RICHEMONT

Annual Report and Accounts 2015

Richemont is one of the world's leading luxury goods groups.
The Group's luxury goods interests encompass some of the most prestigious names in the industry, including Cartier, Van Cleef & Arpels, Piaget, Vacheron Constantin, Jaeger-LeCoultre, IWC, Alfred Dunhill, Montblanc and Net-A-Porter.

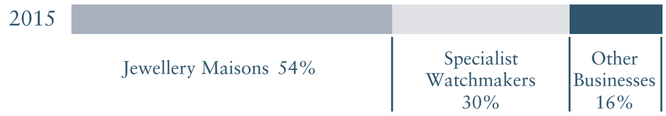
Each of Our Maisons™ represents a proud tradition of style, quality and craftsmanship which Richemont is committed to preserving.

Cautionary statement regarding forward-looking statements
This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Words such as 'may', 'should', 'estimate', 'project', 'plan', 'believe', 'expect', 'anticipate', 'intend', 'potential', 'goal', 'strategy', 'target', 'will', 'seek' and similar expressions may identify forward-looking statements. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside the Group's control. Richemont does not undertake to update, nor does it have any obligation to provide updates or to revise, any forward-looking statements.

Financial and operating highlights

Group sales (€ m)

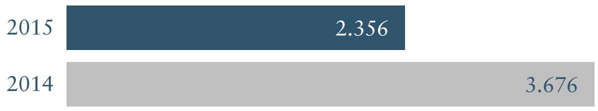
Sales by business area (% of Group)



Operating profit (€ m)

Jewellery Maisons (€ m)

Earnings per share, diluted basis (€)



Specialist Watchmakers (€ m)

Dividend per share

Other Businesses (€ m)

* Re-presented

- Sales grew by 4 % to € 10 410 million or by 1 % at constant exchange rates
- Solid growth in Europe, the Middle East and the Americas offset by weaker trading in the Asia-Pacific region
- Operating profit growth of 10 % including an investment property disposal gain
- Profit for the year down by 35 % to € 1 334 million, primarily due to mark-to-market losses on cash
- Solid cash flow from operations of € 2 387 million
- Net cash position of € 5 419 million not impacted by mark-to-market losses
- Proposed dividend of CHF 1.60 per share, an increase of 14 %

Chairman's review

Johann Rupert, Chairman

Overview of results

Richemont's results for the year were resilient, despite a difficult situation in Hong Kong and Macau, a demanding basis for comparison in Japan, and the generally volatile economic environment experienced by our customers and retail distribution partners.

In such an environment, Richemont's Maisons responded well. Excluding the gain realised on the sale of an investment property, operating profit was stable. The Jewellery Maisons and Specialist Watchmakers delivered sales growth and broadly maintained their operating margins through successful product launches and, in certain markets, price increases. Lower precious metal prices and cost containment measures helped mitigate the single-digit sales growth and the impact of foreign exchange rate movements. Montblanc and the Group's other businesses, including the fashion Maisons, reported 2 % sales growth.

A key external event during the year was the decision made by the Swiss National Bank in January 2015 to end the 'peg' of the Swiss franc to the euro. As a consequence, the Swiss franc dramatically appreciated from the pegged level of 1.20 to the euro to 1.04 at 31 March 2015. That has had a short-term impact on Richemont during the year under review and has the capacity to impact the Group on a longer-term basis, depending on how exchange rates develop.

In the short term, the revaluation of the franc against the euro resulted in a loss of some € 686 million for the Group, recorded as part of net financial expense in the profit and loss account. This was principally attributable to losses on Richemont's financial investments. In addition, foreign exchange forward contracts taken out in line with the established hedging policy of the Group also lost value as a result of the euro's devaluation. Overall, exchange losses resulted in the 35 % drop in reported net profit for the year.

Richemont reports in euros and holds the bulk of its cash in euros and euro-denominated short-term money-market funds, which are managed centrally precisely to avoid any exposure to overall exchange losses. However, these assets are held in Swiss franc-denominated companies. Those companies recorded losses in Swiss franc terms when the euro assets held on their books were marked down to market at the 31 March exchange rates. Those losses automatically flow through to the consolidated profit and loss for the Group as a whole. However, these exchange losses in the profit and loss account are compensated by gains recorded in equity in the consolidated balance sheet when those same Swiss franc companies are translated back into euros at the year-end rate. Accounting rules do not allow the exchange losses and the translation gains to be directly offset.

I can reassure shareholders that the Group's overall financial position and its cash reserves have not been negatively affected by the impact of the devaluation of the euro against the Swiss franc during the year.

In the longer term, we face the question of whether the euro will settle at the current level against the Swiss franc, recover somewhat or potentially weaken further. Given the extent of the Group's activities here in Switzerland, with more than 8 700 employees in our manufacturing, distribution and head office functions, the strengthening of the Swiss franc inevitably means that our costs, measured in euros, will increase. In line with our competitors in the Swiss luxury watchmaking industry, removing these functions from Switzerland is not an alternative open to Richemont. Therefore, we have already implemented certain efficiency measures across the Group and are evaluating other courses of action. Where appropriate, retail prices for our Swiss-made products have already been or will in due course be adjusted to reflect the new exchange rate environment.

Business developments

During the year, our Maisons continued to implement their differentiated strategies and planned investment programmes. Those investments, in the Maisons' respective manufacturing facilities and distribution networks, are complemented by Richemont's shared service platforms in Switzerland and around the world. The manufacturing investment programmes of our Maisons are now nearing conclusion. These provide the Maisons with state-of-the-art manufacturing facilities, which will lead to enhanced internal production capacity and greater production flexibility.

On 31 March 2015, Richemont announced the planned merger of the NET-A-PORTER GROUP with the YOOX GROUP, which is expected to be completed in September this year. Thereafter, Richemont will own 50 % of the enlarged YOOX NET-A-PORTER GROUP with voting rights limited to 25 %. Based on information available at the end of March 2015, this transaction will generate a significant one-off, non-cash pre- and post-tax accounting gain of some € 300 million. The actual gain will be subject to market-related factors prevailing when the merger is completed. The merger of the two businesses will create a stronger and more diversified independent platform for a sophisticated clientele seeking luxury fashion online. Moreover, as established business models are disrupted by the technological giants, we believe that it is important to increase scale to protect the uniqueness of the luxury industry.

Dividend

Based upon the results for the year and in keeping with its stated objective to grow dividends steadily over the long term, the Board has proposed a dividend of CHF 1.60 per share; up from CHF 1.40 per share last year.

Annual General Meeting

At the annual general meeting in September, shareholders will be asked to approve a number of compliance-related matters arising from the Swiss Ordinance against Excessive Compensation in Listed Stock Corporations (‘OaEC’). Those matters include revisions to the Company’s Articles of Incorporation and binding shareholder resolutions in respect of annual compensation.

With regard to the compensation resolutions to be approved at the AGM, the Board proposes that only fixed compensation be approved on a prospective basis. All variable compensation stands to be approved on a retrospective basis. The Board believes that the Company’s compensation arrangements for non-executive and executive directors are well aligned with the interests of its shareholders. Disclosures made in the 2015 corporate governance and compensation reports, set out on pages 46 to 64, have been extended, reflecting the results of a consultation process with shareholders. We hope that you will support the binding resolutions.

I would like to sincerely thank Mr Yves-André Istel, who served as Chairman of the Board during my sabbatical year of absence from Richemont’s affairs to last year’s AGM. Mr Istel and Mr Josua Malherbe both continue to serve as the Company’s Deputy Chairmen. Dr Franco Cologni and Dr Frederick Mostert stood down following the 2014 AGM after many years of service as directors. They will continue to support the Group and we thank them both for their respective contributions to Richemont’s growth. Richemont’s other directors all stand for re-election. The wealth of their combined business experience continues to make a significant contribution to the Group’s prosperity.

Your Board thanks the members of the senior management, who continued to implement our strategic objectives in the field of luxury goods. We also sincerely thank the 30 000 employees of the Group and its Maisons for the talents and skills that they bring to Richemont as well as their commitment and hard work.

Outlook

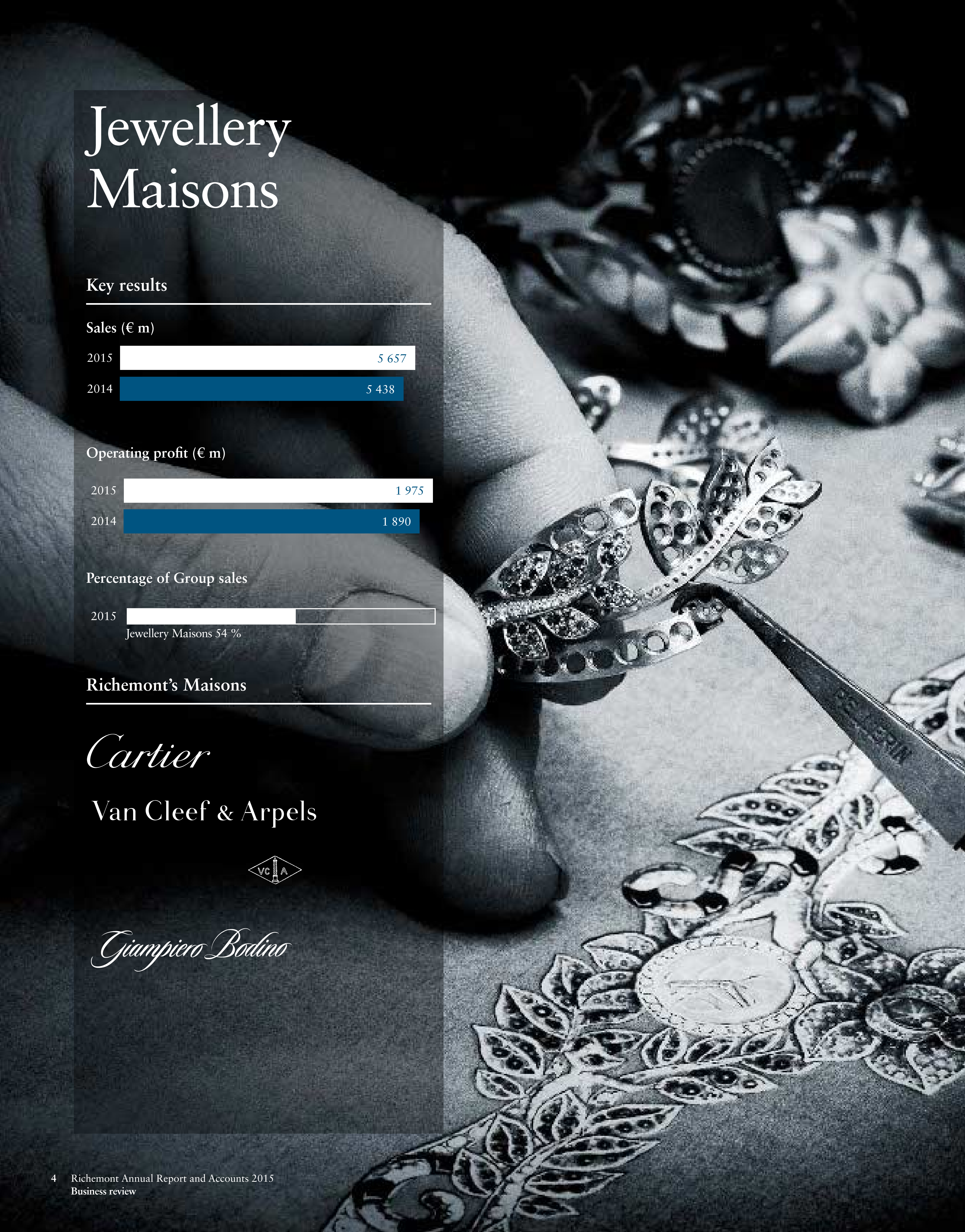
Compared to the same month last year, sales in April increased by 9 % at actual exchange rates; at constant exchange rates, sales decreased by 8 %. At actual rates, all regions reported sales growth except for Asia-Pacific, which continues to be affected by a difficult trading environment in Hong Kong and Macau. The retail channel grew and significantly outperformed wholesale, where anticipation of worldwide pricing adjustments in May slowed purchases by our wholesale partners. The first two weeks of May indicated some normalisation of the wholesale market.

We believe that long-term demand for high-quality products will continue to grow around the world. Richemont is committed to supporting its Maisons to conceive, develop, manufacture and market products of beauty, individuality and the highest quality. These values are enduring and will see Richemont well positioned to benefit from an expanding market in the years to come. Meanwhile, the Group’s cash flows will continue to be preserved through cost control measures combined with prudent investment in the Maisons’ working capital and capital expenditures.

The combination of these factors allows us to look to the future positively.

Johann Rupert
Chairman

Compagnie Financière Richemont SA
Geneva, 22 May 2015



Jewellery Maisons

Key results

Sales (€ m)

2015	5 657
2014	5 438

Operating profit (€ m)

2015	1 975
2014	1 890

Percentage of Group sales

2015

Jewellery Maisons 54 %

Richemont's Maisons

Cartier

Van Cleef & Arpels

Giampiero Bodino

Cartier

Founded in 1847, Cartier is not only one of the most established names in the world of Jewellery and Watches, it is also the reference of true and timeless luxury. Referred to as The Maison Cartier, it distinguishes itself by its mastery of all the unique skills and crafts used for the creation of a Cartier piece. Driven by a constant quest for excellence in design, innovation and execution, the Maison has successfully managed over the years to stand in a unique and enviable position, that of a leader and pioneer in its field.

5th Avenue boutique, New York

- Cartier's Maison des Métiers d'Art was opened in Switzerland, bringing together the most precious artistic crafts applied to watchmaking.
- In 2014, Cartier was hosted by two prestigious museums in China and the USA, displaying pieces from the Cartier Collection.
- The Fondation Cartier pour l'art contemporain celebrated its 30th anniversary. Since 1984, the Fondation has hosted 3.3 million visitors.
- The Cartier Charitable Foundation has partnerships with 17 organisations and supports projects in 28 countries.

The creativity and distinctive style, which are at the heart of the Maison's ongoing leadership in jewellery, were once again highlighted during the unveiling of the latest Cartier High Jewellery collection. *Cartier Royal* was presented first to a large public of connoisseurs and clients at the Biennale des Antiquaires in Paris at the Grand Palais, then across the world to private guests. More than 100 unique pieces designed a creative path, which opens new stylistic horizons. Other jewellery highlights included celebrating the Panther – the emblematic Cartier muse – with an unprecedented jewellery launch of more than 60 references covering all the expressions of Cartier's fetish animal, and the new *Paris Nouvelle Vague* collection, an audacious collection inspired by Paris, its architecture and the Parisian way of life.

The Maison Cartier also stands for creative watchmaking and confirms its position as king of 'Montres de Forme'. For the 2015 edition of the Salon International de la Haute Horlogerie, Cartier launched its *Clé de Cartier* watch, creating a new form based on a perfect circle, with its crown introducing an original gesture to the world of watchmaking. Cartier also expressed the excellence of its craftsmanship with the launch of innovative timepieces bearing the Maison's creative stamp, such as the *Poinçon de Genève*-certified *Rotonde de Cartier Grande Complication Skeleton*, the *Ballon Bleu Serti Vibrant* – a revolutionary new setting – and the *Panther Filigree*, which brings a 5,000-year-old craft to watchmaking for the first time. The year has also seen the success of the *Calibre de Cartier Diver* watch.

For years Cartier has been developing its manufacturing and craftsmanship investment plan. This long-term plan includes the recent opening of the Couvet Manufacture as well as Cartier's Maison des Métiers d'Art in La Chaux-de-Fonds. This place brings together the most precious artistic crafts applied to watchmaking. An ambitious and unique project resulting from a totally new approach, its mission is to pioneer and preserve rare expertise. A bold challenge, born from the desire to reinvent, share and perpetuate these crafts.

The successful launch of the *Panther* women's fragrance must be mentioned in this review of the year.

Cartier's ability to showcase all its creations in the ultimate retail environment has been, more than ever, at the centre of the Maison's priorities. As a result, its Retail Footprint has undoubtedly become one of its prime assets. Built around a network of 286 Cartier boutiques, the Maison constantly and tirelessly assesses its retail experience. A warm welcome, comfort, luxuriousness and appeal in the presentation of creations have all been areas of particular attention. Istanbul Istinye (Turkey), Brisbane (Australia), Bangkok King Power (Thailand), Sanya (China) and a new flagship in Chengdu (China) have opened. Three of Cartier's most important historic boutiques are being renovated: Paris Champs-Elysées, New York Fifth Avenue and Tokyo Ginza. Large-scale projects that state the prestige and international influence of the Maison, for the greater satisfaction of our clients. The year also saw a major project within our watch specialists network, with the installation of a new Espace concept.

Cartier

To complement and support the appeal of the Maison's boutiques, Cartier can now truly count on its e-commerce network. This new digital experience answers clients' higher expectations of service, accessibility and performance with websites across the world and 18 e-mobile apps. China e-commerce will be opened soon.

In 2014, Cartier's communication saw two priorities: installing a differentiating men's watch territory with the 'Shape Your Time' movie; and sharing the strong Cartier women's universe around the *Panther* (jewellery, fragrance). In another area, the Cartier digital platform continues to enhance the friendliness of the Maison's online services whilst boosting its evocative appeal, as in the new Winter Tale animation proposed each year.

Since 1989, the year of its first exhibition at the Petit Palais in Paris, Cartier has been shown in the world's greatest museums. In 2014, Cartier was hosted by two prestigious museums in China and the United States, displaying pieces from the Cartier Collection and loans from private owners. *Cartier Time Art* at the Shanghai Power Station of Art and *Brilliant* at the Denver Art Museum: two successful exhibitions that have demonstrated once again that Cartier belongs in the art world.

Created in 1984, the Fondation Cartier pour l'art contemporain – a pioneering initiative dedicated to creativity – celebrated its 30th birthday and for the occasion brought together painters, photographers, film-makers, sculptors, designers, couturiers and musicians for a year-long series of exhibitions and events. In three decades, the Fondation Cartier has hosted more than 3.3 million visitors, 150 exhibitions have been on show at the Fondation in Paris and 86 worldwide, 1 400 artists have been exhibited and more than 800 artworks have been commissioned for the Collection. Recently, the Ron Mueck exhibition, conceived by the Fondation, has hosted over one million visitors in Paris, Buenos Aires, Rio de Janeiro and São Paulo.

The Cartier Charitable Foundation, created in 2012, continues to develop important partnerships with 17 organisations, mostly non-governmental, and supported 38 programmes in 28 low-income countries.

In the year ahead, Cartier will unveil a new High Jewellery collection, focus on the diamond offer as the Maison of choice in diamonds, and continue to explore the successful creative story of the *Paris Nouvelle Vague* collection. The main objectives in watchmaking are to install tomorrow's icons, such as *Clé de Cartier*, sustain Cartier's existing legends, and develop innovation with daring projects. The artistic dimension of the Maison will be further enhanced through two major exhibitions of the Cartier Collection: in the Chengdu Sichuan Museum; and at the Fondation Baur in Geneva.

Stanislas de Quercize
Chief Executive

Bond Street boutique, London

13 rue de la Paix boutique, Paris

Established 1847
13 rue de la Paix, Paris, France
Chief Executive Stanislas de Quercize
Finance Director François Lepercq
www.cartier.com

Van Cleef & Arpels

Created in 1906, Van Cleef & Arpels is a High Jewellery Maison based on the values of creation, transmission and expertise. Each new jewellery and timepiece collection is inspired by the heritage of the Maison and tells a story with a universal, cultural background, timeless meaning and expresses a positive and poetic vision of life.

Van Cleef & Arpels on Place Vendôme, Paris

- The Maison continues to enrich its signature collections through new unique creations.
- The Maison opened seven boutiques this year, strengthening its presence in Asia-Pacific, leading to a network of 105 boutiques.
- L'ÉCOLE Van Cleef & Arpels inaugurated its permanent address on Place Vendôme.

All of the Maison's activities in the year aimed to enrich this singular identity. The poetic and narrative dimension of the Maison, together with the expression of its expertise, were expressed through major launches: the new High Jewellery collection *Peau d'Ane* unveiled at Chambord Castle and at the Biennale des Antiquaires; the new *Poetic Complications* watch *Midnight Planétarium*, which nurtures the Poetic Astronomy theme; the animation of our jewellery garden with the relaunch of the Cosmos collection, asserting again the ownership of *Between the Finger* rings; and the *Perlée* collection as a second pillar of the Maison.

We have continued to invest in our customer service. Seven boutiques opened this year, strengthening our presence in Asia-Pacific and leading to a network of 105 boutiques. The Maison also renovated seven of its existing boutiques. In 2014, boutique upgrades included the relocation of the boutique in Milan to Via Montenapoleone and the renovation of the boutique in Dubai Mall.

This was also a good year for the expression of our values and institutional dimensions. Van Cleef & Arpels continues to reinforce its links with the world of culture, specifically with dance. Almost 50 years after *Jewels*, George Balanchine's ballet inspired by the Maison's jewellery, Van Cleef & Arpels again took part in two exceptional collaborations in this field: a long-term partnership with the L.A. DANCE Project, the collective founded by Benjamin Millepied, giving birth to a trilogy named *Gems: Reflections*, with its first chapter staged in May 2013 in Paris; the second chapter, *Hearts & Arrows*, was staged in December 2014, in Miami. Separately, the creation of the Fedora – Van Cleef & Arpels prize for ballet will help the emergence of a new generation of choreographers. Three years after its inauguration, l'ÉCOLE Van Cleef & Arpels has taken its permanent address on Place Vendôme. It also enlarged and diversified its curriculum and opened its doors to a new business audience. In addition, l'ÉCOLE spread its expertise across the globe. It settled for two weeks in Tokyo, then in Hong Kong; its next trip will be to New York.

For the coming year, the Maison will continue to express its main values of creativity, transmission and expertise, and maintain a balanced presence and development all over the world.

Van Cleef & Arpels will implement a retail-only watch distribution model, which will be unique in the industry.

The network will be upgraded by opening boutiques in key cities, expanding to new ones such as Rome and Bangkok and upgrading 14 boutiques. In 2015, Van Cleef & Arpels will also unveil Maison projects in Place Vendôme and Ginza as well as renovate boutiques in London, Cannes and Moscow.

Another focus will be the review of the digital roadmap in order to better integrate the digital approach in the different dimensions of the Maison, while always respecting and expressing its identity.

Nicolas Bos
Chief Executive

Established 1906
22 place Vendôme, Paris, France
Chief Executive Nicolas Bos
Finance Director Burkhart Grund
www.vancleefarpels.com

Giampiero Bodino

Giampiero Bodino is a signature High Jewellery Maison committed to the highest form of creativity inspired by Italian culture and arts. An explosion of colour, sinuous shapes and superb savoir faire bring to life the artist's contemporary vision.

Villa Mozart, Milan

- The Biennale des Antiquaires in Paris in September 2014 gave a first international exposure to the Maison.
- Giampiero Bodino's creativity was unanimously applauded by the press and prominently featured across different platforms.
- The Maison has established numerous and solid relationships with connoisseurs from around the world through private meetings at the Villa Mozart.

The participation in the 27th edition of the Biennale des Antiquaires at the Grand Palais, Paris in September 2014, was the first major event for the Maison. Giampiero Bodino presented its creations to a large international audience: 43 one-of-a-kind creations, each one capturing the mind and imagination of the visitors, revealing the richness of the inspiration behind each piece of jewellery and the perfection of the craftsmanship entailed in their realisation.

The press expressed unanimous appreciation of the creativity and originality of Giampiero Bodino's work. The Maison was prominently featured in top high jewellery editorials and digital media across 16 countries and in nine different languages.

Numerous private meetings were arranged with potential clients following the Biennale, occupying the Maison's attention for the rest of the year.

Internally, the Maison has completed its integration into Richemont's distribution systems and now benefits from a supportive infrastructure. This enables it to organise events and deliver products safely in most regions around the world.

The Maison has dedicated considerable attention to its role as a responsible citizen, sensitive to Corporate Social Responsibility issues. As a member of the Responsible Jewellery Council ('RJC') since its creation, the Maison has worked actively to become RJC-certified by April 2015.

The challenges ahead are numerous for a Maison in its early development phase. Particular attention will be devoted to further enhance and protect the Maison's image in the media and a new website will be unveiled. The sales organisation will be strengthened to nurture the Maison's relationship with existing clients and to benefit from networking opportunities during international events. A programme for private events in international capitals will be initiated in response to repeated requests. In addition, new creations are being developed for the next edition of the Biennale des Antiquaires.

Established 2013
Villa Mozart, via Mozart 9, Milan, Italy
Creative Director Giampiero Bodino
www.giampierobodino.com

Specialist Watchmakers

Key results

Sales (€ m)

2015	3 123
2014	2 986

Operating profit (€ m)

2015	730
2014	778

Percentage of Group sales

2015	Specialist Watchmakers 30 %

Richemont's Maisons

A. LANGE & SÖHNE GLASHÜTTE I/SA

OFFICINE PANERAI FIRENZE 1860

BAUME & MERCIER MAISON D'HORLOGERIE GENEVE 1830

PIAGET

IWC SCHAFFHAUSEN

ROGER DUBUIS HORLOGER GENEVOIS

JAEGER-LECOULTRE

VACHERON CONSTANTIN Manufacture Horlogère. Genève, depuis 1755.

Joint venture

RALPH LAUREN WATCH AND JEWELRY CO.

A. LANGE & SÖHNE
GLASHÜTTE I/SA

A. Lange & Söhne creates outstanding, hand-finished, mechanical timepieces with challenging complications that follow a clear and classical design line. Innovative engineering skills and traditional craftsmanship of the highest level guarantee state-of-the-art calibre design, the utmost mechanical precision, and meticulously hand-finished movements.

Old family home and manufacturing building, built in 1873

- The Maison's dedication to ever-greater precision was exemplified in the *Terraluna*.
- The present generation of A. Lange & Söhne elegant timepieces includes 51 in-house calibres, each revealing its unmistakable origins in high-precision Lange pocket watches.
- A. Lange & Söhne timepieces are now available in 64 countries and through 14 dedicated boutiques.

Since 1990, when the Maison was refounded, it has developed 51 different in-house calibres, each revealing its unmistakable origins in high-precision Lange pocket watches. In 2014, the brand received 17 international awards for its products and the brand itself.

During 2014, Lange's keynote topic was precision. The moon-phase display of the *Grand Lange 1 Moon Phase*, manufactured with a patented coating process, is so precise that it only needs to be adjusted by one day every 122.6 years, assuming that the watch runs continuously. Even greater precision is achieved by the moon-phase display of the *Richard Lange Perpetual Calendar 'Terraluna'*. It takes 1 058 years before the display needs to be adjusted by one day. The new *1815 Tourbillon* is designed for superior precision as well. For the first time, it combines two Lange patents that ensure that the watch can be accurately set: the stop-seconds mechanism and the Zero-Reset handsetting device.

Besides the presentation of the new collection at the Salon International de la Haute Horlogerie in Geneva in January 2015, the Maison took part for the second time in the Watches & Wonders exhibition in Hong Kong in September 2014 and will do so again in 2015.

To support the education of the next generation of watchmakers, A. Lange & Söhne has organised the international F. A. Lange Scholarship & Watchmaking Excellence Award for the fifth time in 2014 and will continue with this programme in 2015.

The Maison is perpetuating sponsorships for the Dresden State Art Collections, the Semper Opera House in Dresden and the Concorso d'Eleganza Villa d'Este, a renowned contest for beauty and elegant design of classic automobiles.

A. Lange & Söhne timepieces are available in 64 countries. During the year, the Maison opened new boutiques in New York on Madison Avenue, in Moscow and in Miami, reaching 14 in total number.

On 24 October 2014, the Maison celebrated the 20th anniversary of the first collection, including the *Lange 1*, the flagship since the Maison's refoundation. Separately, the 200th birthday of Ferdinand Adolph Lange, the Maison's first founder, was commemorated on 18 February 2015 and will be accompanied by further events during the year. A new manufacture building will be opened in summer 2015, meeting the prerequisites for sustainable growth.

Wilhelm Schmid
Chief Executive

Established 1845
Ferdinand-A.-Lange-Platz 1, Glashütte, Germany
Chief Executive Wilhelm Schmid
Finance Director Beat Bührer
www.lange-soehne.com

BAUME & MERCIER

MAISON D'HORLOGERIE GENEVE 1830

Since 1830, Baume & Mercier has been creating watches of the highest quality, imbued with a classic, timeless aesthetic and leaving their mark on time itself. The Maison is celebrating its 185th anniversary in 2015, with timepieces for men and women, all unfailingly committed to excellence and driven by a single purpose: to be indelible embodiments of the most memorable moments of our lives.

Baume & Mercier headquarters in Geneva

- Baume & Mercier marked 2014 with the launch of the *Promesse* collection.
- New merchandising provides an immersion into the Baume & Mercier universe.
- The year also saw the development of the Maison's visibility and recognition in China.

Baume & Mercier marked 2014 with its return to the feminine segment with the international launch of the *Promesse* collection. The Swiss Maison has excelled in the art of winning feminine hearts for over 100 years and *Promesse* draws its inspiration from this heritage while translating it in a contemporary way. It was in the course of an international tour, with stopovers in cities such as Paris, Milan, London, New York, Hong Kong, and Beijing, that the new feminine line was revealed.

The strength of Baume & Mercier lies in its ability, since 1830, to forge a vision of watchmaking featuring both masculine and feminine interpretations of elegance.

Baume & Mercier continues to stir emotions through new *Clifton* watches with small complications that complement the collection by accentuating its fine watchmaking tradition and savoir faire. The *Clifton Chronographs*, which are part of these creations, are appreciated for the quality of their design as well as their reliable mechanisms. They focus on essentials and thus preserve the very spirit of the Maison: affordable luxury, conveyed through perfect mastery of well-balanced shapes.

The year saw an international raising of the Maison's exposure. It participated in the second Watches & Wonders exhibition in Hong Kong. It enabled Baume & Mercier to be recognised among the major players in the watch industry and confirmed the Maison's credentials.

The Maison's exposure has also been developed through new visual merchandising across its distribution network. Tradition, heritage and luxury have been translated through new aesthetic and recognisable codes, providing a perfect immersion into the Baume & Mercier universe.

The year also signalled a new step in the expansion of the Maison's presence in China. The opening of a boutique in Chengdu, in addition to an outdoor publicity campaign in selected regions, supported Baume & Mercier's exposure in that market.

Next year will focus on three main priorities. Firstly, to transform *Promesse* into an international brand pillar. Secondly, to reinforce Baume & Mercier's ambitions regarding the feminine segment thanks to the new *Classima* feminine collection. Unveiled during the Salon International de la Haute Horlogerie, the redesigned iconic line, now also available for women, strengthens Baume & Mercier's positioning in the round-classic segment with this pure and elegant collection symbolising affordable watchmaking. Thirdly and lastly, to continue consolidating Baume & Mercier as the watch partner to seal the most memorable moments in life, notably through the 'Celebration' communication campaign photographed by Peter Lindbergh.

Alain Zimmermann
Chief Executive

Established 1830
50 chemin de la Chênaie Bellevue, Geneva, Switzerland
Chief Executive Alain Zimmermann
Finance Director Jean-Baptiste Dembreville
www.baume-et-mercier.com

IWC
SCHAFFHAUSEN

Since 1868, IWC Schaffhausen has been crafting exquisite timepieces in which innovative ideas are combined with pure, distinctive designs. With its focus on engineering, its products appeal to enthusiasts with a technical interest in watches and an affinity with discreet luxury.

IWC headquarters in Schaffhausen

- The *Portofino* collection was expanded to include the Portofino Midsize.
- The *Aquatimer* collection's technical features were enhanced with haute horlogerie complications.
- The Maison's passion for cinema was displayed at various Film Festivals and the IWC Film-maker Award.

On the occasion of the second Watches & Wonders exhibition in Hong Kong, IWC Schaffhausen marked the world premiere of the new *Portofino Midsize* collection. With these slightly smaller, elegant, diamond-set timepieces, the Maison has added some dazzling highlights to its popular *Portofino* watch family, which fits perfectly with the timeless flair of the eponymous Italian coastal town. Stars of Hollywood and the Chinese cinema, along with supermodels, posed for photographer Peter Lindbergh. After its first stops in Zurich and Hong Kong, the collection of the fabulous images assembled for the 'Timeless Portofino' exhibition continued its journey around the world.

The *Aquatimer* collection from IWC Schaffhausen – revealed at the Salon International de la Haute Horlogerie – comes with inspired technical features, even more in-house calibres and a patented IWC bracelet quick-change system. For the first time, a haute horlogerie complication in the form of a perpetual calendar with a large digital date display appears in this watch family. IWC has launched four special editions of the *Aquatimer* in support of the Charles Darwin Foundation and the Cousteau Society.

IWC Schaffhausen underlined again its passion for cinema and storytelling as official partner of various Film Festivals, including the Tribeca Film Festival in New York, the Beijing Film Festival and the Dubai Film Festival. To globally strengthen its ties to the film industry, IWC also partnered with the Zurich Film Festival and the BFI London Film Festival. During the festivals, the Maison hosted unique dinners, gala nights and honoured talented film-makers with the IWC Film-maker Award.

The partnership between IWC Schaffhausen and the Mercedes AMG Petronas Formula One™ Team is founded on the similar philosophies espoused by both companies and typified by values such as craftsmanship, innovation, a pioneering spirit and a passion for technical achievement at the highest possible level.

The second year as official engineering partner was particularly memorable as the Team not only won the constructors championship but also dominated the entire season with both drivers – Lewis Hamilton and Nico Rosberg – who are also official IWC Brand Ambassadors.

In October, IWC began its second Volvo Ocean Race campaign. IWC is not only Official Timekeeper of the Volvo Ocean Race but also acts as Official Sponsor of the Abu Dhabi Ocean Racing Team. IWC commemorated the last flight of the celebrated pilot and author Antoine de Saint-Exupéry with three limited editions, strengthening its long-standing partnership with his descendants.

IWC Schaffhausen pursued its selective distribution strategy by opening boutiques in key cities worldwide such as London, Miami, Tokyo and Hong Kong.

In the coming years, IWC will pursue its selective distribution strategy and expand its boutique network. The Maison will continue to invest strongly in its production capacity in Schaffhausen with a strong focus on the development and production of IWC-manufactured movements and new haute horlogerie complications.

Georges Kern
Chief Executive Officer

Established 1868
Baumgartenstrasse 15, Schaffhausen, Switzerland
Chief Executive Officer Georges Kern
Chief Financial Officer Christian Klever
www.iwc.com

JAEGER-LECOULTRE

Since its founding in 1833, Jaeger-LeCoultre has created over 1 200 calibres and registered more than 400 patents, placing the Manufacture at the forefront of invention in fine watchmaking. Its leading position stems from its full integration with over 180 savoir faire gathered under one roof, in the heart of the Vallée de Joux.

Manufacture Jaeger-LeCoultre and headquarters, Le Sentier

- Following the *Hybris Artistica* collection, the Manufacture paid tribute to the origins of time measurement with the movements of the heavenly bodies.
- Roll out of the new architectural concept in all boutiques.
- Enhancing its visibility, Jaeger-LeCoultre sponsored the Gold Cup of the British Open Polo Championship.

After successfully revealing the *Hybris Artistica* collection, comprising artistic reinterpretations of some of its high watchmaking pieces, Jaeger-LeCoultre wishes to pay tribute to the origins of time measurement: the movements of the heavenly bodies. During the last Salon International de la Haute Horlogerie, the Maison revealed pieces inspired by the sun, the moon and the stars which further enhance its expertise in design and astral complications. The *Duomètre Sphérotourbillon Moon*, for example, features a moon-phase designed to remain accurate for 3 887 years combined with a *Sphérotourbillon*. For ladies, Jaeger-LeCoultre introduced the *Rendez-Vous Moon* featuring a beautifully staged moon-phase display. To embody the magnetic beauty of the sky, moon and stars, Jaeger-LeCoultre opted for materials directly related to its source of inspiration, such as meteorite stone and lapis lazuli.

In the past twelve months, the Maison enjoyed strong demand in its historic bastions and continued developing its presence in newer markets such as South East Asia. The Manufacture's iconic masterpieces have continued to perform well, notably its complications and jewellery pieces.

In distribution, Jaeger-LeCoutre made selective boutique openings in cities such as Singapore, Miami and New York and will continue to selectively extend its retail network. A strong focus is also put on the rolling out of the new architectural concept in all boutiques, shop-in-shops and espaces.

As for communication and events, Jaeger-LeCoultre remains coherent and continues to reinforce its three territories of expression: polo, cinema, and UNESCO.

On the fields of polo, the Maison has become the new title sponsor of the Gold Cup during the British Open Polo Championship in 2015 and for the year ahead.

Jaeger-LeCoultre has carried on its contribution to cinema, with the sponsoring of several film events such as the Venice Mostra, the Shanghai International Film Festival and the New York Film Festival.

Finally, the Maison renewed its partnership with UNESCO for the protection of marine sites.

In the year to come, the Maison will reveal new pieces and set new standards in the field of fine watchmaking.

Daniel Riedo
Chief Executive

Established 1833
Rue de la Golisse 8, Le Sentier, Switzerland
Chief Executive Daniel Riedo
Finance Director Peggy Le Roux
www.jaeger-lecoultre.com

OFFICINE PANERAI
FIRENZE 1860

Officine Panerai's exclusive sports watches are a natural blend of Italian design, Swiss technology and maritime heritage.

Officine Panerai boutique in Piazza San Giovanni, Florence

- The development of the *Radiomir 1940* was the focal point of the year.
- The sponsorship of the largest international circuits of regattas for vintage yachts continues to underline the Maison's maritime heritage.
- The Panerai Manufacture in Neuchâtel confirmed the Maison's credentials in Swiss technology.

The development of the *Radiomir 1940* collection has been the focal point of the year: the introduction of the *Radiomir 1940*, featuring the new 3-days automatic calibre with off-centred oscillating weight, creates a new range of products in the Panerai assortment. The new movement was presented on the occasion of the Watches & Wonders exhibition in Hong Kong and during the Salon International de la Haute Horlogerie 2015.

The *Luminor 1950* collection has been enriched with the introduction of the first in-house automatic calibres featuring the flyback chronograph and Regatta function that strengthen the strong ties between Panerai and the sea. Panerai continued to develop its technical content strategy through the development of the *Luminor* collection with the in-house 8-days calibre.

At the same time, the introduction of *Vintage* watches and *Special Editions* with high-end movements dedicated to the boutique network provides the opportunity to emphasise the exclusivity of Panerai.

Panerai continued its sponsorship of the Panerai Classic Yachts Challenge, strengthening the relationship between the Maison and the sea. The well known circuit now counts a total of ten regattas in Europe and the USA. Panerai is highly active in socially responsible initiatives during the entire circuit, using its own yacht, Eilean, as ambassador in non-profit projects.

The connection between Italian history and Panerai's roots was underlined by the support given to the entire restoration of the mechanism of the *Hora Italica* clock in Florence's Duomo.

The International London Design Week awarded Panerai the First Prize for the Design Piece 'Candela' that was inspired by the concept of luminescence. The piece is still on display at the Victoria and Albert Museum, testimony to Panerai's recognition in the design world.

In 2014, Panerai continued its development in the digital environment, including the *Radiomir 1940* website and the launch of social media accounts.

The Panerai Catalogue, launched in June 2014, presents the watch collection in an innovative way, highlighting the historical references and technical details that continue to inspire the Maison's creations.

Panerai has continued to upgrade its distribution network, fine-tuning its boutiques and partnerships. The year saw enlargements at Canton Road, Hong Kong and the historical boutique in Florence.

The Panerai Manufacture in Neuchâtel, Switzerland opened in January 2014 with remarkable results in terms of production set-up. This significant investment confirms Panerai's credentials as a sports-related brand with a high degree of manufacturing know-how, deeply rooted in Italian design and Swiss technology.

Angelo Bonati
Chief Executive

Established 1860
Piazza San Giovanni 14/R, Palazzo Arcivescovile, Florence, Italy
Chief Executive Angelo Bonati
Finance Director Giorgio Ferrazzi
www.panerai.com

PIAGET

Piaget enjoys unrivalled credentials as both a Watchmaker and Jeweller. The fully integrated Manufactures enable the Maison to reaffirm its unique expertise in ultra-thin movements, gold crafting and jewellery. Among its technical skills, Piaget is known for its boundless creativity shown in each new breathtaking thematic collection.

Piaget's manufacture and headquarters, Geneva

- Piaget confirmed its position as the master of ultra-thin movements with the *Altiplano Chronograph*.
- The *Rose Passion* and *Extremely Piaget* High Jewellery collections were revealed.
- The retail network reached 94 boutiques and e-commerce was expanded.

This year novelties were concentrated on the iconic Piaget *Altiplano* line. Piaget has confirmed again its position as the master of ultra-thin movements with the Piaget *Altiplano Chronograph*. The calibre and case set a new double slimness record, at just 4.65 mm for the hand-wound flyback chronograph movement, and a slender 8.24 mm for its precious case.

Regularly enriched with new simple or complicated movements, the range of ultra-thin Piaget calibres now comprises six skeleton movements with the Piaget *Emperador Coussin 1270S*, setting a new slimness record for a tourbillon automatic skeleton model, at just 8.85 mm. The movement reveals its exceptional construction on the display side, free of any dial that might disturb this fascinating vision.

This year has been very special with the presentation of two dazzling High Jewellery collections. The Piaget *Rose Passion* collection – 75 jewellery pieces and 25 watches – launched at the inauguration of the Chateau de Malmaison's Rose Garden of Empress Josephine, restored by Piaget. In 2014, Piaget celebrated its 140th anniversary with the *Extremely Piaget* collection presented at the 27th Biennale des Antiquaires in Paris. The Maison highlighted its creative history from the 1960s and 70s. Eighty-eight high jewellery creations and 37 exceptional watches were created for this event.

