RÉMY COINTREAU

REFERENCE DOCUMENT
AT 31 MARCH 2005

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The present reference document has been filed with the Autorité des Marchés Financiers on 30 June 2005, in accordance with articles 211-1 to 211-42 of its General Regulation. It can be used in a financial transaction in conjunction with a prospectus which carries the approval of the Autorité des Marchés Financiers.

Contents

1. Person responsible for the Reference Document and the audit of the financial statements

1.1 Person responsible for the Reference Document

Dominique Hériard Dubreuil, Chairman of the Board of Directors of Rémy Cointreau.

1.2 Certificate of the person responsible for the Reference Document

"To my knowledge, the information in this document is accurate. It comprises all the information necessary for investors to base their judgement on the assets, operations, financial position, profits and prospects of the Rémy Cointreau Group. There are no omissions likely to change this view."

Dominique Hériard Dubreuil

Chairman of the Board of Directors

1.3 Statutory auditors and audit certificate

1.3.1 Principal Statutory Auditors

Barbier Frinault & Autres, member of Ernst & Young network, 41, rue Ybry - 92201 Neuilly, represented by Richard Olivier, appointed on 26 March 1984 (then known as Guy Barbier & Autres until their reappointment in 1994), reappointed on 22 September 1988, 22 September 1994 and 24 August 2000 for a term of office expiring at the close of the Annual General Meeting called to consider the financial statements of the year ended 31 March 2006.

Auditeurs et Conseils Associés S.A., member of Nexia International, 33, rue Daru 75008 Paris, represented by François Mahé, appointed on 26 September 1990, reappointed on 16 September 1996 and 3 September 2002 for a term of office expiring at the close of the Annual General Meeting called to consider the financial statements of the year ended 31 March 2008.

1.3.2 Substitute Statutory Auditors

Mr Jean Autissier, c/o Barbier Frinault & Autres, 41, rue Ybry 92201 Neuilly, appointed on 26 September 1990, reappointed on 22 September 1994 and 24 August 2000, for a term of office expiring at the close of the Annual General Meeting called to consider the financial statements of the year ended 31 March 2006.

Mrs Geneviève Dionis du Séjour c/o Auditeurs et Conseils Associés S.A., 33, rue Daru 75008 Paris, appointed on 26 September 1990, reappointed on 16 September 1996 and 3 September 2002 for a term of office expiring at the close of the Annual General Meeting called to consider the financial statements of the year ended 31 March 2008.

1.3.3 Certificate of the Statutory Auditors

Report of the Statutory Auditors on the Registration Document (Document de Référence).

This is a free translation into English of the Statutory Auditors' report on the registration document issued in the French language and is provided solely for the convenience of English speaking readers. The Statutory Auditors' reports on financial statements and consolidated financial statements,referred to in this report , include information specifically required by French law in all audit reports, whether qualified or not, and this is presented after the Opinion on the financial statements. This information includes (an) explanatory paragraph(s) discussing the auditors' assessment(s) of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the annual and consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual and consolidated financial statements.
This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of Rémy Cointreau and in compliance with Article 211-5-2 of AMF General Regulation Book II, we have verified, in accordance with French professional standards, the information in respect of the financial position and historical financial statements included in the accompanying Registration Document.

This Registration Document is the responsibility of the President of the Board of Directors. Our responsibility is to issue a conclusion on the fairness of the information contained therein with respect to the financial position and financial statements.

We conducted our examination in accordance with French professional standards. This examination consisted in assessing the fairness of the information on the financial position and financial statements and to verify their consistency with the audited accounts. We also read other financial information contained in the Registration Document in order to identify any significant inconsistencies with information in respect of the financial position and financial statements and to bring to your attention any obvious misstatements we noted based on our general understanding of the company gained through our audit. This Registration Document includes no prospective information on a properly prepared individual component or item.

We issued an unqualified opinion on the annual and consolidated accounts drawn up by the Board of Directors for the year ending March 31, 2005 and by the Management Board for the year ending March 31, 2003 in accordance with French professional standards.

We issued an unqualified opinion on the annual accounts drawn up by the Management Board for the year ending March 31, 2004 in accordance with French professional standards.

We issued an unqualified opinion on the consolidated accounts drawn up by the Management Board for the year ending March 31, 2004 in accordance with French professional standards with a comment relating to a change in the accounting method as a result of the early application of the CRC regulation n° 2004-03 dated May 4, 2004 relating to the consolidation of special purpose entities.

On the basis of our examination, we have nothing to report on the fairness of the information on the financial position and the accounts included in the Registration Document.

Paris and Neuilly-sur-Seine, June 29, 2005

The Statutory Auditors

Auditeurs & Conseils Associés	Barbier Frinault & Autres
Member of Nexia International	Ernst & Young
François Mahé	Richard Olivier

The Registration Document also includes the following reports :

- The Statutory Auditors' report on the annual and consolidated accounts at March 31, 2005 [respectively shown on page 82 and page 69 of the Registration Document], which includes the basis of their assessment in accordance with Article L.225-235 of French company law (Code de commerce).
- In accordance with Article L.225-235 of French company law (Code de commerce), the Statutory Auditors' report on the report prepared by the Director of Rémy Cointreau [page 93 of the Registration Document] describes the internal control procedures for the preparation and treatment of accounting and financial information.

1.4 Investor relations

Hervé Dumesny,	Gérard Taubman,
Chief Financial Officer	General Counsel

Tel.: + 33 1 44 13 44 13

2. Features of the transaction

Note: In the event of a transaction subject to the approval of the Autorité des Marchés Financiers, the relevant information for this chapter will be included in a separate transaction note.

3. General information on the Company and its share capital

3.1 General information on Rémy Cointreau

3.1.0 Corporate name, registered office and main administrative office

Corporate name: Rémy Cointreau S.A.

Registered office: Ancienne rue de la Champagne, rue Joseph Pataa, 16100 Cognac

Main administrative office: 21 boulevard Haussmann, 75009 Paris

3.1.1 Legal form and governance

Société Anonyme (French limited liability company) with a Board of Directors governed by French law and in particular by the provisions of the Commercial Code and by its bylaws.

3.1.2 Applicable legislation

Rémy Cointreau S.A. (hereinafter "Rémy Cointreau" or "the Company") is a company subject to French law.

3.1.3 Date established - Duration

The Company was established on 3 March 1975 and will terminate on 30 September 2073.

3.1.4 Objects

Rémy Cointreau's objects pursuant to Article 2 of its bylaws are as follows:

- the creation, acquisition and operation of any commercial, industrial or other business;
- the direct or indirect participation of the Company, in any form whatsoever, in any company, association, enterprise or grouping of any form whose object is a commercial, industrial, agricultural, property, design, research or development activity, or the acquisition, management or operation of all goods or rights;
- the paid provision of qualified services in technical, commercial, administrative or financial fields, on behalf of any individual or company engaged in commercial, financial or industrial activities in France or other countries, and;
- in general, any commercial, financial, industrial, property or real estate which are directly in indirectly related, in whole or in part, to the aforementioned objects or to any similar or related object.

3.1.5 Register of companies and registration number

Rémy Cointreau is registered at the Registre du Commerce et des Sociétés de Cognac under the number 302 178 892. APE Code 741 J.

3.1.6 Inspection of legal documents of the Company

Legal documents may be inspected at the registered office whose address is provided above.

3.1.7 Financial year

Every financial period commences on 1 April and ends on 31 March of the following year. The duration of the accounting period is one year.

3.1.8 Allocation of profits

Out of the Company's profits in each financial year, after setting aside a provision to establish the legal reserve, which must be at least equal to the minimum required, the General Meeting may, profit permitting, on the proposal of the Board of Directors, allocate the profit to one or more reserve funds for which it regulates the allocation or use, to carry forward or distribute as dividends among the shareholders.

After reviewing the reserves at its disposal, the General Meeting may decide to distribute amounts drawn from these reserves. In this event, the decision should expressly specify which reserve accounts have been drawn down.

3.1.9 General Meetings

Shareholders' Meetings are called and held under the conditions stipulated by law.

These meetings are held either at the registered office or at another venue specified in the notice of the meeting.

Right of admission to meetings

Any shareholder may participate in these meetings either personally or by intermediary, by mail or by proxy addressed to the Company. Shareholders must show proof of their identity and ownership of their fully paid shares, at least three days prior to the General Meeting of shareholders.

Right of vote

Pursuant to the resolution approved at the General Meeting of 16 December 1991, share voting rights are in proportion to the share of capital that they represent. At equivalent nominal value, each share entitles the holder to one vote.

However, a share entitles the holder to two votes, in relation to the share capital that it represents, in the following cases:

- any shareholder who has held fully paid shares in nominative form in the same name for at least four years;
- for each nominative share attributed to the shareholder, in the event of a capital increase by way of capitalisation of reserves, profits or premiums, on the basis of existing shares for which such shareholder already enjoys double voting rights.

This double voting right ceases for all shares converted to bearer shares or whose ownership is transferred. However, the four-year timeframe set is not affected for acquired rights by any transfer by succession, liquidation of joint estate of spouses, or inter-vivo gifts, for the benefit of an inheriting spouse or parent.

Only shareholders who fulfil the following criteria may participate in Meetings, vote by letter or be represented:

- their nominative shares must be registered at least three days before any Meeting;
- for shares in bearer form, a certificate from an authorised intermediary must be produced within the same time limit, stating that the relevant shares will remain blocked in the account until the day after the Meeting.

Entry passes for Meetings will be sent to all shareholders and are available upon request from Société Générale, Service Assemblées Générales (General Meeting Services), 32 rue du Champ de Tir, Nantes 44000, France, or from the authorised banks, on presentation, for bearer shares, of a certificate stating that the shares are held as indicated above.

Declaration of crossing thresholds

In accordance with the bylaws, any shareholder (individual or company), acting either alone or in concert, who acquires in any manner, as set out in Article L.233-7 and subsequent of the Commercial Code, a fraction equal to one per cent (1%) of the share capital or voting rights, or any multiple of this percentage, must notify the Company of the total number of shares held within five days of crossing one of these thresholds. This also applies each time that the fraction of share capital or voting rights held becomes less than one of the thresholds stated above.

In the event of non-compliance with this provision, and upon the request of shareholders holding at least 1% of the share capital, the shares exceeding the fraction which should have been declared will be deprived of voting rights at all Meetings held until the expiration of the timeframe provided for by law and regulations in force following the date of regularising the notification.

The intermediary registered as the holder of the shares pursuant to paragraph 3 of Article L.228-1 of the Commercial Code is required, without prejudice to the obligations of the owners of the shares, to make the declarations so required by the first paragraph above for all of the shares of the Company for which he/she is registered as the holder.

Identification of shareholders

The Company is legally entitled to request, in accordance with the legal terms and conditions, the identity of those shareholders holding shares, which immediately or subsequently give rise to voting rights.

In order to identify the holders of securities, the Company is entitled to request at any time, at its own expense, from the share registrars, the name or, if it is a company, the corporate name, nationality, year of birth or establishment, and address of holders of securities that have the right immediately or in the future to vote at the Company's meetings, as well as the number of securities held by each of them and, where applicable, the restrictions that may apply to those securities and more generally to make use of Article L.228-2 of the Commercial Code concerning identification of holders of securities that confer the right immediately or in the future to vote at the Company's meetings.

3.2 General information on the share capital

3.2.0 Change to the share capital and shareholders' rights

The share capital may be increased by a decision taken by an Extraordinary General Meeting. However, where a capital increase is carried out by incorporation of reserves, profits or share premium, the relevant Extraordinary General Meeting will set the quorum and majority required in an Annual General Meeting.

Capital increases are decided or authorised by an Extraordinary General Meeting which sets the terms for an issue of new shares and grants all powers to the Board of Directors to carry this out in a period that may not exceed 26 months.

The Extraordinary General Meeting may decide to reduce the share capital, particularly by way of repurchase of shares or reduction in their nominal value, or again, by reduction in the number of shares in accordance with legal requirements.

The share capital may also be written down in accordance with the law.

3.2.1 Share capital at 31 March 2005

At 31 March 2005, the share capital was €72,084,257.60 divided into 45,052,661 shares of €1.60 each, all of one class, fully paid and carrying 71,896,859 voting rights.

Form of shares: fully paid shares are in nominative or bearer form, at the shareholder's choice.

Authorisation to trade in the Company's shares

In February/March/April 2003, the Company purchased on the stock market 149,340 of its own shares, pursuant to the last three share repurchase programmes. In June and September 2003, the Company sold 26,895 of its own shares, pursuant to the last two share repurchase programmes, and on 24 March 2005, sold 602,430 shares within the framework of a selling and repurchase agreement. In order to maintain comprehensive coverage of its share repurchase plans and to partially manage the dilution resulting from the exercise of one of these share subscription plans, a resolutive clause was included in the last sale. This transaction was supplemented by the purchase by the Company of 224,497 call options from Barclays Bank PLC on 24 March 2005. The whole transaction enables Rémy Cointreau to meet the exercise of a maximum of 826,927 share subscription or purchase options.

At 31 March 2005, the Company held 30,000 of its own shares.

The Combined General Meeting of Rémy Cointreau of 7 September 2004, in its thirty fifth resolution, authorised the Board of Directors, for a period ending at the conclusion of the General Meeting called to consider the financial statements for the year ended 31 March 2005 and, at the latest, within a period of eighteen months from 7 September 2004, to purchase, or sell shares in the Company, up to 10% of the current share capital, which is 3,845,554 shares, with Treasury shares deducted.

The maximum amount that the Company may pay on the basis of this number of shares is €192,277,700.

The share repurchase programme is designed to achieve the following, in order of priority:

- to stabilise the price of the Company's shares on the Stock Market by trading systematically against the trend;
- to allocate the shares following the exercise of rights attached to marketable securities giving right by conversion, exchange, redemption, presentation of a warrant, or a combination of these, or in any other manner to allocate existing shares in the Company;
- to grant options to employees and/or executives of the Company and the Group, to purchase shares;
- to offer employees the option to acquire shares directly, or by way of a company investment fund as prescribed by the law, particularly Article L.443-1 and subsequent of the Labour Code;
- to use the shares for acquisition by exchanging shares, or as consideration, or in any other manner likely to improve the terms of the transaction;
- to use the shares as consideration for restructuring and particularly mergers within the framework of stock market regulations;
- to cancel the shares, subject to the adoption of the fifteenth resolution, in order to increase the return on capital and earnings per share;
- to retain the shares or to dispose of or transfer them, where appropriate, as part of an active management of resources, taking into account funding requirements.

The purchase of these shares, as well as their sale or transfer, may be carried out at any time, including during the period of a public takeover bid, subject to periods of abstention, provided by Article 731-6 of AMF general regulations or other legal or regulatory provisions, and by any means, on the market or over the counter, including block transactions and the use of derivative financial instruments, particularly options, so long as they do not significantly increase the volatility of the share price. Share capital acquired or transferred in blocks may account for all of the authorised share repurchase programme.

As part of these objectives, the repurchased shares may be cancelled in accordance with the fifteenth resolution of the same Meeting up to 10% of the share capital per period of twenty-four months.

The maximum purchase price is €50 and the minimum sale price is €22 per share.

An information note in respect of this programme received Authorisation No. 04-710 from the Autorité des Marchés Financiers on 2 August 2004.

The European regulation of 23 December 2003, which was effective from 13 October 2004 and related to rules for the application of the Directive of 28 January 2003, had a substantial impact on the scope and rules of application of this repurchase programme.

3.2.2 Authorised capital

Authorisation to grant options to subscribe for or purchase shares

The authorisation was given by way of the seventh resolution of the Combined General Meeting of Rémy Cointreau on 7 September 2004 to the Board of Directors, for a period of thirty eight months from 7 September 2004, to grant, on one or more occasions, to employees of the Company or companies or G.I.E covered by Article L.225-180 of the Commercial Code, or certain of them, as well as the management of the Company or companies or GIE covered by Article L.225-180 of the Commercial Code, options to subscribe for new shares in the Company, to be issued by way of an increase in capital, or options to purchase shares in the Company arising from a repurchase pursuant to the provisions prescribed in Articles L.225-208 or L.225-209 and subsequent of the Commercial Code. The total amount of options granted under the present authorisation may not give a right to a number of shares representing more than 3% of the share capital of the Company.

The subscription price or the share price shall be set by the Board of Directors the day the option is granted within the limits prescribed by law. Share subscription or purchase options may not be granted during periods forbidden by law.

In any event, the issue price for options to subscribe must not, on the day the option is granted, be lower than 80% of the average share price of the twenty trading days preceding the issue date. In the event of the grant of options to purchase, the purchase price of the shares may not be lower than either 80% of the average share price of the twenty trading days preceding the date of grant, or 80% of the average purchase price of the shares held by the Company pursuant to Articles L.225-208 and/or L.225-209 of the Commercial Code.

This price may only be revised in accordance with circumstances provided by law at the time of financial transactions or share transactions. The Board of Directors will then, in accordance with regulations, make an adjustment to the number and price of the shares included in the options granted to take account of the effect of these transactions.

The options must be exercised within a period of ten years from the date they are granted.

Delegation to the Board of Directors to increase the share capital by incorporation of reserves, profits or premiums

The Combined General Meeting of 7 September 2004, in its eighth resolution, authorised the Board of Directors, in accordance with the provisions of paragraphs II and III of Article L.225-129 of the Commercial Code, for a duration of 26 months from 7 September 2004, to increase the share capital, on one or more occasions, at the times and in accordance with the methods that it shall determine, by incorporation into capital of reserves, profits, or premiums, followed by the creation and bonus issue of shares or the increase in the nominal value of existing shares, or a combination of these two methods.

Fractional rights are not negotiable and the corresponding shares will be sold, the amounts resulting from the sale being allocated to the holders of rights at the latest thirty days after the date of registration of the total number of shares allocated.

The amount of the capital increase that may be carried out under this authorisation may not exceed the nominal amount of €70,000,000, set independent of the maximum limit of increases resulting from the issue of marketable securities authorised by this same Meeting.

This authorisation has not been used to date.

Delegation to the Board of Directors to issue various marketable securities, with or without shareholders' pre-emption rights

The Combined General Meeting of 7 September 2004, in its ninth resolution, delegated to the Board of Directors, in accordance with the provisions of Articles L. 225-129, L.225-129-2 and L.228.92 of the Commercial Code, the powers required to proceed, on one or more occasions, in France and/or abroad and/or on the international market, with a maintained pre-emption right for shareholders, in euro, foreign currencies or any monetary unit established by reference to a number of currencies, to issue shares in the Company (other than preference shares) as well as marketable securities of whatever nature, giving access to capital by conversion, exchange, repayment, presentation of a warrant, a combination of these, or in any other way, to the granting immediately and/or subsequently, at any time or a set date, to a share in the capital of the Company and this, within the limit of a total nominal ceiling of a capital increase of €30,000,000, in common with the ninth and tenth resolutions, and a total nominal ceiling of debt securities in common with all the debt securities whose issue is delegated to the Board of Directors by virtue of the same Annual and Extraordinary General Meeting, of €750,000,000.

The Board of Directors may decide to substitute Treasury shares for shares to be issued under this resolution.

The issues decided by virtue of this delegation must be carried out within a time period of 26 months from 7 September 2004.

The same Meeting, in its tenth resolution, delegated to the Board of Directors the powers to issue various marketable securities as mentioned above, with suppression of pre-emption rights.

The Board of Directors may decide to substitute Treasury shares for shares to be issued under this resolution.

It will be proposed at the Combined General Meeting of 28 July 2005 that these authorisations be renewed in order to extend them to marketable securities giving access to debt instruments.

Delegation to the Board of Directors to issue shares representing the share capital of the Company as a result of the issue, by controlled companies, of marketable securities giving, in time, access to the Company's share capital

The same Combined General Meeting of 7 September 2004, in its tenth resolution, in view of the issue of shares and marketable securities giving access to the capital of the Company which shall give right to marketable securities that may be issued, by companies where Rémy Cointreau holds directly or indirectly more than half the share capital, subject to the approval of the Board of Directors of Rémy Cointreau, delegates to the Board of Directors the necessary powers to proceed with the issue of capital securities in Rémy Cointreau to which these marketable securities give the right, and this up to a total nominal ceiling of a capital increase of €30,000,000, in common with the ninth and tenth resolutions.

In this context, Rémy Cointreau shareholders do not have a pre-emption right to these marketable securities issued by these companies.

The issues decided by virtue of this delegation must be carried out within a time period of 26 months from 7 September 2004.

It will be proposed at the Combined General Meeting of 7 September 2004 that this authorisation be renewed in order to extend it to marketable securities giving access to debt instruments.

Authorisation to the Board of Directors to use the delegations to issue and to reduce capital in the event of a public offer for the Company

The Combined General Meeting of 7 September 2004, in its fifteenth resolution, expressly decided that all delegations to increase the Company's capital by the issue of shares and other securities that have not been reserved, as well as the delegations to reduce capital, which are available to the Board of Directors by virtue of the above resolutions of the Combined General Meeting, may be used at the time of a public offer to purchase or exchange shares in the Company, in accordance with conditions provided by law. Use of these delegations must therefore come into Rémy Cointreau's ordinary business operations and their implementation must not be likely to make the public offering fail.

3.2.3 Securities not representative of capital

Nil.

However, in 1991, Rémy Cointreau issued 400 Perpetual Subordinated Notes amounting to FFr 2,000,000,000 (€304,898,034.47) in value. Rémy Cointreau also issued on 24 June 2003 seven year senior loan notes of €175 million, and on 5 January 2005, seven year senior loan notes of €200 million. The majority of this latter loan was used to reduce amounts drawn down on the 2004-2008 syndicate credit and will enable the partial repayment of the OCEANE loan maturing in April 2006.

The features of these two are described in notes 2.8 and 2.10, respectively, to the parent company accounts of Rémy Cointreau at 31 March 2005 (see Chapter V of this Reference Document, paragraph 5.3).

3.2.4 Other securities giving access to capital

Convertible loan note

On 21 March 1991, the Company issued a convertible loan note for FFr 993,300,000 (€151,427,608.82), representing 451,500 convertible bonds, for a period of fifteen years and carrying interest at 7.5% per annum. These bonds may be converted at any time.

To date, 449,623 bonds have been converted and 1,877 bonds, representing 30,032 shares, remain to be converted.

Convertible loan notes with the option of conversion and/or exchange for new/existing shares (OCEANEs)

Pursuant to the authorisation conferred by the Combined General Meeting of 24 August 2000, the Board of Directors' meeting of 12 December 2000 elected to issue loan notes at par with an option of conversion and/or exchange into new and/or existing shares in the amount of €300 million, representing 6,896,551 loan notes. The term of the loan notes is five years and sixty-one days, bearing an annual interest rate of 3.50%, due on 1 April each year. Each loan note may be converted into or exchanged for one new or existing share, at any time, from 30 January 2001, until seven working days preceding the redemption date. On 17 October 2003, Rémy Cointreau repurchased 62,837 of these loan notes, which were then cancelled. To date, twenty-one loan notes have been converted into new shares and two loan notes have been exchanged for existing shares, and there remains to be converted or exchanged 6,833,691 loan notes, which correspond to 6,833,691 shares in the event of their conversion.

Authorisation to issue securities giving access to capital

The Combined General Meeting of 16 September 1996 authorised the Board of Directors to grant, on one or more occasions during a period of five years, to employees or management of the Company and the companies or GIE covered by Article 208-4 of the law on commercial companies (Article L.225-180 of the Commercial Code), options carrying the right to subscribe for new shares in the Company that may represent up to 1% of the share capital of Rémy Cointreau.

The Board of Directors' meetings of 4 December 1996 and 25 March 1998 granted all the corresponding options. These plans expired on 3 December 2003 and 24 March 2005 respectively and options outstanding at 31 March 2005 have been fully exercised.

The Combined General Meeting of 26 August 1998 authorised the Board of Directors to grant, in accordance with the previous terms and conditions, options to subscribe for new shares in the Company, up to a maximum of 3% of the share capital of Rémy Cointreau.

The Board of Directors' meetings of 28 October 1998, 28 April and 7 December 1999, and 30 May 2000 allocated in full the corresponding options. The number of options outstanding at 31 March 2005 was 477,799.

The Combined General Meeting of 24 August 2000 authorised the Board of Directors to grant, in accordance with the same conditions as previously discussed, options giving the right to subscribe to new shares in the Company, up to a maximum of 3% of the share capital of Rémy Cointreau. The Board of Directors meetings of 1 March 2001 and 8 March 2002 allocated in full the corresponding options. The number of options outstanding at 31 March 2005 was 1,223,100.

The Combined General Meeting of 21 September 2001 authorised the Board of Directors to grant, within the same terms and conditions as previously, options giving right to subscribe to new shares or purchase shares in the Company up to a maximum of 3% of the share capital of Rémy Cointreau. The Board of Directors meetings of 8 March 2002 and 16 September 2003 allocated 634,500 options including 287,000 options to purchase shares in the Company. No option had been exercised as at 31 March 2005.

Share subscription and purchase option plans in effect at 31 March 2005

	Plan No. 6 Subscription	**Plan No.. 7 Subscription**	**Plan No. 8 Subscription**	**Plan No. 9 Subscription**	**Plan No. 10 Subscription**	**Plan No. 11 Subscription**	**Plan No. 12 Subscription**	**Plan No. 13 Subscription**
Date of Extraordinary General Meeting	26/08/98	26/08/98	26/08/98	26/08/98	24/08/00	24/08/00 and 21/09/01	21/09/01	07/09/04
Date of Management Board/Board of Directors Meeting	28/10/98	28/04/99	07/12/99	30/05/00	01/03/01	08/03/02	16/09/03	08/12/04
Total number of options allocated	224,044	289,300	499,100	131,280	1,016,600	659,500	287,000	262,000
- including number of options that may be subscribed to by members of corporate governance bodies(1)	72,466	119,576	127,900	61,960	200,000	275,000	180,000	40,000
- number of members concerned	7	10	10	9	5	5	5	1
Total number of beneficiaries	75	66	85	28	150	43	25	30
Options valid from	28/10/98	28/04/99	07/12/99	30/05/00	01/03/03	08/03/06	16/09/07	24/12/08
Expiry date	27/10/05	27/04/09	06/12/09	29/05/10	28/02/11	07/03/12	15/09/13	23/12/14
Share subscription price (€)(2)	13.55	12.20	16.36	18.85	27.10	25.00	27.67	28.07
Number of options lapsed	-	4,700	3,400	-	32,000	-	3,000	-
Number of options exercised and shares subscribed to at 31 March 2005	175,019	183,164	264,577	34,065	65,000	8,500	-	-

(1) Board of Directors and members of the Management Committee as applicable prior to 19 December 2000 and members of the Management Board and Supervisory Board subsequent to this date.

(2) The exercice prices prior to 1999 represent the translation into euros of the data originally established in French francs.

No other securities exist giving access to the Company's share capital

3.2.5 Movement in share capital

Dates	Description	Number of new shares issued	Share premium (Francs)	Share premium (Euros)	Share capital (Francs)	Share capital (Euros)	Number of shares
21/03/1991	Capital increase contribution in kind	374,582 shares FFR 10 each	Contribution: 377,403,520	-	127,758,200	-	1,277,582
16/12/1991	10 for 1 share split Bonus issue of 6 new shares for every 10 existing shares	-	-	-	204,413,120	-	20,441,312
	Contribution in kind resulting from the merger absorption of Rémy & Associés	9,182,533 FFR 10 each	Merger: 1,467,318,152	-	296,238,450	-	29,623,845
31/03/1994	Capital increase by conversion of bonds	94,400 shares FFR 10 each	Issue: 12,390,000	-	297,182,450	-	29,718,245
	and by exercise of share subscription options	10,868 shares FFR 10 each	Issue: 1,467,180	-	297,291,130	-	29,729,113
31/03/1995	Capital increase by conversion of bonds	1,019,200 shares FFR 10 each	Issue: 133,770,000	-	307,483,130	-	30,748,313
	and by exercise of share subscription options	5,743 shares FFR 10 each	Issue: 775,305	-	307,540,560	-	30,754,056
31/03/1996	Capital increase by conversion of bonds	6,080,368 shares FFR 10 each	Issue: 798,048,300	-	368,344,240	-	36,834,424
4/12/1996	Capital increase following the payment of dividends in shares	1,278,989 shares FFR 10 each	Issue: 127,272,195.39	-	381,134,130	-	38,114,413
31/03/1998	Capital increase following the exercise of share subscription options	10,753 shares FFR 10 each	Issue: 1,070,031.03	-	381,241,660	-	38,124,166
31/03/2000	Capital increase following the exercise of share subscription options	58,064 shares FFR 10 each	Issue: 4,803,202.52	-	381,822,300	-	38,182,230
30/05/2000	Capital increase following the conversion of share capital into euro by transfert from available reserves	-	-	-	-	61,091,568	38,182,230

Dates	Description	Number of new shares issued	Share premium (Francs)	Share premium (Euros)	Share capital (Francs)	Share capital (Euros)	Number of shares
30/06/2000	Capital increase following the exercise of share subscription options	198,332	-	2,518,696.16	-	61,408,899.20	38,380,562
13/10/2000	Capital increase following the exercise of share subscription options	78,659	-	1,082,396.96	-	61,534,753.60	38,459,221
	and by the payment of dividends in shares	867,048	-	26,540,339.28	-	62,922,030.40	39,326,269
19/12/2000	Capital increase contribution in kind	5,000,000	-	162,000,000.00	-	70,922,030.40	44,326,269
31/03/2001	Capital increase following the exercise of share subscription options	51,331	-	738,739.46	-	71,004,160.00	44,377,600
	Capital increase following the conversion of OCÉANE securities	21	-	879.90	-	71,004,193.60	44,377,621
31/03/2002	Capital increase following the exercise of share subscription options	82,105	-	1,154,348.38	-	71,135,561.60	44,459,726
31/03/2003	Capital increase following the exercise of share subscription options	120,215	-	1,624,950.23	-	71,327,905.60	44,579,941
31/03/2004	Capital increase following the exercise of share subscription options	199,908	-	2,759,676.45	-	71,647,758.40	44,779,849
31/03/2005	Capital increase following the exercise of share subscription options	272,812	-	4,254,831.72	-	72,084,257.60	45,052,661

No significant movement occurred in the capital following the increase by contribution in kind on 19 December 2000, with the exception of the company Arnhold and S. Bleichroeder Advisers, LLC that held 11.97% of the share capital and 7.5% of the voting rights at 31 March 2005. At 27 April 2005, it held 13.40% of the share capital and 8.4% of the voting rights.

In addition, following the sale and repurchase agreement signed with Barclays Capital Securities Ltd, relating to 602,430 Treasury shares, this company held 1.37% of the share capital and 0.85% of the voting rights at 31 March 2005.

3.3 Current analysis of shareholders and voting rights

3.3.1 Voting rights, number of shareholders, details of shareholders holding 1% or greater and the nature of their holding, shareholders' pacts, shares held by employees, Treasury shares

Share ownership analysis at 31 March 2005

Shareholders	Situation at 31/03/2005			Situation at 31/03/2004			Situation at 31/03/2003		
	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
Orpar	19,831,197	44.02	55.17	19,831,197	44.29	55.85	19,831,197	44.48	56.03
Récopart	6,270,339	13.92	17.21	6,270,339	14.00	17.42	6,270,339	14.07	17.48
Arnhold and S.Bleichroeder, LLC(*)	5,392,067	11.97	7.50	4,476,917	9.99	6.30	-	-	-
Rémy Cointreau (Treasury shares)	30,000	0.07	-	632,430	1.41	-	655,573	1.47	-
Public	13,529,058	30.02	20.12	13,568,966	30.31	20.43	17,822,832	39.98	26.49
Total	**45,052,661**	**100.00**	**100.00**	**44,779,849**	**100.00**	**100.00**	**44,579,941**	**100.00**	**100.00**

There are shares with double voting rights (see Chapter III paragraph 3.1.9).

The employee savings plan represents less than 1% of the share capital of Rémy Cointreau.

It is the sole means by which Rémy Cointreau personnel hold shares in the Company.

The Company is aware of the existence of the following concert relationship and shareholders' agreement between Orpar and the shareholders of Récopart:

- In accordance with Article 13.1 of Récopart's bylaws, shareholders holding category B shares, of which 99.99% are held by Orpar, are entitled to submit to the Supervisory Board candidates for two positions on the Management Board. As a result, two executive officers from Orpar, namely François Hériard Dubreuil and Marc Hériard Dubreuil, were appointed as Chairman and Member of the Management Board of Récopart, respectively. The aim of this provision is to ensure that the shareholders of Récopart and of Orpar act in concert with respect to the exercise of voting rights attached to the 6,270,339 Rémy Cointreau shares held by Récopart.
- In addition, Orpar holds a purchase option on the Rémy Cointreau shares owned by Récopart. Orpar may exercise this option if a third party submits an offer with a view to acquiring control of Rémy Cointreau. The shareholders' agreement will expire on 27 June 2011, unless explicitly extended for one or more successive periods of five years.

Management Board Members' shares and voting rights ownership at 31 March 2005

Shareholders	Shares	%	Shares with double voting rights	Voting rights	%
Mrs. Dominique Hériard Dubreuil	2,466	0.00	266	2,732	0.00
Mr. François Hériard Dubreuil	100	0.00	10	110	0.00
Mr. Marc Hériard Dubreuil	100	0.00	10	110	0.00
Mr. Pierre Cointreau	100	0.00	50	150	0.00
Mr. Brian Ivory	100	0.00	0	100	0.00
Mr. Jürgen Reimnitz	100	0.00	0	100	0.00
Mr. Patrick Duverger	523	0.00	523	1,046	0.00
Mr. Guy Le Bail	10,101	0.00	1	10,102	0.02
Mr. Xavier Bernat	100	0.00	0	100	0.00
Mr. Hakan Mogren	100	0.00	0	100	0.00
Total	**13,790**	**0.00**	**860**	**14,650**	**0.03**

The Company holds 30,000 Treasury shares. The features of the share repurchase programme authorised by the General Meeting of 7 September 2004 are described in paragraph 3.2.1 of Chapter III of this document.

The options (convertible bonds – OCEANEs and share subscription options) are described in paragraph 3.2.4 of Chapter III of this Reference Document. The maximum potential dilution is referred to in the notes to the consolidated financial statements (paragraph 9 of Chapter V of this document).

3.3.2 Changes in share capital during the last three years

During the course of the 2002/03 financial year, the share capital increased by €192,344 to €71,327,905.60, as a result of the exercise of 120,215 options. At closing, Orpar held more than one-third of the share capital and more than half the voting rights. Récopart held more than 10% of the share capital and voting rights.

During the course of the 2003/04 financial year, the share capital increased by €319,852.80 to €71,647,758.40, as a result of the exercise of 199,908 options. At closing, Orpar held more than one-third of the share capital and more than half the voting rights. Récopart held more than 10% of the share capital and voting rights. The Company Arnhold and S. Bleichroeder, LLC held over 5% of the share capital and voting rights.

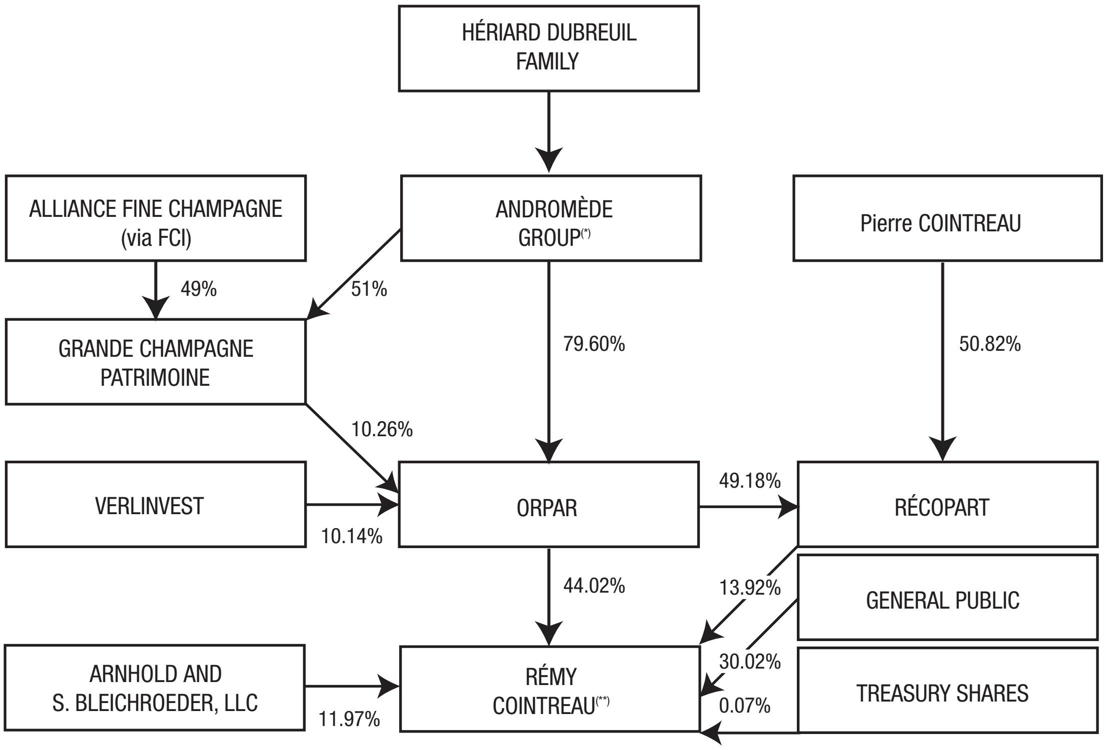
During the course of the 2004/05 financial year, the share capital increased by €436,499.20 to €72,084,257.60 as a result of the exercise of 272,812 options. At closing, Orpar held more than one third of the share capital and over half of voting rights. The Company Récopart held over 10% of the share capital and voting rights. The Company Arnhold and S. Bleichroeder, LLC held over 10% of the share capital and more than 5% of voting rights.

