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Richemont UK Limited
(Registered Number: 3484692)

Annual Report
For the year ended 31 March 2009

Richemont UK Limited

Annual report for the year ended 31 March 2009

Richemont UK Limited

Directors and Advisors

Directors

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

Registered Office

175-177 New Bond Street
London
W1S 4RN

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH

Richemont UK Limited

Directors' Report for the year ended 31 March 2009

The directors submit their report and the audited financial statements of Richemont UK Limited for the year ended 31 March 2009.

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.

Results
During the year, the company made a profit after tax of £2,772,000 (2008 restated: £5,001,000). The Income Statement is set out on page 7.

Dividends
No dividend has been paid or declared in respect of the year (2008: £nil).

Review of business and future developments

The level of business of the Company continued to grow in the first half of the year but a slowdown was noted in the second half of the year and is anticipated to continue in the foreseeable future due to the current economic environment. The future results are also dependant on the strategies of each of the brands as determined by the Richemont Group as a whole. Details are provided in the Richemont Group's annual report copies of which can be found on the Richemont website (www.richemont.com).

On 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.

The company has changed its policy with respect to advertising and promotion expenditure, which was previously capitalised when incurred and expensed over the period to which the expenditure related or until the promotional stock was used. All advertising and promotional expenditure is now expensed as incurred. Details of the effect of the prior year adjustment are given in note 4 on page 17.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to competition from both national and independent retailers, employee retention, and product availability. However, the directors of the Richemont Group (Compagnie Financière Richemont SA) manage the group's risk at a brand level rather than at an individual business unit level and further discussion of these risks and uncertainties, in the context of the Richemont Group as a whole, is provided in the Group's annual report which does not form part of this report. Copies of the group's annual report can be found on the Richemont website (www.richemont.com).

Key performance indicators

The directors of the Richemont Group manage the Group's operations on a divisional basis and monitor the performance of Richemont UK Limited at a consolidated brand level. For this reason,

Directors' Report for the year ended 31 March 2009 (continued)

the company's directors believe that analysis using key performance indicators for the company is not necessary nor appropriate for an understanding of the development, performance or position of the business of Richemont UK Limited. The development, performance and position of the Richemont brands, which includes the company, is discussed on pages 13 to 22 and 31 of the Group's annual report which does not form part of this report.

Directors and their interests

The directors of the company during the year and up to the date of signing the financial statements were:-

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

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 a qualifying third party indemnity provision was in force for the benefit of two (2008: two) directors of the company.

Donations

Contributions made by the company during the year for a variety of charitable purposes amounted to £20,545 (2008: £3,130). No contributions for political purposes were made during the year (2008: £Nil).

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 ("IFRSs") as adopted by the European Union. 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 that the financial statements comply with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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.

Richemont UK Limited

Directors' Report for the year ended 31 March 2009 (continued)

Auditors and disclosure of information to Auditors

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

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

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.

By Order of the Board

Mr Greig Catto

Secretary

11 December 2009

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 2009 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and Directors and Advisors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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.

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 2009 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
Chartered Accountants and Registered Auditors
1 Embankment Place
London

14 December 2009

Richemont UK Limited

Income Statement for the year ended 31 March 2009

	Note	2009 £'000	2008 (restated) £'000
Revenue		**38,095**	33,330
Cost of sales		**(23,547)**	(20,198)
Gross profit		**14,548**	13,132
Selling and marketing costs		**(11,283)**	(10,024)
Administrative expenses		**(773)**	(1,004)
Other operating income	7	**353**	2,151
Operating profit	5	**2,845**	4,255
Finance income	9	**368**	559
Finance costs	9	**(79)**	(175)
Profit before taxation		**3,134**	4,639
Taxation	10	**(362)**	362
Profit for the year		**2,772**	5,001

The notes on pages 11 to 34 form an integral part of these financial statements.

