Richemont UK Limited
(Registered Number: 3484692)

Annual Report
For the year ended 31 March 2008

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Richemont UK Limited

Annual report for the year ended 31 March 2008

Richemont UK Limited

Directors and Advisors

Directors

Mr Arnaud Bamberger	(Managing Director)
Mr Greig Catto	(Finance Director)

Registered Office

175-177 New Bond Street
London
W1S 4RN

Registered Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Richemont UK Limited

Directors' Report for the year ended 31 March 2008

The Directors submit their report and the audited financial statements of Richemont UK Limited for the year ended 31 March 2008.

Principal activities
Richemont UK Limited is a company incorporated in the United Kingdom under the Companies Act 1985.

The principal activities of the Company are the sale of jewellery and other luxury goods from three boutiques in central London and the sale of watches via an authorised dealer network.

The Company's registered office address is 175-177 New Bond Street, London, W1S 4RN, United Kingdom.

Results
During the year, the Company made a profit after tax of £5,047,000 (2007: £933,000). The Income Statement is set out on page 9.

Dividends
No dividend has been paid or declared in respect of the year (2007: nil).

Review of business and future developments
The level of business of the Company was satisfactory. The Directors expect a slowdown in growth in the foreseeable future due to the current economic environment.

On the 1 April 2007 the Company acquired the trade and net assets/liabilities of Chloe (UK) Limited and Van Cleef & Arpels Limited, fellow Richemont Group subsidiaries. Refer to note 20 for details.

Policy and practice on payment of creditors
The Company generally makes payment to its creditors in accordance with agreed terms of business provided that those terms have been met. It is the policy of the Company that all invoices are paid at the end of the month following the month in which the invoice is received unless separate terms of business have been agreed with a particular supplier. The total amount of the Company's trade creditors falling due within one year represents 75 days (2007: 56 days) worth as a proportion of the total amount invoiced by suppliers during the year ended on that date (including intercompany trade creditor balances).

Directors and their interests
The Directors of the Company during the year and as at 31 March 2008 were:-

Mr Arnaud Bamberger	(Managing Director)
Mr Greig Catto	(Finance Director)

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

During the year qualifying third party indemnity provision was in force for the benefit of two (2007: two) directors of the Company.

Financial risk management

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, foreign exchange risk and interest rate cash flow risk.

Given the size of the Company the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The Company's finance department implements the policies set by the Board. The department has a policy and procedures manual that sets out specific guidelines to manage financial risk and circumstances where it would be appropriate to use financial instruments to manage these.

Price risk

The Company is not exposed to commodity price risk.

Credit risk

The Company 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.

Liquidity risk

The Company maintains a mixture of cash balances and overdrafts that are designed to ensure the Company has sufficient funds available for operations and planned expansions. At 31 March 2008 the Company had net cash and cash equivalents and overdrafts of £12,052,000 (2007: £9,606,000).

Interest rate cash flow risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The Company makes the majority of its purchases from fellow group companies in Sterling at rates determined by the Richemont Group.

Employee information

The Company is an equal opportunity employer and no job applicant receives less favorable treatment on the grounds of sex, marital status, sexual orientation, 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.

Contributions

Contributions made by the Company during the period for charitable purposes amounted to £3,130 (2007: £4,000). No contributions for political purposes were made during the year (2007: £Nil).

Richemont UK Limited

Directors' Report for the year ended 31 March 2008 (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

The Directors are content that all the relevant audit information has been disclosed to the auditors and that there is no relevant audit information of which the auditors are unaware and that each has taken all the steps they should have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Each person who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.
- this confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

Richemont UK Limited

Directors' Report for the year ended 31 March 2008 (continued)

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the annual general meeting.

Amendment of financial statements

No party has the power to amend the financial statements after issue.

