Richemont

Annual Report and Accounts 2010

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

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

Each of the Group's Maisons® represents a proud tradition of style, quality and craftsmanship which Richemont is committed to preserving.

Cautionary statement regarding forward-looking statements

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Words such as 'may', 'should', 'estimate', 'project', 'plan', 'believe', 'expect', 'anticipate', 'intend', 'potential', 'goal', 'strategy', 'target', 'will', 'seek' and similar expressions may identify forward-looking statements. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside the Group's control. Richemont does not undertake to update, nor does it have any obligation to provide updates or to revise, any forward-looking statements.

Financial and operating highlights

Group sales (€ m)

Operating profit (€ m)

Earnings per share from continuing operations (€)

Dividend per share

Sales by business area (% of Group)

Jewellery Maisons (€ m)

Specialist Watchmakers (€ m)

Writing Instrument Maison (€ m)

Other Businesses (€ m)

- Sales at € 5 176 million reflected a decline of 4 per cent.
- Operating margin was 16 per cent of sales.
- Cash flow from operations was € 1 464 million compared to € 819 million in 2009.
- Net cash position improved by € 1 074 million to € 1 896 million.
- Proposed dividend: CHF 0.35 per share, representing an increase of 17 per cent.

Executive Chairman and Chief Executive Officer's review

JOHANN RUPERT, EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

OVERVIEW

The last 18 months or so has been a challenging period in Richemont's history. The global economic crisis, which stemmed from the over-expansion of credit, saw consumer confidence in most markets collapse in late 2008 after a boom period up to September of that year.

The first six months of the year under review were measured against the strong comparatives of the first half of 2008/09. The Group's retail sales were lower and the wholesale business in the Americas and Europe contracted substantially as our partners in the watch retail sector de-stocked. We have seen a recovery in demand in the second half of the year, albeit measured against easier comparative figures.

Despite the difficulties the Group has experienced, Richemont has come through the recession in good shape. The measures that we introduced in 2008 to limit capital expenditure, to focus boutique openings in high-growth markets, to limit production and inventory build-up and to keep costs under strict control were timely and effective. Although we have had to take prudent measures to preserve the Group's profitability and cash flow, such decisions have always been taken with a view to the long-term development of the Group. On behalf of our shareholders we thank all of Richemont's employees, around the world, for the commitment and dedication that they have shown to the Group during these difficult times.

RESULTS

In the circumstances, the results for the year were good. The limited decline in sales over the year as a whole resulted in a reduction in operating profit of 14 per cent to € 830 million. Excluding the impact of discontinued operations from the prior year's figures, profit after taxation was down by 18 per cent to € 603 million. The Group's net cash position increased by € 1 074 million during the year to reach € 1 896 million by 31 March 2010.

DIVIDEND

Based upon the results for the year, the Board has proposed a dividend of CHF 0.35 per share, representing an increase of 17 per cent over last year's level.

BUSINESS DEVELOPMENTS

We have taken advantage of this difficult period to optimise the Group's operations. Starting in 2008, the Maisons' own boutique networks were critically reviewed and during the year under review a number of boutiques were closed. The quality of the boutique network is therefore being improved.

Equally, the Maisons have analysed their third-party distribution arrangements and again steps have been taken to strengthen the network, resulting in cutbacks in the number of external points of sale in some key markets, most notably in the United States.

The Asia-Pacific region was significantly less impacted by the global crisis than was initially feared. Richemont's Maisons were already well positioned in the region and in the growing market of mainland China. Our strategy in China is to continue to develop our distribution network and to ensure that we are able to offer customers a high-quality shopping experience in keeping with the values of the Maisons. Linked to this, we have established our own distribution infrastructure to service the market and, most importantly, have set up a comprehensive after sales service organisation and training schools to develop the necessary skill sets for our staff in China.

During this severe economic downturn, Richemont has at the same time been prudent while continuing to invest for the long term. NET-A-PORTER.COM illustrates this strategy. On 1 April, we announced plans for Richemont to significantly increase its interest in this internet-based fashion retailer. Today, NET-A-PORTER is a highly successful, customer-oriented luxury fashion retailer. Established in 2000, it features collections from over 300 of the world's leading designers and offers unrivalled customer service; it ships to over 170 countries worldwide and recently celebrated its millionth order. Its unaudited turnover for its financial year ended 31 January 2010 was approximately £ 120 million. NET-A-PORTER will continue to operate as an independent entity within the Group, building on its success to date, and will be able to draw on Richemont to support its international development plans. We encourage you to visit NET-A-PORTER's website at www.net-a-porter.com

During the year under review, we have continued the roll-out of our Richemont Enterprises Resource Planning ('ERP') IT system. In June 2009, the system went live in the Swiss market covering the retail and wholesale distribution of all of the Group's watch and jewellery Maisons. We also completed the implementation of our central distribution backbone in Fribourg, which now hosts all our Swiss-based watch and jewellery businesses on a single, integrated IT system. Last October, we launched the next phase of the project, namely the integration of the French and Spanish distribution entities, which are scheduled to switch to the new ERP system this summer. Cartier's French jewellery production and worldwide distribution will also transfer to the new ERP system this summer.

BOARD OF DIRECTORS

We regret to announce that Maître Jean-Paul Aeschimann will not be available to stand for re-election to the Board at this year's Annual General Meeting. He has served as Richemont's Deputy Chairman since its formation in 1988 and has made an enormous contribution to the Group both as a director and as a valued advisor over that period. We owe Maître Aeschimann an immense debt of gratitude for the role that he has played over the last 22 years, not only as Deputy Chairman but also as Chairman of the Audit Committee and as a member of the Compensation and Nominations Committees. His astute comments and broad understanding of the issues facing the Group will be missed.

Your Board proposes two additional, independent, non-executive directors for election to the Board. They are Maître Dominique Rochat, a partner in the Geneva office of the attorneys Lenz & Staehelin, and Mr Guillaume Pictet, a Geneva-based investment manager. The Board also proposes that Mr Josua Malherbe, a long-standing colleague who was closely involved in the formation of Richemont over 20 years ago and who has maintained close links with the Group since that time, be elected to the Board.

As announced last year, Mr Norbert Platt retired from his position as Group Chief Executive Officer, having agreed to extend his tenure up to 31 March 2010. He remains as a non-executive member of the Board. Recognising the need for continuity within the organisation in these difficult times, I have assumed the role of Group CEO from 1 April 2010, combining it with my involvement as Executive Chairman. The Group's former Finance Director, Mr Richard Lepeu, now serves as Deputy Chief Executive Officer and Mr Gary Saage, his former deputy, has been appointed Chief Financial Officer.

In terms of the executive management, your Board proposes that Mr Gary Saage and Dr Frederick Mostert, the Group's Chief Counsel, also be appointed to the Board at this year's Annual General Meeting. They each bring with them decades of experience in the luxury goods business.

The biographical details of all of the new candidates for election to the Board may be found on page 41 of the Corporate Governance section of this report.

PEACE PARKS FOUNDATION

On page 36 of this report, you will be able to read more about Peace Parks Foundation. Richemont, as a Peace Parks Foundation Club 21 member, is proud to be associated with the inspiring vision of creating and protecting a network of ecosystems that traverse Southern Africa's artificial political borders. Peace Parks Foundation is commendable and we invite you to join Richemont in supporting its work.

OUTLOOK

Richemont has weathered the economic crisis to date and is in a strong financial position. Our businesses reacted quickly and positively to the downturn in demand and have grown market share. They are ready to capitalise on growth opportunities in new markets and to meet demand in established markets once the economic situation improves. Sales in the first quarter of 2010 have continued to follow the trend seen in the pre-Christmas period and sales in the month of April were 24 per cent above the prior year's depressed levels, primarily driven by wholesale sales.

Key drivers of the Group's future success will be innovation in terms of product, distribution and markets as well as creativity, which have always been hallmarks of the Maisons. There will still be plenty of challenges ahead but we are confident that Richemont's Maisons will surmount them.

Johann P. Rupert.

JOHANN RUPERT
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER
COMPAGNIE FINANCIÈRE RICHEMONT SA

Jewellery Maisons

Key results

Sales (€ m)

2010	2 688
2009	2 762
2008	2 657

Operating profit (€ m)

2010	742
2009	777
2008	765

Percentage of Group sales

2010	Jewellery Maisons **52%**

Richemont's Maisons

Cartier

Van Cleef & Arpels

Established 1847

13 rue de la Paix
Paris France

Chief Executive
Bernard Fornas

Finance Director
François Lepercq

www.cartier.com

Cartier

Exacting standards and a pioneering spirit are part of Cartier's founding values. With its strong identity, affirmed style and an undisputed savoir-faire, the 'King of Jewellers, the Jeweller of Kings' is the reference in true and timeless luxury.

Bracelet, platinum, 1 cushion-cut sapphire of 17.62 carats, cabochon-cut sapphires, brilliants, emerald eyes

2009 was a year marked by creativity, reinforcing Cartier's leadership in jewellery. The *Secrets et Merveilles* high jewellery collection of more than 70 unique jewellery pieces dedicated to femininity was unveiled at a spectacular client event held in Istanbul.

In fine watchmaking, Cartier began a new era. Already renowned for its distinct and aesthetic forms in watch design, the Maison launched exciting new collections at the Salon International de la Haute Horlogerie ('SIHH'). With new shapes and new movements, the latest collections truly represent a leap forward for Cartier: the Maison is now manufacturing watch movements which reflect its intense and ambitious research into watch mechanisms. This adventure into the world of calibres is the result of a new approach to fine watchmaking, inaugurated a year ago with the *Ballon Bleu de Cartier Flying Tourbillon* timepiece. Cartier has since developed an array of shapes to convey this dynamic impetus, expressed in both the movements themselves and the cases in which they are housed. Featuring striking silhouettes, inventive graphic designs, spectacular volumes and Cartier-made movements, some bearing the prestigious *Poinçon de Geneva* hallmark, this collection elevates classic Cartier models – from the *Tank Américaine* to the *Santos 100* – to the higher ranks of authentic, fine watchmaking. High jewellery watches, also presented at the SIHH, were just as creative and made in the best tradition of Cartier's high jewellery savoir-faire. The Maison's other watch launches included the redesigned, oval *Baignoire* and new additions to the *Ballon Bleu*, which has quickly become a pillar of the Maison's watch collections.

Prestigious accessories, including leather goods and bespoke perfumes, perfectly complemented Cartier's collections of jewellery and watches. In leather goods, new editions of the *Marcello Bag* underlined the Maison's savoir-faire and legitimacy in luxury accessories. The new *les must* collection of gifts was created around a refreshing new range of jewellery, watches, leather goods and accessories, complementing demand for the more established *Love* and *Trinity* collections and bespoke engagement rings.

Cartier's network of boutiques and authorised retailers was further enhanced through renovations and openings in both long-standing and newer markets. Of the 21 net boutique openings during the year, seven were in mainland China and three in the Middle East. At the same time, 25 boutique renovations were carried out to ensure the best possible ambience for our customers. The development of the Cartier network in the high-growth economies of Asia and other emerging markets balances the Maison's long-established position in Europe. These physical boutique developments were complemented by the development of e-business websites in Japan and in the United States. Through these varied network enhancements, Cartier's pre-eminent position was further consolidated.

Santos 100 skeleton watch, 9611 MC calibre. Case in 950 palladium. Mechanical manufacture movement with manual winding; hours and minutes with skeletonised bridges in the form of roman numerals

Within the boutiques, the Maison's ambitious training programme for all its personnel seeks to provide only the highest standards of customer service, from first contact to lifelong after sales service. The high-quality personnel developed through this ongoing, international programme attracts and retains new customers in emerging markets, whose natural and historical luxury culture perfectly matches Cartier's values. This is particularly so in the Middle East and Asia, where the Maison is now widely recognised as the leading jeweller, reinforcing its established status in Europe, Japan and the Americas.

The Cartier Fondation, now in its third decade, reinforced its high international standing in the field of contemporary art with a strong presence at Art Basel and Miami Art Basel and through the Cartier Award at the Frieze Art Fair. The Paris-based Fondation hosted successful exhibitions including Paul Virilio and Raymond Depardon's 'Terre Natale – Ailleurs commence ici'; William Eggleston's 'Paris'; 'Graffiti – né dans la rue'; and new works by Beatriz Milhazes. The Maison Cartier initiated the contemporary art project more than 25 years ago and continues to benefit from the Fondation's prestige.

Whereas the Fondation underscores the Maison's modernity, the *Cartier Collection* underscores the Maison's illustrious heritage. Each year, the *Cartier Collection* tours some of the world's most august museums, displaying vintage pieces from the Maison's 150 years of pioneering creativity. Three major exhibitions were held during the year: at the Tokyo National Museum; at the Museum of Fine Arts in San Francisco; and at the Beijing Palace Museum. Cartier is the first Maison ever to be invited to exhibit in the Forbidden City's Palace Museum.

In addition to these major public exhibitions and the exclusive client events surrounding the Maison's high jewellery collections, Cartier hosted or sponsored a wide range of charitable, sporting and cultural events around the world. These events included the fourth consecutive LOVEDAY; polo tournaments in Windsor, Saint Moritz, Dubai and Singapore; the Women's Initiative Awards in Deauville and Beijing; and 'American Centennial' events in New York and San Francisco. These events were supported by alluring advertising featuring Cartier's inimitable 'red box'.

The outlook for the year ahead takes into account the evolving social and economic context for luxury goods. Cartier's clients around the world are *connoisseurs*. The historical roots and the tradition of Cartier, the originality of its distinctive style, its iconic watches and jewellery, its quality and savoir-faire make Cartier creations particularly desirable. With such assets, the Maison can face the future with confidence.

BERNARD FORNAS
CHIEF EXECUTIVE

Established 1906

22 place Vendôme
Paris France

Chief Executive
Stanislas de Quercize

Finance Director
Burkhart Grund

www.vancleef-arpels.com

Van Cleef & Arpels

For more than a century, Van Cleef & Arpels' spirit of creation has been dedicated to femininity, beauty, sophistication, grace and elegance. Each new collection tells a unique story, an original tale.

California: legendary beaches, wild cypress, open spaces, spectacular waterfalls, exotic fauna, and nature in all its breathtaking glory. Discovered by Van Cleef & Arpels during a journey blending dream and reality, this distant land has inspired the *California Rêverie* high jewellery collection.

To celebrate the 70th anniversary of its arrival in the United States, Van Cleef & Arpels also created *744 Fifth*. Commemorating the trans-Atlantic adventure, this high jewellery collection – a reminder of Van Cleef & Arpels' mythical New York address on 5th Avenue – pays homage to women's grace and elegance by naming each piece of the collection after famous heroines: Isabella, Tess, Eliza…

A figure of mystery and intriguing legends, the bird of paradise evokes dreams and far-away lands. Luminous, stylised and ethereal, the new *Oiseaux de Paradis* collection celebrates the bird's majestic and delicate beauty.

The butterfly remains an inexhaustible source of inspiration for Van Cleef & Arpels' *createurs* and the *Papillons* collection expresses renewal, love and the fragility of nature.

For its latest bijou collection, Van Cleef & Arpels celebrated the city of its birth: Paris. Love, affection and happiness are the emotions of *Romance à Paris*, which features a rendezvous between a man and a woman; *Mercredi à Paris* expresses the poetry of children through the carefree laughter and games of the playground.

For Van Cleef & Arpels, time is poetry. In January, the Maison unveiled the lightness of the *Charms* watches, the astonishing savoir-faire behind the *Extraordinary Dials* collection and the new *Poetic Complications*, where time is defined as a romantic lovers' promenade with *Le Pont des Amoureux*.

The Maison opened new boutiques during the year – Milan, Bahrain, Las Vegas, and five in Asia – in perfect keeping with its exclusive distribution policy.

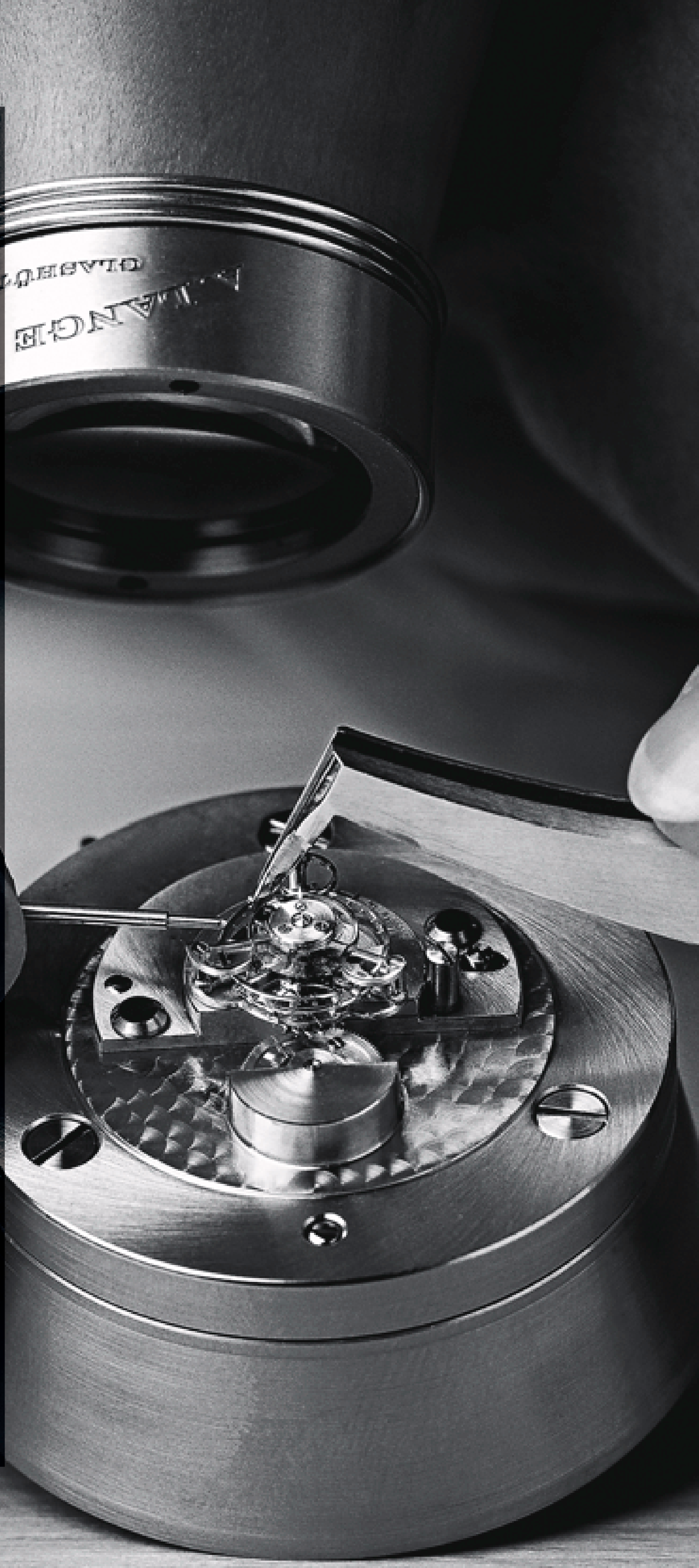
Van Cleef & Arpels' programme of worldwide exhibitions, presenting an overview of the Maison's patrimony, continued around the world. Highlights included 'The Spirit of Beauty' in the Mori Museum, Tokyo, and 'The Art of Magical Jewels' at Art Dubai. The collection's pieces draw on the Maison's golden hands and its *pièrres de caractère*.

Van Cleef & Arpels, a Maison that speaks of an enduring heritage and a constantly renewed creativity.

STANISLAS DE QUERCIZE
CHIEF EXECUTIVE

Flamingo clip from the 'California Rêverie' collection. White gold, diamonds, pink sapphires, onyx, spessartite garnets and 1 cushion-cut Mandarin garnet of 26.73 carats

Specialist Watchmakers



Key results

Sales (€ m)

2010	1 353
2009	1 437
2008	1 378

Operating profit (€ m)

2010	231
2009*	301
2008	374

Percentage of Group sales

2010

Specialist Watchmakers **26%**

Richemont's Maisons

IWC INTERNATIONAL WATCH CO. SCHAFFHAUSEN SWITZERLAND, SINCE 1868

OFFICINE PANERAI FIRENZE 1860

JAEGER-LECOULTRE

BAUME & MERCIER GENEVE · 1830

PIAGET

A. LANGE & SÖHNE GLASHÜTTE I/SA

VACHERON CONSTANTIN Manufacture Horlogère. Genève, depuis 1755.

MANUFACTURE ROGER DUBUIS

Joint venture

RALPH LAUREN WATCH AND JEWELRY CO

*Re-presented

Established 1868

Baumgartenstrasse 15
Schaffhausen Switzerland

Chief Executive Officer
Georges Kern

Chief Financial Officer
Christian Klever

www.iwc.com

IWC

INTERNATIONAL WATCH CO. SCHAFFHAUSEN
SWITZERLAND, SINCE 1868

Since 1868, IWC Schaffhausen has been crafting exquisite timepieces, in which innovative ideas are combined with pure, distinctive design. With the focus on technology, its products appeal to watch enthusiasts with an interest in engineering and an affinity with discreet luxury.

Aquatimer Deep Two with mechanical depth gauge

The partnership with the ‘Charles Darwin Foundation’ marked the beginning of a long-term collaboration, focusing on the protection of the Galapagos Archipelago, one of the most fascinating natural treasures on earth. Inspired by this partnership, IWC launched its new generation of *Aquatimer* watches in 2009, building on over 40 years of diving watch know-how in Schaffhausen.

As a technical highlight, the latest addition to the Maison’s innovative *Da Vinci* collection, the *Perpetual Calendar Digital Date-Month*, is the first model to feature a digital display of the date, the month and the year in large numerals.

During the Salon International de la Haute Horlogerie in 2010, the Maison celebrated the relaunch of the *Portuguese* collection. At the IWC Dinner in Geneva, some 500 invited guests witnessed the premiere of IWC’s film starring Jean Reno ‘The Spirit of Navigation’. In the rich tradition of its family history that goes back more than 70 years, the existing *Portuguese* line has been completed and new complications have been added, including the *Portuguese Yacht Club Chronograph*, the *Portuguese Tourbillon Mystère Rétrograde* and the *Portuguese Grande Complication*.

The Maison celebrated the opening of its first flagship boutique in Hong Kong, where visitors may experience the spirit of IWC for themselves, not least through the unique *IWC Collection*. This select range of complementary items and accessories are exclusively available from the flagship boutique. With further openings at Hong Kong airport, in Singapore, Shanghai, Macao and Kiev, the Maison now has 29 boutiques around the world.

The year also saw the launch of the substantial publication ‘IWC Schaffhausen. Engineering Time since 1868’. This book adopts an unusual artistic approach, describing the unique character and the fascination of the *manufacture*, as well as a ‘book within a book’ in the form of short stories about the Maison’s collections by the author Paulo Coelho.

In Schaffhausen, IWC has relocated the production of components into a new building, setting the basis for an expansion of in-house movements.

GEORGES KERN
CHIEF EXECUTIVE OFFICER

Established 1833

La Golisse 8
Le Sentier Switzerland

Chief Executive
Jérôme Lambert

Finance Director
François Bach

www.jaeger-lecoultre.com

Jaeger-LeCoultre

Over its 177-year history, Jaeger-LeCoultre has been one of the most innovative companies in fine watchmaking, creating over 1 000 calibres and registering over 350 patents. This leadership reflects the Maison's status as one of the few remaining, fully-integrated watch *manufactures*, with over 40 traditional watchmaking crafts and 20 cutting-edge technologies under a single roof.

In September, Jaeger-LeCoultre presented *Hybris Mechanica*, a magnificent trilogy of watches together containing 55 complications. The pinnacle of this set is the *Hybris Mechanica à Grande Sonnerie*, on its own accounting for 26 complications and 1 300 components. This trilogy further heightened interest in the Maison's other award-winning complication pieces, such as the *Reverso Gyrotourbillon 2*, the *Master Grande Tradition Minute Repeater* and the *Duomètre à Chronographe*. The Maison's leadership in the complication and classic segments was once again recognised with numerous awards, including the top accolades of the prestigious 2009 Concours International de Chronométrie.

The Maison enchanted collectors with its mastery of two traditional enamelling techniques – *grand feu* and *champlevé*. The *Master Minute Repeater Venus* is a collection of miniature renditions of Venus as painted by Botticelli, Ingres, Titian and Velasquez. The *Master Grand Tourbillon Continents* depicts three views of the earth created in the *champlevé* enamelling technique.

Hybris Mechanica à Grande Sonnerie. One of the most complicated wristwatches ever made, sounding the chimes of Big Ben in London

Also during the year, Jaeger-LeCoultre introduced new models in its *AMVOX* line, its collection in partnership with legendary sports car brand Aston Martin. In the technical watch category, the new *Master Compressor Diving Navy Seals* collection was launched. The legendary *Atmos* collection saw an unprecedented demand, boosted by the *Atmos 561,* created in collaboration with Marc Newson.

In terms of communication, the Maison's efforts were focused on its complicated watch offer, including the star-studded launch event held in Venice for the *Hybris Mechanica* trilogy. These efforts were complemented by the launch of a 'virtual watchmaking school', using a downloadable mobile phone application, and by hosting the industry's first live webcast from the Salon International de la Haute Horlogerie. These new cornerstones of the Maison's digital strategy, underscoring the 'Real Watch' advertising campaign, were supported by other on-line programmes.

The Maison continued its partnership with UNESCO's World Heritage Centre and the International Herald Tribune in a campaign to raise awareness of the world's most endangered marine sites.

New boutiques were opened in Abu Dhabi, Beirut, Cannes, Madrid, Buenos Aires and Hong Kong, bringing the Maison's network of dedicated boutiques to 29.

With the extension of the *manufacture* now completed and with a significant collection of classic and complicated timepieces, the Maison confidently faces the future.

JÉRÔME LAMBERT
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

PIAGET

Piaget enjoys privileged credentials as both a Watchmaker and Jeweller. With fully-integrated *manufactures*, each new collection embodies the Maison's boundless creativity.

To celebrate the 50th anniversary of its 12P calibre, Piaget broke two watchmaking records: the thinnest automatic movement – the 1200P (2.35mm) – housed in the thinnest automatic watch – the *Altiplano 43mm* (5.25mm). Since the launch of the new *Altiplano* at the 2010 Salon International de la Haute Horlogerie, Piaget is widely respected as *the* specialist of ultra-thin movements.

The new *Limelight Jazz Party Collection* of watches and jewellery captures musical rhythms. Diamonds, black spinels and onyx alternate like a piano keyboard while, in the *Limelight* watch, diamond ellipses turn with the slightest movement of the wrist. This latest collection builds on the success of the *Limelight Paradise Collection*, with its mouth-watering array of festive, refreshing fruit-coloured charms and extravagant rings.

The year also marked the 30th anniversary of Piaget's iconic *Polo* watch. This milestone was celebrated by the launch of the *Piaget Polo 45* and an even greater presence in the polo world, including sponsorship of the *Pilàra Piaget* team, headed by the Maison's ambassador Marcos Heguy, and the Palm Beach Polo Club.

Whereas Piaget's watches for men focus on elegance and understatement, Piaget's watches for women highlight the Maison's creativity and extravagance. The *Limelight Twice* reversible ladies' watch has two identities: diamonds for the night and white gold for the day. The *Limelight Twice* incorporates new assembly methods for the case and bracelet, a special bracelet clasp and a hidden time-setting push-button. The Maison's creativity demonstrated in this model was rewarded with Geneva's prestigious Grand Prix de l'Horlogerie.

For the third year, Piaget sponsored the Spirit Awards ceremony. This relationship with the independent film industry forms an important part of the Maison's communication strategy, identifying Piaget with glamorous events in the entertainment industry's calendar.

Piaget Time Galleries – housing thematic exhibitions designed to communicate Piaget's history – are now featured in the Maison's flagship boutiques in Geneva, Hong Kong and Shanghai. A further eight boutiques were opened during the year, including three in mainland China and two in Hong Kong, bringing the Maison's retail network up to 68 boutiques in total.

The Maison is well positioned to serve fast-growing demand in the Asia-Pacific region; 2010 will be 'the year of thinness' for Piaget, supporting the recent launch of the *Altiplano 43mm*.

Piaget Altiplano. Large model 43mm 1200P Piaget movement. 18-carat white gold case. Silver-coloured dial, black baton hour-markers, baton hands

Philippe Léopold-Metzger

PHILIPPE LÉOPOLD-METZGER
CHIEF EXECUTIVE

Established 1755

7 Quai de l'Ile
Geneva Switzerland

Chief Executive
Juan-Carlos Torres

Finance Director
Robert Colautti

www.vacheron-constantin.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 true to its three fundamentals: fully mastered technique, inspired aesthetics and superlative finishing.

The *Patrimony* line, the most important line in the Maison's collection, was further enhanced during the year. Additions to this line were presented at a private concert for over 1 000 guests in celebration of Vacheron Constantin's long-standing partnership with the *Orchestre de la Suisse Romande*.

During the year, Vacheron Constantin reinforced its commitment to the *Poinçon de Genève* with the calibre 4400. This new, manual-winding movement complements the range of over 30 manual and self-winding calibres, from the simplest to the most complicated. The calibre 4400 is used in the *Historique American 1921* model, which won the 2009 Watch of the Year award.

Historique American 1921

Vacheron Constantin further strengthened its reputation as a master craftsman and engraver with the launch of four new creations in its acclaimed *Métiers d'Art Les Masques* collection at the Metropolitan Museum in New York. The Maison also celebrated the 30th anniversary of its *Kallista* watch with the presentation of four new high jewellery masterpieces highlighting its savoir-faire as a master gem setter.

In terms of communication, the year saw the launch of a new advertising campaign, 'Founded in 1755 on an island in Lake Geneva. And still there.' The campaign showcases the stories that make up the unique history of the Maison. A travelling event – 'Excellence of Craftsmanship', featuring pieces from the Maison's *Heritage* and current collection – gave customers and journalists in northern China the opportunity to learn more about the art of fine watchmaking.

Other developments in the Asia-Pacific region included the opening of the Maison's 1881 Heritage boutique in Hong Kong and other openings in Shenzhen and Shenyang. With eleven of the Maison's 24 exclusive boutiques in mainland China, the Maison is well positioned to serve the growing demand for Swiss expertise combining high-precision mechanics with highly skilled craftsmen.