Richemont UK Limited

Balance Sheet as at 31 March 2009

	Note	2009	2008 (restated)
		£'000	£'000
Non-current assets			
Property, plant and equipment	11	**961**	930
Intangible assets	12	**1,288**	1,656
Deferred taxation	10	**-**	362
Total Non-current assets		**2,249**	2,948
Current assets			
Inventories	13	**9,255**	4,265
Trade and other receivables	14	**3,896**	4,476
Cash and cash equivalents	15	**13,930**	12,074
Total Current assets		**27,081**	20,815
Current liabilities			
Bank overdrafts	15	**(194)**	(22)
Trade and other payables	16	**(9,939)**	(7,316)
Provisions	17	**(195)**	(203)
Total Current liabilities		**(10,328)**	(7,541)
Net Current assets		**16,753**	13,274
Total Assets less current liabilities		**19,002**	16,222
Non-current liabilities			
Provisions	17	**(1)**	(4)
Retirement benefit obligation	18	**(42)**	(79)
Total Non-current liabilities		**(43)**	(83)
Net Assets		**18,959**	16,139
Capital and reserves			
Ordinary capital	19	**14,200**	14,200
Share option reserve		**94**	46
Retained earnings		**4,665**	1,893
Total equity		**18,959**	16,139

The financial statements on pages 7 to 34 were approved by the Board of Directors On 11 December 2009 and were signed on its behalf by:

Mr A. M. Bamberger
Director
11 December 2009

Richemont UK Limited

Statement of changes in shareholders' equity

	Note	Share capital	Share option reserve	Retained earnings (restated)	Total
		£'000	£'000	£'000	£'000
At 1 April 2007 as previously stated		14,200	23	(3,021)	11,202
Prior year adjustment	4	-	-	(87)	(87)
At 1 April 2007 (restated)		14,200	23	(3,108)	11,115
Profit for the year (restated)		-	-	5,001	5,001
Share options		-	23	-	23
At 31 March 2008 (restated)		14,200	46	1,893	16,139
Profit for the year		-	-	2,772	2,772
Share options		-	48	-	48
At 31 March 2009		**14,200**	**94**	**4,665**	**18,959**

* 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 2009

	Note	2009 £'000	2008 £'000
Cash flows from operating activities			
Cash inflow from operations	20	**1,569**	3,190
Interest paid		**(79)**	(175)
Interest received		**492**	523
Net cash generated from operating activities		**1,982**	3,538
Cash flows from investing activities			
Purchases of property, plant and equipment	11	**(298)**	(232)
Acquisition of trade of Van Cleef & Arpels Limited and Chloe (UK) Limited		-	(869)
Proceeds from sale of property, plant and equipment	11	-	9
Net cash used in investing activities		**(298)**	(1,092)
Net increase in cash and cash equivalents		**1,684**	2,446
Cash and cash equivalents at 1 April	15	**12,052**	9,606
Cash and cash equivalents at 31 March	15	**13,736**	12,052

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.

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) Change in accounting policy

In accordance with the amendments to IAS 38 included in the 'Improvements to IFRSs' issued by the IASB in May 2008, the company has changed its policy with respect to advertising and promotion expenditure, which was previously capitalised when incurred and expensed over the period to which the expenditure related or until the promotional stock was used. All advertising and promotional expenditure is now expensed as incurred. Details of the effect of the prior year adjustment are given in note 4.

(c) 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 spot exchange rates prevailing during the year. 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)

(d) Intangible assets

Software
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.

(e) Property, plant and equipment

All property, plant and equipment is shown at cost less accumulated 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 repair and maintenance costs are charged to the Income Statement during the financial year 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 less its estimated 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
- Point of sale fixtures	33 1/3% per annum

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

Assets under construction relate to boutique fittings under installation, which are depreciated from when installation is completed.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

(f) Impairment of assets

All property, plant and equipment, intangible assets 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)

(g) 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.

(h) 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.

(i) Cash and cash equivalents

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

(j) 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.

(k) 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 substantively 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)

(l) Employee benefits

Retirement benefit obligations

The company is a participating employer in the defined benefit Richemont UK Pension Plan and also operates a defined contribution plan. The plans are funded through payments to trustee-administered funds by both employees and the company taking into account periodic independent 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 dependant on one or more factors such as age, years of service and compensation.

The total pension cost for the year calculated in accordance with IAS19 (Employee benefits) is split between the UK entities that participate in the plan with reference to the cost of accruing benefits, allowing for the age, benefit entitlement and salary profile of each entity's members. Hence the company's pension cost represents its share of the total cost relating to the plan. The balance sheet position is split using a similar approach but with adjustment for significant events that impact the balance sheets of each participating entity. This methodology ensures that risks are shared between the participating entities.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company 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 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.

1 Basis of preparation (continued)

(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.

(n) Revenue recognition

Goods and services

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 the significant risks and rewards of ownership of the goods and services are transferred to the buyer.