Piaget continued to develop its participation in the film-making industry by sponsoring the Spirit Awards ceremony for the eighth time and continues to sponsor the Hong Kong Film Award and the Golden Horse Film Festival in Taiwan. Actresses Gong Li and Jessica Chastain, international ambassadors of the Maison, dazzled on and off the red carpet in Piaget creations.

In an international advertising campaign launched in September, Piaget introduced 'Perfection in Life', a tagline that delivers a seductive invitation to discover a universe of exceptional watch and jewellery pieces in the most inspiring locations around the world. 'Perfection in Life' is about perfect products, for perfect people in perfect places.

Piaget's retail network saw the opening of seven new boutiques, bringing the network total to 94, of which more than half feature the Maison's new concept. Piaget inaugurated its first stores on Rodeo Drive in Los Angeles and in São Paulo. Distribution via e-commerce is now possible in the US, Japan and 15 European countries.

In the year ahead, Piaget will consolidate its watch business around its unique dual expertise both as Master of Ultra Thin watches and Jeweller of watchmakers. In jewellery the Maison will relaunch its iconic *Possession* collection and High Jewellery will see two major thematic collections.

Philippe Léopold-Metzger

Philippe Léopold-Metzger
Chief Executive

Established 1874
37, chemin du Champ-des-Filles, Geneva, Switzerland
Chief Executive Philippe Léopold-Metzger
Deputy Managing Director Christophe Grenier
www.piaget.com

RALPH LAUREN
WATCH AND JEWELRY CO.

"To design something legendary that has a sense of timelessness; that is what I aspire to do." "The watches I've been drawn to represent a passion for design and a respect for tradition and craftsmanship. A watch also represents something personal. It reflects your individuality and taste, from its functionality to its aesthetic." Ralph Lauren.

Ralph Lauren Watch & Jewelry Salon at the 888 Madison Avenue Flagship in New York

- Ralph Lauren Watch & Jewelry Co. continues to build on its strong foundation with fresh interpretations that demonstrate Ralph Lauren's enduring passion for fine craftsmanship.
- The Salon International de la Haute Horlogerie 2015 product introductions celebrated the automotive world.
- Ralph Lauren watches are distributed in more than 25 countries, with 95 points of sale.

At the Salon International de la Haute Horlogerie in January 2009, Ralph Lauren Watches & Jewelry Co. launched three collections of iconic timepieces: the Ralph Lauren *Stirrup Collection*, the Ralph Lauren *Slim Classique Collection* and the Ralph Lauren *Sporting Collection*. Respecting tradition and watchmaking heritage, Ralph Lauren watches are of the finest quality and craftsmanship, combining extraordinary design and innovative materials.

In 2010, Ralph Lauren Fine Jewelry was introduced exclusively at the 888 Madison Flagship in New York, before opening Paris Avenue Montaigne and Hong Kong Peninsula boutiques. Featuring brilliance, movement and the iconic glamour from the world of Ralph Lauren, the Fine Jewelry collections are handcrafted with the most exceptional materials and intricate finishing techniques, capturing the designer's distinguished tradition of masterful craftsmanship.

Today, Ralph Lauren Watch & Jewelry Co. continues to build on its strong foundation with fresh interpretations and demonstrates Ralph Lauren's enduring passion for fine craftsmanship and pay tribute to the designer's iconic equestrian, art deco, automotive and safari inspiration.

The attention to details, materials and finishes brings a comprehensive and unique offering that combine Ralph Lauren's hallmark sensibilities of luxury and timelessness, with the exceptional tradition of Swiss watchmaking.

The Salon International de la Haute Horlogerie 2015 product introductions are inspired by Mr Lauren's 1938 Bugatti Type 57SC Atlantic Coupe. Sleek new timepieces, including the *RL Automotive Skeleton*, within the Ralph Lauren *Automotive Collection* celebrate Mr. Lauren's passion for vintage automobiles and his appreciation of the automotive world.

Ralph Lauren watches are distributed in more than 25 countries, with 95 points of sale. The company plans to expand its distribution network with a focus on the US, Japan and Asia-Pacific. Ralph Lauren timepieces are available at select Ralph Lauren boutiques and top independent retailers worldwide, in major metropolitan cities including New York, Beverly Hills, Paris, London, Milan, Tokyo, Hong Kong and Shanghai.

Luc Perramond
President & CEO

Ralph Lauren Watch & Jewelry Co. is a joint venture between Richemont and Ralph Lauren Corporation.

Established 2007
24, route de la Galaise, Geneva, Switzerland
President & CEO Luc Perramond
Finance Director Stéphane Boukertaba
www.ralphlaurenwatches.com
www.ralphlaurenjewelry.com

ROGER DUBUIS

HORLOGER GENEVOIS

Representing an irresistible blend of character and expertise in Haute Horlogerie, Roger Dubuis has been at the forefront of the contemporary watchmaking scene since 1995. As the only 100 % Poinçon de Genève-certified Manufacture, Roger Dubuis offers a range of audacious, handmade, all-mechanical timepieces bearing the unmistakable imprint of this fine watchmaking hallmark.

Roger Dubuis' manufacture and headquarters, Geneva

- Roger Dubuis offers exceptional complications highlighted by *Excalibur*, embodying a world of mastery and power.
- In 2015, Roger Dubuis introduces the new *Excalibur Spider* collection and celebrates its new *Astral Skeleton Concept*.
- The Maison now has an exclusive distribution network with 170 points of sale and 23 boutiques.

By fully mastering in-house limited production in its Geneva Manufacture, Roger Dubuis takes advantage of its technical expertise to secure its independence and guarantee the exclusivity of its 32 calibres. Its outstanding mechanical specialities, including sensitive components such as the regulating organ and sprung balance, successfully blend innovative watchmaking codes with avant-garde interpretations.

In 2014, Roger Dubuis focused its development on its reinvigorated *Hommage* collection, which represents the quintessence of its *Incredible Mechanics*. Introduced at the Salon International de la Haute Horlogerie 2014 through a theatrical stage-setting, *Hommage* pays eloquent tribute to horology and its inventors.

Having firmly established itself as the pioneer of contemporary skeleton calibres and a specialist in architectural and technical mechanics, Roger Dubuis is celebrating its 'Year of the Skeleton', with a charismatic line-up of *Excalibur* models in 2015.

With its *Technical Skeleton* model, *Excalibur Spider*, Roger Dubuis takes its iconic timepiece to the next level by skeletonising all of its elements. The Salon International de la Haute Horlogerie is also an occasion to unveil the capacity of the brand, to present a World Premiere combining this year what are generally regarded as diametrically opposite materials, a spectacular *Skeleton Flying Tourbillon* with a gem-set rubber bezel.

In 2014, Roger Dubuis and its eponymous founder celebrated the greatest watchmaking inventors of the last centuries by proposing 'Incredible Mechanics' events around the world. Roger Dubuis also took part in the second edition of Asia's major Haute Horlogerie event, Watches & Wonders. The new muse of the *Velvet* collection was embodied by the model Stephanie Seymour in an iconic New York photo shoot with fashion photographer Mikael Jansson.

Next year will be marked by the 20th anniversary of the Maison, which will be celebrated by 20 exclusive events in key cities.

The Maison will also develop its international retail network in key cities with new flagship boutiques in Geneva and New York while continuing to upgrade its exclusive partnership network.

Jean-Marc Pontroué
Chief Executive

Richemont has a controlling interest in Roger Dubuis and owns all of its manufacturing facilities.

Established 1995
2 rue André de Garrini, Meyrin, Geneva, Switzerland
Chief Executive Jean-Marc Pontroué
Finance Director Patrick Addor
www.rogerdubuis.com

VACHERON CONSTANTIN

Manufacture Horlogère. Genève, depuis 1755.

Vacheron Constantin, crafting eternity since 1755, has transmitted its expertise through generations of master craftsmen without interruption in order to craft its timekeepers for eternity. Vacheron Constantin's watchmakers are currently training 35 apprentices, highlighting the Maison's commitment to perpetuate its unique savoir faire.

The Maison on an island in Lake Geneva

- The year was dedicated to the launch of openworked creations.
- The Maison's 53 dedicated boutiques are complemented by a global network of distribution partnerships.
- Coinciding with the 260th year of continuous production, the extension of the Manufacture will be completed in 2015.

Representing the very spirit of *Haute Horlogerie*, Vacheron Constantin continues to design, develop and produce outstanding timepieces that remain faithful to its three brand fundamentals: technical excellence, inspired aesthetics, and superlative finishing. Vacheron Constantin is the longest-established submitting company of the prestigious, independent quality seal '*Poinçon de Genève*' and produces the largest number of certified watches. This commitment has guaranteed the highest quality of its timepieces since 1901.

The year was dedicated to the launch of several openworked creations, including tourbillon *Grande Complication* timepieces in the *Malte* collection, as well as the deepening of the medium-complication offer for both men and ladies. The *Patrimony* collection remains an icon in the Maison's portfolio and is increasingly sought after by connoisseurs.

Vacheron Constantin's reputation as a leader in the *Métiers d'Art* has been further evidenced with the presentation of openworked, hand-engraved calibres in the new *Métiers d'Art – Mécaniques Ajourées* and *Métiers d'Art – Fabuleux Ornements* collections. In addition, the Maison supports cultural institutions around the world in the field of Artistic Crafts, notably the National Institute for Arts & Crafts in France and the Fondazione dei Mestieri d'Arte in Italy. Vacheron Constantin is the main sponsor of the European Artistic Crafts Days and its Institute for Human Capital and Crafts Development is a partner of two world-class art and design schools: ECAL in Lausanne and Ecole Boulle in Paris.

In 2014, the Maison enjoyed strong demand in Mainland China, Japan and the Middle East.

The Maison's distribution network relies on 53 dedicated boutiques in luxury capitals around the world and is complemented by distribution partnerships. The Maison further expanded its reach during the year by opening eleven new boutiques, most notably in Tokyo, Miami and São Paulo.

Next year will be marked by the Maison's 260th anniversary. The year will also see the opening of the Manufacture extension in Plan-les-Ouates/Geneva and the launch of an anniversary, cushion-shape collection, *Harmony*, which will host new chronograph and dual-time calibres.

With its collections, its reputation as a master craftsman and enhanced client experience, all three forged in accordance with François Constantin's motto *"Do better if possible, and that is always possible"*, Vacheron Constantin looks to the future with confidence.

Juan-Carlos Torres
Chief Executive

Established 1755
7 Quai de l'Ile, Geneva, Switzerland
Chief Executive Juan-Carlos Torres
Finance Director Robert Colautti
www.vacheron-constantin.com

Other Businesses

Key results

Sales (€ m) **

2015	1 630
2014*	1 599

Operating profit (€ m) **

2015***	-64
2014 *	-29

Percentage of Group sales **

2015
Other Businesses 16 %

Richemont's Maisons

ALAÏA PARIS
THE NET-A-PORTER GROUP
dunhill LONDON
PETER MILLAR
Chloé
PURDEY
LANCEL
SHANGHAI TANG 滩海上
MONTBLANC

* Re-presented
** Results exclude THE NET-A-PORTER GROUP for the years ended 31 March 2015 and 31 March 2014
*** Operating loss in 2015 excludes a property disposal gain of € 234 million

ALAÏA PARIS

A living legend in the fashion world, "the soul of Parisian fashion", Monsieur Alaïa continues to create exceptional pieces that pay homage to the female form and are recognised globally for their exquisite design and beauty.

7 rue de Moussy, Paris

- Mr Alaïa prepared his first fragrance.
- The Maison opened its first externally managed boutique in Shin Kong Place, Beijing.
- The Maison worked on selected projects which will enhance and communicate the Maison's image.

It has been a year of development for the Maison Alaïa; from the creation of the Alaïa fragrance to the strengthening of the distribution network, and the growth of the accessories business. As always, each project and partner is carefully considered so that the image and integrity of the Maison remains at the highest level.

The development of the first Alaïa fragrance has been an exciting project for the Maison. Over the course of the year Mr Alaïa has worked closely with Beauté Prestige International, BPI, to develop the Maison's first fragrance, which will be available from 1 June 2015 in Alaïa boutiques; a worldwide roll out will follow. An advertising campaign created by the Maison, the first in its history, will accompany the fragrance launch. Despite no traditional advertising, the Maison has always had a robust level of press coverage.

The Maison opened its first external boutique in Beijing, at Shin Kong Place in November. The beautiful space, measuring over 200 square metres, is the first standalone boutique with an external partner. Another notable opening was Selfridges, London, along with eleven other personalised corners worldwide.

The Maison continues to enforce its strategy of nurturing relationships with key partners, improving personalised spaces, and growing its business over the long term with each of its clients. The Maison strategy put in place last year to close doors in order to tighten and strengthen the distribution network continued through this year.

The accessories division has grown, driven by strong demand and an increase in floor space. Ready-to-wear clothing maintained its dominant position within the mix of the business, being the core product of the Maison Alaïa.

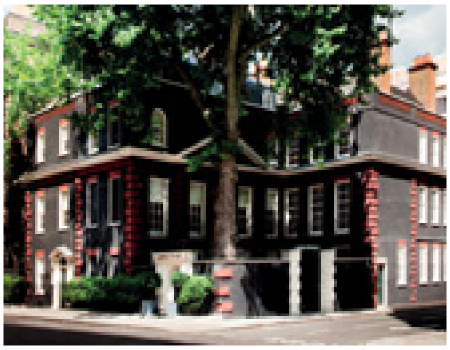
The year ahead will be focused on continuing to strengthen the infrastructure and internal organisation in order to accommodate the ongoing growth of the business. Additionally, the Maison will evaluate retail openings in strategic locations worldwide. The Maison is preparing another Museum retrospective at the Galleria Borghese in Rome, which will pay homage to Mr Alaïa and his timeless work.

Established 1983
7 rue de Moussy, Paris, France
Creative Director Azzedine Alaïa

dunhill

LONDON

Since 1893, Alfred Dunhill has been synonymous with the British gentleman. Innovative, masculine and at all times functional, the Maison has an uncompromising stance to modern luxury.



Bourdon House, the London Home of Alfred Dunhill

- A full bespoke tailoring service made in Bourdon House was a focus of the year.
- Leather is sourced from the best tanneries in the world.
- The London showroom enables the full collection to be showcased.

The mission at Alfred Dunhill is to let the world rediscover the very British type of masculine elegance, giving a modern twist to our impeccable menswear collection and to our luxurious leather goods. We will achieve this through the use of new design, exceptional quality and attention to detail. Uncompromised excellence blended with innovative products was the recipe for success of the young Alfred Dunhill and will be central to the success of the Maison in the decades ahead.

Leading this mission in our unique Maison is John Ray, Creative Director, together with our design team in London. The skills of the British Savile Row tailor are drawn upon in our men's suiting. During this year, the Maison has focused on a full bespoke service made in Bourdon House, our London Home, to push the limits of high-end manufacturing with hand finishing.

The idea of a gentlemen's club has become an integral component of the advertising campaign shot by Annie Leibovitz. The campaign reflects the world of the dunhill man: elegant, discerning, a globetrotting professional who enjoys life to the full.

The leather goods offer has been enhanced by capitalising on the DNA of the Maison and a new dedicated production facility. Our archives are our first source of inspiration and craftsmanship is our priority for all our products. We work with the best tanneries in the world to select the most beautiful skins and we include exclusive details to make them unique and show our savoir faire.

Alfred Dunhill today honours its namesake by offering its customers the best in quality, service and experience. All those elements are embodied in our first showroom, set in a prestigious London address, to showcase our full collection.

The year ahead will focus on the roll out of a new store concept, a return to runway presentations and expansion of current product offerings, including the global distribution of a new fragrance, *ICON*, a new eyewear collection reflecting our core values, and a collection of products inspired by the archive of G. Lorenzi, the acclaimed cutler of Milan.

Fabrizio Cardinali
Chief Executive

Established 1893
Bourdon House, 2 Davies Street, London, England
Chief Executive Fabrizio Cardinali
Finance Director Gary Stevenson
www.dunhill.com

Chloé

Chloé is the most naturally feminine Parisian fashion Maison, located at the intersection of couture savoir faire and youthful attitude. The Maison was founded over 60 years ago by Gaby Aghion who rejected the stiff formality of the 1950s, creating soft, body-conscious clothes from fine fabrics, calling them 'luxury prêt-à-porter'. Today, Chloé continues to epitomise the free spirit and values of femininity, modernity, effortlessness and grace.

Chloé Flagship, rue Saint Honoré, Paris

- The Spring-Summer runway experience travelled from Paris to Beijing.
- The *Drew* bag rekindled the Maison's DNA.
- The new mobile-compatible website celebrates the spirit of Chloé girls.

The Spring-Summer 2015 runway has been celebrated as Clare Waight Keller's strongest outing to date, perfectly rendering the *'quintessential Chloé girl'*. The runway, presented at the Salon d'Honneur, Grand Palais in Paris, has marked a turning point for the Maison. This achievement has quickly translated into an increased desirability and orders of the ready-to-wear collection. Chloé's expanding runway presence has also been affirmed by the Spring-Summer 2015 runway experience travelling from Paris to Beijing in November 2014, with an unprecedented event attended by Chinese media and an ever-growing circle of Chloé girls.

The launch and ensuing popularity of the *Drew* bag supported Chloé's leather goods collections. The *Drew*'s appeal has attracted editors, celebrities and customers. This new gem rekindles the Maison's DNA: feminine attitude, signature roundness and refined details, establishing itself as a member of the Chloé bag family.

In addition to its accessories segment, the Chloé fragrance portfolio has been enriched with the introduction of *Love Story*. This fresh, sensual and feminine blend, a perfect capture of the free-spirited girl, has established itself as a new pillar of the Maison's fragrance collection.

The roll out of the new boutique concept envisaged by French architect Joseph Dirand has advanced with major refurbishments, including Bal Harbour in Miami, Madison Avenue in New York and Harbour City in Hong Kong. The network has also been enriched with new stores, including Shin Kong Place in Beijing.

Finally, Chloé has strengthened its online presence with a fresh design of the new, mobile-compatible website. The site allows for a more consistent articulation of the Maison's DNA, enabling it to reach new audiences and venture into new territories, celebrating the spirit of Chloé girls and showcasing the Maison's iconic product range.

The year ahead will see Chloé build upon its current ready-to-wear and bags momentum. The Maison will also unveil the new identity of See By Chloé.

On the eve of our Spring-Summer 2015 runway, Gaby Aghion left us with all of her legendary discretion. The Maison wishes to salute a great lady of Parisian fashion.

Geoffroy de La Bourdonnaye
Chief Executive

Established 1952
5-7 Avenue Percier, Paris, France
Chief Executive Geoffroy de La Bourdonnaye
Chief Financial Officer Carole Chevron
www.chloe.com

LANCEL

As an iconic French Maison since 1876, Lancel captures and celebrates Parisian modernity and style through smart luxury accessories.

Lancel headquarters, Paris

- The *Charlie* line, launched in September, has been adopted by chic Parisians.
- The Creative Director's expertise in leather goods innovation and creation with global luxury fashion houses is an invaluable asset to the Maison.
- Iconic Parisian locations provided the perfect backup for the Maison's advertising.

The year was characterised by the Maison's continued strategy of redevelopment in the domain of luxury accessories. The elegance and sobriety present in all aspects of the products marks a turning point in the Maison's history, both in terms of design and the quality of materials. Leathers and precious skins from the finest tanneries in Italy and France have been transformed into collections that reflect the enduring style of the Maison.

After the large success of the *L de Lancel* collection, the women's offering was enriched with the *Charlie* line launched in September 2014. An embodiment of the Lancel codes, the line can already be counted among the icons of the Maison. This modern classic has been adopted by chic Parisians and celebrities around the world.

The Maison pursued its journey into its heritage, revisiting timeless classics that have marked the past yet still have a deep resonance with the Lancel woman of today. Firmly rooted in the Maison's history, creations inspired by the archives were warmly received and have now taken their place in the Lancel repertoire.

In September 2013, Lancel welcomed Nicole Stulman as its Creative Director. Nicole's expertise in leather goods innovation and creation with global luxury fashion houses is an invaluable asset to the Maison. The new collections bear witness to her talent and unique style. To accompany this new chapter in the history of the Maison, the communication strategy evolves in time with the collections. The advertising campaigns shot in iconic Parisian locations provided the perfect backdrop to showcase the quality and beauty of the bags, underlining the theme of Parisian chic.

The visual identity of the Maison also evolves, with the launching of a new logo and a new store concept, implemented in one of its Parisian stores to date and planned to be rolled out to the retail network.

The year ahead will see greater development for the men's and travel lines as well as gifts and accessories. E-commerce will open new horizons for the Maison.

Marianne Romestain
Chief Executive Officer

Established 1876
48-50 rue Ampère, Paris, France
Chief Executive Officer Marianne Romestain
Finance Director Ekaterina Falkovich
www.lancel.com

For over a century, Montblanc's writing instruments have been the symbol of the art of writing and the favourite companions of the successful individuals who shaped the worlds of art, politics, business and science. Moved by its passion for craftsmanship, Montblanc became the Maison of Fine Lifetime Companions, providing elegant, sophisticated and innovative creations in the field of Fine Writing, Haute Horlogerie, Fine Leather, and Jewellery.

Montblanc Montres, Le Locle, Switzerland

- The *Meisterstück* 90 years writing instrument collection was unveiled, complemented by the *Meisterstück Heritage* watch collection.
- The Maison launched an international advertising campaign featuring Hugh Jackman.
- Successful integration of the South Korean operations, one of the most important markets.

Last year celebrated the 90th anniversary of the Maison's most iconic creation, the *Meisterstück*. For 90 years, the timeless writing instrument crossed times and borders, witnessing and telling the tale of the events and individuals that shaped our world. To pay tribute to this luxury icon, the Maison introduced for the first time a rose gold limited edition collection featuring an engraved '90' mark on the nib, as well as new collections in every product category under the umbrella of the 90 years' anniversary theme, including the *Meisterstück Heritage* line in fine watchmaking.

The celebration of the *Meisterstück* anniversary was also an opportunity to pay homage to Montblanc's pioneering spirit through the introduction of the Maison's first *ScreenWriter* collection, introducing fine writing into the digital world as well as the unveiling of a new high performance leather line called *Extreme*. This offers a unique resistance to water, heat and abrasion to withstand urban life conditions. The Maison presented a world premiere at the Salon International de la Haute Horlogerie 2015, with the launch of the e-strap; a smart watch bracelet allowing watch lovers to enjoy the most sought after modern technological functionalities on their wrist while leaving untouched the beauty of the mechanical watch itself. By doing so, the Maison once again kept true to its philosophy of 'Sharing Passion for Fine Watchmaking'.

The Maison ran a number of specific communication campaigns through the set-up of one international public relations event every two months in cities such as New York, Shanghai, Florence and Berlin, as well as the launch of a new international campaign featuring brand ambassador Hugh Jackman. The Maison also appointed new brand ambassadors to further boost Montblanc's awareness in China with the nomination of Olympic Champion Lin Dan, as well as to grow visibility among its feminine audience with the appointment of Charlotte Casiraghi and actress Gwei Lun Mei.

The Maison further expanded its online presence through the launch of its e-commerce activities in China and Japan. In parallel, the brand opened more than 200 new doors worldwide, enhancing the visibility of the Maison's watch offer. The Maison successfully integrated its operations in South Korea, being among the Maison's most important markets.

For next year, Montblanc will invite both enthusiasts of the Maison and luxury lovers to further explore Montblanc's universe through the implementation of a new retail concept, new advertising featuring Hugh Jackman, and exciting creations in all product categories.

Jérôme Lambert
Chief Executive

Established 1906
Hellgrundweg 100, Hamburg, Germany
Chief Executive Jérôme Lambert
Finance Director Mike Woodcock
www.montblanc.com

THE NET-A-PORTER GROUP

Since 2000, THE NET-A-PORTER GROUP has revolutionised luxury fashion retail through technology, global logistics and the merging of content and commerce. Its three brands, NET-A-PORTER.COM, the world's premier online luxury fashion destination; THE OUTNET.COM, the most fashionable fashion outlet; and MR PORTER.COM, the online destination for men's style, market and distribute the most sought-after fashion labels and communicate monthly to over nine million style-conscious consumers.

THE NET-A-PORTER GROUP headquarters, London

- PORTER magazine established itself, reaching a circulation of 152,000.
- New intuitive features on mobile apps offer an even easier shopping experience.
- The Beauty and grooming category has been a marked success with the addition of a further 66 beauty brands to the portfolio.

This year THE NET-A-PORTER GROUP built a community of over nine million fans and followers across nine social media channels, and NET-A-PORTER became the first luxury multi-brand retailer to reach one million Instagram followers and produce the UK's first Instagram advertising campaign.

THE NET-A-PORTER GROUP has further enhanced its unparalleled shopping and editorial experience, now offering over 650 of the world's leading designers with worldwide express delivery to over 170 countries from seven offices and distribution centres across London, New York, Hong Kong and Shanghai.

NET-A-PORTER launched NET-A-SPORTER, offering stylish active wear across eleven sporting disciplines. An exclusive collection celebrated International Women's Day. Twenty-five percent of that day's profits were donated to the UN Fund for Gender Equality.

THE OUTNET celebrated its fifth birthday with a sell-out exclusive collection of limited-edition styles by 17 designers. A charity sale was hosted with Victoria Beckham and mothers2mothers, reaching one billion readers.

MR PORTER developed costuming for director Matthew Vaughn's film *Kingsman: The Secret Service*. The collection was its most successful brand launch to date. A partnership with Google allowed customers to 'star' in the film, fostering THE NET-A-PORTER GROUP's revolutionary approach to technology, content and commerce.

PORTER magazine established itself as a leading fashion authority with stylish and successful women worldwide, celebrating its first birthday with a circulation of 152 000 in six issues.

Innovations continued with enhancements to the brands' mobile apps. New intuitive features offer a more seamless shopping experience. Significant investments in customer service included 'order by 10am, get it before 5pm' in London and Manhattan and next-day delivery to over 25 countries including the US, UK and Australia.

THE OUTNET introduced free returns and standard shipping in the US, and NET-A-PORTER and MR PORTER launched a new PayPal option across France and Germany.

In the second year of beauty and grooming for NET-A-PORTER and MR PORTER respectively, both categories performed exceptionally with the addition of 66 brands to the portfolio.

THE NET-A-PORTER GROUP received Responsible Jewellery Council certification, offering customers the highest confidence in our jewellery category. NET-A-PORTER was proud to receive the Stella Service award for '#1 for retail customer service performance,' was three times nominated for the prestigious Webby and won the Fashion 2.0 'Best E-commerce experience 2014.'

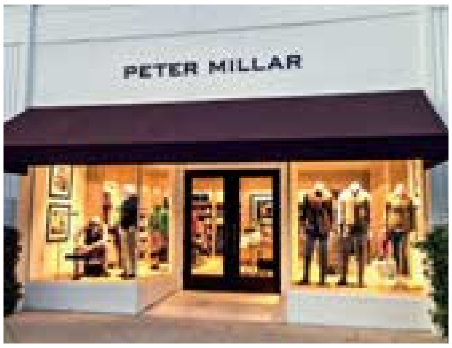
Natalie Massenet
Founder and Chairman

Following the announcement of 31 March 2015, The NET-A-PORTER GROUP is expected to be merged with the YOOX Group during the 2015/16 financial year. Richemont will hold a non-controlling interest in the new YOOX NET-A-PORTER GROUP.

Established 2000
1 The Village Offices, Westfield, London, England
Founder and Chairman Natalie Massenet
Chief Executive Mark Sebba (to July 2014)
Finance Director Richard Mills
www.net-a-porter.com www.theoutnet.com
www.mrporter.com www.porter.com

PETER MILLAR

Peter Millar designs classic, luxury sportswear embracing timeless style with a modern twist. Displaying superior craftsmanship, unexpected details, and the highest quality materials from the finest mills in the world, Peter Millar lifestyle apparel offers a distinctive vision of casual elegance.



Peter Millar boutique, 313 Worth Avenue, Palm Beach, Florida

- The Maison continued to execute its growth strategy, including two boutique openings and additional shop-in-shops in premier haberdasheries in the United States.
- The European wholesale and e-commerce businesses were internalised and a boutique at St Andrews Golf Course was opened.
- Peter Millar achieved significant consumer engagement, supported by its direct-to-consumer catalogue and overall digital marketing campaign.

One of the fastest growing and most respected brands in luxury apparel, Peter Millar enjoys distribution through the finest specialty retail stores, prestigious resorts, and most exclusive country clubs in the world. Strong relationships, exceptional product offerings and a premier level of customer service have cultivated an extraordinarily loyal clientele around the world.

The Maison continued to execute its growth strategy over the past year, highlighted by the opening of boutiques in New York City and Austin, Texas. The Maison also launched several more shop-in-shops in premier haberdasheries in the United States. Growth within the Maison's sartorially focused, European-inspired *Peter Millar Collection* strengthened demand at existing accounts.

Peter Millar achieved significant consumer engagement over the past year, supported by the expansion of its direct-to-consumer catalogue and more refined digital marketing campaigns. These initiatives led to measurable brand awareness growth, as evidenced by record website traffic and sales, and will continue to yield favourable returns as the Maison uses this information to enhance the brand experience online and in boutiques.

Continuing its rich association with the game of golf while broadening its international presence, Peter Millar opened a boutique in Scotland at the Old Course Hotel, St Andrews Golf Course. Additionally, the Maison internalised its European wholesale and e-commerce businesses which were previously operated under a license agreement. These initiatives, in conjunction with the brand's roster of both American and international Brand Ambassadors, position Peter Millar to share its unique brand message around the world for years to come.

In the year ahead, Peter Millar will continue to develop and refine its *Peter Millar Collection* line, which serves as an umbrella for the broader Peter Millar collection, and support the growth of *Peter Millar Collection* with elevated and defined advertising campaigns. The online shopping experience will see a significant upgrade when the brand relaunches its website in Summer 2015. The enhanced website will feature improved functionality, content and user experience. Investments will be made in information technology to support the Maison's rapid growth and plans are underway for more boutiques in the US. As always, a focus on outstanding quality and world-class customer service will underpin these initiatives.

Scott Mahoney
Chief Executive Officer

Established 2001
1101 Haynes Street, Suite 106
Raleigh, North Carolina, United States
Chief Executive Officer Scott Mahoney
Chief Financial Officer Kim Mattoon
www.petermillar.com

PURDEY

James Purdey & Sons, gunmakers to the British Royal family, have been crafting the finest shotguns and rifles for over two centuries since the business was founded by James Purdey in 1814. The precision craftsmanship and exquisite finish of a Purdey gun make Purdey the authentic choice for the passionate shooter.

Audley House – the home of James Purdey & Sons since 1882

- In 2014, James Purdey & Sons announced the appointment of their new Executive Chairman, James Horne.
- The year saw the successful sale of the *Bicentenary Trio* which was crafted to commemorate Purdey's Bicentenary.
- James Purdey & Sons will complete the build of its new London workshop in 2015.

In 2015, James Purdey & Sons will celebrate the opening of its refurbished gun and rifle making workshop in London, paving the way for the future of London gunmaking. This investment provides a foundation for the preservation of English craft-skills, committed to fostering the great gunmakers of the future.

In July 2014, Purdey welcomed James Horne as its Executive Chairman. James has a wealth of experience within the shooting industry and is focused on reaffirming Purdey's position as the pre-eminent gunmaker for future years.

Purdey's commemorative *Bicentenary Trio*, comprising a 12-gauge side-by-side; a .470 double rifle; and a Damascus 20-gauge over-and-under were auctioned in 2014 as of the Glorious Twelfth, through sealed bids. The sale of the Trio was announced in February 2015, with £150,000, a portion of the proceeds being donated to two charities, The Prince's Trust and The Gunmakers' Charitable Trust, to support their efforts in securing new talent for the future.

Purdey's clothing and accessories will form a key part of the growth strategy in 2015, with an increased global footprint through selected distributors including USA, Japan, Australasia and South Africa, and through a fuller range of ambassador products appealing to the luxury lifestyle consumer, with specific focus on the expansion of Purdey's leather range, creating a timeless luggage collection.

Purdey continues to support the shooting community through the Purdey Awards for Game and Conservation. The Purdey Awards are well established as a driving force in promoting greater awareness of the synergy between shooting and conservation.

The year ahead will continue to build on preserving the authenticity, artistry and heritage of the brand, whilst investing in innovation and quality in manufacturing to preserve the art of bespoke gunmaking.

James HN Horne

James Horne
Executive Chairman

Established 1814
Audley House
57-58 South Audley Street, London, England
Chairman James Horne
Head of Finance Kristine Pressney
www.purdey.com

SHANGHAI TANG

灘海上

As the global curator of modern Chinese chic, Shanghai Tang champions its belief in the beauty and richness of Chinese culture through lifestyle products and experiences.

The Shanghai Tang Cathay Mansion, Shanghai

- The opening of Macau Four Seasons, Beijing Shinkong Place, in combination with the maturity of Travel Retail outlets strengthens Shanghai Tang's retail network.
- The Maison will further expand the outreach of its e-commerce with the launch of China e-commerce and enhanced social media support.
- New Fragrance collection to be launched.

The Maison marches on its journey to position luxury Chinese fashion and lifestyle on the world stage through innovative products supported by aspirational shopping experience and imagery.

2014 marked Shanghai Tang's 20th anniversary. The brand kicked off the celebration by launching an artist collaboration with renowned Shanghainese artist Jacky Tsai, as well as a series of *Imperial Couture* creations. This special year climaxed with the launch of *China Fashion Chic*, a platform in which Shanghai Tang lives up to its role as ambassador of modern Chinese Chic, inviting talented Chinese designers, Masha Ma and Wang Pei Yi, to design capsule collections. The capsules were incorporated within the fashion show in Shanghai.

As the Maison continues to grow, Shanghai Tang has further strengthened its distribution by opening in key outlets, such as its new Macau flagship and Beijing Shinkong Place. Shanghai Tang's model in Travel Retail has proven successful in both sustaining revenue with international travellers and generating growing awareness, especially among mainland Chinese consumers.

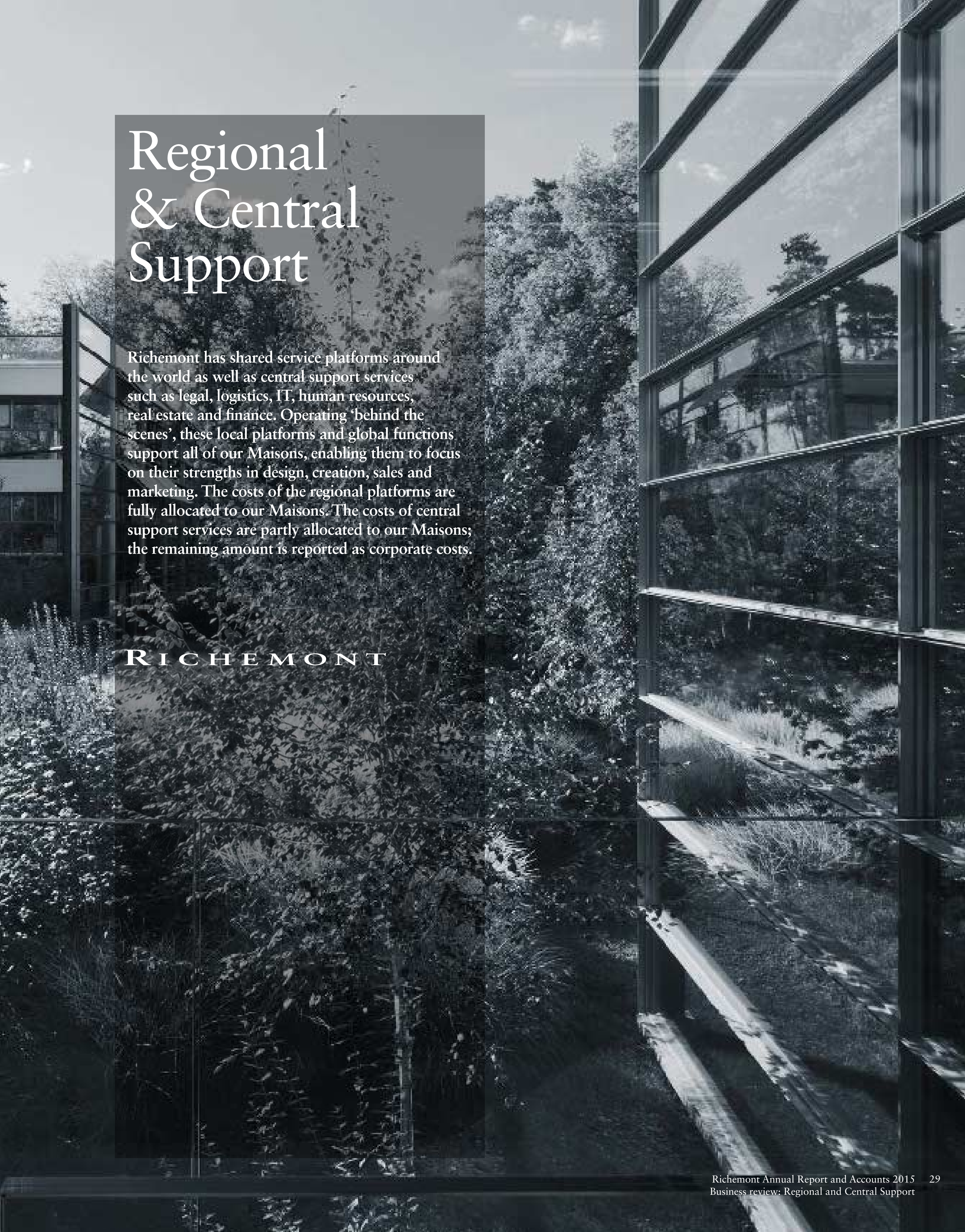
In 2015, The Maison will continue to emphasise and inject its vision of contemporary Chinese aesthetics into product development, with a special focus on accessories. It will also launch a complete fragrance range.

To embrace the evolution of consumer's retail habits, Shanghai Tang will place great emphasis on enhancing its online experience. The Maison will launch its China e-commerce platform. An engaging social media strategy will be implemented to grow brand awareness, visits and sales on the e-commerce platforms.

Raphaël Le Masne de Chermont

Raphaël Le Masne de Chermont
Executive Chairman

Established 1994
1 Duddell Street, Hong Kong, People's Republic of China
Executive Chairman Raphaël Le Masne de Chermont
Finance Director Annie Paray
www.shanghaitang.com



Regional & Central Support

Richemont has shared service platforms around the world as well as central support services such as legal, logistics, IT, human resources, real estate and finance. Operating 'behind the scenes', these local platforms and global functions support all of our Maisons, enabling them to focus on their strengths in design, creation, sales and marketing. The costs of the regional platforms are fully allocated to our Maisons. The costs of central support services are partly allocated to our Maisons; the remaining amount is reported as corporate costs.

RICHEMONT

Richemont

Richemont's local and global support services enable our Maisons to enter new markets more easily and, aided by in-house tools, support teams and development initiatives. With some 4 000 employees directly employed by our subsidiaries, these services make a regular and significant contribution to the Group's sales growth and operating margins. The following section highlights specific developments during the year under review.

European platform, including Middle East, Africa and Latin America

In its first year following the Group's global Enterprise Resources Planning ('ERP') system roll-out, the Richemont European distribution company is providing fast and efficient delivery and product flows to wholesale partners. The European Client Relations Centre in Amsterdam saw significant growth in its first full year of operation.

Richemont Dubai expanded its Maisons' retail operations with its shopping mall partners while nearby markets such as Saudi Arabia progressed well. In Latin America, the Maisons retail expansion continued, further strengthening our Maisons' position in the region.

Asia-Pacific platform

The Asia-Pacific region embarked on a multi-year programme to roll out the Group's global ERP system. It will bring enhanced productivity and efficiency to the region and the Group. The region's customer service platforms in Beijing and Hong Kong were expanded to cater for growing volumes and improved workflow practices. The Korea customer service platform was relocated to support the development of the Korean market. The Client Relations Centre activity in China was internalised together with the launch of eCommerce for one of the Maisons: other launches are planned in the coming year. The second edition of Watches & Wonders exhibition in Hong Kong was a success, receiving recognition from the Hurun Report in its annual Best of the Best awards.

Americas platform

Richemont North America expanded its Client Relations Centre capabilities and now directly supports the Maisons in the region. In support of the continuing Maisons integration strategy, the Montblanc personnel teams were incorporated into our support functions platforms in both the United States and Canada. The Americas platform also expanded its support of the Maisons' real estate activity and retail development initiatives. The region is also preparing for the roll-out of key enhancements to its information technology platform.

Japan platform

Richemont Japan concluded its roll-out of the Group's global ERP system in October, embracing activities from supply chain to retail operations. In parallel, the Japan Client Relations Centre commenced its operations, providing premium quality concierge services to clients. The Maisons in the region continue to invest in retail developments. Some of the Maisons have also launched eCommerce and telephone sales, taking advantage of best-in-class Client Relations Centre knowledge and expertise.

Central support services

In Information Technology ('IT'), the Group continues the roll-out of its systems in Asia-Pacific with a 'Go Live' in Hong Kong in October 2015. In parallel, the Group has initiated a strategic project to integrate the fashion and accessories Maisons into its IT system, to better support their global operations. In addition, the Group continues to support the digital projects of our Maisons: an eCommerce pilot was launched in China and new eCommerce features are systematically added to the Group template.

