CONSOLIDATED FINANCIAL STATEMENTS OF THE REMY COINTREAU GROUP AT 31 MARCH 2010

CONSOLIDATED INCOME STATEMENT

At 31 March, in € millions.

	Notes	2010	2009	2008
Turnover	15	**807.8**	**714.1**	**817.8**
Cost of sales		(337.4)	(302.3)	(375.7)
Gross profit		**470.4**	**411.8**	**442.1**
Distribution costs	16	(254.3)	(201.7)	(210.6)
Administrative expenses	16	(81.7)	(80.7)	(83.0)
Other income from operations	16	5.6	7.6	11.1
Current operating profit	15	**140.0**	**137.0**	**159.6**
Provision for asset impairment		-	-	-
Other operating income/(expenses)	18	(7.5)	14.9	(0.6)
Operating profit		**132.5**	**151.9**	**159.0**
Borrowing costs		(24.8)	(26.5)	(36.4)
Other financial income/(expenses)		2.5	(4.8)	(9.4)
Net financial charges	19	**(22.3)**	**(31.3)**	**(45.8)**
Profit before tax		**110.2**	**120.6**	**113.2**
Income tax	20	(29.1)	(37.5)	(28.9)
Share in profit of associates	5	4.9	3.0	9.5
Profit from continuing operations		**86.0**	**86.1**	**93.8**
Profit/(loss) from discontinued operations	21	3.0	-	4.6
Net profit for the year		**89.0**	**86.1**	**98.4**
Attributable to:				
non-controlling interests		2.7	-	-
owners of the parent company		**86.3**	**86.1**	**98.4**
Net earnings per share - attributable to owners of the parent company (€)				
Basic		1.80	1.84	2.12
Diluted		1.79	1.83	2.10
Net earnings per share from continuing operations (€)				
Basic		1.79	1.84	2.03
Diluted		1.78	1.83	2.00
Number of shares used for the calculation				
Basic	10.2	47,989,124	46,877,143	46,320,872
Diluted	10.2	48,191,494	47,113,389	46,792,120

STATEMENT OF COMPREHENSIVE INCOME

At 31 March, in € millions.

	2010	2009	2008
Net profit for the period	**89.0**	**86.1**	**98.4**
Movement in the value of hedging instruments [1]	(6.9)	(24.0)	15.1
Actuarial difference on pension commitments	(4.9)	2.8	3.1
Movement in the value of AFS shares [2]	0.1	(0.2)	-
Related tax effect	3.8	7.4	(6.2)
Movement in translation difference	0.3	24.1	(16.7)
Total income/(expenses) recorded in equity	**(7.6)**	**10.1**	**(4.7)**
Total comprehensive income for the period	**81.4**	**96.2**	**93.7**
Attributable to owners of the parent company	78.7	96.2	93.9
Attributable to non-controlling interests	2.7	-	(0.2)
[1] of which unrealised gains and losses transferred to income	0.2	(23.0)	(7.9)
[2] of which unrealised gains and losses transferred to income	-	-	-

STATEMENT OF FINANCIAL POSITION

At 31 March, in € millions.

ASSETS	Notes	2010	2009	2008
Brands and other intangible assets	3	629.9	629.8	627.0
Property, plant and equipment	4	208.6	197.0	180.0
Investments in associates	5	64.3	62.1	120.3
Other investments	6	71.2	61.1	54.1
Deferred tax assets	20	27.1	22.4	14.0
Non-current assets		**1,001.1**	**972.4**	**995.4**
Inventories	7	969.8	958.4	858.8
Trade and other receivables	8	248.1	282.1	238.3
Income tax receivables		8.3	6.0	1.5
Derivative financial instruments	14	3.2	10.8	26.1
Cash and cash equivalents	9	86.3	89.4	37.3
Assets held for sale	2	-	0.2	2.5
Current assets		**1,315.7**	**1,346.9**	**1,164.5**
Total assets		**2,316.8**	**2,319.3**	**2,159.9**

EQUITY AND LIABILITIES	Notes	2010	2009	2008
Share capital		77.6	75.8	74.5
Share premium		708.2	685.5	664.5
Treasury shares		(0.4)	(2.3)	0.1
Consolidated reserves		151.5	127.1	83.7
Net profit - Group share		86.3	86.1	98.4
Translation reserve		(0.2)	(0.5)	(24.6)
Gains (losses) recorded in Equity		(5.4)	(1.0)	14.9
Equity - Group share		**1,017.6**	**970.7**	**911.5**
Non-controlling interests		0.9	(1.8)	(1.8)
Equity	10	**1,018.5**	**968.9**	**909.7**
Long-term borrowings	11	537.7	592.4	322.1
Provision for staff benefits	22	23.8	18.7	20.3
Long-term provisions for liabilities and charges	12	5.1	12.4	7.5
Deferred tax liabilities	20	199.8	199.4	162.0
Non-current liabilities		**766.4**	**822.9**	**511.9**
Short-term borrowings and accrued interest	11	50.0	28.9	156.1
Trade and other payables	13	439.3	452.9	307.4
Income tax payables		11.9	32.9	6.9
Short-term provisions for liabilities and charges	12	19.8	5.9	267.8
Derivative financial instruments	14	10.9	6.9	0.1
Current liabilities		**531.9**	**527.5**	**738.3**
Total equity and liabilities		**2,316.8**	**2,319.3**	**2,159.9**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

At 31 March, in € millions.

(€ millions)	Share capital and premium	Treasury shares	Reserves and consolidated net profit	Translation reserves	Gains and losses recorded in equity	Group share	Non-controlling interests	Total equity
Balance as at 31 March 2007	**723.8**	**(0.9)**	**134.2**	**(8.1)**	**5.1**	**854.1**	**(1.6)**	**852.5**
Impact of the application of amended IAS 38 (note 1)	-	-	(1.8)	-	-	**(1.8)**		**(1.8)**
31 March 2007 after restatement	**723.8**	**(0.9)**	**132.4**	**(8.1)**	**5.1**	**852.3**	**(1.6)**	**850.7**
Net profit for the year	-	-	98.4	-	-	**98.4**	-	**98.4**
Gains and losses recorded in equity	-	-	2.2	(16.5)	9.8	**(4.5)**	(0.2)	**(4.7)**
Share-based payments	-	-	3.5	-	-	**3.5**	-	**3.5**
Capital increase	15.2	-	(0.2)	-	-	**15.0**	-	**15.0**
Transactions on treasury shares	-	1.0	-	-	-	**1.0**	-	**1.0**
Dividends	-	-	(55.2)	-	-	**(55.2)**	-	**(55.2)**
Change in consolidation scope	-	-	1.0	-	-	**1.0**	-	**1.0**
Balance as 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**	(0.1)	**86.0**
Gains and losses recorded in equity	-	-	1.9	24.1	(15.9)	**10.1**	0.1	**10.2**
Share-based payments	-	-	3.6	-	-	**3.6**	-	**3.6**
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)**
Balance as 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)**
Share-based payments	-	-	3.4	-	-	**3.4**	-	**3.4**
Capital increase	24.5	-	-	-	-	**24.5**	-	**24.5**
Transactions on treasury shares	-	1.9	-	-	-	**1.9**	-	**1.9**
Dividends	-	-	(61.6)	-	-	**(61.6)**	-	**(61.6)**
Balance as at 31 March 2010	**785.8**	**(0.4)**	**237.8**	**(0.2)**	**(5.4)**	**1,017.6**	**0.9**	**1,018.5**

STATEMENT OF CASH FLOWS

At 31 March, in € millions.

	Notes	2010	2009	2008
Current operating profit		140.0	137.0	159.6
Adjustment for depreciation, amortisation and impairment		16.1	14.8	13.6
Adjustment for share-based payments		3.4	3.6	3.5
Dividends received from associates	5	2.1	1.4	8.4
EBITDA		161.6	156.8	185.1
Change in inventories		(17.8)	(67.2)	(32.5)
Change in trade receivables		(35.0)	43.6	(10.3)
Change in trade payables		(0.3)	92.1	10.8
Change in other receivables and payables		65.0	(65.2)	5.8
Change in working capital requirement		11.9	3.3	(26.2)
Net cash flow from operations		**173.5**	**160.1**	**158.9**
Other operating income (expenses)		(1.9)	(232.5)	(9.4)
Net financial charges		(29.5)	(17.6)	(37.5)
Net income tax		(53.8)	27.9	10.5
Other operating cash flows		(85.2)	(222.2)	(36.4)
Net cash flow from operating activities – continuing operations		**88.3**	**(62.1)**	**122.5**
Impact of discontinued operations		-	-	0.6
Net cash flow from operating activities		**88.3**	**(62.1)**	**123.1**
Purchases of non-current assets	3/4	(24.8)	(31.5)	(27.3)
Purchases of investment securities	5/6	(10.7)	(5.8)	-
Net cash flow from sale of non-current assets		5.5	4.5	9.4
Net cash flow from sale of investment securities	6	-	60.4	52.5
Net cash flow from other investments	6	(2.7)	1.6	(1.5)
Net cash flow from investing activities – continuing operations		**(32.7)**	**29.2**	**33.1**
Impact of discontinued operations		1.6	(0.7)	(3.1)
Net cash flow from investing activities		**(31.1)**	**28.5**	**30.0**
Capital increase	10	1.4	0.9	8.0
Treasury shares	10	1.9	(2.2)	1.0
Increase in borrowings		1.5	136.6	82.0
Repayment of borrowings		(30.0)	(2.3)	(186.6)
Dividends paid to shareholders of the parent company		(38.5)	(39.2)	(48.1)
Other cash flows from financing activities		-	-	-
Net cash flow from financing activities - continuing operations		**(63.7)**	**93.8**	**(143.7)**
Impact of discontinued operations		-	-	-
Net cash flow from financing activities		**(63.7)**	**93.8**	**(143.7)**
Translation differences on cash and cash equivalents		3.4	(8.1)	7.3
Change in cash and cash equivalents		**(3.1)**	**52.1**	**16.7**
Cash and cash equivalents at start of year	9	**89.4**	**37.3**	**20.6**
Cash and cash equivalents at end of year	9	**86.3**	**89.4**	**37.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

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

The consolidated financial statements presented below were approved by the Board of Directors on 2 June 2010. They will be submitted for shareholder approval at the shareholders' general meeting of 27 July 2010.