(o) Interest income

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

(p) Leases

Payments made under operating leases (net of any incentives received) are charged to the Income Statement on a straight-line basis over the lease term.

(q) Share-based payments

Richemont UK Limited's ultimate parent company, Compagnie Financière Richemont SA ("the Richemont 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 by Richemont UK 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.

1 Basis of preparation (continued)

(r) New accounting standards and IFRIC interpretations

Certain changes to accounting standards issued by IASB and which are effective for accounting periods beginning on or after 1 January 2009 are:

- IAS 1 (amended) 'Presentation of Financial Statements' (effective from 1 January 2009). It primarily affects the presentation of owner changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs.
- Revised IAS 23 'Borrowing Costs' (effective from 1 January 2009) requires that an entity capitalises, as part of the cost of the assets, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. This is the company's existing policy; therefore the revised standard will not impact the company's financial statements.
- IAS 38 (amended), 'Intangible Assets' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Along with all other Compagnie Financière Richemont SA subsidiaries, the company has adopted this standard early, with retrospective application. The amendment requires that a prepayment be recognised by an entity only until that entity receives the related goods or services. However, for expenditure incurred on advertising, promotional or training activities, an asset may be recognised until such time as the activities first take place. Therefore, an expense needs to be recognised for advertising and promotional or training activities in the period that the contract commences rather than over the life of the contract. The amendment has an impact on the results of the company, see note 4.

2 Critical accounting estimates and judgements

The company is required to make estimates and assumptions that affect certain balance sheet and income statement 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 financial statements. Principal matters where assumptions, judgement and estimates have a significant role are described in relevant notes to the financial statements and relate in particular to:

- the determination of sales deductions, including rebates, returns, discounts and incentives, which are reported as a reduction in sales;
- the determination of carrying values for property, plant and equipment and inventories;
- the assessment and recording of liabilities in respect of retirement benefit obligations; and
- the recognition of provision for income taxes, including deferred taxation, taking into account the related uncertainties in the normal course of business.

3 Financial risk management

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

Price risk

The Company is not exposed, materially, to commodity price risk as generally purchases are intra-Group. Any exposure to commodity price risk is therefore managed by the Richemont Group.

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. Credit risk arising from cash and deposits with credit institutions is managed by the Richemont Group.

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.

Interest rate cash flow risk
As the Company has no significant interest bearing assets, with the exception of cash, the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate risk arising from cash and cash equivalents with credit institutions is managed by the Richemont Group.

Foreign exchange risk
The Company has limited exposure to foreign exchange risk arising from various currency exposures, primarily with respect to the Swiss franc and Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. To manage foreign exchange risk the company makes use of forward contracts.

4 Change in accounting policy

In accordance with the amendments to IAS 38 included in the 'Improvements to IFRSs' issued by the IASB in May 2008, the company has adopted a new policy of expensing advertising and promotion costs as incurred; previously the company capitalised the costs and amortised these over the period during which these were used. This change in accounting policy has been reflected in the restatement of the comparative figures. The adoption of this accounting policy has resulted in an increase in selling and administration costs and a decrease in the profit for the year of £71,000 (2008: £46,000) and a decrease in inventories of £202,000 (2008: £133,000).

5 Operating profit

	2009	2008
	£'000	£'000
Operating profit is stated after charging:		
Operating lease rentals - other	**1,942**	1,637
Employee benefit expenses	**3,239**	2,753
Depreciation of property, plant and equipment	**267**	487
Amortisation of leasehold property	**368**	368
Repairs and maintenance expenditure on property, plant and equipment	**36**	30
Inventory – increased provision	**83**	101
Inventory – unutilised provision	**(21)**	(31)
Trade receivables – (credit)/charge for bad debts	**(9)**	32
Trade receivables – movement in provision	**(24)**	63

The total amount of auditors' remuneration of £24,000 is borne by Richemont UK Limited's parent company, Cartier Limited.

Richemont UK Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

6 Employee benefits and other information

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

	2009 Number	2008 Number
Selling	**40**	34
Administration	**21**	16
	61	50

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

	2009 £'000	2008 £'000
Gross wages, salaries and commissions	**2,720**	2,296
Social security costs	**360**	364
Share-based payment awards (note 17)	**48**	23
Pension cost– defined benefit	**67**	35
Other pension costs – defined contribution	**44**	35
	3,239	2,753

7 Other operating income

Other operating income represents costs for the provision of services recharged to fellow Richemont Group companies. In 2008 it included an intercompany loan from Chloe (UK) Limited of £2,151,000 which was written back.

