CONSOLIDATED FINANCIAL STATEMENTS OF THE REMY COINTREAU GROUP AT 31 MARCH 2012

CONSOLIDATED INCOME STATEMENT

At 31 March, in € millions

	Notes	2012	2011	2010
Net sales	15	**1,026.1**	**907.8**	**807.6**
Cost of sales		(396.1)	(389.5)	(361.7)
Gross margin		**630.0**	**518.3**	**445.9**
Distribution costs	16	(344.8)	(284.4)	(238.8)
Administrative expenses	16	(79.0)	(72.8)	(70.3)
Other income/(expense)	16	1.5	5.9	5.2
Current operating profit	15	**207.7**	**167.0**	**142.0**
Other operating income/(expense)	18	(3.0)	(46.5)	(2.2)
Operating profit		**204.7**	**120.5**	**139.8**
Net finance costs		(26.9)	(27.3)	(22.0)
Other financial income/(expense)		(8.4)	(2.4)	2.7
Net financial income/(expense)	19	**(35.3)**	**(29.7)**	**(19.3)**
Profit before tax		**169.4**	**90.8**	**120.5**
Income tax	20	(47.3)	(21.7)	(32.5)
Share of profits of associates	5	(0.4)	4.3	4.9
Profit from continuing operations		**121.7**	**73.4**	**92.9**
Net profit/(loss) from discontinued operations	21	(10.6)	(2.8)	(3.9)
Net profit/(loss) for the year		**111.1**	**70.6**	**89.0**
Attributable to :				
non-controlling interests		0.3	0.1	2.7
owners of the parent		**110.8**	**70.5**	**86.3**
Net earnings per share - from continuing operations (€)				
basic		2.47	1.50	1.94
diluted		2.46	1.49	1.93
Net earnings per share - attributable to owners of the parent (€)				
basic		2.25	1.44	1.80
diluted		2.24	1.43	1.79
Number of shares used for the calculation				
basic	10.2	49,324,332	48,991,452	47,989,124
diluted	10.2	49,473,230	49,248,856	48,191,494

STATEMENT OF COMPREHENSIVE INCOME

At 31 March, in € millions

	2012	2011	2010
Net profit/(loss) for the year	**111.1**	**70.6**	**89.0**
Movement in the value of hedging instruments [(1)]	(16.2)	20.0	(6.9)
Actuarial difference on pension commitments	(1.7)	(0.3)	(4.9)
Movement in the value of AFS shares [(2)]	(0.3)	0.2	0.1
Related tax effect	6.3	(6.7)	3.8
Release of actuarial difference on pension commitments of the Champagne division, net of tax	(1.5)	-	-
Movement in translation differences	16.3	(7.6)	0.3
Total income/(expenses) recorded in equity	**2.9**	**5.6**	**(7.6)**
Total comprehensive income for the year	**114.0**	**76.2**	**81.4**
Attributable to owners of the parent company	113.7	76.2	78.7
Attributable to non-controlling interests	0.3	-	2.7
[(1)] of which unrealised gains and losses transferred to income	(12.0)	7.9	0.2
[(2)] of which unrealised gains and losses transferred to income	-	-	-

STATEMENT OF FINANCIAL POSITION

At 31 March, in € millions

	Notes	2012	2011	2010
Brands and other intangible assets	3	443.2	447.1	629.9
Property, plant and equipment	4	146.4	141.0	208.6
Investments in associates	5	68.4	64.9	64.3
Other financial assets	6	86.9	10.9	71.2
Deferred tax assets	20	44.0	30.3	27.1
Non-current assets		**788.9**	**694.2**	**1 001.1**
Inventories	7	792.6	699.2	969.8
Trade and other receivables	8	207.9	213.6	248.1
Income tax receivables		3.9	1.6	8.3
Derivative financial instruments	14	5.6	16.4	3.2
Cash and cash equivalents	9	190.1	80.6	86.3
Assets held for sale	2	0.2	485.3	-
Current assets		**1,200.3**	**1,496.7**	**1,315.7**
Total assets		**1,989.2**	**2,190.9**	**2,316.8**
Share capital		79.4	79.1	77.6
Share premium		738.2	735.7	708.2
Treasury shares		(95.8)	(0.6)	(0.4)
Consolidated reserves and profit of the year		244.4	256.4	232.4
Translation reserve		8.6	(7.7)	(0.2)
Equity - attributable to the owners of the parent		**974.8**	**1,062.9**	**1,017.6**
Non-controlling interests		1.2	0.9	0.9
Equity	10	**976.0**	**1,063.8**	**1,018.5**
Long-term financial debt	11	340.0	377.7	537.7
Provision for employee benefits	23	21.8	20.5	23.8
Long-term provisions for liabilities and charges	12	6.9	6.5	5.1
Deferred tax liabilities	20	98.4	121.8	199.8
Non-current liabilities		**467.1**	**526.5**	**766.4**
Short-term financial debt and accrued interest	11	38.7	31.8	50.0
Trade and other payables	13	467.5	406.6	439.3
Income tax payables		13.0	39.2	11.9
Short-term provisions for liabilities and charges	12	1.5	9.5	19.8
Derivative financial instruments	14	25.4	4.5	10.9
Liabilities held for sale	2	-	109.0	-
Current liabilities		**546.1**	**600.6**	**531.9**
Total equity and liabilities		**1,989.2**	**2,190.9**	**2,316.8**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

At 31 March, in € millions

	Share capital and premium	Treasury shares	Reserves and net profit	Translation difference	Profit recorded in equity	Attributable to owners of the parent company	Attributable to non-controlling interests	Total equity
At 31 March 2009	**761.3**	**(2.3)**	**222.2**	**(0.5)**	**(10.0)**	**970.7**	**(1.8)**	**968.9**
Net profit/(loss) for the period	-	-	86.3	-	-	**86.3**	2.7	**89.0**
Gains (losses) recorded in equity	-	-	-	0.3	(7.9)	**(7.6)**	-	**(7.6)**
Share-based payments	-	-	3.4	-	-	**3.4**	-	**3.4**
Capital increase	24.5	-	-	-	-	**24.5**	-	**24.5**
Transactions on treasury shares	-	1.9	-	-	-	**1.9**	-	**1.9**
Dividends	-	-	(61.6)	-	-	**(61.6)**	-	**(61.6)**
At 31 March 2010	**785.8**	**(0.4)**	**250.3**	**(0.2)**	**(17.9)**	**1,017.6**	**0.9**	**1,018.5**
Net profit/(loss) for the period	-	-	70.5	-	-	**70.5**	0.1	**70.6**
Gains (losses) recorded in equity	-	-	-	(7.5)	13.2	**5.7**	(0.1)	**5.6**
Share-based payments	-	-	3.4	-	-	**3.4**	-	**3.4**
Capital increase	29.0	-	-	-	-	**29.0**	-	**29.0**
Transactions on treasury shares	-	(0.2)	-	-	-	**(0.2)**	-	**(0.2)**
Dividends	-	-	(63.1)	-	-	**(63.1)**	-	**(63.1)**
At 31 March 2011	**814.8**	**(0.6)**	**261.1**	**(7.7)**	**(4.7)**	**1,062.9**	**0.9**	**1,063.8**
Net profit/(loss) for the period	-	-	110.8	-	-	**110.8**	0.3	**111.1**
Gains (losses) recorded in equity	-	-	-	16.3	(13.4)	**2.9**	-	**2.9**
Share-based payments	-	-	4.3	-	-	**4.3**	-	**4.3**
Capital increase	2.8	-	(0.1)	-	-	**2.7**	-	**2.7**
Transactions on treasury shares	-	(95.2)	-	-	-	**(95.2)**	-	**(95.2)**
Dividends	-	-	(113.6)	-	-	**(113.6)**	-	**(113.6)**
At 31 March 2012	**817.6**	**(95.8)**	**262.5**	**8.6**	**(18.1)**	**974.8**	**1.2**	**976.0**

STATEMENT OF CASH FLOWS

At 31 March, in € millions

	Notes	2012	2011	2010
Current operating profit		207.7	167.0	142.0
Depreciation, amortisation and impairment		14.7	14.2	13.5
Share-based payments		4.3	3.1	3.4
Dividends received from associates	5	2.0	2.8	2.1
EBITDA		228.7	187.1	161.0
Change in inventories		(40.0)	(11.4)	(19.8)
Change in trade receivables		4.4	26.6	(39.4)
Change in trade payables		5.5	2.5	23.4
Change in other receivables and payables		23.4	21.8	50.8
Change in working capital requirement		(6.7)	39.5	15.0
Net cash flow from operations		**222.0**	**226.6**	**176.0**
Other operating income/(expense)		(0.3)	(1.9)	(1.4)
Net financial income/(expense)		(16.9)	(20.3)	(25.3)
Income tax		(104.2)	(31.1)	(53.6)
Other operating cash flows		(121.4)	(53.3)	(80.3)
Net cash flow from operating activities - continuing operations		**100.6**	**173.3**	**95.7**
Impact of discontinued operations		12.0	8.4	(7.4)
Net cash flow from operating activities		**112.6**	**181.7**	**88.3**
Purchase of intangible assets and property, plant and equipment	3/4	(17.2)	(27.4)	(22.6)
Purchase of shares in associates and non-consolidated investments	5/6	(0.7)	(0.7)	(10.7)
Disposal of intangible assets and property, plant and equipment		1.4	0.5	0.7
Disposal of shares in associates and non-consolidated investments	6	1.3	-	-
Net cash flow from other investments	6	(0.3)	61.9	(2.7)
Net cash flow from investment activities - continuing operations		**(15.5)**	**34.3**	**(35.3)**
Impact of discontinued operations/assets held for sale		71.3	0.8	4.2
Net cash flow from investment activities		**55.8**	**35.1**	**(31.1)**
Capital increase	10	2.7	7.0	1.4
Treasury shares	10	(95.2)	(0.2)	1.9
Increase in financial debt		25.0	329.8	1.5
Repayment of financial debt		(58.1)	(517.4)	(30.0)
Dividends paid to owners of the parent		(113.6)	(41.2)	(38.5)
Net cash flow from financing activities - continuing operations		**(239.2)**	**(222.0)**	**(63.7)**
Impact of discontinued operations		172.7	-	-
Net cash flow from financing activities		**(66.5)**	**(222.0)**	**(63.7)**
Translation differences on cash and cash equivalents		7.6	(0.5)	3.4
Change in cash and cash equivalents		**109.5**	**(5.7)**	**(3.1)**
Cash and cash equivalents at start of year	9	**80.6**	**86.3**	**89.4**
Cash and cash equivalents at end of year	9	**190.1**	**80.6**	**86.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

Rémy Cointreau is a *société anonyme* (joint stock company) with a Board of Directors subject to French legislation and in particular to the French Commercial Code. Rémy Cointreau shares are listed on NYSE Euronext Paris.

The consolidated financial statements presented below were approved by the Board of Directors on 5 June 2012. They will be submitted for shareholder approval at the Shareholders' General Meeting on 26 July 2012.

1 ACCOUNTING POLICIES

Rémy Cointreau's financial year runs from 1 April to 31 March. The consolidated financial statements are presented in millions of euros.

In accordance with European Regulation (EC) No. 1606/2002 of 19 July 2002, the consolidated financial statements of Rémy Cointreau are prepared in accordance with the international accounting policies applicable within the European Union as at 31 March 2012.

These standards can be consulted on the European Commission website at:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

First-time adoption of IFRS

These international accounting standards were applied with retroactive effect to the transition balance sheet as at 1 April 2004, the transition date, with the exception of certain optional and mandatory exemptions provided for in IFRS 1 "First-time adoption of International Financial Reporting Standards". The transition balance sheet gave rise to a Note in the registration document for the year ended 31 March 2005, a separate disclosure prior to publication of the financial statements for the six months ended 30 September 2005 and a Note in the registration document for the year ended 31 March 2006.

IFRS 1 offered options with regard to the accounting treatment of various items. In this respect, the Rémy Cointreau Group made the following elections:

- business combinations: exemption from retroactive application of IFRS 3 was applied;
- valuation of property, plant and equipment and intangible assets: the option to measure these assets at fair value on the transition date was not applied;
- employee benefits: deferred actuarial differences under French GAAP on the transition date were recognised;
- translation of the financial statements of foreign subsidiaries: translation reserves relating to the consolidation of subsidiaries in foreign currencies were cancelled on 1 April 2004, with a corresponding entry to retained earnings brought forward;
- share-based payments: the Rémy Cointreau Group did not apply IFRS 2 relating to share-based payments to stock option plans opened before 7 November 2002, the date prior to which application was optional.

IAS 32 and IAS 39 were first implemented with effect from 1 April 2005 without adjustment to the figures for the year ended 31 March 2005, pursuant to the option available under IFRS 1. The effect of this change in accounting policy was recorded within equity at 1 April 2005.

Changes to accounting principles compared with the previous year

The following standards and interpretations became applicable to Rémy Cointreau as of 1 April 2011:

- IAS24 - *Related party disclosures,*
- IFRS 1 - *Limited exemptions from comparative IFRS 7 disclosures for first-time adopters*,
- IFRIC 14 - *The limit on a defined-benefit asset, minimum funding requirements and their interaction*
- IFRIC 19 - *Extinguishing financial liabilities with equity instruments*,
- 2010-2011 IFRS improvements.

The standards, interpretations and amendments whose application is compulsory as of 31 March 2012 and for which the Group has not chosen early application for the consolidated financial statements at 31 March 2012, are as follows:

- amendments to IAS 1 on the presentation of other comprehensive income,

- amendments to IAS 12, “Income taxes”: recovery of underlying assets
- amendments to IAS 19, primarily aimed at removing the option to postpone the recognition of all or part of actuarial differences (corridor method),
- amendment to IAS 27, “Consolidated and separate financial statements”,
- amendment to IAS 28, “Investments in associates and joint ventures”,
- amendment to IAS 32, “Offsetting financial assets and financial liabilities
- amendments to IFRS 7, “Financial instruments: disclosures”: transfers of financial assets,
- amendments to IFRS 7 and IFRS 9, “Financial instruments, date of application of IFRS 9 and transition information requirements,
- IFRS 10, “Consolidated financial statements”,
- IFRS 11, “Joint arrangements”,
- IFRS 12, “Disclosure of interests in other entities”,
- IFRS 13, “Fair value measurement”.

1.1 Use of estimates

The preparation of the financial statements in accordance with International Financial Reporting Standards requires the use of estimates and assumptions that have a bearing on the amounts reported in the financial statements and whose subsequent revision could affect future results. This is particularly the case in respect of the valuations described below.

Brands:
At least once a year, the Group tests the carrying amount of brands and related assets. The main valuation method is based on discounted future cash flows, which are estimated based on medium-term plans approved by the Board of Directors. A number of external factors may impact the actual achievement of these plans.

Provisions for liabilities:
The recognition of provisions for liabilities, generally intended to cover compensation payable in the event of disputes with third parties, requires the Group’s management to estimate the level of probability associated with this risk and also the outcome of negotiations, transactions and legal proceedings that are or may be conducted with the third parties concerned.

