RICHEMONT INVESTMENTS
Registered number: 2803362

Annual report
for the year ended 31 March 2006

RICHEMONT INVESTMENTS

Annual report for the year ended 31 March 2006

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RICHEMONT INVESTMENTS

Directors' report for the year ended 31 March 2006

The directors submit their report and the audited financial statements of the company for the year ended 31 March 2006. The company reports its financial results in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The transition date to IFRS is 1 April 2004.

Business review and principal activities

Richemont Investments is a company incorporated in the United Kingdom under the Companies Act 1985. The company is a United Kingdom resident investment holding company. The company's registered office address is 15 Hill Street, London W1J 5QT, United Kingdom.

The results for the year are set out in the income statement on page 7 and show a pre-tax profit of £24,000 (2005:Loss £138,000). Total shareholders' equity is £5,025,000 (2005: £5,000,000). Revenue is generated through interest received on bank balances. The only other activity is an expense for professional fees.

Business environment and future outlook

The company continued to act as an investment company and intermediate holding company. Both the level of business and the year end position were as expected. No additional activity is anticipated for the foreseeable future.

Principal risks and uncertainties and key performance indicators

As the company's only activity was finance income and professional fees, the Directors believe that a discussion of any possible risks or key performance indicators would not be appropriate for the understanding of the company.

Dividends

No interim dividends were paid in the year (2005: £nil). The directors do not recommend the payment of a final dividend for the year ended 31 March 2006 (2005: £nil).

Directors

The directors who held office during the year and as at 31 March 2006 were:

Mr R J Brooks
Mr W S G Lawrence

Directors' interests

There are no individual interests of any director and their families in shares and options of the company, its UK parent company Richemont Investments, or any of its subsidiary companies or fellow subsidiaries, as shown in the register kept in accordance with section 325 of the Companies Act 1985 as at 31 March 2006.

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

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Directors' report for the year ended 31 March 2006 - continued

Creditor payment policy

The current policy of the company and the Group's United Kingdom subsidiaries concerning the payment of the majority of its trade creditors is to:

(a) settle the terms of payment with those suppliers when agreeing the terms of each transaction;
(b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
(c) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception. Overseas subsidiaries are encouraged to adopt similar policies by applying local best practices.

Amendment of financial statements

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

Auditors

An elective resolution is in place, which negates the need to reappoint the auditors annually.

By order of the board

W S G Lawrence
Secretary

14 March 2007

RICHEMONT INVESTMENTS

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 the 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.

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.

By order of the board

W S G Lawrence
Secretary

14 March 2007

Independent auditors' report to the members of Richemont Investments

We have audited the financial statements of Richemont Investments for the year ended 31 March 2006 which comprise the Income Statement, the Balance Sheet, the Statement of Recognised Income and Expense, 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 as adopted by the European Union (IFRS) 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.

Independent auditors' report to the members of Richemont Investments

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 2006 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
London

14 March 2007

RICHEMONT INVESTMENTS

Income statement for the year ended 31 March 2006

	Notes	**2006**	2005
		£'000	£'000
Continuing operations			
Revenue		**-**	-
Administrative expenses		**(17)**	-
Other operating expenses		**-**	(123)
Impairment of investments in subsidiaries	2	-	(61)
Impairment of available for sale investments	3	**-**	(2)
Operating loss		**(17)**	(186)
Finance income	7	**41**	48
Profit/ (loss) before taxation		**24**	(138)
Income tax expense	8	**-**	-
Profit/ (loss) for the year attributable to equity shareholders		**24**	(138)

The notes on pages 11 to 17 form an integral part of these financial statements.

RICHEMONT INVESTMENTS

Balance sheet as at 31 March 2006

	Notes	2006	2005
		£'000	£'000
Assets			
Non current assets			
Investments in subsidiaries	9	**35,115**	35,115
Available for sale investments	10	**6**	5
		35,121	35,120
Current assets			
Trade and other receivables	11	**8,119**	9,112
Cash and cash equivalents	12	**1,042**	8
		9,161	9,120
Liabilities			
Current liabilities			
Trade and other payables	13	**(39,257)**	(39,240)
Net current assets		**(30,096)**	(30,120)
Net assets		**5,025**	5,000
Shareholders' equity			
Share capital	14	**-**	-
Retained earnings	15	**5,025**	5,000
Total shareholders' equity		**5,025**	5,000

The financial statements on pages 7 to 10 were approved by the board of directors on 14 March 2007 and were signed on its behalf by:

R J Brooks
Director

The notes on pages 11 to 17 form an integral part of these financial statements.

RICHEMONT INVESTMENTS

Statement of recognised income and expenses

For the year ended 31 March	**2006**	2005
	£'000	£'000
Profit/(loss) for the year	**24**	(138)
Revaluation of available for sale investments	**1**	-
Total recognised income/(expense) for the year	**25**	(138)

The notes on pages 11 to 17 form an integral part of these financial statements.