3.3.3 Persons that control the company and details of their shareholding

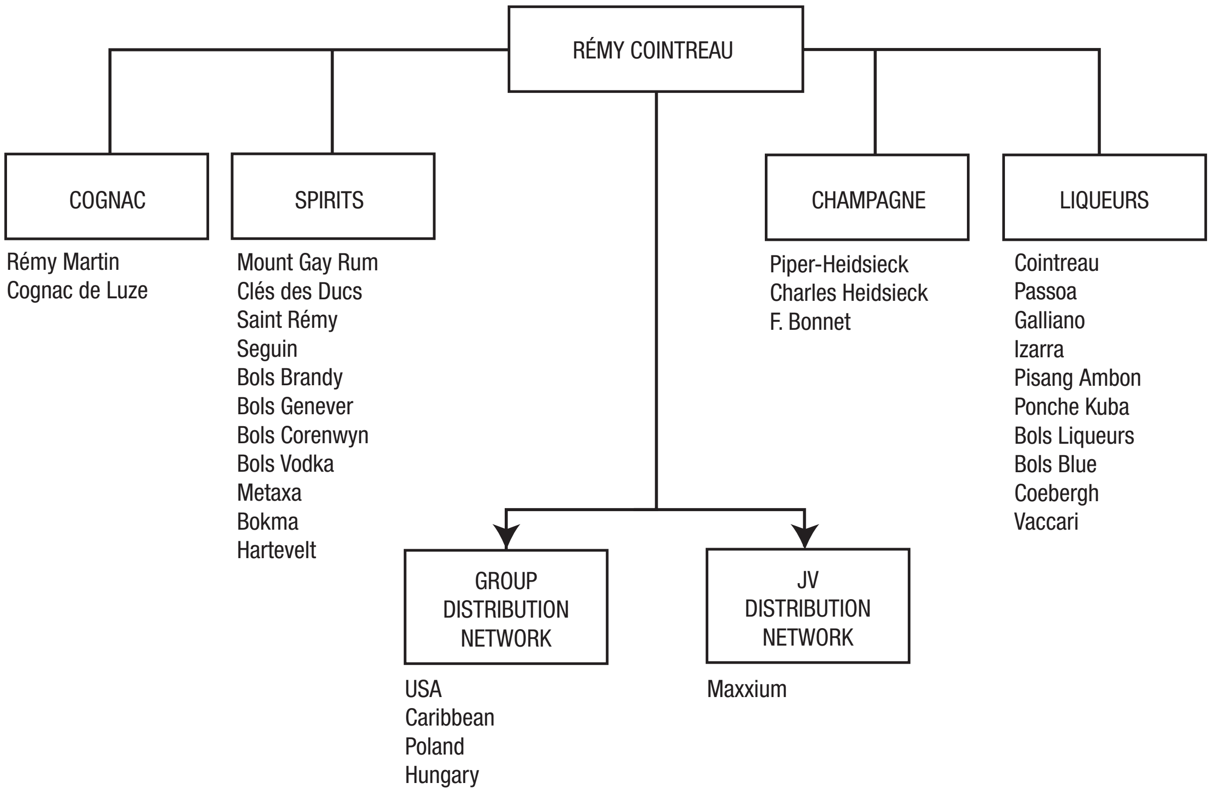
At 31 March 2005, Orpar was 84.83% owned by Andromède, which is controlled by the Hériard Dubreuil family.

At 31 March 2005, Orpar held 19,831,197 shares in Rémy Cointreau, giving it 39,662,394 voting rights.

Ownership Structure and Organisational Chart at 31 march 2005 (% in capital)



(*) Rémy Cointreau is consolidated within the Andromède Group.
(**) Only Rémy Cointreau shares are traded on the Stock Market.



3.4 Share price performance

Stock Market Listing

Rémy Cointreau shares are exclusively listed on the Euronext Paris SA-Eurolist.

Rémy Cointreau share performance over the last 18 months

(in €)	Trading volume	Average price	High price	Low price	Trading value (€M)
December 03	1,127,578	26.42	28.24	24.73	29.78
January 04	1,127,626	26.07	28.80	25.12	29.72
February 04	1,312,379	27.82	28.92	26.50	36.29
March 04	7,192,180	27.83	29.39	25.90	190.52
April 04	1,863,790	27.70	28.10	26.26	51.41
May 04	831,164	27.64	28.68	26.54	23.09
June 04	1,383,252	26.85	27.70	25.53	36.82
July 04	986,921	27.15	27.80	26.25	26.77
August 04	833,739	28.15	28.92	27.00	23.48
September 04	965,882	28.15	29.05	27.10	27.05
October 04	1,465,633	26.72	27.69	25.60	38.97
November 04	1,783,426	27.28	28.50	26.44	48.86
December 04	1,998,156	28.44	30.40	27.00	56.63
January 05	1,370,928	30.35	31.37	29.34	41.46
February 05	1,137,268	31.58	32.10	30.50	35.83
March 05	1,044,628	31.16	32.36	29.17	32.19
April 05	1,782,471	33.09	34.40	31.64	58.94
May 05	901,893	33.61	34.33	33.57	30.26

At 31 March 2005, Rémy Cointreau's market capitalisation amounted to €1,457 million.

3.5 Dividends

Allocation of 2004/05 profit

The Board of Directors will propose, for approval at the General Meeting of shareholders of Rémy Cointreau on 28 July 2005, the following allocation of profit:

Loss for the year to 31 March 2005	(€23,361,831.91)
Retained earnings – opening balance	€17,940,516.81
Increased by a non-recurring reserve of	€78,365,679.50
Total distributable profit	**€72,944,364.40**
Allocation to legal reserve	€43,649.92
Distribution of dividends of €1.00 per share	€45,052,661.00
Balance carried forward	€27,848,053.48
Total	**€72,944,364.40**

The dividend to be distributed among individual shareholders are fully entitled to a 50% tax reduction, as provided by Article 158-2, 2 of the General Taxation Code.

Payment of dividends in shares

In considering the financial statements for the year, the General Meeting may grant every shareholder, for all or part of the dividend distributed, an option between payment of the dividend in cash or in shares.

This facility was used by the General Meeting of shareholders of Rémy Cointreau of 24 August 2000 in respect of the dividend distributed for the 1999/2000 financial year.

Prescription

Dividends not claimed within five years from the date they were payable are prescribed and thus revert to the State.

4. General information on the operations of Rémy Cointreau

4.1 Presentation of Rémy Cointreau and the Group

4.1.0 General summary, history and strategy of Rémy Cointreau

4.1.0.1 General summary

The Rémy Cointreau Group (hereafter "the Group") is one of the principal operators in the world market for wines and spirits with a portfolio of well-known brands that include Rémy Martin cognac, the orange liqueur Cointreau, Mount Gay rum, Piper-Heidsieck and Charles Heidsieck champagnes, Bols liqueurs and vodka, and Metaxa brandy.

The Group is:

- the market leader with Rémy Martin for higher quality cognacs and No. 2 in total volume;
- an international leading player in the champagne business with Piper-Heidsieck and Charles Heidsieck;
- a leading producer and distributor of liqueurs in Europe with Cointreau and Passoa (source: Nielsen);
- a leading operator in the spirits market (Vodka in Poland, Brandy and genever-based alcohol).

The Group's turnover in 2004/05 was €905 million, with an operating margin of 18.5%, and profit on ordinary activities of €79 million.

Rémy Cointreau is quoted in compartment A of Eurolist of the Euronext Paris Stock Exchange and is a component of the CAC MID 100 and SBF 120 indices. Around 40% of the shares comprise the free float, and ultimate control of Rémy Cointreau is held by the Hériard Dubreuil family.

Rémy Cointreau SA has been rated "BB -" stable prospects by Standard & Poor's and "Ba2" negative prospects by Moody's.

4.1.0.2 History

The Group, whose origins date from 1724, is a result of the merger in March 1990 of the holding companies of the Hériard Dubreuil and Cointreau families that controlled E. Rémy Martin & Cie S.A. and Cointreau & Cie S.A. respectively. In October 2000, the acquisition of the Dutch company Erwen Lucas Bols added to the scale and geographic spread of the Group.

The table below summarises the key dates and events in the history of Rémy Cointreau:

Key dates in the history of Rémy Cointreau

1724	Establishment of the house of Rémy Martin Cognac
1849	Creation of Cointreau & Cie by the Cointreau brothers
1924	Acquisition of E. Rémy Martin & Cie S.A. by André Renaud
1965	Death of André Renaud and succession by his son-in-law, André Hériard Dubreuil who created the international network of distribution Rémy Martin
1985	Acquisition by the Rémy Martin Group of Charles Heidsieck champagnes
1988	Acquisition by the Rémy Martin Group of Piper-Heidsieck champagnes
1989	Acquisition by the Rémy Martin Group of the Galliano and Mount Gay brands
1990	Transfer by Pavis S.A. of Rémy Martin shares to Cointreau & Cie S.A.
1991	Merger/absorption of Rémy & Associés by Pavis who subsequently adopted the corporate name of Rémy Cointreau
1998	Dominique Hériard Dubreuil appointed Chairman of Rémy Cointreau
1999	Establishment of the Maxxium distribution joint venture
2000	Acquisition of Erven Lucas Bols

For a description of the simplified structure of the shareholding in Rémy Cointreau, see the chart at 31 March 2005 in paragraph 3.3.3 of this Reference Document.

4.1.0.3 Strategy

Within a rapidly changing wine and spirits industry, Rémy Cointreau pursues a strategy aimed at increasing the growth of its premium brands, whose quality and rarity clearly identify the Group in a sector where consumers are becoming increasingly sophisticated.

This strategy is based on:

1. additional resources for marketing programmes with a high level of expenditure;
2. innovative and targeted "product" policies designed to anticipate changes in consumption trends;
3. commercial efforts related to the market using the Group's excellent knowledge of the distribution channels; and
4. an aggressive and selective policy of partnerships and alliances using a model implemented in August 1999 with the establishment of the Maxxium B.V. distribution joint venture, designed to reduce selling costs and to offer the market a complete portfolio of well-known and complementary brands.

4.1.1 Description of principal operations of Rémy Cointreau

4.1.1.1 Organisation by segment and sector

Rémy Cointreau has four operating divisions covering four product families (Cognac, Champagne and Wines, Liqueurs and Spirits), and two distribution networks:

- its own network, primarily serving the US, Caribbean, Poland, Hungary, and
- the Maxxium joint venture network.

The Group thus has in its final customer either the Maxxium subsidiaries, or wholesalers and specialist distributors in the US, Poland and other markets where Rémy Cointreau has its own distribution subsidiaries. Distribution to the final consumer is mainly carried out by integrated chains or by specialist wholesalers amounting to a total of 25,000 accounts.

Economic situation

The 2004/05 financial year was marked by the following factors:

- continued appreciation of the euro against the dollar adversely affected operating profit (a negative effect of €31 million on operating profit compared with the previous year);
- continued implementation of a policy of price increases;
- continued implementation of the mix product;
- growth in advertising and marketing expenditure.

Financial year operations were primarily driven by a good performance in the US and Asian markets, whereas European markets were excluded from this growth momentum.

During the financial year, the Group generated operating organic growth of its operating profit of 14.4%.

New consumption patterns have emerged throughout the world, particularly through the efforts of those actively seeking to change consumption habits: the spirits segment is stimulated by the fashion for cocktails and the development of the Premium category in the US; in Europe, more traditional consumers are changing to "long drinks"; in Asia, the demand is becoming increasingly qualitative and there is a quest for new consumption trends. Reflecting the rapid change in society, markets are becoming more complex to enter. They comprise multiple niches, each with their own aspirations, a certain age group and varying purchasing power. The new challenge for brands is to respond to these changes, while retaining their status as a "must-have" in a very competitive marketplace.

The Group's offering has been designed and improved in recent years, to capitalise permanently on these trends.

Seasonality of business

Group sales are split 44% in the first half of the financial year (1 April - 30 September) and 56% in the second half (1 October - 31 March).

4.1.1.2 Review by sector (Market and Rémy Cointreau's performance)

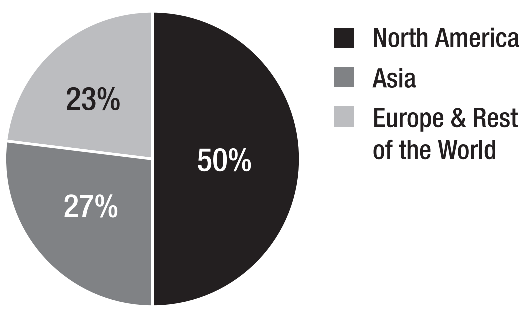
(a) Cognac

The Cognac division was the most important to the Group in terms of turnover (35% of the total) and contributed 42% of operating profit (before central costs and distribution expenses) in 2004/05.

The Group's Cognac activities are for the most part contained within CLS Rémy Cointreau, which produces and sells its range under the name of Rémy Martin and De Luze.

Turnover of Cognac division in 2004/05: €319 million

Geographic analysis (%)



Source: Rémy Cointreau

Description of "appellation d'origine contrôlée" cognac

Cognac is a brandy (eaux-de-vie distilled from grapes) with the "appellation d'origine contrôlée" from the Cognac region of France. The "Appellation" is based on geographic vineyards, and the two most prestigious are "Grande Champagne" and "Petite Champagne".

The "Fine Champagne" designates a cognac that has come exclusively from Grande Champagne (50% minimum) and Petite Champagne.

There are a number of quality levels classified according to legal standards in respect of the average age of the eaux-de-vie:

• VS (“Very Superior”), with a minimum average age of 2.5 years;
• VSOP: (“Very Superior Old Pale”), with a minimum average age of 4.5 years;
• QSS: ("Qualité Supérieure Supérieure"), with a minimum average age of 6.5 years, and
• QS ("Qualité Supérieure"), covers all the VSOP and QSS labels.

The Group produces and sells, mainly under the Rémy Martin brand, aged cognacs of superior quality (QS), which represented 91% of its sales in 2004/05.

The major geographic markets are Europe, North America (principally the US) and the Asia-Pacific region (particularly China and Japan).

During the past two years, Rémy Martin has focused its attentions on leading products such as VSOP, XO Excellence and Louis XIII, with the following priorities:

• To improve the communication of brand commitment to excellence in product design, in order to strengthen its leadership in the premium segment;
• To improve the consistency of the overall range, essentially through communication focused on the Rémy Martin brand.

2004/05 industry developments

The Cognac industry confirmed its growth recovery with a total volume of 10.3 million cases in 2004/05, a 5% increase on the previous year.

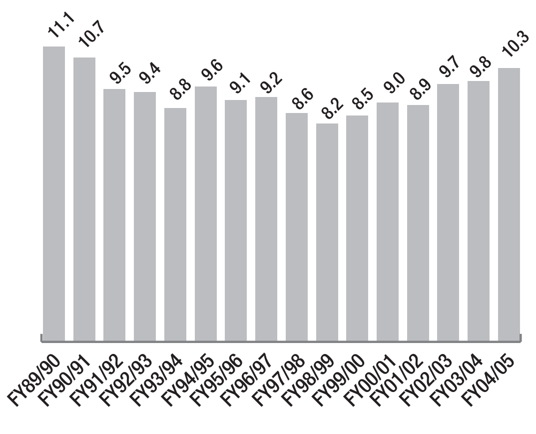
In the US, 2004/05 was marked by volume growth of 3%. This increase was even greater in the QSS, XO segments and above, which grew by 24% (source: BNIC-December 2004).

Driven by strong Chinese expansion, Asia saw continued growth in volumes in most markets, particularly China and Singapore, with overall growth of 15%. However, Cognac volumes continued to fall in Japan. QSS growth in Asia was 24%.

The duty-free business experienced a stable year, however QSS grew by 18%, at the cost of a 21% decline in ordinary quality products.

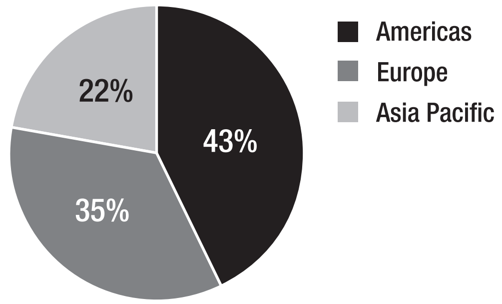
European volumes grew by 3% compared with the previous year, helped by good results in the UK and Russia. The QSS segment increased by 13%.

Total Cognac sales (‘000 of 8.4L cases):



Source: BNIC (end of March figures)

Geographic analysis of Cognac consumption in 2004/05:



Source: BNIC

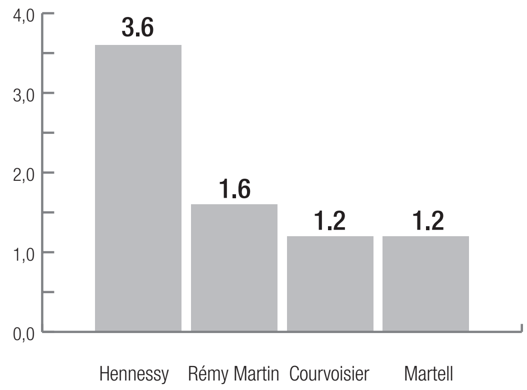
Rémy Cointreau’s performance

In 2004/05, Rémy Martin confirmed its No. 2 position in volume terms for cognac with a market share of 16%, and retained its No. 1 position in the higher quality segment with a 30% market share (source: BNIC-March 2005).

During 2004/05, Rémy Martin’s volumes grew by 3%, excluding products based on cognac. The QSS segment (XO and higher) grew by 13%.

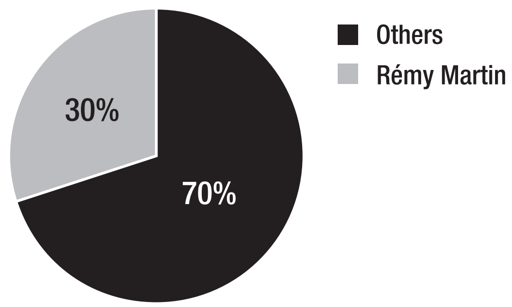
Sales increased by 6% at comparable exchange rates and by 0.5% at current exchange rates.

Cognac sales in 2004 per brand (millions of cases)



Source: regional press (2004 estimates)

QS sales at end of March 2005 by brand



Source: BNIC

The rollout of Rémy Martin internationally, which began many years ago, has enabled it to balance its revenue sources between the US, Europe and Asia.

Sales of Rémy Martin Cognac (source: Rémy Cointreau) grew in the US, in particular in VSOP and QSS segments. In Asia, VSOP and QSS sales increased.

In Europe, despite the good performance in the UK, there was a decline in volumes, mainly due to the German market.

Volume sales of Rémy Martin cognac ('000 cases)

	2004/05	2003/04	%	2002/03
Cognac	1,638	1,594	2.8%	1,567
Cognac-based products	104	134	(22.3%)	132
Total Rémy Martin	**1,742**	**1,728**	**0.8%**	**1,699**

Source: Rémy Cointreau

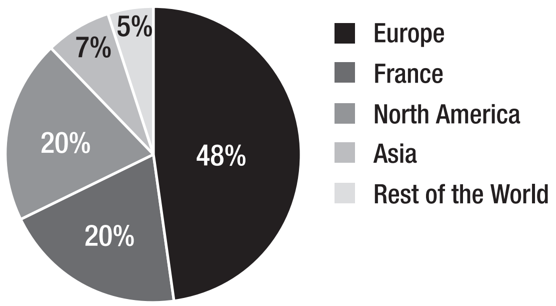
(b) Champagne and Wines

The Champagne and Wines division represented 14% of Group turnover and 7% of operating profit before central and distribution expenses in 2004/05.

The division operates through a number of subsidiaries, the majority of which are based in Reims in the heart of France's Champagne district.

Turnover of the Champagne and Wines division in 2004/05: €130 million

Geographic analysis (%)



Source: Rémy Cointreau

(i) Champagne

The Group is one of the principal producers of champagne in volume terms, with average sales of 9.9 million bottles during the last three years.

The Group's leading brand in terms of volume and market share is Piper-Heidsieck. Piper-Heidsieck is also a leading brand in France, Germany, Belgium, the UK and the US in the higher market segment of "Grandes Marques". Charles Heidsieck, positioned in the "Wines" top of the range segment, is distributed through specialist channels, mainly in France, Italy, the US and the UK.

Description of "appellation d'origine contrôlée" champagne

Champagne is a sparkling wine carrying the "appellation d'origine contrôlé" (AOC), and is produced according to strict criteria, principally:

- grapes must come from specified vineyards (32,000 hectares with 95% used) in the Champagne district of France;
- the yield of the vines is limited and an annual amount is set to preserve quality;
- only three grape varieties are permitted: Pinot Noir, Pinot Meunier and Chardonnay; and
- a minimum ageing of fifteen months in the bottle is required for non-vintage champagnes and three years for vintage champagnes.

Due to these production constraints, champagne may be regarded as a rare, even de luxe, product.

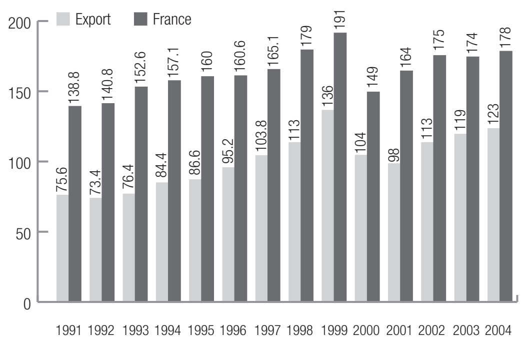
However, in order to meet rising demand, between 2000-2005, the champagne producers decided to enlarge the size of the vineyards covered by the AOC by 300 hectares per year.

Despite this policy of expansion, and taking into account climatic conditions, it is unlikely that total production of champagne can exceed 330 million bottles per year.

The price of grapes was deregulated in 1990; however, a general agreement is put in place within the industry every four years to moderate the inflationary tendencies arising from the limit on production volumes.

Industry and Rémy Cointreau's performance

Total shipments of champagne (in millions of bottles)

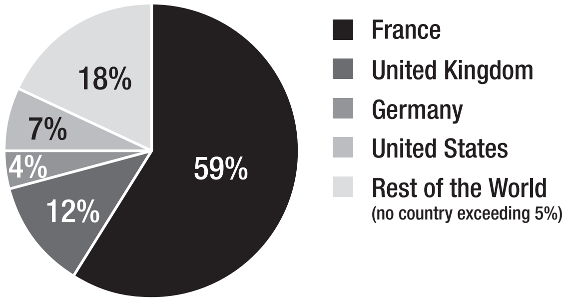


Source: CIVC

With total shipments of 300.6 million bottles, 2004 was the fourth successive year of growth, following the 22% drop recorded in 2000 (post-millennium effect). This was a 3% increase compared with the previous year.

If the 1999 shipments are excluded - as these were heavily influenced by the millennium - 2004 was a record year for champagne shipments. Growth in 2004 shipments was balanced between exports and the French market, which represented an increase of 3.9 million (up 3.3%) and 3.4 million bottles (up 2%), respectively.

Geographic analysis of Champagne sales in 2004



Source: CIVC

Rémy Cointreau is a leading player with a 3.2% market share. The Champagne segment recorded organic growth of 17.2% in operating profit (up 5.2% in published data), before central and distribution expenses in 2004/05.

Piper-Heidsieck and Charles Heidsieck together represented 85% of the Champagne division's turnover. The division intends to grow its two highly complementary brands, as well as maximise their operating profit.

For nearly 10 years, Piper-Heidsieck has proved one of the most dynamic brands in this segment. The brand is the drink of celebrations, large or small, and has successfully combined the tradition of an outstanding wine with a contemporary expression, that can sometimes cast aside convention: clad in red, corseted in the prestigious "Piper Heidsieck dressed by Jean-Paul Gaultier", diversified in a nomadic version with "Baby Piper", or introducing itself to female consumption and fashion with Rosé Sauvage, a different way of consuming Champagne.

The successful launch of "Rosé Sauvage" in 2002, the more recent launch of the "Sublime" and "Divin" in 2003, as well as the revival of the mythical and historic "Rare" are key stages in the implementation of a strategy to move the brand up-market. They also complete a rich and prestigious range.

With export growth of 2.5% in 2004, Piper-Heisdieck is now the No. 3 player in Champagne exportations, behind Moët et Chandon and Veuve Clicquot (Source: Impact).

A prestige wine reserved for connoisseurs, "Perle Rare" Charles Heidsieck, was the first Brut Reserve to display the year it was laid down on the bottle. Whereas the legislation imposes a minimum ageing of fifteen months, Charles Heidsieck elected to offer wines held for over three years.

Charles Heidsieck benefits from international recognition demonstrated each year, particularly at the "International Wine Challenge" in London.

The Charles Heidsieck concept, as a rare and limited wine, has been very successful in markets with a strong wine culture, particularly Italy, the UK, the US and France.

(ii) Wines

The "Wines" component of the business comprises René Junot (still wines) and Piper Sonoma (sparkling wines) sold in the US. Sales of these brands were €11 million in 2004/05.

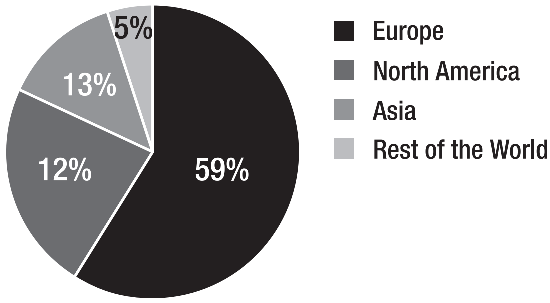
(c) Liqueurs

The Liqueurs division of Rémy Cointreau represented 18% of Group turnover and 22% of operating profit before central and distribution expenses in 2004/05.

The Liqueurs operations of the Group are carried out by production subsidiaries based in France, with the principal site in Angers, and The Netherlands. The key brands in the portfolio are Cointreau and Passoa, which represented 56% and 14% respectively of divisional turnover in 2004/05.

Liqueurs division turnover in 2004/05: €161 million

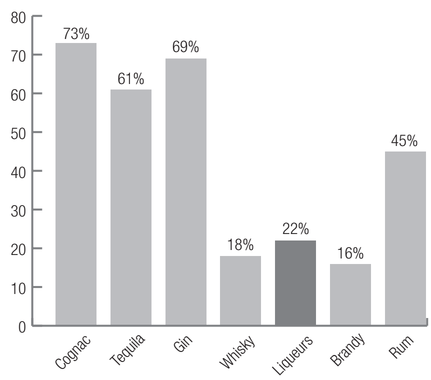
Geographic analysis (%)



Source: Rémy Cointreau

Industry and Rémy Cointreau's performance:

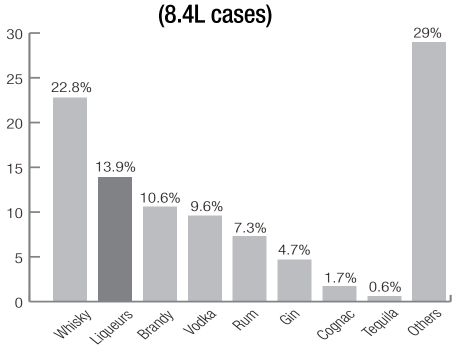
International Spirits Category:
Share of the five leading brands in each category (8.4L cases)



Source: IWSR (International Wine & Spirit Record) Data 2003

As with all other major categories of spirits (whisky, brandy and rum to a lesser extent), the liqueurs market remains very fragmented since the five leading brands only represent 22% of the category total. In volume terms, Liqueurs are the second category in Europe after whiskies.

International spirits category in Europe, excluding former USSR (8.4L cases)

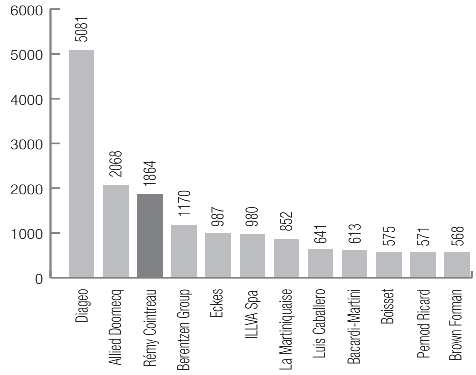


Source: IWSR - Data 2003

In addition, the liqueurs sector is characterised by a large number of "aromas" and "recipes" which demand a very targeted marketing approach.

The liqueurs market is one of the five fastest growing categories in Europe responding to consumer demand in terms of taste and alcohol levels and offering great flexibility in terms of product innovation.

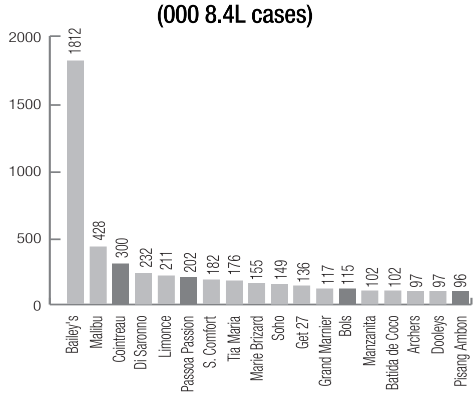
Competitors in the European liqueur market (8.4L cases)



Source: IWSR - Data 2003

Rémy Cointreau is No. 3 in the European market and is well-placed to seize opportunities within the sector with its portfolio of liqueurs and its two leading brands, ranked by Nielsen as among the first 10 in Europe in mass market distribution.

The leading liqueur brands, mass-market distribution in Europe (000 8.4L cases)



Source: Nielsen Off trade Europe MAT Dec. 04

During the 2004/05 financial year, Rémy Cointreau's liqueur segment recorded moderate growth in overall sales (up 3% at constant exchange rates). Cointreau and Passoa sales (excluding Ready to Drink) grew by 8%. This contributed to an improved segment operating margin, which increased to 31.9%, compared with 30.8% the previous year. This improvement reflected greater selectivity in advertising and marketing expenditure and a favourable change in the brand/market mix.

Cointreau, the Group's leading liqueur brand with sales of 1,240,000 in 2004/05, has three different products:

- Cointreau Liqueur at 40°, which represents 97% of brand sales, recorded good commercial performance with overall growth of 5%. The main growth came from the US, Cointreau's leading market, where the brand recorded a 6% increase in volumes sold to retailers (due to inventory depletions), thus offsetting the decline in traditional European markets (particularly Germany and Belgium),
- Cointreau "C" at 17°, based on lime and citrus fruit, distributed in France, Belgium and Italy,
- Cointreau Premix, a range of "ready to drink" products with a low alcohol content, marketed in Australia.

Passoa continued to grow strongly in 2004/05 with its liqueur based on exotic fruits, and achieving volumes of 519,000 cases. The brand thus confirmed its success in the segment of "young" liqueurs with significant growth, particularly in the French market. The successful launch of two new flavours (Spicy Mango and Melon Cactus) also contributed to the development of the brand in Europe.

Italian Liqueurs include the Galliano and Vaccari brands, mainly sold in Australia and the US.

The **Bols** brand has had a presence in liqueurs for over 400 years. This makes Bols the oldest distiller in Europe.

The ***Bols Blue*** *and* ***Bols liqueurs*** brands are sold in 100 countries and their principal markets are the US, UK, Germany, Japan and Canada. Bols liqueurs are used in quality cocktails and sell over one million cases per year, with some produced under licence in the US.

Coebergh is No. 1 in The Netherlands.

The liqueur **Ponche Kuba** is milk, rum and brandy-based and is mainly consumed in the Caribbean (particularly in the Dominican Republic).

Pisang Ambon was the first liqueur for young people and was created in 1948 with an exotic Indonesian fruit and banana flavour. Its features enable it to fit perfectly within Rémy Cointreau's portfolio of young liqueurs. Brand sales are made mainly in The Netherlands, Belgium and France.

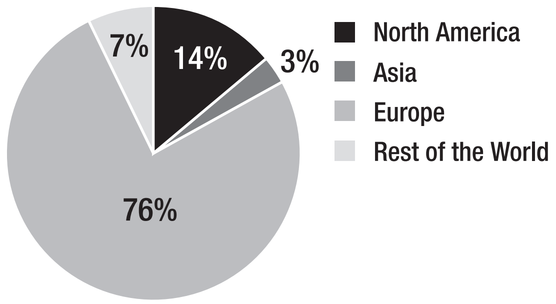
(d) Spirits

The Spirits division of Rémy Cointreau represented 21% of Group turnover and 23% of consolidated operating profit before central and distribution expenses for 2004/05.

The spirits division comprises Mount Gay rum, Saint Rémy brandy, Clés des Ducs armagnac, the Greek speciality Metaxa, Bols vodkas, Soplica and Niagara as well as the ranges of Genevers produced in The Netherlands (Bols, Bokma and Hartevelt).

Turnover of the Spirits division in 2004/05: €186 million

Geographic analysis (%)



Source: Rémy Cointreau

Industry and Rémy Cointreau's performance

The Group operates in the area of very high volume spirits, in competition with local producers and international players: rum, brandy and vodka have been growing strongly for a number of years, which is why the Group's strategy is to use its marketing efforts in certain targeted markets and in some areas with high potential.

This strategy has been implemented particularly in the US and the Caribbean for Mount Gay, in Scandinavia and North America for St Rémy brandy, and in Eastern Europe (Poland and Hungary) for vodka. Products based on genever maintain a regional dominance and are mainly sold in The Netherlands. The Metaxa brand is primarily distributed in Greece, Germany and Central Europe.

To prepare these products, the Group has brought together its expertise within each category, to add value with its specific expertise in terms of assembly and ageing. This qualitative requirement, evidenced in the production of rum, brandy and vodka, makes the Group's brands the benchmark in their respective markets.

The Group sold more than 6,900,000 cases of spirits in 2004/05, to achieve turnover of €186 million.

Rums:

Following the disposal of the Saint James and Bally rums in the second quarter of 2003, **Mount Gay Rum** became the principal brand in the Group's rum business.

Mount Gay rum is produced in Barbados from molasses and is one of the oldest spirit brands in the world, dating from 1703.

Sales of Mount Gay were 432,000 cases, a 7% increase compared with the previous financial year.

The two principal historical markets are the US and Barbados. However, it should be noted that Mount Gay continues to grow in the UK, a strategic growth area for the brand.

Brandy:

Saint Rémy brandy is one of the rare international brands that has made its presence felt in a market dominated by local production and brands. The Saint Rémy brand achieved sales volumes of 720,000 cases in 2004/05. In addition to the consolidation of its position in historical markets such as Canada, the US, Australia and Nigeria, the brand achieved a remarkable breakthrough in South East Asia, in New Zealand and in the UK.

Vodka:

In terms of vodka, the leading brand in the portfolio is **Bols Vodka**. It is also the leading brand in Poland with a 36% market share in the high-end segment (source: AC Nielsen). Sales of Bols vodka were around 2,000,000 cases (April 2004 - March 2005). The principal competitors in the high-end segment are Sobieski with a 24.5% market share, Smirnoff with a 12.9% market share and Wyborowa with a 7.9% market share.

Soplica vodka was launched in January 2000. It holds 7.7% in the core segment of the market (source: AC Nielsen) and sales exceeded 800,000 cases (April 2004 - March 2005). In this segment its competitors are Absolwent with a 35.9% market share and Luksusowa with a 10.1% market share.

The Group's vodka portfolio also includes **Niagara** vodka, introduced to the market in December 2001. Sales were 137.000 cases (April 2004 - March 2005).

Genevers:

Bols Genever brands are still principally sold in The Netherlands and Belgium. This traditional category of genever has now reached maturity. Tax increases by the Dutch government at the beginning of 2004, together with a difficult economic situation had an adverse impact on sales. The Bols offering leads its sector, through its key brand in this category, Jonge Bols. The Bols Corenwyn brand remains a select item in The Netherlands, with a comfortable market share in the niche category of "korenwijn".

Metaxa:

Created in 1888 by Spyros Metaxa, Metaxa is a Greek drink recognised nationally and with a reputation that has grown throughout Central Europe where it embodies the soul of the Mediterranean.

With a specific distillation process, aged muscat wine and a scientific plant mix, Metaxa is unique.

Metaxa is sold in over 50 countries throughout the world. Its principal markets are Greece, Germany, Central and Eastern Europe. This year Metaxa sold in excess of one million cases, with continuous growth in recent years.

The brand has high growth potential, particularly in the new countries of the European Union and the Balkans. Following the successful Olympic Games in Athens, and taking into account its strong Greek roots, Metaxa should benefit from the growth of tourism in Greece.

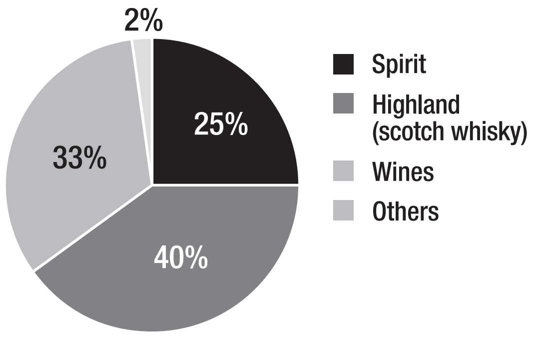
(e) Partner Brands

Partner brands distributed by Rémy Amérique and subsidiaries of Rémy Cointreau (excluding Maxxium) represented 12% of consolidated turnover and nearly 7% of consolidated operating profit before central and distribution expenses in 2004/05.

This business consists of distributing third party brands in German duty-free markets and the US with distribution of Antinori wines and The Famous Grouse and The Macallan Scotch whiskies.

