at constant exchange rates are calculated 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 2012.

Retail

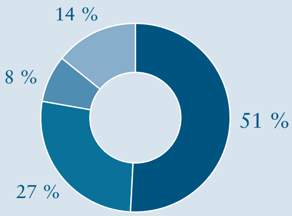
Retail sales, comprising directly operated boutiques and Net-a-Porter, increased by 17 %. This continues to be well above the growth in wholesale sales and 54 % of Group sales are now generated through the Maisons' boutique networks.

The growth in retail sales partly reflected the good performance of Net-a-Porter and the expansion of the Maisons' network of boutiques to 1 014 stores. Openings during the year were primarily in high-growth markets.

Wholesale

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

Sales and operating results by segment



Jewellery Maisons

in € millions	31 March 2013	31 March 2012	Change
Sales	**5 206**	4 590	+13 %
Operating results	**1 818**	1 510	+20 %
Operating margin	**34.9 %**	32.9 %	+200 bps

The Jewellery Maisons' sales grew by 13 %. Both Cartier and Van Cleef & Arpels generated remarkable results.

The Maisons' boutique networks reported good growth and also benefited from further openings. Demand for jewellery was particularly strong; demand for Cartier's watch collections was solid, tempered by lower wholesale orders for steel watches.

The significant increase in sales and positive gross margin development generated an operating margin of 35 %.

Specialist Watchmakers

in € millions	31 March 2013	31 March 2012	Change
Sales	**2 752**	2 323	+18 %
Operating results	**733**	539	+36 %
Operating margin	**26.6 %**	23.2 %	+340 bps

The Specialist Watchmakers' sales increased by 18 %, reflecting growing worldwide interest in *haute horlogerie*.

Most Specialist Watchmakers contributed to the significant increase in the contribution margin, reflecting the Maisons' pricing power and operating leverage.

Montblanc Maison

in € millions	31 March 2013	31 March 2012	Change
Sales	**766**	723	+6 %
Operating result	**120**	119	+1 %
Operating margin	**15.7 %**	16.4 %	-70 bps

Montblanc's sales increased by 6 %, primarily driven by demand for watches and favourable currency effects. Compared with other Group businesses, Montblanc benefits less from sales in tourist destinations.

The Maison's operating margin was broadly in line with the prior year.

Sales and operating results by segment continued

Other

in € millions	31 March 2013	31 March 2012*	Change
Sales	**1 426**	1 232	+16 %
Operating results	**(38)**	(27)	-41 %
Operating margin	**(2.7) %**	(2.2) %	-50 bps

* Re-presented.

Other includes the Group's Fashion and Accessories businesses, Net-a-Porter and the Group's watch component manufacturing activities.

Richemont's Fashion & Accessories Maisons saw single-digit sales growth; operating profits were lower than the prior year at € 23 million.

Sales growth at Net-a-Porter continues to exceed the Group's average. Net-a-Porter reduced its losses during the year and generated positive operating cash flow.

Losses at the Group's watch component manufacturing facilities were in line with the comparative year.

Corporate costs

in € millions	31 March 2013	31 March 2012	Change
Corporate costs	**(207)**	(93)	+123 %
Central support services	**(188)**	(170)	+11 %
Other operating (expense)/income, net	**(19)**	77	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. The increase in central support services reflects the support of IT systems and other long-term initiatives.

The year-on-year movement of almost € 100 million reported within other operating (expense)/income relates to a change in the Group's accounting treatment of its exchange rate hedging programme: in the prior year, significant unallocated hedging gains were reported within gross profit under the former accounting treatment.

Bernard Fornas
Co-Chief Executive Officer

Richard Lepeu
Co-Chief Executive Officer

Gary Saage
Chief Financial Officer

Compagnie Financière Richemont SA
Geneva, 16 May 2013

Corporate 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.

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 for environmental management. The Group also consults with its largest shareholders to determine their concerns and priorities regarding corporate responsibility issues and disclosures.

Richemont people

Richemont directly employs over 27 000 people in manufacturing, distribution, retail, after sales service and administrative functions. Two-thirds of the employees are based in Europe, primarily in Switzerland, France, the UK and Germany, reflecting the location of our Maisons' manufacturing bases.

Training

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

To preserve the myriad skills of master craftsmen from one generation to the next, our Maisons' engage a number of apprentices each year.

Richemont supports The Creative Academy in Milan, which offers students a Masters 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'), and has established dedicated watchmaking schools in Dallas, Hong Kong and Shanghai.

The Richemont Retail Academy in Shanghai provides a platform for recruiting and training personnel for our Maisons' boutiques across China.

Supply chain

The Group's full supply chain often lies beyond our direct control. We therefore seek to influence the behaviour of our suppliers through our model Supplier Code of Conduct and by collaborating with peers such as the Responsible Jewellery Council. Each year, over 50 suppliers are audited as part of the regular relationship with the Maisons.

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's members span from mining houses to retailers. Under the RJC's certification system, members must be audited to verify compliance with the RJC's own Code of Practices. Further information can be obtained at www.responsiblejewellery.com

Richemont is a long-term supporter of the RJC. All of our Maisons using gold and diamonds are now full members. Together, they account for over 90 % of the Group's total sales. The majority are now certified as being in compliance with the RJC's stringent Code of Practices.

Environment

Our Environmental Code of Conduct is built on internationally recognised standards for environmental management and includes industry-specific issues. Our direct impact upon biodiversity is low and we decrease it further by reducing our impact on climate change and the careful disposal of waste products.

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 re-invoiced to the Maisons to increase awareness and to encourage energy efficiency. We have established long-term targets to reduce our carbon intensity.

Community

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 Fondation Cartier pour l'Art Contemporain, Montblanc de la Culture Arts Patronage Award, 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 (see the following pages).

2013 Corporate responsibility report

Richemont's full annual corporate responsibility report will be available from July at www.richemont.com/corporate-social-responsibility/csr-report.html

Peace Parks Foundation

Southern Africa's peace parks today incorporate over half of the declared conservation estate in the region.

At over 930 000 km², they rival the combined landmass of Germany, France and Belgium. Establishing each peace park (otherwise known as Transfrontier Conservation Areas, or 'TFCAs') is complex and far-reaching. Peace Parks Foundation facilitates the development of Africa's peace parks, which in marrying conservation and socio-economic development are a magnificent bequest to a world facing increasingly critical levels of sustainability risk.

There were many milestones reached in this vital endeavour in 2012:

- Spanning 444 000 km² and straddling five countries, the Kavango Zambezi ('KAZA') TFCA was officially launched. Also in KAZA, the Ngonye Falls Partnership Park and the Simalaha Community Conservancy were proclaimed. The latter will ultimately link Chobe National Park in Botswana to Kafue National Park in Zambia, thereby re-establishing wildlife populations and their migration routes to the benefit of local communities. Moreover, a major development programme focused on a community-based approach to natural resource management, which will improve local ownership and access to basic human rights, got under way in Simalaha;
- Community members working as turtle monitors recorded some 1 120 nests of the critically endangered leatherback and endangered loggerhead turtles along the 2 047 km Mozambican coastline, 82 % of which were in the 110 km section of Africa's first marine TFCA between Mozambique and South Africa;
- Bordering Kruger National Park in the Great Limpopo Transfrontier Park, Limpopo National Park's buffer zone now has 18 community irrigation schemes whereby some 3 240 community members benefit;
- In the Nyika TFCA between Malawi and Zambia, the Norway Grant Agreement was signed. Together with support from the World Bank, the two governments and Peace Parks Foundation, funding committed to this TFCA now totals over US$ 11 million, which will finance the construction of a research station and research into the plant life of this montane plateau, staff training, continued joint law enforcement activities, infrastructure maintenance and operational expenses;
- The restocking of Maputo Special Reserve in the Lubombo TFCA continued, with the introduction of a further 438 animals;

Lion cubs in the Kavango Zambezi TFCA, Africa's largest conservation area

- 90 women and 16 men graduated at the SA College for Tourism, in hospitality services and tracking skills respectively. This crowned a successful year in which the College won the prestigious BHP Billiton Achiever Award in the category Best Training Programme: Tourism, as well as the Mail & Guardian Investing in the Future Education Award.
- The Southern African Wildlife College bestowed Higher and Advanced Certificates in Nature Conservation on 64 students, with no less than 1 800 students completing short courses during 2012; and
- Capacity building and joint training, with a focus on countering wildlife crime, is imperative and ongoing in many of the TFCAs.

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 / Fax: +27 (0)21 880 1173
E-mail: parks@ppf.org.za / Website: www.peaceparks.org

Donors may contribute to the Foundation's work via the Peace Parks Foundation charities in Germany, the Netherlands, Sweden, Switzerland, the UK and the USA. For example, in Switzerland via the International Peace Parks Foundation, a charitable foundation.

Laureus

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

Conceived by Richemont Chairman Johann Rupert and based on the underlying conviction that sport can build bridges in society, Laureus was set up in 1999 as a joint venture with German auto manufacturer Daimler.

For more than a decade now, Laureus has been using the power of sport to improve the lives of disadvantaged young people around the world and also celebrating sporting excellence at the annual Laureus World Sports Awards, held most recently in Rio de Janeiro in March 2013.

At the heart of the charity is the Laureus World Sports Academy, a unique collection of 46 of the greatest living sports legends, under the chairmanship of Edwin Moses, who were inspired at the very first Laureus Awards in 2000 by the stirring words of Nelson Mandela. 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. Sport can create hope, where once there was only despair."

Since that day in 2000, the sportsmen and sportswomen of the Laureus Academy, backed by a growing number of sporting ambassadors, have been making this happen. In that time Laureus has supported sports-based community projects which have benefited more than one-and-a-half million young people around the world.

Children from the Laureus-supported Seenigama Sport for Life Project, Sri Lanka

From Mumbai, where children try to eke out an existence in the Dharavi slums, to sub-Sahara Africa, where AIDS has decimated communities and left thousands of orphans, and in Northern Cambodia, where thousands of landmines still cause horrific injuries, Laureus, through the positive power of sport, is helping children to overcome challenges and gives them hope for the future. In American and European inner cities too, Laureus aims to offer young people an alternative to lives blighted by violence, drugs, gangs and discrimination.

The Laureus network now reaches more than 140 projects in 34 countries and tackles a wide range of social challenges faced by children at grass roots level. In addition to direct funding, Laureus has also become a recognised leader in research, demonstrating to community leaders and governments the value of investing in sports projects as an alternative and highly effective way of tackling social problems. Additionally Laureus has applied its experience over many years to develop a modern curriculum which can be used by sports projects around the world.

The Laureus World Sports Awards, which honours the greatest sportsmen and sportswomen, is the annual highlight of the year. It showcases the work of the Laureus Sport for Good Foundation to a global TV audience and is a unique gathering of hundreds of athletes who volunteer their time to this charitable cause.

The Laureus Awards acknowledges the contribution made by individuals who use sport to help society by the presentation of the prestigious Laureus Sport for Good Award. It also promotes equal recognition for disability and action sports. Over the past decade proceeds from the Awards have directly benefited and financially underpinned the work of the Laureus Sport for Good Foundation.

Laureus Chairman Edwin Moses says: "I would like to thank Richemont for their vision and unwavering commitment in supporting the Laureus Academy in its mission to use the power of sport to improve the lives of so many children. We have come a long way and achieved a great deal, but the work goes on and we still have so much to do."

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

Corporate governance

Introduction

The Board believes that the Company's corporate governance arrangements have served its shareholders well. During the year under review, the Group announced that the Chairman would step down from his additional role as Chief Executive Officer on 31 March 2013. From 1 April 2013 Messrs Bernard Fornas and Richard Lepeu became Co-Chief Executive Officers of the Group. Mr Fornas is responsible for overseeing the Maisons; Mr Lepeu is responsible for overseeing Richemont's central functions. The other executive directors for the coming year are Mr Gary Saage, Chief Financial Officer, and Dr Frederick Mostert, Chief Legal Counsel.

As regards the non-executive directors, Mr Yves Andre Istel serves as Deputy Chairman of the Board and Lord Renwick of Clifton as the Lead Independent Director. 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 25 years ago. Further details on the Group's superior performance are presented within the Chairman's review and the 25th anniversary sections of the annual report.

General principles

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. It also adheres to the requirements of the 'Directive on Information Relating to Corporate Governance' ('DCG'), issued by 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 corporate governance principles and practices are reviewed by the Audit Committee and the Board on a regular basis in the light of prevailing best practices.

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, Strategic Security and Nominations Committees of the Company's Board. The Corporate Governance Regulations are available on the Group's website: www.richemont.com

This section of the annual report follows the recommendations of SIX Swiss Exchange DCG. Headings follow the 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 directive do not apply to Richemont or where the amounts involved are not material, no disclosure may be given.

1. Group structure and significant 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 of Directors (the 'Board') is the Group's supervisory board, composed of a majority of non-executive directors.

The Group's luxury goods businesses are separated into segments for presentation purposes: (i) Jewellery Maisons; (ii) Specialist Watchmakers; (iii) Montblanc Maison. All other Maisons are aggregated and reported as 'other'. 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 and administration services.

Details of the principal companies within the Group are set out in note 40 to the Group's consolidated financial statements. The market capitalisation and ISIN number of the Richemont 'A' shares are given in section 2 of this corporate governance report, which deals with the capital structure.

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, the Chairman of Richemont, is the sole General Managing Partner of Compagnie Financière Rupert. Messrs Ruggero Magnoni, Jan Rupert and Prof. Jürgen Schrempp, all 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 2013.

Other significant shareholders

During the year under review, the Company received a notification from Richemont Employee Benefits Limited ('REBL'), an indirectly held subsidiary, that it no longer held significant shareholdings representing in excess of 3 % of the voting rights. The notification was promptly reported to SIX Swiss Exchange, which simultaneously publishes such notifications on its website.

As at 31 March 2013, Compagnie Financière Rupert is the only significant shareholder in the Company.

Cross shareholdings

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

2. Capital structure

Shares

There are 522 000 000 'A' bearer shares and 522 000 000 'B' registered shares in issue. Richemont 'A' bearer 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' bearer share has a par value of CHF 1.00 and each 'B' registered share has a par value of CHF 0.10. Further details are given in note 19 to the Group's consolidated financial statements.

During the three years ended 31 March 2013, there were no changes to the Company's capital structure.

At 31 March 2013, Richemont's market capitalisation, based on a closing price of CHF 74.50 per share and a total of 522 000 000 'A' shares in issue, was CHF 38 889 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 42 778 million.

Over the preceding year, the highest closing price of the 'A' share was CHF 80.50 on 17 January 2013, and the lowest closing price of the 'A' share was CHF 48.40 on 12 July 2012.

The ISIN of Richemont 'A' shares is CH0045039655 and the Swiss 'Valorennummer' is 4503965.

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 2013, a dividend of CHF 1.00 per 'A' share and CHF 0.10 per 'B' share has been proposed.

Share buy-back programmes

Over the course of the preceding 13-year period ended 31 March 2012, the Group had repurchased a total of 34 552 934 former 'A' units and 26 315 276 'A' shares through the market to meet obligations under stock option plans for executives.

During the year under review, the Group acquired 4 280 620 'A' shares through the exercise of over-the-counter call options and repurchased a further 1 600 000 '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 2013 was 21 081 709 'A' shares.

On 27 May 2010, Richemont announced a programme envisaging the buy-back of 10 000 000 of its own 'A' bearer shares over a two-year period. On 18 May 2011, the Board of Directors decided to extend the buy-back programme by an additional 5 000 000 'A' bearer shares: the extended buy-back programme thus amounted to 15 000 000 'A' bearer shares. On 22 March 2012, the Board of Directors decided that the current programme should be terminated with immediate effect. 12 690 200 'A' bearer shares had been repurchased within the scope of the extended programme.

On 16 May 2012, Richemont announced a new programme envisaging the buy-back of 10 000 000 of its own 'A' bearer shares over a two-year period, linked to the requirements of the executive stock option plan.

Details of the Group's stock option plan are set out in section 5 of this report 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 options granted to executives is set out on page 113 of this report.

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. The cost of acquiring over-the-counter call options is also charged to this reserve. As shares are sold as a consequence of the exercise of options by executives, the reserve is correspondingly reduced. During the year under review, the reserve for treasury shares increased by a net € 41 million as a consequence of the repurchase of 'A' shares, as described above, partly offset by the exercise of options by executives and the consequent delivery of 'A' shares from the Group to those executives. Further details are given in note 19 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 the Company or a third party to represent them at the meeting.

There is no limit on the number of shares that may be held by any given party nor any restriction on the voting rights attaching to those shares.

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.

A number of institutional investors have expressed their concerns regarding the Company's 'share blocking' requirements. Share blocking obliges those bearer shareholders who wish to exercise their right to vote at general meetings to block the shares in the days immediately preceding such meetings, thus preventing them from trading. Blocking is confirmed to the Company by the respective custodial bank. In order to address the concerns of those investors, the Board of Directors has proposed that the Company's Articles of Incorporation be revised such that its bearer shares are replaced by registered shares and that a record date be established for voting purposes. These proposals will relieve shareholders of the trading constraint outlined above. The proposed changes to the Company's Articles will be voted upon at the 2013 Annual General Meeting ('AGM') under the current system. If approved, the change will be effective from 24 September 2013.

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 2013 will be held on 12 September 2013 at the Four Seasons Hotel des Bergues, Geneva. The agenda for that meeting is set out on page 128 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 agenda for the meeting. 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.

In its capacity as Depository, Richemont Securities holds one 'A' share in safe custody for every ten DRs in issue. Richemont Securities' interest in the 'A' shares that it holds is therefore non-beneficial. At 31 March 2013, Richemont Securities held 116 637 477 'A' shares in safe custody in respect of the DRs in issue. This amount represents some 22 % of the '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 as their proxy at shareholder meetings.

Transferability of shares

Richemont's 'A' shares are issued in bearer form. They are issued in the form of a permanent global certificate. Each shareholder retains a pro-rata interest in the relevant permanent global certificate, which remains in safekeeping with SIX SIS AG. Shareholders do not have the right to request the printing and delivery of individually certificated shares. Individual share certificates may however be printed and delivered, or otherwise permitted, if considered appropriate by the Company. There are no restrictions on transfers 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.

3. 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 report 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 20 members at 31 March 2013. 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 published on page 128. 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.

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 senior management of certain Maisons at which strategy, marketing plans and new products were presented. The Chairman, the Co-Chief Executive Officers and the 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. Members of senior management may be invited to attend periodically to address specific subjects. The Board may invite external advisors to attend meetings.

The Board and each of its Committees conduct an annual assessment of their own role and effectiveness. 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 Committees of the Board, the Group's senior management are members of the Group Management 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); Mr Yves-André Istel; Mr Ruggero Magnoni; Lord Renwick of Clifton; and Maître Dominique Rochat. 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 quantified 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); Lord Douro; and Mr Yves-André Istel. Without exception, they are 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 twice per annum and typically last one to two hours. During the year under review, the Committee met on two occasions.

The purpose of the Committee is to advise the Board in all aspects of compensation policy insofar as it relates to members of the Board, the Group Management Committee and senior executives and to establish a framework for the compensation of executive management. The Committee is responsible for setting the compensation of the non-executive directors and the Chairman, for approving the compensation of the members of the Board and for reviewing the compensation of all other members of senior management.

Section 3 of the corporate governance report continues on page 52

Board of Directors

1. Johann Rupert
Chairman
South African, born 1950

Mr Rupert was appointed to the Board in 1988. He has served as Chairman since 2002 and, between 2010 and March 2013, as Chief Executive Officer. He is Chairman of the Nominations Committee, the Chairman's Committee and the Group Management Committee. He is the Managing Partner of Compagnie Financière Rupert.

Mr Rupert studied economics and company law at the University of Stellenbosch, South Africa. After working for the Chase Manhattan Bank and Lazard Frères 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. Appointed as Executive Chairman in 2002, he also served as Chief Executive Officer from October 2003 to September 2004. 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 (UK) 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 and became its Deputy Chairman in 2010. A Non-Executive Director, he is a member of the Audit, Compensation and Nominations Committees.

Mr Istel graduated from Princeton University and has had an extensive career in investment banking. He was Managing Director, and member of the Board, of Lehman Brothers from 1977 to 1983; Co-Chairman of First Boston International from 1984 to 1988; Chairman of Wasserstein Perella & Co International from 1988 to 1992; and Vice Chairman of Rothschild Inc. from 1993 to 2002.

Mr Istel is currently Senior Advisor to Rothschild Global Financial Advisory; a Non-Executive Director of Analog Devices, Inc., and member of its Audit Committee; a Non-Executive Director of Tiedemann Wealth Board of Management, and member of its Investment Committee; 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, New York University, and of the European Institute and the Fondation Saint-John Perse. He is a member of the Economic Club of New York and the Bretton Woods Committee.

Bernard Fornas
Co-Chief Executive Officer
French, born 1947

Mr Fornas will stand for election at the Annual General Meeting in September 2013. Formerly Chief Executive of Cartier, he and Mr Lepeu were appointed Co-Chief Executive Officers with effect from 1 April 2013.

(Further details may be found on page 54)

3. Richard Lepeu
Co-Chief Executive Officer
French, born 1952

Mr Lepeu was appointed to the Board in 2004. He is a member of the Chairman's Committee and the Group Management 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. Within Cartier, he was appointed Company Secretary in 1981 and became Director of Finance and Administration in 1985. He was nominated as Chief Executive Officer of Cartier in 1995 and held the post until March 2001. He served as Chief Operating Officer of Richemont from April 2001 until April 2004 and was nominated as Group Finance Director in May 2004, a post he held until March 2010. From April 2010 to December 2012, he served as Deputy Chief Executive Officer, and from January to March 2013 as Joint Deputy Chief Executive Officer with Mr Fornas. Both were appointed Co-Chief Executive Officers with effect from 1 April 2013.

4. Gary Saage
Chief Financial Officer
American, born 1960

Mr Saage was appointed to the Board in 2010. He is a member of the Chairman's Committee and the Group Management 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 March 2010, he served as Group Deputy Finance Director. He continues to serve as Chairman of Richemont North America and as a Director of The Net-a-Porter Group Limited and of Peter Millar LLC.

Board of Directors continued

5. Franco Cologni
Italian, born 1934

Dr Cologni was appointed to the Board in 2002 and now serves as a Non-Executive Director and member of the Nominations Committee.

