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VENDÔME LUXURY GROUP (UK) B.V.
(incorporated in The Netherlands)
Registered Number FC 020752

Registered in the United Kingdom under
the name Vendôme Luxury Group (UK) B.V.

Annual Report
for the year ended 31 March 2002



VENDÔME LUXURY GROUP (UK) B.V.

Report of the Directors for the year ended 31 March 2002

The directors submit their report and the audited financial statements of the Company for the year ended 31 March 2002.

Principal activities

The Company is an investment holding company.

Results

The company did not trade during the year ended 31 March 2002. The only transaction was a provision for impairment in the investment in a subsidiary.

Review of business and future developments

Both the level of business and the year-end financial position were satisfactory. The directors expect that the Company will continue to retain its investment in subsidiary companies for the foreseeable future, but otherwise is not expected to trade.

Dividends

No interim dividends were declared in the year (2001: £Nil). The directors do not recommend the payment of a final dividend for the year ended 31 March 2002 (2001: £Nil).

Directors

The directors of the Company during the year and as at 31 March 2002 were:

Mr K C O Barton
Mr R J Brooks
Mr P A Dunnett (resigned 31 October 2001)
Mr N P Forshaw (resigned 9 May 2001)
Mr W S G Lawrence

Directors' interests

At no time during the year was the Company, its holding companies or its fellow subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

VENDÔME LUXURY GROUP (UK) B.V.**Report of the Directors
for the year ended 31 March 2002 - continued****Auditors**

A resolution to re-appoint the auditors will be proposed at the Annual General Meeting.

By Order of the Board



W S G Lawrence

Secretary

Date: 28 January 2003

VENDÔME LUXURY GROUP (UK) B.V.**Profit and loss account
For the year ended 31 March 2002**

	Notes	Year ended 31 March 2002 £'000	Year ended 31 March 2001 £'000
Expenses			
General and administrative expenses		(61)	-
Total expenses		(61)	-
Loss before taxation	5	(61)	-
Taxation		-	-
Loss for the year		(61)	-

The notes on pages 5 to 9 form an integral part of these financial statements.

VENDÔME LUXURY GROUP (UK) B.V.

Balance sheet as at 31 March 2002

	Notes	As at 31 March 2002		As at 31 March 2001	
		£'000	£'000	£'000	£'000
Fixed assets					
Financial fixed assets	6		-		61
Current assets					
Debtors: amounts falling due within one year	7	39,305		39,305	
Cash at bank and in hand	8	<u>1</u>		<u>1</u>	
Current assets less current liabilities			<u>39,306</u>		<u>39,306</u>
Total assets less current liabilities			<u>39,306</u>		<u>39,367</u>
Shareholders' equity					
Called up and paid in share capital	9		1,765		1,778
Share premium account	10		32,125		32,125
Retained earnings	10		5,416		5,464
Total shareholders' equity	11		<u>39,306</u>		<u>39,367</u>

The financial statements on pages 3 to 9 were approved by the board of directors on 28/10/03 and were signed on its behalf by:

W S G Lawrence

Director



R J Brooks

Director



The notes on pages 4 to 9 form an integral part of these financial statements.

VENDÔME LUXURY GROUP (UK) B.V.

Notes to the accounts for the year ended 31 March 2002

1. General

The Company is owned by Vendôme Luxury (UK) Limited, whose United Kingdom parent is Richemont Holdings (UK).

In connection with the disclosure requirements on subsidiaries, use has been made of the exemption referred to in Article 408, Book 2, Title 9 of the Dutch Civil Code.

The accounts of the Company are included in the Richemont Holdings (UK) Limited consolidated accounts. The consolidated accounts of Richemont Holdings (UK) Limited for the year ended 31 March 2002 are attached to these accounts.

The directors regard Compagnie Financière Richemont AG, a listed company incorporated in Switzerland, to be the ultimate parent company. Shares representing 50% of the voting rights of that company are held by Compagnie Financière Rupert which is regarded by the directors as the controlling party.

Copies of the accounts of Compagnie Financière Richemont AG are available from its registered office at Rigistrasse 2, CH - 6300 Zug, Switzerland.

2. Principal accounting policies

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

Basis of accounting

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

Functional currency

The Company's operating role is within the United Kingdom where sterling is the currency of the economic environment. The functional currency of the Company is sterling, effective from 1 September 1997, which was the date that the Company became resident in the United Kingdom.

VENDÔME LUXURY GROUP (UK) B.V.

Notes to the accounts for the year ended 31 March 2002 - continued

2. Principal accounting policies - continued

Investments

The subsidiary companies owned by the Company are accounted for at cost less any provision considered necessary for any impairment.