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 30 March 2010.

These standards can be consulted on the website of the European Commission at:
http://ec.europa.eu/internal_market/accounting/ias_fr.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, except for 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 offers 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 does not apply IFRS 2 relating to share-based payments to stock option plans opened before 7 November 2002, the date prior to which application is 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 have become applicable to Rémy Cointreau at 31 March 2010:

- IFRS 8 – Operating Segments. This standard, that replaces IAS 14 – Segment Reporting, treats information to be disclosed in respect of operating segments. The application of this new standard coincided with the setting up of a new distribution organisation which led the Group to review the presentation of operating segments. A "Holding" segment was thus created including all expenses of holding-type entities that were previously allocated to the various divisions. Comparative data was restated.

- Revisions to IAS 1R – Presentation of Financial Statements. The application of these revisions by the Group has had no significant impact on the results or financial position of the Group. Rémy Cointreau now presents income and expenses recorded in the period in two separate statements: (i) a statement detailing the components of net profit ("Consolidated Income Statement") and (ii) a statement detailing the gains and losses recorded directly in equity ("Consolidated Statement of Comprehensive Income"). In addition, the Balance Sheet is now described as "Consolidated Statement of Financial Position

- The amendment to IAS 38 – *intangible assets*, relating to the recognition of advertising and promotion expenses. The retrospective application of this amendment resulted in the following impacts at 1 April 2007. The results for the 2008 and 2009 financial years were not restated, since the effect was not deemed significant compared with that recognised as at 1 April 2007.

(€ millions)	Impacts as at 1 April 2007
Inventories	(2.8)
Equity	(1.8)
Deferred tax liabilities	(1.0)

- Amendments related to IFRS 7 – *financial instruments: disclosures*. Information disclosed in the notes to the consolidated financial statements was brought into line with these amendments.

- *Interpretations of* IFRIC 13 *Customer Loyalty Programmes,* IFRIC 14 – IAS 19 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction and* IFRIC 11 - *Group and Treasury Shares Transactions*. These interpretations have no significant impact on the Group's results or its financial position.

The Group is not impacted by amendment to IAS 23 covering *Borrowing Costs*, nor by the revision to IFRS 2 – *Share-Based Payment, relative to the terms and conditions of acquisitions and cancellation of stock options.*

The texts or compulsory amendments for years starting on or after 1 January 2010 have not given rise to an early application in the consolidated financial statements at 31 March 2010.

1.1 Use of estimates

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.

Pension liabilities 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 the 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.

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.

1.2 Basis of consolidation

The consolidated financial statements include on a fully consolidated basis all material subsidiaries in which Rémy Cointreau controls, directly or indirectly, 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 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 reserves” 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 reserves”.

The Rémy Cointreau Group generates around 70% of its turnover outside the Euro zone, 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 in the period in which they are incurred.

The brands recorded on the Rémy Cointreau Group's balance sheet are not amortised as they enjoy 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 diminution 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.

In accordance with IAS 38 – *intangible assets*, advertising and promotion costs are expensed 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;
- licences and direct costs of installations and/or upgrades: 3 to 7 years.

1.7 Property, plant and equipment

a) Cost

In accordance with IAS 16, Property, Plant and Equipment, items of property, plant and equipment are recognised at acquisition or production cost. These assets are not re-valued subsequently.

Cost 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 Group's non-current assets are predominantly used in production. Given that they are used until the end of their estimated useful lives, 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 tooling	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 in 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 Group's management has decided to sell, the assets concerned are stated at the lower of their carrying amount and estimated market value after selling 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 the brand. These cash flows are estimated by reference to medium-term business plans (five or 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 Group consists of spirits (cognac, brandy and rum) and wines (champagne) that are undergoing ageing. These inventories may be held for periods ranging from three to more than 70 years. They remain classified within current assets based on common industry practice. 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 being aged 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 ageing 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 borrowings

Financial resources are 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 comprises 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.

Bank overdrafts are excluded from cash and cash equivalents and are included in short-term borrowings.

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 a payment in cash or kind being made to 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 and other post-employment benefits

In accordance with the laws and practices in each country, Rémy Cointreau participates in 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 the Group companies located in the Euro zone, the discount rate used is based on iBoxx index for bonds with a maturity close to that of the pension 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 spirit 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 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 borrowings plus short-term borrowings and accrued interest less cash and cash equivalents.

d) Capital employed

Capital employed is used for the calculation of return on capital employed by activity and in total for the Group as a whole. The return on capital employed (ROCE) is calculated by comparing the current operating profit for the year with the value of capital employed as at the balance sheet date. This ratio is one of the main indicators used to measure the performance of each activity.

Capital employed comprises:

- intangible non-current assets (excluding brands and distribution rights);
- property, plant and equipment;
- inventories;
- trade and other receivables (excluding items relating to VAT and excise duties);
- net trade and other payables (excluding items relating to VAT and excise duties);
- net provisions for liabilities and charges (excluding those relating to tax disputes, operations that have been or are to be discontinued, and the Maxxium compensation).

In addition, comparative data is systematically adjusted for items relating to activities sold during subsequent periods.

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 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, Champagnes and Partner Brand businesses. Consequently, the Group has identified these four businesses as the operating segments to be presented. In addition, a segment "Holding" includes all expenses of holding-type which are not allocated to the various business segments.

Information provided by division is identical to that presented to the Executive Committee.

The "Partner Brand" segment covers those brands for which the Group is not involved in any production process but which are distributed by the Group's own networks.

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 in equity. The value of cash held in the liquidity account is recorded in "Other investments".

1.19 Stock options and free share plans

In accordance with IFRS 2 "Share-based payments", the plans 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.

The benefits are measured as follows:

- 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 and plus the number of shares corresponding to bonds that are certain to be converted.

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 in “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 in assets held for sale:

- all income statement lines of this company or activity for comparative periods are reclassified in “Profit (loss) from discontinued operations”. A similar reclassification is performed in the cash flow statement in the line “Impact of discontinued operations” within “Net cash flow from operating activities”;
- all income statement lines of this company or activity until the disposal date are reclassified in the line “Profit (loss) from discontinued operations” in the period in which the disposal takes place. A similar reclassification is performed in the cash flow statement in the line “Impact of discontinued operations” within “Net cash flow from operating activities”;
- the profit or loss generated on the disposal transaction, net of transaction costs and taxes, is also recognised in the line “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 in “Net cash flow from investing activities”, and any impact of the de-consolidation of the cash held by the entity sold, classified in “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 in “Profit (loss) from discontinued operations”. A similar reclassification is performed in the cash flow statement in the line “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 borrowings and trade payables. Related finance costs are also included in Rémy Cointreau’s finance costs.

2 CHANGES IN CONSOLIDATION SCOPE

2.1 Acquisitions of the year

The Rémy Cointreau Group did not carry out any disposal or acquisition over the period but finalised a number of transactions of the previous financial year. A balance of €10.7 million related to the four distribution entities acquired from Maxxium and the incorporation of a joint venture with Underberg in Germany was thus disbursed.

2.2 Assets held for sale and related liabilities

In accordance with IFRS 5, material assets whose sale is highly probable at the balance sheet date are reclassified in "Assets held for sale". Liabilities directly associated with these items are also reclassified in "Liabilities directly related to assets held for sale".
The assets cease to be depreciated or amortised as from the date of reclassification. Reclassified assets are reduced to their estimated realisable value if this is less than the carrying amount.

At 31 March 2010, there were no longer any significant assets under this heading, following the reclassification of the balance that existed at 31 March 2009.

(€ millions)	2010	2009	2008
Inventories - Clés des Ducs brand	-	-	-
Reims property assets	-	-	1.8
Machecouls industrial site	-	0.2	0.2
Other	-	-	0.5
Total assets	**-**	**0.2**	**2.5**

3 BRANDS AND OTHER INTANGIBLE ASSETS

(€ millions)	Brands	Distribution rights	Other	Total
Gross value at 31 March 2008	**621.6**	**9.1**	**23.3**	**654.0**
Acquisitions	-	-	3.4	3.4
Disposals, items scrapped	-	(0.7)	(2.5)	(3.2)
Change in consolidation scope	-	-	0.2	0.2
Other movements	-	-	0.3	0.3
Translation differences	1.4	0.9	0.3	2.6
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 differences	(0.1)	(0.1)	-	(0.2)
Gross value at 31 March 2010	**622.9**	**9.2**	**27.6**	**659.7**
Cumulated amortisation at 31 March 2008	**3.4**	**7.1**	**16.5**	**27.0**
Charge for the year	-	-	2.5	2.5
Disposals, items scrapped	-	(0.2)	(2.5)	(2.7)
Translation differences	-	0.5	0.2	0.7
Cumulated amortisation at 31 March 2009	**3.4**	**7.4**	**16.7**	**27.5**
Charge for the year	-	-	2.7	2.7
Disposals, items scrapped	-	-	(0.3)	(0.3)
Translation differences	-	-	(0.1)	(0.1)
Cumulated amortisation at 31 March 2010	**3.4**	**7.4**	**19.0**	**29.8**
Net carrying amount at 31 March 2008	**618.2**	**2.0**	**6.8**	**627.0**
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**

“Other” includes mainly software licenses and leasehold rights.