He is a graduate of the University of Milan, where he later became a professor. As a writer, he has published several books and articles, in particular on luxury goods, jewellery and watches, most recently *The Tank Watch. Timeless Style*.

He joined Cartier in 1969 and served as Managing Director and Chairman of Cartier International. Dr Cologni has also been closely involved with the Group's watchmakers: he served as Chairman of the Fondation de la Haute Horlogerie from 2005 to 2010 and continues to serve as Chairman of its Cultural Committee.

Dr Cologni is founder of the Richemont Creative Academy, which offers Master's degrees in design and creative management. He is also founder and Chairman of the non-profit institution 'Fondazione Cologni dei Mestieri d'Arte'. Amongst other distinctions, he is a Commander of the Order of Arts and Letters and, in 2012, Dr Cologni was awarded the Prix Gaïa for Esprit d'Entreprise.

6. Lord Douro
British, born 1945

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

Lord Douro holds an MA degree from Oxford University. He has broad experience in banking and finance, serving as Chairman of Sun Life and Provincial Holdings from 1995 to 2000 and of the Framlington Group from 1994 to 2005. He is a director of Sanofi and RIT Capital Partners, and is 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.

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 and provides consultancy services to the Group.

7. 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. Since 2008, Mr Magnoni has been 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.

8. Josua Malherbe
South African, 1955

Mr Malherbe was appointed to the Board in 2010 and serves as a Non-Executive Director. He 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.

Mr Malherbe continues to serve as a director of Richemont Securities S.A., Remgro Limited, Reinet Investments Manager S.A. and Reinet Fund Manager S.A.




9. Frederick Mostert
Chief Legal Counsel
South African, born 1959

Dr Mostert was appointed to the Board in 2010. He is a member of the Chairman's Committee and the Group Management Committee.

Dr Mostert holds a Master's degree from Columbia University School of Law in New York City and a doctorate from the University of Johannesburg. He is a member of the New York Bar, a solicitor of England and Wales, and practised corporate law at Shearman and Sterling and international intellectual property law at Fross, Zelnick, Lehrman & Zissu in New York. He joined Richemont in 1990 and was appointed to the Group Management Committee in 1994.

Dr Mostert is a past President of the International Trademark Association, serves on the Advisory Council of the McCarthy Institute for Intellectual Property and Technology Law, is a guest professor at Peking University and is a Fellow of the London School of Economics. He is a Director of Reinet Investments Manager S.A., Reinet Fund Manager S.A., The Net-a-Porter Group Limited, Richemont North America, The Walpole Committee Limited, Laureus World Sports Awards Limited, and Freedom Under Law.

10. 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, with ultimate responsibility for the company's engineering and trading operations. In 1980, he formed Davenham, an advisory company for capital-intensive engineering projects in the Asia-Pacific region. In 1984 he became the Group Managing Director of the Hong Kong-based conglomerate Hutchison Whampoa, leading that company's entry into the mobile telecommunication business and developing its energy business. He joined Deutsche Bank Group as Executive Chairman Asia-Pacific in 1994. In 1998 he founded Simon Murray & Associates.

Mr Murray is currently: Chairman of General Enterprise Management Services (International) Limited; Non-Executive Chairman of Glencore International plc (to April 2013); Vice Chairman and Independent Non-Executive Director of Essar Energy plc; and Independent Non-Executive Director of Cheung Kong (Holdings) Limited, Orient Overseas (International) Limited, and Wing Tai Properties Limited. He is also a Non-Executive Director of the Greenheart Group Limited and IRC Limited.

11. 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.

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 launched 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.), which delivers EQUIS and EPAS accreditations to business schools and universities around the world. He is also President of the Fondation Cartier pour l'Art Contemporain and the Jeu de Paume Museum, Paris.

12. 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; as a director of Zurmont Madison Management AG and SIG (Services Industriels de Genève); and is a member of the Conseil communal de Chêne-Bougeries.

Board of Directors continued




13. 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.

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 October 2004 until March 2010. He remains Chairman of Montblanc Simplo GmbH until 30 June 2013.

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

14. 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 up until his appointment to the Board of Compagnie Financière Richemont SA. 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.

15. Maria Ramos
South African, born 1959

Ms Ramos was appointed to the Board in September 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.

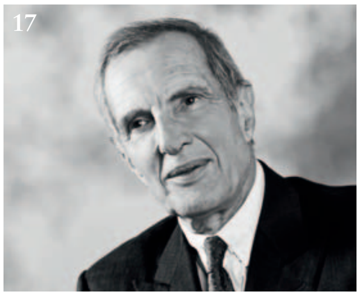
She is currently Group Chief Executive, Absa Group Ltd and Chief Executive of Africa at Barclays PLC. She is a member of the Executive Committee of Barclays PLC. In addition, she serves on the Executive Committee of the World Economic Forum’s International Business Council, and the Executive Committee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

16. 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 is currently Vice Chairman, Investment Banking of JPMorgan Europe and of JPMorgan Cazenove. He is also Deputy Chairman of Fleming Family & Partners and a Non-Executive Director of Kazakhmys plc.



17. Dominique Rochat
Swiss, born 1949

Maître Rochat was appointed to the Board in 2010. A Non-Executive Director, he is a member of the Audit and Nominations Committees.

Maître Rochat graduated in law from the University of Geneva and obtained a Diploma in Comparative Legal Studies in Cambridge (UK). He is a member of the Geneva Bar.

Maître Rochat has been a practising lawyer since 1975 and a partner at the Geneva office of Lenz & Staehelin since 1982, specialising in banking and corporate law. He is Vice Chairman of RBS Coutts Bank Limited in Zurich, Vice Chairman of the Boards and Chairman of the Audit Committees of Banque Audi (Suisse) SA and NBAD Private Bank (Suisse) SA. He serves on the Board of several Swiss subsidiaries of foreign groups and unlisted Swiss companies, and of several foundations.

18. Jan Rupert
South African, born 1955

Mr Jan Rupert was appointed to the Board in 2006 and became a partner of Compagnie Financière Rupert in the same year. He has served as a Non-Executive Director and a member of the Nominations Committee since December 2012. Until November 2012, he served as an Executive Director and was a member of the Chairman's Committee and the Group Management Committee.

From 1999, when he joined the Group, until March 2012, he was Manufacturing Director with overall responsibility for the Group's manufacturing strategy. He was appointed to the Group Management Committee in 2000.

Mr 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.

19. Jürgen Schrempp
German, born 1944

Mr Schrempp was elected as a Non-Executive Director in 2003. He is Chairman of the Strategic Security Committee and a member of the Nominations Committee. In 2006 he became a partner of Compagnie Financière Rupert.

He holds a professorship of the Federal State of Baden-Württemberg and honorary doctorates from the University of Graz and the University of Stellenbosch.

Mr 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 and South African Airways Limited. He continues to be Non-Executive Chairman of Mercedes-Benz of South Africa.

He is the Executive Chairman of Katleho Capital GmbH, Chairman of Iron Mineral Beneficiation Services Limited, Independent Lead Director of SASOL and a Non-Executive Director of Jonah Capital. He is also a member of the International Investment Council of the President of the Republic of Togo.

Mr 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 is a Commander of the French Legion of Honour and holds South Africa's highest civilian award, the Order of Good Hope.

20. Martha Wikstrom
Chief Executive Officer, Richemont Fashion and Accessories
American, born 1956

Ms Wikstrom was appointed to the Board in 2005 and served as a Non-Executive Director until June 2009. Since then, she has served as an Executive Director and member of the Chairman's Committee and the Group's Management Committee. On 21 May 2013, Ms Wikstrom resigned from her executive roles in the Group; she remains a Non-Executive Director.

Ms Wikstrom is a graduate of the University of Utah and has an extensive background in retailing and the luxury goods industry. From 1981 to 1999, Ms Wikstrom worked with Nordstrom, rising from sales person to President of Nordstrom's Full Line Store Group. Ms Wikstrom was formerly Managing Director of Harrods Limited and a Director of Harrods Holdings Limited and Harrods Estates. She also held positions as interim CEO and Board Director of Kurt Geiger Limited. She is a founding partner of Atelier Management, LLC. Ms Wikstrom currently serves as Chairman of Harrys of London Limited.

Continued from page 46

The Committee oversees the administration of the Group's long-term, share-based compensation plan for executive members of the Board and, inter alia, approves the awards granted to executive directors, taking into account the recommendations of the Chairman; approves the awards made to other executives in aggregate, recognising that the Chairman's Committee has the authority to make awards to executives other than those serving on the Board. In addition, the Committee oversees any other material long-term compensation plans for executives of the Group and approves awards under such plans as appropriate.

Nominations Committee

The Nominations Committee consists of the 15 non-executive directors meeting under the chairmanship of Mr Johann Rupert. 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 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 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 was established during the year under review. It is composed of three non-executive directors: Professor Jürgen 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 once 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.

Management Committees

In addition to the Board Committees, there are a number of management committees. Key amongst these are the Chairman's Committee and the Group Management Committee. These bodies respectively perform complementary functions in terms of strategic and operational performance recommendations.

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. 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.

Chairman's Committee/Senior Executive Committee

During the year under review, the Chairman's Committee comprised all of the executive directors of the Board. Senior managers were invited to participate on an ad hoc basis at the discretion of the Chairman. The 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 five times and, late in the year, amended its name to become the Senior Executive Committee.

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.

4. Senior management

Members of the Group Management Committee participate in various operational committees, as well as interacting with one another and with the Maisons and regional platforms as necessary. Certain members also served on the Board during the year under review. The Management Committee did not meet formally during the year. Appointments to the Group Management Committee are made by the Board upon the recommendation of the Nominations Committee.

During the year under review, a number of changes to the membership of the Group Management Committee took place. On 9 November 2012, six senior managers joined the Committee: Mr Lutz Bethge, Chief Executive Officer of Montblanc; Mr Hans-Peter Bichelmeier, Group Operations Director; Mr Stanislas de Quercize, then Chief Executive Officer of Van Cleef & Arpels and subsequently Chief Executive Officer of Cartier; Mr Georges Kern, Chief Executive Officer of IWC Schaffhausen; Mr Jérôme Lambert, Chief Executive Officer of Jaeger-LeCoultre; and Mr Philippe Léopold-Metzger, Chief Executive Officer of Piaget. On 30 November 2012, four senior managers resigned from the Committee: Mr Giampiero Bodino, Group Art Director; Mr Alan Grieve, Director of Corporate Affairs; Mr Eloy Michotte, Corporate Finance Director; and Mr Jan Rupert, Executive Director. Mr Jan Rupert, previously an executive director of the Company became a non-executive director with effect from 1 December 2012.

The Committee's membership as at 31 March 2013 is presented on pages 54 and 55.

The executive management is charged by the Board with implementing the strategic policies determined by the Board. It is empowered to conduct the day-to-day strategic and operational management including, inter alia, the financial management of the Group. It 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.

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.
- The Chairman, the Co-Chief Executive Officers and the Chief Financial Officer report to the Board at each meeting. Supplementary reports are provided, as required, by the Chief Legal Counsel and the Company Secretary.
- The Group's employee performance review process requires that members of senior management are given clearly defined targets at the beginning of each financial year. The executive directors of the Board monitor performance against these targets on an ongoing basis and report progress to the Board.
- There is regular interaction between members of the Board and the Group Management Committee, for example, through the presence of certain executive directors on a regular or ad hoc basis at Board meetings and other Board Committee meetings, as outlined above. 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. Findings from each audit, together with any related action plans, are reported in detail to senior management; summary reports are provided to the Audit Committee and discussed at Audit Committee meetings. Progress with implementation of corrective actions is monitored by senior management and the Audit Committee on a regular basis.

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.

5. Compensation, shareholdings and loans

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. The Group sets high standards in the selection of executives who are critical to the long-term development of the business.

The Compensation Committee of the Board is responsible for setting the compensation of the non-executive directors and the Group Chairman, for approving the compensation of the other executive members of the Board and for reviewing the compensation of all other members of senior management. The Compensation Committee considers the recommendations of the Group Chairman regarding compensation awards for the executive directors. For the Group Management Committee the recommendations of the Co-Chief Executive Officers and the Group Human Resources Director are also considered. The Compensation Committee may amend or reject these recommendations. Executive directors and members of the Group Management Committee do not have the right to attend any meeting where decisions are taken regarding their compensation. The Chairman of the Compensation Committee reports to the full Board on the discussions and decisions taken at each meeting of the Compensation Committee.

From time to time the Group uses external consultants for advice on remuneration matters. During the year, external advice on specific compensation-related matters was received from Towers Watson. PricewaterhouseCoopers and Deloittes provided advice on share option-related matters. None of these firms received any additional mandates from those consultations. PricewaterhouseCoopers is the Company and Group's external auditor, as described in section 8 of this governance report.

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; Chief Executive Officers and other executives, are regularly considered. One survey focuses on the worldwide compensation of competitor organisations in the luxury goods sector whilst another provides a comprehensive study of compensation relating to executive positions of leading multinational organisations with their corporate or regional headquarters based in Switzerland.

Elements of compensation for executive directors and members of the Group Management Committee

Executives are rewarded in line with the level of their authority and responsibility within the organisation. 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 award in one of the three long-term benefit plans described below. 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 55 % of total compensation.

Section 5 of the corporate governance report continues on page 56

Group Management Committee

1

2

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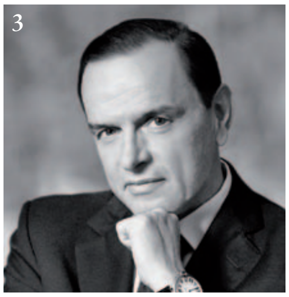

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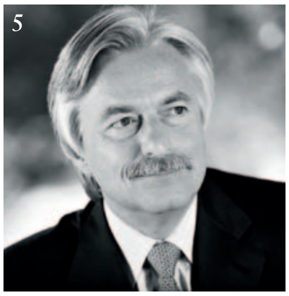

Johann Rupert
Chairman
(For biographical details see page 47)

Richard Lepeu
Co-Chief Executive Officer
(For biographical details see page 47)

Gary Saage
Chief Financial Officer
(For biographical details see page 47)

Frederick Mostert
Chief Legal Counsel
(For biographical details see page 49)

Martha Wikstrom
Chief Executive Officer, Richemont Fashion and Accessories
(For biographical details see page 51)

1. Lutz Bethge
Chief Executive Officer of Montblanc
German, born 1955
Mr Bethge was appointed to the Group Management Committee in November 2012.

Mr Bethge graduated from the Freie Universität in Berlin and holds a master in Business Administration. Between 1982 and 1990, he assumed a number of different responsibilities in the fast moving consumer goods industry, including Beiersdorf AG and Mars Inc. in Germany. He joined Montblanc in 1990 and became Chief Financial Officer of Montblanc International in 1995. Mr Bethge became Joint Managing Director of Montblanc in 2004 and Chief Executive Officer in 2007. He will step down from that role, and from the Group Management Committee, on 30 June 2013. Thereafter, he will serve as non-executive Chairman and Head of the Supervisory Board of Montblanc.

He is a member of the Advisory Board of the Contemporary Arts Museum (Kunsthalle) in Hamburg and a member of the Board of Trustees of the Hamburg School of Business Administration.

2. Hans-Peter Bichelmeier
Group Operations Director
German, born 1960
Mr Bichelmeier was appointed to the Group Management Committee in November 2012.

Mr Bichelmeier holds a Master in Economics from the University of Lausanne in Switzerland. From 1989, he held a variety of management roles in the Cosa Liebermann Group in Asia. In 1994, he joined Cartier in Japan and subsequently oversaw Cartier's commercial operations in Germany and across Northern Europe.

Between 2002 and 2005, Mr Bichelmeier was CEO of Richemont Northern Europe. From 2005, he was Regional CEO of Richemont Shared Services Europe, which also includes Russia, the Middle East, Latin America and South Africa. He was appointed Group Operations Director in 2010 with responsibility for worldwide logistics, information technology and after sales service as well as Richemont Europe.

3. Stanislas de Quercize
Chief Executive Officer of Cartier
French, born 1957
Member of the Group Management Committee since November 2012.

Mr de Quercize is a graduate of École Supérieure de Commerce in Rouen. Following an early career with Procter & Gamble, he joined the Group in 1989 as General Manager of Alfred Dunhill and Montblanc in France. From 1994 he was CEO of Montblanc North America and from 1997 he was International Marketing Director of Alfred Dunhill. Mr de Quercize served as General Manager of Cartier France from 1999 and President of Cartier New York from 2002.

From 2005 until December 2012, Mr de Quercize served as President and CEO of Van Cleef & Arpels International in Paris. In January 2013, he succeeded Bernard Fornas at the helm of Cartier.

He is a member of the board of the Comité Colbert and of the Fondation de la Haute Horlogerie.

4. Bernard Fornas
Co-Chief Executive Officer
French, born 1947
Mr Fornas was appointed to the Group Management Committee in 2002.

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, a position he held until December 2012.

From January to March 2013, he was Joint Deputy Chief Executive Officer with Mr Lepeu. Both were appointed Co-Chief Executive Officers of the Group with effect from 1 April 2013.

5. Albert Kaufmann
General Counsel
Swiss, born 1947

Mr Kaufmann was appointed to the Group Management Committee in 2000.

Mr Kaufmann holds a degree from the Faculty of Law of the University of Geneva and has been admitted to the Geneva Bar. He joined Cartier in 1974 to lead its legal department and has since been responsible for the legal affairs of the Group's luxury goods companies. He was a member of the board of Cartier International and a director of Vendôme Luxury Group. He was appointed to his current position in 1999. He is a Director of Richemont Securities S.A.

Mr Kaufmann is a member of the board of the Federation of the Swiss Watch Industry, the Fondation de la Haute Horlogerie and the Committee of 'economiesuisse'.

6. Georges Kern
Chief Executive of IWC Schaffhausen
Swiss/French/German, born 1965

Mr Kern was appointed to the Group Management Committee in November 2012.

Mr Kern is a graduate in Business Administration from the University of St Gallen. Prior to joining Richemont in 2000, he held positions at Kraft Jacobs Suchard, LVMH and TAG Heuer.

First serving as Executive Director, Distribution of Richemont's Specialist Watchmakers, Mr Kern was appointed CEO of IWC Schaffhausen in 2002. The Maison became certified as carbon-neutral upon his initiative. In 2009, he was additionally appointed Chairman of Baume & Mercier and of Roger Dubuis, where he also served as interim Chief Executive.

Mr Kern was a member of the World Economic Forum's Young Global Leaders from 2005 to 2010 and in 2011 was a Founding Curator of its Global Shapers Community in Zurich. Mr Kern serves as a member board of the Swiss-American Chamber of Commerce, the Laureus Foundation, and the Fondation de la Haute Horlogerie.

7. Jérôme Lambert
Chief Executive Officer of Jaeger-LeCoultre
French/Swiss, born 1969

Mr Lambert was appointed to the Group Management Committee in November 2012.

Mr Lambert graduated from ESG Management School, Paris and completed post-graduate studies at the Swiss Graduate School of Public Administration ('IDHEAP'). Prior to joining the Group, he held financial roles in Switzerland's public postal and telecommunications service.

Mr Lambert joined Jaeger-LeCoultre in 1996 as the *Manufacture's* financial controller and became Chief Financial Officer three years later. In 2002, he was appointed its Chief Executive Officer. Mr Lambert will be succeeded in that role from 1 July 2013 upon his appointment as Chief Executive Officer of Montblanc.

In addition, Mr Lambert has served as Chairman of A. Lange & Söhne since 2009 and served as its Chief Executive for two years.

8. Philippe Léopold-Metzger
Chief Executive of Piaget
Swiss, born 1954

Mr Léopold-Metzger was appointed to the Group Management Committee in November 2012.

Mr Léopold-Metzger graduated from EDHEC Business School of Management and holds an MBA from the Kellogg School of Management, Northwestern University. Prior to joining the Group, he worked for two years for American Cyanamid.

Mr Léopold-Metzger joined Cartier in 1981, initially as a product manager. He subsequently managed Cartier companies in Canada, the UK and in Asia. In December 1999, he was appointed Chief Executive of Piaget.

Mr Léopold-Metzger serves as a member of the board of the Responsible Jewellery Council and the Fondation de la Haute Horlogerie.

9. Thomas Lindemann
Group Human Resources Director
German, born 1963

Mr Lindemann was appointed to the Group Management Committee in 2005.

Mr Lindemann is a graduate in economics from Mannheim University. From 1989, he held a variety of human resources and commercial roles in the consumer products company, Wella Group, before joining Montblanc in 1998 as Human Resources Director. He assumed the role of Director of Human Resources for Richemont Northern Europe in 2002 and was appointed Group Human Resources Director in 2005.

10. Pilar Boxford
Group Public Relations Director
British, born 1951

Ms Boxford served on the Group Management Committee from 2004 until her retirement, effective 1 April 2013. Further biographical details may be found in the 2012 annual report.

Former members

Mr Giampiero Bodino, Mr Alan Grieve, Mr Eloy Michotte and Mr Jan Rupert all resigned from the Group Management Committee during the year under review.

Continued from page 53

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

The total compensation of the Group Chairman is set by and is regularly reviewed by the Compensation Committee to ensure that it is commensurate with the demands of the role.

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

Fixed components

Base salary

The components of base salary are consistent with local practices and may include certain benefits in kind such as car or travel allowance; housing; and medical insurance. 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.

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

Variable components

The Group operates a short-term cash incentive and three distinct long-term benefit 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. 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 is included. A target executive retention of at least one year is sought. Awards granted for each of the short and long-term incentives 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-term and long-term incentive plans. In general, actual awards are not determined by any pre-defined formulae and are subject to adjustment at the discretion of the Group Chairman and the Compensation Committee.

Short-term variable component

The level of short-term cash incentive is dependent on the performance of the individual executive against individual targets, evaluated for the year as a whole by the Group Chairman and the Co-Chief Executive Officers, as well as the Group's actual achievement compared to budget in terms of measurable indicators including sales, operating profit and cash flows. There is no prescribed ratio or weighting of individual performance versus Group.

Certain executives have a target incentive level of 40 % of salary; the final award may be more or less than the target.

The short-term variable component is capped at 150 % of the base salary earned for the year of award.