By Order of the Board

Greig Catto
Secretary
13th February 2009

Richemont UK Limited

Independent auditors' report to the members of Richemont UK Limited

We have audited the financial statements of Richemont UK Limited for the year ended 31 March 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of changes in shareholder's equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Richemont UK Limited

Independent auditors' report to the members of Richemont UK Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 March 2008 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place,
London,

13th February 2009

Richemont UK Limited

Income Statement for the year ended 31 March 2008

	Notes	2008	2007
		£'000	£'000
Revenue	2	33,330	15,541
Cost of sales		(20,198)	(9,792)
Gross profit		13,132	5,749
Selling and marketing costs		(9,978)	(4,515)
Administrative expenses		(1,004)	(611)
Other operating income/(expenses)	5	2,151	(2)
Operating profit	3	4,301	621
Interest receivable and similar income	7	542	320
Interest payable and similar expenses	7	(158)	(8)
Profit before taxation		4,685	933
Taxation	8	362	-
Profit for the year		5,047	933

All amounts for 2008 and 2007 relate to continuing operations.

There are no income and expenses other than those recognised in the Income Statement above and therefore the Company has not presented separately a Statement of Recognised Income and Expenses.

Richemont UK Limited

Balance Sheet as at 31 March 2008

	Notes	2008 £'000	2007 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	930	287
Intangible assets	10	1,656	-
Current assets			
Inventories	11	4,398	2,816
Trade and other receivables	12	4,476	1,669
Deferred taxation	8	362	-
Cash and cash equivalents	17	12,074	9,754
TOTAL ASSETS		23,896	14,526
LIABILITIES			
Current liabilities			
Borrowings	17	(22)	(148)
Trade and other payables	13	(7,519)	(3,075)
Non-current liabilities			
Provisions	14	(4)	(7)
Retirement benefit obligation	15	(79)	(94)
TOTAL LIABILITIES		(7,624)	(3,324)
NET ASSETS		16,272	11,202
Capital and reserves			
Called up share capital	16	14,200	14,200
Share option reserve		46	23
Retained earnings		2,026	(3,021)
TOTAL SHAREHOLDERS' FUNDS		16,272	11,202

The financial statements on pages 9 to 29 were approved by the Board of Directors on 13th February 2009 and were signed on its behalf by:

A. M. Bamberger
Director

Richemont UK Limited

Statement of changes in shareholder's equity

	Share capital	Share option reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000
At 1 April 2006	200	13	(3,954)	(3,741)
Profit for the year	-	-	933	933
Issue of share capital	14,000	-	-	14,000
Share options	-	10	-	10
At 31 March 2007	**14,200**	**23**	**(3,021)**	**11,202**
Profit for the year	-	-	5,047	5,047
Share options	-	23	-	23
At 31 March 2008	14,200	46	2,026	16,272

* Credits to the Share Option Reserve correspond to the fair value of the employee services received in exchange for share options granted to certain of the Group's executives. The Share Option Reserve is not distributable.

Richemont UK Limited

Cash flow statement for the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Cash flows from operating activities			
Cash (outflow) / inflow from operations	17	3,190	(9,964)
Interest paid		(158)	(8)
Interest received		506	266
Net cash generated from operating activities		3,538	(9,706)
Cash flows from investing activities			
Purchases of property, plant and equipment		(232)	(270)
Acquisition of property, plant and equipment of Van Cleef & Arpels Ltd and Chloe (UK) Ltd	20	(869)	
Proceeds from sale of property, plant and equipment		9	-
Net cash used in investing activities		(1,092)	(270)
Cash flows from financing activities			
Issue of share capital		-	14,000
Net increase in cash, cash equivalents and bank overdrafts		2,446	4,024
Cash and cash equivalents at 1 April		9,606	5,582
Cash and cash equivalents at 31 March		12,052	9,606

1 Basis of preparation

(a) General information and basis of preparation

These financial statements are the financial statements of Richemont UK Limited, a private limited company registered and domiciled in the United Kingdom. The address of the registered office is 175-177 New Bond Street, London, W1S 4RN.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Council (IFRIC) interpretations endorsed by the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

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

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The principal accounting policies adopted in preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Sterling, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rates prevailing during the period. 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 the Income Statement.