Pension commitments and other post-employment benefits:
The valuation of these obligations is determined by the use of actuarial methods involving assumptions for the discount rate, expected return on plan assets, salary increases, life expectancy, etc. Given the long-term nature of these obligations, any changes to these assumptions may have a material impact on the valuation.

Stock option plans:
Calculation of the corresponding charge (IFRS 2) calls for assumptions to be made in respect of the volatility of the share price, dividend payout, staff turnover rate and achievement of performance criteria.

Derivative financial instruments:
Derivative financial instruments held by the Group in connection with its ordinary activities, mainly in the form of options, are valued using the methods prevailing in the financial markets. Note that these valuations are based on market data as at the balance sheet date. These values may fluctuate rapidly due to constant changes in the financial markets.

1.2 Basis of consolidation

The consolidated financial statements include, on a fully consolidated basis, all significant subsidiaries of which Rémy Cointreau directly or indirectly controls more than 50% of the voting rights or over which it exercises effective control, even when it has no actual shareholding (special purpose entities, see also Note **1.22**).

Entities over which Rémy Cointreau exercises significant influence are accounted for by the equity method. This is presumed to be the case when Rémy Cointreau holds between 20% and 50% of voting rights.

Consolidated and equity-accounted companies prepare their financial statements in accordance with generally accepted accounting principles in their country. Where necessary, adjustments are made to these financial statements to bring their accounting policies into line with those used by the Group.

All significant transactions between consolidated companies as well as intra-group gains and losses are eliminated on consolidation.

1.3 Translation of the financial statements of foreign subsidiaries

The consolidated financial statements of the Rémy Cointreau Group are stated in euros, the functional currency of Rémy Cointreau SA. The balance sheets of foreign subsidiaries, whose functional currency is not the euro, are translated at the closing exchange rate, while the income statements are translated at the average exchange rate for the period concerned. Differences arising from the use of different exchange rates are recognised directly in equity under "Translation reserve" until the sale or liquidation of the subsidiary concerned.

1.4 Foreign-currency transactions

In accordance with IAS 21, "Changes in foreign exchange rates", transactions denominated in foreign currencies are recorded by each consolidated entity at the rate of exchange of the functional currency, as prevailing on the transaction date. At the balance sheet date, foreign currency assets and liabilities are netted off and translated at the closing rate of exchange of the functional currency. The resulting differences are recognised in the income statement as an operating item or as a financial item depending on the nature of the underlying transactions.

This treatment is also applied to intra-Group transactions with the exception of those classified as net investment hedges, for which the effects of changes in foreign exchange rates are recognised directly in equity under "Translation reserve".

The Rémy Cointreau Group generates around 70% of its net sales outside the Eurozone, whereas production and other costs are incurred mainly within this zone. The consolidated operating profit thus has significant exposure to changes in foreign exchange rates. The Group frequently uses financial derivatives, particularly options and forward currency contracts, to hedge this currency risk.

These financial derivatives are recognised on the balance sheet at their closing market value. When they qualify as hedging instruments as defined by IAS 39, changes in the value of such instruments are recognised within:

- gross profit for the effective portion of hedges relating to trade receivables and payables at the balance sheet date;
- so-called recyclable equity for the effective portion of hedges relating to future cash flows, the gain or loss being recycled in gross profit (for trading cash flows) or within net financial income/(expense) (for other cash flows) as the cash flows covered by the hedging transactions occur;
- net financial income/(expense) for the ineffective part of hedges relating to future cash flows, including changes in the time value of options.

Currency gains and losses realised during the year are recorded at the same level as their underlying transactions (i.e. within gross profit for trading transactions).

More details on derivatives are provided in Note **1.10.c**.

1.5 Goodwill

Goodwill represents the difference between the cost of acquisition of the shares and the fair value of identifiable assets and liabilities at the date of acquisition.

In accordance with IFRS 3 "Business combinations", goodwill is not amortised but is subject to impairment testing at least annually and as soon as there is any indication of a decrease in value. For the purpose of this testing, goodwill is allocated to Cash Generating Units (CGUs).

1.6 Intangible assets

Intangible assets mainly comprise the value of the brands identified when acquisitions are made by the Group.

Expenditure incurred to create new brands or to develop existing brands and all expenses relating to the registration and legal protection of brands are systematically recognised in the income statement for the period in which they are incurred.

The brands recorded on the Rémy Cointreau Group's balance sheet are not amortised as they have the benefit of legal protection, generate higher earnings than those of similar unbranded products and have an indefinite useful life.

Brands are tested for impairment at least annually at the period end and as soon as there is any indication of a decrease in value. These tests are described in Note **1.8**.

In addition, distribution rights associated with brands are recognised when an acquisition is made by the Group. When these rights have an indefinite life, they are not amortised but are tested for impairment together with the brands to which they relate.

Pursuant to IAS 38 – *Intangible assets*, advertising and promotional expenses are recorded as expenses in the period in which they are incurred.

The Group does not capitalise any research and development costs.

Other intangible assets are amortised over the following periods:

- leasehold rights: over the term of the lease;
- application licences and direct costs of installations and/or upgrades: 3 to 7 years.

1.7 Property, plant and equipment

a) Gross value

In accordance with IAS 16 "Property, plant and equipment", the gross value of items of property, plant and equipment corresponds to their acquisition or production cost. These assets are not revalued subsequently.

Their value does not include any finance costs.

Capital grants are deducted from the cost of the property, plant or equipment to which they relate.

Maintenance and repair costs are recognised in the income statement when incurred, except when intended to increase productivity and/or to extend the useful life of an asset.

Property, plant and equipment acquired through finance leases as defined by IAS 17 "Leases", are reported as an asset on the balance sheet at the lower of the market value of the asset or the present value of future payments. The corresponding debt is reported as a liability on the balance sheet. The assets concerned are depreciated using the method and useful lives described below.

b) Depreciation

Depreciation is calculated using the straight-line method applied to the acquisition cost less any estimated residual value.

The Rémy Cointreau Group's non-current assets are predominantly used in production. Given that they are used until the end of their estimated useful lives, it is deemed that they have no material residual value.

Depreciation is based on the estimated useful lives of the different categories of property, plant and equipment, being the periods during which it is estimated that the Group will derive economic benefits from these assets.

- Property, according to the nature of the individual components: 10 to 75 years;
- Stills, barrels and vats: 35 to 50 years;
- Plant, equipment and tools: 3 to 15 years;
- Computer equipment: 3 to 5 years;
- Other property, plant and equipment: 5 to 10 years.

1.8 Impairment of non-current assets

In accordance with IAS 36 “Impairment of assets”, the value in use of property, plant and equipment and intangible assets is tested as soon as there is any indication of a decrease in value, and automatically at each period end in the case of assets with an indefinite useful life (i.e. brands and certain distribution rights, see Note **1.6**).

When impairment tests indicate that the present value is less than the carrying amount and that this loss is deemed to be permanent, impairment is recognised in the income statement under “Provisions for impairment”.

For these tests, the assets are allocated to Cash Generating Units (CGUs). In the Group’s case, the structure of these units is based on the brand portfolio. Each brand or group of brands constitutes a unit when the brand or brands generate cash inflows that are largely independent of those generated by other brands or groups of brands.

These tests consist of comparing the carrying amount of the brands and related assets with their present value, the latter being the higher of their value in use and their market value less any costs involved in selling the assets.

With respect to operational entities that the Group’s management has decided to sell, the assets concerned are stated at the lower of their carrying amount and estimated market value after transaction costs. If negotiations are in progress, the value is based on the best estimate of their outcome as of the balance sheet date.

The principal method used to estimate value in use is based on the present value of future cash flows (excluding finance costs) generated by the use of each brand. These cash flows are estimated by reference to medium-term business plans (five years) approved by the Board of Directors. The terminal value is determined by applying a constant growth rate to infinity. The discount rates used are set for each brand in turn and include a specific risk premium for each activity.

When recent transactions involving similar assets have taken place, the multiples for these transactions are used to determine market value.

1.9 Inventories

Inventories are recognised when the risks and rewards of their ownership have passed to the Group. The application of this principle, which is part of the IFRS conceptual framework, results in the recognition of inventories that are held physically and legally by third parties. The counterparty to these inventories is generally recorded in trade payables.

Inventories are stated at the lower of cost and net realisable value.

A substantial part of the inventories held by the Rémy Cointreau Group consists of “eaux-de-vie” (cognac, brandy and rum) that are undergoing ageing. These inventories may be held for periods ranging from three to more than 70 years. They remain classified within current assets based on common industry practice.

Inventories originating from vineyards owned or operated directly by the Group are not material.

Inventories that are undergoing ageing are valued at cost price, excluding finance costs. The latter are recognised in the income statement in the period in which they are incurred. Cost price includes the purchase price and incidental costs and adjusted each year to include costs directly attributable to the ageing process as well as to reflect evaporation.

The approach used to determine realisable value takes into account the sale price of finished goods made from these inventories.

Finished goods inventories are stated at the lower of the cost price calculated using the weighted average cost method and net realisable value.

1.10 Financial assets and liabilities

Financial assets and liabilities are valued in accordance with IAS 39 “Financial instruments: recognition and measurement”, as approved by the European Union on 19 November 2004, and its subsequent amendments.

a) Trade receivable and payables

Trade receivables and payables, which are generally collected or settled within three months, are stated at nominal value.

An impairment provision is recognised when the asset value of trade receivables, based on the probability of collection, is less than their carrying amount.

b) Non-consolidated equity investments

These shares consist of available-for-sale investments (AFS) as defined by IAS 39 and are therefore stated at realisable value as at the balance sheet date, with changes in value being recognised:

- in general, directly in equity until such gains or losses are actually realised;
- when the loss is considered to be permanent, an impairment provision is recognised in the financial statements.

In the case of the Rémy Cointreau Group, these shares represent non-core investments that have been retained for historical reasons and which are not listed on a regulated market.

c) Derivative financial instruments

The Group makes extensive use of derivative financial instruments as part of its policy of hedging exposure to currency and interest rate risks. The Group has implemented the procedures and maintains the documentation needed to justify the application of hedge accounting as defined by IAS 39.

Derivative instruments are stated at market value as at the balance sheet date. Market values are calculated using an external valuation model, and compared with those obtained from counterparty banks. Changes in the value of currency derivatives are recognised in the manner described in Note **1.4.** When used to hedge interest rate risk, changes in the value of derivative instruments (mainly caps and interest swaps) are recorded in recyclable equity in respect of the change in the intrinsic value of the hedging instruments when these options are active and in net financial income/(expense) for any residual change in fair value of the hedging instruments and the change in fair value of the non-hedging instruments.

d) Loans and financial debt

Financial resources are generally stated at nominal value net of costs incurred when arranging this financing. These costs are recognised in the income statement as finance costs using an actuarial calculation (the effective interest rate method), except for costs relating to the banking syndication, which are amortised using the straight-line method over the term of the contract.

1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments that are considered highly liquid, can be converted into a known amount of cash and involve immaterial risk of loss in value in relation to the criteria specified in IAS 7.

In the statement of cash flows, bank overdrafts are excluded from cash and cash equivalents and are included in short-term financial debt.

1.12 Deferred tax

In accordance with IAS 12, deferred tax is recognised on all temporary differences between the carrying amounts of the assets and liabilities in the consolidated financial statements and the corresponding values for taxation purposes in the accounts of the consolidated entities.

Deferred tax is calculated at the statutory tax rates that are expected to be in effect when timing differences reverse, which is generally the tax rate for the current reporting period or that of the subsequent reporting period, if known. The effects of changes in tax rates are included in the income tax expense for the period in which they become known.

The main source of deferred tax for the Rémy Cointreau Group arises from the difference in the value of the brands in the consolidated financial statements, most often resulting from goodwill on acquisition, and their value for taxation purposes, which is generally nil.

As required by IAS 12, a deferred tax liability is recognised on the difference between the carrying amount and the tax value of shares in associates. In the case of fully consolidated entities, the deferred tax liability is recognised only in respect of dividends that are certain at the balance sheet date.

Tax savings from tax losses carried forward are recognised as deferred tax assets and written down according to the probability that these losses will be utilised.

1.13 Provisions for liabilities and charges

In accordance with IAS 37 “Provisions, contingent liabilities and contingent assets”, a provision is recognised when the Group has an obligation towards a third party and it is certain or highly probable that it will result in an outflow of resources for the benefit of the third party, without receipt of an at least equivalent consideration from the third party. Provisions for restructuring are recognised only when the restructuring has been announced and detailed measures drawn up.

When the time value of money is material, the amount of the provision corresponds to the present value of expected expenditure that the Company believes to be necessary to meet the liability. In practice, when the liability is expected to be settled in more than 12 months, the amount of the provision is discounted to its present value, with the effects being recognised in net financial income/(expense).

1.14 Pension commitments and other employee benefits

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

Commitments are determined and recognised in accordance with the requirements of IAS 19.

Accordingly:

- charges relating to defined-contribution plans are recognised as expenses when paid;
- commitments in respect of defined-benefit plans are determined by actuaries using the projected unit credit method. These calculations are based on assumptions regarding life expectancy, staff turnover and future salary increases. They also take into account the economic situation in each country. For Group companies located in the Eurozone, the discount rate used is based on the iBoxx index for bonds with a maturity close to that of the corresponding liabilities.

Commitments under defined-benefit plans concern:

- retirement indemnities and long-service awards under collective bargaining agreements in France;
- commitments in respect of various post-employment healthcare benefits;
- other commitments in respect of supplementary defined-benefit pension plans sponsored by the Group in France, Germany and Belgium.

Certain Group companies have early retirement plans that are accounted for in the same way as employee redundancy.

Actuarial gains and losses for post-employment defined-benefit plans arising since 1 April 2004 are also recognised directly in equity. These actuarial gains and losses correspond to adjustments to reflect differences between the previous actuarial assumptions and actual experience, and the effects of changes in actuarial assumptions.

1.15 Net sales

Net sales include wholesale trading of finished goods in branded wines and spirits marketed by the Group to:

- distributors;
- agents;
- wholesalers, mainly in North America and China.

These sales are recognised when the significant risks and rewards of ownership have been transferred to the buyer, which generally occurs on shipment.

These amounts are stated net of duties and taxes and are determined by reference to customer prices. Sales to wholesalers are recognised net of any provisions for discounts, rebates and other forms of trade agreements when they result in the customer ultimately paying a lower price for the goods.

Certain revenues that are ancillary to the sale of wine and spirit brands (notably from subcontracting and the distribution of alcohol-free products) are recorded at their net amount under “Other income/(expense)” when they are peripheral to the Group’s core activity.