In the year ahead, Vacheron Constantin will continue to consolidate the classical collections that made its reputation in *Excellence Horlogère* mastery with products that will range from apparent simplicity to the most intricate complications.

JUAN-CARLOS TORRES
CHIEF EXECUTIVE

Established 1860

Piazza San Giovanni 16
Palazzo Arcivescovile
Florence Italy

Chief Executive
Angelo Bonati

Finance Director
Giorgio Ferrazzi

www.panerai.com

OFFICINE PANERAI
FIRENZE 1860

Officine Panerai's exclusive, precision sports watches are the product of a natural blend of quality craftsmanship, technological development and Italian design.

L'Astronomo Luminor 1950 Tourbillon Equation of Time

2009 was the year of the Maison's tribute to Galileo Galilei and featured the 'Galileo's Telescope' exhibition. As part of the exhibition hosted by the Nobel Museum in Stockholm, the Maison presented the *Panerai Jupiterium*, a planetarium-clock with perpetual calendar. By recreating the geocentric viewpoint of the heavens – from Galileo Galilei's viewpoint on the Earth – the *Jupiterium* shows the positions of the sun, the moon and the planet Jupiter with its four main satellites, the so-called Medicean moons. These moons were discovered by Galileo Galilei in 1610, thanks to his observations made with an astronomical telescope. Linked to the 'Galileo's Telescope' exhibition, the Maison presented the *L'Astronomo Luminor 1950 Tourbillon Equation of Time* and the *Lo Scienziato Radiomir Tourbillon GMT Ceramica* models.

At the Salon International de la Haute Horlogerie in 2010, the Maison also presented its new P.999 calibre, featured in a *Radiomir 42mm* case.

Public relations events during the year included the 'Panerai Classic Yachts Challenge', the launch of the classic yacht *Eilean* after its painstaking restoration – which will become the reference point for communication and public relations – and the latest leg of the Mike Horn Pangaea Expedition, this time in Asia.

Officine Panerai operates through a select network of authorised dealers as well as its own boutiques. During the year, it opened new boutiques in some of the world's most prestigious locations: Geneva, Macao, Doha and Beirut. The Maison's network of 16 exclusive boutiques is equipped to display both the Maison's distinctive watch collections and to represent its 'workshop of ideas' concept.

Officine Panerai will further develop its manufacturing know-how in the coming year, with a particular focus on in-house movements. The Maison will also invest in new boutiques in the Asia-Pacific region, particularly in China with the opening of second boutiques in both Shanghai and Hong Kong.

ANGELO BONATI
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

BAUME & MERCIER
GENEVE · 1830

Baume & Mercier's reputation as a maker of luxury Swiss watches stems from almost two centuries of contemporary styling firmly rooted in traditional craftsmanship. The Maison's core collections are complemented each year by limited editions.

In 2009, the iconic *Hampton* watch celebrated its 15th anniversary with a renewed collection. Inspired by a rectangular pink gold watch introduced by Baume & Mercier in 1960, the *Hampton* collection's rectangular steel case became an instant best-seller and the collection continues to evolve. Whether curved or square, it has always succeeded in preserving its identity: a blend of watchmaking tradition and contemporary design.

The new *Hampton* collection features three distinct variations: *Hampton Classic, Hampton Manchette* and *Hampton Magnum*. The *Classic* design confirms the pure elegance of the original *Hampton* model, with a redesigned rectangular case featuring flowing, contemporary lines. Femininity and glamour are in the spotlight with the *Hampton Manchette*, a jewellery-watch embodying the essence of the *Hampton* spirit. Finally, *Hampton Magnum*, the sporty, sophisticated variation on this theme, is larger than ever and now enriched with an all-white feminine version.

Reflecting Baume & Mercier's watchmaking savoir-faire, the *William Baume* collection pays tribute to the traditional expertise and the spirit of innovation. The collection comprises fine timepieces produced in limited, numbered series and powered by complicated movements. In 2009, the collection was enriched by four new pieces: a black Tourbillon, a black retrograde second, a single push piece chronograph edition and an ultra thin watch.

Hampton Classic XL with open balance in steel

In its fourth year, the Maison's 'Baume & Mercier and Me' charity-linked advertising campaign introduced two new ambassadors: Evangeline Lilly and David Duchovny. Charitable beneficiaries included child education, cancer research and assistance to the underprivileged. During the year, the Maison also launched a new advertising campaign based on the *William Baume* collection.

Public relations activity continued in the photography field, with exhibitions in Belgium and France linked to Gerard Rancinan and Caroline Gaudriault's project 'The Photographer'.

The coming year's focus will be on the *Classima Executives* collection with ten new interpretations of the classic round watch, all maintaining its understated elegance. The *Classima Executives XL* collection features models equipped with mechanical complication movements and elegant finishing. The *Classima Executives Magnum XXL* brings the characteristics previously seen in the Maison's *Hampton* and *Riviera* lines: charismatic chronographs, in steel with a black coating, luminescent hands and hour-markers set against black dials.

ALAIN ZIMMERMANN
CHIEF EXECUTIVE

Established 1845

Altenberger Strasse 15
Glashütte Germany

Acting Chief Executive
Jerzy Schaper

Finance Director
Beat Bührer

www.lange-soehne.com

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 and are of precious material only. Innovative, German engineering skills and traditional craftsmanship of the highest level guarantee state-of-the-art calibre design, the utmost mechanical precision and meticulous hand-finishing.

Lange Zeitwerk in white gold

The present generation of A. Lange & Söhne watches now includes 35 different calibres, each revealing its unmistakeable origins in high-precision Lange pocket watches.

In May 2009, A. Lange & Söhne presented the *Lange Zeitwerk*, the first mechanical wristwatch with a truly refined jumping numeral display. This marks a milestone in the Maison's history and gives a face to a new horological era. The Maison was honoured for this timepiece with the *L'Aiguille d'Or*, the most prominent award of the Swiss watchmaking industry, at the Grand Prix d'Horlogerie de Genève, becoming the first non-Swiss watchmaker to be so honoured.

At the Salon International de la Haute Horlogerie ('SIHH') in Geneva, the Maison presented a grand display of new models. The highlight was the *165 Years – Homage to F. A. Lange* collection. Presented in a novel, honey-coloured gold alloy of hitherto unmatched hardness, the collection embodies the Maison's three pillars – tradition, performance and craftsmanship – and comprises three exceptional timepieces: the *Tourbograph Pour le Mérite*, the *Lange 1 Tourbillon*, and the *1815 Moonphase*. With a totally new self-winding movement, the *Lange 1 Daymatic* added a further chapter to the success story of the Maison's renowned *Lange 1 Family*. The new *Saxonia Annual Calendar* amalgamates watch and calendar concepts with mechanical ingenuity into a unique timekeeping instrument, establishing a new benchmark in design and technology.

At the SIHH, the Maison also presented the *Grande Complication No. 42500*, its most complicated pocket watch. This unique timepiece, originally sold in 1902, was returned to the Maison in 2001. The full restoration took our master craftsmen many years and the *Grande Complication*, together with the *Homage* collection, will be the focus of this year's jubilee celebrations.

The Maison continued to sponsor musical and artistic events, including opera during the Salzburg Whitsun Festival under the Italian conductor Riccardo Muti. The Maison also continues its sponsorship of the Dresden State Art Collections, including the Mathematical and Physical Salon which hosts early Lange pocket watches.

The year ahead includes extensions of the Maison's distribution network, particularly in the Asia-Pacific and Americas regions.

JERZY SCHAPER
ACTING CHIEF EXECUTIVE

Established 1995

2 rue André-de-Garrini
Meyrin Geneva Switzerland

Chief Executive
Matthias Schuler

Finance Director
Patrick Addor

www.rogerdubuis.com

MANUFACTURE
ROGER DUBUIS

Manufacture Roger Dubuis offers a unique combination of artisanal watchmaking with dramatic, powerful designs.

All Roger Dubuis watch movements are certified with the *Poinçon de Genève*; a hallmark which confirms that specific operations at every stage of manufacturing have been completed, from design to finishing. All of the Maison's watches are manufactured in limited series, for example the *Excalibur Double Tourbillon* edition comes in just 28 pieces.

The manufacture continuously looks for ingenious improvements. At the Salon International de la Haute Horlogerie, Roger Dubuis launched the redesigned iconic timepieces of the *Excalibur* collection. These timepieces, with strong traditions in watchmaking and bold design, have strengthened the Maison's position. The Maison's three other principal collections – the sporty *EasyDiver*, the distinctive *GoldenSquare* and the architectural *KingSquare* – complement the *Excalibur* collection.

During the year, Roger Dubuis successfully integrated its global distribution network. Notable openings took place in Shanghai and Hong Kong, bringing the worldwide network to six dedicated boutiques and almost 200 other points of sale. The Asia-Pacific region, together with the Middle East, remain a focus for the Maison's long-term development.

Two new movements were designed and developed to enlarge the Manufacture's range. A tourbillon movement with a micro-rotor self-winding system, the RD520 movement, and a self-winding mechanical movement with a bi-retrograde date hand, the RD14B movement. Both are COSC-certified, in addition to bearing *Poinçon de Genève* hallmark.

In 2010, Roger Dubuis will continue to strengthen its position in fine watchmaking with the global relaunch of the *Excalibur* collection.

Excalibur bi-retrograde jumping date in white gold. Movement RD14B

MATTHIAS SCHULER
CHIEF EXECUTIVE

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

Established 2007

8 chemin de Blandonnet
Vernier Geneva Switzerland

Chief Executive
Guy Châtillon

Finance Director
Stéphane Boukertaba

www.ralphlaurenwatches.com

RALPH LAUREN
WATCH AND JEWELRY CO.

“To design something legendary that has a sense of timelessness; that is what I aspire to do.” *Ralph Lauren*

Ralph Lauren’s collection of timepieces is about designs that transcend the brand’s signature sensibilities of luxury, authenticity and timelessness.

Following the launch at the 2009 Salon International de la Haute Horlogerie, there is a marked appreciation for the company’s committed, serious approach to fine watchmaking and a true understanding of the unique partnership between Richemont’s high-end horological expertise and Ralph Lauren’s distinctive, enduring design.

This year, the company will reinforce and build upon its three collections of iconic timepieces: the *Stirrup* collection, the *Slim Classique* collection and the *Sporting* collection. The focus has been on developing new sizes and, in order to appeal to a wider range of preferences, a greater offering of more traditional proportions and evening pieces. In addition to being fully in line with the market trend for thin watches, the *Slim Classique* model has been particularly acclaimed as being an outstanding piece both for its aesthetic design and its unique *guilloché* craftsmanship.

Consistent with its initial objectives, Ralph Lauren Watches were launched commercially in the second half of 2009 – with a focus on the Ralph Lauren flagship boutiques and selected, independent retailers – in key regions and metropolitan cities worldwide, including New York, Paris, London, Milan and Tokyo.

In 2010, the Maison will further develop its presence in existing markets and enter Asia through both selected, independent retailers and Ralph Lauren stores, including the new boutiques in Macao and Shanghai.

GUY CHATILLON
CHIEF EXECUTIVE

Slim Classique. 42mm in white gold, two rows of diamonds

Richemont is a joint venture partner with Polo Ralph Lauren Inc. in the Ralph Lauren Watch and Jewelry Co.

Writing Instruments

Key results

Sales (€ m)

2010	551
2009	587
2008	625

Operating profit (€ m)

2010	79
2009	69
2008	126

Percentage of Group sales

2010

Writing Instruments **11%**

Established 1906

Hellgrundweg 100
Hamburg Germany

Chief Executive
Lutz Bethge

Finance Director
Roland Hoekzema

www.montblanc.com

MONTBLANC

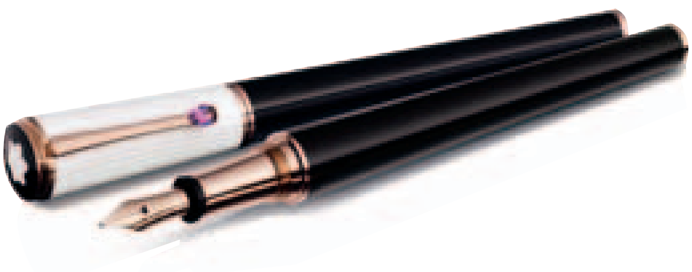
Montblanc has been known for a century as a maker of sophisticated, high-quality writing instruments. From its roots in European master craftsmanship, the Maison has successfully applied its know-how to watches, leather goods and jewellery.

In 2009, the Maison focused its activities on iconic products, particularly the *Meisterstück* range of writing instruments. These products embody the Maison's values of heritage and craftsmanship and customers' successful, cultured lifestyle. These values were highlighted by the Montblanc-UNICEF Signature for Good joint charity initiative, which encompasses a collection of special edition writing instruments.

Since the 2008 launch of the *Star Nicolas Rieussec* chronograph, featuring Montblanc's first in-house watch movement, this exclusive range of watches has received much praise and won several prestigious awards around the world. Its unique appearance and concept – with rotating discs and fixed indices – pays tribute to Nicolas Rieussec, the inventor of the chronograph. In 2009, the focus for new Montblanc watch models remained on this iconic range and included the launch of an automatic movement version. This new edition enjoyed high demand from watch collectors in particular.

During the year, the Maison continued to develop its creativity and artisanal competence in fine watchmaking, beautifully illustrated by its *Haute Horlogerie Collection Villeret 1858*. These limited edition timepieces continue to attract collectors of fine watches. The collection also inspires made-to-order creations, representing the pinnacle of traditional Swiss watchmaking, and celebrates the heritage of genuine craftsmanship, rivalled only by Montblanc's Artisan editions in writing instruments. In both areas of unique, made-to-order offerings, Montblanc enjoyed further acclaim and success.

Underlining its roots, Montblanc continued to support a wide range of cultural events and initiatives. These events included the New Voices Award at the White Nights in St. Petersburg, the Young Directors Project at the Salzburg Festival and the Montblanc de la Culture Arts Patronage Awards, which honoured modern-day patrons in eleven countries. From the launch of the Montblanc-UNICEF Signature for Good campaign at the beginning of the year, the charitable initiative generated worldwide attention for the Maison and its long-standing commitment to promoting literacy.



*Montblanc Diva Edition –
Ingrid Bergman*

Around the world, Montblanc's directly managed boutiques enjoyed greater success than certain of its trade partners. At the same time, Montblanc continued upgrading the quality of its overall network – both in its own boutiques and those of its trade partners – and opened new boutiques, notably at Heritage 1881 in Hong Kong and on Rue de la Paix in Paris. This continuous upgrading and the balanced global distribution network enabled the Maison to withstand the worst effects of the subdued consumer mood in the United States and parts of Europe during the year.

During the coming year, Montblanc will continue its diversification strategy, presenting many more innovative watches, sophisticated writing instruments and other luxurious objects to customers around the world.

LUTZ BETHGE
CHIEF EXECUTIVE

Other Businesses

Key results

Sales (€ m)

2010	584
2009	632
2008	630

Operating (loss)/profit (€ m)

2010	(36)
2009	(39)
2008	11

Percentage of Group sales

2010	Other Businesses **11%**

Richemont's Maisons

dunhill LONDON

ALAÏA PARIS

PURDEY

Chloé

LANCEL PARIS

SHANGHAI TANG 上海灘

Established 1893

Bourdon House
2 Davies Street
London England

Chief Executive
Christopher M. Colfer

Finance Director
Mike Woodcock

www.dunhill.com

dunhill LONDON

Standing for luxury, masculinity and functionality, Alfred Dunhill holds fast to its inimitable heritage and is committed to creating exceptional, essential luxury goods for men. A truly global brand but with a clear British aesthetic, Alfred Dunhill is the definitive destination for men's luxury goods with an expertise in menswear and leather goods.

Dunhill Chassis large leather collection

Alfred Dunhill retains its position as a leading luxury style brand by biannually presenting its seasonal menswear collections during the Paris menswear week. The Homes of Alfred Dunhill continue to be a global success with the fourth – in Hong Kong – joining the existing Homes in London, Shanghai and Tokyo.

Other store openings and renovations during the year included the opening of Heritage 1881 in Hong Kong, Hangzhou Tower and Chengdu in China, and Selfridges in Birmingham, England.

Following the highly successful launch of the *Chassis* small leather goods range, Alfred Dunhill launched a collection of large leather goods featuring the unique carbon fibre-printed leather. Menswear was a continued strength and focus for the Maison: the year saw a significant increase in demand for menswear supported by a change to the ranges on offer and better logistics. Alfred Dunhill also relaunched its watch business at the end of 2009: the range of classic and elegant timepieces is designed by dunhill and each boasts a Jaeger-LeCoultre movement.

Alfred Dunhill's reputation for innovation and craftsmanship were illustrated by the launch of the *Meteorite* and *Black Diamond* fountain pen and cufflinks and the exquisite *Namiki Turtle* fountain pen, honouring the 80th anniversary of the Maison's relationship with Namiki.

The Alfred Dunhill Links Championship maintained its position as the world's premier 'pro-am' golf tournament. The ninth annual winner was Simon Dyson and, as always, competitors in this global event included high-profile stars from the worlds of sport, film and music. For the second year, Alfred Dunhill sponsored the British GQ Men of the Year Awards in London and continued to host Discovery Evenings for customers. The Alfred Dunhill Debate, which epitomises the Maison, is a concept that will be developed further.

The year ahead will see the implementation of new systems to improve customer service. The boutique network will continue to expand with a strong focus on luxury leather goods and menswear.

CHRISTOPHER M. COLFER
CHIEF EXECUTIVE

Established 1952

5-7 avenue Percier
Paris France

Chief Executive
Ralph Toledano

Finance Director
Rémy Husson

www.chloe.com

Chloé

Femininity, elegance, sensuality, energy and romanticism – qualities as recognisable in Chloé's clothing and accessories today as they were upon the brand's creation nearly 60 years ago. Chloe's talent for evolving its style while remaining true to these underlying values has earned the brand its iconic status amongst the world's most fashion-conscious and sophisticated women.

A romantic traveller with a nomadic spirit

During the year, the Maison's reputation strengthened noticeably as both the Fall/Winter 2009/10 and the Spring/Summer 2010 ready-to-wear and accessories collections received excellent receptions and enjoyed extensive press coverage.

Chloé ready-to-wear is once again a trendsetter and has clearly influenced the whole fashion industry. Moreover, the launch of new shapes has revived interest in the Maison's renowned collection of tailored pants.

Demand for leather goods has continued to grow around the world, and was evidenced in the successful launch of the *Marcie* bag. In parallel, the *Paraty* bag is becoming an iconic product. Demand for small leather goods is equally increasing and the range is now a major contributor to the business. Shoe designs remain very distinctive, with each new collection generating considerable editorial coverage and customer excitement.

The continuing success of Chloé fragrances further contributes to the Maison's worldwide exposure.

Chloé resisted the economic downturn fairly well, and gained significant market share in the most affected markets, such as Japan. It also saw a significant sales increase in Asia-Pacific, most notably in China where Chloé now has 17 boutiques.

During the year, Chloé opened three new boutiques in China – Guangzhou, Hangzhou and Chengdu – and one in Beirut.

The Maison is now on the right track to start the next phase of its development.

RALPH TOLEDANO
CHIEF EXECUTIVE

Established 1876

261 boulevard Raspail
Paris France

Chief Executive
Marc Lelandais

Finance Director
Eric Langon

www.lancel.com

LANCEL
PARIS

Since 1876, Lancel has been the proud creator of luxurious, timeless leather goods, capturing the irreverent style of Parisian women.

In recent years, the Maison has further differentiated itself through its unique range of coloured leather, attracting new customers at home in France and around the world.

In 2009, Lancel presented new editions to its range of premium leather bags for women. The Maison's two most sought-after collections *Premier Flirt* and *Adjani* each confirmed their strength and individuality, establishing leading positions in France. Other, more accessible collections such as *Angelina* and *Roll 'n Rock* complete Lancel's wide offer of leather goods: from the simply fashionable to precious, limited editions in exotic leathers.

The arrival of Leonello Borghi, Lancel's Artistic Advisor, brought a fresh creative impulse to the year, upgrading the Maison's image and helping to build greater public awareness, all while respecting the Maison's heritage and design codes.

A partnership with the renowned Harcourt Studio of Paris retraced the Maison's rich history through vintage objects and unique craftsmanship, as seen through the Studio's expert photographic eye. Lancel launched its new collection of leather accessories for dogs, the *Truffle* collection, during a festive evening at its Champs Elysees flagship store entitled Gala de la Truffe. This in-store gala expressed the Maison's French *légèreté* and further strengthened valuable customer relationships.

Lancel accelerated the roll-out of its Christophe Pillet-designed 'bag gallery' store concept, with a further 32 locations worldwide either opened or upgraded using the new concept during the year. These included major boutiques in Tokyo, Hong Kong, Moscow, Lebanon and Shanghai. The 'bag gallery' concept, inspired by 1930s art deco styling, creates a privileged meeting place. By enhancing the presentation of one-of-a-kind pieces and providing a wider choice of other leather goods, the new stores have significantly improved the shopping experience.

With the establishment of Richemont's Fashion & Accessories division during the year, the Maison has been able to share the resources needed to better manage its growth. A major information technology project has already been initiated and other shared projects are planned.

In the year ahead, the Maison will further strengthen its leadership in France, its home market, and build stronger demand around Lancel products at the international level. Overseas markets, including the Middle East, China and Russia, will also benefit from the continual upgrading of Lancel's boutique network and the 'bag gallery' store concept will enter the next phase of its development. A new advertising campaign featuring Beatrice Rosen, Lancel's new ambassadress, will embody the Maison's values of Parisian irreverence and French *légèreté*.

MARC LELANDAIS
CHIEF EXECUTIVE

Adjani shoulder bag, in crocodile leather, brandy colour

Established 1994

12 Pedder Street
Hong Kong
People's Republic of China

Executive Chairman
Raphael Le Masne de Chermont

Finance Director
Annie Paray

www.shanghaitang.com

SHANGHAI TANG

Shanghai Tang is the first luxury brand from China. Its design mission is to revitalise Chinese innovation and to interweave it with the dynamism of the 21st Century.

From a single, colourful and nostalgic art deco boutique in Hong Kong, Shanghai Tang has evolved into a contemporary vision of Chinese chic. Now with a network of 38 boutiques, including Shanghai, New York, Paris, London, Dubai and Madrid, the Maison has gained presence around the world.

Shanghai Tang's studio of international designers from east and west creates modern, wearable, sophisticated Chinese-inspired collections, comprising a full range of ready-to-wear, accessories and home decorations. Its collections make use of the most luxurious natural fabrics, from Chinese silk to the best Mongolian cashmere. The unique Imperial Tailoring department offers a made-to-measure clothing service in the finest tradition of Shanghainese tailoring, with painstaking attention to detail, craftsmanship, luxurious fabrics and fit.

This year, the brand has extended its lifestyle experience, opening the *Shanghai Tang House* in Hong Kong's Tsimshatsui district. This very rare, free-standing heritage building, dating from 1881, perfectly encapsulates the Maison's qualities and values in a single place. The Maison also opened its first Home & Gift store at the city's Chap Lap Kok Airport.

To complete the Maison's multi-sensory experience, the *Shanghai Tang Café* was unveiled in Shanghai within Xintiandi, the city's leading retail and dining destination, serving modern Chinese cuisine with an oriental sense of service.

In line with its retail expansion plan, Shanghai Tang opened new boutiques in Frankfurt, Dubai and Hong Kong, and took over its twelve franchise boutiques in mainland China.

In the year ahead, Shanghai Tang will develop its reputation through colourful new collections, strengthening its worldwide leadership as the Ambassador of Modern Chinese Chic with a particular focus on its mainland China home market.

RAPHAEL LE MASNE DE CHERMONT
EXECUTIVE CHAIRMAN

Imperial Tailoring Red Lace and Jade gown

Established 1983

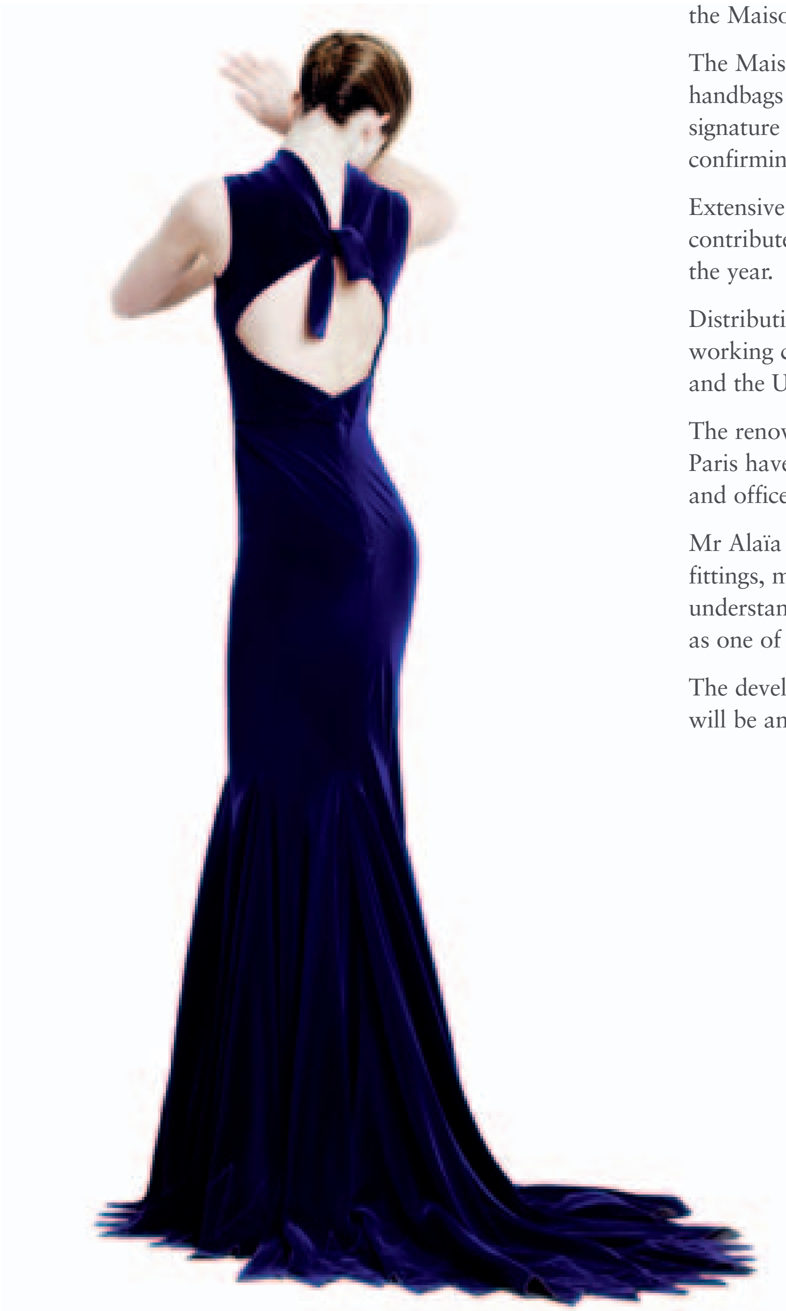
7 rue de Moussy
Paris France

Creative Director
Azzedine Alaïa

ALAÏA PARIS

Led by one of fashion's greatest legends, Maison Azzedine Alaïa is an internationally renowned Parisian fashion house recognised for paying homage to the female form through the creation of beautiful and exceptionally tailored clothing.

Winter collection 2009.
Design by Azzedine Alaïa



The Maison Alaïa, under the creative direction of its eponymous founder Azzedine Alaïa, continues to play an influential role in the fashion world. This influence translated into a strong year in terms of sales, particularly in the Maison's boutique in the Marais district of Paris.

The Maison's main collection consists of women's ready-to-wear, shoes, handbags and accessories with *Les Intemporels* collection showcasing Mr Alaïa's signature designs. Sales from *Les Intemporels* increased significantly this year, confirming the strength of the Maison.

Extensive press coverage in 2009, combined with many high-profile clients, contributed to the delivery of the Maison's message and higher sales throughout the year.

Distribution was also strong, enhanced by a good level of deliveries, a focus on working closely with existing clients and reinforcing key markets such as Europe and the United States.

The renovations for the additional headquarter space on Rue de la Verrerie in Paris have now been completed, significantly increasing the size of both atelier and office space.

Mr Alaïa drives every step of the creation process, perfecting patterns and fittings, making clothes that women covet and demonstrating his incontestable understanding of the female form. With each collection, he confirms his place as one of fashion's greatest couturiers.

The development of the Alaïa Association, housed in the headquarters building, will be an important focus for 2010.

PURDEY

Established 1814

Audley House
57-58 South Audley Street
London England

Chairman
Nigel Beaumont

Finance Director
Gary Stevenson

www.purdey.com

Established in 1814, Purdey is one of the world's oldest sporting brands, renowned for making the finest shotguns and rifles. The precision craftsmanship and exquisite finish of a Purdey gun appeals as no other to sportsmen and sportswomen worldwide. The exclusive clothing and accessories range is an increasingly important activity for the business.

All Damascus steel shotgun

The year saw the completion of a new *All Damascus* steel shotgun developed entirely within Purdey's workshops. Exploiting this much-prized traditional material allows each gun to be rendered unique; no two guns can be the same, offering a level of beauty and rarity unmatched in contemporary sporting arms.

Orders of bespoke guns and rifles matched the previous year's, with orders evenly spread between customers from the United Kingdom, Europe and the United States. Sales of the *Sporter* gun, now in its second year of manufacture, also reached a solid level.

Sales in the London boutique exceeded the prior year, benefiting from a focus on classic lines and an increase in visitors from continental Europe. Wholesale sales were also better.

In 2009, the Purdey Awards for Game and Conservation celebrated its tenth anniversary and in November the first winner from Northern Ireland was presented with the Gold Award by Vicomte Bernard de La Giraudière. The Purdey Awards are well established as a driving force in promoting greater awareness of the synergy between shooting and conservation, and give recognition to the United Kingdom's best game conservation projects. The environmental benefits arising from game conservation work continue to reach a wider audience, both within and outside the shooting world.

In the year ahead, Purdey will seek a greater awareness of its activities and sporting products through focused advertising and public relations.