8 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.

9 Finance income - net

	2009 £'000	2008 £'000 (restated)
Finance income:		
Interest income on bank balances	**368**	559
Finance costs:		
Interest payable on bank loans and overdrafts	**5**	150
Net foreign exchange losses	**67**	17
Other finance costs	**7**	8
	79	175
Finance income - net	**289**	384

Net foreign exchange losses in the 2008 have been reclassified from finance income to finance costs and the note restated accordingly.

10 Income tax charge/ (credit)

There is a taxation charge of £362,000 for the year (2008 credit: £362,000). The current tax charge is reconciled to the profit before tax at the standard rate of UK corporation tax below:-

	2009	2008 (restated)
	£'000	£'000
Profit before taxation	**3,134**	4,639
United Kingdom corporation tax on profit for the year at 28% (2008: 30%)	**878**	1,392
Effects of:		
Expenses not deductible for tax purposes	**286**	378
Depreciation (lower than)/in excess of capital allowances	**(17)**	33
Other timing differences	**21**	(31)
Tax losses utilised	**-**	(1,054)
Group relief claimed for nil consideration	**(635)**	(726)
Tax benefit of share options exercised	**(6)**	(6)
Recognition of losses previously unrecognised	**(165)**	(362)
Impact of prior year adjustment for change in accounting policy		14
Tax charge/(credit)	**362**	(362)

10 Income tax charge/ (credit) (continued)

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2008: 30%). The total recognised deferred tax asset is £nil (2008: £362,000). The total unrecognised deferred tax asset is £152,000 (2008: £205,000). The asset is made up of:-

Not recognised	**2009**	2008
	£'000	£'000
Property, plant and equipment and intangible assets temporary differences	**57**	117
Un-utilised trading losses	**-**	-
Other temporary differences	**92**	88
Share based payments	**3**	-
Unrecognised deferred tax asset	**152**	205

Recognised	**2009**	2008
	£'000	£'000
Un-utilised trading losses	**-**	362
Recognised deferred tax asset	**-**	362

11 Property, plant and equipment

	Motor vehicles	Point of Sale Fixtures	Assets under construction	Office Equipment	Leasehold Improvements	Total
Cost						
At 1 April 2008	114	13	-	37	2,476	2,640
Additions	-	28	230	-	40	298
Reclassification	-	7	-	-	(7)	-
Disposals	-	(2)	-	-	-	(2)
At 31 March 2009	114	46	230	37	2,509	2,936
Accumulated depreciation						
At 1 April 2008	40	13	-	33	1,624	1,710
Charge for the year	20	6	-	2	239	267
Disposals	-	(2)	-	-	-	(2)
At 31 March 2009	60	17	-	35	1,863	1,975
Net book value						
At 31 March 2009	**54**	**29**	**230**	**2**	**646**	**961**
At 31 March 2008	74	-	-	4	852	930

11 Property, plant and equipment (continued)

	Motor vehicles	Point of Sale Fixtures	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	-	37	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
Disposals	(16)	(2)	-	-	-	-	(18)
At 31 March 2008	40	13	-	33	1,624	-	1,710
Net book value							
At 31 March 2008	74	-	-	4	852	-	930
At 31 March 2007	80	7	-	-	-	200	287

Richemont UK Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

12 Intangible assets

	Leasehold property £'000	Software £'000	Total £'000
Cost at 1 April 2008	3,237	3	3,240
Additions	13	-	13
Disposals	-		-
Cost at 31 March 2009	**3,250**	**3**	**3,253**
	£'000		**£'000**
Accumulated Amortisation at 1 April 2008	1,581	3	1,584
Additions	13	-	13
Charge for year	368	-	368
Accumulated Amortisation at 31 March 2009	1,962	3	1,965
Net book value at 31 March 2009	**1,288**	**-**	**1,288**
Net book value at 31 March 2008	1,656	-	1,656

	Leasehold property £'000	Software £'000	Total £'000
Cost at 1 April 2007	-		-
Acquisition Chloe/VCA	3,237	3	3,240
Cost at 31 March 2008	3,237	3	3,240
	£'000		**£'000**
Amortisation at 1 April 2007	-		-
Acquisition Chloe/VCA	1,213	3	1,216
Charge for year	368		368
Accumulated Amortisation 31 March 2008	1,581	3	1,584
Net book value 31 March 2008	1,656	-	1,656
Net book value 31 March 2007	-	-	-