RICHEMONT INVESTMENTS

Cash flow statement

Cash flow statements for the year ended 31 March	Notes	2006	2005
Cash generated from operations	12b	**1,003**	(48)
Interest received		**31**	48
Interest paid		-	-
Net cash from operating activities		**1,034**	-
Net increase in cash and cash equivalents		**1,034**	-
Cash and cash equivalents at 1 April		**8**	8
Cash and cash equivalents at 31 March	12a	**1,042**	8

The notes on pages 11 to 17 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 March 2006

1 Summary of significant accounting policies

These financial statements have been prepared on the going concern basis under the accounting policies set out below, which have been applied consistently and in accordance with applicable accounting standards.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. A summary of the more important accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year. The transition from UK GAAP to IFRS has no effect upon the equity at 1 April 2004 and 31 March 2005 and accordingly, reconciliation of equity has not been prepared.

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 reporting 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.

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

Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Available for sale investments

The company adopted IFRS for the first time in 2004. It has applied the financial instruments' standards IAS32 and IAS39 prospectively from 1 April 2004. The impact of these standards reflects the change in the measurement and classification of other investments. These are measured at cost less permanent diminution in value under UKGAAP and are re-classified as available-for-sale financial assets, measured at fair value. There is therefore no difference in the net assets.

Finance income

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

Trade and other receivables

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable balances.

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, and bank overdrafts.

Notes to the financial statements – continued

Trade and other payables

Trade and other payables are stated at their nominal value.

Share capital

Shares issued by the company are classified as equity attributable to the company's shareholders.

Taxation

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using taxation rates that are applicable to the taxable income.

Deferred taxation is recognised in profit or loss except when it relates to items credited or charged directly to equity, in which case it is also recognised in equity.

Deferred tax assets and liabilities

Deferred taxation is recognised using the balance sheet liability method for all temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantially enacted at the balance sheet date.

A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits (including unused credits for secondary tax on dividends). Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

A deferred taxation liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred taxation liabilities are recognised for taxable temporary differences, unless specifically exempt.

Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable income nor accounting profit.

2 Impairment of investments in subsidiaries

An impairment loss of £61,000 was recognised in the year ended 31 March 2005 following a review that identified that the carrying value of the investment exceeded its recoverable amount. The recoverable amount is determined by the net assets of the investment company. No further impairment is required for the year ended 31 March 2006 following the annual impairment review.

3 Impairment of available for sale investments

An impairment loss of £2,000 was recognised in the year ended 31 March 2005 following a review that identified the fair value was impaired.

4 Auditors' remuneration

Auditors' remuneration to PricewaterhouseCoopers for the year of £10,857 (2005: £10,000) has been borne by a fellow Compagnie Financière Richemont SA Group company.

Notes to the financial statements – continued

5 Directors' emoluments and interests

None of the directors who held office during the year received any emoluments in respect of their services to the company (2005: £nil). The directors consider there are no other key management personnel.

6 Employee information

There were no employees during the year (2005: nil).

7 Finance income

	2006	2005
	£'000	£'000
Finance income:		
Bank interest receivable	**33**	1
Interest receivable from Group undertakings	**8**	47
Finance income	**41**	48

8 Taxation

Analysis of charge in the year:	2006 £'000	2005 £'000
Current tax	-	-
Deferred tax	-	-
Taxation	-	-

Taxation reconciliation	2006 £'000	2005 £'000
Profit/(loss) on ordinary activities before taxation	**24**	(138)
Prrofit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%)	**7**	(41)
Effects of:		
Expenses not deductible for tax purposes	-	55
Tax losses utilised but not recognised for deferred tax	**(129)**	(14)
Imputed interest on inter company balance	122	-
Total taxation	-	-

Notes to the financial statements – continued

9 Investments in subsidiary undertakings

	2006	2005
Cost	**£'000**	£'000
At 1 April	**514,246**	514,246
At 31 March	**514,246**	514,246
Provision for impairment		
At 1 April	**(479,131)**	(479,131)
At 31 March	**(479,131)**	(479,131)
Carrying value		
At 31 March	**35,115**	35,115

At 31 March 2006 the company's principal immediate subsidiary undertakings were:

Subsidiary undertaking	Place of Incorporation	Percentage holding of ordinary share capital	Nature of business
Vendôme Luxury (UK) Limited	England and Wales	100%	Investment company
Vendôme Luxury Group (UK) BV	Netherlands	100%	Investment company
Alfred Dunhill Lighters Limited	England and Wales	100%	Investment company
Alfred Dunhill International Limited	England and Wales	100%	Investment company
Alfred Dunhill International B.V.	Netherlands	100%	Investment company
Atlantonian Investments Limited	England and Wales	100%	Investment company

The company is exempt from the requirement to prepare consolidated accounts as it and its subsidiary undertakings are included in the accounts of its ultimate parent company, Compagnie Financière Richemont SA, consolidated under IFRS. The directors have therefore applied the exemption to prepare consolidated accounts for the subsidiary company.