Brands and other intangible assets with indefinite useful life have been subject to an annual impairment test at 30 September 2009, 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.

Assumptions used for the annual impairment test include:
- Discount rates before tax of 7.8% to 9.1%,
- An infinite growth rate of 1% to 2%.

Considering the business plans on which such tests are based and the financial parameters taken into account, an increase of 0.5 point in the discount rates or a decrease of 0.5 point in the growth rate to infinity would not incur any impairment of any of the brands and other intangible assets held by the Rémy Cointreau Group.

At 31 March 2010, the Group did not assess any indication of impairment and therefore estimates that the tests performed in September 2009 are still accurate.

4 PROPERTY, PLANT AND EQUIPMENT

(€ millions)	Land	Buildings	Other	In progress	Total
Gross value at 31 March 2008	**36.4**	**90.3**	**163.6**	**10.3**	**300.6**
Acquisitions	-	1.3	3.0	23.8	28.1
Disposals, items scrapped	(0.3)	(0.2)	(3.2)	(0.1)	(3.8)
Reclassified as assets held for sale					
Change in consolidation scope	-	-	0.2	-	0.2
Other movements	1.8	12.8	16.3	(31.4)	(0.5)
Translation differences	0.1	1.2	2.4	-	3.7
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 differences	-	(0.1)	(0.2)	-	(0.3)
Gross value at 31 March 2010	**41.9**	**113.6**	**191.3**	**3.3**	**350.1**
Cumulated depreciation at 31 March 2008	**1.4**	**34.6**	**84.6**	**-**	**120.6**
Increases	0.1	2.6	9.6	-	12.3
Disposals, items scrapped	-	(0.2)	(2.9)	-	(3.1)
Other movements	-	-	(0.1)	-	(0.1)
Translation differences	-	0.2	1.4	-	1.6
Cumulated depreciation at 31 March 2009	**1.5**	**37.2**	**92.6**	**-**	**131.3**
Increases	0.3	2.8	10.3	-	13.4
Disposals, items scrapped	-	(0.1)	(3.0)	-	(3.1)
Other movements	-	-	-	-	-
Translation differences	-	-	(0.1)	-	(0.1)
Cumulated depreciation at 31 March 2010	**1.8**	**39.9**	**99.8**	**-**	**141.5**
Net carrying amount at 31 March 2008	**35.0**	**55.7**	**79.0**	**10.3**	**180.0**
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**

For the year ended 31 March 2010, additions amounting to €25.2 million mainly related to industrial capital expenditure on the Group's various production facilities in Cognac, Angers, Reims 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.**

(€ millions)	Maxxium	Dynasty	Lixir	Diversa	Total
At 31 March 2008	**76.4**	**43.9**	**-**	**-**	**120.3**
Dividends paid	-	(1.4)	-	-	**(1.4)**
Net profit for the year	-	2.3	0.7	-	**3.0**
Change in consolidation scope	(80.4)	-	0.6	7.2	**(72.6)**
Translation differences	4.0	8.8	-	-	**12.8**
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 differences	-	(0.6)	-	-	**(0.6)**
At 31 March 2010	**-**	**55.6**	**1.3**	**7.4**	**64.3**

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 Rémy Cointreau dates from the founding of the joint venture with the municipality of Tianjin (Republic of China) in 1980.

At 31 March 2010, 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 2.52 (2009: HKD 1.30; 2008: HKD 1.69).

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.

At 31 March 2010, Lixir's turnover was €164.4 million (2009: €192.1 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 €118.8 million.

6 OTHER INVESTMENTS

(€ millions)	2010	2009	2008
Non-consolidated equity investments	5.1	4.8	5.4
Prepayments for post-employment benefit schemes	0.4	0.4	0.3
Seller's loan	60.7	52.8	43.6
Loan to non-consolidated equity investments	1.1	1.0	1.1
Liquidity account (excluding Rémy Cointreau shares)	2.9	1.1	2.7
Other	1.0	1.0	1.0
Total	**71.2**	**61.1**	**54.1**

6.1 Non-consolidated equity investments

(€ millions)	% held	2010	% held	2009	% held	2008
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%	0.5	0.2%	0.3	0.2%	0.6
Balachoa-Vinhos de Portugal (Portugal)	0.8%	0.5	0.8%	0.5	-	-
Caves Allianca S.A. (Portugal)	-	-	-	-	5.4%	0.8
REVICO (France)	5.0%	0.4	5.0%	0.4	5.0%	0.4
TRANSMED (France)	9.6%	0.0	9.6%	0.0	9.6%	0.0
Destilerias de Vilafranca S.A. (liquidation in process)	100.0%	1.5	100.0%	1.5	100.0%	1.5
Other investments		0.1		-		-
Total		**5.1**		**4.8**		**5.4**

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. Should repayment not take place at that date, the early repayment option will be brought down to nil and the interest charge will be computed for each annual period based on EURIBOR 3 months plus a spread of 3.04%. The maximum repayment term of the loan is 11 April 2013.

At 31 March 2010, the carrying amount of the loan is the present value of the flows which Rémy Cointreau would get for a repayment before 11 April 2011 as per the contract.

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

(€ millions)	2010	2009	2008
Goods for resale and finished goods	105.4	114.6	86.3
Raw materials	85.7	97.0	81.9
Ageing wines and “eaux-de-vie”	780.0	745.0	690.8
Other	2.4	4.3	4.3
Gross cost	**973.5**	**960.9**	**863.3**
Provision for impairment	(3.7)	(2.5)	(4.5)
Carrying amount	**969.8**	**958.4**	**858.8**

7.2 Analysis of the change

(€ millions)	Cost	Impairment	Carrying amount
At 31 March 2008	**863.3**	**(4.5)**	**858.8**
Change	73.5	2.5	76.0
Change in consolidation scope	6.7	(0.2)	6.5
Translation differences	17.4	(0.3)	17.1
At 31 March 2009	**960.9**	**(2.5)**	**958.4**
Change	13.9	(1.2)	12.7
Translation differences	(1.3)	(0.0)	(1.3)
At 31 March 2010	**973.5**	**(3.7)**	**969.8**

For the year ended 31 March 2009, the change in consolidation scope includes inventories held by the four entities taken over from Maxxium on 31 March 2009.

8 TRADE AND OTHER RECEIVABLES

(€ millions)	2010	2009	2008
Trade receivables	191.5	154.9	169.4
Receivables related to taxes and social charges (exc. income tax)	19.5	70.5	20.9
Sundry prepaid expenses	6.1	8.4	10.4
Advances paid	18.6	9.5	10.1
Receivables related to asset disposals	2.9	7.7	5.4
Other receivables	9.5	31.1	22.1
Total	**248.1**	**282.1**	**238.3**
of which provision for doubtful debts	(5.1)	(4.7)	(5.3)

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 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 2010, the breakdown of Trade receivables by maturity was as follows:

(€ millions)	Total	Current		Overdue	
		Less than 3 months	More than 3 months	Less than 3 months	More than 3 months
Trade receivables gross	196.6	150.7	5.3	25.5	15.1
Provision for doubtful debts	(5.1)	(0.1)	-	(0.2)	(4.8)
Carrying amount	**191.5**	**150.6**	**5.3**	**25.3**	**10.3**

9 CASH AND CASH EQUIVALENTS

(€ millions)	2010	2009	2008
Short-term deposits	28.1	66.1	0.1
Associates' current accounts	0.2	1.9	1.2
Cash at bank	58.0	21.4	36.0
Total	**86.3**	**89.4**	**37.3**

10 EQUITY

10.1 Share capital and premium, treasury shares

	Number of shares	Treasury shares	Total number of shares	Share capital	Share premium	Treasury shares
At 31 March 2008	**46,558,793**	**(4,705)**	**46,554,088**	**74.5**	**664.5**	**0.1**
Exercise of stock options	47,908	-	47,908	0.1	0.8	-
Dividend part paid in shares	673,843	-	673,843	1.1	20.2	-
2006 free share plan	89,500	-	89,500	0.1	-	-
Liquidity account	-	(86,000)	(86,000)	-	-	(1.8)
Other treasury shares	-	(12,500)	(12,500)	-	-	(0.3)
Reclassified to consolidated reserves	-	-	-	-	-	(0.3)
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)**

10.1.1 Share capital and premium

At 31 March 2010, the share capital consisted of 48,509,769 shares with a nominal value of €1.60.

During the year ended 31 March 2010, 73,030 shares were issued in connection with the stock options granted to certain employees.

On 15 September 2009, Rémy Cointreau issued 980,095 shares following the option for partial dividend payment in shares instead of cash.

On 19 November 2009, 86,600 shares were issued (from available reserves) on expiry of the vesting period of the Free share plan 2007.

10.1.2 Treasury shares

At 31 March 2010, 2,253 Rémy Cointreau shares were held in the liquidity account set up in November 2005 (note **1.18**). The post-tax profit earned on the shares by the manager of the liquidity account during the period was not significant.

At 31 March 2010, Rémy Cointreau held 12,600 of its own shares to be allocated to the exercise of stock options under Plan No.12 and 13.

Rémy Cointreau still has the option of buying back 213,503 shares under the sale and buyback agreement concluded on 24 March 2005 (194,000 shares at €27.67 each and 19,503 shares at €28.07 each). Rémy Cointreau also holds a call option on 224,497 shares (at €28.07 each). These instruments are intended to cover stock option Plans No.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**.