In the year under review an expense of € 13 million (2012: € 11 million) was recognised for short-term cash incentives in respect of executive directors and members of the Group Management Committee. This accrued amount relates to the performance during the year under review and will be finalised and paid only when the annual results are available. The accrued amount represents 72 % of the total salary and other short-term benefits of those individuals entitled to receive a short-term cash incentive (2012: 66 %).

Long-term variable components

Share options

Executives may be eligible to participate in the Group's share option plan, details of which are set out on page 59 of this report. The Compensation Committee approves both the maximum aggregate number of options to be awarded and the award to each executive director and member of the Group Management Committee. The Committee's approval is given after considering the forecast expense to the Group; 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. At the individual level, the estimated value of a share option award, determined in accordance with International Financial Reporting Standards, should not exceed 200 % of the executive's base salary. The Group does not operate any schemes to issue shares to executives as part of their compensation package.

Options granted from 2008 onwards include 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 and subject to this performance condition. The comparative group currently comprises Swatch Group Ltd, LVMH, Hermes International, Kering/PPR and Tiffany & Co. The comparative group at each relevant vesting date will reflect a selection of the Group's luxury good 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. In the event that an option holder terminates employment with the Group for another reason, unvested share options are forfeited. In certain exceptional circumstances, the Board may grant accelerated vesting for some or all unvested options on termination. The consequences of a change of control are described in section 7 of this governance report.

During the year under review 825 000 share options were awarded to executive directors and members of the Group Management Committee at an exercise price of CHF 57.45, being the market price on the grant date.

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

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 short-term cash incentive awarded for the previous year and only become payable after three further years of service. 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. No awards were made to any member of the Board or Group Management Committee in the year.

As a general rule the LRP is used to reward directors and members of the Group Management Committee when neither share options, for example due to their dilutive effect, nor an award under the long-term incentive plan are appropriate.

Long-term incentive plan
The Group also operates a cash-settled long-term incentive plan. The purpose of this plan is to motivate and reward Maison executives by linking a major part of their compensation package to the value added to the area of the business for which they are responsible, typically over a three-year period. The valuation of each Maison is consistently determined in accordance with rules approved by the Compensation Committee, taking into consideration sales, operating profit and cash flows. Awards under this plan were made to five members of the Group Management Committee in the year, vesting in 2015. The final pay-out may be more or less than target, depending upon the actual Brand performance over the vesting period. There is no limit to the final pay-out.

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

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 Group Management Committee, other than their contractual and legal rights. In general, contractual notice periods are for six months. For certain exceptions, the employing entity is required to provide no less than twelve months' notice.

A number of changes in executive directors and members of the Group Management Committee in the year under review are detailed on page 52.

Non-executive directors' fees
Non-executive directors are entitled to receive an annual base fee of CHF 100 000 plus a fee of CHF 20 000 for each Board meeting attended.

Non-executive directors who are also members of the Audit Committee or the Compensation Committee are entitled to receive a further fee for each Committee meeting attended. For the Audit Committee, its Chairman receives a fee of CHF 20 000 and the other members a fee of CHF 15 000 per meeting. For the Compensation Committee, its Chairman receives a fee of CHF 15 000 and the other members a fee of CHF 10 000 per meeting.

Given the time commitment involved in overseeing the task of upgrading the Company's security, the Chairman of the Strategic Security Committee is entitled to an additional annual fee of CHF 200 000. The other members of the Committee receive a fee of CHF 10 000 per meeting attended.

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 plan. There is no scheme to issue shares to non-executive directors.

Directors' compensation
The total level of compensation paid to members of the Board and the Group Management Committee, including pension contributions, benefits in kind and all other aspects of compensation, amounted to € 56 556 122 during the year under review. In determining the value of each component of compensation, the Group has followed the valuation and measurement principles of International Financial Reporting Standards ('IFRS') and therefore the amounts presented include accruals. The amounts are in agreement with other IFRS information provided elsewhere in this Annual Report. All amounts are stated gross before the deduction of any related tax or amounts due by the employee.

Changes in the level of compensation awarded to members of the Board and the Group Management Committee reflect changes in membership and the improvement in the Group's financial performance during the year under review.

The compensation of those executive directors of the Board who are also members of the Group Management Committee is excluded from the total compensation of the Group Management Committee. The members of the Group Management Committee are presented on pages 54 and 55.

The comparative analysis of the table on page 58 is presented in note 35(e) of the Group's consolidated financial statements.

Salary and other short-term benefit payments received by Mr Johann Rupert from Richemont and from its related parties, Remgro Limited, Reinet Investments Manager SA and Reinet Fund Manager SA, are donated to charity.

In the year to 31 March 2013, the Group paid fees of € 2.5 million (2012: nil) to Quadrant Management Inc for consultancy work on the acquisition of Peter Millar LLC and certain property transactions. Mr Alan Quasha, a non-executive director, is president of Quadrant Management Inc.

Maître Dominique Rochat, a non-executive director, is a partner of the Swiss legal firm Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totalling € 0.5 million from Group companies for advice on legal and taxation matters.

During the year the Group made donations of € 1.1 million to the Fondazione Cologni dei Mestieri d'Arte. The Foundation promotes, supports and organises cultural, scientific and training initiatives in favour of the Arts and Crafts and the Trades of Art. Dr Franco Cologni is the President of the Foundation.

	Fixed components		Variable components			
	Salary and short-term employee benefits €	Post-employment benefits €	Short-term incentives €	Long-term benefits* €	Share option cost** €	Total €
Board of Directors						
Johann Rupert	1 576 509	1 456 773	–	–	–	**3 033 282**
Yves-André Istel	210 761	–	–	–	–	**210 761**
Richard Lepeu	3 559 042	104 334	2 485 589	358 156	2 229 401	**8 736 522**
Gary Saage	1 896 150	127 227	1 655 862	137 753	1 070 877	**4 887 869**
Franco Cologni***	255 268	–	–	–	–	**255 268**
Lord Douro	283 196	–	–	–	–	**283 196**
Ruggero Magnoni***	–	–	–	–	–	**–**
Josua Malherbe	223 159	–	–	–	–	**223 159**
Frederick Mostert	1 491 099	41 438	967 798	245 560	891 167	**3 637 062**
Simon Murray	165 303	–	–	–	–	**165 303**
Alain Dominique Perrin***	2 201 735	–	–	–	–	**2 201 735**
Guillaume Pictet	165 303	–	–	–	–	**165 303**
Norbert Platt	196 392	–	–	–	–	**196 392**
Alan Quasha	165 303	–	–	–	–	**165 303**
Maria Ramos	165 303	–	–	–	–	**165 303**
Lord Renwick of Clifton	235 557	–	–	–	–	**235 557**
Dominique Rochat	202 496	–	–	–	–	**202 496**
Jan Rupert	189 320	65 200	2 557	299 612	604 642	**1 161 331**
Jürgen Schrempp	206 629	–	–	–	–	**206 629**
Martha Wikstrom	1 633 252	17 447	1 760 176	167 798	633 544	**4 212 217**
Total	15 021 777	1 812 419	6 871 982	1 208 879	5 429 631	**30 344 688**
Group Management Committee						
Bernard Fornas	2 204 430	136 283	2 488 640	895 391	129 784	**5 854 528**
Total other members	5 607 865	622 418	3 689 008	7 779 741	2 657 874	**20 356 906**
Total	7 812 295	758 701	6 177 648	8 675 132	2 787 658	**26 211 434**
Total key management compensation	22 834 072	2 571 120	13 049 630	9 884 011	8 217 289	**56 556 122**

* Long-term benefits relate to the Group's Long-term Retention Plan and Long-term Incentive Plan.

** The cost for share options is determined in accordance with IFRS 2, *Share-based Payment*. Details of the valuation model and significant inputs to this model are to be found in note 36 to the consolidated financial statements.

*** Dr Franco Cologni, Mr Ruggero Magnoni and Mr Alain Dominique Perrin have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors.

The Group also made donations of € 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, Lord Douro received fees, pension contributions and other benefits totalling € 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, and in respect of consultancy services provided to the Group.

In addition to their duties as non-executive directors, Dr Franco Cologni and Mr Alain Dominique Perrin provided consultancy services to the Group during the year. Fees for those services, amounting to € 0.3 million and € 2.2 million respectively, are included in the compensation disclosures above.

In accordance with the terms of the modification to the Group's executive share option plan in October 2008, executive directors and members of the Group Management Committee received vested options over shares in British American Tobacco PLC ('BAT') and Reinet Investments SCA ('Reinet'). At 31 March 2013, the Group recognised a liability of € 33 million in respect of its obligation to deliver shares in these two entities on exercise of the options which remained outstanding at that date. The Group holds shares in BAT and Reinet which fully hedge the liability.

Highest compensation paid to a member of the Group Management Committee

The total level of compensation of the highest paid director of the Group Management Committee was € 8 736 522, which was paid in respect of Mr Lepeu. Mr Lepeu's compensation is disclosed as a member of the Board and is therefore excluded from the total compensation of the Group Management Committee.

Details of options held by executive directors and members of the Group Management Committee under the Group's share option plan at 31 March 2013 are as follows:

	Number of options						
	1 April 2012 or date of appointment	Granted	Exercised	31 March 2013	Weighted average grant price CHF	Earliest exercise period	Latest expiry date
Board of Directors							
Johann Rupert	5 626 841	–	–	**5 626 841**	12.41	Apr 2013-Jul 2013	June 2015
Richard Lepeu	1 519 612	300 000	(110 000)	**1 709 612**	33.88	Apr 2013-Jul 2018	June 2021
Gary Saage	254 937	150 000	(35 308)	**369 629**	50.23	Jul 2013-Jul 2018	June 2021
Frederick Mostert	697 201	100 000	(389 374)	**407 827**	38.03	Apr 2013-Jul 2018	June 2021
Jan Rupert	1 236 343	–	(1 016 867)	**219 476**	25.23	Apr 2013	June 2017
Martha Wikstrom	100 000	100 000	–	**200 000**	56.20	Jul 2015-Jul 2018	June 2021
Group Management Committee							
Lutz Bethge	268 172	–	(76 348)	**191 824**	32.27	Apr 2013-Jul 2014	June 2017
Hans-Peter Bichelmeier	197 062	–	–	**197 062**	44.58	Jul 2013-Jul 2018	June 2021
Pilar Boxford	66 531	–	–	**66 531**	33.14	Apr 2013	June 2020
Bernard Fornas	322 156	–	(148 907)	**173 249**	29.47	Apr 2013-Jul 2014	June 2017
Albert Kaufmann	1 038 404	100 000	(403 566)	**734 838**	33.62	Apr 2013-Jul 2018	June 2021
Georges Kern	16 223	–	(6 681)	**9 542**	25.83	Jul 2013-Jul 2014	June 2017
Jérôme Lambert	208 303	–	(5 028)	**203 275**	23.52	Apr 2013-Jul 2014	June 2017
Thomas Lindemann	252 495	75 000	(89 704)	**237 791**	44.77	Jul 2013-Jul 2018	June 2021
Stanislas de Quercize	111 656	–	(86 841)	**24 815**	30.11	Jul 2013-Jul 2014	June 2017
	11 915 936	825 000	(2 368 624)	**10 372 312**			

Compensation of advisory committees

The Board has established a number of advisory committees, comprising of executive and non-executive directors of the Board. The compensation of the individual members of these committees is included in the disclosures above.

Compensation for former members of governing bodies

During the year under review, a former member of senior management received a fee of € 0.1 million from the Group for services provided to an entity in which the Group is a joint venture partner.

Allotment of shares

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

Share ownership

The share ownership of members of the Board, the Group Management Committee and parties closely linked to them are disclosed in note 35(e) of the consolidated financial statements.

As described above, the 'B' shares are held by Compagnie Financière Rupert. They represent 9.1 % of the capital and receive an equivalent amount of the overall dividend pay-out. This significant share ownership provides a strong alignment of interests between the Group Chairman and other shareholders.

Hedging of the Group's share option plan obligations

Richemont agrees with the principle that share options form a significant part of compensation and that the issue of new shares to meet the obligations under share option plans results in dilution. For this reason, Richemont has implemented a series of buy-back programmes since 1999 to acquire former 'A' units and 'A' shares to meet the obligations arising under its share-based compensation plans. 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 and, in consequence, there will be no dilution of current shareholders' interests.

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

The exercise of options and transactions in Richemont shares and related securities by any director or member of the Group Management Committee and their related parties is promptly notified to SIX Swiss Exchange, which simultaneously publishes such notifications on its website.

Loans to members of governing bodies

As at 31 March 2013, there were no loans or other credits outstanding to any current or former executive, non-executive director or member of the Group Management Committee. The Group's policy is not to extend loans to directors. There were also no non-business related loans or credits granted to relatives of any executive, non-executive director or member of the Group Management Committee.

6. Shareholder participation rights

Details of shareholder voting rights and the right to attend shareholder meetings are given in section 2 of this corporate governance report.

7. 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 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 immediate vesting of benefits due to participants in the event of a change of control taking place.

8. 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 2012 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 this exercise 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 € 7.9 million. Total fees and expenses paid or accrued as payable in respect of the financial year to PricewaterhouseCoopers for non-audit services amounted to € 2.1 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 14 May 2013 at which the financial statements were reviewed.

9. 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 the financial year, being the important 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 and interim financial reports are distributed to all parties who have asked to be placed on the Group's mailing list and to registered 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 and interim financial reports 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.

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 2013. The consolidated financial statements on the following pages set out the financial position of the Group at 31 March 2013 and the results and cash flows of its operations for the year then ended. The financial statements of the Company are presented on pages 120 to 123.

The agenda of the Annual General Meeting, which is to be held in Geneva on 12 September 2013, is set out on page 128.

Further information on the Group's activities during the year under review is given in the financial review on pages 34 to 39.

Consolidated financial statements

Company financial statements

Consolidated statement of financial position
at 31 March

	Notes	2013 € m	2012 re-presented € m	2011 re-presented € m
Assets				
Non-current assets				
Property, plant and equipment	*7*	**1 787**	1 529	1 267
Goodwill	*8*	**561**	479	441
Other intangible assets	*9*	**391**	316	314
Investment property	*10*	**367**	64	–
Equity-accounted investments	*11*	**11**	10	8
Deferred income tax assets	*12*	**441**	461	355
Financial assets held at fair value through profit or loss	*13*	**59**	69	70
Other non-current assets	*14*	**327**	255	219
		3 944	3 183	2 674
Current assets				
Inventories	*15*	**4 326**	3 669	2 789
Trade and other receivables	*16*	**922**	741	591
Derivative financial instruments	*17*	**50**	27	148
Prepayments		**100**	116	119
Financial assets held at fair value through profit or loss	*13*	**2 712**	2 400	2 154
Cash at bank and on hand	*18*	**2 443**	1 634	1 222
		10 553	8 587	7 023
Total assets		**14 497**	11 770	9 697
Equity and liabilities				
Equity attributable to owners of the parent company				
Share capital	*19*	**334**	334	334
Treasury shares	*19*	**(556)**	(515)	(325)
Hedge and share option reserves	*19*	**288**	255	305
Cumulative translation adjustment reserve		**1 324**	1 410	892
Retained earnings		**8 826**	7 071	5 756
		10 216	8 555	6 962
Non-controlling interests		**(1)**	9	12
Total equity		**10 215**	8 564	6 974
Liabilities				
Non-current liabilities				
Borrowings	*20*	**345**	22	120
Deferred income tax liabilities	*12*	**39**	24	35
Employee benefits obligation	*22*	**99**	110	65
Provisions	*23*	**176**	158	137
Other long-term financial liabilities	*24*	**167**	167	152
		826	481	509
Current liabilities				
Trade and other payables	*25*	**1 324**	1 309	1 120
Current income tax liabilities		**282**	299	260
Borrowings	*20*	**142**	66	102
Derivative financial instruments	*17*	**83**	124	36
Provisions	*23*	**172**	163	126
Bank overdrafts	*18*	**1 453**	764	570
		3 456	2 725	2 214
Total liabilities		**4 282**	3 206	2 723
Total equity and liabilities		**14 497**	11 770	9 697

The notes on pages 66 to 118 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 March

	Notes	2013 € m	2012 re-presented € m
Sales	6	**10 150**	8 868
Cost of sales		**(3 631)**	(3 217)
Gross profit		**6 519**	5 651
Selling and distribution expenses		**(2 265)**	(1 961)
Communication expenses		**(939)**	(854)
Administrative expenses		**(876)**	(745)
Other operating (expense)/income	26	**(13)**	(43)
Operating profit		**2 426**	2 048
Finance costs	29	**(158)**	(314)
Finance income	29	**111**	79
Share of post-tax results of equity-accounted investments	11	**(4)**	(9)
Profit before taxation		**2 375**	1 804
Taxation	12	**(370)**	(264)
Profit for the year		**2 005**	1 540
Other comprehensive income:			
Currency translation adjustments			
– movement in the year		**(86)**	518
– reclassification to profit or loss		**–**	1
Cash flow hedges			
– net gains		**–**	25
– reclassification to profit or loss		**1**	(108)
Tax on cash flow hedges		**–**	14
Defined benefit plan actuarial gains/(losses)		**5**	(46)
Tax on defined benefit plan actuarial gains/(losses)		**–**	12
Other comprehensive income, net of tax		**(80)**	416
Total comprehensive income		**1 925**	1 956
Profit attributable to:			
Owners of the parent company		**2 013**	1 544
Non-controlling interests		**(8)**	(4)
		2 005	1 540
Total comprehensive income attributable to:			
Owners of the parent company		**1 933**	1 959
Non-controlling interests		**(8)**	(3)
		1 925	1 956
Earnings per share attributable to owners of the parent company during the year (expressed in € per share)			
Basic	30	**3.659**	2.816
Diluted	30	**3.595**	2.756

The notes on pages 66 to 118 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 March

	Notes	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 interest €m	Total equity Re-presented €m
		Equity attributable to owners of the parent company							
Balance at 31 March 2011 as previously reported		334	(325)	305	892	5 774	6 980	12	6 992
Impact of change in accounting policies	37	–	–	–	–	(18)	(18)	–	(18)
Re-presented balance at 1 April 2011		334	(325)	305	892	5 756	6 962	12	6 974
Comprehensive income									
Profit for the year		–	–	–	–	1 544	1 544	(4)	1 540
Other comprehensive income		–	–	(69)	518	(34)	415	1	416
		–	–	(69)	518	1 510	1 959	(3)	1 956
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares	19	–	(190)	–	–	9	(181)	–	(181)
Employee share option plan	19	–	–	24	–	–	24	–	24
Tax on share option plan	19	–	–	(5)	–	–	(5)	–	(5)
Dividends paid	31	–	–	–	–	(204)	(204)	–	(204)
		–	(190)	19	–	(195)	(366)	–	(366)
Re-presented balance at 31 March 2012		**334**	**(515)**	**255**	**1 410**	**7 071**	**8 555**	**9**	**8 564**
Comprehensive income									
Profit for the year		**–**	**–**	**–**	**–**	**2 013**	**2 013**	**(8)**	**2 005**
Other comprehensive income		**–**	**–**	**1**	**(86)**	**5**	**(80)**	**–**	**(80)**
		–	**–**	**1**	**(86)**	**2 018**	**1 933**	**(8)**	**1 925**
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares	19	**–**	**(41)**	**–**	**–**	**(10)**	**(51)**	**–**	**(51)**
Employee share option plan	19	**–**	**–**	**22**	**–**	**–**	**22**	**–**	**22**
Tax on share option plan	19	**–**	**–**	**10**	**–**	**–**	**10**	**–**	**10**
Acquisition of non-controlling interest		**–**	**–**	**–**	**–**	**(1)**	**(1)**	**(2)**	**(3)**
Dividends paid	31	**–**	**–**	**–**	**–**	**(252)**	**(252)**	**–**	**(252)**
		–	**(41)**	**32**	**–**	**(263)**	**(272)**	**(2)**	**(274)**
Balance at 31 March 2013		**334**	**(556)**	**288**	**1 324**	**8 826**	**10 216**	**(1)**	**10 215**

The notes on pages 66 to 118 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 March

	Notes	2013 € m	2012 re-presented € m
Cash flows from operating activities			
Cash flow generated from operations	*32*	**1 944**	1 798
Interest received		**12**	30
Interest paid		**(30)**	(23)
Other investment income		**3**	3
Taxation paid		**(361)**	(317)
Net cash generated from operating activities		**1 568**	1 491
Cash flows from investing activities			
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	*34*	**(474)**	(3)
Acquisition of equity-accounted investments		**(1)**	(1)
Acquisition of property, plant and equipment		**(541)**	(421)
Proceeds from disposal of property, plant and equipment		**17**	23
Acquisition of intangible assets		**(71)**	(61)
Proceeds from disposal of intangible assets		**1**	1
Acquisition of investment property		**(18)**	(53)
Investment in money market and government bond funds		**(709)**	(694)
Proceeds from disposal of money market and government bond funds		**391**	448
Acquisition of other non-current assets		**(51)**	(48)
Proceeds from disposal of other non-current assets		**15**	24
Net cash used in investing activities		**(1 441)**	(785)
Cash flows from financing activities			
Proceeds from borrowings		**437**	26
Repayment of borrowings		**(129)**	(172)
Acquisition of non-controlling interest		**(3)**	–
Dividends paid		**(250)**	(204)
Payment for treasury shares		**(206)**	(268)
Proceeds from sale of treasury shares		**155**	89
Capital element of finance lease payments		**(1)**	(1)
Net cash generated from/(used in) financing activities		**3**	(530)
Net change in cash and cash equivalents		**130**	176
Cash and cash equivalents at the beginning of the year		**870**	652
Exchange (losses)/gains on cash and cash equivalents		**(10)**	42
Cash and cash equivalents at the end of the year	*18*	**990**	870

The notes on pages 66 to 118 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
at 31 March 2012

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, 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 15 May 2013 and are subject to approval at the shareholders' general meeting on 12 September 2013.

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 below have been consistently applied to the periods presented unless otherwise stated.

The Group has early adopted IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements* and IFRS 12, *Disclosure of Interests in Other Entities*, as well as the consequential amendments to IAS 28, *Investments in Associates and Joint Ventures*, for the financial year ended 31 March 2013.

