REFERENCE DOCUMENT
2010/2011
financial report

RÉMY COINTREAU

CONTENTS

Rémy Cointreau Group

1

1.1 HISTORY

The Rémy Cointreau Group, whose origins date from 1724, is the result of the merger in 1990 of the holding companies of the Hériard Dubreuil and Cointreau families that controlled E. Rémy Martin & Cie SA and Cointreau & Cie SA respectively. It is also the result of successive alliances between companies operating in the same business segment of wines and spirits. The Rémy Cointreau portfolio of brands is marketed in over 180 countries, with 95% of turnover achieved outside France.

1.1.1 Key dates and events in Rémy Cointreau's history

1724

Establishment of the House of Rémy Martin Cognac

1849

Creation of Cointreau & Cie by the Cointreau brothers

1888

Creation of the Metaxa brand

1924

Acquisition by André Renaud of E. Rémy Martin & Cie SA

1965

André Hériard Dubreuil takes over from his father-in-law, André Renaud

1966

Creation of Rémy Martin's international distribution network

1980

Creation by Rémy Martin of the French-Chinese joint venture Dynasty Winery in partnership with the city of Tianjin (China)

1985

Acquisition by the Rémy Martin Group of Charles Heidsieck champagne

1986

Creation of the Passoa brand

1988

Acquisition by the Rémy Martin Group of Piper-Heidsieck champagne

1989

Acquisition by the Rémy Martin Group of Mount Gay Rum

1990

Transfer by Pavis SA of Rémy Martin shares to Cointreau & Cie SA

1991

Adoption by the Group of the corporate name of Rémy Cointreau

1998

Dominique Hériard-Dubreuil becomes Chairman of Rémy Cointreau

1999

Establishment of the Maxxium distribution joint venture with three partners, the Rémy Cointreau Group, the Edrington Group and Jim Beam Brands Worldwide (Fortune Brands)

2000

Acquisition of Bols Royal Distilleries including, in particular, the Bols and Metaxa brands

2001

Vin & Sprit joins the Maxxium network and becomes its fourth partner

2005

Initial public offering of Dynasty Fine Wines Group on the Hong Kong Stock Exchange

Disposal of Bols' Polish operations to CEDC

Maxxium reinforced by taking over the distribution of a number of Allied Domecq brands acquired by Fortune Brands

2006

Disposal of the Dutch and Italian liqueurs and spirits operations

Decision by Rémy Cointreau to resume full control over its distribution with a deadline of March 2009

2008

Year of transition with the intention of exiting Maxxium

Establishment of a new distribution organisation

2009

On 30 March, Rémy Cointreau exits the Maxxium distribution joint venture

On 1 April, Rémy Cointreau controls 80% of its distribution

2010

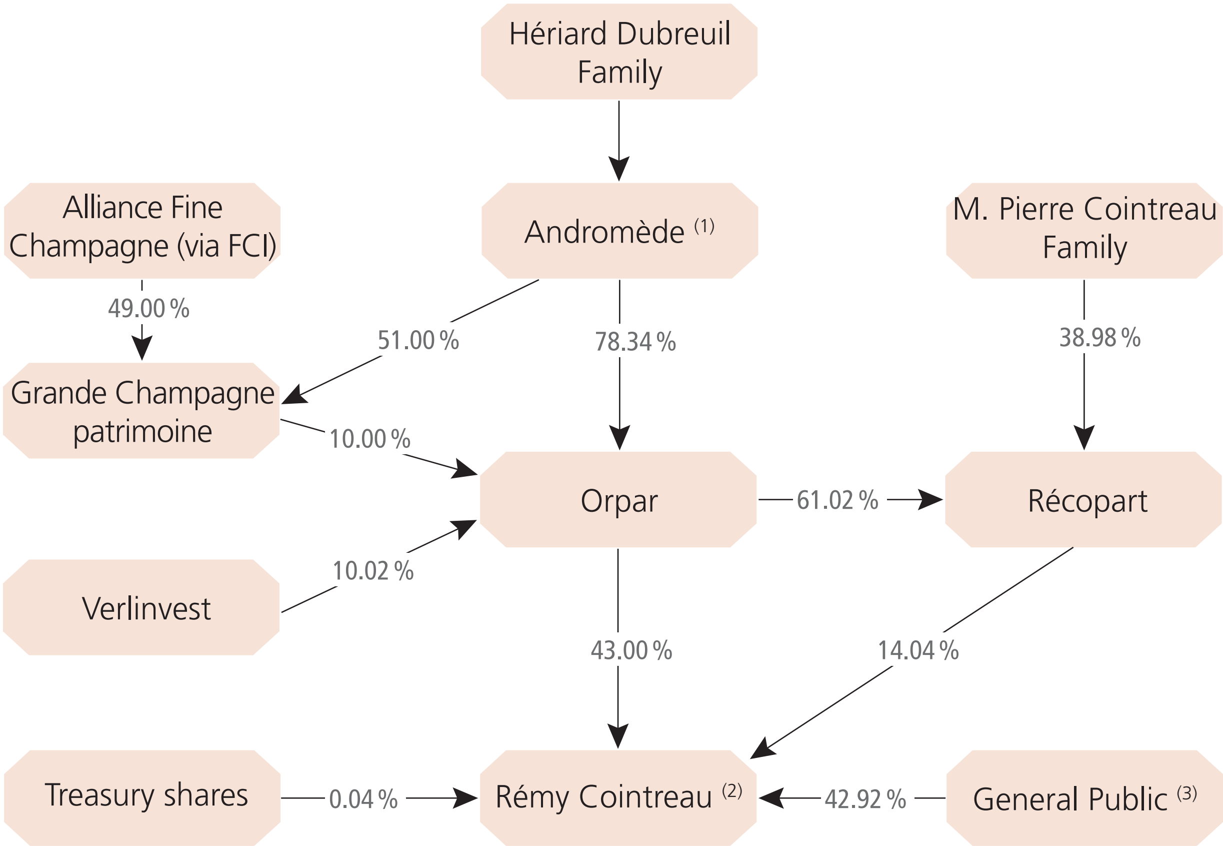
On 15 November, Rémy Cointreau announces the possible sale of its Champagne division

2011

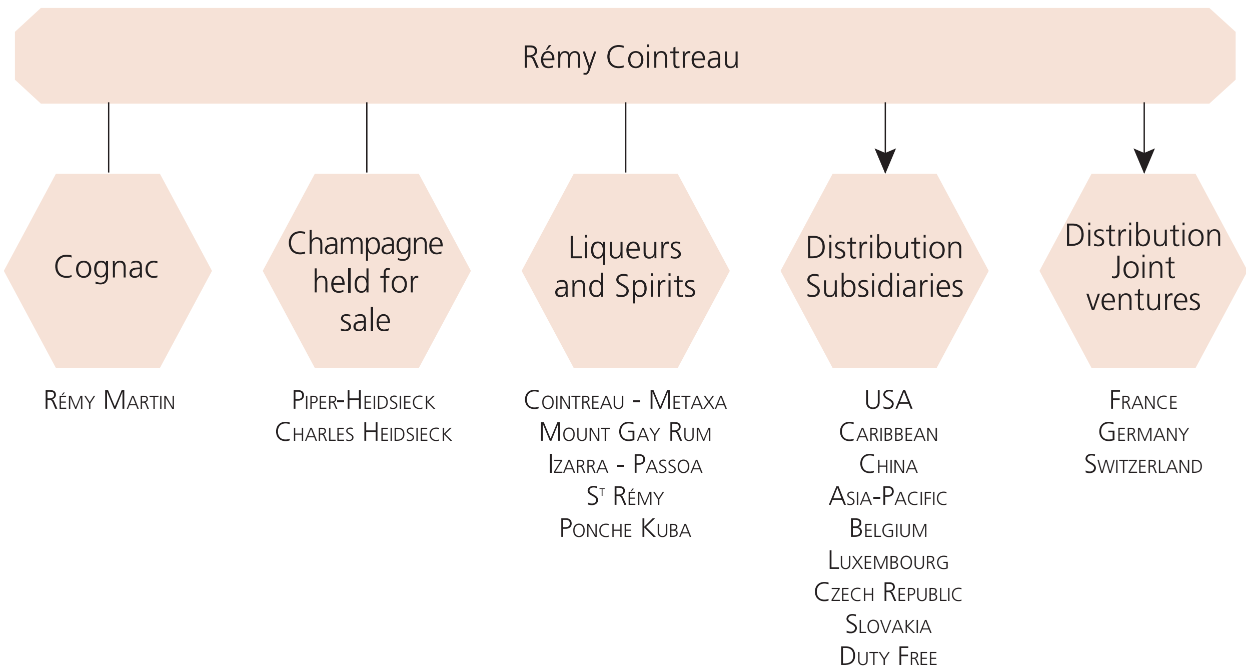
On 31 May, Rémy Cointreau and EPI sign an agreement for the sale of its Champagne division

Rémy Cointreau will continue as sole distributor worldwide of Piper-Heidsieck and Charles Heidsieck, as well as Piper Sonoma (the US sparkling wine brand).

1.2 OWNERSHIP STRUCTURE AND ORGANISATION CHART AT 31 MARCH 2011 (% OF CAPITAL)



(1) Rémy Cointreau is consolidated within the Andromède Group.
(2) Only Rémy Cointreau Shares are traded on the Stock Market.
(3) First Eagle Investment Management, LLC 5.66 %.



1.3 KEY FIGURES

Data in millions of euros for the period 1 April to 31 March

	2011	2010	2009
Turnover	907.8	807.6	710.4
Current operating profit	167.0	142.0	124.0
As % of turnover	18.4%	17.3%	17.5%
Net profit - Group share	70.5	86.3	86.1
Net profit (excluding non-recurring items)	107.5	92.1	80.8
Purchase of non-current assets	27.4	22.6	26.9
Equity – Group share	1,062.9	1,017.6	970.7
Net financial debt	328.9	501.4	531.9
Dividends paid during the financial year (per share in €):	1.30	1.30	1.30
Earnings per share (basic, in €):			
Net earnings from continuing operations	2.19	1.92	1.72
Net earnings - Group share	1.44	1.80	1.84

Turnover by division	**% total**	**2011**	**2010**	**2009**
Cognac	50.2%	486.0	405.7	311.9
Liqueurs & Spirits	25.6%	208.0	206.5	196.0
Sub/total Group brands	87.8%	694.0	612.2	507.9
Partner brands(1)	12.2%	213.8	195.4	202.5
Total	**100%**	**907.8**	**807.6**	**710.4**

Current operating profit	**2011**	**2010**	**2009**
Cognac	140.5	105.9	80.2
Liqueurs & Spirits	42.6	51.6	57.6
Sub/total Group brands	183.1	157.5	137.8
Partner brands(1)	2.1	2.4	1.5
Holding company	(18.2)	(17.9)	(15.3)
Total	**167.0**	**142.0**	**124.0**

Current operating margin	**2011**	**2010**	**2009**
Cognac	28.9%	26.1%	25.7%
Liqueurs & Spirits	20.5%	25.0%	29.4%
Sub/total Group brands	26.4%	25.7%	27.1%
Partner brands(1)	1.0%	1.2%	0.7%
Total	**18.4%**	**17.3%**	**17.5%**

Turnover by geographic region	**% total**	**2011**	**2010**	**2009**
Europe	32.4%	293.9	280.8	271.4
Americas	33.8%	306.6	275.7	283.0
Asia and Others	33.8%	307.3	251.1	156.0
Total	**100%**	**907.8**	**807.6**	**710.4**

Turnover by currency	**% total**	**2011**	**2010**	**2009**
Euro	29.6%	268.4	256.8	223.5
US Dollar, HK Dollar, Chinese Yuan	59.6%	541.2	457.6	371.3
Other currencies	11.8%	98.2	93.2	115.6
Total	**100%**	**907.8**	**807.6**	**710.4**

(1) After reclassification of the Champagne division into Partner brands

1.4 BOARD OF DIRECTORS AND MANAGEMENT

1.4.1 Board of Directors

Honorary Chairman
Mr. Pierre Cointreau

Chairman
Mrs. Dominique Hériard Dubreuil

Directors
Mr. François Hériard Dubreuil

Mr. Marc Hériard Dubreuil

Sir Brian Ivory

Mr. Jean Burelle[(1)]

Mr. Jacques Etienne de T'Serclaes[(1)]

Mr. Gabriel Hawawini[(1)]

Mr. Timothy Jones

Mr. Patrick Thomas[(1)]

Mr. Didier Alix[(1)]

ORPAR (permanent representative Mrs. Marie Barbaret)

(1) Independent Directors

1.4.2 Executive Committee

Mr. Jean-Marie Laborde, Chief Executive Officer

Mr. Jean-François Boueil, Human Resources Senior Vice President

Mr. Frédéric Pflanz, Chief Financial Officer

Mr. Damien Lafaurie, Executive Vice President Global Markets

Mr. Christian Liabastre, Executive Vice President Brands, Strategy and Development

Mr. Patrick Marchand, Operations Senior Vice President

1.4.3 Statutory Auditors

Ernst & Young & Autres

Represented by Mrs. Marie-Laure Delarue

Auditeurs & Conseils Associés

Represented by Mr. Olivier Juramie

1.4.4 Committees

Each committee comprises at least one Independent Director. "Audit and Finance" Committee, "Nomination-Remuneration" Committee and "Development and Marketing Strategy" Committee.

1.5 RÉMY COINTREAU GROUP OPERATIONS

The Rémy Cointreau Group is one of the principal operators in the world market for wines and spirits with a portfolio of international premium brands that include Rémy Martin cognac, the orange liqueur Cointreau, Passoa passion fruit liqueur, Izarra liqueur, Metaxa brandy, St Rémy brandy, Mount Gay rum and Ponche Cuba rum.

The Group is:

- the market leader with Rémy Martin in Fine Champagne cognac; and
- One of the leading producer and distributor of liqueurs in Europe with Cointreau, Passoa and Izarra.

Rémy Cointreau is quoted in compartment A (Deferred Settlement Service) of Eurolist on the Euronext Paris Stock Exchange, ISIN: FR 0000130395 and is a component of the CAC MID 100 index. Approximately 42% of the shares comprise the free float. The majority of the Rémy Cointreau Group is held by the family holding company, Orpar.

Rémy Cointreau SA was rated "BB -" positive outlook by Standard & Poor's.

1.5.1 Strategy

The Wine and Spirits market features an extensive number of co-existing large local and international brands, which result in a particularly competitive environment.

Against this background, Rémy Cointreau has, for many years, implemented a value strategy aimed at developing its premium brands in global markets with high growth and high profit potential.

Implementing this strategy has thus led the Group, over the past few years, to dispose of brands and other assets deemed less adapted to its strategy and to decide, at the end of March 2009, to leave the Maxxium distribution network in order to regain control of its distribution in its key markets.

The Group decided to accelerate the implementation of its value strategy, focusing on brands with higher profitability. On 31 May 2011, Rémy Cointreau signed an agreement for the sale of its Champagne division to EPI and will continue as sole distributor worldwide of Piper-Heidsieck, Charles Heidsieck and Piper Sonoma, the US sparkling wine brand.

Rémy Cointreau, which has its own international distribution network in Asia, the US and in certain European countries, controls 82% of its turnover. The Group is therefore able to implement a pricing and distribution strategy consistent with its upmarket positioning.

Strengthened by this highly responsive distribution asset, proximity to customers, and a sound financial position, the Group is in a position to accelerate the development of its premium brands, most of which are over one hundred year's old but remain totally contemporary and embodiments of our CER values.

1.5.2 Organisation

Rémy Cointreau is organised into two product divisions (Cognac and Liqueurs and Spirits), following the sale of the Champagne division, and 7 marketing divisions covering Europe, the Americas and Asia-Pacific. A fourth division, "Partner brands", brings together third party brands (Scotch whisky, vodka and, from 1 July 2011, champagne distributed by the Group's subsidiaries. This matrix organisation also includes support functions (finance, IT, legal, taxation, human resources, supply chain, etc.) which benefit the divisions as well as the brands. Group operational management is the responsibility of the Chief Executive Officer, assisted by a five-member Executive Committee.

1.5.2.1 Sector review

Respective relative size of each division

Data for the financial year ended 31 March 2011	Turnover	Current operating profit[1]
Cognac	53.5%	75.8%
Liqueurs & Spirits	22.9%	23.0%
Sub/total Group brands	76.4%	98.8%
Partner brands	23.6%	1.2%
Total	**100%**	**100%**

(1) *Exc. holding company costs*

1.5.3 Activities

Cognac

The Cognac business, which brings together the various products of the Rémy Martin brand, is the Group's principal division in terms of turnover and operating profit. Rémy Martin cognacs are solely produced from Petite Champagne and Grande Champagne eaux-de-vie, the two best vineyards in the cognac region, as they possess the best ageing potential. Rémy Martin's priority is to be in the premium segment with, in particular, its three flagship products, VSOP Fine Champagne, XO Excellence Fine Champagne and Louis XIII Grande Champagne.

Key Figures

(€ millions or %)	2011	2010	2009
Turnover	486.0	405.7	311.9
Geographic analysis:			
Europe	14.4%	14.5%	18.4%
Americas	30.4%	32.9%	42.8%
Asia & others	55.2%	52.6%	38.8%
Total	**100%**	**100%**	**100%**
Current operating profit	140.5	105.9	80.2
As % of turnover	28.9%	26.1%	25.7%
Capital employed exc. brands	511.9	543.8	558.3
Purchase of non-current assets	11.6	20.3	22.4

Description of "Appellation d'Origine Contrôlée Cognac"

Cognac is a brandy (eaux-de-vie distilled from grapes) with the "appellation d'origine contrôlée" from the Cognac region of France. The "Appellation" is based on six vintages, of which the two best in terms of superior quality for Cognac production are "Grande Champagne" and "Petite Champagne".

"Fine Champagne" designates a cognac that comes exclusively from Grande Champagne (a minimum of 50%) and Petite Champagne.

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

- VS ("Very Superior"), with a minimum legal age of two years;
- QS ("Qualité Supérieure"), covering all the VSOP and QSS labels;
- VSOP ("Very Superior Old Pale"), with a minimum legal age of four years;
- QSS ("Qualité Supérieure Supérieure"), with a minimum legal age of six years;
- XO ("Extra Old") is included in the QSS category.

