Alfred Dunhill Limited

(Registered number 00191031)

Report and Financial Statements
For The Year Ended 31 March 2004

Alfred Dunhill Limited

Report and financial statements for the year ended 31 March 2004

Contents

	Pages
Report of the directors	1 – 3
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 – 20

Report of the Directors
for the year ended 31 March 2004

The directors submit their report and the audited financial statements for the year ended 31 March 2004.

Principal activities

The principal activity of the Company is the marketing of luxury consumer products worldwide including leather goods, watches, jewellery, pens, clothing and associated products primarily aimed at men.

Results

The results of the Company for the year are set out in the profit and loss account on page 5, and the notes on pages 7 to 20.

Review of business and future developments

The year-end financial position of the Company was satisfactory, the directors expect the present financial position to be improved in the foreseeable future and expect the parent company to continue to provide financial support when required.

Dividends

No interim dividend was paid for the year ended 31 March 2004 (2003: £nil). The directors do not recommend the payment of a final dividend for the year ended 31 March 2004 (2003: £nil).

Fixed assets

In the opinion of the directors, having considered independent professional advice, the market value of the freehold and leasehold premises exceeded by approximately £9.5 million the amount at which such premises are included in the historical cost balance sheet as at 31 March 2004.

Directors

The directors of the Company during the year and as at 31 March 2004 were:

R Dunhill
K C O Barton
A J Merriman
S J Critchell
G A Saage

Directors' interests

There are no individual interests of any director and their families in shares and options of the Company, its UK parent company or any of their subsidiary companies or fellow subsidiaries, as shown in the register kept in accordance with section 325 of the Companies Act 1985 as at 31 March 2004.

The directors have interests in the share options of the Company's ultimate parent, Compagnie Financière Richemont SA, however no options were exercised during the year.

During the year no director had a material interest in any contract that was significant in relation to the Company's business.

Employee information

The Company is an equal opportunity employer and no job applicant or employee receives less favourable treatment on the grounds of sex, marital status, race, colour or creed. Employees are kept as fully informed as possible on the Company's performance and direction and there are established channels for consultation and communication at a corporate and divisional level.

Employment of disabled persons

It is the policy of the Company to give full and fair consideration to the employment of disabled persons, in jobs suited to their individual circumstances and, as appropriate, to consider them for recruitment opportunities, career development and training. Special consideration is given to retraining those who become disabled whilst in the Company's employment.

Donations

Donations for charitable purposes made by the Company in the United Kingdom during the year amounted to £12,321 (2003: £17,930). No contributions for political purposes were made during the year (2003: £nil).

Policy and practice on payment of creditors

The company agrees terms of credit on an individual basis with each supplier.

For the year ended 31 March 2004, trade creditor days of the company were 19 days (2003:17 days) based on the ratio of the company's trade creditors at the end of the year to accounts invoiced during the year.

Report of the Directors
for the year ended 31 March 2004 (Continued)

Directors' responsibilities

The directors are required by United Kingdom company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2004. The directors also confirm that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

An elective resolution is in place, which negates the need to re-appoint auditors annually.

By Order of the Board

W S G Lawrence
Company Secretary
28 January 2005

Independent auditors' report to the members of Alfred Dunhill Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies on pages 7 to 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
25 January 2005

Alfred Dunhill Limited

Profit and loss account for the year ended 31 March 2004

	Note	2004 £'000	2003 £'000
Turnover	2	**57,419**	65,436
Cost of sales		**(41,603)**	(44,530)
Gross profit		**15,816**	20,906
Distribution and selling costs		**(33,736)**	(35,103)
Administrative expenses		**(15,211)**	(14,153)
Pre-exceptional		**(13,332)**	(12,674)
Exceptional	4	**(1,879)**	(1,479)
Operating loss	3	**(33,131)**	(28,350)
Gain/(Loss) on disposal of tangible fixed assets	4	**691**	(333)
Profit on disposal of investments	4	**-**	29,904
Amounts written off investments	5	**-**	(23,130)
Income from shares in group undertakings		**852**	8,683
Net interest receivables/(payable)	6	**381**	(1,047)
Loss on ordinary activities before taxation		**(31,207)**	(14,273)
Tax on loss on ordinary activities	7	**663**	(250)
Loss on ordinary activities after taxation being retained loss for the financial year	18	**(30,544)**	(14,523)

The Company has no recognised gains and losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

All material activities of the Company are continuing.