IFRS 10, *Consolidated Financial Statements*, replaces the guidance on control and consolidation in IAS 27, *Consolidated and Separate Financial Statements*, and SIC-12, *Consolidation – Special Purpose Entities*. In accordance with the transitional provisions of IFRS 10 the Group re-assessed the control conclusion for its investees at 1 April 2012 and concluded that the adoption of IFRS 10 did not result in any change in the consolidation status of its subsidiaries.

As a result of the adoption of IFRS 11, *Joint Arrangements*, the Group has changed its accounting policy with respect to its interests in joint arrangements. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures depending upon the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Under the previous standard the Group's joint ventures were accounted for using the proportional consolidation method. Under IFRS 11 the Group is required to account for its joint ventures using the equity method. The Group has applied the new policy in accordance with transition provisions of IFRS 11. The Group recognised its investment in joint ventures at the beginning of the earliest period presented (1 April 2011) as the total of the carrying amounts of the assets and liabilities previously proportionately consolidated by the Group. This is the deemed cost of the Group's investments in joint ventures for applying equity accounting.

IFRS 12, *Disclosure of Interests in Other Entities*, requires disclosure of the Group's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The Group has also early adopted IAS 19, *Employee Benefits (2011)*. Application has been applied retrospectively in accordance with the transition provisions. The opening financial position at the earliest comparative period presented, 1 April 2011, has been re-presented. The most significant changes relate to accounting for changes in defined benefit obligations and plan assets and are: to eliminate the corridor approach and require all actuarial gains and losses to be recognised through other comprehensive income as incurred; to replace the estimated return on plan asset with a net interest amount determined by applying the discount rate to the net benefit asset/liability; and to recognise all past service costs immediately.

The impact of these changes in accounting policies is detailed in note 37.

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 are 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 under note 6. 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 and expenses of foreign operations are translated to euro at the average exchange rates.

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

Exchange differences arising from the translation of the net investment in foreign entities 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. 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.

Notes to the consolidated financial statements continued

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 50 years
- Plant and machinery 20 years
- Fixtures, fittings, tools and equipment 15 years

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. The carrying amount of a business includes the amount of goodwill relating to that business for the purposes of determining the gains and losses on its disposal.

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 5 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, patents and trademarks

Research expenditures are recognised as an expense as incurred. Costs incurred on development projects 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 10 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 5 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 an insignificant portion of the whole property is for own use the entire property is recognised as an investment property, otherwise the property 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. 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 intended for sale. Maisons' collection pieces are held as non-current assets at depreciated 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.

Notes to the consolidated financial statements continued

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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions on post-employment benefits 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 they are due. 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 and a corresponding adjustment to equity.

The Group also operates a cash-settled share-based compensation plan based on options granted over shares of subsidiary entities. The fair value of the estimated amount payable is determined using a pricing model, taking into account the terms and conditions of the issued instrument, and is expensed on a straight-line basis over the vesting period. The fair value is re-measured at each reporting date with changes being recognised in profit or loss.

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 and property related 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) Finance leases

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases.

At commencement of the lease term, assets and liabilities are 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.

(b) Operating leases

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 credited to profit or loss using the straight-line method over the sub-lease term.

2.21. Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation the statement of comprehensive income is re-presented as if the discontinued operation had been discontinued from the start of the comparative period.

2.22. 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.

2.23. New standards and interpretations not yet adopted

Certain new accounting standards, amendments to standards issued by the IASB and interpretations issued by IFRIC are not yet effective for the year ended 31 March 2013.

IAS 1, *Presentation of Financial Statements* was amended in June 2011. The main change is a requirement to group items in Other Comprehensive Income on the basis of whether they are potentially recyclable to profit or loss in the future.

IFRS 9, *Financial instruments* is mandatory for the Group's 2016 reporting and could change the classification and measurement of financial assets and financial liabilities. The Group is yet to assess the full impact of IFRS 9.

IFRS 13, *Fair value measurement* provides a single source definition and a framework for measuring fair value. The Group will consider the guidance on measuring fair value for the accounting period beginning 1 April 2013.

There are no other new or amended standards or interpretations that would be expected to have a material impact for the Group.

3. Financial risk management

3.1. 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 co-operation 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, Chinese yuan and Japanese yen. 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. Group Treasury undertakes the management of the net position in each foreign currency by using external currency derivatives.

The Group's financial risk management policy is to hedge up to 70 % of anticipated net cash flow exposure arising in US dollars, HK dollars, Chinese yuan and Japanese yen for the subsequent twelve months.

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. These arise principally from the re-pricing of derivative contracts and the re-translation impact of euro-denominated investments in money market and government bond funds held in an entity with a Swiss franc functional currency. There is no impact in other comprehensive income. The analysis is performed on the same basis as for 2012.

	Change in rate		Profit or loss	
	2013 %	2012 %	2013 € m	2012 € m
USD strengthening vs CHF	**9 %**	17 %	**(7)**	(83)
JPY strengthening vs CHF	**15 %**	16 %	**(38)**	(44)
HKD strengthening vs CHF	**9 %**	17 %	**(105)**	(203)
SGD strengthening vs CHF	**7 %**	15 %	**(11)**	(22)
HKD strengthening vs EUR	**9 %**	11 %	**(4)**	(20)
JPY strengthening vs EUR	**14 %**	13 %	**–**	(15)
USD strengthening vs EUR	**9 %**	12 %	**–**	(21)
CHF strengthening vs EUR	**4 %**	15 %	**(113)**	(348)
CNY strengthening vs CHF	**9 %**	17 %	**(41)**	(72)

	Change in rate		Profit or loss	
	2013 %	2012 %	2013 € m	2012 € m
USD weakening vs CHF	**9 %**	17 %	**1**	63
JPY weakening vs CHF	**15 %**	16 %	**26**	31
HKD weakening vs CHF	**9 %**	17 %	**88**	145
SGD weakening vs CHF	**7 %**	15 %	**10**	17
HKD weakening vs EUR	**9 %**	11 %	**10**	13
JPY weakening vs EUR	**14 %**	13 %	**–**	9
USD weakening vs EUR	**9 %**	12 %	**–**	15
CHF weakening vs EUR	**4 %**	15 %	**113**	347
CNY weakening vs CHF	**9 %**	17 %	**35**	51

(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 relating to its investments in listed equities and related obligations to executives in respect of options granted over shares in listed equities; unlisted equities; and investments in AAA rated money market and government bond funds. These are classified in the consolidated statement of financial position as financial assets and liabilities held at fair value through profit or loss.

At 31 March 2013 the Group held a number of listed investments with a total market value of € 55 million (2012: € 65 million). These investments are primarily listed in the UK and Luxembourg. Movements of plus/(minus) 17 % and 16 % based on the one-year historic volatilities for the UK and Luxembourg listed equities respectively, all other variables held constant, would have had a pre-tax impact of plus/(minus) € 9 million (2012: movement plus/(minus) 18 % and 40 % based on the one-year UK and Luxembourg listed equities volatilities; profit before tax impact plus/(minus) € 14 million).

The Group has recognised liabilities in respect of options granted to executives over shares in equities listed in the UK and Luxembourg. Movements of plus/(minus) 17 % and 16 % based on the one-year historic volatilities of the UK and Luxembourg equity-based options respectively, all other variables held constant, would have had an impact on profit before tax of (minus)/plus € 9 million, (2012: movements plus/(minus) 18 % and 40% based on the one-year UK and Luxembourg equities volatilities; profit before tax impact minus € 13 million, plus € 12 million).

At 31 March 2013 and 2012 the Group held a number of investments in AAA rated money market and government bond funds. The price risk associated with these investments is considered to be minimal, due to the high credit quality of the underlying investments.

The Group also holds a portfolio of unlisted equities. These investments are recorded at fair value through profit or loss using valuation techniques. The Group actively monitors the performance of these investments, but is ultimately exposed to their underperformance.

• Other price risk

The Group is exposed to price risk related to put options written over the equity shares of subsidiary entities held by non-controlling interests. The value of the put options initially recognised through equity with subsequent changes being recognised through profit or loss, is determined using accepted company valuation techniques.

After consideration of all relevant factors available, management's valuations of the put option liabilities have been updated where differences in actual results to original forecasts have required a change in certain accounting estimates, resulting in a decrease in the put option liabilities of € 31 million with a corresponding credit to finance income.

A movement of plus/(minus) 10 % in the projected EBITDA of the subsidiary entities would have a pre-tax profit impact of plus/(minus) € 23 million. A movement of plus/(minus) 100 basis points on the weighted average cost of capital would have had a pre-tax impact of minus € 21 million and plus € 16 million, all other variables kept constant.

(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 Group's borrowings are presented in note 20). The risk is considered to be a 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 2013 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 2013 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 3-month USD-LIBOR-BBA floating rate on pre-specified dates in the future. The change in fair value of this financial instrument from inception to the reporting date is recognised as an asset of € 5 million at 31 March 2013. Should the floating rate increase/(decrease) by 6 % using one-year historic volatility of 3-month USD LIBOR rate, with all other variables held constant, the change in the fair value of the forward-starting interest rate swap would result in a € 3 million gain or € 3 million loss respectively (2012: nil).

• 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) € 35 million (2012: plus/(minus) € 32 million), all other variables remaining constant. The analysis is performed on the same basis as for 2012.

(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. The minimum long-term credit rating requirements of financial counterparties is A3 and/or -A. At 31 March 2013 the Group had € 2 712 million invested in AAA rated euro-denominated money market and government bond funds (2012: € 2 400 million) and € 2 443 million held as cash at bank (2012: € 1 634 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 by the Group overlay cash pool.

See note 21 for further disclosure on liquidity risk.

3.2. 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 17.

3.3. Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) 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; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps (including forward-starting interest rate swaps) is calculated as the present value of the estimated future cash flows;
- The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the reporting date;
- Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal values less estimated credit adjustments of trade receivables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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).

31 March 2013	Level 1 € m	Level 2 € m	Level 3 € m	Total € m
Listed investments	55	–	–	55
Unlisted investments	–	–	4	4
Investment in money market and government bond funds	–	2 712	–	2 712
Derivative financial assets	–	50	–	50
	55	2 762	4	2 821
Derivative financial liabilities	–	(83)	–	(83)
	–	(83)	–	(83)

31 March 2012	Level 1 € m	Level 2 € m	Level 3 € m	Total € m
Listed investments	65	–	–	65
Unlisted investments	–	–	4	4
Investment in money market and government bond funds	–	2 400	–	2 400
Derivative financial assets	–	27	–	27
	65	2 427	4	2 496
Derivative financial liabilities	–	(124)	–	(124)
	–	(124)	–	(124)

There were no changes in the value of Level 3 unlisted investments during the year to March 2013 or March 2012.

3.4. 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.

From time to time the Group will approve special dividends. These distribute to shareholders exceptional non-recurring profits and cash flows.

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 % (2012: 15 %).

There were no changes in the Group's approach during the year.

The Group is not subject to any externally imposed capital requirements.

4. Risk assessment

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

For identified risks, which arise from the accounting and financial reporting, a risk assessment is performed. Throughout the Group's internal control system framework on financial reporting relevant control measures are defined, which reduce the financial risk. Remaining risks are categorised depending on their possible impact (low, average, high) and appropriately monitored.

5. Critical accounting estimates and judgements

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. Estimates and judgements 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 where assumptions, judgement and estimates are made 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 15.

(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 judgment 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 12.

(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 and EBITDA %.

Details of the impairment testing done in the year are given in note 8.

(d) Valuation of put option liabilities over non-controlling interests

The Group has written put options over the equity shares of subsidiary entities held by non-controlling interests. The value of the put options initially recognised through equity with subsequent changes being recognised through profit or loss, is determined using accepted company valuation techniques. These calculations require the use of estimates for sales growth and EBITDA %.

For details of movements in the year, see note 3.1 Other price risk.

6. 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, including hedging gains/losses recycled from equity.

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.

Notes to the consolidated financial statements continued

6. Segment information continued

(a) Information on reportable segments continued

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

	2013 € m	2012 re-presented € m
External sales		
Jewellery Maisons	**5 206**	4 590
Specialist Watchmakers	**2 752**	2 323
Montblanc Maison	**766**	723
Other	**1 426**	1 232
	10 150	8 868

	2013 € m	2012 re-presented € m
Operating result		
Jewellery Maisons	**1 818**	1 510
Specialist Watchmakers	**733**	539
Montblanc Maison	**120**	119
Other	**(38)**	(27)
	2 633	2 141
Unallocated corporate costs	**(207)**	(93)
Consolidated operating profit before finance and tax	**2 426**	2 048
Finance costs	**(158)**	(314)
Finance income	**111**	79
Share of post-tax results of equity-accounted investments	**(4)**	(9)
Profit before taxation	**2 375**	1 804
Taxation	**(370)**	(264)
Profit for the year	**2 005**	1 540

No impairment charge was recognised in 2013 (2012: impairment loss of € 2 million included in Other).

6. Segment information continued

(a) Information on reportable segments continued

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

	2013 € m	2012 re-presented € m
Segment assets		
Jewellery Maisons	**2 543**	2 149
Specialist Watchmakers	**1 419**	1 219
Montblanc Maison	**397**	357
Other	**549**	420
	4 908	4 145

Total segment assets	**4 908**	4 145
Property, plant and equipment	**1 787**	1 529
Goodwill	**561**	479
Other intangible assets	**391**	316
Investment property	**367**	64
Equity-accounted investments	**11**	10
Deferred income tax assets	**441**	461
Financial assets at fair value through profit or loss	**2 771**	2 469
Other non-current assets	**327**	255
Other receivables	**340**	265
Derivative financial instruments	**50**	27
Prepayments	**100**	116
Cash at bank and on hand	**2 443**	1 634
Total assets	**14 497**	11 770

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

	2013 € m	2012 re-presented € m
Additions to non-current assets:		
Property, plant and equipment, other intangible assets and investment property		
Jewellery Maisons	**223**	185
Specialist Watchmakers	**170**	119
Montblanc Maison	**28**	31
Other	**121**	101
Unallocated	**103**	145
	645	581

6. 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:

	2013 € m	2012 re-presented € m
Europe	3 611	3 098
France	749	669
Switzerland	446	348
Germany, Italy and Spain	730	670
Other Europe	1 686	1 411
Asia	5 066	4 517
China/Hong Kong	2 602	2 412
Japan	904	833
Other Asia	1 560	1 272
Americas	1 473	1 253
USA	1 156	973
Other Americas	317	280
	10 150	8 868

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:

	2013 € m	2012 re-presented € m
Switzerland	1 394	1 217
United Kingdom	412	431
USA	539	110
Rest of the world	945	790
	3 290	2 548

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

(c) Information about products

External sales by product are as follows:

	2013 € m	2012 re-presented € m
Watches	4 968	4 404
Jewellery	2 726	2 248
Leather goods	742	721
Writing instruments	370	357
Clothing and other	1 344	1 138
	10 150	8 868

(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.

7. 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 2011					
Cost	685	483	1 323	48	2 539
Depreciation	(191)	(312)	(769)	–	(1 272)
Net book value at 1 April 2011	494	171	554	48	1 267
Exchange adjustments	33	12	35	4	84
Additions	25	73	263	94	455
Disposals	(6)	(1)	(20)	(1)	(28)
Depreciation charge	(34)	(39)	(174)	–	(247)
Impairments	–	(1)	(1)	–	(2)
Transfers and reclassifications	1	3	46	(50)	–
31 March 2012					
Cost	747	571	1 590	95	3 003
Depreciation	(234)	(353)	(887)	–	(1 474)
Net book value at 31 March 2012	513	218	703	95	1 529

	Land and buildings € m	Plant and machinery € m	Fixtures, fittings, tools and equipment € m	Assets under construction € m	Total € m
1 April 2012					
Cost	**747**	**571**	**1 590**	**95**	**3 003**
Depreciation	**(234)**	**(353)**	**(887)**	**–**	**(1 474)**
Net book value at 1 April 2012	**513**	**218**	**703**	**95**	**1 529**
Exchange adjustments	**(4)**	**(2)**	**10**	**1**	**5**
Acquisition through business combinations	**10**	**7**	**2**	**–**	**19**
Additions	**34**	**73**	**304**	**141**	**552**
Disposals	**(12)**	**–**	**(10)**	**(1)**	**(23)**
Depreciation charge	**(22)**	**(45)**	**(228)**	**–**	**(295)**
Transfers and reclassifications	**13**	**3**	**68**	**(84)**	**–**
31 March 2013					
Cost	**776**	**626**	**1 820**	**152**	**3 374**
Depreciation	**(244)**	**(372)**	**(971)**	**–**	**(1 587)**
Net book value at 31 March 2013	**532**	**254**	**849**	**152**	**1 787**

Included above is property, plant and equipment held under finance leases with a net book value of € 34 million (2012: € 27 million) comprising land and buildings € 30 million (2012: € 25 million); plant and machinery € 2 million (2012: € 1 million); and fixtures, fittings, tools and equipment € 2 million (2012: € 1 million).

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

Committed capital expenditure not reflected in these financial statements amounted to € 43 million at 31 March 2013 (2012: € 44 million).

No impairment loss was recognised in 2013 (2012: impairment loss of € 2 million in respect of boutique assets and manufacturing machinery).

8. Goodwill

Goodwill is the only intangible asset with an indefinite life.

	€ m
Cost at 1 April 2011	441
Exchange adjustments	30
Goodwill arising on business combinations	8
Cost at 31 March 2012	479
Exchange adjustments	(4)
Goodwill arising on business combinations (note 34)	86
Cost at 31 March 2013	561

Impairment testing for goodwill

For the purposes of impairment testing, goodwill is allocated to cash generating units or groups of cash generating units ('CGU') that are expected to benefit from the business combination in which the goodwill arose, subject to an operating segment ceiling. Only one CGU, Net-a-Porter, has a goodwill allocation that is significant in comparison to the total goodwill of the Group. The goodwill allocation is € 284 million (2012: € 287 million).

Goodwill is impaired if the carrying value of the CGU exceeds the recoverable amount. The recoverable amount is determined on a value-in-use basis, using approved budgets and management forecasts for the next five years and terminal values determined using a terminal growth rate of 2 %.

In addition to Net-a-Porter, the details for impairment testing of the goodwill allocated to Peter Millar and Shanghai Tang are provided due to the sensitivity of the testing to a reasonably possible change in the key assumptions.

The key assumptions applied in determining the recoverable amounts are as follow:

	EBITDA growth		Discount rate	
	2013	2012	2013	2012
Net-a-Porter	24 % to 115 %	29 % to 181 %	10.6 %	11.4 %
Peter Millar	3 % to 38 %	–	14.1 %	–
Shanghai Tang	15 % to 201 %	11 % to 240 %	9.7 %	9.7 %

For each of the CGUs individually detailed above a reasonably possible change in the key assumptions used could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which each assumption would need to change, independent of the other, in order for the estimated recoverable amount of the CGU to be equal to the carrying amount.

			% change required to eliminate headroom	
	Goodwill € m	Headroom € m	Decrease in EBITDA growth	Increase in discount rate
Net-a-Porter	284	902	48.5 %	9.5 %
Peter Millar	35	106	50.0 %	12.5 %
Shanghai Tang	14	61	37.5 %	7.7 %

For the remaining part of the goodwill the value-in-use significantly exceeds the carrying value of goodwill by such a magnitude that no reasonably possible change in any of the key assumptions would eliminate the headroom. No impairment losses were recognised.

9. 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 2011					
Cost	178	223	91	98	590
Amortisation	(77)	(100)	(60)	(39)	(276)
Net book value at 1 April 2011	101	123	31	59	314
Exchange adjustments	7	6	2	4	19
Acquisition through business combinations	–	8	–	–	8
Additions:					
– internally developed	–	–	–	30	30
– other	5	17	10	–	32
Disposals	–	–	–	(2)	(2)
Amortisation charge	(17)	(35)	(9)	(24)	(85)
31 March 2012					
Cost	192	255	106	127	680
Amortisation	(96)	(136)	(72)	(60)	(364)
Net book value at 31 March 2012	96	119	34	67	316

	Intellectual property related € m	Leasehold and distribution rights € m	Computer software and related licences € m	Development costs € m	Total € m
1 April 2012					
Cost	**192**	**255**	**106**	**127**	**680**
Amortisation	**(96)**	**(136)**	**(72)**	**(60)**	**(364)**
Net book value at 1 April 2012	**96**	**119**	**34**	**67**	**316**
Exchange adjustments	**(1)**	**–**	**–**	**(1)**	**(2)**
Acquisition through business combinations	**53**	**26**	**–**	**–**	**79**
Additions:					
– internally developed	**–**	**–**	**–**	**35**	**35**
– other	**1**	**14**	**37**	**–**	**52**
Disposals	**–**	**(1)**	**–**	**–**	**(1)**
Amortisation charge	**(18)**	**(39)**	**(12)**	**(19)**	**(88)**
Transfers and reclassifications	**1**	**(1)**	**3**	**(3)**	**–**
31 March 2013					
Cost	**238**	**282**	**147**	**137**	**804**
Amortisation	**(106)**	**(164)**	**(85)**	**(58)**	**(413)**
Net book value at 31 March 2013	**132**	**118**	**62**	**79**	**391**

Amortisation of € 22 million (2012: € 24 million) is included in cost of sales; € 10 million (2012: € 9 million) is included in selling and distribution expenses; € 13 million (2012: € 11 million) is included in administration expenses; and € 43 million (2012: € 41 million) is included in other expenses.

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

10. Investment property

	Property fund € m	Other € m	Total € m
1 April 2012			
Cost	64	–	64
Depreciation	–	–	–
Net book value at 1 April 2012	64	–	64
Exchange adjustments	–	1	1
Acquisition through business combinations	–	296	296
Additions subsequent to acquisition	6	–	6
Depreciation	–	–	–
31 March 2013			
Cost	70	297	367
Depreciation	–	–	–
Net book value at 31 March 2013	70	297	367

Richemont is a limited partner in a property fund. It is also the general partner and property manager of the fund, having full power and authority to carry on all activities which it considers necessary or desirable to the operation of the partnership. In the year to March 2012 the fund acquired a property in Paris. The residual value of the property is estimated to exceed the book value. Accordingly no depreciation has been recognised in the period. In accordance with the partnership the fund is established for a defined term.