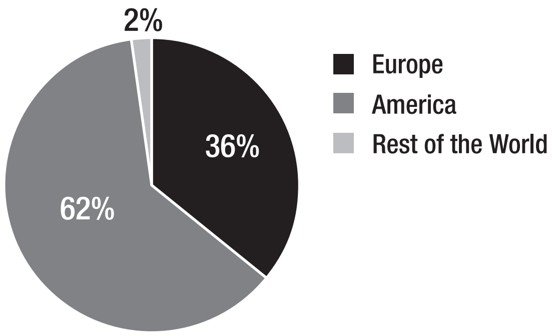
These partner brands contribute to strengthening the Rémy Cointreau portfolio and optimising the distribution costs in their respective markets.

Geographic analysis of sales of Partner brands in 2004/2005 (%)



Source: Rémy Cointreau

Geographic analysis of sales of Partner brands in 2004/2005: €109.2 million



Source: Rémy Cointreau

4.1.1.3 Distribution

The distribution structure comprises the Maxxium joint venture and subsidiaries which are either 100% owned or in a joint venture with local partners.

- Maxxium was established in August 1999 with two other partners, Highland Distillers and Jim Beam Brands. This was expanded in May 2001 with the arrival of Vin & Sprit, owners of Absolut vodka. Rémy Cointreau currently owns 25% of Maxxium.
  Maxxium, with its large and diversified portfolio of wines and spirits, is well-placed to offer a quality sales and marketing service to local customers and distributors.
  Based in Amsterdam, Maxxium employs 1,602 people in 35 countries in Europe, Asia, Canada and South America.
  Currently, Maxxium is one of the three leading distribution groups in Canada, the UK, France, Greece, Benelux, Sweden, China, Australia and New Zealand (source: Rémy Cointreau). This network has an extended commercial presence covering over 70 markets worldwide.
- The network directly controlled by Rémy Cointreau mainly covers the following countries:
  - US,
  - Caribbean,
  - Poland (joint venture) and Hungary.

Through these different distribution channels, Rémy Cointreau ensures the promotion of its products through different points of sale, such as hypermarkets, specialist outlets, cafés, hotels, bars and restaurants, and duty-free shops.

Thus, with its two networks, Rémy Cointreau has strengthened the development potential of its international brands and optimised its costs.

4.1.2 Summary of sales volumes

	March 2005	March 2004	March 2003	Actual vs last year
Cognac	1,822	1,835	1,799	(0.7%)
Liqueurs	2,971	3,046	3,358	(2.5%)
Spirits	6,924	7,082	7,663	(2.2%)
Champagne & Wines	1,030	1,067	1,101	(3.5%)
Partner brands	1,605	1,472	2,312	9.1%
Group Total	**14,352**	**14,502**	**16,233**	**(1.0%)**

Changes in volumes for the liqueur segment take into account the decline in sales volumes of “Ready to Drink” and “Premix” products.

In the spirits segment, lower volumes sales primarily resulted from the decline in genever-based products in The Netherlands and from the disposal of the Saint James brand.

Changes in the champagne and wines category reflect the strategic decision taken to improve the quality mix, which led to a fall in volumes of distributor brands.

Partner brands declined following the disposal in 2004 of the wine distribution business in The Netherlands and by the interruption of contracts for secondary distribution.

4.1.3 Summary of turnover and operating profit

Divisional sales and operating profits were as follows:

By sector

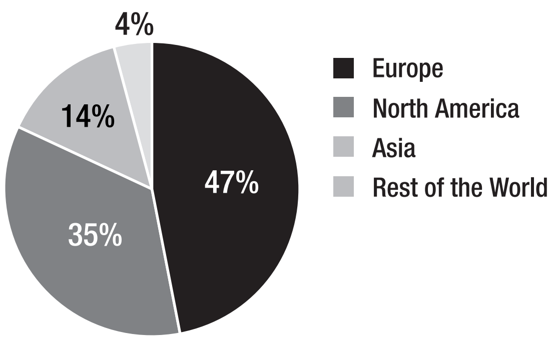
	2005 €m	2004 €m	2003 €m	Increase/(decrease) 2005/2004
Turnover				
Cognac	319	317	359	0.5%
Liqueurs	161	161	175	0.4%
Spirits	186	184	201	1.0%
Champagne & Wines	130	126	130	3.1%
Partner brands	109	100	135	9.0%
Total	**905**	**888**	**1,000**	**1.9%**
Operating profit				
Cognac	99.5	114.3	149.3	(12.9%)
Liqueurs	51.5	49.3	50.4	4.3%
Spirits	56.0	53.9	61.5	4.1%
Champagne & Wines	15.9	15.3	17.2	3.9%
Partner brands	16.8	15.4	20.9	9.1%
Total	**239.7**	**248.2**	**299.3**	**(3.4%)**
Distribution costs, central expenses and unallocated costs	(72.0)	(74.7)	(85.5)	(3.6%)
Total	**167.7**	**173.5**	**213.8**	**(3.3%)**

By geographic area

Consolidated turnover is analysed as follows:

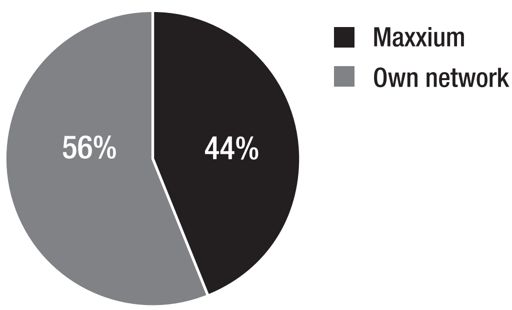
Turnover	2005 €m	2004 €m	Increase/decrease 2005/2004	2003 €m
France	50	53	(5.6%)	62
Other European countries	375	362	3.6%	407
North America	314	310	1.3%	352
Asia-Pacific	127	122	4.1%	127
Rest of the World	39	41	(4.8%)	52
Total	**905**	**888**	**2.0%**	**1,000**

Rémy Cointreau's turnover by geographic area in 2004/05 (%)



Source: Rémy Cointreau

Rémy Cointreau's turnover by network in 2004/05 (%)



Source: Rémy Cointreau

4.1.4 The Group's principal establishments (address, importance and property owned: establishments responsible for over 10% of turnover)

The principal establishments of the Group are:

(a) Administrative offices of Rémy Cointreau, which include the Group's functional services, are based in Paris, 21 Boulevard Haussmann, in a rented building.

(b) Production sites

(i) Cognac (Rémy Martin)

The units owned by the Group are located on two sites:

• Merpins (on the edge of Cognac)

A 15,000 m² complex used for ageing (storehouse, fermenting room, pre-finishing, laboratory, and offices) on 200,000 m² of land with a storage capacity of 1,727,000 hl.

A packaging complex of 20,800 m² on 67,000 m² of land with storage capacity of 130,000 hl and 10 packaging lines: in 2004, 32 million bottles were packaged on this site.

• Cognac site

Office complex and ageing storehouse of 18,500 m².

(ii) Angers (Liqueurs & Spirits)

- The units owned by the Group are on the St Barthélémy d'Anjou site with 100,000 m² surface area, including 45,000 m² of buildings.
- The complex includes the distillation operations (19 stills), fermenting area (54,000 hl) and packaging (10 lines). In 2004, 37 million bottles were packaged on this site.
- In 2004, the Group invested in a logistic platform, the storage and order preparation operations of which were sub-contracted to the Mory group. The building has a total area of 18,000 m², storage capacity of 20,500 pallets and was built on a 46,800 m² site, near existing buildings.

(iii) Reims (Piper-Heidsieck and Charles Heidsieck)

The units owned by the Group are spread across three sites:

• Boulevard Henri Vasnier site (Reims)
A complex comprising offices, visitor and reception areas, fermenting areas and cellars over an area of 24,000 m², with 5,000 m² built and 9,700 m² developed.

• Allée du Vignoble site (Reims)
A complex comprising offices, reception areas, fermenting areas, workshops and cellars on an area of 144,000 m², of which 30,000 m² is developed.

• Chemin Vert site (Reims)
A complex comprising a storage area for finished products as well as cellars and caves (developed area of 12,700 m²).

Production units (three sites) with a production capacity (filling/packaging) of 12 to 15 million bottles, a modern fermenting unit of 72,000 hl and older storage areas for reserve wines and cellars continuously containing over 30 million bottles.

(iv) Avandis (Liqueurs and Spirits)

The production unit for all Bols products sold domestically in The Netherlands is called Avandis and is in Zoetermeer in the Netherlands.

Avandis is a joint venture with three partners: Bols, De Kuyper, and UTO. The site has an area of 80,000 m² and can produce 46 million bottles on nine bottling lines.

(v) Poznan (Vodka)

The Polish production unit is in Oborniki near Poznan and it produces mainly the Bols vodkas, Soplica and Niagara. The site has an area of 80,000 m², of which 45,000 m² is currently in use and 10,000 m² is built. Production capacity in 2004 was 54 million bottles on three automated bottling lines.

(c) Distribution

- Rémy Amérique Inc, with its head office in rented premises in New York, ensures the distribution Group brands and third party products in the US (workforce 206).
- Rémy Caribbean & Latin America, a division of Mount Gay Distilleries, based in Barbados, ensures the distribution of Group brands and third party products (including Absolut Vodka) in the Caribbean and Central and South America (workforce 18).
- Bols Sp 200 (50% owned with a local partner) covers the Polish market. Its registered office is in Warsaw and it employs 345 people.
- Maxxium BV, with its head office in rented offices in Amsterdam, is the distribution joint venture in which Rémy Cointreau has a 25% stake together with its three partners (Edrington, Jim Beam Worldwide and Vin & Sprit). Maxxium covers all markets (excluding the US and the Caribbean), distributing its shareholder brands and a portfolio of third party products with 1,602 employees in 38 subsidiaries.

4.1.5 Delivery commitments (policy adopted by various Group companies)

In general, the Rémy Cointreau distributors (subsidiaries or exclusive distributors) hold two to three months' stock. The Group has never suffered a major stoppage in operations.

4.1.6 Exceptional events affecting operations

There is currently no exceptional event likely to substantially affect the results, operations, net assets or financial position of Rémy Cointreau or its Group.

4.2 Potential dependence of the Rémy Cointreau Group

Brands

The Rémy Cointreau Group attaches particular importance to the protection in France and worldwide of the intellectual property rights to its brands that constitute the principal asset of the business.

The major brands held and used by the Group are, by category:

Cognac: Rémy Martin, De Luze

Liqueurs: Cointreau, Passoa, Galliano, Izarra, Bols Liqueurs, Bols Blue, Pisang Ambon, Coebergh

Spirits: Mount Gay rum, St Rémy brandy, Clés Des Ducs Armagnac, Bols Vodka, Metaxa

Champagne: Piper-Heidsieck, Charles Heidsieck.

Rémy Cointreau has an active policy of following up the filing of trademarks in their category and markets, and takes all steps necessary to combat counterfeiting, particularly in Asia, as well as any unfair competition.

As at today, there is no significant litigation or risk identified in the area of ownership of the Rémy Cointreau brands.

Principal contracts and customers

There is no dependence by Rémy Cointreau on customers, exclusive independent distributors, or distribution contracts for third party spirits, that is likely to have a substantial effect on the results, net assets or financial position of the Group.

The top ten customers of the Group (excluding sales to Maxxium) represent 23% of consolidated sales.

Supply

The production of champagne and cognac is undertaken under the rules of the "appellation d'origine contrôlée" governed by the strict rules and climatic conditions required.

- In Champagne, 94% of Rémy Cointreau's supplies depend on medium term contracts of 3, 6 and 9 years, entered into with the principal co-operatives in the region and many thousands of growers. This contractual arrangement, which covers around 1,000 hectares of the 32,000 hectares within the appellation, is a strategic factor in developing the Group's brands in a region with limited production capacity (see paragraph 4.1.1.2, (b), (i)). Since 1990, the Group has enriched and strengthened its supply capacity by seeking to improve its qualitative criteria: the renewal of contracts expiring in 2004 (around 35% of the total) was done under conditions that ensured a level of supply for the next three years in harmony with its development. The renewal of contracts expiring in 2005 is in progress and represents 15% of the total.
- Since 1966, the constitution of eaux-de-vie stocks of Cognac has been based on partnership agreements concluded with the producers of Grande and Petite Champagne. This policy has enabled the Group to manage long-term supply and meet the quality demands of the Rémy Martin brand.

These agreements were formalised by legal and financial structures:

- 1,000 wine suppliers bound by annual contracts;
- groups of producers that bring together approximately 400 home distillers; these contracts run for three years;
- a co-operative (Alliance Fine Champagne), resulting from the merger on 28 February 2005 of the Champaco and Prochacoop co-operatives, bringing together a total of 1,200 members representing about 70% of the Petite and Grande Champagne vineyards.

Storage is carried out, either directly at the vineyard, or on the premises of the co-operatives or at CLS Rémy Cointreau, and is financed by bank borrowing by the co-operatives and CLS Rémy Cointreau, which makes a payment on account to the co-operative when the goods enter storage.

In accordance with the 1 August 2003 Law on financial security, since 1 April 2003, Rémy Cointreau has been consolidating, as Special Purpose entities, the storage and ageing inventories of the Alliance Fine Champagne co-operative.

In order to improve the consistency of its supply policy, on 31 March 2005, Rémy Cointreau designated the Alliance Fine Champagne co-operative as the sole organisation responsible for the centralisation of the eaux-de-vie multi-year purchase contracts entered into with grower-distillers. In 2005, implementation of this decision will result in the transfer of these commitments, amounting to 59,783 hectolitres of pure alcohol at 31 March 2005, to the co-operative, together with grower-distillers subscribing to co-operative shares.

- Liqueurs and other Spirits do not suffer from significant supply or production constraints for the Group.
- The top ten suppliers of the Group represent 55% of raw material supplies, excluding eaux-de-vie and wine.

4.3 Workforce and movement during the last three years

In March 2005, the Group's workforce totalled 1,844 people compared with 1,945 in March 2004. This controlled reduction was mainly due to the ongoing policy of adjustment and improvement in the performance of the production units.

Analysis of workforce by geographic area

	At 31/03/2005		At 31/03/2004		At 31/03/2003	
		%		%		%
France	980	53	1,021	52	1,043	47
Europe (exc. France)	531	29	590	30	694	32
America	329	18	330	17	460	21
Asia	4	-	4	-	-	-
Total	**1,844**		**1,945**		**2,197**	

Analysis of workforce by activity

	At 31/03/2005	%	At 31/03/2004	%	At 31/03/2003	%
Cognac, Liqueurs & Spirit	957 (1)	52	951	49	1,103	51
Champagne & Wines	220	12	228	12	249	11
Distribution	667	36	698	36	776	35
Holding	-	-	67	3	69	3
Total	**1,844**		**1,945**		**2,197**	

(1) Holding company workforce is included under this heading.

Analysis of workforce by gender (permanent and contract workforce)

The gender breakdown remained stable at 62/38, and is analysed by geographic area as follows:

	Men	%	Women	%	Total	%
France	612	62	368	38	980	53
Europe (exc. France)	340	64	191	36	531	29
America + Asia	197	59	136	41	333	18
Total	**1,149**	**62**	**695**	**38**	**1,844**	**-**

Permanent and contract French workforce by professional category

In France, the workforce may be analysed by professional category as follows:

	Workforce	%
Managers	242	25
Supervisors	238	24
Employees	101	10
Workers	399	41
Total	**980**	**100**

Rémy Cointreau continues to develop collective human resources policies designed to encourage motivation of its teams and employees. This desire is reflected in the majority of the social indicators.

Extensive work has been carried out in the area of safety, thus enabling the Group to maintain its work accident seriousness rate below 0.5 in France (measuring the number of work stoppage days compared with working days).

Thus, in France, the rate of absenteeism of the combined categories was stable at 4% reflecting the collective mobility of the workforce to meet the challenges of the business.

Training expenditure was maintained at the same level for all workforce categories, with the aim of continuously investing in improving workforce skills. Training expenditure for the financial year amounted to approximately 3% of the total payroll.

Organisation of the working week, implemented in conjunction with the Group's social partners, has delivered continuous improvement in customer service while meeting all the constraints of its colleagues. Annual working hours for production and logistics staff are based on a weekly average of less than 35 hours. The remainder of the workforce has significant autonomy in organising their working hours, based on an annual rate of 212 days per year, depending on the circumstances.

The Group pays particular attention to collective dialogue with its workforce. Thus, in France, everyone has insurance cover over and above the statutory requirements; also, nearly 80% of the Group's workforce in France benefits from particularly attractive and innovative additional pensions. Finally, in France, the Rémy Cointreau Group allocates €1.6 million to social projects (budgets for works and establishment councils, meal vouchers, etc.)

4.4 Investment policy

4.4.0 Research policy

The production units have Research and Development laboratories that work on both content and packaging.

They have excellent equipment and are in regular contact with private external research centres and universities.

Multi-disciplinary teams comprising technicians, wine experts, engineers and scientific doctors are responsible for in-house activities. Their task is to ensure that the business adopts the advances and innovations that relate to the various operations in growing methods, liquid processing and production processes aimed at providing the consumer with a high quality product at a reasonable price.

The Rémy Martin laboratories are also ISO 17025 certified, underlining the importance that the Rémy Cointreau Group places on satisfying customer needs in terms of guaranteed quality.

Research and development expenditure is written off as incurred by all the companies concerned. This department comprises 16 people and has a budget of €1.3 million, or 0.14% of turnover.

4.4.1 Principal investments, including financial investment over the last three financial years

Capital expenditure

The Group considers that the level of investment required to maintain and develop the production and administrative units is between €25 - €30 million per annum.

4.4.2 Major investment in progress

As part of a Supply Chain project, a logistic platform was constructed close to the Saint Barthélémy (Angers site). This project will cost €7 million and it has been operational since March 2005. The new platform will optimise export flows for all Group products and provide an improved customer service.

In addition, an investment of €4.3 million is being made in rum ageing cellars in Barbados.

Liquid processing and packaging optimisation projects are also currently being considered for the Cognac site.

4.5 Information on major subsidiaries

See detailed information on the principal subsidiaries of Rémy Cointreau in paragraph 5.3 of Chapter V of this Reference Document, "Table of subsidiaries and investments at 31 March 2005" and the list of subsidiaries included in the consolidation in note 29 of the Notes to the Consolidated Financial Statements of the Group for the year ended 31 March 2005 (Chapter V, paragraph 5.2 of this Reference Document).

4.6 Not used

4.7 Risks of the issuer

4.7.1 Market risks

Exchange rate exposure

The Group's results are sensitive to exchange rate movements as it has 68% of its turnover outside the euro zone, whereas most of its production comes from within this zone.

The Group's exchange rate exposure is mainly in respect of sales in currencies other than the euro, by production companies to Maxxium, the US distribution subsidiary and exclusive foreign agents. The principal currencies involved are USD, AUD, CAD, JPY, GBP, HKD and to a lesser extent CHF and NZD.

The policy for managing exchange rate exposure is based on prudent rules and an agreed decision-making process by the Board of Directors.

In particular, the Group aims to cover its net budgeted commercial position on a maximum moving horizon of 15 to 18 months. This is carried out using fixed term and option financial instruments.

The sales option is restricted to the resale of an option to cancel a previous purchase or to hedge transactions that are approved on a case-by-case basis.

This hedging policy only allows cover for short-term exposure. It cannot shelter Rémy Cointreau from the long-term economic effects of monetary trends on Group turnover and margins.

It should be noted that the Group does not cover the risks of translating financial statements of companies based outside the euro zone into euros.

For the year ended 31 March 2004, net commercial flows covered by currency were:

(in millions)	USD	AUD	CAD	JPY	GBP	NZD	CHF
Covered	260.0	15.0	17.0	2,200.0	20.0	5.2	5.9
Average rate	1.1907	1.7589	1.5839	133.23	0.7006	1.8591	1.5353
Open positions	6.0	0.6	0.1	342.9	- 0.6	0.1	0.1
Total	**266.0**	**15.6**	**17.1**	**2,542.9**	**19.4**	**5.3**	**6.0**

Note that the overall USD position includes HKD, as HKD surpluses are automatically sold for USD (that is an equivalent of USD 31.9 million).

The financial instruments outstanding at 31 March 2005 were:

- cover relating to turnover achieved but not yet settled at 31 March 2005 (exchange swaps), and
- cover set up for the 2005/06 financial years.

The hedge contracts set up for the year 2005/06 will provide the Group with a guaranteed floor rate of €/USD 1.2976 on 90.6% of its net exposure.

At 31 March 2005, the market value of the foreign exchange instruments portfolio was €7.72 million, analysed as follows:

2005/2006 Financial Year	Market value
Firm	-
Option	7.72
Total	**7.72**

The table below shows the sensitivity of Rémy Cointreau's profit to movements in exchange rates.

Operating profit						€/USD rate	
Financial year	At financial year rates	At previous financial year rates	Exchange impact	Transaction impact	Conversion impact	Average	Hedged
2003/2004	173.5	215.1	(41.6)	(36.4)	(5.2)	1.18	1.01
2004/2005	167.7	198.6	(30.9)	(30.3)	(0.6)	1.26	1.19

Interest rate exposure

As part of its interest rate management and to cover the interest rate risk on its debt, the Group has structured its resources by splitting its debt into fixed rate and variable rate.

At 31 March 2005, the financial debt (excluding the subordinated perpetual loan notes and convertible loan notes) was analysed as follows:

	(€ millions)
Fixed rate	386.7
Variable rate	126.2
Accrued interest, not mature	5.8
Total	**518.7**

The variable rate debt was covered with contracts whose maturities did not exceed three financial years.

The sensitivity to an increase of 100 basis points in the variable interest rate for debt renewable in less than one year was as follows:

(in € millions)		First quater year		Second quater year		Third quater year		Fourth quater year		TOTAL
			Average rate		Average rate		Average rate		Average rate	
Net position to be renewed in less than one year		113		111		156		91		
Cover	FRA	110	2.47%	120	2.39%	80	2.35%	50	2.40%	
	CAP	3	3.00%	-	-	76	3.00%	41	3.00%	
Total		**113**	**2.48%**	**120**	**2.39%**	**156**	**2.67%**	**91**	**2.67%**	
Debt not covered		0		(9)		0		0		
Sensitivity (increase of 100 basis points)*		**0.02**		**0.00**		**0.57**		**0.31**		**0.90**
Sensitivity (decrease of 100 basis points)*		**(0.01)**		**0.00**		**(0.19)**		**(0.10)**		**(0.30)**

** Sensitivity is calculated on the nominal value of the debt covered by a CAP up to the limit guaranteed by the hedging instrument.*

It should be noted that at 31 March 2005 all the variable rate debt of 2005/06 and around 66% of that relating to 2006/07, was covered against an increase in interest rates, mainly by way of CAPs and FRAs.

The Group's objective is to gradually replace established CAPs by FRAs, in order to be totally immune to a rise in interest rates by freezing them.

At 31 March 2005, the market value of interest rate instruments outstanding was a negative €0.15 million analysed as follows:

	Market value
Firm	(0.06)
Option	(0.09)
Total	**(0.15)**

Liquidity risks

The table below summarises the principal features and maturities of Group debt:

Currency	Features of sensitivity issued or loans contracted	Fixed or variable rate	Total amount of confirmed lines (€m)	Outstanding at 31 march 2005 (€m)	Maturity
EUR	CONVERTIBLE LOAN NOTES				
	OCEANE				
	- Principal	Fixed	297.3	297.3	1-April-06
	- Redemption premium*	Fixed	34.3	27.7	1-April-06
	Convertible loan	Fixed	0.6	0.6	21-March-06
	Sub-total			**325.6**	
EUR	SUBORDINATED PERPETUAL LOAN NOTES (net amount)	Variable	28.3	28.3	16-May-06
	LONG AND MEDIUM TERM DEBTS				
	- High yield bonds at 6.5%	Fixed	175.0	175.0	1-July-10
	- High yield bonds at 5.2%	Fixed	200.0	200.0	15-January-12
	- Other loan notes	Fixed	9.6	9.6	30-June 06 to 07
	- Syndicated credit	Variable	418.8	0.0	10-June-08
	- Other long & medium term borrowings	Variable	8.0	8.0	
	Sub-total			**392.6**	
EUR	SHORT TERM DEBT				
	- Syndicated credit (AFC)	Variable	78.3	77.5	30-April-05
	- Syndicated credit	Variable	43.8	0.0	10-June-05
	- Bilateral credit lines (AFC)	Variable	9.4	9.4	31-May-05
	- Other loan notes	Fixed	2.1	2.1	30-June-05
	- Unconfirmed credit lines **	Variable	NA	0.0	
	Sub-total			**118.9**	
PLN	SHORT TERM DEBT				
	- Bilateral credit lines	Variable	28.7	1.4	30-January-06

**Amortised balance at 31 March 2005: €27.7 million.*
Maximum amount at maturity in the event of non-conversion: €34.3 million.

*** Net of cash balances*

Financing policy

At 31 March 2005, the Group had no significant specific financing linked to its assets.

4.7.2 Regulatory environment - Legal risks

The production and selling operations of Group products are subject in France and abroad to regulations that are more or less strict according to each country, particularly with regard to production, packaging and marketing of those products. The Group has, for all important aspects of its activities, all the required authorisations, and has not encountered any specific constraints in this area likely to have a significant impact on its operations.

In France, Group operations are subject to the Public Health Code that sets precise rules in respect of advertising alcoholic drinks. The circulation of the latter is subject to indirect taxation. The intra-community circulation of alcoholic drinks has been standardised in the area of indirect duties, called excise duties, which comprise taxation on the circulation and consumption of such drinks. The circulation of tax-free products within the EU is covered by an accompanying document prepared by the sender and approved prior to the movement of the goods concerned.

Spirits are subject, depending on their definition and presentation, to the provision of regulation CEE No. 1576/89 and regulation CEE No. 1014/90 taken for its application. The raw materials, processes authorised, sales denominations, minimum alcohol content and labelling rules are also precisely defined for spirits.

In the US, Federal law "The Federal Alcohol Administration Act (FAA Act)", regulates all commercial practices amongst the importers, such as the Group's subsidiary Rémy Amérique Inc., wholesalers and retailers, as well as local production of alcoholic drinks. Internationally, this Federal law regulates the composition of products, the content of the documentation from the producing country, labelling constraints and the custom duties position.

In addition, each of the 50 states has local laws regulating the transport, purchase and sale of alcoholic drinks. These State laws also regulate the advertising and promotion of such drinks. The rules, in this regard, are very similar to those in force in France with regard to the protection of youth.

This regulatory environment relating to the production and marketing of alcoholic drinks is certainly likely to evolve in France, within the European Union or in the rest of the world and to affect Rémy Cointreau's business segment or increase liability of companies operating within that segment. At the date of this Reference Document, the Group is not aware of any such regulatory changes that may be significant in that respect or that may become applicable at a specific date.

At the date of this Reference Document, neither Rémy Cointreau nor any of its subsidiaries has been involved or is involved in a legal process in respect of liability due to defective products that has given or is likely to give rise to a legal decision against the Company.

In addition, it is of the greatest importance to the Group to protect its industrial property rights worldwide. Therefore, the Group is extremely vigilant regarding brand defence, registration and renewal, either by direct implementation by internal specialised lawyers in modern brand management procedures, or through intellectual property consultants whose skills are internationally recognised. The Group never hesitates to initiate litigation, anywhere in the world, each time it considers that a brand registration application may impair its property rights. Finally, the Group has initiated brand-awareness recognition procedures for some of its brands in countries where these procedures are provided by law.

The Group is careful never to be legally dependent on third parties likely to significantly affect its industrial or commercial operations. The scope of its various contractual commitments complies with international business practices.

An integrated legal department, organised by brand groups but operating in a cross-group partnership spirit, permanently manages the Group's legal affairs. It carries out preventive checks on all legal risks, either internal or external, that may adversely affect the achievement of Group objectives. If necessary, the team may request the assistance of international lawyers recognised for their expertise in specific commercial law areas. The legal department strives to only initiate litigation processes if all possibilities of reaching out-of-court settlements have proved unsuccessful.

The Group's policy in terms of insurance is detailed in paragraph 4.7.4 of this Reference Document.

4.7.3 Industrial and environmental risks

Rémy Cointreau's operations rely on the permanent demand of industrial and food safety requirements, which have always been associated with environmental respect and conservation.

The deployment of teams responsible for quality, safety and environment (QSE) enabled the Group to confirm the actions that had been initiated and to include them within a shared framework with an overall management.

A QSE Committee for France meets on a regular basis to ensure that good practices are passed on from site to site, to follow up on actions implemented and on QSE objectives and to standardise QSE indicators between all sites.

The Group's three objectives are as follows:

1) to continue with the policy of environmental certification

Rémy Cointreau has always conducted an extensive policy of certifying its production sites.

In respect of ISO 14001 certification, environmental analysis and environmental impact identification have been carried out on the Cognac and Reims sites, enabling the Group to initiate an environmental management programme.

In conjunction with these actions, the Angers site has been granted OHSAS 18001 certification (Safety Standard) and its ISO 14001 certification has been renewed.

All Rémy Cointreau's sites have also implemented the HACCP standard guaranteeing the food safety of the products and of their conception methods. This implementation is regularly audited and evaluated by certifying organisations.

2) to guarantee the safety of the sites and risk management

Rémy Cointreau continues to implement a policy of QSE investment on all its production sites, which for instance are subject to approval by the Prefect in France.

In order to fulfil safety and environmental requirements aimed at reducing industrial risks, over €2.5 million has been invested in numerous Safety/Environmental actions, such as sprinklers, fire-resistant walls, doors, ceilings, smoke extracting panels, workstation improvements, safety lighting and various actions relating to fire protection of premises.

With regard to the Cognac site, which is currently classified as Seveso 2 due to the storage of eaux-de-vie, a Safety Management System (SMS) has been established to organise site safety management. An on-call system has been set up and an information booklet called "Safety of the product process centre" has been circulated amongst all employees.

The Cognac site is fully protected by sprinklers and pillar hydrants. It has an Internal Operation Plan and an environmental management system in compliance European Directive requirements relating to Seveso-classified sites.

3) To save energy and water resources; to reduce rejects and waste

Among QSE investments, concrete action has been implemented in environmental protection. For example, the optimisation of cleaning and washing equipment and procedures resulted in a significant reduction in water consumption. These actions also helped us to reduce effluents on all sites.

All sites also applied a range of QSE indicators, allowing the Group to monitor water and energy consumption and therefore to target business segments for which consumption can be reduced.

Several actions were also launched in order to make the sites comply with environmental standards, particularly in relation to the storage and treatment of waste and effluents.

Rémy Cointreau has also taken steps in respect of air quality preservation. The Angers site has carried out a Carbon test, which showed that its environmental impact is minimal with regard to greenhouse gas emissions.

In relation to waste, selective waste recycling is now the rule in all industrial and administrative sites. Today, over 90% of waste is sorted out and reused.

Through a QSE policy integrated in its Sustainable Development policy, Rémy Cointreau is today fully able to fulfil the increasing civil society and public authority expectations with respect to food safety and industrial and environmental risks.

All actions carried out in this area, as well as related indicators, are detailed in the widely published Annual Report on Sustainable Development, which can also be viewed on Rémy Cointreau's website.

At the date of this document, Rémy Cointreau had received no notification that it had contravened any regulation in respect of the environment nor, to its knowledge, is Rémy Cointreau currently involved in any administrative or legal procedure.

4.7.4 Insurance

The Rémy Cointreau Group has always been committed to a voluntary risk management policy, which implements both identification procedures for individuals and assets and an overall approach to insurance contracts.

The Group has also been working for a number of years in close partnership with the prevention departments of insurance companies. This partnership enabled the prevention and safety audit to be performed in all sites and the upgrading of facilities to current standards. The prevention policy reduces the Group's operation risks to a minimum.

In the event of a major occurrence, the Rémy Cointreau Group has, since 1997, had in place a crisis management plan to deal at the outset with all consequential damage of any kind suffered by the Group.

The main insurance programmes have been taken out to cover risks viewed as strategic to the Rémy Cointreau Group, such as the General Civil Liability policy, the Material Damages/Loss of Profit policy, the Transport policy and the Public Liability policy for senior executives.

Limits to contractual guarantees were established on the basis of disasters with extreme consequences, evaluated according to current insurance market rules.

Other insurance policies have been taken out to cover secondary risks such as the vehicle fleet, vehicle assignments, assets and personnel on business trips.

These programmes are contracted and managed by the Group Insurance Team within the Legal Affairs Department, in close partnership with the Group Risk Manager who is in charge, in particular, of prevention.

The Rémy Cointreau Group works closely with the third largest insurance brokers in the world and all policies are taken out with a number of major insurance companies.

These policies have the following features:

Insurances	Guarantees and limits
Material Damage and Loss of Profit	Material damage is covered in the form of "All risks except". This programme was taken out for a period of three years with effect from 1 April 2004, and operates under Difference in Conditions and Difference in Limits of local policies. **Cover** • Replacement value as new for goods and property • Wine and alcohol at market replacement value • 12-month compensation period for Loss of Profit resulting from operation stoppage caused by direct damage as well as insolvency of suppliers and customers. **Contractual compensation limits** A capacity of €250,000,000 per claim has been negotiated on the international insurance market for both material damage and loss of profit.
General Civil Liability (operations and products)	This is a one year contract, effective from 1 April 2004, and operates under Difference in Conditions and Difference in Limits (DIC/DIL) of local policies. This programme guarantees the Group up to €60,000,000 per claim for all tangible and intangible damage likely to be caused to third parties. Delivered product withdrawal expenses are covered for up to €10 million per claim and per year of coverage.
Public Liability policy for senior executives	This programme was contracted for one year and for up to €23 million.
Transport	The programme was taken out on an annual basis and covers transport risks of €10,000,000 per claim. This programme provides cover for all merchandise in the Group's business transporters from every point in the world to every point in the world, by every means of transport.

The total cost of insurance premiums for 2004/05 did not exceed 0.25% of total consolidated turnover.

The Group considers that cover provided by all these policies and the cost of the premiums correspond to normal industry standards.

4.7.5 Exceptional events, litigation and Group risks

A Rémy Cointreau subsidiary is currently engaged in a litigation process with the German customs authorities to challenge an excise duty claim of less than €300,000.

A second litigation process with the French customs authorities, due to a customs classification error, was settled during the financial year and resulted in a €249,000 adjustment.

Certain subsidiaries are defending litigation with their suppliers as part of their business (hauliers, advertising agencies or factoring companies). None of this litigation carries an underlying operational or financial risk that is regarded as significant for Rémy Cointreau.

The main claims, which these companies fully challenge, are as follows:

- Advertising agency: €246,000
- Transport: €88,000
- Factoring: €35,000

During the financial year, the Group resolved a litigation process by paying an amount of €9,000 to an exhibition stand creation company and agreed a transaction with a distribution company, resulting in the payment of €122,000 in compensation.

Finally, favourable judgements obtained in the first instance and on appeal against two champagne makers for trademark infringements and unfair competition were confirmed when their appeal was rejected by the Court of Cassation.

As a result, there is no event or litigation likely to have or having had, in the recent past, a significant effect on the financial position of Rémy Cointreau or the Group, its operations and profit.

5. Assets, financial position and results of Rémy Cointreau

5.1 Extracts from the management report of the Board of Directors for 2004/2005

5.1.1 Financial report for the year ending 31 March 2005

Consolidated income statement

(in € millions)	31 March 2005	31 March 2004	Total variation	Organic variation(*)
Turnover	**905.3**	**888.3**	**+ 1.9%**	**+ 5.1%**
Operating profit	167.7	173.5	(3.3%)	+ 14.4%
Operating margin %	18.5%	19.5%	-	21.3%
Financial charges	(53.1)	(64.1)	-	-
Share in profit of associated undertakings	8.5	6.9	-	-
Goodwill amortisation	(2.9)	(2.8)	-	-
Net Profit on ordinary activities	**78.8**	**74.2**	**+ 6.2%**	**-**
Net profit (**)	**24.2**	**76.3**	**-**	**-**
Profit from ordinary activities per share	**1.75**	**1.68**	**-**	**-**
Earnings per share (**)	**0.54**	**1.72**	**-**	**-**
Number of shares ('000)	**45,023**	**44,270**	**-**	

(*) organic performance is determined after restatement of the effects of exchange rates and changes in the Group's structure.

(**) after writedown of certain intangible fixed assets.

Changes in Group structure in the year to 31 March:

There has been no significant change since 31 March 2004.

Turnover for 2004/05 amounted to €905.3 million. At constant exchange rates, organic growth was 5.1%. On published data, the growth was 1.9%, affected by the continued fall in the dollar (approximately 8% compared with the average rate of the previous year).

Operating profit was €167.7 million, which included an unfavourable exchange rate movement of €30.9 million mainly related to the appreciation of the euro against the US dollar and a similar movement in the Group's average cover rate.

The 2004/05 financial year pursued the policy adopted for the past two years of increasing sales prices, supported by selective additional marketing expenditure.

Movement in operating profit in € millions

Exchange rate effect (net of hedging)	(30.9)
Price increase	15.9
Other	9.2
Total	**(5.8)**

On a comparable basis (excluding the exchange rate effect), the growth in operating profit was €25.1 million or 14.4%.