The notes on pages 7 to 20 form an integral part of these financial statements

Alfred Dunhill Limited

Balance sheet as at 31 March 2004

	Notes	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	9	**4,542**	4,481
Investments	10	**22**	1,566
		4,564	6,047
Current assets			
Stocks	11	**12,828**	14,389
Debtors	12	**15,260**	11,437
Cash at bank and in hand		**2,968**	2,705
		31,056	28,531
Creditors: amounts falling due within one year	13	**(21,571)**	(18,462)
Net current assets		**9,485**	10,069
Total assets less current liabilities		**14,049**	16,116
Provisions for liabilities and charges	14	**(224)**	(1,747)
Net assets		**13,825**	14,369
Capital and reserves			
Called up share capital	16	**69,421**	39,421
Merger reserve	17	**22,912**	22,912
Profit and loss account	17	**(78,508)**	(47,964)
Equity shareholders' funds	18	**13,825**	14,369

The financial statements on pages 5 to 20 were approved by the board of directors and were signed on its behalf by:

A J Merriman
Director

G A Saage
Director

28 January 2005

The notes on pages 7 to 20 form an integral part of these financial statements.

Alfred Dunhill Limited

Notes to the financial statements for the year ended 31 March 2004

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied on a consistent basis, is set out below.

(1) Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

(2) Consolidated financial statements

The financial statements contain information about Alfred Dunhill Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its UK parent company Richemont Holdings (UK) Limited.

(3) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Differences on exchange are included in operating profit. Transactions in foreign currencies are translated into sterling at the actual rate of exchange ruling at the date of the transaction.

(4) Derivative financial instruments

Currency forward contracts are used by the Company solely for the management of foreign currency exposures. The Company does not hold or issue derivative financial instruments for trading purposes. Gains or losses on foreign currency forward contracts are deferred and recognised in the profit and loss account when the transaction occurs.

(5) Taxation

Provision is made in each financial year for all taxation expected to be payable in respect of profits earned during the year.

Provision is made for deferred taxation using the incremental liability approach and is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date. Deferred tax assets are recognized to the extent that they are regarded as recoverable.

(6) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first-in-first-out basis and, where appropriate, includes labour, materials, duty and overheads attributable to the stages of production reached. Net realisable value is the price at which the stocks can be realised in the normal course of business, after allowing for the estimated costs of realisation. Where necessary, provision is made for obsolete, slow moving and defective stocks.

(7) Depreciation

Depreciation of fixed assets is calculated to write-off the cost or valuation of the assets over their expected useful lives, by equal annual instalments. The principal rates used are:

Leasehold land and buildings	the life of the lease
Fixtures, fittings and other equipment	10 - 33%

1 Principal accounting policies (Continued)

(8) Investments held as current assets

Investments held as current assets are stated at the lower of cost and net realisable value.

(9) Impairment of fixed assets

Fixed assets are reviewed for impairment where there is some indication that impairment has occurred. Impairment is measured by comparing the carrying value of the group of assets under review with their recoverable amount. The recoverable amount is the higher of the amount that could be obtained from selling the assets or their value in use, as measured by discounting the future cash flows arising from the use of the assets at a rate of return which would be expected from an investment of similar risk.

(10) Turnover

Turnover, which includes sales to other Group companies, and excludes value added tax, sales and similar taxes and trade discounts, represents the invoiced value of goods supplied and also includes royalties and similar income receivable.