NIGEL BEAUMONT
CHAIRMAN

Financial review

RICHARD LEPEU, DEPUTY CHIEF EXECUTIVE OFFICER

in € millions	March 2010	March 2009 re-presented	
Sales	**5 176**	5 418	-4 %
Cost of sales	**(1 985)**	(2 001)	
Gross profit	**3 191**	3 417	-7 %
Net operating expenses	**(2 361)**	(2 449)	-4 %
Selling and distribution expenses	**(1 277)**	(1 235)	+3 %
Communication expenses	**(506)**	(644)	-21 %
Administration expenses	**(545)**	(542)	+1 %
Other operating (expense)/income	**(33)**	(28)	
Operating profit	**830**	968	-14 %

SALES

Following a period of record levels of sales and profitability until 30 September 2008, Richemont was affected by the difficult trading environment from October 2008 onwards. As a consequence, full-year sales were down 4 per cent at current exchange rates and 5 per cent at constant exchange rates versus a year ago. During the first half of the year under review, wholesale sales in those regions most affected by the financial crisis, particularly the Americas and Europe, were particularly depressed as trade partners sought to reduce their inventory levels. Sales through the Group's own boutique network were generally more resilient. Consequently, sales in the first six months of the year were 15 per cent lower. During the second six months of the year under review, whilst trading conditions remained challenging, sales were 7 per cent higher; in the comparative period of fiscal 2009, sales were 5 per cent lower.

GROSS PROFIT

The gross margin percentage declined by 1.5 percentage points to 61.6 per cent of sales. The lower margin primarily resulted from the lower levels of manufacturing capacity utilisation and the strengthening of the Swiss franc during the year. With almost all of the Group's watchmaking facilities being located in Switzerland (A. Lange & Söhne is based in Germany), the Swiss franc is of particular importance to the Group's cost of sales. The lower gross margin percentage, combined with the decrease in the value of sales, led to a gross profit decrease of 7 per cent.

OPERATING PROFIT

Strict cost discipline resulted in net operating expenses decreasing by 4 per cent overall. Selling and distribution expenses were marginally higher than the prior year, with cost savings from the established network more than offset by the additional costs of the expansion of the boutique network, particularly in the Asia-Pacific region. The 21 per cent decrease in respect of communication expenses partly reflected the timing of the annual Salon International de la Haute Horlogerie ('SIHH') event; due to the change of the event from April to January in 2009, the cost of the two events was absorbed during the comparative year. Administration costs were in line with the prior year.

The decrease in gross profit of € 226 million resulted in an operating profit decline of 14 per cent despite the cost control measures. The decline in operating margin was contained to 1.9 percentage points to 16.0 per cent in the year under review.

RE-PRESENTATION OF THE COMPARATIVE PERIOD

The income statement for the period ended 31 March 2009 has been re-presented to reflect the non-disposal of a small business unit previously classified as a discontinued operation. The impact on sales in the comparative year is nil; operating profit is now re-presented at € 968 million (previously presented at € 982 million).

Profit for the year

in € millions	March 2010	March 2009 re-presented
Operating profit – continuing operations	**830**	968
Net finance costs	**(137)**	(101)
Profit before taxation	**693**	867
Taxation	**(94)**	(133)
Share of post-tax results of associated undertakings	**4**	3
Profit from continuing operations	**603**	737
(Loss)/profit from discontinued operations	**(3)**	339
Profit for the year	**600**	1 076
Attributable to shareholders	**599**	1 075
Attributable to minority interests	**1**	1
Profit for the year	**600**	1 076
Earnings per share from continuing operations – diluted basis	**€ 1.076**	€ 1.312

The 18 per cent decline in profit from continuing operations included the following factors:

- net finance costs amounted to € 137 million, of which € 132 million relates to currency translation losses on net financial assets as a result of a stronger Swiss franc against the euro. The majority of Group's financial assets are euro-denominated cash and liquid bond funds held by a Swiss franc entity. Upon translation, there is no effect on the Group's equity position;
- the Group's effective taxation rate was 13.7 per cent compared with 15.7 per cent last year. The lower rate is due principally to an increase in deferred tax assets relating to the Group's share option plan and an increase in the share of profit generated in lower tax jurisdictions, such as Hong Kong;
- a € 4 million profit related to the Group's share of the results of associated companies.

Losses from discontinued operations amounted to € 3 million. In the comparative year, the reported profit from discontinued operations primarily related to the share of income in respect of the equity accounted interest in British American Tobacco plc for the period to 20 October 2008 when it was effectively distributed to shareholders as part of the Group's restructuring.

As a consequence, profit for the year was € 600 million, compared to € 1 076 million in the prior year.

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 2010 would be € 611 million (2009: € 1 093 million). Diluted HEPS for the year was € 1.092 (2009: € 1.948). Further details regarding HEPS may be found in note 29 of the Group's consolidated financial statements.

Cash flow statement

in € millions	March 2010	March 2009
Operating profit including losses from discontinued operations	827	951
Depreciation, amortisation and other non-cash items	314	229
Decrease/(increase) in working capital	323	(361)
Cash generated from operations	1 464	819
Dividends received from associates	1	343
Interest (paid)/received	(5)	36
Taxation paid	(82)	(179)
Net acquisitions of tangible fixed assets	(147)	(293)
Net acquisitions of intangible assets	(28)	(43)
Net cash flow in respect of short-term bond funds	(379)	–
Other investing activities, net	35	(127)
Net cash inflow before financing activities	859	556
Dividends paid	(110)	(438)
Decrease in borrowings and other financing activities	(156)	(59)
Distribution of discontinued operations, net of cash disposed of	–	(351)
Net cash flow in respect of treasury units and shares	(99)	(84)
Net change in cash and cash equivalents	494	(376)
Cash and cash equivalents at the beginning of the year	1 363	1 771
Reclassification of cash held in bond funds	(956)	–
Exchange rate effects	39	(32)
Cash and cash equivalents at the end of the year	940	1 363
Short-term bond funds	1 339	–
Borrowings	(383)	(541)
Net cash at the end of the year	1 896	822

Cash generated from operations totalled € 1 464 million for the year. Compared to the prior year, the € 684 million decrease in working capital was largely due to lower inventory levels resulting from measures taken to reduce manufacturing output and to movements in liabilities in respect of foreign exchange hedging activities.

At € 147 million, net acquisitions of tangible fixed assets were nearly halved compared to the previous year. This amount included selected investments in the Group's network of boutiques as well as limited further investment in manufacturing facilities.

Investing activities reported during the year included further investments in short-term liquid bond funds. Net of disposals, these acquisitions amounted to € 379 million.

During the year under review, the Group bought back 10 million 'A' shares through the market. The share buy-back programme was implemented largely to hedge the Group's increased exposure in respect of its own shares, linked to the restructuring effected in 2008. The gross cost of these purchases, at € 153 million, was partly offset by proceeds from the exercise of stock options by executives, leading to a net cash outflow of € 99 million.

Summarised balance sheet

in € millions	31 March 2010	31 March 2009
Non-current assets		
Fixed assets	**1 527**	1 534
Other non-current assets	**622**	642
	2 149	2 176
Net current assets excluding cash and cash equivalents	**1 753**	2 028
Inventories	**2 260**	2 422
Debtors and other current assets	**723**	781
Current liabilities	**(1 230)**	(1 175)
Other non-current liabilities excluding borrowings	**(138)**	(191)
Net operating assets	**3 764**	4 013
Net cash	**1 896**	822
Cash and cash equivalents	**940**	1 363
Short-term bond funds	**1 339**	–
Borrowings	**(383)**	(541)
	5 660	4 835
Equity		
Shareholders' equity	**5 658**	4 832
Minority interests	**2**	3
	5 660	4 835

Excluding cash and cash equivalents, the € 275 million decrease in net current assets compared to March 2009 is primarily attributable to the € 162 million decline in the value of net inventories to € 2 260 million.

At 31 March 2010, net cash amounted to € 1 896 million, an increase of € 1 074 million during the year. The Group's holdings of short-term liquid bond funds, which were reported within cash and cash equivalents at 31 March 2009, were reclassified as a distinct asset class during April 2009. Liquid bond funds and cash balances were primarily denominated in euros, whereas borrowings were spread across the principal currencies of the countries in which the Group has significant operations. Borrowings reflect the financing of net operating assets in the countries concerned.

Shareholders' equity amounted to € 5 658 million, net of the cost of repurchased treasury shares and related instruments. At 31 March 2010, the Group held some 20 million treasury shares, representing 3.8 per cent of the total number of the 'A' shares in issue, as well as options to acquire a further 14 million 'A' shares.

Richemont's balance sheet remains very strong, with shareholders' equity representing 73 per cent of the balance sheet compared to 65 per cent at 31 March 2009.

PROPOSED DIVIDEND

The Board has proposed an ordinary dividend of CHF 0.35 per share, up CHF 0.05 compared to last year. Net of withholding tax at 35 per cent, the net dividend payable will be CHF 0.2275 per share.

The dividend will be payable following the Annual General Meeting, which is scheduled to take place on Wednesday, 8 September 2010.

It is currently anticipated that the last day to trade Richemont 'A' shares and Richemont South African Depository Receipts cum-dividend will be Friday, 10 September 2010.

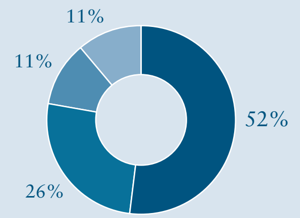
The dividend on the Compagnie Financière Richemont 'A' shares will be paid on Thursday, 16 September 2010. The dividend in respect of the 'A' shares is payable in Swiss francs.

The dividend in respect of Richemont South African Depository Receipts will be payable on Monday, 27 September 2010. 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.

Review of operations

Analysis of sales and operating results by business area

Sales



Sales and operating results of the Group's main areas of activity were as follows:

in € millions	March 2010	March 2009 re-presented	
Sales			
Jewellery Maisons	**2 688**	2 762	-3 %
Specialist Watchmakers	**1 353**	1 437	-6 %
Writing Instrument Maison	**551**	587	-6 %
Other	**584**	632	-8 %
Total sales	**5 176**	5 418	-4 %
Operating results			
Jewellery Maisons	**742**	777	-5 %
Specialist Watchmakers	**231**	301	-23 %
Writing Instrument Maison	**79**	69	+14 %
Other	**(36)**	(39)	+8 %
	1 016	1 108	-8 %
Corporate costs	**(186)**	(140)	+33 %
Central support services	**(147)**	(139)	+6 %
Other operating expense, net	**(39)**	(1)	
Operating profit	**830**	968	-14 %

In accordance with the requirements of IFRS 8, *Operating Segments*, the Group has reduced the total number of reportable segments from five to four. Alfred Dunhill and Lancel, formerly reported as the 'Leather and Accessories Maisons' segment, have been reported within the 'Other' segment with effect from 1 April 2009. Comparative periods have been re-presented accordingly. Consequently, the 'Other' segment now includes all of the Group's Fashion and Accessories businesses, as well as the Group's watch component manufacturing activities.

JEWELLERY MAISONS

Sales decreased by only 3 per cent, a notable achievement given the trading environment. The very top-end of the high jewellery market has not recovered past record levels, but the more traditional high jewellery and more accessible bijoux ranges did well. Watches resisted much better than the market generally, thanks to strong retail sales.

Operating contribution declined by 5 per cent. Nevertheless, the contribution margin was maintained at the high level of 28 per cent.

Cartier saw only a marginal decline in sales and profitability and was able to make the most of its broad geographic coverage and leading position in growth markets.

Van Cleef & Arpels was also resilient, albeit to a lesser extent, due to a proportionately higher exposure to Europe and the Americas.

SPECIALIST WATCHMAKERS

Sales by the Group's specialist watchmakers are made principally to third-party retailers. Many such retailers prudently sought to reduce their inventories during the latter part of the 2009 financial year and the first half of the year under review, given the impact on their own businesses of the financial crisis which began in September 2008. Consequently, orders for new stock were significantly curtailed. As a result, the Group's specialist watchmakers reported a sales decrease of 17 per cent during the first six months of the year under review. Sales in the second half of the year under review increased against the low comparative base seen in the prior year, thus limiting the year-on-year decline to 6 per cent.

Piaget and Vacheron Constantin performed particularly well and were able to grow sales in this difficult period.

While all Maisons, with the exception of Roger Dubuis and Baume & Mercier, remained profitable, their combined operating margin decreased by 4 percentage points to 17 per cent of sales. This decrease was primarily due to reductions in gross margin, reflecting a stronger Swiss franc in particular, as well as the slowdown in sales and production. Excluding the two loss-making Maisons, the contribution margin would be above 20 per cent, reflecting the strength of this portfolio. The slowdown prompted the watchmaking Maisons to effectively reduce manufacturing output to limit a build-up of inventory. The favourable year-on-year impact on profit arising from two SIHH events in the prior year was partially offset by a one-off charge relating to the Roger Dubuis business and the costs associated with the reduction of the number of points of sale in the Americas and Europe.

WRITING INSTRUMENT MAISON

Montblanc managed to contain the decline in sales to 6 per cent. This sales performance was achieved thanks to the resilience of writing instruments and watches, higher retail sales and a leading position in China. This is particularly encouraging given its exposure to the US, Europe and an ‘aspirational’ clientele more sensitive to economic slowdowns.

Operating profit showed a healthy 14 per cent increase to € 79 million and the Maison’s contribution margin gained 2 percentage points to 14 per cent.

OTHER BUSINESSES

The € 36 million loss in ‘Other’ businesses can be primarily attributed to the significant decrease in sales that affected the Group’s watch component manufacturing activities, as they suffered from a 60 per cent fall in orders from other manufacturers.

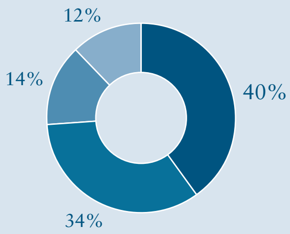
Richemont’s Fashion & Accessories Maisons improved their performance. The retail exposure, shorter life cycle and more accessible price points of leather products were factors in their resilience, linked to the repositioning of most of these Maisons. Lancel was particularly successful over the period. Alfred Dunhill and Lancel were close to breakeven, while Chloé remained profitable.

Other Fashion & Accessories businesses in this segment include Shanghai Tang, Maison Alaïa and Purdey.

CORPORATE COSTS

Corporate expenses, which principally represent the costs of central management, marketing support and other central functions, as well as other expenses and income which are not allocated to specific business areas, including foreign exchange hedging gains and losses, were kept under tight control. Central support service expenses increased by 6 per cent to € 147 million. Excluding asset impairment charges and fees in respect of the NET-A-PORTER transaction, central support service expenses were in line with the prior year. Other operating expenses included losses of € 14 million relating to the Group’s exchange rate hedging programme, which are charged to the gross margin. In the comparative period, unallocated exchange rate hedging gains amounted of € 12 million.

Sales by region



- **Europe** € 2 099 million
- **Asia-Pacific** € 1 740 million
- **Americas** € 712 million
- **Japan** € 625 million

in € millions	March 2010	March 2009	Movement at: Constant exchange rates*	Movement at: Actual exchange rates
Europe	**2 099**	2 363	-11 %	-11 %
Asia-Pacific	**1 740**	1 474	+17 %	+18 %
Americas	**712**	889	-20 %	-20 %
Japan	**625**	692	-17 %	-10 %
	5 176	5 418	-5 %	-4 %

*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 2009.

EUROPE

Within the Group's number one region with 40 per cent of consolidated sales, sales declined by 11 per cent to end just above the level seen in 2007. The beginning of the year was difficult, with sales down by 21 per cent for the first six months. November was the turning point. Sales rose by a modest 1 per cent in the second half.

Demand from the local European clientele was particularly affected, while sales to third-party nationals from Eastern Europe, the Middle East and Asia were more resilient.

ASIA-PACIFIC

Up 17 per cent at constant exchange rates compared to the prior year, sales in the region recorded their fifth consecutive year of double-digit growth. Asia-Pacific now represents 34 per cent of Group sales. This strong performance was broad-based across the region, leveraging the Maisons' continued expansion of their distribution networks in that market. Hong Kong, mainland China and Macao, all enjoyed double-digit growth in sales. Sales in Taiwan, Singapore and Korea grew as well, albeit at a lower rate.

AMERICAS

The Americas region, now with 14 per cent of Group sales, registered a 20 per cent reduction in sales. The significant decline is entirely attributable to the US where, after years of double-digit growth, sales fell dramatically. This collapse in the first half of the year under review was followed by a rebound in the second half of the year, when sales rose by 8 per cent, partly explained by easier comparative figures.

JAPAN

The Japanese market, Richemont's second largest single market with 12 per cent of Group sales, remained challenging throughout the year for luxury businesses generally. Yen-denominated sales declined by 17 per cent. The appreciation of the yen over the period softened the decline to 10 per cent in euro terms.

Sales by distribution channel

in € millions	March 2010	March 2009	
Retail	**2 385**	2 304	+4 %
Wholesale	**2 791**	3 114	-10 %
	5 176	5 418	-4 %

RETAIL

Sales in directly operated stores proved to be quite resilient: up 4 per cent, a performance well above the 10 per cent decline in wholesale sales. As a result, retail now represents 46 per cent of the Group's sales, a historical high.

During the year, the overall retail network of Group-owned boutiques increased to 817 boutiques. Store openings in growing markets, such as Hong Kong and mainland China, were partly offset by the closure of underperforming boutiques across the Group.

WHOLESALE

The 10 per cent decline reflects de-stocking by watch retailers until November, and the continuing reduction in the number of external doors which Richemont's Maisons deal with. Sales to franchise partners are treated as wholesale sales.

RICHARD LEPEU
DEPUTY CHIEF EXECUTIVE OFFICER

GARY SAAGE
CHIEF FINANCIAL OFFICER

COMPAGNIE FINANCIÈRE RICHEMONT SA
GENEVA, 27 MAY 2010

Corporate responsibility

Responsible Jewellery Council

Richemont has a long-standing commitment to doing business responsibly. Building trust in our Maisons, our operating companies and brand, 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. It informs how we treat our stakeholders as well as the natural environment. 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.

RICHEMONT PEOPLE

Richemont directly employs some 20 000 people. Two-thirds of our employees are based in Europe and a quarter in Asia. The Americas region is the third significant area of employment. The majority of our employees in Europe are based in Switzerland, France and Germany, where the manufacture of luxury goods is concentrated. We have no employees working in manufacturing in Asia. In all regions, employees are engaged in retail, distribution, after sales service and administrative functions. The Group's Code of Business Conduct for employees formalises our expectations of employees.

Training

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

We continue to support The Creative Academy, 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 by answering the Maisons' needs. Last year, the school welcomed 20 students as its seventh cohort. Further information can be obtained at www.creative-academy.com

The Group collaborates with the Watchmakers of Switzerland Training and Educational Programme ('WOSTEP'), and has established educational and training facilities in the USA, Hong Kong and the UK. Further developments are being explored with WOSTEP to address skill shortages in other markets.

Health and safety

The Group recognises its responsibility for the health, safety and well-being of employees. The law provides us with the minimum standards to follow and each Maison takes responsibility for putting these standards into practice.

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, for example, through the Responsible Jewellery Council. Our supplier code includes elements of international labour standards and asks suppliers to comply with Richemont's Environmental Code of Conduct.

Some Maisons engage third parties to audit suppliers' compliance with the code. Some 40 such audits were conducted during the year as part of the ongoing supplier relationship.

Responsible Jewellery Council

The Responsible Jewellery Council ('RJC') was established in 2005 to promote responsible ethical, human rights, social and environmental practices in the gold and diamond supply chains. The RJC was built on the belief that these issues can be best addressed as a collaborative effort. Today, the RJC has some 230 members, from mining houses to retail, including Cartier, Van Cleef & Arpels, Piaget, Montblanc, Jaeger-LeCoultre and Baume & Mercier.

Under the RJC's new certification system, all commercial members of the RJC must be audited by accredited, third-party auditors to verify compliance with the RJC's own Code of Practices. The RJC began operating its system during the year under review. Further information can be obtained at www.responsiblejewellery.com

ENVIRONMENT

Our businesses do not have major, direct environmental impacts. Our Environmental Code of Conduct is built on internationally recognised standards and includes industry-specific issues such as the environmental impacts of leather product production.

The Group's carbon emissions for the year ended 31 March 2010 were some 75 000 tonnes, a decrease of 6 per cent from the prior year's revised amount of some 80 000 tonnes. The Group is carbon neutral: we purchase carbon offsets equivalent to our prior year's emissions and reinvoice the cost of the offsets to the main emitters to increase awareness and to encourage efforts to reduce emissions.

Our direct impact upon biodiversity is low and we decrease it further by reducing our CO_2 emissions and careful disposal of waste products. As users of leather and other animal products, we adhere to the Convention on International Trade in Endangered Species ('CITES').

COMMUNITY

Our Maisons regularly support art and cultural programmes that reflect their historical background and the nature of their products, together with global and local community programmes. Art and cultural programmes include the Cartier Fondation pour l'Art Contemporain and the Montblanc de la Culture Arts Patronage Award. The culture of master craftsmanship, an essential component of the world of luxury, is promoted by the Fondazione Cologni dei Mestieri d'Arte. Globally, Richemont supports Laureus Sport for Good. In the year under review, the Group's community expenditure was € 17 million.

2010 Corporate Responsibility Report

Richemont's full annual corporate responsibility report is available on the Group's website at www.richemont.com/csr

Peace Parks Foundation

MADE IN AFRICA

The concept of peace parks is a global one, tracing back to the 1930s when Canada and the US created the ambitious Waterton Glacier International Peace Park. The idea was and remains compelling: an opportunity to think beyond political boundaries to accommodate gene pools, water flow, wildlife movement and propagation of plant species; an opportunity to unlock regional economic development, to share the conservation of biodiversity and to promote regional peace and stability by demonstrating the benefits of co-operation.

By 1988 the idea had taken root within the World Conservation Union who identified some 70 potential transfrontier conservation areas in 65 countries around the world. It was in Africa, however, that the peace parks concept truly sparked into life. The brave dream of contiguous transfrontier conservation areas in Southern Africa began its realisation in the mid-nineties in the discussions of visionary leaders as they contemplated a new era of regional peace, democracy and development.

In the years since, it has been the political will of Southern African leaders, and the efforts of an organisation set up to champion the peace parks concept, that has seen the vision of peace parks taking shape on the sub-continent. Spearheaded by Dr Anton Rupert, and with President Nelson Mandela and HRH Prince Bernhard of the Netherlands as co-founding patrons, Peace Parks Foundation was founded on 1 February 1997 to facilitate the creation of transfrontier conservation areas throughout Southern Africa.

The concept of the region's peace parks is as glorious as it is audacious: vast conservation areas that straddle national borders, of sufficient extent to incorporate entire biomes; of sufficient integrity to restore the ancient patterns of diverse ecological communities and to reconnect the shared cultures of tribal peoples, dislocated when colonial rulers arbitrarily imposed Africa's borders.

Southern Africa's peace parks today incorporate over half of the declared conservation estate in the region; an area of nearly 800 000 km², larger than France and the United Kingdom combined. These areas are as astounding in their extent, as in their natural magnificence, the immense richness of their biodiversity and the importance of their cultural heritage.

Underlining the importance of conserving the sub-continent's contribution to global biodiversity is the Biodiversity Intactness Index ('BII') developed by ecologists from The Council for Scientific and Industrial Research ('CSIR') in South Africa. The BII estimates the remaining population sizes of plant and vertebrate groups in major biomes in Southern Africa relative to their original numbers. This measure of biodiversity estimates that more than 99 per cent of the species that were present 300 years ago are still present in Southern Africa today.

DELIVERING THE DREAM

A new generation of leadership has taken up the mantle of Peace Parks Foundation under the chairmanship of Johann Rupert. It aims to facilitate the delivery of fully functioning peace parks, managed in harmony with their surrounding communities, and thereby to create sustainable local, national and regional benefit flows. Its five-year strategy includes measurable steps to ensure that the ten peace parks currently established are developed to their full potential through sustainable eco-tourism.

Peace Parks Foundation's interventions stand on four pillars: securing protected land, training wildlife managers, training tourism managers and improving accessibility through infrastructure and policy development. Working structures are created to advance integrated development plans, with the involvement of governmental and non-governmental stakeholders from across political boundaries.

Project areas cover a wide range including GIS mapping, carbon mitigation in forestry, water and fire management, veterinary services and wildlife relocation – all supported by cutting-edge technology and the pioneering spirit that is the mark of the Foundation's scientific approach. The Foundation's long-term support of the Southern African Wildlife College and SA College for Tourism also serves to develop valuable management skills to staff the wildlife and tourism initiatives of the peace parks.

The Foundation's approach is founded on the principles of trust, respect and partnership – never moving beyond its supporting role as a preferred partner to the governments of Southern Africa. A core objective of its work is to marshal limited resources, optimising the delivery pipeline that ensures donor funding flows through to the projects on the ground.

The professional financial management of the Foundation and its reputation for the highest standards of corporate governance have earned it the trust and long-standing support of both public and private international financial institutions, and governments as an advisory, facilitation, management and administrative partner.

The Foundation is transparent in its accounting of the flow of funds from donors to the projects they have elected to support. Its operational funding is kept to below an exemplary 20 per cent of total income, with interest on a capital fund providing the lion's share of the organisation's working capital requirements. The projects it undertakes are organised to become self sufficient, with a focus on building capacity, and avoiding long-term donor dependency. It is worth noting that its work addresses at least three of the eight UN Millennium Development Goals.

The peace parks of Southern Africa present a powerful vision of a shared ecological heritage and a mutually sustainable future. This is indeed an African dream to inspire a jaded world.

AN INVITATION TO INVEST

An inspirational vision is becoming reality in Southern Africa. With the support of international public funders and financial institutions, listed companies, family foundations and individuals, Peace Parks Foundation enables its donors to invest not only in a brighter future for Africa, but in sustainable solutions for a better world.

Peace Parks Foundation is proud of the high calibre of people around the world who support its work as patrons, directors, advisors and employees. Richemont, a major supporter, is a prominent member of the Foundation's Club 21, which comprises individuals, families and corporates who have donated $1 million or more to the Foundation's work. Club 21 serves as an advisory council to the Foundation, alongside a formal Advisory Committee, comprising senior government officials from Angola, Botswana, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe.

We invite you to become part of an African story of hope and progress, and would welcome a conversation on how you can support the work of Peace Parks Foundation.

Contact details:

Peace Parks Foundation
11 Termo Road, Techno Park,
Stellenbosch 7600, South Africa
Tel: +27 (0)21 880 5100
Fax: +27 (0)21 880 1173
E-mail: parks@ppf.org.za

Website: www.peaceparks.org

Corporate governance

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 statutes of Compagnie Financière Richemont SA, in its Corporate Governance Regulations and in the terms of reference of the Audit, Compensation and Nomination Committees of the Compagnie Financière Richemont SA 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 (the 'Company') 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.

From the Company's formation in 1988 until 20 October 2008, shares in Compagnie Financière Richemont SA were indivisibly twinned with participation certificates issued by its wholly-owned subsidiary, Richemont SA, Luxembourg to form Richemont equity units. On 20 October 2008, the shares and participation certificates were de-twinned as part of a Group reorganisation. The reorganisation saw non-luxury assets, including the interest in British American Tobacco plc ('BAT'), spun out to unitholders through an independent entity, Reinet Investments S.C.A. ('Reinet'). Reinet is listed on the Luxembourg Stock Exchange. Other than in respect of the de-twinning, the Company's 1 044 000 000 shares were not directly impacted by the reorganisation.

The Group's luxury goods businesses are separated into four segments for presentation purposes: (i) jewellery, (ii) specialist watchmaking, (iii) writing instruments and (iv) other businesses.

Each of the Maisons in the Group enjoys a high degree of autonomy, with its own management group under a chief executive officer. To complement those businesses, the Group has established central functions and a regional structure around the world to provide central controlling and support services in terms of distribution, finance, legal and administration services.

Details of the principal companies within the Group, are set out in note 39 to the Group's consolidated financial statements. The market capitalisation and ISIN number of the Richemont 'A' shares are given in section 2 of the 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 per cent of the equity of the Group and controlling 50 per cent of the Company's voting rights. Mr Johann Rupert, the Executive Chairman and Chief Executive Officer of Richemont, is the sole General Managing Partner of Compagnie Financière Rupert. Mr Jürgen Schrempp and Mr Ruggero Magnoni, both non-executive directors of the Company, and Mr Jan Rupert, an executive director 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 2 811 664 'A' shares or 'A' share equivalents at 31 March 2010.

Other significant shareholders

Public Investment Corporation Limited ('PIC'), Pretoria, South Africa notified the Company on 22 February 2008 that accounts under its management held Richemont South African Depository Receipts equivalent to 32 633 436 'A' shares in the Company. At that date, PIC's holding indirectly represented 3.13 per cent of the Company's voting rights.

On 19 May 2009, Richemont Employee Benefits Limited ('REBL'), an indirectly held subsidiary, notified the Company that it had acquired shares and the right to acquire further shares equivalent to 31 705 935 'A' shares or 3.04 per cent of the Company's voting rights. The shares and rights were acquired by REBL to hedge liabilities arising from the Group's stock option plan. At the same date, REBL notified the Company that it held disposal positions arising from the Group's long-term stock option plan equivalent to 43 211 994 'A' shares or 4.14 per cent of the voting rights of the Company.

As at the date of this report, the Company has received no other notifications of significant shareholdings representing in excess of 3 per cent of the voting rights.

Changes in significant shareholdings are promptly notified to SIX Swiss Exchange, which simultaneously publishes such notifications on its website.

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. Until 3 May 2009, the shares were traded on SWX Europe based in London. From 4 May 2009, in common with other Swiss securities included in the Swiss Market Index, trading of Richemont 'A' shares was transferred back to SIX Swiss Exchange in Zürich. 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 18 to the Group's consolidated financial statements.

During the three years ended 31 March 2010, the only change to the capital structure has been the de-twinning of 20 October 2008, outlined in section 1 above.

At 31 March 2010, Richemont's market capitalisation, based on a closing price of CHF 40.83 per share and a total of 522 000 000 'A' shares in issue, was CHF 21 313 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 23 445 million.

Over the preceding year, the highest closing price of the 'A' share was CHF 41.73 on 18 March 2010, and the lowest closing price of the 'A' share was CHF 18.52 on 1 April 2009.

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 2010, a dividend of CHF 0.350 per 'A' share and CHF 0.035 per 'B' share has been proposed.