1.16 Definition of certain indicators

a) Current operating profit, operating profit, profit/(loss) from discontinued operations

Current operating profit comprises all elements relating to the Group's activities with the exception of:

- the operating profit from operations that were discontinued during the period or for which plans to this effect have been approved by the Board of Directors. The corresponding operating profit is reclassified in the item "Profit/(loss) from discontinued operations" together with other items of income and expense relating to these activities;
- items that, given their nature, frequency and materiality, cannot be considered as part of the Group's ordinary activities and which affect inter-period comparisons. They include notably impairment provisions in respect of brands and other non-current assets recognised as a result of impairment tests (see Note **1.8**), provisions for restructuring and litigation, and significant gains and losses on the sale of assets other than those relating to operations that already have been, or are to be, discontinued.

b) Earnings before interest, tax, depreciation and amortisation (EBITDA)

This earnings measure is used notably in the calculation of certain ratios. It corresponds to the current operating profit adjusted by adding back depreciation and amortisation charges for the period in respect of property, plant and equipment and intangible assets, and charges in respect of stock option plans and related items, to which are added dividends received from associates during the period.

c) Net debt

Net debt is used notably in the calculation of certain ratios. It corresponds to long-term financial debt plus short-term financial debt and accrued interest less cash and cash equivalents.

1.17 Segment reporting

As required by IFRS 8, the Rémy Cointreau Group provides an analysis by business and geographical area of certain items of its consolidated financial statements.

a) Business segments

The operating segments to be presented are those for which separate financial information is available internally and which are used by the "main operational decision-maker" to make operational decisions. Rémy Cointreau's main operational decision-maker is the Executive Committee, which examines the operating performance and allocates resources based on financial information analysed at the level of the Rémy Martin, Liqueurs & Spirits and Partner Brands businesses. Consequently, the Group has identified these businesses as the operating segments to be presented. In addition, a holding segment includes the central expenses that are not allocated to the various divisions.

The main brands under the "Liqueurs & Spirits" segment are Cointreau, Passoa, Metaxa, Saint Rémy and Mount Gay.

The Partner Brands division includes brands which are not owned by the Group and those whose production is not carried out wholly by the Group. These brands are distributed using the Group's distribution network. The principle brands are the Scotch whiskies owned by The Egrington Group and the Piper-Heidsieck and Charles Heidsieck champagnes.

Information given by business segment is identical to that presented to the Executive Committee.

b) Geographic area

The breakdown of net sales by geographic area is based on the destination of goods sold, while the breakdown of balance sheet items is based on the country in which the consolidated entities are located.

The geographic areas used are: Europe-Middle East-Africa, Americas and Asia-Pacific. The Asia-Pacific area includes Asia, Australia and New Zealand.

1.18 Treasury shares

Group investments in Rémy Cointreau shares are deducted from equity at their acquisition cost.

On 15 November 2005, and for a period of one year renewable by tacit agreement, Rémy Cointreau signed a liquidity agreement with Rothschild & Cie Banque that complies with the Ethics Charter of the *Association Française des Entreprises d'Investissement* and was approved by the *Autorité des Marchés Financiers* (AMF) by a decision dated 22 March 2005 and published in the *Bulletin des Annonces Légales Obligatoires* (BALO) on 1 April 2005.

At each period end, Rémy Cointreau shares held via the liquidity account and the net gains or losses during the year on share transactions conducted by the contract manager are reclassified as equity. The value of cash held in the liquidity account is recorded as "Other financial assets".

1.19 Stock options and free share plans

In accordance with IFRS 2 "Share-based payments", plans established since 7 November 2002 give rise to the recognition of a charge representing the estimated value of the benefit granted to the plans' beneficiaries. Amounts are expensed as "Administrative expenses" and simultaneously credited to reserves.

- For stock option plans: the benefit is measured on the date that each plan is granted using a binomial model and is expensed on a straight-line basis over the vesting period (four years);
- For free share plans: the valuation is based on the share price on the allocation date and on the estimated dividends paid during the vesting period, weighted by the anticipated achievement of the final allocation criteria. The benefit is expensed on a straight-line basis over the vesting period (two years).

1.20 Earnings per share

Basic earnings per share are calculated based on the weighted average number of shares in issue during the reporting period, less treasury shares.

Diluted earnings per share are calculated based on the weighted average number of shares in issue during the reporting period, less treasury shares and plus the weighted average number of shares that would be issued during the reporting period if all existing subscription options granted in respect of the various plans, and which have not lapsed at the balance sheet date, were to be exercised. As required by IAS 33, it is assumed that proceeds from the theoretical exercise of the options are used to acquire ordinary shares at the average market price during the period.

In the event that the diluted earnings per share are higher than the basic earnings per share, the diluted earnings per share are adjusted to the level of the basic earnings per share.

1.21 Discontinued operations

When a company or activity is classified as being discontinued as at the balance sheet date in accordance with IFRS 5, the assets and liabilities directly related to the operation and which will be transferred on completion of the disposal are reclassified as "Assets held for sale" or "Liabilities directly related to assets held for sale" for the current reporting period only.

When a company or activity that represents a major and distinct line of business or geographic area is sold during the reporting period or is classified as assets held for sale:

- all income statement lines of this company or activity for the reported period and comparative periods are reclassified as "Net profit/(loss) from discontinued operations". A similar reclassification is performed in the cash flow statement under "Impact of discontinued operations" within net cash flow from operating and investment activities;

- when the disposal is still in progress at the balance sheet date, the potential difference between the carrying value of the assets concerned and the estimated market value, net of disposal expenses and tax, if negative, is recognised as “profit/(loss) from discontinued operations”.
- the profit or loss generated on the disposal transaction, net of transaction costs and taxes, is also recognised under “Profit/(loss) from discontinued operations”. In the cash flow statement, a distinction is made between the cash received as consideration for the sale net of transaction costs, classified as “Net cash flow from investing activities”, and any impact of the de-consolidation of the cash held by the entity sold, classified as “Net cash flow from financing activities”.

Costs directly attributable to the outstanding disposal transaction, for which there is an irrevocable commitment as at the balance sheet date, are recorded as “Profit/(loss) from discontinued operations”. A similar reclassification is performed in the cash flow statement under “Impact of discontinued operations” within cash flow from investing activities.

1.22 Consolidation of co-operatives

Since 1 April 2003, the Rémy Cointreau Group has fully consolidated as a special purpose entity, the Alliance Fine Champagne (AFC) co-operative, in respect of the scope of operations relating to Rémy Cointreau.

As a result of this consolidation, the consolidated balance sheet includes the inventories that AFC holds and intends to deliver to Rémy Cointreau. These inventories include inventories held by the distillers in connection with three-year supply agreements. Corresponding entries are included in financial debt and trade payables. Related finance costs are also included in the Group’s finance costs.

2 CHANGES IN CONSOLIDATION SCOPE

Following exclusive negotiations initiated on 28 February 2011, the Rémy-Cointreau and EPI groups signed an agreement on 31 May 2011 for the sale of the entire shareholding in Piper-Heidsieck Compagnie Champenoise to EPI, which was implemented on 8 July 2011, enabling the latter to assume control of the Champagne operations in Reims and of Piper Sonoma in the US. In addition, Rémy Cointreau and EPI have signed a global distribution agreement for the Piper-Heidsieck, Charles Heidsieck and Piper Sonoma brands. These transactions were restated and recognised in accordance with IFRS 5 in the annual financial statements as at 31March 2012.

As the conditions for applying IFRS 5 were already met at 31 March 2011, the comparative data related to the years ended 31 March 2011 and 2010 were taken from the annual financial statements as at 31 March 2011, in which they had already been subject to the applicable reclassifications and restatements.

The effects of the disposal on the income statement are specified in Note **21.**

At 31 March 2011, assets and liabilities relating to the planned disposal were reclassified as “Assets held for sale” and “Liabilities held for sale” as follows:

(in € millions)	2012	2011	2010
Non-current assets	-	207.1	-
Current assets	-	281.5	-
Provisions for liabilities and charges	-	(7.1)	-
Deferred taxes	-	(46.7)	-
Trade and other payables	-	(54.9)	-
Adjustment of the value of net assets held for sale	-	(3.8)	-
Sub-total Champagne division	-	376.1	-
Machecouls industrial site	0.2	0.2	-
Other assets held for sale	0.2	0.2	-
Total net assets held for sale	**0.2**	**376.3**	**-**
Assets held for sale	-	485.3	-
Liabilities held for sale	-	(109.0)	-
Total net assets held for sale	**-**	**376.3**	**-**

3 BRANDS AND OTHER INTANGIBLE ASSETS

in € millions	Brands	Distribution rights	Other	Total
Gross value at 31 March 2010	**622.9**	**9.2**	**27.6**	**659.7**
Acquisitions	-	-	2.1	2.1
Disposals, items scrapped	(0.3)	-	(0.8)	(1.1)
Reclassification as assets held for sale	(136.4)	-	(7.2)	(143.6)
Translation difference	(0.5)	(0.2)	(0.1)	(0.8)
Gross value at 31 March 2011	**485.7**	**9.0**	**21.6**	**516.3**
Acquisitions	-	-	1.5	1.5
Disposals, items scrapped	-	(2.1)	-	(2.1)
Other movements	-	-	0.1	0.1
Translation difference	0.6	0.1	0.2	0.9
Gross value at 31 March 2012	**486.3**	**7.0**	**23.4**	**516.7**
Accumulated amortisation and depreciation at 31 March 2010	**3.4**	**7.4**	**19.0**	**29.8**
Charges	45.0	-	2.6	47.6
Disposals, items scrapped	(0.2)	-	(0.7)	(0.9)
Reclassification as assets held for sale	-	-	(7.0)	(7.0)
Translation difference	-	(0.2)	(0.1)	(0.3)
Accumulated amortisation and depreciation at 31 March 2011	**48.2**	**7.2**	**13.8**	**69.2**
Charges	3.9	-	2.3	6.2
Disposals, items scrapped	-	(2.1)	-	(2.1)
Translation difference	0.1	-	0.1	0.2
Accumulated amortisation and depreciation at 31 March 2012	**52.2**	**5.1**	**16.2**	**73.5**
Net carrying amount at 31 March 2010	**619.5**	**1.8**	**8.6**	**629.9**
Net carrying amount at 31 March 2011	**437.5**	**1.8**	**7.8**	**447.1**
Net carrying amount at 31 March 2012	**434.1**	**1.9**	**7.2**	**443.2**

As at 31 March 2012, accumulated depreciation on intangible assets was €52.2 million, entirely related to brands (2011: €48.2 million; 2010: €3.4 million).

The net carrying amount in “Distribution rights” is equivalent to a brand.

“Other” includes mainly software licenses.

Amounts shown under “Reclassification as assets held for sale” at 31 March 2011 relate to the Champagne division (Note **2**).

Intangible assets do not include any goodwill. Brands owned by Rémy Cointreau are all considered to have an indefinite useful life. As such they are not amortised (Note **1.6**). However they are subject to an impairment test annually or as soon as there is an indication of a decrease in value. The method used to establish the present value of the brands is described in Note **1.8**.

Impairment tests carried out at 30 September 2011 for two secondary brands (from Liqueurs & Spirits and Partner Brands) indicating a decrease in value due to revision of the strategic plans, resulted in the recognition of a total impairment charge of €3.8 million. The tests were validated by an independent expert. The net carrying amount of those two brands was brought down from €6.7 million to €2.9million.

During the year ended 31 March 2011, Metaxa, the Greek brandy brand acquired in 2000, was subject to a €45 million impairment to reflect the variance between its recoverable value and its carrying amount.

Tests during the year ended 31 March 2012 used the recoverable value as present value, based on discounted future cash flows from medium-term plans (5 years) and approved by the Board of Directors. The pre-tax discount rate used was 9.95% and the perpetual growth rate was between 1% and 2%.

Considering the forecasts and financial parameters on which such tests are based, an increase of 0.5 points in the discount rate, a reduction of 0.5 points in the perpetual growth rate or a 10% decrease in the cash flow forecasts in the medium-term plans would not lead to impairment of any of the brands or other intangible assets held by the Group.

4 PROPERTY, PLANT AND EQUIPMENT

in € millions	**Land**	**Buildings**	**Other**	**In progress**	**Total**
Gross value at 31 March 2010	**41.9**	**113.6**	**191.3**	**3.3**	**350.1**
Acquisitions	0.2	2.9	9.8	5.9	18.8
Disposals, items scrapped	(0.1)	(1.6)	(4.5)	(0.2)	(6.4)
Reclassification as assets held for sale	(33.8)	(33.6)	(28.8)	(2.0)	(98.2)
Other movements	-	0.5	1.5	(3.3)	(1.3)
Translation difference	-	(0.5)	(0.8)		(1.3)
Gross value at 31 March 2011	**8.2**	**81.3**	**168.5**	**3.7**	**261.7**
Acquisitions	-	2.1	13.9	1.9	17.9
Disposals, items scrapped	(0.1)	(0.4)	(1.5)	-	(2.0)
Other movements	0.1	1.4	(2.4)	(1.1)	(2.0)
Translation difference	-	0.5	1.3		1.8
Gross value at 31 March 2012	**8.2**	**84.9**	**179.8**	**4.5**	**277.4**
Accumulated amortisation and depreciation at 31 March 2010	**1.8**	**39.9**	**99.8**	**-**	**141.5**
Charges	0.6	2.9	10.7	-	14.2
Disposals, items scrapped	(0.1)	(1.2)	(4.3)	-	(5.6)
Reclassification as assets held for sale	(1.3)	(7.8)	(18.8)	-	(27.9)
Other movements	-	(0.9)	(0.1)	-	(1.0)
Translation difference	-	-	(0.5)	-	(0.5)
Accumulated amortisation and depreciation at 31 March 2011	**1.0**	**32.9**	**86.8**	**-**	**120.7**
Charges	0.4	2.3	9.7	-	12.4
Disposals, items scrapped	-	(0.2)	(0.8)	-	(1.0)
Other movements	-	0.4	(2.4)	-	(2.0)
Translation difference	-	0.1	0.8	-	0.9
Accumulated amortisation and depreciation at 31 March 2012	**1.4**	**35.5**	**94.1**	**-**	**131.0**
Net carrying amount at 31 March 2010	**40.1**	**73.7**	**91.5**	**3.3**	**208.6**
Net carrying amount at 31 March 2011	**7.2**	**48.4**	**81.7**	**3.7**	**141.0**
Net carrying amount at 31 March 2012	**6.8**	**49.4**	**85.7**	**4.5**	**146.4**

As at 31 March 2012, no property, plant or equipment owned by the Group is subject to a depreciation provision.

For the year ended 31 March 2012, acquisitions amounting to €17.9 million mainly related to industrial capital expenditure on the Group’s various production facilities in Cognac, Angers and Barbados.

These non-current assets are unencumbered.

