CONSOLIDATED FINANCIAL STATEMENTS OF THE REMY COINTREAU GROUP AT 31 MARCH 2011

CONSOLIDATED INCOME STATEMENT

At 31 March, in € millions

	Notes	2011	2010	2009
Turnover	15	**907.8**	**807.6**	**710.4**
Cost of sales		(389.5)	(361.7)	(337.2)
Gross profit		**518.3**	**445.9**	**373.2**
Distribution costs	16	(284.4)	(238.8)	(185.2)
Administrative expenses	16	(72.8)	(70.3)	(68.3)
Other income from operations	16	5.9	5.2	4.3
Current operating profit	15	**167.0**	**142.0**	**124.0**
Other operating income/(expenses)	18	(46.5)	(2.2)	11.3
Operating profit		**120.5**	**139.8**	**135.3**
Finance costs		(27.3)	(22.0)	(16.7)
Other financial income/(expenses)		(2.4)	2.7	(6.0)
Financial result	19	**(29.7)**	**(19.3)**	**(22.7)**
Profit before tax		**90.8**	**120.5**	**112.6**
Income tax	20	(21.7)	(32.5)	(34.6)
Share in profits of associates	5	4.3	4.9	3.0
Profit from continuing operations		**73.4**	**92.9**	**81.0**
Profit/(loss) from discontinued operations	21	(2.8)	(3.9)	5.1
Net profit for the year		**70.6**	**89.0**	**86.1**
Attributable to:				
non-controlling interests		0.1	2.7	-
owners of the parent company		**70.5**	**86.3**	**86.1**
Net earnings per share – from continuing operations (€)				
basic		1.50	1.94	1.73
diluted		1.49	1.93	1.72
Net earnings per share - attributable to owners of the parent company (€)				
basic		1.44	1.80	1.84
diluted		1.43	1.79	1.83
Number of shares used for the calculation				
basic	10.2	48,991,452	47,989,124	46,877,143
diluted	10.2	49,248,856	48,191,494	47,113,389

STATEMENT OF COMPREHENSIVE INCOME

At 31 March, in € millions

	March 2011	March 2010	March 2009
Net profit for the year	**70.6**	**89.0**	**86.1**
Movement in the value of hedging instruments [(1)]	20.0	(6.9)	(24.0)
Actuarial difference on pension commitments	(0.3)	(4.9)	2.8
Movement in the value of AFS shares [(2)]	0.2	0.1	(0.2)
Related tax effect	(6.7)	3.8	7.4
Movement in translation differences	(7.6)	0.3	24.1
Total income/(expenses) recorded in equity	**5.6**	**(7.6)**	**10.1**
Total comprehensive income for the year	**76.2**	**81.4**	**96.2**
Attributable to owners of the parent company	76.2	78.7	96.2
Attributable to non-controlling interests	-	2.7	-
[(1)] of which unrealised gains and losses transferred to income	7.9	0.2	(23.0)
[(2)] of which unrealised gains and losses transferred to income	-	-	-

STATEMENT OF FINANCIAL POSITION

At 31 March, in € millions

	Notes	2011	2010	2009
Brands and other intangible assets	3	447.1	629.9	629.8
Property, plant and equipment	4	141.0	208.6	197.0
Investments in associates	5	64.9	64.3	62.1
Other financial assets	6	10.9	71.2	61.1
Deferred tax assets	20	30.3	27.1	22.4
Non-current assets		**694.2**	**1,001.1**	**972.4**
Inventories	7	699.2	969.8	958.4
Trade and other receivables	8	213.6	248.1	282.1
Income tax receivables		1.6	8.3	6.0
Derivative financial instruments	14	16.4	3.2	10.8
Cash and cash equivalents	9	80.6	86.3	89.4
Assets held for sale	2	485.3	-	0.2
Current assets		**1,496.7**	**1,315.7**	**1,346.9**
Total assets		**2,190.9**	**2,316.8**	**2,319.3**
Share capital		79.1	77.6	75.8
Share premium		735.7	708.2	685.5
Treasury shares		(0.6)	(0.4)	(2.3)
Consolidated reserves		177.9	151.5	127.1
Net profit attributable to owners of the parent company		70.6	86.3	86.1
Translation reserve		(7.7)	(0.2)	(0.5)
Profit/(loss) recorded in equity		7.9	(5.4)	(1.0)
Equity - attributable to owners of the parent company		**1,062.9**	**1,017.6**	**970.7**
Non-controlling interests		0.9	0.9	(1.8)
Equity	10	**1,063.8**	**1,018.5**	**968.9**
Long-term financial debt	11	377.7	537.7	592.4
Provision for employee benefits	23	20.5	23.8	18.7
Long-term provisions for liabilities and charges	12	6.5	5.1	12.4
Deferred tax liabilities	20	121.8	199.8	199.4
Non-current liabilities		**526.5**	**766.4**	**822.9**
Short-term financial debt and accrued interest	11	31.8	50.0	28.9
Trade and other payables	13	406.6	439.3	452.9
Income tax payables		39.2	11.9	32.9
Short-term provisions for liabilities and charges	12	9.5	19.8	5.9
Derivative financial instruments	14	4.5	10.9	6.9
Liabilities held for sale	2	109.0	-	-
Current liabilities		**600.6**	**531.9**	**527.5**
Total equity and liabilities		**2,190.9**	**2,316.8**	**2,319.3**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

At 31 March, in € millions

	Share capital and premium	Treasury shares	Reserves and consolidated net profit	Translation reserves	Profit recorded in equity	Attributable to owners of the parent company	Attributable to non-controlling interests	Total equity
At 31 March 2008	**739.0**	**0.1**	**182.1**	**(24.6)**	**14.9**	**911.5**	**(1.8)**	**909.7**
Net profit for the year	-	-	86.1	-	-	**86.1**	-	**86.1**
Gains and losses recorded in equity	-	-	1.9	24.1	(15.9)	**10.1**	-	**10.1**
Charges related to option plans	-	-	3.6	-	-	**3.6**	-	**3.6**
Share capital increase	22.3	-	-	-	-	**22.3**	-	**22.3**
Transactions on treasury shares	-	(2.4)	-	-	-	**(2.4)**	-	**(2.4)**
Dividends	-	-	(60.5)	-	-	**(60.5)**	-	**(60.5)**
At 31 March 2009	**761.3**	**(2.3)**	**213.2**	**(0.5)**	**(1.0)**	**970.7**	**(1.8)**	**968.9**
Net profit for the year	-	-	86.3	-	-	**86.3**	2.7	**89.0**
Gains and losses recorded in equity	-	-	(3.5)	0.3	(4.4)	**(7.6)**	-	**(7.6)**
Charges related to option plans	-	-	3.4	-	-	**3.4**	-	**3.4**
Share 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)**	**237.8**	**(0.2)**	**(5.4)**	**1,017.6**	**0.9**	**1,018.5**
Net profit for the year	-	-	70.5	-	-	**70.5**	0.1	**70.6**
Gains and losses recorded in equity	-	-	(0.1)	(7.5)	13.3	**5.7**	(0.1)	**5.6**
Charges related to option plans	-	-	3.4	-	-	**3.4**	-	**3.4**
Share 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)**	**248.5**	**(7.7)**	**7.9**	**1,062.9**	**0.9**	**1,063.8**

STATEMENT OF CASH FLOWS

At 31 March, in € millions

	Notes	2011	2010	2009
Current operating profit		167.0	142.0	124.0
Adjustment for depreciation, amortisation and impairment		14.2	13.5	11.7
Adjustment for share-based payments		3.1	3.4	3.6
Dividends received from associates	5	2.8	2.1	1.4
EBITDA		187.1	161.0	140.7
Change in inventories		(11.4)	(19.8)	(36.5)
Change in trade receivables		26.6	(39.4)	37.3
Change in trade payables		2.5	23.4	81.8
Change in other receivables and payables		21.8	50.8	(54.2)
Change in working capital requirement		39.5	15.0	28.4
Net cash flow from operations		**226.6**	**176.0**	**169.1**
Other operating income/(expenses)		(1.9)	(1.4)	(185.3)
Financial result		(20.3)	(25.3)	(8.7)
Net income tax		(31.1)	(53.6)	29.4
Other operating cash flows		(53.3)	(80.3)	(164.6)
Net cash flow from operating activities - continuing operations		**173.3**	**95.7**	**4.5**
Impact of discontinued operations		8.4	(7.4)	(66.6)
Net cash flow from operating activities		**181.7**	**88.3**	**(62.1)**
Purchases of non-current assets	3/4	(27.4)	(22.6)	(26.9)
Purchases of investment securities	5/6	(0.7)	(10.7)	(5.8)
Net cash flow from sale of non-current assets		0.5	0.7	1.8
Net cash flow from sale of investment securities	6	-	-	60.4
Net cash flow from other investments	6	61.9	(2.7)	1.6
Net cash flow from investment activities - continuing operations		**34.3**	**(35.3)**	**31.1**
Impact of discontinued operations		0.8	4.2	(2.6)
Net cash flow from investment activities		**35.1**	**(31.1)**	**28.5**
Capital increases	10	7.0	1.4	0.9
Treasury shares	10	(0.2)	1.9	(2.2)
Increase in financial debt		329.8	1.5	136.6
Repayment of financial debt		(517.4)	(30.0)	(2.3)
Dividends paid to owners of the parent company		(41.2)	(38.5)	(39.2)
Net cash flow from financing activities - continuing operations		**(222.0)**	**(63.7)**	**93.8**
Impact of discontinued operations		-	-	-
Net cash flow from financing activities		**(222.0)**	**(63.7)**	**93.8**
Translation differences on cash and cash equivalents		(0.5)	3.4	(8.1)
Change in cash and cash equivalents		**(5.7)**	**(3.1)**	**52.1**
Cash and cash equivalents at start of year	9	**86.3**	**89.4**	**37.3**
Cash and cash equivalents at end of year	9	**80.6**	**86.3**	**89.4**

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 1 June 2011. They will be submitted for shareholder approval at the shareholders' General Meeting on 26 July 2011.