1 Basis of preparation (continued)

(c) Intangible assets

Computer software and related licenses

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

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.

(d) Property, plant and equipment

All property, plant and equipment is shown at cost less subsequent depreciation and 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 Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the Income Statement 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 of, as follows:

- Leasehold improvements	the shorter of 10 years or the life of the lease
- Office equipment	20% per annum
- Furniture and fittings	20% per annum
- Motor vehicles	25% per annum
- Advertising materials	33 1/3% per annum
- Plant and machinery	10% per annum

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 amount.

(e) Impairment of assets

All fixed and financial assets are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be fully recoverable. An impairment loss is recognised for the amount by which the 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.

1 Basis of preparation (continued)

(f) 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 basis, specific identification or the 'first-in, first-out' (FIFO) method 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.

(g) 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 Company will not be able to collect all amounts due according to the original terms of the receivables. The quantum of the provision is set by the directors with reference to all the available information and including an assessment of the extent to which the debt may be recovered and the likelihood of such a recovery being made. The amount of the provision is recognised in the Income Statement.

(h) Cash and cash equivalents

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

(i) 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 the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities if such borrowings are to be settled within the next 12 months.

(j) Taxation

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

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 Balance Sheet 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 can be utilised.

1 Basis of preparation (continued)

(k) Employee benefits

Retirement benefit obligations

The Company contributes to the group defined contribution and defined benefit pension schemes which are operated by Richemont Holdings UK Limited funded through payments to trustee-administered funds by both employees and the Company taking into account periodic actuarial calculations.

The Company is a participating employer in the Richemont UK Pension Plan, which provides defined benefits. The Plan's funds are administered by trustees and are independent of the Company's finances. Contributions are paid to the Plan in accordance with the recommendations of an independent actuarial advisor.

The total pension cost for the year, calculated in accordance with IAS19R (Employee Benefits), is split between the UK brands that participate in the Plan taking into account the attributes of each brands' employees in the Plan. In determining the total pension cost, actuarial gains and losses in excess of the 10% corridor (10% of the greater of the Plan's assets and liabilities) are recognised over the future remaining working life of the active membership.

(l) Employee benefits (continued)

For defined contribution plans, the Company pays contributions to a privately administered pension insurance plan on a voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as 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.

Bonus plans

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(m) Provisions

Provisions for restructuring costs, legal claims and other liabilities are recognised when: the Company 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. 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 of management's best estimate of the expenditure required to settle the obligation at the Balance Sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

1 Basis of preparation (continued)

(n) Revenue recognition

Goods and services

Sales revenue comprises the fair value of the sale of goods and services, net of value-added tax, duties, other sales taxes, rebates and trade discounts. Revenue is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Interest income

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

(o) Share-based payments

The Cartier Limited group of companies' ultimate parent company, the Compagnie Financière Richemont SA ("the Richemont Group") operates an equity-settled share-based compensation plan based on options granted in respect of Richemont units. The fair value of the employee services received in exchange for the grant of options is recognised as an expense by Cartier Limited. 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 balance sheet date, the Richemont 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 the income statement over the remaining vesting period and a corresponding adjustment to equity.

(p) New accounting standards and IFRIC interpretations

Certain new accounting standards and IFRIC interpretations have been published that are mandatory for accounting periods beginning on or after 1 April 2007. It is not expected that these standards or interpretations will have a material effect on the Company's financial statements.