13 Inventories

Inventories comprise: -

	2009 £'000	2008 (restated) £'000
Finished products	9,255	4,265

Richemont UK Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

14 Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables	**2,065**	3,113
Less: provision for impairment of receivables	**(65)**	(89)
Trade receivables – net	**2,000**	3,024
Amounts owed by group companies: -		
- Fellow group companies	**213**	227
Other taxes	**1,032**	383
Other receivables	**248**	221
Prepayments and accrued income	**403**	621
	3,896	4,476

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

The company provided amounts totalling £65,000 (2008: £89,000) as a receivables impairment provision.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. There is no concentration of risk with respect to trade receivables as the Group and company has a large number of customers. The group and company do not hold any collateral as security.

Ageing of trade receivables

	2009 £'000	2008 £'000
Not overdue	**1,717**	1,710
Past due less than three months	**265**	1,246
Past due more than three months less than six months	**24**	64
Past due more than six months	**59**	93
Impairment provision for trade receivables	**(65)**	(89)
	2,000	3,024

	2009 £'000	2008 £'000
At 1 April	**89**	26
Provision for receivables impairment	**43**	78
Unused amount reversed	**(67)**	(15)
At 31 March	**65**	89

15 Cash and cash equivalents

	2009 £'000	2008 £'000
Cash at bank and on hand	**13,930**	12,074
Bank overdraft	**(194)**	(22)
	13,736	12,052

16 Trade and other payables

	2009 £'000	2008 £'000 (restated)
Trade payables	**502**	529
Amounts owed to Group companies:-		
- Fellow Group companies	**8,308**	5,421
Other payables	**633**	564
Other taxes and social security	**-**	70
Accruals and deferred income	**496**	732
	9,939	7,316

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.

17 Provisions

	Warranty £'000	Sales return £'000	Share option plan £'000
At 1 April 2008 (restated)	**52**	**151**	**4**
Provided during the year	**8**	**44**	**-**
Utilised during the year	**(8)**	**(52)**	**(3)**
At 31 March 2009	**52**	**143**	**1**

Analysis of total provisions:

	2009 £'000	2008 £'000 (restated)
Current portion	195	203
Non-current portion	1	4
	196	207

Warranty and sales related provisions

The company has established provisions for potential sales returns and warranties provided on certain products. Based on past experience a provision of £195,000 (2008: £203,000) has been recognised. It is anticipated that the provisions will be utilised within one year. These have been reclassified from trade and other payables and the 2008 notes restated accordingly, refer to note 16.

17 Provisions (continued)

Employee benefits provision

These include social security charges on the Compagnie Financière Richemont SA share-based compensation plan. It is anticipated that the provisions will be utilised within two to five years.

Share option scheme

The group has a long-term share-based compensation plan whereby executives are awarded options to acquire shares at a pre-determined price. Awards under the share option scheme vest over periods of three to eight years and have expiry dates, the date after which unexercised options lapse, of between five and thirteen 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.

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

	Weighted average exercise price in CHF per share	Number of options
Balance at 31 March 2007	44.77	12,900
Awarded	75.10	2,500
Exercised	33.1	(1,000)
Balance at 31 March 2008	50.85	14,400
Transfer in of the group entity	42.96	11,000
Exercised before de-twinning	33.10	(1,000)
Impact of de-twinning of Richemont units		26,325
Awarded after de-twinning	21.20	16,317
Balance at 31 March 2009	21.52	67,042

Options in respect of 4 000 shares were exercisable at 31 March 2009 (2008: nil).

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 2008			
	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
31 March 2009			
	CHF 21.20	16,317	8.2 years
	CHF 32.79	10,307	7.2 years
	CHF 23.18	13,516	6.2 years
	CHF 18.01	16,031	5.2 years
	CHF 14.45	10,871	4.2 years

Comparative numbers and prices for 2008 have not been restated for the impact of the de-twinning.