Competitive ranking

Four Cognac brands share 80% of the world market: Rémy Martin (Rémy Cointreau), Hennessy (LVMH), Martell (Pernod Ricard) and Courvoisier (Fortune Brands). Rémy Martin is the second Cognac brand with a 13.2% market share (source: BNIC March 2011). Rémy Martin achieves around 80% of its shipments in the superior qualities (QS) segment which represents over 55% of the total Cognac market (source: BNIC March 2011). Rémy Martin has a 20% market share of the QS segment.

Liqueurs and Spirits

The Liqueurs and Spirits division brings together brands that operate in a high volume market featuring a number of contributors in terms of product categories (liqueurs, vodkas, gins, whiskies, rums, brandy, local specialties, etc.) and many brands with a local or international reach.

Rémy Cointreau's principal brands are the orange liqueur Cointreau (45% of divisional turnover), the Greek brandy Metaxa (19%), Passoa liqueur (12%), St Rémy brandy (11%) and Mount Gay rum (11%).

The Group's strategy is to focus investment on a defined number of high potential markets for each of its brands.

The products marketed by the Group come essentially from their specific production site, from Barbados for rum and from Angers (France), the origin of the Cointreau brand, for the other brands, with the exception of Metaxa which comes from Greece.

Market analysis in Europe (exc. CIS)

Volume (8.4 L/cases)	2007	2008	2009
Vodka	459,766.18	460,608.56	422,326.52
Liqueurs	46,852.88	46,184.57	44,995.97
Other Flavoured Spirits	73,317.39	72,758.11	72,266.63
Brandy	55,947.05	55,238.73	53,363.15
Scotch Whisky	44,526.40	44,158.34	42,580.50
Local Spirits	10,136.68	9,035.30	8,652.75
Gin/Tequila/Other	50,369.30	48,444.16	46,023.65
Rum/Cane	23,446.66	23,925.00	24,450.27
Other Whisky	10,906.18	11,207.00	10,867.76
Cognac/Armagnac	4,274.95	4,134.48	3,624.69
Total	**779,543.66**	**775,694.26**	**729,151.89**

Source : The IWSR 2010.

Key Figures

(€ millions or %)	**2011**	**2010**	**2009**
Turnover	208.0	206.5	196.0
Geographic analysis:			
Europe	55.0%	58.8%	54.3%
Americas	34.7%	32.9%	42.8%
Asia & Others	10.3%	14.5%	18.4%
Total	**100%**	**100%**	**100%**
Current operating profit	42.6	51.6	57.6
As % of turnover	20.5%	25.0%	29.4%
Capital employed exc. brands	57.2	55.2	67.2
Purchase of non-current assets	5.8	4.6	5.6

Competitive ranking

The Liqueurs and Spirits industry is highly fragmented due to the wide range of products. New products are launched on a regular basis. The principal producers and distributors are Diageo, Pernod Ricard, Fortune Brands and BacardiMartini. Group brands compete with both local and international brands.

Champagnes

This division represents 8.5 million bottles in volume terms sold, on average, during the past three years, mainly under the Piper-Heidsieck and Charles Heidsieck brand, each with a distinct market position.

Piper-Heidsieck is aimed at the major brands segment and ranks 4th among export brands (source: Impact 2009). It is a leading brand in France, Germany, Japan, Belgium and the UK. Charles Heidsieck, which is positioned in the "Wines" top of the range segment, is distributed through specialist channels, mainly in France, Italy, the US and the UK.

Taking into account the post-balance sheet disposal and its conditions, Champagne was reclassified within Partner Brands.

Description of "Appellation d'Origine Contrôlée Champagne"

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

- grapes must come from specific vineyards (32,946 hectares in 2008) in the Champagne region of France;
- the yield of the vines is limited and an annual amount is set every year to preserve quality;
- only three grape varieties are permitted: Pinot Noir, Pinot Meunier and Chardonnay; and
- a minimum ageing of 15 months in the bottle is required for non-vintage champagnes and 3 years for vintage champagnes.

Due to these production constraints, champagne can be viewed as a rare, even deluxe, product.

In 1990, the price of grapes was deregulated. However, a general agreement was established within the industry to moderate, at five-year intervals, the inflationary tendencies arising from the limit on production volumes.

Champagne's major markets are France (61%), the UK (10%), the US (4%) and Germany (4%) (source: CIVC 2009).

Competitive ranking

Piper-Heidsieck competes with Moët & Chandon, Pommery Mumm, etc. in the Champagne market and ranks 7th in worldwide volume. It is however in 4th place in terms of Champagne exports (source: Impact 2009).

Partner brands

Following the reclassification of the Champagne division within Partner Brands, the relative significance of the latter's turnover in the Group as a whole doubled. Champagne brands were added to distribution agreements already in force in relation to other brands and categories in the US, Belgium and the Czech Republic. The most significant contract concerns the Edrington Group's Scotch whiskies, in particular The Famous Grouse and The Macallan brands.

Partner brands represented 23.6% of turnover and 2.8% of current operating profit in the financial year ended 31 March 2011, after reclassification of the Champagne division.

1.5.4 Distribution

Rémy Cointreau now has 12 of its own distribution subsidiaries in Asia (China, Taiwan, Singapore and Japan), and in Europe (Belgium, Luxembourg, the Czech Republic and Slovakia), which also cover the duty-free business worldwide. Two equity partnerships have also been created in Germany, France and Switzerland. 17 new distribution contracts have also been signed to ensure the Group's products are marketed in its other markets.

Finally, 3 markets were subject to agreement renewals with Edrington (the Nordic Countries and Korea) and with Lucas Bols in the Netherlands.

In Japan, a strategic market for the Group, a new distribution subsidiary, Rémy Cointreau Japan, based in Tokyo, has been operational since April 2011.

In the US and the Caribbean, existing subsidiaries continued to ensure the distribution of the Group's products.

In the US market, where customers are wholesalers, Rémy Cointreau's subsidiary has initiated a distribution alliance with Bacardi and Brown Forman, the gradual expansion of which will generate a dedicated sales force to deal with wholesalers throughout the US.

1.5.5 Supply and sub-contracting

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

Champagne supply

In Champagne, 94% of Rémy Cointreau's supplies depend on medium-term contracts of 5-9 years and over, entered into with the principal co-operatives in the region and several hundred growers. This contractual arrangement, which covers around 870 hectares of the 32,946 hectares within the appellation, is a strategic factor in developing the Group's brands in a region with limited production capacity. Since 1990, the Group has enriched and strengthened its supply capacity by seeking to improve its qualitative criteria: the renewal of contracts expiring in 2010 (65 hectares) was completed under conditions that ensured a level of supply for the next 5 years in accordance with its development requirements.

Contract renewals that expire in 2011 are under way and represent 13% of the total (107 hectares).

Supply of eaux-de-vie

Since 1966, the creation of Cognac eaux-de-vie stocks has relied on partnership contracts concluded with producers of Grande and Petite Champagne. This policy has enabled the Group to manage its long-term supply and to meet the standards of quality required by the Rémy Martin brand.

The establishment of this partnership is mainly by means of a co-operative, Alliance Fine Champagne (AFC), which brings together a total of 950 members who operate just under 65% of the vineyards of the two leading vintages. Two types of contracts formalise the relationship between AFC and the Rémy Cointreau Group via CLS Rémy Cointreau:

- collective contracts, involving approximately 825 members, which specify the volume of the new harvest to be delivered to the co-operative, which it then stores. These stocks become the property of the co-operative and are financed in part by payments on account from CLS Rémy Cointreau and the balance from the co-operative's own banking resources and its own funds. CLS Rémy Cointreau is irrevocably committed to the acquisition in time of these stocks when the eaux-de-vie has been accepted as suitable for the brand and accepted as part of the AFC stock. The price is contractually agreed at the time it is accepted as part of the stock and is then increased by the actual storage and finance costs incurred by the co-operative;

- individual contracts involving approximately 440 members, who manage supplies by age and whose storage is assured and financed by the distillers. These contracts are between CLS Rémy Cointreau and the members concerned. Since April 2005, CLS Rémy Cointreau has transferred purchase commitments and the management of three-year contracts with the distillers to AFC.

Rémy Cointreau consolidates as a special purpose entity the inventories of the AFC co-operative as well as the contractual commitments related to the Rémy Martin brand. Based on the analyses of operating modes defined for the management of these contracts and the price formula applicable at delivery, risks and benefits pertaining to eaux-de-vie inventories held by distillers were deemed to have been transferred to AFC (thus to Rémy Cointreau) from the time the eaux-de-vie passed CLS Rémy Cointreau's quality tests and the distiller subscribed to shares in the co-operative for delivery commitments.

The balance of contractual commitments not yet produced is disclosed in the off-balance sheet commitments.

Other supplies and sub-contracting

The Group's liqueurs and other spirits do not suffer from significant supply or production constraints.

The Group's top ten suppliers represent 49% of raw material supplies, excluding eaux-de-vie and wines.

The Rémy Cointreau Group sub-contracts part of its bottling operations to other companies located abroad:

- Brazil for Cointreau, from concentrate prepared at the Angers site, and

- Greece for Metaxa.

Sub-contracting represents 16% of the total volume of Group brands.

In addition, logistic operations have been outsourced to a specialist service provider, who manages Rémy Cointreau's deliveries from a storage platform located in Angers. A second service provider manages deliveries from Reims.

Management Report of the Board of Directors

Report of the Board of Directors to the Combined General Meeting of 26 July 2011

2.1 OPERATING REPORT

Dear Shareholders,

In accordance with the law and our bylaws, we have called you to the Combined General Meeting to present the operating report of your Company for the year ended 31 March 2011 and to submit the financial statements and the allocation of the profit for this year for your approval, as well as to authorise the purchase or sale by the Company of its own shares, the reduction in share capital by the cancellation of treasury shares held by the Company, the renewal of delegations or authorisations to the Board of Directors to increase the share capital by incorporation of reserves, profits or premiums, or within the limit of 10% of the share capital as consideration for contributions in kind, to allocate free shares, either existing or to be issued, to employees and certain senior executives, and lastly to bring the bylaws into line with applicable laws.

BUSINESS REPORT

For the financial year ended 31 March 2011.

On 15 November 2010, the Rémy Cointreau Group initiated a competitive bid process for the possible sale of its Champagne division, which includes the Piper-Heidsieck and Charles Heidsieck brands. On 28 February 2011, the Group entered into exclusive negotiations with the EPI Group. As a result, assets and liabilities relating to operations held for disposal were reclassified as "assets and liabilities held for sale" in the balance sheet at 31 March 2011, pursuant to IFRS 5. The income statement and the cash flow statement were restated for the year ended 31 March 2011 and for the comparative financial year. Profit and loss items relating to the scope held for sale were reclassified as "profit from discontinued operations". These reclassifications took into account the fact that the purchaser plans to continue distributing the Piper-Heidsieck and Charles Heidsieck brands through the Rémy Cointreau Group's distribution network.

For the financial year ended 31 March 2011, the Group generated a current operating profit of €167 million, a significant growth of 17.6% (8.0% organic). The operating margin was 18.4%, an increase of almost one percentage point. Excluding reclassifications related to the planned disposal, net profit would have increased by 21.6% (11.1% organically), testifying to the Group's strong performance and the recovery of the Champagne division.

The Metaxa brand, acquired in 2000, was seriously affected by the repercussions of the economic situation in Greece, one of its key markets. As a result, Management had to carry out tests on the value of this asset that led to the recognition of a €45 million impairment during the first half of the year. After tax, the impact on the net profit for the period was €33.5 million.

2.1.1 Comments on the consolidated income statement

All data for the financial year ended 31 March is presented in millions of euros. The organic change was measured on a constant foreign exchange rate basis compared with the previous year. The data take into account the above-described reclassification within "discontinued operations".

2.1.1.1 Key figures

€ millions	2011	2010	% Change Gross	% Change Organic
Turnover	907.8	807.6	12.4%	6.4%
Current operating profit	**167.0**	**142.0**	**17.6%**	**8.0%**
as % of turnover	18.4%	17.6%	-	17.8%
Other operating income/(expenses)	(46.5)	(2.2)		
Operating profit	**120.5**	**139.8**		
Financial result	(29.7)	(19.3)		
Income tax	(21.7)	(32.5)		
Share in profit of associates	4.3	4.9		
Profit from continuing operations	73.4	92.9		
Profit/(loss) from discontinued operations	(2.8)	(3.9)		
Non-controlling interests	(0.1)	(2.7)		
Net profit for the year - attributable to owners of the parent company	**70.5**	**86.3**		
Net profit for the year - attributable to owners of the parent company (exc. non-recurring items)	**107.5**	**92.1**	**16.7%**	
Basic earnings per share:				
From net profit exc. non-recurring items	**€2.19**	**€1.92**		
From net profit - portion attributable to owners of the parent company	**€1.44**	**€1.80**		

	Turnover				Current Operating Profit				Operating margin		
	2011	2010	Gross change	Organic change	2011	2010	Gross change	Organic change	2011	2011 (org)	2010
Cognac	486.0	405.7	19.8%	12.1%	140.5	105.9	32.7%	20.3%	28.9%	28.0%	26.1%
Liqueurs & Spirits	208.0	206.5	0.7%	(3.7%)	42.6	51.6	(17.4%)	(18.8%)	20.5%	21.1%	25.0%
Total Group brands	694.0	612.2	13.4%	6.8%	183.1	157.5	16.3%	7.5%	26.4%	25.9%	25.7%
Partner brands[1]	213.8	195.4	9.4%	5.4%	2.1	2.4	(12.5%)	(8.3%)	1.0%	1.1%	1.2%
Holding company expenses	-	-	-	-	(18.2)	(17.9)	-	(1.7%)	-	-	
Total	**907.8**	**807.6**	**12.4%**	**6.4%**	**167.0**	**142.0**	**17.6%**	**8.0%**	**18.4%**	**17.8%**	**17.6%**

(1) after reclassification of data for the Champagne division, based on the scope retained in distribution.

Turnover by geographic region

	2011	2010	% change gross	% change organic
Europe	293.9	280.8	4.7%	3.8%
Americas	306.6	275.7	11.2%	3.5%
Asia & Others	307.3	251.1	22.4%	12.6%
Total	**907.8**	**807.6**	**12.4%**	**6.4%**

2.1.1.2 General comments on the current operating profit

Compared with March 2010, the movement in current operating profit can be analysed as follows:

Current operating profit - March 2010	142.0
Exchange rate movements (net of hedges)	14.7
Change in volume	9.3
Change in the business and product mix	22.0
Change in marketing expenses (Group brands)	(15.7)
Other	(5.3)
Current operating profit - March 2011	167.0

The net foreign exchange effect was €14.7 million, primarily reflecting a favourable USD effect and related currencies, particularly the Chinese Yuan. Taking into account its hedging policy, the Group achieved an average collection rate of 1.37 on the net US Dollar cash flows generated by its European entities. This rate was 1.41 for the financial year ended 31 March 2010.

The €9.3 million volume effect reflects an increase in volume for the Cognac division and a decline in Liqueurs & Spirits, primarily due to the unfavourable business environment encountered by the Metaxa brand. Price increases and a favourable product mix significantly contributed to the growth in current operating profit, with a total effect of €22.0 million, primarily generated by the Cognac division.

Lastly, the Group stepped up its marketing investment to support its brands in their most strategic markets, with an increase of €15.7 million in absolute value (up 11.0%).

The movement in other costs reflected the planned expansion of distribution structures.

2.1.1.3 Results by division

In the year ended 31 March 2011, the Rémy Cointreau Group generated turnover of €907.8 million, an increase of 12.4% compared with the previous period (up 6.4% organically). Current operating profit grew by 17.6% (up 8.0% organically).

All movements are provided as organic changes in the following comments.

By geographic region, all regions posted growth. The Asia region continued to report strong growth, with organic growth of 12.6%, particularly in superior qualities of the Cognac category. The Americas region grew by 3.5% organically. Lastly, Europe posted organic growth of 3.8% due, in particular, to the recovery of the Champagne market and the strong growth achieved by Rémy Martin cognac. However, this region was affected by the decline in sales of Metaxa in Greece.

Cognac

Turnover for the category grew significantly by 12.1% organically to €486 million, including growth of 16.3% in the "Asia and Others" regions, reflecting Rémy Martin's expansion in China. At the end of March 2011, "Asia and Others" represented 55% of turnover for the category. In respect of the Americas region, turnover grew by 3.1%, including a strong increase in very superior qualities. In Europe, turnover also recorded outstanding growth, up 16.9%, due to Russia and the Travel Retail segment.

In terms of current operating profit, the Cognac business reported significant growth of 20.3% to €140.5 million. The current operating margin was 28.0% of turnover (organic), two percentage points higher than the previous year (26.1%), in spite of a significant increase in marketing investment in strategic markets.

Liqueurs & Spirits

Turnover was €208 million, a 3.7% decline (organic) compared with the previous period. Cointreau and Mount Gay achieved growth but did not offset the drop in the Metaxa brand and the decline of Passoa in the European market. Metaxa continued to suffer from a very unfavourable environment in Greece, with a strong decline in sales in this market. With the exception of Mount Gay Rum and Saint-Rémy brandy, this division's portfolio is primarily targeted at Europe.

The Liqueurs & Spirits division achieved a current operating profit of €42.6 million, an 18.8% decline due to the unfavourable impact of the Metaxa brand and sustained marketing investment. The current operating margin was thus 21.1% (organic), compared with 25.0% at the end of March 2010.

Champagne (operation held for disposal)

The terms and conditions of the planned disposal specify that the Rémy Cointreau Group will continue to distribute the Piper-Heidsieck and Charles Heidsieck brands through its international network. The turnover achieved by the network was therefore reclassified within "Partner brands" for the purposes of implementing IFRS 5.

Turnover for the category was €103.4 million, which had significantly declined in the year to March 2010 (down 23.7%), and recovered with a 4.7% organic increase, particularly in the UK, the US and Russia. Price levels were stable overall, while the market continued to be influenced by strong promotional activity.

The Champagne division (before reclassification) achieved a current operating profit of €2.8 million, a strong recovery compared with the €4 million loss recognised in the previous financial year, due to the recovery in business, the refocusing on profitable markets and a reduction in costs.