2 Revenue

Revenue excludes value added tax and represents sales to third parties. The Directors consider that the operations of the Company fall into one business class being the sale of jewellery, watches and other luxury goods. The geographical analysis of revenue by destination is as follows:-

	2008 £'000	2007 £'000
United Kingdom	32,937	15,234
Rest of European Union	393	307
	33,330	15,541

3 Operating Profit

	2008 £'000	2007 £'000
Operating profit is stated after charging:		
Operating lease rentals - other	1,637	-
Employee benefit expenses	2,753	1,389
Depreciation of property, plant and equipment	487	49
Amortisation of leasehold property	368	-
Auditors' remuneration – for audit services	4	4

4 Employee benefits and other information

a) The average number of persons employed by the Company during the year, is analysed below:-

	2008 Number	2007 Number
Selling	34	16
Administration	16	22
	50	38

(b) Employment costs of all employees included above were:-

	2008 £'000	2007 £'000
Gross wages, salaries and commissions	2,296	1,162
Social security costs	364	148
Share-based payment awards (Note 14)	23	15
Pension charge – defined benefit	35	55
Other pension costs – defined contribution	35	9
	2,753	1,389

5 Other operating income

Other operating income represents an intercompany loan from Chloe (UK) Limited of £2,151,000 written off during the year.

6 Directors' emoluments

The Directors received no emoluments in respect of their services to Richemont UK Limited. The Directors are remunerated by Cartier Limited and these costs are not recharged. Details of the emoluments of the Directors can be found in the financial statements of Richemont UK Limited's parent company, Cartier Limited.

Richemont UK Limited

Notes to the financial statements for the year ended 31 March 2008 (continued)

7 Net finance income

	2008 £'000	2007 £'000
Interest expense:		
Interest payable on bank loans and overdrafts	150	3
Other finance charges	8	5
	158	8
Interest income:		
Interest income on bank balances	559	303
Other finance income	(17)	17
	542	320
Net finance income	384	312

Other finance income includes £49,000 (2007: £2,000) in respect of foreign exchange losses.

8 Income tax expense

There is no taxation charge for the year (2007: £Nil). The current tax charge is reconciled to the profit before tax at the standard rate of UK corporation tax below:-

	2008 £'000	2007 £'000
Profit before taxation	4,685	933
United Kingdom corporation tax on profit for the year at 30% (2007: 30%)	1,406	280
Effects of:		
Expenses not deductible for tax purposes	378	69
Depreciation in excess of capital allowances	33	15
Other timing differences	(31)	65
Tax losses utilised	(1,054)	(429)
Group relief claimed for nil consideration	(726)	-
Tax benefit of share options exercised	(6)	-
Recognition of losses previously unrecognised	(362)	-
Tax charge/(credit)	(362)	-

8 Income tax expense (continued)

There is a net deferred tax asset at the balance sheet date. The asset has been recognized to the extent it is considered recoverable in the foreseeable future. Deferred tax is calculated in full on temprorary differences under the liability method using a tax rate of 28% (2007:30%). The total provided deferred tax asset is £362,000 (2007: nil). The total unprovided deferred tax asset is £205,000 (2007: £878,000). The asset is made up of:-

Not recognised	**2008**	**2007**
	£'000	**£'000**
Fixed asset timing differences	117	20
Un-utilised trading losses	-	729
Other timing differences	88	129
Unrecognised deferred tax asset	205	878

Recognised	**2008**	**2007**
	£'000	**£'000**
Un-utilised trading losses	362	-
Recognised deferred tax asset	362	-

The unprovided deferred tax assets of Chloe UK Limited and Van Cleef & Arpels Limited were transferred to the company on 1 April 2007. They are made up of the following:-

	Chloe UK Ltd	**Van Cleef & Arpels Ltd**
	£'000	**£'000**
Accelerated capital allowances	24	42
Un-utilised trading losses	-	654
Other timing differences	-	3
Unrecognised deferred tax asset	24	699