	March 2010	March 2009	March 2008
Average number of shares (basic):			
Average number of shares	48,003,977	46,980,348	46,325,577
Average number of treasury shares	(14,853)	(103,205)	(4,705)
Total used for calculating basic earnings per share	**47,989,124**	**46,877,143**	**46,320,872**
Average number of shares (diluted):			
Average number of shares (basic)	47,989,124	46,877,143	46,320,872
Dilution effect of stock options (1)	202,370	236,246	471,248
Total used for calculating diluted earnings per share	**48,191,494**	**47,113,389**	**46,792,120**

(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 €30.69 for 2010, €31.05 for 2009 and €49.06 for 2008.

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 26 August 1998 (Plans 7, 8 and 9), 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 2009	Options exercised during the year	Average exercise price	Outstanding options at 31 March 2010
28 April 1999	7	10 years	S	289,300	12.20	4,700	281,338	3,262	21.57	-
7 December 1999	8	10 years	S	499,100	16.36	5,010	464,352	29,738	33.69	-
30 May 2000	9	10 years	S	131,280	18.85	-	113,740	17,540	36.48	-
1 March 2003	10	8 years	S	1,016,600	27.10	34,000	758,810	16,890	37.24	206,900
8 March 2006	11	6 years	S	659,500	25.00	8,500	462,127	5,600	37.18	183,273
16 September 2007	12	6 years	P	287,000	27.67	27,000	82,795	3,605	37.85	173,600
24 December 2008	13	6 years	P	262,000	28.07	35,000	8,000	1,000	38.55	218,000
Total				**3,144,780**		**114,210**	**2,171,162**	**77,635**	**35.09**	**781,773**

(1) S = Subscription, P = Purchase

For all plans, one option corresponds to 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 the grant date	Lapsed options	Shares granted at the end of the vesting period	Number of shares outstanding at 31 March 2010
20 November 2007	2007	2 years	2 years	91,100	50.47	4,500	86,600	-
20 November 2008	2008	2 years	2 years	89,900	24.89	1,000	n/a	88,900
19 November 2009	2009	2 years	2 years	102,300	34.05		n/a	102,300
Total				**283,300**		**5,500**	**86,600**	**191,200**

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

Plan No.	Combined General Meeting that approved the plan
2007	28 July 2005
2008	16 September 2008
2009	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 the condition that the beneficiary is still employed by the Group at the end of the vesting period;
- 40% of the shares are granted on the 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 2007 plan resulted in the creation of 86,600 new shares as a deduction against reserves. The plan was fully granted (with the exception of 4,500 having lapsed due to the departure of the 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 in operating profit (note **1.19**). Only plans granted after 7 November 2002 are taken into account.

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 (four years for Plans 12 and 13 and two years for the Free share plans).

The assumptions used for the estimation of the benefit value and the resulting values are as follows for the plans included in the calculation of the charge for the year ended 31 March 2010:

	2007 Plan	2008 Plan	2009 Plan
Expectation performance criteria will be met	100%	100%	100%
Staff turnover ratio	5.0%	8.0%	8.0%
Value per option	€47.87	€20.74	€29.84

For the year ended 31 March 2010, the related expense is €3.4 million (2009: €3.6 million; 2008: €3.5 million).

10.4 Dividends

Over the financial year ended 31 March 2010, Rémy Cointreau SA distributed a total dividend of €1.30 per share for the year ended 31 March 2009, including the option that half the dividend, i.e. €0.65 per share, be paid in shares. The share payment totalling €23.0 million was made on 15 September 2009, corresponding to the issue of 980,095 shares at a price of €23.45 each. The balance of €38.5 million was paid in cash in October 2009.

The dividend that will be proposed to the General Meeting of 27 July 2010 for the year ended 31 March 2010 is €1.30 per share, amounting to a total of €63.1 million before taking into account treasury shares. It will also be proposed that shareholders are given the option to elect for 50% of the dividend, i.e. €0.65 per share, to be paid in shares.

10.5 Minority interests

(€ millions)	2010	2009	2008
Minority interests in Mount Gay Distilleries	0.9	0.9	0.7
Other entities linked to Takirra Invest Corp	-	(2.7)	(2.5)
Total	**0.9**	**(1.8)**	**(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 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 the 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. During the financial year, the Group also put in place factoring programs that resulted in faster trade receivable collection totalling €11.9 millions as at 31 March 2010.

Another key indicator is "ratio A" (Average net borrowings/EBITDA) (notes **11.7** and **14.7**) with which the Group has to comply in order to access a significant part of its financial resources. During the year ended 31 March 2010, continuing activities have generated operating cash flow (before tax and financial expense) of €173.5 million. Net borrowings decreased by €30.5 million and the net debt to equity ratio was 0.49 (0.55 in 2009 and 0.49 in March 2008). Ratio A was 3.17, substantially below the limit of 3.50 set out by the syndicated credit contract.

11 BORROWINGS

11.1 Net borrowings

	2010			2009			2008		
(€ millions)	Long-term	Short-term	Total	Long-term	Short-term	Total	Long-term	Short-term	Total
Gross borrowings	537.7	50.0	587.7	592.4	28.9	621.3	322.1	156.1	478.2
Cash and cash equivalents (note **9**)	-	(86.3)	(86.3)	-	(89.4)	(89.4)	-	(37.3)	(37.3)
Net borrowings	**537.7**	**(36.3)**	**501.4**	**592.4**	**(60.5)**	**531.9**	**322.1**	**118.8**	**440.9**

11.2 Gross borrowings by type

(€ millions)	2010 Long-term	2010 Short-term	2010 Total	2009 Long-term	2009 Short-term	2009 Total	2008 Long-term	2008 Short-term	2008 Total
Total bonds	**191.5**	**-**	**191.5**	**191.0**	**-**	**191.0**	**191.0**	**1.9**	**192.9**
Drawdown on syndicated credit	344.8	25.2	370.0	370.0	-	370.0	130.0	-	130.0
Drawdown on other confirmed credit lines	-	-	-	30.0	-	30.0	-	-	-
Drawdown on unconfirmed credit lines	-	-	-	-	-	-	-	88.9	88.9
Other borrowings and overdrafts	-	0.5	0.5	-	0.6	0.6	-	0.4	0.4
Issue costs for syndicated credit		(0.1)	(0.1)	(0.1)	(0.4)	(0.5)	(0.4)	(0.4)	(0.8)
Accrued interest	-	2.4	2.4	-	8.3	8.3	-	2.9	2.9
Total Rémy Cointreau S.A.	**536.3**	**28.0**	**564.3**	**590.9**	**8.5**	**599.4**	**320.6**	**93.7**	**414.3**
Finance leases	-	-	-	0.1	-	0.1	0.1	0.1	0.2
Other borrowings and overdrafts	1.4	15.8	17.2	1.4	12.5	13.9	1.4	9.3	10.7
Borrowings special purpose entities	-	6.2	6.2	-	7.9	7.9	-	53.0	53.0
Total subsidiaries	**1.4**	**22.0**	**23.4**	**1.5**	**20.4**	**21.9**	**1.5**	**62.4**	**63.9**
Gross borrowings	**537.7**	**50.0**	**587.7**	**592.4**	**28.9**	**621.3**	**322.1**	**156.1**	**478.2**

11.3 Gross borrowings by maturity

(€ millions)	
Before 30 June 2010	47.8
15 July 2010	2.2
30 June 2011	1.4
15 January 2012	191.5
7 June 2012	344.8
Total	**587.7**

At 31 March 2010, undrawn amounts under the confirmed credit lines of Rémy Cointreau were €210 million (2009: €220.0 million; 2008: €370 million). Including the special purpose entities, amounts are €235.8 million (2009: €249.5 million; 2008: €383.0 million).

At 31 March 2010, the Rémy Cointreau Group's total amount of confirmed financial resources was €804.4 million (2008: €849.8 million; 2008: €760.7 million), with the following maturities:

(€ millions)	Bonds	Syndicated credit	Other confirmed lines	Special purpose entities	Total
30 April 2010	-	-	20.0	-	20.0
7 June 2010	-	34.0	-	-	34.0
30 June 2010				32.0	32.0
9 July 2010	-	-	30.0	-	30.0
15 March 2011			30.0		30.0
15 January 2012	192.4	-	-	-	192.4
7 June 2012	-	466.0	-	-	466.0
Total	**192.4**	**500.0**	**80.0**	**32.0**	**804.4**
Used at 31 March 2010	**192.4**	**370.0**	**-**	**6.2**	**568.6**

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

11.4 Gross borrowings by interest type

(€ millions)	2010			2009			2008		
	Long-term	Short-term	Total	Long-term	Short-term	Total	Long-term	Short-term	Total
Fixed interest rate	191.5	-	191.5	191.0	-	191.0	191.0	1.9	192.9
Variable interest rate	346.2	47.6	393.8	401.4	20.6	422.0	131.1	151.3	282.4
Accrued interest	-	2.4	2.4	-	8.3	8.3	-	2.9	2.9
Gross borrowings	**537.7**	**50.0**	**587.7**	**592.4**	**28.9**	**621.3**	**322.1**	**156.1**	**478.2**

(€ millions)	2010			2009			2008		
	Long-term	Short-term	Total	Long-term	Short-term	Total	Long-term	Short-term	Total
Drawdown on syndicated credit	344.8	25.2	370.0	370.0	-	370.0	130.0	-	130.0
Drawdown on other confirmed credit lines	-	-	-	30.0	-	30.0	-	-	-
Drawdown on unconfirmed credit lines	-	-	-	-	-	-	-	88.9	88.9
Other borrowings	1.4	22.4	23.8	1.4	20.6	22.0	1.1	62.4	63.5
Total variable-rate borrowings	**346.2**	**47.6**	**393.8**	**401.4**	**20.6**	**422.0**	**131.1**	**151.3**	**282.4**

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 are provided in note **14**.