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Notes to the financial statements – continued

10 Available for sale investments

UK listed equity securities:	2006	2005
	£'000	£'000
Fair value		
At 1 April	**5**	7
Fair value revaluation	**1**	-
Impairment	**-**	(2)
At 31 March	**6**	5

11 Trade and other receivables

	2006	2005
	£'000	£'000
Amounts owed by fellow Group undertakings	**8,110**	8,110
Other receivables	**9**	1,002
	8,119	9,112

Amounts owed by Group undertakings are unsecured, interest free and have no fixed date of repayment.

12 Cash and cash equivalents

(a)Cash and cash equivalents

	2006	2005
	£'000	£'000
Cash at bank	**1,042**	8
Cash and cash equivalents	**1,042**	8

(b)Reconciliation of operating profit to net cash inflow from operating activities:

	2006	2005
	£'000	£'000
Cash generated from operations		
Operating profit	**(17)**	(186)
Adjustments for:		
Impairment of investments	-	63
	(17)	(123)
Changes in working capital		
Decrease in receivables	**1,002**	75
Increase in payables	**18**	-
Cash generated from operations	**1,003**	(48)

Notes to the financial statements – continued

13 Trade and other payables

	2006	2005
	£'000	£'000
Amounts owed to immediate parent	85	85
Amounts owed to fellow Group undertakings	3,797	3,797
Amounts owed to subsidiary undertakings	35,358	35,358
Other payables including taxation and social security	17	-
	39,257	39,240

14 Share capital

	2006 £'000	2005 £'000
Authorised:		
8,990,000 (2005: 8,990,000) ordinary shares of £1 each	8,990	8,990
1,010,000 (2005: 1,010,000) ordinary shares of £0.0001 each	-	-
	8,990	8,990
Allotted, called up and fully paid:		
Nil (2005: nil) ordinary shares of £1 each	-	-
1,010,000 (2005: 1,010,000) ordinary shares of £0.0001 each	-	-
	-	-

15 Statement of changes in shareholders' equity

	Revaluation reserve	Share Capital	Retained earnings	Total
	£'000	£'000	£'000	£'000
At 1 April 2004	-		5,138	5,138
Total recognised expense for the year	-		(138)	(138)
At 1 April 2005	-	-	5,000	5,000
Total recognised income for the year	1	-	24	25
At 31 March 2006	1	-	5,024	5,025

Notes to the financial statements – continued

16 Deferred taxation

The company has an unrecognised deferred tax asset of £829,598 (2005: an unrecognised deferred tax asset of £1,066,666). This has not been recognised in the financial statements as the directors do not believe the asset to be recoverable in the foreseeable future.

	Not recognised		Recognised	
	2006	2005	**2006**	2005
	£	£	**£**	£
Depreciation in excess of capital allowances, not provided	**(834)**	-	**-**	-
Unutilised trading losses	**(828,764)**	(1,066,666)	**-**	-
Other timing differences	**-**	-	**-**	-
Deferred tax provision/(asset)	**(829,598)**	(1,066,666)	**-**	-

17 Related party transactions

The company has not entered into any related party transactions in the year ended 31 March 2006 (2005:nil). During the year, the company held the following balances with fellow subsidiaries:

Balances with related party		**Receivable £'000**	**Payable £'000**
Fellow subsidiaries	**- 2006**	**8,110**	**(39,240)**
Fellow subsidiaries	- 2005	8,110	(39,240)

Key management compensation and other related party transactions are disclosed in note 5, Directors' emoluments.

The company has not entered into any other related party transactions as defined by IAS 24.

18 Ultimate parent undertaking

The company is a wholly owned subsidiary of Richemont Holdings (UK) Limited (registered in England and Wales). The directors regard Compagnie Financière Richemont SA, a listed company incorporated in Switzerland, to be the ultimate parent company. Copies of the accounts of Compagnie Financière Richemont SA are available from its registered office at 50 Chemin de la Chênaie, 1293 Bellevue, Geneva, Switzerland.

19 Explanation of transition to IFRS as adopted by the European Union

This is the first year the company has presented its financial statements under IFRS as adopted by the European Union. The last financial statements under UK GAAP were for the year ended 31 March 2005 and the date of transition to IFRS was 1 April 2004.

The transition from UK GAAP to IFRS has no effect upon the equity at 1 April 2004 and 31 March 2005 and accordingly, reconciliation of equity has not been prepared.