Within the framework of the application of IFRS 5, the divisional current operating profit was reclassified between "Partner brands" and "Net profit/(loss) from discontinued operations" depending on allocation.

Partner brands

Partner brands (excluding the reclassification relating to the Champagne division), achieved a turnover of €110.5 million, representing growth of 6.2%, primarily due to the satisfactory performance of the Scotch whisky brands distributed in the US and the distribution of Russian vodkas from the Roust group through the Travel Retail network. After allocation of a portion of sales and administrative expenses, the operating profit of the division was a gain of €2.6 million.

After the reclassification relating to the Champagne division, turnover amounted to €213.8 million for the year to 31 March 2011 (€195.4 million for the year to 31 March 2010, representing organic growth of 5.4%). Operating profit was €2.1 million (€2.4 million for the year to 31 March 2011).

2.1.1.4 Operating profit

Operating profit was €120.5 million after taking into account other operating expenses, which primarily included the €45 million impairment charge on the Metaxa brand.

2.1.1.5 Net financial expenses

The Group successfully restructured its debt during the first half of the year, through the conclusion of a 3.67%, €140 million private placement maturing in June 2015, a €205 million bond issue maturing in December 2016, bearing interest at 5.18%, and early redemption of the €200 million bond issue.

Net financial income/(expenses) was an expense of €29.7 million, including the €3.7 million cost of refinancing steps taken early in the period, which improved the debt maturity profile and secured resources on very favourable terms.

Average debt declined by almost €82 million. The average interest rate increased slightly, due to the mix of resources and the unfavourable impact of the interest rate hedging portfolio.

Other financial income and expenses notably included items relating to the valuation of hedging instruments under IFRS, the movement in the value of the seller's loan, as well as the finance cost of certain eaux-de-vies owned by the AFC co-operative. The non-recurrence of the revaluation of the seller's loan recognised in the year ended 31 March 2010 was the main reason behind the €4.8 million negative movement recognised under this heading. The seller's loan was repaid in March 2011.

	2011	2010	Change
Cost of gross financial debt(1)	(27.9)	(24.8)	(3.1)
Early redemption costs	(3.7)		(3.7)
Average net debt	561.0	642.8	(81.8)
Average interest rate(1)	4.97%	3.86%	
Other financial expenses (net)	(2.3)	2.5	(4.8)
Reclassification of profit from discontinued operations	4.2	3.0	1.2
Net financial expense	(29.7)	(19.3)	(10.4)

(1) Excluding early redemption cost

2.1.1.6 Net profit – group share

The tax charge amounted to €21.7 million, representing an effective tax rate of 24.0%, compared with a rate of 27.0% at 31 March 2010. This rate was due to the geographic distribution of the Group's results and to a lesser extent to the positive outcome of certain tax litigations.

The share in profit of associates totalled €4.3 million, primarily originating from the investment in the Dynasty Group.

The impact of "discontinued operations" primarily includes the effect of the reclassification relating to the disposal of the Champagne division, in accordance with the planned terms and conditions of the transaction. The calculated impact includes the profit generated by the scope of the disposal during the year and, for the financial year ended 31 March 2011, the variance between the value of net assets sold and the estimated realisation value, net of disposal expenses and tax.

	2011	2010
Net profit attributable to the division held for sale	(0.1)	(6.9)
Impairment of assets held for sale	(3.8)	-
Total – Champagne division, net of disposal expenses	(3.9)	(6.9)
Other income from discontinued operations(1)	1.1	3.0
Total	**(2.8)**	**(3.9)**

(1) At 31 March 2010, the €3.0 million income was primarily generated by the liquidation of entities that had been retained, in joint ownership with Takirra Investment Corp. NV, following the disposal of the Group's Polish operations in 2006. €2.1 million of this income was reclassified as minority interests. At 31 March 2011, the heading included residual impacts of the disposal of Lucas Bols (April 2006).

The Group's share of net profit was €70.5 million (2010: €86.3 million), representing basic earnings per share of €1.44.

Excluding non-recurring items (including the €33.5 million impairment of the Metaxa brand and the impact of discontinued operations), the Group's share of net profit was €107.5 million, representing basic and diluted earnings per share of €2.19, compared with €1.92 in the previous year.

2.1.2 Comments on the consolidated balance sheet

	March 2011	March 2011 (before reclassification)	March 2010	Change before reclassification	Change published
Brands and other intangible assets	447.1	583.7	629.9	(46.2)	(182.8)
Property, plant and equipment	141.0	211.4	208.6	2.8	(67.6)
Investments in associates	64.9	64.9	64.3	0.6	0.6
Other financial assets	10.9	11.0	71.2	(60.2)	(60.3)
Non-current assets (other than deferred tax)	663.9	871.0	974.0	(103.0)	(310.1)
Inventories	699.2	954.8	969.8	(15.0)	(270.6)
Trade and other receivables	213.6	225.6	248.1	(22.5)	(34.5)
Trade and other payables	(406.6)	(447.6)	(439.3)	(8.3)	32.7
Working capital requirement	506.2	732.8	778.6	(45.8)	(272.4)
Net financial derivatives	11.9	11.9	(7.7)	19.6	19.6
Assets held for disposal	376.3	0.2	-	0.2	376.3
Net current and deferred tax	(129.1)	(175.8)	(176.3)	0.5	47.2
Provisions for liabilities and charges	(36.5)	(43.6)	(48.7)	5.1	12.2
Other net current and non-current assets	222.6	(207.3)	(232.7)	25.4	455.3
Total	**1,392.7**	**1,396.5**	**1,519.9**	**(123.4)**	**(127.2)**
Financed by:					
Equity	1,063.8	1,067.6	1,018.5	49.1	45.3
Long-term borrowings	377.7	377.7	537.7	(160.0)	(160.0)
Short-term borrowings and accrued interest	31.8	31.8	50.0	(18.2)	(18.2)
Cash and cash equivalents	(80.6)	(80.6)	(86.3)	5.7	5.7
Net borrowings	328.9	328.9	501.4	(172.5)	(172.5)
Total	**1,392.7**	**1,396.5**	**1,519.9**	**(123.4)**	**(127.2)**
For information:					
Total assets	**2,190.9**	**2,180.5**	**2,316.8**	**(136.3)**	**(125.9)**

2.1.2.1 Excluding reclassification relating to the disposal of the Champagne division

Non-current assets declined by €103 million compared with March 2010, due to:

- the €45.0 million provision for the impairment of the Metaxa brand recognised during the first half of the financial year; and
- the repayment of the seller's loan, which was granted in April 2006 as part of the disposal of the Lucas Bols division.

Working capital requirements, subject to strict management control, decreased by €45.8 million compared with March 2010:

- inventories declined by €15 million, primarily as a result of a combination of a decline in Champagne inventories, which had reached a high level, and a foreign exchange effect on inventories held by the network (China, the US and Singapore); and
- trade and other operating receivables declined by €22.5 million, primarily due to Asia (the timing of the Chinese New Year and increased monitoring of customer credit), a decrease of 9.1% even though turnover grew by 12.4%.

The financial instruments heading rose by €19.6 million, due to the valuation of the portfolio of foreign exchange hedge instruments taken out to hedge against cash flow from operating activities for the next financial year.

The increase in equity can be analysed as follows:

Net profit for the year	70.6
Movement in the value of financial instruments	13.2
Other income and expenses taken to equity	-
Impact of stock option and similar plans	3.4
Movement in translation reserves	(7.6)
Increase in share capital and share premium	29.0
Transactions in treasury shares	(0.2)
Dividends paid in respect of the 2009/10 financial year	(63.1)
Total change	**45.3**

During the financial year ended 31 March 2011, Rémy Cointreau SA paid a total dividend of €1.30 per share in relation to the financial year ended 31 March 2010, with an option allowing 50% of it, i.e. €0.65 to be paid in shares. The share portion of the dividend was paid between August and September 2010 for a total of €21.9 million, corresponding to the issue of 565,770 shares at a price of €38.62 each. The balance of €41.2 million was paid in cash in October 2010.

Net debt totalled €328.9 million, a 34% decrease compared with March 2010 (€501.4 million). This represented a decrease of €172.5 million in absolute value, resulting from the combined effect of:

- business growth and the favourable impact of foreign exchange movements;
- strict management of working capital requirements; and
- the settlement of the seller's loan (€61.8 million).

During the period, the Group restructured its debt in order to benefit from favourable market conditions and adjust the maturity profile of its resources, the majority of which was to fall due in 2012.

On 10 June 2010, a five year, €140 million private placement bearing interest at 3.6675% was entered into with financial institutions. The proceeds totalled €138.6 million net of fees and were allocated to reducing drawdowns on the syndicated loan.

On 18 June 2010, the Group issued bonds of €205.0 million, maturing on 15 December 2016 and bearing interest of 5.18%. After deducting issue fees, net proceeds totalled €197 million and were allocated to the early redemption of the bonds issued in January 2005. This issue, of which €192.4 million remained outstanding, was subject to a redemption offer at the same time as the new issue, including a 1.5% redemption premium. The bonds that were not contributed to the offer were subsequently redeemed including the 1.3% contractual premium. The total cash outflow excluding accrued interest was €195.1 million.

At 31 March 2011, confirmed financial resources amounted to €811 million, comprising the above-described private placement and bond issue, and the €466 million revolving syndicated facility (Euribor + 0.425%, maturing on 7 June 2012).

The A ratio[1] (net Debt/EBITDA), which defines the margin applicable to the syndicated loan was 2.19 at 31 March 2011. According to the terms and conditions of the syndicated loan, this ratio, calculated every half-year, must remain below 3.5% from 1 October 2008 to maturity.

2.1.2.2 Reclassification of the Champagne division

Pursuant to IFRS 5, assets and liabilities earmarked for disposal and those related to them have been reclassified in the balance sheet at 31 March 2011 at their estimated realisation value, net of realisation expenses.

The net asset value thus calculated was €376.1 million.

2.1.3 Return on capital employed

At 31 March 2011, capital employed[2] totalled €628.4 million after the reclassification of assets and liabilities relating to the disposal of the division. Given an operating profit of €167 million, return on capital employed (ROCE) was thus 26.6%. Excluding the reclassification, this ratio would have been 18.6%, compared with 14.6% for the financial year ended 31 March 2010.

Excluding the effect of the ongoing disposal, ROCE therefore grew by four percentage points under the combined effect of the growth in operating profit and the reduction in capital employed.

The increase was particularly marked for the Cognac division, whose ROCE increased from 19.5% in March 2010 to 27.4% in March 2011. The Liqueurs & Spirits division featured an ROCE of 93.5% in March 2010 and 74.5% in March 2011.

(1) The A ratio is calculated every half-year. This is the relationship between (a) the arithmetic average of the net debt at the end of the half-year and the end of the previous half-year - here the end of March 2011 and September 2010 - after inclusion of the restatements to eliminate the impact of IFRS principles on the calculation of the net debt and (b) gross opera ting profit (EBITDA) of the previous 12 months - here the end of March 2011.

(2) Capital Employed includes intangible assets except brands and distribution rights, property, plant and equipment, inventories, trade and other receivables, trade and other payables, provisions for liabilities and charges, excluding those related to tax litigation or discontinued operations.

2.1.4 Comments on the consolidated cash flow statement

	2011	2010	Change
Gross operating profit (EBITDA)	187.1	161.0	26.1
Change in working capital requirement	39.5	15.0	24.5
Net cash flow from operating activities	226.6	176.0	50.6
Other operating income and expenses	(1.9)	(1.4)	(0.5)
Net financial expenses	(20.3)	(25.3)	5.0
Net income tax	(31.1)	(53.6)	22.5
Other operating cash flows	(53.3)	(80.3)	27.0
Net cash flow from operating activities – continuing operations	173.3	95.7	77.6
Impact of discontinued operations	8.4	(7.4)	15.8
Net cash flow from operating activities	181.7	88.3	93.4
Net cash flow from/(used in) investment activities – continuing operations	34.3	(35.3)	69.6
Impact of discontinued operations	0.8	4.2	(3.4)
Net cash flow from/(used in) investment activities	35.1	(31.1)	66.2
Capital increase	7.0	1.4	5.6
Treasury share transactions	(0.2)	1.9	(2.1)
Repayment of financial debt	(187.6)	(28.5)	(159.1)
Dividends paid to owners of the parent company	(41.2)	(38.5)	(2.7)
Net cash flow from/(used in) financing activities - continuing operations	(222.0)	(63.7)	(158.3)
Impact of discontinued operations	-	-	-
Net cash flow from/(used in) financing activities	(222.0)	(63.7)	(158.3)
Translation differences on cash and cash equivalents	(0.5)	3.4	(3.9)
Change in cash and cash equivalents	(5.7)	(3.1)	(2.6)

In accordance with IFRS 5, cash flow from operating and investment activities generated by the division subject to the planned disposal was reclassified under specific headings for the two financial years presented. Since these operations are not independently funded, no movement was recorded separately under "net cash flow from financing activities".

Gross operating profit (EBITDA)[3] increased by €26.1 million, in line with current operating profit growth.

The change in working capital requirement, resulting from strict management control, particularly of trade receivables, was a decrease to €39.5 million.

Cash flow from other operating income and expenses primarily included outflows relating to provisions for restructuring recognised in previous financial years.

The net cash outflow relating to financial expenses was €20.3 million, including €3 million relating to the early redemption of a bond issue. Interest charges declined by €9.6 million compared with the previous financial year, owing to the low usage of short-term credit facilities of the syndicated loan, which was replaced by the private placement with quarterly and annual maturities.

The net outflow relating to income tax was €31.1 million for the financial year ended 31 March 2011. At 31 March 2010, the cash flow of €53.8 million included €26.9 million in respect of the previous financial year.

Net cash flow from investment activities relating to continued operations, totalling €34.3 million, included:

- an outflow of €27.4 million relating to capital expenditure for the period (2010: €22.6 million);
- an inflow of €61.8 million corresponding to the capital and capitalised interest of the seller's loan granted within the framework of the disposal of the Lucas Bols division in April 2006 and settled in March 2011.

Net cash flow from financing activities includes the €7 million effect of capital increases related to the exercise of share subscription options, a €330 million reduction in drawdowns of confirmed credit facilities and the signing of the €140 million private placement.

After translation differences, cash and cash equivalents declined by €5.7 million to €80.6 million.

2.1.5 Post-balance sheet events

On 31 May 2011, Rémy Cointreau signed an agreement for the sale of its Champagne division to EPI. The Group will retain exclusive distribution rights for the Piper-Heidsieck, Charles Heidsieck and Piper Sonoma brands.

2.1.6 Outlook

Within an improving business environment, which nonetheless remains uncertain in many parts of the world and continues to feature significant foreign exchange volatility, Rémy Cointreau is looking to the future with confidence.

Strengthened by its distribution network, strict cost management and a sound financial position, Rémy Cointreau continues to implement its long-term value strategy. The ongoing disposal

(1) Gross operating profit (EBITDA) is calculated as current operating profit, adjusted by adding back depreciation and amortisation charges on property, plant and equipment and intangible assets and charges in respect of share-based payments and dividends received from associates during the period.

of the Champagne division should enable the Group to redirect assets and thus accelerate the geographic expansion of its brands in the most buoyant markets.

The focus on high value-added products, combined with a policy of product innovation and targeted, strong marketing investment levels will provide the Group with the necessary resources to ensure steady, profitable growth.

2.1.7 Risk factors and insurance policy

2.1.7.1 Seasonality of the business

Rémy Cointreau generates a significant part of its sales around Christmas and New Year's Eve (November and December) and the Chinese New Year (January and February).

As a result, any event arising during these periods may have an impact on the Group's annual results.

2.1.7.2 Delivery commitments

Normally, Rémy Cointreau's distributors (subsidiaries or exclusive distributors) hold 2–3 months stock. The Group has never suffered a major curtailment in operations.

2.1.7.3 Principal contracts and customers

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

Normally, contracts concluded by Group companies are in the ordinary course of business and the commitments therein conform to international business practices.

There are no contracts with third parties by a Group company that carry major obligations or commitments for the entire Group.

The Group's top ten customers represent 43% of consolidated turnover.

2.1.7.4 Exchange rate exposure

Rémy Cointreau's results are sensitive to movements in exchange rates as the Group realises around 70% of its turnover outside the euro zone, whereas most of the production is inside this zone.

The Group's exchange rate exposure is mainly in respect of sales in currencies other than the euro, by production companies to the various components of the distribution network. The principal currencies involved are the US Dollar (USD), Hong Kong Dollar (HKD), Australian Dollar (AUD), Canadian Dollar (CAD), Yen (JPY) and Pound Sterling (GBP).

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

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

Option sales are restricted to the resale of options to cancel a previous purchase or to hedge transactions that are approved on a case-by-case basis.

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

The Group does not cover the risks of translating financial statements of companies based outside the euro zone into euros.

The USD position structurally represents 80% of hedge flows (this position includes HKD flows which are systematically converted into USD).

During the financial year ended 31 March 2011, the Group thus hedged its USD/EUR flows with a total hedging volume of USD 315 million, resulting in a EUR/USD collection rate of 1.37 identical to the average rate over the period.

In respect of the financial year ended 31 March 2012, the Group has already subscribed, at 31 March 2011, to hedges of a nominal value of USD 285 million, representing around 90% of this currency's estimated net cash flow with a worse-case scenario of EUR/USD 1.37. It should be noted that these hedges primarily comprise options.

The foreign exchange rate hedging portfolio and the resulting sensitivity are detailed in Note **14.5** to the consolidated financial statements.

2.1.7.5 Interest rate exposure

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

At 31 March 2011, the financial debt was analysed as follows:

	Long term	Short term	Total
Fixed rate	336.1	-	336.1
Variable rate	41.6	24.4	66.0
Accrued interest, not mature	-	7.4	7.4
Gross financial debt	377.7	31.8	409.5

The variable rate debt was covered by hedging contracts, the terms and conditions and sensitivity of which is described in Note **14.4** to the consolidated financial statements.

2.1.7.6 Liquidity risk

The liquidity risk is primarily induced by the maturity and availability of financial resources. Total gross financial debt at the year-end had a nominal value of €409.5 million, compared with confirmed resources of €811 million. Out of this amount, €31.8 million will fall due over the next financial year. Of the €811 million in confirmed resources at 31 March 2011, €606 million was made available subject to maintaining the "Ratio A" (see Note **11.7** to the consolidated financial statements) below 3.50 over all half-year periods until maturity. Rémy Cointreau's management has made it a priority to comply with these ratios and is confident in the Group's capacity to do so over the coming half-year periods.