Share buy-back programmes
Over the course of the ten-year period ended 31 March 2009, the Group had repurchased a total of 34 552 934 former 'A' units and 3 649 884 'A' shares through the market to meet obligations under stock option plans for executives.

During the year under review, the Group acquired 67 950 'A' shares through a forward purchase agreement and repurchased a further 9 975 192 'A' shares through the market between 14 May 2009 and 23 July 2009. The purchases through the market were in respect of an extension to an existing share buy-back programme and were fully disclosed in accordance with the terms of the Swiss Takeover Board.

Taking into account the exercise of options by executives during the course of the year, the balance of 'A' shares held in treasury at 31 March 2010 was 20 253 282 shares. At that date, the Group also held over-the-counter call options over 13 612 171 'A' shares.

On 26 May 2010, the Board approved a new programme to buy back 10 000 000 'A' shares through the market or through the exercise of over-the-counter call options during the period to May 2012. The new programme represents 1.74 per cent of the capital and 0.96 per cent of the voting rights of the Company. This new programme is also to meet obligations under stock option plans for executives.

Details of the Group's stock option plan are set out in section 5 of this report and in note 35 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 under the heading 'Stock option plan' on page 51 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 or units 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 or units 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 € 53 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 18 to the Group's consolidated financial statements.

Voting rights
Holders of Richemont shares may attend and vote at meetings of shareholders of the Company. They may attend in person or may appoint 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 per cent of the dividend per share paid to 'A' shareholders and 9.1 per cent 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' shares therefore control 50 per cent 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 represented and an absolute majority of the nominal share capital.

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 represented at the meeting and an absolute majority of the nominal share capital.

The Annual General Meeting ('AGM') in respect of the financial year ended 31 March 2010 will be held on 8 September 2010 at the Four Seasons Hotel des Bergues, Geneva. The agenda for that meeting is set out on page 116 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 AG, previously a wholly-owned subsidiary of Compagnie Financière Richemont SA and now owned in equal part by the Company and Reinet Investments SCA ('Reinet'), 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 AG, as Depository, and the Company, as Issuer. Richemont Securities AG also acts as Depository for Reinet depository receipts, which are also listed on the Johannesburg stock exchange.

In its capacity as Depository, Richemont Securities AG holds one 'A' share in safe custody for every ten DRs in issue. Richemont Securities AG's interest in the 'A' shares that it holds is therefore non-beneficial. At 31 March 2010, Richemont Securities AG held 143 521 960 'A' shares in safe custody in respect of the DRs in issue. This amount represents some 27 per cent of the 'A' shares.

Dividends received by Richemont Securities AG are payable in rand to South African residents. Dividends are converted upon receipt by Richemont Securities AG 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 AG are not entitled to attend shareholder meetings of Compagnie Financière Richemont SA or to vote in person. Rather, DR holders are canvassed as to their voting instructions by Richemont Securities AG, 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 of 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 of the Company.

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 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 15 members at 31 March 2010. Board members are elected 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 116 and in the press. The proposal to the AGM is that the Board be elected on an individual basis. There is no restriction on the number of times a director may seek re-election and no formal age limit for directors.

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. As part of its schedule of meetings, the Board meets with executive management of the Maisons for two days each year to review the strategic direction of the Group's businesses. During the period from 1 April 2009 to 31 March 2010, the Board of Directors held five meetings. These included a two-day meeting with senior management of certain Maisons at which brand strategy, marketing plans and new products were presented. The Executive Chairman, Group Chief Executive Officer and Group Finance Director established the agendas for the meetings of the Board, financial reports and supporting information in respect of agenda items being circulated to members of the Board in advance of each meeting. Directors may ask that an item be placed on the agenda for any meeting.

Three members of the Management Committee – the Chief Counsel, the Director of Corporate Finance and the Director of Corporate Affairs – attend meetings of the Board. Other members of senior management may be invited to attend periodically to address specific subjects. The Board may invite external advisors to attend meetings.

During the year under review, the Company announced changes to the responsibilities of certain of its directors. Mr Nobert Platt, Group Chief Executive Officer, took the decision to retire at the end of the year, but will remain as a non-executive director of the Company and will act as an advisor to the Group.

In view of Mr Platt's retirement, Mr Johann Rupert has assumed the roles of Executive Chairman and Chief Executive Officer with effect from 1 April 2010. Given the combination of Mr Rupert's roles, the Board nominated Lord Renwick of Clifton, a non-executive director, to assume the role of Lead Independent Director with effect from November 2009.

To support Mr Johann Rupert in his combined role, the Board appointed Mr Richard Lepeu, Group Finance Director, as Deputy Chief Executive Officer with effect from 1 April 2010. Mr Gary Saage was appointed as Chief Financial Officer, also effective from that date, and will be proposed for election to the Board at the September 2010 AGM. At that AGM, Mr Josua Malherbe, Dr Frederick Mostert, Mr Guillaume Pictet and Maître Dominique Rochat will also be proposed for election.

Mr Gary Saage qualified as a Certified Public Accountant in the United States. Following an early career in public accounting with Coopers & Lybrand, he joined Cartier's US business in 1988. Since then, he has served as Chief Operating Officer of Richemont North America and of Alfred Dunhill in London. Since 2006, he has served as Group Deputy Finance Director. He continues to serve as Chairman of Richemont North America and has been appointed to become a director of Net-a-Porter Limited.

Mr Josua 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. He continues to serve as a director of Dimension Data Holdings plc, Sabido Investments (Pty) Limited, Remgro Limited, Reinet Investments Manager S.A. and Reinet Fund Manager S.A.

The biographical details of Dr Frederick Mostert, a member of the Group's Management Committee, are presented on page 47 of this report.

Mr Guillaume Pictet's 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, he has been Founding Partner and Vice-Chairman of de Pury Pictet Turrettini & Cie SA, a Geneva-based asset management company. He also serves as Chairman of EIC Partner AG; as a director of Zurmont Madison Management AG; and as President of the Fondation pour Genève.

Maître Dominique Rochat is a member of the Bar of Geneva and has been a practising lawyer and partner at the Geneva office of Lenz & Staehelin for some 30 years. Maître Rochat specialises in banking and corporate law and is also involved in mergers, acquisitions and financing transactions.

Other changes during the year under review included the nomination of Ms Martha Wikstrom, formerly a non-executive director, as Chief Executive of the Group's Fashion & Accessories businesses from June 2009. Dr Franco Cologni and Mr Alain Dominique Perrin have indicated that they will give up their remaining direct executive roles within the organisation effective as of 31 March 2010. They will continue to serve as non-executive directors of the Company.

Board Committees

In terms of the Group's framework of corporate governance, the Board has established an Audit Committee, a Compensation Committee and a Nominations Committee. The composition of these Committees is indicated in the biographical notes on Board members set out below. In addition to these Committees of the Board, the Group's senior management are members of the Group Management Committee.

Each Committee of the Board has its own written Charter outlining its duties and responsibilities and a chairperson 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 four members of the Audit Committee are non-executive directors. The Chief Financial Officer attends all meetings, as do the Head of Internal Audit and representatives of PricewaterhouseCoopers SA, the Group's external auditors.

Meetings of the Committee are held at least three times per annum and have a typical duration of half a day. During the year ended 31 March 2010, three meetings took place. The Committee meets in camera with the external auditors 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 auditors and keep under review their independence and objectivity as well as their level of compensation;
- examine and review, with both external and internal auditors, 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 Commitment Approval 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.

Section 3 of the corporate governance report continues on page 45

Board of directors of Compagnie Financière Richemont SA

Johann Rupert
Executive Chairman and Chief Executive Officer
South African, age 60

Mr Rupert was appointed to the Board in 1988 and has served as Executive Chairman of Compagnie Financière Richemont SA since 2002. He is Chairman of the Nominations Committee, the Chairman's Committee and the Group's Management Committee. With effect from 1 April 2010, Mr Rupert serves as Group Chief Executive Officer.

Mr Rupert studied economics and company law at the University of Stellenbosch, South Africa, and has had an extensive career in international business, banking and finance. After working for the Chase Manhattan Bank and Lazard Frères in New York he founded Rand Merchant Bank in 1979. In 1985, he joined the Rembrandt Group. Three years later he founded Richemont and became Group Chief Executive. Appointed as Executive Chairman in September 2002, he also served as Group Chief Executive Officer during the period from October 2003 to September 2004. He is Chairman of Reinet Investments Manager SA, the management company of Reinet Investments S.C.A., Non-Executive Chairman of Remgro Limited and the Managing Partner of Compagnie Financière Rupert.

Mr Rupert holds honorary doctorates in Economics and in Commerce and was appointed Chancellor of Stellenbosch University in 2009.

Jean-Paul Aeschimann
Deputy Chairman
Swiss, age 76

Since 1988, Maître Aeschimann has served as Non-Executive Deputy Chairman. He is Chairman of the Audit Committee and a member of the Compensation Committee and the Nominations Committee.

Maître Aeschimann graduated in law from the University of Neuchâtel, studied at Harvard University and has been admitted to the Bar of Geneva. He is a practising lawyer and is Counsel to Lenz & Staehelin, based in Geneva. He serves as Vice-Chairman and Chairman of the Audit Committee of the Board of Barclays Bank (Suisse) SA as well as director of a number of Swiss subsidiaries of international groups.

Lenz & Staehelin acts as legal counsel to Richemont and to Compagnie Financière Rupert and Maître Aeschimann is the Special Auditor of Compagnie Financière Rupert.

Norbert Platt
Group Chief Executive Officer to 31 March 2010
German, age 63

Mr Platt was appointed to the Board in September 2005.

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's Management Committee from 2000 and served as Group Chief Executive Officer from October 2004 until March 2010. He was a member of the Group's Management Committee and the management board of Montblanc International Holding. He remains Non-Executive President of Montblanc International and a Non-Executive Director of Compagnie Financière Richemont SA.

Richard Lepeu
Group Finance Director to 31 March 2010
French, age 58

Mr Lepeu was appointed to the Board in September 2004 and is a member of the Chairman's Committee and the Group's Management Committee. With effect from 1 April 2010, he serves as Deputy Chief Executive Officer.

He 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.

Franco Cologni
Senior Executive Director
Italian, age 75

Dr Cologni was appointed to the Board in 2002 and serves as an advisor to the Executive Chairman and provides strategic input to the Maisons.

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. 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 and since 2005 has served as Chairman of the Fondation de la Haute Horlogerie in Geneva.

Dr Cologni is founder of the Richemont Creative Academy, which offers Masters degrees in design and creative management. He is also founder and Chairman of the non-profit institution Fondazione Cologni dei Mestieri d'Arte, established in Milan since 1995. Under the patronage of this Foundation, a University Chair dedicated to the Métiers d'Arts has been established within Milan University's Economics Faculty.

Lord Douro
British, age 64

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

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-Aventis and of Pernod Ricard and Abengoa Bio Energia. He is a senior advisor to the Crédit Agricole Group and 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.

Yves-André Istel
American, age 74
Mr Istel was appointed to the Board in 1990. A Non-Executive Director, he is a member of the Audit Committee, the Nominations Committee and the Compensation Committee.

Mr Istel graduated from Princeton University and has had an extensive career in investment banking. He was Managing Director 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. He is currently Senior Advisor to Rothschild Inc.

Mr Istel is a Non-Executive Director of Imperial Sugar Company, Analog Devices, Inc., Tiedemann Wealth Board of Management, and a member of Healthpoint Partners LLC's Advisory Board. He served as Chairman of the Board of Overseers of Reinet Investments S.C.A. until September 2009 and continues to act as an advisor to Reinet Investment Advisors Limited.

Mr Istel is Chairman of the Advisory Board of the Remarque Institute and the Center for French Civilisation and Culture, New York University, as well as 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.

Ruggero Magnoni
Italian, age 59
Mr Magnoni was elected as Non-Executive Director in 2006 and is a member of the Audit and Nominations Committee. 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. From 1987 to 1994, he was responsible for Lehman Brothers' activities in Italy. 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 October 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. until September 2009 and continues to act as an advisor to Reinet Investment Advisors Limited.

Mr Magnoni is Chairman of the Board of Spumador SpA and a member of the boards of Omniainvest SpA and 422 BV. He is a founding investor in Sopaf SpA and Hanseatic Americas Limited and is involved with various philanthropic activities, including Fondazione Laureus Italia. He is a member of the Campaign Board of Bocconi University in Milan.

Simon Murray
British, age 70
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, as well as holding directorships in various affiliated companies. In 1980, he formed his own project advisory company involved primarily in financing 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 1993, supervising the Group's operations in the region.

In 1998, he founded Simon Murray & Associates and is a director of Vodafone Group, UK and Cheung Kong (Holdings) Limited, Hong Kong.

Alain Dominique Perrin
French, age 67
Mr Perrin has served as an Executive Director since 2003.

He 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. Mr Perrin was Chief Executive of Richemont SA, Luxembourg from 2001 to 2003, overseeing the Group's luxury goods businesses from 1999 to 2003. He was responsible for the creation of the Fondation Cartier pour l'Art Contemporain in Paris and the launch of 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 (E.D.C.) 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. Mr Perrin is also President of the Fondation Cartier pour l'Art Contemporain and the Jeu de Paume Museum, Paris.

Alan Quasha
American, age 60
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 and 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. until September 2009 and continues to act as an advisor to Reinet Investment Advisors Limited.

He is a Managing Partner of Vanterra Capital, Chairman of Carret Asset Management Group LLC and HKN Inc., and was a director of American Express Funds from 2002 to 2005. He is a former Governor of the American Stock Exchange, a former Chairman of the Visiting Committee of Harvard University's Weatherhead Centre for International Affairs and is Chairman of the American Brain Trauma Foundation.

Lord Renwick of Clifton
British, age 72
Lord Renwick was appointed to the Board in 1995. He is a Non-Executive Director, Chairman of the Compensation Committee and a member of the Audit and Nominations Committees. With effect from November 2009, he has assumed the role of Independent Lead Director.

Lord Renwick 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 Chairman of Fluor Limited and Deputy Chairman of Fleming Family & Partners.

Board of directors of Compagnie Financière Richemont SA continued

Jan Rupert
Manufacturing Director
South African, age 54

Mr Jan Rupert was appointed to the Board in 2006 and became a partner of Compagnie Financière Rupert in the same year.

Since joining the Group in 1999, he has held the position of Manufacturing Director, with overall responsibility for the Group's manufacturing strategy. He was appointed to the Board of Richemont SA, Luxembourg in 2000 and continues to be a member of the Group's Management Committee.

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.

Jürgen Schrempp
German, age 65

Mr Schrempp was elected as a Non-Executive Director in 2003 and is 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 in Germany, an honorary Doctorate of the University of Graz, Austria and an honorary Doctorate in Commerce of the University of Stellenbosch, South Africa.

Mr Schrempp is former Chairman of the Board of Management of DaimlerChrysler. He served as President of Mercedes-Benz of South Africa, President of EUCLID, USA, as well as Chairman of the Board of Management of Daimler-Benz Aerospace. Mr Schrempp was a leading contributor in the creation of European Aeronautic Defence and Space Company ('EADS'). He became Chairman of Daimler-Benz in 1995. He continues to hold the position of Non-Executive Chairman of Mercedes-Benz of South Africa.

He is the Executive Chairman of Katleho Capital GmbH, Independent Lead Director of the South African Coal, Oil and Gas Corporation ('SASOL') and a Non-Executive Director of Jonah Capital, an investment holding company in South Africa. He also serves as Chairman of Iron Mineral Beneficiation Services ('IMBS'), South Africa, and on the Advisory Council of GEMS, a private equity firm. He is also Chairman of the Southern Africa Initiative of German Business ('SAFRI'). He was a member of the Board of Overseers of Reinet Investments S.C.A. until September 2009 and continues to act as an advisor to Reinet Investment Advisors Limited.

Mr Schrempp is Chairman Emeritus of the Global Business Coalition on HIV/AIDS and Honorary Consul-General of the Republic of South Africa.

He has received numerous awards and has also been recognised for his civic leadership and charitable contributions. 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, conferred upon him by President Nelson Mandela.

Martha Wikstrom
American, age 53

Ms Wikstrom was appointed to the Board as a Non-Executive Director in 2005 and was a member of the Nominations Committee. From 1 June 2009, she has served as Chief Executive Officer of the Group's Fashion & Accessories businesses and continues to serve as an Executive Director and a member of the Group's Management Committee.

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, one of America's leading specialty retailers, 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, an investment company specialising in the acquisition and development of luxury brands in which Richemont is the principal investor.

Ms Wikstrom sits as Chairman of the Board of Harrys of London Limited and is a Director of Space NK Limited.

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Compensation Committee
The Compensation Committee is comprised of three non-executive directors. To assist it in its deliberations it 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 three 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 Executive Chairman, for approving the compensation of the members of the Board and for reviewing the compensation of all other members of senior management.

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 Executive 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 non-executive directors meeting under the chairmanship of the Executive Chairman. Meetings of the Committee are held on an ad hoc basis, as required. During the year ended 31 March 2010, one meeting 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 Committees of the Board.

Management Committees
In addition to the Committees of the Board, there are a number of management committees. Key amongst these are the Chairman's Committee and the Group's 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's Commitment Approval 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 such support as it may require to consider and evaluate strategic alternatives.

The Chairman's Committee
During the year under review, the Chairman's Committee comprised the Executive Chairman, Johann Rupert, the Group Chief Executive Officer, Norbert Platt, the Group Finance Director, Richard Lepeu, and the Manufacturing Director, Jan Rupert. Other executives were invited to participate on an ad hoc basis at the discretion of the Executive 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.

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

4. SENIOR MANAGEMENT

The former Board of Richemont SA, Luxembourg, a directly held wholly-owned subsidiary of the Company until 20 October 2008, functions as the Group's Management Committee.

The Management Committee did not meet formally as a committee during the year, but its 13 members participated in various other committees, as well as interacting with one another and with the Maisons and regional platforms as necessary. Five of the 13 members also served on the Board during the year under review. Appointments to the Management Committee are made by the Board upon the recommendation of the Nominations Committee.

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, divisional and Maison financial performance as well as operational developments.
- The Group Chief Executive Officer and Group Finance Director report to the Board at each meeting. Supplementary reports are provided, as required, by the Chief Counsel, the Director of Corporate Affairs, the Director of Corporate Finance 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.

Section 4 of the corporate governance report continues on page 48

Group Management Committee

Johann Rupert
Executive Chairman and Chief Executive Officer
(For biographical details see page 42)

Norbert Platt
Group Chief Executive Officer to 31 March 2010
(For biographical details see page 42)

Richard Lepeu
Group Finance Director to 31 March 2010
Deputy Chief Executive Officer
(For biographical details see page 42)

Jan Rupert
Manufacturing Director
(For biographical details see page 44)

Martha Wikstrom
Chief Executive Officer, Richemont Fashion & Accessories
(For biographical details see page 44)

Giampiero Bodino
Group Art Director
Italian, age 49
Appointed to the Group's Management Committee 2004
A graduate of the Institute of Applied Arts and Design of Turin where he specialised in art styling, industrial design and architecture, Mr Bodino has had an extensive career in the design industry, working with major luxury and fashion houses, including Bulgari, Gucci, Versace and Swarovski.

His association with the Group, which began in 1990, extends across most of the Maisons and has involved watches, jewellery, accessories and writing instruments. Since 2002 he has served as Creative Director for Cartier and, since 2004, as Group Art Director.

Pilar Boxford
Group Public Relations Director
British, age 58
Appointed to the Group's Management Committee 2004
Ms Boxford graduated in Economics and Finance from the Institut d'Etudes Politiques de Paris. She joined Cartier Paris in 1979 as Product Manager – Perfumes and subsequently became responsible for Cartier's worldwide public relations strategy. In 1984, she transferred to Cartier London as Communications Director and became a member of the management board of Cartier Limited. She was appointed Group Public Relations Director in February 2004. Her primary role is to support the Maisons in the development of effective public relations strategies with a view to strengthening their presence on the world stage.

Bernard Fornas
Chief Executive of Cartier
French, age 63
Appointed to the Group's Management Committee 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 from 1973 to 1976 and the International Gold Corporation, where he was Jewellery Division Manager until 1983. He then moved to Guerlain, in the field of perfumes and cosmetics, 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 subsequently became Chief Executive of Baume & Mercier in 2001 and was appointed Chief Executive of Cartier in 2002.

He was appointed Vice President of the Comité Colbert in 2007.

Alan Grieve
Director of Corporate Affairs
British, age 58
Appointed to the Group's Management Committee 2004
Mr Grieve holds a degree in business administration from Heriot-Watt University, Edinburgh, and is a member of the Institute of Chartered Accountants of Scotland.

Prior to joining Richemont's predecessor companies in 1986, he worked with Price Waterhouse & Co (now PricewaterhouseCoopers) and Arthur Young (now Ernst & Young). He served as Company Secretary of Richemont from its formation in 1988 until 2004. He has been involved in many aspects of the Group's financial management, serving also on the boards of a number of the Group's subsidiary companies.

In addition to his role within Richemont, he is Chief Financial Officer of the management companies of both Reinet Investments S.C.A. and its subsidiary Reinet Fund S.C.A. F.I.S. (together 'Reinet'). He is also a director of Klinik Hirslanden AG, the Swiss subsidiary of the Medi-Clinic organisation. Mr Grieve is a founding member of the Laureus Sport for Good Global Foundation.

Albert Kaufmann
General Counsel
Swiss, age 62
Appointed to the Group's Management Committee 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 as Group General Counsel in 1999.

Mr Kaufmann is a member of the board of the Federation of the Swiss Watch Industry and of the Committee of 'economiesuisse', the Swiss Business Federation.

Thomas Lindemann
Group Human Resources Director
German, age 46
Appointed to the Group's Management Committee 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 Human Resources Director for Richemont Northern Europe in 2002 and was appointed Group Human Resources Director in 2005.

Eloy Michotte
Corporate Finance Director
Belgian, age 62
Appointed to the Group's Management Committee 1988
Mr Michotte graduated in engineering from the University of Louvain in Belgium and holds an MBA from the University of Chicago. He has had an extensive career in international business and finance, having worked with Ford, McKinsey & Co and Bankers Trust Company prior to joining Richemont at the time of its formation in 1988. As Corporate Finance Director, he has responsibility, in particular, for mergers and acquisitions and serves on the boards of a number of companies in which the Group has an interest, including Net-a-Porter Limited.

In addition to his role within Richemont, he is an Executive Director of the management companies of both Reinet Investments S.C.A. and its subsidiary Reinet Fund S.C.A. F.I.S. (together 'Reinet').

Frederick Mostert
Group Chief Counsel
South African, age 50
Appointed to the Group's Management Committee 1994
Dr Mostert holds a masters 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.

Dr Mostert is a past President of the International Trademark Association, serves on the Advisory Council of the McCarthy Center for Intellectual Property and Technology Law, is a guest professor at Peking University and a Fellow of the London School of Economics. He is a Director of Reinet Investments Manager S.A., Reinet Fund Manager S.A., Net-a-Porter Limited, 4D Innovative Capital International Limited, The Walpole Committee Limited, Laureus World Sports Awards Limited, and Freedom Under Law.

Continued from page 45

- There is regular interaction between members of the Board and the 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 timeframe. 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

With the exception of the contract between Atelier Fund, LLC and Atelier Management, LLC described in note 34 to the Group's consolidated financial statements, there were no contracts between the Group and any third parties for the management of any subsidiary or associated company in the Group.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

Content and method of determining the compensation and share-ownership programmes

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 Executive Chairman, for approving the compensation of the members of the Board and for reviewing the compensation of all other members of senior management. The Compensation Committee considers recommendations from the Chairman's Committee regarding remuneration awards but may amend or reject these recommendations. From time to time the Chairman's Committee may use external consultants for advice on remuneration matters. During the year, external advice on compensation-related matters was received from Towers Watson and PricewaterhouseCoopers on stock option-related matters.

Executives are rewarded in line with the level of their authority and responsibility within the organisation. In addition to a basic salary, they generally receive an annual short-term cash incentive related to their individual achievements and the performance of the Group as a whole. Both elements are reviewed annually in accordance with the Group's salary review process. In determining the level of any increase to basic salary, consideration is given to market conditions and the Group's performance; the level of pay award to the rest of the business; the role and responsibilities of the individual; and market benchmarking information provided by external consultants.

The level of short-term cash incentive is dependent on performance against a range of demanding individual key performance indicators and collective strategic objectives, usually established at the beginning of the year. The indicators and objectives relate to the potential of the area of the business for which the individual is responsible. These objectives are determined by the Executive Chairman and the Chief Executive Officer and are revised only where exceptional circumstances beyond the control of the individual make the original target unachievable. The short-term cash incentive for executives is typically around 40 per cent of basic salary, with further incentives for exceptional performance. The Compensation Committee does not participate in the setting of individual targets. This role is performed by the Executive Chairman and the Chief Executive Officer. The Compensation Committee is satisfied that these targets are appropriately challenging for the level of award.

Executives may also be eligible to participate in the Group's stock option plan, details of which are set out on page 51 of this report. Option awards are entirely discretionary and are linked to each executive's salary level and performance. Gains achievable from previous awards are also considered. The Group does not operate any schemes to issue shares to executives as part of their compensation package. The 2008 grant of options included vesting conditions linked to the performance of the Company's share price relative to a comparative group of luxury goods businesses. No options were awarded to any member of the Board or the Group Management Committee in the year under review.

The Group also operates a 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. Individuals receiving awards under the long-term incentive plan remain eligible to participate in the Group's stock option plan. In such cases, awards made under the option plan are generally at a significantly reduced level.

The Compensation Committee considers these components in total to ensure there is the correct balance between reward for short-term success and long-term growth and reflects both the individual's performance and contribution to the overall Group's results.

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

Non-executive directors receive an annual fee in respect of their membership of the Board. The level of this fee is kept under review by reference to comparable external figures. Non-executive directors are not eligible for performance-related payments and do not receive awards under the Group's stock option plan. There is no scheme to issue shares to non-executive directors.

Non-executive directors who are also members of the Compensation Committee or the Audit Committee are entitled to receive an attendance fee of € 3 300 (CHF 5 000) and € 6 700 (CHF 10 000), respectively, for each Committee meeting.

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 € 40 381 845 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'). The amounts are in agreement with other IFRS information provided elsewhere in this annual report.

		Salary, short-term incentives and other short-term employee benefits €	Long-term benefits €	Post-employment benefits €	Stock option cost* €	Total €
Board of Directors						
Johann Rupert	Executive Chairman	1 562 672	–	1 649 010	1 586 162	**4 797 844**
Jean-Paul Aeschimann	Non-Executive Deputy Chairman	106 525	–	–	–	**106 525**
Norbert Platt	Group Chief Executive Officer	4 289 120	–	75 260	4 871 115	**9 235 495**
Richard Lepeu	Group Finance Director	2 798 502	–	70 487	1 396 833	**4 265 822**
Franco Cologni	Senior Executive Director	520 346	–	8 955	–	**529 301**
Lord Douro	Non-Executive Director	182 480	–	–	–	**182 480**
Yves-André Istel	Non-Executive Director	109 854	–	–	–	**109 854**
Simon Murray	Non-Executive Director	79 893	–	–	–	**79 893**
Alain Dominique Perrin	Executive Director	1 519 239	–	–	–	**1 519 239**
Alan Quasha	Non-Executive Director	79 893	–	–	–	**79 893**
Lord Renwick	Lead Independent Director	106 525	–	–	–	**106 525**
Jan Rupert	Manufacturing Director	1 074 024	–	54 497	1 185 878	**2 314 399**
Jürgen Schrempp	Non-Executive Director	79 893	–	–	–	**79 893**
Martha Wikstrom	Chief Executive Officer, Richemont Fashion & Accessories**	1 151 336	–	194 812	–	**1 346 148**
Total		13 660 302	–	2 053 021	9 039 988	**24 753 311**
Group Management Committee		9 365 695	457 500	855 397	4 949 942	**15 628 534**
Total key management compensation		23 025 997	457 500	2 908 418	13 989 930	**40 381 845**

* The cost for stock 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 35 to the consolidated financial statements.

** Ms Wikstrom served as a non-executive director to May 2009. During this period she received fees of € 13 316.

During the year under review, the Group Management Committee included the Executive Chairman, the Group Chief Executive Officer, the Group Finance Director, the Manufacturing Director and the Chief Executive Officer of Richemont's Fashion & Accessories businesses. The compensation of these five directors is disclosed above as members of the Board and is therefore excluded from the total compensation of the Group Management Committee. Details of other members of the Group Management Committee are included in section 4 of the corporate governance report on pages 46 and 47.

The comparative analysis of the table above is presented in note 34f of the Group's consolidated financial statements.

Details of options held by executive directors and members of the Group Management Committee under the Group's stock option plan at 31 March 2010 are as follows:

	Number of options					
	1 April 2009	Exercised in year	31 March 2010	Weighted average grant price CHF	Earliest vesting period	Latest expiry date
Board of Directors						
Johann Rupert	8 275 841	(2 649 000)	5 626 841	12.41	Apr 2010-Jul 2011	June 2013
Norbert Platt	2 321 876	(480 058)	1 841 818	24.63	Apr 2010	June 2017
Richard Lepeu	1 794 612	(195 299)	1 599 313	20.74	Apr 2010-Jul 2014	June 2017
Jan Rupert	1 236 343	–	1 236 343	20.71	Apr 2010-Jul 2014	June 2017
Group Management Committee						
Giampiero Bodino	586 145	–	586 145	22.22	Apr 2010-Jul 2014	June 2017
Pilar Boxford	158 416	(53 443)	104 973	23.45	Apr 2010-Jul 2014	June 2017
Bernard Fornas	1 027 766	(332 044)	695 722	23.04	Apr 2010-Jul 2014	June 2017
Alan Grieve	426 571	–	426 571	20.17	Apr 2010-Jul 2014	June 2017
Albert Kaufmann	1 224 750	(48 330)	1 176 420	21.45	Apr 2010-Jul 2014	June 2017
Thomas Lindemann	387 068	(41 611)	345 457	24.09	Jul 2010-Jul 2014	June 2017
Eloy Michotte	461 981	–	461 981	20.36	Apr 2010-Jul 2014	June 2017
Frederick Mostert	786 723	–	786 723	23.17	Apr 2010-Jul 2014	June 2017

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.

Maître Jean-Paul Aeschimann, the Deputy Chairman, is counsel to the Swiss legal firm, Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totalling € 296 616 from Group companies for advice on legal and taxation matters.