Divisional analysis:

Turnover

(in € millions)	2005	2004	Variation Total	Variation Organic growth
Cognac	318.7	317.2	+ 0.5%	+ 6.0%
Liqueurs	161.3	160.6	+ 0.4%	+ 3.0%
Spirits	186.4	184.5	+ 1.0%	+ 1.3%
Champagne & Wines	129.7	125.8	+ 3.1%	+ 4.5%
Third party products	109.2	100.2	+ 9.0%	+ 13.8%
Total	**905.3**	**888.3**	**+ 1.9%**	**+ 5.1%**

Operating profit

(in € millions)	2005	2004	Variation Total	Variation Organic growth
Cognac	99.5	114.3	(12.9)%	+ 10.3%
Margin %	*31.2%*	*36.0%*		
Liqueurs	51.5	49.4	+ 4.3%	+ 12.8%
Margin %	*31.9%*	*30.8%*		
Spirits	56.0	53.8	+ 4.1%	+ 3.3%
Margin %	*30.0%*	*29.2%*		
Champagne & Wines	15.9	15.3	+ 3.9%	+ 16.3%
Margin %	*12.3%*	*12.2%*		
Third party products	16.8	15.4	+ 9.1%	+ 13.0%
Margin %	*15.4%*	*15.4%*		
Total	**239.7**	**248.2**	**(3.4)%**	**+ 9.8%**
Margin %	*26.5%*	*27.9%*		
Distribution and central expenses	(72.0)	(74.7)	(3.6)%	(0.7)%
Total	**167.7**	**173.5**	**(3.3)%**	**+ 14.4%**

Organic growth is determined after restating the effect of currency movements and any changes in Group structure.

Cognac

Divisional sales were €318.7 million, an increase of €1.5 million despite the exchange rate effect. At constant exchange rates, the growth was 6%.

Sales of Rémy Martin grew satisfactorily. The combined growth in volume and price led to organic growth in brand sales of 6.1%. The US and China remained very dynamic while the major European markets reported lower levels of growth.

The contribution to operating profit was €99.5 million. The operating margin was 31.2% after a negative exchange rate effect of €26.6 million and additional marketing expenditure on the Rémy Martin brand.

Organic growth in divisional operating profit was 10.3%.

Liqueurs

Divisional sales were €161.3 million for the year representing organic growth of 3%.

Divisional sales of Cognac were driven mainly by the dynamism of the American (Cointreau) and Asian markets (Bols in Japan) while the European markets achieved limited growth.

Against this background, marketing expenditure was targeted at growth markets. This optimisation together with control of divisional expenses facilitated a 4.3% increase in profit to €51.5 million. This represented an operating margin of 31.9% and organic growth of 12.8% in operating profit.

Spirits

Divisional sales were as follows:

(in € millions)	31 March 2005	31 March 2004	% Change
Vodka	**70.7**	**66.3**	**+ 6.6 %**
Metaxa	**48.5**	**45.8**	**+ 5.9 %**
Rum	**21.8**	**20.8**	**+ 4.9 %**
Saint Rémy	**18.7**	**21.0**	**(11.0 %)**
Other brands	26.7	29.0	(8.0 %)
Sub-total	**186.4**	**182.9**	**+ 1.9 %**
Change in Group structure	-	1.6	-
Total	**186.4**	**184.5**	**+ 1.0 %**

Spirit sales benefited from a good performance by vodka, Metaxa and rum, with these brands growing satisfactorily in their sales area. The change in the remainder of the portfolio was due to reductions in the St Rémy range and the transfer to Maxxium of the distribution of Dutch products that had previously been distributed by Rémy Cointreau.

The contribution to operating profit was €56 million, representing organic growth of 3.3% compared with the previous year.

Champagnes and wines

Divisional sales were €129.7 million, a 3.1% increase over the previous year. At constant exchange rates growth was 4.5%.

The **Piper-Heidsieck and Charles Heidsieck** brands increased by 7% in value due to good sales growth together with a favourable product mix. This trend reflected the effectiveness of the strategy to create value initiated by the division in 2002.

Operating profit was €15.9 million, a 3.9% growth after inclusion of an unfavourable exchange rate impact of €1.9 million. Restated for this factor, organic sales growth was 16.3%. The operating margin was stable at 12.3%.

Partner brands

Sales of these products grew by 9% and 13.8% excluding the exchange rate effect.

Sales accelerated throughout the year, particularly due to the dynamism of Scotch whiskies (The Famous Grouse and The Macallan) distributed in the US.

The division reported a profit of €16.8 million, a 9.1% increase (13% excluding the exchange rate effect).

Distribution and central costs

These represented the operating costs of the distribution business in the US and Caribbean and in countries where the Group has maintained organisations inherited from the acquisition of Bols (Poland, The Netherlands and Hungary) as well as Head Office central costs.

Compared with the previous year, costs were as follows:

(in € millions)	Distribution	HQ & Central Services	Total
Exchange rate effect	(1.6)	-	(1.6)
Structure effect	(0.6)	-	(0.6)
General overheads	(3.1)	1.7	(1.4)
Provisions and other charges	0.8	0.1	0.9
Net reduction	**(4.5)**	**1.8**	**(2.7)**

The movement in distribution costs includes mainly the impact of discontinued operations in Columbia (structure effect) and the reorganisation plan for the distribution business in The Netherlands following the transfer to Maxxium of brands that had previously been distributed by Rémy Cointreau.

The growth in Head Office costs related mainly to the reclassification of contributions and business expenses to Head Office cost centres which in the past had been borne by the operating divisions.

Overall, the published **operating margin** was 18.5% a 1 point decline compared with the previous year due to a stable level of marketing expenditure. At constant exchange rates, the operating margin was 21.3%, an increase of 1.8 points reflecting the Group's policy of margin improvement (higher prices and an improved product mix).

Finance costs of (€53.1) million included the following:
- a finance charge of (€57.6) million, a reduction of €6.1 million compared with the previous year, reflecting the decline in interest rates and average debt;
- an exchange gain of €4 million mainly related to an adjustment to the closing rate for provisions denominated in US dollars.

Net profit on ordinary activities after tax was €78.8 million, an increase of 6,2 % compared with the previous year due to the following:
- movement in operating profit impacted by the currency effect,
- reduced finance costs;
- lower tax charge as a result of, among others, the reduction in the Polish tax rate;
- share in profit of associated undertakings of €8.5 million is analysed thus:

(in € millions)	Rémy Cointreau share
Maxxium	3.4
Dynasty	5.1
Total	**8.5**

The non-recurring charge of €54.6 million included €52.3 million in respect of an exceptional writedown of the value of certain brands. This provision for a writedown is supported by the results of an impairment test carried out, together with an independent expert, on the entire group portfolio on the basis of discounted projected cash flows. Current accounting standards require the recognition of loss in value separately from significant unrecognised gains that exist on other brands.

The balance of the exceptional charge is:

- dilution profit of €13.7 million on the stable market listing of the Dynasty joint venture;
- restructuring charges in France and The Netherlands of €12.5 million;
- an exceptional tax charge of €2.8 million in respect of the 2.5% tax on reserves for long term capital gains provided by the revised Finance Law for 2004.

After these exceptional charges, **net profit** was €24.2 million compared with €76.3 million the previous year.

Consolidated Balance Sheet and Financial position

The following table sets out key numbers and movements in the financial position.

(in € millions)	31 March 2005	31 March 2004
Fixed assets	1,169.9	1,212.1
Inventories	831.7	874.0
Other curent assets	273.8	272.5
Operating liabilities	(248.3)	(257.7)
Net current assets	857.2	888.8
Deferred taxes net	(6.7)	0.2
Financial debt	(854.7)	(907.3)
Short-term deposits and cash	53.6	68.1
Net financial debt	(801.1)	(839.2)
Subordinate perpetual loan	(38.6)	(61.2)
Financial debt and subordinated perpetual loan	**(839.7)**	**(900.4)**
Provisions for liabilities and charges	(63.0)	(77.1)
Minority interests	(15.9)	(12.5)
Shareholders' equity	(1,101.8)	(1,111.1)
Cash Flow		
Operational activities	122.1	99.3
Investing activities	(35.3)	(19.4)
Disposals	18.6	66.1
Co-operatives	-	(109.3)
Financial activities	(46.6)	(52.7)
Translation adjutment	1.9	5.0
Net movement in debt	**60.7**	**(11.0)**
EBITDA (1)	**195.0**	**199.3**

(1) operating profit + amortisation and depreciation + dividends received from Maxxium and Dynasty

Consolidated Balance Sheet

Total assets fell slightly to €2,334 million due to the writedown of certain brands and lower current assets.

Fixed assets, including associate companies, were €1,170 million and represented 50.1% of total assets. Net intangible assets (brands) declined by €45.7 million after the impairment provision. Property, plant and equipment include the disposal of assets during the year (industrial assets in Greece).

Current assets, net of operating liabilities, were €857 million representing a decline of €32 million mainly due to lower inventories.

Net financial debt of the Group, including the subordinated perpetual loan, marketable securities, cash and accrued interest not yet due, was €839.7 million, a decline of €60.7 million compared with 31 March 2004.

The Group’s ability to repay its debt improved and remains solid with a net financial debt to EBITDA ratio of 4.31 (4.52 at 31 March 2004).

Shareholders’ equity amounted to €1,101.8 million.

Minority interests were €15.9 million.

Shareholders’ equity and minority interests represent 47.9% of total assets, compared with 46.2% last year.

Movement in financial debt and cash flow

Operating cash flow after debt servicing was an inflow of €122.1 million (€99.3 million the previous year).

The positive charge in working capital requirements contributed €29.8 million to the operating cash flow.

Investment activities were a net outflow of €16.7 million comprising mainly disposals income of €18.6 million and the acquisition of fixed assets of €34.8 million. Major acquisitions during the year related to the Soplica vodka brand, investment in a new logistics platform in Angers and the extension of the ageing cellars in Barbados.

Financing activities, excluding change in net debt level, were an outflow of €46.6 million of which €47.9 million of dividends paid.

(in € millions)	31 March 2005	31 March 2004
Operating activities net	224.8	227.9
Finance charges and taxes	(78.6)	(101.0)
Non-recurring items net	(24.1)	(27.6)
Operating cash flow	**122.1**	**99.3**
Co-operatives	**-**	**(109.3)**
Capital expenditure	(26.7)	(20.5)
Acquisition of assets	(8.1)	-
Disposal of assets	18.6	66.1
Other investment flows	(0.5)	1.0
Investment flows	**(16.7)**	**46.6**
Equity swap income	-	10.1
Disposal of treasury shares	8.8	-
OCEANE premium amortisation	(6.7)	(6.7)
Refinancing costs	(3.5)	(14.7)
Dividends paid	(47.9)	(43.9)
New shares issued	4.7	3.1
Movement in interest due	(2.0)	(0.5)
Net movement in financing activities	**(46.6)**	**(52.6)**
Translation adjustment and structure changes	**1.9**	**5.0**
Change in net debt	**60.7**	**(11.0)**

5.1.2 Transition to international accounting standards IFRS

Introduction

In accordance with European ruling No. 1606/2002 of 19 July 2002, the consolidated financial statements of the Rémy Cointreau Group for the accounting period ending 31 March 2006 will be implemented according to the IAS/IFRS international accounting standards applicable at 31 March 2006 as approved by the European Union.

All new publications in 2005/06 of standards, European rulings and official interpretations for which the application will be retrospective could lead to modifications in the financial information presented below.

International accounting standards have been applied retrospectively in the transition balance sheet at the date of transition (1 April 2004), with the exception of certain optional and obligatory exemptions offered by IFRS 1 ("First time adoption of IFRS") and which are commented on below, standard by standard.

IAS 32 and IAS 39 will be applied by the Rémy Cointreau Group from 1 April 2005. The impact of these two standards has therefore not been included in the opening balance sheet at 1 April 2004.

The quantitative impact on the transition balance sheet is collated in a summary table.

The Rémy Cointreau Group will publish its first consolidated financial statements under IFRS at its interim closing at 30 September 2005. At that time, the Rémy Cointreau Group will publish the 2004/05 consolidated financial statements restated under IFRS, which will be subject to an audit by the statutory auditors.

The information presented below has been presented to the Audit Committee in addition to the Board of Directors.

Adoption of IFRS 1 "First time adoption of IFRS"

The IFRS 1 standard defines the methods of establishing the first balance sheet under IFRS. The general principle is the retrospective application of all the standards in force at 31 March 2006, incidences of changes in accounting principles being carried forward, being recorded again at the date of transition, 1 April 2004.

IFRS 1 offers optional treatments; the choices selected by the Rémy Cointreau Group in this domain are as follows:

- business combinations: the exemption from retrospective application of IFRS has been retained;
- valuation of intangible and tangible fixed assets: the option of valuing these assets at their fair value at the transition date has not been taken;
- company benefits: deferred actuarial differences under French GAAP at the date of transition have been recorded;
- conversion of foreign subsidiary accounts: conversion reserves relating to the consolidation of subsidiaries in foreign currency have been cancelled at 1 April 2004 and carried forward at zero;
- share-based payments: IFRS 2 relating to share-based payments has not been applied by the Rémy Cointreau Group to share purchase option or subscription plans open prior to 7 November 2002, the date before which the application is optional.

Accounting principles retained by the Rémy Cointreau Group

Consolidation scope

In applying the standards relating to the scope of consolidation (IAS 27, 28 and 31), the Rémy Cointreau Group has reviewed its entire consolidation scope as well as the methods of consolidation of Group companies. No impact has been identified.

It should be noted that in respect of IFRS, the Group had decided, at the time of the 2004 accounting period, to apply in advance, in its consolidated financial statements, CRC 2004-03 ruling of 4 May 2004 relating to the consolidation of special purpose entities. Certain activities of brandy ageing co-operatives such as Prochacoop et Champaco have thus been consolidated.

Intangible assets

The majority of the Rémy Cointreau Group's intangible assets comprise brands which are not amortised and are subject to annual impairment reviews under IFRS. Such reviews were already undertaken by the Group under French GAAP.

Under French GAAP, certain marketing and advertising expenses were spread over an accounting period under "prepaid expenses" (included in the line "Other receivables"). Under IFRS, these expenses do not satisfy the recognition criteria for an asset and must be recognised in profit immediately. At 1 April 2004 the total of such expenses, being €4 million, is charged to consolidated equity (a).

Tangible fixed assets

The Rémy Cointreau Group has opted to apply the amortised historic cost method.

The Group has retrospectively applied the dispositions of IAS 16 to all its tangible assets, which led to a revision of the depreciation policy of these assets with respect to their expected useful lives.

The useful lives retained for certain types of assets (notably buildings, casks and cellars) have grown significantly. Manufacturing assets are used until the end of their useful life, thus no residual value has been established. The retrospective application of these new useful lives at 1 April 2004 results in an impact of €60 million on assets with a counterpart entry in equity (€39 million net of taxation) (a).

Investments in equity method companies

Under French GAAP, the Maxxium distribution joint venture is consolidated using the equity method. At the time of its creation and subsequent operations, goodwill on acquisition has been recorded in Maxxium's accounts and is amortised on a straight line basis over 20 years.

Under IFRS goodwill on acquisition is no longer amortised but is the subject of an annual impairment review.

At the same time, the capital gain on transferred assets recorded by Rémy Cointreau, under French GAAP, on the creation of Maxxium, carried as a deduction from the value of the joint venture, which is also amortised on a straight line basis over 20 years will, under IFRS, be taken to equity at its net value at 1 April 2004, having an impact of €22 million (b), conforming with the dispositions of IFRS 3. The non-recognition of these charges and restatement of goodwill on acquisition will automatically lead to an increase in equity accounted profit of approximately €3 million per year.

Employee benefits

In accordance with the option offered by IFRS 1, non-amortised actuarial differences at 1 April 2004 relating to defined benefit retirement plans are recorded in full as a deduction to the line "Other financial assets" with a counterpart reduction in equity, being a total of €13 million (c).

Post employment benefits relating to mutual health benefits from which certain pensioners benefit in France have been the subject of a valuation, recorded as a provision for retirement with a counterpart reduction in equity, being a total of €6 million (€4 million net of taxation) (c).

All other significant benefits within the scope of IAS 19 were already accounted for at 1 April 2004.

Translation adjustment

In accordance with the option offered by IFRS 1, translation differences accumulated in equity prior to 1 April 2004, being a negative €30 million, are reclassified in consolidated reserves (d).

Provisions for liabilities and charges

In accordance with IAS 37, provisions for liabilities and charges for significant amounts for which the payment dates may be anticipated, are subject to discounting. The impact of this restatement is approximately €1 million at 1 April 2004 (e).

Deferred taxation

Under French GAAP, the Rémy Cointreau Group does not recognise deferred taxation on initial consolidation differences allocated to brands, in application of the exception of the CRC 99-02 ruling; in effect, these intangible assets have consistently been considered as non-transferable independently of the acquired entities.

IAS 12 does not provide this exception. Consequently, a deferred taxation liability is recorded on the difference between the value of the brands in the consolidated accounts and their fiscal value, more often than not zero, in the company financial statements of the acquired company, owner of the brand.

The rate of taxation applied is that which would theoretically be applied to the capital gain in the instance of a separate transfer of the brand.

This deferred taxation liability is constituted with reference to the value of the brands at 1 April 2004 with a counterpart diminution in consolidated equity.

This accounting treatment leads to an impact of €276 million at 1 April 2004 (f) and to a deferred taxation charge of €3 million per year, certain fiscal benefits previously considered as permanent differences not being taken into consideration.

In the same manner, under IFRS, a deferred tax liability is recorded on the difference between the equity method values of certain securities and their fiscal value in the individual financial statements. At 1 April 2004 the amount of the deferred taxation liability to be recorded amounts to €3 million (g).

Share-based payments

Share subscription option and purchase plans granted since 7 November 2002 are the subject of a valuation according to the dispositions of IFRS 2.

The annual impact on general costs is approximately €1 million (before taxation) with a counterpart increase in consolidated net equity.

Turnover and related income

In application of IAS 18, certain commercial costs that are billed by distributors, presented in commercial costs under French GAAP, must be presented as a deduction against turnover. The impact of this reclassification in the Rémy Cointreau Group's financial statements is however limited (less than 1% of current consolidated turnover), notably due to the equity method consolidation of Maxxium.

Operating profit and exceptional profit

Under French GAAP, the Group makes use of the notion of exceptional profit to isolate certain exceptional revenues and expenses whose occurrence is not related to the current course of business. In particular, transfers of significant assets, restructuring costs and impairment of brands are recorded in exceptional profit.

This notion not being recognised under IFRS, the Rémy Cointreau Group will present current operating profit as well as a column entitled "Other income and expenditure" grouping together the majority of the revenues and expenses previously recorded in exceptional profit.

Segmented information

Within the framework of the review of its internal method of organisation and following an in-depth analysis of the essential characteristics of the different segments identified up to this point, the Rémy Cointreau Group has decided to merge the "Liqueurs" and "Spirits" segments from its first publication of financial statements under IFRS.

Summary transition balance sheet at 1 April 2004

Recognising the presentation changes advocated by IAS 1, this balance sheet does not constitute the actual structure which the financial statements will take under IFRS when they are first published.

(in € millions)	2004/99-02	(a)	(b)	(c)	(d)	(e)	(f)	(g)	2004/IFRS
ASSETS									
Intangible fixed assets	**969**	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**968**
Tangible fixed assets	**143**	**61**	**-**	**-**	**-**	**-**	**-**	**-**	**204**
Investments in equity method companies	78	-	22	-	-	-	-	-	101
Non-consolidated investments	5	-	-	-	-	-	-	-	5
Other financial assets	17	-	-	(13)	-	-	-	-	3
Financial assets	**100**	**-**	**22**	**(13)**	**-**	**-**	**-**	**-**	**109**
Total fixed assets	**1,212**	**60**	**22**	**(13)**	**-**	**-**	**-**	**-**	**1,281**
Inventories	874	-	-	-	-	-	-	-	874
Accounts receivable	185	-	-	-	-	-	-	-	185
Other receivables	88	(4)	-	-	-	-	-	-	84
Deferred tax	7	1	-	3	-	-	-	-	11
Short-term deposits and cash	68	-	-	-	-	-	-	-	68
Total current assets	**1,221**	**(2)**	**-**	**3**	**-**	**-**	**-**	**-**	**1,222**
Total assets	**2,433**	**58**	**22**	**(11)**	**-**	**-**	**-**	**-**	**2,503**
EQUITY & LIABILITIES									
Share capital and premium	698	-	-	-	-	-	-	-	698
Consolidated reserves	443	36	22	(16)	(30)	1	(276)	(3)	178
Translation adjustment	(30)	-	-	-	30	-	-	-	0
Shareholders' equity	**1,111**	**36**	**22**	**(16)**	**0**	**1**	**(276)**	**(3)**	**876**
Minority interest	**13**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13**
Perpetual subordinated loan notes	**61**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**61**
Convertible bonds	**329**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**329**
Provisions for liabilities and charges	77	-	-	6	-	(1)	-	-	82
Deferred tax	7	22	-	-	-	-	276	3	307
Provisions and other long-term liabilities	**84**	**22**	**-**	**6**	**-**	**(1)**	**276**	**3**	**388**
Financial debt	**578**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**578**
Operating liabilities	**258**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**258**
Total equity and liabilities	**2,433**	**58**	**22**	**(11)**	**-**	**-**	**-**	**-**	**2,503**

(a) Restatement of depreciable lives of assets and advertising expenses to be allocated
(b) Restatement of the capital gain on Maxxium transfer
(c) Restatements linked to non-amortised actuarial differences and post-employment benefits
(d) Restatement of translation adjustments
(e) Restatement linked to the discounting of provisions for liabilities and charges
(f) Restatement linked to the deferred taxation liability recorded on intangible assets
(g) Restatement linked to the deferred taxation liability recorded on equity accounted investments

5.2 Group Consolidated Financial Statements at 31 March 2005

Consolidated balance sheet

(in € millions)	2005	2004	2003
Assets			
Intangible fixed assets (note 3)	**923.4**	**969.1**	**972.2**
Tangible fixed assets (note 4)	**133.3**	**142.8**	**151.8**
Investments in equity method companies (note 5)	89.4	78.3	83.7
Non-consolidated investments (note 6.1)	5.5	5.2	6.6
Other financial assets (note 6.2)	18.3	16.7	15.7
Financial assets	**113.2**	**100.2**	**106.0**
Total fixed assets	**1,169.9**	**1,212.1**	**1,230.0**
Inventories (note 7)	831.7	874.0	775.4
Trade notes and accounts receivable (note 8.1)	181.7	184.6	213.9
Other receivables (note 8.2)	92.1	87.9	131.0
Deferred tax (note 22)	4.8	6.7	3.2
Cash and cash equivalents	53.6	68.1	18.7
Total current assets	**1,163.9**	**1,221.3**	**1,142.2**
Total assets	**2,333.8**	**2,433.4**	**2,372.2**
Shareholders' equity and liabilities			
Share capital (note 9)	72.1	71.6	71.3
Share premium	630.7	626.4	623.6
Consolidated reserves	407.7	366.7	309.1
Cumulative translation adjustments	(32.9)	(29.9)	(19.1)
Net profit for the year	24.2	76.3	101.5
Shareholders' equity	**1,101.8**	**1,111.1**	**1,086.4**
Minority interests	**15.9**	**12.5**	**8.4**
Subordinated perpetual securities (note 10)	**38.6**	**61.2**	**82.1**
Convertible bonds (note 11)	**336.0**	**329.4**	**325.6**
Provisions for liabilities and charges (note 13)	63.0	77.1	76.0
Deferred tax (note 22)	11.5	6.5	4.0
Provisions and other long-term liabilities	**74.5**	**83.6**	**80.0**
Medium- and long-term debt (note 12)	392.6	399.3	333.5
Short-term debt	120.3	174.4	163.1
Accrued interest	5.8	4.2	3.8
Financial debt	**518.7**	**577.9**	**500.4**
Trade notes and accounts payable (note 14.1)	111.4	133.5	139.7
Other operating liabilities (note 14.2)	136.9	124.2	149.6
Operating liabilities	**248.3**	**257.7**	**289.3**
Total shareholders' equity and liabilities	**2,333.8**	**2,433.4**	**2,372.2**

Notes 1 to 29 form an integral part of the consolidated financial statements.

Consolidated income statement

(in € millions)	2005	2004	2003
Sales (notes 15 and 16)	905.3	888.3	1,000.2
Cost of sales	(410.6)	(385.4)	(441.1)
Gross margin	**494.7**	**502.9**	**559.1**
Marketing expenses (note 17)	(243.6)	(247.8)	(260.7)
Administrative expenses (note 17)	(83.4)	(81.6)	(84.6)
Operating profit	**167.7**	**173.5**	**213.8**
Net financial income (expense) (note 20)	(53.1)	(64.1)	(66.7)
Profit on ordinary activities before tax	**114.6**	**109.4**	**147.1**
Tax on ordinary activities (note 22)	(38.3)	(38.3)	(50.5)
Share of profit on ordinary activities of equity method companies (note 5)	8.5	6.9	9.0
Net profit before goodwill amortisation	**84.8**	**78.0**	**105.6**
Goodwill amortisation	(2.9)	(2.8)	(2.8)
Net profit before minority interests	**81.9**	**75.2**	**102.8**
Minority interests	(3.1)	(1.0)	0.1
Net profit on ordinary activities	**78.8**	**74.2**	**102.9**
Exceptional income (expense) after tax (note 21)	(54.6)	2.1	(1.4)
Net profit	**24.2**	**76.3**	**101.5**

Basic earnings per share (weighted average, €)			
Earnings per share on ordinary activities	**1.78**	**1.69**	**2.34**
Earnings per share	**0.55**	**1.73**	**2.30**
Shares outstanding - weighted average	**44,217,016**	**44,012,695**	**44,004,859**

Basic earnings per share (period end, €)			
Earnings per share on ordinary activities	**1.75**	**1.68**	**2.34**
Earnings per share	**0.54**	**1.72**	**2.30**
Shares outstanding - period end	**45,022,661**	**44,269,864**	**44,069,956**

Diluted earnings per share (€)			
Earnings per share on ordinary activities	**1.68**	**1.61**	**2.15**
Earnings per share	**0.66**	**1.65**	**2.12**
Number of shares (note 9.2.)	**53,654,856**	**53,476,898**	**53,561,627**

Notes 1 to 29 form an integral part of the consolidated financial statements.

Statement of changes in consolidated shareholders' equity

(in € millions)	Number of shares	Share capital	Share premium	Cumulative translation adjustments	Reserves	Own shares	Total
Shareholders' equity at 31 March 2002	**43,949,741**	**71.1**	**622.0**	**5.2**	**359.2**	**(10.5)**	**1,047.0**
Capital increase	120,215	0.2	1.6	-	-	-	1.8
Dividends	-	-	-	-	(39.6)	-	(39.6)
Cumulative translation adjustments	-	-	-	(24.3)	-	-	(24.3)
Net profit for 2003	-	-	-	-	101.5	-	101.5
Shareholders' equity at 31 March 2003	**44,069,956**	**71.3**	**623.6**	**(19.1)**	**421.1**	**(10.5)**	**1,086.4**
Capital increase	199,908	0.3	2.8	-	-	-	3.1
Dividends	-	-	-	-	(43.9)	-	(43.9)
Cumulative translation adjustments	-	-	-	(10.8)	-	-	(10.8)
Net profit for 2004	-	-	-	-	76.3	-	76.3
Shareholders' equity at 31 March 2004	**44,269,864**	**71.6**	**626.4**	**(29.9)**	**453.5**	**(10.5)**	**1,111.1**
Capital increase	272,812	0.5	4.3	-	-	-	4.8
Treasury shares	479,985	-	-	-	(1.1)	9.9	8.8
Dividends	-	-	-	-	(44.1)	-	(44.1)
Cumulative translation adjustments	-	-	-	(3.0)	-	-	(3.0)
Net profit for 2005	-	-	-	-	24.2	-	24.2
Shareholders' equity at 31 March 2005	**45,022,661**	**72.1**	**630.7**	**(32.9)**	**432.5**	**(0.6)**	**1,101,8**

Notes 1 to 29 form an integral part of the consolidated financial statements.

Consolidated cash flow statement

(in € millions)	2005	2004	2003
Operating activities			
Operating profit	167.7	173.5	213.8
Operating depreciation, amortisation and provisions	19.5	20.4	20.3
Dividends received from equity method companies	7.8	5.4	5.1
	195,0	**199,3**	**239,2**
Change in working capital requirements (note 28)	29.8	28.6	(51.1)
Proceeds from (payments for) financial items	(44.3)	(54.1)	(54.3)
Proceeds from (payments for) taxation	(34.3)	(46.9)	(53.1)
Proceeds from (payments for) exceptional items	(24.1)	(27.6)	(17.8)
Net cash flow from operating activities	**122.1**	**99.3**	**62.9**
Investing activities			
Purchase of fixed assets:			
- tangible and intangible fixed assets	(34.8)	(20.5)	(28.7)
- financial assets	-	-	(2.3)
Proceeds from fixed asset disposals:			
- tangible and intangible fixed assets	18.6	18.4	12.5
- financial assets	(0.5)	64.2	2.6
Proceeds from (purchase of) other investments	-	-	(50.3)
Net cash flow from investing activities	**(16.7)**	**62.1**	**(66.2)**
Financing activities			
Capital increase	4.8	3.1	1.8
Movements in debt	(82.7)	(69.9)	41.5
Movements in own shares	8.8	-	-
Dividends paid to parent company shareholders	(44.1)	(43.9)	(39.6)
Dividends paid to minority shareholders of subsidiaries	(3.8)	-	-
Refinancing payments	(3.5)	(14.7)	-
Gain on equity swap	-	10.1	-
Impact on net cash of changes in the consolidation scope	0.1	3.4	(1.1)
Impact on net cash of changes in exchange rates	0.5	(0.1)	(1.9)
Net cash flow from financing activities	**(119.9)**	**(112.0)**	**0.7**
Increase (decrease) in cash and cash equivalents	**(14.5)**	**49.4**	**(2.6)**
Opening cash and cash equivalents	**68.1**	**18.7**	**21.3**
Closing cash and cash equivalents	**53.6**	**68.1**	**18.7**

Notes 1 to 29 form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements at 31 March 2005

1. Accounting principles

The financial year of Rémy Cointreau runs from 1 April to 31 March. By convention, each financial year is indicated by the calendar year of the year end date.

The consolidated financial statements of Rémy Cointreau have been prepared in accordance with French law and French Accounting Regulatory Commission (CRC) standard 99-02.

1.1 Consolidation methods

Significant subsidiaries in which Rémy Cointreau controls, directly or indirectly, more than 50% of the voting rights, or over which it exercises effective management control, even when no capital link exists (special purpose entities), are fully consolidated in the consolidated financial statements.

Since 1 April 2003, Rémy Cointreau has consolidated as special purpose entities two brandy ageing co-operatives (Prochacoop and Champaco, which have since become Alliance Fine Champagne) in which the Group has no capital stake but whose inventories are used almost exclusively in the preparation of Rémy Martin cognacs. These entities are fully consolidated, with minority interests of 100%.

Companies over which Rémy Cointreau exercises significant influence are accounted for using the equity method. Significant influence is deemed to exist when the Group holds between 20% and 50% of the voting rights. In the event that the percentage held is less than 20%, the equity method is used only when significant influence can be demonstrated. In the event that the percentage held is over 50%, the equity method is used for companies over which the Group does not have exclusive control.

The financial statements of the companies included in the consolidation, which have been prepared in accordance with the rules prevailing in each of the countries concerned, are restated prior to their consolidation to ensure compliance with the Group's accounting principles.

All significant transactions between the companies included in the consolidation as well as intra-Group income items have been eliminated.

1.2 Translation of financial statements and transactions denominated in foreign currencies

The balance sheets of foreign subsidiaries are translated into euros using the prevailing exchange rate on the balance sheet date. The income statements are translated at the average exchange rate for the year. Resulting translation gains and losses are reported in shareholders' equity until the sale or liquidation of the subsidiaries concerned.

Transactions performed in foreign currencies are recorded using the exchange rate in force on the transaction date. Assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Any resulting gains and losses are recognised in the income statement.

1.3 Goodwill

Goodwill corresponds to the difference between the purchase price of the shares and the total value of the assets and liabilities identified on the acquisition date.

The opening value of the identifiable components of the assets and liabilities of the newly-consolidated company is measured at its value in use to the Group and may be reviewed during the financial year following the acquisition.

Positive goodwill is recognised as a fixed asset and is amortised on a straight-line basis over a period that reflects, as reasonably as possible, the assumptions used and the objectives set at the time of acquisition.

Negative goodwill is recognised in the income statement according to a schedule that reflects the objectives and prospects as defined at the time of acquisition.

At each balance sheet date, the Group assesses whether any evidence exists suggesting that the value of goodwill could have been impaired.

Up to 31 March 2000, goodwill on first consolidation, corresponding to the difference between the purchase price of the shares and the total valuation of the identified assets and liabilities of the subsidiaries concerned (restated in accordance with Group consolidation rules) on or near the date on which the stake was acquired, was allocated, as far as possible, to the assets and liabilities of the companies concerned (brands, distribution rights and inventories).

1.4 Brands and other intangible fixed assets

This item consists mainly of the value attributed to brands arising from the allocation of goodwill on first consolidation.

Brands are not amortised once they have trademark protection, when they enable profits to be generated in excess of those from similar unbranded products and are deemed to have an unlimited useful life.

At each balance sheet date, the Group performs valuation tests in respect of its brands. These tests involve comparing the book value of brands and their current value, this being the higher of the value in use and market value. During the year ended 31 March 2005, Rémy Cointreau used the services of an independent firm to supplement its own valuation methods. The primary method used to estimate value in use is based on the discounted value of future cash flows (excluding financial charges but after tax) generated by the use of each brand. The cash flows are estimated based on medium-term plans validated by management. The terminal value is determined by applying a growth rate to infinity. The discount rates used vary by brand and include a specific risk premium for each activity. At 31 March 2005, the assumptions used were as follows:

- discount rates ranging from 7.0% to 10.2%;
- growth rates to infinity ranging from 0% to 4% depending on each case.

When recent transactions have taken place on similar assets, the multiples involved are used to determine their market value.

When the annual valuation test reveals that the current value is less than the net book value and that this impairment in value is deemed to be permanent, an impairment loss is recognised in the income statement.

1.5 Tangible fixed assets

Tangible fixed assets are carried in the balance sheet at historical cost including, where appropriate, fair value adjustments on first consolidation. They are depreciated on a straight-line basis over their estimated useful lives as follows:

• Buildings	20 to 50 years
• Plant, equipment and tools	5 to 10 years
• Other tangible fixed assets	5 to 10 years

Only one Group subsidiary makes significant use of finance leases, which concern its fleet of trade vehicles. These leases are restated in the consolidated financial statements.

1.6 Investments in equity method companies, goodwill and gains on transfers

As part of the creation of the distribution joint venture Maxxium BV on 1 August 1999, Rémy Cointreau made a €29.1 million capital gain on transferred assets. This gain was deducted from the carrying value of the investment in Maxxium BV and is being amortised over 20 years.

For its part, Maxxium BV recognised, at the time of its creation and of subsequent operations, goodwill that is being amortised over 20 years. The annual amortisation charge is included in the income statement of Rémy Cointreau to the extent of its share of the joint venture.

The amortisation of the goodwill of Maxxium BV and of the capital gain on transfer constitutes the total net charge reported under “Goodwill amortisation” in the consolidated income statement.

1.7 Non-consolidated investments

Non-consolidated investments are recorded at their historical cost net of appropriate provisions, as required, to mark them to their fair value.

Fair value is determined based on several criteria, which include net assets, unrealised capital gains and future profit potential.

1.8 Deferred tax

The Group accounts for deferred taxation using the liability method, by applying the legal tax rate prevailing at the balance sheet date.

Restatement of the financial statements of individual companies included in the consolidation to ensure their compliance with Group accounting principles or to eliminate the impact of tax-related regulations (principally the elimination of provisions for price increases) creates differences between the taxable profit and the accounting profit before taxation. These differences give rise to the recognition of deferred tax assets and liabilities in the balance sheet. Differences between accounting and tax valuations of assets and liabilities also give rise to the recognition of deferred tax.

A provision is raised for tax credits on tax losses when their utilisation, in the short term, against future taxable profits is unlikely.

No provision is made for any taxes payable by the Group in respect of dividends from foreign subsidiaries, except when the decision to pay a dividend has been taken by the balance sheet date of the consolidated financial statements. These taxes on dividends are recognised in the year in which they are paid.

Deferred tax assets and liabilities, as well as current tax assets and liabilities, are offset within each tax group.

1.9 Inventories

Inventories are stated at the lower of weighted average cost and net realisable value. Cost of inventories does not include financial charges incurred during the ageing period.

Where applicable, the value of inventories includes adjustments for goodwill. These adjustments are recognised in cost of goods sold as and when the corresponding inventories are used.

1.10 Borrowings and financial debt

Borrowing issue costs and trading charges on syndicated loans are recorded in “Other receivables” and are amortised on a straight-line basis over the term of the related contracts. The charge is recorded in “Financial expense”. In the cash flow statement, the charges paid are included in cash flows from financing activities.

The OCEANE redemption premium is amortised on a straight-line basis over the term of the loan. The accumulated amortisation is included with the nominal value of the loan under “Convertible bonds”.

Accrued interest is now included with the corresponding nominal values. Previously, it was recorded in “Other operating liabilities” in order to facilitate the calculation of certain banking covenants from which it is excluded.

1.11 Pensions and other personnel-related commitments

In accordance with the law and practices in each country, Rémy Cointreau participates in staff benefit plans providing pensions and other post-employment benefits, through defined contribution and defined benefit plans. The assets of pre-financed pension plans are managed as separate funds by independent asset managers or insurance companies.

Charges relating to defined contribution plans are expensed on a payments basis.

Commitments under defined benefit plans concern:

- commitments relating to the pension fund of Bols in the Netherlands;
- commitments under the Group's pension plan in Germany and Barbados;
- retirement gratuities and long-service awards due in France under collective agreements;
- other commitments for retirement gratuities and supplementary defined benefit pension plans granted by the Group.

The commitments in respect of each defined benefit plan are determined by actuaries using the "Projected Unit Credit" method. These calculations are based on assumptions covering life expectancy, staff rotation and projected salary increases. They take into account the economic situation in each country. The discount rates used are the government interest rates with a maturity similar to that of the liability being assessed.

For the post-employment plans, the Group amortises actuarial gains and losses, which correspond to differences between actual events and the assumptions used, and the impact of revised assumptions.