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 2011.

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 Reference 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 Reference 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 in accounting principles compared with the previous year

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

- IAS 27 R – *Consolidated and separate financial statements*,
- IAS 32 – *Financial instruments: disclosures: classification of rights issues*,
- 2008 amendment to IAS 39 relating to eligible hedged items,
- IFRS 1 (revised in 2008) - *First adoption of the international financial reporting standards*
- amendment to IFRS 2 on the recognition of Group cash-settled share-based payments,
- IFRS 3 R - *Business combinations*,
- IFRIC 15 - *Agreements for the construction of real estate*,
- IFRIC 16 - *Hedges of a net investment in a foreign operation,*
- IFRIC 17 - *Distributions of non-cash assets to owners*,

- IFRIC 18 - *Transfers of assets from customers,*
- 2007-2009 IFRS improvements.

The texts or mandatory amendments for financial years starting on or after 31 March 2011, which the Group did not elect to apply in advance for the consolidated financial statements for the year ended 31 March 2011 were as follows:

- IAS 24 – *Related parties - Related party disclosures,*
- IFRS 1 - *Limited exemptions from comparative IFRS 7 disclosures for 1st 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.

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 material subsidiaries of which Rémy Cointreau directly or indirectly holds 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 controls 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. When 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 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 hedge 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 turnover 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 period end;
- 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 or expenses (for other cash flows) as the cash flows covered by the hedging transactions occur;
- net financial income or expenses 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 in the same accounts 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 diminution 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 and as soon as there is any indication of a decrease in value. These tests are described in Note **1.8**.

Distribution rights associated with the brands were also recognised when the acquisitions were 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 the 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 fair value of the asset or the present value of the minimum lease 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 diminution in value, and automatically at each year 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 established 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 to seven years depending on the business) 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 fair value.

1.9 Inventories

Inventories are valued in accordance with IAS 2 "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 contra entry for these inventories is generally recorded in trade payables.

A substantial part of the inventories held by the Rémy Cointreau Group consists of eaux-de-vie (cognac, brandy and rum) and wines (champagne) that are undergoing an ageing process. 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. Production costs are determined in line with industry practices to the extent that this approach complies with the requirements of IAS 2.

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

The cost of inventories undergoing an ageing process does not include finance costs incurred during this ageing period. Such finance costs are recognised in the income statement in the period when incurred.

The value of inventories undergoing an ageing process varies each year since it is adjusted to include production costs attributable directly to the ageing process as well as to reflect evaporation. The approach used to determine realisable value takes into account the price at which finished products made from these inventories will be sold.

Finished goods are stated at the lower of cost 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 fair 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. As a rule, changes in value are recognised:

- 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 as a financial expense.

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 for 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 for counterparty banks. Changes in the value of currency instruments 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 and expenses for any residual change in fair value of the hedging instruments and the change in fair value of the non-hedging instruments.

The Group also holds derivative instruments involving Rémy Cointreau shares (Note **14.6**).

d) Loans and financial debt

Financial resources are generally stated at nominal value net of costs incurred when arranging this financing, which 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 recognised 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 tax bases 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 charge 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, very 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 held 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 by reference 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 of this discounting being recognised in profit or loss as a financial item.

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:

- commitments under the Group's pension plan in Germany, Barbados and Belgium;
- 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.

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 have also been 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 Turnover

Turnover comprises wholesale sales of finished products of the brands of wines and spirits marketed by the Group to:

- the various distribution companies of the Maxxium network, which was 25%-owned by Rémy Cointreau until 30 March 2009;
- distributors;
- agents;
- wholesalers, mainly in North America and China.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which as a rule occurs on shipment.

These sales are stated net of alcohol duties and sales 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 the wine and spirits brands (notably from subcontracting and the distribution of alcohol-free products) are recorded at their net amount under "Other income/ (expenses) from operations" to the extent that 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 are to be discontinued, when plans to this effect have been approved by the Board of Directors. The corresponding operating profit is reclassified in the line "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 losses 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 share-based payments, 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 segment 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 in-house and 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 Cognac, 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.
Information provided by division is identical to that presented to the Executive Committee.

The Partner brands division includes the brands where the Group is not involved in any industrial process but acts solely as a distributor.

b) Geographic segments

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

The geographic segments used are: Europe, Americas and "Asia and Others". The last segment comprises Asia, Australia, New Zealand and Africa.

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 "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 with the carrying value of the assets concerned and the estimated market value, net of disposal expenses and tax, if negative, is recognised as "profit 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, Rémy Cointreau 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 Rémy Cointreau’s finance costs.

2 CHANGES IN CONSOLIDATION SCOPE

On 15 November 2010, the Group announced a competitive bid process for the potential sale of its Champagne division, which includes the Piper-Heidsieck and Charles Heidsieck brands. On 28 February 2011, the Group announced that it had entered into exclusive negotiations with the EPI Group for the disposal of its Champagne division.

On 31 May 2011, the Rémy Cointreau Group and EPI announced that they had signed an agreement for the sale by Rémy Cointreau of the entire share capital of Piper-Heidsieck – Compagnie Champenoise to EPI, enabling the latter to assume control of the Champagne operations in Reims, and Piper Sonoma, the sparkling wine brand in the US, for a price reflecting an enterprise value of €412.2 million. In addition to the debt assumed by the acquirer and after taking into account some adjustments already agreed among the parties, the purchase price for the shares will amount to €146.3 million, including an immediate first payment of €71.3 million. Rémy Cointreau has granted a seller's loan for a period of nine years for the portion of the price of the shares not subject to immediate payment.

In addition, Rémy Cointreau and EPI have signed a global distribution agreement for the Piper-Heidsieck and Charles Heidsieck brands, as well as for Piper Sonoma in the US.

The income statement of operations held for sale was reclassified, line by line, under the caption "Profit from discontinued operations" in the financial years ended 31 March 2011, 31 March 2010 and 31 March 2009, in accordance with IFRS 5.

The reclassified data was as follows:

(in € millions)	2011	2010	2009
Turnover	**0.2**	**0.2**	**3.7**
Gross profit	27.5	24.5	38.6
Distribution costs	(13.8)	(15.4)	(16.5)
Administrative expenses	(10.7)	(11.4)	(12.4)
Other income from operations	0.3	0.3	3.3
Current operating profit	**3.3**	**(2.0)**	**13.0**
Other operating income/(expenses)	1.3	(5.4)	3.6
Operating profit	**4.6**	**(7.4)**	**16.6**
Financial result	(4.2)	(3.0)	(8.6)
Income tax	(0.5)	3.5	(2.9)
Net profit for the year	**(0.1)**	**(6.9)**	**5.1**

At 31 March 2011, assets and liabilities relating to the planned disposal were reclassified as "Assets held for sale" and "Liabilities held for sale", in accordance with IFRS 5.

(in € millions)	2011	2010	2009
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	**376.3**	**-**	**0.2**
Assets held for sale	485.3		
Liabilities held for sale	(109.0)		
Total net assets held for sale	**376.3**	**-**	**0.2**

3 BRANDS AND OTHER INTANGIBLE ASSETS

(in € millions)	Brands	Distribution rights	Other	Total
Gross value at 31 March 2009	**623.0**	**9.3**	**25.0**	**657.3**
Acquisitions	-	-	3.0	3.0
Disposals, items scrapped	-	-	(0.4)	(0.4)
Translation difference	(0.1)	(0.1)	-	(0.2)
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**
Accumulated amortisation at 31 March 2009	**3.4**	**7.4**	**16.7**	**27.5**
Charges	-	-	2.7	2.7
Disposals, items scrapped	-	-	(0.3)	(0.3)
Translation difference	-	-	(0.1)	(0.1)
Accumulated amortisation 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 at 31 March 2011	**48.2**	**7.2**	**13.8**	**69.2**
Net carrying amount at 31 March 2009	**619.6**	**1.9**	**8.3**	**629.8**
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**

"Other" includes mainly software licenses and leasehold rights.

Brands and other intangible assets with an indefinite useful life have been subject to an annual impairment test at 30 September 2010, carried out by an independent expert. The method used to establish the present value of the brands is described in Note **1.8**.

For tests carried out during the period, the present value used was the recoverable value, established based on discounted future cash flows from medium-term plans (five to seven years depending on divisions) and approved by the Board of Directors. The pre-tax discounting rates used were between 7.3% and 10.2% and the rate of growth to infinity between 1% and 2%.

Following these tests, 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. This was primarily due to a deterioration in the financial parameters and profitability outlook of the brand's medium-term business plan, one of the main markets of which is Greece. Brands and other intangible assets with an undetermined value in use have been subject to an annual impairment test at 30 September 2010, according to the method described in Note **1.8**. The present value used for brands and other related assets is based on their value in use. No impairment was recognised following these tests.