11.5 Gross borrowings by currency

(€ millions)	2010			2009			2008		
	Long-term	Short-term	Total	Long-term	Short-term	Total	Long-term	Short-term	Total
Euro	537.7	38.9	576.6	592.4	21.9	614.3	322.1	150.2	472.3
US Dollar	-	11.1	11.1	-	4.8	4.8	-	5.9	5.9
Chinese Yuan	-	-	-	-	2.2	2.2	-	-	-
Gross borrowings	**537.7**	**50.0**	**587.7**	**592.4**	**28.9**	**621.3**	**322.1**	**156.1**	**478.2**

11.6 Bonds

At 31 March 2010, the only outstanding bond is the €200.0 million bond issue dated from 15 January 2005 bearing interest at 5.2% (200,000 bonds with a par value of €1,000 each). Subsequent to the early redemption of 7,632 bonds in June 2007, the outstanding amount was €192.4 million at the balance sheet date.

This 7-year bond is redeemable at par on maturity and bears interest at 5.2% payable every six months.

This bond is not secured.

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

- before 15 January 2008, in the event of a capital increase, whether for the general public or privately placed, redemption at 105.2% on a proportional basis of up to 35% of the total par value of the bonds issued;
- at any time before 15 January 2009, redemption at par plus a premium equal to the higher of the following two amounts:
  - 1% of the principal amount redeemed;
  - an amount equal to the difference between: (A) the present value on the redemption date at 102.6% plus interest calculated over the period from the redemption date to 15 January 2009, and (B) the principal amount of the bond. The discount rate used is the Bund interest rate on the redemption date plus 50 basis points;
- from 15 January 2009, under any circumstances, redemption of all or part of the bonds at 102.6% up to 15 January 2010 exclusive, at 101.3% from 15 January 2010 to 15 January 2011 exclusive and at par from 15 January 2011;
- the bond issue contract also entitles every bearer to request redemption of the bonds held at 101% in the event of:
  - the sale or transfer of all or a substantial part of Rémy Cointreau's assets;
  - approval by the shareholders of a liquidation or voluntary winding up plan for the issuer, or
  - ORPAR and RECOPART together holding less than one third of the voting rights in the issuer and another person or group obtaining more than one third of the voting rights in the issuer or ORPAR and RECOPART being unable to appoint the majority of the Board of Directors for two consecutive years;
- at any time at par, but in full, 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.

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 starting 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.

11.7 Syndicated credit

At 31 March 2010, Rémy Cointreau had access to a €500 million syndicated loan entered into on 7 June 2005. The agreement provides for a revolving credit facility of €500 million, of which €466 million expires on 7 June 2012 and €34 million on 7 June 2010.

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 (ratio A):

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

Definitions of the indicators used in the calculation of ratio A 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 2010, ratio A stood at 3.17 (2009: 2.99; 2008: 2.54).

11.8 Other confirmed lines

At 31 March 2010, the Group had confirmed credit lines, in addition to the syndicated bank loan, amounting to €80 million in total. The characteristics of these credit lines are summarised in the table below:

Amount (€ millions)	Maturity	Benchmark	Margin	Engagement commission
20.0	30 April 2010	EURIBOR	0.400%	0.600%
30.0	9 July 2010	EURIBOR	0.250%	0.250%
30.0	15 March 2011	EURIBOR	0.400%	-

12 PROVISIONS FOR LIABILITIES AND CHARGES

12.1 Analysis of change

(€ millions)	Maxxium compensation	Restructuring	Early retirement plan	Other	Total
At 31 March 2008	**250.4**	**10.9**	**1.0**	**13.0**	**275.3**
Increase	-	-	-	8.4	8.4
Discounting	10.6	0.1	-	-	10.7
Reversals - Used	(224.0)	(5.6)	(0.6)	(2.4)	(232.6)
Reversals - Unused	(37.0)	(2.7)	-	(3.3)	(43.0)
Other reclassifications	-	-	-	(0.6)	(0.6)
Change in consolidation scope	-	-	-	0.1	0.1
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 differences	-	-	-	0.1	0.1
At 31 March 2010	**-**	**7.1**	**0.1**	**17.7**	**24.9**

“Restructuring” covers costs for the restructuring, closure and transfer of sites in France and the Netherlands and “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:

(€ millions)	2010	2009	2008
Long-term provisions (or unknown maturity)	5.1	12.4	7.5
Short-term provisions	19.8	5.9	267.8
Total	**24.9**	**18.3**	**275.3**

13 TRADE AND OTHER PAYABLES

(€ millions)	2010	2009	2008
Trade payables - eaux-de-vie	175.8	160.6	85.8
Other trade payables	131.9	143.4	110.9
Advances from customers	10.1	1.2	1.0
Payables related to tax and social charges (exc. income tax)	40.3	80.7	35.1
Excise duties	1.8	2.4	0.5
Advertising expenses payable	40.7	23.0	32.5
Miscellaneous deferred income	1.6	1.5	0.5
Other liabilities	37.1	40.1	41.1
Total	**439.3**	**452.9**	**307.4**

At 31 March 2009, payables related to tax and social charges (exc. income tax) included a VAT liability of €42.8 million related to Maxxium compensation payment for the exit from Maxxium. Following a procedure filled 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 2010

(€ millions)	Notes	Carrying amount	Fair value	Assets and liabilities at amortised cost	Fair value through income statement (1)	Available 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 borrowings	11	537.7	537.7	537.7	-	-	-
Short-term borrowings 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) Derivative financial instruments in this column pertain to the Trading sub-category

At 31 March 2009

(€ millions)	Notes	Carrying amount	Fair value	Assets and liabilities at amortised cost	Fair value through income statement (1)	Available 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 borrowings	11	592.4	592.4	592.4	-	-	-
Short-term borrowings 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) Derivative financial instruments in this column pertain to the Trading sub-category

At 31 March 2008

(€ millions)	Notes	Carrying amount	Fair value	Assets and liabilities at amortised cost	Fair value through income statement	Available for sale	Hedging instruments
Other financial assets	6	54.1	54.1	46.0	2.7	5.4	-
Trade and other receivables	8	238.3	238.3	238.3	-	-	-
Derivative financial instruments	14	26.1	26.1	-	-	-	26.1
Cash and cash equivalents	9	37.3	37.3	-	37.3	-	-
Assets		**355.8**	**355.8**	**284.3**	**40.0**	**5.4**	**26.1**
Long-term borrowings	11	322.1	322.1	322.1	-	-	-
Short-term borrowings and accrued interest	11	156.1	156.1	156.1	-	-	-
Trade and other payables	13	307.4	307.4	307.4	-	-	-
Derivative financial instruments	14	0.1	0.1	-	-	-	0.1
Liabilities		**785.7**	**785.7**	**785.6**	**0.0**	**0.0**	**0.1**

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. 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 into euros of the financial statements of companies outside the Euro zone.

The Group's hedging policy allows only 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 derivative financial instruments (interest and foreign exchange rates)

(€ millions)	2010	2009	2008
Assets			
Interest rate derivatives	1.4	3.4	1.7
Exchange rate derivatives	1.8	7.4	24.4
Total	**3.2**	**10.8**	**26.1**
Liabilities			
Interest rate derivatives	7.4	5.6	-
Exchange rate derivatives	3.5	1.3	0.1
Total	**10.9**	**6.9**	**0.1**

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 (1 month or 3 month), using options (caps). During the year ended 31 March 2009, Rémy Cointreau also entered into interest rate swap contracts in the context of decreasing interest rates on the market.

Rémy Cointreau also enters into floor contracts to back its fixed rate borrowings. However, such contracts do not qualify as hedging instruments according to IAS 39. They pertain to the “Trading” category.

At 31 March 2010, derivative financial instruments on recent rates were as follows:

14.4.1 Breakdown by type

(€ millions)	2010	2009	2008
Assets			
Purchases of cap	0.1	0.2	1.6
Purchase of floor	1.3	3.2	0.1
Total	**1.4**	**3.4**	**1.7**
Liabilities			
Sales of floor	1.3	3.2	0.1
Interest rate swaps	6.1	2.4	-
Total	**7.4**	**5.6**	**0.1**

14.4.2 Breakdown by maturity

(€ millions)	Nominal amount	Initial value	Market value	Of which CFH [1]	Of which Trading [1]
Purchases of cap					
Maturing before March 2011	375.0	1.1	-	-	-
Maturing before March 2012	250.0	0.6	0.1	0.1	-
	625.0	**1.7**	**0.1**	**0.1**	**-**
Purchases of floor					
Maturing before March 2011	50.0	0.1	1.3	-	1.3
	50.0	**0.1**	**1.3**	**-**	**1.3**
Total assets		**1.8**	**1.4**	**0.1**	**1.3**
Sales of floor					
Maturing before March 2011	50.0	1.1	1.3	-	1.3
	50.0	**1.1**	**1.3**	**-**	**1.3**
Interest rate swaps					
Maturing before March 2011	375.0	-	2.6	2.6	-
Maturing before March 2015	150.0	-	3.5	3.5	-
	525.0	**-**	**6.1**	**6.1**	**-**
Total liabilities		**1.1**	**7.4**	**6.1**	**1.3**

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

For the year ended 31 March 2010, a pre-tax expense of €3.2 million was recognised directly in equity related to the valuation of the interest rate derivatives of which:

- Income of €1.6 million was recycled to income statement following the expiry or change to non-hedging status of the instruments.
- a charge of €4.8 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 2010, 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.