17 Provisions (continued)

Share option scheme (continued)

The average fair value of options granted during the year determined using a Monte Carlo model was CHF 8.48 (2008: Black Scholes model; value CHF 27.38). The significant inputs into the model were the share price of CHF 21.20 (2008: CHF 73.40) at the grant date, the exercise prices shown above, a standard deviation of expected share price returns of 41 per cent (2008: 34.0 and 33.0 per cent), an expected option life of seven to nine years, a dividend yield of 2.00 per cent (2008: 1.46 per cent) and a risk-free interest rate of 1.3 per cent to 1.7 per cent (2008: 3.0 per cent to 3.1 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 amounts recognised in the income statement (before social security and taxes) for equity-settled share-based payment transactions can be summarised as follows:

	2009 £'000	2008 £'000
Share option expense	48	23

Modification during the year under review

On 20 October 2008 the parent company Compagnie Financière Richemont SA, split its luxury goods businesses from its other interests and effected a de-twinning of the existing Richemont units. The de-twinning process impacted the value and the number of stock options awarded to executives. Richemont unit options, which had vested but were not yet exercised at the date of the restructuring, have been converted into options over Richemont shares, options over BAT shares and options over Reinet shares. The exchange ratio used, determined at market prices at 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 Richemont shares. The fair value of the outstanding options immediately before and after the modification was recalculated using the binomial model.

As a consequence of the restructuring, the incremental fair value granted, measured immediately before and after the modification, increased. The increase in fair value related to vested options has been fully recognised in the year. The increase in fair value related to unvested options will be recognised over the period from 20 October 2008 until the vesting date which remains unchanged after the de-twinning process.

18 Retirement benefit schemes

Defined benefit plans

The company, along with other Richemont Group entities in the United Kingdom, is a participating employer in the Richemont UK Pension Plan (the "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). The group has adopted the provisions of paragraph 34A of IAS19 (Revised December 2004) with regard to charging the net defined benefit cost to individual group entities. There is a policy to split the total cost between the United Kingdom brands that participate in the Plan. The total cost is split by reference to the cost of accruing benefits, allowing for the age, benefit entitlement and salary profile of each brand's members in the Plan. Hence, the company's pension cost represents its 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:

	2009 £'000	2008 £'000
Balance sheet liability at 1 April	**79**	94
Pension cost	**67**	35
Transfer in	**-**	4
Company contribution	**(104)**	(54)
Balance sheet liability at 31 March	**42**	79

Retirement benefit assets

The company is a participating employer in the Richemont UK Pension Plan ("the Plan"), which provides defined benefits. The Plan's funds are administered by trustees and are independent of the Company's finances.

The results of the formal actuarial valuation as at 31 March 2007 were updated to the accounting date by an independent qualified actuary in accordance with IAS19 (Employee benefits) ("IAS19").

Richemont UK Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

18 Retirement benefit schemes (continued)

The amount included in Richemont Holdings (UK) Limited's balance sheet arising from the Richemont Group's ("the Group") obligations in respect of the Plan is as follows:

	2009 £'000	2008 £'000
Present value of defined benefit obligation	(118,280)	(119,935)
Fair value of the Plan assets	117,500	131,817
(Deficit)/surplus	(780)	11,882
Unrecognised actuarial losses/(gains)	5,327	(11,546)
Asset recognised in the balance sheet	4,547	336

A reconciliation of the present value of Richemont Holdings (UK) Limited's defined benefit obligation is:

	2009 £'000	2008 £'000
Balance at 1 April of prior year	(119,935)	(125,272)
Employer's part of current service cost	(1,997)	(2,428)
Interest cost	(7,857)	(6,616)
Contributions from Plan members	(780)	(838)
Actuarial gains	7,685	11,092
Past service cost	-	(41)
Benefits paid	4,604	4,168
Balance at 31 March	(118,280)	(119,935)

A reconciliation of the fair value of the Plan assets is as follows:

	2009 £'000	2008 £'000
Balance at 1 April of prior year	131,817	130,446
Expected return on Plan assets	7,838	7,637
Actuarial losses	(24,558)	(5,056)
Contributions paid by the employer	6,227	2,120
Contributions paid by Plan members	780	838
Benefits paid	(4,604)	(4,168)
Balance at 31 March	117,500	131,817

18 Retirement benefit schemes (continued)

The current allocation of Plan assets is as follows:

	2009 %	2008 %
Equity instruments	**40**	40
Debt instruments	**50**	50
Property	**10**	10
	100	100

The Plan does not hold any assets that are directly self-invested within the Group.

The expected rate of return on Plan assets as at 31 March 2009 was 5.9% p.a. (2008: 6.1% p.a.). This rate is derived by taking the weighted average of the long term expected rate of return on each of the asset classes that the Plan was invested in at 31 March 2009 less administration expenses. The actual return on Plan assets over the year was a loss of £16.7m (2008: a gain of £2.6m).