The Group's financial resources are detailed in note **11** to the consolidated financial statements. Other liquidity risk items are also provided in note **14.7**.

2.1.7.7 Financing policy

At 31 March 2011, the Group had no significant specific financing linked to its assets.

2.1.7.8 Brands

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

Rémy Cointreau's brands and products can be counterfeited or copied. As a result, the Group has an active policy of following up trademark filings and internet domain names in their category and markets, and takes all steps necessary to combat counterfeiting, particularly in Asia and in Eastern Europe, as well as any unfair competition. An integrated legal team permanently monitors the Group's intellectual property rights throughout the world. The team works in close partnership with external consultants, recognised for their expertise, as well as professional organisations specialising in combating counterfeiting worldwide.

In January 2010, the Brand's Office of the Popular Republic of China recognised the three ideograms "REN TOU MA", by which the Rémy Martin brand is recognised by Chinese consumers, as a well-known brand. This recognition is a powerful addition to the process of combating counterfeit goods implemented by the Group in China.

Since 2006, Rémy Cointreau has significantly developed its internal resources in the fight against counterfeiting, notably with the appointment of a co-ordinator who co-operates closely with the various lawyers responsible for the Group's brands. The co-ordinator in the fight against counterfeiting firstly ensures the follow up of the report on any counterfeiting of the Group's brands together with specialist organisations, distributors, sales staff, customs authorities, DRE and economic missions. He then reports this information, having verified its reliability, shares the best anti-counterfeiting practices with other major groups in wines and spirits and ensures the consistency of the steps to be taken by the lawyers and other internal players concerned.

To date, there is no significant litigation or risk identified in the area of ownership of the Rémy Cointreau brands.

2.1.7.9 Legal risks

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

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

Spirits are subject, depending on their definition and presentation, to the provisions of CE Regulation No. 110/2008. The raw materials, processes authorised, sales denominations, minimum alcohol content, labelling rules and conditions to obtain protected geographical indication status are also precisely defined for spirits.

In relation to Champagne wines, the Group is subject to CE Regulation No. 607/2009 of the Commission of 14 July 2009 that set a number of application provisions for CE Regulation No. 479/2008 of the Council on protected appellations of origin, labelling and presentation of certain products of the vinegrowing and winemaking sector.

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

The *"Bioterrorism Act"*, which was signed on 12 June 2002 and came into force on 13 December 2003, stepped up the conditions of entry for all merchandise to the US. Additional entry documents and prior notice of shipping information is an ongoing requirement for importers, freight forwarders and customs brokers.

In December 2008, Rémy Cointreau and Rémy Cointreau USA became certified members of the Customs-Trade Partnership Against Terrorism ("C-TPAT"). This is a programme that links suppliers and US Customs & Border Patrol ("CBP") to ensure that each participating US importer's supply chain is secure and that there is security integrity between suppliers and US ports. Beyond the security benefits, CBP offers benefits to certified C-TPAT members including a reduced number of customs inspections and a reduction in border delay times. Additionally, in the event of border tightening due to a terrorism related incident, C-TPAT members may not be exposed to increased border scrutiny thus facilitating ongoing container clearance.

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

This regulatory environment relating to the production and marketing of alcoholic drinks is most likely to evolve in France, within the European Union or in the rest of the world and to affect Rémy Cointreau's business segment or increase the liability of the companies operating within that segment.

At the date of the current report, the Group is not aware of any such regulatory changes that may be significant in that respect or that may become applicable at a specific date.

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

In addition, the Group attaches the utmost importance to protecting its worldwide industrial property rights. Consequently, it pays great attention to brand defence, brand registration and renewal, either directly, through the implementation by intellectual property advisors of modern brand management procedures, or through intellectual property advisors whose expertise is recognised globally. The Group never hesitates to initiate litigation, anywhere in the world, each time it considers that a brand registration application may impair its property rights. It is also a member of professional organisations that combat counterfeiting.

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

No contracts were concluded with third parties by a Group company involving obligations or commitments of particular significance for the Group as a whole.

An integrated legal department, organised by brand groups but operating in a cross-group partnership spirit, permanently manages the Group's legal affairs. It carries out preventative checks on all legal risks, either internal or external, that may adversely affect the achievement of the Group's objectives. If necessary, the team can request the assistance of international lawyers recognised for their expertise in specific commercial legal areas.

The legal department strives to only initiate litigation processes if all possibilities of reaching out-of-court settlements have proved unsuccessful.

Ongoing litigations at the date of this report are mentioned in Chapter 2.3.2.

The Group's insurance coverage policy is specified in Chapter 2.1.6.11 of this report.

2.1.7.10 Other risks

CUSTOMER/COUNTRY RISK

Rémy Cointreau does not, or seldom, operates in regions considered to be unstable, either in terms of structure or sales. Therefore, Rémy Cointreau is virtually unexposed to any country risk.

Historically, Rémy Cointreau has had very little exposure to customer risk. In that respect, relentless efforts to optimise distribution at a global level is a factor in limiting this risk.

PERFORMANCE DRIVEN BY INTERNATIONAL OPERATIONS

The majority of Rémy Cointreau's turnover is generated by exports, primarily to North America, Asia and Europe. Group performance is therefore strongly linked to the economic situation, consumer purchasing power, as well as duties or customs regulations applicable in each market.

Due to its international reach and as a significant share of its turnover is realised within the dollar zone, Rémy Cointreau is also subject to currency risks. This topic is covered in the chapter on exchange rate exposure.

COMPETITION

The wines and spirits industry is highly competitive and very fragmented. In such a market, Rémy Cointreau has to permanently focus on the image of its brands, the quality of its products, their price and the optimisation of their distribution. These combined actions enable Rémy Cointreau's brands to stand out in a highly competitive marketplace.

INDUSTRIAL AND ENVIRONMENTAL RISKS

The management of industrial and environmental risks, as well as product related risks, is principally handled by the Quality/Safety/Environment departments working at each Group site, under the ultimate responsibility of the Group Operations Manager.

Safety/Environment audits are carried out at production sites by personnel and certified external auditors, leading to action plans followed by quarterly committee meetings.

Due to the Group's wines and spirits activities, its main production sites in France are subject to authorisation by the Prefect. The Cognac site is classified as Seveso high threshold due to the quantities of eaux-de-vie stored there. The site is subject to a comprehensive Safety Management System (SMS).

The Cognac and Angers sites are ISO 14001 certified. This certification is validated by annual follow-up audits. These audits did not reveal any anomalies. Indicators used by ISO 14001 certification have also been rolled out to other Group sites.

Normally, regulatory compliance of sites is an ongoing concern and close relationships are maintained with all the administrations involved. In addition, significant training is provided to the personnel and to external providers who work on the sites.

During the financial year, €4 million was invested in the fields of safety, quality and the environment.

In terms of product risks, the Group refers to the HACCP standard (Hazard Analysis of Critical Control Point): an international method for implementing a system that guarantees the hygiene of food served to consumers, as well as the ISO 22000 standard: an internationally recognised standard for certification of production sites' HACCP plans.

IT RISKS

The Rémy Cointreau Group's processes are based on the extensive use of IT systems, which are thus exposed to the risk of failure. The processes concerned may be interrupted or sensitive data may be lost or corrupted if these systems were to become totally or partly unavailable. For this reason, a data backup plan has been implemented in each company, as well as an ongoing operation plan, in order to protect the Group against such risks.

2.1.7.11 Insurance

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

The Group has also worked for many years in close partnership with the prevention departments of insurance companies. This partnership has enabled prevention and safety audits to be carried out at all sites and their facilities to be upgraded to the current standards. The prevention policy reduces the Group's operational risks to a minimum.

In order to increase its responsiveness to a major incident, in 1997 the Rémy Cointreau Group drew up a crisis management plan to deal at the outset with all consequential damage of any kind suffered by the Group.

The Rémy Cointreau Group works closely with a worldwide insurance broker and all its policies were subscribed to with a number of major insurance companies with recognised financial strength.

The main insurance cover is part of integrated international programmes for strategic risks such as general civil liability, withdrawal of delivered products, damage to property and consequent loss of profit, transport of goods and public liability for senior executives.

In view of the nature of its operations, the Group focuses, in particular, on the risks related to storage, raw material transport and finished products.

Excess levels were optimised depending on the coverage of each risk and the cost of overall coverage.

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

These programmes are contracted and managed by the Group Insurance Team within the Legal Affairs Department.

These policies have the following main features:

Insurances	Guarantees and limits
Material Damage and Loss of Profit	The industrial operations of the Group are covered as part of an international policy based in France. Material damage is covered in the form of "All risks except". This policy was taken out for a multi-year period, and operates under Difference in Conditions and Difference in Limits of local policies. Damage related to contamination or pollution is covered under this policy. **Cover** • Replacement value as new for goods and property. • Wine and alcohol at market replacement value. • 12 months cover for financial losses arising from the cessation of operations as a result of direct damage and for default by suppliers and customers. **Contractual compensation limit** A facility of €275,000,000 per claim has been negotiated on the international insurance market for both material damage and loss of profit. This limit was determined following analysis of the Maximum Possible Disaster study.
General Civil Liability	This is a multi-year contract, which operates under Difference in Conditions and Difference in Limits (DIC/DIL) of local policies. This policy guarantees the Group is covered for all tangible and intangible damage likely to be caused to third parties. In the US, local policies have been subscribed to that cover employer civil liability as well as motor insurance civil liability.
Corporate Environmental Responsibility.	This policy guarantees that the Group is covered for environmental risks.
Transport	This policy was taken out on an annual basis and covers transport risks of €10,000,000 per claim. This policy provides cover for all merchandise in the Group's business transporters, from every point in the world to every point in the world, by every means of transport.
Public liability policy for Senior Executives	This policy is renewed each year. The level of the guarantee limit varies according to identified risks and is discounted.

Other insurance policies have been subscribed to in order to cover secondary risks, such as the vehicle fleet, travel, assets and personnel at the time of business travel.

The Group suffered no significant loss in the 2010/11 financial year where the losses were not recovered under its insurance cover.

Total insurance premiums, excluding collective personnel insurance for the 2010/11 financial year, did not exceed 0.19% of consolidated turnover.

The Group considers that the guarantees provided by all its insurance policies and the premiums are in line with standard practices within the industry.

2.2 HUMAN RESOURCES

2.2.1 Human Resources Policy

Over the 2010/11 financial year, human resources continued to implement their action plans in line with the Group's long-term vision and commitment, whilst setting its priorities based on the Company's current operating requirements.

In terms of human resources, the Rémy Cointreau Group's policy is based on a number of founding convictions that govern its objectives and guide its action plans.

One of these convictions is that employee development, a source of motivation for people and a vehicle for team mobilisation, is the overriding necessity to constantly improve company performance and perfect complementary objectives, backed by the same management principles.

Another of the Group's historic commitments consists of, whenever possible, encouraging collective agreement and a negotiated solution through dialogue and consultation.

At the same time, the human resources policy strives to extract value from the new distribution dimension and spread all the international and multi-cultural wealth contributed by its new distribution network throughout the organisation.

The human resources action plans for the 2010/11 financial year were thus guided by historic convictions and operational priorities.

2.2.1.1 Encouraging employee development

Rémy Cointreau continued its innovative action plans to encourage the development of each Group employee's expertise. The Development Action Plan (DAP) was renewed and implemented in some of the distribution companies.

Sustained by a significant training effort – in France almost 4% of the payroll is invested in training – this programme enables staff members who wish to do so, to become active participants in their career development projects by defining a formal development plan and identifying the steps required to achieve it.

In this respect, Rémy Cointreau developed new training initiatives, in particular by focusing on developing international tools specially designed for its sales, marketing and financial teams.

Concurrently, a process to identify key positions, shared by the Executive Committee, ensures that the Group can draw on the skills necessary for its development and/or guide human resources decisions in order to guarantee the Company's ability to operate as a going concern.

2.2.1.2 Maintaining an ambitious social dialogue

The 2010/11 financial year was marked, once again, by the signing of collective agreements that underlined a willingness, shared by trade unions and employee representatives, to favour dialogue and consultation.

CLS Rémy Cointreau therefore defined its wage policy for 2010 within the framework of a collective agreement, approved by a majority and signed in February. Furthermore, collective bargaining was a feature of changes made to legal structures in France. In March 2011, a new collective agreement, signed unanimously by all trade unions represented, led to the recognition of an economic and social unit (UES) encompassing CLS Rémy Cointreau, Cointreau and E° Rémy Martin. This agreement will enable the implementation of ongoing, consistent human resources policies within in these companies.

Lastly, in line with its willingness to let employees share in company profits, the profit-sharing plans from which French employees benefit were extended during the financial year.

2010 was also marked by economic difficulties affecting the Champagne division, which led management to implement a restructuring plan to safeguard the competitiveness of this division.

This plan was subject to a long consultation process, which in September 2010 resulted in the implementation of a voluntary redundancy plan, with no forced redundancies. The results of this plan are entirely consistent with the original objectives.

In 2010, our "Seniors' Plan" entered the implementation phase of our commitments. It is being rolled out on each site in accordance with the provisions of the collective agreements signed in 2009.

2.2.1.3 Spread the Group's multicultural identity and share the demand for quality and premium focus

Once again, the human resources action plans promoted the Group's multi-cultural dimension. Training now clearly focuses on sharing experiences in all countries where the Group operates. International mobility, both on a professional and geographic level, was further intensified and continued to contribute to spreading the Group's values extensively throughout its organisation.

Similarly, plans to integrate marketing teams now include training the sales teams, which is proving a success and enables the sales culture to permeate central teams.

2.2.2 Movement in the size of the workforce

2.2.2.1 The workforce

At 31 March 2011, the Group's workforce totalled 1,621 people, an increase of 50 employees compared with 2010. This represents a 3.2% increase in employees during 2010/11, following a 3.8% increase in 2009/10.

Most of this growth stems from organisations established across Asia, in China, Japan and India.

Following strong growth over the past two years, due to the establishment of distribution companies, in 2010/11 the sales force of the Chinese subsidiary was strengthened to support the business expansion, with 26 additional employees, and a sales team was put in place in Japan, up 14 and in India, up 6.

The workforce of the Americas region increased moderately in 2010/11, up 14, due to the implementation of the Group's new business strategy in certain states.

In Europe, including France, the number of employees declined moderately to 943, and now represents less than 60% of the Group's workforce (58%).

2.2.2.2 Analysis of the workforce by geographic area

The significance of the Asia region in headcount terms continued to grow and represented 22% of the Group's workforce at the end of March 2011.

	March 2011		March 2010		March 2009	
		%		%		%
France	792	49	809	52	825	55
Europe (exc. France)	151	9	151	10	150	10
Americas	317	20	303	19	330	22
Asia	361	22	308	19	207	13
Total	**1,621**		**1,571**		**1,512**	

2.2.2.3 Analysis of the workforce by division

The workforce continued to grow in 2010/11 in operational functions of distribution subsidiaries (sales, marketing) enabling the Group to have a strong presence and be efficient in all its key markets: the enhancement of skills in China and the US, the takeover of distribution in Japan, and creation of a subsidiary in the Indian market.

Distribution activity represents almost half of the workforce, 47%, and the Cognacs, Liqueurs & Spirits production activity 40%.

	March 2011		March 2010		March 2009	
		%		%		%
Cognac, Liqueurs & Spirits	650	40	669	42	682	45
Champagne	155	10	165	10	180	12
Distribution	762	47	719	45	605	40
Holding	54	3	49	3	45	3
Total	**1,621**		**1,571**		**1,512**	

2.2.2.4 Analysis of the workforce by function, position and gender

The sales function now represents almost one third of the Group's workforce, at 28%, reflecting the significance of distribution in the Group's operations. In addition to the sales function, the development of the network saw the emergence of local marketing and finance functions, needed to implement brand strategies and oversee operations.

	March 2011		March 2010		March 2009	
		%		%		%
Sales	449	28	391	25	353	23
Marketing	190	12	190	12	178	12
Production, Purchase & Development.	364	22	373	24	385	26
Supply Chain	155	9	141	9	144	10
Ageing	127	8	130	8	127	8
Finances & Legal	179	11	168	11	159	11
Information Systems	45	3	46	3	46	34
Human Resources	36	2	36	2	34	3
General Services	43	3	59	4	53	4
General Management	33	2	37	2	33	2
Total	**1,621**		**1,571**		**1,512**	

The analysis of the workforce by gender remained stable with 60% men and 40% women.

Analysed by business function, men tend to make up the majority of personnel in ageing, maintenance and sales. There are more women in marketing, customer services and packaging.

Analysed by country, the workforce of units in the Asia region are predominantly male (over 60%).

2.2.2.5 Analysis of the workforce by professional category

Almost 30% of the Rémy Cointreau workforce are managers, primarily employed in Executive Management, Sales and Marketing positions.

The production activities on the four ageing and production sites of Cognac, Liqueurs and Spirits and Champagne total most of the operative and technical positions, of which over 85% are located in France.

Conversely, 80% of the sales workforce is located outside France, primarily in Asia (42%), in the US (29%) and in Europe (12%).

2.2.2.6 Average age

The average age of Rémy Cointreau's workforce is stable at 44 years old, with a marked difference between Asia, 35 years old and other regions, 45.5 years old in France, 44 years old in Barbados and 40 years old in the US.

By category, there is a higher average age among women in the workers/employees category (49) than men (45).

By position, sales representatives and marketing and finance staff are markedly younger, at 38, than other functions.

The average length of service of the Group's workforce has remained stable at 13.6 years during 2010/11.

2.2.2.7 Work-linked training contracts in France

The Rémy Cointreau Group continued its proactive work-linked contract policy, with the renewal of all work-linked training contracts where necessary and additional recruitment in new positions. These contracts accounted for almost 3.5% of the workforce at the end of March 2011.

2.2.2.8 Organisation of the working week

More than ever, due to the close proximity of markets with other Group functions and positions, organisation of the working week on all sites tends to take into account cyclical customer demands in each market, and the production constraints of each of the Group's products.