For the post-employment plans, the actuarial gains and losses are recognised as an income or charge when the cumulative total of unrecognised actuarial gains or losses exceeds, for each plan, 10% of the maximum between the actuarial liability and the fair value of the plan's assets at the start of the year. This share of the gains or losses is recognised as a profit or a charge over the expected average remaining length of service of the plan's beneficiaries.

In accordance with French National Accounting Council (CNC) recommendation 2003-R.01, provisions were raised against long-service awards for the first time in 2004. The impact on the opening financial statements was recorded as an exceptional item.

Certain Group companies have early retirement plans, which are accounted for as restructuring provisions.

Certain commitments relating to partially pre-financed plans were included in the financial statements for the first time in 2004. The impact on the financial statements was determined by applying Group principles, particularly with respect to the accounting of past services as a cost.

In accordance with the recommendation of the CNC emergency committee of 21 January 2004, the impact on commitments in respect of retirement gratuity plans arising from the application of the Fillon act has been accounted for as a cost of past services.

Commitments relating to post-employment healthcare plans were measured for the first time at 31 March 2005 and are included in off-balance sheet commitments (note 24).

1.12 Financial instruments

The Group hedges its foreign exchange and interest rate risks mainly through the use of financial instruments such as forward sales of foreign currencies, foreign exchange options, interest rate swaps and FRAs .

The accounting and valuation methods used for these hedging financial instruments comply with generally accepted practices.

Foreign exchange contracts are revalued at the closing exchange rate. Any profits or losses are recognised in the income statement (as income or expenses), or are deferred if qualified as anticipatory hedges of transactions of the following year.

Translation differences arising between use of the average accounting exchange rate for the period and the value of the hedged transaction reported in operating income are allocated to the gross margin.

Gains and losses on interest rate instruments are recorded in "Net financial income", on a pro rata basis over the life of the contracts.

During the year, Rémy Cointreau also subscribed to options on Rémy Cointreau shares for the purpose of covering the stock options granted to certain employees (note 9).

1.13 Revenue recognition

Sales are recognised on the basis of transfer of ownership, which generally occurs at the time the goods are delivered. Sales are stated net of alcohol duties and sales taxes, and exclude activities that are peripheral to the marketing of Wines and Spirits brands. Net profit from these activities (subcontracting, distribution of alcohol-free products, etc.) is recorded as a reduction in marketing expenses.

1.14 Own shares

Rémy Cointreau has a share buyback programme, which was authorised by a General Meeting.

Rémy Cointreau shares acquired to stabilise the share price are reported as "Cash and cash equivalents". In all other cases, own shares acquired are deducted from shareholders' equity (Note 9).

To ensure the coverage of stock options granted to certain employees or to limit the dilution effect in the case of subscription options, Rémy Cointreau may acquire options on its own shares.

1.15 Earnings per share

Basic earnings per share are calculated based on:

- the weighted average number, during the year, of shares outstanding and of own shares held that are deducted from shareholders' equity.
- the number of shares outstanding at the year end after deducting own shares held that are deducted from shareholders' equity.

Diluted earnings per share are calculated based on the number of shares outstanding at the year end, including the potential dilution from the convertible bonds, the OCEANE issue and the exercise of stock options, net of any options acquired to cover these plans (Note 9). Net profit is restated to take account of the reduction in financial charges after tax that would result from the conversion of the bonds and the issue of new shares.

2. Consolidation scope

A list of the companies included in the consolidation is provided in Note 29.

The only material transaction during the year concerned Dynasty, an equity method company.

In January 2005, Dynasty Fine Wines Group Ltd was floated on the Hong Kong stock exchange. As part of this operation, Rémy Pacifique contributed its 33% stake in Sino French Dynasty Winery, receiving in exchange shares in the newly-listed company. On completion of this operation, the Group's stake in Dynasty Fine Wines Group Ltd was 23.86%. This operation generated a dilution gain of €13.7 million, which is recorded in "Exceptional income".

On 28 February 2005, the Prochacoop and Champaco co-operatives were merged into a new co-operative called Alliance Fine Champagne. This operation had no impact on the 2005 financial statements.

3. Brands and other intangible fixed assets

3.1 Breakdown by type

(in € millions)	2005 Gross	2005 Amortisation Impairment	2005 Net	2004 Net	2003 Net
Brands	960.1	(52.6)	907.5	952.4	954.1
Distribution rights	15.3	(7.7)	7.6	7.7	8.1
Other intangible assets (1)	19.3	(11.0)	8.3	9.0	10.0
Total	**994.7**	**(71.3)**	**923.4**	**969.1**	**972.2**

(1) including software licences and leasehold rights

Brands mainly comprises Rémy Martin, Cointreau, Piper-Heidsieck, Heidsieck, Charles Heidsieck, Piper Sonoma, Galliano, Mount Gay, Bols, Metaxa and Pisang Ambon.

The Rémy Martin and Cointreau brands are only reflected in the consolidated balance sheet to the extent of the value arising from the fair value adjustment following the purchase of minority interests.

All other brands were included in the consolidated balance sheet at their identified values at the time of the acquisitions made by the Group (Note 1.3).

As explained in Note 1.4, the brands are not amortised but are subject to annual impairment tests.

At 31 March 2005, a permanent impairment in value of €52.3 million was recorded in respect of the value of certain brands.

3.2 Changes in net intangible fixed assets

(in € millions)	Total
31 March 2004	**969.1**
Acquisitions	8.8
Impairment	(52.3)
Amortisation	(2.6)
Translation adjustments	0.4
31 March 2005	**923.4**

Acquisitions during the year include €8.1 million for the Soplica brand (vodka).

4. Tangible fixed assets

4.1 Breakdown by type

(in € millions)	2005 Gross	2005 Amortisation Impairment	2005 Net	2004 Net	2003 Net
Land	42.7	(1.8)	40.9	54.2	56.6
Buildings	119.6	(74.2)	45.4	41.3	43.9
Other	128.8	(86.9)	41.9	43.0	42.3
In progress	5.2	(0.1)	5.1	4.3	9.0
Total	**296.3**	**(163.0)**	**133.3**	**142.8**	**151.8**

4.2 Changes in net tangible fixed assets

(in € millions)	Total
31 March 2004	**142.8**
Acquisitions	26.1
Disposals (net book value)	(16.6)
Depreciation charges	(19.1)
Translation adjustments	0.1
31 March 2005	**133.3**

Acquisitions include €6.2 million for the construction of a logistics centre in Angers and €2.4 million for new ageing warehouses in Barbados. The balance consists mainly of ongoing renewals of industrial facilities.

Disposals include mainly the sale of an industrial site in Greece (land and installations).

5. Investments in equity method companies

5.1 Investments in equity method companies represent holdings in companies that meet the criteria set out in Note 1.1.

(in € millions)	Maxxium	Dynasty	Avandis	Total
At 31 March 2003	**61.8**	**18.3**	**3.6**	**83.7**
Dividends paid (1)	(2.8)	(2.6)	-	(5.4)
Profit on ordinary activities	1.8	5.1	-	6.9
Goodwill amortisation	(2.8)	-	-	(2.8)
Other (2)	(1.2)	-	-	(1.2)
Translation adjustment	(0.8)	(2.1)	-	(2.9)
At 31 March 2004	**56.0**	**18.7**	**3.6**	**78.3**
Dividends paid (1)	(3.2)	(4.6)	-	(7.8)
Profit on ordinary activitie	3.4	5.1	-	8.5
Goodwill amortisation	(2.9)	-	-	(2.9)
Dilution gain (3)	-	13.7	-	13.7
Translation adjustment	0.4	(0.8)	-	(0.4)
At 31 March 2005	**53.7**	**32.1**	**3.6**	**89.4**

(1) for Maxxium B.V., the dividend is drawn from the transfer premium
(2) reclassification of the item "Other operating liabilities"
(3) dilution gain relating to the flotation of Dynasty Fine Wines Group Ltd (Note 2).

In accordance with Note 1.6., goodwill amortisation represents the net amount of the share of Rémy Cointreau in the Maxxium B.V. goodwill amortisation (2005: charge of €4.4 million; 2004: charge of €4.3 million) and the amortisation of the gain on transferred assets (2005: income of €1.5 million; 2004: income of €1.5 million).

5.2 Maxxium B.V.

The Maxxium B.V. distribution joint venture was set up on 1 August 1999 via a strategic distribution agreement between Rémy Cointreau Highland Distillers and Jim Beam Brands, and joined by the Swedish company Vin & Sprit (Absolut Vodka) in May 2001.

The joint venture, which has its registered office in the Netherlands, covers the entire world, with the principal exceptions of the US, the Caribbean, Poland, Hungary and the duty-free market in Germany, where Rémy Cointreau continues to control 100% of its distribution channel.

Maxxium has a financial year end of 30 June. The key figures presented below correspond to the reference period of Rémy Cointreau, i.e. the year to 31 March.

Simplified income statement

(in € millions)	2005	2004	2003
Sales managed (1)	1,462.6	1,383.9	1,402.3
o/w invoiced	1,287.5	1,213.7	1,225.6
o/w commissions	175.1	170.2	176.7
Profit on ordinary activities	**18.4**	**16.9**	**18.2**
Goodwill amortisation	(17.4)	(17.2)	(17.1)
Exceptional income (loss)	**(3.1)**	**(5.3)**	**(3.5)**
Net profit (loss)	**(2.1)**	**(5.6)**	**(2.4)**

(1) including Rémy Cointreau products totalling €520.3 million (2004: €511.3 million; 2003: €526 million)

Turnover by geographical region

(in € millions)	2005	2004	2003
Europe & Canada	905.4	869.3	895.3
Asia-Pacific	481.4	432.5	426.2
Emerging countries	75.8	82.1	80.8
Total	**1,462.6**	**1,383.9**	**1,402.3**

Workforce

(at 31 March 2005)	2005	2004	2003
Maxxium staff	1,602	1,712	1,750

Simplified balance sheet

(in € millions)	2005	2004	2003
Fixed assets	284.8	300.1	313.3
Net current assets	184.0	182.1	196.2
Net assets	**468.8**	**482.2**	**509.5**
Financed by:			
Financial debt	169.8	163.8	171.5
Shareholders' equity	299.0	318.4	338.0
Total	**468.8**	**482.2**	**509.5**

6. Other financial investments

6.1 Non-consolidated investments comprise

(in € millions)	2005	2004	2003
Shareholdings in excess of 50%	1.6	1.7	3.0
Shareholdings of between 20% and 50%	2.2	1.6	1.6
Shareholdings of less than 20%	1.7	1.9	2.0
Total	**5.5**	**5.2**	**6.6**

Non-consolidated investments are presented net of a provision of €15.8 million (2004: €16.5 million. 2003: €16.7 million).

6.2 Other financial assets comprise mainly deferred charges in respect of the pension commitments of Bols Distilleries.

7. Inventories

7.1 Breakdown by type

(in € millions)	2005	2004	2003
Merchandise and finished products	84.2	87.7	86.4
Raw materials	84.5	81.7	77.3
Brandies	516.6	548.8	438.7
Champagne	147.1	158.6	169.5
Other work-in-progress	3.6	1.0	7.2
Gross value	**836.0**	**877.8**	**779.1**
Provisions for impairment	(4.3)	(3.8)	(3.7)
Net value	**831.7**	**874.0**	**775.4**

7.2 Movements

(in € millions)	Total
31 March 2004	**874.0**
Movements for the year	(39.5)
Provisions for impairment	(0.5)
Translation adjustments	(2.3)
31 March 2005	**831.7**

8. Other receivables

8.1 Trade notes and accounts receivable are reported net of a provision for impairment of €6.8 million (2004: €6.5 million, 2003: €7.7 million) in respect of individually identified receivables, valued based on the degree of risk of non-collection.

8.2 Other receivables comprise

(in € millions)	2005	2004	2003
Supplier advances	8.4	4.2	24.0
Provisional tax paid (1)	6.8	7.4	13.5
Other tax and social security receivables	15.3	15.8	15.5
Excise duties paid in advance	5.1	6.1	4.6
Prepaid expenses	10.3	8.9	6.6
Borrowing issuance fees	10.0	9.0	4.5
Renegotiation fees for the syndicated loan	2.8	3.7	-
Financial instruments	8.9	9.8	18.6
Receivables on asset disposals	-	-	20.2
Other receivables	26.2	24.4	24.3
Provisions on receivables	(1.7)	(1.4)	(0.8)
Total	**92.1**	**87.9**	**131.0**

(1) tax receivables and payables are offset by tax group

9. Share capital and other shareholders equity

9.1 The share capital at 31 March 2005 comprised 45,052,661 shares with a nominal value of €1.60 per share.

As part of the stock options granted to certain employees, 272,812 new shares were issued during 2005. This creation of shares corresponds to a capital increase of €0.5 million, together with a share premium of €4.3 million.

In connection with its share buyback programme, at 31 March 2004, Rémy Cointreau held 632,430 of its own shares, of which 509,985 shares were reported as a deduction from consolidated shareholders' equity and 122,445 shares were recorded in "Cash and cash equivalents".

In March 2005, Rémy Cointreau sold 602,430 of its own shares with an option to repurchase.

The sale with repurchase option will enable Rémy Cointreau to meet its commitments to cover stock options granted to certain members of staff (284,000 shares under plan no. 12 and 37,503 shares under plan no. 13 – Note 27) as required under the provisions of Article L. 225-179 of the French Commercial Code, which stipulates that, as from the end of the vesting period of the plans, the Company must be in a position to deliver the shares to its employees. It will also limit the dilutive effect of the stock options (280,927 shares under plan no. 10). This mechanism was authorised by the French Financial Markets Authority (AMF) on 8 March 2005.

Rémy Cointreau completed the coverage of stock option plan no. 13 by acquiring 224,497 options on its own shares.

On completing these transactions, only 30,000 own shares were still deducted from consolidated shareholders' equity at 31 March 2005, at a value of €0.6 million.

The sale with repurchase option generated a net gain of €0.4 million. The net premium after tax paid for the options came to €1.5 million. These amounts are recorded in shareholders' equity for a total negative value of €1.1 million. The net book value of the shares sold, net of the 122,445 shares earlier recorded in marketable securities, came to €9.9 million.

9.2 Maximum number of shares used for the calculation of diluted earnings

	2005	2004	2003
Maximum number of shares to be created			
Shares outstanding	45,052,661	44,779,849	44,579,941
Own shares	(30,000)	(509,985)	(509,985)
Potential number of shares			
Stock options	2,049,399	2,343,311	2,565,111
Repurchase option	(280,927)	-	-
Convertible bond	30,032	30,032	30,032
OCEANE	6,833,691	6,833,691	6,896,528
Total	**53,654,856**	**53,476,898**	**53,561,627**

10. Subordinated perpetual securities

10.1 Rémy Cointreau issued €304.9 million in subordinated perpetual securities on 16 May 1991. The annual interest rate applicable until 16 May 2006 is 6-month Euribor plus 1%.

10.2 The principal clauses in the original issue terms and conditions were as follows:

- the securities, which have no fixed repayment date, will be redeemed at their par value only in the event of a winding-up subject to court order, a legal judgement requiring the complete disposal of the business, or early voluntary liquidation of the Company other than by way of a merger or spin-off;
- the redemption will be subordinated to the prior settlement in full of all the Company's creditors, except for holders of participating loans granted to the Company and any participating securities that may be issued by the Company;
- the payment of interest may be suspended in the event that the consolidated financial statements disclose losses in excess of 25% of the consolidated shareholders' equity, and no dividend was payable for the previous financial year.

10.3 The securities were repackaged at the time of their issue as part of an agreement with a third party.

Under this agreement, the third party, through a separate agreement entered into with the subscribers to the securities, undertook to redeem the securities after 15 years and to waive the right to interest from the sixteenth year in exchange for an initial payment by the Company of €82.9 million.

Due to these clauses, the securities were recorded at the time of their issue as a liability in the balance sheet at their net amount of €222.0 million.

Each year's net income includes the impact of the interest paid on the nominal amount of the securities less any income generated by the €82.9 million deposit. This income is treated as an annual payment allocated to repayment of the principal and therefore reduces the amount of the debt accordingly.

10.4 The securities were restructured in May 1996 as follows:

- Rémy Cointreau exercised its right to redeem the securities from the subscribers at their par value,
- the securities were sold at their current value to a debt securitisation fund (FCC), which will receive the interest income up to 15 May 2006,
- the issue contract was revised, the main changes being as follows:
  – the six-monthly interest paid by Rémy Cointreau will be reduced to a token amount with effect from 16 May 2006;
  – the clause relating to the suspension of interest payments was cancelled.
- the agreement linking the third party company that received the initial payment with the subscribers to the securities was cancelled.

• as part of this restructuring, the following financial instruments, maturing in 2006, were established:

Currency	Nominal value (in € millions)	Rate received	Rate paid
EUR	131.11	6-month Euribor	Fixed
EUR	21.34	6-month Euribor	Fixed
EUR	118.53	Variable	Fixed
EUR	25.57	Fixed	Variable

10.5 The breakdown of the subordinated perpetual securities is as follows:

(in € millions)	2005	2004	2003
Principal sum borrowed	304.9	304.9	304.9
Repayments	(276.6)	(253.6)	(232.5)
Net amount	**28.3**	**51.3**	**72.4**
Accrued interest	10.3	9.9	9.7
Total	**38.6**	**61.2**	**82.1**

11. Convertible bonds

11.1 This item comprises

(in € millions)	2005	2004	2003
3.50% OCEANE 2006			
Principal	297.3	297.3	300.0
Redemption premium	27.7	21.1	14.5
7.50% convertible bond 2006	0.6	0.6	0.6
Sub-total	**325.6**	**319.0**	**315.1**
Accrued interest	10.4	10.4	10.5
Total	**336.0**	**329.4**	**325.6**

11.2 OCEANE

Following the authorisation granted by the Combined General Meeting of shareholders on 24 August 2000, the meeting of the Board of Directors of 13 December 2000 approved the issue of €300.0 million of bonds with the option to convert into and/or exchange for new and/or existing shares known as OCEANEs.

The main features of this OCEANE issue are as follows:

• number of bonds issued: 6,896,551

• par value: €43.50 each

• issued at par

• right to interest as from 30 January 2001

• term: 5 years and 61 days

• interest rate: 3.50% per annum, paid annually on 1 April

• redemption on 1 April 2006 at €48.53 each, including a redemption premium of 11.56% of the nominal value, i.e. €34.6 million,

• early redemption at the option of the issuer with effect from 1 April 2004 if the Rémy Cointreau share meets certain quotation criteria,

• each bond may be converted or exchanged for one new or existing share at any time with effect from 30 January 2001 until the seventh working day prior to the redemption date.

On 17 October 2003, Rémy Cointreau redeemed 62,837 bonds at €47.80 each. These bonds were subsequently cancelled. The redemption resulted in the principal value of the OCEANE being reduced by €2.7 million and the redemption premium by €0.3 million.

No bonds were converted during the year. A total of 23 bonds were converted or exchanged in previous years.

12. Medium- and long-term financial debt

12.1 Medium- and long-term financial debt comprises:

(in € millions)	2005	2004	2003
Bonds	384.6	186.8	163.5
Bank borrowings at variable rates	-	212.5	170.0
Other medium and long-term borrowings	8.0	-	-
Total	**392.6**	**399.3**	**333.5**

12.2 Bonds primarily comprise the following two bonds:

a) A €175 million 7-year bond issued on 24 June 2003, with a 6.5% coupon. Upon maturity, this bond is redeemable at par.

Most of the proceeds from this bond were used for the early redemption of an earlier €150 million bond with a 10% coupon, which would have matured in July 2005.

The bond carries a number of clauses for early redemption at the issuer's option as follows:

• before 1 July 2006, in the event of a capital increase, whether for the general public or privately placed, at 106.5% on a proportional basis of up to 35% of the total nominal value of the bonds issued,

• at any time before 1 July 2007, redemption at par plus a premium equal to the higher of the following two amounts:

(i) 1% of the principal amount redeemed,

(ii) an amount equal to the difference between: the present value on the redemption date at 103.25% plus interest calculated over the period from the redemption date to 1 July 2007. The discount rate used is the Bund interest rate on the redemption date plus 50 basis points,

• from 1 July 2007, under any circumstances, redemption of all or part of the bonds at 103.25% during 2007/2008, at 101.625% during 2008/2009, and at par during 2009/2010.

The issue contract also provides every bondholder with the right to request redemption of the bonds held at 101% in the event of (i) a "fundamental change" covering the possible sale or transfer of a substantial part of the assets of Rémy Cointreau, or (ii) approval by the shareholders of a liquidation or voluntary winding-up plan of the issuer, or (iii) Orpar and Récopart SA together holding less than one third of the voting rights in the issuer or being unable to appoint the majority of the Board of Directors for two consecutive years,

- at any time, but in full, in the event of a material change in the tax regime applicable to the issuer subsequent to the issue date.

b) a 7-year borrowing issued on 12 January 2005 for €200 million, with a 5.2% coupon. This bond is redeemable at par upon maturity.

The funds raised were used to reduce the amounts drawn on the syndicated loan and will permit refinancing of the OCEANE maturing on 1 April 2006.

The issue carries a number of clauses for early redemption at the issuer's option as follows:

- before 15 January 2008, in the event of a capital increase, whether for the general public or privately placed, redemption at 105.2% on a proportional basis of up to 35% of the total par value of the bonds issued,
- at any time before 15 January 2009, redemption at par plus a premium equal to the higher of the following two amounts:
  (i) 1% of the principal amount redeemed,
  (ii) an amount equal to the difference between: the present value on the redemption date at 102.6% plus interest calculated over the period from the redemption date to 15 January 2009 and the principal amount of the bond. The discount rate used is the Bund interest rate on the redemption date plus 50 basis points;
- from 15 January 2009, under any circumstances, redemption of all or part of the bonds at 102.6% until 15 January 2010 excluded, at 101. 3% from 15 January 2010 to 15 January 2011 excluded and at par from 15 January 2011 onwards.

  The issue contract also provides every bondholder with the right to request redemption of the bonds held at 101% in the event of (i) a "fundamental change" covering the possible sale or transfer of a substantial part of the assets of Rémy Cointreau, or (ii) approval by the shareholders of a liquidation or voluntary winding-up plan of the issuer, or (iii) Orpar and Récopart SA together holding less than one third of the voting rights in the issuer or being unable to appoint the majority of the Board of Directors for two consecutive years,
- at any time, but in full, in the event of a material change in the tax regime applicable to the issuer subsequent to the issue date.

These bonds are not subject to any guarantee.

12.3 At 31 March 2005, the Group's confirmed banking facilities (including those falling due within one year) amounted to €578.9 million, and comprised the following:

Type	Principal (in € millions)	Maturity
Banking syndicate	462.5	2005 à 2008
Other confirmed credit lines	78.3	2005
Bilateral credit lines	38.1	2006

12.4 Banking syndicate

The €500.0 million syndicated loan signed on 10 June 2003 with a group of 19 banks comprised a term facility and a revolving facility of €250 million each. The revolving facility is repayable on 10 June 2008, whereas the term facility is repayable in annual instalments as follows:

- 10 June 2004: €37.5 million
- 10 June 2005: €43.75 million
- 10 June 2006: €50.0 million
- 10 June 2007: €56.25 million
- 10 June 2008: €62.5 million

On 28 December 2004, a rider to the basic agreement was signed with a view to converting the term loan into a second revolving facility, the principal amount of which is reduced in accordance with the repayment schedule provided in the previous paragraph.

This loan is not subject to any guarantee.

Under this contract, Rémy Cointreau is committed to meeting the following financial ratios at 30 September and 31 March of each year:

Period	Debt/EBITDA (Ratio A)	EBITDA/finance costs (Ratio B)
Date of signing to 30/09/2004	Ratio A ≤ 4.25	Ratio B ≥ 3.25
From 01/10/2004 to 30/09/2005	Ratio A ≤ 4.00	Ratio B ≥ 3.50
From 01/10/2005 to 30/09/2006	Ratio A ≤ 3.75	Ratio B ≥ 3.75
From 01/10/2006 to maturity	Ratio A ≤ 3.50	Ratio B ≥ 4.00

For the purpose of these calculations, EBITDA is defined as the sum of operating profit, amortisation and depreciation, and dividends received from equity method companies. Debt is defined as the sum of liabilities excluding accrued interest, the nominal value of convertible bonds less cash and cash equivalents. The value used for the ratio is the arithmetic average of the values in the last two interim reports.

On 3 June 2004, the lending banks agreed that for the calculation of the financial ratios and the margin applicable to the syndicated loan, the definitions of EBITDA, debt and finance costs would be adjusted so as to exclude the impact of the consolidation of the special purpose entities (note 1.1).

At 31 March 2005, these ratios were as follows:

- Debt/EBITDA: 3.68
- EBITDA/finance costs: 3.65

The debt/EBITDA ratio serves as a reference in determining the margin applicable to the Euribor interest rate paid on each drawing. Based on the ratios for 2005, the margin was 120 basis points. The commitment commission is 50% of the applicable margin on the unutilised portion of the credit line.

12.5 Maturity analysis

(in € millions)	2005	2004	2003
More than 5 years	375.0	175.0	-
More than 1 year but less than 5 years	17.6	224.3	333.5
Total	**392.6**	**399.3**	**333.5**

12.6 Currency analysis

(in € millions)	2005	2004	2003
Euro	384.6	399.3	333.5
Polish zloty	8.0	-	-
Total	**392.6**	**399.3**	**333.5**

13. Provisions for liabilities and charges

13.1 Breakdown by type

(in € millions)	2005	2004	2003
Pension provisions	17.1	16.9	17.2
Provisions for liabilities and charges	45.9	60.2	58.8
Total	**63.0**	**77.1**	**76.0**

Provisions for liabilities and charges relate mainly to:

- provisions for early retirements and restructuring costs,
- provisions for various operating liabilities.

These amounts include the provisions raised as part of the initial consolidation of Bols.

13.2 Maturity analysis

(in € millions)	<1 year	<5 years	>5 years
Pension provisions	-	-	17.1
Provisions for liabilities and charges	20.4	24.5	1.0
Total	**20.4**	**24.5**	**18.1**

13.3 Changes in provisions for liabilities and charges

(in € millions)	Total
31 March 2004	**77.1**
Charges in the year	23.2
Amounts utilised in the year	(27.9)
Releases in the year	(9.4)
31 March 2005	**63.0**

14. Operating liabilities

14.1 Trade notes and accounts payable comprises

(in € millions)	2005	2004	2003
Brandy suppliers	11.2	21.3	27.9
Other suppliers	100.2	112.2	111.8
Total	**111.4**	**133.5**	**139.7**

14.2 Other operating liabilities comprise

(in € millions)	2005	2004	2003
Customer advances	0.8	0.6	1.0
Tax liabilities (1)	2.9	5.7	14.4
Other tax and social security liabilities	41.9	36.1	42.3
Excise duties payable	16.3	9.8	12.4
Advertising	31.5	27.1	24.2
Other deferred income	3.4	4.0	4.2
Financial instruments	2.7	1.7	9.0
Other	37.4	39.2	42.1
Total	**136.9**	**124.2**	**149.6**

(1) tax liabilities are offset by tax group

15. Analysis by geographical region

15.1 Analysis of sales

(in € millions)	2005	2004	2003
France	50.5	53.3	61.8
Rest of Europe	374.8	362.1	406.9
North America	313.7	309.6	351.8
Asia-Pacific	127.3	122.0	127.3
Rest of the world	39.0	41.3	52.4
Total	**905.3**	**888.3**	**1,000.2**

15.2 Analysis of assets employed

(in € millions)	Net intangible fixed assets	Net tangible fixed assets	Current assets [1]	Operating liabilities [2]
France	426.3	107.4	938.2	233.3
Rest of Europe	485.7	16.8	101.5	67.0
America	11.4	9.1	114.2	29.1
Asia-Pacific	-	-	-	0.5
Total	**923.4**	**133.3**	**1,153.9**	**329.9**

(1) excluding cash and cash equivalents, excluding offsetting of tax assets and liabilities

(2) including deferred tax liabilities, excluding offsetting of tax assets and liabilities

16. Information by division

Operating profit includes:

a) profit directly allocated to the various brands operated by the Group,

b) indirect charges representing the overheads of the various distribution companies and the administration entities.

The brands have been separated into five divisions, which cover the main products and brands as follows:

Cognac: Rémy Martin;

Liqueurs: Cointreau, Passoa, Liqueurs Bols, Galliano, Pisang Ambon;

Spirits: Bols vodka, Metaxa, Saint Rémy, Mound Gay rum, Bols and Bokma genevers and Saint James rum (2003);

Champagne and Wines: Piper Heidsieck, Charles Heidsieck, Piper Sonoma Californian wines;

Partner brands: these are brands not owned by the Group but which are distributed by the Group's own network, consisting mainly The Famous Grouse and The Macallan scotch whiskies, Antinori wines in the US and distribution of wines in the Netherlands (for 2003).

The breakdown of profit by brand, distribution expenses and central costs is performed on an analytical basis.

16.1 Analysis of turnover and operating profit by division

(in € millions)	2005	2004	2003
Turnover			
Cognac	318.7	317.2	358.9
Liqueurs	161.3	160.6	173.2
Spirits	186.4	184.5	202.5
Champagne & Wines	129.7	125.8	130.4
Partner brands	109.2	100.2	135.2
	905.3	**888.3**	**1,000.2**
Operating profit			
Cognac	99.5	114.3	149.3
Liqueurs	51.5	49.4	50.2
Spirits	56.0	53.8	61.7
Champagne & Wines	15.9	15.3	17.2
Partner brands	16.8	15.4	20.9
	239.7	**248.2**	**299.3**
Distribution costs, central costs and unallocated charges	(72.0)	(74.7)	(85.5)
Total	**167.7**	**173.5**	**213.8**

16.2 Analysis by assets employed

At 31 March 2005

(in € millions)	Net intangible fixed assets	Net tangible fixed assets	Current assets [1]	Operating liabilities [2]
Cognac	237.5	22.4	552.2	83.7
Liqueurs	180.6	17.0	33.9	41.0
Spirits	363.4	26.3	101.8	62.3
Champagne & Wines	141.7	64.6	244.6	46.2
Network and holding co.	0.2	3.0	221.4	70.1
Total	**923.4**	**133.3**	**1,153.9**	**303.3**

(1) excluding cash and cash equivalents, excluding offsetting of tax assets and liabilities

(2) including deferred tax liabilities, excluding offsetting of tax assets and liabilities

At 31 March 2004

(in € millions)	Net intangible fixed assets	Net tangible fixed assets	Current assets (1)	Operating liabilities (2)
Cognac	239.1	20.8	583.5	86.1
Liqueurs	197.1	16.6	43.5	53.9
Spirits	390.7	34.8	104.9	57.8
Champagne & Wines	141.5	66.0	248.3	48.6
Network and holding co.	0.7	4.6	225.8	70.7
Total	**969.1**	**142.8**	**1,206.0**	**317.1**

(1) excluding cash and cash equivalents, excluding offsetting of tax assets and liabilities

(2) including deferred tax liabilities, excluding offsetting of tax assets and liabilities

At 31 March 2003

(in € millions)	Net intangible fixed assets	Net tangible fixed assets	Current assets (1)	Operating liabilities (2)
Cognac	239.5	19.6	511.2	102.4
Liqueurs	196.9	16.8	53.7	51.9
Spirits	393.0	43.5	132.0	69.0
Champagne & Wines	141.9	68.0	256.6	51.1
Network and holding co.	0.9	3.9	223.4	120.3
Total	**972.2**	**151.8**	**1,176.9**	**394.7**

(1) excluding cash and cash equivalents, excluding offsetting of tax assets and liabilities

(2) including deferred tax liabilities, excluding offsetting of tax assets and liabilities

16.3 Return on capital employed

Return on capital employed is measured based on the following indicators:

- Capital employed (Note 16.2):
  - – tangible fixed assets;
  - – current assets (excluding cash and cash equivalents);
  - – operating liabilities.
- Operating profit (Note 16.1):
  - – operating profit after allocation of holding company and distribution network costs.

Capital employed and operating profit are identified by division on an analytical basis. The allocation of capital and profits to the holding company and distribution network activities is based on actual inventories and pro rata to sales.

At 31 March 2005

(in € millions)	Capital employed	Operating profit	%
Cognac	551.5	76.5	13.9
Liqueurs	32.9	42.8	130.1
Spirits	89.5	34.1	38.1
Champagne & Wines	285.2	9.8	3.4
Partner brands	24.7	4.5	18.2
Total	**983.8**	**167.7**	**17.0**

At 31 March 2005, after taking into account the carrying value of the brands and other intangible fixed assets (Notes 3.1 and 16.2), return on capital employed was 9.7% for Cognac, 20.0% for Liqueurs, 7.5% for Spirits and 2.3% for Champagne and Wines.

At 31 March 2004

(in € millions)	Capital employed	Operating profit	%
Cognac	576.0	90.2	15.7
Liqueurs	27.5	40.0	145.5
Spirits	104.3	28.7	27.5
Champagne & Wines	290.3	8.9	3.1
Partner brands	33.6	5.7	17.0
Total	**1,031.7**	**173.5**	**16.8**

At 31 March 2004, after taking into account the carrying value of the brands and other intangible fixed assets (Notes 3.1 and 16.2), return on capital employed was 11.1% for Cognac, 17.8% for Liqueurs, 5.8% for Spirits and 2.1% for Champagne and Wines.

At 31 March 2003

(in € millions)	Capital employed	Operating profit	%
Cognac	496.9	122.7	24.7
Liqueurs	40.4	40.2	99.5
Spirits	127.5	33.5	26.3
Champagne & Wines	288.6	11.0	3.8
Partner brands	28.6	6.4	22.4
Total	**982.0**	**213.8**	**21.8**

At 31 March 2003, after taking into account the carrying value of the brands and other intangible fixed assets (Notes 3.1 and 16.2), return on capital employed was 16.7% for Cognac, 16.9% for Liqueurs, 6.4% for Spirits and 2.6% for Champagne and Wines.

17. Operating expenses

The analysis of operating expenses is as follows:

(in € millions)	2005	2004	2003
Personnel costs	111.2	113.3	125.3
Other costs	255.1	260.3	264.7
Amortisation and depreciation	19.5	20.4	20.3
Expenses reallocated to inventories and cost of sales	(58.8)	(64.6)	(65.0)
Total	**327.0**	**329.4**	**345.3**
of which:			
Marketing expenses	243.6	247.8	260.7
Administrative expenses	83.4	81.6	84.6

Marketing expenses comprise promotion and advertising costs, commissions paid and received, brand royalties, ordinary provisions for inventories and trade accounts receivable, and overheads of the Group's distribution companies. Administrative expenses comprise all other expenses (mainly overheads of the holding and production companies). This analysis is prepared on an analytical basis.

18. Group workforce

Staff numbers are expressed at the balance sheet date and relate to fully consolidated companies only.

(at 31, March)	2005	2004	2003
France	980	1,021	1,043
Rest of Europe	531	590	694
Asia-Pacific	4	4	-
America	329	330	460
Total	**1,844**	**1,945**	**2,197**

19. Directors' and officers' remuneration

(in € millions)	2005	2004	2003
France	1.5	2.1	1.9
Total	**1.5**	**2.1**	**1.9**

Remuneration paid by Rémy Cointreau to directors and officers includes all gross remuneration and attendance fees paid to:

- members of the Supervisory Board and of the Management Board, and
- since 7 September 2004, to members of the Board of Directors and to the Chief Executive Officer.

Members of the Management Board and the Group Chief Executive Officer benefit from:

- a bonus of their basic fixed salary. This bonus is a function of quantitative criteria based on the Group's performance and qualitative criteria based on personal performance,
- as is the case for other senior Group executives, members of the Management Board benefit from an increase in the legal amount payable upon leaving the Group, as well as an optional additional pension, taken out with an insurance company, which enables them, if they are employees of the Company at the time of their retirement, to benefit from a supplementary pension of up to 11.5% of their final remuneration. This commitment is valued and recorded as pension commitments in accordance with Note 1.11.

20. Net financial income (expense)

(in € millions)	2005	2004	2003
Debt servicing (excl. coop.)	(38.4)	(47.6)	(54.8)
Finance costs - cooperatives	(4.1)	(3.9)	-
Sub-total	**(42.5)**	**(51.5)**	**(54.8)**
Average net debt	892.0	976.8	947.3
Average interest rate	4.76%	5.27%	5.79%
Other finance costs (excl. coop.)	(15.1)	(12.1)	(10.0)
Dividends	0.5	0.6	0.4
Translation gains (losses)	4.0	(1.1)	(2.3)
Total	**(53.1)**	**(64.1)**	**(66.7)**

Finance income and costs include:

- net interest costs,
- commissions on credit lines,
- amortisation of bond issue costs and redemption premiums,
- related bank charges.

21. Exceptional income and expenses after tax

(in € millions)	2005	2004	2003
Gains (losses) on disposals of securities and equity investments	-	24.1	(2.7)
Cost of restructuring, closures and site transfers	(12.5)	(14.2)	(8.5)
Charges and provisions for tax liabilities	(2.8)	(7.6)	-
Gains (losses) on asset disposals	1.2	-	11.7
Dilution gain (Dynasty)	13.7	-	-
Impairment of brands	(52.3)	-	-
Equity swap gain	-	6.5	-
Charges relating to debt restructuring	-	(4.0)	-
Other charges and provisions	(1.9)	(2.7)	(1.9)
Total	**(54.6)**	**2.1**	**(1.4)**

Exceptional income and expenses do not relate directly to ordinary activities.