Dividend income

Dividends from subsidiaries are accounted for when declared.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Differences on exchange are included in operating profit with the exception of differences on the retranslation of share capital, which are taken directly to reserves. Transactions in foreign currencies are translated into sterling at the actual rate of exchange ruling at the date of the transaction.

3. Directors' emoluments

The Company has three directors (2001: five). None of the directors who held office during the year received any emoluments in respect of their services to the Company (2001: £Nil).

4. Employee information

There were no direct employees during the year (2001: Nil)

5. Loss before taxation

	Year ended 31 March 2002 £'000	Year ended 31 March 2001 £'000
Profit before taxation is stated after taking account of the following items:		
Gain on exchange	-	-
Auditors' remuneration		
- audit fees	1	2
- other services	-	-
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Auditors' remuneration of £1,000 (2001: £1,500) have been borne on behalf of Vendome Luxury Group (UK) B.V. by Richemont Holdings (UK) Limited.

VENDÔME LUXURY GROUP (UK) B.V.

Notes to the accounts for the year ended 31 March 2002 - continued

6. Financial fixed assets

Financial fixed assets represent investments in subsidiaries.

	Interests in subsidiaries £'000
Cost	
At 1 April 2001 and 31 March 2002	61
Provision	
At 1 April 2001	-
Provided in the year	61
At 31 March 2002	61
NBV	
At 31 March 2002	-
At 31 March 2001	61

At 31 March 2002 the Company held ordinary shares in the following subsidiary undertaking:

Subsidiary Undertaking	Place of Incorporation	Percentage holding	Nature of Business
Asian and Western Classics (UK) Limited	England and Wales	100%	Investment holding Company

7. Debtors: amounts falling due within one year

	As at 31 March 2002 £'000	As at 31 March 2001 £'000
Amounts owed by group companies:		
Holding company and fellow subsidiary companies	39,305	39,305

8. Cash and bank balances

Bank balances at 31 March 2002 did not include any deposits.

VENDÔME LUXURY GROUP (UK) B.V.

Notes to the accounts for the year ended 31 March 2002 - continued

9. Share capital

	As at 31 March 2002 £'000	As at 31 March 2001 £'000
Authorised 100,000 shares of €45 each (2001: 100,000 shares of NLG 100 each)	<u>2,780</u>	<u>2,801</u>
Allotted, called up and fully paid: 63,490 shares of €45 each (2001: 63,490 shares of NLG 100 each) At 1 April 2001	1,778	1,732
Exchange differences on revaluation of share capital	<u>(13)</u>	<u>46</u>
At 31 March 2002	<u>1,765</u>	<u>1,778</u>

The Company has two classes of shares, "A" shares (representing 28% of the Company's called up share capital) and "B" shares (representing 72% of the Company's called up share capital). Following a group reorganisation during the year ending 31 March 1998 the two classes of shares have substantially the same rights and consequently they have not been shown separately in the table above.

In previous years the share capital of the Company was denominated in Dutch Guilders. At the current year-end, the share capital has been translated from Dutch Guilders to Euros at the fixed rate of €1 = NLG 2.20371. The Euro balance has then been retranslated into Sterling at the year-end at the closing rate of exchange, and any differences on exchange have been taken directly to reserves.

10. Reserves

	Share Premium Account £'000	Profit and loss account £'000
At 1 April 2001	32,125	5,464
Exchange differences on revaluation of share capital	<u>-</u>	<u>13</u>
At 31 March 2002	<u>32,125</u>	<u>5,477</u>

VENDÔME LUXURY GROUP (UK) B.V.

Notes to the accounts for the year ended 31 March 2002 - continued

11. Reconciliation of movements in shareholders' funds

	As at 31 March 2002 £'000	As at 31 March 2001 £'000
Opening and closing equity shareholders' funds	<u>39,367</u>	<u>39,367</u>

12. Contingencies and commitments

In 1998 an audit was undertaken by the Dutch tax authorities who subsequently issued additional assessments in 1999 relating to the Karl Lagerfeld brand. The Company has filed notices of objections against these tax assessments and, although these assessments have become payable, suspension of payment has been granted by the tax authorities. Currently the Company is engaged in hearings with the Dutch tax authorities.

Management considers that the tax assessments are invalid and consequently no provision for the amounts claimed or related interest has been included in the accounts.

Other information

1. Appropriation of the net result for the year

According to article 14 of the company's Articles of Association, the result is at the disposal of the General Meeting of Shareholders.

2. Report of the auditors

This report is set out on page 9.

**PricewaterhouseCoopers
Accountants N.V.**

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Auditors' report

Introduction

In accordance with your instructions we have audited the financial statements of Vendôme Luxury Group (UK) B.V., Amsterdam, for the year ended 31 March 2002. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 March 2002 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Amsterdam, 28 January 2003

PricewaterhouseCoopers Accountants N.V.