In France, the working week is either annualised and/or adjusted for packaging operations in accordance with high and low activity periods, using teamwork to respond better to customer demand. Other operations feature cyclical work organisation, i.e. ageing, where the organisation is linked to periods of high activity, in particular high levels of eaux-de-vie and wine deliveries.

2.2.3 Remuneration policy

In order to ensure consistency in the Group's approach to management, evaluation of the levels of responsibility is carried out using a common method, regardless of the country. Competitive remuneration packages are measured on a local basis, close to the markets. They are compared with groups and companies with similar features, to ensure the best possible positioning.

In this turbulent and uncertain economic climate, the Group's human resources policy contributed to it achieving its ambitious targets in its new markets, while at the same time mobilising the teams and motivating each employee.

The 2010/11 salary policy was restrained in all countries, with an average salary increase close to inflation and individual pay rises deliberately focused on the best-performing employees.

Conversely, the variable remuneration of Group executives was applied on the basis of a common structure for all countries, while at the same time taking into account the business and financial targets, measured in close connection with the scope of responsibility and according to consistent weighting for all positions.

Finally, depending on the country and on the social and tax regulations, savings plans benefiting from tax exemptions or other benefits are monitored and implemented when they are compatible with allocated budget resources.

2.2.4 Social security and welfare

The Group finalised the implementation of new social security and social welfare schemes in each of its subsidiaries, in line with Group standards. This enabled the provision of competitive guarantees in light of market practices, including a significant employer contribution.

The current objective is to pool these collective insurance schemes by optimising existing schemes and establishing a preferred partnership to insure against these risks.

2.3 CORPORATE AND ENVIRONMENTAL RESPONSIBILITY (CER)

Corporate and Environmental Policy (CER): A 360° Rollout

Our environmental and social concerns are entirely consistent with our value strategy and economic performance objectives. Our CER charter is therefore part of our overall policy. The requirements that we value on French soil are also important at an international level, i.e. regardless of the geographical site on which we operate. Our CER policy is thus designed to gain the support of all our stakeholders (our employees, our suppliers and also our customers and partners) in France as well as abroad. They have rallied behind us and have adopted a rigorous approach in implementing our commitments. Their involvement and mobilisation today mean that they give us 100% support.

The analysis that we have conducted throughout the year has enabled us to create a new plan for the next three years. This plan reaffirms our commitment to a responsible and environmentally-friendly economy.

Leading by example

Our CER policy has historically been the result of a thought process regarding the Company's ethical values. In fact, the impact of our operations has always been at the heart of our concerns. Over the last three years, we have noticed an evolution in global sustainable development issues. Therefore, our aim has been to adapt our policy to these new requirements. Rather than simply adapting, we align ourselves in advance with regulatory guidance, taking measures that comply with regulations even before they come into force.

In France, the National Sustainable Development Strategy (SNDD) laid the foundations for a model of sustainable development, organised around a green and fair economy with low greenhouse gas emissions, and one which also integrates human and social aspects. To achieve this more equitable and co-operative development, nine challenges have been established. We have also included these objectives in the Group's strategy and 2013 CER plan.

Within the framework of the Grenelle Environmental Forum, our objective is to act in accordance with future regulations that are in the course of preparation. We want to comply with them now regardless of future applicable thresholds. Some decrees have priority, and we have identified two that are particularly important for the Group. The first concerns the certification of CER indicators by an external third party that we are now in the process of identifying. The second, which will apply as of 31 December 2012, concerns the carbon footprint. In light of this, Rémy Cointreau has outlined an annual update of its carbon footprint and a plan to reduce CO_2 emissions in its 2013 CER plan. This leads us to implement action plans that promote the eco-design of packaging. New projects take into consideration three areas of improvement, relating to the greenhouse effect, water and recyclability. Several plans are now in force to optimise energy consumption. They have resulted in a substantial reduction in carbon emissions.

The evolution of these regulations and the ratings of agencies and ethical funds are a genuine source of progress, progress that Rémy Cointreau wants to be part of, in order to increase consistency, clarity and transparency. Our role as an ambassador of good practices is very important to us because it confirms our commitment to the Global Compact International Charter and involves us in responsible development.

Winemaking

Our commitment: to implement and promote economically competitive and environmentally-friendly growing methods, combined with traditional expertise, applying the most advanced integrated agricultural benchmarks.

In line with its 2013 CER commitments, Rémy Cointreau continues to progress in the area of preserving natural resources. This entails the ongoing study of practices encouraging integrated agriculture, which relies as much on employees' training as on their knowledge of crop protection products. In respect of the latter, the Rémy Martin vineyards were awarded the "Agriculture Raisonnée" (Integrated Agriculture) certification in 2007. The relationship between Rémy Cointreau and its suppliers is also representative of these efforts. This co-operative approach confirms the Group's commitments with regard to Corporate and Environmental Responsibility.

39 employees trained in Integrated Agriculture in 2010/11, an average of 49 employees trained per year over the past five years

(corresponding GRI indicator: LA10)

"Integrated agriculture":

Looking for a natural alternative to using pesticides.

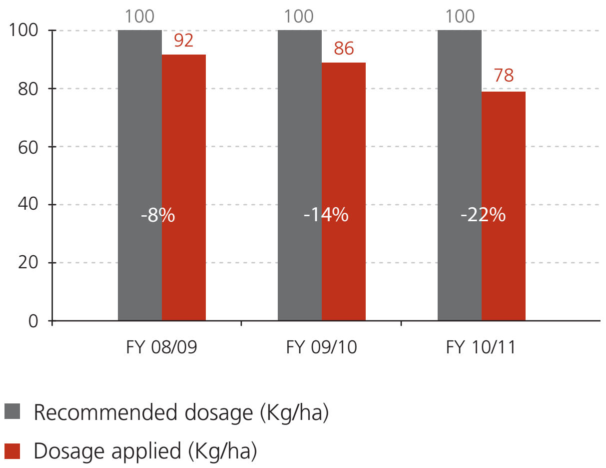
As part of the fight against grape worms, which ravage the vines, Cognac has opted for a natural alternative to the use of pesticides: the mating disruption of butterflies. This technique can significantly limit butterfly reproduction and, consequently, the birth of predatory caterpillars. It should be noted that this non-chemical control is an innovative technique for the Charente region.

100% of vineyards use natural predators as an alternative

… and optimising the use of crop protection products

The Cognac site is also continuing its testing of "optidose", which it began two years ago. This programme sets out ways of optimising the use of pesticides when their use becomes inevitable. In February 2011, it also joined the network of Dephy Ecophyto farms as part of the Ecophyto 2018 plan. This plan, established following the Grenelle Environmental Forum, is designed to meet the ambitious goal of reducing the use of pesticides by 50% by 2018. The network of Dephy Ecophyto farms should produce quality benchmarks and show that it is possible to create sustainable cropping systems that save on pesticides and perform economically.

Use of crop protection products (base 100)



In order to preserve biodiversity, the crop protection products used are safe for both fauna and flora. In 2010/11, their use was reduced by **22%** compared with the recommended doses. In addition, the Group continues to carry out green covering, a practice that involves almost **40%** of land surface. This enables the Group to reduce the use of herbicides. Finally, over the past five years, the number of soil and leaf analyses increased by **71%**, thus enabling better management of soil fertilisation.

2011, the International Year of the Forest

This year, Cognac dedicated three hectares of the land that it does not use for producing wine, located on the banks of the Charente, to an experimental forestation and alluvial forest project. The management of this forest will comply with specifications defined by the Natura 2000 charter, which encourages soft forest management practices. In the interests of preserving soil and water quality, together with the French League for the Protection of Birds (LPO), Rémy Martin has opted for long-term cultivation that encourages the development of environmental fauna and flora. This initiative reflects the International Year of the Forest, which promotes the sustainable management, preservation and development of forests.

Winemakers, a core target for our corporate and societal concerns

442 winemakers educated on "Integrated Agriculture" and Rémy Cointreau's CER commitments in 2010/11 (an average of 430 winemakers educated per year over the past five years).

Rémy Cointreau is continuing to support, train and promote the wine growers of the Fine Champagne Alliance. This year, these efforts centred mainly on the understanding and formalisation of standard practices required by various regulations.

In 2010, the National Cognac Interprofessional Bureau (BNIC) established an environmental committee for the "winemakers and wine traders" professional category, which defines the environmental and awareness-building policy of the profession. In December 2010, the Committee prepared an environmental self-assessment questionnaire. The objective was to promote knowledge of applicable regulations and help winemakers comply with them.

In partnership with a training organisation, the Cognac site educates wine growers about the regional "environmental self-diagnosis" questionnaire. Training began in January 2011 and targeted home distillers and major vineyards. The participation rate was 70%, testifying to strong adherence to Group initiatives.

As part of the HACCP audit, the EU regulation providing traceability and risk management in respect of consumption, Rémy Martin's "Eaux-de-vie Purchasing" and "Quality Assurance" departments have been jointly organising "food safety" visits for the past two years.

In order to meet the requirements of applicable regulations as much as possible, Rémy Martin continued to support all its suppliers in formalising their food safety initiatives.

Continuously rewarding improvement efforts

Rémy Cointreau rewards the efforts of suppliers who show their loyalty and adherence to its improvement approach. This year, three trophies were created (gold, silver and bronze) for the "Centaures de la distillation" awards.

QUALITY/SAFETY/ENVIRONMENT

Our commitment: to guarantee the premium nature of our products through ongoing investment in research, a constant demand for quality, food safety and industrial safety, and actions taken to protect the environment.

QSE certifications, a major challenge for all production sites

85% increase in investment dedicated to QSE in the past four years

With QSE investment of around €4 million this year *(corresponding GRI indicator: EN30)*, the work of the inter-site safety, environmental and quality committees continues to bear fruit. No non-compliance was detected during follow-up audits or ISO certification renewals. Those conducted under ISO 14001 and OHSAS 18001 in Angers showed very positive results. In addition to achieving certification renewal, strong points were mentioned. Internal communication, staff accountability and participation in the carrying out of projects were all highly valued. In Reims as well (ISO 22000), audit results were very good. The assessment was favourable and included positive comments on internal communication (improvement plans, employee awareness-building), testing and traceability activities, observation of the internal audit schedule and staff professionalism.

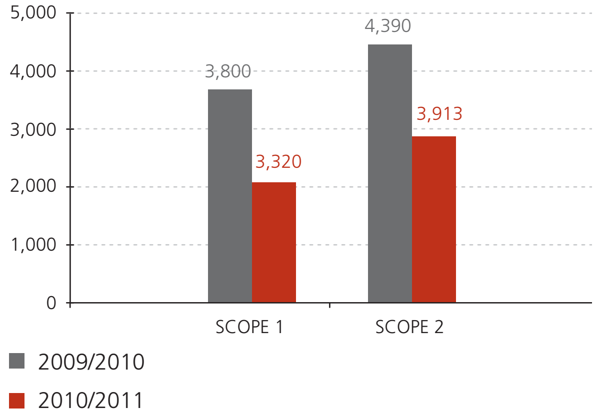
The audit carried out in Cognac in relation to ISO 9000 and ISO 22000 benchmarks was subject to very satisfactory comments on resources devoted to supplier audits and the quality of the framework of supplier audits. The Cognac site is moving towards an integrated "Quality – Food Safety – Environment policy. This development is a major innovation: the quality assurance system is now managed globally.

Anticipating regulatory developments by taking steps to comply with them even before they become applicable is particularly consistent with our "Quality Safety Environment approach".

Carbon testing and reduction in CO_2 emissions: inspiring progress

In terms of CO_2 emissions, the Group has annualised its carbon footprint for Scopes 1 and 2 (energy consumption, kilometres driven in company-owned transportation, emissions from refrigerants and commuting).

SCOPES 1 and 2
Year-on-year change in tonnes of CO_2 emissions for the Group



(corresponding GRI indicator: EN16)

The measurement of CO_2 emissions for Scopes 1 and 2 (according to NF ISO 14064-1) has been verified by an independent expert. The required safety level was considered reasonable and the quantification methodology used was the ADEME Carbon Footprint, version 6.1.

Carbon emissions for Scopes 1 and 2 have fallen by 13% and 11% at Group level, representing a reduction of 500 tonnes of CO_2 in 2010/11. "Energy" contributed savings of 300 tonnes of CO_2 this year.

This information is consistent with the Grenelle Forum commitments, which will become compulsory from 31 December 2012. Rémy Cointreau has brought its suppliers on board with this initiative. CO_2 emissions are reported by the agency in charge of the Group's business travel and its car rental company.

One of the measures enacted as part of the 2012 carbon footprint was the obligation to disclose our CO_2 emission reduction plan. This was approved by Rémy Cointreau as part of the update to its 2013 CER plan, with the inclusion of the following five themes: business travel, eco-design of packaging, reducing consumption of natural resources, shipping of products and use of renewable energy. In practice, the use of video-conferencing has led to a 35% reduction in CO_2 emissions by reducing business travel.

In practice, the use of video-conferencing has led to a 35% reduction in CO_2 emissions (i.e. 300 tonnes) by reducing business travel.

300 tonnes of CO_2 saved by the use of video-conferencing

(corresponding GRI indicator: EN18)

In respect of packaging, **since 2010, 100% of new projects have been assessed in the light of eco-design,** taking into consideration the greenhouse effect, water consumption and recyclability. A 2.2% reduction in average packaging weight and reductions in the use of cardboard (90 tonnes less) and plastic (28 tonnes less) have reduced CO_2 emissions by 1,000 tonnes.

(corresponding GRI indicator: EN26)

1,000 tonnes less of CO_2 per year due to the eco-design of packaging

(corresponding GRI indicator: EN18)

The use of the BEE software (Environmental Packaging Assessment) brings objectiveness to the approach. This software provides a better analysis of the environmental impact of products. The data thus collected is now shared with the marketing teams, which convert them into eco-design indicators.

Finally, this year, Rémy Cointreau has conducted research to obtain a carbon footprint for its entire logistics network as part of a collaborative project with the University of Rennes. It will be possible to measure the carbon footprint of certain products across the network.

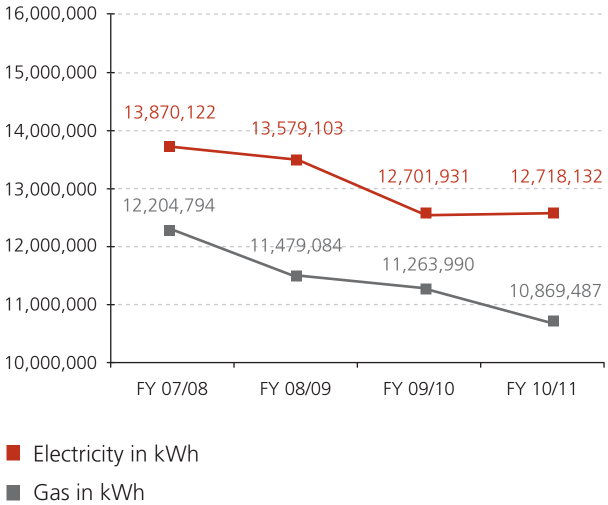
… and cost optimisation

Reducing CO_2 emissions is also dependent on a cost optimisation approach. Eco-design is closely linked to the concept of "*value optimisation*." This is done by retaining the visual quality of the product while also guaranteeing the quality of the liquid.

A change in certain types of corkage has already reduced the carbon footprint to almost a tenth of the previous figure.

Plan to reduce carbon emission.

Change in electricity and gas consumption



(corresponding GRI indicator: EN3/EN4)

Group-level indicators show a decrease over the last four years:

- Electricity consumption down 8.31%, mainly due to the ongoing reduction in energy consumption in Reims and Angers;
- Gas consumption down 11%, a reduction from 12.2 million kWh in 2007/2008 to 10.8 million this year.

Rémy Cointreau strives to optimise energy consumption while maintaining the comfort of its employees. The Group has reduced its CO_2 emissions in 2010/11 by 6.6%, or 85 tonnes of CO_2 *(corresponding GRI indicator: EN18)*.

At the Cognac site this year efforts have focused on technical and behavioural targets. At a technical level, we can indicate the following:

- A centralised business study to allow the temperature setting to be lowered in the absence of an employee. The launch phase will begin in 2011/12;
- The sun plan, which anticipates a change in lighting technology to a lower energy-consumption technology; and
- The thermal insulation plan, implemented in June 2011, which covers the renovation of buildings which will include a systematic energy diagnosis before and after the work is carried out.

In Angers, a dedicated work group meets every two months to monitor an energy consumption optimisation plan. As such, 20 priority action points were listed. This initiative has seen a 10% reduction in electricity consumption each year for the past two years. As an example, spotlights at Carré Cointreau (guided tours) have been replaced with energy saving light bulbs (LED). At Group level, the green IT project has replaced the range of computers with more energy efficient machines under the heading "optimisation of workstations", amounting to a 60% reduction in wattage consumption per computer.

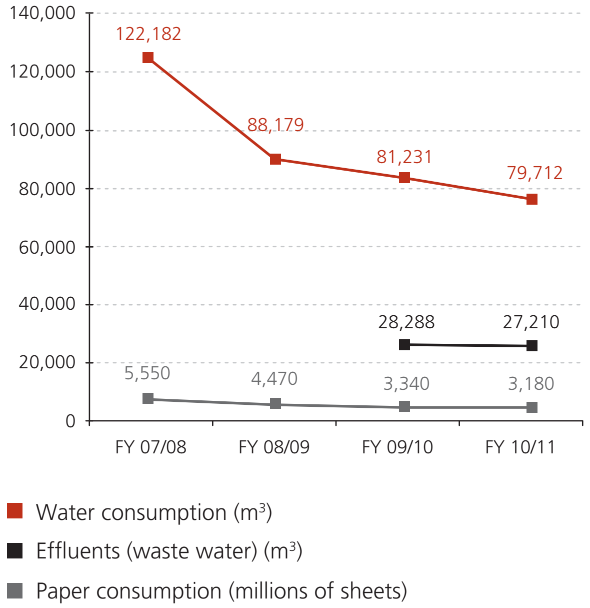
In respect of behavioural patterns, awareness campaigns are still being developed. From now on, each month the Cognac site will electronically broadcast "energy news flashes". In Angers, an awareness initiative was undertaken with an "open day" for the families of employees and a theme of "Ecological Gestures". It motivated employees on the issue by using an educational film, which was shown at the beginning of the open day.

