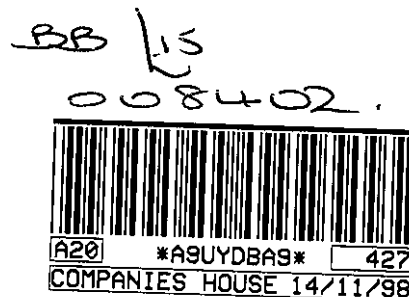


Registered Number FC 020752

VENDÔME LUXURY GROUP (UK) B.V.
(formerly Vendôme Luxury Group B.V.)
(incorporated in The Netherlands)

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

Report and Accounts
for the period ended 31 March 1998



VENDÔME LUXURY GROUP (UK) B.V.
(Formerly Vendôme Luxury Group B.V.)

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Appendix

Group Accounts of Vendôme Luxury Group

VENDÔME LUXURY GROUP (UK) B.V.
(Formerly Vendôme Luxury Group B.V.)

Report of the Directors
for the period ended 31 March 1998

The directors submit their report and the audited accounts for the period ended 31 March 1998.

Change of name

The Company changed its name from Vendôme Luxury Group B.V. to Vendôme Luxury Group (UK) B.V. on 30 September 1997.

Principal activities

The Company was incorporated in The Netherlands on 28 December 1989. The Company became a United Kingdom resident company for tax purposes on 1 September 1997 and was registered as a branch in the United Kingdom on 11 December 1997. The Company acts as a intermediate holding company in a group concerned with the world-wide marketing of luxury consumer products.

Results

The results of the Company for the period are set out in the profit and loss account on page 3 and the notes on pages 5 to 10.

Review of business and future developments

Both the level of the business and the year end financial position were satisfactory. The directors expect that the levels of activity will be sustained for the foreseeable future and that the level of investments, staffing and financing will remain constant in the future.

Dividends

No interim dividends were declared in the period (1997: £Nil). The directors do not recommend the payment of a final dividend for the period ended 31 March 1998 (1997: £Nil).

VENDÔME LUXURY GROUP (UK) B.V.
(Formerly Vendôme Luxury Group B.V.)

Report of the Directors
for the period ended 31 March 1998 - continued

Managing directors

The managing directors of the Company during the period and as at 31 March 1998 were:

Mr J E K Pye
Mr K C O Barton
Mrs S Padrini
Mr R N Thorby - resigned 17.08.98
Miss R Watson

In addition, Mr Paul A Dunnett was appointed a managing director on 17 August 1998.

Directors' interests

On 25 March 1998, New VLG SA acquired the interests of the Minority Unitholders of Vendôme Luxury Group, and all options held over Vendôme Luxury Group units were lapsed.

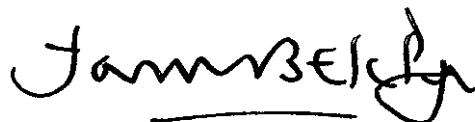
Apart from the above, at no time during the year was the Company, its holding companies or its fellow subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Auditors

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

By Order of the Board

J E K Pye



S Padrini



24 September 1998

VENDÔME LUXURY GROUP (UK) B.V.
(Formerly Vendôme Luxury Group B.V.)

Profit and loss account
for the period ended 31 March 1998

		7 months ended 31 March 1998	5 months ended 31 August 1997
	Notes	£'000	£'000
Income			
Interest		302	3,562
Currency gain		72	-
Profit on disposal of investment		-	445,521
Total income		<u>374</u>	<u>449,083</u>
Expenses			
General and administrative expenses		(13)	(33)
Total expenses		<u>(13)</u>	<u>(33)</u>
Profit before taxation	5	361	449,050
Taxation		-	-
Profit for the period		<u>361</u>	<u>449,050</u>

The notes on pages 5 to 10 form an integral part of these accounts.

VENDÔME LUXURY GROUP (UK) B.V.
(Formerly Vendôme Luxury Group B.V.)

Balance sheet

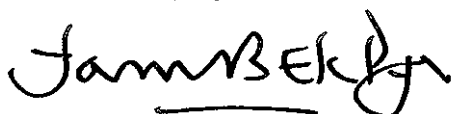
as at 31 March 1998

(after appropriation of the result for the period)

	Notes	As at 31 March 1998 £'000	As at 31 August 1997 £'000
Fixed assets			
Financial fixed assets	6	24,002	24,002
Current assets			
Debtors: amounts falling due within one year	8	473,655	475,234
Cash at bank and in hand	7	7,875	5,929
		<u>481,530</u>	<u>481,163</u>
Creditors: amounts falling due within one year	9	(13)	(7)
		<u>481,517</u>	<u>481,156</u>
Current assets less current liabilities			
		<u>505,519</u>	<u>505,158</u>
Shareholders' equity			
Called up and paid in share capital	10	1,817	1,929
Share premium reserve	11	32,125	32,125
Retained earnings	11	471,577	471,104
		<u>505,519</u>	<u>505,158</u>
Total shareholders' equity	12	<u>505,519</u>	<u>505,158</u>

The accounts on pages 3 to 10 were approved by the board of directors on 24 September 1998 and were signed on its behalf by:

J E K Pye Managing Director



S Padrini Managing Director



The notes on pages 5 to 10 form an integral part of these accounts

VENDÔME LUXURY GROUP (UK) B.V.
(Formerly Vendôme Luxury Group B.V.)