(€ millions)	Euribor 1 months [1]	
	+50 bp	-50 bp
Net profit	2.0	0.3
Equity excluding net profit	0.1	(6.6)
Change in value of derivatives	2.4	(1.3)
Variable rate net borrowings	393.8	393.8
of which hedged	375.0	375.0
of which not hedged	18.8	18.8

(1) Benchmark value is Euribor 1 month as at 31 March 2010 i.e. 0.397%

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 perfectly 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. All these instruments mature within 12 months.

(€ millions)	Nominal amount [1]	Initial value	Market value	Of which FVH [2]	Of which CFH [2]	Of which Trading [2]
Put options and tunnel options						
Seller USD (vs EUR)	215.1	3.4	0.6	-	0.1	0.5
Other currencies (vs EUR)	24.7	0.4	(0.7)	-	(0.7)	-
	239.8	**3.8**	**(0.1)**	-	**(0.6)**	**0.5**
Forward sales						
Seller USD (vs EUR)	29.7	-	(0.1)	-	(0.1)	-
Other currencies (vs EUR)	21.0	-	(1.5)	-	(1.5)	-
	50.7	-	**(1.6)**	-	**(1.6)**	-
Purchase (sale) of currency swaps (operating activities) [3]						
Seller USD (vs EUR)	(68.3)	-	(0.2)	-	-	(0.2)
Purchaser HKD (vs USD)	6.4	-	-	-	-	-
Other currencies (vs EUR)	5.8	-	-	-	-	-
	(56.1)	**-**	**(0.2)**	**-**	**-**	**(0.2)**
Purchase (sale) of currency swaps (operating activities) [3]						
Seller USD (vs EUR)	(49.7)	-	0.1	-	-	0.1
Other currencies (vs EUR)	9.6	-	0.1	-	-	0.1
	(40.1)	**-**	**0.2**	**-**	**-**	**0.2**
Total	**194.3**	**3.8**	**(1.7)**	**-**	**(2.2)**	**0.5**

[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 2010, a pre-tax expense of €3.7 million was recognised directly in equity related to the valuation of the exchange rate derivatives of which €1.4 million were recycled to profit (loss) statement following the expiry or change to non-hedging status of the instruments. The balance, a charge of €2.3 million, is 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 2010, 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:

	Sensitivity	US Dollar
	+10%	-10%
EUR/USD exchange rate [1]	1.48	1.21
(€ millions)		
Net profit	2.5	(0.3)
Equity excluding net profit	5.8	(8.2)
Change in value of derivatives	8.9	(6.2)
Nominal amount at balance sheet date [2]:		
- derivatives USD/EUR	284.6	347.9
- receivables USD/EUR potentially exposed	73.8	90.3

[1] Benchmark is the €/USD parity as at 31 March 2010 being 1.3479

[2] translated in € million at each simulation rate.

14.6 Other derivative instruments

Other derivative instruments held in the portfolio at 31 March 2010 comprised call options on 224,497 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 2010.

(€ millions)	Before 31 March 2011	Before 31 March 2012	Before 31 March 2013	Before 31 March 2014	Subsequent	Total
Long-term borrowings	-	192.4	344.8	-	-	537.2
Short-term borrowings and accrued interest	51.5	-	-	-	-	51.5
Trade and other payables	439.3	-	-	-	-	439.3
Derivative financial instruments	3.4	0.8	4.4	4.4	3.6	16.6
Liabilities recognised at 31 March 2009	**494.2**	**193.2**	**349.2**	**4.4**	**3.6**	**1 044.6**
Future interest on borrowings	13.2	11.1	0.5	-	-	24.8
Total disbursements	**507.4**	**204.3**	**349.7**	**4.4**	**3.6**	**1 069.4**

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 the balance sheet date 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. As at 31 March 2010, total gross borrowings were €587.7 million in nominal value when total confirmed resources amounted to €804.4 million (note **11.3**). Of this amount, €146.0 million mature during the year ending 31 March 2011 and €192.4 during the subsequent year. Of the €804.4 million of confirmed resources as at 31 March 2010, the availability of €550.0 million is subject to compliance with ratio A (note **11.7**) which should be under 3.50 at the end of every six-month period until the final maturity of the facilities. For the Rémy Cointreau Group's management, compliance with ratio A 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 Operations

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

Cognac	Rémy Martin
Liqueurs and Spirits	Cointreau. Passoa. Metaxa. Saint Rémy. Mount Gay
Champagne	Piper-Heidsieck. Charles Heidsieck
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.

15.1.1 Breakdown of turnover and current operating profit

There are no intra-segment sales.

(€ millions)	**Turnover**			**Current operating profit [1]**		
	2010	**2009**	**2008**	**2010**	**2009**	**2008**
Cognac	405.7	311.9	362.3	105.9	80.2	98.9
Liqueurs and Spirits	206.5	196.0	211.7	51.6	57.6	56.4
Champagne	96.7	125.9	142.4	(4.0)	13.9	14.1
Group brands	708.9	633.8	716.4	153.5	151.7	169.4
Partner brands	98.9	80.3	101.4	4.4	0.6	3.4
Holding	-	-	-	(17.9)	(15.3)	(13.2)
Total	**807.8**	**714.1**	**817.8**	**140.0**	**137.0**	**159.6**

[1] As explained in note **1**, data for 2009 and 2008 were restated.

15.1.2 Breakdown of the balance sheet

At 31 March 2010

(€ millions)	Cognac	Liqueurs and Spirits	Champagne	Partner brands	Not allocated	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 available 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
Borrowings 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 liabilities	-	-	-	-	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**
Brands and other intangible assets excluded from the base for the calculation of return on capital employed (ROCE)	236.3	246.5	128.8	9.7	-	621.3
Basis for calculation of ROCE	**543.8**	**55.2**	**300.6**	**61.9**	**-**	**961.5**

At 31 March 2009

(€ millions)	Cognac	Liqueurs and Spirits	Champagne	Partner brands	Not allocated [(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 available 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
Borrowings 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**
Brands and other intangible assets excluded from the base for the calculation of return on capital employed (ROCE)	236.3	246.6	128.8	9.8	-	621.5
Basis for calculation of ROCE	**558.3**	**67.2**	**276.7**	**42.2**	**-**	**944.4**

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

At 31 March 2008

(€ millions)	Cognac	Liqueurs and Spirits	Champagne	Partner brands	Not allocated	Total
Non-current assets	316.3	279.6	200.4	10.7	188.4	995.4
Current assets	659.1	74.2	271.4	69.0	24.9	1,098.6
Derivative financial instruments	-	-	-	-	26.1	26.1
Assets available for sale	-	-	-	-	2.5	2.5
Cash and cash equivalents	-	-	-	-	37.3	37.3
Total assets	**975.4**	**353.8**	**471.8**	**79.7**	**279.2**	**2,159.9**
Equity	-	-	-	-	909.7	909.7
Borrowings and accrued interest	-	-	-	-	478.2	478.2
Provisions for liabilities and charges	17.2	7.2	7.2	0.5	263.5	295.6
Deferred and current tax liabilities	-	-	-	-	168.9	168.9
Trade and other payables	164.1	45.3	70.4	18.3	9.3	307.4
Derivative financial instruments	-	-	-	-	0.1	0.1
Total equity and liabilities	**181.3**	**52.5**	**77.6**	**18.8**	**1,829.7**	**2,159.9**
Brands and other intangible assets excluded from the base for the calculation of return on capital employed (ROCE)	236.3	245.2	128.8	9.9	-	620.2
Basis for calculation of ROCE	**557.8**	**56.1**	**265.4**	**51.0**	**-**	**930.3**

15.1.3 Return on capital employed (ROCE)

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

- current operating profit by division (note **15.1.1**);
- breakdown of the balance sheet by activity excluding certain intangible assets (note **15.1.2**).

Current operating profit and capital employed are determined by division based on management accounts. Profits and capital employed for the distribution business and holding company are allocated pro-rata to actual turnover and inventories.

Return on capital employed is a key indicator for the management of the Group. In particular, it is used as one of the main indicators for measuring the performance of each division.

At 31 March 2010

(€ millions)	Capital employed	Current operating profit	%
Cognac	543.8	105.9	19.5%
Liqueurs and Spirits	55.2	51.6	93.5%
Champagne	300.6	(4.0)	(1.3%)
Group brands	**899.6**	**153.5**	**17.1%**
Partner brands	61.9	4.4	7.1%
Holding	-	(17.9)	-
Total	**961.5**	**140.0**	**14.6%**

At 31 March 2009

(€ millions)	Capital employed	Current operating profit	%
Cognac	558.3	80.2	14.4%
Liqueurs and Spirits	67.2	57.6	85.7%
Champagne	276.7	13.9	5.0%
Group brands	**902.2**	**151.7**	**16.8%**
Partner brands	42.2	0.6	1.4%
Holding	-	(15.3)	-
Total	**944.4**	**137.0**	**14.5%**

At 31 March 2008

(€ millions)	Capital employed	Current operating profit	%
Cognac	557.8	98.9	17.7%
Liqueurs and Spirits	56.1	56.4	100.5%
Champagne	265.4	14.1	5.3%
Group brands	**879.3**	**169.4**	**19.3%**
Partner brands	51.0	3.4	6.7%
Holding	-	(13.2)	-
Total	**930.3**	**159.6**	**17.2%**