An independent valuation of the Group's investment property in Paris was performed by Cushman & Wakefield to determine the fair value at 31 January 2013. The valuation, prepared in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors, was based on an analysis of recent market transactions, supported by market knowledge. The valuation considers the current and future rental income arising from the existing leases. The fair value of the Group's investment property in Paris was determined to be € 75 million.

When Group management considers that the useful life of an investment property, which stands to be acquired, will exceed the defined term of the above-mentioned property fund, the acquisition shall be financed independently of the property fund. During the year, such a property was identified in New York (see note 34).

The investment property in New York has not been valued since acquisition. Given the recent date of acquisition, management does not consider that there have been any material changes in the relevant property market that would lead to a current fair value being significantly different from the purchase price.

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

	2013 € m	2012 € m
Within one year	9	–
Between two and five years	30	–
Thereafter	20	–
	59	–

Rental income of € 4 million was received in the year to 31 March 2013 and included as other operating income (2012: nil). Repairs and maintenance expenses included as other operating expenses were as follows:

Expenses relating to:	2013 € m	2012 € m
Income generating properties	3	–
Vacant properties	–	–
	3	–

The investment properties are leased out for use as retail space with initial contract terms of between 12 and 15 years. 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.

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

11. Equity-accounted investments

	€ m re-presented
At 31 March 2011 as previously reported	7
Impact of change in accounting policy	1
Re-presented at 1 April 2011	8
Exchange adjustments	2
Acquisition of equity-accounted investments	2
Share of post-tax results	(9)
Share of losses offset against long-term receivable from an equity-accounted investment	7
Re-presented at 31 March 2012	**10**
Exchange adjustments	**(1)**
Acquisition of equity-accounted investments	**1**
Share of post-tax results	**(4)**
Share of losses offset against long-term receivable from an equity-accounted investment	**5**
At 31 March 2013	**11**

The value of equity-accounted investments at 31 March 2013 includes goodwill of € 6 million (2012: € 6 million).

The Group's principal equity-accounted investments at 31 March 2013 are as follows:

			% interest held	Country of incorporation	Country of operation
Greubel Forsey SA	Watchmaker	Associate	20.0	Switzerland	Switzerland
Rouages SA	Watch component manufacturer	Associate	34.7	Switzerland	Switzerland
Les Cadraniers de Genève SA	Watch component manufacturer	Associate	50.0	Switzerland	Switzerland
Fook Ming Watch Limited	Distributor of watch products	Joint venture	50.0	Hong Kong	Hong Kong
Laureus World Sports Awards Limited	Sports Awards	Joint venture	50.0	United Kingdom	Worldwide
Ralph Lauren Watch & Jewelry Company Sàrl	Watchmaker	Joint venture	50.0	Switzerland	Worldwide

Summary financial information for equity-accounted investments not adjusted for the percentage ownership held by the Group:

	Associated undertakings		Joint ventures		Total	
	2013 € m	2012 € m	2013 € m	2012 € m	2013 € m	2012 € m
Revenue	**39**	36	**12**	14	**51**	50
Profit/(loss) for the year	**3**	(2)	**(7)**	(18)	**(4)**	(20)
Non-current assets	**18**	19	**2**	1	**20**	20
Current assets	**25**	25	**24**	18	**49**	43
Non-current liabilities	**(14)**	(13)	**(48)**	(38)	**(62)**	(51)
Current liabilities	**(17)**	(22)	**(18)**	(15)	**(35)**	(37)
Net assets/(liabilities)	**12**	9	**(40)**	(34)	**(28)**	(25)

The Group has fully recognised its share of losses of its equity-accounted investments. In 2012, losses of € 1 million were unrecognised.

12. Taxation

12.1. Deferred income tax

(a) Deferred income tax assets

	1 April 2011 re-presented € m	Exchange adjustments re-presented € m	(Charge)/credit for year re-presented € m	Recognised directly in equity or other comprehensive income re-presented € m	Acquisition in business combinations and transfers re-presented € m	31 March 2012 re-presented € m
Depreciation	42	1	(18)	–	1	26
Provision on inventories	30	2	(3)	–	–	29
Bad debt reserves	2	–	–	–	–	2
Employee benefits obligation	19	–	–	12	–	31
Unrealised gross margin elimination	184	–	74	–	–	258
Tax losses carried forward	18	–	7	–	–	25
Deferred tax on option plan	75	6	(2)	(5)	–	74
Other	39	4	11	14	–	68
	409	13	69	21	1	513
Offset against deferred tax liabilities for entities settling on a net basis	(54)					(52)
	355					461

	1 April 2012 re-presented € 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 2013 € m
Depreciation	**26**	**(1)**	**(1)**	**–**	**–**	**24**
Provision on inventories	**29**	**–**	**(11)**	**–**	**–**	**18**
Bad debt reserves	**2**	**–**	**1**	**–**	**–**	**3**
Employee benefits obligation	**31**	**–**	**(5)**	**–**	**–**	**26**
Unrealised gross margin elimination	**258**	**–**	**70**	**–**	**–**	**328**
Tax losses carried forward	**25**	**(1)**	**(24)**	**–**	**3**	**3**
Deferred tax on option plan	**74**	**(1)**	**(2)**	**10**	**–**	**81**
Other	**68**	**3**	**31**	**(2)**	**–**	**100**
	513	**–**	**59**	**8**	**3**	**583**
Offset against deferred tax liabilities for entities settling on a net basis	**(52)**					**(142)**
	461					**441**

€ 237 million of deferred tax assets are expected to be recovered after more than 12 months (2012 re-presented: € 226 million).

12. Taxation continued

12.1. Deferred income tax continued

(b) Deferred income tax liabilities

	1 April 2011 € 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 2012 € m
Depreciation	(45)	(1)	14	–	(2)	(34)
Provision on inventories	(13)	(3)	10	–	–	(6)
Unremitted earnings	(9)	–	(5)	–	–	(14)
Other	(22)	–	–	–	–	(22)
	(89)	(4)	19	–	(2)	(76)
Offset against deferred tax assets for entities settling on a net basis	54					52
	(35)					(24)

	1 April 2012 € 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 2013 € m
Depreciation	(34)	–	(2)	–	(7)	(43)
Provision on inventories	(6)	–	(88)	–	(2)	(96)
Unremitted earnings	(14)	–	(7)	–	–	(21)
Other	(22)	–	(2)	3	–	(21)
	(76)	–	(99)	3	(9)	(181)
Offset against deferred tax assets for entities settling on a net basis	52					142
	(24)					(39)

€ 84 million of deferred tax liabilities are expected to be settled after more than 12 months (2012: € 69 million).

(c) Unrecognised deferred tax assets

	2013 € m	2012 re-presented € m
Tax losses – gross value	553	488
Deductible temporary differences	–	(1)
	553	487

€ 276 million of the tax losses can be carried forward in the applicable jurisdiction of the reporting entity with no expiry dates (2012: € 242 million).

12.2. Taxation charge

Taxation charge for the year:

	2013 € m	2012 € m
Current tax	330	352
Deferred tax charge/(credit)	40	(88)
	370	264

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 2013 and 2012 were 15.6 % and 14.6 % respectively.

Notes to the consolidated financial statements continued

12. Taxation continued

12.2. Taxation charge continued

The taxation charge on the Group's profit before tax differs from the amount that arises using the statutory tax rates applicable to profits of the consolidated companies as follows:

	2013 € m	2012 re-presented € m
Profit before taxation	2 375	1 804
Share of post-tax results of equity-accounted investments	4	9
Adjusted profit before taxation	2 379	1 813
Tax on adjusted profit calculated at statutory tax rate	499	380
Difference in tax rates	(154)	(118)
Non-taxable income	(15)	(12)
Non-deductible expenses net of other tax return – only adjustments	9	(3)
Utilisation and recognition of prior year tax losses	(11)	(4)
Non-recognition of current year tax losses	22	9
Withholding and other taxes	25	17
Prior year adjustments	(5)	(5)
Taxation charge	370	264

The statutory tax rate applied reflects the average rate applicable to the principal Swiss-based operating campanies.

13. Financial assets held at fair value through profit or loss

	2013 € m	2012 € m
Non-current:		
Investments in listed undertakings	55	65
Investments in unlisted undertakings	4	4
Total non-current	59	69
Current:		
Investments in money market and government bond funds	2 712	2 400
Total current	2 712	2 400
Total financial assets held at fair value through profit or loss	2 771	2 469

All of the above assets 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.

There are no other non-current or current financial assets that were designated as held at fair value through profit or loss on initial recognition.

14. Other non-current assets

	2013 € m	2012 re-presented € m
Maisons' collections	147	141
Lease deposits	136	92
Loans and receivables	18	13
Other assets	26	9
	327	255

The carrying value of lease deposits, loans and receivables approximate their fair values. There are no overdue or impaired amounts included in deposits, loans and receivables.

15. Inventories

	2013 € m	2012 re-presented € m
Raw materials and work in progress	**1 637**	1 395
Finished goods	**2 689**	2 274
	4 326	3 669

The cost of inventories recognised as an expense and included in cost of sales amounted to € 3 400 million (2012 re-presented: € 3 082 million).

The Group reversed € 50 million (2012: € 41 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 € 127 million (2012: € 115 million) in the write-down of inventory as a charge to cost of sales.

16. Trade and other receivables

	2013 € m	2012 re-presented € m
Trade receivables	**600**	497
Less: provision for impairment	**(19)**	(21)
Trade receivables – net	**581**	476
Loans and receivables	**239**	217
Other receivables	**102**	48
	922	741

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.

In addition to the amounts above there are non-current assets amounting to € 154 million (2012 re-presented: € 105 million) and cash balances as disclosed in note 18 which are considered to be loans and receivables.

The maximum exposure to credit risk for trade receivables by geographic region was:

	2013 € m	2012 € m
Europe	**256**	241
France	**68**	68
Switzerland	**65**	48
Germany, Italy and Spain	**74**	64
Other Europe	**49**	61
Asia	**227**	165
China/Hong Kong	**106**	75
Japan	**63**	57
Other Asia	**58**	33
Americas	**98**	70
USA	**75**	53
Other Americas	**23**	17
	581	476

Notes to the consolidated financial statements continued

16. Trade and other receivables continued

The maximum exposure to credit risk for trade receivables by type of customer was:

	2013 € m	2012 € m
Wholesale customers	**464**	372
Retail customers	**117**	104
	581	476

The Group's most significant wholesale customer in Hong Kong accounts for € 13 million of the total trade receivables carrying amount at March 2013 (2012: € 9 million for a Hong Kong wholesaler).

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:

	2013 € m	2012 € m
Balance at 1 April of prior year	**(21)**	(21)
Exchange adjustment	**–**	(1)
Provision charged to profit or loss	**(16)**	(10)
Utilisation of provision	**3**	2
Reversal of unutilised provision	**15**	9
Balance at 31 March	**(19)**	(21)

At 31 March 2013, trade receivables of € 39 million (2012: € 28 million) were impaired.

Receivables past due but not impaired:

	2013 € m	2012 € m
Up to three months past due	**58**	58
Three to six months past due	**4**	8
Over six months past due	**10**	9
	72	75

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.

17. Derivative financial instruments

The Group uses the following derivative instruments:

(a) Currency forwards: representing commitments to purchase or sell foreign and domestic currencies;

(b) Currency options: contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) or both, at or by a set date or during a set period, a specific amount of a foreign currency or financial instrument at a pre-determined price;

(c) Accrual style option forwards: forward instruments that incorporate similar option terms as described above and that may give the right to increase the nominal value;

(d) Interest rate swaps (including forward-starting interest rate swaps): commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of interest rates (for example, fixed for floating). No exchange of principal takes place. The Group's credit risk represents the potential cost of replacing the swap contracts if counterparties fail to perform their obligation; and

(e) Derivative share options: options granted to certain Richemont executives giving them the right to acquire shares in listed equities at pre-determined prices.

17. Derivative financial instruments continued

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	
	2013 € m	2012 € m	2013 € m	2012 € m	2013 € m	2012 € m
Currency forwards	**2 671**	2 629	**45**	24	**(47)**	(82)
Currency options	**–**	53	**–**	1	**–**	(1)
Accrual style option forwards	**–**	101	**–**	2	**–**	(1)
Interest rate swap derivatives	**312**	–	**5**	–	**–**	–
Derivative share options	**55**	65	**–**	–	**(36)**	(40)
	3 038	2 848	**50**	27	**(83)**	(124)

Other than the non-hedge derivatives detailed above, the Group has no other financial assets classified as held for trading.

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	
	2013 € m	2012 € m	2013 € m	2012 € m	2013 € m	2012 € m
Currency forwards	**1 432**	1 444	**1 239**	1 185	**–**	–
Currency options	**–**	39	**–**	14	**–**	–
Accrual style option forwards	**–**	83	**–**	18	**–**	–
Interest rate swap derivatives	**–**	–	**–**	–	**312**	–
Derivative share options	**55**	65	**–**	–	**–**	–
	1 487	1 631	**1 239**	1 217	**312**	–

Nominal amount

Nominal amounts represent the following:

- Currency forwards: the sum of all contract volumes outstanding at the year end.
- Currency options: the sum of the amounts underlying the options outstanding at the year end.
- Accrual style option forwards: the nominal value accrued at the year end.
- Interest rate swap: 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.

Forward-starting interest rate swap

In November 2012 the Group entered into a USD-denominated forward-starting interest rate swap with a notional amount of € 312 million (2012: nil). The fair value of the instrument at inception was nil. A fair value gain of € 5 million is recognised to 31 March 2013.

18. Cash and cash equivalents

	2013 € m	2012 re-presented € m
Cash at bank and on hand	**2 443**	1 634
Bank overdrafts	**(1 453)**	(764)
	990	870

The effective interest rate on cash at bank was 0.3 % (2012: 0.8 %). The effective interest rate on bank overdrafts was 2.8 % (2012: 1.6 %).

19. Equity

19.1. Share capital

	2013 € m	2012 € m
Authorised, issued and fully paid:		
522 000 000 'A' bearer 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.

19.2. 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 2011	22.5	325
Purchased	8.0	268
Sold	(6.2)	(78)
Balance at 31 March 2012	**24.3**	**515**
Purchased	**5.9**	**206**
Sold	**(9.1)**	**(165)**
Balance at 31 March 2013	**21.1**	**556**

The Company has given a pledge over 6 745 950 Richemont 'A' shares as security for vested warrants granted under the Group's stock option plan (2012: 9 734 689 Richemont 'A' shares).

The cost value of the 9.1 million shares (2012: 6.2 million shares) sold during the year to plan participants who exercised their options was € 165 million (2012: € 78 million).

During the year under review the Group acquired 1.6 million treasury shares in the open market, and a further 4.3 million treasury shares through the exercise of over-the-counter purchased call options with a third party, at a total cost of € 206 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 9.1 million treasury shares for proceeds of € 155 million, in settlement of options exercised in the period and traded options exercised in previous periods.

The costs of the call options together with the loss realised on shares sold during the year to plan participants amounted to a net loss of € 10 million (2012: a net gain of € 9 million) and were recognised directly in retained earnings.

The market value of the 21.1 million shares (2012: 24.3 million shares) held by the Group at the year end, based on the closing price at 31 March 2013 of CHF 74.50 (2012: CHF 56.60), amounted to € 1 292 million (2012: € 1 142 million).

19. Equity continued

19.3. Hedge and share option reserves

	Hedge reserve € m	Share option reserve € m	Total € m
Balance at 1 April 2011	68	237	305
Movements in hedge reserve			
– fair value gains	25	–	25
– recycle to profit or loss	(108)	–	(108)
Movement in employee share option reserve			
– equity-settled share option expense	–	24	24
Tax on items recognised directly in equity	14	(5)	9
Balance at 31 March 2012	(1)	256	255
Movements in hedge reserve			
– recycle to profit or loss	1	–	1
Movement in employee share option reserve			
– equity-settled share option expense	–	22	22
Tax on items recognised directly in equity	–	10	10
Balance at 31 March 2013	–	288	288

19.4. Retained earnings

	2013 € m	2012 re-presented € m
Balance at 1 April of prior year	7 071	5 756
Profit for the year	2 013	1 544
Dividends paid	(252)	(204)
Defined benefit plan actuarial gains/(losses)	5	(46)
Tax on defined benefit plan actuarial gains/(losses)	–	12
Acquisition of non-controlling interests	(1)	–
(Loss)/gain on sale of treasury shares net of option costs	(10)	9
Balance at 31 March	8 826	7 071

19.5. Legal reserves

Legal reserves amounting to € 95 million (2012: € 95 million) are included in the reserves of Group companies but are not available for distribution.

20. Borrowings

	2013 € m	2012 € m
Non-current		
Secured bank loan	5	–
Unsecured bank borrowings	317	4
Finance lease obligations	23	18
	345	22
Current		
Unsecured bank borrowings	140	65
Finance lease obligations	2	1
	142	66
Total borrowings	487	88

20. Borrowings continued

The Group's borrowings are denominated in the following currencies:

	2013 € m	2012 € m
Swiss franc	**27**	15
US dollar	**328**	15
Chinese yuan	**78**	27
Taiwan dollar	**35**	17
Other	**19**	14
	487	88

The Group's borrowings are subject to fixed and floating interest rates as follows:

	2013 € m	2012 € m
Fixed rate borrowings	**317**	3
Floating rate borrowings	**145**	66
Finance lease obligations	**25**	19
	487	88

During the year, the Group has entered into two fixed rate borrowings: a 2.95 % fixed rate USD borrowing of € 312 million maturing in 2019; and a 3.4 % fixed rate CHF borrowing of € 5 million maturing in 2017. The CHF loan is secured on land owned by the Group.

The Group has provided an irrevocable and unconditional guarantee for the repayment of a USD-denominated loan committed by one of the Group's subsidiaries.

Finance lease obligations

	Minimum lease payments		Interest		Present value of finance lease obligations	
	2013 € m	2012 € m	2013 € m	2012 € m	2013 € m	2012 € m
Within one year	**3**	2	**1**	1	**2**	1
Between one and five years	**4**	4	**3**	2	**1**	2
After more than five years	**98**	83	**76**	67	**22**	16
	105	89	**80**	70	**25**	19

The carrying amounts of borrowings approximate their fair values. The fair values of long-term borrowings are based on cash flows discounted using a rate based on the borrowing rate.

21. Liquidity risk

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 are fully vested and have expiry dates from June 2013 to June 2015. The Group holds equity investments which fully hedge the obligations under the stock option plan.

31 March 2013

Non-derivative financial liabilities

	6 months or less € m	Contractual cash flow € m	Carrying amount € m
Current financial liabilities			
Borrowings	140	140	140
Trade and other payables	1 087	1 087	1 087
Bank overdrafts	1 453	1 453	1 453
	2 680	2 680	2 680

	Within 1 year € m	Between 1-2 years € m	Between 2-3 years € m	After more than 3 years € m	Contractual cash flow € m	Carrying amount € m
Non-current financial liabilities						
Long-term borrowings (including current portion)	12	16	11	449	488	347
Other long-term liabilities	–	19	96	62	177	167
	12	35	107	511	665	514

	6 months or less € m	Between 6-12 months € m	Contractual cash flow € m	Carrying amount € m
Current derivative financial liabilities				
Currency forwards	857	1 095	1 952	47
Derivative share options	55	–	55	36
	912	1 095	2 007	83

	Contractual cash flow € m	Carrying amount € m
Total financial liabilities	5 352	3 277

21. Liquidity risk continued

31 March 2012

Non-derivative financial liabilities

	6 months or less re-presented € m	Contractual cash flow re-presented € m	Carrying amount re-presented € m
Current financial liabilities			
Borrowings	62	62	62
Trade and other payables	951	951	951
Bank overdrafts	764	764	764
	1 777	1 777	1 777

	Within 1 year € m	Between 1-2 years € m	Between 2-3 years € m	After more than 3 years re-presented € m	Contractual cash flow re-presented € m	Carrying amount re-presented € m
Non-current financial liabilities						
Long-term borrowings (including current portion)	5	2	6	85	98	26
Other long-term liabilities	–	10	9	161	180	167
	5	12	15	246	278	193

	6 months or less € m	Between 6-12 months € m	Contractual cash flow € m	Carrying amount € m
Current derivative financial liabilities				
Currency forwards	1 250	447	1 697	82
Accrual style option forwards	71	–	71	1
Derivative share options	65	–	65	40
Currency options	39	–	39	1
	1 425	447	1 872	124

	Contractual cash flow re-presented € m	Carrying amount re-presented € m
Total financial liabilities	3 927	2 094

22. 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 no surplus is 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 IAS 19, *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. The weighted average duration of the expected benefit payments from the foundation is approximately 15 years.

In addition, the Group sponsors a number of other small arrangements in Switzerland which are included in the figures that follow.

The Group expects to contribute € 51 million to these plans during 2014 (2013: € 50 million).

22. Employee benefits obligation continued

UK

In the UK, the Group operates a defined benefit plan which has been closed to new entrants since 2002. Since then 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 approximately 23 years. The defined benefit plan is operated from a trust, which has assets which are held separately from the Group and trustees who ensure the plan's rules are strictly 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 € 9 million to this plan in 2014 (2013: € 16 million).

Rest of the world

The Group sponsors other retirement plans, a mixture of defined benefit and defined contributions in some other countries where the Group operates. No individual plan other than those described above is considered material to the Group.

The Group expects to contribute € 11 million to these plans in 2014 (2013: € 13 million).

The net liabilities reflected in non-current liabilities in the statement of financial position in respect of post-employment benefit plans are determined as follows:

	Switzerland		UK		Rest of the world		Total	
	2013 € m	2012 € m	2013 € m	2012 € m	2013 € m	2012 € m	2013 € m	2012 re-presented € m
Present value of funded obligations	**(861)**	(779)	**(262)**	(231)	**(131)**	(119)	**(1 254)**	(1 129)
Fair value of plan assets	**866**	749	**233**	207	**120**	111	**1 219**	1 067
Net funded obligations	**5**	(30)	**(29)**	(24)	**(11)**	(8)	**(35)**	(62)
Present value of unfunded obligations	**–**	–	**–**	–	**(51)**	(48)	**(51)**	(48)
Amount not recognised due to asset limit	**(13)**	–	**–**	–	**–**	–	**(13)**	–
Net liabilities	**(8)**	(30)	**(29)**	(24)	**(62)**	(56)	**(99)**	(110)

The amounts recognised in profit or loss in respect of such plans are as follows:

	Switzerland		UK		Rest of the world		Total	
	2013 € m	2012 € m	2013 € m	2012 € m	2013 € m	2012 € m	2013 € m	2012 € m
Current service cost	**54**	45	**3**	3	**12**	10	**69**	58
Administration expenses	**–**	–	**1**	–	**–**	–	**1**	–
Net interest on net defined benefit liability/(asset)	**1**	1	**1**	1	**1**	1	**3**	3
	55	46	**5**	4	**13**	11	**73**	61

	Switzerland		UK		Rest of the world		Total	
	2013 € m	2012 € m	2013 € m	2012 € m	2013 € m	2012 € m	2013 € m	2012 € m
Expense charged in:								
Cost of sales	**38**	26	**–**	–	**2**	2	**40**	28
Net operating expenses	**17**	20	**5**	4	**11**	9	**33**	33
	55	46	**5**	4	**13**	11	**73**	61

Total pension costs are included in employee benefits expense, note 28.