5 INVESTMENTS IN ASSOCIATES

Investments in associates represent equity interests in companies meeting the principle described in Note **1.2**.

in € millions	Dynasty	Lixir	Diversa	Other	Total
As at 31 March 2010	**55.6**	**1.3**	**7.4**	**-**	**64.3**
Dividend paid	(2.1)	(0.7)	-	-	**(2.8)**
Profit/(loss)	3.5	0.6	0.2	-	**4.3**
Translation difference	(1.2)	-	-	-	**(1.2)**
Other	0.3	-	-	-	**0.3**
As at 31 March 2011	**56.1**	**1.2**	**7.6**	**-**	**64.9**
Dividend paid	(1.2)	(0.6)	(0.2)	-	**(2.0)**
Perimeter variation	-	-	-	0.7	**0.7**
Profit /(loss)	(1.3)	0.7	0.2	-	**(0.4)**
Translation difference	5.4	-	-	-	**5.4**
Other	(0.2)	-	-	-	**(0.2)**
As at 31 March 2012	**58.8**	**1.3**	**7.6**	**0.7**	**68.4**

5.1 Dynasty

The Dynasty Fine Wines Limited group, which is listed on the Hong Kong stock exchange, produces and sells various ranges of wines on the Chinese market where it enjoys a leading position. Its relationship with the Rémy Cointreau Group dates from the founding of the joint venture with the municipality of Tianjin (Republic of China) in 1980.

There are no commercial transactions between the Rémy Cointreau Group and Dynasty.

At 31 March 2011, Rémy Cointreau held 336.5 million Dynasty shares representing a 26.96% equity stake. The share price on the Hong Kong stock exchange on that date stood at HKD 1.54 (2011: HKD 2.90; 2010: HKD 2.52).

Dynasty's financial year-end is 31 December. Financial information for the Dynasty group is available on the following internet site: www.dynasty-wines.com. For the purpose of equity accounting, data are adjusted to reflect the fact that Rémy Cointreau has a financial year-end of 31 March.

The main financial data from 1 January to 31 December in HKD millions are as follows:

	2011	**2010**
Net sales	1 445.1	1 614.6
Current operating profit	19.3	227.7
Net profit/(loss)	**2.2**	**157.1**
Non-current assets	713.6	703.8
Working capital requirement	971.0	539.4
Cash and cash equivalents	357.0	760.3
Equity	**2 041.7**	**2 003.4**
Total assets	2 593.3	2 680.8

5.2 Lixir

On 7 October 2008, the Rémy Cointreau Group acquired a 50% interest in the French distribution company Lixir from William Grant & Sons Investments Ltd for €0.5 million.

Lixir's financial year-end is 31 December. Lixir's net sales totalled €179.2 million over the Rémy Cointreau financial year (2011: €166.1 million).

5.3 Diversa

On 31 March 2009, the Rémy Cointreau Group acquired a 50% interest in Diversa GmbH to form a distribution joint venture in Germany with the Underberg group.

Diversa GmbH generated net sales of €128.2 million for the year to 31 March 2012 (2011: €118.3 million).

5.4 Other

During the year ended 31 March 2012, the Rémy Cointreau Group entered into a joint venture with an Indian partner for the creation of a local brandy to be developed during the next financial year.

6 OTHER FINANCIAL ASSETS

in € millions	2012	2011	2010
Non-consolidated equity investments	4.6	6.6	5.1
Prepayments for post-employment benefit schemes	-	0.4	0.4
Vendor loan (Note **6.2**)	78.0	-	60.7
Loan to non-consolidated investments	0.1	0.1	1.1
Liquidity account excluding Rémy Cointreau shares	3.0	3.0	2.9
Other	1.2	0.8	1.0
Total	**86.9**	**10.9**	**71.2**

6.1 Non-consolidated equity investments

(in € millions)	% held	2012	% held	2011	% held	2010
Dettling & Marmot (Switzerland)	25.0%	1.0	25.0%	1.0	25.0%	1.0
Ducs de Gascogne S.A. (France)	30.1%	1.1	30.1%	1.1	30.1%	1.1
Tianjin Dvpt Holding Ltd (PRC)	0.2%	0.4	0.2%	0.7	0.2%	0.5
Balachoa-Vinhos de Portugal (Portugal)	0.8%	0.5	0.8%	0.5	0.8%	0.5
REVICO (France)	-	-	5.0%	0.4	5.0%	0.4
TRANSMED (France)	-	-	6.8%	1.3	6.8%	-
Destilerias de Vilafranca S.A. (liquidation in process)	100.0%	1.5	100.0%	1.5	100.0%	1.5
Other investments	-	0.1		0.1		0.1
Total		**4.6**		**6.6**		**5.1**

6.2 Vendor loan

As part of the disposal of the Champagne division, which took place on 8 July 2011, the Rémy Cointreau Group granted a vendor loan of €75 million, over a maximum term of nine years (maturing on 8 July 2020), and bearing interest at 5% during the first six years and 6% during the last three years. Interest will be capitalised in the first three years.

At 31 March 2012, this loan was recognized at the present value of cash flow to be collected by Rémy Cointreau in the event that the loan is repaid on maturity in accordance with the terms and conditions of the contract.

At 31 March 2010, the “Vendor loan” heading related to the loan granted as part of the disposal of the Lucas Bols division. This loan, valued at €61.8 million, was repaid during the financial year ended 31 March 2011.

6.3 Liquidity account

During the year ended 31 March 2006, Rémy Cointreau signed a liquidity agreement with a financial intermediary (Note **1.18**). This type of agreement does not qualify as “Cash and cash equivalents”. Furthermore, the balance on the account corresponding to the value of the Rémy Cointreau shares held in conjunction with the agreement is reclassified as treasury shares as a deduction from consolidated equity (Note **10.1.2**).

7 INVENTORIES

7.1 Breakdown by category

in € millions	2012	2011	2010
Goods for resale and finished goods	138.8	93.5	105.4
Raw materials	47.8	30.0	85.7
Ageing wines and "eaux-de-vie"	610.2	579.9	780.0
Other	3.0	2.1	2.4
Gross value	**799.8**	**705.5**	**973.5**
Provision for impairment	(7.2)	(6.3)	(3.7)
Carrying amount	**792.6**	**699.2**	**969.8**

Accounting principles applying to inventories are described in Note **1.9**.

At 31 March 2012, some inventories are subject to agricultural warrants in an amount a €27.9 million (2011: €32.8 million; 2010: €6.6 million).

7.2 Analysis of the change

in € millions	Gross value	Impairment	Carrying amount
As at 31 March 2010	**973.5**	**(3.7)**	**969.8**
Movement	(6.7)	(3.1)	(9.8)
Perimeter variation	(255.9)	0.3	(255.6)
Translation difference	(5.4)	0.2	(5.2)
As at 31 March 2011	**705.5**	**(6.3)**	**699.2**
Movement	85.4	(0.7)	84.7
Translation difference	8.9	(0.2)	8.7
As at 31 March 2012	**799.8**	**(7.2)**	**792.6**

8 TRADE AND OTHER RECEIVABLES

(in € millions)	2012	2011	2010
Trade receivables	160.5	157.9	191.5
Receivables related to taxes and social charges (excl. income tax)	16.5	10.8	19.5
Sundry prepaid expenses	7.2	6.4	6.1
Advances paid	6.8	16.9	18.6
Receivables related to asset disposals	-	0.1	2.9
Other receivables	16.9	21.5	9.5
Total	**207.9**	**213.6**	**248.1**
Of which provision for doubtful debts	(5.3)	(4.4)	(5.1)

A provision for doubtful debt is recognised on a case-by-case basis when the fair value of the receivable is less than its carrying amount.

At 31 March 2012, the breakdown of trade receivables by maturity was as follows:

(in € millions)	Total	Current	Due	
			Less than 3 months	More than 3 months
Trade receivables gross	165.8	112.3	32.7	20.8

9 CASH AND CASH EQUIVALENTS

(in € millions)	2012	2011	2010
Financial assets measured at fair value though profit and loss	126.4	0.1	28.1
Associates' current accounts	-	-	0.2
Cash at bank	63.7	80.5	58.0
Total	**190.1**	**80.6**	**86.3**

The increase in the "Cash and cash equivalents" item was partly due to the proceeds of the disposal of the Champagne division.

10 EQUITY

10.1 Share capital, issue premium and treasury shares

	Number of shares	Treasury shares	Total number of shares	Share capital	Issue premium	Treasury shares
As at 31 March 2010	**48,509,769**	**(14,853)**	**48,494,916**	**77.6**	**708.2**	**(0.4)**
Exercise of stock options	263,963	-	263,963	0.5	6.6	-
Portion of dividend paid in shares	565,770	-	565,770	0.9	20.9	-
2008 free share plan	88,900	-	88,900	0.1	-	-
Liquidity account	-	2,253	2,253	-	-	0.1
Other treasury shares	-	(8,710)	(8,710)	-	-	(0.3)
As at 31 March 2011	**49,428,402**	**(21,310)**	**49,407,092**	**79.1**	**735.7**	**(0.6)**
Exercise of stock options	103,860	-	103,860	0.2	2.5	-
2009 free share plan	97,300	-	97,300	0.1	-	-
Share buyback programme	-	(1,421,003)	(1,421,003)	-	-	(95.6)
Other treasury shares	-	13,660	13,660	-	-	0.4
As at 31 March 2012	**49,629,562**	**(1,428,653)**	**48,200,909**	**79.4**	**738.2**	**(95.8)**

10.1.1 Share capital and premium

At 31 March 2012, the share capital consisted of 49,629,562 shares with a nominal value of €1.60.

During the year ended 31 March 2012, 103,860 shares were issued in connection with stock options granted to certain employees.

On 19 November 2011, 97,300 shares were issued (from available reserves) on expiry of the vesting period of the 2009 free share plan.

10.1.2 Treasury shares

At its meeting of 22 November 2011, the Board of Directors of Rémy Cointreau decided to appoint an investment services provider to buy back shares of Rémy Cointreau SA, within the limit of 10% of the share capital net of the shares currently held by Rémy Cointreau, including those acquired under the liquidity contract (Note **1.18**) and in accordance with resolutions 13 and 15 approved by the Shareholders' General Meeting of 26 July 201.

In compliance with the description of the share buyback programme published in the registration document of Rémy Cointreau registered with the AMF on 29 June 2011, as amended by the Shareholders' General Meeting of 26 July 2011, the shares bought will be allocated to the following objectives (i) retention with a view to use for external growth within the limits permitted by law and (ii) cancellation.

The investment service provider may purchase up to 4.5 million shares in the period ending 31 December 2012 at a buying price determined in compliance with European Commission Regulation (EC) 2273/2003 dated 22 December 2003 and General Regulation issued by the AMF.

As at 31 March 2012, 1,421,003 shares were purchased as part of the share buyback program for a total cost of €95.6 million.

In addition, as at 31 March 2012, no shares were held under the liquidity accounts put in place in November 2005 (Note **1.18**) and 7,650 shares were held temporarily, to be allocated to the exercise of stock option plans 12 and 13.

10.2 Number of shares used for the calculation of earnings per share

The principles for calculating earnings per share are set out in Note **1.20**.

	2012	2011	2010
Average number of shares (basic):			
Average number of shares	49,587,843	49,012,762	48,003,977
Average number of treasury shares	(263,511)	(21,310)	(14,853)
Total used for calculating basic earnings per share	**49,324,332**	**48,991,452**	**47,989,124**
Average number of shares (diluted):			
Average number of shares (basic)	49,324,332	48,991,452	47,989,124
Dilution effect of stock options and free share plans (1)	148,898	257,404	202,370
Total used for calculating diluted earnings per share	**49,473,230**	**49,248,856**	**48,191,494**

(1) The Rémy Cointreau share price used as a reference for the dilution effect was €61.23 for 2012, €47.25 for 2011 and €30.69 for 2010

10.3 Stock option and free share plans

10.3.1 Stock option plans

These plans were granted under the authorisations given by the Extraordinary General Meetings held on 24 August 2000 (Plan 11), 21 September 2001 (Plans 11 and 12) and 7 September 2004 (Plan 13).

Exercise start date	Plan No	Term in years	Type (1)	Options granted	Exercise price in €	Lapsed options	Options exercised at 31 March 2011	Options exercised during the year	Average exercise price	Options outstanding at 31 March 2012
8 March 2006	11	6	S	659,500	25.00	8,500	547,140	103,860	58.80	-
16 September 2007	12	6	P	287,000	27.67	27,000	131,690	111,100	61.26	17,210
24 December 2008	13	6	P	262,000	28.07	35,000	83,500	111,000	59.31	32,500
Total				**1,208,500**		**70,500**	**762,330**	**325,960**	**59.81**	**49,710**

(1) S = Subscription, P = Purchase

For all plans, one option equals one share granted.

Pursuant to a mechanism approved by the AMF on 8 March 2005, Rémy Cointreau hedged plans 12 and 13 in March 2005 by means of a repurchase option (plan 12) and a call option (plan 13) concluded with a financial institution enabling Rémy Cointreau to deliver shares to the beneficiaries at exercise date at a cost equal to the exercise price.

10.3.2 Free share plans

Grant date [(1)]	Plan no.	Vesting period	Minimum retention period	Initial number of shares granted	Share price on grant date	Lapsed shares	Shares granted at end of vesting period	No. of shares outstanding at 31 March 2012
19 November 2009	2009	2 years	2 years	102,300	34.05	5,000	97,300	-
23 November 2010	2010	2 years	2 years	94,000	52.65	4,000	N/A	90,000
22 November 2011	2011	2 years	2 years	96,500	58.50	-	N/A	96,500
Total				**292,800**		**9 000**	**-**	**186,500**

[(1)] the grant date is the date of the Board meeting which decided on granting each plan

Grant date	Plan no.	Combined General Meeting that approved the plan
19 November 2009	2008	16 September 2008
23 November 2010	2009	16 September 2008
22 November 2011	2010	26 July 2011

For these three plans, the Board of Directors determined that the following acquisition terms would apply:
- 60% of the shares are granted on condition that the beneficiary is still employed by the Group at the end of the vesting period;
- 40% of the shares are granted on condition that the beneficiary is still employed by the Group at the end of the vesting period and that the Group has achieved the performance criteria as measured at the end of the financial year preceding the end of the vesting period. Performance indicators are the current operating profit margin and return on capital employed measured at constant exchange rates and scope.

The shares granted at the end of the vesting period for the 2009 plan resulted in the creation of 97,300 new shares as a deduction against reserves. The plan was fully granted (with the exception of 5,000 shares which lapsed due to the departure of beneficiaries).

10.3.3 Calculation of the charge for the year

In accordance with IFRS 2, a charge representing the estimated value of the benefit granted to the beneficiaries of share-based payments is recognised as operating profit (Note **1.19**).

For each plan, the unit value of the option or the free share is determined. The charge is calculated by multiplying these unit values by the estimated number of options or free shares that will be granted. The amount is amortised on a straight-line basis over the rights vesting period from the date of the Board meeting approving each plan.

For the free share plans, the unit value is based on the share price at the grant date for Executive Management or Management Committee beneficiaries or the notice date for other beneficiaries, less the estimated value of the dividends per share which would be due during the vesting period.