During the year, the Group gave donations of € 411 934 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.

In addition to his non-executive director's fee, Lord Douro received fees, pension contributions and other benefits totalling € 102 587 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.

Since his appointment to the Board in 2006, Mr Ruggero Magnoni has formally waived his entitlement to receive any fees or compensation in respect of his duties as a non-executive director.

On 28 February 2006, the Group committed to invest US$ 65 million in a subsidiary company, Atelier Fund, LLC, a limited liability investment company specialising in high-potential brand/retail opportunities in the luxury sector. Ms Martha Wikstrom, an executive director of the Company from 1 June 2009 (a non-executive director to May 2009) held a one-third interest in Atelier Management, LLC, the managing company of this investment fund. With effect from 31 March 2010, Ms Wikstrom's interest was transferred to unrelated third parties. Ms Wikstrom has received no remuneration from the managing company, nor otherwise in respect of the fund, since becoming an executive director.

Until September 2009, Messrs Istel, Magnoni, Quasha and Schrempp were members of the Board of Overseers of Reinet Investments SCA and its subsidiary Reinet Fund SCA FIS. No compensation was paid to them by the Company or the Reinet entities in respect of their involvement in the Board of Overseers. They continue to provide services to Reinet Investment Advisors Limited.

During the year under review, certain members of senior management provided services to the management companies of Reinet Investments SCA and Reinet Fund SCA FIS. € 1.7 million of the total compensation costs disclosed above was in respect of these services and this has been reimbursed by the Reinet entities involved. With effect from 1 April 2010, those members of senior management who provide services to Reinet entities will do so through separate contracts.

In accordance with the terms of the modification to the Group's executive stock option plan in October 2008, executive directors and members of the Group's Management Committee received vested options over shares in BAT and Reinet. At 31 March 2010, the Group recognised a liability of € 24 million in respect of its obligation to deliver shares in these two entities on exercise of the options which remained outstanding at that date.

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 € 9 235 495, which was paid to Mr Norbert Platt, Group Chief Executive Officer.

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 € 128 052 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
As at 31 March 2010, members of the Board and parties closely linked to them owned a total of 213 000 'A' shares. Members of the Group Management Committee and parties closely linked to them held a total of 51 670 'A' shares at that date. As noted above, Mr Johann Rupert is the General Managing Partner of Compagnie Financière Rupert, which holds the 522 000 000 'B' registered shares in the Group. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 811 664 'A' shares or 'A' share equivalents at 31 March 2010. The interest of individual directors in Richemont 'A' shares is as follows:

	At 31 March 2010
Board of Directors	
Franco Cologni	**75 000**
Lord Douro	**18 000**
Yves-André Istel	**16 000**
Alain Dominique Perrin	**100 000**
Lord Renwick	**4 000**
	213 000
Group Management Committee	
Alan Grieve	**50 000**
Albert Kaufmann	**1 670**
	51 670
	264 670

Following the decision of the AGM held on 9 September 2009 to pay dividends of CHF 0.30 per 'A' bearer share and CHF 0.03 per 'B' registered share, dividends of CHF 16 537 150 were paid to the owners of shares described in the paragraphs above.

Mr Jan Rupert, Group Manufacturing 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 Jan Rupert's family are also beneficiaries of certain companies that have acquired and currently hold 20 000 '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 Executive 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. Details of the holdings of Compagnie Financière Rupert and parties associated with Mr Johann Rupert are given at the beginning of this section of the corporate governance report.

Mr Alain Dominique Perrin, an executive director during the year under review, also has an indirect holding of 819 779 'A' shares.

Mr Alan Grieve, a member of the Group Management Committee, also serves as a director of certain private companies established when the Group was founded and linked to former investors in Compagnie Financière Rupert. These companies hold in total 9 855 099 'A' shares. Mr Grieve has no beneficial interest in those companies or in the 'A' shares that they hold. These companies have no current connection with Compagnie Financière Rupert and are not associated in any way with Mr Johann Rupert.

Stock option plan

The Group operates a long-term share-based compensation plan whereby executives are awarded options to acquire shares at predetermined market-linked prices. No awards under the stock option plan have been made to non-executive directors.

Richemont agrees with the principle that stock options form a significant part of compensation and that the issue of new shares to meet the obligations under stock 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 stock option plans in the statement of comprehensive income. In addition, since 2004, Richemont has purchased over-the-counter call options with a third party to purchase treasury shares at the same strike price as the share options granted to executives. These call options, together with the shares held, provide a comprehensive hedge of the Group's anticipated obligations arising under its stock option plan.

Awards under the Group's stock option plan will not result in the issue of new capital and, in consequence, there will be no dilution of current shareholders' interests.

In accordance with IFRS 2, *Share-based Payment*, the Group recognises in its financial statements an operating expense in respect of the fair value of options granted to executives. The aggregate charge in respect of each option grant is amortised over the vesting period of the award. Further details are given in note 35 to the Group's consolidated financial statements. For the year under review the IFRS 2 charge amounted to € 36 million (2009: € 31 million).

With effect from the 2005 award, the terms of the Group's long-term share-based compensation plan have been amended to permit executives not only to exercise but also to trade options once they have vested. The options granted as from 2008 onwards include a performance condition correlated to a comparative group of luxury goods businesses upon which vesting is conditional.

The de-twinning of Richemont units, which took place on 20 October 2008 and which is described in Section 1 of this report, impacted the value and the number of stock options previously awarded to executives. Richemont unit options, which had vested but were not yet exercised at the date of the de-twinning, were converted into options over shares in the Company, options over British American Tobacco plc shares and options over Reinet Investments SCA shares. The exchange ratio used, determined at market prices at the close of business on the date of de-twinning, was calculated to preserve the economic benefits of the Richemont option holders. Richemont unit options which had not vested at the date of the restructuring were converted in their entirety into options over shares in the Company. Further details regarding the valuation of the options are presented in note 35 to the Group's consolidated financial statements.

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

Loans to members of governing bodies

As at 31 March 2010, there were no loans or other credits outstanding to any current or former executive or non-executive director. 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 or non-executive director.

6. SHAREHOLDER PARTICIPATION RIGHTS

Details of shareholder voting rights and the right to attend meetings of shareholders are given above in section 2 of the corporate governance report under the heading 'Capital Structure'.

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 the Act, any party that would directly or indirectly or acting in concert with third parties acquire more than 33⅓ per cent 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 per cent 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 per cent of the voting rights of the Company.

No specific provisions exist in the statutes 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. AUDITORS

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

PricewaterhouseCoopers SA were reappointed by the Company's shareholders at the 2009 AGM as the auditors 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 auditors' performance. The results of this exercise are reviewed by the Audit Committee.

PricewaterhouseCoopers were initially appointed as auditors of the Company and the Group (as Coopers & Lybrand) in 1993. Mr David Mason, the lead auditor, assumed that role in September 2005. The Company's policy is to rotate the lead auditor at least once every seven years.

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 € 5.9 million in respect of the financial year ended 31 March 2010. Total fees and expenses paid or accrued as payable in respect of the financial year to PricewaterhouseCoopers for non-audit services amounted to € 1.5 million, primarily relating to tax compliance services and advice. The scope of services provided by the external auditors is reviewed annually by the Audit Committee and the relative weight of non-audit work provided by the external auditors is also kept under close review.

Representatives of PricewaterhouseCoopers attended all meetings of the Audit Committee held during the financial year as well as the meeting of the Committee held on 25 May 2010 at which the financial statements were reviewed. For further information on the role of the Audit Committee, please refer to section 3 of the corporate governance report.

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 preliminary announcement of the results for the financial year is issued in May each year. In addition to the annual report, each year Richemont publishes its half-yearly financial report in November as well as a trading statement in January covering the Group's performance during the third quarter of the financial year, being the important pre-Christmas trading period. Additionally, an announcement as to current trading performance is made each year at the AGM, which is normally held in September. Ad hoc news 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 half-yearly 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 half-yearly 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 http://www.richemont.com/contact.html

Copies of the annual and half-yearly financial reports, the preliminary announcement, trading statements, ad hoc press releases and the corporate social responsibility report may also be downloaded from the Richemont website. Copies of the statutes of Company, together with the Corporate Governance Regulations, are also available on the website.

In addition, the Group presents its annual and half-yearly financial 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 associated undertakings (together, 'the Group') for the year ended 31 March 2010. The consolidated financial statements on the following pages set out the financial position of the Group at 31 March 2010 and the results and cash flows of its operations for the year then ended. The financial statements of the Company are presented on pages 108 to 111.

The agenda for the Annual General Meeting, which is to be held in Geneva on 8 September 2010, is set out on page 116.

Further information on the Group's activities during the year under review is given in the Financial Review on pages 27 to 34.

Consolidated financial statements

Company financial statements

Consolidated statement of financial position
at 31 March

	Notes	2010 € m	2009 € m
Assets			
Non-current assets			
Property, plant and equipment	*7*	**1 138**	1 148
Goodwill	*8*	**164**	155
Other intangible assets	*9*	**225**	231
Investments in associated undertakings	*10*	**24**	14
Deferred income tax assets	*11*	**315**	305
Financial assets held at fair value through profit or loss	*12*	**88**	143
Other non-current assets	*13*	**195**	180
		2 149	2 176
Current assets			
Inventories	*14*	**2 260**	2 422
Trade and other receivables	*15*	**626**	672
Derivative financial instruments	*16*	**13**	18
Prepayments and accrued income		**84**	80
Assets of disposal groups held for sale	*28*	**–**	11
Financial assets held at fair value through profit or loss	*12*	**1 339**	–
Cash at bank and on hand	*17*	**1 258**	2 032
		5 580	5 235
Total assets		**7 729**	7 411
Equity and liabilities			
Equity			
Share capital	*18*	**334**	334
Treasury shares	*18*	**(248)**	(195)
Hedge and share option reserves	*18*	**194**	90
Cumulative translation adjustment reserve		**423**	124
Retained earnings		**4 955**	4 479
Total shareholders' equity		**5 658**	4 832
Minority interest		**2**	3
Total equity		**5 660**	4 835
Liabilities			
Non-current liabilities			
Borrowings	*19*	**326**	77
Deferred income tax liabilities	*11*	**27**	78
Retirement benefit obligations	*21*	**39**	39
Provisions	*22*	**55**	40
Other long-term liabilities		**17**	34
		464	268
Current liabilities			
Trade and other payables	*23*	**574**	545
Current income tax liabilities		**230**	172
Borrowings	*19*	**3**	188
Derivative financial instruments	*16*	**79**	123
Provisions	*22*	**105**	117
Accruals and deferred income		**242**	218
Short-term loans	*19*	**54**	276
Bank overdrafts	*17*	**318**	669
		1 605	2 308
Total liabilities		**2 069**	2 576
Total equity and liabilities		**7 729**	7 411

The notes on pages 58 to 106 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 March

	Notes	2010 € m	2009 re-presented € m
Sales	6	**5 176**	5 418
Cost of sales		**(1 985)**	(2 001)
Gross profit		**3 191**	3 417
Selling and distribution expenses		**(1 277)**	(1 235)
Communication expenses		**(506)**	(644)
Administrative expenses		**(545)**	(542)
Other operating (expense)/income	24	**(33)**	(28)
Operating profit		**830**	968
Finance costs	27	**(161)**	(228)
Finance income	27	**24**	127
Share of post-tax profit of associated undertakings	10	**4**	3
Profit before taxation		**697**	870
Taxation	11	**(94)**	(133)
Profit from continuing operations	25	**603**	737
(Loss)/profit from discontinued operations (net of tax)	28	**(3)**	339
Profit for the year		**600**	1 076
Other comprehensive income:			
Currency translation adjustments		**299**	57
Cash flow hedges			
– net gains/(losses)		**27**	(41)
– reclassification to profit or loss		**13**	(12)
Tax on cash flow hedges		**(2)**	3
Share of other comprehensive income of associates		**1**	29
Other comprehensive income, net of tax		**338**	36
Total comprehensive income		**938**	1 112
Profit attributable to:			
Owners of parent		**599**	1 075
Minority interest		**1**	1
		600	1 076
Total comprehensive income attributable to:			
Owners of parent		**937**	1 111
Minority interest		**1**	1
		938	1 112
Earnings per share attributable to shareholders during the period (expressed in € per share)			
Basic:			
– from continuing operations	29	**1.088**	1.315
– from discontinued operations	29	**(0.005)**	0.606
		1.083	1.921
Diluted:			
– from continuing operations	29	**1.076**	1.312
– from discontinued operations	29	**(0.005)**	0.604
		1.071	1.916

The notes on pages 58 to 106 are an integral part of these consolidated financial statements.

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

		Equity attributable to shareholders						Minority interest	Total equity
	Notes	Shareholders' capital € m	Treasury shares € m	Other reserves € m	Cumulative translation adjustment reserve € m	Retained earnings € m	Total € m	€ m	€ m
Balance at 1 April 2008		979	(268)	176	(348)	7 076	7 615	4	7 619
Total comprehensive income		–	–	(50)	57	1 104	1 111	1	1 112
Net changes in treasury shares	*18*	–	73	–	–	(7)	66	–	66
Employee share option plan	*18*	–	–	(29)	–	–	(29)	–	(29)
Tax on share option plan	*18*	–	–	(7)	–	–	(7)	–	(7)
Dividends paid	*30*	–	–	–	–	(438)	(438)	–	(438)
Minorities acquired in business combinations		–	–	–	–	–	–	(2)	(2)
Partial liquidation of Group		(645)	–	–	415	(3 256)	(3 486)	–	(3 486)
Balance at 31 March 2009		**334**	**(195)**	**90**	**124**	**4 479**	**4 832**	**3**	**4 835**
Total comprehensive income		**–**	**–**	**38**	**299**	**600**	**937**	**1**	**938**
Net changes in treasury shares	*18*	**–**	**(53)**	**–**	**–**	**(15)**	**(68)**	**–**	**(68)**
Employee share option plan	*18*	**–**	**–**	**39**	**–**	**–**	**39**	**–**	**39**
Tax on share option plan	*18*	**–**	**–**	**27**	**–**	**–**	**27**	**–**	**27**
Dividends paid	*30*	**–**	**–**	**–**	**–**	**(109)**	**(109)**	**(1)**	**(110)**
Changes in ownership of minorities		**–**	**–**	**–**	**–**	**–**	**–**	**(1)**	**(1)**
Balance at 31 March 2010		**334**	**(248)**	**194**	**423**	**4 955**	**5 658**	**2**	**5 660**

The notes on pages 58 to 106 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 March

	Notes	2010 € m	2009 € m
Cash flows from operating activities			
Cash flow generated from operations	*31*	**1 464**	819
Interest received		**15**	73
Interest paid		**(26)**	(37)
Other investment income		**6**	–
Dividends from associated undertaking		**1**	343
Taxation paid		**(82)**	(179)
Net cash generated from operating activities		**1 378**	1 019
Cash flows from investing activities			
Proceeds from disposal of subsidiary undertakings and other businesses, net of cash disposed		**1**	–
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	*33*	**(22)**	(126)
Acquisition of associated undertakings	*10*	**(5)**	(3)
Acquisition of property, plant and equipment		**(151)**	(305)
Proceeds from disposal of property, plant and equipment		**4**	12
Acquisition of intangible assets		**(29)**	(44)
Proceeds from disposal of intangible assets		**1**	1
Investment in short-term government bond funds	*12*	**(1 240)**	–
Proceeds from disposal of short-term government bond funds	*12*	**861**	–
Acquisition of other non-current assets		**(16)**	(59)
Proceeds from disposal of other non-current assets		**77**	61
Net cash used in investing activities		**(519)**	(463)
Cash flows from financing activities			
Proceeds from borrowings		**264**	108
Repayment of borrowings		**(417)**	(162)
Dividends paid		**(110)**	(438)
Distribution of discontinued operations, net of cash disposed		**–**	(351)
Payment for treasury shares		**(158)**	(98)
Proceeds from sale of treasury shares		**59**	14
Capital element of finance lease payments		**(3)**	(5)
Net cash used in financing activities		**(365)**	(932)
Net change in cash and cash equivalents		**494**	(376)
Cash and cash equivalents at beginning of year		**1 363**	1 771
Reclassification of short-term government bond funds	*12*	**(956)**	–
Exchange gains/(losses) on cash and cash equivalents		**39**	(32)
Cash and cash equivalents at end of year	*17*	**940**	1 363

The notes on pages 58 to 106 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
at 31 March 2010

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 luxury goods 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 and Azzedine Alaïa.

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 ('the Board') on 26 May 2010 and are subject to approval at the shareholders' general meeting on 8 September 2010.

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 International Accounting Standards issued or adopted by the International Accounting Standards Board ('IASB') and in accordance with interpretations issued or adopted by the International Financial Reporting Interpretations Committee ('IFRIC'), (together 'IFRS').

The policies set out below have been consistently applied to the periods presented unless otherwise stated.

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 Group has adopted the following new and amended IFRSs as of 1 April 2009:

- IFRS 2 (amendment), *Share-based Payments* clarifies that vesting conditions can be service conditions and performance conditions only. Other features of share-based payments are not vesting conditions. It also specifies that all cancellations whether by the entity or by other parties should receive the same accounting treatment. This amendment has no impact on the Group financial statements.
- IFRS 7, *Financial Instruments* – Disclosure (amendment) requires enhanced disclosure about fair value measurement and liquidity risk. There is no impact on earnings.
- IFRS 8, *Operating Segments* introduces a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Under this standard 'Other' now includes the Leather and Accessories Maisons. The quantitative information on net segment assets has now been replaced with information on inventories and trade receivables.
- IAS 1 (revised), *Presentation of Financial Statements* primarily affects the presentation of owner changes in equity and of comprehensive income. The Group has adopted a single statement presentation of comprehensive income, effectively combining both the income statement and all non-owner changes in equity in a single statement.

Other, less significant, changes to enacted guidance are not detailed here and have had no impact on the Group's financial statements.

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 associated undertakings and joint ventures.

The attributable results of subsidiary undertakings, associated undertakings and joint ventures are included in the consolidated financial statements from their dates of acquisition; results are de-consolidated from their dates of disposal.

Uniform accounting policies have been adopted.

Subsidiary undertakings are defined as those undertakings that are controlled by the Group. Control of an undertaking most commonly exists when the Company holds, directly or indirectly through other subsidiary undertakings, more than 50 per cent of the ordinary share capital and voting rights of the undertaking. 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 purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition 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.

Associated undertakings are defined as those undertakings, not classified as subsidiary undertakings, where the Group is able to exercise a significant influence. Associated undertakings are accounted for under the equity method.

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

The Group recognises its share of transactions booked by associated undertakings directly in equity as equity movements.

Joint ventures are enterprises that are jointly controlled by the Group and one or more other parties in accordance with contractual arrangements between the parties. The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. Under this method, the Group includes its share of the joint ventures' income and expenses, assets and liabilities and cash flows in the relevant components of the consolidated financial statements.

The Group treats transactions with minority interests as transactions with parties external to the Group.

Non-cash distributions to shareholders, acting in their capacity as shareholders are recognised at book value.

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.

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, except where hedge accounting is applied as explained in note 3.2.

(c) **Subsidiary and associated undertakings**

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 subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

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 limits, as follows:

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

Land and assets under construction are not depreciated.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit or loss for the period. 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.

Notes to the consolidated financial statements continued

2.6. Goodwill and other intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary or associate at the date of acquisition.

Goodwill arising on acquisition of subsidiaries is recognised separately. Goodwill on acquisition of associated undertakings is included in the carrying value of the investment in the associated company.

Goodwill arising from subsidiaries is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the entity sold.

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 and which are identified according to operating segments.

(b) Computer software and related licences

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

(c) Research and development, 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. 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 key money

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.

2.7. 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 fixed 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.

2.8. Other financial asset investments

The Group classifies its investments in the following categories: financial assets held at fair value through profit or loss, loans and receivables and held-to-maturity investments. 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.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the intention and ability to hold to maturity. The Group did not hold any investments in this category during the year.

2.9. 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.

2.10. 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.

2.11. 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. A provision for impairment of trade 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 provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The movement of the provision is recognised in profit or loss for the period.

2.12. 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.

2.13. 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.

2.14. 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.

2.15. 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 substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially 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, joint ventures and associates, 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.

2.16. Employee benefits

(a) Retirement benefit obligations

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

Notes to the consolidated financial statements continued

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, together with adjustments for unrecognised actuarial gains or losses and past service costs. 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 bonds 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, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time ('the vesting period'). In this case, the past service costs are amortised on the straight-line method over the vesting period.

Actuarial gains and losses in excess of the greater of 10 per cent of the value of plan assets or 10 per cent of the defined benefit obligations are charged or credited to profit or loss over the expected average remaining service lives of employees.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance 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 where 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.

2.17. 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 comprise 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.

2.18. Revenue recognition

(a) Goods

Sales revenue comprises the fair value of 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.

2.19. Leases

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

(b) 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. All property, plant and equipment so recognised is depreciated over the shorter of the asset's expected useful life or the lease term.

In cases where land and buildings are acquired under finance leases, separate values of the land and buildings are established.

2.20. 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.

2.21. Dividend distributions

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

2.22. New standards and interpretations not yet adopted

Certain new accounting standards issued by IASB and new interpretations issued by IFRIC are not yet effective for the year ended 31 March 2010 and have not been applied in preparing these consolidated financial statements.

- IAS 27 (revised), *Consolidated and Separate Financial Statements* must be applied for annual periods beginning on or after 1 July 2009. The amendments to this standard relate to the accounting for non-controlling interests and loss of control of a subsidiary. These revisions will require any future transactions between the Group and minority shareholders ('non-controlling interests') to be accounted for in equity.
- IFRS 3 (revised), *Business Combinations* is effective for business combinations with an acquisition date on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. These revisions concern the accounting for business combinations in Group and separate financial statements. The Group will apply the requirements of these standards to business combinations with an acquisition date on or after 1 April 2010.
- IFRS 5 (amendment), *Non-Current Assets held-for-sale and Discontinued Operations* (and consequential amendment to IFRS 1, *First-Time Adoption*) (effective from 1 July 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRSs. The Group will apply the IFRS 5 (amendment) prospectively to all partial disposals of subsidiaries from 1 April 2010.
- IFRIC 17, *Distribution of Non-cash Assets to Owners* clarifies that non-cash distributions to owners should be measured at the fair value of the assets distributed. The Group will apply IFRIC 17 from 1 April 2010. It is not expected to have a material impact on the Group's financial statements.
- IAS 38 (amendment), *Intangible Assets*. The amendment is part of the IASB's annual improvements project published in April 2009 and the Group and Company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group financial statements.

There are a number of additional changes to existing standards and new interpretations which will not have material, if any, impact on the Group's financial statements.

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) **Market risk**

(i) 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 and Japanese yen. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Entities in the Group use forward contracts to manage their foreign exchange risk arising from recognised assets and liabilities. Foreign exchange risk arises when recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Group Treasury oversees the management of the net position in each foreign currency by using external currency forwards and accrual style option forwards.

External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

The Group's financial risk management policy is to hedge up to 70 per cent of anticipated net cash flow exposure arising in US dollars, HK dollars, SG dollars and Japanese yen for the subsequent twelve months. A significant portion of projected sales in each major currency qualifies as 'highly probable' forecast transactions for hedge accounting purposes.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the 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 other comprehensive income and 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. The analysis is performed on the same basis as for 2009.

	Change in rate		Other comprehensive income		Profit or loss	
	2010 %	2009 %	2010 € m	2009 € m	2010 € m	2009 € m
USD strengthening vs CHF	**11%**	13%	**(23)**	(29)	**1**	(12)
JPY strengthening vs CHF	**15%**	15%	**(16)**	(16)	**–**	(1)
HKD strengthening vs CHF	**11%**	13%	**(34)**	(28)	**–**	–
SGD strengthening vs CHF	**8%**	13%	**–**	(2)	**(1)**	–
CNY* strengthening vs CHF	**11%**	15%	**–**	–	**2**	(8)
HKD strengthening vs EUR	**12%**	14%	**–**	–	**(24)**	(33)
JPY strengthening vs EUR	**14%**	20%	**–**	–	**(15)**	(48)
USD strengthening vs EUR	**12%**	14%	**–**	–	**(32)**	(1)
CHF strengthening vs EUR	**5%**	6%	**–**	–	**(91)**	70
SGD strengthening vs EUR	**–**	11%	**–**	–	**–**	(2)
GBP strengthening vs CHF	**–**	16%	**–**	–	**–**	5
GBP strengthening vs EUR	**–**	15%	**–**	–	**–**	(5)
KRW strengthening vs HKD	**12%**	–	**–**	–	**3**	–

*Chinese yuan/renminbi

	Change in rate		Other comprehensive income		Profit or loss	
	2010 %	2009 %	2010 € m	2009 € m	2010 € m	2009 € m
USD weakening vs CHF	**11%**	13%	**18**	22	**(1)**	8
JPY weakening vs CHF	**15%**	15%	**12**	12	**–**	1
HKD weakening vs CHF	**11%**	13%	**27**	22	**–**	–
SGD weakening vs CHF	**8%**	13%	**–**	2	**1**	–
CNY* weakening vs CHF	**11%**	15%	**–**	–	**(2)**	5
HKD weakening vs EUR	**12%**	14%	**–**	–	**19**	22
JPY weakening vs EUR	**14%**	20%	**–**	–	**11**	29
USD weakening vs EUR	**12%**	14%	**–**	–	**25**	(1)
CHF weakening vs EUR	**5%**	6%	**–**	–	**91**	(70)
SGD weakening vs EUR	**–**	11%	**–**	–	**–**	1
GBP weakening vs CHF	**–**	16%	**–**	–	**–**	(5)
GBP weakening vs EUR	**–**	15%	**–**	–	**–**	5
KRW weakening vs HKD	**12%**	–	**–**	–	**(3)**	–

*Chinese yuan/renminbi

(ii) Price risk

The Group is exposed to commodity price risk and equity securities' 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.

• Equity securities' price risk

The Group is exposed to equity securities' price risk relating to its investments in listed and unlisted equities and its obligation to executives in the form of options over shares in listed equities. 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 2010, the Group held a number of listed investments with a total market value of € 83 million (2009: € 131 million). These investments are primarily listed in the UK and Luxembourg. Movements of plus/(minus) 20 per cent and 35 per cent 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) € 34 million (2009: movement plus/(minus) 40 per cent based on the one-year volatility and 49 per cent based on the three-month volatility, profit before tax impact plus/(minus) € 53 million).

The Group also holds a portfolio of unlisted equities, principally through its venture capital/investment funds entities. These investments are acquired through capital injection with a view to future business development. 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.

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) 20 per cent and 35 per cent 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 plus € 31 million, minus € 34 million (2009: movements plus/(minus) 40 per cent based on the one-year volatility and 49 per cent based on the three-month volatility; profit before tax impact plus € 30 million, minus € 43 million).

(iii) Interest rate risk

• Fair value interest rate risk

The Group has limited fair value interest rate risk in view of the floating rate nature of its long-term borrowings.

• Cash flow sensitivity for variable interest rate instruments

An increase/(decrease) of 100 basis points in interest rates at the reporting date would have impacted profit for the year by plus/(minus) € 19 million (2009: plus/(minus) € 8 million), all other variables remaining constant. The analysis is performed on the same basis for 2009.

(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 credit rating requirements of trading and deposit counterparties are a long-term credit rating of A2/A and a short-term credit rating of P1/A-1. At 31 March 2010, the Group had € 1 339 million invested in AAA rated Euro Government Bond Funds (2009: € 856 million included as cash (see note 12)).

The balance of the funds is held as cash.

(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 20 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 re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 16. Movements in the hedge reserve in shareholders' equity are shown in note 18.3.

(a) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss.

Amounts accumulated in equity are recycled to profit or loss in the periods when the hedged item will affect profit or loss (for example, when the forecast transaction that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction ultimately impacts profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

Notes to the consolidated financial statements continued

(b) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

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 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; and
- 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).

	Level 1 € m	Level 2 € m	Level 3 € m	Total € m
Listed investments	83	–	–	83
Unlisted investments	–	–	5	5
Investment in government bond funds	–	1 339	–	1 339
Derivative financial assets	–	13	–	13
	83	1 352	5	1 440

	Level 1 € m	Level 2 € m	Level 3 € m	Total € m
Derivative financial liabilities	–	(79)	–	(79)
	–	(79)	–	(79)

The following table presents the changes in Level 3 instruments for the year ended 31 March 2010.

	Unlisted investments € m	Total € m
Balance 1 April	12	12
Additions	1	1
Losses recognised in profit or loss	(8)	(8)
Balance 31 March	5	5

Total gains and losses for the year included in net finance costs for assets and liabilities recognised at 31 March 2010 was nil.

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 minority 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 12 per cent.

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 of Directors 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 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:

Accounting estimates

(a) the determination of sales deductions, including rebates, returns, discounts and incentives, which are reported as a reduction in sales;

(b) the determination of carrying values for property, plant and equipment, intangible assets and inventories, especially as they relate to the purchase price allocation for newly acquired entities;

(c) the assessment and recording of liabilities in respect of retirement benefit obligations;

(d) the recognition of provision for income taxes, including deferred taxation, taking into account the related uncertainties in the normal course of business; and

(e) the measurement of the recoverable amounts of cash-generating units containing goodwill.

The amounts involved are disclosed elsewhere in the financial statements, and the likelihood of a significant adjustment to any amounts in the next twelve months is limited.

6. Segment information

(a) Information on reportable segments

Management has determined the operating segments based on the reports regularly reviewed by the Chairman's Committee 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 four 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;
- Writing Instrument Maison – business whose primary activity includes the design, manufacture and distribution of writing instruments, namely Montblanc; and
- Other – other operations mainly comprise Alfred Dunhill, Lancel, Chloé, textile brands and other manufacturing entities.