In the Supply Chain and Procurement function, the Group launched a logistics investment programme to modernise and increase the capacity and services of its central distribution centre in Switzerland. In parallel, key logistics development projects in Korea, the Middle East and the US are under way. The Supply Chain Compliance team supports Richemont's risk management programme, enforcing best practices. Separately, the Indirect Procurement organisation supports purchasing processes worldwide, identifying corporate opportunities across regions and generating savings through corporate contracts.

The central Real Estate function supported the Maisons in their acquisition of boutiques, which now exceed 1 200 worldwide, and in major construction projects, primarily Swiss watchmaking facilities. This year, the main manufacturing building projects were: in Switzerland at Campus Genevois de Haute Horlogerie, at Le Locle for Cartier jewellery, at Plan-les-Ouates for Piaget and Vacheron Constantin; in Germany for A. Lange & Söhne; and in the UK for Purdey.

Recognising the increased demand for premium retail locations, RLG Real Estate Advisors was established. This function provides leasing advisory services and has implemented a number of investments which seek to capture the value our Maisons may bring to retail properties.

Component manufacturing

Richemont's internal manufacturing entities play an important role in the Maisons' sourcing strategy, with a secure and competitive offer in both watch and jewellery components. In the past year, the internal manufactures have launched joint projects to create synergies and enhance their competitiveness, such as connecting the upstream precious metal refining and transformation with the downstream component manufacturing capabilities to shorten lead times. The focus of the upcoming year will be to further develop shared capabilities at the service of the Maisons.

Financial review

in € millions	March 2015	March 2014 re-presented	% change
Sales	10 410	10 023	+4 %
Cost of sales	(3 534)	(3 532)	
Gross profit	6 876	6 491	+6 %
Net operating expenses	(4 440)	(4 064)	+9 %
Gain on disposal of investment property	234	–	
Operating profit	2 670	2 427	+10 %
Net financial (costs)/income	(953)	72	
Share of post-tax results of equity-accounted investments	(12)	(5)	
Profit before taxation	1 705	2 494	-32 %
Taxation	(369)	(415)	-11 %
Profit for the year from continuing operations	1 336	2 079	-36 %
Loss for the year from discontinued operations	(2)	(12)	
Profit for the year	1 334	2 067	-35 %
Analysed as follows:			
Attributable to owners of the parent company	1 334	2 072	
Attributable to non-controlling interests	–	(5)	
Profit for the year	1 334	2 067	-35 %
Earnings per share diluted – basis	€ 2.356	€ 3.676	-36 %

Re-presentation and discontinued operations

As a consequence of the planned merger of The NET-A-PORTER GROUP with the YOOX GROUP announced in March 2015, Richemont's interest in The NET-A-PORTER GROUP has been reclassified as held for sale as at 31 March 2015. Accordingly, the after-tax results of that business for the year are reported within 'Loss for the year from discontinued operations'. The following commentary refers to the figures in the income statement for both the current and prior year, which, other than profit for the year, have been re-presented to exclude the results of The NET-A-PORTER GROUP.

Sales

The 4 % increase in sales at actual exchange rates and 1 % at constant exchange rates reflected growth in jewellery, *haute horlogerie* and steel watches, as well as growing demand in Europe, the Middle East and the Americas. Further details of sales by region, distribution channel and business area are given in the Review of Operations on pages 33 to 36.

Gross profit

Gross profit increased by 6 %, despite currency headwinds for much of the year. In particular, the increase in the value of the Swiss franc versus other currencies, which occurred towards the end of the financial year, was partly compensated by the favourable impact on imported precious materials, in particular gold and diamonds. The gross margin percentage was 130 basis points higher at 66.1 % of sales. The increase reflected product pricing and the growing proportion of sales made through the Maisons' own boutiques.

Operating profit

Operating profit was 10 % above the prior year at € 2 670 million. Excluding the one-time gain from the sale of an investment property, operating profit would have been € 2 436 million, broadly in line with the prior year; the operating margin for the year would have declined by 80 basis points to 23.4 %.

The increase in gross profit was offset by planned growth in operating expenses. Selling and distribution expenses were 11 % higher, including depreciation charges linked to the opening of new boutiques and increases in fixed rental costs. Communication expenses rose by 9 % and continued to represent between 9 % and 10 % of sales. Administration and other expenses grew by 6 %.

Profit for the year

Profit for the year decreased by 35 % or € 733 million to € 1 334 million. In value terms, the significant decrease in net profit primarily reflects non-cash, mark-to-market and translation losses on cash, short-term money market investments and derivative instruments relating to the Group's ongoing foreign exchange hedging activities. These are recorded within net finance costs and included:

- € 686 million of net foreign exchange losses on monetary items (2014: net losses of € 122 million); and
- € 217 million of mark-to-market losses in respect of currency hedging activities (2014: gains of € 214 million).

Earnings per share on a diluted basis decreased by 36 % to € 2.356.

To comply with the South African practice of providing headline earnings per share ('HEPS') data, the relevant figure for headline earnings for the year ended 31 March 2015 would be € 1 208 million (2014: € 2 078 million). Basic HEPS for the year was € 2.143 (2014: € 3.721). Diluted HEPS for the year was € 2.133 (2014: € 3.687). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 29 of the Group's consolidated financial statements.

Cash flow

Cash flow generated from operations was € 2 387 million, € 488 million below the prior year. The lower cash generation principally reflected working capital movements, primarily due to planned increases in jewellery inventories to support the development of the jewellery activity across the Group.

The net acquisition of tangible fixed assets amounted to € 585 million, reflecting selective investment in the Group's worldwide network of boutiques and further investment in manufacturing facilities, largely in Switzerland. Those investments followed the Maisons' manufacturing integration and capacity-building strategies.

The 2014 dividend, at CHF 1.40 per share, was paid to 'A' shareholders in September 2014. The cash outflow in the year amounted to € 650 million.

During the year, the Group acquired 1.6 million 'A' shares to hedge executive stock options. The cost of these purchases was partly offset by proceeds from the exercise of stock options by executives and other activities linked to the hedging programme, leading to a net cash outflow of € 65 million.

Financial structure and balance sheet

Inventories at the year-end amounted to € 5 438 million (2014: € 4 455 million). The increase included both planned increases in jewellery inventories and a significant translation impact stemming from the Swiss franc's significant appreciation against the euro. The underlying inventory rotation rate remained stable, reflecting disciplined management by all Maisons. However, the appreciation of the Swiss franc had a negative impact on the reported rotation rate: the year-end inventory position represented 23 months of gross inventories.

At 31 March 2015, the Group's net cash position amounted to € 5 419 million (2014: € 4 659 million). The net cash position includes short-term liquid funds as well as cash, cash equivalents and all borrowings. Liquid funds and cash balances were primarily denominated in euros and Swiss francs, whereas borrowings to finance local operating assets are denominated in the currencies of the countries concerned. Richemont's financial structure remains strong, with shareholders' equity representing 71 % of total equity and liabilities.

Proposed dividend

The Board has proposed a cash dividend of CHF 1.60 per share.

The dividend will be paid as follows:

	Gross dividend per share	Swiss withholding tax @ 35 %	Net payable per share
Cash dividend	CHF 1.60	CHF 0.56	CHF 1.04

The dividend will be payable following the Annual General Meeting, which is scheduled to take place in Geneva on Wednesday, 16 September 2015.

The last day to trade Richemont 'A' shares and Richemont South African Depository Receipts cum-dividend will be Thursday, 17 September 2015. Both will trade ex-dividend from Friday, 18 September 2015.

The dividend on the Compagnie Financière Richemont SA 'A' shares will be paid on Tuesday, 22 September 2015. The dividend in respect of the 'A' shares is payable in Swiss francs.

The dividend in respect of Richemont South African Depository Receipts will be payable on Friday, 2 October 2015. The South African Depository Receipt dividend is payable in rand to residents of the South African Common Monetary Area ('CMA') but may, dependent upon residence status, be payable in Swiss francs to non-CMA residents. Further details regarding the dividend payable to South African Depository Receipt holders, including information relating to withholding taxes, may be found in a separate announcement dated 22 May 2015 on SENS, the Johannesburg stock exchange news service.

Review of operations

Sales by region

in € millions	31 March 2015	31 March 2014 re-presented	Movement at: Constant exchange rates*	Actual exchange rates
Europe	**3 067**	2 886	+7 %	+6 %
Middle East and Africa	**841**	705	+13 %	+19 %
Asia-Pacific	**4 100**	4 139	-6 %	-1 %
Americas	**1 588**	1 405	+8 %	+13 %
Japan	**814**	888	-6 %	-8 %
	10 410	10 023	+1 %	+4 %

* Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current year and the comparative year at the average exchange rates applicable for the financial year ended 31 March 2014.

Europe

Europe accounted for 30 % of overall sales. Sales grew in the region by 6 % sustained by the jewellery category. Tourism flows were volatile throughout the year due to the exchange rate environment. The highest rates of growth were in the Maisons' own boutiques located in tourist destinations, including Paris, Milan, Madrid and Münich.

Middle East and Africa

Markets in the Middle East and Africa continued to report strong growth and now account for 8 % of Group sales.

Asia-Pacific

Sales in the Asia-Pacific region accounted for 39 % of the Group total. Decreases in Hong Kong/Macau, the Group's largest market, were particularly acute in the second half of the year under review, most notably affecting the watch category and wholesale channel. However, those decreases were partly offset by growth in other markets. The jewellery category was resilient, achieving stable sales at constant exchange rates.

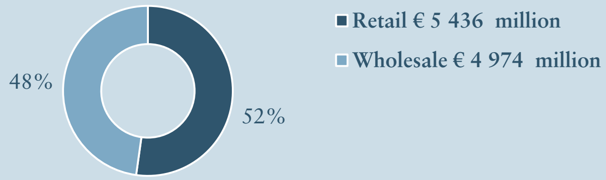
Americas

The Americas region, which accounted for 15 % of Group sales, reported robust domestic demand for jewellery, with other product categories showing positive momentum.

Japan

In Japan, cautious consumer sentiment after the 47 % increase in sales enjoyed in the last quarter of the prior financial year dampened sales in the year under review, as expected. Notwithstanding these negative effects, sales to tourists visiting Japan increased during the year, especially in the second half of the year following the further yen depreciation versus the US dollar zone.

Sales by distribution channel



			Movement at:	
in € millions	31 March 2015	31 March 2014 re-presented	Constant exchange rates*	Actual exchange rates
Retail	**5 436**	5 223	+1 %	+4 %
Wholesale	**4 974**	4 800	+1 %	+4 %
	10 410	10 023	+1 %	+4 %

* Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current year and the comparative year at the average exchange rates applicable for the financial year ended 31 March 2014.

Retail

Sales through the Maisons' directly operated boutiques and e-commerce accounted for 52 % of Group sales. During the year, sales through those channels increased by 4 %.

The growth in retail sales partly reflected the addition of 77 internal boutiques to the Maisons' network, which reached 1 133 stores, and the performance of their e-commerce businesses. The boutique openings during the year were primarily in high-growth markets and tourist destinations. Boutique renovations and enlargements also contributed to growth through this channel.

Wholesale

The Group's wholesale business, including sales to franchise partners, reported resilient growth. The year's performance reflected the caution of our Maisons' business partners in general, particularly in Hong Kong and mainland China.

Sales and operating results by segment

Jewellery Maisons

in € millions	31 March 2015	31 March 2014	Change
Sales	**5 657**	5 438	+4 %
Operating results	**1 975**	1 890	+4 %
Operating margin	**34.9 %**	34.8 %	+10 bps

The Jewellery Maisons – Cartier, Van Cleef & Arpels and Giampiero Bodino – reported a 4 % growth in sales in a challenging environment.

The Maisons' boutique networks benefited from further openings, mitigated by a number of flagship closures for renovation, whereas wholesale sales were lower than the comparative period. Jewellery sales were resilient, but overall demand for watches collections suffered due to a weak Asia-Pacific environment. Demand in western markets remained robust.

The operating margin was in line with the prior year at 35 %.

Specialist Watchmakers

in € millions	31 March 2015	31 March 2014	Change
Sales	**3 123**	2 986	+5 %
Operating results	**730**	778	-6 %
Operating margin	**23.4 %**	26.1 %	-260 bps

The Specialist Watchmakers' sales increased by 5 % overall.

Operating contribution was 6 % lower than the prior year, primarily reflecting cautious sentiment in Hong Kong and mainland China as well as the impact of a strong Swiss franc on the cost of goods sold. The operating margin for the year was 23 %.

All Maisons showed robust growth, except for Piaget which has a large presence in the Asia-Pacific region.

Sales and operating results by segment continued

Other

in € millions	31 March 2015	31 March 2014 re-presented	Change
Sales	**1 630**	1 599	+2 %
Operating results	**170**	(29)	
Operating margin	**10.4 %**	-1.8 %	

'Other' includes the Group's Fashion and Accessories businesses, Montblanc and the Group's watch component manufacturing activities. The operating results for the year included a one-time, pre-tax gain of € 234 million from the disposal of an investment property completed in October 2014.

Excluding the above disposal gain, operating losses increased to € 64 million, largely attributable to the performances at Alfred Dunhill and Lancel. For the year, Montblanc reported sales of € 775 million, including higher sales of writing instruments, and an operating contribution of € 49 million. Losses at the Group's watch component manufacturing facilities were reduced compared to the prior year.

The NET-A-PORTER GROUP, reported as a discontinued operation in both years, is no longer within 'Other'.

Corporate costs

in € millions	31 March 2015	31 March 2014	Change
Corporate costs	**(205)**	(212)	-3 %
Central support services	**(190)**	(203)	-6 %
Other operating income/(expense), net	**(15)**	(9)	n/a

Corporate costs represent the costs of central management, marketing support and other central functions (collectively central support services), as well as other expenses and income which are not allocated to specific business areas. Despite the majority of corporate costs being incurred in Switzerland, central support services were well contained.

Bernard Fornas
Co-Chief Executive Officer

Richard Lepeu
Co-Chief Executive Officer

Gary Saage
Chief Financial Officer

Compagnie Financière Richemont SA
Geneva, 22 May 2015

Corporate social responsibility

Richemont has a long-standing commitment to doing business responsibly. Building trust in our Maisons and our operating companies lies at the heart of the way we work.

Since 2006, Richemont has annually reported Corporate Social Responsibility ('CSR') progress. Internally, Richemont has communicated with the Board, its Audit Committee and CSR representatives. Often such communication was issue-specific; continuous improvement was encouraged. CSR knowledge and practice within Richemont have evolved considerably since 2006, but not in a uniform manner. Accordingly, Richemont's first three-year CSR plan was validated by the Board in May 2014. The plan consolidates current CSR activity, providing structure, setting goals and facilitating communication within the Group, in line with its financial goals.

The plan was developed by the CSR Committee and participants from Group functions and Maisons. The plan prioritised issues and grouped them into five areas of focus, called pillars. Each pillar was assigned an owner at Group level. They have subsequently defined the commitments and goals for each pillar, taking into account Richemont's peers among leading Swiss public companies.

Schematically, the plan is represented as follows:

Each of the pillars are described in the following paragraphs. The pillars are underpinned by our deepening engagement with internal and external stakeholders, including investors, and our innovative practices.

Governance and Ethics

The Group's activities are guided by a common framework which helps Richemont managers, employees, suppliers and associates to understand our expectations. The framework includes our Code of Business Ethics and Corporate Social Responsibility Guidelines, as well as codes of conduct for employees, suppliers and environmental management. The Group also consults with its largest shareholders to determine their concerns and priorities regarding CSR issues and disclosures.

Each Maison and local Richemont platform is encouraged to establish its own CSR Committee and targets in support of the Group's three-year plan.

In December 2013, Richemont became a participant in the United Nations Global Compact ('UNGC') and publishes a 'Communication on Progress' annually. The Company is also involved in the UNGC's Swiss Network, which provides a local platform for Swiss companies to discuss matters of common interest, including the promotion of human rights and environmental stewardship in their respective global supply chains.

Sourcing

Richemont's full supply chain often lies beyond our direct control. We therefore seek to influence the behaviour of our suppliers through our Supplier Code of Conduct and by collaborating with jewellery and watchmaking peers via the Responsible Jewellery Council. Further details are provided on the following page.

Each year, between 50 and 150 suppliers are audited as part of the regular relationship with our Maisons.

Richemont as an employer

Richemont directly employs some 30 000 people in manufacturing, distribution, retail and administrative functions. Two-thirds of Richemont's employees are based in Europe, primarily in Switzerland, France, the UK and Germany, reflecting the location of our Maisons' manufacturing bases.

Training is a key component of our Maisons' success and is fully integrated in the performance and development appraisal process for all employees. The quality and longevity of our goods rely on highly skilled craftsmen, and our customer satisfaction on passionate retail staff.

To preserve the skills of master craftsmen from one generation to the next, our Maisons engage a number of apprentices each year. Some 600 apprentices and trainees are currently employed.

Richemont supports The Creative Academy in Milan, which offers students a Master's programme in Arts in Design. The Academy's mission is to promote the integration of young talents within the Group.

Corporate social responsibility continued

The Group collaborates with the Watchmakers of Switzerland Training and Educational Programme ('WOSTEP'), which has watchmaking schools in Dallas, Hong Kong, Manchester and Shanghai.

Separately, the Richemont Retail Academy in Shanghai provides a platform for recruiting and training personnel for our Maisons' boutiques across China.

The training of employees is also faciliatated by the Fondation de la Haute Horlogerie, which promotes the cultural and historical aspects of fine watchmaking.

In the year ahead, Richemont will inaugurate its Campus Genevois de Haute Horlogerie ('Campus') in Geneva. The Campus combines a Learning and Apprenticeship Centre for Haute Horlogerie with the manufacturing facilities of several Maisons. The Campus will also host a Research Centre for Watchmaking, with the mission to develop new technologies. Over ten years, Richemont will invest some CHF 60 million in training and research. The development of the teaching and training aspects of the Campus was in collaboration with the Canton of Geneva's Department of Public Education. The Group's overall investment in the Campus is some CHF 100 million.

Environment

Our Environmental Code of Conduct is built on internationally recognised standards for environmental management and includes industry-specific issues.

The Group seeks to minimise its carbon emissions through energy-efficient building design and energy-saving measures in our activities, together with a programme of carbon offset purchases. The costs of offset purchases are re-invoiced to the Maisons to increase awareness and to encourage energy efficiency. Richemont has established long-term targets to reduce its overall carbon intensity and the environmental impact of its packaging materials and logistics.

Community Investment

Our Maisons support art and cultural programmes that reflect their historical background and the nature of their products, together with global and local community programmes. Art and cultural programmes include the Fondation Cartier pour l'art contemporain, the Fondazione Cologni dei Mestieri d'Arte and the Fondation de la Haute Horlogerie. Globally, Richemont supports the Peace Parks Foundation and Laureus Sport for Good.

The Cartier Charitable Foundation was established in 2012. Since then it has progressively increased the number and value of grants made to independent organisations.

2015 Corporate social responsibility report

Richemont's full corporate social responsibility report will be available from July 2015 at www.richemont.com/corporate-social-responsibility

Responsible Jewellery Council

The Responsible Jewellery Council ('RJC') promotes responsible, ethical, human rights, social and environmental practices in the gold and diamond supply chains. The RJC is the leading standard for the watchmaking and jewellery industry and a member of the ISEAL Alliance.

The RJC's membership spans from mining houses to the retailers of jewellery and watches. Under the RJC's certification system, members must be independently audited to verify compliance with the RJC's stringent Code of Practices. Since its foundation in 2005, its influence within the industry has grown and the RJC now has more than 600 corporate members. The majority are certified.

This year, the RJC celebrates its tenth anniversary. Cartier was amongst the 14 founders and Richemont is a long-term supporter. All of our Maisons using gold and diamonds are now full members. Together, those Maisons account for over 90 % of the Group's consolidated sales.

In March 2012, the RJC launched its Chain-of-Custody ('CoC') Standard for the precious metals supply chain. The CoC Standard aims to support claims for responsibly sourced jewellery materials produced, processed and traded through the jewellery supply chain. RJC defines responsibly sourced as: conflict-free at a minimum, and responsibly produced at each step of the supply chain. The CoC certification is voluntary for RJC members and 26 have elected to be certified to date.

The RJC is fine-tuning its strategy in order to: develop its membership through the UFBJOP in France and the Hong Kong Jewellery & Jade Manufacturers Association ('HKJJA') in Hong Kong; integrate more members from the supply chain; and work closely with mining associations. In that vein, the RJC has signed a number of agreements with national jewellers' associations, notably in the USA, France, UK, Hong Kong and India. As new standards emerge in the industry, the RJC will study the feasibility of cross-recognition whenever possible. This approach seeks to ease its members' self-assessment processes.

Further information can be obtained at
www.responsiblejewellery.com

Responsible Jewellery Council

Peace Parks Foundation

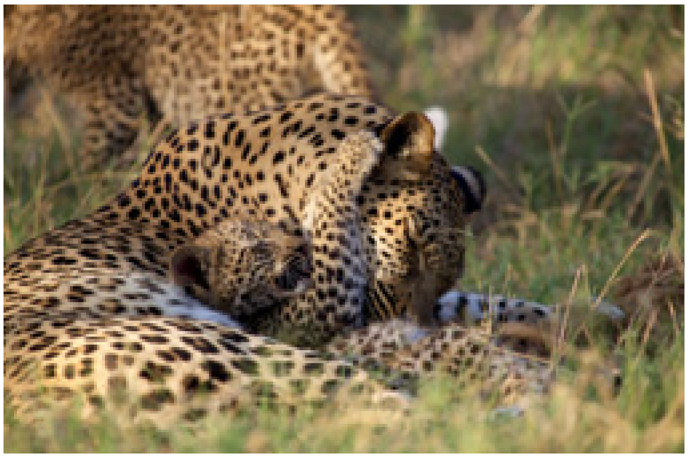
Peace Parks Foundation facilitates the development of Southern Africa's peace parks, marrying best practice in conservation and socio-economic development to ensure the long-term preservation of protected areas. At over one million square kilometres, the peace parks are a magnificent bequest to our world which faces critical levels of social and environmental risk.

Establishing and managing a peace park, or Transfrontier Conservation Area ('TFCA'), is a complex endeavour. Together with the region's governments and the donor community, many new milestones were reached in 2014.

The protected areas of /Ai/Ais-Richtersveld, Kgalagadi, Great Limpopo, Greater Mapungubwe and Lubombo are now jointly managed, including training and patrolling. The Foundation's role in developing /Ai/Ai-Richtersveld and Kgalagadi into fully functioning peace parks was recognised by the prestigious SANParks Kudu Award in the category *Corporate Contribution to Conservation Award: Associated Partner*.

In Lubombo, the Maputo Special Reserve headquarters, comprising entrance gates, ranger stations, staff houses and offices were opened, while those of Sioma Ngwezi National Park in the KAZA TFCA were completed. Adjacent to the Maputo Special Reserve, a community development programme that includes training, supplying water to 10 400 people, and commercial chilli and vegetable-growing projects is underway. These communities, and those living alongside the Limpopo National Park, are beneficiaries of 20 % of the park's revenues, which fund community projects. In the Simalaha Community Conservancy in KAZA TFCA, conservation farming techniques have delivered a tenfold increase in yield, using less labour and materials on smaller tracts of land.

Substantive funding was secured to expand a rhino protection programme. The Foundation is working with SANParks, Ezemvelo KZN Wildlife, the government of Mozambique and the Joaquim Chissano Foundation to combat poaching, support wildlife rangers and veterinary surgeons, and reduce the demand for rhino horn.



The Furs for Life project will reduce the threat to wild leopards.
Image: Heinrich van den Berg

In Africa's first marine peace park on the Indian Ocean coastline, which links Mozambique's Ponta do Ouro Partial Marine Reserve to the iSimangaliso Wetland Park in South Africa, a cross-border monitoring programme continues to ensure the survival of endangered turtles.

The Foundation has joined forces with Panthera, a global wild cat conservation organisation, to protect and revive southern Africa's leopard populations through the *Furs for Life* project, supported by Cartier. Working with local communities, the *Furs for Life* project will reduce the threat to wild leopards by delivering approximately 18 000 fake furs, to be worn at traditional ceremonies, by 2017.

The SA College for Tourism and its Tracker Academy produced 104 graduates, 92 % of which were women. The Southern African Wildlife College trained 1 550 students, bringing the total since inception to 12 000 qualified conservationists.

Without the support of corporate and individual donors from around the world, these milestones would not be possible. We invite you to become a protagonist in this African story of hope and progress.

Contact

Werner Myburgh, CEO, Peace Parks Foundation
Tel: +27 (0)21 880 5100 / E-mail: parks@ppf.org.za
Website: www.peaceparks.org

Laureus

The pioneering work of the Laureus Sport for Good Foundation is a source of pride to all at Richemont.

Brilliant young footballer, Joshua Yaro, surprised the sporting world in January by turning down an offer to join Major League Soccer in the United States. It could have seen the teenager playing alongside David Villa or Kaká.

But Joshua, from Kumasi in Ghana, rejected a potential six-figure sum, preferring to remain a student at Georgetown University in Washington D.C. and finish his degree, so that ultimately he can return and contribute to the development of his country.

A key moment for Joshua came when he was eleven. He earned a place at the Right to Dream Academy, 160 miles from Accra, and made the decision to leave home to join the residential programme there, which combines academic studies and athletics. His amazing journey then took him via a school in Santa Barbara, California, to Georgetown, where he now studies government and anthropology.

Right to Dream is one of more than 150 projects around the world helped by the Laureus Sport for Good Foundation and Joshua is just one of thousands of young people each year who become leaders of change and role models for their peers and communities thanks to this support.

Missy Franklin, four-time Olympic gold medallist and 2014 Laureus World Sportswoman of the year, during a visit to a Laureus supported project in Kuala Lumpur, Malaysia

Joshua says: "A lot of bright people are leaving for the US and the UK. But I want to give back. It's something I really value. Imagine if all the Ghanaians outside the country go back with the knowledge that they have, it will be a much better country."

The pioneering work of the Laureus Sport for Good Foundation is a source of pride for all at Richemont. Conceived by Richemont Chairman Johann Rupert, and based on the underlying conviction that sport can build bridges in society, Laureus began in 1999 as a joint venture with German auto manufacturer Daimler.

For more than a decade, Laureus has been using the power of sport to improve the lives of disadvantaged young people around the world and also celebrating sporting excellence at the annual Laureus World Sports Awards.

At the heart of the charity is the Laureus World Sports Academy, a unique collection of 50 of the greatest living sports legends, under the chairmanship of Edwin Moses, who were inspired at the very first Laureus Awards in 2000 by the stirring words of Nelson Mandela. President Mandela said in 2000: "Sport has the power to change the world. It has the power to inspire. It has the power to unite people in a way that little else does. It speaks to youth in a language they understand. Sport can create hope, where once there was only despair."

Since that day, millions of young people around the world have been helped by Laureus, whose network now reaches 34 countries and tackles a wide range of social challenges faced by children and young adults.

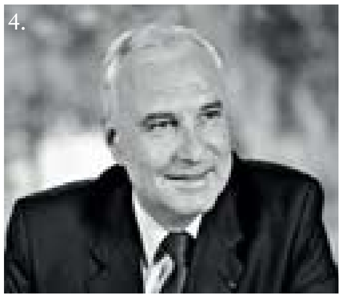
The Laureus World Sports Awards, which honours the greatest sportsmen and sportswomen, is the annual highlight of the year. It showcases the work of the Laureus Sport for Good Foundation to a global TV audience and is a unique gathering of hundreds of athletes who volunteer their time to this charitable cause.

Laureus Chairman Edwin Moses says: "On behalf of the young, disadvantaged people of the world, I would like to thank Richemont for their vision and unwavering commitment in supporting the Laureus Academy in its mission. If anyone wants concrete evidence of the good this does, they have only to read the story of Joshua Yaro."

IWC Schaffhausen is Richemont's nominated business which partners with Laureus and supports Laureus events.

For more information, go to www.laureus.com

Board of Directors



1. Johann Rupert
Chairman
South African, born 1950

Mr Rupert was first appointed to the Board in 1988 and served as Chairman from 2002 to 2013. Following a sabbatical year, he was reappointed Chairman in September 2014. He is Chairman of the Nominations Committee and the Senior Executive Committee.

Mr Rupert is the Managing Partner of Compagnie Financière Rupert. He studied economics and company law at the University of Stellenbosch. After working for the Chase Manhattan Bank and Lazard Freres in New York, he founded Rand Merchant Bank in 1979. In 1985 he joined Rembrandt. He founded Richemont in 1988 and became Group Chief Executive. He also served as Chief Executive Officer from 2003 to 2004 and from 2010 to 2013. He is Non-Executive Chairman of Remgro Limited, Chairman of Reinet Investments Manager SA, the management company of Reinet Investments S.C.A. and a Director of Renshaw Bay Limited.

Mr Rupert holds honorary doctorates in Law, Economics and Commerce, is the Chancellor of the University of Stellenbosch and is Chairman of the Peace Parks Foundation.

2. Yves-André Istel
Deputy Chairman
American, born 1936

Mr Istel was appointed to the Board in 1990. He became its Deputy Chairman in 2010 and served as Chairman from September 2013 to September 2014. A Non-Executive Director, he is a member of the Audit, Compensation and Nominations Committees.

Mr Istel graduated from Princeton University. He has had an extensive career in investment banking, including Managing Director and member of the Board of Lehman Brothers; Co-Chairman of First Boston International; Chairman of Wasserstein Perella & Co International; and, from 1993 to 2002, Vice Chairman of Rothschild Inc.

Mr Istel is currently Senior Advisor to Rothschild Global Financial Advisory; a Non-Executive Director of Analog Devices, Inc. and Tiedemann Wealth Board of Management; Chair of HealthpointCapital Business Advisory Board; and Member of HealthpointCapital Board of Managers.

Mr Istel is Chairman of the Center for French Civilisation and Culture, the European Institute and the Fondation Saint-John Perse. He is a member of the Economic Club of New York and the Bretton Woods Committee.

3. Josua Malherbe
Deputy Chairman
South African, born 1955

Mr Malherbe was appointed to the Board in 2010 as a Non-Executive Director and has served as Deputy Chairman since September 2013. He also serves as Chairman of the Audit Committee and is a member of the Strategic Security and Nominations Committees.

Mr Malherbe qualified as a Chartered Accountant in South Africa and worked with the predecessor firm of PricewaterhouseCoopers before joining Rand Merchant Bank in 1985. In 1990 he joined Rembrandt Group Limited and was involved with Richemont at that time. Since its formation in 2000, he served first as Chief Executive Officer and then as Deputy Chairman of VenFin Limited until 2009 when that company was acquired by Remgro Limited.

Mr Malherbe continues to serve as a director of Richemont Securities S.A., Remgro Limited, Reinet Investments Manager S.A., Pension Corporation Group Limited, and Renshaw Bay Limited.

4. Bernard Fornas
Co-Chief Executive Officer
French, born 1947

Mr Fornas was appointed to the Board in September 2013. He is a member of the Senior Executive Committee.

Mr Fornas graduated from Lyon Business School and holds an MBA from the Kellogg School of Management, Northwestern University. Prior to joining Cartier, he worked with a number of companies in the consumer products sector, including Procter & Gamble and the International Gold Corporation, where he was Jewellery Division Manager. He then moved to Guerlain, where he was International Marketing Director and Advisor to the President from 1984 to 1993.

Mr Fornas joined Cartier as International Marketing Director in 1994. He became Chief Executive of Baume & Mercier in 2001 and was appointed Chief Executive of Cartier in 2002. Mr Fornas and Mr Lepeu were appointed Co-Chief Executive Officers of the Group with effect from April 2013.

Mr Fornas also serves as a Non-Executive Director of Holding Benjamin et Edmond de Rothschild, Pregny S.A.

Board of Directors continued

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5. Richard Lepeu
Co-Chief Executive Officer
Swiss, born 1952

Mr Lepeu was appointed to the Board in 2004. He is a member of the Senior Executive Committee.

Mr Lepeu is a graduate of the Institut d'Etudes Politiques de Paris and the Universite de Sciences Economiques de Paris X. He worked in international corporate finance before joining Cartier in 1979 as assistant to the President. Within Cartier, he was appointed Company Secretary in 1981 and became Director of Finance and Administration in 1985. He served as Chief Executive Officer of Cartier from 1995 until 2001. He served as Chief Operating Officer of Richemont from 2001 until 2004 and as Group Finance Director from 2004 until 2010. From 2010 to 2012 he served as Deputy Chief Executive Officer. Mr Lepeu and Mr Fornas were appointed Co-Chief Executive Officers with effect from April 2013.

6. Gary Saage
Chief Financial Officer
American, born 1960

Mr Saage was appointed to the Board in 2010. He is a member of the Senior Executive Committee.

Mr Saage is a graduate of Fairleigh Dickinson University, USA and is a Certified Public Accountant.

Following an early career in public accounting with Coopers & Lybrand, he joined Cartier's US business in 1988. Between 1988 and 2006, he served as Chief Operating Officer of Richemont North America and of Alfred Dunhill in London. From 2006 to 2010, he served as Group Deputy Finance Director. He serves as Chairman of Richemont North America and as a Director of The Net-A-Porter Group Limited and of Peter Millar LLC.

7. Jean-Blaise Eckert
Swiss, born 1963

Maître Eckert was elected as a Non-Executive Director in September 2013 and is a member of the Audit and Nominations Committees.

Maître Eckert graduated from Neuchâtel University, Switzerland, and holds an MBA from Berkeley, University of California, USA.

Maître Eckert has been a practising lawyer since 1989 and a Partner of Lenz & Staehelin since 1999, advising on national and international corporate, commercial and tax law.

Maître Eckert serves on the Board of several Swiss companies, including Ladurée International SA and UL (Underwriters Laboratories) AG, and on the Board of several not-for-profit organisations, including the Fondation pour la Musique et la Culture, Genève. He teaches in the Master's programmes of the Universities of Geneva and Lausanne. He is also a member of a number of Swiss and international professional organisations.

8. Ruggero Magnoni
Italian, born 1951

Mr Magnoni was elected as a Non-Executive Director in 2006 and is a member of the Audit and Nominations Committees. In 2006 he became a partner of Compagnie Financière Rupert.

Mr Magnoni graduated from Bocconi University, Italy and holds an MBA from Columbia University, USA.

Mr Magnoni joined Lehman Brothers in 1977 and held a number of senior roles across that firm's international activities. In 2000, Mr Magnoni became Head of the European Private Equity division and Vice Chairman of Lehman Brothers Inc and in 2002, Chairman of Lehman Brothers International Italy. Between 2008 and 2013, Mr Magnoni served as Chairman of Nomura International plc's Investment Banking division for Europe, Middle East and Africa. He was a member of the Board of Overseers of Reinet Investments S.C.A. ('Reinet') up to September 2009 and has indirect interests in certain investments held by Reinet.

Mr Magnoni is involved with various philanthropic activities, including Fondazione Laureus Italia. He is a member of the Advisory Committee of the Bocconi Foundation.

9. Simon Murray
British, born 1940
Mr Murray became a Non-Executive Director in 2003 and is a member of the Nominations Committee.

He was educated at Bedford School in England and attended SEP Stanford Business School in the United States. He began his business career at Jardine Matheson and in 1980 he formed Davenham, an advisory company for capital-intensive engineering projects. In 1984 he became the Group Managing Director of Hutchison Whampoa. He joined Deutsche Bank Group as Executive Chairman Asia-Pacific in 1994 and in 1998 he founded Simon Murray & Associates.

Mr Murray is currently: Chairman of GEMS Limited; Chairman of Gulf Keystone Petroleum Ltd.; and Independent Non-Executive Director of Cheung Kong (Holdings) Limited, Orient Overseas (International) Limited, Wing Tai Properties Limited, and Spring Asset Management Ltd. (manager of the listed entity Spring REIT). He is also a Non-Executive Director of IRC Limited and China LNG Group Ltd.

10. Alain Dominique Perrin
French, born 1942
Mr Perrin was appointed to the Board in 2003. A Non-Executive Director, he is a member of the Nominations Committee.

Mr Perrin is a graduate of the Ecole des Cadres et des Affaires Economiques, Paris (E.D.C.). He joined Cartier in 1969, assuming a series of roles and serving as President of Cartier International SA between 1981 and 1998. Overseeing the Group's luxury goods businesses from 1999 to 2003, he was Chief Executive of Richemont SA (Luxembourg) from 2001 to 2003 and served as an Executive Director of Compagnie Financière Richemont until March 2010. He created the Fondation Cartier pour l'art contemporain in Paris and the annual Salon International de la Haute Horlogerie.

Mr Perrin serves on the management committees of a number of non-profit organisations. He is President of the Ecole de Dirigeants et Créateurs d'entreprise and President of the European Foundation for Management Development (E.F.M.D.). He is also President of the Fondation Cartier pour l'art contemporain and the Jeu de Paume Museum, Paris.

11. Guillaume Pictet
Swiss, born 1950
Mr Pictet was appointed to the Board in 2010. A Non-Executive Director, he is a member of the Nominations Committee.

Mr Pictet is a graduate of HEC, Lausanne University. His career in private banking has included membership of Darier Hentsch & Cie's senior management. He has also served as an international economist in Switzerland's Federal Department of Economic Affairs.

Since 1996, Mr Pictet has been Founding Partner and Vice-Chairman of de Pury Pictet Turrettini & Cie SA. He also serves as Chairman of EIC Partner AG and of Sécheron SA; as a Director of Zurmont Madison Management AG; and is a member of the Conseil communal de Chêne-Bougeries.

12. Norbert Platt
German, born 1947
Mr Platt was appointed to the Board in 2005. A Non-Executive Director, he is a member of the Nominations Committee.

He graduated with a BSc in precision mechanical engineering from the University of Frankfurt/Main and has studied business and management topics at Harvard Business School and at INSEAD.

He worked for a number of years in the field of precision instruments, working with Rollei in Germany and internationally, becoming CEO of Rollei Singapore and Managing Director of Rollei Fototechnic in Germany.

He joined Montblanc in 1987 and was President and CEO of Montblanc International. Mr Platt served on the Group Management Committee from 2000 and served as Group Chief Executive Officer from 2004 until 2010.

Mr Platt currently serves as a Non-Executive Director of Esprit Holdings Limited.

Board of Directors continued

13. Alan Quasha
American, born 1949

Mr Quasha was elected as a Non-Executive Director in 2000 and is a member of the Nominations Committee.

He is a graduate of Harvard College, Harvard Business School, Harvard Law School and New York University Law School. After practising law, he moved into commerce and since 1987 has been President of Quadrant Management Inc.

Mr Quasha served as a director of Richemont SA, Luxembourg from 1988 until 2000. He was Chief Executive Officer of North American Resources Limited between 1988 and 1998. He was a member of the Board of Overseers of Reinet Investments S.C.A. ('Reinet') up to September 2009; he has indirect interests in certain investments held by Reinet and is involved as a manager of a fund in which Reinet has invested. He was a director of American Express Funds, a former Governor of the American Stock Exchange, and a former Chairman of the Visiting Committee of the Weatherhead Centre for International Affairs.

Mr Quasha is currently Managing Partner of Vanterra Capital; Chairman of Brean Murray; Carret & Co; Carret Asset Management Group LLC; and HKN Inc. He is also Chairman of the American Brain Trauma Foundation.

14. Maria Ramos
South African, born 1959

Ms Ramos was appointed to the Board in 2011. A Non-Executive Director, she is a member of the Nominations Committee.

Ms Ramos holds degrees from the University of the Witwatersrand and the University of London and is a member of the Institute of Bankers. She also holds honorary doctorates from the University of Stellenbosch and Free State University.

Previous positions held by Ms Ramos include Director-General of the National Treasury of South Africa and Group Chief Executive of Transnet Limited. She has also served as a Non-Executive and Independent director on the boards of Sanlam Limited, SABMiller PLC, and Remgro Limited.

She is currently Chief Executive of Barclays Africa Group Ltd and a member of the Executive Committee of Barclays PLC. In addition, she serves on the Executive Committee of the World Economic Forum's International Business Council, and the Executive Committee of Business Leadership South Africa.

15. Lord Renwick of Clifton
British, born 1937

Lord Renwick was appointed to the Board in 1995. A Non-Executive Director, he serves as Independent Lead Director of the Board, Chairman of the Compensation Committee and is a member of the Audit, the Strategic Security and the Nominations Committees.

He is a graduate of Cambridge University and served in the British diplomatic service, rising to become Ambassador to South Africa from 1987 to 1991 and Ambassador to the United States from 1991 to 1995.

Lord Renwick was formerly Vice Chairman, Investment Banking of JPMorgan Europe and of JPMorgan Cazenove and a Director of British Airways PLC, BHP Billiton PLC and SABMiller PLC.

He is currently a member of the International Advisory Council of JPMorgan Europe, Middle East and Africa; a Director of Stonehage Fleming Family and Partners; and a Non-Executive Director of Excelsior Mining Corp.

16. Jan Rupert
South African, born 1955

Mr Jan Rupert was appointed to the Board in 2006. He serves as a Non-Executive Director and a member of the Nominations Committee.

From 1999, when he joined the Group, until 2012, he was Manufacturing Director with overall responsibility for the Group's manufacturing strategy.

Mr Jan Rupert is a graduate in mechanical engineering from Stellenbosch University, South Africa and has had an extensive career in production management in the tobacco and watchmaking industries. Prior to joining Richemont, he was Manufacturing Director of Rothmans International.

17. Juergen Schrempp
German, born 1944

Prof Schrempp was appointed to the Board in 2003. A Non-Executive Director, he is Chairman of the Strategic Security Committee and a member of the Nominations Committee. He became a partner of Compagnie Financière Rupert in 2006.