22. Employee benefits obligation continued

The amounts recognised immediately in other comprehensive income in respect of such plans are as follows:

	Switzerland		UK		Rest of the world		Total	
	2013 €m	2012 €m	2013 €m	2012 €m	2013 €m	2012 €m	2013 €m	2012 €m
Net actuarial (gains)/losses in the year:								
Changes in financial assumptions	(72)	39	25	17	8	12	(39)	68
Changes in demographic assumptions	37	(33)	–	–	–	(1)	37	(34)
Experience adjustments on benefit obligations	28	(15)	–	–	(1)	1	27	(14)
Actual return on plan assets less interest on plan assets	(32)	46	(8)	(7)	(3)	4	(43)	43
Adjustment to recognise the effect of asset limit	13	(17)	–	–	–	–	13	(17)
	(26)	20	17	10	4	16	(5)	46

Changes in the net liabilities recognised are as follows:

	Switzerland		UK		Rest of the world		Total	
	2013 €m	2012 €m	2013 €m	2012 €m	2013 €m	2012 €m	2013 €m	2012 €m
Balance at 1 April of prior year	(30)	(6)	(24)	(18)	(56)	(41)	(110)	(65)
Exchange differences	1	–	1	(1)	(1)	(1)	1	(2)
Amounts recognised in profit or loss	(55)	(46)	(5)	(4)	(13)	(11)	(73)	(61)
Amounts recognised in other comprehensive income	26	(20)	(17)	(10)	(4)	(16)	5	(46)
Contributions paid	50	42	16	9	13	13	79	64
Liabilities acquired in business	–	–	–	–	(1)	–	(1)	–
Balance at 31 March	(8)	(30)	(29)	(24)	(62)	(56)	(99)	(110)

The movement in the fair value of plan assets was as follows:

	Switzerland		UK		Rest of the world		Total	
	2013 €m	2012 €m	2013 €m	2012 €m	2013 €m	2012 €m	2013 €m	2012 €m
Balance at 1 April of prior year	749	668	207	175	111	104	1 067	947
Exchange differences	(8)	53	(3)	11	(2)	2	(13)	66
Interest on plan assets	16	21	11	9	4	4	31	34
Actual return on plan assets less interest on plan assets	32	(46)	8	7	3	(4)	43	(43)
Assets distributed on settlements	–	–	–	–	–	(1)	–	(1)
Contributions paid by employer	50	42	16	9	13	13	79	64
Contributions paid by plan participants	34	28	1	1	–	–	35	29
Benefits paid	(15)	(17)	(6)	(5)	(9)	(7)	(30)	(29)
Administrative expenses	–	–	(1)	–	–	–	(1)	–
Assets acquired in a business combination	8	–	–	–	–	–	8	–
Balance at 31 March	866	749	233	207	120	111	1 219	1 067

22. Employee benefits obligation continued

The movement in the present value of the defined benefit obligation was as follows:

	Switzerland		UK		Rest of the world		Total	
	2013 €m	2012 €m	2013 €m	2012 €m	2013 €m	2012 €m	2013 €m	2012 €m
Balance at 1 April of prior year	**(779)**	(659)	**(231)**	(193)	**(167)**	(145)	**(1 177)**	(997)
Exchange differences	**9**	(52)	**4**	(12)	**1**	(3)	**14**	(67)
Current service cost (employer part)	**(54)**	(45)	**(3)**	(3)	**(12)**	(10)	**(69)**	(58)
Contributions by plan participants	**(34)**	(28)	**(1)**	(1)	**–**	–	**(35)**	(29)
Interest on benefit obligations	**(17)**	(21)	**(12)**	(10)	**(5)**	(5)	**(34)**	(36)
Actuarial (losses)/gains	**7**	9	**(25)**	(17)	**(7)**	(12)	**(25)**	(20)
Liabilities extinguished on settlements	**–**	–	**–**	–	**–**	1	**–**	1
Liabilities assumed in business combinations	**(8)**	–	**–**	–	**(1)**	–	**(9)**	–
Benefits paid	**15**	17	**6**	5	**9**	7	**30**	29
Balance at 31 March	**(861)**	(779)	**(262)**	(231)	**(182)**	(167)	**(1 305)**	(1 177)
Present value of funded obligations	**(861)**	(779)	**(262)**	(231)	**(131)**	(119)	**(1 254)**	(1 129)
Present value of unfunded obligations	**–**	–	**–**	–	**(51)**	(48)	**(51)**	(48)
	(861)	(779)	**(262)**	(231)	**(182)**	(167)	**(1 305)**	(1 177)

Changes in the amount not recognised due to the asset limit are as follows:

	Switzerland		UK		Rest of the world		Total	
	2013 €m	2012 €m	2013 €m	2012 €m	2013 €m	2012 €m	2013 €m	2012 €m
Balance at 1 April of prior year	**–**	(15)	**–**	–	**–**	–	**–**	(15)
Exchange differences	**–**	(1)	**–**	–	**–**	–	**–**	(1)
Interest on asset limit	**–**	(1)	**–**	–	**–**	–	**–**	(1)
Change in surplus/(deficit)	**(13)**	17	**–**	–	**–**	–	**(13)**	17
Balance at 31 March	**(13)**	–	**–**	–	**–**	–	**(13)**	–

The major categories of plan assets at the balance sheet date are as follows:

	Switzerland		UK		Rest of the world		Total	
	2013 €m	2012 €m	2013 €m	2012 €m	2013 €m	2012 €m	2013 €m	2012 €m
Equities	**276**	209	**32**	60	**49**	40	**357**	309
Government bonds	**255**	233	**89**	105	**48**	19	**392**	357
Corporate bonds	**45**	24	**43**	19	**21**	37	**109**	80
Property	**165**	111	**21**	20	**–**	–	**186**	131
Insurance policies	**–**	–	**2**	1	**–**	10	**2**	11
Other assets	**125**	172	**46**	2	**2**	5	**173**	179
Fair value of plan assets	**866**	749	**233**	207	**120**	111	**1 219**	1 067

The plans assets are primarily held within instruments with quoted market prices in an active market, with the exception of the property and insurance policy holdings.

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 members' accounts, whilst taking on the lowest possible risk in order to do so.

Notes to the consolidated financial statements continued

22. Employee benefits obligation continued

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 %**	**20 %**
Property	**21 %**	**10 %**
Other assets	**8 %**	**15 %**
Fair value of plan assets	**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	
	2013	2012	2013	2012
Discount rate	**2.0 %**	2.1 %	**4.5 %**	4.9 %
Future salary increases	**1.5 %**	2.0 %	**4.9 %**	4.8 %
Interest credit rate	**1.5 %**	2.5 %	**–**	–
Future pension increases	**–**	–	**3.3 %**	3.2 %
Future life expectancy of a 60 year old (years)	**25.9**	23.8	**27.3**	27.2

	Rest of the world			
	2013 Range	Weighted average	2012 Range	Weighted average
Discount rate	**1.3 % to 4.2 %**	**3.0 %**	1.4 % to 4.6 %	3.4 %
Future salary increases	**1.8 % to 5.0 %**	**3.4 %**	1.8 % to 4.0 %	3.3 %
Future pension increases	**2.1 %**	**2.1 %**	2.1 %	2.1 %

Assumptions used to determine the benefits expense and the end-of-year benefits obligation for the other defined benefit plans varied within the ranges shown above. The weighted average rate for each assumption used to measure the benefits obligation is also shown. The assumptions used to determine end-of-year benefits obligation 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 obligation by € 73 million; a 0.5 % increase in assumed salary increases would increase the obligation by € 15 million and a one-year increase in members' life expectancy would increase the obligation by approximately € 6 million. In practice, if the obligation increases 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 the obligation. For example, a 0.5 % decrease in the interest credit rate leads to a € 35 million decrease in the obligation. The Group does not expect any economic benefit from the foundation in Switzerland and therefore, in practice any improvement in the obligation or assets will not impact the balance sheet.

In the UK, a 0.5 % per annum fall in discount rate would increase the obligation by approximately € 29 million, with a € 13 million increase should future salary and pension increases rise by 0.5 % per annum.

In addition, the defined benefit obligation in the UK is 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 27.3 years, and for a male aged 60 in 20 years' time is 28.9 years. As an indication, a one-year increase in assumed life expectancy would increase the defined benefit obligation by approximately € 8 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 approximately € 16 million in total with a € 12 million rise should pension 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.

23. Provisions

	Warranties and sales related € m	Property related and restructuring € m	Employee benefits € m	Other € m	Total € m
At 1 April 2012	115	5	190	11	321
Charged/(credited) to profit or loss:					
– additional provisions	113	2	71	13	199
– unused amounts reversed	(16)	(3)	(8)	(1)	(28)
Net charge	97	(1)	63	12	171
Utilised during the year	(100)	(1)	(36)	(7)	(144)
Exchange adjustments	1	–	(1)	–	–
At 31 March 2013	113	3	216	16	348

	2013 € m	2012 € m
Total provisions at 31 March:		
– non-current	176	158
– current	172	163
	348	321

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 € 113 million (2012: € 115 million) has been recognised for expected sales returns and warranty claims. It is expected that € 103 million (2012: € 106 million) of this provision will be used within the following twelve months and that the remaining € 10 million (2012: € 9 million) which relates solely to potential warranty claims will be utilised over the remainder of the expected warranty period of the products.

Property-related and restructuring provisions

At 31 March 2013 these provisions represent the Group's obligations arising from committed restructuring activities. It is anticipated that most of the restructuring provision will be utilised in the coming year.

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 € 55 million (2012: € 45 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

These provisions include provision for certain legal claims brought against the Group. It is not expected that the outcomes of legal claims will give rise to any material losses beyond the amounts provided at 31 March 2013.

24. Other long-term financial liabilities

	2013 € m	2012 re-presented € m
Put option over shares of subsidiary undertakings	65	97
Operating lease liabilities	79	45
Other long-term financial liabilities	23	25
	167	167

The Group has entered into put and call option arrangements with the holders of shares of certain subsidiary undertakings giving Richemont the right to acquire and the holders the right to sell all, but not part, of their interest between 1 April and 30 September 2015 at a value equal to the higher of the fair value at the date of exercise and £ 10.1 million (less any share of capital distributions). The redemption value of the options is determined using a discounted cash flow model based on management forecasts and projections beyond the forecast period.

Notes to the consolidated financial statements continued

25. Trade and other payables

	2013 € m	2012 re-presented € m
Trade creditors	**521**	508
Other creditors and accruals	**803**	801
	1 324	1 309

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.

26. Other operating (expense)/income

	2013 € m	2012 re-presented € m
Royalty income	**29**	29
Royalty expenses	**(5)**	(4)
Investment property rental income	**4**	–
Investment property costs	**(3)**	–
Amortisation of other intangible assets acquired on business combinations	**(43)**	(41)
Other income/(expense)	**5**	(27)
	(13)	(43)

27. Net profit

Net profit is stated after the following items of expense/(income):

	2013 € m	2012 € m
Depreciation of property, plant and equipment (note 7)	**295**	247
Impairment of property, plant and equipment (note 7)	**–**	2
Amortisation of other intangible assets (note 9)	**88**	85
Operating lease rentals:		
– minimum lease rental	**428**	329
– contingent rental	**276**	252
Sub-lease rental income (non-investment property)	**(3)**	(3)
Cash flow hedge – transfer from other comprehensive income	**1**	(108)
Research and development costs	**55**	53
Loss on disposal of property, plant and equipment	**6**	4
Loss on disposal of other intangible assets	**1**	2
Restructuring charges	**2**	1

28. Employee benefits expense

	2013 € m	2012 re-presented € m
Wages and salaries including termination benefits € 5 million (2012: € 4 million)	**1 488**	1 306
Social security costs	**257**	225
Share option expense (note 36)	**26**	48
Long-term employee benefits	**53**	48
Pension costs – defined contribution plans	**28**	24
Pension costs – defined benefit plans (note 22)	**73**	61
	1 925	1 712

	2013 number	2012 re-presented number
Average number of employees:		
Switzerland	**8 218**	7 446
Rest of the world	**19 448**	17 149
	27 666	24 595

29. Finance costs and income

	2013 € m	2012 € m
Finance costs:		
Interest expense:		
– bank borrowings	**(31)**	(23)
– other financial expenses	**(7)**	(7)
Net foreign exchange losses on monetary items	**–**	(186)
Mark-to-market adjustment in respect of hedging activities	**(120)**	(98)
Finance costs	**(158)**	(314)
Finance income:		
Interest income:		
– bank, other deposits, and money market and government bond funds	**12**	30
– other financial income	**5**	1
Dividend income on financial assets at fair value through profit or loss	**2**	3
Net foreign exchange gains on monetary items	**47**	–
Net gain in fair value of financial instruments at fair value through profit or loss	**14**	2
Gain on remeasurement of put option liability on non-controlling interests	**31**	43
Finance income	**111**	79
Net finance costs	**(47)**	(235)

Foreign exchange losses resulting from effective hedge derivative instruments of € 1 million (2012: gains of € 108 million) were reflected in cost of sales during the year. Gains and losses on all non-hedge derivatives are included in net finance costs. There was no ineffective portion of hedge derivatives to be included in net finance (cost)/income (2012: nil).

Notes to the consolidated financial statements continued

30. Earnings per share

30.1. 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.

	2013	2012
Profit attributable to owners of the parent company (€ millions)	**2 013**	1 544
Weighted average number of shares in issue (millions)	**550.1**	548.3

30.2. 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.

	2013	2012
Profit attributable to owners of the parent company (€ millions)	**2 013**	1 544
Weighted average number of shares in issue (millions)	**550.1**	548.3
Adjustment for share options (millions)	**9.9**	11.9
Weighted average number of shares for diluted earnings per share (millions)	**560.0**	560.2

30.3. 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.

	2013 € m	2012 € m
Profit attributable to owners of the parent company	**2 013**	1 544
Loss on disposal of non-current assets	**7**	6
Impairment of assets	**–**	2
Currency exchange losses reclassified from currency translation adjustment reserve	**–**	1
Headline earnings	**2 020**	1 553

	2013 millions	2012 millions
Weighted average number of shares		
– Basic	**550.1**	548.3
– Diluted	**560.0**	560.2

	€ per share	€ per share
Headline earnings per share		
– Basic	**3.672**	2.832
– Diluted	**3.607**	2.772

31. Dividends

In September 2012 a dividend of CHF 0.55 per share was paid (September 2011: CHF 0.45).

32. Cash flow generated from operations

	2013 € m	2012 re-presented € m
Operating profit	**2 426**	2 048
Depreciation and impairment of property, plant and equipment	**295**	249
Amortisation and impairment of other intangible assets	**88**	85
Loss on disposal of property, plant and equipment	**6**	4
Loss on disposal of intangible assets	**1**	2
Increase in long-term provisions	**49**	67
Decrease in retirement benefit obligations	**(5)**	(3)
Non-cash items	**22**	(83)
Increase in inventories	**(582)**	(687)
Increase in trade receivables	**(91)**	(72)
Increase in other receivables and prepayments	**(60)**	(62)
(Decrease)/increase in current liabilities	**(209)**	253
Increase/(decrease) in long-term liabilities	**4**	(3)
Cash flow generated from operations	**1 944**	1 798

33. Financial commitments and contingent liabilities

At 31 March 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. Details of the Group's commitments in respect of financial derivatives are given in note 17 and in respect of property, plant and equipment in note 7.

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 had signed non-cancellable operating leases in respect of which the following minimum rentals are payable at 31 March:

	Land and buildings		Other assets		Total	
	2013 € m	2012 € m	2013 € m	2012 € m	2013 € m	2012 € m
Within one year	**446**	367	**7**	8	**453**	375
Between two and five years	**991**	802	**8**	7	**999**	809
Thereafter	**491**	246	**–**	–	**491**	246
	1 928	1 415	**15**	15	**1 943**	1 430

34. Business combinations

In the year to 31 March 2013 the Group completed a number of business combinations.

The entire capital of Varin-Etampage and Varinor ('VVSA') was acquired on 2 October 2012. VVSA specialises in the manufacture of high-end metal products for the watch and jewellery industry. The acquisition of VVSA reinforces the Group's industrial capabilities via their established technical know-how in gold refining and stamping.

On 10 October 2012, the Group acquired a retail investment property in New York. The acquisition which represents a long-term investment for the Group will be independent of the activities undertaken by the property fund established in the prior year.

On 19 October 2012, the acquisition of the entire Common Units of Peter Millar LLC, a US-based, international apparel business was completed. The brand represents an addition to Richemont's portfolio of accessory brands.

On 8 January 2013, the Group acquired Antica Ditta Marchisio SpA ('ADM'), an Italian company specialising in the creation and hand-crafting of jewellery and gold items.

During the year the Group also continued to acquire the operations of external boutiques and agents in strategic markets as well as a small business unit to enhance its jewellery and watch production facilities.

The acquisition of VVSA, ADM and the other businesses are not individually significant. The information provided for these acquisitions is presented on an aggregate basis and disclosed as manufacturing and other.

Fair value of assets acquired

	Manufacturing and other € m	Peter Millar LLC € m	Investment property € m	Total € m
Property, plant and equipment	18	1	–	19
Intangible assets	26	53	–	79
Investment property	–	–	296	296
Inventory	96	6	–	102
Cash and cash equivalents	(2)	–	–	(2)
Trade and other receivables	22	9	–	31
Trade and other payables	(89)	(4)	–	(93)
Current and deferred tax	(19)	–	–	(19)
Long-term borrowings	(7)	–	–	(7)
Fair value of net assets acquired	45	65	296	406
Goodwill	51	35	–	86
Total consideration paid	96	100	296	492
Settled against receivable	(12)	–	–	(12)
Consideration deferred to future periods	(10)	–	–	(10)
Purchase consideration – cash paid	74	100	296	470
Cash acquired	2	–	–	2
Payment of amounts deferred in prior periods	2	–	–	2
Cash outflow on acquisitions	78	100	296	474

The goodwill arising on the acquisitions of VVSA and ADM, representing for VVSA the know-how of the highly skilled workforce and established reputation, and for ADM an assembled workforce, is not expected to be deductible for tax.

The goodwill arising on the acquisition of Peter Millar LLC represents the premium attributable to a pre-established, well-positioned business in the apparel market and is expected to be fully deductible for tax.

The gross contractual amount of trade receivables due is € 18 million, all of which is expected to be fully recoverable.

Acquisition-related transaction costs of € 5 million were expensed as other income/expenses in the year to 31 March 2013.

Purchase consideration on business combinations deferred to future periods relates to final purchase adjustments payable after the reporting date and, in case of retail boutiques internalised during the year, amounts based on a percentage of future sales over an agreed period.

€ 9 million of consideration deferred in prior periods has been settled in the year against amounts due to the Group.

34. Business combinations continued

The contribution of each business combination to the Group's results from the acquisition date to 31 March 2013 is as follows. An estimate of a full-year impact, as if the business combinations had all taken place of 1 April 2012, is also provided.

	Sales/other income €m	Net profit/(loss) €m
Included to March 2013 from date of acquisition		
Retail investment property	**3**	**–**
Peter Millar	**22**	**1**
Manufacturing and other	**26**	**(6)**
Estimate of full-year impact had acquisitions occured on 1 April 2012		
Retail investment property	**6**	**2**
Peter Millar	**51**	**3**
Manufacturing and other	**65**	**(10)**

35. Related-party transactions

Compagnie Financière Rupert, Bellevue, Geneva holds 522 000 000 'B' registered shares representing an interest in 50 % of the Company's voting rights. In addition, Compagnie Financière Rupert has advised that parties related to it held a total of 2 836 664 Richemont 'A' bearer shares, or the equivalent thereof in the form of Depository Receipts, as at 31 March 2013, representing 0.3 % of the Company's voting rights.

The Group has a number of transactions and relationships with related parties, as defined by IAS 24, *Related Party Disclosures*, all of which are undertaken in the normal course of business.

Besides Compagnie Financière Rupert, the Board of Directors and the Group Management Committee ('key management'), the Group has identified the following other related parties:

- Richemont's equity-accounted investments (see note 11)
- Reinet Investments SCA ('Reinet'), a public company incorporated in Luxembourg
- Remgro Limited, a public company incorporated in South Africa
- Richemont foundations (employee and others)

Notes to the consolidated financial statements continued

35. Related-party transactions continued

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

	2013 € m	2012 € m
Goods and services bought from and other transactions with its equity-accounted investments:		
Rouages SA – purchase of watch components	**(3)**	(2)
Les Cadraniers de Genève SA – purchase of watch components	**(4)**	(1)
Ralph Lauren Watch and Jewelry Company Sàrl – purchase of finished goods	**(12)**	(14)
Services provided to equity-accounted investments:		
Laureus Sports Awards Limited – sponsorship	**(4)**	(4)
Laureus Sports for Good Foundations – donations	**(1)**	–
Goods and services sold to and other transactions with equity-accounted investments:		
Ralph Lauren Watch and Jewelry Company Sàrl – sale of watch components	**2**	3
Ralph Lauren Watch and Jewelry Company Sàrl – management and service fees	**2**	–
Payables outstanding at 31 March:		
Ralph Lauren Watch and Jewelry Company Sàrl – trading	**(1)**	(1)
Laureus World Sports Awards Limited – sponsorship	**(1)**	(1)
Receivables outstanding at 31 March:		
Ralph Lauren Watch and Jewelry Company Sàrl – trading	**3**	3
Laureus Sports Awards Limited – trading	**1**	–
Ralph Lauren Watch and Jewelry Company Sàrl – loan	**24**	18

In the statement of financial position the loan to Ralph Lauren Watch and Jewelry Sàrl is recorded at € 7 million (2012: € 6 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 and Jewelry Company Sàrl are offset against the receivable.