Considering the forecasts and financial parameters on which such tests are based, an increase of 0.5 points in the discount rates or a reduction in the growth rate to infinity of 0.5 points would not incur any impairment of any of the brands and other intangible assets held by the Group.

At 31 March 2011, the Group had not identified any indication of loss in value liable to call into question the results of the impairment tests carried out at 30 September 2010.

Amounts reclassified as assets held for sale correspond to the scope of the Champagne division (Note **2**).

4 PROPERTY, PLANT AND EQUIPMENT

(in € millions)	Land	Buildings	Other	In progress	Total
Gross value at 31 March 2009	**38.0**	**105.4**	**182.3**	**2.6**	**328.3**
Acquisitions	-	0.1	2.5	22.6	25.2
Disposals, items scrapped	-	(0.1)	(3.2)	-	(3.3)
Other movements	3.9	8.3	9.9	(21.9)	0.2
Translation difference	-	(0.1)	(0.2)	-	(0.3)
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)
Other movements	-	0.5	1.5	(3.3)	(1.3)
Reclassification as assets held for sale	(33.8)	(33.6)	(28.8)	(2.0)	(98.2)
Translation difference	-	(0.5)	(0.8)		(1.3)
Gross value at 31 March 2011	**8.2**	**81.3**	**168.5**	**3.7**	**261.7**
Accumulated depreciation at 31 March 2009	**1.5**	**37.2**	**92.6**	**-**	**131.3**
Charges	0.3	2.8	10.3	-	13.4
Disposals, items scrapped	-	(0.1)	(3.0)	-	(3.1)
Other movements	-	-	-	-	-
Translation difference	-	-	(0.1)	-	(0.1)
Accumulated 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)
Other movements	-	(0.9)	(0.1)	-	(1.0)
Reclassification as assets held for sale	(1.3)	(7.8)	(18.8)	-	(27.9)
Translation difference	-	-	(0.5)	-	(0.5)
Accumulated depreciation at 31 March 2011	**1.0**	**32.9**	**86.8**	**-**	**120.7**
Net carrying amount at 31 March 2009	**36.5**	**68.2**	**89.7**	**2.6**	**197.0**
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**

For the year ended 31 March 2011, additions amounting to €18.8 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	Total
At 31 March 2009	**53.6**	**1.3**	**7.2**	**62.1**
Dividends paid	(1.4)	(0.7)	-	**(2.1)**
Net profit for the year	4.0	0.7	0.2	**4.9**
Translation difference	(0.6)	-	-	**(0.6)**
At 31 March 2010	**55.6**	**1.3**	**7.4**	**64.3**
Dividends paid	(2.1)	(0.7)	-	**(2.8)**
Net profit for the year	3.5	0.6	0.2	**4.3**
Translation difference	(1.2)	-	-	**(1.2)**
Other movements	0.3	-	-	**0.3**
At 31 March 2011	**56.1**	**1.2**	**7.6**	**64.9**

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.

At 31 March 2011, Rémy Cointreau held 336.5 million Dynasty shares representing a 27.03% equity stake. The share price on the Hong Kong stock exchange on that date stood at HKD 2.90 (2010: HKD 2.52; 2009: HKD 1.30).

There are no commercial transactions between the Rémy Cointreau Group and Dynasty. The relationship is therefore primarily financial.

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, the figures are adjusted to reflect the fact that Rémy Cointreau has a financial year-end of 31 March.

5.2 Lixir

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

Lixir's financial year-end is 31 December. Lixir's turnover was €166.1 million over the Rémy Cointreau financial year (2010: €164.4 million).

5.3 Diversa

On 31 March 2009, the Rémy Cointreau Group acquired a 50% share in Diversa GmbH to form a distribution joint venture on the German market with the Underberg Group.

This company started operating on 1 April 2009. Diversa GmbH generated turnover of €118.3 million for the year to 31 March 2011 (2010: €118.8 million).

6 OTHER FINANCIAL ASSETS

(in € millions)	2011	2010	2009
Non-consolidated equity investments	6.6	5.1	4.8
Prepayments for post-employment benefit schemes	0.4	0.4	0.4
Seller's loan (Note **6.2**)	-	60.7	52.8
Loan to non-consolidated investments	0.1	1.1	1.0
Liquidity account excluding Rémy Cointreau shares	3.0	2.9	1.1
Other	0.8	1.0	1.0
Total	**10.9**	**71.2**	**61.1**

6.1 Non-consolidated equity investments

(in € millions)	% held	2011	% held	2010	% held	2009
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%	0.7	0.2%	0.5	0.2%	0.3
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	5.0%	0.4
TRANSMED (France)	6.8%	1.3	6.8%	-	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		-
Total		**6.6**		**5.1**		**4.8**

6.2 Seller's loan

In connection with the sale of the Lucas Bols division on 11 April 2006, Rémy Cointreau granted a seller's loan of €50 million for a maximum term of seven years (expiring 11 April 2013) and bearing interest at 3.5%. The loan interest is capitalised.

This loan was initially recorded net of a €10 million early repayment option at the acquirer's initiative. Such option had to be exercised before 11 April 2009.

During the financial year ended 31 March 2010, Lucas Bols BV, beneficiary of the loan, confirmed that it would not exercise the early repayment option before 11 April 2010. Consequently and as stated by contract provisions, the early repayment option was brought down to €2.5 million and the interest charge is retro-actively computed with a 5.5% interest rate per annum, subject to repayment before 11 April 2011.

This loan was recorded at €60.7 million at 31 March 2010 and was repaid in March 2011 for €61.8 million. Additional interest of €1.1 million was recognised under "Other financial income and expenses"

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)	2011	2010	2009
Goods for resale and finished goods	93.5	105.4	114.6
Raw materials	30.0	85.7	97.0
Ageing wines and eaux-de-vie	579.9	780.0	745.0
Other	2.1	2.4	4.3
Gross cost	**705.5**	**973.5**	**960.9**
Provision for impairment	(6.3)	(3.7)	(2.5)
Carrying amount	**699.2**	**969.8**	**958.4**

7.2 Analysis of the change

(in € millions)	Gross cost	Impairment	Carrying amount
Balance at 31 March 2009	**960.9**	**(2.5)**	**958.4**
Movement	13.9	(1.2)	12.7
Translation difference	(1.3)	-	(1.3)
Balance at 31 March 2010	**973.5**	**(3.7)**	**969.8**
Movement	(6.7)	(3.1)	(9.8)
Reclassification as assets held for sale	(255.9)	0.3	(255.6)
Translation difference	(5.4)	0.2	(5.2)
Balance at 31 March 2011	**705.5**	**(6.3)**	**699.2**

8 TRADE AND OTHER RECEIVABLES

(in € millions)	2011	2010	2009
Trade receivables	157.9	191.5	154.9
Receivables related to taxes and social charges (exc. income tax)	10.8	19.5	70.5
Sundry prepaid expenses	6.4	6.1	8.4
Advances paid	16.9	18.6	9.5
Receivables related to asset disposals	0.1	2.9	7.7
Other receivables	21.5	9.5	31.1
Total	**213.6**	**248.1**	**282.1**
of which provision for doubtful debts	(4.4)	(5.1)	(4.7)

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 2011, trade and other receivables relating to the scope of the planned disposal were thus reclassified as “assets held for sale”, in accordance with IFRS 5.

At 31 March 2009, “Receivables related to taxes and social charges (exc. income tax)” included a VAT receivable of €42.8 million relating to the Maxxium compensation payment. This receivable, which was matched by the payable described in Note **13**, was repaid in May 2009.

At 31 March 2011, the breakdown of trade receivables by maturity was as follows:

(in € millions)	Total	Current	Overdue	
			Less than 3 months	More than 3 months
Trade receivables gross	162.3	131.7	18.1	12.5
Provision for writedown	(4.4)	-	(0.3)	(4.1)
Carrying amount	**157.9**	**131.7**	**17.8**	**8.4**

9 CASH AND CASH EQUIVALENTS

(in € millions)	2011	2010	2009
Short-term deposits	0.1	28.1	66.1
Associates' current accounts	-	0.2	1.9
Cash at bank	80.5	58.0	21.4
Total	**80.6**	**86.3**	**89.4**

10 EQUITY

10.1 Share capital, share premium and treasury shares

	Number of shares	Treasury shares	Total number of shares	Share capital	Share premium	Treasury shares
At 31 March 2009	**47,370,044**	**(103,205)**	**47,266,839**	**75.8**	**685.5**	**(2.3)**
Exercise of stock options	73,030	-	73,030	0.1	1.3	-
Dividend part-paid in shares	980,095	-	980 095	1.6	21.4	-
2007 free share plan	86,600	-	86,600	0.1	-	-
Liquidity account	-	83,747	83,747	-	-	1.8
Other treasury shares	-	4,605	4,605	-	-	0.1
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	-
Dividend part 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)
At 31 March 2011	**49,428,402**	**(21,310)**	**49,407,092**	**79.1**	**735.7**	**(0.6)**

10.1.1 Share capital and premium

At 31 March 2011, the share capital consisted of 49,428,402 shares with a nominal value of €1.60.

During the year ended 31 March 2011, 263,963 shares were issued in connection with stock options granted to certain employees.