The amounts recognised in Richemont Holdings (UK) Limited's income statement are as follows:

	2009 £'000	2008 £'000
Employer's part of current service cost	**(1,997)**	(2,428)
Interest cost	**(7,857)**	(6,616)
Expected return on plan assets	**7,838**	7,637
Past service cost	**-**	(41)
	(2,016)	(1,448)

Total pension costs are included in employee benefits expense in Richemont Holdings (UK) Limited's financial statements.

Changes in the net assets recognised in Richemont Holdings (UK) Limited's balance sheet are as follows:

	2009 £'000	2008 £'000
Balance at 1 April of prior year	**124**	(93)
Total expense charged to the income statement	**(598)**	(592)
Contributions paid	**2,788**	809
Balance at 31 March	**2,314**	124

Contributions are paid to the Plan in accordance with the recommendations of an independent actuarial advisor. The estimated amount of total employer contributions expected to be paid to the Plan during the year ending 31 March 2010 is £5.4m (2009 actual: £6.2m).

18 Retirement benefit schemes (continued)

The following table sets out the key IAS19 assumptions used for the Plan.

	2009	2008
Price inflation	**3.4% p.a.**	3.5% p.a.
Discount rate	**6.8% p.a.**	6.6% p.a.
Pension increases in payment	**3.3% p.a.**	3.4% p.a.
General salary increases	**4.9% p.a.**	5.0% p.a.
Life expectancy of male aged 60 at balance sheet date	**26.5 years**	26.4 years
Life expectancy of male aged 60 in 20 years time	**27.7 years**	27.7 years

The company does not have any significant assets or liabilities in respect of any other post retirement benefits including post retirement health care liabilities.

Defined contribution plans

Pension costs for defined contribution schemes are as follows:

	2009 **£'000**	2008 £'000
Defined contribution schemes	**44**	35

19 Share capital

	2009 **£'000**	2008 £'000
15,200,000 ordinary shares of £1 each	**15,200**	15,200
Allotted, called up and fully paid:		
14,200,000 ordinary shares of £1 each	**14,200**	14,200

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

20 Cash flows from operating activities

Reconciliation of profit to net cash inflow from operating activities	**2009**	2008 (restated)
	£'000	£'000
Profit before tax	**3,134**	4,639
Adjustments for:		
Depreciation	**267**	487
Amortisation	**368**	368
Income on intercompany loan written back	**-**	(2,151)
Interest income	**(368)**	(559)
Interest expense	**79**	175
Pension contribution in excess of pension charge	**(37)**	(19)
Non-cash share based compensation charge	**48**	23
Changes in working capital:		
Increase in inventories	**(4,990)**	(880)
Decrease/ (increase) in trade and other receivables	**457**	(1,584)
Increase in trade and other payables	**2,622**	2,787
Decrease in provisions	**(11)**	(96)
Cash inflow from continuing operations	**1,569**	3,190

21 Capital commitments

Capital commitments authorised and contracted for at 31 March 2009 amounted to £nil (2008: £nil). Capital commitments authorised but not contracted for at that date amounted to £nil (2008: £nil).

22 Related party transactions

	2009 £'000	2008 £'000
Sales of goods to related parties		
Fellow group undertakings	**36**	28
Sales of services to related parties		
Fellow group undertakings	**456**	285
Purchase of goods from related parties		
Fellow group undertakings	**28,758**	20,861
Purchase of services from related parties		
Fellow group undertakings	**678**	3

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

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.

According to the agreement which provided for the transfer of assets from Chloe (UK) Limited the consideration payable was £2,151,000. Subsequent to the transfer of trade and net assets, on 30 June 2007, the Vendor, Chloe UK Limited released the Company from 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 provided 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.

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

	2009 £'000	2008 £'000
Receivables from related parties		
Fellow group undertakings	**213**	227
Payables to related parties		
Fellow group undertakings	**8,308**	5,421

No provision has been recognised in respect of impairment of the above receivables.

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 8 to the financial statements.

23 Operating lease commitments

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

	Property 2009 £'000	Property 2008 £'000
Not later than one year	**959**	842
Later than one year and not later than five years	**1,733**	2,073
Later than five years	**-**	-
	2,692	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.

24 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 parent 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 SA 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.