22. Taxation

22.1 The net effect of taxation on profit was as follows

(in € millions)	2005	2004	2003
Tax on profit on ordinary activities			
Current	(31.5)	(30.9)	(44.1)
Deferred	(6.8)	(7.4)	(6.4)
Total	**(38.3)**	**(38.3)**	**(50.5)**
Tax on profit from exceptional items			
Current	4.8	(1.2)	(0.3)
Deferred	(1.3)	3.5	(0.8)
Total	**3.5**	**2.3**	**(1.1)**

22.2 Rémy Cointreau has elected to create a tax grouping for certain subsidiaries in which it has, directly or indirectly, a shareholding of at least 95%. This grouping may provide tax savings, within certain limits, as taxable profits can be offset against tax losses of other companies. Any tax savings are recognised in the year in which the offset occurs.

22.3 Analysis of the origin and breakdown of deferred tax

(in € millions)	2005	2004	2003
Breakdown by type			
Pension provisions	4.7	5.0	4.0
Regulated provisions	(33.4)	(28.0)	(22.7)
Other provisions	7.9	10.6	10.0
Margin on inventories	7.0	7.1	8.5
Other timing differences	7.1	5.5	(0.6)
Net position - asset (liability)	**(6.7)**	**0.2**	**(0.8)**
Breakdown by tax grouping			
France tax grouping	(10.9)	(6.5)	(3.9)
US tax grouping	(0.6)	0.2	0.4
Netherlands tax grouping	0.8	2.7	0.6
Other companies	4.0	3.8	2.1
Net position - asset (liability)	**(6.7)**	**0.2**	**(0.8)**
Deferred tax assets	4.8	6.7	3.2
Deferred tax liabilities	(11.5)	(6.5)	(4.0)
Net position - asset (liability)	**(6.7)**	**0.2**	**(0.8)**

22.4 Tax losses and capital losses carried forward at 31 March were as follows

(in € millions)	2005	2004	2003
No time limit	2.4	3.2	2.9
Expiring in :			
2004	-	-	0.1
2005	-	-	-
2006	-	-	-
2007	-	-	-
After 2007	3.4	2.6	4.2
Total losses carried forward	**5.8**	**5.8**	**7.2**

At 31 March 2005, the potential tax savings arising from the utilisation of these tax losses carried forward was €1.5 million. No deferred tax asset was recognised in respect of this amount.

22.5 Tax reconciliation

The difference between the tax on profit on ordinary activities recognised in the financial statements and the theoretical tax at a rate of 34.9% at 31 March 2005 (2004: 35.4%, 2003: 35.4%) is analysed as follows:

(in € millions)	2005	2004	2003
Theoretical tax charge	(40.0)	(38.8)	(52.1)
Actual tax charge	(38.3)	(38.3)	(50.5)
Difference	**1.7**	**0.5**	**1.6**
- Permanent differences between the accounting and taxable profits	2.0	0.8	1.3
- Utilisation of tax losses and timing differences not previously recognised	0.5	1.1	0.5
- Tax losses of subsidiaries not used	(0.1)	(0.2)	(0.9)
- Difference in tax rates for foreign subsidiaries	2.1	(0.2)	(0.2)
- Adjustment to the tax charge for prior years	(2.8)	(1.0)	0.9
Total	**1.7**	**0.5**	**1.6**

23. Post-balance sheet events

On 17 April 2005, the Group formed an alliance with the CEDC group, Poland's leading distributor of wines and spirits, which is listed on Nasdaq. Under this project, Rémy Cointreau and its partner Takirra are to sell Bols Sp.z.o.o., the production and distribution company in which they hold equal shares, the price being settled partly in cash and partly in CEDC shares. On completing this operation, Rémy Cointreau is expected to hold an equity investment in CEDC of around 10%.

24. Off-balance sheet commitments and litigation

24.1 Off-balance sheet commitments

Commitments relating to the management of foreign exchange and interest rate risks, as well as the equity swap contract, are detailed in Note 25.

The €6.9 million unamortised portion of the OCEANE redemption premium (note 11) and the financial instruments used to hedge the subordinated perpetual securities (note 10.4) are included in off-balance sheet commitments.

Rémy Cointreau has entered into long-term supply agreements with wine distillers. To ensure a consistent supply policy, on 31 March 2005 Rémy Cointreau awarded the Alliance Fine Champagne cooperative sole responsibility for centralising its brandy purchase commitments entered into under these long-term agreements. In 2005, in addition to the subscription by the wine distillers to shares in the cooperative, the implementation of this commitment will result in the transfer to the cooperative of these commitments, which, at 31 March 2005, concerned 59,783 hectolitres of pure alcohol.

Other Group commitments comprise the following:

(in € millions)	2005	2004
Inventory commitments		
Champagne **(a)**	13.1	14.7
Banking commitments		
Various guarantees on financing lines	1.0	1.3
Agricultural warrants on the cooperatives' inventories	97.8	90.9
Guarantee covering 25% of the debt of Maxxium **(b)**	34.7	46.6
Guarantee on the debt of Avandis **(c)**	7.6	7.6
Tax commitments		
Tax guarantees **(d)**	10.5	28.0
Other commitments given		
Office rent **(e)**	8.4	-
Post-employment healthcare plans	5.8	-
Option on shares held **(f)**	36.6	36.6

(a) The Champagne division has commitments to purchase wine held at the vineyard.

(b) Rémy Cointreau has guaranteed one quarter of the bank debt of Maxxium BV, as have each of the other three partners in the distribution joint venture. The maximum amount of the guarantee is €62.5 million.

(c) Erven Lucas Bols NV guarantees one third of the debt of Avandis, as does each of its partners in this joint venture. At 31 March 2005, Avandis had total debt of 22.7 million.

(d) Bank guarantees given to the tax authorities represent guarantees for disputed tax assessments following requests for deferral of payment.

(e) During 2005, the Group's head office in Paris was relocated and a commercial lease taking effect on 1 December 2004 was signed for a fixed term of six years. At 31 March 2005, the rent payable up to the end of the agreement, excluding local taxes, charges and the impact of annual indexation adjustments, came to €8.4 million.

(f) In June 2003, as part of the existing joint venture agreements between Rémy Cointreau and its partner Takirra Investment Corp. NV (Takirra) in Bols Sp.z.o.o, the company that mainly distributes the Bols portfolio of vodkas in Poland, the Group granted its partner a put option exercisable in April 2006 over 50% of the share capital held by Takirra in Unicom Bols.

This agreement, which strengthens the long-term collaboration between the two partners, values the stake held by Takirra in Bols Sp. Z.o.o on the basis of an enterprise value of seven times the operating profit, with a minimum price of €36.6 million for 50% of the capital.

24.2 Maturity analysis

(in € millions)	Total	Less than 1 year	Between 1 and 5 years
Inventory commitments			
Champagne **(a)**	13.1	-	13.1
Banking commitments			
Various guarantees on financing lines	1.0	1.0	-
Agricultural warrants on the cooperatives' inventories	97.8	97.8	-
Guarantee covering 25% of the debt of Maxxium **(b)**	34.7	3.4	31.3
Guarantee on the debt of Avandis **(c)**	7.6	-	7.6
Tax commitments			
Tax guarantees **(d)**	10.5	10.5	-
Other commitments given			
Office rent **(e)**	8.4	1.0	7.4
Post-employment healthcare plans	5.8	-	5.8
Option on shares held **(f)**	36.6	-	36,6

24.3 As part of disposal transactions, liabilities guarantees are generally given to buyers for contractually defined durations and amounts. Tax, customs and social security liabilities that may arise following audits relating to periods prior to the disposal are generally covered until the legal time limits have expired.

Disposal guarantees that remain in effect at 31 March 2005 related to:

Disposal	Disposal date	Type of guarantees not time-barred	Expiry date	Maximum Amount
Blue Pyrenees Estate Ltd (Australia)	1/10/03	tax items	31/10/06	
		total of all guarantees		10.0
Wine activities (ORB) (Netherlands)	17/04/03	liabilities exc excise duties, tax and social security	17/04/05	
		excise duties, tax and social security	17/10/08	
		total of all guarantees		1.5
RMSJ/SMCS (France)	11/07/03	liabilities exc tax, customs and social security	03/09/05	8.0
		tax, customs and social security	31/10/08	none

24.4 As part of the agreements to set up Maxxium in August 1999, Rémy Cointreau transferred assets to the new joint venture in exchange for shares in Maxxium and €122 million in cash, of which €82 million had been received at 31 March 2005. The balance of €40 million represents a component of the variable price linked to Maxxium's financial performance. Part of this amount (€24 million) has a fixed maturity of 31 July 2009, while the balance (€16 million) has no time limit.

24.5 At 31 March 2005, Rémy Cointreau was involved in a number of legal actions. Following a review of each case at the level of the subsidiary concerned, and having taken legal advice, the necessary provisions were raised, as required, to cover the estimated liabilities.

24.6 The Group declares that it has not omitted any material off-balance sheet information in the presentation of its consolidated financial statements.

25. Exposure to market risks

The Group is exposed to foreign exchange and interest rate risk.

Risk management is carried out in accordance with prudent rules approved by the Board of Directors. In particular, sales of options are limited to tunnels and resales of instruments purchased previously and are subject to authorisation on a case-by-case basis.

For foreign exchange risks, the horizons hedged and the levels committed are limited and the hedging strategies are set up with the support of an independent consultancy. All hedging transactions are carried out with top-tier international banks.

25.1 Foreign exchange risk

The Group's results are sensitive to exchange rate movements as some 68% of its turnover is generated outside the euro zone, while almost all the production is based in this region.

The Group's exposure to foreign exchange risk relates mainly to sales denominated in currencies other than the euro (mainly in USD, AUD, CAD, JPY, GBP, HKD, and to a lesser extent NZD and CHF) by the production companies to Maxxium, the US distribution subsidiary and the exclusive foreign agents. The Group endeavours to hedge its net budgeted commercial exposure on a moving horizon of up to 15 to 18 months. This is achieved by entering into firm or optional foreign exchange hedging contracts.

This hedging policy covers only short-term exchange risks. It is not intended to shelter Rémy Cointreau from the economic effects of long-term monetary trends on the Group's turnover or margins.

The Group does not hedge the foreign exchange risk relating to the translation into euros of the financial statements of companies based outside the euro zone.

25.1.1 Foreign exchange risk on operating cash flows

The following hedges were established during 2004

(in € millions)	USD	AUD	CAD	JPY	GBP	NZD	CHF
Hedged positions	260.0	15.0	17.0	2,200.0	20.0	5.2	5.9
Average exchange rate	1.1907	1.7589	1.5839	133.23	0.7006	1.8591	1.5353
Open positions	6.0	0.6	0.1	342.9	(0.6)	0.1	0.1
Total	**266.0**	**15.6**	**17.1**	**2,542.9**	**19.4**	**5.3**	**6.0**

As surplus positions in HKD were systematically sold against the USD, the overall USD position includes HKD (i.e. the equivalent of $31.9 million).

At 31 March 2005, the Group held short-term currency swaps against 2005 operating cash flows not yet received as well as hedges against future cash flows for 2006.

Residual hedges against 2005 cash flows received in 2006

Type	Currency	Nominal amount (currency millions)	Exchange rate guaranteed
Firm	USD/EUR	(45.8)	1.2950
Firm	AUD/EUR	(3.3)	1.6770
Firm	CAD/EUR	(0.9)	1.5674
Firm	JPY/EUR	(546.3)	138.500
Firm	GBP/EUR	(1.2)	0.6908
Firm	CHF/EUR	0.1	1.5510
Firm	NZD/EUR	(1.2)	1.8284
Firm	HKD/USD	(0.5)	7.7990

Hedges against 2006 cash flows

Type	Currency	Nominal amount (currency millions)	Exchange rate guaranteed
Option(1)	USD/EUR	(230.0)	1,2976
Premiums received (paid): (€2.69 million)			
Option(1)	AUD/EUR	(12.0)	1,7766
Premiums received (paid): (€0.14 million)			
Option(1)	CAD/EUR	(14.0)	1,6403
Premiums received (paid): (€0.18 million)			
Option(1)	GBP/EUR	(10.0)	0,7133
Premiums received (paid): (€0.29 million)			
Option(1)	JPY/EUR	(1,200.0)	134,53
Premiums received (paid): (€0.18 million)			

(1) including tunnel options

At 31 March 2005, the market value of the total portfolio of foreign exchange instruments was €7.7 million.

25.1.2 Foreign exchange risk relating to financing in foreign currencies

The Group's financing is centralised within Rémy Cointreau SA and is denominated in euros. The subsidiaries outside the euro zone are financed largely from these resources through intra-Group loans denominated in the currency of the borrower.

In order to hedge the foreign exchange risk on loans and borrowings issued in non-euro zone currencies, the Group arranges perfect hedges using currency swaps. Interest received is hedged by forward sales. These transactions have a maturity of between one month and one year. Rémy Cointreau lends and borrows mainly in USD, HKD, CHF and AUD.

The portfolio of financing swaps at 31 March 2005 was as follows

Currency (millions)	Nominal Purchase	Nominal Sale	Exchange rate Purchase	Exchange rate Sale
HKD/EUR	106.490	-	10.4170	-
AUD/EUR	2.444	-	1.7002	-
CHF/EUR	1.005	-	1.5486	-
GBP/EUR	0.300	-	0.6938	-
USD/EUR	-	(35.25)	-	1.2872

25.2 Interest rate risk

As part of an interest rate risk management policy aimed principally at hedging the risk of an increase in interest rates, the Group has structured its resources by dividing its debt into a combination of fixed and variable interest rate amounts.

At 31 March 2005, the breakdown of financial debt (excluding the subordinated perpetual securities and convertible bonds) was as follows:

(in € millions)	2005
Fixed rate	386.7
Variable rate (1)	126.2
Accrued interest	5.8
Total	**518.7**

(1) The variable rate debt is covered by interest rate hedge contracts with maturities of no more than three financial years.

25.2.1 Options portfolio (medium-term)

The options portfolio at 31 March 2005 consisted purely of caps, except for one €40 million collar comprising a cap and a floor sale with a knock-in barrier in 2005/06.

(in € millions) Maturity	Nominal*	Reference rate	Guaranteed rate (incl. premium)
2005-2006	270.0	Euribor	3.80%
2006-2007	225.0	Euribor	3.84%
Premiums received (paid): (€1.51 million)			

** Nominal amounts at the end of each year*

From April 2005 until December 2005, the nominal value of the CAPs portfolio amounts to €330 million. From January 2006 until March 2006, the nominal value of the CAPs portfolio amounts to €270 million.

From April 2006 until December 2006, the nominal value of the CAPs portfolio amounts to €345 million. From January 2007 until March 2007, the nominal value of the CAPs portfolio amounts to €225 million.

25.2.2 FRA portfolio (short-term: 3 and 6 months)

The FRA portfolio at 31 March 2005 consisted of one 3-month FRA (to hedge the syndicated loan) and one 6-month FRA (to hedge the subordinated perpetual securities):

3-month FRA (in € millions)

Maturity	Nominal*	Guaranteed rate
2006		
1st quarter	110.0	2.47%
2nd quarter	120.0	2.39%
3rd quarter	80.0	2.42%
4th quarter	50.0	2.40%

** Nominal values at the end of each quarter*

6-month FRA (in € millions)

Maturity	Nominal*	Guaranteed rate
2006		
1st quarter	10.0	2.50%
2nd quarter	10.0	2.50%

** Nominal values at the end of each quarter*

We can notice that a 6 months FRA for a nominal value of €30.0 million will mature on 16/05/2005.

At 31 March 2005, the market value of the total portfolio of forward rate agreements (excluding swaps relating to the subordinated perpetual securities) was negative by €0.2 million.

25.3 Equity swap contract

On 31 October 2001, Rémy Cointreau S.A. entered into a swap contract with a financial institution under which Rémy Cointreau pays interest at variable rates in addition to any capital losses based on the reference share price (for capital losses on the unwinding of the swap) and receives revenues from the shares (dividends and other financial rights attached to the shares) as well as any capital gains based on the reference share price (for capital gains on the unwinding of the swap).

At the outset, this contract covered a nominal value of €43 million, corresponding to 2,100,000 Rémy Cointreau shares (equivalent to a reference price of €20.52 per share), and had a maturity date of 8 November 2004.

The contract can be settled only in cash, either early (in full or in part), at the option of Rémy Cointreau, or in full on maturity.

This transaction originally formed part of the general framework for the disposal by Blekos Holding BV (formerly Bols Holding BV) of all the 2,525,282 remaining Rémy Cointreau shares held. The two transactions were carried out simultaneously.

On 28 January 2004, the maturity date of the contract was extended for a period of two years, i.e. to 8 November 2006.

In light of the partial early cancellation of 50,000 shares on 17 November 2003 and the early disposal of 24,000 shares on 28 January 2004, Rémy Cointreau unwound 1,816,000 shares early on 25 March 2004.

Of the remaining 210,000 shares, Rémy Cointreau granted the financial institution the right to receive the full amount of the gain on maturity of the contract. However, in the event that the share price falls below €20.52, Rémy Cointreau will pay any shortfall on the 210,000 shares.

A net interest charge of €0.1 million was recorded for the year.

26. Pensions and similar commitments

26.1 Commitments in respect of defined benefit plans were as follows

(in € millions)	2005	2004	2003
Actuarial liability at the start of the year	**(118.1)**	**(132.1)**	**(130.9)**
Standard cost	(2.2)	(3.0)	(4.2)
Interest on the actuarial liability	(6.0)	(6.3)	(6.8)
Changes to the plans	-	(0.9)	-
Decreases in the plans	1.2	4.1	-
Benefits paid	6.4	6.9	4.4
Actuarial gains (losses)	(11.4)	13.1	11.9
Other (transfer)	1.1	-	-
Actuarial liability at the year end	**(129.0)**	**(118.2)**	**(125.6)**
Value of plan assets at the start of the year	**99.6**	**92.0**	**108.6**
Yield	5.9	11.5	(17.7)
Contributions received	3.5	4.8	2.4
Changes to the plans	(0.5)	-	-
Decreases in the plans	-	(2.8)	-
Benefits paid	(5.9)	(5.8)	(4.1)
Actuarial gains (losses)	3.7	-	-
Value of plan assets at the year end	**106.3**	**99.7**	**89.2**
Financial cover	**(22.7)**	**(18.5)**	**(36.4)**
Actuarial differences not recognised: (gains) losses	20.5	13.4	31.4
Cost of past services not recognised: (gains) losses	1.3	2.0	
Pension commitments	**(0.9)**	**(3.1)**	**(5.0)**
Total liabilities	**(17.1)**	**(16.9)**	**(17.2)**
Total assets	**16.2**	**13.8**	**12.2**

26.2 The cost for the year was as follows

(in € millions)	2005	2004	2003
Standard cost	2.2	3.0	4.2
Interest on the actuarial liability	5.9	6.3	6.8
Expected return on investments	(5.9)	(6.1)	(8.7)
Amortisation of actuarial gains and losses	0.3	4.0	0.1
Amortisation on other items not recognised	0.6	0.2	-
Impact of plan reductions	(1.1)	(0.7)	-
Cost for the period	**2.0**	**6.7**	**2.4**
Benefits paid	(0.2)	(2.2)	(0.3)
Net cost for the period	**1.8**	**4.5**	**2.1**

26.3 The following actuarial assumptions were used

- Average discount rate 4.5%
- Average increase in salaries 2.9%
- Average working life expectancy 6 to 10 years
- Expected yield from investments 5.7%

27. Stock options

In accordance with the authorisation given by the Extraordinary General Meeting of 7 September 2004, the meeting of the Board of Directors of 8 December 2004 granted 262,000 stock options to 30 beneficiaries. These options, which expire on 23 December 2014, are exercisable at €28.07 per share following a vesting period of four years, i.e. as from 24 December 2008.

The attached table shows details of the stock option plans in existence at 31 March 2005.

Stock options outstanding at 31 march 2005

	Plan no. 5	Plan no. 6	Plan no. 7	Plan no. 8	Plan no. 9	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13
	subscription	subscription	subscription	subscription	subscription	subscription	subscription	purchase	purchase
Date of the Extraordinary General Meeting	16/09/96	26/08/98	26/08/98	26/08/98	26/08/98	24/08/00	24/08/00 and 21/09/01	21/09/01	7/09/04
Date of the Board of Directors or Management Board meeting	25/03/98	28/10/98	28/04/99	7/12/99	30/05/00	1/03/01	8/03/02	16/09/03	8/12/04
Total number of options granted	164,500	224,044	289,300	499,100	131,280	1,016,600	659,500	287,000	262,000
- of which, number of options that can be subscribed by directors and officers	100,000	72,466	119,576	127,900	61,960	200,000	275,000	180,000	40,000
- number of directors and officers concerned	7	7	10	10	9	5	5	5	1
Total number of beneficiaries	20	75	66	85	28	150	43	25	30
Exercise start date	25/03/98	28/10/98	28/04/99	7/12/99	30/05/00	1/03/03	8/03/06	16/09/07	24/12/08
Exercise expiry date	24/03/05	27/10/05	27/04/09	6/12/09	29/05/10	28/02/11	7/03/12	15/09/13	23/12/14
Exercise price	13.55	13.55	12.20	16.36	18.85	27.10	25.00	27.67	28.07
Number of options lapsed	-	-	4,700	3,400	-	32,000	-	3,000	-
Number of options exercised at 31 March 2005	164,500	175,019	183,164	264,577	34,065	65,000	8,500	-	-
Number of options outstanding at 31 March 2005	-	49,025	101,436	231,123	97,215	919,600	651,000	284,000	262,000

28. Changes in working capital requirements

(in € millions)	2005	2004	2003
Decrease (increase) in inventories			
brandy	33.3	33.9	26.6
other	6.2	(4.6)	8.4
Sub-total	**39.5**	**29.3**	**35.0**
Decrease (increase) in operating receivables			
trade notes and accounts receivable	3.8	19.1	19.0
other	2.7	(0.4)	14.7
Sub-total	**6.5**	**18.7**	**33.7**
(Decrease) increase in other operating liabilities			
brandy suppliers	(10.3)	(15.4)	(64.2)
other suppliers	(14.0)	4.7	(9.6)
other	8.1	(8.7)	(46.0)
Sub-total	**(16.2)**	**(19.4)**	**(119.8)**
Total	**29.8**	**28.6**	**(51.1)**

29. List of subsidiaries and equity investments

At 31 March 2005, the Group's consolidation scope comprised 62 companies (65 at 31 March 2004). Of these companies, 59 were fully consolidated while three were accounted for by the equity method. These companies all have a financial year end of 31 March except for Rémy de Colombia, Destileria de Jalisco and Dynasty Fine Wines Ltd, which have a 31 December year end and Maxxium International BV, which has a 30 June year end.

Company	Activity	Group interest (%) March 2005	March 2004
Europe			
France			
Rémy Cointreau SA(1)	Holding / Finance	100.00	100.00
Gie Rémy Cointreau Sces	Holding / Finance	95.00	95.00
Rémy Cointreau Sces(1)	Holding / Finance	100.00	100.00
Financière Rémy Cointreau(1)	Holding / Finance	100.00	100.00
RC One(1)	Logistics	100.00	100.00
CLS Rémy Cointreau SA(1)	Production	100.00	100.00
SNE des Domaines Rémy Martin(1)	Other	100.00	100.00
E. Rémy Martin & Cie(1)	Production	100.00	100.00
Cognacs de Luze	Production	100.00	100.00
Storeco(1)	Production	100.00	100.00
Seguin & Cie(1)	Production	100.00	100.00
Cointreau(1)	Production	100.00	100.00
Izarra(1)	Production	100.00	100.00
SAP(1)	Production	100.00	100.00
Champ.P&C Heidsieck SA(1)	Production	99.98	99.98
Champ. F.Bonnet P&F(1)	Production	99.98	99.98
Piper Heidsieck C.C.(1)	Production	100.00	100.00
G.V. de l'Aube(1)	Production	100.00	100.00
G.V. de la Marne SA(1)	Production	99.95	99.95
Fournier & Cie - Safec(1)	Production	100.00	100.00
Sté Coopérative Prochacoop(3)	Cooperative	-	-
Sté Coopérative Champaco(3)	Cooperative	-	-
Alliance Fine Champagne(3)	Cooperative	-	-
Netherlands			
D.F.D.I.(5)	Holding / Finance	-	100.00
Rémy Finance BV	Holding / Finance	100.00	100.00
Maxxium International BV(2)	Distribution	25.00	25.00
Erven Lucas Bols NV	Holding / Finance	100.00	100.00
Distilleerderijen Erven Lucas Bols BV	Holding / Finance	100.00	100.00
Gedistilleerd en Wijn Groep Nederland BV	Other	100.00	100.00

Company	Activity	Group interest (%) March 2005	March 2004
Bols Distilleries BV	Distribution	100.00	100.00
Metaxa BV	Holding / Finance	100.00	100.00
Bokma Distillateurs BV	Holding / Finance	100.00	100.00
Lodka Sport BV	Other	50.00	50.00
Meekma Distileerderijen BV	Other	100.00	100.00
Beleggingsmaatschappij Honthorst BV	Holding / Finance	100.00	100.00
Beleggingsmaatschappij Honthorst II BV	Holding / Finance	100.00	100.00
Lelie BV	Holding / Finance	100.00	100.00
Rozengracht BV[7]	Holding / Finance	100.00	100.00
't Lootsje II BV	Holding / Finance	100.00	100.00
Wijnhandel Ferwerda & Tieman BV	Holding / Finance	100.00	100.00
Duncan, Gilby & Matheson BV	Other	100.00	100.00
Unipol BV	Other	50.00	50.00
Botapol Management BV	Holding / Finance	100.00	100.00
Botapol Holding BV	Holding / Finance	50.00	50.00
Avandis CV[2]	Production	33.33	33.33
Rest of Europe			
Hermann Joerss Gmbh	Distribution	100.00	100.00
Cointreau Holding	Holding / Finance	100.00	100.00
Rémy Suisse SA	Distribution	100.00	100.00
Bols Hungary Kft	Distribution	100.00	100.00
Bols Sp.z.o.o	Production	50.00	50.00
Arima S.A[4]	Other	-	50.00
Bols Sports & Travel Sp.z.o.o	Other	100.00	100.00
S&EA Metaxa ABE	Production	100.00	100.00
North and South America			
United States			
Rémy Amérique Inc	Distribution	100.00	100.00
Rémy Cointreau Amérique Inc	Holding / Finance	100.00	100.00
Caribbean			
Mount Gay Distilleries Ltd	Production	94.98	94.98
Bols Latin America NV	Holding / Finance	100.00	100.00
Blousana Corporation AVV	Distribution	100.00	100.00
Rest of America			
Cointreau Do Brasil Ltda	Production	100.00	100.00
Destileria de Jalisco	Production	100.00	100.00
Rémy de Colombia	Distribution	98.00	98.00

Company	Activity	Group interest (%) March 2005	March 2004
Asia/Pacific			
China			
Sino French Dynasty Winery (2) (6)	Production	-	33.00
Dynasty Fine Wines Group Ltd (2) (6)	Production	23.86	-
Hong Kong			
Rémy Concord Ltd	Production	100.00	100.00
Rémy Pacifique Ltd	Distribution	100.00	100.00
Australia			
BPE Pty Ltd	Other	100.00	100.00
Africa			
South Africa			
Erven Lucas Bols Pty. Ltd	Distribution	50.00	50.00

(1) Company is part of the French tax grouping

(2) Accounted for by the equity method

(3) Brandy ageing cooperatives are fully consolidated with minority interests of 100%. The Prochacoop and Champaco cooperatives were merged on 28 February 2005 to form the Alliance Fine Champagne cooperative

(4) Disposal during the year

(5) Company liquidated

(6) Dynasty Fine Wines Group Ltd was floated on the Hong Kong stock exchange during 2005. Sino French Dynasty Winery's shares were contributed in exchange for 23.86% of the shares of this new company

(7) Formerly Exploitatiemaatschappij Rozengracht BV, now called Rozengracht BV

Statutory Auditors' Report on the consolidated financial statements

Year ended March 31, 2005

(Free translation of a French language original)

To the shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we have audited the accompanying consolidated financial statements of Rémy Cointreau for the year ended March 31, 2005.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

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

In our opinion, the financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with the accounting rules and principles applicable in France.

II. Justification of assessments

In accordance with the requirements of article L. 225-235 of the French company Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters :

Brands are valued according to the method described in note 1.4 of the notes to the consolidated financial statements. We have assessed the validity of the valuation method applied which is based on estimates and examined the information and assumptions used in making these valuations by your company and its advisors. We carried out the assessment of the reasonableness of these estimates.

The assessments were thus made in the context of the performance of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of our unqualified audit opinion expressed in the first part of this report.

III. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the Group management report. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Neuilly-sur-Seine and Paris, June 22, 2005

The Statutory Auditors

Barbier Frinault & Autres	Auditeurs et Conseils Associés SA
Ernst & Young	Member of NEXIA International
Richard Olivier	François Mahé

5.3 Financial report and parent Company financial statements at 31 March 2005

The **loss on ordinary activities before tax** was €4.7 million. The improvement of €15.6 million compared with the previous year arose mainly from an increase in dividend income from subsidiaries, net of a writedown of investments.

Services invoiced to subsidiaries amounted to €15.2 million, a reduction of €2.6 million due to the discontinuation of a charge of €4.3 million in respect of the costs of renegotiating part of the financial debt invoiced in 2003/04 to the various Group companies that benefited from these resources.

The charge for royalties on sales increased by €1.7 million, due to a higher rate applied to the production subsidiaries.

Head office costs, net of the transfer of a charge of €3.5 million corresponding to the issue costs of a new loan, amounted to €22.2 million, a reduction of €2.8 million. This reduction, compared with the previous year, can be explained by the costs of renegotiation of the debt of €4.3 million, reinvoiced to subsidiaries, as well as by an increase of €1.5 million in respect of the reclassification of contributions and business expenses to Head Office cost centres which in the past had been borne by the operating divisions.

Dividends received from subsidiaries during this year amounted to €88.4 million compared with €24.5 million in 2004 and €130.5 million in 2003 year in which a large interim dividend was paid.

A **provision for writedown** on shares of €52.3 million was made at the end of the year. This was determined on the basis of a valuation test on the brands carried out as part of the year-end closing of the Group's accounts.

This amount was determined based on an impairment test performed as part of the Group's annual closing.

The decline in net **financial charges** amounted to €3.8 million (€33.8 million compared with €37.6 million the previous year). This reflects the positive effect of the renegotiation of the financial debt carried out during the previous year, continuing into this year with the subscription of a new loan note for €200 million at 5.2% for 7 years.

Exceptional expenses of €18.6 million comprised mainly a charge of €15.5 million for regulated provisions (subordinated perpetual loan) and restructuring costs of €4.3 million.

The disposal at the year end of treasury shares held realised a net capital gain of €1.1 million.

In addition, at the year end, the Company purchased shares in R.F.B.V from Rémy Suisse for €58 million, as part of an internal reclassification of the investment.

The net loss for the year was €23.4 million compared with a loss of €22.6 million the previous year.

Parent company financial statements at 31 March 2005

Balance sheet at 31 March 2005

(in € millions)	2005	2004	2003
Assets			
Intangible fixed assets	**32.4**	**32.4**	**32.4**
Tangible fixed assets	**-**	**-**	**-**
Equity investments	1,377.0	1,370.7	1,370.9
Receivables relating to equity investments	6.7	25.2	23.5
Other long-term investments	-	-	-
Loans	0.8	0.7	1.7
Other financial assets	0.6	10.5	10.5
Total fixed assets (notes 2.1 and 2.2)	**1,417.5**	**1,439.5**	**1,439.0**
Other receivables (note 2.3)	667.7	644.7	782.4
Marketable securities (note 2.4)	26.3	51.2	3.6
Cash	0.9	0.3	1.4
Total current assets	**694.9**	**696.2**	**787.4**
Prepaid expenses	1.5	1.3	2.1
Deferred charges (note 2.5)	9.9	9.0	5.9
Bond redemption premium (note 2.6)	6.7	13.3	20.1
Unrealised translation losses	0.6	0.5	0.2
Total assets	**2,131.1**	**2,159.8**	**2,254.7**
Liabilities and Shareholders' equity			
Share capital	72.1	71.7	71.3
Share issue, merger and transfer premiums	630.7	626.4	623.7
Legal reserve	7.2	7.1	7.1
Regulated reserves	-	18.2	9.9
Other reserves	78.4	48.0	48.1
Retained earnings	17.9	97.6	48.3
Net profit (loss) for the year	(23.4)	(22.6)	101.5
Regulated provisions	91.9	76.4	62.6
Shareholders'equity (note 2.7)	**874.8**	**922.8**	**972.5**
Subordinated perpetual securities (note 2.8)	**28.3**	**51.3**	**72.4**
Convertible bonds (note 2.9)	**342.7**	**342.7**	**345.8**
Provisions for liabilities and charges (note 2.13)	**9.0**	**11.9**	**8.3**
Other bonds (note 2.10)	392.4	192.1	166.6
Loans and other financial debts (note 2.11)	298.2	268.6	256.5
Loans and amounts due to financial institutions (note 2.11)	0.2	251.5	304.6
Financial debt	**690.8**	**712.2**	**727.7**
Trade notes and accounts payable	0.6	0.1	0.1
Tax and social security liabilities	0.9	-	2.8
Amounts due to fixed asset suppliers	-	-	-
Other operating liabilities	184.0	118.8	125.1
Operating liabilities	**185.5**	**118.9**	**128.0**
Deferred income	-	-	-
Unrealised translation gains	-	-	-
Total liabilities and shareholders' equity	**2,131.1**	**2,159.8**	**2,254.7**

Income statement at 31 March 2005

(in € millions)	2005	2004	2003
Services provided (note 3.1)	15.2	17.8	15.1
Release of amortisation, depreciation and provisions, transfer of charges	4.4	7.0	0.2
Other income	-	-	-
Total operating income	**19.6**	**24.8**	**15.3**
Purchases and external costs	23.5	29.0	19.8
Taxes and duties	0.2	-	-
Wages and salaries	-	-	-
Social security charges	-	-	-
Depreciation and amortisation	2.6	2.2	2.2
Provisions for liabilities and charges	0.1	0.5	1.2
Other expenses	0.2	0.2	0.2
Total operating expenses	**26.6**	**31.9**	**23.4**
Operating profit (loss)	**(7.0)**	**(7.1)**	**(8.1)**
Financial income from equity investments	88.4	24.5	130.5
Other income from investment securities and equity investments	0.6	0.5	0.7
Other interest income	15.3	18.3	23.7
Release of provisions and transfer of charges	1.1	0.3	-
Exchange gains	-	-	0.1
Net gains on disposals of marketable securities	0.1	0.3	-
Total financial income	**105.5**	**43.9**	**155.0**
Amortisation and provisions	62.3	7.2	7.0
Interest expense	40.9	49.9	53.9
Exchange losses	-	-	-
Net charges on disposals of marketable securities	-	-	-
Total financial expense	**103.2**	**57.1**	**60.9**
Net financial income (expense) (note 3.2)	**2.3**	**(13.2)**	**94.1**
Profit (loss) on ordinary activities before tax	**(4.7)**	**(20.3)**	**86.0**
Exceptional income on revenue transactions	0.2	10.1	-
Exceptional income on capital transactions	14.0	-	15.3
Exceptional releases of provisions and transfer of charges	1.7	-	0.1
Total exceptional income	**15.9**	**10.1**	**15.4**
Exceptional expense on revenue transactions	6.1	9.3	-
Exceptional expense on capital transactions	12.9	0.1	14.4
Exceptional amortisation and provisions	15.6	18.3	12.5
Total exceptional expense	**34.6**	**27.7**	**26.9**
Net exceptional income (expense) (note 3.3)	**(18.7)**	**(17.6)**	**(11.5)**
Income tax (note 3.4)	**-**	**15.3**	**27.0**
Net profit (loss)	**(23.4)**	**(22.6)**	**101.5**

Cash flow statement ar 31 March 2005

(in € millions)	2005	2004	2003
Operating cash flow			
Net profit (loss)	(23.4)	(22.6)	101.5
- Amortisation, depreciation and provisions	80.5	29.7	22.9
Operating	0.1	0.4	1.2
Financial	62.3	7.4	7.0
Exceptional	15.5	18.3	12.5
Deferred charges	2.6	3.6	2.2
- Releases of amortisation, depreciation and provisions	(6.9)	(0.6)	(0.5)
Operating	(0.9)	(0.3)	(0.2)
Financial	(1.1)	(0.3)	-
Exceptional	(4.9)	-	(0.3)
- Gains on disposals	-	-	(1.1)
Sale proceeds	-	-	(15.3)
Net book value of assets sold	-	-	14.2
= Operating cash flow	**50.2**	**6.5**	**122.8**
A - Sources			
Operating cash flow	50.2	6.5	122.8
Disposal of intangible fixed assets	-	-	-
Disposal of tangible fixed assets	-	-	-
Disposal of/reductions in financial assets	-	-	15.3
Reduction in receivables relating to equity investments	34.1	1.4	1.1
Increase in share capital and share premium	4.7	3.1	1.8
Long- and medium-term loans	510.0	580.1	60.0
Total	**599.0**	**591.1**	**201.0**
B - Uses			
Dividends	44.1	44.0	39.6
Acquisition of fixed assets:	58.0		5.4
Intangible fixed assets	-	-	-
Tangible fixed assets	-	-	-
Financial assets	58.0	-	5.4
Increase in receivables relating to equity investments	5.7	3.3	8.8
Repayment of loans	561.9	611.4	6.4
Deferred charges	3.5	6.6	-
Reduction in shareholders' equity	23.8	21.1	19.3
Total	**697.0**	**686.4**	**79.5**
A - B = Change in working capital	**(98.0)**	**(95.3)**	**121.5**
Analysis of change in working capital			
Increase/decrease in trade notes and accounts payable	(0.5)	-	-
Increase/decrease in advance payments on orders	-	-	(0.2)
Increase/decrease in other current assets/liabilities including banking facilities	(97.5)	95.3	121.7
Total	**(98.0)**	**(95.3)**	**121.5**

Five-year financial summary at 31 March 2005

(in € millions)	2001	2002	2003	2004	2005[1]
1. Share capital at year end					
Share capital	71.1	71.1	71.3	71.7	72.1
Number of shares in issue	44,377,621	44,459,726	44,579,941	44,779,849	45,052,661
Maximum number of shares to be created through the conversion of bonds	6,926,562	6,926,560	6,926,560	6,863,723	6,863,723
2. Results for the year					
Sales excluding taxes	17.3	12.9	15.1	17.8	15.2
Income before tax, amortisation, depreciation and provisions	118.5	29.2	97.1	(8.6)	54.1
Taxation	(13.7)	5.5	27.0	15.3	-
Income after tax, amortisation, depreciation and provisions	120.6	8.4	101.5	(22.6)	(23.4)
Dividends	39.9	39.9	44.6	44.8	45.6
3. Per share (€)					
Income after tax, but before amortisation, depreciation and provisions	2.98	0.78	2.78	0.15	1.20
Income after tax, amortisation, depreciation and provisions	2.72	0.19	2.28	(0.50)	(0.52)
Net dividend per share	0.90	0.90	1.00	1.00	1,00
Employees					
Number of employees	-	-	-	-	-
Total payroll	-	-	-	-	-
Staff benefits (social security and other benefits)	-	-	-	-	-
Profit sharing (included in total payroll)	-	-	-	-	-

(1) Subject to approval at the AGM

1. Accounting principles and valuation methods

The parent company financial statements have been prepared in accordance with the provisions of the French Commercial Code and French Accounting Regulatory Commission (CRC) standard 99-03 of 29 April 1999 relating to the revised French chart of accounts.