Prof Schrempp holds a professorship of the Federal State of Baden-Wurttemberg and honorary doctorates from the University of Graz and the University of Stellenbosch.

Prof Schrempp is former Chairman of the Board of Management of DaimlerChrysler AG and of Daimler Benz Aerospace AG. He is also a former Director of Allianz AG, the New York Stock Exchange, Vodafone Group plc, South African Airways Limited and Non-Executive Chairman of Mercedes-Benz of South Africa.

He is the Executive Chairman of Katleho Capital GmbH, Chairman of Iron Mineral Beneficiation Services Limited, Independent Lead Director of SASOL as well as a shareholder and Director of Merkur Bank KGaA, Munich. He is also a member of the International Investment Council of the President of the Republic of Togo.

Prof Schrempp is Chairman Emeritus of the Global Business Coalition on HIV/AIDS and Honorary Consul-General of the Republic of South Africa. Amongst other distinctions, he holds South Africa's highest civilian award, the Order of Good Hope.

18. The Duke of Wellington
British, born 1945

The Duke has served as a Non-Executive Director since 2000. He is a member of the Compensation and Nominations Committees.

He holds an MA degree from Oxford University. He has broad experience in banking and finance, serving as Chairman of Sun Life and Provincial Holdings and the Framlington Group and as a Director of Sanofi. He is a Director of RIT Capital Partners and a member of the International Advisory Board of Abengoa. He is Chairman of the Council of King's College, London. He was a member of the European Parliament from 1979 to 1989.

From 1990 to 1993 he was Chairman of Dunhill Holdings and from 1993 to 1998 Deputy Chairman of Vendôme Luxury Group, both former subsidiaries of the Group. Since 1998 he has served as Non-Executive Chairman of Richemont Holdings (UK) Limited, the holding company for the Group's UK interests.

Former members of the Board

Dr Franco Cologni served as a Non-Executive Director and a member of the Nominations Committee until September 2014. He continues to serve the Group as an advisor.

Dr Frederick Mostert served as Chief Legal Counsel and as an Executive Director until December 2014. He continues to serve the Company as an employee until his retirement in 2015. Thereafter, he will continue to serve the Group as a consultant in intellectual property matters.

Corporate governance

Contents

1. INTRODUCTION

Richemont ('the Group') is committed to maintaining a high standard of corporate governance. It subscribes to the principles laid down in the Swiss Code of Best Practice for Corporate Governance published by 'economiesuisse', the Swiss Business Federation, and SIX Swiss Exchange. In addition to Swiss law, the Group complies with the Listing Rules of SIX Swiss Exchange. It also complies with the rules of the Johannesburg stock exchange, to the extent that they apply to companies with secondary listings there.

The Group's principles of corporate governance are embodied in the Articles of Incorporation of Compagnie Financière Richemont SA (the 'Company'), in its Corporate Governance Regulations and in the terms of reference of the Audit, Compensation, Nominations and Strategic Security Committees of the Board. The Corporate Governance Regulations are available on the Group's website: www.richemont.com/about-richemont/corporate-governance.html The Group's corporate governance principles and practices are reviewed by the Audit Committee and the Board on an annual basis in the light of prevailing best practices.

The Board of Directors ('the Board') believes that the Company's corporate governance arrangements continue to serve its shareholders well. In the past year we have remained diligent in our application to all of the regulatory changes required by Swiss law and have updated our governance framework accordingly. The Board is confident that our governance structure reinforces our ability to deliver the Group's strategy of growing value for shareholders over the long term through the sustained growth of our Maisons.

With regard to recent Swiss statutory and regulatory changes, the Board reviewed compliance matters arising from the Swiss Ordinance against Excessive Compensation in Listed Stock Corporations ('OaEC'). The measures proposed by the Board include: (i) revisions to the Articles of Incorporation of Compagnie Financière Richemont SA; (ii) binding shareholder resolutions in respect of the Board of Directors' and senior management's annual compensation; and (iii) confirmation of its senior management.

The measures regarding the revised Articles and shareholder resolutions will be set out in detail in the agenda for the next Annual General Meeting ('AGM'), to be held on 16 September 2015. Other measures were implemented at the 2014 AGM, including the election of the Chairman of the Board of Directors and the individual election of Compensation Committee members by the shareholders. The election of the Board of Directors on an individual basis has been in place for a number of years, as have non-binding shareholder resolutions in respect of compensation, also known as 'say-on-pay votes'.

The OaEC requires that the Board identify the corporate body to which management has been delegated by the Board of Directors for the day-to-day management of the organisation. The Board deems this to be the Senior Executive Committee, which is chaired by the Chairman of the Board and comprises the Group's two Co-Chief Executive Officers and its Chief Financial Officer. Members of this Committee are considered to be subject to the various disclosure and approval requirements imposed by the OaEC. The Group Management Committee, which is composed of the heads of certain Maisons and Group functions, continues to report to the Senior Executive Committee.

The sections that follow provide information on the Group's structure, general shareholder information and details regarding the Board and Management committees. They adhere to the recommendations of the SIX Swiss Exchange's Directive on Information relating to Corporate Governance ('DCG'). Headings also follow the recommended format of the DCG and cross-references to other sections of the report are provided where appropriate. In certain instances, where the issues contained in the DCG do not apply to Richemont or where the amounts involved are not material, no disclosure may be given.

2. GROUP STRUCTURE AND SHAREHOLDERS

Structure

Compagnie Financière Richemont SA is a Swiss company with its registered office at 50, chemin de la Chênaie, CH-1293 Bellevue, Geneva. The Company's Board is the Group's supervisory board, composed of a majority of non-executive directors.

The Group's luxury goods businesses are reported within: (i) Jewellery Maisons; (ii) Specialist Watchmakers; and (iii) Other Businesses. Each of the Maisons in the Group enjoys a high degree of autonomy, with its own management group under a chief executive officer. To complement those businesses, the Group has established central functions and a regional structure around the world to provide central controlling and support services in terms of distribution, finance, legal, IT and administration services.

Details of the principal companies within the Group are set out in note 39 to the Group's consolidated financial statements. The market capitalisation and International Security Identification Number ('ISIN') of the Richemont 'A' shares are given in section 3 of this corporate governance report, which deals with the capital structure. No listed companies belong to the Group. Non-listed companies belonging to the Group are identified in the business review from pages 4 to 38.

Significant shareholders

Compagnie Financière Rupert, a Swiss partnership limited by shares, holds 522 000 000 Richemont 'B' registered shares representing 9.1 % of the equity of the Company and controlling 50 % of the Company's voting rights. Mr Johann Rupert, Chairman of Richemont, is the sole General Managing Partner of Compagnie Financière Rupert. Prof Juergen Schrempp and Mr Ruggero Magnoni, both non-executive directors of the Company, are partners of Compagnie Financière Rupert.

Compagnie Financière Rupert does not itself hold any Richemont 'A' shares. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2015.

As at 31 March 2015, there were no other significant shareholders in the Company, i.e. with at least 3 % of the voting rights.

Cross-shareholdings

Richemont does not hold an interest in any company which is itself a shareholder in the Group.

3. CAPITAL STRUCTURE

Shares

There are 522 000 000 'A' registered shares and 522 000 000 'B' registered shares in issue. Richemont 'A' registered shares are listed and traded on SIX Swiss Exchange. The 'B' registered shares are not listed and are held by Compagnie Financière Rupert, as detailed above. Each 'A' registered share has a par value of CHF 1.00 and each 'B' registered share has a par value of CHF 0.10. The authorised and issued capital therefore amounts to CHF 574 200 000. Further details are given in note 19 to the Group's consolidated financial statements.

During the three years ended 31 March 2015, there was one change to the Company's capital structure. With effect from 27 September 2013, the Company replaced its former 'A' bearer shares with 'A' registered shares. There was no change in respect of the 'B' registered shares. The change followed shareholder approval, with the required majorities, of changes to the Company's Articles of Incorporation at the 2013 AGM. The move has brought Richemont further into line with other leading Swiss companies. The economic rights, including dividend and voting rights, attaching to the 'A' shares were not changed as a consequence of the move. However, the 'A' registered shares were assigned a new ISIN and a new Swiss security number ('Valorennummer'). 'CFR', the 'ticker' of the former 'A' bearer shares, was preserved.

At 31 March 2015, Richemont's market capitalisation, based on a closing price of CHF 78.30 per share and a total of 522 000 000 'A' shares in issue, was CHF 40 873 million. The overall valuation of the Group at the year end, reflecting the value of both the listed 'A' shares and the unlisted 'B' shares, was CHF 44 960 million.

Over the preceding year, the highest closing price of the 'A' share was CHF 94.35 on 27 May 2014, and the lowest closing price of the 'A' share was CHF 69.90 on 16 January 2015.

The ISIN of Richemont registered 'A' shares is CH0210483332 and the Swiss 'Valorennummer' is 21048333.

General Shareholder Information

Dividend

Holders of 'A' and 'B' shares enjoy the same dividend rights, but due to the differing par values of the two classes of shares, 'B' shareholders receive one tenth of the dividend per share paid to holders of the 'A' shares.

In respect of the financial year ended 31 March 2015, an ordinary dividend of CHF 1.60 per 'A' share and CHF 0.16 per 'B' share has been proposed for approval by the shareholders in September 2015. During the year under review, the shareholders approved a dividend of CHF 1.40 per 'A' share and CHF 0.14 per 'B' share.

Share buy-back programmes

Over the course of the preceding 15-year period ended 31 March 2014, the Group had repurchased a total of 34 552 934 former 'A' units and 33 296 876 'A' shares through the market to meet obligations under stock option plans for executives. During the year under review, the Group repurchased a further 1 635 000 'A' shares through the market.

Taking into account the exercise of options by executives during the course of the year and other activities linked to the hedging programme, the balance held in treasury at 31 March 2015 was 9 886 057 'A' shares.

On 15 May 2014, Richemont announced a new programme envisaging the buy-back of 10 000 000 of its own 'A' shares over a three-year period, linked to the requirements of the executive stock option plan. Richemont's strategy is to maintain a hedge ratio of at least 90 %. The new programme received the requisite approvals from the Swiss Takeover Board and Richemont undertakes to publish transactions on its website in accordance with those approvals.

Details of the Group's stock option plan are set out in the Compensation Report from page 54 and in note 36 to the Group's consolidated financial statements. The operating expense charged to the consolidated statement of comprehensive income in respect of the fair value of stock options granted to executives is set out on page 104.

When ‘A’ shares or former ‘A’ units are bought back, a reserve for treasury shares, equal to the cost value of the shares purchased in the market, is established as an element of shareholders’ equity in the Group’s consolidated statement of financial position. As shares are sold as a consequence of the exercise of options by executives, the reserve is correspondingly reduced. During the year under review, the reserve for treasury shares increased by a net € 38 million as a consequence of the purchase of ‘A’ shares, partly offset by the exercise of options by executives and the consequent delivery of ‘A’ shares from the Group to those executives. Further details are given in note 19 to the Group’s consolidated financial statements.

Voting rights

Holders of Richemont shares may attend and vote at meetings of shareholders of the Company. They may attend in person or may appoint a third party to represent them at the meeting. In addition, an independent representative is appointed at each general meeting by shareholders for the following year’s general meeting.

There is no limit on the number of shares that may be held by any given party. The voting rights attaching to those shares are only restricted if the shares are either unregistered, or are held by a registered nominee with at least 1 % of the share capital of the Company and that nominee has declined the Company’s request to provide certain details regarding the owners. Further details of this restriction may be found in Article 6 of the Company’s current Articles of Incorporation.

Richemont ‘A’ and ‘B’ shares have equal rights to share in the dividends and capital of the Company; ‘B’ shareholders are entitled to receive 10 % of the dividend per share paid to ‘A’ shareholders and 9.1 % of the Company’s capital. However, despite the differing nominal values of the ‘A’ and ‘B’ shares, each ‘B’ share conveys the same voting rights as each ‘A’ share, in normal circumstances, at shareholder meetings. Richemont ‘B’ shareholders therefore control 50 % of the votes at shareholder meetings. The ‘B’ registered shares are entirely held by Compagnie Financière Rupert. In accordance with Swiss company law, certain resolutions, notably those relating to the objects of the Company, its capital structure, the transfer of its registered office or its dissolution, require the approval of two-thirds of the shares and an absolute majority of the nominal share capital represented at a general meeting of shareholders.

Following the 2013 AGM, Richemont’s publicly traded ‘A’ shares became registered. The ‘A’ shares were previously bearer shares. The move, which preserved the dividend and voting rights of shareholders, brings the Company closer to its shareholders, enabling direct communication with those who have chosen to come onto the register in their own name. The move enables the Company to use a ‘record date’ for voting at its 2014 and subsequent AGMs, thus removing the previous, unpopular requirement to block shares in the days immediately preceding general meetings of shareholders.

Statutory quorums

The general meeting of shareholders is the Company’s ultimate decision-making forum. Resolutions of the general meeting are generally passed by an absolute majority of the votes represented at the meeting. As detailed above, certain resolutions may require the approval of two-thirds of the shares and an absolute majority of the nominal share capital represented at a general meeting of shareholders.

The AGM in respect of the financial year ended 31 March 2015 will be held on 16 September 2015 at the Four Seasons Hotel des Bergues, Geneva. The agenda for that meeting is set out on page 133 of this report. The notice period and agenda in respect of the meeting follow the requirements of Swiss company law. Holders of a minimum of one million ‘A’ shares in the Company with a nominal value of CHF 1 million may request that an item be placed on the agenda for the meeting. Such requests must be submitted, in writing, at least 20 days in advance of the deadline for publication of the formal notice convening the meeting.

South African Depository Receipts

Richemont Securities SA (‘Richemont Securities’), a wholly owned subsidiary of the Company, acts as Depository for the issuance, transfer and cancellation of Richemont South African Depository Receipts (‘DRs’), which are traded on the Johannesburg stock exchange operated by JSE Limited. DRs trade in the ratio of ten DRs to each Richemont ‘A’ share. The terms and conditions applicable to DRs are set out in the Deposit Agreement entered into between Richemont Securities, as Depository, and the Company, as Issuer. The Deposit Agreement was most recently amended on 26 March 2014.

In its capacity as Depository, Richemont Securities holds one ‘A’ share in safe custody for every ten DRs in issue. Richemont Securities SA’s interest in the ‘A’ shares that it holds is therefore non-beneficial. At 31 March 2015, Richemont Securities held 100 780 896 ‘A’ shares in safe custody in respect of the DRs in issue. This amount represents some 19 % of the listed and traded ‘A’ shares.

Dividends received by Richemont Securities are payable in rand to South African residents. Dividends are converted upon receipt by Richemont Securities and remitted to the holders of DRs. Non-South African resident holders of DRs may receive the dividends in Swiss francs, subject to their residence status.

Holders of DRs issued by Richemont Securities are not entitled to attend the shareholders’ meeting of Compagnie Financière Richemont SA or to vote in person. Rather, DR holders are canvassed as to their voting instructions by Richemont Securities, which then represents the holders at such meetings.

Neither the amendment to the Company’s Articles of Incorporation at the 2013 AGM, nor the transformation of the ‘A’ shares to registered form and the creation of a share register in Switzerland had any economic impact on the DRs.

Transferability of shares

Richemont's 'A' shares are issued as uncertificated securities within the meaning of the Swiss Code of Obligations and as intermediated securities within the meaning of the Swiss Federal Act on Intermediated Securities ('ISA'). Following entry in the Share Register, shareholders may request a statement in respect of their 'A' shares from the Company at any time. Shareholders do not have the right to request the printing and delivery of certificated 'A' shares. Certificates (individual share certificates or certificates representing several 'A' shares) may however be printed and delivered if considered appropriate by the Company. The transfer and encumbering of 'A' shares are carried out according to the provisions of the ISA. There are no restrictions on the transfer of shareholdings.

Transfers of the unlisted 'B' registered shares in the Company, which are held solely by Compagnie Financière Rupert, must be approved by the Board.

4. BOARD OF DIRECTORS

Responsibilities and membership

The Board is responsible for the overall strategic direction of the Group and the appointment of senior management. In addition, it is responsible for establishing financial controls and appropriate procedures for the management of risk within the Group as well as the overall supervision of the business. The Board is responsible for the preparation of the financial statements of the Company and of the Group and for the organisation of shareholder meetings.

The introduction to this section provides commentary about the composition of the Board's membership and the qualities of its members. The Board is composed principally of non-executive directors with diverse professional and business backgrounds. Seven nationalities are represented on the Board, which was composed of 18 members at 31 March 2015. Board members are proposed for election on an individual basis at each year's AGM for a term of one year. All directors are eligible to stand for re-election each year, details of nominations being given in the notice of the AGM published on page 133. There is no restriction on the number of times a director may seek re-election and no formal age limit for directors. Neither age nor the number of years served on the Board is deemed to affect a director's independence. Certain independent directors have served for more than ten years.

Photographs and biographies of the Board members may be found on page 41.

Amongst the non-executive directors, Mr Yves-André Istel served as Chairman of the Board and Mr Josua Malherbe as Deputy Chairman between 12 September 2013 and 17 September 2014. From the latter date, Mr Johann Rupert was re-elected as Chairman of the Board following a year of sabbatical leave. Both Mr Istel and Mr Malherbe continue to serve as Deputy Chairmen. Throughout the year under review, Lord Renwick of Clifton served as the Lead Independent Director.

The non-executive directors are, without exception, indisputably independent in character and judgement. They bring to the Board a formidable array of expertise and experience. In many cases they have served on the Board for a considerable period of time or have special expertise in relation to the luxury goods businesses. As a result, they have an in-depth understanding of the Group. The Board considers that this combination of experience and expertise has been a significant factor in contributing to the superior returns for shareholders generated by the Group since the listing of Richemont on the Swiss Stock Exchange in 1988. Other changes to the Board membership during the year are detailed on page 45.

As regards the executive directors of the Board, Messrs Bernard Fornas and Richard Lepeu serve as Co-Chief Executive Officers of the Group. Mr Fornas is responsible for overseeing the Maisons; Mr Lepeu is responsible for overseeing Richemont's central and regional functions. The other executive director is Mr Gary Saage, Chief Financial Officer.

In terms of its regular business, the Board generally meets for half a day to a full day, five times per annum. Further meetings on specific topics are held on an ad hoc basis. During the year under review, the Board of Directors held five meetings. These included a two-day meeting with senior management of certain Maisons at which strategy, marketing plans and new products were presented. The Chairman, the Co-Chief Executive Officers and Chief Financial Officer establish the agendas for the meetings of the Board. Directors may ask that an item be placed on the agenda for any meeting. Financial reports and supporting information in respect of agenda items are circulated to members of the Board in advance of each meeting. The Board may invite other managers and external advisors to attend meetings.

Board Evaluation

The Board and each of its Committees conduct an annual assessment of their own role and effectiveness. This provides our Board Members the opportunity to reflect on their individual and collective performance. The respective Committee's conclusions are communicated to the Board.

Board Committees

In terms of the Group's framework of corporate governance, the Board has established: an Audit Committee; a Compensation Committee; a Nominations Committee; and a Strategic Security Committee. The composition of these Committees is indicated below and in the biographical notes on Board members. In addition to these four Committees of the Board, the Company's three executive directors are members of the Senior Executive Committee.

Each Board Committee has its own written Charter outlining its duties and responsibilities and a Chairman elected by the Board. The Chairman of each Committee presents a summary of the proceedings of each Committee meeting to the Board. All Board Committees are entitled to invite members of senior management and external specialists to attend meetings for specific matters on an ad hoc basis.

Corporate governance continued

Audit Committee

The five members of the Audit Committee are: Mr Josua Malherbe (Chairman); Mr Yves-André Istel; Mr Ruggero Magnoni; Lord Renwick of Clifton; and Maître Jean-Blaise Eckert. They are all non-executive directors and, without exception, indisputably independent in character and judgement. The Chief Financial Officer attends all meetings, as do the Head of Internal Audit and representatives of PricewaterhouseCoopers SA, the Group's external auditor.

Meetings of the Committee are held at least three times per annum and have a typical duration of half a day. During the year under review, three meetings took place. The Committee meets in camera with the external auditor during the course of each meeting.

The Audit Committee's principal tasks are to:

- satisfy itself that the consolidated financial statements follow approved accounting principles and give a true and fair view of the Group's financial position and results;
- recommend to the Board the appointment, reappointment or dismissal of the external auditor and keep under review their independence and objectivity as well as their level of compensation;
- examine and review, with both the external and internal auditor, the adequacy and effectiveness of the Group's management information systems as well as accounting, financial and operational controls;
- oversee the effectiveness of the Group's Internal Audit function and liaise with the Head of Internal Audit on all matters of significance arising from the department's work;
- oversee the adequacy and effectiveness of risk management practices in the Group and advise the Board on its responsibility to perform regular risk assessments;
- examine and review the adequacy, effectiveness and integrity of the processes to assure the Group's compliance with all applicable laws and regulations; and
- ensure compliance with the Group's internal Corporate Governance Regulations, including the Code of Conduct for Dealings in Securities, and its Group Investment Procedures.

The Chairman of the Audit Committee reports the findings of each Committee meeting to the Board and makes recommendations to management on behalf of the Board.

The Company has a risk management process which gives consideration to both strategic and operational risks. All identified risks are modelled according to their probability of occurrence and potential impact and subsequently prioritised by management. A consolidated risk report, which includes action plans prepared by the Group executive directly responsible for addressing the risk, is reviewed annually by the Audit Committee and the Board of Directors.

Compensation Committee

The Compensation Committee is composed of three non-executive directors: Lord Renwick of Clifton (Chairman); Mr Yves-André Istel; and the Duke of Wellington. They are all non-executive directors and, without exception, indisputably independent in character and judgement. To assist it in its deliberations, the Committee may draw on support from the Group's internal specialists and external advisors. Meetings of the Committee are held as necessary but at least twice per annum and typically last one to two hours. During the year under review, the Committee met on two occasions.

The purpose of the Committee is to support the Board in establishing and reviewing the compensation strategy and guidelines as well as in preparing the proposals to the general meeting of shareholders regarding the compensation of the Board and the Senior Executive Committee. The Compensation Committee may submit proposals to the Board in other compensation-related issues.

The Committee oversees the administration of the Group's long-term incentive plans for executive members of the Board and, inter alia: approves the awards granted to executive directors; approves the awards made to other executives in aggregate, recognising that the Senior Executive Committee has the authority to make awards to executives other than those serving on the Board. In addition, the Committee oversees any material amendment to existing long-term incentive plans or the creation of any other long-term incentive plan pertaining to senior management.

Nominations Committee

The Nominations Committee consists of the 15 non-executive directors meeting under the chairmanship of the Chairman of the Board. During the year under review, five meetings took place.

The principal functions of the Committee are to advise the Board in areas such as the composition and size of the Board and the criteria to be applied in the selection of new members of the Board and senior management. In addition, the Committee is responsible for the nomination of directors to serve on Board Committees.

Succession planning is established throughout the Group's operations. At the level of Board membership, the Nominations Committee is responsible for continuity as directors reach retirement or indicate their intention to resign.

The Group's succession plans seek to preserve the current balance of executive directors, former executive directors in a non-executive capacity, and directors who have not held operational responsibilities within the Group. While this balance will be preserved in the long term, as the continuity it brings to strategic discussions is one of the Group's strengths, the profile of individual appointments may vary from time to time. Such variations take account of the Board's evolving requirements in terms of experience and diversity.

Strategic Security Committee

The Strategic Security Committee is composed of three non-executive directors: Professor Juergen Schrempp (Chairman); Mr Josua Malherbe; and Lord Renwick of Clifton. To assist it in its deliberations, the Committee draws on support from the Group's internal specialists and external advisors. Meetings of the Committee are held as necessary and typically last half a day. The Committee met four times during the year under review.

The purpose of the Committee is to advise the Board in all aspects of security policy. It aims to protect the company's assets, including confidential business information and intellectual property, and its operations against intrusive actions. It also oversees the protection of Richemont's employees and physical assets.

Attendance

The attendance of each non-executive director at Board and committee meetings during the year under review was as follows:

	Board	Audit Committee	Compensation Committee	Nominations Committee	Strategic Security Committee
Number of meetings	5	3	2	5	4
Johann Rupert *	3	-	-	3	-
Franco Cologni *	2	-	-	2	-
Jean-Blaise Eckert	5	3	-	5	-
Ruggero Magnoni	4	2	-	4	-
Yves-André Istel	4	2	2	3	-
Josua Malherbe	5	3	-	5	3
Simon Murray	4	-	-	4	-
Alain Dominique Perrin	5	-	-	5	-
Guillaume Pictet	5	-	-	5	-
Norbert Platt	5	-	-	5	-
Alan Quasha	5	-	-	5	-
Maria Ramos	5	-	-	5	-
Lord Renwick	5	3	2	5	4
Jan Rupert	5	-	-	5	-
Juergen Schrempp	5	-	-	5	4
The Duke of Wellington	5	-	2	5	-

* Mr Rupert was re-elected during the year. Dr Cologni did not stand for re-election during the year.

Activities outside the Group

Under the OaEC, the number of permitted activities of non-executive directors must be defined in the Company's Articles of Incorporation. Those activities include directorships in other organisations, including publicly quoted businesses. The Company's Articles have been duly amended and will be proposed for shareholder approval at the AGM in September 2015.

Control instruments

Management is responsible for implementing the strategic policies determined by the Board. Members of management are empowered to conduct the day-to-day strategic and operational administration of the Group including, inter alia, financial management. Senior management is responsible for the management of the Group's underlying businesses and investments, subject at all times to an obligation to provide adequate information on the development of those businesses to the Board. Management operates within the guidelines as set out in the Group Investment Procedures and such other policies and procedures as may from time to time be laid down by the Board. In addition, management provides the Board with appropriate support to consider and evaluate strategic alternatives.

The Board employs various reporting means and control mechanisms in order to monitor the way in which senior management exercises the authority delegated to it.

- Prior to each Board meeting, members of the Board receive a financial report, summarising recent Group, segmental and Maison financial performance as well as operational developments.
- The Co-Chief Executive Officers and the Chief Financial Officer, together the 'Senior Executives', report to the Board at each meeting. Supplementary reports are provided by the Company Secretary.
- The Group's employee performance review process requires that members of management are given clearly defined targets at the beginning of each financial year. The Senior Executives monitor performance against these targets on an ongoing basis and report progress to the Board.
- There is interaction between the Board and other members of the management, for example, through the presence on a regular or ad hoc basis at Board Committee meetings. Members of the Board are also exposed to the decision-making process at the level of each Maison through their involvement with the annual reviews of the Maisons' strategies.
- The Group's Internal Audit function provides an objective means of assessing how the Group's risks are being managed and controlled. This function's independent status is reinforced by the direct reporting line from the Head of Internal Audit to the Chairman of the Audit Committee. The function performs financial and operational audits in accordance with a programme approved annually by the Audit Committee. This risk-based programme is designed to ensure that all business units as well as Group-wide issues are given sufficient audit coverage within an appropriate timeframe. Summary reports from each audit are provided to the Audit Committee and discussed at its meetings. Progress with implementation of corrective actions is monitored on a regular basis.

5. SENIOR EXECUTIVE COMMITTEE

The Senior Executive Committee comprises the two Co-Chief Executive Officers and the Chief Financial Officer. Their biographical details and other activities may be found on pages 41 and 42. The Committee was chaired by the Chairman of the Board, being Mr Istel from April to September 2014 and Mr Rupert from September 2014 to March 2015. Other managers were invited to participate on an ad hoc basis at the Chairman's discretion.

The Senior Executive Committee meets on an ad hoc basis to review matters associated with the implementation of the Group's strategic policies. During the year under review the Committee met ten times.

Activities outside the Group

Under the OaEC, the number of permitted activities of the Senior Executives must be defined in the Company's Articles of Incorporation. Those activities include directorships in other organisations, including publicly quoted businesses. The Company's Articles have been duly amended and will be proposed for shareholder approval at the AGM in September 2015.

Management contracts

There are no contracts between the Group and any third parties for the management of the Company or any subsidiary in the Group.

Committees reporting to the Senior Executive Committee

Richemont's Group Management Committee reports to the Senior Executive Committee. It comprises the three Senior Executives, the Chief Executive Officers ('CEO') of certain Maisons and the heads of certain Group functions.

Maison Chief Executives:
Nicolas Bos, CEO of Van Cleef & Arpels;
Stanislas de Quercize, CEO of Cartier;
Georges Kern, CEO of IWC Schaffhausen;
Jérôme Lambert, CEO of Montblanc;
Philippe Léopold-Metzger, CEO of Piaget;
Daniel Riedo, CEO of Jaeger-LeCoultre.

Heads of Group functions:
Hans-Peter Bichelmeier, Group Operations Director;
Cédric Bossert, General Counsel, Central Legal Department;
Thomas Lindemann, Group Human Resources Director.

Other committees have been established to determine the Group's policy in specific business areas, including finance, health and safety matters and corporate social responsibility.

6. COMPENSATION, SHAREHOLDINGS AND LOANS

Details of compensation-related matters are given in the Compensation Report from page 54.

7. SHAREHOLDER PARTICIPATION RIGHTS

Details of shareholder voting rights and the right to attend shareholder meetings are given in section 3 of this corporate governance report.

8. CHANGE OF CONTROL AND DEFENCE MECHANISMS

In terms of the Swiss Stock Exchange and Securities Trading Act ('SESTA'), the Company has not elected to 'opt out' or 'opt up' in respect of the provisions relating to the obligations for an acquirer of a significant shareholding to make a compulsory offer to all shareholders. In accordance with SESTA, any party that would directly or indirectly, or acting in concert with third parties, acquire more than 33⅓ % of the voting rights of the Company would therefore be obliged to make an offer to acquire all of the listed equity securities of the Company. The interest of Compagnie Financière Rupert in 100 % of the 'B' registered shares in the Company, which existed at the date SESTA came into force, does not trigger any obligation in this respect. As noted above, Compagnie Financière Rupert controls 50 % of the voting rights of the Company.

No specific provisions exist in the Articles of Incorporation or internal regulations of the Company which would seek to limit or block any takeover bid. No special contractual relationships exist between Group companies and directors or members of senior management which would protect management or act as a deterrent to a change of control of the Company.

The rules of the stock option plan for executives in the Group contain specific provisions in respect of a change of control of the Group. These provisions are typical in terms of such plans and would result in the immediate vesting of benefits due to participants in the event of a change of control taking place.

9. AUDITOR

The external auditor reports to the Board through the Audit Committee, which also supervises the Group's relationship with the auditor.

PricewaterhouseCoopers SA were reappointed by the Company's shareholders at the 2014 AGM as the auditor of the Company's financial statements and the Group's consolidated financial statements. They were appointed for a period of one year and, being eligible, will stand for a further period of office of one year at this year's AGM. A questionnaire-based evaluation, in which the Finance Director of every subsidiary is consulted, forms the basis of an annual review of the external auditor's performance. The results of this exercise are reviewed by the Audit Committee.

PricewaterhouseCoopers was initially appointed as auditor of the Company and the Group in 1993 (as Coopers & Lybrand). Mr Michael Foley, the lead auditor, assumed that role in September 2011. The Company's policy is to rotate the lead auditor at least once every seven years.

In the year under review, total fees and expenses paid or accrued as payable to PricewaterhouseCoopers for the audit of the financial statements of the Company, the Group, its subsidiaries and related services were € 7.7 million. Total fees and expenses paid or accrued as payable in respect of the financial year to PricewaterhouseCoopers for non-audit services amounted to € 1.5 million, primarily relating to tax compliance services and advice. The scope of services provided by the external auditor is reviewed annually by the Audit Committee and the relative weight of non-audit work provided by the external auditor is also kept under close review.

Representatives of PricewaterhouseCoopers attended all meetings of the Audit Committee held during the year as well as the meeting of the Committee held on 20 May 2015 at which the financial statements were reviewed.

10. INFORMATION POLICY

The Group reports to shareholders in accordance with the requirements of Swiss law and the guidance provided by SIX Swiss Exchange. The annual report is the principal source of financial and business information for shareholders. The Group's announcement of the results for the financial year is issued in May each year. In addition to the regulatory annual and interim reports, Richemont publishes trading statements in September, at the time of its AGM, and in January covering the Group's performance during the third quarter of its financial year, covering the pre-Christmas trading period. Ad hoc announcements are made in respect of matters which the Board considers to be of significance to shareholders, in accordance with the specific guidelines laid down by SIX Swiss Exchange.

The annual report is distributed to all parties who have asked to be placed on the Group's mailing list, including holders of South African Depository Receipts. Investors may request electronic notification that such reports have been published on the Group's website. The Group's interim report was distributed in printed form for the last time during the year under review.

All news announcements other than the annual and interim financial reports are distributed by email. Shareholders and other interested parties may ask to be included on the distribution list by contacting the Company Secretary at the Company's registered office or by email (secretariat@cfrinfo.net) or by registering on the Group's website www.richemont.com/press-centre/company-announcements.html

Copies of the annual and interim reports, results announcements, trading statements, ad hoc announcements and the corporate social responsibility report may also be downloaded from the Richemont website. Copies of the Company's Articles of Incorporation, together with its Corporate Governance Regulations, are also available on the website.

The Group presents its annual and interim results to analysts and major investors each year. The presentations to invited participants take place in Geneva and are simultaneously broadcast over the internet. The slide presentation is downloadable from the website. A replay of the broadcast is available on the Group's website within 24 hours of the presentation and a transcript of the presentation shortly thereafter.

Statutory and regulatory announcements are published in the Swiss Official Gazette of Commerce and, in certain cases, by SIX Swiss Exchange.

Compensation Report

Letter from the Compensation Committee Chairman

Lord Renwick of Clifton, Chairman

Dear Shareholders,
We are pleased to present to you our Compensation Report for the year ended 31 March 2015. The Committee would like to thank you for your continued strong support for the previous years' compensation disclosures and for your feedback regarding our compensation practices. The Committee has reviewed the compensation framework to ensure that it is aligned with our strategic direction and that it maintains an executive incentive system which drives both the achievement of strategic goals and the continued value creation for shareholders. We believe that our compensation system continues to achieve these goals by placing a strong emphasis on the long-term performance of the Group and equity-based compensation; thereby aligning the interests of our management team with those of our shareholders.

In accordance with corporate governance best practice, Swiss regulations and the Ordinance against Excessive Compensation in listed companies, our compensation system and governance structures will be further strengthened by our proposed amendments to the Company's Articles of Incorporation in 2015. As well as building upon the principles governing the Group's executive compensation, these changes lay the foundation for the first binding votes on aggregate Board member and management compensation levels, to be held at the 2015 Annual General Meeting ('AGM'). Specifically, there will be separate binding votes on Board and Senior Executive Committee compensation. Shareholders will be asked to approve the maximum amount of fixed Board compensation from the 2015 AGM to the 2016 AGM; the maximum amount of fixed Senior Executive Committee compensation for the 2017 financial year and the variable compensation of the Senior Executive Committee for the 2015 financial year.

Richemont's results for the year were resilient. In difficult trading conditions, the Group's Maisons maintained their operating margin, with strong cash generation.

The Compensation Report that follows describes the Group's guiding principles, philosophy and policies for setting the compensation of members of the Board and the Senior Executive Committee. The report complies with the relevant articles of the Swiss Code of Obligations, the Swiss Code of Best Practice, and the Ordinance against Excessive Compensation ('Ordinance'). The compensation for the financial year under review as detailed on pages 60 to 63 has been audited by the Group's auditors, PricewaterhouseCoopers.

In the coming year, the Compensation Committee will continue to review our compensation arrangements on a periodic basis to ensure they are in line with evolving regulatory changes and best practices. We look forward to receiving continuing feedback from investors and support for these resolutions at the AGM in September.

Robin Renwick

Lord Renwick of Clifton
Compensation Committee Chairman

Compagnie Financière Richemont SA
Geneva, 21 May 2015

Contents

1. RICHEMONT'S COMPENSATION PRINCIPLES

The Group's compensation philosophy is based upon the following guiding principles:

- Transparency
- Performance based
- Alignment: sharing success with employees
- Balance between fixed and variable compensation

2. OUR COMPENSATION-SETTING PHILOSOPHY

The Group's compensation policies are designed to ensure that Group companies attract and retain management of the highest calibre and motivate them to perform to the highest standards, recognising the international nature of their businesses. The Group sets high standards in the selection of executives who are critical to the long-term development of the business.

In pursuit of this goal, the Compensation Committee supports the Board of Directors in reviewing and establishing the Company's compensation policies and strategy. The core responsibilities of the Committee include setting the compensation of the non-executive directors and the Chairman of the Board of Directors, agreeing the compensation of the other executive director members of the Board and the Senior Executive Committee and reviewing the compensation of all other members of senior management.

The Compensation Committee considers the recommendations of the Chairman of the Board of Directors regarding compensation awards for the executive directors. For all other members of senior management, the recommendations of the Co-Chief Executive Officers and the Group Human Resources Director are also considered. The Compensation Committee may amend or reject these recommendations. Executive directors and members of the Senior Executive Committee are not present at any meeting where decisions are taken regarding their own compensation. The Chairman of the Compensation Committee reports to the full Board on the discussions and decisions taken at each Committee meeting.

3. COMPARATIVE GROUP BENCHMARKING

At least once every three years, the compensation of both the members of the Board and the Senior Executive Committee is benchmarked under the guidance of the Compensation Committee. To ensure that the Group remains competitive in its compensation arrangements, benchmarking surveys, providing details on all elements of total compensation and the mix thereof, for a wide range of executive roles including Chairman of the Board of Directors, Chief Executive Officer and other executives, are regularly considered. The Group last conducted a comparative group benchmark in 2014.

The comparative benchmark group utilised by the Group in 2014 comprised some 40 companies in the competitive environment in which the Group operates. Criteria such as business type, geographic location, market capitalisation and specialty focus are all considered in the selection process. The comparative group detailed on page 58 were included in the benchmark group. As a point of reference, the company targets at least the median compensation level of the peer group, while maintaining the potential for above-average variable compensation for superior performance.

The Group also uses external consultants for advice on remuneration matters. During the year, external advice on specific compensation and share-option related matters was received from a number of professional firms including PricewaterhouseCoopers and Lenz & Staehelin. None of these firms received any additional mandates from those consultations. PricewaterhouseCoopers is the Company and Group's external auditor, as described on page 53.

4. COMPENSATION OF THE BOARD OF DIRECTORS

Chairman

The Chairman of the Board of Directors, Mr Johann Rupert, receives an annual compensation of € 3.0 million (equivalent to CHF 3.5 million at the average exchange rate for the financial year 2015), split between salary and pension contributions. During the period under review no variable compensation was awarded. The level of compensation is reviewed annually by the Compensation Committee and is considered commensurate to the role.

In the current year Mr Rupert served as Chairman of the Board of Directors from 17 September 2014 to 31 March 2015 and in the prior year from 1 April 2013 to 12 September 2013. The table that follows shows the compensation received during the periods of service noted above.

	Financial year to 31 March 2015 CHF	31 March 2014 CHF
Fixed annual retainer	**880 548**	(112 500)
Pension contributions	**84 288**	935 059
Employer's social security	**–**	(3 461)
Total	**964 836**	819 098

Mr Yves-André Istel received, in addition to his non-executive director and board attendance fees, CHF 741 174 for his role as Non-Executive Chairman of the Board of Directors for the twelve months ended September 2014. The amount of CHF 337 316, in respect of the year to 31 March 2015, is included in the total compensation presented for Mr Istel as a non-executive director of the Board.

Compensation Report continued

Non-executive directors

Non-executive directors are entitled to receive an annual base retainer of CHF 100 000, plus a fee of CHF 20 000 for each Board meeting attended. This fee is reduced to CHF 4 800 for participation by telephone.

Non-executive directors who are also members of the Audit Committee, the Compensation Committee or the Strategic Security Committee are entitled to receive further fees. For the Audit Committee, its Chairman receives a fee of CHF 20 000 per meeting attended and the other members a fee of CHF 15 000 per meeting. For the Compensation Committee, its Chairman receives a fee of CHF 15 000 per meeting attended and the other members a fee of CHF 10 000 per meeting. For the Strategic Security Committee its Chairman receives an annual fee of CHF 200 000, reflecting the time and effort the Chairman of the committee has had to devote to ensuring that Richemont is fully equipped to meet the increasingly serious challenge posed by cyber-crime. The other members receive a fee of CHF 10 000 per meeting attended.

The amounts above may be paid in local currency equivalents.

Non-executive directors are not eligible for performance-related payments and do not receive awards under the Group's share option or other long-term incentive plan. There is no scheme to issue shares to non-executive directors.

Executive directors

Mr Frederick Mostert, an executive director who resigned from the Board on 31 December 2014, received both fixed and variable compensation for the period of his service. The compensation award philosophy was consistent with that described below for the Senior Executive Committee. The other executive directors of the Board are all members of the Senior Executive Committee and do not receive any compensation for their role as members of the Board.

5. COMPENSATION OF THE SENIOR EXECUTIVE COMMITTEE

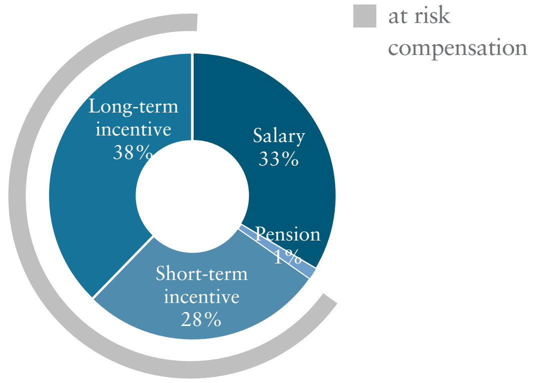
In the year under review the members of the Senior Executive Committee were: Mr Bernard Fornas, Mr Richard Lepeu and Mr Gary Saage.