9 Property, plant and equipment

	Motor vehicles	Advertising material	Assets under construction	Office Equipment	Leasehold Improvements	Fixtures and fittings	Total
Cost							
At 1 April 2007	114	17	-	-	-	226	357
Additions	23	-	-	4	205	-	232
Acquisition Chloe/VCA	-	-	117	33	1,928	-	2,078
Reclassification	-	-	(117)	-	343	(226)	-
Disposals	(23)	(4)	-	-	-	-	(27)
At 31 March 2008	114	13	-	34	2,476	-	2,640
Accumulated depreciation							
At 1 April 2007	34	10	-	-	-	26	70
Charge for the year	22	5	-	6	454	-	487
Reclassification	-	-	-	-	26	(26)	-
Acquisition Chloe/VCA	-	-	-	27	1,144	-	1,171
Depreciation on disposals	(16)	(2)	-	-	-	-	(18)
At 31 March 2008	40	13	-	30	1,624	-	1,710
Net book value							
At 31 March 2008	74	-	-	4	852	-	930
At 31 March 2007	80	7	-	-	-	200	287

Included in the Company's property, plant and equipment are assets amounting to £16k (2007: £nil) which are fully depreciated but still in use.

Richemont UK Limited

Notes to the financial statements for the year ended 31 March 2008 (continued)

10 Intangible assets

	Leasehold property £'000	Total £'000
Cost b/fwd	-	-
Additions	-	-
Acquisition Chloe/VCA	3,241	3,241
Disposals	-	-
Cost c/fwd	3,241	3,241
	£'000	£'000
Amortisation b/fwd	-	-
Charge for year	368	368
Acquisition Chloe/VCA	1,217	1,217
Depreciation on disposals	-	-
Depreciation c/fwd	1,585	1,585
NBV @ 31/03/08	1,656	1,656
NBV @ 31/03/07	-	-

11 Inventories

Inventories comprise: -

	2008 £'000	2007 £'000
Finished products	4,398	2,816

12 Trade and other receivables

	2008 £'000	2007 £'000
Trade receivables	3,113	1,433
Less: provision for impairment of receivables	(89)	(26)
Trade receivables – net	3,024	1,407
Amounts owed by group companies: -		
- Fellow group companies	227	65
Other taxes	383	-
Other receivables	221	4
Prepayments and accrued income	621	193
	4,476	1,669

12 Trade and other receivables (continued)

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values.

The Company provided amounts totalling £89,000 (2007: £26,000) as a receivables write down provision.

13 Trade and other payables

	2008 £'000	2007 £'000
Trade payables	529	255
Amounts owed to Group companies:-		
- Fellow Group companies	5,421	2,093
Other taxes and social security	74	171
Accruals and deferred income	1,495	556
	7,519	3,075

The Directors consider that the carrying amount of trade and other payables approximates to their fair values. No security has been given by the Company in respect of the creditors detailed above.

14 Provisions

	2008 £'000 Stock option plan	2007 £'000 Stock option plan
At 1 April	7	-
Provided during the year	-	7
Utilised during the year	(3)	
At 31 March	4	7

Unit option scheme

The Group has a long-term unit-based compensation plan whereby executives are awarded options to acquire units at a pre-determined price. Awards under the unit option scheme vest over periods of three to seven years and have expiry dates, the date after which unexercised options lapse, of between 5 and 10 years from the date of grant.

A reconciliation of the movement in the number of awards granted to executives is as follows:

14 Provisions (continued)

	Weighted average exercise price in CHF per unit	Number of options
Balance at 1 April 2006	37.32	8 700
Awarded	53.10	5 900
Transfer in from other Group entites	37.76	7 000
Transfer out to other Group entities	37.32	(8 700)
Balance at 31 March 2007	44.77	12 900
Awarded	75.10	2 500
Exercised	33.10	(1 000)
Balance at 31 March 2008	50.85	14 400

No options were exercisable at 31 March 2008 or 31 March 2007.