The main accounting principles and valuation methods used are as follows:

a. Investments are recorded at their acquisition cost or transfer value less, where appropriate, any provisions required to bring them to their fair value. Fair value is determined using a number of criteria, including notably net assets, unrealised capital gains and future earnings potential.

b. Receivables and liabilities are recorded at their face value. Any such items that are denominated in foreign currency are translated at the closing rate for the year. For receivables, a provision for diminution in value is recorded, where necessary, to cover the risk of non-collection.

c. The difference arising from the valuation of foreign currency-denominated receivables and liabilities, using the closing rate, is taken to the balance sheet as an unrealised foreign currency translation gain/loss.

d. Interest-rate hedging instruments are recorded in off-balance sheet commitments.

2. Notes to the balance sheet

2.1 Fixed assets

(in € millions)	Gross opening value	Increases	Decreases	Gross closing value
Intangible fixed assets	32.4	-	-	32.4
Equity investments	1,371.6	58.0	-	1,429.6
Other	37.5	8.7	37.1	9.1
Total	**1,441.5**	**66.7**	**37.1**	**1,471.1**

The business goodwill recorded in the balance sheet assets arises from the merger with RC Pavis and has no legal protection.

The increase in equity investments relates to the acquisition of securities in the Dutch subsidiary RFBV.

The increase and decrease in other financial assets relate to loans granted to Group companies and to a disposal of own shares.

Following the reclassification of own shares as “Marketable securities” and the disposal that took place during the year, the Company held 30,000 of its own shares representing an asset value of €0.6 million at the year end.

2.2 Amortisation, depreciation and provisions

(in € millions)	Gross opening value	Increases	Decreases	Gross closing value
Equity investments	0.9	52.3	0.6	52.6
Other	1.1	-	-	1.1
Total	**2.0**	**52.3**	**0.6**	**53.7**

The increase in provisions on securities relates to the recognition of impairment on the investment value of some subsidiaries.

This impairment loss reflects in the financial statements of Rémy Cointreau the diminution in value of certain brands noticed in the consolidated financial statements. This amount was determined based on an impairment test performed as part of the Group’s annual closing.

2.3 Maturity analysis of receivables

(in € millions)	Gross amount	Less than 1 year	More than 1 year
Fixed assets			
Receivables relating to equity investments	6.7	6.7	-
Other financial assets	2.5	1.0	1.5
Current assets			
Other receivables	667.8	667.8	-
Prepaid expenses	1.5	1.5	-
Total	**678.5**	**677.0**	**1.5**

Other receivables relate mainly to current accounts with Group companies.

2.4 Marketable securities

(in € millions)	Gross amount	Provision for depreciation	Net amount
Other marketable securities	26.3	-	26.3
Total	**26.3**	**-**	**26.3**

Other marketable securities correspond to surplus cash at the balance sheet date invested in short-term certificates of deposit with top-tier financial institutions.

2.5 Maturity analysis of deferred charges

(in € millions)	Gross amount	Less than 1 year	More than 1 year
Loan issue costs (1)	9.4	2.5	6.9
Commissions on subordinated perpetual securities (2)	0.5	0.5	-
Total	**9.9**	**3.0**	**6.9**

Bank commissions and issue costs for the new €200 million bond issued on 12 January 2005 came to €3.5 million. These charges were recognised as an expense, and subsequently capitalised and amortised over the term of the loan, i.e. 7 years.

(1) Costs amortised over the life of the loans.

(2) Commissions amortised over the period during which the subordinated perpetual securities bear interest, i.e. 15 years.

2.6 Bond redemption premium

Redemption of the OCEANE convertible bonds issued on 30 January 2001 is expected to take place in full on maturity, i.e. 1 April 2006, including a redemption premium of 11.56% of the initial amount, i.e. €34.4 million.

The bond redemption premium is amortised on a straight-line basis over the life of the bonds, taking into account the terms and conditions under which the bonds are remunerated.

Where necessary, this premium is adjusted for each exchange, conversion or redemption request, these being the various options relating to these bonds.

2.7 Shareholders' equity

1) Share capital – Structure

Share capital comprises 45,052,661 fully paid-up shares with a nominal value of €1.60 per share.

During the year, the exercise of stock options resulted in the issue of 272,812 new shares.

2) Changes in shareholders' equity

(in € millions)	31/03/2004	Allocation of income	Other movements	31/03/2005
Share capital	71.6	-	0.5	72.1
Share issue and merger premiums	626.4	-	4.3	630.7
Legal reserve	7.1	0.1	-	7.2
Regulated reserve	18.2	12.9	(31.1)	-
Other reserves	48.1	-	30.3	78.4
Retained earnings	97.6	(79.7)	-	17.9
Loss for the year	(22.6)	22.6	(23.4)	(23.4)
Regulated provisions	76.4	-	15.5	91.9
Total	**922.8**	**(44.1)**	**(3.9)**	**874.8**

2.8 Subordinated perpetual securities

Rémy Cointreau issued €304.9 million in subordinated perpetual securities on 16 May 1991. The annual interest rate applicable until 16 May 2006 is 6-month Euribor plus 1%.

The principal clauses contained in the issue terms and conditions are as follows:

- the securities, which have no fixed redemption date, will be redeemed at their par value only in the event of a winding-up subject to court order, a legal judgement requiring the complete disposal of the business, or early voluntary liquidation of the Company other than by way of a merger or spin-off;
- redemption will be subordinated to the prior settlement in full of all the Company's creditors, except for holders of participating loans granted to the Company and any participating securities that may be issued by the Company;
- the payment of interest may be suspended in the event that the consolidated financial statements disclose losses in excess of 25% of consolidated shareholders' equity, and if no dividend was payable for the previous financial year.

The securities were repackaged at the time of their issue as part of an agreement with a third party.

Under this agreement, the third party, through a separate agreement entered into with the subscribers to the securities, undertook to redeem the securities after 15 years and to waive the right to interest from the sixteenth year in exchange for an initial payment by the Company of €82.9 million.

Due to these clauses, the securities were recorded at the time of their issue as a liability in the balance sheet at their net amount of €222 million.

Each year's net income includes the impact of the interest paid on the nominal amount of the securities less any income generated by the ?82.9 million deposit. This income is treated as an annual payment allocated to repayment of the principal and therefore reduces the amount of the debt accordingly.

The securities were restructured in May 1996 as follows:

- Rémy Cointreau exercised its right to redeem the securities from the subscribers at their par value;
- the securities were sold at their current value to a debt securitisation fund (FCC), which will receive the interest income up to 15 May 2006;
- the issue contract was revised, the main changes being as follows;
- the six-monthly interest paid by Rémy Cointreau will be reduced to a token amount with effect from 16 May 2006;
- the clause relating to the suspension of interest payments was cancelled;
- the agreement linking the third party company that received the initial payment with the subscribers to the securities was cancelled;
- as part of this restructuring, the following financial instruments, maturing in 2006, were established:

Currency	Nominal value (€ millions)	Rate received	Rate paid
EUR	131.11	6-month Euribor	Fixed
EUR	21.34	6-month Euribor	Fixed
EUR	118.53	Variable	Fixed
EUR	25.57	Fixed	Variable

This restructuring had no effect on the accounting for the extinguishment of the debt, as, following the restructuring, this debt retains the same maturity and the same net interest charge for the Company.

The tax treatment defined in agreement with the French tax authorities provides for the creation of a regulated provision for the difference between the income generated by the deposit and the interest paid.

At 31 March 2005, the breakdown of the securities was as follows:

(€ millions)	2005	2004	2003
Principal sum borrowed	304.9	304.9	304.9
Repayments	(276.6)	(253.6)	(232.5)
Net amount	**28.3**	**51.3**	**72.4**
Accrued interest	10.3	9.9	9.7
Total	**38.6**	**61.2**	**82.1**

2.9 Convertible bonds

• 7.50% convertible bonds 2006

Following the authorisation granted by the Extraordinary General Meeting of 21 March 1991, the Company issued 451,500 bonds at €335.38 each, convertible into shares with a nominal value of €1.52 each. These bonds can be converted at any time on the basis of one bond for sixteen shares. They bear interest at the fixed rate of 7.50% per annum. The bonds have a life of 15 years and no early redemption is permitted. To date, a total of 449,623 bonds have been converted.

• 3.50% OCEANE 2006

Following the authorisation granted by the Combined General Meeting of shareholders on 24 August 2000, the meeting of the Board of Directors of 13 December 2000 approved the issue of €300 million of bonds with the option to convert into and/or exchange for new and/or existing shares known as OCEANEs.

The main features of this OCEANE issue are as follows:
- number of bonds issued: 6,896,551,
- par value: €43.50 each,
- issued at par,
- right to interest as from 30 January 2001,
- term: 5 years and 61 days,
- interest rate: 3.50% per annum, paid annually on 1 April,
- redeemable on 1 April 2006 at €48.53 each, including a redemption premium of 11.56% of the nominal value, i.e. €34.6 million,
- early redemption at the option of the issuer with effect from 1 April 2004 if the Rémy Cointreau share meets certain quotation criteria,
- each bond may be converted or exchanged for one new or existing share at any time with effect from 30 January 2001 until the seventh working day prior to the redemption date.

On 17 October 2003, Rémy Cointreau redeemed 62,837 bonds at €47.80 each. These bonds were subsequently cancelled. The redemption resulted in the principal value of the OCEANE being reduced by €2.7 million and the redemption premium by €0.3 million.

No bonds were converted during the year. A total of 23 bonds were converted or exchanged in previous years.

2.10 Other bonds

Other bonds comprise mainly the following two borrowings:

a) a €175 million 7-year bond issued on 24 June 2003 with a 6.5% coupon. Upon maturity, this bond is redeemable at par.

Most of the proceeds from this bond were used for the early redemption of an earlier €150 million bond with a 10% coupon, which would have matured in July 2005.

The issue carries a number of clauses for early redemption at the issuer's option as follows:

- before 1 July 2006, in the event of a capital increase, whether for the general public or privately placed, redemption at 106.5% on a proportional basis of up to 35% of the total par value of the bonds issued;
- at any time before 1 July 2007, redemption at par plus a premium equal to the higher of the following two amounts:

(i) 1% of the principal amount redeemed,

(ii) an amount equal to the difference between: the present value on the redemption date at 103.25% plus interest calculated over the period from the redemption date to 1 July 2007. The discount rate used is the Bund interest rate on the redemption date plus 50 basis points;

- from 1 July 2007, under any circumstances, redemption of all or part of the bonds at 103.25% during 2007/2008, at 101.625% during 2008/2009, and at par during 2009/2010.

The issue contract also provides every bondholder with the right to request redemption of the bonds held at 101% in the event of (i) a "fundamental change" covering the possible sale or transfer of a substantial part of the assets of Rémy Cointreau, or (ii) approval by the shareholders of a liquidation or voluntary winding-up plan of the issuer, or (iii) Orpar and Récopart SA together holding less than one third of the voting rights in the issuer or being unable to appoint the majority of the Board of Directors for two consecutive years;

- at any time, but in full, in the event of a material change in the tax regime applicable to the issuer subsequent to the issue date.

b) a 7-year borrowing issued on 12 January 2005 for €200 million, with a 5.2% coupon. This bond is redeemable at par upon maturity.

The funds raised were used to reduce the amounts drawn on the syndicated loan and will permit refinancing of the OCEANE maturing on 1 April 2006.

The issue carries a number of clauses for early redemption at the issuer's option as follows:

- before 15 January 2008, in the event of a capital increase, whether for the general public or privately placed, redemption at 105.2% on a proportional basis of up to 35% of the total par value of the bonds issued;
- at any time before 15 January 2009, redemption at par plus a premium equal to the higher of the following two amounts:

  (iii) 1% of the principal amount redeemed,

  (iv) an amount equal to the difference between: the present value on the redemption date at 102.6% plus interest calculated over the period from the redemption date to 15 January 2009 and the principal amount of the bond. The discount rate used is the Bund interest rate on the redemption date plus 50 basis points;
- from 15 January 2009, under any circumstances, redemption of all or part of the bonds at 102.6% until 15 January 2010 excluded, at 101.3% from 15 January 2010 to 15 January 2011 excluded, and at par from 15 January 2011 onwards.

The issue contract also provides every bondholder with the right to request redemption of the bonds held at 101% in the event of (i) a "fundamental change" covering the possible sale or transfer of a substantial part of the assets of Rémy Cointreau, or (ii) approval by the shareholders of a liquidation or voluntary winding-up plan of the issuer, or (iii) Orpar and Récopart SA together holding less than one third of the voting rights in the issuer or being unable to appoint the majority of the Board of Directors for two consecutive years;

- at any time, but in full, in the event of a material change in the tax regime applicable to the issuer subsequent to the issue date.

These bonds are not subject to any guarantee.

2.11 Loans and other financial debts

At 31 March 2005, the confirmed banking facilities available to Rémy Cointreau SA to finance the Group (including those falling due within one year) amounted to €462.5 million, and comprised the following:

Type of facility	Principal (€ millions)	Maturity
Banking syndicate	462.5	2005 to 2008

The €500.0 million syndicated loan signed on 10 June 2003 with a group of 19 banks comprised a term facility and a revolving facility of €250 million each. The revolving facility is repayable on 10 June 2008, whereas the term facility is repayable in annual instalments as follows:
- 10 June 2004: €37.50 million
- 10 June 2005: €43.75 million
- 10 June 2006: €50.00 million
- 10 June 2007: €56.25 million
- 10 June 2008: €62.50 million

On 28 December 2004, a rider to the basic agreement was signed with a view to converting the term loan into a second revolving facility, the principal amount of which is reduced in accordance with the repayment schedule provided in the previous paragraph.

This loan is not subject to any guarantee.

2.12 Maturity analysis of debt

(in € millions)	Gross amount	Less than 1 year	1 to 5 years	More than 5 years
Other bonds	392.4	7.8	9.6	375.0
Loans and debts due to financial institutions	0.2	0.2	-	-
Loans and other financial debts	298.2	298.2	-	-
Trade notes and accounts payable	0.6	0.6	-	-
Tax and social security liabilities	0.9	0.1	0.8	-
Other	184.0	184.0	-	-
Total	**876.3**	**490.9**	**10.4**	**375.0**

2.13 Provisions

(in € millions)	Provisions			
	regulated	for liabilities and charges	for depreciation	Total
Opening balance	76.4	11.9	2.0	90.3
Charges (1)	15.5	3.3	52.3	71.1
Releases (2)	-	(6.2)	(0.6)	(6.8)
Closing balance	**91.9**	**9.0**	**53.7**	**154.6**
	(1) charges		(2) releases	
- operating	-		0.9	
- financial	55.6		1.1	
- exceptional	15.5		1.7	
- income tax	-		3,1	

The releases of provisions for liabilities and charges correspond mainly to provisions for restructuring and tax risks, as a result of the settlement of related charges during the year.

In accordance with the recommendations of the French tax authorities, the Company recorded a regulated provision. The charge for the year was €15.5 million, which corresponds to the potentially taxable capitalised future interest differential on the subordinated perpetual securities.

2.14 Accrued income

(in € millions)	2005
Group receivables	0.5
Other non-Group receivables	-
Total	**0.5**

2.15 Accrued expenses

(in € millions)	2005
Bonds	16.1
Loans and debts due to financial institutions	0.2
Loans and other financial debts	10.3
Trade notes and accounts payable	0.5
Tax and social security liabilities	-
Other	5.4
Total	**32.5**

3. Notes to the income statement

3.1 Analysis of services provided

Services provided totalled €15.2 million and essentially comprised services rendered to subsidiaries and sub-subsidiaries of the Rémy Cointreau Group.

The breakdown by geographic area was as follows:

France **€13.3 million**
International **€1.9 million**

3.2 Financial income from equity investments

Financial income from equity investments came to €87.8 million and related to dividends received from subsidiaries.

3.3 Exceptional income and expense

(in € millions)	2005
Sale of own shares (note 4.3)	1.1
Regulated provisions (note 2.3)	(15.5)
Restructuring	(4.3)
Total	**(18.7)**

3.4 Income tax

(**A**) Income tax analysis

(in € millions)	Income (loss) before tax	Tax	Icome (loss) after tax
Income (loss) on ordinary activities	(4.7)	-	(4.7)
Exceptional income (expense)	(18.7)	-	(18.7)
Net income (loss)	**(23.4)**	**-**	**(23.4)**

(**B**) Movements in tax losses

(in € millions)	Base	Rate	Tax amount
Loss for the year(1)	(48.7)	-	-
Deferred depreciation	-	-	-
Losses carried forward	(48.7)	-	-
Losses brough forward still to be used	(184.0)	-	-

(1) The loss for the year arises mainly from the deduction for tax purposes of dividends received from subsidiaries.

(**C**) Increases and reductions in future tax liabilities

(in € millions)	Base	Rate	Tax amount
Reductions Non-deductible provisions at 31 March 2005	25.6	34.9	8.9

3.5 Tax grouping

Rémy Cointreau elected to create a tax grouping with effect from 1 April 1993 for group companies as provided for in Article 223A of the French General Tax Code.

The tax allocation agreement stipulates that the tax charge is borne by the companies within the tax grouping as if no such grouping existed, after applying any tax losses brought forward.

The following companies are included in the tax grouping:

Rémy Martin, Seguin, Storéco, Izarra, Sté Armagnacaise de Production, Cointreau, Piper Heidsieck C.C., Champagne P&C Heidsieck, Champagne F. Bonnet, Safec, Grands Vignobles de la Marne, Grands Vignobles de l'Aube, Rémy Cointreau Services SAS, Financière Rémy Cointreau, RC One, CLS Rémy Cointreau and Société Nouvelle des Domaines Rémy Martin.

4. Other information

4.1 Related party transactions

(in € millions)	Amounts concerning related parties	Amounts concerning equity investments
Investments		
Other equity investments (gross amount)	1,374.9	2.4
Receivables relating to equity investments	6.7	-
Receivables		
Other receivables	645.9	1.1
Liabilities		
Other liabilities	382.3	-
Financial income		
Income from equity investments	87.8	
Interest income	21.0	-
Financial expense		
Interest expense	4.8	-
Operating income	15.2	-
Operating expenses	19.0	-
Exceptional income	-	-
Exceptional expense	5.7	-

4.2 Off-balance sheet commitments

A - Financial commitments

The financial instruments hedging the subordinated perpetual securities (note 2.8) are reported as off-balance sheet commitments.

Other commitments:

(in € millions)	2005
Banking commitments	
Various guarantees on financing lines	1.0
Guarantees for 25% of Maxxium's debt (a)	34.7
Tax commitments	
Tax guarantees (b)	9.4

(a) Rémy Cointreau has guaranteed one quarter of the bank debt of Maxxium BV, as have each of the other three partners in the distribution joint venture. The maximum amount of the guarantee is €62.5 million.

(b) Bank guarantees given to the tax authorities represent guarantees for disputed tax assessments following requests for deferral of payment.

B – Equity swap contract

On 31 October 2001, Rémy Cointreau SA entered into a swap contract with a financial institution under which Rémy Cointreau pays interest at variable rates in addition to any capital losses based on the reference share price (for capital losses on unwinding of the swap) and receives revenues from the shares (dividends and other financial rights attached to the shares) as well as any capital gains based on the reference share price (for capital gains on unwinding of the swap).

At the outset, this contract covered a nominal value of €43 million, corresponding to 2,100,000 Rémy Cointreau shares (equivalent to a reference price of €20.52 per share), and had a maturity date of 8 November 2004.

The contract can be settled only in cash, either early (in full or in part), at the option of Rémy Cointreau, or in full on maturity.

This transaction originally formed part of the general framework for the disposal by Blekos Holding BV (formerly Bols Holding BV) of all the 2,525,282 remaining Rémy Cointreau shares held. The two transactions were carried out simultaneously.

On 28 January 2004, the maturity date of the contract was extended for a period of two years, i.e. to 8 November 2006.

In light of the partial early cancellation of 50,000 shares on 17 November 2003 and the early disposal of 24,000 shares on 28 January 2004, Rémy Cointreau unwound 1,816,000 shares early on 25 March 2004. Of the remaining 210,000 shares, Rémy Cointreau granted the financial institution the right to receive the full amount of the gain on maturity of the contract. However, in the event that the share price falls below €20.52, Rémy Cointreau will pay any shortfall on the 210,000 shares.

A net interest charge of €0.1 million was recorded for the year.

4.3 Sales of own shares

In connection with its share buyback programme, at 31 March 2004 Rémy Cointreau held 632,430 of its own shares, of which 509,985 shares were recorded in "Other financial assets" and 122,445 in "Marketable securities".

In March 2005, Rémy Cointreau sold 602,430 of its own shares with a repurchase option.

The sale with repurchase option will enable Rémy Cointreau to meet its commitments to cover stock options granted to certain members of staff (284,000 shares under plan no. 12 and 37,503 shares under plan no. 13) as required under the provisions of Article L. 225-179 of the French Commercial Code, which stipulates that, as from the end of the vesting period of the plans, the Company must be in a position to deliver the shares to its employees. It will also limit the dilutive effect of the stock options (280,927 shares under plan no. 10). This mechanism was authorised by the French Financial Markets Authority (AMF) on 8 March 2005.

Rémy Cointreau completed the coverage of stock option plan no. 13 by acquiring 224,497 options on its own shares.

On completing these transactions, only 30,000 own shares were still recorded in other financial assets at 31 March 2005.

4.4 Stock options

In accordance with the authorisation given by the Extraordinary General Meeting of 7 September 2004, the meeting of the Board of Directors of 8 December 2004 granted 262,000 stock options to 30 beneficiaries. These options, which expire on 23 December 2014, are exercisable at €28.07 per share following a vesting period of four years, i.e. as from 24 December 2008.

The attached table shows details of the stock option plans in existence at 31 March 2005.

Rémy Cointreau share stock options granted during the year to Directors:

Beneficiaries	Number of options granted	Exercise price (€)	Plan maturity date
Jean-Marie Laborde	40,000	28.07	23/12/2014

Directors and officers who exercised stock options during the year:

Options exercised by each director or officer during the year	Total number of options or shares subscribed or purchased	Weighted average price (€)	Plan no.
François Hériard Dubreuil	10,000	30.86	8
François Hériard Dubreuil	10,000	26.00	7
Marc Hériard Dubreuil	10,000	30.86	8
Marc Hériard Dubreuil	10,000	26.00	7
Guy le Bail	10,000	31.05	6
Hubertus van Doorne	10,000	30.00	8
Hubertus van Doorne	15,000	29.90	7

5. Post-balance sheet events

There are no items to report that would be likely to have a material impact on the interpretation of the financial statements for the year ended 31 March 2005.

List of subsidiaries and equity investments at 31 march 2005

(in currency thousands) Company	Currency	Share capital Currency	Other shareholders' equity Currency	Share of capital held %	Net book value of capital held Euro	Provisions for impairment Euro	Dididends received Euro	Previous year net sales Currency	Net profit Currency	Year-end date	Loans and advances granted Euro
A) FRENCH COMPANIES											
Rémy Martin & Cie	EUR	6,725	167,860	100.00%	381,708	-	30,987	-	41,096	31/03/05	447,872
Seguin & Cie	EUR	661	8,240	100.00%	7,633	-	200	-	29	31/03/05	-
Financière RC	EUR	10,000	2,121	100.00%	10,000	-	-	1,236	411	31/03/05	-
Cointreau SA	EUR	4,037	117,042	100.00%	89,103	-	45,920	-	18,334	31/03/05	110,450
Piper Heidsieck C.C.	EUR	32,115	224,374	100.00%	326,280	-	-	1,013	2,473	31/03/05	-
Ducs de Gascogne	EUR	1,002	2,237	30.00%	1,144	-	-	14,919	12	31/12/04	-
RC One	EUR	37	422	100.00%	37	-	-	10,723	228	31/03/05	-
RFBV	EUR	161	23,532	100.00%	58,000	-	-	-	219	31/03/05	-
Other French subsidiaries	EUR				252	213					
Total gross value					**874,157**	**213**					
B) FOREIGN COMPANIES											
Rémy Suisse	CHF	13,550	77,188	99.99%	11,515	-	-	-	77,322	31/03/05	
R. Concord Ltd	HKD	265,825	(6,768)	99.99%	31,829	-	-	-	45,753	31/03/05	
Lucas Bols NV	EUR	5,000	75,339	100.00%	511,044	52,300	10,733	-	10,733	31/03/05	
Other foreign subsidiaries	EUR				1,054	67					
Total gross value					**1,429,599**	**52,580**					
Total net value					**1,377,019**						

Stock options outstanding at 31 march 2005

	Plan no. 5	Plan no. 6	Plan no. 7	Plan no. 8	Plan no. 9	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13
	subscription	subscription	subscription	subscription	subscription	subscription	subscription	purchase	purchase
Date of the Extraordinary General Meeting	16/09/96	26/08/98	26/08/98	26/08/98	26/08/98	24/08/00	24/08/00 and 21/09/01	21/09/01	7/09/04
Date of the Board of Directors or Management Board meeting	25/03/98	28/10/98	28/04/99	7/12/99	30/05/00	1/03/01	8/03/02	16/09/03	8/12/04
Total number of options granted	164,500	224,044	289,300	499,100	131,280	1,016,600	659,500	287,000	262,000
- of which, number of options that can be subscribed by directors and officers	100,000	72,466	119,576	127,900	61,960	200,000	275,000	180,000	40,000
- number of directors and officers concerned	7	7	10	10	9	5	5	5	1
Total number of beneficiaries	20	75	66	85	28	150	43	25	30
Exercise start date	25/03/98	28/10/98	28/04/99	7/12/99	30/05/00	1/03/03	8/03/06	16/09/07	24/12/08
Exercise expiry date	24/03/05	27/10/05	27/04/09	6/12/09	29/05/10	28/02/11	7/03/12	15/09/13	23/12/14
Exercise price	13.55	13.55	12.20	16.36	18.85	27.10	25.00	27.67	28.07
Number of options lapsed	-	-	4,700	3,400	-	32,000	-	3,000	-
Number of options exercised at 31 March 2005	164,500	175,019	183,164	264,577	34,065	65,000	8,500	-	-
Number of options outstanding at 31 March 2005	-	49,025	101,436	231,123	97,215	919,600	651,000	284,000	262,000

Statutory Auditors’ Report on the annual financial statements

Year ended March 31, 2005

(Free translation of a French language original)

To the shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the year ended March 31, 2005, on:

- the audit of the accompanying financial statements of Rémy Cointreau,
- the justification of our assessments,
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2005 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

II. Justification of assessments

In accordance with the requirements of article L. 225-235 of the French company Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters :

Note 1.a of the notes to the financial statements details the accounting principles and methods relating to the approach used by the Company for assessing the value of equity investments. As part of our assessment of the accounting principles and methods followed by the Company, we have assessed the validity of the approach used and ensured that the approach has been correctly applied. We also assessed the methods used by the Company to evaluate the depreciations recorded.

The assessments were thus made in the context of the performance of our audit of the financial statements taken as a whole and therefore contributed to the formation of our unqualified audit opinion expressed in the first part of this report.

III. Specific verifications and information

We have also performed the specific verifications required by law in accordance with professional standards applicable in France. We have no matters to report regarding the fair presentation and the conformity with the financial statements of the information given in the Directors’ Report and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

In accordance with French law, we have ensured that the required information concerning the names of the principal shareholders (and holders of the voting rights) has been properly disclosed in the Directors’ Report.

Paris and Neuilly-sur-Seine, June 22, 2005

The Statutory Auditors

Barbier Frinault & Autres	Auditeurs & Conseils Associés
Ernst & Young	Member of Nexia International
Richard Olivier	François Mahé

Special Report of the Statutory Auditors on Certain Related Party Transactions

Year ended March 31, 2005

(Free translation of a French language original)

To the shareholders of Rémy Cointreau,

In our capacity as your Company's Statutory Auditors, we hereby present our report on regulated agreements.

AGREEMENTS AUTHORISED DURING THE YEAR

In accordance with Article L. 225-40 and L. 225-88 of French Company Law (Code de commerce), we have been advised of certain contractual agreements which were authorized by your Board of Directors and Supervisory Board.

We are not required to ascertain whether any other contractual agreements exist but to inform you, on the basis of the information provided to us, of the terms and conditions of agreements indicated to us. It is not our role to comment as to whether they are beneficial or appropriate. It is your responsibility, under the terms of Article 92 of the March 23, 1967 Decree, to evaluate the benefits resulting from these agreements prior to their approval.

We conducted our work in accordance with French professional standards. These standards require that we perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

Disposal of part of the equity investment in E. Rémy Martin et C°

Person concerned:

Mrs Dominique Hériard Dubreuil - Chairman of the Board of Directors

In the framework of the transformation of CLS Rémy Cointreau into a société par actions simplifiée, Rémy Cointreau sold the share held in the capital of this company for €10.

Disposal of part of the equity investment in the economic interest grouping Rémy Cointreau Services

Person concerned:

Mrs Dominique Hériard Dubreuil - Chairman of the Board of Directors

So as to enable CLS Rémy Cointreau to enjoy the services of the economic interest grouping Rémy Cointreau Services and to become a member of the grouping, Rémy Cointreau sold to CLS Rémy Cointreau, free of charge, ten units in the economic interest grouping Rémy Cointreau Services, which has no share capital.

Cash management agreement between Rémy Cointreau and Orpar

Persons concerned:

Mrs Dominique Hériard Dubreuil - Chairman of the Board of Directors

Mr François Hériard Dubreuil - Member of the Board of Directors

Mr Marc Hériard Dubreuil - Member of the Board of Directors

Mr Guy Le Bail - Member of the Board of Directors

This cash management agreement states that loans granted by Orpar to Rémy Cointreau through advances in current account bear interests based on Euribor 3 months adjusted with a 0.60% margin.

For the year ended March 31, 2005, the total amount of interests paid by Rémy Cointreau to Orpar is €58,744.13.

AGREEMENTS APPROVED DURING PRIOR YEARS THAT WERE EXECUTED DURING THE YEAR

Pursuant to the decree dated 23 March 1967, we were informed that the following agreements, approved during prior years, were executed during the year.

Agreement with Orpar

The meeting of the Board of Directors of 13 December 2000 authorised the signing of a rider to the management and general support agreement signed on 7 December 1999 with Orpar. This agreement provides for an annual flat fee of €1,829,388.24 excluding taxes, plus an amount equivalent to 1/1000 of the consolidated sales.

During the financial year to 31 March 2005, the total charge, excluding taxes, borne by Rémy Cointreau S.A. was €2,734,488.24.

Marketing and management support agreement with the companies owning the brands

The amounts arising from the application of the marketing and management support agreements, calculated on the basis of 2.2% of 2004/05 sales, were as follows:

	Amount (excl. Taxes)
CLS Rémy Cointreau	€10,947,863
Champagnes P&C Heidsieck	€2,116,598

Shareholder's loan

The Supervisory Board meeting of 10 June 2003 authorised a revolving credit agreement to be entered into in favour of Maxxium Worldwide B.V. jointly with the three other shareholders of this company, the commitment of each lender covering a maximum principal amount of €15 million. Rémy Cointreau SA has undertaken not to request from Maxxium Worldwide B.V. any repayment under this loan agreement for as long as an amount remains due to the various financial institutions that granted Maxxium Worldwide B.V. a revolving credit of €200 million.

The €15 million credit line was not utilised during the year.

Paris and Neuilly-sur-Seine, June 22, 2005

The Statutory Auditors

Barbier Frinault & Autres
Ernst & Young
Richard Olivier

Auditeurs & Conseils Associés
Member of Nexia International
François Mahé

6. Le gouvernement d'entreprise

6.1 Organes d'administration et de direction

La société est administrée depuis le 7 septembre 2004 par un conseil d'administration. L'assemblée générale du 7 septembre 2004 a reconduit en qualité d'administrateurs les membres du conseil de surveillance, à l'exception de Monsieur Alain Bodin.

Le conseil d'administration a opté le même jour pour la dissociation des fonctions de président du conseil et de directeur général.

6.1.0 Composition du conseil d'administration

Président

Mme Dominique Hériard Dubreuil
Date de première nomination au conseil d'administration : 7/09/2004,
Date d'échéance du mandat : assemblée générale statuant sur les comptes de l'exercice 2005

Fonction principale exercée en dehors du groupe :
Directeur général d'Andromède SAS

Autres fonctions :
Administrateur d'Orpar SA
Président du conseil d'administration de VINEXPO OVERSEAS SAS
Administrateur de Vinexpo SAS
Administrateur de Baccarat SA

Mandats au sein du groupe Rémy Cointreau
Président de E. Rémy Martin & C°SAS
Président du conseil d'administration du GIE Rémy Cointreau Services
Président de Rémy Cointreau Service SAS
Director de Botapol Holding BV
Director de Unipol BV
Supervisory Director de Erven Lucas Bols NV
Director de Rémy Concord Ltd
Director de Rémy Pacifique Ltd
Director de Rémy Finance BV
Chairman de Rémy Cointreau Amérique Inc

Membres du conseil d'administration

M. François Hériard Dubreuil
Date de première nomination : 7 septembre 2004
Date d'échéance du mandat : assemblée générale statuant sur les comptes de l'exercice 2006

Fonction principale exercée en dehors du groupe :
Président-directeur général d'Orpar SA

Autres fonctions :
Directeur général d'Andromède SAS
Président du directoire de Récopart SA
Vice-président et Administrateur d'OENEO SA
Président de Financière de Nonac SAS
Président de Grande Champagne Patrimoine SAS
Administrateur de Dynasty Fine Wines Group LTD
Administrateur de Shanghai Shenma Winery Co LTD

M. Marc Hériard Dubreuil
Date de première nomination : 7 septembre 2004
Date d'échéance du mandat : assemblée générale statuant sur les comptes de l'exercice 2007

Fonction principale exercée en dehors du groupe :
Président-directeur général d'OENEO SA

Autres fonctions :
Directeur général d'Andromède S.A.S
Vice-président, directeur général délégué et administrateur de Orpar SA
Membre du directoire de Récopart SA
Président de LVLF SAS
Gérant de la SARL Marchadier Investissement
Director de Trinity Concord International LTD
Director de TC Holding Limited

M. Pierre Cointreau
Date de première nomination : 7 septembre 2004
Date d'échéance du mandat : assemblée générale statuant sur les comptes de l'exercice 2006

Fonction principale exercée en dehors du groupe :
Président du conseil de surveillance de Récopart SA

Autres fonctions
Administrateur du GIE Rémy Cointreau Services
Président de Cointreau SASU
Président de Izarra SASU

M. Patrick Duverger
Date de première nomination : 7 septembre 2004
Date d'échéance du mandat : assemblée générale statuant sur les comptes de l'exercice 2005

Fonction principale exercée en dehors du groupe :
Membre du conseil de surveillance de AVIVA France

Autres fonctions :
Administrateur de AVIVA Participations
Administrateur de Faurecia
Administrateur de Soparexo

M. Brian Ivory

Autres fonctions:
Member of the Advisory Committee of Rabobank (Spain)
Director of Calidalia SA
Advisor of Mc Lane España

Mr. Håkan Mogren
Date first appointed: 7 September 2004
Date appointment expires: AGM considering the financial statements for the year 2007

Principal appointment outside the Company:
Vice-Chairman of ASTRAZENECA plc

Other appointments:
Chairman of Affibody AB
Vice-Chairman of Gambro AB
Director of Norsk Hydro ASA
Director of Danone
Director of Investor AB

Mr. Jean Burelle
Date first appointed: 3 June 2005 (subject to approval by the AGM on 28 July 2005)
Date appointment expires: AGM considering the financial statements for the year 2007

Principal appointment outside the Company:
Chairman and Chief Executive Officer of Burelle SA

Other appointments:
Director of Essilor International and Chairman of the Director Committee
Chairman of Sycovest 1
Director of AFEP
Director of MEDEF International and Chairman of the Mexico Committee
Member of the Executive Committee and Ethics Committee of Medef
Director of Chambre de Commerce Franco-Américaine in Paris
Director of EM Lyon (AESCRA)
Director of the Development Committee of the ASTREE not-for-profit organisation
Director of Harvard Business School Club de France
Director of Association des Amis du Musée Guimet

Number of independent Board Directors: 5
Mr. Xavier Bernat
Mr. Jean Burelle
Mr. Patrick Duverger
Mr. Håkan Mogren
Mr. Jürgen Reimnitz

The Management Board is regularly informed of the independence of each of its members.