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

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

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

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

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

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:

	2010 € m	2009 € m
External sales		
Jewellery Maisons	**2 688**	2 762
Specialist Watchmakers	**1 353**	1 437
Writing Instrument Maisons	**552**	595
Writing Instrument Maison – impact of discontinued operations	**(1)**	(8)
Other	**584**	632
	5 176	5 418

	2010 € m	2009 re-presented € m
Operating result from continuing operations		
Jewellery Maisons	**742**	777
Specialist Watchmakers	**231**	301
Writing Instrument Maison	**79**	69
Other	**(36)**	(39)
Operating profit from reportable segments	**1 016**	1 108
Unallocated corporate costs	**(186)**	(140)
Consolidated operating profit before finance and tax	**830**	968
Finance costs	**(161)**	(228)
Finance income	**24**	127
Share of post-tax profit of associated undertakings	**4**	3
Profit before taxation	**697**	870
Taxation	**(94)**	(133)
Profit from continuing operations	**603**	737
(Loss)/profit from discontinued operations (note 28)	**(3)**	339
Profit for the year	**600**	1 076

An impairment charge of € 6 million is included within the unallocated corporate costs.

6. Segment information continued

(a) Information on reportable segments continued

The segment assets which are reviewed by the Chairman's Committee comprise inventories and trade debtors.

	2010 € m	2009 € m
Segment assets		
Jewellery Maisons	**1 376**	1 475
Specialist Watchmakers	**834**	890
Writing Instrument Maisons	**288**	301
Other	**243**	273
	2 741	2 939

	2010 € m	2009 € m
Total assets for reportable segments	**2 741**	2 939
Property, plant and equipment	**1 138**	1 148
Goodwill	**164**	155
Other intangible assets	**225**	231
Investments in associated undertakings	**24**	14
Deferred income tax assets	**315**	305
Financial assets at fair value through profit or loss	**1 427**	143
Other non-current assets	**195**	180
Other receivables	**145**	155
Derivative financial instruments	**13**	18
Prepayments and accrued income	**84**	80
Assets of disposal groups held for sale	**–**	11
Cash at bank and on hand	**1 258**	2 032
Total assets	**7 729**	7 411

The Chairman's Committee also reviews additions to property, plant and equipment, and other intangible assets as follows:

	2010 € m	2009 € m
Additions to non-current assets:		
Property, plant and equipment, and other intangible assets		
Jewellery Maisons	**77**	105
Specialist Watchmakers	**45**	86
Writing Instrument Maisons	**14**	34
Other	**26**	77
Unallocated	**17**	48
	179	350

Notes to the consolidated financial statements continued

6. Segment information continued

(b) Information about geographical areas

Each reporting segment operates on a world-wide basis. External sales presented in the three main geographical areas where the Group's reportable segments operate are as follows:

	2010 € m	2009 € m
Europe	**2 099**	2 363
France	**437**	500
Switzerland	**248**	288
Germany, Italy and Spain	**539**	611
Other Europe	**875**	964
Asia	**2 365**	2 166
China/Hong Kong	**1 135**	921
Japan	**625**	692
Other Asia	**605**	553
Americas	**712**	889
USA	**515**	662
Other Americas	**197**	227
	5 176	5 418

Sales are allocated based on the location of the wholesale customer or the boutique.

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:

	2010 € m	2009 € m
Switzerland	**937**	899
Rest of the world	**715**	749
	1 652	1 648

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

(c) Information about products

External sales by product are as follows:

	2010 € m	2009 € m
Watches	**2 483**	2 569
Jewellery	**1 333**	1 374
Leather goods	**483**	481
Writing instruments	**296**	307
Clothing and other	**581**	687
	5 176	5 418

(d) Major customers

Sales to no single customer represented more than 10 per cent 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 2008					
Cost	493	342	909	56	1 800
Depreciation	(112)	(227)	(486)	–	(825)
Net book value at 1 April 2008	381	115	423	56	975
Exchange adjustments	9	2	35	4	50
Acquisition through business combinations	–	2	–	–	2
Additions	20	45	169	73	307
Disposals	–	–	(13)	–	(13)
Depreciation charge	(17)	(33)	(121)	–	(171)
Impairments	–	(1)	(3)	–	(4)
Transfers and reclassifications	14	12	28	(52)	2
31 March 2009					
Cost	540	402	1 099	81	2 122
Depreciation	(133)	(260)	(581)	–	(974)
Net book value at 31 March 2009	407	142	518	81	1 148

	Land and buildings € m	Plant and machinery € m	Fixtures, fittings, tools and equipment € m	Assets under construction € m	Total € m
1 April 2009					
Cost	**540**	**402**	**1 099**	**81**	**2 122**
Depreciation	**(133)**	**(260)**	**(581)**	**–**	**(974)**
Net book value at 1 April 2009	**407**	**142**	**518**	**81**	**1 148**
Exchange adjustments	**18**	**7**	**9**	**–**	**34**
Additions	**10**	**16**	**86**	**37**	**149**
Disposals	**–**	**–**	**(4)**	**(3)**	**(7)**
Depreciation charge	**(20)**	**(30)**	**(131)**	**–**	**(181)**
Impairments	**–**	**–**	**(6)**	**–**	**(6)**
Transfers and reclassifications	**28**	**6**	**40**	**(73)**	**1**
31 March 2010					
Cost	**600**	**423**	**1 169**	**42**	**2 234**
Depreciation	**(157)**	**(282)**	**(657)**	**–**	**(1 096)**
Net book value at 31 March 2010	**443**	**141**	**512**	**42**	**1 138**

Included above is property, plant and equipment held under finance leases with a net book value of € 36 million (2009: € 38 million) comprising building € 33 million (2009: € 33 million), plant and machinery € 1 million (2009: € 2 million), fixtures, fittings, tools and equipment € 2 million (2009: € 3 million).

Borrowing costs capitalised during the current and prior year were immaterial (2010: rates of 3.3 per cent, 2009: rates of 2.1 per cent).

Committed capital expenditure not reflected in these financial statements amounted to € 5 million at 31 March 2010 (2009: € 11 million).

The impairment charge in respect of a corporate asset was determined with reference to the current market value of the asset which was less than its book value. The impairment loss is recognised in other operating expenses.

8. Goodwill

Goodwill is the only intangible asset with an indefinite life.

	Goodwill € m
Cost at 1 April 2008	44
Exchange adjustments	7
Goodwill arising on business combinations	93
Transfers	11
Cost at 31 March 2009	**155**
Exchange adjustments	**9**
Cost at 31 March 2010	**164**

Impairment testing for goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's Maisons representing the lowest level within the Group at which goodwill is monitored.

A summary of goodwill by reporting segment is presented below.

	2010 € m	2009 € m
Jewellery Maisons	**38**	36
Specialist Watchmakers	**113**	106
Other	**13**	13
Total	**164**	155

The recoverable amount of goodwill is determined based on the value-in-use of the Maison to which the goodwill is allocated. The value-in-use is determined by discounting the future cash flows generated from the continuing use of the Maison.

The value-in-use was determined by discounting the future cash flows generated from the continuing operations of the Maisons to which the goodwill is attributable, applying the following key assumptions:

- pre-tax cash flows are based on an estimated or approved five-year business plan. Management believes that this forecast period is justified due to the relative insignificance of the amount; and
- a pre-tax discount rate of 10.6 per cent.

By Maison, the recoverable amount significantly exceeds the carrying amount. Management considers that it is not reasonably possible for future cash flows to change so significantly as to eliminate the excess.

The values assigned to the key assumptions represent management's assessment of future trends in the luxury goods businesses and are based on both external and internal sources.

In all cases, the carrying amount of the goodwill was determined to be lower than its recoverable amount; therefore 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 2008					
Cost	133	130	57	40	360
Amortisation	(29)	(100)	(32)	(11)	(172)
Net book value at 1 April 2008	104	30	25	29	188
Exchange adjustments	8	–	1	1	10
Acquisition through business combinations	54	3	–	–	57
Additions:					
– internally developed	–	–	–	19	19
– other	6	4	14	–	24
Disposals	(5)	–	–	–	(5)
Amortisation charge	(23)	(6)	(8)	(10)	(47)
Impairments	(2)	–	–	–	(2)
Transfers	(11)	–	(2)	–	(13)
31 March 2009					
Cost	184	119	72	61	436
Amortisation	(53)	(88)	(42)	(22)	(205)
Net book value at 31 March 2009	131	31	30	39	231

	Intellectual property related € m	Leasehold and distribution rights € m	Computer software and related licences € m	Development costs € m	Total € m
1 April 2009					
Cost	**184**	**119**	**72**	**61**	**436**
Amortisation	**(53)**	**(88)**	**(42)**	**(22)**	**(205)**
Net book value at 1 April 2009	**131**	**31**	**30**	**39**	**231**
Exchange adjustments	**5**	**1**	**1**	**2**	**9**
Acquisition through business combinations	**–**	**9**	**–**	**–**	**9**
Additions:					
– internally developed	**–**	**–**	**5**	**16**	**21**
– other	**5**	**4**	**–**	**–**	**9**
Disposals	**(1)**	**–**	**(1)**	**(1)**	**(3)**
Amortisation charge	**(25)**	**(8)**	**(9)**	**(10)**	**(52)**
Transfers	**–**	**–**	**1**	**–**	**1**
31 March 2010					
Cost	**189**	**127**	**77**	**75**	**468**
Amortisation	**(74)**	**(90)**	**(50)**	**(29)**	**(243)**
Net book value at 31 March 2010	**115**	**37**	**27**	**46**	**225**

Amortisation of € 20 million (2009: € 19 million) is included in cost of sales; € 11 million (2009: € 9 million) is included in selling and distribution expenses; € 6 million (2009: € 6 million) is included in administration expenses and € 15 million (2009: € 12 million) is included in other expenses.

The remaining amortisation periods for other intangible assets range between one and 50 years.

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

Notes to the consolidated financial statements continued

10. Investments in associated undertakings

	British American Tobacco plc € m	Other € m	Total € m
At 1 April 2008	2 998	10	3 008
Exchange adjustments	20	(1)	19
Share of post-tax profit	–	3	3
Discontinued operations	355	–	355
Dividends received	(343)	–	(343)
Acquisition of associated undertakings	–	3	3
Share of other comprehensive income of associates	30	(1)	29
Indirect disposal on partial liquidation of parent group	(3 060)	–	(3 060)
At 31 March 2009	**–**	**14**	**14**
Exchange adjustments		**1**	**1**
Share of post-tax profit		**4**	**4**
Dividends received		**(1)**	**(1)**
Acquisition of associated undertakings		**5**	**5**
Share of other comprehensive income of associates		**1**	**1**
At 31 March 2010		**24**	**24**

Investments in associated undertakings at 31 March 2010 include goodwill of € 4 million (2009: € 5 million).

The Group's principal associated undertakings are as follows:

	% interest held	Country of incorporation
Net-a-Porter Limited (see note 38)	33.2	UK
Lancel Japan	30.0	Japan
Greubel Forsey	20.0	Switzerland
Rouages SA	34.7	Switzerland

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

	2010 € m	2009 € m
Revenue	**154**	112
Total assets	**94**	63
Total liabilities	**(48)**	(30)
	46	33

11. Taxation

11.1. Deferred income tax

Deferred income tax assets

	1 April 2008 € m	Exchange adjustments € m	(Charge)/credit for year € m	Recognised directly in equity € m	Acquisition in business combinations and transfer € m	31 March 2009 € m
Depreciation	25	5	4	–	–	34
Provision on inventories	21	2	–	–	–	23
Bad debt reserves	3	–	–	–	–	3
Retirement benefits	11	1	–	–	–	12
Unrealised gross margin elimination	130	–	4	–	–	134
Tax losses carried forward	4	–	3	–	–	7
Deferred tax on option plan	24	(1)	(12)	(7)	–	4
Other	39	14	23	3	9	88
	257	21	22	(4)	9	305

	1 April 2009 € m	Exchange adjustments € m	(Charge)/credit for year € m	Recognised directly in equity € m	Acquisition in business combinations and transfer € m	31 March 2010 € m
Depreciation	**34**	**1**	**1**	**–**	**–**	**36**
Provision on inventories	**23**	**1**	**–**	**–**	**–**	**24**
Bad debt reserves	**3**	**–**	**–**	**–**	**–**	**3**
Retirement benefits	**12**	**–**	**–**	**–**	**–**	**12**
Unrealised gross margin elimination	**134**	**–**	**(8)**	**–**	**57**	**183**
Tax losses carried forward	**7**	**–**	**6**	**–**	**–**	**13**
Deferred tax on option plan	**4**	**–**	**16**	**27**	**–**	**47**
Other	**88**	**(4)**	**7**	**–**	**(57)**	**34**
	305	**(2)**	**22**	**27**	**–**	**352**
Offset against deferred tax liabilities for entities settling on a net basis						**(37)**
Deferred tax assets on statement of financial position						**315**

Deferred income tax liabilities

	1 April 2008 € m	Exchange adjustments € m	(Charge)/credit for year € m	Recognised directly in equity € m	Acquisition in business combinations and transfer € m	31 March 2009 € m
Depreciation	(10)	(1)	–	–	(11)	(22)
Provision on inventories	(12)	(1)	–	–	–	(13)
Other	(37)	3	(3)	–	(6)	(43)
	(59)	1	(3)	–	(17)	(78)

	1 April 2009 € m	Exchange adjustments € m	(Charge)/credit for year € m	Recognised directly in equity € m	Acquisition in business combinations and transfer € m	31 March 2010 € m
Depreciation	**(22)**	**(1)**	**5**	**–**	**–**	**(18)**
Provision on inventories	**(13)**	**(1)**	**6**	**–**	**–**	**(8)**
Other	**(43)**	**5**	**2**	**(2)**	**–**	**(38)**
	(78)	**3**	**13**	**(2)**	**–**	**(64)**
Offset against deferred tax assets for entities settling on a net basis						**37**
Deferred tax liabilities on statement of financial position						**(27)**

Notes to the consolidated financial statements continued

11. Taxation continued

11.1. Deferred income tax continued

At 31 March 2010, the Company and its subsidiary undertakings had taxation losses carried forward of € 392 million (2009: € 300 million) in respect of which deferred tax assets had not been recognised as the future utilisation of these losses is not probable. Of this amount € 194 million can be carried forward with no expiry dates. Based on current rates of taxation, future utilisation of these losses would result in the recognition of deferred tax assets at 31 March 2010 of € 95 million (2009: € 82 million).

The Company and its subsidiary undertakings also had temporary differences of € 22 million (2009: € 46 million) in respect of which deferred tax assets had not been recognised as the future utilisation of these temporary differences is not probable. Based on current rates of taxation, future utilisation of these temporary differences would result in the recognition of deferred tax assets at 31 March 2010 of € 6 million (2009: € 12 million).

11.2. Taxation charge

Taxation charge for the year:

	2010 € m	2009 € m
Current tax	**129**	152
Deferred tax credit	**(35)**	(19)
	94	133

The average effective tax rate is calculated in respect of profit before taxation but excluding the share of post-tax profit of associated undertakings. The rates for the years ended 31 March 2010 and 2009 were 13.7 per cent and 15.7 per cent respectively.

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:

	2010 € m	2009 re-presented € m
Profit before taxation from continuing operations	**697**	870
Less: share of post-tax profit of associated undertakings	**(4)**	(3)
(Loss)/profit before taxation from discontinued operations	**(3)**	339
Less: share of post-tax profit of associated undertakings	**–**	(355)
Adjusted profit before taxation	**690**	851
Tax on adjusted profit calculated at statutory tax rate	**145**	179
Difference in tax rates	**(65)**	(68)
Non-taxable income	**(1)**	(3)
Non-deductible expenses	**8**	11
Utilisation and recognition of prior year tax losses	**(14)**	(11)
Non-recognition of current year tax losses	**15**	15
Withholding and other taxes	**12**	8
Prior year adjustments	**(6)**	2
Taxation charge	**94**	133

The statutory tax rate applied reflects the rate applicable to the principal Swiss-based trading company.

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

	2010 € m	2009 € m
Non-current:		
Investments in listed undertakings	**83**	131
Investments in unlisted undertakings	**5**	12
Total non-current	**88**	143
Current:		
Investments in government bond funds	**1 339**	–
Total current	**1 339**	–
Total financial assets held at fair value through profit or loss	**1 427**	143

The Group holds investments in government bond funds and carefully monitors the maturity of each component investment within the funds. When the level of investment in instruments with a maturity capable of exceeding 90 days from inception exceeds the Group's established threshold the total value of the funds is irrevocably re-classified from cash equivalents to current assets – financial assets held at fair value through profit or loss. In April 2009, the Group's threshold was exceeded. The Group has therefore re-classified its investments in government bond funds in April 2009. These funds are immediately available.

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.

13. Other non-current assets

	2010 € m	2009 € m
Maisons' collections	**105**	97
Lease deposits	**60**	58
Loans and receivables	**9**	8
Other assets	**21**	17
	195	180

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.

14. Inventories

	2010 € m	2009 € m
Raw materials and work in progress	**740**	819
Finished goods	**1 520**	1 603
	2 260	2 422

The cost of inventories recognised as an expense and included in cost of sales amounted to € 1 703 million (2009: € 1 763 million).

The Group reversed € 40 million (2009: € 68 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 € 158 million (2009: € 124 million) in the write-down of inventory as a charge to cost of sales.

15. Trade and other receivables

	2010 € m	2009 € m
Trade receivables	**507**	543
Less: provision for impairment	**(26)**	(26)
Trade receivables – net	**481**	517
Loans and receivables	**109**	119
Other receivables	**36**	36
	626	672

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 € 69 million (2009: € 66 million) and cash balances as disclosed in note 17 (2009: € 1 176 million) which are considered to be loans and receivables.

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

	2010 € m	2009 € m
Europe	**286**	308
France	**70**	83
Switzerland	**39**	59
Germany, Italy and Spain	**96**	105
Other Europe	**81**	61
Asia	**134**	130
China/Hong Kong	**64**	57
Japan	**49**	52
Other Asia	**21**	21
Americas	**61**	79
USA	**47**	66
Other Americas	**14**	13
	481	517

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

	2010 € m	2009 € m
Wholesale customers	**392**	446
Retail customers	**89**	71
	481	517

The Group's most significant wholesale customer in China accounts for € 14 million of the total trade receivables carrying amount at March 2010 (2009: € 10 million for a Chinese wholesaler).

15. Trade and other receivables continued

Impairment losses

Impairment losses are recognised for all known bad debts and are provided on a specific basis.

The movement in the provision for impairment of trade and other receivables was as follows:

	2010 € m	2009 € m
Balance at 1 April of prior year	**(26)**	(19)
Exchange adjustments	**–**	(1)
Acquisition through business combinations	**–**	(1)
Provision charged to profit or loss	**(13)**	(11)
Utilisation of provision	**11**	3
Reversal of unutilised provision	**2**	3
Balance at 31 March	**(26)**	(26)

At 31 March 2010, trade receivables of € 36 million (2009: € 34 million) were impaired.

Receivables past due but not impaired:

	2010 € m	2009 € m
Up to three months past due	**81**	146
Three to six months past due	**38**	35
Over six months past due	**28**	13
	147	194

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.

The majority of trade receivables are denominated in the functional currency of the selling entity. Where this is not the case, forward currency contracts are usually entered into, covering the receivable from inception to maturity.

16. Derivative financial instruments

The Group uses the following derivative instruments:

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

(b) Foreign 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), 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: 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.

(e) Call options: agreements granting the right to buy Richemont shares at pre-determined prices as treasury stock to partially hedge the Group's obligations arising under the share option plan (note 18).

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

Notes to the consolidated financial statements continued

16. 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 fair values and nominal amounts of derivative instruments held are as follows:

	Nominal amount		Fair value assets		Fair value liabilities	
	2010 € m	2009 € m	2010 € m	2009 € m	2010 € m	2009 € m
Derivatives designated as cash flow hedges						
Qualifying cash flow hedges						
Currency derivatives						
– currency forwards	**633**	554	**9**	10	**(7)**	(27)
Non-hedge derivatives						
Accrual style option forwards	**87**	125	**2**	–	**(5)**	(45)
Interest rate swap derivatives	**37**	38	**–**	–	**(1)**	(1)
Currency forwards	**559**	508	**2**	7	**(26)**	(15)
Derivative share options	**83**	107	**–**	–	**(40)**	(35)
Currency options	**12**	23	**–**	1	**–**	–
			13	18	**(79)**	(123)

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

The contractual maturity of derivative instruments held is as follows:

	Less than 6 months		Between 6 and 12 months		Between 1 and 2 years	
	2010 € m	2009 € m	2010 € m	2009 € m	2010 € m	2009 € m
Derivatives designated as cash flow hedges						
Qualifying cash flow hedges						
Currency derivatives						
– currency forwards	**319**	116	**314**	438	**–**	–
Non-hedge derivatives						
Accrual style option forwards	**60**	118	**27**	7	**–**	–
Interest rate swap derivatives	**–**	–	**–**	–	**37**	38
Currency forwards	**253**	370	**306**	138	**–**	–
Derivative share options	**83**	107	**–**	–	**–**	–
Currency options	**–**	–	**12**	23	**–**	–
	715	711	**659**	606	**37**	38

16. Derivative financial instruments continued

Nominal amount

Nominal amounts represent the following:

- currency forwards: the sum of all contract volumes, bought or sold, 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. Depending on future movements in foreign currency exchange rates, the nominal amount at the date of expiry of these options could range between € 87 million and € 187 million; and
- 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 option plan.

Foreign currency amounts have been translated to euros using the exchange rates prevailing at the reporting date.

Non-hedge derivatives

Non-hedge derivatives are transactions involving foreign currency options, currency forwards or derivative share options.

Interest rate swap derivatives

Interest rate swaps have been entered into to manage the risk relative to fluctuations in variable interest rates on short and medium-term lines of credit. At 31 March 2010, the weighted average interest charge of the Group was 2.9 per cent (2009: 2.9 per cent).

17. Cash and cash equivalents

	2010 € m	2009 € m
Cash at bank and on hand	**1 258**	2 032
Bank overdrafts	**(318)**	(669)
	940	1 363

At 31 March 2009, the Group classified as cash at bank an investment in government bond funds of € 856 million. As explained in note 12, investments in these funds are recognised as financial assets held at fair value through profit or loss.

The effective interest rate on bank overdrafts was 2.4 per cent (2009: 1.9 per cent). The effective interest rate on cash at bank was 0.3 per cent (2009: 3.2 per cent).

18. Equity

18.1. Share capital

	2010 € m	2009 € 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.

Notes to the consolidated financial statements continued

18. Equity continued

18.2. Treasury shares

In order to hedge partially its potential obligations arising under the share 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 2008	13.1	268
Purchased	8.4	118
Sold	(1.0)	(27)
Transfer to investments in listed undertakings	–	(164)
Balance at 31 March 2009	**20.5**	**195**
Purchased	**7.1**	**119**
Sold	**(7.3)**	**(66)**
Balance at 31 March 2010	**20.3**	**248**

The Company has given a pledge in favour of a creditor of 1 543 879 Richemont 'A' shares as security for warrants exercised under the Group's executive option plan.

The cost value of the 7.3 million shares (2009: 1.0 million shares) sold during the year to plan participants who exercised their options was € 66 million (2009: € 27 million).

During the year under review, the Group acquired 10 million treasury shares in the open market at a total cost of € 153 million. The Group has also entered into over-the-counter purchased call options ('OTC options') with a third party to purchase treasury shares at the same strike prices as the share options granted to executives. These OTC options together with treasury shares provide a comprehensive hedge of the Group's potential obligations arising under the share option plan. Following the de-twinning of the Richemont units in October 2008, a cost of € 164 million was transferred to investments in listed undertakings representing the historic cost of the Reinet Investments SCA ('Reinet') shares included in the treasury reserve at the date of de-twinning. An immediate gain of € 19 million was recognised on measuring the Reinet shares at market value.

The costs of these call options together with the loss realised on shares sold during the year to plan participants amounted to € 15 million (2009: € 7 million) and were recognised directly in retained earnings.

The market value of the 20.3 million shares (2009: 20.5 million shares) held by the Group at the year end, based on the closing price at 31 March 2010 of CHF 40.83 (2009: CHF 17.78), amounted to € 581 million (2009: € 242 million).

18.3. Hedge and share option reserves

	Hedge reserve € m	Share option reserve € m	Total € m
Balance at 1 April 2008	23	153	176
Movements in hedge reserve			
– fair value losses	(41)	–	(41)
– recycle to profit or loss	(12)	–	(12)
Movement in employee share option reserve			
– expense recognised in the year	–	31	31
– derivative liability recognised on stock option modification	–	(60)	(60)
Tax on items recognised directly in equity	3	(7)	(4)
Balance at 31 March 2009	**(27)**	**117**	**90**
Movements in hedge reserve			
– fair value gains	**27**	**–**	**27**
– recycle to profit or loss	**13**	**–**	**13**
Movement in employee share option reserve			
– expense recognised in the year	**–**	**39**	**39**
Tax on items recognised directly in equity	**(2)**	**27**	**25**
Balance at 31 March 2010	**11**	**183**	**194**

18.4. Legal reserves

Legal reserves amounting to € 95 million (2009: € 95 million) are included in the reserves of Group companies but are not available for distribution.

19. Borrowings

	2010 € m	2009 € m
Non-current		
Bank borrowings	**325**	73
Finance lease obligations	**1**	4
	326	77
Current		
Short-term loans	**54**	276
Bank borrowings	**–**	184
Finance lease obligations	**3**	4
	57	464
Total borrowings	**383**	541

	Short-term loans		Bank borrowings		Finance lease obligations		Total	
	2010 € m	2009 € m	2010 € m	2009 € m	2010 € m	2009 € m	2010 € m	2009 € m
Amounts repayable within the financial year ended/ending 31 March								
2010	**–**	276	**–**	184	**–**	4	**–**	464
2011	**54**	–	**–**	–	**3**	4	**57**	4
2012	**–**	–	**100**	73	**–**	–	**100**	73
2013	**–**	–	**220**	–	**–**	–	**220**	–
after more than three years	**–**	–	**5**	–	**1**	–	**6**	–
	54	276	**325**	257	**4**	8	**383**	541
Interest	**–**	–	**–**	–	**–**	–	**–**	–
	54	276	**325**	257	**4**	8	**383**	541

Bank and other borrowings are subject to market-linked rates of interest ranging from 1.2 per cent to 11.0 per cent.

None of the Group's borrowings are secured.

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

	2010 € m	2009 € m
Euro	**7**	7
Hong Kong dollar	**71**	112
Japanese yen	**128**	158
Swiss franc	**2**	1
US dollar	**16**	80
Chinese renminbi	**121**	126
Other	**38**	57
	383	541

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.

20. 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.

31 March 2010

Non-derivative financial liabilities

	6 months or less € m	Contractual cash flow € m	Carrying amount € m
Current financial liabilities			
Other short-term loans	54	54	54
Trade and other payables	574	574	574
Bank overdrafts	318	318	318
	946	946	946

	Within 1 year € m	Between 1-2 years € m	Between 2-5 years € m	Contractual cash flow € m	Carrying amount € m
Non-current financial liabilities					
Long-term borrowings (including current portion)	13	111	231	355	329
Other long-term liabilities	–	–	17	17	17
	13	111	248	372	346

	6 months or less € m	Between 6-12 months € m	Contractual cash flow € m	Carrying amount € m
Derivative financial liabilities				
Currency forwards	251	491	742	33
Accrual style option forwards	21	23	44	5
Interest rate swap	–	–	–	1
Derivative share options	83	–	83	40
	355	514	869	79
Total financial liabilities			2 187	1 371

All outstanding derivative share options are fully vested and have expiry dates from June 2010 to June 2015. The Group holds equity investments which fully hedge the obligations under the option plans.

20. Liquidity risk continued

31 March 2009

Non-derivative financial liabilities

	6 months or less € m	Contractual cash flow € m	Carrying amount € m
Current financial liabilities			
Other short-term loans	279	279	276
Trade and other payables	545	545	545
Bank overdrafts	669	669	669
	1 493	1 493	1 490

	Within 1 year € m	Between 1-2 years € m	Between 2-5 years € m	Contractual cash flow € m	Carrying amount € m
Non-current financial liabilities					
Long-term borrowings (including current portion)	191	6	75	272	265

	6 months or less € m	Between 6-12 months € m	Contractual cash flow € m	Carrying amount € m
Derivative financial liabilities				
Currency forwards	585	109	694	42
Accrual style option forwards	118	7	125	45
Interest rate swap	–	–	–	1
Derivative share options	107	–	107	35
	810	116	926	123
Total financial liabilities			2 691	1 878

21. Retirement benefit obligations

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:

	2010 € m	2009 € m
Present value of funded obligations	(836)	(632)
Fair value of plan assets	807	618
Net funded obligations	(29)	(14)
Present value of unfunded obligations	(45)	(41)
Unrecognised actuarial loss	37	16
Amount not recognised due to asset limit	(2)	–
Net liabilities	(39)	(39)

Notes to the consolidated financial statements continued

21. Retirement benefit obligations continued

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

	2010 € m	2009 € m
Balance at 1 April of prior year	**(673)**	(673)
Exchange adjustments	**(36)**	–
Current service cost	**(34)**	(31)
Contributions by plan participants	**(20)**	(19)
Interest cost	**(30)**	(29)
Actuarial (losses)/gains	**(109)**	53
Past service costs	**(1)**	–
Liabilities extinguished on settlements	**1**	4
Liabilities assumed in business combinations	**–**	(2)
Benefits paid	**21**	24
Balance at 31 March	**(881)**	(673)
Present value of funded obligations	**(836)**	(632)
Present value of unfunded obligations	**(45)**	(41)
	(881)	(673)

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

	2010 € m	2009 € m
Balance at 1 April of prior year	**618**	723
Exchange adjustments	**36**	(2)
Expected return on plan assets	**33**	37
Actuarial gains/(losses)	**74**	(178)
Assets distributed on settlements	**–**	(3)
Contributions paid by employer	**47**	44
Contributions paid by plan participants	**20**	19
Assets acquired in business combinations	**–**	2
Benefits paid	**(21)**	(24)
Balance at 31 March	**807**	618

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

	2010 € m	2009 € m
Equities	**313**	206
Bonds	**330**	245
Property	**91**	67
Other assets, including insurance policies	**73**	100
Fair value of plan assets	**807**	618

The plans do not invest directly in property occupied by or in financial securities issued by the Group.

The expected rate of return on plan assets during the coming year is 4.9 per cent (2009: 5.1 per cent). This expected rate of return was derived as a weighted average of the long-term expected rates of return on each of the major asset classes at the measurement date taking account of government bond yields available at the reporting date and investment market expectations for future returns in excess of government bond yields for each asset class. The actual return on plan assets was a gain of € 107 million (2009: loss of € 141 million).