These eco-gesture awareness-building initiatives are bearing fruit. In Cognac, a workgroup voted in favour of ergonomic seats that are more than 95% recyclable.

Preserving natural resources and the environment

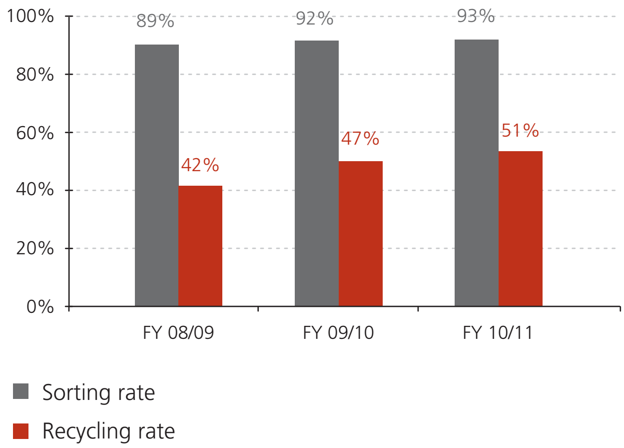
In relation to preserving natural resources, Rémy Cointreau implements several initiatives to reduce water and paper consumption. Water consumption decreased by 36% in five years, from 122,000 m^3 to 78,000 m^3. The pooling of printing stations enabled us to reduce paper consumption significantly: the Group went from 5,000,000 printed pages to 3,180,000 pages per year. As a result, our ink consumption has also been reduced by one third. In addition to this, supplier invoices are now available in electronic format which significantly reduces paper consumption. Rémy Cointreau is also still committed to its partnership with the National Forestry Board (ONF) to support reforestation projects. In this respect, the Group is financing a programme of planting oaks over approximately 40 hectares in the forest of Senonches, in the Eure-et-Loire district of France.

Change in water and paper consumption



(corresponding GRI indicator water and effluents: EN8/EN21)

Waste processing



(corresponding GRI indicator: EN22)

Waste sorting and recycling volumes are steadily increasing. Over 90% of waste was treated this year and over half was recycled.

Safety: a progressive approach in respect of risk prevention and risk management training

3,139 QSE training hours, with 472 people trained

(corresponding GRI indicator: LA10)

€3.130 million spent on safety

In order to guarantee safety commitments and to conform to changing regulations, prevention and training are both ongoing and essential activities. This year, 3,139 hours have been devoted to QSE training and €3.1 million has been spent on safety.

In terms of prevention, starting this year, the Angers site offered workshops on vigilance by implementing weekly near-miss monitoring sheets. The site continues to work on the ergonomics of packaging lines (automation of the packing) and road safety prevention campaigns, which include an assessment of the windshields and tyres of employees' vehicles.

The maintenance staff in Reims have been trained on new regulatory requirements in respect of electrical hazards. The administrative staff have been trained on how to reduce the risks of working in front of computers (RSI, eye strain, back pain).

404 employees in France trained in safety (property and people)

(corresponding GRI indicator: LA10)

Rate of work-related accidents in France: 19.49

Severity: 0.35

(corresponding GRI indicator: LA7)

SUPPLIERS

Our commitment: to involve our suppliers in our corporate and environmental commitments, monitor their actual involvement and support them in their approach to improvement.

The Group's commitments to social responsibility are dictated by those linking it to the Global Compact. Consequently, it is taking steps to ensure responsible development with regard to its suppliers, who are carrying out rigorous processes to respect these commitments. The aim of our CER approach is to be co-operative, participatory and integrated within the purchasing policy. In fact, the commitments of the Global Compact Charter are set out in any new contract between a supplier and Rémy Cointreau.

Certification of new suppliers: towards greater fairness

This year, the Group has begun revising its CER charter by improving the purchasing process, establishing a "purchasing code of conduct" applicable to each employee. This document, finalised in late 2010, reaffirms Rémy Cointreau's commitment to the Global Compact Charter. Principles are set out in this code of conduct, establishing that the Group will only work with suppliers who comply with social and environmental standards and internationally recognised commercial practices. It also addresses issues related to conflicts of interest by outlining stricter rules regarding fairness in the choice of suppliers.

Monitoring through suppliers and partners: an objective approach

As a priority in the audit process, Rémy Cointreau has created a self-diagnostic questionnaire and distributed it to all its suppliers. Audits are then carried out to assess objectively the correct implementation of their corporate and environmental commitments. The Purchasing Department or an international firm conducts these audits in-house after an assessment questionnaire or risk mapping has been prepared. The audits then result in certification or the establishment of an action plan.

SALES AND MARKETING ETHICS

Our commitment: to support the international development of our brands by promoting responsible consumption and implementing impeccable marketing and sales ethics in their principles and transparency, relayed by our distribution partners and an efficient Consumer Service Department.

Ensuring responsible communication…

Promoting responsible communication and consumption is an essential part of Rémy Cointreau's CER policy commitments. Since 2004, the Group has adopted a code of ethics defining its fundamental principles. The Responsible Communication Committee (RCC), which brings together the legal, marketing, sales and advertising areas, then ensures the effective implementation of the Group's principles. The RCC makes certain that no marketing communication from Rémy Cointreau or its brands is released unless it fully conforms to the principles set out in the Charter. Regulatory developments and the emergence of advertising rating agencies encourage us to be vigilant. That is why this year's operating and monitoring procedures have been updated to encourage increased awareness on the part of the Company's staff and partners.

… to encourage controlled consumption

A commitment of this nature inevitably means reflecting on the impact that the products consumed may have on health and the environment. As such, Remy Cointreau is involved in the work carried out by ADEME and AFNOR on environmental displays to improve consumer information. The Group works on the ecological evaluation and the overall life cycle of its products sold in France. Ecological evaluation is the first step in the significant reduction of environmental issues. In addition, it uses ecologically designed packaging, which also helps reduce our carbon emissions.

True to its ethical values, Rémy Cointreau promotes responsible drinking among its customers and partners. The quality of its products and the consequences of their consumption are the Group's utmost concerns. Rémy Cointreau is a member of several organisations concerning alcohol research and analysis.

The Group's CER policy also includes an educational component. The Group encourages its brands to promote consumption based on risk management. Breathalysers are offered to consumers, even on tastings and production site tours.

Developing rating activities to measure business performance and ensure a quality customer service

The process of evaluating business performance through distributors and subsidiaries was strengthened in 2010. New ratings criteria, such as order management, were added to the evaluation model introduced by customer service in 2009. The result is 90% coverage of the marketing process compared with 70% last year. This innovative scheme ensures the Group adopts an approach of constant progress. It allows the Group to meet its clients' expectations.

This year, the focus was on improving the quality of deliveries.

STAKEHOLDERS AND SUSTAINABLE REGIONAL DEVELOPMENT

Our commitment: to respond to the needs of stakeholders and share our experience in the area of sustainable development at a regional level where Rémy Cointreau operates, with specific action for sustainable development at the local level.

Generating support for all stakeholders

To better support associations, business clubs and professional organisations in their improvement efforts, Rémy Cointreau regularly participates in company visits, workshops and seminars designed to present its CER approach.

In Cognac for instance, the Group supports Revico's activities, which produced for the second consecutive year green energy from recycled local winemaking by-products. Rémy Cointreau also takes part in the activities of local associations: Altère Entreprises, the Club for Responsible Executives in Western France, and the Carbon Club Pays de Loire. The Group continues its initiatives in several schools and training centres in the west of France. Rémy Cointreau also collaborates with working groups for sustainable development, hosted by various professional organisations such as the National Inter-professional Office of Cognac (BNIC) and the Colbert Committee.

This collaborative approach led the Group to respond to queries from international organisations seeking ways to improve in the area of sustainable development. This year the focus is on managing the carbon footprint. Within the framework of the Carbon Disclosure Project 2010 (CDP), Rémy Cointreau has, of course, responded to their query and shared its experience. The Group does the same with requests it receives from ethical funds.

The Group continues to support the Second Chance Foundation, which supports people in unstable situations with realistic and sustainable professional projects: skills training, along with the creation or takeover of companies. Since 2005, the Group has identified 94 cases handled in Cognac, representing almost €110,000 of funding granted by the foundation. The number of cases handled is constantly increasing: 33 cases in 2010 compared with 15 in 2009.

This sharing of experience is not limited to companies and organisations. Rémy Cointreau has long been committed to quality and certification processes, especially with the Carré Cointreau. This brand showcase is a guided exploration of the history of the eponymous liquor, open to both VIPs and the general public. The Group's commitments to CER are presented on this occasion, to encourage people to drink responsibly especially during tasting sessions. In this way, Rémy Cointreau contributes to public awareness.

The Group's quality assurance approach applied to the company visit was rewarded this year by the receipt of the "Qualité tourisme" mark at its Angers site.

HUMAN RESOURCES

Our commitment: to guarantee social fairness and the personal development of all our employees, encourage their adherence to the Company's business strategy and involve them in the Group's socially responsible actions, within the framework of Rémy Cointreau's fundamental commitment to the values of listening and dialogue.

Fairness for all

In an international environment, one of the major issues in human resource management is to ensure social fairness for everyone. Rémy Cointreau's HR policy takes its international scope into account while adapting to local conditions. Principles that are common to all of the Group's activities have been defined. The first one is skills development and training aimed at encouraging employees to grow, making them the agents of their own progress. All managers receive a three-year skills development plan together with an action plan. Secondly, the compensation and benefits package incorporates a comparative analysis of local earnings. In terms of social dialogue, meetings with employee representatives have continued. With respect to the redundancies that affected Reims in April 2010, this dialogue has resulted in a voluntary redundancy plan to be carried out over two years instead of the restructuring plan for 39 jobs that was initially proposed.

Developing a socially responsible approach

This year, expenses for improvement in working conditions amounted to €2.2 million.

The survey of psychosocial risk completed in Cognac last year will be extended to the Angers site. The objective is the assessment of "well-being" at work and the identification of stress factors.

There was a high turnout (70% of employees were interviewed) with the vast majority of them saying they were satisfied or very satisfied with their job conditions.

One of the areas of improvement identified by the survey was workers' career development. Rémy Cointreau plans to expand the range of growth for those who are most eager to advance.

€2.2 million spent on improving work conditions

4.28% absenteeism in France

(corresponding GRI indicator: LA7)

Steps have been taken regarding diversity as well, such as the creation of "Regards Croisés" or "Viewpoints", a company newsletter on the subject. The Group has encouraged actions that give disabled workers the opportunity to develop. In Cognac, 25 disabled workers have been integrated; the legal minimum is 20.

Other initiatives to promote diversity have also been undertaken, one of which is recruitment simulation. Launched in Cognac in late 2010, in partnership with Pôle Emploi (Job Centre), this initiative is aimed at those who have been out of work for a long time, such as seniors and welfare recipients. This recruitment method, focusing on ability, is based on a skills test followed by a teamwork aptitude test. This project has involved 50 people who will be able to compete in the hiring for permanent positions.

40.4% of employees are women (France)

(corresponding GRI indicator: LA13)

Rémy Cointreau is particularly keen on bringing young people into the Company through work/study programmes, with either apprenticeships or internships. Work/study contracts account for between 3% and 4% of the workforce. The object of the programme is to see the trainees graduate successfully. In Cognac, 11 trainees were welcomed this year. The employment of trainees is governed by a charter that commits us in terms of duration, remuneration and tutoring.

Leveraging training for development and success

Training is a genuine source of motivation within the Company. A total of 14,560 hours were devoted to training this year. *(corresponding GRI indicator: LA10)*.

These training activities have strengthened everyone's ability to address development issues in the Group. E-learning implemented in Cognac responds to the managers' need to learn English. This is an original initiative which has been well received with 50% of staff expressing a desire to continue. The Héraclès program, begun in 2008 for packaging employees, had an excellent attendance rate with 97% of staff having completed the entire training programme. The "Mulot Project", launched in October 2010, provides computer skills to workers. This was also well received.

Rémy Cointreau has also intensified its efforts in respect of career development.

The widely deployed "Passport Career Training" is one of the highlights of the year. It was created in response to a legal requirement stating that employees must receive concrete information on their career paths.

Training is just one aspect that can be leveraged for development: changes or developments in positions, tutelage, coaching and even reading material are equally as important. In that respect, we have created a new tool this year, "The Library for Growth," accessible on the Company's intranet.

This development library provides reference books for employees and summarises them in ten pages. Available in English and French, the topics in this library centre on "business and performance", "business excellence", and "management and development", all of which are entirely consistent with the Company's commitments.

2010/13 Objectives and action plans

Themes	2008/11 Objectives	Action taken in 2008/09	Action taken in 2009/10	Action taken in 2010/11	2013 CER Plan Objectives
Winemaking	• Retain the "Integrated Agriculture" certification in the Cognac winemaking domain and certification for the Reims domain.	• Retain the "Integrated Agriculture" certification in Cognac • Organise training in Integrated Agriculture	• Awareness-building activities for Cognac winemakers • Biodiversity: protection of bees	• Biodiversity conservation (forest plantations) • Reduction in use of crop protection products: Use of natural alternatives • Environmental Training for Cognac winemakers	• Qualification HAVE for Cognac vineyard Domains • CER awareness for Cognac distillers (collective HAVE certification)
Quality, safety and the environment	• Carbon testing and reduction in CO_2 emissions • Reduction in consumption of natural resources (energy, water, paper, cardboard): • Eco-design of products	• Road map the follow up of paper consumption • Implement software to measure the environmental effects of packaging • Train Product Development teams	• ISO 22000 certification of the Reims site • Product eco-evaluation and eco-design • Introduction of a lighter champagne bottle • Energy plan in Angers and Cognac	• Carbon Footprint for France (Scopes 1 & 2) • CO_2 emissions reduction plan, including business travel, energy, ecologically-designed products and reduction of packaging • Awareness initiatives and staff training (reduction in consumption of natural resources, prevention and safety)	• Annual carbon footprints (Scopes 1, 2 and 3) • CO_2 emissions reduction plan including business travel, consumption of natural resources, ecologically-designed products, transport of products and use of renewable energy • Monitoring and optimisation of water consumption • Research on the environmental display of products
Suppliers and responsible purchasing	• CER rating of suppliers • CER monitoring and audits	• Identify key suppliers • Create and use a rapid detection chart of risks • Audit and monitor progress plans	• Select the new CER audit practice • Audit and monitor progress plans • CER rating of key suppliers	• Update of purchasing code of conduct • Creation of a CER self-diagnosis schedule for suppliers • CER audits for suppliers (internal auditors or external audit firm)	• Audits and CER ratings for suppliers • Collection of environmental information linked to ecological design of products
Sales and marketing ethics	• Implement responsible consumption, in accordance with the Charter	• Validate communication campaigns by the Responsible Communication Committee	• Validate communication campaigns by the Responsible Communication Committee • Survey to "measure customer satisfaction"	• Promotion of responsible communication and consumption • Development of "customer satisfaction" rating activities (marketing performance and service quality)	• Validation of communication campaigns by the Responsible Communication Committee • Development of customer satisfaction assessment • Signing of the UDA charter (France)
Human resources	• Encourage career development • Develop the sales, economic, financial and luxury goods culture of the Group • Develop professionalism • Integrate stakeholders	• Sign the agreement on diversity and issue an internal publication on the subject	• Raise the awareness of employees through theatre productions • Invest Group savings plans in SRIs	• Employee performance development plan • Psychosocial risk assessment (evaluation of well-being at work and identification of stress factors) • Company newsletter "Diversity" • Creation of the "career training" passport and development library	• Development of activities linked to equality, diversity, training and professional development of staff
Stakeholders and regional sustainable development	• Integration of stakeholders	• Distribute the CER Charter and dedicated support for eco-steps • Support the Second Chance Foundation • Support the ETIC schools network in Poitou-Charentes: participation in a sustainable development awareness building campaign through theatre	• Support Altère Entreprises • Participate in establishing a Club of Western France Executives • Support the Second Chance Foundation	• Support for associate activities on CER themes: Pays de Loire Carbone Club, Western France Managers' Club, Altère Entreprises organisation (Poitou-Charentes region) • Support for the Second Chance Foundation • Qualité Tourisme	• Participate in and support working structures for sustainable development at a regional, national and international level

2.3.1 The Group's principal establishments and investment and research policy

2.3.1.1 The group's principal establishments are:

Administrative offices of Rémy Cointreau,

which include most of the Group's functional services, based in rented premises in Paris at 21 boulevard Haussmann.

Cognac (Rémy Martin)

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

- Merpins site (on the edge of Cognac):
  - a 15,000 m² complex used for production (ageing cellars, storehouse, fermenting room, pre-finishing, laboratory and offices);
  - packaging complex of 20,800 m².
- Cognac site:
  - an office complex and ageing storehouse of approximately 18,500 m².

Angers (Liqueurs & Spirits)

The units owned by the Group are on the St Barthélémy d'Anjou site with a surface area of 100,000 m².

The complex includes the distillation operations, fermenting area and production and packaging operations (9 lines).

Reims (Piper-Heidsieck and Charles Heidsieck)

The units owned by the Group are now spread across two sites:

- Allée du Vignoble site (Reims):

- a complex comprising offices, reception areas, fermenting areas, workshops and cellars over a 12 hectare area. Virtually all production and ageing operations are now carried out on this site.

- Chemin Vert site (Reims):

- a complex comprising a storage area for finished products as well as cellars and former chalk quarries.

Barbados (Liqueurs & Spirits)

The ageing, packaging and bottling facilities owned by the Group are based in Brandons and St Lucia.

Other establishments

The Group has premises and sales offices of a commercial or administrative nature in the US (principally New York), China (Shanghai and Hong Kong), Germany, Singapore, Moscow and Brussels. The Group does not own any premises in these countries and uses leasing contracts in each place.

2

2.3.1.1 Investment policy

Capital expenditure

The Group considers that the level of investment required to maintain and develop the production and administrative units is between €20-€30 million per annum.

During the financial year ended 31 March 2011, investment totalled €28.2 million, a decrease of 11% compared with the previous financial year.

Investment involved the following:

- Cognac division of €20.3 million;
- Liqueurs & Spirits division of €4.6 million;
- Champagne division of €2.5 million.

Advertising and promotional investment

Communication and promotional expenditure

	2011	2010	2009
Absolute values	184.7	159.3	129.3
as % of turnover	23.2%	22.5%	20.4%

These expenses include the cost of advertising campaigns, public relations and communication and promotional activities, for brands owned by the Group only.