The Chairman of the Board of Directors also chairs meetings of the Senior Executive Committee.

Members of the Senior Executive Committee are rewarded in line with the level of their authority and responsibility within the organisation. In general, an executive's total compensation will comprise both fixed and variable elements.

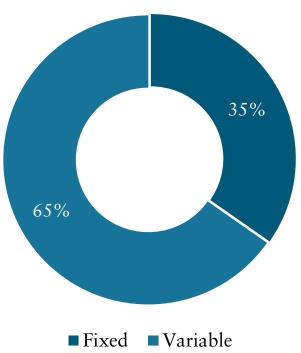
In addition to a fixed base salary and post-employment benefits, an executive may receive a variable short-term cash incentive and an award in one of the three long-term benefit plans described below.

Compensation mix to 31 March 2015 (excluding employer's social security)

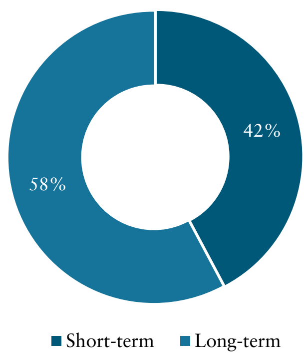


The split of fixed and variable compensation varies by individual, reflecting their role and local market conditions. In the year under review, variable compensation represented 65 % of total compensation, with the long-term component representing 58 % of the variable component.

Total compensation (excluding employer's social security)



Variable compensation (excluding employer's social security)



With the exception of share options, all incentives are cash-settled on their due date.

The Group does not provide for any sign-on or transaction-specific success fees for its executives.

6. FIXED COMPENSATION OF THE SENIOR EXECUTIVE COMMITTEE

Base salary

The base salary reflects the market value of the position and is consistent with local practice. It is paid on a monthly basis in cash. The level of all awards is reviewed annually in accordance with the Group's salary review process, which takes place in May. In determining the level of any increase to base salary, consideration is given to the Group's performance; the role and responsibilities of the individual; and market benchmarking information provided by external compensation consultants.

Benefits

Senior executive members also receive benefits in line with their duties and responsibilities and may include car or travel allowance; housing; and medical insurance. The company also operates a retirement foundation in Switzerland which provides benefits on a defined contribution basis. Each executive has a retirement account to which the executive and the Group make contributions at rates set out in the foundation rules based on a percentage of salary. A Group contribution of 12.25 % was applied in the year on salaries to a ceiling of CHF 846,000.

Directors are reimbursed for travel and other necessary business expenses incurred in the performance of their duties.

7. VARIABLE COMPENSATION OF THE SENIOR EXECUTIVE COMMITTEE

The Group operates a short-term cash incentive and three distinct long-term benefit incentive plans for executives. The Compensation Committee considers these components in total to ensure there is an appropriate balance between reward for short-term success and long-term retention. Targets used to determine the pay-out levels for both the variable short-term incentives and the variable long-term incentives are reviewed by the Compensation Committee on an annual basis prior to the start of the next financial year.

A retention ratio is determined by individual, comparing the long-term variable awards already granted in the form of the Group's three distinct plans with the total compensation for the year. For share options, the gains achievable on unvested options by reference to the current market share price are included. Awards granted for each of the short- and long-term incentive plans reflect both the individual's performance and their contribution to the Group's overall results.

An annual target is set for each of the Group's short- and long-term incentive plans.

Short-term cash incentives

The determination of the level of short-term cash incentive comprises both quantitative and qualitative components, each with a pre-set target and a maximum percentage of base salary. The short-term incentive targets vary according to function from 40 % to 75 % of base salary, with a maximum cap set at 150 % of base salary. In general, the quantitative component should represent at least 60 % of the target.

The quantitative component of the short-term cash incentive is assessed on actual Group sales, operating profit and net changes in cash for the year compared against the current year's budget and the prior year's actual financial results. The qualitative component is assessed on performance against individual strategic targets. The achieved quantitative percentage will apply equally to each executive; the qualitative percentage will vary by executive.

The achievement for both the quantitative and qualitative performance, as determined by the Compensation Committee, is described below. The awards relate to the performance in the year to 31 March 2014 with the cash settlement being made in the year to 31 March 2015.

For those members of the Senior Executive Committee receiving a short-term incentive for the year to March 2014, the qualitative component represented 50 % of the incentive target. The Compensation Committee determined that each director had achieved the strategic qualitative targets set at the beginning of the year. The average achievement level was 127 %. The quantitative targets were also reached, with an achievement level of 105 %. The total incentive awards achieved represented on average 84 % of base salary.

The Compensation Committee has discretion to adjust the final award downwards if it considers that the short-term performance has been achieved at the expense of long-term future success and may adjust the award upwards to recognise exceptional circumstances that were beyond the direct responsibility of the executive.

In the year under review an expense of CHF 9 million (2014: CHF 7 million) was recognised for short-term cash incentives in respect of members of the Senior Executive Committee. This accrued amount relates to the performance during the year under review and will be finalised and paid only when the annual results are available.

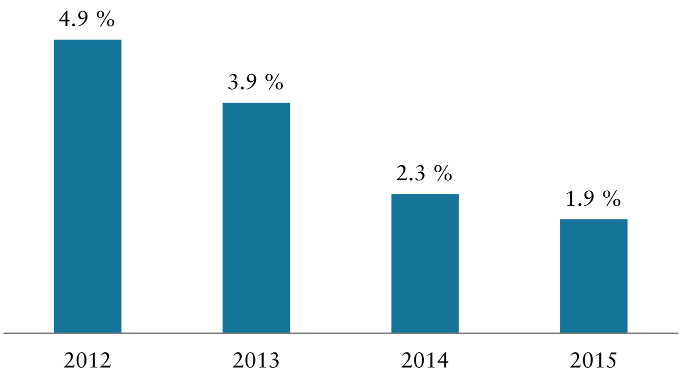
Long-term variable components

Share options

Executives may be eligible to participate in the Group's share option plan, details of which are set out on page 121 of this report. The Compensation Committee determines both the maximum aggregate number of options to be awarded and agrees the award to each member of the Senior Executive Committee, subject to the shareholders' approval of total compensation.

In determining the number of options to be awarded, the Compensation Committee considers the forecast accounting expense to the Group; the ratio of unexercised options to issued share capital; the cost of hedging the award and the long-term benefit to the executives. As a general rule, no options are awarded should the number of unexercised options exceed 5 % of the issued share capital of the Company. The Group continues to actively manage its share option grant practices to employees and this has resulted in a consistent decline in share option dilution.

Share option dilution from 2012 (based on 522 million 'A' shares)



Compensation Report continued

To meet the obligations arising under its share-based compensation plans, Richemont has implemented a series of buy-back programmes since 1999 to acquire former 'A' units and 'A' shares. By using its own capital to acquire these shares, Richemont has reflected the financing cost of the share option plans in the consolidated statement of comprehensive income. The shares held provide a comprehensive hedge of the Group's anticipated obligations arising under its share option plan. Awards under the Group's share option plan will not result in the issue of new capital.

Option holders are not entitled to receive any dividends on unexercised options.

At the individual level, the estimated value of a share option award, determined at the grant date applying the methodology of International Financial Reporting Standards and excluding employer's social security contributions, should not exceed 200 % of the executive's base salary. The Group does not operate any schemes to issue shares to executives as part of their compensation package.

Two members of the Senior Executive Committee received share option in May 2014.

	Options awarded	IFRS value (CHF)	Multiple of base salary
Richard Lepeu	250 000	6 250 000	156 %
Gary Saage	150 000	3 750 000	144 %

Options granted from 2008 onwards have included a vesting condition linked to the performance of the Company's share price, between the grant date and relevant vesting dates, relative to the share price movements of a comparative group of luxury goods businesses over the same period. At each vesting date, the Directors, or a duly appointed committee of the Board, have the discretion to lapse some, or all, of the options vesting which are subject to this performance condition.

The comparative group currently comprises Swatch Group, LVMH, Hermes International, Kering and Tiffany & Co. The comparative group at each relevant vesting date will reflect a selection of the Group's luxury goods competitors at that date and may therefore differ from the current group.

In the event that an option holder retires, all outstanding share options vest immediately. In the event that an option holder terminates employment with the Group for another reason, unvested share options are forfeited. Accelerated vesting of share options is never granted to any member of the Senior Executive Committee. The consequences of a change of control are described below.

On 1 July 2014, two option awards vested. In accordance with the plan rules, the Compensation Committee compared the performance of the Company's share price with those of the comparative group, as detailed above, over the relevant vesting periods. In both cases the Company's share price had out-performed all of the comparative group constituents and the Committee agreed that the options due to vest should vest at 100 %.

As a general rule, share options are not awarded to directors and members of the Senior Executive Committee working principally for a Maison as more appropriate long-term incentives exist, specifically the long-term incentive plan described below.

Details of options held by members of the Board and the Senior Executive Committee under the Group's share option plan at 31 March 2015 are as follows:

	1 April 2014	Granted in year	Exercised in year	31 March 2015	Average grant price	Earliest exercise period	Latest expiry
		number of options			CHF		
Bernard Fornas	173 249		53 000	**120 249**	32.24	Apr 2015	June 2017
Richard Lepeu	1 561 523	250 000	229 044	**1 582 479**	57.80	Apr 2015 – Jul 2020	June 2023
Jan Rupert	143 126			**143 126**	21.20	Apr 2015	June 2017
Gary Saage	519 629	150 000	55 962	**613 667**	73.00	Jul 2015 – Jul 2020	June 2023
	2 397 527	400 000	338 006	**2 459 521**			

The options held by Mr Jan Rupert, a non-executive director, were awarded to him in his previous role as an executive director of the Company.

Share options granted during the year have an exercise price of CHF 94.00.

Long-term retention plan

As an alternative long-term benefit to the share option plan described above, the Group introduced a Long-term Retention Plan ('LRP') in June 2010. The LRP is a cash incentive plan. For each eligible participant, the awards are set at the grant date at between 50 % and 150 % of the target short-term cash incentive awarded for the previous year and become payable, typically after three further years of service. In exceptional circumstances a higher percentage may be awarded. The cash settlement will be subject to a comparison of the performance of the Company's share price relative to a comparative group of luxury goods businesses, similar to the vesting conditions that apply to the Group's share option plan. In June 2014, Mr Fornas received an LRP award of CHF 3 000 000 vesting in June 2017. No other member of the Board or Senior Executive Committee received an LRP award in the year.

As a general rule, the LRP is used to reward members of the Senior Executive Committee when neither share options, for example due to their dilutive effect, nor an award under the long-term incentive plan are appropriate.

Long-term incentive plan

The Group also operates a cash-settled long-term incentive plan ('LTIP'). The purpose of this plan is to motivate and reward Maison executives by linking a major part of their compensation package to the increase in value of the business area for which they responsible. LTIP awards are made annually and typically vest after a three-year vesting period. The value of a Maison is consistently determined as the average of multiples of sales, operating profit and cash contributions achieved for the previous year. The executive receives a percentage of the increase in value of the Maison from the date of grant to the vesting date, the vesting value being an average of the preceding two years' valuations. The percentage granted to each executive takes into consideration the size of the Maison and the estimated compensation that could be derived from this programme as a percentage of total compensation. Should the value of a Maison fail to increase during the vesting period, no LTIP pay-out is made and the grant lapses.

The expected LTIP benefit, as determined at the grant date, is capped at a maximum of four times the executive's base salary at the grant date. In general, the expected pay out ratio will be substantially below this limit. The final pay out may be more or less than target, depending upon the Maison's actual performance over the vesting period.

No member of the Senior Executive Committee received an LTIP award in the year under review.

An executive will receive an award in only one of the three long-term benefit plans described above on an annual basis.

8. COMPENSATION GOVERNANCE

Severance

There are no arrangements in place to provide for any severance benefit or other special departure payments for any director or any member of the Senior Executive Committee, other than their contractual and legal rights. In general, contractual notice periods are for six months. In certain cases, the employing entity is required to provide twelve months' notice.

Clawback

In addition to applicable statutory provisions, the Group's long-term benefit plans include provisions allowing the Group to reclaim, in full or in part, distributed compensation as a result of special circumstances.

Upon termination of employment as a result of serious misconduct, including fraud as defined by the applicable criminal law and violation of the Group's Standards of Business Conduct, all awards granted and outstanding, whether vested or unvested, lapse immediately without any compensation.

In the event of termination of employment for another reason, awards which are unvested at the date of termination of employment lapse immediately without any compensation.

Change-in-control

The rules of the stock option plan for executives in the Group contain specific provisions in respect of a change of control of the Group. These provisions are typical in terms of such plans and would result in the vesting of benefits due to participants in the event of a change of control taking place.

Management contracts

There are no contracts between the Group and any third parties for the management of the Company or any subsidiary in the Group.

Allotment of shares

No shares were allotted to directors or members of senior management during the year under review.

Trading in Richemont shares

The exercise of options and transactions in Richemont shares and related securities by any current director or member of the Senior Executive Committee and their related parties is promptly notified to SIX Swiss Exchange ('SIX'). SIX simultaneously publishes such notifications at:

http://www.six-exchange-regulation.com/obligations/management_transactions/notifications_en.html

Compensation Report continued

9. COMPENSATION REPORT FOR THE FINANCIAL YEAR UNDER REVIEW

AUDITED

The Ordinance against Excessive Compensation requires that the Board identify the corporate body to which management has been delegated by the Board of Directors for the day-to-day management of the organisation. This is deemed to be the Senior Executive Committee, which is chaired by the Chairman of the Board and comprises the Group's two Co-Chief Executive Officers and its Chief Financial Officer. Members of this Committee are considered to be subject to the various disclosure and approval requirements imposed by regulations.

The total compensation of the members of the Board and Senior Executive Committee, including pension contributions, benefits in kind and all other aspects of compensation, amounted to CHF 48 904 187. The highest paid executive was Mr Richard Lepeu, Co-Chief Executive Officer, with a total compensation of CHF 14 334 262. This figure includes a *nominal value* of CHF 6 250 000 for share options awarded to Mr Lepeu, none of which are due to vest before 2018. The real value of these options will depend upon the share price performance of the Company at the time they are due to vest.

The measurement basis for each component of compensation is described below:

- Salary and other short-term benefits: accruals basis.
- Short-term incentives: accrual for the year under review plus/minus any under/over accrual from the prior year.
- Pension: contributions paid or increase in accrued value depending upon the pension plan type.
- Share options: total fair value, as determined at the date of grant, of the options awarded in the year. The option value being determined in accordance with IFRS 2.
- LRP: total fair value of award, as determined at the date of grant.
- LTIP: total fair value, approximating to the estimated pay out value as determined at the date of grant. The estimated benefit values are based on the forecast growth of the Maison determined using the most recent budgets and forecasts covering the relevant vesting periods.
- Employer's social security: accruals basis for short-term compensation and estimated, based on fair value at grant date, for long-term incentives.

All amounts are stated gross before the deduction of any related tax or amounts due by the employee. The comparative amounts for the year ended 31 March 2014 have been restated on a consistent basis.

Total compensation for the year to March 2015 and the restated comparatives for 2014 include share options and LRPs at their total fair value at the date of grant, in line with the requirements of the new ordinance. In the previously reported total compensation for the year to 31 March 2014, the fair value of share options and LRPs was included on an *amortised basis* spread over the relevant vesting period.

Compensation for the financial year to 31 March 2015

	Fixed components		Variable components				
	Salary and other employee benefits CHF	Post-employment benefits CHF	Short term incentives CHF	Long term benefits[1] CHF	Share option cost[1] CHF	Social security cost[6] CHF	Total CHF
Board of Directors							
Johann Rupert[2]	880 548	84 288	–	–	–	–	**964 836**
Yves-André Istel	567 316	–	–	–	–	39 554	**606 870**
Bernard Fornas	–	–	–	–	–	–	**–**
Richard Lepeu	–	–	–	–	–	–	**–**
Gary Saage	–	–	–	–	–	–	**–**
Franco Cologni[3, 4]	341 511	–	–	–	–	–	**341 511**
Jean-Blaise Eckert	245 000	–	–	–	–	–	**245 000**
Ruggero Magnoni[3]	–	–	–	–	–	–	**–**
Josua Malherbe	290 000	–	–	–	–	–	**290 000**
Frederick Mostert[5]	1 616 320	34 848	1 201 679	–	1 875 000	795 853	**5 523 700**
Simon Murray	180 000	–	–	–	–	–	**180 000**
Alain Dominique Perrin[3]	2 539 418	–	–	–	–	–	**2 539 418**
Guillaume Pictet	200 000	–	–	–	–	17 203	**217 203**
Norbert Platt	270 664	–	–	–	–	13 150	**283 814**
Alan Quasha	200 000	–	–	–	–	–	**200 000**
Maria Ramos	184 800	–	–	–	–	15 019	**199 819**
Lord Renwick of Clifton	315 000	–	–	–	–	(1 575)	**313 425**
Jan Rupert	200 000	–	–	–	–	16 203	**216 203**
Jürgen Schrempp	400 000	–	–	–	–	(2 000)	**398 000**
Duke of Wellington	344 909	–	–	–	–	62 774	**407 683**
Total	8 775 486	119 136	1 201 679	–	1 875 000	956 181	**12 927 482**
Senior Executive Committee							
Bernard Fornas	4 419 176	129 998	3 677 200	3 000 000	–	488 804	**11 715 178**
Richard Lepeu	4 323 156	146 070	2 957 200	–	6 250 000	657 836	**14 334 262**
Gary Saage	2 715 707	151 689	2 855 240	–	3 750 000	454 629	**9 927 265**
Total	11 458 039	427 757	9 489 640	3 000 000	10 000 000	1 601 269	**35 976 705**
Total compensation	20 233 525	546 893	10 691 319	3 000 000	11 875 000	2 557 450	**48 904 187**

1. Long-term benefits and share option compensation is recognised at the total fair value. Details of the share option valuation model and significant inputs to this model are found in note 36.

2. Compensation for the period from 17 September 2014 to 31 March 2015.

3. Dr Cologni, Mr Magnoni and Mr Perrin have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors. The table above includes compensation for other services.

4. Compensation for the period from 1 April 2014 to 17 September 2014.

5. Compensation for the period from 1 April 2014 to 31 December 2014.

6. Social security costs are the employer's contribution on all components of compensation.

AUDITED

Compensation Report continued

AUDITED

Compensation for the financial year to 31 March 2014

	Fixed components		Variable components				
	Salary and other employee benefits CHF	Post-employment benefits CHF	Short term incentives CHF	Long term benefits[1] CHF	Share option cost[1] CHF	Social security cost[5] CHF	Total CHF
Board of Directors							
Johann Rupert[2]	(112 150)	935 059	–	–	–	(3 461)	819 448
Yves-André Istel	678 859	–	–	–	–	49 958	728 817
Bernard Fornas	–	–	–	–	–	–	–
Richard Lepeu	–	–	–	–	–	–	–
Gary Saage	–	–	–	–	–	–	–
Franco Cologni[3]	309 356	–	–	–	–	–	309 356
Jean-Blaise Eckert[4]	160 000	–	–	–	–	–	160 000
Ruggero Magnoni[3]	–	–	–	–	–	–	–
Josua Malherbe	300 000	–	–	–	–	–	300 000
Frederick Mostert	1 819 125	47 658	1 054 546	–	2 131 501	850 313	5 903 143
Simon Murray	180 000	–	–	–	–	–	180 000
Alain Dominique Perrin[3]	2 564 013	–	–	–	–	–	2 564 013
Guillaume Pictet	200 000	–	–	–	–	16 516	216 516
Norbert Platt	276 875	–	–	–	–	13 525	290 400
Alan Quasha	200 000	–	–	–	–	–	200 000
Maria Ramos	149 600	–	–	–	–	12 549	162 149
Lord Renwick of Clifton	330 000	–	–	–	–	–	330 000
Dominique Rochat[2]	85 000	–	–	–	–	–	85 000
Jan Rupert	200 000	–	–	–	–	20 838	220 838
Jürgen Schrempp	400 000	–	–	–	–	–	400 000
Martha Wikstrom[2]	1 134 230	2 662	608 353	–	–	551 950	2 297 195
Duke of Wellington	349 351	–	–	–	–	44 454	393 805
Total	9 224 259	985 379	1 662 899	–	2 131 501	1 556 642	15 560 680
Senior Executive Committee							
Bernard Fornas	4 385 767	128 550	3 132 836	4 750 000	–	683 489	13 080 642
Richard Lepeu	4 396 608	134 327	2 632 837	–	7 105 000	895 434	15 164 206
Gary Saage	2 693 885	150 404	1 106 952	–	4 263 000	472 587	8 686 828
Total	11 476 260	413 281	6 872 625	4 750 000	11 368 000	2 051 510	36 931 676
Total compensation	20 700 519	1 398 660	8 535 524	4 750 000	13 499 501	3 608 152	52 492 356

1. Long-term benefit and share option compensation is recognised at the total fair value. Details of the share option valuation model and significant inputs to this model are found in note 36.

2. Compensation for the period from 1 April 2013 to 12 September 2013.

3. Dr Cologni, Mr Magnoni and Mr Perrin have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors. The table above includes compensation for other services.

4. Compensation for the period from 13 September 2013 to 31 March 2014.

5. Social security costs are the employer's contribution on all components of compensation.

Changes in the level of compensation awarded to members of the Board and the Senior Executive Committee reflect changes in the composition of the Board; a decrease in the grant date fair value of long-term awards and the related employer's social security and the performance of the Group overall.

Compensation for former members of governing bodies

In the current year Mr Johann Rupert served as Chairman of the Board of Directors from 17 September 2014 to 31 March 2015. In the year to 31 March 2015 the Group contributed € 0.1 million to post-employment benefit plans for Mr Rupert. The portion of the total contributions corresponding to the period of service is disclosed in the table above.

Loans to members of governing bodies

As at 31 March 2015, there were no loans or other credits outstanding to any current or former executive, non-executive director or member of the Senior Executive Committee. The Group's policy is not to extend loans to current or former members of the Board or Senior Executive Committee. There were also no non-business related loans or credits granted to relatives of any member of the Board or Senior Executive Committee.

10. RELATED PARTY TRANSACTIONS

In addition to their duties as non-executive directors, Dr Franco Cologni, Mr Alain Dominique Perrin and Mr Norbert Platt provided consultancy services to the Group during the year. Fees for those services, amounting to CHF 0.3 million, CHF 2.5 million and CHF 0.1 million respectively, are included in the compensation disclosures above.

Maître Jean-Blaise Eckert, a non-executive director, is a partner of the Swiss legal firm Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totalling CHF 0.6 million from Group companies for advice on legal and taxation matters.

During the year the Group gave donations of CHF 1.3 million to the Fondazione Cologni dei Mestieri d'Arte. The Foundation promotes, supports and organises cultural, scientific and training initiatives in favour of the Arts and Crafts and the Trades of Art. Dr Franco Cologni is the President of the Foundation. The Group also made donations of CHF 0.2 million to the Fondazione Giuliano e Maria Carmen Magnoni, a charitable organisation supporting initiatives for young people in disadvantaged conditions. Mr Ruggero Magnoni is Vice-Chairman of the Foundation.

In addition to his non-executive director's fees, the Duke of Wellington received fees, pension contributions and other benefits totalling less than CHF 0.1 million in connection with his role as director and non-executive chairman of Richemont Holdings (UK) Limited.

In accordance with the terms of the modification to the Group's executive share option plan in October 2008, executive directors and members of senior management received vested options over shares in Reinet. At 31 March 2015, the Group recognised a liability of CHF 2 million in respect of its obligation to deliver shares in Reinet on exercise of the options which remained outstanding at that date. The Group holds shares in Reinet which fully hedge the liability.

AUDITED

Compagnie Financière Richemont SA
Report of the statutory auditor

Report of the statutory auditor to the general meeting of Compagnie Financière Richemont SA, Geneva

We have audited pages 60-63 of the accompanying Compensation Report of Compagnie Financière Richemont SA for the year ended 31 March 2015.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the Compensation Report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies ('Ordinance'). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the accompanying Compensation Report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Compensation Report complies with Swiss law and articles 14-16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the Compensation Report with regard to compensation, loans and credits in accordance with articles 14-16 of the Ordinance. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the Compensation Report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the Compensation Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the Compensation Report of Compagnie Financière Richemont SA for the year ended 31 March 2015 complies with Swiss law and articles 14-16 of the Ordinance.

PricewaterhouseCoopers SA

Michael Foley	**Sylvère Jordan**
Audit expert	Audit expert
Auditor in charge	

Geneva, 21 May 2015

Consolidated financial statements
Directors' Report

The Board of Directors of Compagnie Financière Richemont SA ('Richemont' or 'the Company') is pleased to submit its report on the activities of the Company and its subsidiaries and equity-accounted investments (together, 'the Group') for the year ended 31 March 2015. The consolidated financial statements on the following pages set out the financial position of the Group at 31 March 2015 and the results and cash flows of its operations for the year then ended. The financial statements of the Company are presented on pages 125 to 128.

The agenda of the Annual General Meeting, which is to be held in Geneva on 16 September 2015, is set out on page 133.

Further information on the Group's activities during the year under review is given in the financial review on pages 31 to 36.

Consolidated financial statements

Company financial statements

Consolidated statement of financial position
at 31 March

	Notes	2015 € m	2014 € m
Assets			
Non-current assets			
Property, plant and equipment	*6*	**2 446**	1 966
Goodwill	*7*	**320**	562
Other intangible assets	*8*	**461**	403
Investment property	*9*	**70**	345
Equity-accounted investments	*10*	**115**	13
Deferred income tax assets	*11*	**701**	479
Financial assets held at fair value through profit or loss	*12*	**11**	9
Other non-current assets	*13*	**398**	315
		4 522	4 092
Current assets			
Inventories	*14*	**5 438**	4 455
Trade and other receivables	*15*	**1 071**	933
Derivative financial instruments	*16*	**41**	109
Prepayments		**140**	101
Financial assets held at fair value through profit or loss	*12*	**2 858**	2 839
Cash at bank and on hand	*17*	**5 654**	3 389
Assets of disposal group held for sale	*18*	**726**	–
		15 928	11 826
Total assets		**20 450**	15 918
Equity and liabilities			
Equity attributable to owners of the parent company			
Share capital	*19*	**334**	334
Treasury shares	*19*	**(364)**	(326)
Share option reserve	*19*	**291**	309
Cumulative translation adjustment reserve		**3 306**	1 338
Retained earnings	*19*	**10 854**	10 309
		14 421	11 964
Non-controlling interests	*39*	**(1)**	(6)
Total equity		**14 420**	11 958
Liabilities			
Non-current liabilities			
Borrowings	*20*	**405**	318
Deferred income tax liabilities	*11*	**71**	60
Employee benefits obligation	*21*	**237**	86
Provisions	*22*	**96**	191
Other long-term financial liabilities	*23*	**133**	192
		942	847
Current liabilities			
Trade and other payables	*24*	**1 514**	1 325
Current income tax liabilities		**236**	364
Borrowings	*20*	**186**	76
Derivative financial instruments	*16*	**160**	5
Provisions	*22*	**277**	168
Bank overdrafts	*17*	**2 502**	1 175
Liabilities of disposal group held for sale	*18*	**213**	–
		5 088	3 113
Total liabilities		**6 030**	3 960
Total equity and liabilities		**20 450**	15 918

The notes on pages 70 to 123 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 March

	Notes	2015 € m	2014 re-presented € m
Sales	5	**10 410**	10 023
Cost of sales		**(3 534)**	(3 532)
Gross profit		**6 876**	6 491
Selling and distribution expenses		**(2 554)**	(2 309)
Communication expenses		**(1 010)**	(927)
Administrative expenses		**(874)**	(827)
Gain on disposal of investment property	9	**234**	–
Other operating (expense)/income	25	**(2)**	(1)
Operating profit		**2 670**	2 427
Finance costs	28	**(972)**	(173)
Finance income	28	**19**	245
Share of post-tax results of equity-accounted investments	10	**(12)**	(5)
Profit before taxation		**1 705**	2 494
Taxation	11	**(369)**	(415)
Profit for the year from continuing operations		**1 336**	2 079
Loss for the year from discontinued operations	18	**(2)**	(12)
Profit for the year		**1 334**	2 067
Other comprehensive income:			
Items that will never be reclassified to profit or loss			
Defined benefit plan actuarial (losses)/gains		**(139)**	2
Tax on defined benefit plan actuarial (losses)/gains		**29**	–
		(110)	2
Items that are or may be reclassified subsequently to profit or loss			
Currency translation adjustments			
– movement in the year		**1 971**	12
– reclassification to profit or loss		**–**	2
		1 971	14
Other comprehensive income, net of tax		**1 861**	16
Total comprehensive income		**3 195**	2 083
Profit attributable to:			
Owners of the parent company		**1 334**	2 072
Non-controlling interests		**–**	(5)
		1 334	2 067
Total comprehensive income attributable to:			
Owners of the parent company		**3 192**	2 088
– continuing operations		**3 152**	2 105
– discontinued operations		**40**	(17)
Non-controlling interests		**3**	(5)
		3 195	2 083
Earnings per share attributable to owners of the parent company during the year (expressed in € per share)			
From profit for the year			
Basic	29	**2.367**	3.711
Diluted	29	**2.356**	3.676
From continuing operations			
Basic	29	**2.370**	3.730
Diluted	29	**2.359**	3.696

The notes on pages 70 to 123 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 March

		Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Notes	Share capital € m	Treasury shares € m	Share option reserves € m	Cumulative translation adjustment reserve € m	Retained earnings € m	Total € m	€ m	€ m
Balance at 1 April 2013		334	(556)	288	1 324	8 826	10 216	(1)	10 215
Comprehensive income									
Profit for the year		–	–	–	–	2 072	2 072	(5)	2 067
Other comprehensive income		–	–	–	14	2	16	–	16
		–	–	–	14	2 074	2 088	(5)	2 083
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares	*19*	–	230	–	–	(139)	91	–	91
Employee share option plan	*19*	–	–	20	–	–	20	–	20
Tax on share option plan	*19*	–	–	1	–	–	1	–	1
Dividends paid	*30*	–	–	–	–	(452)	(452)	–	(452)
		–	230	21	–	(591)	(340)	–	(340)
Balance at 31 March 2014		**334**	**(326)**	**309**	**1 338**	**10 309**	**11 964**	**(6)**	**11 958**
Comprehensive income									
Profit for the year		**–**	**–**	**–**	**–**	**1 334**	**1 334**	**–**	**1 334**
Other comprehensive income		**–**	**–**	**–**	**1 968**	**(110)**	**1 858**	**3**	**1 861**
		–	**–**	**–**	**1 968**	**1 224**	**3 192**	**3**	**3 195**
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares	*19*	**–**	**(38)**	**–**	**–**	**(27)**	**(65)**	**–**	**(65)**
Employee share option plan	*19*	**–**	**–**	**22**	**–**	**–**	**22**	**–**	**22**
Tax on share option plan	*19*	**–**	**–**	**(40)**	**–**	**–**	**(40)**	**–**	**(40)**
Acquisition of non-controlling interest		**–**	**–**	**–**	**–**	**(2)**	**(2)**	**2**	**–**
Dividends paid	*30*	**–**	**–**	**–**	**–**	**(650)**	**(650)**	**–**	**(650)**
		–	**(38)**	**(18)**	**–**	**(679)**	**(735)**	**2**	**(733)**
Balance at 31 March 2015		**334**	**(364)**	**291**	**3 306**	**10 854**	**14 421**	**(1)**	**14 420**

The notes on pages 70 to 123 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 March

	Notes	2015 € m	2014 € m
Cash flows from operating activities			
Cash flow generated from operations	31	**2 387**	2 875
Interest received		**16**	16
Interest paid		**(39)**	(34)
Other investment income		**–**	2
Taxation paid		**(660)**	(365)
Net cash generated from operating activities		**1 704**	2 494
Cash flows from investing activities			
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	34	**(31)**	(43)
Acquisition of equity-accounted investments		**(100)**	–
Proceeds from disposal of equity-accounted investments		**3**	–
Acquisition of property, plant and equipment		**(601)**	(577)
Proceeds from disposal of property, plant and equipment		**16**	35
Acquisition of intangible assets		**(107)**	(98)
Proceeds from disposal of intangible assets		**3**	–
Acquisition of investment property		**–**	(1)
Proceeds from disposal of investment property	9	**552**	–
Investment in money market and government bond funds		**(1 365)**	(1 231)
Proceeds from disposal of money market and government bond funds		**1 336**	1 104
Acquisition of other non-current assets		**(67)**	(65)
Proceeds from disposal of other non-current assets		**18**	30
Net cash used in investing activities		**(343)**	(846)
Cash flows from financing activities			
Proceeds from borrowings		**160**	58
Repayment of borrowings		**(85)**	(121)
Dividends paid		**(650)**	(452)
Payment for treasury shares		**(123)**	(81)
Proceeds from sale of treasury shares		**58**	172
Capital element of finance lease payments		**(2)**	(2)
Net cash used in financing activities		**(642)**	(426)
Net change in cash and cash equivalents		**719**	1 222
Cash and cash equivalents at the beginning of the year		**2 214**	990
Exchange gains on cash and cash equivalents		**219**	2
Cash and cash equivalents at the end of the year	17	**3 152**	2 214

The notes on pages 70 to 123 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
at 31 March 2015

1. General information

Compagnie Financière Richemont SA ('the Company') and its subsidiaries (together 'Richemont' or 'the Group') is one of the world's leading luxury goods groups. The Group's interests encompass several of the most prestigious names in the industry including Cartier, Van Cleef & Arpels, Piaget, A. Lange & Söhne, Jaeger-LeCoultre, Vacheron Constantin, Officine Panerai, IWC Schaffhausen, Baume & Mercier, Roger Dubuis, Montblanc, Alfred Dunhill, Lancel, Chloé, Azzedine Alaïa, Shanghai Tang and Peter Millar.

The Company is registered in Bellevue, Geneva, Switzerland. Shares of the Company are listed and traded on SIX Swiss Exchange and are included in the Swiss Market Index ('SMI') of leading stocks. Depository Receipts in respect of Richemont shares are traded on the Johannesburg stock exchange operated by JSE Limited.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company ('the Board') on 21 May 2015 and are subject to approval at the shareholders' general meeting on 16 September 2015.

2. Summary of significant accounting policies

2.1. Basis of preparation

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations (together 'IFRS').

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

Except for the changes below, the policies set out in notes 2.2 to 2.21 have been consistently applied to the periods presented. The comparative statement of comprehensive income has been represented to show separately the loss arising from discontinued operations (note 18).

The Group has adopted the amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* in the current year. The amendments clarify the requirements relating to offsetting, specifically the meaning of a current legally enforceable right to set-off and simultaneous realisation and settlement. As the Group is not subject to significant offset, the amendments had no impact on the disclosures or amounts recognised in the financial statements.

The amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*, which remove the requirement to disclose the recoverable amount of a cash-generating unit ('CGU') to which goodwill or other intangible assets with indefinite lives have been allocated when there is no impairment of the related CGU, have also been adopted. These amendments also introduce additional disclosures on the recoverable amount of an asset or CGU when measured at fair value less costs to sell.

The Group has also adopted IFRIC 21 *Levies*, which addresses the accounting for a liability to pay a levy, if that liability is within the scope of IAS 37 *Provisions*. The interpretation addresses the identification of the obligating event that gives rise to pay a levy, and when the related liability should be recognised. The Group is not currently subject to significant levies and as a result, the adoption of the interpretation has had no significant effect on the financial statements for the current and previous periods.

2.2. Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary undertakings together with the Group's share of the results and retained post-acquisition reserves of equity-accounted investments.

The attributable results of subsidiary undertakings are included in the consolidated financial statements from the date control commences until the date control ceases. The Group's share of profit or loss and other comprehensive income of equity-accounted investments is included from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

Uniform accounting policies have been adopted.

Subsidiary undertakings are defined as those undertakings that are controlled by the Group. Control of an undertaking exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its powers over the entity. The accounts of subsidiary undertakings are drawn up at 31 March of each year. In consolidating the financial statements of subsidiary undertakings, intra-Group transactions, balances and unrealised gains and losses are eliminated.

The Group is a limited partner in a property fund. The Group is also the general partner and property manager of the fund. As a general partner, the Group has full power and authority to carry on all activities which it considers necessary or desirable to the operation of the partnership. It is considered that the Group controls the property fund.

The Group applies the acquisition method to account for business combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred at the date of exchange, plus the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the cost of acquisition, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss for the period.

Any contingent consideration is measured at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Acquisition-related costs are expensed in the period in which they are incurred.

Associated undertakings are defined as those undertakings, not classified as subsidiary undertakings, where the Group is able to exercise a significant influence. Significant influence is presumed to exist where the Group holds between 20 % and 50 % of the voting rights of another entity. Joint ventures are those arrangements where the Group has joint control and rights to the net assets of the arrangement. Associated undertakings and joint ventures ('equity-accounted investments') are accounted for under the equity method.

Unrealised gains on transactions between the Group and its equity-accounted investments are eliminated to the extent of the Group's interest in the equity-accounted investments. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group's share of its equity-accounted investments' movements in other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the investment, the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investment.

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3. Segment reporting

Details on the Group's operating segments can be found under note 5. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Operating segments are aggregated into reportable segments only if they have similar economic characteristics, and are similar in each of the following: nature of products; distribution method; and long term margin.

2.4. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the Company is Swiss francs. The consolidated financial statements are presented in millions of euros (the 'presentation currency'). Management believes that this currency is more useful to the users of the consolidated financial statements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rates prevailing during the period. The average rates approximate actual rates at the transaction dates. 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 profit or loss.

(c) Group companies

The assets and liabilities of foreign operations that have a functional currency different from the presentation currency are translated to euro at the closing exchange rates at the reporting date.

The income, expenses and cash flows of foreign operations are translated to euro at the average exchange rates.

All resulting foreign exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

2.5. Property, plant and equipment

Land and buildings comprise mainly factories, retail boutiques and offices.

All property, plant and equipment is shown at cost less accumulated depreciation and impairment, except for owned land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items, together with the estimated cost of the Group's obligation to remove an asset or restore a site, when such costs can be reliably estimated and the likelihood of having to satisfy the obligation is probable.

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 Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, up to the following limits:

• Buildings	50 years
• Plant and machinery	20 years
• Fixtures, fittings, tools and equipment	15 years

Notes to the consolidated financial statements continued

Assets under construction are not depreciated. Land acquired under finance lease arrangements is depreciated to its residual value over the lease term. All other land is not depreciated.

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

Gains and losses on disposals, calculated as the difference between the net proceeds from disposals and the carrying amounts, are included in profit or loss. Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

2.6. Goodwill and other intangible assets

(a) Goodwill

Goodwill arising on business combinations is recognised as a separate asset. Goodwill arising on the acquisition of equity-accounted investments is included in the carrying value of the equity-accounted investment.

Goodwill arising from business combinations is tested annually for impairment and carried at cost less accumulated impairment losses. The carrying amount of a business includes the amount of goodwill relating to that business for the purposes of determining the gains and losses on its disposal.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. An allocation is made to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, subject to an operating segment ceiling.

(b) Computer software and related licences

Costs that are directly associated with developing, implementing or improving identifiable software products having an expected benefit beyond one year are recognised as other intangible assets and amortised using the straight-line method over their useful lives, not exceeding a period of five years. Licences are amortised over their contractual lives to a maximum period of 15 years. Costs associated with evaluating or maintaining computer software are expensed as incurred.

(c) Research and development and intellectual property

Research expenditures are recognised as an expense as incurred. Costs incurred on development projects are recognised as other intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have a finite useful life and that have been capitalised are amortised from the commencement of commercial production of the product on the straight-line method over the period of its expected benefit not exceeding ten years.

Separately acquired patents and trademarks are recognised at cost. Those acquired in a business combination are recognised at fair value at the acquisition date. Amortisation is calculated using the straight-line method to allocate the cost of each asset over its estimated useful life up to the limit of 50 years.

(d) Leasehold rights and distribution rights

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. Useful lives do not exceed 20 years.

Distribution rights are shown at cost less subsequent amortisation and impairment. Those acquired in a business combination are initially recognised at fair value at the acquisition date. Amortisation is calculated on a straight-line basis over the estimated useful life to the limit of five years.

2.7. Investment property

Investment property consists of land and buildings held to earn rental income or for capital appreciation, or both, and not for use in the production or supply of goods or services or for administrative purposes. Where an insignificant portion of the whole property is for own use the entire property is recognised as an investment property, otherwise the property is recognised within property, plant and equipment.

Investment property is initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. Subsequent measurement is in accordance with the Group policy for property, plant and equipment, see note 2.5 above.

Income from investment property and related operating costs are included within other operating income and expenses.

2.8. Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. The Group has identified goodwill as the only category of intangible asset with an indefinite life. All other non-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 an 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.

2.9. Other financial asset investments

The Group classifies its investments in the following categories: financial assets held at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investment was acquired. Management determines the classification of its investments at initial recognition.

(a) Financial assets held at fair value through profit or loss

This category has two sub-categories: financial assets held for trading; and those designated at fair value through profit or loss at initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are categorised as held for trading. Assets in this category are classified as current if they are either held for trading or are expected to be realised within the next twelve months.

Purchases and sales of these financial assets are recognised on the transaction date. They are initially recognised at cost excluding transaction costs, which represents fair value. Fair value adjustments are included in profit or loss in the period in which they arise.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risk and rewards of ownership.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets held with no intention of trading and which have fixed or determinable payments that are not quoted in an active market. They are included in trade and other receivables within current assets, except for maturities greater than twelve months which are classified as other non-current assets.