21. Retirement benefit obligations continued

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

	2010 € m	2009 € m
Current service cost	**34**	31
Interest cost	**30**	29
Expected return on plan assets	**(33)**	(37)
Net actuarial losses recognised in the year	**13**	91
Adjustment to recognise the effect of asset limit	**2**	(74)
Past service costs	**1**	–
Gains on curtailment and/or settlement	**–**	(1)
	47	39

	2010 € m	2009 € m
Expense charged in:		
Cost of sales	**21**	18
Net operating expenses	**26**	21
	47	39

Total pension costs are included in employee benefits expense (note 26).

Changes in the net liabilities recognised are as follows:

	2010 € m	2009 € m
Balance at 1 April of prior year	**(39)**	(42)
Exchange adjustments	**–**	(2)
Total expense	**(47)**	(39)
Contributions paid	**47**	44
Balance at 31 March	**(39)**	(39)

The Group expects to contribute € 46 million (2009: € 45 million) to such plans in the coming twelve months.

The principal actuarial assumptions used for accounting purposes reflected prevailing market conditions in each of the countries in which the Group operates and were as follows:

	2010 Range	Weighted average	2009 Range	Weighted average
Discount rate	**2.0% to 6.0%**	**3.5%**	1.8% to 7.0%	4.3%
Expected return on plan assets	**2.8% to 6.0%**	**4.9%**	3.2% to 6.0%	5.1%
Future salary increases	**1.8% to 5.2%**	**2.7%**	1.8% to 4.9%	2.6%
Future pension increases	**2.2% to 3.6%**	**3.2%**	2.2% to 3.3%	3.0%

Assumptions used to determine the benefit expense and the end-of-year benefit obligations for the defined benefit plans varied within the ranges shown above. The weighted average rate for each assumption used to measure the benefit obligation is also shown. The assumptions used to determine end-of-year benefit obligations are also used to calculate the following year's cost.

The Group's major benefit plans are in Switzerland, the UK and Germany.

In Switzerland, the Group operates a foundation covering the majority of employees in Switzerland, which holds assets separately to the Group. The foundation operates as a defined contribution plan with the Group's annual contribution being a fixed percentage of salary. However, under IAS 19, *Employee Benefits*, the foundation is accounted for as a defined benefit plan on account of underlying benefit guarantees. For 2010, the expense recognised in the Group's consolidated profit in respect of the foundation is equal to the Group's contribution.

In the UK, the Group operates a defined contribution plan for new hires and a defined benefit plan, which is closed to new entrants. For the defined benefit plan, benefits are related to service and final salary. The plan is funded through a trustee-administered fund, which is held separately to the Group, with a funding target to maintain assets equal to the value of the accrued benefits based on projected salaries. Contributions to the defined contribution arrangements are in addition and charged directly to profit or loss.

Notes to the consolidated financial statements continued

21. Retirement benefit obligations continued

In Germany, although the plan is largely defined contribution in nature, it is accounted for under IAS 19 as a defined benefit plan due to some underlying guarantees applying. The plan is available to new hires from January 2008 and existing employees who chose to move from the old plan. The old plan is funded through a contractual trust agreement.

Benefits under arrangements other than those detailed above are generally related to service and either salary or grade. They are funded in all locations where this is consistent with local practice; otherwise the liability is recognised in the statement of financial position.

The Group does not have any significant liabilities in respect of any other post-employment benefits, including post-retirement healthcare liabilities.

Defined benefit pension plans for the current and previous periods:

	2010 € m	2009 € m	2008 € m	2007 € m	2006 € m
Present value of defined benefit obligation	**(881)**	(673)	(673)	(663)	(632)
Fair value of plan assets	**807**	618	723	642	590
(Deficit)/surplus in plan	**(74)**	(55)	50	(21)	(42)
Experience adjustments on plan liabilities	**(109)**	53	44	9	(30)
Experience adjustments on plan assets	**74**	(178)	(45)	1	46

22. Provisions

	Warranties and sales related € m	Restructuring and property related € m	Employee benefits € m	Other € m	Total € m
At 1 April 2009	**74**	**40**	**26**	**17**	**157**
Charged/(credited) to profit or loss:					
– additional provisions	**56**	**14**	**33**	**3**	**106**
– unused amounts reversed	**(6)**	**(5)**	**(2)**	**(2)**	**(15)**
Net charge	**50**	**9**	**31**	**1**	**91**
Utilised during the year	**(52)**	**(15)**	**(19)**	**(5)**	**(91)**
Exchange adjustments	**2**	**–**	**1**	**–**	**3**
At 31 March 2010	**74**	**34**	**39**	**13**	**160**

	2010 € m	2009 € m
Total provisions at 31 March:		
– non-current	**55**	40
– current	**105**	117
	160	157

22. Provisions continued

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 € 74 million (2009: € 74 million) has been recognised for expected sales returns and warranty claims. It is expected that € 67 million (2009: € 67 million) of this provision will be used within the following twelve months and that the remaining € 7 million (2009: € 7 million), which relates solely to potential warranty claims, will be utilised over the remainder of the expected warranty period of the products.

Restructuring and property-related provisions

These provisions represent the Group's obligations arising from committed restructuring activities and contractual obligations in respect of properties. It is anticipated that most of the restructuring provision will be utilised in the coming year. Certain property obligations will remain until 2014.

Employee benefits provisions

These include obligations arising under the Group's long-term incentive plan and the social costs on the Group's share option plan. An amount of € 17 million (2009: € 18 million) is expected to reverse in the coming twelve months. The remainder will reverse in the next two to ten years.

Other provisions

These provisions relate to legal and constructive obligations. It is not expected that the outcomes of legal claims will give rise to any significant losses beyond the amounts provided at 31 March 2010.

23. Trade and other payables

	2010 € m	2009 € m
Trade creditors	**284**	278
Other creditors	**290**	267
	574	545

24. Other operating (expense)/income

	2010 € m	2009 € m
Royalty income – net	**18**	16
Amortisation of other intangible assets acquired on business combinations	**(15)**	(13)
Other expenses	**(36)**	(31)
	(33)	(28)

25. Profit from continuing operations

Profit from continuing operations is stated after the following items of expense/(income):

	2010 € m	2009 € m
Depreciation of property, plant and equipment (note 7)	**181**	171
Amortisation of other intangible assets (note 9)	**52**	47
Operating lease rentals:		
– minimum lease rental	**249**	207
– contingent rental	**150**	159
Sub-lease rental income	**(2)**	(2)
Cash flow hedge – transfer from other comprehensive income	**13**	(12)
Research and development costs	**23**	23
Loss on disposal of property, plant and equipment	**5**	1
Loss on disposal of other intangible assets	**1**	–
Restructuring charges	**5**	17

Notes to the consolidated financial statements continued

26. Employee benefits expense

	2010 € m	2009 € m
Wages and salaries including termination benefits € 7 million (2009: € 11 million)	**914**	917
Social security costs	**172**	160
Share option expense	**36**	31
Long-term employee benefits	**9**	(7)
Pension costs – defined contribution plans	**12**	11
Pension costs – defined benefit plans (note 21)	**47**	39
	1 190	1 151

	2010 number	2009 number
Average number of employees:		
Switzerland	**6 237**	6 478
Rest of the world	**12 900**	13 093
	19 137	19 571

27. Net finance (costs)/income

	2010 € m	2009 € m
Finance costs:		
Interest expense:		
– bank borrowings	**(26)**	(37)
– other financial expenses	**(1)**	(1)
Net loss in fair value of financial assets at fair value through profit or loss	**(2)**	(18)
Mark-to-market adjustment in respect of hedging activities	**–**	(172)
Net foreign exchange losses on monetary items	**(132)**	–
Finance costs	**(161)**	(228)
Finance income:		
Interest income on bank and other deposits	**15**	73
Dividend income on financial assets at fair value through profit or loss	**7**	1
Net foreign exchange gains on monetary items	**–**	53
Mark-to-market adjustment in respect of hedging activities	**2**	–
Finance income	**24**	127
Net finance (costs)/income	**(137)**	(101)

Foreign exchange losses resulting from effective hedge derivative instruments of € 14 million (2009: gains of € 12 million) were reflected in cost of sales during the year. Gains and losses on all non-hedge derivatives, as well as the ineffective portion of hedge derivatives, are included in net finance (costs)/income.

28. Discontinued operations

28.1. Discontinued operations

During the year the Group disposed of one small business unit.

The results and cash flows of the discontinued operations for the comparative year include the share of post-tax profit and dividends received from British American Tobacco plc, together with one small business unit.

One other business unit identified as a discontinued operation at 31 March 2009 is no longer anticipated to be sold within the twelve-month timeframe specified in IFRS 5, *Assets held for Sale and Discontinued Operations*. This operation is no longer classified as a discontinued operation. The comparative figures have been re-presented to remove the results and cash flows of this business unit from this note.

Management considers the net costs and cash flows of other assets disposed of to be immaterial.

Results of discontinued operations

	2010 € m	2009 re-presented € m
Sales	**1**	9
Cost of sales	**(3)**	(8)
Gross (loss)/profit	**(2)**	1
Selling and distribution expenses	**(1)**	(3)
Communication expenses	**–**	(2)
Administrative expenses	**–**	(1)
Other operating expense	**–**	(11)
Operating loss	**(3)**	(16)
Share of post-tax profit of associated undertakings	**–**	355
(Loss)/profit from discontinued operations	**(3)**	339

Cash flow generated from/(used in) discontinued operations

	2010 € m	2009 re-presented € m
Net cash generated from operating activities (operating)	**–**	331
Disposal of discontinued operations net of cash disposed of (financing)	**–**	(351)
	–	(20)

Effect of disposal on the financial position of the Group

	2010 € m	2009 € m
Investment in associated undertaking	**–**	3 060
Financial assets held at fair value through profit or loss	**–**	76
Other non-current assets	**–**	3
Deferred income tax liabilities	**–**	(1)
Current income tax liabilities	**–**	(1)
Accruals and deferred income	**–**	(2)
Cash	**–**	351

28. Discontinued operations continued

28.2. Assets of disposal groups held for sale

The Group did not recognise any assets or disposal groups as being held for sale at 31 March 2010.

At 31 March 2009, assets related to the disposal group which had been approved for disposal. The assets had been written down to their fair values less costs to sell. One of the business units identified as a disposal group held for sale at 31 March 2009 is no longer anticipated to be sold within the twelve-month timeframe specified in IFRS 5, *Assets held for Sale and Discontinued Operations*. This operation is no longer classified as a discontinued operation and the assets of this group are no longer classified as held for sale.

	2010 € m	2009 € m
Property, plant and equipment	–	2
Inventories	–	9
	–	11

29. Earnings per share

29.1. Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of shares in issue during the year, excluding shares purchased by the Company and held in treasury.

	2010	2009 re-presented
Profit attributable to shareholders of the Company (€ millions)	**602**	736
(Loss)/profit from discontinued operations attributable to shareholders of the Company (€ millions)	**(3)**	339
	599	1 075
Weighted average number of shares in issue (millions)	**553.0**	559.5

29.2. Diluted

Diluted earnings per share is calculated adjusting the weighted average number of shares outstanding, which assumes conversion of all dilutive potential shares. The Company 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.

	2010	2009 re-presented
Profit attributable to shareholders of the Company (€ millions)	**602**	736
(Loss)/profit from discontinued operations attributable to shareholders of the Company (€ millions)	**(3)**	339
	599	1 075
Weighted average number of shares in issue (millions)	**553.0**	559.5
Adjustment for share options (millions)	**6.5**	1.5
Weighted average number of shares for diluted earnings per share (millions)	**559.5**	561.0

29. Earnings per share continued

29.3. Headline earnings per share

The presentation of headline earnings per share as an alternative measure to earnings per share is required under the JSE listing requirements.

	2010 € m	2009 € m
Profit attributable to shareholders of the Company	**599**	1 075
Loss on disposal of non-current assets	**6**	1
Impairment of assets	**6**	6
Loss on measurement to fair value of assets of disposal groups held for sale	**–**	11
Headline earnings	**611**	1 093

	2010 millions	2009 millions
Weighted average number of shares		
– Basic	**553.0**	559.5
– Diluted	**559.5**	561.0

	€ per share	€ per share
Headline earnings per share		
– Basic	**1.105**	1.954
– Diluted	**1.092**	1.948

30. Dividends

In September 2009, a dividend of CHF 0.30 per share was paid (September 2008: € 0.78 per unit).

31. Cash flow generated from operations

	2010 € m	2009 € m
Operating profit	**827**	951
Depreciation and impairment of property, plant and equipment	**187**	175
Amortisation and impairment of other intangible assets	**52**	49
Loss on disposal of property, plant and equipment	**5**	1
Loss on disposal of intangible assets	**1**	–
Increase/(decrease) in provisions	**18**	(11)
Decrease in retirement benefit obligations	**–**	(5)
Non-cash items	**51**	20
Decrease/(increase) in inventories	**240**	(218)
Decrease in trade debtors	**42**	21
Decrease/(increase) in other receivables, prepayments and accrued income	**13**	(15)
(Decrease)/increase in current liabilities	**29**	(154)
(Decrease)/increase in long-term liabilities	**(1)**	5
Cash flow generated from operations	**1 464**	819

Notes to the consolidated financial statements continued

32. Financial commitments and contingent liabilities

At 31 March 2010, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material losses will arise. Details of the Group's commitments in respect of financial derivatives are given in note 16 and in respect of property, plant and equipment in note 7. At 31 March 2010, the Group has not provided any significant guarantees to third parties other than disclosed above (2009: € 4 million).

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	
	2010 € m	2009 € m	2010 € m	2009 € m	2010 € m	2009 € m
Within one year	**245**	207	**8**	16	**253**	223
Between two and five years	**513**	450	**9**	25	**522**	475
Thereafter	**244**	250	**–**	2	**244**	252
	1 002	907	**17**	43	**1 019**	950

33. Business combinations

During the year to 31 March 2010, the Group continued to acquire the operations of external boutiques and agents in strategic markets. Most of the current year's transactions were in Asia. The information presented is on an aggregate basis and includes provisional amounts for certain assets and liabilities.

Business operations

Net assets acquired in the year ended 31 March 2010

	Business operations acquired	
	Fair value € m	Acquirees' carrying amount € m
Property, plant and equipment and other long-term assets	**1**	**1**
Intangible assets	**9**	**–**
Inventories	**15**	**15**
Net assets acquired	**25**	**16**

Net assets acquired	**25**	
Attributable to minority interests	**(1)**	
Fair value of net assets acquired	**24**	
Receivable due to parent	**(2)**	
Purchase consideration – cash paid	**22**	
Cash outflow on acquisitions	**22**	

No individual transaction is considered material.

The impact of the acquisitions on sales and operating profit is not significant either from the date of acquisition or on a full year basis.

33. Business combinations continued

In the year ended 31 March 2009, the following business combinations were made:

Business operations

On 11 August 2008, the Group acquired a 60 per cent controlling interest in Manufacture Roger Dubuis SA, a Geneva-based watchmaker.

This together with other non-material manufacturing and retail businesses acquired during the year represent the total business combinations.

The acquisition of Manufacture Roger Dubuis SA resulted in a residual goodwill amount of € 93 million. The goodwill relates to the additional manufacturing synergies to the Group. The goodwill is not tax deductible.

Manufacture Roger Dubuis SA contributed revenues of € 8 million for the period from acquisition to 31 March 2009 and losses of € 18 million for the same period. If the acquisition had occurred on 1 April 2008, the annual contribution to sales would have been around € 12 million and losses € 27 million. The other acquisitions have no material impact since acquisition, and this would not have changed had the acquisition occurred on 1 April 2008.

Net assets acquired in the year ended 31 March 2009

	Business operations acquired					
	Watch manufacturing		Other manufacturing and retail businesses		Total	
	Fair value € m	Acquirees' carrying amount € m	Fair value € m	Acquirees' carrying amount € m	Fair value € m	Acquirees' carrying amount € m
Property, plant and equipment and other long-term assets	2	2	–	–	2	2
Intangible assets	54	–	3	–	57	–
Inventories	23	28	2	2	25	30
Trade and other receivables	4	4	–	–	4	4
Cash and cash equivalents	(15)	(15)	–	–	(15)	(15)
Current and long-term liabilities	(40)	(57)	(1)	–	(41)	(57)
Borrowings, current and deferred tax	(34)	7	–	–	(34)	7
Net assets acquired	(6)	(31)	4	2	(2	(29)

	Watch manufacturing	Other manufacturing and retail businesses	Total
Net assets acquired	(6)	4	(2)
Attributable to minority interests	–	–	–
Fair value of net assets acquired	(6)	4	(2)
Receivable due to parent	7	–	7
Goodwill	93	–	93
Purchase consideration – cash paid	94	4	98
Overdraft acquired	15	–	15
Cash outflow on acquisitions	109	4	113
Cash paid to settle deferred consideration for combinations made in prior periods	13	–	13
Cash outflow on acquisitions	122	4	126

34. Related-party transactions

Compagnie Financière Rupert, Bellevue, Geneva holds 522 000 000 'B' registered shares representing an interest in 50 per cent of the voting rights in Compagnie Financière Richemont SA. In addition, Compagnie Financière Rupert has advised that parties related to it held a total of 2 811 664 Richemont 'A' bearer shares, or the equivalent thereof in the form of Depository Receipts, as at 31 March 2010, representing 0.3 per cent of the voting rights of the Company.

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 of Compagnie Financière Richemont SA and the Group Management Committee ('key management'), the Group has identified the following other related parties:

- Richemont's associated undertakings (see note 10);
- Richemont's joint venture interests (see note 36);
- Reinet Investments SCA, a public company incorporated in Luxembourg;
- Remgro Limited, a public company incorporated in South Africa;
- VenFin Limited, a private company incorporated in South Africa; and
- Richemont foundations (employee and others).

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 associated undertakings

	2010 € m	2009 € m
Rouages SA – purchase of watch components	**(1)**	–
Sales to Net-a-Porter Limited	**1**	1
Net-a-Porter Limited – dividend income	**1**	–

(b) Transactions and balances between the Richemont Group and entities under common control

	2010 € m	2009 € m
Goods and services bought from and other transactions with entities under common control:		
Ventek International – acquisition of IT services and equipment	**(1)**	(1)
Falconair Limited – provision of aviation services and reimbursement of third-party expenses	**(2)**	(2)
Montblanc Kulturstiftung – donation	**(1)**	–
Services sold to and other transactions with entities under common control:		
Reinet and its related Group companies	**6**	2
Payables outstanding at 31 March:		
Falconair Limited – provision of aviation services and reimbursement of third-party expenses	**–**	(1)
Ventek International – acquisition of IT services and equipment	**–**	(1)
Receivables outstanding at 31 March:		
Fondation Antoine LeCoultre	**–**	1
Reinet and its related Group companies	**–**	2

34. Related-party transactions continued

(c) Transactions and balances between the Richemont Group and its joint ventures

	2010 € m	2009 € m
Services provided and other income from:		
Laureus World Sports Awards Limited – sponsorship	(4)	(4)
Goods and services sold to and other transactions with its joint ventures:		
R&R Holdings SA – dividends received	–	343
Ralph Lauren Watch and Jewelry Company Sàrl	3	3
Receivables outstanding at 31 March:		
Ralph Lauren Watch and Jewelry Company Sàrl	–	1

(d) Transactions and balances between the Richemont Group and its investment entities

	2010 € m	2009 € m
Receivables outstanding at 31 March:		
Luxe International Inc.	2	2

(e) Individuals

During the year, the Group gave donations of € 0.4 million (2009: € 0.4 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, a senior executive director of Compagnie Financière Richemont SA, is the President of the Foundation.

Maître Jean-Paul Aeschimann, the Deputy Chairman, is counsel to the Swiss legal firm, Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totalling € 0.3 million (2009: € 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 (2009: € 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.

On 28 February 2006, the Group committed to invest US$ 65 million in a subsidiary company, Atelier Fund, LLC, a limited liability investment company specialising in high-potential brand/retail opportunities in the luxury sector. Ms Martha Wikstrom, an executive director of the Company from 1 June 2009 (a non-executive director to May 2009) held a one-third interest in Atelier Management, LLC, the managing company of this investment fund. With effect from 31 March 2010, Ms Wikstrom's interest was transferred to unrelated third parties. Ms Wikstrom has received no remuneration from the managing company, nor otherwise in respect of the fund, since becoming an executive director.

In accordance with the terms of the modification to the Group's executive stock option plan, in October 2008, certain executive directors and members of the Group's Management Committee received vested options over shares in British American Tobacco plc and Reinet. At 31 March 2010, the Group recognised a liability of € 24 million (2009: € 22 million) in respect of its obligation to deliver shares on exercise of the vested options.

Notes to the consolidated financial statements continued

34. Related-party transactions continued

(f) Key management compensation

	2010 € m	2009 € m
Salaries, short-term incentives and other short-term employee benefits	**23**	24
Post-employment benefits	**3**	2
Share option expense	**14**	11
	40	37

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 2010

		Salary, short-term incentives and other short-term employee benefits €	Long-term benefits €	Post-employment benefits €	Stock option cost* €	Total €
Board of Directors of Compagnie Financière Richemont SA						
Johann Rupert	Executive Chairman	1 562 672	–	1 649 010	1 586 162	**4 797 844**
Jean-Paul Aeschimann	Non-Executive Deputy Chairman	106 525	–	–	–	**106 525**
Norbert Platt	Group Chief Executive Officer	4 289 120	–	75 260	4 871 115	**9 235 495**
Richard Lepeu	Group Finance Director	2 798 502	–	70 487	1 396 833	**4 265 822**
Franco Cologni	Senior Executive Director	520 346	–	8 955	–	**529 301**
Lord Douro	Non-Executive Director	182 480	–	–	–	**182 480**
Yves-André Istel	Non-Executive Director	109 854	–	–	–	**109 854**
Simon Murray	Non-Executive Director	79 893	–	–	–	**79 893**
Alain Dominique Perrin	Executive Director	1 519 239	–	–	–	**1 519 239**
Alan Quasha	Non-Executive Director	79 893	–	–	–	**79 893**
Lord Renwick	Lead Independent Director	106 525	–	–	–	**106 525**
Jan Rupert	Manufacturing Director	1 074 024	–	54 497	1 185 878	**2 314 399**
Jürgen Schrempp	Non-Executive Director	79 893	–	–	–	**79 893**
Martha Wikstrom	Chief Executive Officer, Richemont Fashion & Accessories**	1 151 336	–	194 812	–	**1 346 148**
Total		13 660 302	–	2 053 021	9 039 988	**24 753 311**
Group Management Committee		9 365 695	457 500	855 397	4 949 942	**15 628 534**
Total key management compensation		23 025 997	457 500	2 908 418	13 989 930	**40 381 845**

* The cost for stock options is determined in accordance with IFRS 2, *Share-based Payment*. Details of the valuation model and significant inputs to this model can be found in note 35.

** Ms Wikstrom served as a non-executive director to May 2009. During this period she received fees of € 13 316.

34. Related-party transactions continued

(f) Key management compensation (continued)

During the year under review, certain members of key management provided services to the Reinet Group of entities which are regarded as entities under common control. € 1.7 million (2009: € 0.6 million) of total compensation costs disclosed above was in respect of these services and has been reimbursed by the Reinet Group.

With effect from 1 April 2010, those members of key management who provide services to Reinet entities will do so through separate contracts.

Key management compensation for the year ended 31 March 2009

		Salary, short-term incentives and other short-term employee benefits €	Long-term benefits €	Post-employment benefits €	Stock option cost* €	Total €
Board of Directors of Compagnie Financière Richemont SA						
Johann Rupert	Executive Chairman	2 098 794	–	1 528 739	2 295 383	5 922 916
Jean-Paul Aeschimann	Non-Executive Deputy Chairman	123 613	–	–	–	123 613
Norbert Platt	Group Chief Executive Officer	5 070 284	–	67 643	2 221 997	7 359 924
Richard Lepeu	Group Finance Director	2 704 187	–	69 225	1 287 895	4 061 307
Franco Cologni	Senior Executive Director	517 161	–	9 416	–	526 577
Lord Douro	Non-Executive Director	192 080	–	–	–	192 080
Yves-André Istel	Non-Executive Director	118 613	–	–	–	118 613
Simon Murray	Non-Executive Director	76 938	–	–	–	76 938
Alain Dominique Perrin	Executive Director	1 545 442	–	–	–	1 545 442
Alan Quasha	Non-Executive Director	76 938	–	–	–	76 938
Lord Renwick	Lead Independent Director	118 613	–	–	–	118 613
Jan Rupert	Manufacturing Director	1 005 354	–	53 016	1 014 734	2 073 104
Jürgen Schrempp	Non-Executive Director	76 938	–	–	–	76 938
Martha Wikstrom	Non-Executive Director	76 938	–	–	–	76 938
Total		13 801 893	–	1 728 039	6 820 009	22 349 941
Group Management Committee		10 032 558	(414 000)	629 485	4 721 970	14 970 013
Total key management compensation		23 834 451	(414 000)	2 357 524	11 541 979	37 319 954

* The cost for stock options is determined in accordance with IFRS 2, *Share-based Payment*. Details of the valuation model and significant inputs to this model can be found in note 35.

Notes to the consolidated financial statements continued

34. Related-party transactions continued

(f) 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 non-executive directors. Details of options held by executive directors and members of the management board under the plan are as follows:

at 31 March 2010

	Number of options					
	1 April 2009	Exercised in year	31 March 2010	Weighted average grant price CHF	Earliest vesting period	Latest expiry date
Board of Directors of Compagnie Financière Richemont SA						
Johann Rupert	8 275 841	(2 649 000)	5 626 841	12.41	Apr 2010-Jul 2011	June 2013
Norbert Platt	2 321 876	(480 058)	1 841 818	24.63	Apr 2010	June 2017
Richard Lepeu	1 794 612	(195 299)	1 599 313	20.74	Apr 2010-Jul 2014	June 2017
Jan Rupert	1 236 343	–	1 236 343	20.71	Apr 2010-Jul 2014	June 2017
Group Management Committee						
Giampiero Bodino	586 145	–	586 145	22.22	Apr 2010-Jul 2014	June 2017
Pilar Boxford	158 416	(53 443)	104 973	23.45	Apr 2010-Jul 2014	June 2017
Bernard Fornas	1 027 766	(332 044)	695 722	23.04	Apr 2010-Jul 2014	June 2017
Alan Grieve	426 571	–	426 571	20.17	Apr 2010-Jul 2014	June 2017
Albert Kaufmann	1 224 750	(48 330)	1 176 420	21.45	Apr 2010-Jul 2014	June 2017
Thomas Lindemann	387 068	(41 611)	345 457	24.09	Jul 2010-Jul 2014	June 2017
Eloy Michotte	461 981	–	461 981	20.36	Apr 2010-Jul 2014	June 2017
Frederick Mostert	786 723	–	786 723	23.17	Apr 2010-Jul 2014	June 2017

Since his appointment to the Board of Compagnie Financière Richemont SA in September 2006, Mr Ruggero Magnoni has formally waived his entitlement to receive any fees or compensation in respect of his duties as a non-executive director.

The Group Management Committee comprises, in addition to the Executive Chairman, the Group Chief Executive Officer, the Group Finance Director, the Manufacturing Director and the Chief Executive Officer, Richemont Fashion & Accessories, the following members:

Giampiero Bodino
Group Art Director
Pilar Boxford
Group Public Relations Director
Bernard Fornas
Chief Executive of Cartier
Alan Grieve
Director of Corporate Affairs
Albert Kaufmann
General Counsel
Thomas Lindemann
Group Human Resources Director
Eloy Michotte
Corporate Finance Director
Frederick Mostert
Chief Counsel

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 € 9 235 495, which was in respect of Mr Norbert Platt, Group Chief Executive Officer. Mr Platt'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 of Compagnie Financière Richemont SA has established a number of advisory committees. These committees comprise both executive and non-executive directors of the Board of Compagnie Financière Richemont SA. The compensation of the individual members of these committees is disclosed above.

34. Related-party transactions continued

(f) Key management compensation (continued)

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 (2009: € 0.1 million) from the Group for services provided to an entity in which the Group is a joint venture partner.

Share ownership

As at 31 March 2010, members of the Board and parties closely linked to them owned a total of 213 000 Richemont 'A' shares. Members of the Group Management Committee and parties closely linked to them held a total of 51 670 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 Group. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 811 664 'A' shares or 'A' share equivalents at 31 March 2010. The interest of individual directors and members of the Group Management Committee in Richemont 'A' shares is as follows:

	At 31 March 2010	At 31 March 2009
Board of Directors of Compagnie Financière Richemont SA		
Franco Cologni	**75 000**	–
Lord Douro	**18 000**	18 000
Yves-André Istel	**16 000**	16 000
Simon Murray	**–**	7 500
Alain Dominique Perrin	**100 000**	15 000
Lord Renwick	**4 000**	4 000
	213 000	60 500
Group Management Committee		
Alan Grieve	**50 000**	50 000
Albert Kaufmann	**1 670**	1 670
	264 670	112 170

Following the decision of the Annual General Meeting on 9 September 2009 to pay dividends of CHF 0.30 per 'A' bearer share and CHF 0.03 per 'B' registered share, dividends of CHF 16 537 150 were paid to the owners of the shares described in the paragraphs above.

Mr Jan Rupert, Group Manufacturing Director, is a director of a company which holds 2 375 005 Richemont '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 Richemont '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 that have acquired and currently hold 20 000 Richemont 'A' shares.

Mr Jan Rupert has no beneficial interest in Compagnie Financière Rupert and shares referred to in the preceding paragraph 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 Executive Chairman and a cousin of Mr Jan Rupert, is not a director of the company referred to in the preceding paragraph 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. Details of the holdings of Compagnie Financière Rupert and parties associated with Mr Johann Rupert are given in the corporate governance report.

Mr Alain Dominique Perrin, an executive director during the year under review, also has an indirect holding of 819 779 'A' shares.

Mr Alan Grieve, a member of the Group Management Committee, also serves as a director of certain private companies established when the Group was founded and linked to former investors in Compagnie Financière Rupert. These companies hold in total 9 855 099 Richemont 'A' shares. Mr Grieve has no beneficial interest in those companies or in the 'A' shares that they hold. These companies have no current connection with Compagnie Financière Rupert and are not associated in any way with Mr Johann Rupert.

Loans to members of governing bodies

As at 31 March 2010, 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.

35. Share-based payment

Stock 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.