The following information applies to options outstanding at the end of each year:

	Exercise Price	Number of options	Weighted average remaining contractual life
31 March 2007			
	CHF 53.10	5 900	8.2 years
	CHF 41.25	4 000	7.2 years
	CHF 33.10	3 000	6.2 years
31-Mar-08			
	CHF 75.10	2 500	8.2 years
	CHF 53.10	5 900	7.2 years
	CHF 41.25	4 000	6.2 years
	CHF 33.10	2 000	5.2 years

The average fair value of options granted during the period determined using the black scholes model (2007: binomial valuation model) was CHF 27.38 (2007: CHF 18.89). The significant inputs into the model were unit price of CHF 73.40 (2007: CHF 53.10) at the grant date, exercise prices shown above, standard deviation of expected unit price returns of 33 and 34 per cent (2007: 35 per cent), an expected option life of seven to nine years, a dividend yield 1.46 per cent (2007: 1.73 per cent) and risk-free interest rate of 3.0 per cent to 3.1 per cent (2007: 2.0 per cent to 2.5 per cent). The volatility measured at the standard deviation of expected unit price returns is based on statistical analysis of daily unit prices over the last seven to nine years.

The amounts recognised in the financial statements (before social security and taxes) for equity-settled share-based payment transactions can be summarised as follows:

		2008 £'000	2007 £'000
Unit option expense	-the Group	23	15

15 Retirement benefit schemes

Defined benefit plans

The Company, along with other Richemont Group entities in the UK, is participating employer in the Richemont UK Pension Plan. This Plan provides benefits based on final pensionable emoluments and the risks are shared between the participating entities. The assets of the Plan are held in a separate trustee-administered fund.

The total pension cost for the year that relates to the Plan is calculated in accordance with IAS19 (Employee Benefits). There is a policy to split the total cost between the UK brands that participate in the Plan. The total cost is split in accordance with the age, benefit and salary profile of each brand's members in the Plan. Hence, the Company's pension cost is a share of the total cost relating to the Plan.

Contributions are paid to the Plan in accordance with the recommendations of an independent actuarial advisor. The Company's contributions reflect the age, benefit and salary profile of its members in the Plan.

The Company's balance sheet asset or liability relating to the Plan is calculated as the cumulative difference between the pension cost and the Company's contributions to the Plan. The recent history of pension costs, contributions and balance sheet items is as follows:

	2008 £'000	2007 £'000
Balance sheet liability at year start	94	101
Pension cost	35	55
Transfer in	4	-
(Company Contribution)	(54)	(62)
Balance sheet liability at year end	79	94

Full disclosure of the IAS19 results for the Plan is shown in the accounts of Richemont Holdings Limited.

Defined contribution plans

Pension costs for defined contribution schemes are as follows:

	2008 £'000	2007 £'000
Defined contribution schemes	35	9

16 Share capital

	2008 £'000	2007 £'000
Authorised share capital:	15,200	15,200
Allotted, called up and fully paid:		
Ordinary shares of £1 each	14,200	14,200

The Company has one class of Ordinary shares, which carry no rights to fixed income.

17 Cash flow from operating activities

Reconciliation of profit to net cash inflow from operating activities	**2008 £'000**	**2007 £'000**
Profit before tax	4,685	933
Adjustments for:		
Depreciation	487	51
Amortisation	368	-
Income on intercompany loan written off	(2,151)	
Interest income	(542)	(320)
Interest expense	158	8
Pension contribution in excess of pension charge	(19)	(7)
Non-cash share based compensation charge	23	15
Changes in working capital:		
(Increase)/decrease in inventories	(926)	560
(Increase)/decrease in trade and other receivables	(1,584)	(356)
Increase/(decrease) in payables	2,694	(10,855)
(Decrease)/Increase in provisions	(3)	7
Cash generated from continuing operations	3,190	(9,964)
Analysis of cash and cash equivalents:		
Bank balances and other liquid funds	12,074	9,754
Bank overdrafts	(22)	(148)
	12,052	9,606

Richemont UK Limited

Notes to the financial statements for the year ended 31 March 2008 (continued)

18 Capital commitments

Capital commitments authorised and contracted for at 31 March 2008 amounted to £nil (2007: £nil). Capital commitments authorised but not contracted for at that date amounted to £nil (2007: £nil).