Notes to the accounts
for the period ended 31 March 1998

1. General

The Company is jointly owned by Vendôme Luxury (UK) Limited (72%) and Alfred Dunhill International Limited (28%) whose United Kingdom parent is Vendôme Luxury Group Limited (formerly Vendôme Luxury Group PLC)

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 Vendôme Luxury Group Limited consolidated accounts. The consolidated accounts of Vendôme Luxury Group Limited for the year ended 31 March 1998 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.

During the year ended 31 March 1998 due to a group restructuring, the Company's year end changed twice. The initial change was from 31 March 1997 to 31 August 1997 and the final change was from 31 August 1997 to 31 March 1998. All comparatives within the accounts are for the five month period ended 31 August 1997.

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.

VENDÔME LUXURY GROUP (UK) B.V.
(Formerly Vendôme Luxury Group B.V.)

Notes to the accounts
for the period ended 31 March 1998 - continued

Functional currency

In view of the change in the Company's circumstances, in that its operating role is now within the United Kingdom where sterling is the currency of the economic environment, the functional currency of the Company has been changed from Dutch Guilder to Sterling. This change was effective from 1 September 1997 which was the date that the Company became resident in the United Kingdom.

Investments

The subsidiary companies owned by the Company are accounted for at cost, less any provision considered necessary, for any permanent diminution in value.

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 five directors (1997: five). None of the directors who held office during the year received any emoluments in respect of their services to the Company (1997: £Nil).

4 Employee information

There were no direct employees during the year (1997: Nil)

VENDÔME LUXURY GROUP (UK) B.V.
(Formerly Vendôme Luxury Group B.V.)

Notes to the accounts
for the period ended 31 March 1998 - continued

5. Profit before taxation

	7 months ended 31 March 1998 £'000	5 months ended 31 August 1997 £'000
Profit before taxation		
is stated after taking account of the following items:		
Gain on exchange	72	-
Auditors' remuneration		
- audit fees	(2)	(4)
- other services	(7)	(22)
	<u> </u>	<u> </u>

6. Financial fixed assets

Financial fixed assets represent investments in subsidiaries at cost

	Interests in subsidiaries £'000
Balance at 1 September 1997 and 31 March 1998	<u>24,002</u>

At 31 March 1998 the Company held ordinary shares in the following subsidiary undertakings:

Subsidiary undertakings	Place of incorporation	Percentage holding	Nature of business
Alfred Dunhill International B.V.	Amsterdam	100%	Investment holding company
Asian and Western Classics (UK) Limited	England and Wales	100%	Investment holding company

VENDÔME LUXURY GROUP (UK) B.V.
(Formerly Vendôme Luxury Group B.V.)

Notes to the accounts
for the period ended 31 March 1998 - continued

7. Cash and bank balances

Bank balances at 31 March 1998 included deposits amounting to £ 7,840,000 maturing on 16 April 1998.

8. Debtors: amounts falling due within one year

	As at 31 March 1998 £'000	As at 31 August 1997 £'000
Amounts owed by affiliated companies:		
Holding company and fellow subsidiary companies	473,629	475,234
Other debtors	26	-
	<hr/>	<hr/>
	473,655	475,234
	<hr/> <hr/>	<hr/> <hr/>

9. Creditors: amounts falling due within one year

	As at 31 March 1998 £'000	As at 31 August 1997 £'000
Other creditors	13	7
	<hr/>	<hr/>
	13	7
	<hr/> <hr/>	<hr/> <hr/>

VENDÔME LUXURY GROUP (UK) B.V.
(Formerly Vendôme Luxury Group B.V.)

Notes to the accounts
for the period ended 31 March 1998 - continued

10. Share capital

	As at 31 March 1998 £'000	As at 31 August 1997 £'000
Authorised 100,000 shares of NLG 100 each	2,862	3,040
Allotted, called up and fully paid: 63,490 shares of NLG 100 each		
At 1 September 1997	1,929	1,929
Exchange differences on revaluation of share capital	(112)	
At 31 March 1998	<u>1,817</u>	

The share capital is denominated in Dutch Guilders and is retranslated at the year end at the closing rate of exchange, differences on exchange are taken directly to reserves.

11. Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 September 1997	32,125	471,104
Retained profit for the year	-	361
Exchange differences on revaluation of share capital	-	112
At 31 March 1998	<u>32,125</u>	<u>471,577</u>

VENDÔME LUXURY GROUP (UK) B.V.
(Formerly Vendôme Luxury Group B.V.)

12. Reconciliation of movements in shareholders' funds

	As at 31 March 1998 £'000	As at 31 August 1997 £'000
Opening equity shareholders' funds	505,158	64,183
Retained profit for the financial year	361	449,050
Exchange difference	-	(8,075)
	<hr/>	<hr/>
Closing equity shareholders' funds	505,519	505,158
	<hr/> <hr/>	<hr/> <hr/>

Other information

1. Appropriation of the net result for the period

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 11.

**Report of the auditors to the Board of directors and the Members of
VENDÔME LUXURY GROUP (UK) B.V.**

UNQUALIFIED AUDITOR'S REPORT

Introduction

We have audited the financial statements for the period ended 31 March 1998 of Vendôme Luxury Group (UK) B.V., Amsterdam. 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 financial statement presentation. 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, 1998 and of the result for the seven months then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code.

Amsterdam, 24 September 1998



PricewaterhouseCoopers N.V.