(11) Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(12) Pension scheme arrangements

During 2002 the Accounting Standards Board ("ASB") delayed the mandatory implementation of Financial Reporting Standards ("FRS") 17 (Retirement benefits) in order to allow UK and International standards boards an opportunity to agree how to converge their difference approaches. The Company has continued to account for retirement benefit costs in accordance with SSAP24 Accounting for Pensions Costs and to make disclosures under the transitional rules of FRS 17 in these financial statements.

Pension costs, which are charged to the profit and loss account, are calculated on actuarial valuation methods which give a substantially even charge over the expected service lives of employees. Note 15 to the financial statements provides further details relating to pension scheme arrangements.

(13) Cash flow statement

No cash flow statement is prepared as, in accordance with Financial Reporting Standard No. 1 Revised, the Company is exempt from this requirement as it is a wholly owned subsidiary whose cash flows are included in the Compagnie Financière Richemont SA cash flow statement.

Alfred Dunhill Limited

Notes to the financial statements for the year ended 31 March 2004 (Continued)

2 Turnover

Sales for the year ended 31 March 2004 are analysed as follows:

	Europe £'000	Asia Pacific £'000	Rest of World £'000	Total £'000
Turnover by destination	15,331	39,455	2,633	57,419
Turnover by origin	57,419	-	-	57,419

Sales for the year ended 31 March 2003 are analysed as follows:

	Europe £'000	Asia Pacific £'000	Rest of World £'000	Total £'000
Turnover by destination	16,737	41,257	7,442	65,436
Turnover by origin	65,436	-	-	65,436

In the opinion of the directors, the Company operates in one class of business, that of luxury products.

3 Operating loss

	2004 £'000	2003 £'000
Operating loss is stated after charging the following items:		
Depreciation of tangible fixed assets	**1,320**	2,054
Impairment (released)/ charged on tangible fixed assets	**(477)**	1,628
Operating leases rentals – plant and machinery	**132**	205
Operating lease rentals – other	**1,586**	3,392
Foreign exchange losses	**939**	797
Auditors' remuneration:		
- audit	**104**	109
- other services - mainly taxation	**66**	72

4 Exceptional items

	2004 £'000	2003 £'000
Operating exceptional items (administrative expenses):		
Release of provision/ (Provision) for onerous lease	**770**	(1,050)
Release of provision for unit based incentive scheme	**-**	1,199
Reversal of impairment/ (Impairment) of tangible fixed assets	**477**	(1,628)
Payment to US tax authorities	**(3,126)**	-
	(1,879)	(1,479)
Non-operating exceptional items:		
Profit on disposal of investments	**-**	29,904
Gain/(loss) on disposal of tangible fixed assets	**691**	(333)
	(1,188)	28,092
Tax effect of exceptional items	**-**	-

Operating exceptional items

At 31 March 2003, the Company established a provision for an onerous rental contract to cover shortfalls anticipated under leasehold commitments. This resulted in a charge to the profit and loss account of £1,050,000. During the year ended 31 March 2004, this rental contract was surrendered to an external party, resulting in a provision release of £770,000.

In June 1999 the Company adopted a long-term incentive scheme. Under the terms of the scheme certain executives of the Company were eligible to receive bonus payments based on the appreciation of the quoted price of 'A' equity units of Compagnie Financière Richemont SA, the Company's ultimate parent company, which are listed on the Zurich Stock Exchange and traded on Virt-x. A provision of £1,199,000 was included in the balance sheet at 31 March 2002, which represented the estimated amount of the benefit and employer's national insurance contributions accrued to that date under the scheme. In 2003, the awards outstanding under the long-term incentive scheme were cancelled and the provision was reversed.