19 Related party transactions

	2008 £'000	2007 £'000
Sales of goods to related parties		
Fellow group undertakings	28	-
Sales of services to related parties		
Fellow group undertakings	285	-
Purchase of goods from related parties		
Fellow group undertakings	20,861	9,879
Purchase of services from related parties		
Fellow group undertakings	3	1,004

Sales and purchases to and from fellow group undertakings were carried out on commercial terms and at market prices.

Year end balances arising from sales, purchases of goods and services and financing activities are as follows:

	2008 £'000	2007 £'000
Receivables from related parties		
Fellow group undertakings	227	65
Payables to related parties		
Fellow group undertakings	5,421	2,093

The Directors consider that there are no key managers, whose roles and activities within the Company define them as related parties in accordance with IAS 24, outside the Board of Directors. Disclosures in respect of the remuneration of Directors are located in note 6 to the financial statements.

20 Business combination – acquisition of operations

On 1 April 2007 the Group acquired the trade and assets of Chloé (UK) Limited and Van Cleef and Arpels Limited two fellow UK subsidiaries of the Richemont Group at book value. The Group did not acquire the share capital of Van Cleef & Arpels Limited nor of Chloe (UK) Limited. The assets and liabilities acquired on that date were as follows:

	Chloé (UK) Limited	Van Cleef and Arpels Limited	Fair and book values £000s Total
Current assets			
- Inventories	632	24	656
- Trade receivables	212	975	1,187
- Bank and cash balances	1,670	1	1,671
	2,514	1,000	3,514
Non-current assets			
- Property, plant and equipment	230	676	906
- Intangible assets	-	2,024	2,024
Total assets	2,744	3,700	6,444
Current liabilities			
- Trade payables	(593)	(1,156)	(1,749)
- Overdrafts	-	(6,810)	(6,810)
	(593)	(7,966)	(8,559)
Non-current liabilities			
- Retirement benefit obligations	-	(4)	(4)
	(593)	(7,970)	(8,563
Net assets / (liabilities) acquired	2,151	(4,270)	(2,119)

Purchase consideration

Purchase consideration settled in cash	4,270
Cash and cash equivalents in subsidiary acquired	(5,139)
Cash outflow on acquisition	(869)

According to the agreement which provides for the transfer of assets from Chloe (UK) Limited the consideration payable of £2,151,000. Subsequent to the transfer of trade and net assets, on 30 June 2007, the vendor, Chloe UK Limited released the company for the obligation to settle the debt. The write-back of the debt owing was recognised as Other operating income in the Company's Income Statement for the year ended 31 March 2008.

According to the agreement which provides for the transfer of assets from Van Cleef & Arpels Limited the cash consideration receivable, arising from the transfer of the net liabilities described above was £4,270,000. This consideration was received on 30 June 2007.

Richemont UK Limited

Notes to the financial statements for the year ended 31 March 2008 (continued)

21 Operating lease commitments

At 31 March 2008 the group had commitments under non-cancellable operating leases expiring as follows:-

	Property 2008 £'000	Property 2007 £'000
Not later than one year	842	-
Later than one year and not later than five years	2,073	-
Later than five years	-	-
	2,915	-

The Company has in place an arrangement with one lessor which provides for rent on one retail premises to be determined according to the level of retail turnover in those premises subject to a minimum annual rent included in the figures above.

22 Ultimate and immediate holding company

The Company is a wholly owned subsidiary of Cartier Limited, a company incorporated in Great Britain, registered in England and Wales.

The Directors regard Compagnie Financière Richemont SA, a limited company incorporated in Switzerland, to be the ultimate holding company, with the direct holding company being Cartier Limited. Shares representing 50% of the voting rights of that company are held by Compagnie Financière Rupert which, for the purposes of IAS 24, is regarded by the Directors as the controlling party. Copies of the consolidated financial statements of Compagnie Financière Richemont may be obtained from; The Secretary, Compagnie Financière Richemont SA, 50 Chemin de la Chenaie, 1293 Bellevue - Geneva, Switzerland and of Cartier Limited are available from Companies House.