The assumptions used for the estimation of the benefit value and the resulting values for the plans included in the calculation of the expense for the year ended 31 March 2012 were as follows:

	Plan 2009	Plan 2010	Plan 2011
Expectation performance criteria will be met	100%	100%	100%
Staff turnover ratio	0%	5.0%	5.0%
Fair value per option [(1)]	€31.25	€50.05	€55.62
Fair value per option [(2)]	€32.70	€49.88	€58.65

[(1)] Executive Management and Management Committee members
[(2)] Other beneficiaries

For the year ended 31 March 2012, the related expense is €4.3 million (2011: €3.1 million; 2010: €3.4 million).

10.4 Dividends

The Shareholders' General Meeting of 26 July 2011 approved:

- the payment of a dividend of €1.30 per share in respect of the year ended 31 March 2011;
- the payment of an exceptional dividend of €1.00 per share, deducted from the distributable amount after allocation of the ordinary dividend.

Both dividends were paid together in cash in October 2011 for a total amount of €113.6 million.

10.5 Minority interests

(in € millions)	2012	2011	2010
Minority interests in Mount Gay Distilleries	1.2	0.9	0.9
Total	**1.2**	**0.9**	**0.9**

10.6 Capital management and financial structure

Capital management forms an integral part of the optimisation of the Group's financial structure. In this respect, the Rémy Cointreau management takes into account the intrinsic features of its business and the strategic objectives it has set for the Group. These require a high level of capital employed, mainly in "eaux-de-vie" and wine inventories undergoing ageing, and provide a unique guarantee for its brands' future and their potential to create shareholder value.

For several years the Group has resolutely pursued a debt-reduction policy in order to maximise the funds available for brand development. As a result, it has sold non-strategic assets and adopted new performance indicators including return on capital employed (ROCE) and free cash flow for the various businesses.

Another key indicator is the "A ratio" (Average net financial debt/EBITDA) (Notes **11.7, 11.8** and **14.6**) with which the Group must comply in order to access a significant part of its financial resources. The A ratio was 0.67 as at March 31 2012, substantially below the limit of 3.50 set out in the contracts.

During the year ended 31 March 2012, continuing activities generated operating cash flow (before tax and financial expense) of €222 million. Net financial debt decreased by €140.3 million and the net debt to equity ratio was 0.19 (2011: 0.31; 2012: 0.49).

11 FINANCIAL DEBT

11.1 Net financial debt

	2012			2011			2010		
in € millions	**Long-term**	**Short-term**	**Total**	**Long-term**	**Short-term**	**Total**	**Long-term**	**Short-term**	**Total**
Gross financial debt	340.0	38.7	378.7	377.7	31.8	409.5	537.7	50.0	587.7
Cash and cash equivalents (Note **9**)	-	(190.1)	(190.1)	-	(80.6)	(80.6)	-	(86.3)	(86.3)
Net financial debt	**340.0**	**(151.4)**	**188.6**	**377.7**	**(48.8)**	**328.9**	**537.7**	**(36.3)**	**501.4**

11.2 Gross financial debt by type

in € millions	2012 Long-term	2012 Short-term	2012 Total	2011 Long-term	2011 Short-term	2011 Total	2010 Long-term	2010 Short-term	2010 Total
Bonds	199.1	-	199.1	198.0	-	198.0	191.5	-	191.5
Private Placement	139.3	-	139.3	138.1	-	138.1	-	-	-
Drawdown on syndicated credit	-	-	-	40.0	-	40.0	344.8	25.2	370.0
Drawdown on other facilities	-	25.0	25.0	-	-	-	-	-	-
Other financial debt and overdrafts	-	0.1	0.1	-	0.1	0.1	-	0.5	0.5
Issue costs of syndicated credit	-	-	-	-	-	-		(0.1)	(0.1)
Accrued interest	-	7.3	7.3	-	7.4	7.4	-	2.4	2.4
Total Rémy Cointreau S.A.	**338.4**	**32.4**	**370.8**	**376.1**	**7.5**	**383.6**	**536.3**	**28.0**	**564.3**
Other financial debt and overdrafts	1.6	1.2	2.8	1.6	15.1	16.7	1.4	15.8	17.2
Borrowings by special purpose entities	-	5.1	5.1	-	9.2	9.2	-	6.2	6.2
Total subsidiaries	**1.6**	**6.3**	**7.9**	**1.6**	**24.3**	**25.9**	**1.4**	**22.0**	**23.4**
Gross financial debt	**340.0**	**38.7**	**378.7**	**377.7**	**31.8**	**409.5**	**537.7**	**50.0**	**587.7**

11.3 Gross financial debt by maturity

in € millions	Long-term	Short-term
before 31 March 2013	-	38.7
31 March 2014	1.6	
10 June 2015	139.3	
15 December 2016	199.1	
Total	**340.0**	**38.7**

At 31 March 2012, undrawn amounts under the confirmed credit lines of Rémy Cointreau were €346 million (2011: €426 million; 2010: €210 million).

At 31 March 2012, the Rémy Cointreau Group's total amount of confirmed financial resources was €691 million (2011: €811 million; 2010: €804.4 million), including €346 million maturing on 7 June 2012, €140 million on 10 June 2015 and €205 million on 15 December 2016.

Liquidity risk is detailed in Note **14**.

11.4 Gross financial debt by type of rates

in € millions	2012 Long-term	2012 Short-term	2012 Total	2011 Long-term	2011 Short-term	2011 Total	2010 Long-term	2010 Short-term	2010 Total
Fixed interest rate	338.4	-	338.4	336.1	-	336.1	191.5	-	191.5
Floating interest rate	1.6	31.4	33.0	41.6	24.4	66.0	346.2	47.6	393.8
Accrued interest	-	7.3	7.3	-	7.4	7.4	-	2.4	2.4
Gross financial debt	**340.0**	**38.7**	**378.7**	**377.7**	**31.8**	**409.5**	**537.7**	**50.0**	**587.7**

in € millions	2012 Long-term	2012 Short-term	2012 Total	2011 Long-term	2011 Short-term	2011 Total	2010 Long-term	2010 Short-term	2010 Total
Drawdown on syndicated credit	-	-	-	40.0	-	40.0	344.8	25.2	370.0
Drawdown on other facilities	-	25.0	25.0	-	-	-	-	-	-
Other financial debt and overdrafts	1.6	6.4	8.0	1.6	24.4	26.0	1.4	22.4	23.8
Total floating interest rate debt	**1.6**	**31.4**	**33.0**	**41.6**	**24.4**	**66.0**	**346.2**	**47.6**	**393.8**

Drawdowns on syndicated credit and other confirmed and unconfirmed credit lines are hedged. Details of the interest rate hedging instruments held in the portfolio at the balance sheet date are provided in Note **14**.

11.5 Gross financial debt by currency

in € millions	2012 Long-term	2012 Short-term	2012 Total	2011 Long-term	2011 Short-term	2011 Total	2010 Long-term	2010 Short-term	2010 Total
Euro	340.0	37.8	377.8	377.7	30.5	408.2	537.7	38.9	576.6
U.S. Dollar	-	0.9	0.9	-	1.3	1.3	-	11.1	11.1
Gross financial debt	**340.0**	**38.7**	**378.7**	**377.7**	**31.8**	**409.5**	**537.7**	**50.0**	**587.7**

11.6 Bonds

In June 2010, Rémy Cointreau carried out a new 6.5-year bond issue with a par value of €205 million. The bonds have a par value of €50,000 each and were issued at 97.745% of par value (issue premium of 2.255%), bearing interest of 5.18% payable on 15 June and 15 December of each year. They will be redeemed at par at maturity on 15 December 2016.

This bond is not secured.

The issue carries a number of clauses relating to early redemption at the issuer's option, primarily in the event of a capital increase, whether for the general public or privately placed, or in the event of a material change in the tax regime applicable to payments made by the issuer on the bonds subsequent to the issue date. Furthermore, in the event of a change of control all bearers are entitled to request redemption of their bonds held at 101%.

In the event of the sale of assets and in the absence of the sale proceeds being used for authorised operations, Rémy Cointreau must, within 365 days from the date of receipt of the sale proceeds, offer early redemption of the issue up to the amount of the sale proceeds. The agreement additionally contains certain conventions that may limit the maximum dividend payout in the event of a loss.

After taking the issue premium and expenses into account, the net proceeds from the issue were about €197 million, making an effective interest rate of approximately 5.89%.

The proceeds were allocated to the early redemption, in June and August 2010, of the seven-year bonds issued on 15 January 2005, bearing interest at 5.2%, the outstanding par value of which was €192.4 million at 31 March 2010. As part of this transaction, a redemption premium of €2.7 million was paid to bond holders. This expense was included in the cost of net financial debt for the period ended 31 March 2011.

11.7 Private placement

On 10 June 2010, Rémy Cointreau secured a so-called "private placement" syndicated finance package with financial institutions. This €140.0 million contract was concluded for five years (maturing on 10 June 2015). The structure package includes a two-tranche loan of €65 million (tranche A) and €75 million (tranche B), respectively, as well as various back-to-back swap contracts, thus guaranteeing a fixed rate of 3.6675% for the duration of the contract.

After deducting the commitment fee, the net proceeds from the issue were about €138.6 million, which resulted in an effective interest rate of approximately 3.94%. The proceeds were allocated to the repayment of drawdowns on the syndicated credit.

This contract is unsecured. Availability of the funds is subject to the A ratio (see Syndicated credit) remaining below 3.5 at each half-year end for the duration of the contract.

11.8 Syndicated credit

At 31 March 2012, Rémy Cointreau had access to a €346 million syndicated loan entered into on 7 June 2005. The agreement provides for a revolving credit facility, of which €346 million expires on 7 June 2012.

Amounts drawn down bear interest at Euribor plus a margin fixed at the outset at 0.675% per annum that may vary as shown in the following table based on the average net financial debt/EBITDA ratio (A ratio):

A Ratio	Applicable margin
A > 4.25	0.875%
3.75 < A < 4.25	0.675%
3.25 < A < 3.75	0.525%
2.75 < A < 3.25	0.425%
A < 2.75	0.325%

The commitment fee on the undrawn portion of the borrowing is 37.5% of the margin applicable if A > 3.75 and 35% if A < 3.75.

This facility is not subject to any security.

Under this agreement, Rémy Cointreau undertakes to comply with the following financial ratios calculated at 30 September and 31 March each year:

Period	A Ratio
From the outset to 30/09/2006	A Ratio < 4.50
01/10/2006 to 30/09/2007	A Ratio < 4.00
01/10/2007 to 30/09/2008	A Ratio < 3.75
01/10/2008 to maturity	A Ratio < 3.50

Definitions of the indicators used in the calculation of the A ratio are provided in Note **1.16**. The amounts used for these various indicators in the calculation for each period are adjusted in accordance with the terms of the agreement.

At 31 March 2012, the A ratio stood at 0.67 (2011: 2.19; 2010: 3.17).

12 PROVISIONS FOR LIABILITIES AND CHARGES

12.1 Analysis of change

(in € millions)	Restructu -ring	Early retirement plan	Other	Total
At 31 March 2010	**7.1**	**0.1**	**17.7**	**24.9**
Increase	-	-	4.8	4.8
Reversals - Used	(2.1)	(0.1)	(3.2)	(5.4)
Reversals - Unused	(1.6)	-	(3.5)	(5.1)
Reclassification as liabilities held for sale	(2.7)	-	(0.4)	(3.1)
Translation difference	-	-	(0.1)	(0.1)
At 31 March 2011	**0.7**	**-**	**15.3**	**16.0**
Increase	-	-	2.2	2.2
Reversals - Used	(0.2)	-	(8.1)	(8.3)
Reversals - Unused	-	-	(1.6)	(1.6)
Translation difference	-	-	0.1	0.1
At 31 March 2012	**0.5**	**-**	**7.9**	**8.4**

"Restructuring" covers costs for the restructuring, closure and transfer of sites in France and the Netherlands. "Other" comprises provisions raised in respect of trade and tax disputes.

12.2 Maturity

The provisions are intended to cover probable items of expenditure payable as follows:

(in € millions)	2012	2011	2010
Long-term provisions (or unknown maturity)	6.9	6.5	5.1
Short-term provisions	1.5	9.5	19.8
Total	**8.4**	**16.0**	**24.9**

13 TRADE AND OTHER PAYABLES

(in € millions)	2012	2011	2010
Trade payables – « eaux-de-vie »	193.8	186.1	175.8
Other trade payables	83.6	82.5	131.9
Advances from customers	8.2	11.7	10.1
Payables related to tax and social charges (excl. income tax)	49.1	37.9	40.3
Excise duties	1.0	1.3	1.8
Advertising expenses payable	66.0	46.3	40.7
Miscellaneous deferred income	13.7	1.4	1.6
Other liabilities	52.1	39.4	37.1
Total	**467.5**	**406.6**	**439.3**

14 FINANCIAL INSTRUMENTS AND MARKET RISKS

14.1 Breakdown of financial instruments by category

The following tables show the financial instruments recorded on the balance sheet analysed by the measurement categories defined in IAS 39.

At 31 March 2012

in € millions	Notes	Carrying amount	Fair value	Loans and receivables at amortised cost	Fair value through income statement (1)	Held for sale	Hedging instruments
Other financial assets	6	86.9	86.9	79.3	3,0	4.6	-
Trade and other receivables	8	207.9	207.9	207.9	-	-	-
Derivative financial instruments	14	5.6	5.6	-	-	-	5.6
Cash and cash equivalents	9	190.1	190.1	-	190.1	-	-
Assets		**490.5**	**490.5**	**287.2**	**193.1**	**4.6**	**5.6**
Long-term financial debt	11	340.0	340.0	340.0	-	-	-
Short-term financial debt and accrued interest charge	11	38.7	38.7	38.7	-	-	-
Trade and other payables	13	467.5	467.5	467.5	-	-	-
Derivative financial instruments	14	25.4	25.4	-	9.3	-	16.1
Liabilities		**871.6**	**871.6**	**846.2**	**9.3**	**0.0**	**16.1**

(1) These financial instruments relate to the "held for trading" category

At 31 March 2011

in € millions	Notes	Carrying amount	Fair value	Loans and receivables at amortised cost	Fair value through income statement (1)	Held for sale	Hedging instruments
Other financial assets	6	10.9	10.9	1.3	3.0	6.6	-
Trade and other receivables	8	213.6	213.6	213.6	-	-	-
Derivative financial instruments	14	16.4	16.4	-	-	-	16.4
Cash and cash equivalents	9	80.6	80.6	-	80.6	-	-
Assets		**321.5**	**321.5**	**214.9**	**83.6**	**6.6**	**16.4**
Long-term financial debt	11	377.7	377.7	377.7	-	-	-
Short-term financial debt and accrued interest	11	31.8	31.8	31.8	-	-	-
Trade and other payables	13	406.6	406.6	406.6	-	-	-
Derivative financial instruments	14	4.5	4.5	-	3.2	-	1.3
Liabilities		**820.6**	**820.6**	**816.1**	**3.2**	**0.0**	**1.3**

(1) These financial instruments relate to the "held for trading" category

At 31 March 2010

in € millions	Notes	Carrying amount	Fair value	Loans and receivables at amortised cost	Fair value through income statement (1)	Held for sale	Hedging instruments
Other financial assets	6	71.2	71.2	63.2	2.9	5.1	-
Trade and other receivables	8	248.1	248.1	248.1	-	-	-
Derivative financial instruments	14	3.2	3.2	-	1.9	-	1.3
Cash and cash equivalents	9	86.3	86.3	-	86.3	-	-
Assets		**408.8**	**408.8**	**311.3**	**91.1**	**5.1**	**1.3**
Long-term financial debt	11	537.7	537.7	537.7	-	-	-
Short-term financial debt and accrued interest	11	50.0	50.0	50.0	-	-	-
Trade and other payables	13	439.3	439.3	439.3	-	-	-
Derivative financial instruments	14	10.9	10.9	-	1.5	-	9.4
Liabilities		**1,037.9**	**1,037.9**	**1,027.0**	**1.5**	**0.0**	**9.4**

(1) These financial instruments relate to the "held for trading" category

14.2 Market risk management policy

The Group uses financial instruments to manage its interest rate and currency risk exposure. The policy for managing market risks complies with the prudential rules approved by the Board of Directors. More specifically, the sale of options is limited to tunnel strategies and the resale of previously purchased instruments that are subject to approval on an individual basis.