Payroll costs relating to personnel in charge of these budgets are not included.

2.3.1.2 Research policy

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

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

Multi-disciplinary teams comprising technicians, wine experts, engineers and scientific doctors are responsible for in-house activities. Their task is to ensure that the business adopts the advances and innovations that relate to the various operations in growing methods and in the creation of drinks as well as industrial production.

Rémy Cointreau's ongoing determination to achieve excellence in the preparation and production of its products and to maintain irreproachable quality, which has been recognised for decades, relies on this strong involvement in research and development.

Research and development expenditure is the responsibility of each company concerned.

2.3.2 Group exceptional events and litigation or risks

At 31 March 2011, Group companies were plaintiffs or defendants in action taken by their usual contractual partners as part of their business (service providers, suppliers or customers). Compensation liable to be paid to a former supplier in the Netherlands by a Group company is estimated at a maximum of €1 million, it being noted that the amount of the damages themselves is the subject of a dispute in a court of competent jurisdiction.

Ongoing litigation at the date of this report is not liable to have, or to have had over the past 12 months, a significant impact on the financial position or profitability of the Company and/or the Group. In this respect, the Group estimates that the provisions recognised in its balance sheet are sufficient to absorb the cost of legal rulings in the event of an unfavourable court decision.

At the date of this report, there was no outstanding governmental, legal or arbitration procedure, including any procedure the Company was aware of, or threatened by, that is likely to have or have had over the past 12 months a significant impact on the financial position or profitability of the Company and/or the Group.

Report of the Chairman of the Board of Directors Report of the Board of Directors to the Annual General Meeting

3.1 REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Shareholders,

In compliance with Article L. 225-37 of the Commercial Code, we report to you within this document on:

- the adoption of the Corporate Governance Code;
- the composition and conditions of preparation and organisation of the duties of your Board of Directors;
- internal control procedures and management of risks established by the Company;
- limitations your Board of Directors has imposed on the powers of the Chief Executive Officer;
- specific procedures relating to shareholders' attendance at General Meetings; and
- principles and rules governing the remuneration and benefits paid to executives.

Note that the disclosures required by Article L. 225-100-3 of the Commercial Code are presented in Chapter 4.4 of this reference document.

The present Report of the Chairman of the Board of Directors was approved by the Board of Directors on 1 June 2011, following consultation on 30 May 2011 with the "Audit and Finance" Committee,

3.1.1 Corporate governance code

At its meeting on 20 November 2008, the Board of Directors approved, without any modification or adaptation, the "Listed companies' Corporate Governance Code" published by the AFEP and the MEDEF as a set of recommendations in October 2008, which was subsequently officially published in December 2008. The Board of Directors' meeting of 4 June 2009 confirmed its adoption.

This Code is available for consultation at Rémy Cointreau's head office in Paris and on www.medef.fr.

3.1.2 Composition and conditions of preparation and organisation of the duties of the Board of Directors

3.1.2.1 Internal regulations

At the meeting on 7 September 2004, the Board of Directors elected to organise directors' information in such a way that all directors, either representing the majority shareholder or independent, have access to the same information. On this occasion, the Board reasserted that it is the sole authority with decision-making powers on matters that have not been delegated to the Chief Executive Officer.

In compliance with these principles, at a meeting on 8 December 2004, the Board elected to set out clearly its internal rules and its relationship with Executive Management.

The Board of Directors updated its internal rules on 5 December 2005 and 5 June 2007. The update was necessitated by legal amendments.

The current report comprises the main clauses of the Board's internal regulations.

3.1.2.2 Composition of the board

It should be noted that Rémy Cointreau's Board of Directors currently comprises 11 members and that at least 30% of them should be, if possible, independent members. There were five independent members during the 2010/11 financial year. A list of all Board Members, as well as their other appointments can be found in this "Corporate Governance" chapter.

The choice of independent members is subject to preliminary recommendations from the "Nomination - Remuneration" Committee. The Board of Directors is regularly updated on the independence of the members. The criteria selected in this respect are reviewed at least once a year. Generally, a director is considered independent when he/she does not have a relationship of any kind with the Company, the Group or its management that may affect his/her freedom of judgment.

Law No. 2011-103 relating to the equal representation of men and women in boards of directors modified Article L. 225-37 of the Commercial Code. The appointment of two new female directors will be proposed to the Annual General Meeting on 26 July 2011. In the event the proposal is approved, the Board of Directors will comprise three women and nine men, i.e. 25% of female members.

All Board members have profound and multidisciplinary experience of the business world and international markets. They were evaluated throughout the year as they participated in Board and Committee meetings. This evaluation is formalised at the end of the year after a summary of responses from every director and a questionnaire mainly covering the organisation of the Board, the methods by which it is informed, the content of its work and the quality of discussions during its meetings, with both the Chief Executive Officer and the managers of the Executive Committee.

3.1.2.3 Transparency rules

On appointment, then on a regular basis while they hold office, directors are given the Guide published by the French Financial Market Authority (AMF) which is aimed at directors of a listed company. It details their personal obligations with respect to holding Company shares.

Directors must hold their shares under nominative form or deposit the shares issued by the Company, its subsidiaries, the company of which it is a subsidiary or other subsidiaries of the Company, and shares which are owned by the directors themselves, by spouses from whom they are not physically separated or by minors.

Each director must hold a minimum of 100 shares.

The directors, the Chief Executive Officer and the members of the Executive Committee have been informed of the provisions introduced by Article L. 621-18-2 of the Monetary and Financial Code and by articles directly concerning the General Regulations of the Autorité des Marchés Financiers. Directors must therefore directly declare to the Autorité des Marchés Financiers, within five days following the transaction, any acquisition, disposal, subscription or exchange of capital securities of the Company, as well as all transactions carried out on related financial instruments. In addition to Board members and the Chief Executive Officer, this rule applies to all individuals or corporate entities related to them in accordance with applicable regulations. This also applies to transactions carried out by their spouses from whom they are not physically separated, by minors, by any other relative living in their house for at least a year at the date of the transaction in question, or by any legal entity whose governance is under the responsibility of one of the abovementioned individuals, or is directly or indirectly controlled by this person, or which was established for his/her own benefit or of which majority of economic benefits flow to this person.

Finally, directors must make themselves aware of periods when they must not trade in the Company's shares and of their general obligations under applicable regulations.

Directors must inform the Board of Directors, as soon as they are made aware of any conflict of interest or potential conflict of interest and abstain from taking part in deliberations and corresponding votes. In the case of a permanent conflict of interest, the director must resign.

3.1.2.4 Frequency of meetings

It should be noted that the Extraordinary General Meeting of 7 September 2004 decided to modify the method of managing the Company with the creation of a Board of Directors.

Article 16-1 of the bylaws provides that the Board of Directors meets as often as required in the interests of the Company. Thus, the Board of Directors met nine times during the financial year.

The schedule of Board meetings, the principal points on the agenda and attendance at these meetings were as follows:

2 June 2010

- Examination and approval of the Group's consolidated financial statements at 31 March 2010; comparative examination with budget commitments;
- approval of the Company's financial statements for the 2009/10 financial year;
- proposed allocation of net profit and setting of the dividend; cash or share-based dividend payment option;
- authorisation of an agreement covered by Article L. 225-38 of the Commercial Code: addendum relating to the terms and conditions for the calculation of interest on the cash pooling agreement signed on 23 April 2007 between Financière Rémy Cointreau SA/NV and 21 Group companies, including Rémy Cointreau SA; information about the same modification to the cash pooling agreements signed on 31 March 2009 between Financière Rémy Cointreau SA/NV and six Group companies and between Rémy Cointreau International and two Group companies;
- authorisation to take out a five-year loan of approximately €100 million from private investors; powers;
- authorisation to issue seven-year bonds of approximately €200 million, for the early redemption of the 5.20% bond issued on 15 January 2005; powers;
- noting of the number and value of shares issued following the exercise of share subscription options; modification of the share capital and bylaws accordingly;
- notice of the Annual General Meeting and Extraordinary General Meeting; setting of the agendas, and approval of the Board of Directors' reports and the report of the Chairman to the Annual General Meeting, draft resolutions and powers.

Attendance rate: 91%.

27 July 2010

- Renewal of Mr. Jean-Marie Laborde's term of office as Chairman of the Board of Directors; powers;
- progress report on Group operations from the beginning of the year;
- 2010/11 budget: approval of final operating profit and cash flow forecasts;
- setting of the price of new shares issued as a result of the share payment option of the dividend; delegation to the Chairman of the Board of Directors to note the number of shares issued and to carry out the necessary modifications to the bylaws, in accordance with Article L. 232-20 of the Commercial Code.

Attendance rate: 73%.

21 September 2010

- Share capital:

A. Disclosure to the Board of the number and value of shares issued as a result of the 50% share payment option of the 2009/10 dividend; modification of the share capital and bylaws in accordance with the powers delegated to the Chairman of the Board by the Board of Directors on 27 July 2010;

B. Noting of the number and value of shares issued between 1 April and 31 August 2010 following the exercise of share subscription options; modification of the share capital and bylaws accordingly;

Attendance rate: 100%.

5 OCTOBER 2010

- Authorisation of a study to provide advice and assistance on the development of the Champagne division.

Attendance rate: 91%.

5 NOVEMBER 2010

- Update on the progress of the Champagne project; decision to implement Phase 1 of the project.

Attendance rate: 82%.

23 NOVEMBER 2010

- Examination and approval of the Interim consolidated financial statements at 30 September 2010; comparative examination with budget commitments; report of the "Audit and Finance" committee;
- medium-term plan, strategic options and priorities of the Group.

Attendance rate: 91%.

25 JANUARY 2011

- Decision relating to the obligation to retain the free shares granted on 23 November 2010 to the Chief Executive Officer;
- planned repayment of the Lucas Bols seller's loan.

Attendance rate: 73%.

25 FEBRUARY 2011

- Review of final bids for the acquisition of the Champagne division; decision to enter into exclusive negotiations with one of the bidders; powers to executive management.

Attendance rate: 82%.

22 MARCH 2011

- Review of Group operations since the beginning of the financial year and consolidated net profit forecast at 31 March 2011;
- review of final terms and conditions of acquisition of the Champagne division by the EPI Group
- authorisation of the service provision agreement between Rémy Cointreau SA and Andromède SAS, with effect from 1 April 2001;
- Implementation on 1 April 2011 of an addendum to lease management contracts between CLS Rémy Cointreau, E. Rémy Martin & C° and Cointreau;
- review and approval of the 2011/12 budget.

Attendance rate: 82%.

3.1.2.5 NOTIFICATION OF MEETINGS TO BOARD MEMBERS

The schedule of Board meetings for the following year was agreed among the directors at the meeting of the Board of Directors in July or at the first meeting following the summer recess. The members of the Board will then be called to each meeting by letter, approximately ten days in advance. They may also be informed by telegram, fax, electronic mail or even orally.

The Statutory Auditors are regularly called to meetings of the Board of Directors to consider the half-year and full-year financial statements.

3.1.2.6 REMUNERATION

The total amount of directors' fees put to a vote by the shareholders was subject to a regular study of the practices adopted by French groups of a similar scale and international dimension to Rémy Cointreau.

Directors' fees are allocated by the Board of Directors on the following bases:

- fixed share defined on an annual basis;
- a variable share commensurate with each director's attendance at Board meetings, as well as committees; and
- an additional fixed share may also be allocated to the Chairman of the Board and to Committee Chairmen.

In addition, the Board of Directors may grant exceptional remuneration for specific assignments entrusted to members of the Board. This type of remuneration is subject to legal provisions on regulated agreements. No such remuneration was paid during the financial year.

Members of the Board of Directors are also reimbursed all expenses incurred in the course of their duties, subject to supporting documentation being produced.

In the event an individual, who is linked by an employment contract to the Company or to any other company controlled by or controlling the Company, is appointed Chairman of the Board, the provisions of this contract corresponding, if applicable, to compensation or benefits due or likely to be due as a result of the termination or change of these duties, or subsequently to these duties, are subject to legal provisions on regulated agreements. The same provisions apply on the appointment of the Chief Executive Officer or Deputy Chief Executive Officer. A deferred compensation commitment of the Company for the benefit of the Chief Executive Officer was amended to comply with the new provisions of the Law of 21 August 2007. This commitment is now subject to the beneficiary fulfilling performance conditions, to be assessed in the light of those of the Company. This commitment ended on 30 June 2010.

3.1.2.7 BOARD OF DIRECTORS INFORMATION

All necessary documentation and information for Board members are made available to them prior to the Board meetings and their various committees.

In respect of Board meetings, documentation and information are subject to a major financial and commercial analysis that comprises, in a very detailed manner, all corporate data that provides a profound understanding by Board members of the operations, results and prospects for the Rémy Cointreau Group.

The provision of preliminary and regular information for directors is fundamental to the performance of their duties. Therefore, the Chairman of the Board of Directors verifies that the Executive Management provides, continuously and without limits, all strategic and financial information necessary for them to perform their duties under the best possible conditions.

On the basis of the information provided, directors can request any explanation or information they deem necessary.

Apart from Board meetings, directors regularly receive all significant information relating to the Company and the Group, in particular monthly operating reports compared with budget, and are warned of any event or development that may have a significant impact on operations or on information previously communicated to the Board.

They are specifically sent press releases published by the Company as well as key press articles and financial analysis reports.

Directors may meet main Group managers without the Executive Management being present, on condition that they have made such a request to the Chairman of the Board of Directors who will then inform the Executive Management.

A committee of Chairmen called G4, enables the Chairman of the Board and the Chief Executive Officer to meet regularly with the Chairman of Orpar, the parent company of Rémy Cointreau, and the Managing Director of Andromède, the parent company of Orpar, the ultimate parent company. This committee enables Company management to be better informed on the strategies adopted within the Group's sector of activity and thus to prepare the work of the Board of Directors under optimum conditions.

3.1.2.8 Location of meetings

The meetings of the Board of Directors take place in Paris, at the administrative head office, or in Cognac, at the Company's registered office. However, the Board may hold a meeting in another location, in France or in another country, at the Chairman's request.

Pursuant to Article L. 225-37 of the Commercial Code, Article 16-5 of the bylaws and Article 2 of internal regulations, the meetings of the Board of Directors may be held by videoconferencing and/or teleconferencing. The technical resources used must facilitate a visual identification of the directors and guarantee their actual participation.

Participation by videoconferencing is forbidden in respect of approval of the parent company statements and consolidated financial statements, as well as Company and Group management reports.

In the event that the Chairman of the Board notes that the videoconferencing system does not operate correctly, the Board may deliberate and/or carry on with the meeting with those members who are in attendance, as long as quorum conditions are fulfilled.

Any technical incident affecting the meeting will be noted in the minutes of the meeting, including breakdown and restoration of videoconferencing participation.

A director participating in a meeting by means of videoconferencing, who would not be deemed present due to equipment malfunction, may grant power of attorney to a director attending the meeting after informing the Chairman of the Board. This director may also grant power of attorney before the meeting by specifying that this would solely become effective in the event of a videoconferencing system malfunction that would prevent him being deemed present.

The Board of Directors' meeting of 5 December 2005 integrated in its internal rules the amendments to Article L. 225-37 of the Commercial Code made by Law No. 2005-842 of 26 July 2005. The Extraordinary General Meeting of 27 July 2006, in its seventeenth resolution, modified in the same way Article 17.5 of the previous bylaws (Article of 16.5 of the new).

During the financial year, the Board meetings of 2 June, 5 October and 5 November 2010 and 25 February and 22 March 2011 used videoconferencing facilities.

3.1.2.9 Committees established within the Board of Directors

Three committees have been created within the Board of Directors.

The Board defines their composition and function. Each committee must include at least one independent director. The Board nominates one member of each committee as Chairman.

These committees are established to study and prepare certain considerations and formulate recommendations or advice to the Board. Their overall objective is to improve the relevance of information provided to the Board and the quality of its deliberations. In no way are they a substitute for the Board of Directors.

Within the framework of their functions, these committees may interview Group executives and statutory auditors after having informed the Chairman of the Board. The Board may entrust third parties with specific mandates for one or more specified subjects, on the request of these committees. Committee members' remuneration is then established by the Board. Committees report their findings to the Board.

Committees do not interact directly with Executive Committee members, but one of the members of the Executive Committee attends committee meetings relevant to his/her function. He/she then prepares and communicates all documentation necessary for the committee to perform its duties. The Audit & Finance Committee may request interviews with the Statutory Auditors without the attendance of an Executive Committee member.

The Chairman of the Board and the Chief Executive Officer (unless matters are of personal concern to him/her), may attend all committee meetings.

"Audit & Finance" Committee

Chairman: Mr. Jacques-Etienne de T'Serclaes.

Members: Mrs. Marie Barbaret, Mr. Marc Hériard Dubreuil, Mr. Didier Alix (as of 19 November 2010).

Number of independent members: 2.

3

This committee was created to assist the board in its analysis of the accuracy of the consolidated financial statements; it assesses the significant risks and supervises the quality of internal controls and the information provided to shareholders and to the market.

It thus performs an examination of the financial statements, paying particular attention to the appropriateness and the consistency of accounting principles used. It ensures adherence to procedures for processing the financial information. It examines significant risks, gives an opinion on the organisation of the internal audit service and on its work programme. It sees that the rules concerning the independence of the auditors are adhered to and gives its opinion on the choice of auditor as well as on their work and their budget.

This committee met on two occasions, on 1 June and 19 November 2010, with the participation of the Statutory Auditors, in addition to four work meetings: The attendance rate was 100%.

The day before the committee meetings, preparatory meetings are held between the members to exchange and examine information which has been communicated to them. The committee ensures that information relating to agenda items is provided at least three days in advance of the meeting.

Prior to the meeting, the committee members hold a discussion with the auditors, in which the directors are not present.

The following are the main items addressed during these meetings:

- review of the annual financial statements at 31 March 2010, half-year financial statements 2010, quarterly figures and more generally the Company's financial communication;
- review of the cash flow, debt and bank covenant situation;
- review of the hedging positions and monitoring client risk;
- review of the main risks relating to legal action;
- risk assessment of intangible assets (brand);
- review of the Group's tax situation;
- review of risk-mapping;
- review of the internal audit action plan and its findings;
- review of the independence of the Statutory Auditors;
- review of the Statutory Auditors' fees;
- review of the report of the Chairman on internal control;
- review of the management fees;
- audit and Finance committee self-assessment.