Stock option plan at 31 March 2010

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 2008	38.11	23 179 617
Exercised	26.47	(705 657)
Lapsed	48.66	(217 001)
Balance at 20 October 2008	38.37	22 256 959
Balance at 21 October 2008	18.54	38 281 276
Awarded	21.20	5 069 241
Exercised	11.03	(265 521)
Lapsed	21.74	(277 572)
Balance at 31 March 2009	**18.88**	**42 807 424**
Awarded	**22.07**	**3 453 680**
Exercised	**13.23**	**(8 695 693)**
Lapsed	**24.15**	**(763 188)**
Balance at 31 March 2010	**20.41**	**36 802 223**

Information prior to 20 October 2008 is presented on a unit basis and has not been re-presented for the impact of the de-twinning.

Of the total options outstanding at 31 March 2010, options in respect of 11 253 748 shares had vested and were exercisable (2009: 10 087 258 shares).

The weighted average share price at the date of exercise for options exercised during the year was CHF 29.04 (2009: CHF 54.92 before the de-twinning and CHF 18.55 after the de-twinning).

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 2010	**CHF 8.73 – 10.59**	**CHF 9.18**	**2 106 597**	**2.2 years**
	CHF 12.7 – 14.45	**CHF 13.39**	**7 632 038**	**3.2 years**
	CHF 18.01	**CHF 18.01**	**7 319 802**	**4.2 years**
	CHF 23.18	**CHF 23.18**	**6 958 930**	**5.2 years**
	CHF 32.79	**CHF 32.79**	**5 040 166**	**6.2 years**
	CHF 21.20	**CHF 21.20**	**4 838 385**	**7.2 years**
	CHF 23.55	**CHF 23.55**	**2 906 305**	**8.2 years**
31 March 2009	CHF 8.73 – 10.59	CHF 9.86	6 004 278	1.9 years
	CHF 12.7 – 14.45	CHF 13.65	10 302 997	4.3 years
	CHF 18.01	CHF 18.01	8 987 014	5.2 years
	CHF 23.18	CHF 23.18	7 228 975	6.2 years
	CHF 32.79	CHF 32.79	5 255 458	7.2 years
	CHF 21.20	CHF 21.20	5 028 702	8.2 years

The average fair value of options granted during the period determined using a Binomial model was CHF 9.00 (2009: Monte Carlo model; CHF 8.48). The significant inputs into the model were the share price of CHF 23.55 (2009: CHF 21.20) at the grant date, the exercise prices shown above, a standard deviation of expected share price returns of 43 per cent (2009: 41 per cent), an expected option life of five to seven years, a dividend yield of 1.3 per cent (2009: 2.00 per cent) and a risk-free interest rate of 1.5 per cent to 2.0 per cent (2009: 1.3 per cent to 1.7 per cent). 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 € 36 million (2009: € 31 million).

36. Joint ventures

The Group has the following interests in joint ventures:

- Richemont holds an interest of 50 per cent in Laureus World Sports Awards Limited, a company registered in the UK. The company manages the Laureus World Sports Awards, which honour the achievements of the world's greatest sportsmen and women on an annual basis and contributes to the Laureus Sport for Good Foundation, a charity registered in the UK which oversees the activities of Laureus Sport for Good Foundations around the world. The Group's partner in Laureus World Sports Awards Limited is Daimler AG.
- Richemont is a 50 per cent owner of Ralph Lauren Watch and Jewelry Company Sàrl. The joint venture entity designs and creates luxury watches and fine jewellery. The Group's partner is Polo Ralph Lauren Inc., New York.
- Until 20 October 2008, Richemont held a 19.5 per cent interest in British American Tobacco plc ('BAT') through the joint venture R&R Holdings SA incorporated in Luxembourg. As part of the Group restructuring, the assets of R&R Holdings SA, being namely the BAT shares, were transferred to Reinet and R&R Holdings SA was liquidated.

The following amounts represent the Group's share of the assets and liabilities and results of the joint ventures and are included in the statement of financial position and profit for the year. The figures are before elimination of intra-Group transactions and balances.

	2010 € m	2009 € m
Statement of financial position		
Non-current assets	–	1
Current assets	14	12
Current liabilities	(13)	(14)
Non-current liabilities	(3)	(3)
	(2)	(4)

	2010 € m	2009 € m
Profit for the year		
Continuing operations		
Revenue	10	3
Operating loss	(2)	(2)
Finance income	–	4
(Loss)/profit from continuing operations	(2)	2
Profit from discontinued operations (net of tax)	–	355
(Loss)/profit for the year	(2)	357

37. Ultimate parent company

The directors regard Compagnie Financière Rupert, Bellevue, Geneva, Switzerland to be the Group's controlling party, as 50 per cent of the voting rights of the Company are held by that entity.

Notes to the consolidated financial statements continued

38. Events after the reporting period

Dividend

A dividend of CHF 0.35 per share is proposed for approval at the Annual General Meeting of the Company, to be held on 8 September 2010. These financial statements do not reflect these dividends payable, which will be accounted for as an appropriation of retained earnings to be effected during the year ending 31 March 2011.

Business combination

On 1 April 2010, the Group's offer to acquire 100 per cent of the shares of Net-a-Porter Limited ('N-A-P'), a successful luxury fashion on-line retailer for a cash consideration of € 392 million became unconditional.

All figures given below are provisional and based on unaudited management accounts of N-A-P.

Prior to the transaction the Group held an interest of 33.2 per cent and accounted for N-A-P as an associated undertaking applying the equity accounting method. The investment in the associated undertaking is re-measured to fair value immediately prior to the business combination, resulting in a fair value adjustment of approximately € 102 million.

Acquisition-related transaction costs of € 7 million have been expensed in the year to 31 March 2010 as other income/expenses, in anticipation of the new guidance in IFRS 3, *Business Combinations*.

Details of the provisional values for assets acquired and liabilities assumed are as follows.

Net assets acquired

	Business operations acquired	
	Fair value € m	Acquirees' carrying amount € m
Property, plant and equipment, intangible assets recognised by N-A-P and other long-term assets	**8**	**8**
Intangible assets	**101**	**–**
Deferred tax	**2**	**2**
Inventories	**39**	**39**
Trade and other receivables	**13**	**13**
Cash and cash equivalents	**18**	**18**
Short-term investments	**10**	**10**
Current and long-term liabilities	**(44)**	**(44)**
Net assets acquired	**147**	**46**

Fair value of net assets acquired	**147**
Attributable to non-controlling interest	**(27)**
Goodwill	**246**
Total purchase consideration	**366**
Fair value of previous holding	**(117)**
Purchase consideration – cash paid	**249**
Cash acquired	**(18)**
Cash outflow on acquisition	**231**

Goodwill represents certain intangible assets that do not qualify for separate recognition including:

- a knowledgeable and integrated workforce;
- technical know-how; and
- a potential distribution platform for Richemont Fashion & Accessories businesses.

None of the goodwill is deductible for tax purposes.

38. Events after the reporting period continued

Business combination (continued)

Included within working capital are operating receivables with a fair value of € 4 million. The gross contractual amount of trade and other receivables is € 10 million and settlement is expected in full.

The impact of this transaction on the accounts of the Richemont Group had the transaction taken place on 1 April 2009 would have been:

	€ m
Increase in sales	**135**
Decrease in operating contribution	**(41)**
Decrease in net income (after minority)	**(42)**
Revaluation gain on existing investment	**102**

Incorporation of new holding company

The acquisition of Net-a-Porter Limited ('N-A-P') was transacted through Largenta Limited ('Largenta'), a UK holding company set up with the sole purpose of acquiring the business.

The ordinary shares of Largenta were subscribed 96 per cent by Richemont and 4 per cent by an executive of N-A-P. Largenta acquired approximately 97 per cent of the voting rights of N-A-P.

In addition to the ordinary shares the executive of N-A-P acquired new 'B' non-voting shares in Largenta.

Together the ordinary shares and the 'B' shares of the executive of N-A-P carry an economic entitlement equivalent to 14 per cent of the increase in equity value of N-A-P over the period to 31 March 2015. This is achieved through two separate put and call option arrangements. The arrangements give Richemont the right to acquire and the shareholder the right to sell all, but not part, of their shares on 1 April 2015. The exercise price reflects the increase in the fair value of N-A-P from acquisition until the date of exercise.

Transactions involving the shares of N-A-P

Ordinary 'C' shares

Largenta offered the ordinary shareholders of N-A-P, the opportunity to elect to retain an interest in the ordinary shares, representing approximately 3.0 per cent of N-A-P. This interest is in the form of ordinary 'C' shares which have the same voting and dividend rights as the ordinary shares.

The Group has entered into put and call option arrangements with the holders of ordinary 'C' shares. The arrangements give Richemont the right to acquire and the holders of ordinary 'C' shares the right to sell all, but not part, of their shares between 1 April and 20 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).

Transactions with management

Members of the N-A-P senior executive team are entitled to acquire new 'B' non-voting shares in N-A-P entitling the holders to an economic interest in the growth in the fair value of the company above an initial threshold value, representing the fair value of the entity at the date of grant. Further shares may be issued in the future up to an aggregate maximum interest of 5 per cent. Threshold value for further share issues will depend on the equity value of N-A-P at the time of issue.

New 'B' shares will carry a put right entitling the holder to sell all (but not some) of their new 'B' shares to Largenta on and from 31 March 2015 at fair market value (less threshold). There will be an equivalent call right for Largenta to acquire the new 'B' shares at the same price.

39. Principal Group companies

Details of principal companies within the Group:

Country of incorporation	Location	Name of company	Effective interest	Share capital (currency 000's)
Subsidiary undertakings				
China	Shanghai	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 682 700
France	Paris	Société Cartier	100.0%	€ 24 392
	Paris	Chloé International	100.0%	€ 6 000
	Paris	Lancel Sogedi	100.0%	€ 27 520
	Paris	Van Cleef & Arpels Holding France	100.0%	€ 17 519
Germany	Glashütte	Lange Uhren GmbH	100.0%	€ 550
	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
India	Mumbai	Richemont India Private Limited	100.0%	INR 18 000
Italy	Milan	Officine Panerai Marketing e Communicazione Srl	100.0%	€ 90
	Milan	Richemont Italia SpA	100.0%	€ 10 000
Japan	Tokyo	Richemont F&A Japan Limited	100.0%	JPY 110 000
	Tokyo	Richemont Japan Limited	100.0%	JPY 250 000
Jersey	Jersey	Richemont Luxury Group Limited	100.0%	CHF 4 533 900
Luxembourg	Luxembourg	Richemont International Holding SA	100.0%	€ 603 435
Netherlands	Amsterdam	RLG Europe BV	100.0%	€ 17 700
Russia	Moscow	Limited Liability Company RLG	100.0%	RUR 50 000
Spain	Madrid	Richemont Iberia, SL	100.0%	€ 6 005
Switzerland	Bellevue	Baume & Mercier SA	100.0%	CHF 100
	Geneva	Cartier SA	100.0%	CHF 1 000
	Geneva	Cartier International SA Genève	100.0%	CHF 500
	Schaffhausen	IWC International Watch Co. AG	100.0%	CHF 100
	Le Sentier	Manufacture Jaeger-LeCoultre SA	100.0%	CHF 100
	Meyrin	Manufacture Roger Dubuis SA	60.0%	CHF 10 000
	Le Locle	Montblanc Montre SA	100.0%	CHF 250
	La Côte-aux-Fées	Piaget SA	100.0%	CHF 128
	Villars-sur-Glâne	Richemont International SA	100.0%	CHF 1 007 500
	Bellevue	Richemont Securities AG	50.0%	CHF 100
	Villars-sur-Glâne	Richemont Suisse SA	100.0%	CHF 4 850
	Geneva	Vacheron & Constantin SA	100.0%	CHF 100
	Villars-sur-Glâne	Van Cleef & Arpels SA	100.0%	CHF 31 387
Turkey	Istanbul	Richemont Istanbul Luks Esya Dagitim A.S.	100.0%	TRY 8 800
United Arab Emirates	Dubai	Richemont (Dubai) FZE	100.0%	AED 9 000
United Kingdom	London	Alfred Dunhill Limited	100.0%	£ 235 421
	London	Cartier Limited	100.0%	£ 4 200
	London	James Purdey & Sons Limited	100.0%	£ 9 635
	London	Richemont Holdings (UK) Limited	100.0%	£ 248 672
United States of America	Delaware	Richemont North America Inc.	100.0%	US$ 127 179
Joint venture				
Switzerland	Vernier	Ralph Lauren Watch and Jewelry Company Sàrl	50.0%	CHF 18 000

Report of the Group auditors

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 54 to 106), for the year ended 31 March 2010.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 March 2010 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

David Mason	**Guillaume Nayet**
Audit expert	Audit expert
Auditor in charge	

Geneva, 26 May 2010

Company financial statements
Compagnie Financière Richemont SA

Income statement
for the year ended 31 March

	Notes	2010 CHF m	2009 CHF m
Income			
Dividend income		**61.1**	589.2
Interest income		**4.8**	26.6
Other income		**0.9**	3.0
		66.8	618.8
Expenses			
General expenses	*2,3*	**9.2**	35.9
Profit before taxation		**57.6**	582.9
Taxation		**0.4**	2.2
Net profit		**57.2**	580.7

Balance sheet
at 31 March

	Notes	2010 CHF m	2009 CHF m
Long-term assets			
Investments	*4*	**1 847.8**	1 077.2
Property, plant and equipment		**–**	0.1
		1 847.8	1 077.3
Current assets			
Current accounts receivable from Group companies		**840.8**	1 729.3
Taxation		**1.4**	–
Other receivables		**0.1**	0.1
Cash and cash equivalents		**0.6**	0.6
		842.9	1 730.0
		2 690.7	2 807.3
Shareholders' equity			
Share capital	*6*	**574.2**	574.2
Legal reserve	*7*	**117.6**	117.6
Reserve for own shares	*8*	**389.5**	262.4
Retained earnings	*9*	**1 600.5**	1 835.8
		2 681.8	2 790.0
Current liabilities			
Accrued expenses		**3.4**	9.8
Taxation		**–**	5.0
Current accounts payable to Group companies		**3.2**	0.1
		6.6	14.9
Long-term liabilities	*5*	**2.3**	2.4
		2 690.7	2 807.3

Notes to the Company financial statements
at 31 March 2010

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 2010 and the results of its operations for the year then ended, prepared in accordance with Swiss law.

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 – General expenses
General expenses include personnel costs of CHF 3.2 million (2009: CHF 3.6 million).

Note 3 – Board and executive compensation disclosures
Details of compensation required by the Swiss Code of Obligations, art. 663 and following, can be found in note 34 to the consolidated financial statements.

Note 4 – Investments
These comprise investments in subsidiary companies, which are stated at cost.

Company	Domicile	Purpose	Ownership	2010 CHF m	2009 CHF m
Richemont Holdings AG	Switzerland	Investment holding company	100%	**770.7**	0.1
Richemont International Holding SA	Luxembourg	Investment holding company	100%	**459.0**	459.0
Richemont International SA	Switzerland	Operating company	100%	**385.0**	385.0
Richemont Finance SA	Luxembourg	Investment holding company	100%	**189.0**	189.0
Richemont Luxury Group Ltd	Jersey	Investment holding company	100%	**42.0**	42.0
Bespoke Innovations Sàrl (formerly Columbus VC Sàrl)	Switzerland	Investment holding company	100%	**2.0**	2.0
Richemont Securities AG	Switzerland	Depository/issuer of Richemont South African Depository Receipts	50%	**0.1**	0.1
				1 847.8	1 077.2

Note 5 – Long-term liabilities
Long-term liabilities include retirement benefit obligations in the amount of CHF 2.1 million.

Compagnie Financière Richemont SA

Notes to the Company financial statements continued

Note 6 – Share capital

	2010 CHF m	2009 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

Note 7 – Legal reserve

The legal reserve of CHF 117.6 million (2009: CHF 117.6 million) is not available for distribution.

Note 8 – Reserve for own shares

The reserve is created in respect of Richemont ‘A’ shares purchased by Richemont Employee Benefits Limited. (‘REBL’), a subsidiary company. Prior to the de-twinning that took place in October 2008, a Richemont ‘A’ unit was composed of one ‘A’ bearer share issued by the Company and one participation certificate issued by Richemont SA, Luxembourg.

During the year, REBL purchased 9 975 192 ‘A’ shares in the open market and acquired a further 67 950 ‘A’ shares via a forward contract (2009: 3 649 884 ‘A’ shares were purchased and a further 1 706 974 ‘A’ units were acquired through the exercise of call options).

During the year, 8 695 693 ‘A’ shares (2009: 705 657 ‘A’ units and 265 521 ‘A’ shares) were sold to executives under the Richemont share option plan by REBL.

At 31 March 2010, following these transactions, REBL held 20 253 282 Richemont ‘A’ shares (2009: 17 529 155) with a cost of CHF 389.5 million (2009: CHF 262.4 million). In terms of the reserve for own shares established in respect of purchased shares, a net amount of CHF 127.1 million has been transferred into the reserve (2009: CHF 158.2 million) during the year.

During 2009, REBL purchased call options to acquire 1 000 000 ‘A’ shares and a forward contract to acquire up to an additional 3 000 000 ‘A’ shares was entered into in order to hedge obligations under the Richemont share option plan. At 31 March 2010, call options to acquire 13 612 171 ‘A’ shares were outstanding, while all rights under forward contracts had expired.

Note 9 – Retained earnings

	2010 CHF m	2009 CHF m
Balance at 1 April of prior year retained earnings	**1 835.8**	1 466.9
Dividend paid	**(165.4)**	(53.6)
Net transfer to reserve for own shares	**(127.1)**	(158.2)
Balance at 1 April, after appropriations	**1 543.3**	1 255.1
Net profit	**57.2**	580.7
Balance at 31 March	**1 600.5**	1 835.8

Note 10 – Commitments and contingencies

At 31 March 2010, the Company had issued guarantees in favour of Group companies for credit facilities up to a maximum of CHF 1 166.8 million (31 March 2009: CHF 687.6 million).

The directors believe that there are no contingent liabilities.

Notes to the Company financial statements continued

Note 11 – Significant shareholders

Pursuant to the requirements of the Swiss Federal Act on Stock Exchanges and Securities Trading and the associated ordinances, the Company received formal notification in December 2000 from Compagnie Financière Rupert that it held 522 000 000 'B' registered shares, representing 50.0 per cent of the voting rights in the Company. In addition, Compagnie Financière Rupert has indicated that parties related to it held or controlled 2 811 664 'A' bearer shares (either directly or through the medium of South African Depository Receipts), representing 0.27 per cent of the voting rights in the Company as at 31 March 2010.

Also pursuant to the requirements of the Swiss Federal Act on Stock Exchanges and Securities Trading and the associated ordinances, the Company has received two formal notifications of significant shareholdings. In 2008, Public Investment Corporation Limited, Pretoria, which invests funds on behalf of South African public sector entities, notified the Company that accounts under its management held Richemont South African Depository Receipts equivalent to 32 633 436 'A' shares, representing 3.13 per cent of the voting rights in the Company. On 19 May 2009, REBL notified the Company that it had acquired 'A' shares and the right to acquire further 'A' shares equivalent to 31 705 935 'A' shares or 3.04 per cent of the voting rights in the Company. REBL acquires and holds 'A' shares to hedge obligations arising from the Group's long-term stock option plan. At the same date, REBL notified the Company that it held disposal positions arising from the Group's long-term stock option plan equivalent to 43 211 994 'A' shares or 4.14 per cent of the voting rights of the Company.

Richemont Securities AG, a subsidiary of the Company, acts as Depository in respect of Richemont South African Depository Receipts ('DRs'), which are traded on the JSE Limited (the Johannesburg Stock Exchange). 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 AG holds one 'A' share in safe custody for every ten DRs in issue. Richemont Securities AG'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 AG individually to holders of DRs and Richemont Securities AG acts as the approved representative of DR holders in voting at shareholders' meetings of the Company. DR holders may provide Richemont Securities AG with voting instructions as to their holdings of DRs and Richemont Securities AG may only vote on behalf of those DR holders from whom it has received such instructions.

At 31 March 2010, Richemont Securities AG held 143 521 960 Richemont 'A' shares (2009: 202 787 387 shares), representing some 27 per cent (2009: 39 per cent) 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 2010

	CHF m
Available retained earnings	
Balance at 1 April 2009	**1 835.8**
Dividend paid	**(165.4)**
Net transfer to reserve for own shares	**(127.1)**
Net profit	**57.2**
	1 600.5

Proposed appropriation

The proposed dividend payable to Richemont shareholders will be CHF 0.35 per Richemont share. This is equivalent to CHF 0.35 per 'A' bearer share in the Company and CHF 0.035 per 'B' registered share in the Company. It will be payable to Richemont shareholders on 16 September 2010 in respect of coupon number 13, free of charges but subject to Swiss withholding tax at 35 per cent, 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, 26 May 2010

Compagnie Financière Richemont SA

Report of the statutory auditors

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

Report of the statutory auditors on the financial statements

As statutory auditors, we have audited the financial statements of Compagnie Financière Richemont SA, which comprise the balance sheet, income statement and notes (pages 108 to 111), for the year ended 31 March 2010.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 March 2010 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

David Mason
Audit Expert
Auditor in charge

Silvia Ventosa Viña

Geneva, 26 May 2010

Five year record

Summary income statement

	2006 € m	2007 € m	2008 € m	2009 re-presented € m	2010 € m
Continuing operations					
Sales	4 308	4 827	5 290	5 418	**5 176**
Cost of sales	(1 588)	(1 753)	(1 875)	(2 001)	**(1 985)**
Gross profit	2 720	3 074	3 415	3 417	**3 191**
Net operating expenses	(1 979)	(2 158)	(2 297)	(2 449)	**(2 361)**
Operating profit	741	916	1 118	968	**830**
Net finance (costs)/income	5	31	47	(101)	**(137)**
Share of post-tax results of associated undertakings	–	1	1	3	**4**
Profit before taxation	746	948	1 166	870	**697**
Taxation	(136)	(158)	(194)	(133)	**(94)**
Profit from continuing operations	610	790	972	737	**603**
Profit/(loss) from discontinued operations*	486	539	592	339	**(3)**
Profit for the year	1 096	1 329	1 564	1 076	**600**
Gross profit margin	63.1%	63.7%	64.6%	63.1%	**61.6%**
Operating profit margin	17.2%	19.0%	21.1%	17.9%	**16.0%**

* Discontinued operations: the share of results from British American Tobacco plc to 20 October 2008 and certain immaterial subsidiary operations were included in continuing operations up to and including 31 March 2007 under IFRS, but are presented in the summary above within discontinued operations for all periods for comparative purposes only.

Sales and operating results by business segment

	2006 € m	2007 € m	2008 € m	2009 € m	2010 € m
Sales					
Jewellery Maisons	2 227	2 435	2 657	2 762	**2 688**
Specialist Watchmakers	1 063	1 203	1 378	1 437	**1 353**
Writing Instrument Maisons	497	585	625	587	**551**
Other	521	604	630	632	**584**
	4 308	4 827	5 290	5 418	**5 176**
Operating results from continuing operations					
Jewellery Maisons	616	667	765	777	**742**
Specialist Watchmakers	227	274	374	301	**231**
Writing Instrument Maisons	83	110	126	69	**79**
Other	(16)	9	11	(39)	**(36)**
Operating profit from reportable segments	910	1 060	1 276	1 108	**1 016**
Unallocated corporate costs	(169)	(144)	(158)	(140)	**(186)**
Consolidated operating profit before finance and tax	741	916	1 118	968	**830**

Sales by geographic region

	2006 € m	2007 € m	2008 € m	2009 € m	2010 € m
Europe	1 811	2 042	2 284	2 363	**2 099**
Asia-Pacific	899	1 070	1 295	1 474	**1 740**
Americas	875	984	1 012	889	**712**
Japan	723	731	699	692	**625**
	4 308	4 827	5 290	5 418	**5 176**

Five year record continued

Analysis of sales

	2006 € m	2007 € m	2008 € m	2009 € m	2010 € m
Sales by distribution channel					
Retail	1 762	2 009	2 214	2 304	**2 385**
Wholesale	2 546	2 818	3 076	3 114	**2 791**
	4 308	4 827	5 290	5 418	**5 176**
Sales by product line					
Watches	2 053	2 263	2 555	2 569	**2 483**
Jewellery	1 011	1 146	1 254	1 374	**1 333**
Leather goods	353	463	498	481	**483**
Writing instruments	326	373	362	307	**296**
Clothing and other	565	582	621	687	**581**
	4 308	4 827	5 290	5 418	**5 176**

Per share information (IFRS)

	2006	2007	2008	2009 re-presented	2010
Diluted earnings per share					
– from continuing operations	€ 1.084	€ 1.385	€ 1.710	€ 1.312	**€ 1.076**
– from discontinued operations	€ 0.867	€ 0.946	€ 1.040	€ 0.604	**(€ 0.005)**
	€ 1.951	€ 2.331	€ 2.750	€ 1.916	**€ 1.071**

	2006	2007	2008	2009	2010
Dividend per share	€ 0.600	€ 0.650	€ 0.780	CHF 0.30	**CHF 0.35**
Special dividend per share	€ 0.500	€ 0.600	–	–	**–**
Closing market price					
Highest price	CHF 63.20	CHF 72.60	CHF 82.80	CHF 30.04	**CHF 41.73**
Lowest price	CHF 35.30	CHF 50.50	CHF 52.75	CHF 14.23	**CHF 18.52**

Earnings per share information for periods before 20 October 2008 was previously reported on a per unit basis. Other than market prices in 2009, no amounts have been re-presented to reflect the changes in the Group's capital structure following the restructuring effected on 20 October 2008. For comparative purposes, market prices for 2006, 2007 and 2008 may be multiplied by 43 per cent, in line with the ratio applied by SIX Swiss Exchange for all prices up to 20 October 2008.

Cash flow from operations

	2006 € m	2007 € m	2008 € m	2009 € m	2010 € m
Operating profit*	741	916	1 101	951	**827**
Depreciation and other items	159	175	134	229	**314**
(Increase)/decrease in working capital	(126)	(121)	(267)	(361)	**323**
Cash inflow from operating activities	774	970	968	819	**1 464**
Capital expenditure – net	(189)	(221)	(295)	(336)	**(175)**
Net cash inflow from operating activities	585	749	673	483	**1 289**

*Including discontinued subsidiary operations

Exchange rates

	2006	2007	2008	2009	2010
Average rates					
€ : US$	1.2176	1.2829	1.4173	1.4216	**1.4144**
€ : JPY	137.70	150.00	161.59	143.07	**131.30**
€ : CHF	1.5508	1.5871	1.6390	1.5597	**1.5020**

Statutory information

COMPAGNIE FINANCIÈRE RICHEMONT SA

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Auditors: PricewaterhouseCoopers SA
50 avenue Giuseppe-Motta
1202 Geneva
Switzerland

Company Secretary: Matthew Kilgarriff

'A' shares issued by the Swiss parent company, Compagnie Financière Richemont SA, are listed and traded on the SIX Swiss Exchange (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 (Reuters 'CFRJ.J'/Bloombergs 'CFR:SJ'/ISIN CH0045159024).

Internet: www.richemont.com
investor.relations@cfrinfo.net
secretariat@cfrinfo.net

Further information regarding Reinet Investments S.C.A., the vehicle separated from Richemont in the de-twinning effected on 20 October 2008, can be found on that company's website: www.reinet.com

Notice of meeting

The Annual General Meeting of shareholders of Compagnie Financière Richemont SA will be held at 2.00 pm at the Four Seasons Hotel des Bergues, 33 Quai des Bergues 1, 1201 Geneva, on Wednesday, 8 September 2010.

AGENDA

1. Business Report

The Board of Directors proposes that the General Meeting, having taken note of the reports of the auditors, 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 2010.

2. Appropriation of profits

At 31 March 2010, the retained earnings available for distribution amounted to CHF 1 600 466 093. The Board of Directors proposes that a dividend of CHF 0.35 be paid per Richemont share. This is equivalent to CHF 0.350 per 'A' bearer share in the Company and CHF 0.035 per 'B' registered share in the Company. This represents a total dividend payable of CHF 200 970 000, subject to a waiver by Richemont Employee Benefits Limited of its entitlement to receive dividends on an estimated 20 million Richemont 'A' shares held in treasury. The Board of Directors proposes that the remaining available retained earnings of the Company at 31 March 2010, 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 2010.

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: Johann Rupert, Dr Franco Cologni, Lord Douro, Yves-André Istel, Richard Lepeu, Ruggero Magnoni, Simon Murray, Alain Dominique Perrin, Norbert Platt, Alan Quasha, Lord Renwick of Clifton, Jan Rupert, Prof Jürgen Schrempp and Martha Wikstrom. The Board further proposes that Josua Malherbe, Dr Frederick Mostert, Guillaume Pictet, Dominique Rochat and Gary Saage be elected to the Board; their biographical details can be found on page 41.

5. Election of the Auditors

The Board of Directors proposes that PricewaterhouseCoopers be reappointed for a further term of one year as auditors of the consolidated financial statements of the Group and of the financial statements of the Company.

6. Revision of the Articles of Incorporation

The Board of Directors proposes that the Company's Articles of Incorporation be revised to reflect recent changes to the Swiss legal framework. 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 auditors for the year ended 31 March 2010, which are all contained in the Richemont Annual Report 2010, as well as the proposed revisions to the Articles of Incorporation, will be available for inspection at the registered office of the Company from 26 July 2010 onwards. The Richemont Annual Report 2010 and the proposed revisions to the Articles of Incorporation are also available on the Company's website. Printed versions of all such documents will be sent to shareholders upon request.

Cards for admission to the Annual General Meeting together with voting forms should be obtained by holders of bearer shares, upon deposit of their share certificates, from any branch of the following banks up to 3 September 2010: UBS AG, Lombard Odier Darier Hentsch & Cie, Bank J Vontobel & Co AG and Pictet & Cie. Admission cards will not be issued by the Company itself.

Deposited shares will be blocked until the close of the meeting. No admission cards will be issued on the day of the meeting itself.

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, 1204 Geneva, 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 Friday, 3 September 2010.

The meeting will be held in English with a simultaneous translation into French.

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.

For the Board of Directors:

JOHANN RUPERT
EXECUTIVE CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

RICHARD LEPEU
DEPUTY CHIEF EXECUTIVE OFFICER

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