15.1.4 Capital expenditure and depreciation and amortisation expenses:

	Capital expenditure and acquisition of intangible assets			Depreciation and amortisation charges		
(€ millions)	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Cognac	20.3	22.4	14.0	8.9	7.3	6.6
Liqueurs and Spirits	4.6	5.6	4.8	4.1	4.1	4.2
Champagne	2.5	3.2	8.2	2.8	3.2	2.5
Partner brands	0.8	0.3	0.3	0.3	0.2	0.3
Total	**28.2**	**31.5**	**27.3**	**16.1**	**14.8**	**13.6**

15.2 Geographic regions

15.2.1 Turnover

(€ millions)	Turnover		
	2010	**2009**	**2008**
Europe	281.0	275.1	303.3
Americas	275.7	283.0	350.6
Asia & other	251.1	156.0	163.9
Total	**807.8**	**714.1**	**817.8**

15.2.2 Balance sheet

At 31 March 2010

(€ millions)	Europe	Americas	Asia and other	Not allocated	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 available 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**
Borrowings 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

(€ millions)	Europe	Americas	Asia and other	Not allocated	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 available 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**
Borrowings 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**

At 31 March 2008

(€ millions)	Europe	Americas	Asia and other	Not allocated	Total
Non-current assets	927.1	22.3	46.0	-	**995.4**
Current assets	936.1	135.0	27.5	-	**1,098.6**
Derivative financial instruments	-	-	-	26.1	**26.1**
Assets available for sale	2.5	-	-	-	**2.5**
Cash and cash equivalents	-	-	-	37.3	**37.3**
Total assets	**1,865.7**	**157.3**	**73.5**	**63.4**	**2,159.9**
Equity	-	-	-	909.7	**909.7**
Borrowings and accrued interest	-	-	-	478.2	**478.2**
Provisions for liabilities and charges	293.3	2.1	0.2	-	**295.6**
Deferred and current tax liabilities	166.7	0.5	1.7	-	**168.9**
Trade and other payables	271.0	28.1	8.3	-	**307.4**
Derivative financial instruments	-	-	-	0.1	**0.1**
Total equity and liabilities	**731.0**	**30.7**	**10.2**	**1,388.0**	**2,159.9**

15.2.3 Investments

	Capital expenditure and acquisition of intangible assets		
(€ millions)	**2010**	**2009**	**2008**
Europe	25.0	27.4	25.4
Americas	2.6	2.2	1.4
Asia and other	0.6	1.9	0.5
Total	**28.2**	**31.5**	**27.3**

16 ANALYSIS OF OPERATING EXPENSES BY TYPE

(€ millions)	2010	2009	2008
Personnel costs	(122.5)	(107.8)	(104.8)
Advertising and promotion expenses	(159.8)	(131.9)	(140.2)
Depreciation, amortisation and impairment of non-current assets	(16.1)	(14.8)	(13.6)
Other costs	(94.3)	(92.2)	(93.9)
Costs allocated to inventories and production cost	56.7	64.3	58.9
Total	**(336.0)**	**(282.4)**	**(293.6)**
Of which:			
Distribution costs	(254.3)	(201.7)	(210.6)
Administrative expenses	(81.7)	(80.7)	(83.0)
Total	**(336.0)**	**(282.4)**	**(293.6)**

Distribution costs comprise marketing and advertising expenses, commission income or expense, 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 expense correspond to the profit generated by activities that are peripheral to the sale of cognac, liqueurs, spirits, champagnes and partner brands.

The increase in distribution costs was due to the Group's new distribution organisation. Rémy Cointreau's new distribution network has taken over from the Maxxium BV joint venture. All the operating and advertising and promotion expenses of these new structures are now consolidated, instead of being included in transfer prices to the Maxxium network as previously.

Personnel costs consist of the following:

(€ millions)	2010	2009	2008
Salaries and social charges	(114.5)	(99.8)	(96.5)
Pension and other similar benefits	(3.8)	(3.1)	(3.0)
Employee profit sharing	(0.8)	(1.3)	(1.8)
Share-based payments	(3.4)	(3.6)	(3.5)
Total	**(122.5)**	**(107.8)**	**(104.8)**

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 equivalent)	2010	2009	2008
France	809	825	840
Europe (excluding France)	151	150	41
Americas	302	330	327
Asia and other	309	207	38
Total	**1,571**	**1,512**	**1,246**

18 OTHER OPERATING INCOME AND EXPENSES

(€ millions)	2010	2009	2008
Maxxium compensation and related charges	-	33.6	(0.4)
Impairment of Maxxium shares	-	(16.0)	-
Maxxium translation reserve	-	(4.0)	-
Restructuring plans, closures or transfer of sites	(5.9)	0.6	(0.9)
Tax adjustments (excluding income taxes)	(1.5)	0.2	0.7
Other	(0.1)	0.5	-
Total	**(7.5)**	**14.9**	**(0.6)**

At 31 March 2010, “Other operating income and expenses” concerns mainly the restructuring plan initiated within the Champagne division.

19 NET FINANCIAL CHARGES

19.1 Borrowing costs by nature

(€ millions)	2010	2009	2008
Bonds	(10.5)	(10.5)	(14.3)
Syndicated credit, confirmed and unconfirmed lines	(6.6)	(16.7)	(13.0)
Finance costs of special purpose entities	(3.0)	(2.3)	(2.3)
Early redemption premium and accelerated amortisation of issue costs on the 6.5% bond	-	-	(8.0)
"Waiver" on the 6.5% bond	-	-	(2.6)
Effect of interest rate hedges	(4.5)	1.1	3.9
Other finance costs	(0.2)	0.1	(0.1)
Gross borrowing costs	**(24.8)**	**(28.3)**	**(36.4)**
Interest on deposits	-	1.8	-
Net borrowing costs	**(24.8)**	**(26.5)**	**(36.4)**

Borrowings are described in note **11**.

Given that net borrowings averaged €642.8 million for the year ended 31 March 2010, the average interest rate is 3.86% (2009: €477.8 million and 5.55%. For 2008: €541.2 million and 4.78% excluding the impact of the waiver and of the early redemption of the €175 million bond).

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

(€ millions)	2010	2009	2008
Interest received on caps and floors	-	1.5	3.9
Interest (paid) on interest rate swaps	(3.3)	(0.1)	-
Ineffective portion of interest rate hedges	(1.2)	(0.3)	-
Impact of interest rate derivatives	**(4.5)**	**1.1**	**3.9**

At 31 March 2010, the ineffective portion of interest rate hedges includes a charge of €0.2 million for expired instruments, a charge of €1.0 million for the instruments falling in the Cash Flow Hedge category.

19.2 Other financial income and expenses

(€ millions)	2010	2009	2008
Currency gains	-	4.7	-
Seller's loan - interest accrued and revaluation	7.9	9.2	1.8
Income and fair value movement related to CEDC shares	-	-	4.2
Other financial income	**7.9**	**13.9**	**6.0**
Currency losses	(2.1)	-	(1.6)
Other financial expenses of special purpose entities	(1.0)	(7.2)	(2.3)
Discount charge on provisions	(0.1)	(10.7)	(9.6)
Other financial expenses	(2.2)	(0.8)	(1.9)
Other financial expenses	**(5.4)**	**(18.7)**	**(15.4)**
Total	**2.5**	**(4.8)**	**(9.4)**

Income related to the seller's loan as at 31 March 2010 was €7.9 million due to its revaluation (€9.2 million in 2009) (note **6.2**).

"Discount charge on provisions" relates mainly to the provision for the Maxxium compensation (2009: €10.6 million; 2008: €9.2 million).

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:

(€ millions)	2010	2009	2008
Ineffective portion of currency hedges	(3.2)	1.2	(3.6)
Other	1.1	3.5	2.0
Total	**(2.1)**	**4.7**	**(1.6)**

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

20 INCOME TAX

20.1 Net income tax charge

(€ millions)	2010	2009	2008
(Current tax (expense) income	(32.1)	(0.3)	(1.5)
(Deferred tax (expense) income	3.0	(37.2)	(27.4)
Total	**(29.1)**	**(37.5)**	**(28.9)**
Effective tax rate	(26.4%)	(31.1%)	(25.5%)

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.

20.3 Analysis of deferred taxes

(€ millions)	2010	2009	2008
Breakdown by type			
Pension provisions	6.8	5.2	5.8
Regulated provisions	(12.8)	(10.9)	(9.3)
Other provisions	1.0	0.8	6.2
Brands	(172.2)	(169.8)	(167.6)
Non-current assets	(13.6)	(13.8)	(14.6)
Margins on inter-company inventories	11.0	12.7	9.4
Losses carried forward	8.6	2.2	36.9
Other timing differences	(1.5)	(3.4)	(14.8)
Net liability	**(172.7)**	**(177.0)**	**(148.0)**
Breakdown by tax group			
France	(140.5)	(140.8)	(99.6)
US	1.6	3.5	1.5
Netherlands	(59.4)	(57.6)	(55.8)
Other	25.6	17.9	5.9
Net liability	**(172.7)**	**(177.0)**	**(148.0)**
Deferred tax asset	27.1	22.4	14.0
Deferred tax liability	(199.8)	(199.4)	(162.0)
Net liability	**(172.7)**	**(177.0)**	**(148.0)**

20.4 Tax losses and capital losses carried forward

At 31 March 2010, the tax losses carried forward totalled €34.1 million (2009: €16.1 million). The potential tax saving arising from the use of these losses is €9.7 million (2009: €3.4 million). A deferred tax asset of €8.6 million has been recognised related to the tax losses carried forward.