In 2003, the Company carried out a review to determine whether there has been an impairment of its fixed assets. The carrying values of fixed assets of each of the Company's income generating units have been compared to their recoverable amounts, represented by their value in use to the Company. This resulted in a charge to the profit and loss account of £1,628,000.During 2003/04, a closure programme was carried out and certain stores closed, this resulted in £477,000 of the impairment being released as it was no longer deemed necessary.

During 2004, the Company paid £3,126,000 to US tax authorities as the result of a tax audit of Alfred Dunhill International Inc.

Non-operating exceptional items

Following the refurbishment and closure programme during the year, the Company sold a number of tangible fixed assets, resulting in a gain on disposal of £691,000 (2003; loss of £333,000).

Notes to the financial statements for the year ended 31 March 2004 (Continued)

5 Amounts written off investments

In 2003 the company provided against certain investments in certain subsidiary companies arising from shortfalls in the subsidiaries underlying net assets. No such provisions were made in 2004.

6 Net interest payable

	2004 £'000	2003 £'000
Interest receivable from third parties	**690**	20
Interest receivable from group undertakings	**79**	56
Less: interest payable to group undertakings	**-**	(458)
Less: interest payable on bank loans and overdrafts	**(384)**	(431)
Less: other interest payable	**(4)**	(234)
	381	(1,047)

Included within other interest receivable from third parties is £664,000 (2003; £nil) interest to be received with respect to a corporation tax rebate during the year.

7 Tax on loss on ordinary activities

	2004 £'000	2003 £'000
Current tax:		
Corporation tax at 30% (2003; 30%)	**-**	-
Adjustment to UK corporation tax in respect of prior periods	**769**	-
Overseas tax	**(106)**	(250)
Total tax on loss on ordinary activities	**663**	(250)

Tax reconciliation:

	2004 £'000	2003 £'000
Loss for the year	**(31,207)**	(14,273)
Loss for the year multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	**(9,362)**	(4,282)
Effects of:		
Expenses not deductible for tax purposes	**1,379**	7,792
Non taxable income	**(745)**	(11,677)
Capital allowances in excess of depreciation	**184**	638
Other timing differences	**(261)**	(422)
Trading losses carried forward	**5,394**	6,545
Group relief surrendered for no consideration	**3,411**	1,406
Total current tax	**-**	-

7 Tax on loss on ordinary activities (continued)

Deferred tax:

	Provided		Unprovided	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Depreciation in excess of capital allowances	417	212	3,003	2,969
Trading losses carried forward	-	-	22,955	19,917
Other timing differences	(417)	(212)	-	-
Deferred tax asset	-	-	25,958	22,886

The Company has a net deferred tax asset of £25,958,000 (2003: £22,886,000), which has not been recognised in the financial statements. A net deferred tax asset is recognised only when it is deemed to be recoverable. Due to uncertainty over the profitability of the Company in the foreseeable future, the deferred tax asset is not deemed to be recoverable.

8 Dividends

No final or interim dividends were paid in the year (2003: £nil).

9 Tangible fixed assets

	Leasehold land and buildings £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost			
At 1 April 2003	1,265	15,967	17,232
Additions	-	1,413	1,413
Disposals	(735)	(5,049)	(5,784)
At 31 March 2004	**530**	**12,331**	**12,861**
Depreciation			
At 1 April 2003	(839)	(11,912)	(12,751)
Depreciation charge for the year	(131)	(1,189)	(1,320)
Impairment reversal for the year (see note 4)	-	477	477
Disposal	520	4,755	5,275
At 31 March 2004	**(450)**	**(7,869)**	**(8,319)**
Net book value at 31 March 2004	**80**	**4,462**	**4,542**
Net book value at 31 March 2003	426	4,055	4,481

All of the Company's net book value of leasehold land and buildings relates to properties where the term unexpired is less than 50 years.