2.10. Other non-current assets

The Group holds a collection of jewellery and watch pieces primarily for presentation purposes to promote the Maisons and their history. They are not initially intended for sale.

Maisons' collection pieces are held as non-current assets at depreciated cost less any impairment in value. The residual values of such pieces are generally equal to or in excess of cost.

2.11. 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 or specific identification basis 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.

2.12. 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. An impairment loss for trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in profit or loss for the period.

2.13. Cash and cash equivalents

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

2.14. Equity

(a) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity, net of any tax effects.

(b) Treasury shares

All consideration paid by the Group in the acquisition of treasury shares and received by the Group on the disposal of treasury shares is recognised directly in shareholders' equity. The cost of treasury shares held at each reporting date is deducted from shareholders' equity. Gains or losses arising on the disposal of treasury shares are recognised within retained earnings directly in shareholders' equity.

2.15. 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 profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2.16. Current and deferred income tax

The tax expense comprises current and deferred tax.

Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. In such cases the tax is also recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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 reporting 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 and the carry forward of unused tax losses can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and equity-accounted investments, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or on different tax entities where there is an intention to settle the balances on a net basis.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

2.17. Employee benefits

(a) Defined benefit and defined contribution plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive post-employment, usually dependent on one or more factors such as age, years of service and compensation.

The Group operates a number of defined benefit post-employment benefit plans throughout the world. The plans are generally funded through payments to separately-administered funds by both employees and relevant Group companies taking into account periodic actuarial calculations.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the reporting date less the fair values of plan assets. The defined benefit obligations are calculated on a regular cyclical basis by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yields available at reporting dates on high-quality corporate or government bonds (in countries with no deep corporate bond market) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity consistent with the terms of the related pension liability.

Past service costs are recognised immediately in profit or loss.

Remeasurements, comprising actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest) are charged or credited to other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when employees have rendered services entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(c) Incentive plans

The Group recognises a liability and an expense for incentive plans when contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Share-based payment

The 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. 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 reporting date, the 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 profit or loss over the remaining vesting period with a corresponding adjustment to equity.

The Group also operates a cash-settled share-based compensation plan based on options granted over shares of subsidiary entities. The fair value of the estimated amount payable is determined using a pricing model, taking into account the terms and conditions of the issued instrument, and is expensed on a straight-line basis over the vesting period. The fair value is re-measured at each reporting date with changes being recognised in profit or loss.

2.18. Provisions

Provisions for restructuring costs, legal claims and other liabilities are recognised when: the Group 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. Restructuring and property related provisions include lease termination penalties and employee termination payments. 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 at the reporting date of management's best estimate of the expenditure required to settle the obligation. The pre-tax discount rate used to determine the present value reflects current market assessments of the time value of money and the risk specific to the liability. Any increase in provisions due to the passage of time is recognised as interest expense.

2.19. Revenue recognition

(a) Goods

Sales revenue is measured at the fair value of the consideration received from the sale of goods, net of value-added tax, duties, other sales taxes, rebates and trade discounts and after eliminating sales within the Group. Revenue is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Where there is a practice of agreeing to customer returns, accumulated experience is used to estimate and provide for such returns at the time of sale.

(b) Interest income

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

(c) Royalty income

Royalty income is recognised on the accruals basis in accordance with the substance of the relevant agreements.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.20. Leases

(a) Group as lessee

Leases are classified as finance leases wherever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at the lower of the present value of future minimum lease payments and fair value of the leased item. In cases where land and buildings are acquired under finance leases, separate values of the land and buildings are established. All property, plant and equipment so recognised is depreciated over the shorter of the asset's expected useful life or the lease term.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Payments made under operating leases (net of any incentives received) are charged to profit or loss using the straight-line method over the lease term. Sub-lease income (net of any incentives given) is recognised in profit or loss using the straight-line method over the sub-lease term.

(b) Group as lessor

Rental income from operating leases is recognised in profit or loss using the straight-line method over the lease term.

2.21. Dividend distributions

Dividend distributions to Richemont shareholders are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the shareholders of the Company.

2.22. New standards and interpretations not yet adopted

Certain new accounting standards and amendments, issued by the IASB and interpretations issued by the IFRS Interpretations Committee are not yet effective and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below.

IFRS 9 *Financial Instruments,* issued in November 2009, introduces new requirements for the classification and measurement of financial assets. IFRS 9, amended in October 2010, introduces additional changes relating to financial liabilities. Adoption of these standards is not expected to have a significant impact on the Group's financial position. IFRS 9, amended in November 2013, introduced new requirements for general hedge accounting. The standard is applicable for annual periods beginning on or after 1 January 2018. The Group is yet to assess the full impact of IFRS 9.

IFRS 15 *Revenue from Contracts with Customers* was issued in May 2014. The new standard establishes a model to use in accounting for revenue from contracts with customers. The standard is effective for annual periods beginning on or after 1 January 2017. The Group is currently assessing the full impact of IFRS 15; initial indications are that the impact is unlikely to be significant.

3. Risk assessment

The Company has a risk management process which gives consideration to both strategic and operational risks. All identified risks are modelled according to their probability of occurrence and potential impact and subsequently prioritised by Group Management. A consolidated risk report, which includes action plans prepared by the Group executive directly responsible for addressing the risk, is reviewed annually by the Audit Committee and the Board of Directors.

For any risks identified which relate to accounting and financial reporting, and to reduce the risk to the financial statements arising from material misstatement, whether due to fraud or error, the Group's internal control system framework defines relevant control measures which are implemented across the Group and appropriately monitored.

Notes to the consolidated financial statements continued

4. Critical accounting estimates and assumptions

The Group is required to make estimates and assumptions that affect the reported amount of certain asset, liability, income and expense items and certain disclosures regarding contingencies, and to make judgements in the process of applying its accounting policies. Estimates and assumptions 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 consolidated financial statements. Principal matters where estimates and assumptions are made relate in particular to:

(a) Inventory

The Group records a provision against its inventory for damaged and non-sellable items. This provision is based on estimates made by management taking into consideration various factors including historical experience, estimated future demand, discontinuations and development of products.

The provision is assessed at each reporting date by the respective Maison and is adjusted accordingly. Details of the movement in the provision are provided in note 14.

(b) Uncertain tax provision

The Group is subject to income taxes in a number of jurisdictions due to its wide geographical expansion. There are a number of transactions and calculations on which the ultimate tax determination is uncertain. Management exercises judgement in determining the provision needed with respect to these uncertain tax positions. The amounts accrued are based on management's interpretation of the specific tax law. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Details of the Group's tax liabilities are given in note 11.

(c) Recoverable amount of cash generating units for goodwill impairment testing

Goodwill is tested annually for impairment. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates for sales growth, EBITDA %, terminal value and WACC.

Details of the impairment testing done in the year are given in note 7.

(d) Valuation of put option liabilities over non-controlling interests

The Group has written put options over the equity shares of subsidiary entities held by non-controlling interests. The value of the put options initially recognised through equity, with subsequent changes being recognised through profit or loss, is determined using accepted company valuation techniques. These calculations require the use of estimates for sales growth, EBITDA %, terminal value and WACC.

For details of movements in the year, see note 32 'Other price risk'.

5. Segment information

(a) Information on reportable segments

Management has determined the operating segments based on the reports regularly reviewed by the chief operating decision maker ('CODM') in making strategic decisions. Each operating segment is managed separately by a dedicated Chief Executive Officer and management team allowing management to maintain and develop the specific identity of each Maison. These operating segments have been aggregated into reportable segments as follows:

- Jewellery Maisons – businesses whose heritage is in the design, manufacture and distribution of jewellery products; these comprise Cartier, Van Cleef & Arpels and Giampiero Bodino; and
- Specialist Watchmakers – businesses whose primary activity includes the design, manufacture and distribution of precision timepieces. The Group's Specialist Watchmakers comprise Piaget, A. Lange & Söhne, Jaeger-LeCoultre, Vacheron Constantin, Officine Panerai, IWC Schaffhausen, Baume & Mercier and Roger Dubuis.

Other operating segments include Montblanc, Alfred Dunhill, Lancel, Chloé, Purdey, Shanghai Tang, Peter Millar and other manufacturing entities. None of these segments meet the quantitative thresholds for determining reportable segments. The operating segment Montblanc has historically been presented as a reportable segment as it met the quantitative thresholds of IFRS 8 *Operating Segments*. In the prior year, Montblanc did not meet the quantitative criteria, however it was presented separately as a comparative to the 2013 figures. Montblanc also does not meet the quantitative thresholds in the current period and is now presented within Other. The performance of other segments has outgrown that of the Montblanc segment, which has resulted in management's decision to no longer report it separately. The comparative figures have been represented to address this change accordingly, and for the reclassification of the results of Net-A-Porter to discontinued operations (note 18).

The entire product range of a particular Maison, which may include jewellery, watches, writing instruments and leather goods, is reflected in the sales and operating result for that segment.

The non-separable costs of operating multi-brand regional platforms are allocated to individual operating segments using allocation keys most relevant to the nature of the expense being allocated.

Unallocated corporate costs represent the costs of the Group's corporate operations which are not attributed to the segments.

Performance measurement is based on segment contribution before corporate costs, interest and tax, as management believes that such information is most relevant in evaluating the results of segments relative to other entities that operate within similar markets.

Inter-segment transactions between different fiscal entities are transacted at prices that reflect the risk and rewards transferred and are entered into under normal commercial terms and conditions. Inter-segment transactions within the same fiscal entity are transacted at cost. All such transactions are eliminated in the reports reviewed by the CODM.

5. Segment information continued

(a) Information on reportable segments continued

The segment results from continuing operations for the years ended 31 March are as follows:

	2015 € m	2014 re-presented € m
External sales		
Jewellery Maisons	**5 657**	5 438
Specialist Watchmakers	**3 123**	2 986
Other	**1 630**	1 599
	10 410	10 023

	2015 € m	2014 re-presented € m
Operating result		
Jewellery Maisons	**1 975**	1 890
Specialist Watchmakers	**730**	778
Gain on disposal of investment property ('other' segment)	**234**	–
Other	**(64)**	(29)
	2 875	2 639
Unallocated corporate costs	**(205)**	(212)
Consolidated operating profit before finance and tax	**2 670**	2 427
Finance costs	**(972)**	(173)
Finance income	**19**	245
Share of post-tax results of equity-accounted investments	**(12)**	(5)
Profit before taxation	**1 705**	2 494
Taxation	**(369)**	(415)
Profit for the year from continuing operations	**1 336**	2 079

	2015 € m	2014 re-presented € m
Depreciation and amortisation costs included within the segment operating results		
Jewellery Maisons	**171**	145
Specialist Watchmakers	**126**	98
Other	**103**	95
Unallocated	**63**	57
	463	395

No significant impairment charge was recognised in 2015 (2014: nil).

Notes to the consolidated financial statements continued

5. Segment information continued

(a) Information on reportable segments continued

The segment assets which are reviewed by the CODM comprise inventories and trade debtors.

	2015 € m	2014 € m
Segment assets		
Jewellery Maisons	**3 253**	2 534
Specialist Watchmakers	**1 935**	1 531
Other	**930**	990
	6 118	5 055

	2015 € m	2014 € m
Total segment assets	**6 118**	5 055
Property, plant and equipment	**2 446**	1 966
Goodwill	**320**	562
Other intangible assets	**461**	403
Investment property	**70**	345
Equity-accounted investments	**115**	13
Deferred income tax assets	**701**	479
Financial assets at fair value through profit or loss	**2 869**	2 848
Other non-current assets	**398**	315
Other receivables	**391**	333
Derivative financial instruments	**41**	109
Prepayments	**140**	101
Cash at bank and on hand	**5 654**	3 389
Assets of disposal group held for sale	**726**	–
Total assets	**20 450**	15 918

The CODM also reviews additions to property, plant and equipment, other intangible assets, and investment property as follows:

	2015 € m	2014 € m
Additions to non-current assets:		
Property, plant and equipment, other intangible assets and investment property		
Jewellery Maisons	**274**	225
Specialist Watchmakers	**219**	212
Other	**113**	104
Unallocated	**135**	145
	741	686

5. Segment information continued

(b) Information about geographical areas

Each operating segment operates on a worldwide basis. External sales presented in the four main geographical areas where the Group's operating segments operate are as follows:

	2015 € m	2014 re-presented € m
Europe	**3 067**	2 886
France	**783**	730
Switzerland	**544**	543
Germany, Italy and Spain	**800**	724
Other Europe	**940**	889
Middle East and Africa	**841**	705
Asia	**4 914**	5 027
China/Hong Kong	**2 450**	2 532
Japan	**814**	888
Other Asia	**1 650**	1 607
Americas	**1 588**	1 405
USA	**1 224**	1 076
Other Americas	**364**	329
	10 410	10 023

Sales are allocated based on the location of the wholesale customer, the boutique or the shipping address for on-line transactions.

The total non-current assets, other than financial instruments and deferred tax assets, located in Switzerland, the Company's domicile, and the rest of the world are as follows:

	2015 € m	2014 € m
Switzerland	**1 978**	1 559
United Kingdom	**189**	407
USA	**323**	521
Rest of the world	**1 164**	987
	3 654	3 474

Segment assets are allocated based on where the assets are located.

(c) Information about products

External sales by product are as follows:

	2015 € m	2014 re-presented € m
Watches	**5 168**	5 125
Jewellery	**3 325**	3 025
Leather goods	**610**	644
Clothing	**384**	342
Writing instruments	**361**	347
Other	**562**	540
	10 410	10 023

(d) Major customers

Sales to no single customer represented more than 10 % of total revenue. Given the local nature of the luxury goods wholesale and retail businesses, there are no major customer relationships.

Notes to the consolidated financial statements continued

6. Property, plant and equipment

	Land and buildings € m	Plant and machinery € m	Fixtures, fittings, tools and equipment € m	Assets under construction € m	Total € m
1 April 2013					
Cost	776	626	1 820	152	3 374
Depreciation	(244)	(372)	(971)	–	(1 587)
Net book value at 1 April 2013	532	254	849	152	1 787
Exchange adjustments	(3)	(1)	(46)	(4)	(54)
Acquisition through business combinations	1	2	1	–	4
Additions	36	67	337	167	607
Disposals	–	(1)	(35)	(1)	(37)
Depreciation charge	(28)	(52)	(259)	–	(339)
Transfers and reclassifications	40	7	60	(109)	(2)
31 March 2014					
Cost	848	679	1 960	205	3 692
Depreciation	(270)	(403)	(1 053)	–	(1 726)
Net book value at 31 March 2014	578	276	907	205	1 966

	Land and buildings € m	Plant and machinery € m	Fixtures, fittings, tools and equipment € m	Assets under construction € m	Total € m
1 April 2014					
Cost	**848**	**679**	**1 960**	**205**	**3 692**
Depreciation	**(270)**	**(403)**	**(1 053)**	**–**	**(1 726)**
Net book value at 1 April 2014	**578**	**276**	**907**	**205**	**1 966**
Exchange adjustments	**92**	**41**	**164**	**42**	**339**
Additions	**27**	**72**	**321**	**215**	**635**
Disposals	**(1)**	**(1)**	**(21)**	**(1)**	**(24)**
Depreciation charge	**(35)**	**(60)**	**(300)**	**–**	**(395)**
Reclassified to assets held for sale (note 18)	**–**	**–**	**(69)**	**(5)**	**(74)**
Transfers and reclassifications	**54**	**2**	**64**	**(121)**	**(1)**
31 March 2015					
Cost	**1 060**	**831**	**2 394**	**335**	**4 620**
Depreciation	**(345)**	**(501)**	**(1 328)**	**–**	**(2 174)**
Net book value at 31 March 2015	**715**	**330**	**1 066**	**335**	**2 446**

Included above is property, plant and equipment held under finance leases with a net book value of € 40 million (2014: € 34 million) comprising land and building € 37 million (2014: € 30 million); plant and machinery € nil (2014: € 2 million); and fixtures, fittings, tools and equipment € 3 million (2014: € 2 million).

Borrowing costs capitalised during the current and prior years were immaterial.

Committed capital expenditure not reflected in these financial statements amounted to € 100 million at 31 March 2015 (2014: € 83 million).

No significant impairment loss was recognised in either 2015 or 2014.

7. Goodwill

Goodwill is the only intangible asset with an indefinite life.

	€ m
Cost at 1 April 2013	561
Exchange adjustments	1
Cost at 31 March 2014	**562**
Exchange adjustments	**89**
Reclassified to assets held for sale (note 18)	**(331)**
Cost at 31 March 2015	**320**

Impairment testing for goodwill

For the purposes of impairment testing, goodwill is allocated to cash generating units ('CGU') or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose, subject to an operating segment ceiling. Goodwill is impaired if the carrying value of the CGU exceeds the recoverable amount.

Only one CGU, Net-A-Porter, has a goodwill allocation that is significant in comparison to the total goodwill of the Group. The goodwill allocation is € 331 million (2014: € 289 million). Following the announcement of the transaction described at note 18, Net-A-Porter goodwill has been reclassified to assets held for sale. Prior to reclassification, the goodwill balance was tested for impairment based on both value-in-use and fair value less costs to sell. In both cases, the recoverable amount is greater than the carrying value of the goodwill.

The key assumptions used in the value-in-use calculation are as follows:

	2015	2014
Discount rate	**10.6 %**	10.6 %
Terminal growth value	**2 %**	2 %
Budget EBITDA growth (compound average of next five years)	**26 %**	41 %

The discount rate is a pre-tax measure that reflects the specific risk relating to the CGU.

The discounted cash flow model considers five years of cash flows and a long-term growth rate based on the long-term inflation rate appropriate to the relevant markets.

The budget EBITDA is based on expected future results taking into consideration past experience with adjustments for anticipated sales growth. Sales growth is projected taking into account the average growth levels experienced over the past five years and the volumes expected over the next five years.

No other CGU has an allocation of goodwill which is significant to the Group.

Notes to the consolidated financial statements continued

8. Other intangible assets

	Intellectual property related € m	Leasehold and distribution rights € m	Computer software and related licences € m	Development costs € m	Total € m
1 April 2013					
Cost	238	282	147	137	804
Amortisation	(106)	(164)	(85)	(58)	(413)
Net book value at 1 April 2013	132	118	62	79	391
Exchange adjustments	(3)	(3)	–	(1)	(7)
Acquisition through business combinations	4	27	–	–	31
Additions:					
– internally developed	–	–	–	36	36
– other	–	20	22	–	42
Disposals	–	–	–	(2)	(2)
Amortisation charge	(13)	(38)	(18)	(21)	(90)
Transfers and reclassifications	–	–	2	–	2
31 March 2014					
Cost	190	298	167	151	806
Amortisation	(70)	(174)	(99)	(60)	(403)
Net book value at 31 March 2014	120	124	68	91	403

	Intellectual property related € m	Leasehold and distribution rights € m	Computer software and related licences € m	Development costs € m	Total € m
1 April 2014					
Cost	**190**	**298**	**167**	**151**	**806**
Amortisation	**(70)**	**(174)**	**(99)**	**(60)**	**(403)**
Net book value at 1 April 2014	**120**	**124**	**68**	**91**	**403**
Exchange adjustments	**23**	**9**	**11**	**15**	**58**
Acquisition through business combinations	**–**	**16**	**–**	**–**	**16**
Additions:					
– internally developed	**–**	**–**	**–**	**37**	**37**
– other	**2**	**49**	**18**	**–**	**69**
Disposals	**–**	**(3)**	**–**	**(2)**	**(5)**
Amortisation charge	**(13)**	**(47)**	**(21)**	**(25)**	**(106)**
Reclassified to assets held for sale (note 18)	**–**	**(1)**	**(11)**	**–**	**(12)**
Transfers and reclassifications	**(1)**	**1**	**1**	**–**	**1**
31 March 2015					
Cost	**222**	**256**	**165**	**200**	**843**
Amortisation	**(91)**	**(108)**	**(99)**	**(84)**	**(382)**
Net book value at 31 March 2015	**131**	**148**	**66**	**116**	**461**

Amortisation of € 27 million (2014: € 23 million) is included in cost of sales; € 21 million (2014: € 12 million) is included in selling and distribution expenses; € 16 million (2014: € 13 million) is included in administration expenses; and € 16 million (2014: € 17 million) is included in other expenses. An amount of € 26 million (2014: € 25 million) is included within discontinued operations.

Computer software and related licences include internally generated computer software, whilst internally generated product development costs are included within the total for development costs.

9. Investment property

	Property fund € m	Other € m	Total € m
1 April 2013			
Cost	70	297	367
Depreciation	–	–	–
Net book value at 1 April 2013	70	297	367
Exchange adjustments	–	(21)	(21)
Additions subsequent to acquisition	1	–	1
Depreciation	(1)	(1)	(2)
31 March 2014			
Cost	71	276	347
Depreciation	(1)	(1)	(2)
Net book value at 31 March 2014	70	275	345

	Property fund € m	Other € m	Total € m
1 April 2014			
Cost	**71**	**276**	**347**
Depreciation	**(1)**	**(1)**	**(2)**
Net book value at 1 April 2014	**70**	**275**	**345**
Exchange adjustments	**–**	**26**	**26**
Depreciation	**–**	**(1)**	**(1)**
Disposal	**–**	**(300)**	**(300)**
31 March 2015			
Cost	**71**	**–**	**71**
Depreciation	**(1)**	**–**	**(1)**
Net book value at 31 March 2015	**70**	**–**	**70**

Independent property valuers performed market valuations of the Group’s investment properties at 31 December 2014. The property valuers, who are external to the Group, hold appropriate recognised professional qualifications and have recent experience in the location and category of properties being valued. The fair value of the properties was determined using the income approach considering recent market transactions, supported by market knowledge and the current and future rental income potential arising from the existing leases.

The fair values are considered as Level 2 in the fair value hierarchy. The most significant inputs considered in the valuation were the capitalisation rate of 4.1 % and the current and future level of rental income per square metre. The fair value of the Group’s investment property was determined to be € 96 million at 31 December 2014. There have been no significant market fluctuations that would lead to the fair value at 31 March 2015 being significantly different from this value.

On 28 October 2014, the sale of an investment property was completed, generating a gain of € 234 million (€ 136 million after taxes and costs to sell).

The Group leases out its investment properties. The minimum rental payments under non-cancellable leases receivable at 31 March are as follows:

	2015 € m	2014 € m
Within one year	**3**	8
Between two and five years	**14**	26
Thereafter	**16**	15
	33	49

Notes to the consolidated financial statements continued

9. Investment property continued

Rental income of € 7 million was received in the year to 31 March 2015 and included as other operating income (2014: € 9 million). Repairs and maintenance expenses included as other operating expenses were as follows:

Expenses relating to:	2015 € m	2014 € m
Income generating properties	**4**	3
Vacant properties	**–**	–
	4	3

The investment properties are leased out for use as retail space with contract terms ending 2024. The lease terms are comparable with the market for retail space in the appropriate location, recognising the commencement date of the lease. These include a mix of fixed base rent, fixed annual increases and variable rentals based on a percentage of sales achieved by the lessee.

An insignificant portion of one property is occupied by the Group for own use. The entire property is included in investment property value above.

On 17 April 2015, the Group completed the acquisition of an investment property in Paris for a total cost of € 110 million (note 38).

10. Equity-accounted investments

	€ m
At 1 April 2013	11
Share of post-tax results	(5)
Share of losses offset against long-term receivable from an equity-accounted investment	7
At 31 March 2014	**13**
Exchange adjustments	**10**
Acquisition of equity-accounted investments	**100**
Disposal of equity-accounted investments	**(3)**
Dividend received	**(1)**
Share of post-tax results	**(12)**
Share of losses offset against long-term receivable from an equity-accounted investment	**8**
At 31 March 2015	**115**

The value of equity-accounted investments at 31 March 2015 includes goodwill of € 7 million (2014: € 6 million).

The Group's principal equity-accounted investments at 31 March 2015 are as follows:

			% interest held	Country of incorporation	Country of operation
Greubel Forsey SA	Watchmaker	Associate	20.0	Switzerland	Switzerland
Rouages SA	Watch component manufacturer	Associate	34.7	Switzerland	Switzerland
DDA AD Sàrl	Investment entity	Associate	20.0	Luxembourg	UAE
Les Cadraniers de Genève SA	Watch component manufacturer	Joint venture	50.0	Switzerland	Switzerland
Fook Ming Watch Limited	Distributor of watch products	Joint venture	50.0	Hong Kong	Hong Kong
Laureus World Sports Awards Limited	Sports Awards	Joint venture	50.0	United Kingdom	Worldwide
Ralph Lauren Watch & Jewelry Company Sàrl	Watchmaker	Joint venture	50.0	Switzerland	Worldwide
Dalloz Pre-Setting SAS	Jewellery manufacturer	Joint venture	33.3	France	France
New Bond Street JV Jersey Unit Trust	Investment entity	Joint venture	48.4	United Kingdom	United Kingdom

10. Equity-accounted investments continued

No individual equity-accounted investment is considered significant to the Group. The summarised financial information is provided on an aggregate basis, together with reconciliation to the amounts recognised in the Group statement of financial position and profit or loss:

	Associated undertakings		Joint ventures		Total	
	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m
Revenue	**32**	36	**16**	17	**48**	53
Profit/(loss) for the year	**–**	1	**(24)**	(11)	**(24)**	(10)
Group's share of profit/(loss) at individual % owned	**–**	–	**(12)**	(5)	**(12)**	(5)
Amount recognised in profit or (loss)	**–**	–	**(12)**	(5)	**(12)**	(5)

	Associated undertakings		Joint ventures		Total	
	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m
Non-current assets	**19**	15	**456**	4	**475**	19
Current assets	**27**	24	**42**	29	**69**	53
Non-current liabilities	**(15)**	(13)	**(242)**	(1)	**(257)**	(14)
Current liabilities	**(18)**	(15)	**(121)**	(78)	**(139)**	(93)
Net assets/(liabilities)	**13**	11	**135**	(46)	**148**	(35)
Group's share of net assets/(liabilities)	**3**	3	**65**	(23)	**68**	(20)
Goodwill	**7**	6	**–**	–	**7**	6
Losses recognised against long-term loan	**–**	–	**40**	27	**40**	27
Carrying amount of equity-accounted investments	**10**	9	**105**	4	**115**	13

The information above reflects the amounts presented in the financial statements of the equity-accounted investments, adjusted for fair value adjustments at acquisition and differences in accounting policies.

Notes to the consolidated financial statements continued

11. Taxation

11.1. Deferred income tax

(a) Deferred income tax assets

	1 April 2013 € m	Exchange adjustments € m	(Charge)/credit for year € m	Recognised directly in equity or other comprehensive income € m	Acquisition in business combinations and transfers € m	31 March 2014 € m
Depreciation	24	(1)	–	–	–	23
Provision on inventories	18	(1)	10	–	–	27
Bad debt reserves	3	–	1	–	–	4
Employee benefits obligation	26	–	(2)	(2)	–	22
Unrealised gross margin elimination	328	(2)	20	–	–	346
Tax losses carried forward	3	(1)	13	–	–	15
Deferred tax on option plan	81	–	(4)	1	–	78
Other	100	(5)	14	–	–	109
	583	(10)	52	(1)	–	624
Offset against deferred tax liabilities for entities settling on a net basis	(142)					(145)
	441					479

	1 April 2014 € m	Exchange adjustments € m	(Charge)/credit for year € m	Recognised directly in equity or other comprehensive income € m	Acquisition in business combinations and transfers € m	31 March 2015 € m
Depreciation	**23**	**3**	**(7)**	**–**	**2**	**21**
Provision on inventories	**27**	**4**	**10**	**–**	**(2)**	**39**
Bad debt reserves	**4**	**–**	**(1)**	**–**	**–**	**3**
Employee benefits obligation	**22**	**4**	**2**	**29**	**–**	**57**
Unrealised gross margin elimination	**346**	**77**	**94**	**–**	**–**	**517**
Tax losses carried forward	**15**	**3**	**7**	**–**	**1**	**26**
Deferred tax on option plan	**78**	**8**	**2**	**(40)**	**–**	**48**
Other	**109**	**18**	**(6)**	**–**	**(5)**	**116**
	624	**117**	**101**	**(11)**	**(4)**	**827**
Offset against deferred tax liabilities for entities settling on a net basis	**(145)**					**(126)**
	479					**701**

€ 270 million of deferred tax assets are expected to be recovered after more than twelve months (2014: € 251 million).

Movements shown as 'Acquisition in business combinations and transfers' includes the reclassification of deferred tax assets and liabilities to assets held for sale (note 18).

11. Taxation continued

11.1. Deferred income tax continued

(b) Deferred income tax liabilities

	1 April 2013 € m	Exchange adjustments € m	(Charge)/credit for year € m	Recognised directly in equity or other comprehensive income € m	Acquisition in business combinations and transfers € m	31 March 2014 € m
Depreciation	(43)	1	4	–	–	(38)
Provision on inventories	(96)	1	(25)	–	–	(120)
Undistributed retained earnings	(21)	–	(3)	–	–	(24)
Other	(21)	–	(4)	2	–	(23)
	(181)	2	(28)	2	–	(205)
Offset against deferred tax assets for entities settling on a net basis	142					145
	(39)					(60)

	1 April 2014 € m	Exchange adjustments € m	(Charge)/credit for year € m	Recognised directly in equity or other comprehensive income € m	Acquisition in business combinations and transfers € m	31 March 2015 € m
Depreciation	**(38)**	**(5)**	**14**	**–**	**(6)**	**(35)**
Provision on inventories	**(120)**	**(18)**	**20**	**–**	**–**	**(118)**
Undistributed retained earnings	**(24)**	**–**	**(12)**	**–**	**–**	**(36)**
Other	**(23)**	**(1)**	**17**	**–**	**(1)**	**(8)**
	(205)	**(24)**	**39**	**–**	**(7)**	**(197)**
Offset against deferred tax assets for entities settling on a net basis	**145**					**126**
	(60)					**(71)**

€ 80 million of deferred tax liabilities are expected to be settled after more than twelve months (2014: € 84 million).

Movements shown as 'Acquisition in business combinations and transfers' includes the reclassification of deferred tax assets and liabilities to assets held for sale (note 18).

(c) Unrecognised deferred tax assets

The Group has not recognised a deferred tax asset in respect of tax losses of € 603 million (2014: € 562 million). € 344 million of the unrecognised tax losses can be carried forward in the applicable jurisdiction of the reporting entity with no expiry dates (2014: € 315 million). The remainder of the unrecognised tax losses have expiration dates of between five and ten years.

11.2. Taxation charge from continuing operations

Taxation charge for the year:

	2015 € m	2014 re-presented € m
Current tax	**499**	425
Deferred tax (credit)/charge	**(130)**	(10)
	369	415

The average effective tax rate is calculated in respect of profit before taxation but excluding the share of post-tax results of equity-accounted investments. The rates for the years ended 31 March 2015 and 2014 were 21.5 % and 16.6 % respectively.

11. Taxation continued

11.2. Taxation charge continued

The taxation charge on the Group's profit before tax differs from the amount that arises using the local statutory tax rates applicable to profits of the consolidated companies as follows:

	2015 € m	2014 re-presented € m
Profit before taxation	**1 705**	2 494
Share of post-tax results of equity-accounted investments	**12**	5
Adjusted profit before taxation	**1 717**	2 499
Tax on adjusted profit calculated at statutory tax rate	**361**	525
Difference in tax rates	**(1)**	(142)
Non-taxable income	**(5)**	(7)
Non-deductible expenses net of other permanent differences	**(18)**	6
Utilisation and recognition of prior year tax losses	**(5)**	(16)
Non-recognition of current year tax losses	**15**	31
Withholding and other taxes	**18**	20
Prior year adjustments	**4**	(2)
Taxation charge	**369**	415

The statutory tax rate applied of 21 % reflects the average rate applicable to the main Swiss-based operating companies.

12. Financial assets held at fair value through profit or loss

	2015 € m	2014 € m
Non-current:		
Investments in listed undertakings	**5**	4
Investments in unlisted undertakings	**6**	5
Total non-current	**11**	9
Current:		
Investments in money market and government bond funds	**2 858**	2 839
Total current	**2 858**	2 839
Total financial assets held at fair value through profit or loss	**2 869**	2 848

All of the above assets were designated as held at fair value through profit or loss on initial recognition. These assets are managed and their performance is evaluated on a fair value basis. Management reviews performance and valuation of these investments on a regular basis.

13. Other non-current assets

	2015 € m	2014 € m
Maisons' collections	**221**	166
Lease deposits	**143**	119
Loans and receivables	**13**	11
Other assets	**21**	19
	398	315

The carrying values of lease deposits, loans and receivables approximate their fair values. There are no overdue or impaired amounts included in deposits, loans and receivables.

Included in loans and receivables is an amount of € 2 million (2014: € 3 million) due from an equity-accounted investment.

14. Inventories

	2015 € m	2014 € m
Raw materials and work in progress	**2 057**	1 781
Finished goods	**3 895**	3 125
	5 952	4 906
Provision for inventory	**(514)**	(451)
	5 438	4 455

The cost of inventories recognised as an expense and included in cost of sales amounted to € 3 111 million (2014: € 3 135 million).

The Group reversed € 62 million (2014: € 53 million) of a previous inventory write-down during the year as the goods were sold at an amount in excess of the written down value. The amount reversed has been credited to cost of sales.

The Group recognised € 159 million (2014: € 163 million) in the write-down of inventory as a charge to cost of sales.

15. Trade and other receivables

	2015 € m	2014 € m
Trade receivables	**701**	620
Less: provision for impairment	**(21)**	(20)
Trade receivables – net	**680**	600
Loans and other receivables	**391**	333
	1 071	933

Trade and other receivables are valued based on expected cash flows which are not discounted as they are expected to occur within the next twelve months.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of internationally dispersed customers.

In addition to the amounts above there are non-current assets amounting to € 156 million (2014: € 130 million) and cash balances as disclosed in note 17 which are considered to be loans and receivables.

Notes to the consolidated financial statements continued

15. Trade and other receivables continued

The maximum exposure to credit risk for trade receivables by geographic region was:

	2015 € m	2014 € m
Europe	**218**	222
France	**70**	73
Switzerland	**92**	92
Germany, Italy and Spain	**37**	43
Other Europe	**19**	14
Middle East and Africa	**58**	36
Asia	**265**	245
China/Hong Kong	**128**	104
Japan	**66**	86
Other Asia	**71**	55
Americas	**139**	97
USA	**112**	75
Other Americas	**27**	22
	680	600

The maximum exposure to credit risk for trade receivables by type of customer was:

	2015 € m	2014 € m
Wholesale customers	**518**	466
Retail customers	**162**	134
	680	600

The Group's most significant wholesale customer, in Hong Kong, accounts for € 17 million of the total trade receivables carrying amount at March 2015 (2014: € 14 million for a Hong Kong wholesaler).

Impairment losses
Impairment losses are recognised for all known bad debts and are provided on a specific basis.

The movement in the provision for impairment of trade and other receivables was as follows:

	2015 € m	2014 € m
Balance at 1 April of prior year	**(20)**	(19)
Provision charged to profit or loss	**(17)**	(17)
Utilisation of provision	**3**	2
Reversal of unutilised provision	**13**	14
Balance at 31 March	**(21)**	(20)

15. Trade and other receivables continued

At 31 March 2015, trade and other receivables of € 39 million (2014: € 36 million) were impaired.

Receivables past due but not impaired:

	2015 € m	2014 € m
Up to three months past due	**50**	43
Three to six months past due	**5**	8
Over six months past due	**5**	6
	60	57

Based on past experience, the Group does not impair receivables that are not past due unless they are known to be bad debts. The Group has established credit check procedures that ensure the high creditworthiness of its customers.

Due to their short maturity, the fair values of trade and other receivables approximate to their book values.

16. Derivative financial instruments

The Group uses the following derivative instruments:

(a) Currency forwards: representing commitments to purchase or sell foreign and domestic currencies;

(b) Interest rate swaps (including forward-starting interest rate swaps): commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of interest rates (for example, fixed for floating). No exchange of principal takes place. The Group's credit exposure represents the potential cost of replacing the swap contracts if counterparties fail to perform their obligation; and

(c) Derivative share options: options granted to certain Richemont executives giving them the right to acquire shares in listed equities at pre-determined prices.

The nominal amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the reporting date but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments, and therefore do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms.

The fair value of publicly traded derivatives, securities and investments is based on quoted market prices at the reporting date. In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date.

The nominal amounts and fair values of derivative instruments held are as follows:

	Nominal amount		Fair value assets		Fair value liabilities	
	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m
Currency forwards	**3 726**	2 978	**41**	98	**(148)**	(3)
Interest rate swap derivatives	**373**	290	**–**	11	**(10)**	–
Derivative share options	**5**	4	**–**	–	**(2)**	(2)
	4 104	3 272	**41**	109	**(160)**	(5)

Other than the non-hedge derivatives detailed above, the Group has no other financial assets classified as held for trading.

Notes to the consolidated financial statements continued

16. Derivative financial instruments continued

The contractual maturity of the nominal value of derivative instruments held is as follows:

	Less than 6 months		Between 6 and 12 months		After 12 months	
	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m
Currency forwards	**1 860**	1 435	**1 866**	1 543	**–**	–
Interest rate swap derivatives	**–**	–	**–**	–	**373**	290
Derivative share options	**5**	4	**–**	–	**–**	–
	1 865	1 439	**1 866**	1 543	**373**	290

Nominal amount

Nominal amounts represent the following:

- Currency forwards: the sum of all contract volumes outstanding at the year end.
- Interest rate swap: the notional principal amount on which the exchanged interest payments are based.
- Derivative share options: the sum of all share options on listed equities, other than Compagnie Financière Richemont SA, granted to executives as part of the Group stock option plan.

Foreign currency amounts have been translated to euros using the exchange rates prevailing at the reporting date.

17. Cash and cash equivalents

	2015 € m	2014 € m
Cash at bank and on hand	**5 654**	3 389
Bank overdrafts	**(2 502)**	(1 175)
	3 152	2 214

The effective interest rate on cash at bank was 0.3 % (2014: 0.4 %). The effective interest rate on bank overdrafts was 2.6 % (2014: 2.5 %).

18. Assets and liabilities of disposal group held for sale

On 31 March 2015, the Group announced that it has entered into a binding, conditional agreement to sell a controlling interest in the NET-A-PORTER GROUP, which will be merged with YOOX SpA (a company registered in Italy) in an all-share transaction in which the Group will receive 50 % of the share capital of the combined entity's listed parent company. The Group's voting rights will be restricted to 25 % of the total voting rights of the entity. Management expect the sale to be completed in the first half of financial year 2016. The business meets the criteria of IFRS 5 to be classified as held for sale and, as it is considered to be a separate major line of business, it is reported as a discontinued operation.

For segmental reporting, the NET-A-PORTER GROUP was an operating segment aggregated into Other.

The results of the discontinued operation included in profit for the year are set out below. The comparative statement of comprehensive income has been re-presented to show the discontinued operations separately from continuing operations. The Group expects that the fair value less costs to sell of the business will be higher than the aggregate carrying amount of the related assets and liabilities and has therefore not recognised any impairment losses during the period.

18. Assets and liabilities of disposal group held for sale continued

	2015 € m	2014 € m
Sales	**816**	626
Expenses	**(815)**	(634)
Operating profit/(loss)	**1**	(8)
Finance costs	**–**	(8)
Finance income	**11**	–
Profit/(loss) before taxation of discontinued operations	**12**	(16)
Taxation	**(14)**	4
Loss for the year from discontinued operations	**(2)**	(12)

The cumulative income or (expense) recognised in Other Comprehensive Income in relation to the disposal group is as follows:

	2015 € m	2014 € m
Currency translation adjustments	**46**	4
Cumulative income recognised in other comprehensive income	**46**	4

Cash flows from/(used in) discontinued operations are as follows:

	2015 € m	2014 € m
Net cash generated from operating activities	**30**	3
Net cash used in investing activities	**(14)**	(14)
	16	(11)

The major classes of assets and liabilities of the disposal group at 31 March are as follows:

	2015 € m	2014 € m
Property, plant and equipment	**74**	–
Goodwill	**331**	–
Other intangible assets	**12**	–
Deferred tax assets	**13**	–
Other non-current assets	**2**	–
Inventories	**234**	–
Trade and other receivables	**49**	–
Prepayments	**11**	–
Assets of disposal group held for sale	**726**	–
Provisions	**(18)**	–
Deferred tax liabilities	**(2)**	–
Other long-term financial liabilities	**(9)**	–
Trade and other payables	**(117)**	–
Accruals and deferred income	**(56)**	–
Current tax liabilities	**(11)**	–
Liabilities of disposal group held for sale	**(213)**	–
Net assets of disposal group held for sale	**513**	–

19. Equity

19.1. Share capital

	2015 € m	2014 € m
Authorised, issued and fully paid:		
522 000 000 'A' registered shares with a par value of CHF 1.00 each	**304**	304
522 000 000 'B' registered shares with a par value of CHF 0.10 each	**30**	30
	334	334

Holders of ‘A’ and ‘B’ shares enjoy the same dividend rights, but due to the differing par values of the two classes of shares, ‘B’ shareholders receive one tenth of the dividend per share paid to holders of the ‘A’ shares.

19.2. Treasury shares

In order to hedge partially its potential obligations arising under the stock option plan, the Group has purchased Richemont ‘A’ shares. Changes in the holding of this treasury stock of shares are shown as movements in shareholders’ equity as follows:

	Shares millions	€ m
Balance at 1 April 2013	21.1	556
Purchased	1.1	81
Sold	(10.9)	(311)
Balance at 31 March 2014	**11.3**	**326**
Purchased	**1.6**	**123**
Sold	**(3.0)**	**(85)**
Balance at 31 March 2015	**9.9**	**364**

The Company has given a pledge over 4 521 610 Richemont ‘A’ shares as security for vested warrants granted under the Group’s stock option plan (2014: 5 509 821 Richemont ‘A’ shares).