Between 2 August and 14 September 2010, Rémy Cointreau issued 565,770 shares following the option for partial dividend payment in shares instead of cash.

On 20 November 2010, 88,900 shares were issued (from available reserves) on expiry of the vesting period of the 2008 free share plan.

10.1.2 Treasury shares

At 31 March 2011,
- no Rémy Cointreau shares were held in the liquidity account set up in November 2005 (Note **1.18**).
- Rémy Cointreau held 21,310 of its own shares to be allocated to the exercise of stock options under Plans 12 and 13.

Rémy Cointreau still has the option of buying back 137,500 shares under the sale and buyback agreement concluded on 24 March 2005 (at €27.67 each) and a call option on 172,000 shares (at €28.07 each). These instruments are intended to cover 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**.

	2011	2010	2009
Average number of shares (basic):			
Average number of shares	49,012,762	48,003,977	46,980,348
Average number of treasury shares	(21,310)	(14,853)	(103,205)
Total used for calculating basic earnings per share	**48,991,452**	**47,989,124**	**46,877,143**
Average number of shares (diluted):			
Average number of shares (basic)	48,991,452	47,989,124	46,877 143
Dilution effect of stock options [1]	257,404	202,370	236,246
Total used for calculating diluted earnings per share	**49,248,856**	**48,191,494**	**47,113,389**

(1) The Rémy Cointreau share price used as a reference when calculating the shares that could be issued in the future as a result of the exercise of options was €47.25 for 2011, €30.69 for 2010 and €31.05 for 2009.

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 (Plans 10 and 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 2010	Options exercised during the year	Average exercise price	Outstanding options at 31 March 2011
1 March 2003	10	8 years	S	1,016,600	27.10	56,350	775,700	184,550	47.37	-
8 March 2006	11	6 years	S	659,500	25.00	8,500	467,727	79,413	50.95	103,860
16 Sept. 2007	12	6 years	P	287,000	27.67	27,000	86,400	45,290	50.93	128,310
24 December 2008	13	6 years	P	262,000	28.07	35,000	9,000	74,500	49.08	143,500
Total				2,225,100		126,850	1,338,827	383,753	48.86	375,670

[1] S = Subscription, P = Purchase

For all plans, one option equals one share granted.

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 options	Shares granted at the end of the vesting period	Number of shares outstanding at 31 March 2011
20 November 2008	2008	2 years	2 years	89,900	24.89	1,000	88,900	-
19 November 2009	2009	2 years	2 years	102,300	34.05	5,000	n/a	97,300
23 November 2010	2010	2 years	2 years	94,000	52.65		n/a	94,000
Total				**286,200**		**6,000**	**-**	**191,300**

[1] *The grant date is the date of the Board meeting which decided on the granting of each plan.*

Grant date	Plan No.	Combined General Meeting that approved the plan
20 November 2008	2008	16 September 2008
19 November 2009	2009	16 September 2008
23 November 2010	2010	16 September 2008

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 2008 plan resulted in the creation of 88,900 new shares as a deduction against reserves. The plan was fully granted (with the exception of 1,000 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 allocated. The amount is amortised on a straight-line basis over the rights vesting period from the date decided by the Board for each plan.

The assumptions used for the estimation of the benefit value and the resulting values were as follows for the plans included in the calculation of the charge for the year ended 31 March 2011:

	Plan 2008	Plan 2009	Plan 2010
Expectation performance criteria will be met	100%	100%	100%
Staff turnover ratio	8.0%	8.0%	8.0%
Value per option	€20.74	€30.02	€46.05

For the year ended 31 March 2011, the related expense is €3.1 million (2010: €3.4 million; 2009: €3.6 million).

10.4 Dividends

During the financial year ended 31 March 2011, Rémy Cointreau SA distributed a total dividend of €1.30 per share for the year ended 31 March 2010, including the option that half the dividend, i.e. €0.65 per share, be paid in shares. The share payment totalling €21.9 million was made between August and September 2010, corresponding to the issue of 565,770 shares at a price of €38.62 each. The balance of €41.2 million was paid in cash in October 2010.

10.5 Minority interests

(in € millions)	2011	2010	2009
Minority interests in Mount Gay Distilleries	0.9	0.9	0.9
Other entities relating to Takirra Invest Corp	-	-	(2.7)
Total	**0.9**	**0.9**	**(1.8)**

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 specific level of capital employed, mainly in eaux-de-vie and wine inventories undergoing an ageing process, which provide a unique guarantee for its brands' future and their potential to create shareholder value.

For several years now, 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. The Group also set up factoring programmes during the year which led to an acceleration of collections from customers of €9.0 million at 31 March 2011.

Another key indicator is the "A ratio" (Average net financial debt/EBITDA) (Notes **11.7** and **14.7**) with which the Group must comply in order to access a significant part of its financial resources. During the year ended 31 March 2011, continuing activities have generated operating cash flow (before tax and financial expense) of €226.6 million. Net financial debt decreased by €172.5 million and the net debt to equity ratio was 0.31 (0.49 in March 2010 and 0.55 in March 2009). The A Ratio was 2.19, substantially below the limit of 3.50 set out by the syndicated credit contract.

11 FINANCIAL DEBT

11.1 Net financial debt

(in € millions)	2011			2010			2009		
	Long-term	Short-term	Total	Long-term	Short-term	Total	Long-term	Short-term	Total
Gross financial debt	377.7	31.8	409.5	537.7	50.0	587.7	592.4	28.9	621.3
Cash and cash equivalents (Note **9**)	-	(80.6)	(80.6)	-	(86.3)	(86.3)	-	(89.4)	(89.4)
Net financial debt	**377.7**	**(48.8)**	**328.9**	**537.7**	**(36.3)**	**501.4**	**592.4**	**(60.5)**	**531.9**

11.2 Gross financial debt by type

(in € millions)	2011			2010			2009		
	Long-term	Short-term	Total	Long-term	Short-term	Total	Long-term	Short-term	Total
Total bonds	198.0	-	198.0	191.5	-	191.5	191.0	-	191.0
Private placement	138.1	-	138.1	-	-	-	-	-	-
Drawdown on syndicated credit	40.0	-	40.0	344.8	25.2	370.0	370.0	-	370.0
Drawdown on other confirmed credit lines	-	-	-	-	-	-	30.0	-	30.0
Drawdown on unconfirmed credit lines	-	-	-	-	-	-	-	-	-
Other borrowings and overdrafts	-	0.1	0.1	-	0.5	0.5	-	0.6	0.6
Issue costs for syndicated credit		-	-		(0.1)	(0.1)	(0.1)	(0.4)	(0.5)
Accrued interest	-	7.4	7.4	-	2.4	2.4	-	8.3	8.3
Total Rémy Cointreau S.A.	**376.1**	**7.5**	**383.6**	**536.3**	**28.0**	**564.3**	**590.9**	**8.5**	**599.4**
Finance leases	-	-	-	-	-	-	0.1	-	0.1
Other financial debt and overdrafts	1.6	15.1	16.7	1.4	15.8	17.2	1.4	12.5	13.9
Financial debt of special purpose entities	-	9.2	9.2	-	6.2	6.2	-	7.9	7.9
Total subsidiaries	**1.6**	**24.3**	**25.9**	**1.4**	**22.0**	**23.4**	**1.5**	**20.4**	**21.9**
Gross financial debt	**377.7**	**31.8**	**409.5**	**537.7**	**50.0**	**587.7**	**592.4**	**28.9**	**621.3**

11.3 Gross financial debt by maturity

(in € millions)	
Before 31 March 2012	31.8
7 June 2012	40.0
30 June 2012	1.6
10 June 2015	138.1
15 December 2016	198.0
Total	**409.5**

At 31 March 2011, undrawn amounts under the confirmed credit lines of Rémy Cointreau were €426 million (2010: €210.0 million; 2009: €220.0 million).

At 31 March 2011, the Rémy Cointreau Group's total amount of confirmed financial resources was €811 million (2010: €804.4 million; 2009: €849.8 million), including €466 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)	2011			2010			2009		
	Long-term	Short-term	Total	Long-term	Short-term	Total	Long-term	Short-term	Total
Fixed interest rate	336.1	-	336.1	191.5	-	191.5	191.0	-	191.0
Variable interest rate	41.6	24.4	66.0	346.2	47.6	393.8	401.4	20.6	422.0
Accrued interest	-	7.4	7.4	-	2.4	2.4	-	8.3	8.3
Gross financial debt	**377.7**	**31.8**	**409.5**	**537.7**	**50.0**	**587.7**	**592.4**	**28.9**	**621.3**

(in € millions)	2011			2010			2009		
	Long-term	Short-term	Total	Long-term	Short-term	Total	Long-term	Short-term	Total
Drawdown on syndicated credit	40.0	-	40.0	344.8	25.2	370.0	370.0	-	370.0
Drawdown on other confirmed credit lines	-	-	-	-	-	-	30.0	-	30.0
Other	1.6	24.4	26.0	1.4	22.4	23.8	1.4	20.6	22.0
Total variable-rate financial debt	**41.6**	**24.4**	**66.0**	**346.2**	**47.6**	**393.8**	**401.4**	**20.6**	**422.0**

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)	2011			2010			2009		
	Long-term	Short-term	Total	Long-term	Short-term	Total	Long-term	Short-term	Total
Euro	377.7	30.5	408.2	537.7	38.9	576.6	592.4	21.9	614.3
US dollar	-	1.3	1.3	-	11.1	11.1	-	4.8	4.8
Chinese Yuan	-	-	-	-	-	-	-	2.2	2.2
Gross financial debt	**377.7**	**31.8**	**409.5**	**537.7**	**50.0**	**587.7**	**592.4**	**28.9**	**621.3**

11.6 Bonds

In June 2010, Rémy Cointreau carried out a new 6.5 year bond issue of a par value of €205.0 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 for 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, all bearers are entitled to request redemption of their bonds held at 101% in the event of a change of control.