The loan to Ralph Lauren Watch and Jewelry Company Sàrl is at market comparable rates and has no fixed repayment date.

(b) Transactions and balances between the Richemont Group and entities under common control

	2013 € m	2012 € m
Goods and services bought from and other transactions with entities under common control:		
Falconair Limited – provision of aviation services and reimbursement of third-party expenses	**(2)**	(2)
Montblanc Kulturstiftung – donation	**(1)**	–
Remgro Ltd – professional fees	**(1)**	(1)

There were no amounts payable to or receivable from entities under common control at 31 March 2013 and 2012.

(c) Transactions and balances between the Richemont Group and its investment entities

	2013 € m	2012 € m
Receivables outstanding at 31 March:		
Luxe International Inc.	**–**	2

During the year the receivable from Luxe International Inc. was converted into shares.

35. Related-party transactions continued

(d) Individuals

During the year the Group gave donations of € 1.1 million (2012: € 0.8 million) to the Fondazione Cologni dei Mestieri d'Arte. The Fondazione promotes, supports and organises cultural, scientific and training initiatives in favour of the Arts and Crafts and the Trades of Art. Dr Franco Cologni, a non-executive director of the Company, is the president of the Fondazione. The Group also made donations of € 0.2 million (2012: € 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 Fondazione.

In the year to 31 March 2013, the Group paid fees of € 2.5 million (2012: nil) to Quadrant Management Inc for consultancy work on the acquisition of Peter Millar LLC and certain property transactions. Mr Alan Quasha, a non-executive director, is president of Quadrant Management Inc.

Maître Dominique Rochat, a non-executive director, is a partner of the Swiss legal firm, Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totalling € 0.5 million (2012: € 0.7 million) from Group companies for advice on legal and taxation matters.

In addition to his non-executive director's fee, Lord Douro received fees, pension contributions and other benefits totalling € 0.1 million (2012: € 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, and in respect of consultancy services provided to the Group.

Dr Franco Cologni and Mr Alain Dominique Perrin provided consultancy services to the Group in addition to their duties as non-executive directors. During the year to 31 March 2013 Dr Cologni received € 0.3 million (2012: € 0.3 million) and Mr Perrin € 2.2 million (2012: € 1.7 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 and members of the Group Management Committee received vested options over shares in British American Tobacco plc ('BAT') and Reinet. At 31 March 2013 the Group recognised a liability of € 33 million (2012: € 31 million) in respect of its obligation to deliver shares on exercise of the vested options. The Group holds shares in BAT and Reinet which fully hedge the liability.

(e) Key management compensation

	2013 € m	2012 € m
Salaries and short-term employee benefits	**23**	21
Short-term incentives	**13**	11
Long-term benefits	**10**	3
Post-employment benefits	**3**	3
Share option expense	**8**	8
	57	46

35. Related-party transactions continued

(e) Key management compensation continued

Key management comprises the Board of Directors of Compagnie Financière Richemont SA and the Group Management Committee as detailed below.

Board of Directors	
Johann Rupert	Executive Chairman and Chief Executive Officer
Yves-André Istel	Non-Executive Deputy Chairman
Richard Lepeu	Joint Deputy Chief Executive Officer
Gary Saage	Chief Financial Officer
Franco Cologni	Non-Executive Director
Lord Douro	Non-Executive Director
Ruggero Magnoni	Non-Executive Director
Josua Malherbe	Non-Executive Director
Frederick Mostert	Chief Legal Counsel
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	Lead Independent Director
Dominique Rochat	Non-Executive Director
Jan Rupert	Executive Director[2]
Jan Rupert	Non-Executive Director[3]
Jürgen Schrempp	Non-Executive Director
Martha Wikstrom	Chief Executive Officer, Richemont Fashion & Accessories
Members of the Group Management Committee	
Johann Rupert	Executive Chairman and Chief Executive Officer
Bernard Fornas	Chief Executive Officer, Cartier[4]
Bernard Fornas	Joint Deputy Chief Executive Officer[5]
Richard Lepeu	Joint Deputy Chief Executive Officer
Gary Saage	Chief Financial Officer
Frederick Mostert	Chief Legal Counsel
Jan Rupert[2]	Executive Director
Martha Wikstrom	Chief Executive Officer, Richemont Fashion & Accessories
Lutz Bethge[1]	Chief Executive Officer, Montblanc
Hans-Peter Bichelmeier[1]	Group Operations Director
Giampiero Bodino[2]	Group Art Director
Pilar Boxford	Group Public Relations Director
Alan Grieve[2]	Director of Corporate Affairs
Albert Kaufmann	General Counsel
Georges Kern[1]	Chief Executive Officer, IWC
Jérôme Lambert[1]	Chief Executive Officer, Jaeger-LeCoultre
Philippe Léopold-Metzger[1]	Chief Executive Officer, Piaget
Thomas Lindemann	Group Human Resources Director
Eloy Michotte[2]	Corporate Finance Director
Stanislas de Quercize[1]	Chief Executive Officer, Cartier[5]

1 from 9 November 2012

2 until 30 November 2012

3 from 1 December 2012

4 until 31 December 2012

5 from 1 January 2013

35. Related-party transactions continued

(e) Key management compensation continued

Key management compensation disclosures as required by Swiss law

The following disclosures on executive compensation are required by Swiss law. In determining the value of each component the Group has followed the valuation and measurement principles of International Financial Reporting. The amounts are in agreement with other IFRS information provided in this annual report.

Key management compensation for the year ended 31 March 2013

	Fixed components		Variable components			
	Salary and short-term employee benefits €	Post-employment benefits €	Short-term incentives €	Long-term benefits €	Share option cost* €	Total €
Board of Directors						
Johann Rupert	1 576 509	1 456 773	–	–	–	**3 033 282**
Yves-André Istel	210 761	–	–	–	–	**210 761**
Richard Lepeu	3 559 042	104 334	2 485 589	358 156	2 229 401	**8 736 522**
Gary Saage	1 896 150	127 227	1 655 862	137 753	1 070 877	**4 887 869**
Franco Cologni**	255 268	–	–	–	–	**255 268**
Lord Douro	283 196	–	–	–	–	**283 196**
Ruggero Magnoni**	–	–	–	–	–	**–**
Josua Malherbe	223 159	–	–	–	–	**223 159**
Frederick Mostert	1 491 099	41 438	967 798	245 560	891 167	**3 637 062**
Simon Murray	165 303	–	–	–	–	**165 303**
Alain Dominique Perrin**	2 201 735	–	–	–	–	**2 201 735**
Guillaume Pictet	165 303	–	–	–	–	**165 303**
Norbert Platt	196 392	–	–	–	–	**196 392**
Alan Quasha	165 303	–	–	–	–	**165 303**
Maria Ramos	165 303	–	–	–	–	**165 303**
Lord Renwick of Clifton	235 557	–	–	–	–	**235 557**
Dominique Rochat	202 496	–	–	–	–	**202 496**
Jan Rupert	189 320	65 200	2 557	299 612	604 642	**1 161 331**
Jürgen Schrempp	206 629	–	–	–	–	**206 629**
Martha Wikstrom	1 633 252	17 447	1 760 176	167 798	633 544	**4 212 217**
Total	15 021 777	1 812 419	6 871 982	1 208 879	5 429 631	**30 344 688**
Group Management Committee						
Bernard Fornas	2 204 430	136 283	2 488 640	895 391	129 784	**5 854 528**
Total other members	5 607 865	622 418	3 689 008	7 779 741	2 657 874	**20 356 906**
Total	7 812 295	758 701	6 177 648	8 675 132	2 787 658	**26 211 434**
Total key management compensation	22 834 072	2 571 120	13 049 630	9 884 011	8 217 289	**56 556 122**

* The cost for share options is determined in accordance with IFRS 2, *Share-based payment*. Details of the valuation model and significant inputs to this model are found in note 36.

** Dr Franco Cologni, Mr Ruggero Magnoni and Mr Alain Dominique Perrin have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors.

Notes to the consolidated financial statements continued

35. Related-party transactions continued

(e) Key management compensation continued

Key management compensation for the year ended 31 March 2012

	Fixed components		Variable components			
	Salary and short-term employee benefits €	Post-employment benefits €	Short-term incentives €	Long-term benefits €	Share option cost* €	Total €
Board of Directors						
Johann Rupert	1 567 243	1 509 941	–	–	491 266	3 568 450
Yves-André Istel	222 570	–	–	–	–	222 570
Richard Lepeu	3 527 766	93 644	2 524 292	357 211	1 726 634	8 229 547
Gary Saage	1 808 228	111 202	987 206	137 389	632 790	3 676 815
Franco Cologni**	265 374	–	–	–	–	265 374
Lord Douro	271 497	–	–	–	–	271 497
Ruggero Magnoni**	–	–	–	–	–	–
Josua Malherbe	210 205	–	–	–	–	210 205
Frederick Mostert	1 333 209	136 490	710 460	231 793	897 897	3 309 849
Simon Murray	131 893	–	–	–	–	131 893
Alain Dominique Perrin**	1 710 396	–	–	–	–	1 710 396
Guillaume Pictet	164 867	–	–	–	–	164 867
Norbert Platt	284 793	–	–	–	–	284 793
Alan Quasha	164 867	–	–	–	–	164 867
Maria Ramos***	90 677	–	–	–	–	90 677
Lord Renwick of Clifton	226 692	–	–	–	–	226 692
Dominique Rochat	185 475	–	–	–	–	185 475
Jan Rupert	828 577	77 826	770 886	247 300	821 732	2 746 321
Jürgen Schrempp	164 867	–	–	–	–	164 867
Martha Wikstrom	1 481 595	58 423	647 114	158 393	304 527	2 650 052
Total	14 640 791	1 987 526	5 639 958	1 132 086	4 874 846	28 275 207
Group Management Committee	6 850 466	668 226	5 910 613	1 508 079	3 165 724	18 103 108
Total key management compensation	21 491 257	2 655 752	11 550 571	2 640 165	8 040 570	46 378 315

* The cost for share options is determined in accordance with IFRS 2 Share-based payment. Details of the valuation model and significant inputs to this model are found in note 36.

** Dr Franco Cologni, Mr Ruggero Magnoni and Mr Alain Dominique Perrin have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors.

*** Compensation for the period from 7 September 2011, being the date of appointment to the Board, to 31 March 2012.

35. Related-party transactions continued

(e) Key management compensation continued

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 by executive directors and members of the Group Management Committee under the plan are as follows:

at 31 March 2013

	Number of options						
	1 April 2012 or date of appointment	Granted	Exercised	31 March 2013	Weighted average grant price CHF	Earliest exercise period	Latest expiry date
Board of Directors							
Johann Rupert	5 626 841	–	–	**5 626 841**	12.41	Apr 2013-Jul 2013	June 2015
Richard Lepeu	1 519 612	300 000	(110 000)	**1 709 612**	33.88	Apr 2013-Jul 2018	June 2021
Gary Saage	254 937	150 000	(35 308)	**369 629**	50.23	Jul 2013-Jul 2018	June 2021
Frederick Mostert	697 201	100 000	(389 374)	**407 827**	38.03	Apr 2013-Jul 2018	June 2021
Jan Rupert	1 236 343	–	(1 016 867)	**219 476**	25.23	Apr 2013	June 2017
Martha Wikstrom	100 000	100 000	–	**200 000**	56.20	Jul 2015-Jul 2018	June 2021
Group Management Committee							
Lutz Bethge	268 172	–	(76 348)	**191 824**	32.27	Apr 2013-Jul 2014	June 2017
Hans-Peter Bichelmeier	197 062	–	–	**197 062**	44.58	Jul 2013-Jul 2018	June 2021
Pilar Boxford	66 531	–	–	**66 531**	33.14	Apr 2013	June 2020
Bernard Fornas	322 156	–	(148 907)	**173 249**	29.47	Apr 2013-Jul 2014	June 2017
Albert Kaufmann	1 038 404	100 000	(403 566)	**734 838**	33.62	Apr 2013-Jul 2018	June 2021
Georges Kern	16 223	–	(6 681)	**9 542**	25.83	Jul 2013-Jul 2014	June 2017
Jérôme Lambert	208 303	–	(5 028)	**203 275**	23.52	Apr 2013-Jul 2014	June 2017
Thomas Lindemann	252 495	75 000	(89 704)	**237 791**	44.77	Jul 2013-Jul 2018	June 2021
Stanislas de Quercize	111 656	–	(86 841)	**24 815**	30.11	Jul 2013-Jul 2014	June 2017
	11 915 936	825 000	(2 368 624)	**10 372 312**			

Highest paid compensation to a member of the management board

The total level of compensation of the highest paid member of the Group Management Committee was € 8 736 522, which was in respect of Mr Richard Lepeu, Joint Chief Executive Officer. Mr Lepeu's compensation is disclosed as a member of the Board of Compagnie Financière Richemont SA. It is therefore excluded from the total compensation of the Group Management Committee.

Compensation of advisory committees

The Board has established a number of advisory committees. These committees comprise both executive and non-executive directors of the Board. The compensation of the individual members of these committees is disclosed above.

Compensation for former executive directors

During the year under review a former executive director (who is not a current member of the Group Management Committee) received € 0.1 million (2012: € 0.1 million) from the Group for services provided to an entity in which the Group is a joint venture partner.

Notes to the consolidated financial statements continued

35. Related-party transactions continued

(e) Key management compensation continued

Share ownership

As at 31 March 2013 members of the Board and parties closely linked to them owned a total of 109 765 Richemont 'A' shares. Members of the Group Management Committee and parties closely linked to them held a total of 167 453 Richemont 'A' shares at that date. 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 2013. The interest of individual directors and members of the Group Management Committee in Richemont 'A' shares is as follows:

	at 31 March 2013	at 31 March 2012
Board of Directors of Compagnie Financière Richemont SA		
Franco Cologni	**40 000**	75 000
Lord Douro	**18 000**	18 000
Yves-André Istel	**14 000**	14 000
Richard Lepeu	**20 000**	150 000
Guillaume Pictet	**10 265**	10 265
Lord Renwick of Clifton	**4 000**	4 000
Dominique Rochat	**1 500**	1 500
Gary Saage	**2 000**	–
	109 765	272 765
Group Management Committee		
Albert Kaufmann	**1 670**	1 670
Philippe Leopold-Metzger	**2 000**	–
Stanislas de Quercize	**163 783**	–
	167 453	1 670
	277 218	274 435

Following the decision of the Annual General Meeting on 5 September 2012 to pay dividends of CHF 0.55 per 'A' bearer share and CHF 0.055 per 'B' registered share, dividends of CHF 30 361 392 were paid to the owners of the shares who where members of the Board or the Group Management 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 2013.

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.

Mr Jan Rupert has no beneficial interest in Compagnie Financière Rupert and shares referred to in the paragraph above do not form part of the interest held by Compagnie Financière Rupert and its associated parties. For the avoidance of doubt, Mr Johann Rupert, Group Chairman and a cousin of Mr Jan Rupert, is not a director of the company referred to in the paragraph above and has no interest in its holding of 'A' shares. He is neither a trustee of the trusts referred to in the preceding paragraph nor a beneficiary of those trusts.

Loans to members of governing bodies

As at 31 March 2013 there were no loans or other credits outstanding to any current or former executive or non-executive director, or member of the Group Management Committee. The Group policy is not to extend loans to directors or members of the Group Management 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 Group Management 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 2011	20.58	29 711 486
Granted	54.95	1 607 700
Exercised	19.54	(4 988 361)
Lapsed	25.24	(528 713)
Balance at 31 March 2012	22.82	25 802 112
Granted	57.45	1 796 500
Exercised	21.90	(7 105 820)
Lapsed	27.79	(227 031)
Balance at 31 March 2013	26.16	20 265 761

Of the total options outstanding at 31 March 2013, options in respect of 9 431 882 shares had vested and were exercisable (2012: 11 628 723 shares).

The weighted average share price at the date of exercise for options exercised during the year was CHF 63.15 (2012: CHF 53.71).

The following information applies to options outstanding at the end of each year:

	Exercise price	Weighted average exercise price	Number of options	Weighted average remaining contractual life
31 March 2013	CHF 8.73	CHF 8.73	650 000	2.2 years
	CHF 12.7 – 14.45	CHF 12.97	5 238 573	2.1 years
	CHF 18.01	CHF 18.01	1 280 170	1.2 years
	CHF 23.18	CHF 23.18	1 538 449	2.2 years
	CHF 32.79	CHF 32.79	2 467 915	3.2 years
	CHF 21.20	CHF 21.20	3 158 081	4.2 years
	CHF 23.55	CHF 23.55	2 566 573	5.2 years
	CHF 54.95	CHF 54.95	1 579 000	7.2 years
	CHF 57.45	CHF 57.45	1 787 000	8.2 years
31 March 2012	CHF 8.73 – 10.59	CHF 8.94	1 035 015	2.1 years
	CHF 12.7 – 14.45	CHF 13.12	5 870 715	2.9 years
	CHF 18.01	CHF 18.01	2 883 318	2.2 years
	CHF 23.18	CHF 23.18	3 928 175	3.2 years
	CHF 32.79	CHF 32.79	3 715 570	4.2 years
	CHF 21.20	CHF 21.20	4 085 825	5.2 years
	CHF 23.55	CHF 23.55	2 683 794	6.2 years
	CHF 54.95	CHF 54.95	1 599 700	8.2 years

The average fair value of options granted during the year determined using the Binomial model was CHF 19.30. The significant inputs to the model were the share price of CHF 57.45 at the grant date, the exercise price shown above, a standard deviation of expected share price returns of 40 %, an expected option life of four to seven years, a dividend yield of 1.0 % and a risk-free interest rate of 0.0 % to 0.3 %. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last six years.

The amount recognised in profit or loss before social security and taxes for equity-settled share-based payment transactions was € 22 million (2012: € 24 million).

36. Share-based payment continued

Cash-settled option plan

The Group operates a cash-settled option plan, where 'B' shares of The Net-a-Porter Group Limited ('Net-a-Porter') are sold to the senior executive team of Net-a-Porter. The awards entitle the holders to an economic interest in the growth of Net-a-Porter above a threshold value. The shares carry a put right entitling the holders to sell all, but not some, of their 'B' shares on 31 March 2015 at the fair market value at the date of exercise (less the threshold value). There is an equivalent call right for Richemont to acquire the 'B' shares at the same price.

During the year under review, 350 new shares were issued. The number of shares outstanding to employees at 31 March 2013 was 3 713 (2012: 3 363). The weighted average threshold value is £ 457.75 (2012: £ 458.01).

The shares have been valued using a discounted cash flow model, based on management forecasts and projections beyond the forecast period. The projections assume no change in the level of EBITDA as a percentage of sales, capital expenditure or working capital movements from management's last forecast.

The amount recognised in profit or loss before social security and taxes for cash-settled share-based payment transactions was € 4 million (2012: € 24 million).

A liability of € 73 million (2012: € 70 million) is recognised as a long-term provision.

37. Impact of change in accounting policies

The impact of the changes in accounting policies as described in note 2.1 is as follows:

Statement of comprehensive income

	Impact of IFRS 11 € m	Impact of IAS 19 € m	2013 € m	2012 reported € m	Impact of IFRS 11 € m	Impact of IAS 19 € m	2012 re-presented € m
Sales	1	–	1	8 867	1	–	8 868
Cost of sales	(1)	–	(1)	(3 216)	(1)	–	(3 217)
Gross profit	–	–	–	5 651	–	–	5 651
Selling and distribution expenses	1	(3)	(2)	(1 962)	3	(2)	(1 961)
Communication expenses	2	–	2	(859)	5	–	(854)
Administrative expenses	1	–	1	(747)	2	–	(745)
Other operating (expense)/income	–	–	–	(43)	–	–	(43)
Operating profit	4	(3)	1	2 040	10	(2)	2 048
Finance costs	–	–	–	(314)	–	–	(314)
Finance income	–	–	–	79	–	–	79
Share of post-tax results of equity-accounted investments	(5)	–	(5)	(1)	(8)	–	(9)
Profit before taxation	(1)	(3)	(4)	1 804	2	(2)	1 804
Taxation	–	–	–	(264)	–	–	(264)
Profit for the year	(1)	(3)	(4)	1 540	2	(2)	1 540
Other comprehensive income:							
Currency translation adjustments							
– movement in the year	–	–	–	520	–	(2)	518
– reclassification to profit or loss	–	–	–	1	–	–	1
Cash flow hedges							
– net gains	–	–	–	25	–	–	25
– reclassification to profit or loss	–	–	–	(108)	–	–	(108)
Tax on cash flow hedges	–	–	–	14	–	–	14
Defined benefit plan actuarial gains/(losses)	–	5	5	–	–	(46)	(46)
Tax on defined benefit plan actuarial gains/(losses)	–	–	–	–	–	12	12
Other comprehensive income, net of tax	–	5	5	452	–	(36)	416
Total comprehensive income	(1)	2	1	1 992	2	(38)	1 956
Profit attributable to:							
Owners of the parent company	(1)	(3)	(4)	1 544	2	(2)	1 544
Non-controlling interests	–	–	–	(4)	–	–	(4)
	(1)	(3)	(4)	1 540	2	(2)	1 540
Total comprehensive income attributable to:							
Owners of the parent company	(1)	2	1	1 995	2	(38)	1 959
Non-controlling interests	–	–	–	(3)	–	–	(3)
	(1)	2	1	1 992	2	(38)	1 956
Earnings per share attributable to owners of the parent company during the year (expressed in € per share)							
Basic	(0.002)	0.004	0.002	2.816	0.004	(0.004)	2.816
Diluted	(0.002)	0.004	0.002	2.756	0.004	(0.004)	2.756

Notes to the consolidated financial statements continued

37. Impact of change in accounting policies continued

Statement of financial position

	Impact of IFRS 11 € m	Impact of IAS 19 € m	2013 € m
Property plant and equipment	**(1)**	**–**	**(1)**
Deferred income tax assets	**–**	**18**	**18**
Other non-current assets	**8**	**–**	**8**
Inventories	**5**	**–**	**5**
Trade and other receivables	**(13)**	**–**	**(13)**
Cash at bank and on hand	**(2)**	**–**	**(2)**
Employee benefits obligation	**–**	**(75)**	**(75)**
Other long-term financial liabilities	**12**	**–**	**12**
Trade and other payables	**(5)**	**–**	**(5)**
	4	**(57)**	**(53)**
Retained earnings	**(4)**	**57**	**53**

	2012 reported € m	Impact of IFRS 11 € m	Impact of IAS 19 € m	2012 re-presented € m
Deferred income tax assets	443	–	18	461
Other non-current assets	248	7	–	255
Inventories	3 666	3	–	3 669
Trade and other receivables	750	(9)	–	741
Cash at bank and on hand	1 636	(2)	–	1 634
Employee benefits obligation	(33)	–	(77)	(110)
Other long-term financial liabilities	(176)	9	–	(167)
Trade and other payable	(1 306)	(3)	–	(1 309)
	5 228	5	(59)	5 174
Cumulative translation adjustment reserve	(1 412)	–	2	(1 410)
Retained earnings	(7 123)	(5)	57	(7 071)

	2011 reported € m	Impact of IFRS 11 € m	Impact of IAS 19 € m	2011 re-presented € m
Equity-accounted investments	7	1	–	8
Deferred income tax assets	349	–	6	355
Other non-current assets	211	8	–	219
Trade and other receivables	597	(6)	–	591
Cash at bank and on hand	1 227	(5)	–	1 222
Employee benefits obligation	(38)	–	(27)	(65)
Other long-term financial liabilities	(158)	6	–	(152)
Trade and other payables	(1 119)	(1)	–	(1 120)
	1 076	3	(21)	1 058
Retained earnings	(5 774)	(3)	21	(5 756)

37. Impact of change in accounting policies continued

Statement of cash flows

	Impact of IFRS 11 € m	Impact of IAS 19 € m	2013 € m	2012 reported € m	Impact of IFRS 11 € m	Impact of IAS 19 € m	2012 re-presented € m
Cash flows:							
– generated from operating activities	7	–	7	1 482	9	–	1 491
– used in investing activities	(9)	–	(9)	(779)	(6)	–	(785)
– used in financing activities	–	–	–	(530)	–	–	(530)
Net changes	(2)	–	(2)	173	3	–	176
Opening cash and cash equivalents	–	–	–	657	(5)	–	652
Closing cash and cash equivalents	(2)	–	(2)	872	(2)	–	870

38. 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.