Notes to the financial statements for the year ended 31 March 2004 (Continued)

10 Investments

	Shares in group undertakings £'000
Cost	
1 April 2003	1,943
Disposals	(1,543)
31 March 2004	**400**
Provision	
1 April 2003	(378)
Disposals	-
31 March 2004	**(378)**
Net book value at 31 March 2004	**22**
Net book value at 31 March 2003	1,566

Note – The 2003 comparatives have been amended to reflect investments disposed of in the prior period which were held at nil net book value.

The sole subsidiary undertaking is Alfred Dunhill Manufacturing Limited, a wholly owned luxury goods manufacturer and distributor incorporated and operating in England and Wales. The company owns 100% of the ordinary shares and voting rights in this subsidiary.

Disposals

During the year, the Company disposed of its investment in Dunhill Investments Limited. The net book value of the investment was £1,532,247 and the consideration received was the settlement of a £1,532,247 liability with another Compagnie Financière Richemont SA group company, resulting in no gain or loss on disposal.

The Company also disposed of its investment in Richemont Investments Limited. The net book value of the investment was £11,394 and the cash consideration received was £11,394 resulting in no gain or loss on disposal.

Notes to the financial statements for the year ended 31 March 2004 (Continued)

11 Stocks

	2004 £'000	2003 £'000
Finished goods and goods for resale	**12,299**	14,389
Raw materials and unfinished goods	**529**	-
	12,828	14,389

12 Debtors

	2004 £'000	2003 £'000
Trade debtors	**3,937**	3,365
Amounts owed by group undertakings	**4,561**	5,196
Other debtors	**138**	254
Prepayments and accrued income	**5,263**	2,622
Corporation tax rebate and VAT	**1,361**	-
	15,260	11,437

Included within prepayments is an amount of £549,450 (2003: £641,000) falling due after more than one year.

13 *Creditors: amounts falling due within one year*

	2004 £'000	2003 £'000
Bank loans and overdrafts repayable in one year	**1,835**	-
Trade creditors	**2,300**	2,468
Amounts owed to group undertakings	**10,676**	11,032
Other tax and social security	**(12)**	285
Accruals and deferred income	**6,772**	4,677
	21,571	18,462

Notes to the financial statements for the year ended 31 March 2004 (Continued)

14 Provisions for liabilities and charges

	Onerous lease £'000	Stock Option plan £'000	Other provisions £'000	Total £'000
At 1 April 2003	1,050	-	697	1,747
Utilised	(280)	-	(582)	(862)
Net amount (released)/ provided in the year	(770)	124	(15)	(661)
At 31 March 2004	-	**124**	**100**	**224**

Onerous lease provision

The onerous rental contract provision covered anticipated shortfalls under leasehold commitments, see note 4 for further information.

Stock option plan

A new global stock option plan was introduced on 26 March 2003 which entitles executives to purchase agreed amounts of 'A' equity units of Compagnie Financière Richemont SA from a fellow subsidiary company at a fixed price at some point in the future. The company's obligation under the plan is limited to employer's national insurance contributions on the amount of any gain realised by executives at the time of exercising. At 31 March 2004 the provision amounted to £124,430

Based on the year end share price of Compagnie Financière Richemont SA (CHF 34.00) there is a further contingent liability of approximately £131,639 arising by the end of the vesting period that has not been provided for in these Financial Statements.

Other provisions

Other provisions principally comprise a provision for the costs associated with the re-launch of the Dunhill watch brand during the prior year.

15 Pensions

The Company contributes to several Group pension schemes throughout the world. The main contributions are to the Richemont UK Pension Plan, a funded defined benefit group plan, to which the Company is a participating employer. The pension cost and contributions for the year are calculated for the Plan as a whole and allocated between the participating employers after taking into account relevant payroll costs and historic contributions.

The pension cost for the Company was an expense £1,062,000 (2003: a credit of £43,000). The pension cost is assessed in accordance with the advice of an independently qualified actuary. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the Company benefits from the employees' services. The effects of variations from regular cost are spread over the average remaining service lives of current employees on a straight-line basis.