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. Furthermore, the agreement 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 €197.0 million, at 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 charge was included in the cost of the 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 swap contracts that exactly match the two tranches, 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 was about €138.6 million, which was 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 A ratio (see Syndicated Credit) remaining below 3.5 at each half-year period for the duration of the contract.

11.8 Syndicated credit

At 31 March 2011, Rémy Cointreau had access to a €466 million syndicated loan entered into on 7 June 2005. The agreement provides for a revolving credit facility, of which €466 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 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 2011, ratio A stood at 2.19 (2010: 3.17; 2009: 2.99).

12 PROVISIONS FOR LIABILITIES AND CHARGES

12.1 Analysis of change

(in € millions)	Restructu- -ring	Early retirement plan	Other	Total
At 31 March 2009	**2.7**	**0.4**	**15.2**	**18.3**
Increase	5.6	-	15.7	21.3
Reversals - Used	(1.0)	(0.3)	(5.4)	(6.7)
Reversals - Unused	(0.2)	-	(7.9)	(8.1)
Translation difference	-	-	0.1	0.1
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**

"Restructuring" covers costs for the restructuring, planned and completed 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)	2011	2010	2009
Long-term provisions (or unknown maturity)	6.5	10.5	12.4
Short-term provisions	9.5	14.4	5.9
Total	**16.0**	**24.9**	**18.3**

13 TRADE AND OTHER PAYABLES

(in € millions)	2011	2010	2009
Trade payables - eaux-de-vie	186.1	175.8	160.6
Other trade payables	82.5	131.9	143.4
Advances from customers	11.7	10.1	1.2
Payables related to tax and social charges (exc. income tax)	37.9	40.3	80.7
Excise duties	1.3	1.8	2.4
Advertising expenses payable	46.3	40.7	23.0
Miscellaneous deferred income	1.4	1.6	1.5
Other liabilities	39.4	37.1	40.1
Total	**406.6**	**439.3**	**452.9**

At 31 March 2011, trade and other payables relating to the scope of the planned disposal were thus reclassified as "Liabilities held for sale", in accordance with IFRS 5.

At 31 March 2009, payables relating to tax and social charges (exc. income tax) included a VAT liability of €42.8 million relating to a compensation payment for the exit from Maxxium. Following proceedings filed with the Dutch tax authorities, the €42.8 million VAT asset was fully repaid in May 2009 (Note **8**).

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 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) The financial instruments in this column pertain to the "held for trading" sub-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 in this column pertain to the "held for trading" sub-category

At 31 March 2009

(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	61.1	61.1	55.2	1.1	4.8	-
Trade and other receivables	8	282.1	282.1	282.1	-	-	-
Derivative financial instruments	14	10.8	10.8	-	4.0	-	6.8
Cash and cash equivalents	9	89.4	89.4	-	89.4	-	-
Assets		**443.4**	**443.4**	**337.3**	**94.5**	**4.8**	**6.8**
Long-term financial debt	11	592.4	592.4	592.4	-	-	-
Short-term financial debt and accrued interest	11	28.9	28.9	28.9	-	-	-
Trade and other payables	13	452.9	452.9	452.9	-	-	-
Derivative financial instruments	14	6.9	6.9	-	3.4	-	3.5
Liabilities		**1,081.1**	**1,081.1**	**1,074.2**	**3.4**	**0.0**	**3.5**

(1) These financial instruments in this column pertain to the “held for trading” sub-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 turnover and margins.

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

(in € millions)	2011	2010	2009
Assets			
Interest rate derivatives	-	1.4	3.4
Exchange rate derivatives	16.4	1.8	7.4
Total	**16.4**	**3.2**	**10.8**
Liabilities			
Interest rate derivatives	3.8	7.4	5.6
Exchange rate derivatives	0.7	3.5	1.3
Total	**4.5**	**10.9**	**6.9**

14.4 Interest rate derivatives

The Group manages the risk of an increase in interest rates on its variable rate financial resources (Note **11.4**), which are generally based on EURIBOR (one month or three months), using options (caps). Rémy Cointreau also entered into interest rate swap contracts in the context of decreasing interest rates on the market.

At 31 March 2011, interest rate derivatives in portfolio were as follows:

14.4.1 Breakdown by type

(in € millions)	2011	2010	2009
Asset			
Cap purchases	-	0.1	0.2
Floor purchases	-	1.3	3.2
Total	**-**	**1.4**	**3.4**
Liabilities			
Floor sales	-	1.3	3.2
Interest rate swaps	2.5	6.1	2.4
Instruments related to the Private Placement	1.3	-	-
Total	**3.8**	**7.4**	**5.6**

14.4.2 Breakdown by maturity

(in € millions)	Nominal amount	Initial value	Market value	of which CFH [1]	of which Trading [1]
Cap purchases maturing in March 2012	250.0	0.6	-	-	-
Total assets		**0.6**	**-**	**-**	**-**
Interest rate swaps maturing in March 2015	150.0	-	2.5	-	2.5
Instruments related to the Private Placement [2]	140.0	-	1.3	(0.1)	1.4
Total liabilities	**290.0**	**0.0**	**3.8**	**(0.1)**	**3.9**

[1] *Cash Flow Hedge: hedging future cash flows; Trading: held for trading purposes*

[2] *See Note 11.4, instruments maturing on 10 June 2015*

For the year ended 31 March 2011, a pre-tax expense of €5.8 million was recognised directly in equity relating to the valuation of the interest rate derivatives of which:

- a charge of €5.6 million was recycled to income statement following the expiry or change of the instruments to a non-hedging status;
- a charge of €0.2 million relating to the change in effective value of instruments qualifying as Cash Flow Hedge (CFH).

Sensitivity to interest rate risk

Given the financing in place and existing hedges at 31 March 2011, a 50 bp increase or decrease in interest rates would have the following impact, the impact on net profit arising mainly from the unhedged debt.

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

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

14.5 Exchange rate derivatives

The Group uses options or 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 currency swaps to exactly 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)	186.5	8.5	14.1	14.1	-
Other currencies (vs EUR)	34.5	1.0	0.5	0.5	-
	221.0	**9.5**	**14.6**	**14.6**	**-**
Forward sales					
Seller USD (vs EUR)	14.1	-	1.0	1.0	-
Other currencies (vs EUR)	21.4	-	(0.6)	(0.6)	-
	35.5	**-**	**0.4**	**0.4**	**-**
Purchase/(sale) of currency swaps (operating activities) (3)					
Seller USD (vs EUR)	(66.9)	-	0.9	-	0.9
Purchaser HKD (vs USD)	19.5	-	-	-	-
Other currencies (vs EUR)	(16.4)	-	-	-	-
	(63.8)	**-**	**0.9**	**0.9**	**-**
Purchase/(sale) of currency swaps (financing activities) (3)					
Seller USD (vs EUR)	(26.1)	-	(0.2)	-	(0.2)
Other currencies (vs EUR)	7.5	-	-	-	
	(18.6)	**-**	**(0.2)**	**-**	**(0.2)**
Total	**174.1**	**9.5**	**15.7**	**15.0**	**0.7**

(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 2011, a pre-tax expense of €14.2 million was recognised directly in equity related to the valuation of the exchange rate derivatives, of which:

- o an income of €2.3 million was recycled to profit and loss following the expiry or change to non-hedging status of the instruments, and
- o an income of €11.9 million in relation to the change in effective value of instruments qualifying as Cash Flow Hedge (CFH).

Sensitivity to foreign exchange risk

Given the hedges in place at 31 March 2011, a 10% increase or decrease in the €/USD exchange rate would have the following impact: the impact on profit arising mainly from the ineffective part of hedging of future flows:

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

[1] Benchmark is the €/USD rate at 31 March 2011 being 1.4207
[2] Translated in € millions at each simulation rate.

14.6 Other derivative instruments

Other derivative instruments held in the portfolio at 31 March 2011 comprised call options on 172,000 Rémy Cointreau shares that, in accordance with IAS 39, are not recorded on the balance sheet.

14.7 Liquidity risks

The following table shows the contractual maturity profile of disbursements relating to financial liabilities recognised as at 31 March 2011.