The cost value of the 3.0 million shares (2014: 10.9 million shares) sold during the year to plan participants who exercised their options was € 85 million (2014: € 311 million).

During the year under review the Group acquired 1.6 million treasury shares in the open market, at a total cost of € 123 million. These treasury shares provide a comprehensive hedge of the Group’s potential obligations arising under the stock option plan. In the same period the Group delivered 3.0 million treasury shares for proceeds of € 58 million, in settlement of options exercised in the period and traded options exercised in previous periods.

The loss realised on shares sold during the year to plan participants amounted to € 27 million (2014: € 139 million) which was recognised directly in retained earnings.

The market value of the 9.9 million shares (2014: 11.3 million shares) held by the Group at the year end, based on the closing price at 31 March 2015 of CHF 78.30 (2014: CHF 84.40), amounted to € 743 million (2014: € 783 million).

19.3. Share option reserve

	2015 € m	2014 € m
Balance at 1 April of prior year	**309**	288
Movement in employee share option reserve		
– equity-settled share option expense	**22**	20
Tax on items recognised directly in equity	**(40)**	1
Balance at 31 March	**291**	309

19. Equity continued

19.4. Retained earnings

	2015 € m	2014 € m
Balance at 1 April of prior year	**10 309**	8 826
Profit for the year	**1 334**	2 072
Dividends paid	**(650)**	(452)
Defined benefit plan actuarial (losses)/gains	**(139)**	2
Tax on defined benefit plan actuarial (losses)/gains	**29**	–
Acquisition of non-controlling interests	**(2)**	–
Loss on sale of treasury shares	**(27)**	(139)
Balance at 31 March	**10 854**	10 309

19.5. Legal reserves

Legal reserves amounting to € 95 million (2014: € 95 million) are included in the reserves of Group companies but are not available for distribution.

20. Borrowings

	2015 € m	2014 € m
Non-current:		
Secured bank loan	**3**	4
Unsecured bank borrowings	**373**	290
Finance lease obligations	**29**	24
	405	318
Current:		
Secured bank loan	**2**	1
Unsecured bank borrowings	**183**	74
Finance lease obligations	**1**	1
	186	76
Total borrowings	**591**	394

The Group's borrowings are denominated in the following currencies:

	2015 € m	2014 € m
Swiss franc	**31**	25
US dollar	**391**	290
Chinese yuan	**120**	54
Taiwan dollar	**32**	12
Other	**17**	13
	591	394

Notes to the consolidated financial statements continued

20. Borrowings continued

The Group's borrowings are subject to fixed and floating interest rates as follows:

	2015 € m	2014 € m
Fixed rate borrowings	**378**	295
Floating rate borrowings	**183**	74
Finance lease obligations	**30**	25
	591	394

The Group has two fixed rate borrowings; a 2.95 % fixed rate USD borrowing of € 373 million maturing in 2019, and a 3.4 % fixed rate CHF borrowing of € 5 million maturing in 2017. The Group has provided an irrevocable and unconditional guarantee for the repayment of the USD-denominated loan committed by one of the Group's subsidiaries. The CHF loan is secured on land owned by the Group. The fair values of the fixed rate borrowings are based on the future cash flow discounted using a rate based on the borrowing rate over the remaining loan term and are within Level 2 of the fair value hierarchy.

The carrying value of the Group's floating rate borrowings approximate their fair values.

Finance lease obligations

	Minimum lease payments		Interest		Present value of finance lease obligations	
	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m
Within one year	**2**	2	**1**	1	**1**	1
Between one and five years	**6**	5	**4**	3	**2**	2
After more than five years	**113**	96	**86**	74	**27**	22
	121	103	**91**	78	**30**	25

21. Employee benefits obligation

The Group's major benefit plans are in Switzerland and the UK.

Switzerland

In Switzerland, the Group operates a retirement foundation with assets which are held separately from the Group. This foundation covers the majority of employees in Switzerland and provides benefits on a defined contribution basis.

Each employee has a retirement account to which the employee and the Group make contributions at rates set out in the foundation rules based on a percentage of salary. Every year the foundation Board decides the level of interest, if any, to apply to retirement accounts based on their agreed policy. At retirement an employee can take their retirement account or have this paid as a pension.

The foundation Board is expected to eventually pay out all of the foundation's assets as benefits to employees and former employees and therefore if any surplus arises this is not deemed to be recoverable by the Group. Similarly, unless the assets are insufficient to cover minimum benefits, the Group does not expect to make any deficit contributions to the foundation.

Under IAS19 *Employee Benefits*, the foundation is categorised as a defined benefit plan due to underlying benefit guarantees and therefore it is accounted for on that basis.

Under IAS19, the calculation methodology, including the use of a historically low corporate bond based discount rate (due to year-end market conditions) has resulted in disclosing a deficit on the balance sheet at the year end. In practice, based on the most recent valuation, the assets held are expected to be more than sufficient to cover the current retirement account for each member, the current pensions in payment and the future value of any guarantees and therefore the Group does not expect to be required to make any additional contributions.

The weighted average duration of the expected benefit payments from the foundation is approximately 17 years.

In addition, the Group sponsors a number of other smaller arrangements in Switzerland which are included in the figures that follow.

The Group expects to contribute € 69 million to these plans in Switzerland during 2015/16, compared to € 60 million during 2014/15.

UK

In the UK, the Group operates a defined benefit plan which is closed to new entrants. Since closure employees have been offered membership of a defined contribution plan operated by the Group.

Under the defined benefit plan, each member's pension at retirement is related to their pensionable service and final pensionable salary. The weighted average duration of the expected benefit payments from the plan is around 21 years. The defined benefit plan is operated from a trust, which has assets held separately from the Group and trustees who ensure the plan's rules are adhered to.

A funding valuation of the defined benefit plan is carried out and agreed between the Group and the plan trustees at least once every three years. The funding target is for the plan to hold assets equal in value to the accrued benefits based on projected salaries. If there is a shortfall against this target, then the Group and trustees will agree on deficit contributions to meet this deficit over a period.

There is a risk to the Group that adverse experience could lead to a requirement for the Group to make additional contributions to recover any deficit that arises.

Contributions to the defined contribution plan by both the Group and employees are at levels set out in the plan rules.

The Group expects to contribute € 12 million to the defined benefit plan during 2015/16, compared to € 11 million during 2014/15.

Rest of the world

The Group sponsors other retirement plans, a mixture of defined benefit and defined contribution, in some other countries where the Group operates.

The Group expects to contribute € 10 million to all such plans during 2015/16. This compares to € 15 million during 2014/15.

The net liabilities reflected in non-current liabilities in the statement of financial position in respect of employment benefit plans are determined as follows:

	Switzerland		UK		Rest of the world		Total	
	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m
Present value of funded obligations	**(1 410)**	(937)	**(379)**	(269)	**(170)**	(127)	**(1 959)**	(1 333)
Fair value of plan assets	**1 313**	951	**316**	243	**148**	121	**1 777**	1 315
Net funded obligations	**(97)**	14	**(63)**	(26)	**(22)**	(6)	**(182)**	(18)
Present value of unfunded obligations	**–**	–	**–**	–	**(54)**	(52)	**(54)**	(52)
Amount not recognised due to asset limit	**–**	(15)	**–**	–	**(1)**	(1)	**(1)**	(16)
Net liabilities	**(97)**	(1)	**(63)**	(26)	**(77)**	(59)	**(237)**	(86)

21. Employee benefits obligation continued

The amounts recognised in profit or loss in respect of such plans are as follows:

	Switzerland		UK		Rest of the world		Total	
	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m
Current service cost	57	48	3	3	12	13	72	64
Administration expenses	1	1	1	1	–	–	2	2
Net interest on net defined benefit liability/(asset)	–	–	1	1	1	1	2	2
Past service costs	–	(7)	–	–	–	–	–	(7)
Actuarial (losses)/gains on other employee benefits	–	–	–	–	1	(1)	1	(1)
	58	42	5	5	14	13	77	60

	Switzerland		UK		Rest of the world		Total	
	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m
Expense charged in:								
Cost of sales	34	31	–	–	4	3	38	34
Net operating expenses	24	11	5	5	10	10	39	26
	58	42	5	5	14	13	77	60

Total costs are included in employee benefits expense (note 27).

The amounts recognised immediately in other comprehensive income in respect of such plans are as follows:

	Switzerland		UK		Rest of the world		Total	
	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m
Net actuarial (gains)/losses in the year:								
Changes in financial assumptions	193	4	59	(4)	28	–	280	–
Changes in demographic assumptions	–	–	–	5	(1)	–	(1)	5
Experience adjustments on benefit obligations	(6)	14	(1)	(8)	–	(1)	(7)	5
Actual return on plan assets less interest on plan assets	(85)	(15)	(21)	7	(11)	(7)	(117)	(15)
Adjustment to recognise the effect of asset limit	(16)	2	–	–	–	1	(16)	3
	86	5	37	–	16	(7)	139	(2)

Changes in the net liabilities recognised are as follows:

	Switzerland		UK		Rest of the world		Total	
	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m
Balance at 1 April of prior year	(1)	(8)	(26)	(29)	(59)	(62)	(86)	(99)
Exchange differences	(12)	1	(6)	(1)	(3)	–	(21)	–
Amounts recognised in profit or loss	(58)	(42)	(5)	(5)	(14)	(13)	(77)	(60)
Amounts recognised in other comprehensive income	(86)	(5)	(37)	–	(16)	7	(139)	2
Contributions paid	60	53	11	9	15	9	86	71
Balance at 31 March	(97)	(1)	(63)	(26)	(77)	(59)	(237)	(86)

21. Employee benefits obligation continued

The movement in the fair value of plan assets was as follows:

	Switzerland		UK		Rest of the world		Total	
	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m
Balance at 1 April of prior year	**951**	866	**243**	233	**121**	120	**1 315**	1 219
Exchange differences	**182**	1	**37**	4	**4**	(5)	**223**	–
Interest on plan assets	**21**	17	**12**	11	**4**	4	**37**	32
Actual return on plan assets less interest on plan assets	**85**	15	**21**	(7)	**11**	7	**117**	15
Assets distributed on settlements	**–**	–	**–**	–	**–**	(6)	**–**	(6)
Contributions paid by employer	**60**	53	**11**	9	**15**	9	**86**	71
Contributions paid by plan participants	**42**	36	**1**	1	**–**	–	**43**	37
Benefits paid	**(27)**	(38)	**(8)**	(7)	**(7)**	(8)	**(42)**	(53)
Administrative expenses	**(1)**	(1)	**(1)**	(1)	**–**	–	**(2)**	(2)
Assets acquired in a business combination	**–**	2	**–**	–	**–**	–	**–**	2
Balance at 31 March	**1 313**	951	**316**	243	**148**	121	**1 777**	1 315

The movement in the present value of the employee benefit obligation was as follows:

	Switzerland		UK		Rest of the world		Total	
	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m
Balance at 1 April of prior year	**(937)**	(861)	**(269)**	(262)	**(179)**	(182)	**(1 385)**	(1 305)
Exchange differences	**(193)**	–	**(43)**	(5)	**(7)**	5	**(243)**	–
Current service cost (employer part)	**(57)**	(48)	**(3)**	(3)	**(12)**	(13)	**(72)**	(64)
Contributions by plan participants	**(42)**	(36)	**(1)**	(1)	**–**	–	**(43)**	(37)
Interest on benefit obligations	**(21)**	(17)	**(13)**	(12)	**(5)**	(5)	**(39)**	(34)
Actuarial (losses)/gains	**(187)**	(18)	**(58)**	7	**(28)**	2	**(273)**	(9)
Past service cost	**–**	7	**–**	–	**–**	–	**–**	7
Liabilities extinguished on settlements	**–**	–	**–**	–	**–**	6	**–**	6
Liabilities assumed in a business combination	**–**	(2)	**–**	–	**–**	–	**–**	(2)
Benefits paid	**27**	38	**8**	7	**7**	8	**42**	53
Balance at 31 March	**(1 410)**	(937)	**(379)**	(269)	**(224)**	(179)	**(2 013)**	(1 385)
Present value of funded obligations	**(1 410)**	(937)	**(379)**	(269)	**(170)**	(127)	**(1 959)**	(1 333)
Present value of unfunded obligations	**–**	–	**–**	–	**(54)**	(52)	**(54)**	(52)
Balance at 31 March	**(1 410)**	(937)	**(379)**	(269)	**(224)**	(179)	**(2 013)**	(1 385)

Changes in the amount not recognised due to the asset limit are as follows:

	Switzerland		UK		Rest of the world		Total	
	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m
Balance at 1 April of prior year	**(15)**	(13)	**–**	–	**(1)**	–	**(16)**	(13)
Change in surplus/(deficit)	**16**	(2)	**–**	–	**–**	(1)	**16**	(3)
Exchange difference	**(1)**	–	**–**	–	**–**	–	**(1)**	–
Balance at 31 March	**–**	(15)	**–**	–	**(1)**	(1)	**(1)**	(16)

21. Employee benefits obligation continued

The major categories of plan assets at the reporting date are as follows:

	Switzerland		UK		Rest of the world		Total	
	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m
Equities	**419**	310	**48**	37	**51**	47	**518**	394
Government bonds	**425**	282	**117**	86	**26**	20	**568**	388
Corporate bonds	**58**	45	**26**	21	**60**	43	**144**	109
Property	**285**	194	**28**	21	**–**	–	**313**	215
Cash	**46**	56	**3**	2	**6**	3	**55**	61
Insurance policies and other assets	**80**	64	**94**	76	**5**	8	**179**	148
Fair value of plan assets	**1 313**	951	**316**	243	**148**	121	**1 777**	1 315

The plans' assets are held primarily within instruments with quoted market prices in active markets with the exception of the property and insurance policy holdings, € 58 million of the equity, and € 18 million of the bond holdings.

The Swiss foundation own a property valued at € 21 million which the Group currently leases from the foundation. With the exception of this holding, the plans do not invest directly in property occupied by the Group or in financial securities issued by the Group.

The investment strategy in Switzerland is to invest, within the statutory requirements, in a diversified portfolio which provides a long-term return which will enable the foundation Board to provide increases to the employee's accounts, whilst taking on the lowest possible risk in order to do so.

In the UK, the investment strategy is set by the trustees of the plan. The current strategy is to hold UK government bonds and corporate bonds to back the liabilities of current pensioners who are receiving their pensions and to hold return-seeking assets, such as equities and property, to back the benefits promised to future pensioners.

These two strategies result in the following long-term asset allocations:

	Switzerland	UK
Equities	**33 %**	**15 %**
Government bonds	**34 %**	**40 %**
Corporate bonds	**4 %**	**10 %**
Property	**21 %**	**10 %**
Other assets	**8 %**	**25 %**
	100 %	**100 %**

The principal actuarial assumptions used for accounting purposes reflect prevailing market conditions in each of the countries in which the Group operates, and are as follows:

	Switzerland		UK	
	2015	2014	2015	2014
Discount rate	**0.8 %**	2.1 %	**3.3 %**	4.4 %
Future salary increases	**1.0 %**	1.5 %	**4.1 %**	4.4 %
Interest credit rate	**1.0 %**	1.8 %	**–**	–
Future pension increases	**–**	–	**3.0 %**	3.3 %
Future life expectancy of a 60 year old (years)	**26.1**	26.0	**27.9**	27.8

21. Employee benefits obligation continued

	Rest of the world			
	2015 Range	Weighted average	2014 Range	Weighted average
Discount rate	**0.8 % to 3.5 %**	**1.4 %**	1.4 % to 3.3 %	3.0 %
Future salary increases	**2.2 % to 3.3 %**	**3.1 %**	2.0 % to 4.8 %	3.3 %
Future pension increases	**1.8 %**	**1.8 %**	2.0 %	2.0 %

Assumptions used to determine the benefit expense and the end-of-year benefit obligations for the other defined benefit plans varied within the ranges shown above. The weighted average rate for each assumption used to measure the benefit obligation is also shown. The assumptions used to determine end-of-year benefit obligations are also used to calculate the following year's cost.

As an indication, in Switzerland a decrease in the discount rate of 0.5 % per annum would, all other things being equal, increase the obligations by € 125 million (2014: € 75 million), a 0.5 % per annum increase in assumed salary increases would increase the obligations by € 31 million (2014: € 17 million) and a one-year increase in members life expectancy would increase obligations by around € 24 million (2014: € 12 million). In practice, if the obligations increase then this is likely to also lead to a reduction in the assumption for future interest credit which would act to offset the increase in obligations. For example, a 0.5 % per annum decrease in the interest credit rate leads to a € 57 million (2014: € 37 million) decrease in the obligations. The Group does not expect any economic benefit from the foundation in Switzerland and therefore, in practice any improvement in the obligations or assets will, in general, not impact the balance sheet, once the plan shows a surplus.

In the UK, a 0.5 % per annum fall in discount rate is expected to increase the obligations by approximately € 40 million (2014: € 26 million), with a € 34 million (2014: € 23 million) increase should inflation, including future salary and pension increases, rise by 0.5 % per annum. The defined benefit obligation in the UK is also sensitive to the assumed life expectancy of the members of the Plan. The assumed life expectancy for a male aged 60 at the accounting date is 27.9 years (2014: 27.8 years), and for a male aged 60 in 20 years' time is 30.0 years (2014: 29.9 years). A one-year increase in assumed life expectancy would increase the defined benefit obligation by around € 13 million (2014: € 9 million).

For the remainder of the Group's arrangements, should the average discount rate fall by 0.5 % per annum, the obligations are expected to rise by around € 13 million (2014: € 10 million) in total with a € 9 million (2014: € 7 million) rise should pension increases and salary increases rise by a similar amount.

These sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assuming no other changes in market conditions at the accounting date. This is unlikely in practice, for example, a change in discount rate is unlikely to occur without any movement in the value of the assets held by the plans.

22. Provisions

	Warranties and sales related € m	Employee benefits € m	Other € m	Total € m
At 1 April 2014	102	225	32	359
Charged/(credited) to profit or loss:				
– additional provisions	124	59	14	197
– unused amounts reversed	(9)	(14)	(8)	(31)
Net charge	115	45	6	166
Utilised during the year	(102)	(55)	(16)	(173)
Reclassified to assets held for sale (note 18)	(15)	(3)	–	(18)
Exchange adjustments	17	19	3	39
At 31 March 2015	117	231	25	373

	2015 € m	2014 € m
Total provisions at 31 March:		
– non-current	96	191
– current	277	168
	373	359

Warranties and sales-related provisions
Group companies establish provisions for potential sales returns and warranties provided on certain products. Based on past experience a provision of € 117 million (2014: € 102 million) has been recognised for expected sales returns and warranty claims. It is expected that € 103 million (2014: € 90 million) of this provision will be used within the following twelve months and that the remaining € 14 million (2014: € 12 million) which relates solely to potential warranty claims will be utilised over the remainder of the expected warranty period of the products.

Employee benefits provisions
These include obligations arising under the Group's long-term incentive plans and the social costs on the Group's stock option plan. An amount of € 156 million (2014: € 56 million) is expected to be utilised in the coming twelve months. The remainder will be utilised in the next two to eight years.

Other provisions
Other provisions include provision for certain legal claims brought against the Group and provision for the Group's obligations arising from committed restructuring activities. It is not expected that the outcomes of legal claims will give rise to any material losses beyond the amounts provided at 31 March 2015. The Group's restructuring provision is expected to be utilised in the coming year.

23. Other long-term financial liabilities

	2015 € m	2014 € m
Put option over shares of subsidiary undertakings	**–**	74
Operating lease liabilities	**100**	88
Other long-term financial liabilities	**33**	30
	133	192

The liability relating to the put option over shares of subsidiary undertakings was reclassified to other payables (note 24), as at 31 March 2015 it was due to be settled within twelve months.

24. Trade and other payables

	2015 € m	2014 € m
Trade creditors	**457**	526
Put option over shares of subsidiary undertaking	**90**	–
Other payables and accruals	**838**	683
Current financial liabilities	**1 385**	1 209
Other current non-financial liabilities	**129**	116
	1 514	1 325

Trade and other payables are valued based on expected cash flows which are not discounted as they are expected to occur within the next twelve months.

The Group has entered into put and call option arrangements with the holders of shares of certain subsidiary undertakings giving Richemont the right to acquire and the holders the right to sell all, but not part, of their interest between 1 April and 30 September 2015 at a value equal to the higher of the fair value at the date of exercise and £ 10.1 million (less any share of capital distributions). The redemption value of the options is determined using a discounted cash flow model based on management forecasts and projections beyond the forecast period. Following the timing of the exercise period of the option, the liability is presented as current.

25. Other operating (expense)/income

	2015 € m	2014 re-presented € m
Royalty income	**32**	27
Royalty expenses	**(4)**	(4)
Investment property rental income	**7**	9
Investment property costs	**(4)**	(3)
Amortisation of other intangible assets acquired on business combinations	**(16)**	(17)
Other (expense)/income	**(17)**	(13)
	(2)	(1)

26. Net profit from continuing operations

Net profit is stated after the following items of expense/(income):

	2015 € m	2014 re-presented € m
Depreciation of property, plant and equipment (note 6)	**383**	329
Amortisation of other intangible assets (note 8)	**80**	65
Operating lease rentals:		
– minimum lease rental	**544**	458
– contingent rental	**291**	283
Sub-lease rental income (non-investment property)	**(3)**	(3)
Research and development costs	**59**	53
Loss on disposal of property, plant and equipment	**7**	2
Loss on disposal of other intangible assets	**3**	2
Restructuring charges	**4**	7

27. Employee benefit expenses

	2015 € m	2014 re-presented € m
Wages and salaries including termination benefits € 2 million (2014: € 8 million)	**1 653**	1 498
Social security costs	**259**	283
Share option expense (note 36)	**22**	20
Long-term employee benefits	**8**	27
Pension costs – defined contribution plans	**32**	30
Pension costs – defined benefit plans (note 21)	**77**	60
	2 051	1 918

	2015 number	2014 re-presented number
Average number of employees:		
Switzerland	**8 732**	8 586
Rest of the world	**19 592**	18 200
	28 324	26 786

28. Finance costs and income

	2015 € m	2014 re-presented € m
Finance costs:		
Interest expense:		
– bank borrowings	(39)	(35)
– other financial expenses	(8)	(11)
Net foreign exchange losses on monetary items	(686)	(122)
Mark-to-market adjustment in respect of hedging activities	(217)	–
Net loss in fair value of financial instruments at fair value through profit or loss	(22)	–
Currency translation adjustments reclassified from reserves	–	(2)
Loss on remeasurement of put option liability on non-controlling interests	–	(3)
Finance costs	(972)	(173)
Finance income:		
Interest income:		
– bank, other deposits, money market and government bond funds	17	15
– other financial income	2	1
Dividend income on financial assets at fair value through profit or loss	–	2
Net gain in fair value of financial instruments at fair value through profit or loss	–	13
Mark-to-market adjustment in respect of hedging activities	–	214
Finance income	19	245
Net finance (costs)/income	(953)	72

29. Earnings per share

29.1. Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent company by the weighted average number of shares in issue during the year, excluding shares purchased by the Group and held in treasury.

	2015	2014 re-presented
Profit from continuing operations attributable to owners of the parent company (€ millions)	1 336	2 083
Loss from discontinued operations attributable to owners of the parent company (€ millions)	(2)	(11)
Total attributable to owners of the parent company (€ millions)	1 334	2 072
Weighted average number of shares in issue (millions)	563.6	558.4
Basic earnings per share from continuing operations	2.370	3.730
Basic earnings per share from discontinued operations	(0.003)	(0.019)
Total basic earnings per share	2.367	3.711

Notes to the consolidated financial statements continued

29. Earnings per share continued

29.2. Diluted

Diluted earnings per share is calculated adjusting the weighted average number of shares outstanding, which assumes conversion of all dilutive potential shares. The Group has only one category of dilutive potential shares: share options.

The calculation is performed for the share options to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2015	2014 re-presented
Profit from continuing operations attributable to owners of the parent company (€ millions)	**1 336**	2 083
Loss from discontinued operations attributable to owners of the parent company (€ millions)	**(2)**	(11)
Total profit attributable to the owners of the parent company (€ millions)	**1 334**	2 072
Weighted average number of shares in issue (millions)	**563.6**	558.4
Adjustment for share options (millions)	**2.7**	5.2
Weighted average number of shares for diluted earnings per share (millions)	**566.3**	563.6
Diluted earnings per share from continuing operations	**2.359**	3.696
Diluted earnings per share from discontinued operations	**(0.003)**	(0.020)
Total diluted earnings per share	**2.356**	3.676

29.3. Headline earnings per share

The presentation of headline earnings per share as an alternative measure to earnings per share is required under the JSE listing requirements.

	2015 € m	2014 € m
Profit attributable to owners of the parent company	**1 334**	2 072
Loss on disposal of non-current assets	**10**	4
Gain on disposal of investment property after tax and costs to sell	**(136)**	–
Currency exchange losses reclassified from currency translation adjustment reserve	**–**	2
Headline earnings	**1 208**	2 078

	2015 millions	2014 millions
Weighted average number of shares:		
– Basic	**563.6**	558.4
– Diluted	**566.3**	563.6
	€ per share	€ per share
Headline earnings per share:		
– Basic	**2.143**	3.721
– Diluted	**2.133**	3.687

30. Dividends

In September 2014 a dividend of CHF 1.40 per 'A' share was paid (September 2013: CHF 1.00).

31. Cash flow generated from operations

	2015 € m	2014 € m
Operating profit	**2 670**	2 427
Operating profit/(loss) from discontinued operations	**1**	(8)
Depreciation of property, plant and equipment	**395**	339
Depreciation of investment property	**1**	2
Amortisation of other intangible assets	**106**	90
Loss on disposal of property, plant and equipment	**7**	2
Loss on disposal of intangible assets	**3**	2
Profit on disposal of investment property	**(252)**	–
Increase in long-term provisions	**19**	46
Decrease in retirement benefit obligations	**(9)**	(11)
Non-cash items	**24**	20
Increase in inventories	**(506)**	(144)
Decrease/(increase) in trade receivables	**8**	(53)
(Increase)/decrease in other receivables and prepayments	**(81)**	5
Increase in current liabilities	**16**	18
Increase in long-term liabilities	**8**	22
(Decrease)/increase in derivative financial instruments	**(23)**	118
Cash flow generated from operations	**2 387**	2 875

Notes to the consolidated financial statements continued

32. Financial instruments: fair values and risk management

32.1. Fair value estimation

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their level in the fair value hierarchy.

31 March 2015	Carrying amount: Designated at fair value € m	Carrying amount: Derivatives € m	Carrying amount: Loans and receivables € m	Carrying amount: Other financial liabilities € m	Carrying amount: Total € m	Fair value: Level 1 € m	Fair value: Level 2 € m	Fair value: Level 3 € m	Fair value: Total € m
Financial assets measured at fair value									
Listed investments	5	–	–	–	5	5			5
Unlisted investments	6	–	–	–	6			6	6
Investments in money market and government bond funds	2 858	–	–	–	2 858		2 858		2 858
Derivatives	–	41	–	–	41		41		41
	2 869	41	–	–	2 910				
Financial assets not measured at fair value									
Non-current loans and receivables	–	–	13	–	13				
Non-current lease deposits	–	–	143	–	143				
Trade and other receivables	–	–	1 071	–	1 071				
Cash and cash equivalents	–	–	5 654	–	5 654				
	–	–	6 881	–	6 881				
Financial liabilities measured at fair value									
Derivatives	–	(160)	–	–	(160)		(160)		(160)
Financial liabilities not measured at fair value									
Fixed rate borrowings	–	–	–	(378)	(378)		(373)		(373)
Floating rate borrowings	–	–	–	(183)	(183)				
Finance lease obligations	–	–	–	(30)	(30)				
Other long-term financial liabilities	–	–	–	(133)	(133)				
Trade and other payables	–	–	–	(1 385)	(1 385)				
Bank overdrafts	–	–	–	(2 502)	(2 502)				
	–	–	–	(4 611)	(4 611)				

32. Financial instruments: fair values and risk management continued

32.1. Fair value estimation continued

31 March 2014	Carrying amount Designated at fair value € m	Derivatives € m	Loans and receivables € m	Other financial liabilities € m	Total € m	Fair value Level 1 € m	Level 2 € m	Level 3 € m	Total € m
Financial assets measured at fair value									
Listed investments	4	–	–	–	4	4			4
Unlisted investments	5	–	–	–	5			5	5
Investments in money market and government bond funds	2 839	–	–	–	2 839		2 839		2 839
Derivatives	–	109	–	–	109		109		109
	2 848	109	–	–	2 957				
Financial assets not measured at fair value									
Non-current loans and receivables	–	–	11	–	11				
Non-current lease deposits	–	–	119	–	119				
Trade and other receivables	–	–	933	–	933				
Cash and cash equivalents	–	–	3 389	–	3 389				
	–	–	4 452	–	4 452				
Financial liabilities measured at fair value									
Derivatives	–	(5)	–	–	(5)		(5)		(5)
Financial liabilities not measured at fair value									
Fixed rate borrowings	–	–	–	(295)	(295)		(280)		(280)
Floating rate borrowings	–	–	–	(74)	(74)				
Finance lease obligations	–	–	–	(25)	(25)				
Other long-term financial liabilities	–	–	–	(192)	(192)				
Trade and other payables	–	–	–	(1 209)	(1 209)				
Bank overdrafts	–	–	–	(1 175)	(1 175)				
	–	–	–	(2 970)	(2 970)				

For those financial assets and financial liabilities not measured at fair value, the carrying value approximates the fair value.

Valuation techniques

The fair value of financial instruments traded in active markets (such as publicly-traded derivatives) is based on quoted market prices at the reporting date. The quoted market price for financial assets held by the Group is the current bid price. These instruments are included in Level 1 and comprise equity investments listed on the UK and Luxembourg exchanges.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, maximising the use of observable market data, where available, and relying as little as possible on entity-specific estimates. If all significant inputs are observable the instrument is included as Level 2; if one or more of the significant inputs is not based on observable market data then the instrument is included as Level 3.

Specific valuation techniques used for Level 2 financial instruments include:

- Interest rate swaps are valued on the basis of discounted cash flows. The variable flows are determined for each payment date using (broker) forward interest rate curves.
- Currency forwards are measured based on observable spot exchange rates, the term interest rates of the respective currencies and the currency basis spread between the respective currencies.
- Derivative options are measured at the quoted market price of the underlying equities less the strike price payable by the executive. In cases where the strike price exceeds the quoted market price the option has a zero value.

The nominal value of the investments in money market and government bond funds approximates the fair value, as the maximum average life is 120 days and the maximum average maturity is 60 days.

Level 3 financial instruments consist entirely of small investments in unlisted equities. The fair value of these investments is determined using a discounted cash flow valuation method. The valuation requires management to make certain assumptions about inputs to the model. During the year to 31 March 2015 the carrying amount increased to € 6 million due to the exchange rate impact.

32. Financial instruments: fair values and risk management continued

32.2. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk); credit risk; and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department ('Group Treasury') under policies approved by the Board. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board has approved formal written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investing excess liquidity.

(a)(i) Market risk: foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Swiss franc, US dollar, HK dollar, Chinese yuan and Japanese yen. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. This arises principally from the retranslation impact of euro-denominated investments in money market and government bond funds held in an entity with a Swiss franc functional currency. Changes in foreign exchange rates also impact the repricing of derivative contracts.

The Group's financial risk management policy is to hedge up to 70 % of anticipated net cash flow exposure arising in currencies including US dollars, HK dollars, Chinese yuan and Japanese yen for the subsequent twelve months. Group Treasury undertakes the management of the net position in each foreign currency by using external currency derivatives.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from these net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The sensitivity analysis presented in the following tables shows the pre-tax increase/(decrease) in profit or loss that would result from the noted percentage change in listed exchange rates, all other factors remaining constant. There is no impact in other comprehensive income. The analysis is performed on the same basis as for 2014.

	Change in rate		Profit or loss	
	2015	2014	2015	2014
	%	%	€ m	€ m
USD strengthening vs CHF	**11 %**	9 %	**–**	(15)
JPY strengthening vs CHF	**11 %**	10 %	**(33)**	(26)
HKD strengthening vs CHF	**11 %**	9 %	**(172)**	(111)
SGD strengthening vs CHF	**9 %**	7 %	**(21)**	(14)
CHF strengthening vs EUR	**9 %**	4 %	**(368)**	(163)
AED strengthening vs CHF	**11 %**	10 %	**(67)**	(29)
KRW strengthening vs CHF	**13 %**	12 %	**(37)**	(32)
CNY strengthening vs CHF	**11 %**	9 %	**(34)**	(24)

	Change in rate		Profit or loss	
	2015	2014	2015	2014
	%	%	€ m	€ m
USD weakening vs CHF	**11 %**	9 %	**(7)**	12
JPY weakening vs CHF	**11 %**	10 %	**26**	21
HKD weakening vs CHF	**11 %**	9 %	**137**	93
SGD weakening vs CHF	**9 %**	7 %	**18**	12
CHF weakening vs EUR	**9 %**	4 %	**368**	163
AED weakening vs CHF	**11 %**	10 %	**54**	24
KRW weakening vs CHF	**13 %**	12 %	**29**	25
CNY weakening vs CHF	**11 %**	9 %	**27**	20

(a)(ii) Market risk: price risk

The Group is exposed to commodity price risk, marketable securities' price risk and other price risk.

- Commodity price risk

The Group is exposed to price risk related to anticipated purchases of certain commodities, namely precious metals and stones for use in its manufacturing processes. There is no financial risk as the commodities are for use as raw materials by the Group's businesses. A change in those prices may alter the gross margin of specific businesses.

- Marketable securities' price risk

The Group is exposed to marketable securities' price risk relating to its investments in listed equities and related obligations to executives in respect of options granted over shares in listed equities; unlisted equities; and investments in AAA rated money market and government bond funds. These are classified in the consolidated statement of financial position as financial assets and liabilities held at fair value through profit or loss.

32. Financial instruments: fair values and risk management continued

32.2. Financial risk factors continued

The price risk associated with the investments in AAA rated money market and government bond funds held by the Group at 31 March 2015 and 2014 is considered to be minimal, due to the high credit quality of the underlying investments.

The Group also holds a small number of investments, primarily listed in Luxembourg, and a portfolio of unlisted equities. It has also recognised liabilities of € 2 million, in respect of options granted to executives over shares in equities listed in Luxembourg (2014: € 2 million). A reasonable change in the market value of the underlying equity at 31 March 2015 and 2014 would have no significant impact on pre-tax profit for the year.

- Other price risk

The Group is exposed to price risk related to put options written over the equity shares of subsidiary entities held by non-controlling interests. The value of the put options initially recognised through equity with subsequent changes being recognised through profit or loss, is determined using accepted company valuation techniques.

After consideration of all relevant factors available, management's valuations of the put option liabilities have been updated where differences in actual results to original forecasts have required a change in certain accounting estimates, resulting in no change in the put option liabilities (2014: increase of € 3 million).

A movement of plus/(minus) 10 % in the projected EBITDA of the subsidiary entities would have a pre-tax profit impact of (minus)/plus € 22 million (2014: plus/(minus) € 19 million). A movement of plus/(minus) 100 basis points on the weighted average cost of capital would have had a pre-tax impact of plus € 10 million (2014: plus € 9 million) and minus € 13 million (2014: minus € 12 million), all other variables kept constant.

(a)(iii) Market risk: interest rate risk

- Fair value interest rate risk

The Group is exposed to fair value interest rate risk linked to its fixed-rate loan commitment (details of the Group's borrowings are presented in note 20). The risk is considered to be the difference between current levels of interest rates and the committed rates.

The Group records its fixed rate borrowings at amortised cost using the effective interest method. The Group does not designate any interest rate swaps as hedging instruments for fair value hedge accounting. Therefore a change in interest rates at 31 March 2015 would not affect the profit for the year.

The Group uses forward-starting interest rate swaps to help manage its fair value interest rate risk exposure.

At 31 March 2015 the Group is a party to a forward-starting USD-denominated interest rate swap contract. The Group pays a fixed interest rate and in exchange receives the three-month USD-LIBOR-BBA floating rate on pre-specified dates in the future. The fair value of this financial instrument decreased by € 21 million in the year to 31 March 2015 (2014: € 6 million increase). Should the floating rate increase/(decrease) by 10 % using one-year historic volatility of three-month USD LIBOR rate, with all other variables held constant, the impact on profit before tax would have been plus/(minus) € 4 million (2014: rate increase/(decrease) by 8 %: impact of profit before tax plus/(minus) € 4 million).

- Cash flow interest rate risk

The Group is also exposed to future cash flow fluctuation risk due to changes in variable market interest rates. The cash flow risk associated with net cash is such that an increase/(decrease) of 100 basis points in interest rates at the reporting date would have impacted profit for the year by plus/(minus) € 58 million (2014: plus/(minus) € 49 million), all other variables remaining constant. The analysis is performed on the same basis as for 2014.

(b) Credit risk

The Group 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. The minimum long-term credit rating requirements of financial counterparties is A1/P1. At 31 March 2015 the Group had € 2 858 million invested in AAA rated euro-denominated money market and government bond funds (2014: € 2 839 million) and € 5 654 million held as cash at bank (2014: € 3 389 million).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate level of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

Local liquidity is ensured by maintaining local bank credit facilities and by funding the excess funding requirements using the Group overlay cash pool.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements. Derivative assets are excluded. All outstanding derivative share options are fully vested and have expiry dates to June 2015. The Group holds equity investments which fully hedge the obligations under the stock option plans.

32. Financial instruments: fair values and risk management continued

32.2. Financial risk factors continued

31 March 2015	Carrying amount € m	Total € m	Contractual cash flows 6 months or less € m	Between 6-12 months € m	Between 1-3 years € m	More than 3 years € m
Non-derivative financial liabilities						
Borrowings	591	735	150	49	28	508
Other long-term financial liabilities	133	179	–	–	55	124
Trade and other payables	1 385	1 385	1 385	–	–	–
Bank overdrafts	2 502	2 502	2 502	–	–	–
	4 611	4 801	4 037	49	83	632
Derivative financial liabilities						
Currency forwards	148	2 317	1 361	956	–	–
Forward starting interest rate swap	10	10	–	–	–	10
Derivative share options	2	2	2	–	–	–
	160	2 329	1 363	956	–	10

31 March 2014	Carrying amount € m	Total € m	Contractual cash flows 6 months or less € m	Between 6-12 months € m	Between 1-3 years € m	More than 3 years € m
Non-derivative financial liabilities						
Borrowings	394	522	78	8	21	415
Other long-term financial liabilities	192	225	–	–	128	97
Trade and other payables	1 209	1 209	1 209	–	–	–
Bank overdrafts	1 175	1 175	1 175	–	–	–
	2 970	3 131	2 462	8	149	512
Derivative financial liabilities						
Currency forwards	3	357	136	221	–	–
Derivative share options	2	4	4	–	–	–
	5	361	140	221	–	–

32.3. Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The Group does not apply hedge accounting to its hedging activities.

The fair values of various derivative instruments are disclosed in note 16.

32. Financial instruments: fair values and risk management continued

32.4. Offsetting financial assets and financial liabilities

The following financial assets and liabilities are subject to offsetting, as a current legally enforceable right to set-off the recognised amounts exists and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

	Gross amount of recognised asset/ (liability) subject to set-off € m	Gross amount of set-off € m	Net amount presented € m	Related amounts not set-off € m	Total € m
At 31 March 2015					
Trade receivables	9	(2)	7	–	7
Cash	2 592	–	2 592	(2 270)	322
Derivative assets	41	–	41	(32)	9
	2 642	(2)	2 640	(2 302)	338
Trade payables	(54)	2	(52)	–	(52)
Overdrafts	(2 270)	–	(2 270)	2 270	–
Derivative liabilities	(158)	–	(158)	32	(126)
	(2 482)	2	(2 480)	2 302	(178)

	Gross amount of recognised asset/ (liability) subject to set-off € m	Gross amount of set-off € m	Net amount presented € m	Related amounts not set-off € m	Total € m
At 31 March 2014					
Trade receivables	17	(4)	13	–	13
Cash	1 240	(4)	1 236	(960)	276
Derivative assets	109	–	109	(3)	106
	1 366	(8)	1 358	(963)	395
Trade payables	(27)	4	(23)	–	(23)
Overdrafts	(964)	4	(960)	960	–
Derivative liabilities	(3)	–	(3)	3	–
	(994)	8	(986)	963	(23)

The Group is subject to a number of master netting arrangements specific to cash pooling and derivative contract arrangements. These arrangements allow for net settlement of the relevant financial assets and financial liabilities when both parties elect to settle on a net basis. In certain circumstances, such as a default event as defined in the relevant agreement, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

These agreements do not meet the criteria for offsetting in the statement of financial position. The right to set-off is legally enforceable only following certain specified events. In addition the Group and the counterparties do not intend to settle on a net basis.

32.5. Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return of capital to shareholders, which the Group defines as total equity excluding non-controlling interests and the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between business returns and a secure capital position. The Group's target is to achieve a return on shareholders' equity, excluding share buy-backs, in excess of 15 % (2014: 15 %).

There were no changes in the Group's approach during the year.

The Group is not subject to any externally imposed capital requirements.

Notes to the consolidated financial statements continued

33. Financial commitments and contingent liabilities

At 31 March 2015 the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material losses will arise. Details of the Group's commitments in respect of financial derivatives are given in note 16 and in respect of property, plant and equipment in note 6.