For accounting purposes the valuation used the projected unit method of actuarial valuation with assets valued on a market value basis. The assumptions used were that the long-term rate of return on the Plan's investments will, on average, exceed the increase in pensionable earnings by

15 Pensions (continued)

1.9% pa, and the growth in future pensions and price inflation by 3.9% pa. On this basis as at 31st March 2003, the date of the latest valuation, the market value of the assets represented 93% of the actuarial value of the liabilities.

The accounting deficit is being spread over the average remaining service lives of current employees on a straight-line basis. At the balance sheet date the pension prepayment is £1,423,000 (2003: prepayment of £706,000).

For funding purposes different actuarial assumptions are adopted and any surplus or deficit may be spread on a basis which differs from that used for accounting purposes. The last formal review of the Plan for funding purposes was completed as at 31st March 2001 using the Projected Unit Method of actuarial valuation on a market related basis. The assumptions used were a long term annual rate of investment return of 6.3% pa for the past service liabilities before retirement, 7.0% pa for future service liabilities before retirement and 5.3% pa for all liabilities after retirement. The increase in pensionable earnings assumption was 4.9% pa and the assumed growth in future pensions and price inflation was 2.4% pa. At the date of review, based on these assumptions, the market value of the Plan's assets represented 121% of its long term accrued liabilities on an ongoing basis. The Market Value of the Plan's assets at 31st March 2003 was £70.1 million.

FRS17 disclosure

The Company is unable to identify its share of the underlying assets of the Plan on a consistent and reasonable basis, and each participating employer is exposed to actuarial risks associated with the current and former employees of the other employers participating in the Plan. Paragraph 9(b) of FRS17 allows that in this case, the pension cost is equal to the Company's contributions to the Plan during the accounting period and consequently there will be no balance sheet prepayment or accrual.

This year the Company has started making regular contributions at a rate of 16.2% of pensionable salary, and has also made a one-off contribution of £946,000.

The total contribution for the year is £1,779,000 (2003: Contribution of £24,000)

Further details of this group pension plan can be found in the financial statements of the Richemont Holdings (UK) Limited for the year ended 31st March 2004.

Notes to the financial statements for the year ended 31 March 2004 (Continued)

16 Share capital

	Number of shares	Value £'000
Authorised:		
Ordinary shares of 10p each as at 1 April 2003	500,000,000	50,000
Converted to £1 ordinary shares	50,000,000	50,000
Additional authorised share capital issued in the year	30,000,000	30,000
Ordinary shares of £1 each as at 31 March 2004	**80,000,000**	**80,000**
Allotted called up and fully paid:		
Ordinary shares of 10p each as at 1 April 2003	394,206,160	39,421
Converted to £1 ordinary shares	39,420,616	39,421
Additional share capital issued in the year	30,000,000	30,000
Ordinary shares of £1 each as at 31 April 2004	**69,420,616**	**69,421**

During the year, the Company issued 30,000,000 shares at £1 nominal value, for cash consideration of £30,000,000.

17 Reserves

	Merger reserve £'000	Profit and loss £'000
At 1 April 2003	22,912	(47,964)
Retained loss for the year	-	(30,544)
At 31 March 2004	**22,912**	**(78,508)**

18 Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
Opening equity shareholders' funds	**14,369**	(8,945)
Issue of ordinary share capital	**30,000**	37,837
Retained loss for the financial year	**(30,544)**	(14,523)
Closing equity shareholders' funds	**13,825**	14,369

Notes to the financial statements for the year ended 31 March 2004 (Continued)

19 Financial commitments

The Company has entered into lease commitments under operating leases in the normal course of business. The annual commitments under these leases expire as follows:

	2004 £'000	2003 £'000
Land and buildings		
Within one year	**17**	157
Between one and five years	**438**	1,258
After five years	**12**	4,053
	467	5,468
Other operating leases		
Within one year	**13**	58
Between one and five years	**61**	46
	74	104