(in € millions)	Before 31 March 2012	Before 31 March 2013	Before 31 March 2014	Before 31 March 2015	Subsequent	Total
Financial debt and accrued interest	31.8	41.6	-	-	345.0	418.4
Trade and other payables	406.6	-	-	-	-	406.6
Derivative financial instruments	0.6	3.5	3.5	2.9	-	10.5
Liabilities recognised at 31 March 2011	**439.0**	**45.1**	**3.5**	**2.9**	**345.0**	**835.5**
Future interest on financial debt	16.3	15.9	15.7	15.7	19.2	82.8
Total disbursements	**455.3**	**61.0**	**19.2**	**18.6**	**364.2**	**918.3**

According to IFRS 7, the liabilities are stated at their carrying amount at balance sheet date excluding discounting effects. The amounts drawn down on credit lines at 31 March 2011 are assumed to be carried forward until the maturity of each of the corresponding facilities. The corresponding interest expense is computed based on the parameters prevailing at the balance sheet date. For the 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 the contracts with the market parameters 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 €409.5 million in nominal value when total confirmed resources amounted to €811 million (Note **11.3**), with a maturity of more than one year at 31 March 2011. Of the €811 million of confirmed resources at 31 March 2011, the availability of €606 million is subject to compliance with the A ratio (Note **11.7**), which should be under 3.50 at the end of every six-month period until the final maturity of the financing (June 2012). For the Rémy Cointreau Group's management, compliance with the A ratio is a top priority and they are confident in the ability of the Group to meet this requirement for the six-month periods to come.

15 SEGMENT REPORTING

15.1 Segments

Brands are broken down into four segments comprising the principal products and brands as follows:

Cognac	Rémy Martin
Liqueurs & Spirits	Cointreau, Passoa, Metaxa, Saint Rémy, Mount Gay
Partner brands	Non-Group brands and, by extension, those not produced in full by the Group, which are marketed through the Group's own distribution network. They include mainly Edrington Group Scotch whiskies in the US, as well as the Piper-Heidsieck and Charles Heidsieck champagnes, reclassified into Partner brands since the potential acquirer of the Champagne division plans to continue distributing these brands through the Rémy Cointreau Group's distribution network.

15.1.1 Breakdown of turnover and current operating profit

There are no intra-segment sales.

(in € millions)	Turnover			Current operating profit		
	2011	2010	2009	2011	2010	2009
Cognac	486.0	405.7	311.9	140.5	105.9	80.2
Liqueurs & Spirits	208.0	206.5	196.0	42.6	51.6	57.6
Group brands	694.0	612.2	507.9	183.1	157.5	137.8
Partner brands [1]	213.8	195.4	202.5	2.1	2.4	1.5
Holding	-	-	-	(18.2)	(17.9)	(15.3)
Total	**907.8**	**807.6**	**710.4**	**167.0**	**142.0**	**124.0**

[1] after reclassification of data for the Champagne division, according to the structure retained in distribution

15.1.2 Breakdown of the balance sheet

At 31 March 2011

(in € millions)	Cognac	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 destined for disposal.

At 31 March 2010

(in € millions)	Cognac	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
Assets held for sale	-	-	-	-	-	-
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**

At 31 March 2009

(in € millions)	Cognac	Liqueurs & Spirits	Champagne	Partner brands	Unallocated [1]	Total
Non-current assets	333.1	283.2	199.6	10.5	146.0	972.4
Current assets	717.4	75.0	286.3	59.3	108.5	1,246.5
Derivative financial instruments	-	-	-	-	10.8	10.8
Assets held for sale	-	-	-	-	0.2	0.2
Cash and cash equivalents	-	-	-	-	89.4	89.4
Total assets	**1,050.5**	**358.2**	**485.9**	**69.8**	**354.9**	**2,319.3**
Equity	-	-	-	-	968.9	968.9
Financial debt and accrued interest	-	-	-	-	621.3	621.3
Provisions for liabilities and charges	11.7	5.1	5.7	0.3	14.2	37.0
Deferred and current tax liabilities	-	-	-	-	232.3	232.3
Trade and other payables	244.2	39.3	74.7	17.5	77.2	452.9
Derivative financial instruments	-	-	-	-	6.9	6.9
Total equity and liabilities	**255.9**	**44.4**	**80.4**	**17.8**	**1,920.8**	**2,319.3**

[1] Assets and liabilities pertaining to the four entities purchased from Maxxium were not allocated as at 31 March 2009. Related non-current assets were €0.4 million, current assets €21.5 million and trade and other payables €9.7 million.

15.1.3 Capital expenditure and depreciation and amortisation expenses

	Capital expenditure and acquisition of intangible assets			Depreciation and amortisation charges		
(in € millions)	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Cognac	11.6	20.3	22.4	9.6	8.9	7.3
Liqueurs & Spirits	5.8	4.6	5.6	4.0	4.1	4.1
Partner brands	0.4	1.1	0.5	0.6	0.5	0.3
Total	**17.8**	**26.0**	**28.5**	**14.2**	**13.5**	**11.7**

15.2 Geographic regions

15.2.1 Turnover

(in € millions)	Turnover		
	2011	**2010**	**2009**
Europe	293.9	280.8	271.4
Americas	306.6	275.7	283.0
Asia & Others	307.3	251.1	156.0
Total	**907.8**	**807.6**	**710.4**

15.2.2 Balance sheet

At 31 March 2011

(in € millions)	Europe	Americas	Asia & other	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 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	Americas	Asia & other	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**

At 31 March 2009

(in € millions)	Europe	Americas	Asia & other	Unallocated	Total
Non-current assets	882.7	28.7	61.0	-	**972.4**
Current assets	1,055.3	125.0	66.2	-	**1,246.5**
Derivative financial instruments	-	-	-	10.8	**10.8**
Assets held for sale	0.2	-	-	-	**0.2**
Cash and cash equivalents	-	-	-	89.4	**89.4**
Total assets	**1,938.2**	**153.7**	**127.2**	**100.2**	**2,319.3**
Equity	-	-	-	968.9	**968.9**
Financial debt and accrued interest	-	-	-	621.3	**621.3**
Provisions for liabilities and charges	37.0	-	-	-	**37.0**
Deferred and current tax liabilities	231.8	-	0.5	-	**232.3**
Trade and other payables	394.7	25.7	32.5	-	**452.9**
Derivative financial instruments	-	-	-	6.9	**6.9**
Total equity and liabilities	**663.5**	**25.7**	**33.0**	**1,597.1**	**2,319.3**

15.2.3 Capital expenditure

	Capital expenditure and acquisition of intangible assets		
(in € millions)	**2011**	**2010**	**2009**
Europe	14.3	22.8	24.4
Americas	2.8	2.6	2.2
Asia & Others	0.7	0.6	1.9
Total	**17.8**	**26.0**	**28.5**

16 ANALYSIS OF OPERATING EXPENSES BY TYPE

(in € millions)	March 2011	March 2010	March 2009
Personnel costs	(122.8)	(111.1)	(95.4)
Advertising and promotion expenses	(170.9)	(143.6)	(114.9)
Depreciation, amortisation and impairment of non-current assets	(14.2)	(13.5)	(11.7)
Other expenses	(91.3)	(86.9)	(82.7)
Expenses allocated to inventories and production costs	42.0	46.0	51.2
Total	**(357.2)**	**(309.1)**	**(253.5)**
of which:			
Distribution costs	(284.4)	(238.8)	(185.2)
Administrative expenses	(72.8)	(70.3)	(68.3)
Total	**(357.2)**	**(309.1)**	**(253.5)**

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 the overheads of the holding companies and production companies.

Other income and expenses correspond to the profit generated by activities that are peripheral to the sale of cognac, liqueurs, spirits and partner brands.

Personnel costs consist of the following:

(in € millions)	March 2011	March 2010	March 2009
Salaries and social charges	(114.6)	(103.3)	(87.7)
Pension and other similar benefits	(3.6)	(3.6)	(2.8)
Employee profit-sharing	(1.5)	(0.8)	(1.3)
Share-based payments	(3.1)	(3.4)	(3.6)
Total	**(122.8)**	**(111.1)**	**(95.4)**

17 NUMBER OF EMPLOYEES

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

(full-time equivalents)	2011	2010	2009
France	792	809	825
Europe (excluding France)	151	151	150
Americas	317	302	330
Asia & Others	361	309	207
Total	**1,621**	**1,571**	**1,512**

18 OTHER OPERATING INCOME AND EXPENSES

(in € millions)	2011	2010	2009
Impairment of Metaxa brand	(45.0)	-	-
Tax adjustments (excluding income taxes)	(1.6)	(1.5)	0.4
Restructuring plans, closures or transfer of sites	-	(0.6)	0.6
Maxxium compensation and related charges	-	-	29.9
Impairment of Maxxium shares	-	-	(16.0)
Maxxium Translation difference	-	-	(4.0)
Other	0.1	(0.1)	0.4
Total	**(46.5)**	**(2.2)**	**11.3**

19 FINANCIAL RESULT

19.1 Cost of net financial debt by type

(in € millions)	2011	2010	2009
Bonds	(12.4)	(10.5)	(10.5)
Private placement	(5.1)	-	-
Syndicated credit and unconfirmed lines	(3.0)	(6.6)	(16.7)
Finance costs of special purpose entities	(3.1)	(3.0)	(2.3)
Early redemption premium and accelerated amortisation of issue costs on the 5.2% bonds	(3.7)	-	-
Effect of interest rate hedges	(4.7)	(4.5)	1.1
Other financial expenses	0.4	(0.2)	0.1
Cost of gross financial debt	**(31.6)**	**(24.8)**	**(28.3)**
Interest on deposits	-	-	1.8
Cost of net financial debt before IFRS 5	**(31.6)**	**(24.8)**	**(26.5)**
Cost of financial debt of discontinued operations	4.3	2.8	9.8
Cost of net financial debt	**(27.3)**	**(22.0)**	**(16.7)**

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

Given that net financial debt averaged €561.0 million for the year ended 31 March 2011 (before IFRS 5 reclassification), the average interest rate was 5.63% (2010: €642.8 million and 3.86%; 2009: €477.8 million and 5.55%). Excluding the impact of the early redemption and accelerated amortisation of the former bond issue (Note **11.6**), the average interest rate was 4.97%.