All hedging transactions are entered into with top-tier international banks.

With regard to currency risk, the Group endeavours to hedge its budgeted net commercial exposure over a rolling period of approximately 15 to 18 months. This is achieved by entering into firm or optional currency hedging agreements in accordance with the guidelines set by the Board of Directors.

The Group does not hedge the currency risk arising from the translation of the financial statements of companies outside the Eurozone into euros.

The Group's hedging policy only allows for the hedging of short-term currency risk. It is not intended to protect the Group against the economic effects of long-term money market trends on the Group's net sales and margins.

14.3 Breakdown of financial instruments (interest and foreign exchange rates)

in € millions	2012	2011	2010
Assets			
Interest rate derivatives	-	-	1.4
Exchange rate derivatives	5.6	16.4	1.8
Total	**5.6**	**16.4**	**3.2**
Liabilities			
Interest rate derivatives	15.5	3.8	7.4
Exchange rate derivatives	9.9	0.7	3.5
Total	**25.4**	**4.5**	**10.9**

14.4 Interest rate derivatives

At 31 March 2012, interest rate derivatives in the portfolio were as follows:

14.4.1 Breakdown by type

in € millions	2012	2011	2010
Assets			
Cap (purchase)	-	-	0.1
Floor (purchase)	-	-	1.3
Total	**-**	**-**	**1.4**
Liabilities			
Floor (sell)	-	-	1.3
Interest rate swaps	11.2	2.5	6.1
Instruments related to private placement	4.3	1.3	-
Total	**15.5**	**3.8**	**7.4**

14.4.2 Breakdown by maturity

in € millions	Nominal	Initial value	Market value	Qualification
Interest rate swaps:				
Maturing January 2015	125.0	-	9.3	Trading (1)
Maturing March 2015	25.0	-	1.9	Trading (1)
Related to private placement maturing June 2015	140.0	-	4.3	FVH (1)
Total liabilities	**290.0**	**0.0**	**15.5**	

(1) FVH: Fair value hedge; Trading: held for trading purposes

The variation of €8.7 million in the valuation of the interest rate swaps is entirely recognised in the income statement, under the item "Net finance costs", as the instruments have lost the hedging status held in the previous financial year.

The variation of €3.0 million in the valuation of instruments related to the private placement is offset by a €4.2 million expense recognised directly in equity, a €1.0 million increase in the valuation of the financial debt and an income of €0.2 million in "Net finance costs".

Sensitivity to interest rate risk

Given the financing in place and existing hedges, a 50 bp increase or decrease in interest rates would have the following impact:

As at 31 March 2012

	Euribor 3 months (1)	
	+50 bp	-50 bp
Net profit/(loss)	1.2	(1.2)
Equity excluding net profit/(loss)	0.2	(0.3)
Change in value of financial instruments	1.9	(1.9)
Floating rate financial debt	31.4	31.4
of which hedged	25.0	25.0
of which not hedged	6.4	6.4

(1) Benchmark value is Euribor 3 months as at 31 March 2012, i.e. 0.777%.

As at 31 March 2011

	Euribor 1 month (1)	
	+50 bp	-50 bp
Net profit/(loss) after tax	1.5	(1.6)
Equity excluding net profit/(loss)	-	-
Change in value of financial instruments	2.3	(2.4)
Floating rate financial debt	66.0	66.0
of which hedged	66.0	66.0
of which not hedged	-	-

(2) Benchmark value is Euribor 1 month as at 31 March 2011, i.e. 0.968%.

14.5 Exchange rate derivatives

The Group uses options and forward contracts to hedge its cash flows from commercial transactions. Commercial transactions for the year for which payment has not been received as of the balance sheet date are hedged by short-term currency swaps.

Furthermore, Rémy Cointreau SA, which centralises the Group's financing needs, and its subsidiary Financière Rémy Cointreau make intra-Group loans and borrowings denominated in the counterparty's currency. The Group uses back-to-back currency swaps to match these loans and borrowings. The maturity of such transactions ranges from one month to one year.

The following table summarises all currency hedging instruments in the portfolio at the balance sheet date.

in € millions	Nominal (1)	Initial value	Market value	Of which CFH (2)	Of which Trading (2)
Put options and tunnel options					
Seller USD (vs EUR)	142.3	4.7	(2.5)	(2.5)	-
Other currencies (vs EUR)	28.4	0.5	(0.3)	(0.3)	-
	170.7	**5.2**	**(2.8)**	**(2.8)**	**-**
Forward sales					
Seller USD (vs EUR)	190.9	-	(0.2)	(0.2)	-
Other currencies (vs EUR)	21.2	-	(0.2)	(0.2)	-
	212.2	**-**	**(0.4)**	**(0.4)**	**-**
Purchase/(sale) of currency swaps (operating activities) (3)					
Seller USD (vs EUR)	(64.3)	-	0.4	-	0.4
Other currencies (vs EUR)	(10.5)	-	(0.0)	-	(0.0)
	(74.8)	**-**	**0.4**	**-**	**0.4**
Purchase/(sale) of currency swaps (financing activities) (3)					
Seller USD (vs EUR)	(19.6)	-	(1.2)	-	(1.2)
Other currencies (vs EUR)	0.6	-	(0.3)	-	(0.3)
	(19.0)	**-**	**(1.4)**	**-**	**(1.4)**
Total	**289.0**	**5.2**	**(4.3)**	**(3.2)**	**(1.1)**

(1) Nominal amount in foreign currency translated at the closing rate.
(2) FVH: Fair Value Hedge; CFH: Cash Flow Hedge; Trading: held for trading purposes.
(3) Difference between closing price and future price.

For the year ended 31 March 2012, a pre-tax expense of €11.9 million was recognised directly in equity in respect of valuation of the currency instrument portfolio and which related wholly to the recycling to profit and loss following the expiry of the instruments held at 31 March 2011.

Sensitivity to foreign exchange risk

Taking into account the hedges in place, a 10% increase or decrease in the EUR/USD exchange rate would have the following impact, with the impact on net profit/(loss) arising mainly from the ineffective part of hedging of future flows:

As at 31 March 2012

	U.S. dollar sensitivity	
	+10%	-10%
EUR/USD rate [1]	1.47	1.20
(in € millions)		
Net profit/(loss)	2.8	(8.5)
Equity excluding net profit/(loss	14.0	(14.1)
Change in value of financial instruments	27.3	(36.4)
Nominal amount at balance sheet date [2]:		
- USD/EUR instruments	361.4	441.7
- USD/EUR receivables potentially exposed	74.3	90.9

[1] *Benchmark is the EUR/USD rate at 31 March 2012, being 1.3356*

[2] *Translated in EUR millions at each simulation rate*

As at 31 March 2011

	U.S. dollar sensitivity	
	+10%	-10%
EUR/USD rate [1]	1.56	1.28
(in € millions)		
Net profit/(loss) after tax	(2.9)	1.0
Equity excluding net profit/(loss)	12.0	(8.0)
Change in value of financial instruments	15.7	(12.8)
Nominal amount at balance sheet date [2]:		
- USD/EUR instruments	243.2	297.3
- USD/EUR receivables potentially exposed	78.6	96.1

[1] *Benchmark is the EUR/USD rate at 31 March 2011 being 1.4207*

[2] *Translated in EUR millions at each simulation rate.*

14.6 Liquidity risks

The following table shows the contractual maturity profile of disbursements relating to financial liabilities recognised at 31 March 2012.

(in € millions)	Before 31 March 2013	Before 31 March 2014	Before 31 March 2015	Before 31 March 2016	Subsequent	Total
Financial debt and accrued interest	38.7	1.6	-	140.0	205.0	385.3
Trade and other payables	467.5	-	-	-	-	467.5
Derivative financial instruments	4.2	4.2	3.5	-	-	11.9
Liabilities recognised at 31 March 2012	**510.4**	**5.8**	**3.5**	**140.0**	**205.0**	**864.7**
Future interest on financial debt	16.0	15.8	15.8	11.6	18.2	77.4
Total disbursements	**526.4**	**21.6**	**19.3**	**151.6**	**223.2**	**942.1**

In accordance with IFRS 7, liabilities are stated at their carrying amount at the balance sheet date excluding discounting effects. The amounts drawn down on credit lines at 31 March 2012 are assumed to be carried forward until the maturity of each of the corresponding facilities. The corresponding interest expense is calculated using the parameters known at the balance sheet date. For derivative financial instruments, amounts stated in this analysis are the net cash outflow, excluding discounting effects, which should be paid out by the company based on market conditions prevailing at the balance sheet date.

The liquidity risk is mainly driven by the availability and maturity of the financial resources. At the balance sheet date, total gross financial debt was €385.3 million in nominal value for confirmed resources with a maturity of more than one year amounting to €345 million (Note **11.3**). The availability of €140 million is subject to compliance with the A ratio (Note **11.7** and **11.8**), which must be below 3.50 at the end of every six-month period until maturity of the financing.

Rémy Cointreau holds a syndicated loan with a drawdown capacity of €346 million which expires on 7 June 2012. In view of its sound financial structure, Rémy Cointreau is confident in the refinancing of this facility.

15 SEGMENT REPORTING

The principles applying to the segmentation by business and geographic area are detailed in Note **1.17**.

15.1 Business

15.1.1 Breakdown of net sales and current operating profit

There are no intra-segment sales.

in € millions	Net sales			Current operating profit		
	2012	2011	2010	2012	2011	2010
Rémy Martin	592.5	486.0	405.7	173.0	140.5	105.9
Liqueurs & Spirits	215.8	208.0	206.5	52.6	42.6	51.6
Sub-total Group brands	808.3	694.0	612.2	225.6	183.1	157.5
Partner Brands	217.8	213.8	195.4	4.2	2.1	2.4
Holding	-	-	-	(22.1)	(18.2)	(17.9)
Total	**1,026.1**	**907.8**	**807.6**	**207.7**	**167.0**	**142.0**

15.1.2 Breakdown of the balance sheet

At 31 March 2012

(in € millions)	Rémy Martin	Liqueurs & Spirits	Partner Brands	Unallocated	Total
Non-current assets	349.0	238.9	1.7	199.3	788.9
Current assets	783.9	72.6	128.1	19.8	1,004.4
Derivative financial instruments	-	-	-	5.6	5.6
Assets held for sale	-	-	-	0.2	0.2
Cash and cash equivalents	-	-	-	190.1	190.1
Total assets	**1,132.9**	**311.5**	**129.8**	**415.0**	**1,989.2**
Equity	-	-	-	976.0	976.0
Financial debt and accrued interest	-	-	-	378.7	378.7
Provisions for liabilities and charges	15.7	5.1	1.8	7.6	30.2
Deferred and current tax assets	-	-	-	111.4	111.4
Trade and other payables	365.6	48.8	41.5	11.6	467.5
Derivative financial instruments	-	-	-	25.4	25.4
Total equity and liabilities	**381.3**	**53.9**	**43.3**	**1,510.7**	**1,989.2**

At 31 March 2011

(in € millions)	Rémy Martin	Liqueurs & Spirits	Partner Brands (1)	Unallocated	Total
Non-current assets	346.8	237.7	3.6	106.1	694.2
Current assets	736.6	73.0	91.6	13.2	914.4
Derivative financial instruments	-	-	-	16.4	16.4
Assets held for sale	-	-	-	485.3	485.3
Cash and cash equivalents	-	-	-	80.6	80.6
Total assets	**1,083.4**	**310.7**	**95.2**	**701.6**	**2,190.9**
Equity	-	-	-	1 063.8	1 063.8
Financial debt and accrued interest	-	-	-	409.5	409.5
Provisions for liabilities and charges	15.8	5.5	1.7	13.5	36.5
Deferred and current tax assets	-	-	-	161.0	161.0
Trade and other payables	319.4	47.0	32.2	8.0	406.6
Derivative financial instruments	-	-	-	4.5	4.5
Liabilities held for sale	-	-	-	109.0	109.0
Total equity and liabilities	**335.2**	**52.5**	**33.9**	**1,769.3**	**2,190.9**

(1) *After reclassification of capital employed of the Champagne brands that are not held for sale*

At 31 March 2010

(in € millions)	Rémy Martin	Liqueurs & Spirits	Champagne	Partner Brands	Unallocated	Total
Non-current assets	345.4	282.8	199.3	11.0	162.6	1,001.1
Current assets	756.4	78.3	287.2	77.5	26.8	1,226.2
Derivative financial instruments	-	-	-	-	3.2	3.2
Cash and cash equivalents	-	-	-	-	86.3	86.3
Total assets	**1,101.8**	**361.1**	**486.5**	**88.5**	**278.9**	**2,316.8**
Equity	-	-	-	-	1,018.5	1,018.5
Financial debt and accrued interest	-	-	-	-	587.7	587.7
Provisions for liabilities and charges	14.8	6.2	5.3	0.8	21.6	48.7
Deferred and current tax assets	-	-	-	-	211.7	211.7
Trade and other payables	306.9	53.2	51.8	16.1	11.3	439.3
Derivative financial instruments	-	-	-	-	10.9	10.9
Total equity and liabilities	**321.7**	**59.4**	**57.1**	**16.9**	**1,861.7**	**2,316.8**

15.1.3 Capital expenditure and depreciation and amortisation expenses

	Capital expenditure and acquisition of intangible assets			Depreciation and amortisation charges		
(in € millions)	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**
Rémy Martin	13.9	11.6	20.3	9.9	9.6	8.9
Liqueurs & Spirits	5.2	5.8	4.6	4.3	4.0	4.1
Partner Brands	0.3	0.4	1.1	0.5	0.6	0.5
Total	**19.4**	**17.8**	**26.0**	**14.7**	**14.2**	**13.5**