In addition to the commitments shown above, the Company holds legal title to an operating lease commitment to a property which is occupied by a fellow Group undertaking, Richemont International Limited. The Company is the head lessee for this lease, however all beneficial interest resides with Richemont International Limited and all rental and related future costs will be borne by Richemont International Limited. The annual commitment under this lease expires as follows:

	2004 £'000	2003 £'000
Land and buildings		
Within one year	**-**	-
Between one and five years	**-**	-
After five years	**4,000**	4,000
	4,000	4,000

The company has given various guarantees, in the normal course of business, to banks and lessors on its behalf and on behalf of some of its subsidiaries.

The capital expenditure committed at 31 March 2004 by the company was £nil (2003: £120,000).

20 Employee information

The average number of persons (including executive directors) employed during the year by the Company in the purchasing, distribution and sale of luxury consumer products was 179 (2003: 197).

Their aggregate compensation was as follows:

	2004 £'000	2003 £'000
Gross wages and salaries	**7,944**	8,268
Social security costs	**765**	851
Defined benefit plan pension credit (see note 15)	**(603)**	(67)
	8,106	9,052

21 Directors' emoluments

Emoluments of directors of the Company excluding pension contributions were:

	2004 £'000	2003 £'000
Aggregate emoluments of directors	**1,536**	1,385
Compensation for loss of office	**-**	56

Highest paid director	2004 £'000	2003 £'000
Aggregate emoluments	**704**	634
Defined benefit pension scheme:		
Accrued pension as at the year end	**4**	2

Retirement benefits are accruing to two directors (2003: three) under a defined benefit scheme and one director (2003: one) under a defined contribution scheme.

No directors (2003: nil) exercised share options during the year.

22 Related party transactions

In accordance with Financial Reporting Standard No. 8: Related Party Disclosure, the Company is exempt from disclosing transactions with entities that are part of the group, as it is a more than ninety per cent owned subsidiary undertaking of a parent whose consolidated financial statements are publicly available.

The Company undertook the following related party transactions during 2004:

- The Company sold accessories totalling £54,889 to Mercedes-Benz Accessories GMBH. The Chairman of Compagnie Financière Richemont SA is a member of the International Advisory Board of Daimler-Chrysler, ultimate parent company of Mercedes-Benz Accessories GMBH. The balances outstanding relating to these transactions at 31 March 2004 totalled £nil.
- The Company purchased IT equipment totalling £315,608 from CommsCo International Limited, a joint venture within the Compagnie Financière Richemont SA Group. The balances outstanding relating to these transactions at 31 March 2004 totalled £43,600.
- The Company paid £23,848 for promotional activity to Laureus World Sports Awards Limited, a joint venture within the Compagnie Financière Richemont SA Group. The balances outstanding relating to these transactions at 31 March 2004 totalled £366.
- The Company paid £291,664 to the South African Golf Development Board and £500,000 to the South African PGA Tour respectively for promotional activity. The Chairman of Compagnie Financière Richemont SA is the honorary president of the South African Golf Development Board. There were no balances outstanding at 31 March 2004.

23 Post balance sheet events

Subsequent to the year end, following an increase in authorised share capital to 125,000,000 £1 ordinary shares, the Company received £45 million in cash from its parent company in consideration for 45,000,000 £1 ordinary shares to support the ongoing trading activities of the Company.

24 Ultimate parent company

The Company is a wholly owned subsidiary of Richemont Holdings (UK) Limited (registered in England and Wales).

The directors regard Compagnie Financière Richemont SA, a listed company incorporated in Switzerland, to be the ultimate parent company. Shares representing 50% of the voting rights of that company are held by Compagnie Financière Rupert which, for the purpose of Financial Reporting Standard No. 8, is regarded by the directors as the controlling party.

Copies of the financial statements of Compagnie Financière Richemont SA are available from its registered office at 8 boulevard James-Fazy, 1201-Geneva, Switzerland.