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

(in € millions)	2011	2010	2009
Interest received on caps and floors	-	-	1.5
Interest (paid) on interest rate swaps	(2.5)	(3.3)	(0.1)
Ineffective portion of interest rate hedges	(2.2)	(1.2)	(0.3)
Impact of interest rate derivatives	**(4.7)**	**(4.5)**	**1.1**

At 31 March 2011, the ineffective portion of interest rate hedges only included instruments that lost their status as hedges.

19.2 Other financial income and expenses

(in € millions)	2011	2010	2009
Currency gains	1.1	-	3.5
Seller's loan - interest accrued and revaluation	1.1	7.9	9.2
Other financial income	**2.2**	**7.9**	**12.7**
Currency losses	-	(1.9)	-
Other financial expenses of special purpose entities	(4.4)	(1.0)	(7.2)
Discount charge on provisions	(0.1)	(0.1)	(10.6)
Other financial expenses	(0.1)	(2.2)	(0.9)
Other financial expenses	**(4.6)**	**(5.2)**	**(18.7)**
Total	**(2.4)**	**2.7**	**(6.0)**

The seller's loan was repaid during the year (Note **6.2**). Income relating to this loan at 31 March 2011 related to interest accrued during the period. At 31 March 2010 and 2009, this caption also included a revaluation effect.

In the 2009 financial year, "Discount charge on provisions" related mainly to the provision for the Maxxium compensation.

Currency losses and gains from operations are recognised in gross profit in accordance with the procedures described in Note **1.4**. Currency (losses) and gains comprise the following:

(in € millions)	2011	2010	2009
Ineffective portion of currency hedges	(1.8)	(3.2)	1.2
Other	2.9	1.3	2.3
Total	**1.1**	**(1.9)**	**3.5**

The ineffective portion of currency hedges related entirely to the instruments falling in the Cash Flow Hedge category at the balance sheet date. Impacts relating to the instruments which expired during the period are recognised in gross profit as they relate to operating flows.

20 INCOME TAX

20.1 Net income tax charge

(in € millions)	2011	2010	2009
Current tax/(expense) income	(61.2)	(32.1)	2.6
Deferred tax/(expense) income	39.5	(0.4)	(37.2)
Total	**(21.7)**	**(32.5)**	**(34.6)**
Effective tax rate	(24.0%)	(27.0%)	(30.8%)

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 charges of companies with taxable income against losses incurred by other subsidiaries. The resulting tax saving is recognised in the year of offset.

Analysis of origin and allocation of deferred taxes

(in € millions)	2011	2010	2009
Breakdown by type			
Pension provisions	5.9	6.8	5.2
Regulated provisions	(14.4)	(12.8)	(10.9)
Other provisions	0.7	1.0	0.8
Brands	(93.5)	(172.2)	(169.8)
Non-current assets	(8.0)	(13.6)	(13.8)
Margins on inter-company inventories	11.9	11.0	12.7
Losses carried forward	13.7	8.6	2.2
Other timing differences	(7.8)	(1.5)	(3.4)
Net liability	**(91.5)**	**(172.7)**	**(177.0)**
Breakdown by tax group			
France	(94.7)	(140.5)	(140.8)
US	3.5	1.6	3.5
Netherlands	(18.2)	(59.4)	(57.6)
Other	17.9	25.6	17.9
Net liability	**(91.5)**	**(172.7)**	**(177.0)**
Deferred tax asset	30.3	27.1	22.4
Deferred tax liability	(121.8)	(199.8)	(199.4)
Net liability	**(91.5)**	**(172.7)**	**(177.0)**

20.3 Tax losses and capital losses carried forward

At 31 March 2011, the tax losses carried forward totalled €46.9 million (2010: €34.1 million). The potential tax saving arising from the use of these losses is €14.7 million (2010: €9.7 million). A deferred tax asset of €13.7 million has been recognised in relation to the tax losses carried forward.

20.4 Tax proof

In 2011, the income tax charge amounted to €21.7 million. The difference between the actual tax charge and the theoretical tax charge based on the French statutory rate of 34.4% is analysed as follows:

(in € millions)	2011	2010	2009
Theoretical tax charge	(31.3)	(41.5)	(38.8)
Actual tax charge	(21.7)	(32.5)	(34.6)
Difference	**9.6**	**9.0**	**4.2**
Permanent differences between consolidated profit and taxable profit	(5.5)	(5.1)	(11.3)
Use of tax losses or timing differences not previously recognised	1.8	0.5	0.6
Unused losses from subsidiaries that are loss-making from a tax point of view	-	(2.2)	-
Difference in tax rates applicable to foreign subsidiaries	15.0	18.6	11.8
Adjustment to the tax charge for prior years	(1.7)	(2.8)	3.1
Total	**9.6**	**9.0**	**4.2**

21 NET PROFIT FROM DISCONTINUED OPERATIONS

(in € millions)	2011	2010	2009
Champagne			
Pre-tax profit for the year	0.4	(10.4)	8.0
Income tax charge for the year	(0.5)	3.5	(2.9)
Value restatement of discontinued assets [1]	(3.8)	-	-
Disposal expenses		-	-
Tax effect		-	-
Sub-total Champagne	**(3.9)**	**(6.9)**	**5.1**
Other profit from discontinued operations	1.1	3.0	-
Total	**(2.8)**	**(3.9)**	**5.1**

[1] Comprising a loss before tax of €17,6 million and a positive tax effect €13,8 million

"Other profit from discontinued operations" as at 31 March 2011 relates to residual impacts from the disposal of Lucas Bols (April 2006). As at 31 March 2010, the €3.0 million net income primarily originated from the liquidation of entities that had been retained under joint ownership with Takirra Investment Corp. NV following the disposal of Polish operations during the financial year ended 31 March 2006. €2.1 million of this amount was reallocated to minority interests.

22 NET PROFIT EXCLUDING NON-RECURRING ITEMS

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

22.1 Reconciliation with net profit

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

(in € millions)	March 2011	March 2010	March 2009
Net profit - attributable to owners of the parent company	**70.5**	**86.3**	**86.1**
Brand impairment	45.0	-	-
Site restructuring, closure or transfer	-	0.6	(0.6)
Tax adjustment excluding income tax	1.6	1.5	(0.4)
Maxxium compensation (and ancillary expenses)	-	-	(29.9)
Maxxium share impairment	-	-	16.0
Exit of Maxxium translation reserves	-	-	4.0
Other	(0.1)	0.1	(0.4)
Tax effect	(12.3)	(0.3)	11.1
Net profit from discontinued operations	2.8	3.9	(5.1)
Net profit excluding non-recurring items - attributable to owners of the parent company	**107.5**	**92.1**	**80.8**

22.2 Net profit excluding non-recurring items – attributable to owners of the parent company

(in € millions)		March 2011	March 2010	March 2009
Net profit excluding non-recurring items - attributable to owners of the parent company		107.5	92.1	80.8
Number of shares				
basic	10.2	48,991,452	47,989,124	46,877,143
diluted	10.2	49,248,856	48,191,494	47,113,389
Earnings per share excluding non-recurring items - attributable to owners of the parent company (€)				
basic		**2.19**	**1.92**	**1.72**
diluted		**2.18**	**1.91**	**1.72**

23 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

23.1 Defined benefits pension plans

(in € millions)	2011	2010	2009
Present value of obligations at start of year	**(33.1)**	**(28.4)**	**(26.4)**
Service cost	(1.3)	(1.9)	(1.4)
Interest on actuarial liability	(1.4)	(1.7)	(1.5)
Curtailments or settlements	0.3	0.5	-
Benefits paid	5.7	2.4	1.4
Actuarial gains (losses)	(0.2)	(3.6)	2.3
Past services costs	-	-	-
Closure of pension scheme	-	-	-
Change in consolidation scope (1)	-	-	(2.3)
Other (including transfers)	0.2	(0.4)	(0.1)
Translation difference	0.1	-	(0.4)
Present value of obligations at end of year (2)	**(29.7)**	**(33.1)**	**(28.4)**
Not funded	(19.9)	(20.0)	(18.4)
Partly funded	(9.8)	(13.1)	(10.0)
Carrying amount of plan assets at start of year (2)	**9.1**	**9.3**	**5.7**
Expected return	0.2	0.5	0.4
Contributions received	0.9	1.5	0.5
Changes in schemes	-	-	-
Curtailments of schemes	-	-	-
Benefits paid	(4.6)	(1.1)	(0.4)
Actuarial gains (losses)	0.2	(1.1)	0.8
Change in consolidation scope (1)	-	-	1.8
Other (including transfers)	(0.2)	-	-
Translation difference	(0.2)	-	0.5
Carrying amount of plan assets at end of year	**5.4**	**9.1**	**9.3**
Funded status	**(24.3)**	**(24.0)**	**(19.1)**
Unrecognised past service costs	0.1	0.6	0.5
Unrecognised actuarial (gain) loss	-	-	0.3
Net commitment (2)	**(24.2)**	**(23.4)**	**(18.3)**
Liability	**(24.6)**	**(23.8)**	**(18.7)**
Asset	**0.4**	**0.4**	**0.4**

(1) *Consolidation of Maxxium Belgium (renamed RC Belgium) at 31 March 2009.*
(2) *Including following amounts for operations held for sale at 31 March 2011: Present Value of Obligations €(4.1) million ; Carrying amount of plan assets : nil ; Net commitment €(4.0) million*

23.2 Charge of the year

(in € millions)	2011	2010	2009
Service cost	(1.3)	(1.9)	(1.4)
Interest on actuarial liability	(1.4)	(1.7)	(1.5)
Expected return	0.2	0.5	0.4
Amortisation of other items not recognised	(0.5)	-	(0.3)
Impact of curtailments	0.2	0.5	-
Total income/(expense) [1]	**(2.8)**	**(2.6)**	**(2.8)**
Benefits paid	1.1	1.3	1.0
Net income/(expense) [1]	**(1.7)**	**(1.3)**	**(1.8)**
Actuarial assumptions			
Average discount rate	5.03%	4.94%	5.75%
Average salary increase	2.68%	2.91%	2.80%
Expected working life (in years)	6 to 19 years	6 to 19 years	8 to 14 years
Expected return rate on plan assets	4.18%	4.98%	4.50%
Increase in medical costs	5.00%	5.00%	5.00%

[1] including amounts related to operations held for sale as at March 31 2011 : €0.1 million for both items.