15.2 Geographic area

15.2.1 Net sales

in € millions	Net sales		
	2012	**2011**	**2010**
Europe - Middle East - Africa	317.4	302.9	288.5
Americas	321.3	306.6	275.8
Asia-Pacific	387.4	298.3	243.3
Total	**1,026.1**	**907.8**	**807.6**

15.2.2 Balance sheet

At 31 March 2012

(in € millions)	Europe-Middle East-Africa	Americas	Asia-Pacific	Unallocated	Total
Non-current assets	680.9	31.9	76.1	-	**788.9**
Current assets	768.5	126.8	109.1	-	**1,004.4**
Derivative financial instruments	-	-	-	5.6	**5.6**
Assets held for sale	0.2	-	-	-	**0.2**
Cash and cash equivalents	-	-	-	190.1	**190.1**
Total assets	**1,449.6**	**158.7**	**185.2**	**195.7**	**1,989.2**
Equity	-	-	-	976.0	**976.0**
Financial debt and accrued interest	-	-	-	378.7	**378.7**
Provisions for liabilities and charges	29.9	-	0.3	-	**30.2**
Deferred and current tax liabilities	101.5	0.6	9.3	-	**111.4**
Trade and other payables	336.7	43.7	87.1	-	**467.5**
Derivative financial instruments	-	-	-	25.4	**25.4**
Total equity and liabilities	**468.1**	**44.3**	**96.7**	**1,380.1**	**1,989.2**

At 31 March 2011

(in € millions)	Europe-Middle East-Africa	Americas	Asia-Pacific	Unallocated	Total
Non-current assets	597.5	34.5	62.2	-	**694.2**
Current assets	709.7	117.0	87.7	-	**914.4**
Derivative financial instruments	-	-	-	16.4	**16.4**
Assets held for sale	466.5	18.8	-	-	**485.3**
Cash and cash equivalents	-	-	-	80.6	**80.6**
Total assets	**1,773.7**	**170.3**	**149.9**	**97.0**	**2,190.9**
Equity	-	-	-	1,063.8	**1,063.8**
Financial debt and accrued interest	-	-	-	409.5	**409.5**
Provisions for liabilities and charges	35.2	-	1.3	-	**36.5**
Deferred and current tax liabilities	149.0	0.6	11.4	-	**161.0**
Trade and other payables	308.4	39.9	58.3	-	**406.6**
Derivative financial instruments	-	-	-	4.5	**4.5**
Liabilities directly linked to assets held for sale	109.0	-	-	-	**109.0**
Total equity and liabilities	**601.6**	**40.5**	**71.0**	**1,477.8**	**2,190.9**

At 31 March 2010

(in € millions)	Europe-Middle East-Africa	Americas	Asia-Pacific	Unallocated	Total
Non-current assets	911.5	28.0	61.6	-	**1,001.1**
Current assets	979.9	136.6	109.7	-	**1,226.2**
Derivative financial instruments	-	-	-	3.2	**3.2**
Assets held for sale	-	-	-	-	**-**
Cash and cash equivalents	-	-	-	86.3	**86.3**
Total assets	**1,891.4**	**164.6**	**171.3**	**89.5**	**2,316.8**
Equity	-	-	-	1,018.5	**1,018.5**
Financial debt and accrued interest	-	-	-	587.7	**587.7**
Provisions for liabilities and charges	47.6	-	1.1	-	**48.7**
Deferred and current tax liabilities	204.1	0.5	7.1	-	**211.7**
Trade and other payables	347.6	37.9	53.8	-	**439.3**
Derivative financial instruments	-	-	-	10.9	**10.9**
Total equity and liabilities	**599.3**	**38.4**	**62.0**	**1,617.1**	**2,316.8**

15.2.3 Capital expenditure

	Capital expenditure and acquisition of intangible assets		
(in € millions)	**2012**	**2011**	**2010**
Europe-Middle East-Africa	16.2	14.3	22.8
Americas	2.1	2.8	2.6
Asia-Pacific and other	1.1	0.7	0.6
Total	**19.4**	**17.8**	**26.0**

16 ANALYSIS OF OPERATING EXPENSES BY TYPE

(in € millions)	2012	2011	2010
Personnel costs	(135.7)	(122.8)	(111.1)
Advertising and promotion expenses	(220.5)	(170.9)	(143.6)
Depreciation, amortisation and impairment of non-current assets	(14.7)	(14.2)	(13.5)
Other expenses	(98.2)	(91.3)	(86.9)
Expenses allocated to inventories and production costs	45.3	42.0	46.0
Total	**(423.8)**	**(357.2)**	**(309.1)**
Of which:			
Distribution costs	(344.8)	(284.4)	(238.8)
Administrative expenses	(79.0)	(72.8)	(70.3)
Total	**(423.8)**	**(357.2)**	**(309.1)**

Distribution costs comprise advertising and promotion expenses, commission income or expenses, brand royalties, ordinary writedowns of inventories and trade receivables and the overheads of the Group distribution companies.

Administrative expenses comprise all overheads of the holding companies and production companies.

Other income and expenses correspond to the profit generated by peripheral activities.

Personnel costs consist of the following:

(in € millions)	2012	2011	2010
Salaries and social charges	(123.6)	(114.6)	(103.3)
Pension and other similar benefits	(2.5)	(3.6)	(3.6)
Employee profit-sharing	(5.3)	(1.5)	(0.8)
Share-based payments	(4.3)	(3.1)	(3.4)
Total	**(135.7)**	**(122.8)**	**(111.1)**

17 NUMBER OF EMPLOYEES

The number of employees is stated in full-time equivalents at the balance sheet date and covers all fully consolidated companies.

(full-time equivalents)	2012	2011	2010
France	674	792	809
Europe (excluding France)	161	151	151
Americas	320	317	302
Asia-Pacific	405	361	309
Total	**1,560**	**1,621**	**1,571**

18 OTHER OPERATING INCOME AND EXPENSES

(in € millions)	2012	2011	2010
Impairment of brands	(3.8)	(45.0)	-
Tax adjustments (other than on income taxes)	0.7	(1.6)	(1.5)
Restructuring plans, closures or transfer of sites	-	-	(0.6)
Other	0.1	0.1	(0.1)
Total	**(3.0)**	**(46.5)**	**(2.2)**

19 FINANCIAL INCOME/(EXPENSE)

19.1 Cost of net financial debt by type

in € millions	2012	2011	2010
Bonds	(11.7)	(12.4)	(10.5)
Private placement	(5.2)	(5.1)	-
Syndicated credit and unconfirmed lines	(0.9)	(3.0)	(6.6)
Finance costs of special purpose entities	(2.9)	(3.1)	(3.0)
Interest flows on interest rate hedging instruments	-	(2.5)	(3.4)
Ineffective portion of interest rate hedging instruments	-	-	(1.2)
Other financial expenses	-	0.4	(0.1)
Sub-total	(20.7)	(25.7)	(24.8)
Impact of early repayment of bonds	-	(3.7)	-
Effect of non-hedging interest rate instruments	(9.2)	(2.2)	-
Cost of gross financial debt	**(29.9)**	**(31.6)**	**(24.8)**
Interest income	2.0	-	-
Cost of net financial debt before reclassification	**(27.9)**	**(31.6)**	**(24.8)**
Reclassification to profit/(loss) from discontinued operations	1.0	4.3	2.8
Cost of net financial debt	**(26.9)**	**(27.3)**	**(22.0)**

Financial debt is described in Note **11**.

The impact of interest rate hedging instruments (Note **14.4**) is as follows:

in € millions	2012	2011	2010
Interest paid on interest rate swaps	(0.6)	-	-
Ineffective portion of interest rate instruments	(8.6)	(2.2)	(1.2)
Total impact	**(9.2)**	**(2.2)**	**(1.2)**

19.2 Other financial income and expenses

(in € millions)	2012	2011	2010
Currency gains	-	1.1	-
Vendor loan - interest accrued and revaluation	3.0	1.1	7.9
Other financial income	**3.0**	**2.2**	**7.9**
Currency losses	(5.1)	-	(1.9)
Other financial expenses of special purpose entities	(4.7)	(4.4)	(1.0)
Discounting charge on provisions	-	(0.1)	(0.1)
Other financial expenses	(1.6)	(0.1)	(2.2)
Other financial expenses	**(11.4)**	**(4.6)**	**(5.2)**
Total	**(8.4)**	**(2.4)**	**2.7**

The item "Vendor loan – interest accrued and revaluation" relates:
- for 2012, to the loan granted at the time of the disposal of the Champagne division;
- for 2011 and 2010, to the loan granted at the time of the disposal of Lucas Bols and which was repaid in full as at 31 March 2011.

The loans are described in Note **6.2**.

Currency losses and gains recorded in "Other financial expenses" include mainly the impact of hedge accounting under IAS 39 relating to the cash flow hedge and the currency gains/(losses) from financing transactions. Currency gains/(losses) from operations are recognised in gross profit (Note **1.4)**.

(in € millions)	2012	2011	2010
Ineffective portion of currency hedges	(8.4)	(1.8)	(3.2)
Other	3.3	2.9	1.3
Currency gains/(losses)	**(5.1)**	**1.1**	**(1.9)**

20 INCOME TAXES

20.1 Net income tax expense

(in € millions)	2012	2011	2010
Current tax income/(expense)	(73.7)	(61.2)	(32.1)
Deferred tax income/(expense)	26.4	39.5	(0.4)
Total	**(47.3)**	**(21.7)**	**(32.5)**
Effective tax rate	-27.9%	-24.0%	-27.0%

20.2 Tax regime

Rémy Cointreau has opted for the Group tax regime for certain subsidiaries in which it holds a direct or indirect equity interest of at least 95%. This regime entitles the Group to offset, within certain limits, the tax expenses of companies with taxable income against losses incurred by other subsidiaries. The resulting tax saving is recognised in the year of offset.

20.3 Analysis of origin and allocation of deferred taxes

(in € millions)	2012	2011	2010
Breakdown by type			
Pension provisions	6.8	5.9	6.8
Regulated provisions	(8.6)	(14.4)	(12.8)
Other provisions	6.8	0.7	1.0
Brands	(93.4)	(93.5)	(172.2)
Non-current assets	(13.3)	(8.0)	(13.6)
Margins on inventories	16.3	11.9	11.0
Losses carried forward	8.7	13.7	8.6
Other timing differences	22.3	(7.8)	(1.5)
Net liability	**(54.4)**	**(91.5)**	**(172.7)**
Breakdown by tax group			
France	(78.3)	(94.7)	(140.5)
U.S.	2.9	3.5	1.6
Netherlands	(15.4)	(18.2)	(59.4)
Other	36.4	17.9	25.6
Net asset/(liability)	**(54.4)**	**(91.5)**	**(172.7)**
Deferred tax asset	44.0	30.3	27.1
Deferred tax liability	(98.4)	(121.8)	(199.8)
Net asset/(liability)	**(54.4)**	**(91.5)**	**(172.7)**

20.4 Tax losses and capital losses carried forward

At 31 March 2012, the tax losses carried forward totalled €28.7 million (2011: €46.9 million). The potential tax saving arising from the use of these losses is €9.0 million (2011: €14.7 million) of which €8.7 million were recognised as a net deferred tax asset. It is estimated that €7.1 million will be recovered within the next three years.

20.5 Tax proof

In 2012, the income tax expense amounted to €47.3 million. The difference between the actual tax expense and the theoretical tax expense based on the French statutory rate of 36.1% is analysed as follows:

(in € millions)	2012	2011	2010
Theoretical tax expense	(61.1)	(31.3)	(41.5)
Actual tax expense	(47.3)	(21.7)	(32.5)
Difference	**13.8**	**9.6**	**9.0**
Permanent differences between consolidated profit and taxable profit	(8.7)	(5.5)	(5.1)
Use of tax losses or timing differences not previously recognised	1.2	1.8	0.5
Unused losses from subsidiaries with a loss-making tax position	(0.2)	-	(2.2)
Difference in tax rates applicable to foreign subsidiaries	25.4	15.0	18.6
Adjustment to the tax expense for prior years	(3.9)	(1.7)	(2.8)
Total	**13.8**	**9.6**	**9.0**

21 NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

(in € millions)	2012	2011	2010
Champagne			
Pre-tax profit/(loss) for the year	-	0.4	(10.4)
Income tax expense for the year	-	(0.5)	3.5
Disposal expenses	(1.1)	-	-
Restatement on the EPI distribution contract	(9.5)	-	-
Value restatement of discontinued assets (1)	-	(3.8)	-
Sub-total Champagne	**(10.6)**	**(3.9)**	**(6.9)**
Other profit/(loss) from discontinued operations	-	1.1	3.0
Total	**(10.6)**	**(2.8)**	**(3.9)**

(1) Comprising a loss before tax of €17.6 million and a positive tax effect €13.8 million

Pursuant to IFRS, part of the disposal price of the Champagne division was allocated to the distribution contract, whose terms are favourable to the buyer in the initial years. This amount was recognized as a liability and will be released over the periods concerned. The related charge after tax was €9.5 million.

22 NET PROFIT/(LOSS) EXCLUDING NON-RECURRING ITEMS

Net profit/(loss) excluding non-recurring items corresponds to net profit/(loss) restated for other operating income/(expense) (as described in Note **18**), the related tax effects and the profit/(loss) from discontinued operations.