Number of members elected by employees: the company does not have any employee members.

No censor has been nominated.

Number of shares that must be held by each member: 100.

6.1.1 Executive Officer and Executive Committee

On 7 September 2004, the Board of Directors elected to split the positions of Chairman of the Board and Chief Executive Officer in application of Article L. 225-51-1 of the Commercial Code. Jean-Marie Laborde was appointed as Chief Executive Officer on 7 September 2004. He is assisted by an Executive Committee comprising the following members:
- Mr. Hervé Dumesny, Group Finance Director,
- Mr. Jean-François Boueil, Group Human Resources Manager,
- Mr. Jim Chambers, CEO of Rémy Amérique,
- Mr. Christian Liabastre, Strategy and Brand Development Manager,
- Mr. Damien Lafaurie, Operations Manager.

6.1.2 Operation of the Board of Directors and Executive Officer

The Chief Executive Officer reports to the Board of Directors.

The Board of Directors currently comprises 11 members. Board members are appointed for three years. A third, or as close as possible to a third of Board members is renewed annually, so that the whole Board has been renewed at the end of a three year period.

Any member exceeding 85 years of age at the start of a financial year is deemed to have resigned from office effective at the end of the next Annual General Meeting considering the financial statements of the financial year then ended. However, his/her term of office may be renewed from one year to the next, as long as the number of Board members aged more than eighty-five years of age does not exceed one-third of the number of serving members.

Between 7 September 2004 and 31 March 2005, the Board of Directors met four times with 76% attendance.

The members of the Board of Directors are informed, at the time they take up their appointment, of the legal and regulatory provisions in force in respect of Directors trading in the Company's shares.

6.1.3 Board of Directors Committees

Four committees have been set up within the Board of Directors. These committees make recommendations to the Board of Directors on financial policy and internal control, development, marketing, nomination and remuneration, ethics, environment and sustainable development. They do not interact directly with Executive Committee members, but one of the members of this committee attends the meetings of the Executive Committee, which discusses the subjects relevant to its functions.

The Chairman of the Board of Directors may attend all committee meetings. The Executive Officer may also attend all meetings, with the exception of meetings convened to discuss any matters concerning him/her personally.

Three of these committees met regularly during the financial year ended 31 March 2005. The fourth committee was only created at the Board meeting of 3 March 2005.

6.1.3.1 Audit & Finance Committee

This committee comprises three members of the Board:

- Patrick Duverger, Chairman

- Jürgen Reimnitz
- Marc Hériard Dubreuil

Number of independent members: Two

6.1.3.2 Development and Marketing Strategy Committee

This committee comprises four members of the Board:
- Dominique Hériard Dubreuil, Chairman
- Brian Ivory
- Håkan Mogren
- Xavier Bernat

Number of independent members: Two

6.1.3.3 Nomination and Remuneration Committee

This committee comprises three members of the Board:
- Brian Ivory, Chairman
- Jürgen Reimnitz
- François Hériard Dubreuil

Number of independent members: One

6.1.3.4 Ethics, Environment and Sustainable Development Committee

This committee comprises three members of the Board:
- Guy Le Bail, Chairman
- Dominique Hériard Dubreuil
- Jürgen Reimnitz

Number of independent members: One

6.1.4 Report of the Chairman of the Board of Directors (Article L. 225-37 of the Commercial Code)

Dear Shareholders,

In compliance with Article L. 225-37 of the Commercial Code, we report to you within this document on:
- conditions of preparation and organisation of the duties of your Board of Directors,
- internal control procedures established by the Company, and
- limitations your Board of Directors has imposed on the powers of the Chief Executive Officer.

6.1.4.1 Conditions of preparation and organisation of the duties of your Board of Directors

6.1.4.1.1 Internal regulations

During the meeting of 7 September 2004, the Board of Directors elected to organise directors' information in such a way that all directors, either family members or independent, have access to the same information. On this occasion, the Board reasserted that it is the sole authority with decision making powers on matters that have not been delegated to the Chief Executive Officer.

In compliance with these principles, at a meeting on 8 December 2004, the Board elected to set out clearly its internal rules and its relationship with Executive Management.

The majority of this report comprises clauses on the Board's internal regulations.

6.1.4.1.2 Composition of the Board

At least 30% of the Board of Directors should comprise, if possible, independent members.

It should be noted that Rémy Cointreau's Board of Directors comprises 11 members. A list of all Board Members, as well as their other appointments can be found in paragraph 6.1.0. above.

All Board members have profound and multi-disciplinary experience of the business world and international markets. An evaluation on them was made throughout the year as they participated in Board and Committee meetings.

The choice of independent members is subject to preliminary recommendations from the "Nomination – Remuneration" Committee.

The Board of Directors is regularly updated on the independence of the members. The criteria selected in this respect is reviewed at least once a year. Generally, a Director is considered independent when he/she does not have a relationship of any kind with the Company, the Group or its management that may affect his/her freedom of judgement.

6.1.4.1.3 Transparency rules

On appointment, Directors are given the Guide published by the French Financial Market Authority (AMF) which is aimed at directors of listed company. It details their personal obligations with respect to holding Company shares.

Directors must hold their shares under nominative form or deposit the shares issued by the Company, its subsidiaries, the company of which it is a subsidiary or other subsidiaries of the Company, and shares which are owned by the directors themselves, by spouses from whom they are not physically separated or by minors.

Each Director must hold a minimum of 100 shares.

The Company communicates with the AMF and publicises, through press releases, transactions in financial instruments carried out and disclosed by its management, on an individual and nominative basis, within 5 trading days following receipt of disclosure of these transactions.

In addition to Board members and the Chief Executive Officer, this rule applies to all individuals or private entities related to them according to applicable regulations.

Finally, Directors must make themselves aware of periods when they must not trade in the Company's shares and of their general obligations under applicable regulations.

Directors must inform the Board of Directors, as soon as they are made aware of any conflict of interest or potential conflict of interest and abstain from taking part in deliberations and corresponding votes. In the case of a permanent conflict of interest, the Director must resign.

6.1.4.1.4 Frequency of meetings

It should be recalled that the Extraordinary General Meeting of 7 September 2005 decided to modify the method of management of the Company with the creation of a Board of Directors. In the past, the former Supervisory Board met twice in the year just ended, on 8 June and 6 July 2004.

During these meetings, the Management Board informed the Supervisory Board of the Parent Company's and consolidated financial statements for the 2003/04 accounting period, as well as the varied reports presented to the Annual General Meeting of 7 September 2004, the Management Board's quarterly reports on the Group's performance, the 2004/05 budget, the plans modifying the method of management of the Company by the creation of a Board of Directors, and bylaws enforcing various legislation and regulatory texts.

Article 17-1 of the bylaws provides that the Board of Directors meet as often as required in the interest of the Company.

Thus, the Board of Directors has met four times since its creation.

The principal points on the agenda were as follows, and the meetings considered:

- 7 September 2004:
• appointment of the Chairman of the Board of Directors;
• notice of rotation of term of office of the Members of the Board of Directors;
• appointment of a Managing Director; powers; remuneration.

- 8 December 2004:
• examination and decree of the interim consolidated financial statements at 30 September 2004 ; examination and decree of projected management;
• share purchase option plans favouring directors or Group employees;
• examination and adoption of internal regulation of the Board of Directors.

- 17 January 2005:
• introduction of Dynasty Fine Wines Group Limited to the Hong Kong Stock Exchange: authorisation of guarantees given by the Rémy Cointreau Group.

- 3 March 2005:
• strategic options of the three year plan ;
• obligatory payment of €200 million at 5.20%, maturity 2012;
• processes for the transfer of Treasury shares and the purchase of an optional hedge for share purchase option plans.

6.1.4.1.5 Notification of meetings to Board Members

The schedule of Board meetings for the next year was agreed among the Directors at the meeting of the Board of Directors in September. The members of the Board are then called to each meeting by letter, approximately 15 days in advance. They may also be informed by telegram, fax, electronic mail or even verbally.

The statutory Auditors are called to meetings of the Board of Directors to consider the half-year and full year financial statements.

6.1.4.1.6 Directors' fees

The total amount of Directors' fees proposed to a vote by the shareholders was subject to a prior study of the practices adopted by French groups of a similar scale and international dimension to Rémy Cointreau.

Directors' fees are allocated by the Board of Directors on the following bases:

- a fixed share defined on an annual basis;
- a variable share commensurate with each Directors' attendance at Board meetings, as well as committees;
- a fixed share may also be allocated to the Chairman of the Board and to Committee Chairmen.

6.1.4.1.7 Board of Directors information

All necessary documents and information for the Board members are made available to them between 10-15 days before the Board meetings and their various committees.

For Board meetings, documents and information are subject to a major financial and commercial analysis that comprises, in a very detailed manner, all corporate data that provides a profound understanding by Board members of the operations, results and prospects for the Rémy Cointreau Group.

Preliminary and regular information for Directors is fundamental to them in the performance of their duties. Therefore, the Chairman of the Board of Directors verifies that the Executive Management provides, continuously and without limits, all strategic and financial information necessary for them to perform their duties under the best possible conditions.

On the basis of information provided, Directors can request any explanation or information they deem necessary.

Apart from Board meetings, Directors regularly receive all significant information relating to the Company and the Group, in particular monthly operating reports compared with budget, and are warned of any event or development that may have a significant impact on operations or on information previously communicated to the Board.

They are specifically sent press releases published by the Company as well as key press articles and financial analysis reports.

Directors may meet main Group managers without the Executive Management being present, on condition that they have made such a request to the Chairman of the Board of Directors who will then inform the Executive Management.

6.1.4.1.8 Location of meetings

The meetings of the Board of Directors take place in Paris, at the administrative head office, or in Cognac at the Company's registered office. However, the Board may hold a meeting in another location, in France or in another country, at the Chairman's request.

Pursuant to Article L. 225-37 of the Commercial Code, Article 17-5 of the bylaws and Article 2 of internal regulations, the meetings of the Board of Directors may be held by videoconference.

Participating by videoconference is forbidden in respect of the following decisions:

- nominating, removing from office or determining the remuneration of the Chairman of the Board and the Chief Executive Officer,

- approval of the parent company statements and consolidated financial statements, as well as Company and Group management reports.

In the event that the Chairman of the Board notes that the videoconferencing system does not operate properly, the Board may deliberate and/or carry on with the meeting with those members who are in attendance, as long as quorum conditions are fulfilled.

Any technical incident affecting the meeting shall be noted in the minutes of the meeting, including breakdown and restoration of videoconferencing participation.

A Director participating in a meeting through videoconferencing, who would not be deemed present due to equipment malfunction, may grant power of attorney to a Director attending the meeting after informing the Chairman of the Board. This Director may also grant power of attorney before the meeting by specifying that this would solely become effective in the event of a videoconferencing system malfunction that would prevent him being deemed present.

Subject to informing the Chairman of the Board in advance, a Director may also take part in a Board meeting by conference call, in which case he/she cannot be deemed present in assessing the required quorum and majority.

During the financial year, only the meeting of 17 January made use of videoconferencing facilities. In addition, three Directors were present and three other Directors took part in the meeting by conference call.

6.1.4.1.9 Committees established within the Board of Directors

The four committees established within the Board of Directors are described in paragraph 6.1.3 above.

The Board defines their composition and function. Each committee must include at least one independent director. The Board nominates one member of each committee as Chairman.

These committees are established to study and prepare certain considerations and formulate recommendations or advice to the Board. Their general objective is to improve the relevance of information provided to the Board and the quality of deliberations. In no way do they substitute for the Board of Directors.

Within the framework of their functions, these committees may interview Group executives and statutory auditors after having informed the Chairman of the Board. The Board may grant committees one or several functions, on the request of these committees. Committee members' remuneration would then be established by the Board. Committees report their findings to the Board.

Committees do not interact directly with Executive Committee members, but one of the members of the Executive Committee attends committee meetings relevant to his/her function. He/she then prepares all documents necessary for the committee to perform its duties. The Audit & Finance Committee may request interviews with Statutory Auditors without the attendance of an executive management member.

The Chairman of the Board and the Chief Executive Officer (unless matters are of personal concern to him), may attend all committee meetings.

Audit & Finance Committee

This committee met twice, on 3 June and 1 December 2004 with 100% attendance. Its work was carried out in the presence of the Statutory Auditors and Group Financial Controller, when the following was discussed:

- review of the annual financial statements at 31/03/2004,
- review of the half-year financial statements at 30/09/2004,
- valuation and monitoring of intangible fixed assets,
- valuation of inventory,
- off balance sheet commitments,
- adoption of the IFRS accounting standards,
- Group financial and tax policy,
- review of the annual budget and of the medium-term plan,
- internal control procedures,
- internal audit plan,
- exchange rate and interest rate risk management policy.

Development and Marketing Strategy Committee

This committee combines the previous Development Strategy and Marketing Strategy committees. It met three times, on 7 and 8 June 2004 and on 3 March 2005, with 100% attendance, to discuss the following:

- review of the Group's major strategic options, by individual market;
- review of the marketing and strategic objectives, and the role to be played by each brand in meeting these objectives,
- review of advertising and promotion budgets at Group level and the choice of financial investments in markets with the greatest development potential,
- review of innovative strategies for leading brands and related investments,
- analysis of the growth prospects of various product categories in the major spirits markets.

Ethics, Environment and Sustainable Development Committee

This committee was created on 3 March 2005 and met for the first time on 29 April 2005 with 66% attendance. It discussed the following:

- review of applicable charters within the Group and control of their publication and application;
- information on training designed to accompany the publication of the Group's charters;
- annual communication by various Group companies of precise reports on the implementation of Group charters.

Nomination and Remuneration Committee

This committee met three times, on 29 April, 3 June and 7 December 2004, with 100% attendance, to discuss the following:

- consideration of nominations to the Board of Directors;
- interview of candidates to the position of Chief Executive Officer;
- review of tools to optimise the motivation and remuneration of executive and senior management;
- remuneration of the Chief Executive Officer;
- bonus systems used for staff;
- review of the Group's share options policy.
- review of supplementary pension plans.

Each committee reports its findings to the Board of Directors.

6.1.4.2 Approval of agreements by the Supervisory Board, then by the Board of Directors

During the year just ended, the Supervisory Board took the following

decisions:
- approval by Rémy Cointreau of the disposal by CLS Rémy Cointreau of 10 shares of GIE Rémy Cointreau Services;
- approval of the disposal by Rémy Cointreau of one share of CLS Rémy Cointreau to E. Rémy Martin et Co.

On 8 June 2004, the Supervisory Board also renewed for one year the prior authorisation of up to €46 million in respect of sureties, pledges and guarantees.

During the financial year just ended, the Board of Directors approved the signing of the treasury agreement between Orpar and Rémy Cointreau. On 29 April 2005, it also approved the change in the royalty rates and assistance that Rémy Cointreau charges its manufacturing subsidiaries.

6.1.4.2.1 Minutes of the Meetings

The minutes of meetings of the Board were prepared at the end of every meeting and issued in draft form to the members at the time of the next meeting during which they were approved.

6.1.4.3 Internal control procedures

Definition of internal control

Internal control is a process established by Executive Management, as well as the framework and personnel in every Group entity that aims to provide reasonable assurance of achieving the following objectives:
- Operational efficiency;
- Reliability and accuracy of accounting and financial information; and
- Conformity in accordance with existing laws and regulations.

The Group has established internal controls with a twofold purpose: to ensure its own internal control and to provide a co-ordinating role and impetus within the internal control of the various entities within the Group.

Every system of internal control has its own limitations that are inherent in all established procedures and within the constraints of resources that all businesses must take into account. The system established can only provide reasonable assurance and not an absolute guarantee as to the achievement of Group objectives.

Internal control process

The players

The principal players involved in internal control are mainly:

Board of Directors and Executive Management

The Board defines, on the proposal of the Chief Executive Officer, the strategic, economic and financiantations of the Group's operations and monitors their implementation.

Audit and Finance Committee

The Audit and Finance Committee established within the Board is extremely vigilant with respect to procedures and good practices that guarantee the reliability of financial information, its transmission to higher decision levels and its processing. This Committee also ensures that the annual audit programme does indeed cover the main risks identified by the Group and described in paragraph 4.7.

Executive Committee

The Executive Committee comprises operating and functional managers under the authority of the Chief Executive Officer. It co-ordinates the implementation of the Group's strategic objectives, ensures their prioritisation within the operating units and principal functions and, where necessary, their adaptation to changes in the business environment.

This management system provides efficient planning and co-ordination of internal control procedures.

Functional and Operational Managers

Functional and Operational Managers propose action plans to meet the objectives set by the Management Committee and to establish working practices that are efficient and effective for the major operating processes. Within this framework, they ensure that steps are taken to reduce the probability of the occurrence of a major risk and, where appropriate, to limit its consequences.

Control Management

Each entity has a Finance Manager and a team of Management Accountants. They are responsible for the financial control of transactions carried out within the various entities in a manner that prevents and controls variances from objectives defined at the start of the year, as well as the risk of errors or fraud in the accounting and financial domain. They have a functional link to Group Financial Management.

Internal Audit Management

Internal Audit operates across the Group as well as in the distribution network and, where appropriate, in third parties in the event of subcontracting, both in distribution and production.

The team's duties are clearly defined in a charter.

Their assignments are planned following approval by the Executive Committee and the Audit & Finance Committee. They make up the annual audit programme. They are prepared as a function of specific risks, related to a specific operation, on the basis of discussions with operating managers, with the intention of assisting the achievement of general objectives set by the Executive Committee.

Audit assignments may be financial or operational. The addition of an expert to the audit team may be necessary where required by the technical nature of the assignment or where language and different attitudes are major elements in ensuring the success of the assignment.

Internal Audit within the financial management department reports to the Executive Committee, the management of the unit concerned and, where appropriate, to the management of the shared distribution network. This task culminates in a report which summarises the audit conclusions, the action plan of the Company concerned as well as recommendations detailed by process. The reports are subject to prior cross-examination.

Follow-up of fulfilment of recommendations and implementation of action plans issued by companies is the responsibility of the internal audit department. It is assisted by the Executive Committee and the management of audited entities.

Each year, the internal audit department presents a summary of the completion of the audit programme and the main findings of its assignments to the Audit & Finance Committee.

Statutory Auditors and External Auditors

The Statutory Auditors - selected for their ability to provide a full and global coverage of Group risks and for their expertise - complete the Group's Internal Control procedures as external auditors. Their half-year audits as well as their interim audits relate to specific matters and provide the Group with reasonable assurance of the reliability and accuracy of accounting and financial information produced.

Procedures

In addition to this organisation, the Group has delegated responsibility that defines the position of senior executive management. The procedures to request and approve commitments and payments exist in all Group units and this strengthens internal control.

Production standards have been defined and operating procedures have been established and followed as part of the ISO 9000/2000 and ISO 14001 certifications, thus guaranteeing consumers a high level of quality and safety while respecting the environment at the Group's major production sites.

The Purchase Conduct Code establishes good practice rules to be followed by all buyers in the Rémy Cointreau Group and prevents excesses that would have damaging effects on the Group's interests. As part of the Group's insurance coverage, policies have been taken out by the Group to provide complete cover for certain risks incurred by all the companies concerned.

The Group has all the rules and methods to produce reliable financial information. The uniqueness of definitions and the principles for evaluating and processing accounting and financial data for three budget processes, budget updating and year-ends ensures comparability of data. The annual timetable for accounting and financial processes that details the dates for submission of information and its distribution enables managers to deal with priorities. The availability of this set of rules on the Group's intranet should guarantee accurate updating and an assurance that all financial personnel possess the same information.

The use of Hyperion software by all Group entities improves the reliability and security of the production process of accounting and financial information. The Group also has a support team that updates the parameters of Hyperion financial statements

Treasury transactions

Treasury transactions (exchange and rates) as well as Group funding are managed centrally by Treasury Management reporting to the Group Financial Manager. This department comprises seven people including four managers, each an expert in his own area. In accordance with the rules of good management, the department is split into two sections reporting to the Group Treasurer, the front office to deal with market transactions and the back office to account for these transactions and to report to the Executive Management. The department has high quality software, which is currently being upgraded to deal with IFRS requirements.

The policy of managing market risks as well as the funding policy are prepared jointly by the Group Treasurer and the Financial Manager and then submitted to the Executive Committee for approval.

Internal control process in respect of the preparation and processing of accounting and financial information

Internal control procedures established for the preparation and processing of financial and accounting information have the following objectives:

- adherence to accounting regulations and the correct application of Group principles;
- quality of the reporting and its central processing by the Group; and
- controls over the production of financial, accounting and management data.

Organisation

A number of departments are involved in the production of the Group's consolidated accounting and financial information:

- Accounting and consolidation departments
- Management control
- Information systems
- Treasury
- Legal services, and
- Tax department.

These departments must ensure that the various Group entities are fully up to date with legislation, recommendations issued by the Autorité des Marchés Financiers and Group internal procedures that exist at every closing, as well as their correct treatment. They participate in the validation of data restated in accordance with Group accounting principles and in the analysis of such data.

In addition, financial committees are organised and led by the Group to bring together the financial managers of Group companies. These committees participate in the creation and maintenance of a financial culture within the Group, act as a conduit for the Group's financial policy and deal with the standards and procedures to be applied, corrective action to be taken and internal control in respect of accounting and financial data.

Closing procedures and statutory consolidation

Rémy Cointreau prepares consolidated data on a monthly basis. The degree of precision in the monthly consolidation is the same as that required for the half-yearly and annual consolidations, with the exception of certain information – particularly the analyses – included in the notes to the financial statements, which are not required from the subsidiaries.

For the consolidation process, the Group issues instructions highlighting the key dates on the timetable as well as the points that require the specific attention of the companies' financial managers.

Monthly closing preceding the half-year or year-end acts as a pre-closing to identify and anticipate the treatment of particular and non-recurring transactions, such as restructuring and reorganisation. All companies included in the consolidation report data that has already been restated (in accordance with internal accounting principles) to the Group.

The Group organises regular meetings with the Statutory Auditors to prepare a review of the closing and to anticipate the treatment of complex transactions.

The Audit & Finance Committee, within the Board of Directors, prepares recommendations for the latter on financial policy and internal control. It meets at least twice a year to request the Statutory Auditors to present their summary of the half-year and year-end closing and to provide further useful information on the completion of their assignment. This committee also conducts specific reviews of particular topics in respect of accounting and financial policy.

Planning process and budgetary control

The strategic planning and budgetary control process is part of internal control. This process includes the preparation of a medium term plan, a budget and three updates per year.

The principles and restatements of preliminary data are the same as those used for closing. Hyperion is also used for reporting purposes, consolidation and the central restatement of preliminary data.

Conclusion

The Group will continue its approach of ongoing improvement in the quality and the documentation of its internal control system designed to evaluate over time the adequacy and effectiveness of its internal control.

6.1.4.4 Limitations on the powers of the Chief Executive Officer

On 7 September 2005, the Board elected to split the positions of Chairman of the Board and Executive Officer. Therefore, Executive Management is under the responsibility of the latter.

The Chief Executive Officer represents the Company in relationships with third parties. He has been entrusted with the most wide-ranging powers to act in any circumstances in the name of the Company, on condition that his actions comply with the objects of the Company and that they are not specifically assigned to shareholders' meetings or to the Board of Directors.

In a purely internal measure, which cannot be imposed on third parties, the Executive Officer shall seek the approval of the Board before committing the Company to transactions that go beyond the framework of normal management decisions, particularly in respect of:

- granting sureties, pledges and guarantees, except in the conditions provided below;
- making acquisitions, transferring property titles or exchanging goods or property and making investments of more than €10,000,000 per transaction;
- concluding any investment or business agreement in common with other companies, be they French or foreign;
- granting to any already registered company a contribution in cash, in kind, in property or in enjoyment in excess of €10,000,000 per transaction;
- making the Company a party to any economic grouping, in France or abroad, by means of creation or by assisting their creation, by subscribing or contributing cash or benefits in kind, by purchasing shares, rights of ownership or other securities, and generally, under any form and for an amount in excess of €10,000,000;
- transferring ownership of investments for amounts in excess of €10,000,000 per transaction;
- granting loans, credit and advance payments to corporate bodies outside the Rémy Cointreau Group for an amount in excess of €10,000,000 per borrower; and
- signing any loan or obtaining credit facilities, with or without pledges or other securities on Group assets, for an amount in excess of €46,000,000 during one financial year.

In addition, the Board of Directors has authorised for one year the Chief Executive Officer to grant sureties, pledges and guarantees up to an overall maximum amount of €46,000,000. Any commitment exceeding this overall limit requires specific approval from the Board.

The Board of Directors also authorised the Chief Executive Officer to grant sureties, pledges and guarantees to the tax and customs authorities without limitations.

The Chief Executive Officer has established an Executive Committee whose composition was submitted for approval by the Board. The task of this Executive Committee is to continuously assist the Chief Executive Officer with operational matters, both in terms of decision-making and implementation. It currently comprises five operational managers.

Statutory Auditors' report, prepared in accordance with article L. 225-235 of the French Company Law (Code de commerce), on the report prepared by the President of the Board of Directors of Rémy Cointreau, on the internal control procedures relating to the preparation and processing of financial and accounting information.

(Free translation into English of a report issued in the French language.)

To the shareholders,

In our capacity as Statutory Auditors of Rémy Cointreau, and in accordance with article L.225 235 of the French Company Law (Code de commerce), we report to you on the report prepared by the President of your Company in accordance with article L.225-37 of the French Company Law (Code de commerce) for the year ended March 31, 2005.

It is for the President to give an account, in his report, notably of the conditions in which the duties of the Board of Directors are prepared and organized and the internal control procedures in place within the Company.

It is our responsibility to report to you our observations on the information set out in the President's report on the internal control procedures relating to the preparation and processing of financial and accounting information.

We performed our procedures in accordance with professional guidelines applicable in France. These require us to perform procedures to assess the fairness of the information set out in the President's report on the internal control procedures relating to the preparation and processing of financial and accounting information. These procedures notably consisted of:

- obtaining an understanding of the objectives and general organization of internal control, as well as the internal control procedures relating to the preparation and processing of financial and accounting information, as set out in the President's report;
- obtaining an understanding of the work performed to support the information given in the report.

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control procedures relating to the preparation and processing of financial and accounting information, contained in the President of the Board's report, prepared in accordance with article L.225-37 of the French Company Law (Code de commerce).

Neuilly-sur-Seine and Paris, June 22, 2005

The Statutory Auditors

Barbier Frinault & Autres
Ernst & Young
Richard Olivier

Auditeurs et Conseils Associés SA
Membre de NEXIA International
François Mahé

6.1.5 External Audit

Fees paid to the Statutory Auditors and members of their network were €1.06 million for 2005, and were as follows:

	Barbier Frinault & Autres (Ernst & Young network)				Auditeurs & Conseils Associés S.A.			
	Amount		%		Amount		%	
(€ thousands)	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
Audit								
Statutory Audit, review of individual and consolidated financial statements	660	715	70%	44%	112	117	100%	100%
Related assignments	15	98	2%	6%	-	-	-	-
Sub-total	**675**	**813**	**71%**	**50%**	**112**	**117**	**100%**	**100%**
Other services								
Other	273	828	29%	50%	-	-	-	-
Sub-total	**273**	**828**	**29%**	**50%**	**-**	**-**	**-**	**-**
Total	**948**	**1,641**	**100%**	**100%**	**112**	**117**	**100%**	**100%**

Other services primarily comprise tax advice performed in countries where independent auditors carry out the audit of financial statements.

6.2 Directors’ interests in the share capital of the Company or in a Company controlled by or that controls the Company

6.2.1 Directors’ remuneration at 31 March 2005

	2004/2005 financial year						
	Duration of office	Fixed remuneration	Variable remuneration including bonus and profit sharing 2003/2004 FY	Benefits in kind	2003/2004 Directors’ fees	Total	% Variable remuneration/ Fixed remuneration
Supervisory Board or Board of Directors							
Dominique Hériard Dubreuil	7 months	123,018*	-	-	$ 29,083**	**€145,563**	
François Hériard Dubreuil	12 months	264,827*	-	-	22,545	**€287,372**	
Marc Hériard Dubreuil	12 months	264,585*	-	-	22,545	**€287,130**	
Pierre Cointreau	12 months	-	-	-	22,545	**€22,545**	
Patrick Duverger	12 months	-	-	-	22,545	**€22,545**	
Brian Ivory	12 months	-	-	-	22,545	**€22,545**	
Jurgen Reimnitz	12 months	-	-	-	22,545	**€22,545**	
Guy Le Bail	12 months	-	-	-	22,545	**€22,545**	
Alain Bodin	12 months	-	-	-	22,545	**€22,545**	
Gérard Epin	12 months	-	-	-	22,545	**€22,545**	
Xavier Bernat	12 months	-	-	-	22,545	**€22,545**	
Hakan Mogren	12 months	-	-	-	22,545	**€22,545**	
Management Board from April to August 2004							
Dominique Hériard Dubreuil	5 months	87,870*	-	-	-	**€87,870**	-
Alain Emprin	5 months	132,429	138,188	2,043	-	**€272,660**	46%
Pierre Soussand	5 months	103,875	105,576	1,705	-	**€211,156**	43%
Hubertus van Doorne	4 months	96,652	166,838	178	118,000	**€381,668**	50%
Chief Executive Officer September 04 to March 05							
Jean-Marie Laborde	7 months	298,694	16,667	2,743	-	**€318,104**	-
		1,371,95	**427,269**	**6,669**	**388,540**	**2,194,428**	

** Remuneration received from a company controlling Rémy Cointreau*

*** Director’s fee paid by a company controlled by Rémy Cointreau*

The members of the Management or the Chief Executive Officer benefit:

- from a bonus calculated on their basic fixed salaries, which is a function of quantitative criteria based on Group results and qualitative criteria based on individual performance.
- from an increased level of payment, as do other senior group staff members, at the time of retirement, as well as the possibility of an additional pension, taken out with an insurance company, that enables them, if they are employed by the business at the time of their retirement, to benefit from an additional pension of a maximum of 11.5% of their final remuneration. This commitment is accounted for within pension commitments.

	2003/2004 financial year					
	Duration of office	Fixed remuneration	Variable remuneration	Directors fees	Total	% Variable remuneration /Fixed remuneration
Supervisory Board or Board of Directors						
François Hériard Dubreuil	12 months	-	-	21,263	**21,263**	
Marc Hériard Dubreuil	12 months	-	-	21,263	**21,263**	
Pierre Cointreau	12 months	-	-	21,263	**21,263**	
Patrick Duverger	12 months	-	-	21,263	**21,263**	
Brian Ivory	12 months	-	-	21,263	**21,263**	
Eduardo Malone	6 months	-	-	10,631	**10,631**	
Jurgen Reimnitz	12 months	-	-	21,263	**21,263**	
John Wong	9 months	-	-	15,947	**15,947**	
Guy Le Bail	12 months	-	-	21,263	**21,263**	
Alain Bodin	9 months	-	-	15,947	**15,947**	
Gérard Epin	6 months	-	-	10,631	**10,631**	
-						
Management Board						
Dominique Hériard Dubreuil	12 months	216,650*	-	21,263**	**242,033**	-
Hubertus van Doorne	12 months	330,248	136,452	60,000**	**526,700**	41%
Alain Emprin	12 months	305,131	109,529	-	**414,660**	36%
Bruno Mouclier	12 months	269,925	103,699	-	**373,624**	38%
Pierre Soussand	12 months	229,073	93,326	-	**322,399**	41%
		1,351,027	**443,006**	**283,260**	**2,081,413**	

** Remuneration received from a company controlling Rémy Cointreau*

*** Director's fee paid by a company controlled by Rémy Cointreau*

6.2.2 Options granted to members of governance bodies and executive management relating to Rémy Cointreau's share capital

In accordance with the provisions of Article L.225-184 of the Commercial Code amended by Law 2001-420 of 15 May 2001 in respect of the new economic regulations, we inform you that the Directors were granted the following options to purchase shares in Rémy Cointreau during the 2004/05 financial year:

Options granted during the year to directors

Beneficiaries	Company granting the option	Date of plan	Number of option	Price (€)	Expiry date of plan
Jean-Marie Laborde	Rémy Cointreau	24/12/2004	40,000	28.07	23/12/2014

Plan of 24 December 2004:

(Expiry date: 23 December 2014. Subscription option price: €28.07)

The major features of the share subscription option plans are disclosed in paragraph 3.2.4.

Share capital and voting rights held by members of the Board of Directors at 8 December 2004 are reported in paragraph 3.3.1.

Options exercised during the year by directors

Beneficiaries	Company granting the option	Date of plan	Number of options	Price (€)	Average exercise price (€)
François Hériard Dubreuil	Rémy Cointreau	07/12/1999	10,000	16.36	30.86
François Hériard Dubreuil	Rémy Cointreau	28/04/1999	10,000	12.20	26.00
Marc Hériard Dubreuil	Rémy Cointreau	07/12/1999	10,000	16.36	30.86
Marc Hériard Dubreuil	Rémy Cointreau	28/04/1999	10,000	12.20	26.00
Guy Le Bail	Rémy Cointreau	25/03/1998	10,000	13.55	31.05
Hubertus van Doorne	Rémy Cointreau	07/12/1999	15,000	16.36	30.00
Hubertus van Doorne	Rémy Cointreau	28/04/1999	10,000	12.20	29.90

Options granted during the year to the ten highest paid group employees that are not directors, where the number of options is the greatest

Company granting the option	Date of plan	Number of options	Price (€)	Expiry date of the plan
Rémy Cointreau	24/12/2004	137,000	28.07	23/12/2014

Options exercised during the year by the ten group employees that are not directors, where they exercised the greatest number of options

Company granting the option	Date of plan	Number of options	Price (€)	Average price (€)
Rémy Cointreau	25/03/1998	12,350	13.55	30.60
Rémy Cointreau	28/10/1998	4,666	13.55	29.94
Rémy Cointreau	28/04/1999	22,800	12.20	28.28
Rémy Cointreau	07/12/1999	15,549	16.36	29.05
Rémy Cointreau	01/03/2001	51,000	27.10	31.23

6.2.3 Information on transactions with members of governance bodies

See the Statutory Auditors' Special Report for the financial year ending 31 March 2005, which is included in Chapter V, paragraph 5.3, of this Reference Document.

No transactions outside the ordinary activities of the Company and outside normal conditions were concluded with shareholders holding voting rights in excess of 10%, other than those covered in Chapter V, paragraph 5.3 of this Reference Document and in paragraph 6.1.4.8 above.

6.2.4 Loans and guarantees granted to or set up in favour of members of governance bodies and executive management

Nil.

6.3 Employee profit-sharing

6.3.1 Profit-sharing and participation agreements

Over 95% of Group employees in France benefit from income from profit-sharing plans.

One of the profit-sharing agreements, applicable to 70% of the French workforce was reviewed during the financial year to reflect the Group's strategic challenges through criteria and performance objectives that are directly linked to the Group's business, economic development, profitability, cost-efficiency and industrial and operational excellence. An annual review of these objectives, which are related to the Group's ambitions, enables the Group to enhance each employee's contribution to these objectives.

Over 70% of employees thus received, depending on the performance of their sector of activity, a bonus of 9.75% of their annual remuneration (subject to legal limits) in respect of profit-sharing for the 2004/05 financial year.

The profit-sharing amount paid on the last three years is as follows :

2004/2005:	€ 3,957,120
2003/2004:	€ 4,050,058
2002/2003:	€ 4,233,510

6.3.2 Rémy Cointreau share subscription/purchase options granted to employees

See paragraphs 3.2.2 and 3.2.4 of this Reference Document regarding authorisation in progress and outstanding options.

7. Recent developments and future prospects

7.1 Recent developments

- The Group's seasonality is characterised by a traditionally low level of activity in April and May. In these first two months of the financial year, Group sales represent less than 10% of annual sales.

- On 7 June 2005, the Company signed with seventeen banks the refinancing of its €500 million syndicated credit contracted in June 2003.

In addition to a very substantial improvement in credit conditions (arranging commission, initial margin and a non-utilisation commission), only one financial covenant remains, the Average Net Debt/ EBITDA ratio.

Finally, the profile of the debt also improved since the new syndicated credit will be fully payable in June 2010, with an option to extend it to June 2012, subject to bank approval. Average annual use will be €300 million and will save the Group €2.2 million in financial expenses.

- On 27 June 2005, Rémy Cointreau and its partner Takirra have completed agreements with CEDC relating to the transfer of the Polish production and distribution company Bols Sp.z.o.o. for $270 million. Payment will be made partly in cash, for between 45% and 55% of the transaction, which has yet to be finalised, and approximately 10% to each one in CEDC shares.

Subject to the approval of the Polish competition authorities, this should take effect at the end of August 2005.

7.2 Future prospects

In terms of the nature of its business and the international split of its sales, Rémy Cointreau has a marked sensitivity to medium-term currency fluctuations and to developments in international trade.

The 2005/06 financial year is likely to suffer again from the appreciation of the euro to the extent that it is very unlikely that the euro will fall sufficiently to reach the exchange rate achieved in the previous year of (**€**1 = $1.19). The Group established its 2005/06 operational scheme on the basis of €1 = $1.30.

However, the strong performance of the US market and the recovery of business in Asia and travel retail are encouraging signs for the growth of Group brands. Against this background, the 2005/06 financial year is viewed as a year for continuing the development of Rémy Cointreau, through:

- an ongoing policy of raising prices and the move upmarket implemented for the past two years,
- the launch of further marketing and distribution initiatives, and
- continued cost control measures and debt reduction.

These factors should lead to a significant increase in sales and operating profit, based on identical exchange rates.

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