23.3 Actuarial gains and losses

(in € millions)	2011	2010	2009
Opening balance	**(17.8)**	**(13.4)**	**(16.2)**
Movement for the year	-	(4.4)	2.8
of which experience adjustments	0.6	(0.3)	1.9
Closing balance	**(17.8)**	**(17.8)**	**(13.4)**

23.4 Breakdown of present value obligation by nature

(in € millions)	2011	2010	2009
Retirement indemnities	(8.0)	(7.9)	(6.8)
Supplementary defined benefit pension plans	(17.7)	(21.3)	(18.1)
Long-service awards	(0.6)	(0.6)	(0.6)
Post-employment healthcare benefits	(3.4)	(3.3)	(2.9)
Total [1]	**(29.7)**	**(33.1)**	**(28.4)**

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

23.5 Dedicated assets

At 31 March 2011, the assets underlying the liability were held by insurance firms that invest them 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.

24 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

Commitments in respect of retirement and similar benefits and certain eaux-de-vie purchase commitments are no longer treated as off-balance sheet commitments but are fully reflected in the financial statements following the introduction of IFRS accounting policies.

24.1 Purchase and lease commitments

(in € millions)	2011	2010	2009
Purchase commitments - non-current assets	6.9	0.4	0.2
Leasing commitments - offices	14.1	11.7	12.1
Leasing commitments - equipment	1.0	2.5	1.7
Purchase commitments - eaux-de-vie	60.9	6.0	63.1
Purchase commitments - wine (champagne)	67.7	69.2	22.5

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 significant decline in these commitments at the end of March 2010 relates to the expiry of part of these contracts which were renewed in July 2010.

The wine purchase commitments comprise the purchase commitments for the champagne division (wines reserved with the champagne growers) as well as wine purchase commitments in the US.

The maturity analysis of commitments at 31 March 2011 was as follows:

(in € millions)	Total	2012	Beyond
Purchase commitments - non-current assets	6.9	2.8	4.1
Leasing commitments - offices	14.1	4.1	10.0
Leasing commitments - equipment	1.0	0.5	0.5
Purchase commitments - eaux-de-vie	60.9	32.0	28.9
Purchase commitments - wine (champagne)	67.7	8.1	59.6

24.2 Deposits and similar guarantees

(in € millions)	2011	2010	2009
Tax deposits	0.2	-	-
Customs deposits	14.0	11.7	7.3
Guarantees granted to suppliers	6.3	6.3	6.3
Agricultural warrants on AFC inventories	32.8	6.6	7.9
Miscellaneous guarantees on credit lines	10.4	22.9	12.3

Breakdown of commitments by maturity at 31 March 2011:

(in € millions)	Total	2012	Beyond
Tax deposits	0.2	0.2	-
Customs deposits	14.0	13.0	-
Guarantees granted to suppliers	6.3	6.3	-
Agricultural warrants on AFC inventories	32.8	30.0	2.8
Miscellaneous guarantees on credit lines	10.4	10.4	-

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 2011 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

24.4 Other contingent liabilities

At 31 March 2011, Rémy Cointreau was involved in various legal proceedings. After reviewing each case in relation to each subsidiary concerned, and after seeking legal advice, the provisions deemed to be necessary have, where applicable, been established to cover the estimated risks.

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 2011, the Rémy Cointreau Group's main associates were Dynasty Fine Wines Group Ltd, Lixir and Diversa GmbH (Note **5**).

The Maxxium Worldwide BV joint venture ceased to be a related party with effect from 30 March 2009.

The Group does not conduct any commercial business with Dynasty.

25.2 Transactions with Orpar

Orpar, Rémy Cointreau's main shareholder, provides assistance to Rémy Cointreau in terms of company management and grants current account advances.

(in € millions)	2011	2010	2009
Service fees paid to Orpar	3.2	2.6	2.6
Current account	0.1	0.2	0.6
Trade payables and other liabilities	0.9	-	0.1

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 of the Rémy Cointreau Group.

(in € millions)	2010	2009	2008
Purchases of non-current assets	2.4	4.0	5.4
Other purchases	0.8	0.6	0.1
Trade payables	0.2	1.0	1.1

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)	2011	2010	2009
Short-term benefits	5.7	5.7	5.0
Post-employment benefits	0.1	0.4	0.7
Charges relating to option plans and those related to it	1.6	2.0	2.1
Total	**7.4**	**8.0**	**7.8**

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

With the exception of the disposal of the Champagne business disclosed in Note **2**, there is no other post-balance sheet event to report.

27 LIST OF CONSOLIDATED COMPANIES

At 31 March 2011, the consolidation included 50 companies (50 at 31 March 2010). 47 companies were fully consolidated and three were accounted for using the equity method. All companies have a 31 March year end, with the exception of Dynasty Fine Wines Group Ltd, which has a 31 December year end.

Company	Activity	% interest	
		March 2011	March 2010
EUROPE			
France			
Rémy Cointreau SA [1]	Holding / Finance	100.00	100.00
Rémy Cointreau Sces [1]	Holding / Finance	100.00	100.00
CLS Rémy Cointreau [1]	Production/Distribution	100.00	100.00
SNE des 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 [1]	Production	100.00	100.00
Alliance Fine Champagne [2]	Special purpose entity	100.00	100.00
Lixir [3]	Distribution	50.00	50.00
Netherlands			
RC Nederland Holding BV	Holding / Finance	100.00	100.00
DELB BV	Holding / Finance	100.00	100.00
Ponche Kuba BV	Holding / Finance	100.00	100.00
RC Nederland BV	Holding / Finance	100.00	100.00
Metaxa BV	Holding / Finance	100.00	100.00
Lodka Sport BV	Other	50.00	50.00
't Lootsje II BV	Holding / Finance	100.00	100.00
De Bron 1575 BV	Holding / Finance	100.00	100.00
Other countries			
Hermann Joerss Gmbh (Germany)	Distribution	100.00	100.00
Cointreau Holding (Germany)	Holding / Finance	100.00	100.00
Diversa Gmbh [3] (Germany)	Distribution	50.00	50.00
S&EA Metaxa ABE (Greece)	Production	100.00	100.00
Financière Rémy Cointreau SA (Belgium)	Holding / Finance	100.00	100.00
Remy Cointreau Belgium (Belgium)	Distribution	100.00	100.00
Remy Cointreau Luxembourg (Luxembourg)	Distribution	100.00	100.00
Remy Cointreau Slovakia (Slovakia)	Distribution	100.00	100.00
Remy Cointreau Czech Republic (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
Remy Cointreau Travel Retail Americas Inc	Distribution	100.00	100.00
Barbados			
Mount Gay Distilleries Ltd	Production	95.22	94.98
Mount Gay Holding Ltd	Holding / Finance	100.00	100.00

Company	Activity	% interest	
		March 2011	March 2010
ASIA/PACIFIC			
China / Hong Kong			
Dynasty Fine Wines Group Ltd [(3)]	Production	27.03	27.03
Shanghai Rentouma Trading Cpy Ltd	Distribution	100.00	100.00
E. Remy 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
Rangit Ltd (Mauritius)	Holding / Finance	100.00	100.00
COMPANIES HELD FOR SALE			
Champ.P&C Heidsieck [(1)]	Production	99.98	99.98
Champ. F.Bonnet P&F [(1)]	Production	100.00	100.00
Piper Heidsieck C.C. [(1)]	Production	100.00	100.00
G.V. de l'Aube [(1)]	Agricultural production	100.00	100.00
G.V. de la Marne [(1)]	Agricultural production	99.95	99.95
Fournier & Cie - Safec [(1)]	Agricultural production	100.00	100.00
Société Forestière Agricole et Viticole de Commétreuil [(1)]	Agricultural production	100.00	100.00
CHANGES IN CONSOLIDATION SCOPE			
Rémy Cointreau International Marketing Service (France) [(4)]	Other	100.00	-
RC India Private Ltd (India) [(4)]	Other	100.00	-
Penelop BV (Netherlands) [(5)]	Holding / Finance	-	100.00
BPE Pty Ltd (Australia) [(5)]	Other	-	100.00

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