22.1 Reconciliation with net profit/(loss)

Net profit/(loss) excluding non-recurring items attributable to the owners of the parent may be reconciled with net profit/(loss) attributable to the owners of the parent as follows:

(in € millions)	2012	2011	2010
Net profit/(loss) - attributable to the owners of the parent	**110.8**	**70.5**	**86.3**
Brand impairment	3.8	45.0	-
Site restructuring, closure or transfer	-	-	0.6
Tax adjustment excluding income taxes	(0.7)	1.6	1.5
Other	(0.1)	(0.1)	0.1
Tax effect	(0.5)	(12.3)	(0.3)
Net profit/(loss) from discontinued operations	10.6	2.8	3.9
Net profit/(loss) excluding non-recurring items - attributable to the owners of the parent	**123.9**	**107.5**	**92.1**

22.2 Net profit/(loss) excluding non-recurring items per share – attributable to the owners of the parent

(in € millions)		2012	2011	2010
Net profit/(loss) excluding non-recurring items - attributable to the owners of the parent		123.9	107.5	92.1
Number of shares				
basic	10.2	49,324,332	48,991,452	47,989,124
diluted	10.2	49,473,230	49,248,856	48,191,494
Earnings per share (€)				
basic		2.51	2.19	1.92
diluted		2.50	2.18	1.91

23 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

23.1 Defined-benefit pension plans

(in € millions)	2012	2011	2010
Present value of obligations at start of year	**(29.7)**	**(33.1)**	**(28.4)**
Service cost	(1.0)	(1.3)	(1.9)
Interest on actuarial liability	(1.2)	(1.4)	(1.7)
Curtailments or settlements	3.6	0.3	0.5
Benefits paid	0.8	5.7	2.4
Actuarial gains (losses)	(1.6)	(0.2)	(3.6)
Past services costs	-	-	-
Closure of pension scheme	1.3	-	-
Change in consolidation scope (1)	4.1	-	-
Other (including transfers)	-	0.2	(0.4)
Translation difference	-	0.1	-
Present value of obligations at end of year (2)	**(23.7)**	**(29.7)**	**(33.1)**
Not funded	(17.2)	(19.9)	(20.0)
Partly funded	(6.5)	(9.8)	(13.1)
Carrying amount of plan assets at start of year	**5.4**	**9.1**	**9.3**
Expected return	0.1	0.2	0.5
Contributions received	0.9	0.9	1.5
Changes in schemes	(2.9)	-	-
Benefits paid	(0.1)	(4.6)	(1.1)
Actuarial gains (losses)	-	0.2	(1.1)
Closure of pension scheme			
Change in consolidation scope (1)	-	-	-
Other (including transfers)	-	(0.2)	-
Translation difference	-	(0.2)	-
Carrying amount of plan assets at end of year (2)	**3.4**	**5.4**	**9.1**
Funded status	**(20.3)**	**(24.3)**	**(24.0)**
Unrecognised past service costs	(1.1)	0.1	0.6
Unrecognised actuarial (gains)/losses	-	-	-
Net commitment (2)	**(21.4)**	**(24.2)**	**(23.4)**
Liability	**(21.4)**	**(24.6)**	**(23.8)**
Asset	**-**	**0.4**	**0.4**

(1) Disposal of Champagne division
(2) Including the following amounts for operations held for sale at 31 March 2011: actuarial liability €(4.1) million; carrying amount of plan assets: N/A ; net pension commitment €(4.0) million

23.2 Charges for the year

(in € millions)	2012	2011	2010
Service cost	(1.0)	(1.3)	(1.9)
Interest on actuarial liability	(1.2)	(1.4)	(1.7)
Expected return on plan assets	0.1	0.2	0.5
Amortisation of other items not recognised	(0.1)	(0.5)	-
Impact of curtailments	0.6	0.2	0.5
Total income/(expense) (1)	**(1.6)**	**(2.8)**	**(2.6)**
Benefits paid	0.7	1.1	1.3
Employer's contribution	0.8	0.9	1.4
Net income/(expense) (1)	**(0.1)**	**(0.8)**	**0.1**
Actuarial assumptions			
Average discount rate	3.94%	5.03%	4.94%
Average salary increase	2.85%	2.68%	2.91%
Expected working life	6 to 19 years	6 to 19 years	6 to 19 years
Expected rate of return on plan assets	4.00%	4.18%	4.98%
Increase in medical costs	5.00%	5.00%	5.00%

(1) Including amounts related to operations held for sale as at 31 March 2011: €0.1 million for each item

23.3 Actuarial gains and losses

(in € millions)	2012	2011	2010
Opening balance	**(17.8)**	**(17.8)**	**(13.4)**
Movement for the year	(3.6)	-	(4.4)
of which experience adjustments	0.5	0.6	(0.3)
Closing balance	**(21.4)**	**(17.8)**	**(17.8)**

23.4 Breakdown of present value obligation by nature

(in € millions)	2012	2011	2010
Retirement indemnities	(8.2)	(8.0)	(7.9)
Supplementary pension plans	(14.3)	(17.7)	(21.3)
Long-service awards	(0.6)	(0.6)	(0.6)
Post-employment healthcare benefits	(0.6)	(3.4)	(3.3)
Total (1)	**(23.7)**	**(29.7)**	**(33.1)**

(1) Including those relating to operations held for sale at 31 March 2011: €(4.1) million

23.5 Dedicated financial assets

At 31 March 2012, the assets underlying the liabilities were held by insurance companies who invest these assets together with their general assets.

23.6 Sensitivity

The sensitivity of the present value of the rights to an increase/decrease of 250 basis points in the discount rate is less than €1 million.

Given the present non-material scope of post-employment healthcare benefit schemes, the sensitivity to an increase in medical costs exceeding 5% is not significant for the Group.

24 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

24.1 Operating activity commitments

(in € millions)	2012	2011	2010
Purchase commitments - non-current assets	3.0	6.9	0.4
Leasing commitments - offices	12.4	14.1	11.7
Leasing commitments - equipment	1.9	1.0	2.5
Purchase commitments – "eaux-de-vie"	39.9	60.9	6.0
Purchase commitments - wine	37.7	67.7	69.2

The office leasing commitments mainly relate to the lease of the Group's Paris head office and that of the head office of the subsidiary Rémy Cointreau USA in New York.

The "eaux-de-vie" purchase commitments essentially relate to three-year contracts entered into with the distillers. These commitments are valued based on the prices known at the balance sheet date.

The wine purchase commitments comprise purchase commitments for wine in the U.S.

The maturity analysis of commitments at 31 March 2012 was as follows:

(in € millions)	Total	2013	Beyond
Purchase commitments - non-current assets	3.0	2.3	0.6
Leasing commitments - offices	12.4	4.6	7.8
Leasing commitments - equipment	1.9	0.7	1.2
Purchase commitments – "eaux-de-vie"	39.9	21.8	18.1
Purchase commitments - wine	37.7	8.6	29.1

24.2 Financing commitments, deposits and similar guarantees

(in € millions)	2012	2011	2010
Tax deposits	0.2	0.2	-
Customs deposits	12.9	14.0	11.7
Export deposits	0.5	0.5	0.5
Environmental deposits	2.5	2.3	2.3
Guarantees granted to suppliers	6.3	6.3	6.3
Agricultural warrants on AFC inventories	27.9	32.8	6.6
Miscellaneous guarantees on credit lines	8.7	10.4	22.9

Breakdown of commitments by maturity at 31 March 2012:

(in € millions)	Total	2013	Beyond
Tax deposits	0.2	0.2	-
Customs deposits	12.9	12.9	-
Export deposits	0.5	0.5	-
Environmental deposits	2.5	2.5	-
Guarantees granted to suppliers	6.3	-	6.3
Agricultural warrants on AFC inventories	27.9	27.9	-
Miscellaneous guarantees on credit lines	8.7	8.7	-

24.3 Contingent liabilities related to disposal transactions

In connection with disposal transactions, guarantees in respect of liabilities are generally granted to the buyers for defined periods and amounts stipulated in the agreements. Liabilities for tax, excise duties and social security payments that may arise following audits covering periods prior to the sale are generally included until such liabilities lapse under the statute of limitations.

The guarantees granted and still outstanding at 31 March 2012 were as follows:

Disposal transaction	Transaction date	Description of outstanding guarantees	Term	Maximum amount
Lucas Bols	11 April 2006	Tax items Total all guarantees Franchise	11 October 2012	100 2.6
Bols Hungary	12 July 2006	Tax items Total all guarantees	12 July 2012	2.4
Piper-Heidsieck Compagnie Champenoise	8 July 2011	Tax items and assimilated Other elements	Legal period + 90 days 31 December 2012	No limit 45.0

24.4 Other contingent liabilities

At 31 March 2012, Rémy Cointreau was involved in various litigations. After reviewing each case in relation to each subsidiary concerned, and after seeking legal advice, the provisions deemed to be necessary have been established to cover the estimated risks, where applicable,.

Rémy Cointreau declares that it has not omitted any material off-balance sheet items in the presentation of its consolidated financial statements.

25 RELATED PARTIES

25.1 Transactions with associates

At 31 March 2012, the Rémy Cointreau Group's main associates were Dynasty Fine Wines Group Ltd, Lixir and Diversa. The transactions with these companies are described in Note **5**.

25.2 Transactions with Orpar and Andromède

Andromède is a main shareholder of Rémy Cointreau through Orpar. Transactions between Rémy Cointreau and these companies are as follows.

(in € millions)	2012	2011	2010
Service fees paid	3.3	3.2	2.6
Current account	0.1	0.1	0.2
Trade payables and other liabilities	0.1	0.9	-

25.3 Transactions with companies with a common shareholder or director

Andromède, shareholder of Orpar, is also a shareholder of Oeneo group, which is listed on Euronext Paris and is a market leader in the cooperage and corking business. As such, various Oeneo Group subsidiaries are suppliers to the Rémy Cointreau Group.

(in € millions)	2012	2011	2010
Purchases of non-current assets	2.4	2.4	4.0
Other purchases	0.7	0.8	0.6
Trade payables	-	0.2	1.0

25.4 Management bodies

Since 7 September 2004, the Group's management bodies have comprised the members of the Board of Directors and the Executive Committee (comprising six members).

Short-term benefits comprise fixed and variable remuneration and directors' fees.

(in € millions)	2012	2011	2010
Short-term benefits	6.6	5.7	5.7
Post-employment benefits	0.2	0.1	0.4
Share-based payments	2.3	1.6	2.0
Total	**9.1**	**7.4**	**8.0**

In addition, on 4 June 2008 the Board of Directors authorised the commitment to deferred compensation corresponding to 18 months of gross remuneration (fixed and variable) that would be due by the Company in the event that the Chief Executive Officer's (CEO) departure is instigated by his employer. This compensation is subject to compliance with performance conditions measured by the rate of achievement, over the past three years, of the CEO's individual annual objectives used as a basis for the variable share of his remuneration. If this rate is less than 50%, no compensation shall be paid. If the rate is between 50% and 75%, the compensation is proportional to the value of this rate. Compensation shall be paid in full if the rate exceeds 75%.

26 POST-BALANCE SHEET EVENTS

On 23 May 2012, Rémy Cointreau decided to terminate the execution of the share buyback programme initiated on 6 December 2011. As part of this programme, the company acquired 1,428,794 shares representing 2.88% of share capital at an average price of €67.29 per share. The June 2012 Board of Directors' meeting will set out the terms of the resolution bearing on the new share buyback programme to be proposed at the Annual Shareholders' Meeting of 26 July 2012.

On 5 June 2012, Rémy Cointreau signed a new €255 million syndicated loan with a pool of 11 banks. The five-year loan supersedes a previous syndicated loan that expired on 7 June 2012.

27 LIST OF CONSOLIDATED COMPANIES

At 31 March 2012, the consolidation included 43 companies (50 at 31 March 2011). Thirty-nine companies were fully consolidated and four were accounted for using the equity method. All companies have a 31 March year-end, with the exception of Dynasty Fine Wines Group Ltd and Lixir, which have a 31 December year-end.

Company	Activity	% interest March 2012	% interest March 2011
EUROPE			
France			
Rémy Cointreau SA (1)	Holding/ Finance	100.00	100.00
Rémy Cointreau Services (1)	Holding/ Finance	100.00	100.00
CLS Rémy Cointreau (1)	Production/Distribution	100.00	100.00
Domaines Rémy Martin (1)	Agricultural production	100.00	100.00
E. Rémy Martin & Cie (1)	Production	100.00	100.00
Cointreau (1)	Production	100.00	100.00
Izarra – Distillerie de la Côte Basque (1)	Production	100.00	100.00
Alliance Fine Champagne (2)	Special purpose entity	100.00	100.00
Lixir (3)	Distribution	50.00	50.00
Rémy Cointreau International Marketing Services	Other	100.00	100.00
Netherlands			
Rémy Cointreau Nederland Holding NV	Holding/ Finance	100.00	100.00
DELB BV	Holding/ Finance	100.00	100.00
Rémy Cointreau Nederland BV	Holding/ Finance	100.00	100.00
De Bron 1575 BV	Holding /Finance	100.00	100.00
Other countries			
Hermann Joerss GmbH & Co (Germany)	Distribution	100.00	100.00
Cointreau Holding GmbH (Germany)	Holding /Finance	100.00	100.00
Diversa Spezialitaten GmbH (3) (Germany)	Distribution	50.00	50.00
S. & E. & A. Metaxa ABE (Greece)	Production	100.00	100.00
Financière Rémy Cointreau SA (Belgium)	Holding/ Finance	100.00	100.00
Rémy Cointreau Belgium (Belgium)	Distribution	100.00	100.00
Rémy Cointreau Luxembourg (Luxembourg)	Distribution	100.00	100.00
Rémy Cointreau Slovakiasro (Slovakia)	Distribution	100.00	100.00
Rémy Cointreau Czech Republic sro (Czech Republic)	Distribution	100.00	100.00
AMERICAS			
US			
Rémy Cointreau USA Inc	Distribution	100.00	100.00
Rémy Cointreau Amérique Inc	Holding/ Finance	100.00	100.00
Rémy Cointreau Travel Retail Americas Inc	Distribution	100.00	100.00
Barbados			
Mount Gay Distilleries Ltd	Production	95.22	95.22
Mount Gay Holding Ltd	Holding/ Finance	100.00	100.00

Company	Activity	% interest	
		March 2012	March 2011
ASIA-PACIFIC			
China/ Hong Kong			
Dynasty Fine Wines Group Ltd [3]	Production	26.96	27.03
Rémy Cointreau Shanghaï	Distribution	100.00	100.00
E. Rémy Rentouma Trading Ltd	Distribution	100.00	100.00
Rémy Concord	Distribution	100.00	100.00
Rémy Pacifique Ltd	Holding/ Finance	100.00	100.00
Caves de France	Holding/ Finance	100.00	100.00
Other countries			
Rémy Cointreau Taïwan Pte Ltd (Taiwan)	Distribution	100.00	100.00
Rémy Cointreau Japan KK (Japan)	Distribution	100.00	100.00
Rémy Cointreau International Pte Ltd (Singapore)	Distribution	100.00	100.00
Rémy Cointreau India Private Ltd (India)	Distribution	100.00	100.00
Rangit Ltd (Mauritius)	Holding/ Finance	100.00	100.00
CHANGES IN CONSOLIDATION SCOPE			
Shanghaï RC Trading Ltd (China) [4]	Distribution	100.00	-
Cointreau Do Brazil (licores) Ltda (Brazil)	Other	100.00	-
Twin Peaks Beverages Private Ltd (India) [3] [4]	Production	50.00	-
Rémy Cointreau South Africa Pty Ltd (South Africa) [4]	Distribution	100.00	-
Champ.P&C Heidsieck [5]	Production	-	99.98
Champ. F. Bonnet P & F [5]	Production	-	100.00
Piper Heidsieck C.C. [5]	Production	-	100.00
G.V. de l'Aube [5]	Agricultural production	-	100.00
G.V. de la Marne [5]	Agricultural production	-	99.95
Fournier & Cie - Safec [5]	Agricultural production	-	100.00
Société Forestière Agricole et Viticole de Comméteuil [5]	Agricultural production	-	100.00
Ponche Kuba BV [6]	Holding/Finance	-	100.00
Metaxa BV [6]	Holding/Finance	-	100.00
Lodka Sport BV [6]	Other	-	50.00
't Lootsje II BV[6]	Holding/Finance	-	100.00

(1) Company included in the French tax group.
(2) Special purpose entity
(3) Equity-accounted company.
(4) Incorporated during the year
(5) Disposed of during the year
(6) Liquidated