39. Events after the reporting period

A dividend of CHF 1.00 per share is proposed for approval at the Annual General Meeting of the Company, to be held on 12 September 2013. 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 2014.

40. 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	Alfred Dunhill (Shanghai) Trading Company Limited	100.0 %	US$ 650
	Shanghai	Montblanc Commercial (China) Co. Limited	100.0 %	CNY 40 000
	Shanghai	Richemont Commercial Company Limited	100.0 %	CNY 1 682 700
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$ 2 500
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 %	£ 303 672
	London	The Net-a-Porter Group Limited	92.4 %	£ 6
United States of America	Delaware	Richemont North America Inc.	100.0 %	US$ 117 159

40. Principal Group companies continued

Non-controlling interests in subsidiaries

The Group has no material non-controlling interests. The information that follows is the aggregate total for all subsidiaries with a non-controlling interest. The information is presented before elimination of intra-Group transactions and balances.

Statement of financial position

	2013 € m	2012 € m
Non-current assets	**488**	509
Current assets	**247**	317
Non-current liabilities	**(149)**	(136)
Current liabilities	**(148)**	(189)
Inter-company balances	**(208)**	(192)
Net assets	**230**	309
Carrying amount of non-controlling interests	**1**	(9)

Statement of comprehensive income

	2013 € m	2012 € m
Revenue	**755**	905
Profit/(loss)	**(48)**	(19)
Profit/(loss) allocated to non-controlling interests	**(8)**	(4)

Statement of cash flows

	2013 € m	2012 € m
Cash flows from operating activities	**42**	(25)
Cash flows from investment activities	**(39)**	(38)
Cash flows from financing activities	**(1)**	(5)

Report of the Group auditor

To the General Meeting of Shareholders 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 cash flows, statement of changes in equity and notes (pages 62 to 118) for the year ended 31 March 2013.

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 judgment, 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 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards ('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 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 Audit expert Auditor in charge	**Sara Gnoni** Audit expert

Geneva, 15 May 2013

Company financial statements
Compagnie Financière Richemont SA

Income statement
for the year ended 31 March

	Notes	2013 CHF m	2012 CHF m
Income			
Dividend income		**855.5**	500.1
Interest income		**14.1**	13.8
Other income	*2*	**8.2**	0.6
		877.8	514.5
Expenses			
General expenses	*3,4*	**9.6**	9.5
Financial expenses	*2*	**0.2**	2.4
		9.8	11.9
Profit before taxation		**868.0**	502.6
Taxation		**2.4**	1.5
Net profit		**865.6**	501.1

Balance sheet
at 31 March

	Notes	2013 CHF m	2012 CHF m
Long-term assets			
Investments	*5*	**1 848.2**	1 847.8
Long-term loans receivable from Group company		**166.1**	158.3
		2 014.3	2 006.1
Current assets			
Current accounts receivable from Group companies		**1 337.3**	1 411.4
Taxation		**0.9**	1.9
Other receivables		**0.1**	0.1
Cash and cash equivalents		**500.0**	0.5
		1 838.3	1 413.9
		3 852.6	3 420.0
Shareholders' equity			
Share capital	*7*	**574.2**	574.2
Legal reserve	*8*	**117.6**	117.6
Reserve for own shares	*9*	**789.0**	739.8
Retained earnings	*10*	**2 366.5**	1 853.1
		3 847.3	3 284.7
Current liabilities			
Accrued expenses		**0.7**	0.5
Current accounts payable to Group companies		**1.8**	132.3
		2.5	132.8
Long-term liabilities	*6*	**2.8**	2.5
		5.3	135.3
		3 852.6	3 420.0

Notes to the Company financial statements
at 31 March 2013

Note 1 – General
Basis of preparation of the financial statements
The financial statements represent the financial position of Compagnie Financière Richemont SA (‘the Company’) at 31 March 2013 and the results of its operations for the year then ended, prepared in accordance with Swiss law and the Company’s Articles of Incorporation.

Risk management disclosure
The Company has a risk management process which gives consideration to both strategic and operational risks. All identified risks are quantified 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.

Note 2 – Other income/Financial expenses
Other income includes CHF 7.8 million of exchange gains incurred on loans receivable from a Group company. In 2012, financial expenses included CHF 2.0 million of exchange losses incurred on loans receivable from a Group company.

Note 3 – General expenses
General expenses include personnel costs of CHF 4.2 million (2012: CHF 4.4 million).

Note 4 – 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.

Note 5 – Investments
These comprise investments in subsidiary companies, which are stated at cost.

Company	Domicile	Purpose	% ownership	2013 CHF m	2012 CHF m
Bespoke Innovations Sàrl	Switzerland	Investment holding company	100 %	2.0	2.0
Richemont Holdings AG	Switzerland	Investment holding company	100 %	770.7	770.7
Richemont International Holding SA	Luxembourg	Investment holding company	100 %	459.0	459.0
Richemont International SA	Switzerland	Operating company	100 %	385.4	385.0
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
				1 848.2	1 847.8

Note 6 – Long-term liabilities
Long-term liabilities include retirement benefit obligations in the amount of CHF 2.8 million (2012: CHF 2.4 million).

Compagnie Financière Richemont SA

Notes to the Company financial statements continued

Note 7 – Share capital

	2013 CHF m	2012 CHF m
522 000 000 'A' bearer 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

On 21 March 2013, the Board of Directors agreed to propose revisions to the Company's Articles of Incorporation at the next general meeting of shareholders. Subject to the shareholders' approval, the revisions will see the creation of a share register and the 522 million 'A' bearer shares become 'A' registered shares with a par value of CHF 1.00 each.

Note 8 – Legal reserve

The legal reserve of CHF 117.6 million (2012: CHF 117.6 million) is not available for distribution.

Note 9 – 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 1 600 000 'A' shares in the open market and acquired a further 4 280 620 'A' shares through the exercise of call options (2012: 1 577 027 'A' shares were purchased and a further 6 454 664 'A' shares were acquired through the exercise of call options).

During the year 2 253 113 'A' shares (2012: 2 140 928 'A' shares) were sold to executives under the Richemont stock option plan by REBL and a further 6 834 971 'A' shares (2012: 4 008 540) were sold to a third party following the exercise of over-the-counter call options linked to the hedging programme.

At 31 March 2013, following these transactions, REBL held 21 081 709 Richemont 'A' shares (2012: 24 289 173) with a cost of CHF 789.0 million (2012: CHF 739.8 million). In terms of the reserve for own shares established in respect of purchased shares, a net amount of CHF 49.2 million has been transferred into the reserve during the year (2012: CHF 241.9 million).

At 31 March 2013 there were no call options to acquire 'A' shares outstanding (2012: 4 204 057).

Note 10 – Retained earnings

	2013 CHF m	2012 CHF m
Balance at 1 April	**1 853.1**	1 840.8
Dividend paid	**(303.0)**	(246.9)
Net transfer to reserve for own shares	**(49.2)**	(241.9)
Net profit	**865.6**	501.1
Balance at 31 March	**2 366.5**	1 853.1

Note 11 – Commitments and contingencies

At 31 March 2013 the Company had issued guarantees in favour of Group companies for credit facilities up to a maximum of CHF 1 063.7 million (2012: CHF 768.5 million).

The directors believe that there are no other contingent liabilities.

Notes to the Company financial statements continued

Note 12 – 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, the Chairman of Richemont, is the sole General Managing Partner of Compagnie Financière Rupert. Mr Ruggero Magnoni, Mr Jan Rupert and Prof. Jürgen Schrempp, all 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 2013.

Other significant shareholders

During the year under review, the Company received a notification from Richemont Employee Benefits Limited, an indirectly held subsidiary, that it no longer held significant shareholdings representing in excess of 3 % of the voting rights. The notification was promptly reported to SIX Swiss Exchange, which simultaneously publishes such notifications on its website.

As at 31 March 2013, Compagnie Financière Rupert is the only significant shareholder in the Company.

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 holds one 'A' share in safe custody for every ten DRs in issue. Richemont Securities SA's interest in Richemont 'A' shares is therefore 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 and Richemont Securities SA acts as the approved representative of DR holders in voting at shareholders' meetings 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 2013, Richemont Securities SA held 116 637 477 Richemont 'A' shares (2012: 110 176 739 shares), representing some 22 % (2012: 21 %) 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 2013

	CHF m
Available retained earnings	
Balance at 1 April 2012	**1 853.1**
Dividend paid	**(303.0)**
Net transfer to reserve for own shares	**(49.2)**
Net profit	**865.6**
Balance at 31 March 2013	**2 366.5**

Proposed appropriation

The proposed ordinary dividend payable to Richemont shareholders will be CHF 1.00 per Richemont share. This is equivalent to CHF 1.00 per 'A' bearer share in the Company and CHF 0.10 per 'B' registered share in the Company. It will be payable to Richemont shareholders on 19 September 2013 in respect of coupon number 16, 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, 15 May 2013

Compagnie Financière Richemont SA

Report of the statutory auditor

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

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Compagnie Financière Richemont SA, which comprise the balance sheet, income statement and notes (pages 120 to 123) for the year ended 31 March 2013.

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 judgment, 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 2013 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 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
Audit Expert
Auditor in charge

Yazen Jamjum

Geneva, 15 May 2013

Five year record

Summary income statement

	2009 € m	2010 € m	2011 € m	2012* € m	2013 € m
Continuing operations					
Sales	5 418	5 176	6 892	8 868	**10 150**
Cost of sales	(2 001)	(1 985)	(2 498)	(3 217)	**(3 631)**
Gross profit	3 417	3 191	4 394	5 651	**6 519**
Net operating expenses	(2 449)	(2 361)	(3 039)	(3 603)	**(4 093)**
Operating profit	968	830	1 355	2 048	**2 426**
Net finance (costs)/income	(101)	(137)	(181)	(235)	**(47)**
Share of post-tax results of equity-accounted investments	3	4	101	(9)	**(4)**
Profit before taxation	870	697	1 275	1 804	**2 375**
Taxation	(133)	(94)	(196)	(264)	**(370)**
Profit from continuing operations	737	603	1 079	1 540	**2 005**
Profit/(loss) from discontinued operations	339	(3)	–	–	**–**
Profit for the year	1 076	600	1 079	1 540	**2 005**
Gross profit margin	63.1 %	61.6 %	63.7 %	63.7 %	**64.2 %**
Operating profit margin	17.9 %	16.0 %	19.7 %	23.1 %	**23.9 %**

Sales by business area

	2009 € m	2010 € m	2011 € m	2012* € m	2013 € m
Jewellery Maisons	2 762	2 688	3 479	4 590	**5 206**
Specialist Watchmakers	1 437	1 353	1 774	2 323	**2 752**
Montblanc Maison	587	551	672	723	**766**
Other	632	584	967	1 232	**1 426**
	5 418	5 176	6 892	8 868	**10 150**

Sales by geographic region

Europe	2 363	2 099	2 588	3 098	**3 611**
Asia-Pacific	1 474	1 740	2 569	3 684	**4 162**
Americas	889	712	998	1 253	**1 473**
Japan	692	625	737	833	**904**
	5 418	5 176	6 892	8 868	**10 150**

Sales by distribution channel

Retail	2 304	2 385	3 469	4 656	**5 440**
Wholesale	3 114	2 791	3 423	4 212	**4 710**
	5 418	5 176	6 892	8 868	**10 150**

Sales by product line

Watches	2 569	2 483	3 320	4 404	**4 968**
Jewellery	1 374	1 333	1 685	2 248	**2 726**
Leather goods	481	483	602	721	**742**
Writing instruments	307	296	359	357	**370**
Clothing and other	687	581	926	1 138	**1 344**
	5 418	5 176	6 892	8 868	**10 150**

* Re-presented.

Five year record continued

Operating results from continuing operations

	2009 € m	2010 € m	2011 € m	2012* € m	2013 € m
Jewellery Maisons	777	742	1 062	1 510	**1 818**
Specialist Watchmakers	301	231	379	539	**733**
Montblanc Maison	69	79	109	119	**120**
Other	(39)	(36)	(34)	(27)	**(38)**
Operating contribution	1 108	1 016	1 516	2 141	**2 633**
Unallocated corporate costs	(140)	(186)	(161)	(93)	**(207)**
Operating profit	968	830	1 355	2 048	**2 426**

Free cash flow

	2009	2010	2011	2012	2013
Operating profit**	951	827	1 355	2 048	**2 426**
Depreciation, amortisation and other non-cash items	229	314	405	321	**456**
(Increase)/decrease in working capital	(361)	323	(64)	(571)	**(938)**
Other operating activities**	36	(5)	(1)	10	**(15)**
Taxation paid	(179)	(82)	(202)	(317)	**(361)**
Net acquisition of non-current assets	(334)	(114)	(313)	(535)	**(648)**
Dividends from associated undertakings**	343	1	–	–	**–**
Free cash flow	685	1 264	1 180	956	**920**

Per share information (IFRS)

	2009	2010	2011	2012	2013
Diluted earnings per share					
– from continuing operations	€ 1.312	€ 1.076	€ 1.925	€ 2.756	**€ 3.595**
– from discontinued operations	€ 0.604	(€ 0.005)	–	–	**–**
	€ 1.916	€ 1.071	€ 1.925	€ 2.756	**€ 3.595**

	2009	2010	2011	2012	2013
Ordinary dividend per share	CHF 0.30	CHF 0.35	CHF 0.45	CHF 0.55	**CHF 1.00**
Closing market price					
Highest price	CHF 30.04	CHF 41.73	CHF 57.25	CHF 59.55	**CHF 80.50**
Lowest price	CHF 14.23	CHF 18.52	CHF 35.65	CHF 38.51	**CHF 48.40**

Exchange rates

	2009	2010	2011	2012	2013
Average rates					
€ : CHF	1.5597	1.5020	1.3338	1.2131	**1.2099**
€ : CNY	9.7723	9.6615	8.8616	8.8131	**8.0986**
€ : JPY	143.07	131.30	112.67	108.78	**106.79**
€ : US$	1.4216	1.4144	1.3225	1.3772	**1.2877**

Average number of employees

	2009	2010	2011	2012	2013
Switzerland	6 478	6 237	6 823	7 446	**8 218**
Rest of the world	13 093	12 900	14 564	17 149	**19 448**
	19 571	19 137	21 387	24 595	**27 666**

* Re-presented.

** Including discontinued operations.

Statutory information

Compagnie Financière Richemont SA

Registered office:	50 chemin de la Chênaie CP 30, 1293 Bellevue Geneva Switzerland Tel: +41 (0) 22 721 3500 Fax: +41 (0) 22 721 3550	**Auditor:**	PricewaterhouseCoopers SA 50 avenue Giuseppe-Motta 1202 Geneva Switzerland
Company Secretary:	Matthew Kilgarriff		

'A' shares issued by Compagnie Financière Richemont SA are listed and traded on SIX Swiss Exchange, the Company's primary listing, (Reuters 'CFR.VX'/Bloombergs 'CFR:VX'/ISIN CH0045039655) and are included in the Swiss Market Index ('SMI') of leading stocks. The Swiss 'Valorennummer' is 4503965.

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'/Bloombergs 'CFR:SJ'/ISIN CH0045159024).

Internet:	www.richemont.com investor.relations@cfrinfo.net secretariat@cfrinfo.net

Notice of meeting*

The Annual General Meeting ('AGM') of shareholders of Compagnie Financière Richemont SA will be held at 10.00 am at the Four Seasons Hotel des Bergues, 33 Quai des Bergues, 1201 Geneva, on Thursday, 12 September 2013.

Agenda

1. Business Report

1.1 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 2013.

1.2 The Board of Directors proposes that the 2013 compensation report as per pages 53 to 60 of the Annual Report and Accounts 2013 be ratified (non-binding consultative vote).

2. Appropriation of profits

At 31 March 2013, the retained earnings available for distribution amounted to CHF 2 366 505 209. The Board of Directors proposes that a dividend of CHF 1.00 be paid per Richemont share. This is equivalent to CHF 1.00 per 'A' bearer share in the Company and CHF 0.10 per 'B' registered share in the Company. This represents a total dividend payable of CHF 574 200 000, subject to a waiver by Richemont Employee Benefits Limited, a wholly owned subsidiary, of its entitlement to receive dividends on an estimated 21 million Richemont 'A' shares held in treasury. The Board of Directors proposes that the remaining available retained earnings of the Company at 31 March 2013 after payment of the dividend be carried forward to the following business year.

3. Discharge of the Board of Directors

The Board of Directors proposes that its members be discharged from their obligations in respect of the business year ended 31 March 2013.

4. Election of the Board of Directors

The Board of Directors proposes that the following members be re-elected on an individual basis to serve for a further term of one year: 4.1 Johann Rupert, 4.2 Dr Franco Cologni, 4.3 Lord Douro, 4.4 Yves-André Istel, 4.5 Richard Lepeu, 4.6 Ruggero Magnoni, 4.7 Josua Malherbe, 4.8 Dr Frederick Mostert, 4.9 Simon Murray, 4.10 Alain Dominique Perrin, 4.11 Guillaume Pictet, 4.12 Norbert Platt, 4.13 Alan Quasha, 4.14 Maria Ramos, 4.15 Lord Renwick of Clifton, 4.16 Dominique Rochat, 4.17 Jan Rupert, 4.18 Gary Saage and 4.19 Jürgen Schrempp.
4.20 The Board further proposes that Bernard Fornas be elected to the Board for a term of one year.

5. 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.

6. Revision of the Articles of Incorporation

The Board of Directors proposes that the Company's Articles of Incorporation be revised such that the Company's 522 million listed 'A' shares, which are currently issued in bearer form, shall be traded in registered form in the future. This resolution requires the approval of two thirds of the shares and an absolute majority of the nominal share capital represented at the meeting.

The financial statements of the Group and of the Company, the directors' report and the related reports of the auditor for the year ended 31 March 2013, which are all contained in the Richemont Annual Report and Accounts 2013, will be available for inspection at the registered office of the Company from 23 July 2013 onwards. Printed versions of all such documents will be sent to shareholders upon request. The Richemont Annual Report and Accounts 2013 is also available on the Company's website at www.richemont.com/investor-relations/reports

Cards for admission to the Annual General Meeting together with voting forms should be obtained by holders of bearer shares, upon deposit of their shares, from any branch of the following banks up to 9 September 2013: Bank J Vontobel & Co AG; Lombard Odier & Cie; Pictet & Cie; and UBS AG. Deposited shares will be blocked until the close of the meeting. Admission cards will not be issued by the Company itself and no admission cards will be issued on the day of the meeting.

A shareholder may appoint a proxy, who need not be a shareholder, as his or her representative at the meeting. Forms of proxy are provided on the reverse of the admission cards. In accordance with Swiss law, each shareholder may be represented at the meeting by the Company, by a bank or similar institution or by Maître Françoise Demierre Morand, Etude Gampert & Demierre, Notaires, 19 rue Général-Dufour, case postale 5326, 1211 Geneva 11, as independent representative of the shareholders. Unless proxies include explicit instructions to the contrary, voting rights will be exercised in support of the proposals of the Board of Directors. Proxy voting instructions must be received by the Company or the independent representative by Monday, 9 September 2013.

Depository agents, as defined in Article 689d of the Swiss Company Law, are requested to indicate to the Company, as soon as possible and in any event to the admission control prior to the commencement of the meeting, the number and par value of the shares they represent together with the reference numbers of the relevant admission cards. Institutions subject to the Swiss Federal Act on Banks and Savings Banks of 8 November 1934 and professional fund managers and trustees may be considered as depository agents.

The meeting will be held in English with a simultaneous translation into French.

For the Board of Directors:

Johann Rupert	**Bernard Fornas & Richard Lepeu**
Chairman	**Co-Chief Executive Officers**

* The official notice convening the AGM will be published in the Swiss Gazette in accordance with Swiss law and may differ from this notice in respect to the definitive proposals.

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