The Group leases various boutiques, offices and manufacturing premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The cost for certain boutique leases contains a fixed portion together with a variable portion which is most commonly a percentage of sales achieved. The commitments below reflect only the fixed elements.

The Group has signed non-cancellable operating leases in respect of which the following minimum rentals are payable at 31 March:

	Land and buildings		Other assets		Total	
	2015 € m	2014 € m	2015 € m	2014 € m	2015 € m	2014 € m
Within one year	**641**	482	**13**	10	**654**	492
Between two and five years	**1 463**	1 029	**22**	13	**1 485**	1 042
Thereafter	**1 202**	868	**–**	–	**1 202**	868
	3 306	2 379	**35**	23	**3 341**	2 402

34. Business combinations

During the year to 31 March 2015 the Group concluded a number of business combinations, none of which were individually significant to the Group. The details that follow are presented on an aggregate basis.

Fair value of assets acquired

	Business operations € m
Intangible assets	**16**
Inventory	**17**
Current and deferred tax	**(1)**
Fair value of net assets acquired	**32**
Total consideration paid	**32**
Settled against receivable	**(4)**
Consideration deferred to future periods	**(2)**
Purchase consideration – cash paid	**26**
Payment of amounts deferred in prior periods	**5**
Cash outflow on acquisitions	**31**

The fair value of certain acquired inventory and intangibles is provisional pending finalisation of the valuation work for those items.

Purchase consideration on business combinations deferred to future periods relates to final purchase adjustments payable after the reporting date and, in the case of retail boutiques internalised during the year, amounts based on a percentage of future sales over an agreed period.

The contribution of the acquired businesses to sales and to net profit in both the period and for the full year was insignificant.

35. Related-party transactions

The Group has a number of transactions and relationships with related parties, as defined by IAS 24, *Related Party Disclosures*.

Compagnie Financière Rupert, Bellevue, Switzerland, Geneva holds 522 000 000 'B' registered shares representing an interest in 50 % of the Company's voting rights. It does not itself hold any Richemont 'A' shares. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2015, representing 0.3 % of the Company's voting rights.

Besides Compagnie Financière Rupert, the Board of Directors and the Senior Executive Committee ('key management'), the Group has identified the following other related parties:

- Richemont's equity-accounted investments (see note 10)
- Richemont foundations (employee and others)
- Various entities under the common control of the Rupert family's interests

The following transactions were carried out with related parties giving rise to (expense/payables) and income/receivables:

(a) Transactions and balances between the Richemont Group and its equity-accounted investments

	2015 € m	2014 € m
Goods and services bought from and other transactions with its equity-accounted investments:		
Rouages SA – purchase of watch components	**(4)**	(6)
Les Cadraniers de Genève SA – purchase of watch components	**(5)**	(5)
Ralph Lauren Watch & Jewelry Company Sàrl – purchase of finished goods	**(5)**	(7)
Ralph Lauren Watch & Jewelry Company Sàrl – waiver of interest	**–**	(1)
Services provided to equity-accounted investments:		
Laureus Sports Awards Limited – sponsorship	**(3)**	(5)
Laureus Sports for Good Foundation – donations	**(1)**	(1)
Goods and services sold to and other transactions with equity-accounted investments:		
Ralph Lauren Watch & Jewelry Company Sàrl – sale of watch components	**2**	1
Ralph Lauren Watch & Jewelry Company Sàrl – interest	**1**	–
Ralph Lauren Watch & Jewelry Company Sàrl – management and service fees	**3**	–
Payables outstanding at 31 March:		
Laureus World Sports Awards Limited – sponsorship	**(1)**	–
Receivables outstanding at 31 March:		
Ralph Lauren Watch & Jewelry Company Sàrl – trading	**4**	–
Fook Ming Watch Limited – loan	**2**	–
Ralph Lauren Watch & Jewelry Company Sàrl – loan	**42**	30

In the statement of financial position the loan to Ralph Lauren Watch & Jewelry Company Sàrl is recorded at € 2 million (2014: € 3 million). For equity-accounting purposes the long-term loan is considered part of the investment. The Group's share of losses of Ralph Lauren Watch & Jewelry Company Sàrl are offset against the receivable.

The loan to Ralph Lauren Watch & Jewelry Company Sàrl is at market comparable rates and has no fixed repayment date.

35. Related-party transactions continued

(b) Transactions and balances between the Richemont Group and entities under common control

	2015 € m	2014 € m
Services bought from and other transactions with entities under common control:		
Entities under common control of the Rupert family's interests	**(3)**	(3)
Services provided to and other transactions with entities under common control:		
Entities under common control of the Rupert family's interests	**4**	4

	2015 € m	2014 € m
Receivables outstanding at 31 March:		
Entities under common control of the Rupert family's interests	**–**	4
Payables outstanding at 31 March:		
Entities under common control of the Rupert family's interests	**(1)**	–

(c) Individuals

During the year the Group gave donations of € 1.1 million (2014: € 1.1 million) to the Fondazione Cologni dei Mestieri d'Arte. The Fondazione promotes, supports and organises cultural, scientific and training initiatives in favour of the Arts and Crafts and the Trades of Art. Dr Franco Cologni, a non-executive director of the Company until September 2014, is the president of the Fondazione. The Group also made donations of € 0.2 million (2014: € 0.2 million) to the Fondazione Giuliano e Maria Carmen Magnoni, a charitable organisation supporting initiatives for young people in disadvantaged conditions. Mr Ruggero Magnoni, a non-executive director of the Company, is vice-chairman of the Fondazione.

Maître Jean-Blaise Eckert, a non-executive director, is a partner of the Swiss legal firm, Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totalling € 0.5 million (2014 € 0.5 million) from Group companies for advice on legal and taxation matters.

In addition to his non-executive director's fee, the Duke of Wellington received fees, pension contributions and other benefits totalling less than € 0.1 million (2014: € 0.1 million) in connection with his role as Director and Non-Executive Chairman of Richemont Holdings (UK) Limited, the holding company for the Group's UK interests.

Dr Franco Cologni, Mr Alain Dominique Perrin and Mr Norbert Platt provided consultancy services to the Group in addition to their duties as non-executive directors. During the year to 31 March 2015, Dr Cologni received € 0.3 million (2014: € 0.3 million), Mr Perrin € 2.5 million (2014: € 2.1 million) and Mr Platt € 0.1 million (2014: € 0.1 million) for the services provided. These fees are included in the individual disclosures of key management compensation as short-term employee benefits.

In accordance with the terms of the modification to the Group's stock option plan in October 2008, certain executive directors received vested options over shares in Reinet Investments S.C.A. ('Reinet'). At 31 March 2015, a liability of € 2 million has been recognised in respect of the Group's obligation to deliver Reinet shares on exercise of the remaining vested options (2014: € 2 million). The Group holds shares in Reinet which fully hedge the liability.

35. Related-party transactions continued

(d) Key management compensation

The Ordinance against Excessive Compensation requires that the Board identify the corporate body to which management has been delegated by the Board of Directors for the day-to-day management of the organisation. This is deemed to be the Senior Executive Committee, which is chaired by the Chairman of the Board and comprises the Group's two Co-Chief Executive Offices and its Chief Financial Officer. Members of this Committee are considered to be subject to the various disclosure and approval requirements imposed by the regulations.

Key management compensation for the financial year to 31 March 2014 has been re-presented in line with the financial year 2015, recognising the role of the Senior Executive Committee. The total compensation as originally reported at 31 March 2014, including the Group Management Committee, was € 57 million.

	2015 € m	2014 re-presented € m
Salaries and short-term employee benefits	**17**	17
Short-term incentives	**9**	7
Long-term benefits	**2**	2
Post-employment benefits	**1**	1
Share option expense	**7**	5
Employer social security	**2**	2
	38	34

Notes to the consolidated financial statements continued

35. Related-party transactions continued

(d) Key management compensation continued

Key management comprises the Board of Directors of Compagnie Financière Richemont SA and the Senior Executive Committee, as detailed below.

Board of Directors	
Johann Rupert	Chairman[1]
Yves-André Istel	Non-Executive Deputy Chairman
Josua Malherbe	Non-Executive Deputy Chairman
Bernard Fornas	Co-Chief Executive Officer
Richard Lepeu	Co-Chief Executive Officer
Gary Saage	Chief Financial Officer
Franco Cologni	Non-Executive Director[2]
Jean-Blaise Eckert	Non-Executive Director
Ruggero Magnoni	Non-Executive Director
Frederick Mostert	Chief Legal Counsel[3]
Simon Murray	Non-Executive Director
Alain Dominique Perrin	Non-Executive Director
Guillaume Pictet	Non-Executive Director
Norbert Platt	Non-Executive Director
Alan Quasha	Non-Executive Director
Maria Ramos	Non-Executive Director
Lord Renwick of Clifton	Lead Independent Director
Jan Rupert	Non-Executive Director
Jürgen Schrempp	Non-Executive Director
Duke of Wellington	Non-Executive Director
Members of the Senior Executive Committee	
Bernard Fornas	Co-Chief Executive Officer
Richard Lepeu	Co-Chief Executive Officer
Gary Saage	Chief Financial Officer

1 From 17 September 2014.

2 Until 17 September 2014.

3 Until 31 December 2014.

35. Related-party transactions continued

(d) Key management compensation continued

Stock option plan

The Group operates a long-term share-based compensation plan whereby executives are awarded options to acquire shares at the market price on the date of grant. No awards under the stock option plan have been made to persons serving as non-executive directors. Details of options held under the plan are as follows:

	Number of options						
	1 April 2014	Granted in year	Exercised in year	31 March 2015	Weighted average grant price CHF	Earliest exercise period	Latest expiry date
Board of Directors							
Bernard Fornas	173 249	–	53 000	**120 249**	32.24	Apr 2015	June 2017
Richard Lepeu	1 561 523	250 000	229 044	**1 582 479**	57.80	Apr 2015-Jul 2020	June 2023
Gary Saage	519 629	150 000	55 962	**613 667**	73.00	Jul 2015-Jul 2020	June 2023
Jan Rupert	143 126	–	–	**143 126**	21.00	Apr 2015	June 2017
	2 397 527	400 000	338 006	**2 459 521**			

The options held by Mr Jan Rupert, a non-executive director, were awarded to him in his previous role as an executive director of the Company.

35. Related-party transactions continued

(d) Key management compensation continued

Share ownership

As at 31 March 2015 members of the Board and parties closely linked to them owned a total of 300 108 Richemont 'A' shares. Mr Johann Rupert is the General Managing Partner of Compagnie Financière Rupert, which holds the 522 000 000 'B' registered shares in the Company. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares of 'A' share equivalents at 31 March 2015. The interest of individual directors and members of the Senior Executive Committee in Richemont 'A' shares is as follows:

	at 31 March 2015	at 31 March 2014
Board of Directors		
Jean-Blaise Eckert	**620**	–
Bernard Fornas	**2 090**	–
Yves-André Istel	**14 000**	14 000
Richard Lepeu	**247 133**	338 089
Guillaume Pictet	**10 265**	10 265
Lord Renwick of Clifton	**4 000**	4 000
Gary Saage	**4 000**	2 000
Duke of Wellington	**18 000**	18 000
	300 108	386 354

Following the decision of the Annual General Meeting on 17 September 2014 to pay dividends of CHF 1.40 per 'A' registered share and CHF 0.14 per 'B' registered share, dividends of CHF 77 175 025 were paid to the owners of the shares who were members of the Board or the Senior Executive Committee or parties closely linked to them, at the date the dividend was paid.

Mr Josua Malherbe, a non-executive director, does not hold any 'A' shares or 'A' share equivalents. Members of Mr Malherbe's family have acquired and currently hold 14 067 'A' share equivalents and are beneficiaries of trusts holding 210 002 'A' shares or 'A' share equivalents at 31 March 2015.

Mr Jan Rupert, a non-executive director, is a director of a company which holds 2 375 005 'A' shares. He is also one of a group of family members who are beneficiaries of certain trusts which are, directly or indirectly, shareholders in that company and which hold 'A' shares and 'A' share equivalents in their own right. Mr Jan Rupert is a trustee of certain of these trusts but is not in a position to control their investment decisions or to control the exercise of voting rights by those trusts. In addition, members of Mr Rupert's family are also beneficiaries of certain companies and trusts that have acquired and currently hold 433 566 'A' shares.

Loans to members of governing bodies

As at 31 March 2015 there were no loans or other credits outstanding to any current or former executive or non-executive director, or member of the Senior Executive Committee. The Group policy is not to extend loans to directors or members of the Senior Executive Committee. There were also no non-business related loans or credits granted to relatives of any executive or non-executive director, or member of the Senior Executive Committee.

36. Share-based payment

Equity-settled option plan

The Group has a long-term share-based compensation plan whereby executives are awarded options to acquire shares at the market price on the date of grant. Awards under the stock option plan vest over periods of four to six years and have expiry dates, the date after which unexercised options lapse, of nine 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 upon which vesting is conditional.

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

	Weighted average exercise price in CHF per share	Number of options
Balance at 1 April 2013	26.16	20 265 761
Granted	90.11	1 203 606
Exercised	16.30	(8 824 608)
Lapsed	45.46	(415 334)
Balance at 31 March 2014	**38.91**	**12 229 425**
Granted	**94.00**	**1 270 826**
Exercised	**23.78**	**(3 421 353)**
Lapsed	**43.73**	**(65 993)**
Balance at 31 March 2015	**51.04**	**10 012 905**

Of the total options outstanding at 31 March 2015, options in respect of 3 908 904 shares (2014: 5 421 404 shares) had vested and were exercisable.

The weighted average share price at the date of exercise for options exercised during the year was CHF 89.25 (2014: CHF 90.30).

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 2015	CHF 23.18	350 779	0.2 years
	CHF 32.79	1 057 870	1.2 years
	CHF 21.20	1 514 972	2.2 years
	CHF 23.55	1 552 852	3.0 years
	CHF 54.95	1 437 000	5.2 years
	CHF 57.45	1 645 200	6.2 years
	CHF 90.11	1 187 406	7.2 years
	CHF 94.00	1 266 826	8.2 years
31 March 2014	CHF 18.01	447 808	0.2 years
	CHF 23.18	1 215 902	1.2 years
	CHF 32.79	1 692 685	2.2 years
	CHF 21.20	2 514 786	3.2 years
	CHF 23.55	2 058 838	4.2 years
	CHF 54.95	1 453 500	6.2 years
	CHF 57.45	1 653 500	7.2 years
	CHF 90.11	1 192 406	8.2 years

The average fair value of options granted during the year determined using the Binomial model was CHF 25.00 The significant inputs to the model were the share price of CHF 94.00 at the grant date, the exercise price shown above, a standard deviation of expected share price returns of 35 %, an expected option life of four to seven years, a dividend yield of 1.5 % and a risk-free interest rate of 0.1 % to 0.3 %. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the past six years.

The amount recognised in profit or loss before social security and taxes for equity-settled share-based payment transactions was € 22 million (2014: € 20 million).

36. Share-based payment continued

Cash-settled option plan

The Group operates a cash-settled option plan, where ‘B’ shares of The NET-A-PORTER GROUP Limited (‘Net-a-Porter’) and Largenta Limited are sold to the senior executive team of Net-a-Porter. The awards entitle the holders to an economic interest in the growth of Net-a-Porter above a threshold value. The shares carry a put right entitling the holders to sell all, but not some, of their ‘B’ shares on 31 March 2015 at the fair market value at the date of exercise (less the threshold value). There is an equivalent call right for Richemont to acquire the ‘B’ shares at the same price.

At 31 March 2015 there were 3 525 Net-A-Porter ‘B’ shares and 1 000 Largenta ‘B’ shares outstanding. No options were granted, forfeited or exercised in the year. The threshold value attributable to the outstanding shares range from £ 350 million to £ 688 million, with a weighted average value of £ 424.37.

The shares have been valued using a discounted cash flow model, based on management forecasts and projections beyond the forecast period. The projections assume no change in the level of EBITDA as a percentage of sales, capital expenditure or working capital movements from management’s last forecast.

The amount recognised in profit or loss before social security and taxes for cash-settled share-based payment transactions was € 7 million (2014: € 6 million).

A liability of € 101 million is recognised as a short-term provision (2014: € 82 million recognised as a non-current provision).

37. Ultimate parent company

The directors regard Compagnie Financière Rupert, Bellevue, Geneva, Switzerland to be the Group’s controlling party, as 50 % of the voting rights of the Company are held by that entity.

38. Events after the reporting period

A dividend of CHF 1.60 per share is proposed for approval at the Annual General Meeting of the Company, to be held on 16 September 2015. These financial statements do not reflect this dividend payable, which will be accounted for as an appropriation of retained earnings to be effected during the year ending 31 March 2016.

On 17 April 2015, the Group acquired a retail investment property in Paris for consideration of € 110 million, of which a deposit amounting to € 3 million is included in the financial statements for the year-ended 31 March 2015. Based on initial valuations received, the provisional fair value of the assets and liabilities acquired approximates the purchase price. More detailed identification and valuation work will be performed before the year ending 31 March 2016 when full disclosures will be made.

39. Principal Group companies

Details of principal companies within the Group:

Country of incorporation	Location	Name of company	Effective interest	Share capital (currency 000's)
Subsidiary undertakings				
China	Shanghai	Richemont Commercial Company Limited	100.0 %	CNY 2 928 270
France	Paris	Société Cartier	100.0 %	€ 25 334
Germany	Hamburg	Montblanc Simplo GmbH	100.0 %	€ 1 724
	Munich	Richemont Northern Europe GmbH	100.0 %	€ 13 070
Hong Kong	Hong Kong	Richemont Asia-Pacific Limited	100.0 %	HK$ 2 002 500
Italy	Milan	Richemont Italia SpA	100.0 %	€ 10 000
Japan	Tokyo	Richemont Japan Limited	100.0 %	JPY 250 000
Jersey	Jersey	Richemont Luxury Group Limited	100.0 %	CHF 4 722 900
Luxembourg	Luxembourg	Richemont International Holding SA	100.0 %	CHF 911 971
Netherlands	Amsterdam	RLG Europe BV	100.0 %	€ 17 700
Russia	Moscow	Limited Liability Company RLG	100.0 %	RUR 50 000
Switzerland	Villars-sur-Glâne	Richemont International SA	100.0 %	CHF 1 007 500
United Arab Emirates	Dubai	Richemont (Dubai) FZE	100.0 %	AED 9 000
United Kingdom	London	Richemont Holdings (UK) Limited	100.0 %	£ 353 672
	London	The NET-A-PORTER GROUP Limited	93.0 %	£ 6
United States of America	Delaware	Richemont North America Inc.	100.0 %	US$ 117 649

Non-controlling interests in subsidiaries

The Group has no material non-controlling interests. The information that follows is the aggregate total for all subsidiaries with a non-controlling interest, including the NET-A-PORTER GROUP which is classified as a discontinued operation at 31 March 2015 (note 18). The information is presented before elimination of intra-Group transactions and balances.

Statement of financial position

	2015 € m	2014 € m
Non-current assets	**451**	452
Current assets	**768**	285
Non-current liabilities	**(372)**	(131)
Current liabilities	**(55)**	(178)
Inter-Group balances	**(274)**	(219)
Net assets	**518**	209
Carrying amount of non-controlling interests	**(1)**	(6)

Statement of comprehensive income

	2015 € m	2014 € m
Revenue	**1 030**	852
Loss	**(23)**	(30)
Loss allocated to non-controlling interests	**–**	(5)

Statement of cash flows

	2015 € m	2014 € m
Cash flows from operating activities	**35**	10
Cash flows used in investment activities	**(17)**	(18)
Cash flows from financing activities	**37**	–

Report of the Group auditor

To the General Meeting of Compagnie Financière Richemont SA, Bellevue, Geneva

As statutory auditor, we have audited the consolidated financial statements of Compagnie Financière Richemont SA, which comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes (pages 66 to 123) for the year ended 31 March 2015.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 March 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the IFRS and comply with Swiss law.

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act ('AOA') and independence (article 728 of the Swiss Code of Obligations ('CO') and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Michael Foley	**Sylvère Jordan**
Audit expert	Audit expert
Auditor in charge	

Geneva, 21 May 2015

Company financial statements

Compagnie Financière Richemont SA

Income statement

for the year ended 31 March

	Notes	2015 CHF m	2014 CHF m
Income			
Dividend income		**2 193.0**	2 350.1
Interest income		**16.6**	15.1
Other financial income	*2*	**16.0**	0.3
		2 225.6	2 365.5
Expenses			
General expenses	*3,4*	**9.2**	41.6
Financial expenses	*2*	**1.5**	12.0
		10.7	53.6
Profit before taxation		**2 214.9**	2 311.9
Taxation		**3.6**	1.0
Net Profit		**2 211.3**	2 310.9

Balance sheet

at 31 March

	Notes	2015 CHF m	2014 CHF m
Long-term assets			
Investments	*5*	**2 863.2**	2 513.2
Long-term loans receivable from a Group company		**170.2**	154.7
		3 033.4	2 667.9
Current assets			
Current accounts receivable from Group companies		**2 353.0**	2 230.5
Taxation		**1.5**	2.0
Other receivables		**0.5**	0.2
Cash and cash equivalents		**1 705.1**	706.6
		4 060.1	2 939.3
Total assets		**7 093.5**	5 607.2
Shareholders' equity			
Share capital	*7*	**574.2**	574.2
Legal reserve	*8*	**117.6**	117.6
Reserve for own shares	*9*	**551.6**	505.4
Retained earnings	*10*	**5 779.3**	4 404.2
		7 022.7	5 601.4
Current liabilities			
Accounts payable and accrued expenses		**1.0**	0.4
Current accounts payable to Group companies		**1.8**	2.3
Bank overdraft		**64.8**	–
		67.6	2.7
Long-term liabilities	*6*	**3.2**	3.1
		70.8	5.8
Total equity and liabilities		**7 093.5**	5 607.2

Compagnie Financière Richemont SA

Notes to the Company financial statements

at 31 March 2015

Note 1 – General

Basis of preparation of the financial statements

The financial statements represent the financial position of Compagnie Financière Richemont SA ('the Company') at 31 March 2015 and the results of its operations for the year then ended, prepared in accordance with the Company's articles of incorporation and the provisions of the Swiss Code of Obligations applicable prior to the changes introduced on 1 January 2013, in accordance with the transitional provisions of the new accounting law.

Risk management disclosure

The Company has a risk management process which gives consideration to both strategic and operational risks. All identified risks are modelled according to their probability of occurrence and potential impact and subsequently prioritised by the Senior Executive Committee. A consolidated risk report, which includes action plans prepared by the executive directly responsible for addressing the risk, is reviewed annually by the Audit Committee and the Board of Directors.

Note 2 – Other financial income/Financial expenses

Other financial income includes CHF 15.8 million of exchange gains incurred on loans receivable from a Group company. In 2014, financial expenses included CHF 11.5 million of exchange losses incurred on loans receivable from a Group company.

Note 3 – General expenses

General expenses include personnel costs of CHF 3.5 million (2014: CHF 36.1 million).

Note 4 – Board and executive compensation disclosures

Details of compensation required by the Swiss Code of Obligations, art. 663 and following, can be found in note 35 to the consolidated financial statements and in the Compensation Report.

Note 5 – Investments

These comprise investments in subsidiary companies, which are stated at cost.

Company	Domicile	Purpose	% ownership	2015 CHF m	2014 CHF m
Richemont Holdings AG	Switzerland	Investment holding company	100 %	**770.7**	770.7
Richemont International Holding SA	Luxembourg	Investment holding company	100 %	**1 474.0**	1 124.0
Richemont International SA	Switzerland	Operating company	100 %	**387.4**	387.4
Richemont Luxury Group Ltd	Jersey	Investment holding company	100 %	**231.0**	231.0
Richemont Securities SA	Switzerland	Depository/issuer of Richemont South African Depository Receipts	100 %	**0.1**	0.1
				2 863.2	2 513.2

Note 6 – Long-term liabilities

Long-term liabilities include retirement benefit obligations in the amount of CHF 3.2 million (2014: CHF 3.1 million).

Note 7 – Share capital

	2015 CHF m	2014 CHF m
522 000 000 'A' registered shares with a par value of CHF 1.00 each, fully paid	**522.0**	522.0
522 000 000 'B' registered shares with a par value of CHF 0.10 each, fully paid	**52.2**	52.2
	574.2	574.2

Note 8 – Legal reserve

The legal reserve of CHF 117.6 million (2014: CHF 117.6 million) is not available for distribution.

Notes to the Company financial statements continued

Note 9 – Reserve for own shares

The reserve is created in respect of Richemont 'A' shares purchased by Richemont Employee Benefits Limited ('REBL'), a subsidiary company.

During the year REBL purchased 1 635 000 'A' shares in the open market (2014: 1 100 000 'A' shares were purchased).

During the year 599 609 'A' shares (2014: 6 679 216 'A' shares) were sold to executives under the Richemont stock option plan by REBL and a further 2 416 535 'A' shares (2014: 4 235 292) were sold to a third party following the exercise of over-the-counter call options linked to the hedging programme.

At 31 March 2015, following these transactions, REBL held 9 886 057 Richemont 'A' shares (2014: 11 267 201) with a cost of CHF 551.6 million (2014: CHF 505.4 million). In terms of the reserve for own shares established in respect of purchased shares, a net amount of CHF 46.2 million has been transferred to the reserve (2014: CHF 283.6 million from the reserve) during the year.

Note 10 – Retained earnings

	2015 CHF m	2014 CHF m
Balance at 1 April	**4 404.2**	2 366.5
Dividend paid	**(790.0)**	(556.8)
Net transfer (to)/from reserve for own shares	**(46.2)**	283.6
Net profit	**2 211.3**	2 310.9
Balance at 31 March	**5 779.3**	4 404.2

Note 11 – Commitments and contingencies

At 31 March 2015 the Company had issued guarantees in favour of Group companies for credit facilities up to a maximum of CHF 1 117.6 million (2014: CHF 1 047.9 million).

The directors believe that there are no other contingent liabilities.

Note 12 – Significant shareholders

Compagnie Financière Rupert

Compagnie Financière Rupert, a Swiss partnership limited by shares, holds 522 000 000 Richemont 'B' registered shares representing 9.1 % of the equity of the Company and controlling 50 % of the Company's voting rights. Mr Johann Rupert, Chairman of Richemont until 12 September 2013, and since 17 September 2014, is the sole General Managing Partner of Compagnie Financière Rupert. Mr Jürgen Schrempp and Mr Ruggero Magnoni, non-executive directors of the Company, are partners of Compagnie Financière Rupert.

Compagnie Financière Rupert does not itself hold any Richemont 'A' shares. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2015.

Other significant shareholders

Richemont Securities SA, a subsidiary of the Company, acts as depository in respect of Richemont South African Depository Receipts ('DRs'), which are traded on the Johannesburg Stock Exchange operated by JSE Limited. DRs trade in the ratio of ten DRs to each Richemont 'A' share. In its capacity as depository and on behalf of the holders of DRs, Richemont Securities SA is the registered holder of one 'A' share in safe custody for every ten DRs in issue. Richemont Securities SA's interest in Richemont 'A' shares is non-beneficial in nature.

All dividends attributable to the 'A' shares held in safe custody are remitted by Richemont Securities SA individually to holders of DRs. Richemont Securities SA, as registered holder of 'A' shares, votes those shares at general meetings of shareholders of the Company. DR holders may provide Richemont Securities SA with voting instructions as to their holdings of DRs and Richemont Securities SA may only vote on behalf of those DR holders from whom it has received such instructions.

At 31 March 2015, Richemont Securities SA held 100 780 896 Richemont 'A' shares (2014: 104 510 832 shares), representing some 19 % (2014: 20 %) of the 'A' shares, in safe custody in respect of DRs in issue.

Compagnie Financière Richemont SA

Notes to the Company financial statements continued

Proposal of the Board of Directors for the appropriation of retained earnings

At 31 March 2015

	CHF m
Available retained earnings	
Balance at 1 April 2014	4 404.2
Dividend paid	(790.0)
Net transfer to reserve for own shares	(46.2)
Net profit	2 211.3
Balance at 31 March 2015	5 779.3

Proposed appropriation

The proposed ordinary dividend payable to Richemont shareholders will be CHF 1.60 per Richemont share. This is equivalent to CHF 1.60 per 'A' registered share in the Company and CHF 0.16 per 'B' registered share in the Company. It will be payable to Richemont shareholders on 22 September 2015, free of charges but subject to Swiss withholding tax at 35 %, at the banks designated as paying agents.

The available retained earnings remaining after deduction of the dividend amount will be carried forward to the following business year.

The Board of Directors
Geneva, 21 May 2015

Compagnie Financière Richemont SA

Report of the statutory auditor

Report of the statutory auditor to the General Meeting of Compagnie Financière Richemont SA, Bellevue, Geneva

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Compagnie Financière Richemont SA, ('the Company'), which comprise the balance sheet, income statement and notes (pages 125 to 128), for the year ended 31 March 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 March 2015 comply with Swiss law and the Company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act ('AOA') and independence (article 728 of the Swiss Code of Obligations ('CO') and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Michael Foley	**Leilani Hunt**
Audit expert	
Auditor in charge	

Geneva, 21 May 2015

Five year record

Summary income statement	2011 * €m	2012 * €m	2013 * €m	2014 re-presented €m	2015 €m
Continuing operations					
Sales	6 892	8 868	10 150	10 023	**10 410**
Cost of sales	(2 498)	(3 217)	(3 631)	(3 532)	**(3 534)**
Gross profit	4 394	5 651	6 519	6 491	**6 876**
Net operating expenses	(3 039)	(3 603)	(4 093)	(4 064)	**(4 206)**
Operating profit	1 355	2 048	2 426	2 427	**2 670**
Net finance (costs)/income	(181)	(235)	(47)	72	**(953)**
Share of post-tax results of equity-accounted investments	101	(9)	(4)	(5)	**(12)**
Profit before taxation	1 275	1 804	2 375	2 494	**1 705**
Taxation	(196)	(264)	(370)	(415)	**(369)**
Profit from continuing operations	1 079	1 540	2 005	2 079	**1 336**
Profit/(loss) from discontinued operations	–	–	–	(12)	**(2)**
Profit for the year	1 079	1 540	2 005	2 067	**1 334**
Gross profit margin	63.7 %	63.7 %	64.2 %	64.8 %	**66.1 %**
Operating profit margin	19.7 %	23.1 %	23.9 %	24.2 %	**25.6 %**

Sales by business area

Jewellery Maisons	3 479	4 590	5 206	5 438	**5 657**
Specialist Watchmakers	1 774	2 323	2 752	2 986	**3 123**
Other	1 639	1 955	2 192	1 599	**1 630**
	6 892	8 868	10 150	10 023	**10 410**

Sales by geographic region

Europe	2 230	2 625	2 955	2 886	**3 067**
Middle East and Africa	358	473	656	705	**841**
Asia-Pacific	2 569	3 684	4 162	4 139	**4 100**
Americas	998	1 253	1 473	1 405	**1 588**
Japan	737	833	904	888	**814**
	6 892	8 868	10 150	10 023	**10 410**

Sales by distribution channel

Retail	3 469	4 656	5 440	5 223	**5 436**
Wholesale	3 423	4 212	4 710	4 800	**4 974**
	6 892	8 868	10 150	10 023	**10 410**

Sales by product line

Watches	3 320	4 404	4 968	5 125	**5 168**
Jewellery	1 685	2 248	2 726	3 025	**3 325**
Leather goods	602	721	742	644	**610**
Writing instruments	359	357	370	347	**361**
Clothing and other	926	1 138	1 344	882	**946**
	6 892	8 868	10 150	10 023	**10 410**

* with the exception of 2014, prior years have not been re-presented for the reclassification of Net-A-Porter.

Operating results from continuing operations	2011 * € m	2012 * € m	2013 * € m	2014 re-presented € m	2015 € m
Jewellery Maisons	1 062	1 510	1 818	1 890	**1 975**
Specialist Watchmakers	379	539	733	778	**730**
Other	75	92	82	(29)	**170**
Operating contribution	1 516	2 141	2 633	2 639	**2 875**
Unallocated corporate costs	(161)	(93)	(207)	(212)	**(205)**
Operating profit from continuing operations	1 355	2 048	2 426	2 427	**2 670**

Free cash flow

Operating profit from continuing operations	1 355	2 048	2 426	2 427	**2 670**
Operating profit/(loss) from discontinued operations	–	–	–	(8)	**1**
Depreciation, amortisation and other non-cash items	405	321	456	490	**294**
Increase in working capital	(64)	(571)	(938)	(34)	**(578)**
Other operating activities	(1)	10	(15)	(16)	**(23)**
Taxation paid	(202)	(317)	(361)	(365)	**(660)**
Net acquisition of non-current assets	(313)	(535)	(648)	(676)	**(186)**
Free cash flow	1 180	956	920	1 818	**1 518**

Per share information (IFRS)	2011 *	2012 *	2013 *	2014 re-presented	2015
Diluted earnings per share					
– from continuing operations	€ 1.925	€ 2.756	€ 3.595	€ 3.696	**€ 2.359**
– from discontinued operations	–	–	–	€ (0.020)	**€ (0.003)**
	€ 1.925	€ 2.756	€ 3.595	€ 3.676	**€ 2.356**

	2011	2012	2013	2014	2015
Ordinary dividend per share	CHF 0.45	CHF 0.55	CHF 1.00	CHF 1.40	**CHF 1.60**
Closing market price:					
Highest price	CHF 57.25	CHF 59.55	CHF 80.50	CHF 95.55	**CHF 94.35**
Lowest price	CHF 35.65	CHF 38.51	CHF 48.40	CHF 68.15	**CHF 69.90**

Exchange rates	2011	2012	2013	2014	2015
Average rates					
€ : CHF	1.3338	1.2131	1.2099	1.2295	**1.1777**
€ : CNY	8.8616	8.8131	8.0986	8.2019	**7.8584**
€ : JPY	112.67	108.78	106.79	134.37	**138.75**
€ : US$	1.3225	1.3772	1.2877	1.3407	**1.2688**

Average number of employees	2011 *	2012 *	2013 *	2014 re-presented	2015
Switzerland	6 823	7 446	8 218	8 586	**8 732**
Rest of the world	14 564	17 149	19 448	18 200	**19 592**
	21 387	24 595	27 666	26 786	**28 324**

* with the exception of 2014, prior years have not been re-presented for the reclassification of Net-A-Porter

Statutory information

COMPAGNIE FINANCIÈRE RICHEMONT SA

Registered office

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Internet : www.richemont.com

Registrar

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SIX Securities Services
P.O. Box, 4601 Olten
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E-mail: share.register@six-securities-services.com

Auditor

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1202 Geneva
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Company Secretary

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'A' shares issued by Compagnie Financière Richemont SA are listed and traded on SIX Swiss Exchange, the Company's primary listing, (Reuters 'CFR.VX'/Bloomberg 'CFR:VX'/ISIN CH0210483332) and are included in the Swiss Market Index ('SMI') of leading stocks. The Swiss 'Valorennummer' is 21048333. Richemont's 'A' shares are registered. The share register is managed by SIX SAG AG, the registrar.

South African depository receipts in respect of Richemont 'A' shares are traded on the Johannesburg stock exchange operated by JSE Limited, the Company's secondary listing (Reuters 'CFRJ.J'/Bloomberg 'CFR:SJ'/ISIN CH0045159024).

Notice of meeting*

The Annual General Meeting ('AGM') of shareholders of Compagnie Financière Richemont SA (the 'Company') will be held at 10.00 am at the Four Seasons Hotel des Bergues, 33 Quai des Bergues, 1201 Geneva, Switzerland on Wednesday, 16 September, 2015.

Agenda

1. Annual Report

The Board of Directors proposes that the General Meeting, having taken note of the reports of the auditor, approve the consolidated financial statements of the Group, the financial statements of the Company and the directors' report for the business year ended 31 March 2015.

2. Appropriation of profits

On 31 March 2015, the retained earnings available for distribution amounted to CHF 5 779 392 938. The Board of Directors proposes that a dividend of CHF 1.60 be paid per Richemont share. This is equivalent to CHF 1.60 per 'A' registered share in the Company and CHF 0.16 per 'B' registered share in the Company. This represents a total dividend payable of CHF 918 720 000, subject to a waiver by Richemont Employee Benefits Limited, a wholly owned subsidiary, of its entitlement to receive dividends on an estimated 10 million Richemont 'A' shares held in treasury. The Board of Directors proposes that the remaining available retained earnings of the Company at 31 March 2015, after payment of the dividend, be carried forward to the following business year.

3. Discharge of the Board of Directors

The Board of Directors proposes that its members be discharged from their obligations in respect of the business year ended 31 March 2015.

4. Election of the Board of Directors and its Chairman

The Board of Directors proposes that the following members be re-elected on an individual basis to serve for a further term of one year:

4.1 Johann Rupert, 4.2 Jean-Blaise Eckert, 4.3 Bernard Fornas, 4.4 Yves-André Istel, 4.5 Richard Lepeu, 4.6 Ruggero Magnoni, 4.7 Josua Malherbe, 4.8 Simon Murray, 4.9 Alain Dominique Perrin, 4.10 Guillaume Pictet, 4.11 Norbert Platt, 4.12 Alan Quasha, 4.13 Maria Ramos, 4.14 Lord Renwick of Clifton, 4.15 Jan Rupert, 4.16 Gary Saage, 4.17 Juergen Schrempp and 4.18 The Duke of Wellington. The Board of Directors further proposes that Johann Rupert be elected as its Chairman for a term of one year.

5. Election of the Compensation Committee

The Board of Directors proposes the election, on an individual basis, of: 5.1 Lord Renwick of Clifton, 5.2 Yves-André Istel and 5.3 The Duke of Wellington to the Compensation Committee for a term of one year. If Lord Renwick of Clifton is elected, he will be appointed Chairman of the Compensation Committee.

6. Re-election of the Auditor

The Board of Directors proposes that PricewaterhouseCoopers be reappointed for a further term of one year as auditor of the Company.

7. Election of the Independent Representative

The Board of Directors proposes the election of Maître Françoise Demierre Morand, Etude Gampert & Demierre, Notaire, as independent representative of the shareholders for a term of one year.

8. Amendments to the Articles of Incorporation in line with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations ('OaEC')

The Board of Directors proposes that the Company's Articles of Incorporation be amended, deleted or supplemented as shown in the appendix to this notice of meeting. These amendments to the Articles of Incorporation will enter into force upon their registration in the Commercial Register.

9. Votes on the aggregate amounts of the compensation of the Board of Directors and the Executive Management

This is a new, binding vote following the entry into force of the OaEC, allowing shareholders to vote directly on the aggregate maximum compensation of the Board of Directors and the Executive Management.

9.1 Approval of the maximum aggregate amount of compensation of the members of the Board of Directors

The Board of Directors proposes the approval of a maximum aggregate amount of compensation of CHF 10 271 000 for the members of the Board of Directors for the period from the closing of this AGM through to the 2016 AGM.

The proposed amount includes fixed compensation, attendance allowances and employers' social security contributions.

9.2 Approval of the maximum aggregate amount of fixed compensation of the members of the Senior Executive Committee

The Board of Directors proposes the approval of a maximum aggregate amount of the fixed compensation of CHF 13 955 000 for the members of the Senior Executive Committee for the business year ended 31 March 2017.

This maximum amount includes fixed compensation and employers' social security contributions.

9.3 Approval of the maximum aggregate amount of variable compensation of the members of the Senior Executive Committee

The Board of Directors proposes the approval of the aggregate variable compensation of the members of the Senior Executive Committee in an amount of CHF 23 689 640 for the business year ended 31 March 2015.

The components of the variable compensation, which includes short- and long-term incentives, are detailed in the Company's Compensation Report and include employers' social security contributions.

The financial statements of the Group and of the Company, the directors' report, the compensation report and the related reports of the auditor for the year ended 31 March 2015, which are all contained in the Richemont Annual Report and Accounts 2015, will be available for inspection at the registered office of the Company from 22 July 2015 onwards. Printed versions of all such documents will be sent to shareholders upon request. The Richemont Annual Report and Accounts 2015 is also available on the Company's website at www.richemont.com/investor-relations/reports

Shareholders entered in the share register, with the right to vote, by Monday, 7 September 2015 at 5.00 pm, are entitled to participate in the Annual General Meeting. Shareholders registered by that date will receive their admission cards (by priority mail) on request using the reply form enclosed with the invitation. The reply form or a corresponding notification must reach either the Company's registrar, SIX SAG AG ('SIX SAG'), Baslerstrasse 90, P.O. Box, 4609 Olten, or the independent representative of the shareholders, not later than Friday, 11 September 2015. Reply forms or notifications arriving after that date will not be taken into consideration.

Shareholders may either represent their shares themselves or have them represented, either by a third party, whether or not a shareholder, if the latter is given a written proxy or by the independent representative of the shareholders, Maître Françoise Demierre Morand, Etude Gampert & Demierre, Notaires, 19 rue Général-Dufour, case postale 5326, 1211 Geneva 11, Switzerland.

In 2015, Compagnie Financière Richemont SA provides the possibility to vote online for the first time. Shareholders may digitally despatch their voting instructions to the independent representative using SIX SAG's eComm-Portal. Personal login-keys and detailed instructions regarding the portal will be sent with the invitations to the AGM.

The meeting will be held in English with a simultaneous translation into French.

For the Board of Directors:

Johann Rupert
Chairman

Bernard Fornas & Richard Lepeu
Co-Chief Executive Officers

*The official notice convening the AGM will be published in the Swiss Gazette in accordance with Swiss law and may differ from this notice in respect to the definitive proposals.

Notes

Notes

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