20.5 Tax proof

In 2010, the income tax charge amounted to €29.1 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:

(€ millions)	2010	2009	2008
Theoretical tax charge	(37.9)	(41.5)	(39.0)
Actual tax charge	(29.1)	(37.5)	(28.9)
Difference	**8.8**	**4.0**	**10.1**
Permanent differences between consolidated profit and taxable profit	(5.3)	(11.5)	(2.1)
Use of tax losses or timing differences not previously recognised	0.5	0.6	0.9
Unused losses from subsidiaries that are loss-making from a tax point of view	(3.2)	-	-
Difference in tax rates applicable to foreign subsidiaries	18.6	11.8	6.8
Adjustment to the tax charge of prior years	(1.8)	3.1	4.5
Total	**8.8**	**4.0**	**10.1**

21 NET PROFIT FROM DISCONTINUED OPERATIONS

The €3.0 million net income from operations sold at 31 March 2010 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 to CEDC over the financial year ended 31 March 2006. €2.7 million of this amount was reallocated to minority interests.

22 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

22.1 Defined benefits pension plans

(€ millions)	2010	2009	2008
Present value of obligations at start of year	**(28.4)**	**(26.4)**	**(27.8)**
Service cost	(1.9)	(1.4)	(1.2)
Interest on actuarial liability	(1.7)	(1.5)	(1.1)
Curtailments or settlements	0.5	-	-
Benefits paid	2.4	1.4	0.5
Actuarial gains (losses)	(3.6)	2.3	3.1
Past services costs	-	-	(0.3)
Closure of pension scheme	-	-	-
Change in consolidation scope(1)	-	(2.3)	-
Other (including transfers)	(0.4)	(0.1)	-
Translation differences	-	(0.4)	0.4
Present value of obligations at end of year	**(33.1)**	**(28.4)**	**(26.4)**
Not funded	(20.0)	(18.4)	(19.7)
Partly funded	(13.1)	(10.0)	(6.7)

Carrying amount of Plan asset at start of year	**9.3**	**5.7**	**5.2**
Expected return	0.5	0.4	0.3
Contributions received	1.5	0.5	0.5
Changes in schemes	-	-	-
Curtailments of schemes	-	-	-
Benefits paid	(1.1)	(0.4)	-
Actuarial gains (losses)	(1.1)	0.8	-
Change in consolidation scope(1)	-	1.8	-
Other (including transfers)	-	-	0.1
Translation differences	-	0.5	(0.4)
Carrying amount of Plan asset at end of year	**9.1**	**9.3**	**5.7**
Funded status	**(24.0)**	**(19.1)**	**(20.7)**
Unrecognised past service costs	0.6	0.5	0.8
Unrecognised actuarial (gain) loss	-	0.3	-
Net obligation	**(23.4)**	**(18.3)**	**(19.9)**
Liability	**(23.8)**	**(18.7)**	**(20.3)**
Asset	**0.4**	**0.4**	**0.3**

[1] *consolidation of Maxxium Belgium (renamed RC Belgium) at 31 March 2009*

22.2 Charge for the year

(€ millions)	2010	2009	2008
Service cost	(1.9)	(1.4)	(1.3)
Interest on actuarial liability	(1.7)	(1.5)	(1.1)
Expected return	0.5	0.4	0.3
Amortisation of other items not recognised	-	(0.3)	(0.3)
Impact of curtailments	0.5	-	-
Total income (expense)	**(2.6)**	**(2.8)**	**(2.4)**
Benefits paid	1.3	1.0	0.2
Net income (expense)	**(1.3)**	**(1.8)**	**(2.2)**

Assumptions			
Average discount rate	4.94%	5.75%	5.75%
Average salary increase	2.91%	2.80%	2.80%
Expected working life	6 to 19 years	8 to 14 years	8 to 14 years
Expected return rate on plan assets	4.98%	4.50%	4.50%
Increase in medical costs	5.00%	5.00%	5.20%

22.3 Actuarial gains and losses

(€ millions)	2010	2009	2008
At start of year	**(13.4)**	**(16.2)**	**(19.3)**
Movement for the year	(4.4)	2.8	3.1
of which experience adjustments	(0.3)	1.9	0.2
At end of year	**(17.8)**	**(13.4)**	**(16.2)**

22.4 Breakdown of present value obligation by nature

(€ millions)	2010	2009	2008
Retirement indemnities	(7.9)	(6.8)	(6.5)
Supplementary defined benefit pension plans	(21.3)	(18.1)	(15.4)
Long service awards	(0.6)	(0.6)	(0.6)
Post-employment healthcare benefits	(3.3)	(2.9)	(3.9)
Total	**(33.1)**	**(28.4)**	**(26.4)**

22.5 Dedicated assets

At 31 March 2010, the assets underlying the liability were held by insurance firms that invest them together with their general assets.

23 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.

23.1 Purchase and leasing commitments

(€ millions)	2010	2009	2008
Purchase commitments - non-current assets	0.4	0.2	5.7
Leasing commitments - offices	11.7	12.1	12.0
Leasing commitments - equipment	2.5	1.7	1.9
Purchase commitments - eaux-de-vie	6.0	63.1	121.3
Purchase commitments - wines	69.2	22.5	15.4

The office leasing commitments relate to a six year lease entered into on 1 December 2004 in respect of the Group's Paris head office and a ten year lease entered into on 1 April 2005 in respect of the head office of the subsidiary Rémy Cointreau USA in New York.

The eaux-de-vie purchase commitments 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 decrease of such commitments as at the end of March 2010 is due to the fact that they will be renewed in July 2010.

The wine purchase commitments of the champagne division concern purchases of wine reserved with the champagne growers as well as purchase contracts related to the wine distribution business in the US.

The maturity analysis of commitments at 31 March 2010 was as follows:

(€ millions)	Total	2010	Subsequent
Purchase commitments - non-current assets	0.4	0.4	
Leasing commitments - offices	11.7	4.6	7.1
Leasing commitments - equipment	2.5	1.3	1.2
Purchase commitments - eaux-de-vie	6.0	3.0	3.0
Purchase commitments - wines	69.2	10.4	58.8

23.2 Deposits and other similar guarantees

(€ millions)	2010	2009	2008
Customs deposits	11.7	7.3	7.3
Guarantees granted to suppliers	6.3	6.3	-
Agricultural warrants on AFC inventories	6.6	7.9	53.0
Maxxium financing guarantee (25%)	-	-	40.4
Miscellaneous guarantees on credit lines	22.9	12.3	12.3

The maturity analysis of commitments at 31 March 2010 is as follows:

(€ millions)	Total	2010	Subsequent
Customs deposits	11.7	11.3	-
Guarantees granted to suppliers	6.3	-	6.3
Agricultural warrants on AFC inventories	6.6	-	6.6
Miscellaneous guarantees on credit lines	22.9	22.9	-

23.3 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 outstanding at 31 March 2010 are as follows:

Disposal transaction	Transaction date	Description of outstanding guarantees	Term	Maximum amount
Botapol Holding BV (parent company of Bols Sp.z.o.o)	17 August 2005	Tax liabilities Total all guarantees	17 October 2010	24.9
Lucas Bols	11 April 2006	Tax liabilities Total all guarantees Franchise	11 October 2012	100 2.6
Bols Hungary	12 July 2006	Tax liabilities Total all guarantees	12 July 2012	2.4

23.4 Other contingent liabilities

At 31 March 2010, 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.

24 RELATED PARTIES

24.1 Transactions with associated companies

At 31 March 2010, the Rémy Cointreau Group's main associated companies 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.

24.2 Transactions with Orpar

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

(€ millions)	2010	2009	2008
Service fee paid to Orpar	2.6	2.6	2.6
Current account	0.2	0.6	0.4
Payable to Orpar	-	0.1	-

24.3 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.

(€ millions)	2010	2009	2008
Purchase of non-current assets	4.0	5.4	5.7
Other purchases	0.6	0.1	1.2
Payable (receivable)	1.0	1.1	0.3
Purchase commitments	-	-	5.0

During the fiscal year, CLS Remy Cointreau purchased for €8.4 million of fixed assets from GCP, a subsidiary of Andromede.

24.4 Management bodies

Since 7 September 2004, the Group's management bodies have comprised the members of the Board of Directors and the Executive Committee (six members at 31 March 2010, 2009 and 2008).

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

(€ millions)	2010	2009	2008
Short-term benefits	5.7	5.0	4.7
Post-employment benefits	0.4	0.7	0.5
Share-based payments	2.0	2.1	2.0
Total	**8.0**	**7.8**	**7.2**

In addition, the Board of Directors authorised on 4 June 2008 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 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%.

25 POST-BALANCE SHEET EVENTS

There are no events that are likely to have a material impact on the financial statements for the year ended 31 March 2010.

26 LIST OF CONSOLIDATED COMPANIES

At 31 March 2010, the consolidation included 50 companies (52 at 31 March 2009). 47 companies were fully consolidated and 3 were accounted for using the equity method. All companies have a 31 March year end, except for Dynasty Fine Wines Group Ltd, which has a 31 December year end.

Company	Activity	% interest	
		March 2010	March 2009
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
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
Alliance Fine Champagne [(2)]	Special purpose entity	100.00	100.00
Lixir [(3)]	Distribution	50.00	50.00
Netherlands			
Penelop BV	Holding / Finance	100.00	100.00
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

Company	Activity	% interest	
		March 2010	March 2009
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	94.98	94.98
Mount Gay Holding Ltd	Holding / Finance	100.00	100.00
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
BPE Pty Ltd (Australia)	Other	100.00	100.00
Rangit Ltd (Mauritius)	Holding / Finance	100.00	100.00
CHANGES IN CONSOLIDATION SCOPE			
Tequisco [(4)]	Holding / Finance	-	100.00
Unipol BV [(5)]	Other	-	50.00

(1) Company is part of the French tax group.

(2) Special purpose entity

(3) Accounted for by the equity method

(4) Merged into E. Rémy Martin & cie

(5) Liquidated.