"Development and Marketing Strategy" Committee

Chairman: Mrs. Dominique Hériard Dubreuil.

Members: Mr. Gabriel Hawawini, Sir Brian Ivory, Mr. Patrick Thomas.

Number of independent members: 2

This committee met on 2 June and 21 September 2010 and 25 January 2011. The attendance rate was 100% for the first two meetings and 33% for the third meeting. These committee meetings are opened up to the other members of the board. The work of the committee focuses on the strategy for the Cointreau and Metaxa brands, the Digital Brand Book presentation and on brand portfolio innovation strategies.

"Nomination and Remuneration" Committee

Chairman: Sir Brian Ivory.

Members: Mr. François Hériard Dubreuil, Mr. Jean Burelle.

Number of independent members: 1

This committee met on 1 June, 21 July and 22 November 2010. The attendance rate was 100% for the first meeting, 67% for the second and 100% for the last meeting. It discussed the following:

- recommended candidate for Chief Financial Officer presented to the committee;
- report on quantitative and qualitative objectives of the Comex members and determination of the variable remuneration for the year 2010/11;
- analysis of fixed remuneration of Comex members;
- status of the Chief Executive Officer;
- determination of qualitative and quantitative objectives for Comex members for 2010/11;
- determination of the fixed remuneration for Comex members from 1 July 2010;
- changes in social costs in France for 2011;
- assessment of performance criteria included in the November 2008 performance-based stock option plans;
- proposal for the distribution of performance shares for 2010.

Each committee reports its findings to the Board of Directors.

3.1.2.10 Approval of regulated agreements by the Board of Directors

During the 2010/11 financial year, the Board of Directors approved a series of agreements between Group companies:

- approval of an agreement referred to in Article L. 225-38 of the Commercial Code: endorsement for methods of calculating interest on the cash management agreement dated 23 April 2007 between Finance Company Rémy Cointreau SA/NV and 21 Group companies, including Rémy Cointreau SA, information on the same change to the cash management agreement of 31 March 2009 between Finance Company Rémy Cointreau SA/NV and six Group companies and between Rémy Cointreau International and two companies of the Group.
- authorisation to increase the annual standard fee set out in the Company and Support Management agreement of 7 December 1999 with the Orpar company in order to remunerate it for the exceptional performance in the sale of the Champagne division;
- approval of the service agreement between Rémy Cointreau SA and Andromeda SAS with effect from 1 April 2011.

3.1.2.11 Minutes of the meetings

The minutes of the Board meetings were prepared at the end of every meeting and issued in draft form to members at the following meeting, during which they were approved.

3.1.3 Internal control: definition, objectives and scope

The drafting and the development of this part is based on the new framework of risk management devices and internal control, proposed by the Autorité des Marchés Financiers on 22 July 2010. This new edition, which includes a section on risk management, takes into account the legislative and regulatory changes in 2008 with the adoption of the European directives 2006/46/EC and 2006/43/EC into French law, as well as the key international standards of COSO II and ISO 31000.

3.1.3.1 The general principals of risk management

In Rémy Cointreau, risk management is an integral part of the responsibilities of the various management teams at both Group level and at the brand and at the company level. Certain risks specific to the Group's activities are described in the "Risk Factors and insurance policy" chapter of the Management Report as well as the ways to prevent and deal with them.

The definition and objectives of risk management

Risk represents the possibility that an event can occur for which the consequences could affect personnel, assets, the environment, company objectives or its reputation. This reference document definition goes beyond the financial aspects and deals with the reputation of the brands and the durability of the Company. It is therefore important that all staff and, in particular, the management teams are completely aware of how they are managed, the objectives of which are as follows:

- to create and preserve the value, the assets and the reputation of the Group;
- to safeguard decision-making and operational processes to ensure objectives are achieved;
- to promote consistency of activities with the values of the Group; and
- to promote a common vision of the principal risks of activities amongst Group staff.

Internal control components

Risk management organisation

The organisation of risk management is based on the following key elements:

- ground rules on the definition of key risks, setting standards such as assessment of their level and their tolerance limit and procedures for collection of information, have been clearly defined since the formalisation of risk mapping in April 2008. This exercise was carried out with the assistance and experience of a reputable audit firm;
- the key players are the members of the Group Executive Committee and Executive Committees of the divisions. They are responsible for identifying key risks in their fields or in their geographic areas, the extent of the risk, taking into account their frequency of occurrence and the importance of their impact, either in terms of reputation, or in terms of the Company accounts, and action plans to safeguard the activity;
- the information collected is collated for distribution to all stakeholders. This device can be supplemented by allowing feedback to strengthen the device in almost real-time.

The procedure for risk management

The procedure for risk management is made up of three distinct stages:

- it starts with the identification of key risks covering all areas. These risks are classified by a predefined category and by location to allow for analysis either of a particular category or of a given country;
- it continues with an analysis of each risk which leads to an assessment of their level allowing them to be prioritised and ensures a focus on those identified as major risks;
- it is then analysed and action plans are implemented with the aim of eliminating the risks, reducing them to a predefined acceptable level, transferring them by taking out an insurance policy, or alternatively accepting the risks.

Finally, it is monitored over time by those responsible for providing information on its development and during internal audit reviews to ensure it is followed up.

This process of risk management has helped promote a culture of risk and sharing of best practices within the Group by the principal players both in terms of action plans and in terms of methodology. The result of this process is risk mapping which is regularly updated and strengthens the annual internal audit.

Permanent monitoring of risk management

All risks considered significant are subject to ad hoc reviews due to their inclusion in the audit programme for the year and systematic reviews in which stakeholders are required to confirm the implementation of action plans provided, reassess their level of tolerance when these actions have been carried out, and advise on the emergence of new risks.

3.1.3.2 Connection between risk management and internal control

Risk management devices and internal control complement each other for better control of the Group's activities.

The risk management device is designed to identify and analyse the main company risks. Exposure exceeding the acceptable limits set by the Group is addressed and, where applicable, is subject to action plans. These may include the implementation of controls, a transfer of financial consequences (insurance mechanism or equivalent) or a change in the organisation. Controls to be put in place come from the internal control system. It thus contributes to the handling of risks to the Group's activities.

For its part, the internal control system relies on the risk management device to identify key risks to be managed. In addition, the risk management device is also controlled to ensure proper operation.

3.1.3.3 The general principals of internal control

The Rémy Cointreau internal control system is based on the framework recommended by the AMF on 22 July 2010.

The definition and objectives of internal control

The system consists of a set of resources, behavioural patterns, procedures and actions implemented by senior management to enable the Company and its consolidated subsidiaries to better control their activities, to make their operations more efficient and to optimise the use of their resources and also to assure the proper functioning of risk management. It therefore goes beyond procedures or accounting and financial processes.

It aims in particular to ensure:

- the implementation of instructions and guidelines set by senior management;
- the proper functioning of the internal processes of the Company, including those contributing to the safeguarding of its assets;
- compliance with laws and regulations;
- the reliability of financial information.

As with any control system, it has its limitations and cannot provide an absolute guarantee of achieving the objectives set by the Company. Indeed, the likelihood of achieving these objectives does not simply rely on the will of the Company, but on many factors, such as the uncertainty of the outside world, the exercise of the right to trial or malfunctions that may occur due to technical or human failure.

Internal control components

The effectiveness of internal control is closely linked to the control environment of which the five principal components are described below.

A respectable and structured organisation

In order to encourage an exchange of best practices and cross-group control of its operations, the Group has chosen a matrix organisation, ensuring the effectiveness and responsiveness of a group of a human scale with an international presence. Functional management provide their expertise to operating management, taking into account their specific local features. In order to provide clarity, regularly updated hierarchical organisation charts are available on the Group's intranet. In addition, this process is completed through delegation of responsibilities which specify the duties of the principal executives.

The organisation is enhanced by a human resources policy based on ability, knowledge and the aspirations of its people. The Group is committed to a recruitment policy that improves the professionalism of its staff and attracts talent, as well as a policy that develops skills which will maintain a high degree of expertise in its workforce.

It is based on an information system that is moving towards recent, high-performance enterprise resource planning (ERP) solutions to meet the Group's development ambitions for the future. Their disaster business continuity plan is ensured through emergency procedures whose effectiveness is tested periodically. Their protection as well as that of the data, is ensured by security procedures, backup and access procedures.

Ethical values, codes of conduct and operational procedures have been defined by each of the Group's operational departments, enabling each employee to understand the various stages in the operation of the organisation's procedures.

The organisation has put in place a genuine culture of excellence and responsibility, resulting in self-assessment of internal control for financial processes and quality assurance audits for the various business processes.

An internal distribution system for relevant information

The timely publication and communication of relevant information to all Group participants, enabling them to be as well-informed and confident as possible in terms of their responsibility, is based on the following three principal means:

- departmental meetings organised on a periodic basis by the Group's various players, in order to publish and exchange operational information, exchange points of view, set priorities and co-ordinate action plans;

- technical databases brought together within the Group's intranet, which are accessible 24/7 worldwide and which enable the various participants to consult the information necessary to properly exercise their duties; and

- structured data warehouses, updated on a daily basis, providing the participants concerned with relevant and reliable information to enable them to make timely decisions.

Risk management

The Group has set up a risk management system to identify, analyse and address the major risks identified in relation to its objectives. This device is described above in the section entitled "General principles of risk management".

Control procedures

Every business and Group activity has its own reference document. This comprises charters, codes, standards, procedures and rules of good practices. These set out the manner in which a procedure, action or a check must be carried out and are an integral part of internal control. They are based on the following principal areas of expertise:

- Purchases. Relations with suppliers are regulated by an ethics contract that refers to the UN Global Compact Charter. It provides assurance to the Group that its suppliers adhere to the same values of respect for human rights, the environment and fundamental social principles. In addition, the Purchasing Guidance Code ensures that good practices are adopted by all Rémy Cointreau buyers, avoiding, whenever possible, any infraction that may be detrimental to the Group's interests.

- Safety and quality. All production standards and rules issued by operations management are held in a unique database. Their application is regularly reviewed as part of the ISO 9001 and 14001 and 22000 certifications, as well as HACCP accreditations, thus guaranteeing consumers a high level of quality and safety as well as respect for the production site environment. This is completed with a Quality/Safety/Environment Charter defining the Group's three priorities, which are product excellence, employee and consumer safety and protection of the environment.

- IT systems. In respect of the safety of IT systems, the Group uses external consultants to assist it in reviewing all the procedures of its major units, including those abroad. In addition, a backup plan for the IT data of the Group's principal sites in France was successfully established to comply with the specifications that defined performance objectives. It is tested on a periodic basis to guarantee its efficiency, as well as improve the extent of its coverage and performance.

- Central management of funding and treasury. The Exchange Rate Risk Management Charter sets out the principles that must be followed in order to ensure the greatest safety in this area. This document is completed with a summary of the risks of the principal procedures managed by the Group's Treasury department. The central treasury is responsible for defining a policy and reporting procedures for managing credit.

- Consolidation of financial statements and reporting. Rémy Cointreau has a set of principles and standards to enable the production of reliable financial information. The comparability of data is guaranteed by unique definitions and by valuation principles, as well as the processing of accounting and financial data for the three processes of budgeting, updating the budget and monthly closings. The calendar for the financial and accounting processes detail the reporting dates for information and its distribution enables senior management to manage their priorities. Availability of these rules on the Group intranet should guarantee that it is consistently updated and ensure that all financial personnel are in possession of the same information. In addition, the Chief Executive Officers and Chief Financial Officers of the subsidiaries must send a representation letter to the Group Chief Executive Officer and Chief Financial Officer, in which they assume responsibility for the fairness of the financial statements and for implementing an internal control process to detect and prevent fraud and errors.

Permanent monitoring of internal control

Internal control is implemented by operational and functional departments which report to the general management.

Work is carried out on a regular basis to monitor the operation of their procedures, either by dedicated internal teams or specialist external organisations, to ensure the internal control system put in place is efficient. The findings of this work form the basis of a report, a summary of which is sent to site managers.

The Internal Audit Department actively participates in monitoring internal control procedures. It carries out ad hoc assignments to verify the Group's principles and standards are applied correctly. It ensures best practices are applied as well as respect for both local laws and regulations, and the Group's principles and standards.

The results of all this work were disclosed to the Statutory Auditors. Conversely, comments issued by the external auditors as part of their annual assignment are taken into consideration by the internal auditor.

3.1.3.4 Scope of risk management and internal control

Rémy Cointreau is organised into three operating sectors: Cognac, Champagne and Liqueurs. These sectors comprise companies that own brands with a global reputation. These sectors are supplemented by a distribution network that markets all of the Group's premium products worldwide through wholly-owned subsidiaries, joint ventures and third party distributors. The internal Control process follows this organisation, to the extent that the parent company CLS Rémy Cointreau – which has its own control process – ensures internal control is implemented in its consolidated subsidiaries. These internal controls are adapted to the specific features of the subsidiaries and their relationship with CLS Rémy Cointreau.

3.1.3.5 Internal control players

The respective roles of the principal internal and external players involved in internal control are the following.

Executive Committee

The Executive Committee, comprising senior operating and functional executives, defines guidelines for the internal control process, co-ordinates their implementation and ensures their effective application.

Board of Directors

The Board of Directors familiarises itself with the essential features of the internal control and risk management process, established by the general management, and ensures that the major risks identified and incurred by the Company are taken into account in its management. In this respect, the Board is kept informed by the general management of the main risks facing the Group and action plans put in place. In respect of the process of preparing accounting and financial information, the Board ensures that the management and control process that has been established guarantees the reliability of accounting and financial information.

Audit and Finance Committee

The Audit and Finance Committee ensures internal control procedures are in place and are applied, both in the accounting and financial field as well as other Company departments.

It is kept informed of the results of audit assignments and reviews the annual audit schedule together with the organisation of the internal audit department.

It keeps abreast of the major risks identified, their analysis and development over time.

Internal Audit

Internal audit, which reports to the Group's Chief Executive Officer, intervenes in all Group entities and, if necessary, in third party companies in the case of distribution or production subcontracting.

Its interventions are planned in agreement with the general management. Its assignments are identified based on risks listed in the analysis of risks, the prevailing economic environment and specific requests from the management of the Group's various entities. They are subsequently classified according to priority, based on several criteria and included in the annual schedule.

The findings of the audit assignments, following an open debate, are sent to the management of the entity concerned. A summary of the findings, as well as an action plan to which the local entity management has committed, is reported to the management of the local entity and subsequently presented to the general management.

Once a year, the internal audit officer presents guidelines for the annual schedule and a summary of achievements of the previous year to the Audit and Finance Committee.

In addition to these audit assignments, internal audit is in charge of updating the risk analysis and its task is to promote internal control within the Group. In that respect, it is the recipient of different summary reports on internal control prepared by the various entities, which provide an overview of Group risks.

Financial management

Its principal task is to monitor the financial activities of the markets' operational management. It establishes the rules for consolidation and management and ensures the definition and promotion of tools, procedures and good practices in areas such as management, accounting and consolidation, funding and treasury, taxation, financial communication and IT systems.

Operational management

It has wide-ranging tasks, combining functions such as the supply chain, purchasing, quality, sustainable development, production organisation and industrial management. It establishes a set of standards and methods that enable a high level of production quality, as well as safety and respect for the environment to be achieved. It also supports the subsidiaries in implementing their logistics and industrial policy.

Market management

Market Management implemented a set of rules called "Commercial Process", in order to precisely define the various stages of commercial reporting and the role of everyone in this process, as well as the nature, form and reporting dates of required data.

Legal Management

Legal management, other than its function as corporate secretary, assists companies in significant legal matters and sets up insurance cover guaranteeing, notably, risks regarded as strategic such as general civil liability "products" and "operations", damage to assets and subsequent loss of profit and the transportation of goods. The Group works closely with an insurance broker with worldwide coverage and all the policies were subscribed to with the best known insurance companies.

3.1.3.6 Internal control in respect of the preparation of financial and accounting information

The reference document used in drawing up this section is the "Application guide relating to internal control of accounting and financial information published by issuers" of the AMF Reference Framework. This approach comes within a process of continuous improvement of the established internal control system.

Scope and objectives

The internal control procedures in relation to preparing and processing financial and accounting information apply to the parent company and all the subsidiaries included in the consolidated financial statements.

For their financial and accounting processes, internal control is designed to ensure:

- respect for laws and regulations and the correct application of instructions and directions set by Group management in the process of preparing accounting and financial information;
- the reliability of information used in the preparation of financial and accounting information as well as published information; and
- the preservation of assets.

Accounting and financial organisation guidance procedure

Organisation

The process of preparing financial and accounting information is assured by Group Financial Management. It supervises the management of accounting, finance and taxation, the monitoring function, funding and Treasury department, IT information management and financial communication. Each one of these co-ordinates the internal control of a financial nature in their own area. In addition, the presence of a financial controller at each level of the matrix organisation enhances this.

Financial and accounting procedures

The Group has created an intranet portal dedicated to the management principles and accounting standards adopted by the Group, whose application is mandatory for all subsidiaries. This portal also provides subsidiaries with the Group's chart of accounts, instructions on how to use the consolidation package, a list of companies included in the consolidation scope and the exchange rates in force. It also ensures the consistency of data processing and its conformity to IFRS.

At every closing, the instructions cover key dates in the calendar as well as matters that require specific attention to enable the various group companies to be well prepared, so that the required information is communicated within the timeframe and the appropriate checks are carried out in advance of the preparation process of the financial and accounting information.

Other than the documentation presented above, the Group has monthly closings. Those before the half-year or full-year closing serve as pre-closing to identify and anticipate the different possibilities of treating specific and non-recurring transactions. The latter are explained to the Statutory Auditors for validation at the preliminary meetings for the closing.

IT systems organisation and safety

The Information Systems Department has established procedures aimed at ensuring the continuity of accounting data processing. Thus, certain equipment has been duplicated so that backup automatically takes over in the event of sudden failure. This system is completed by periodic IT activity recovery exercises in the event of a major disaster.

In respect of data retention and protection, access to accounting and financial data is secured by individually granted rights that are non-transferable and password protected. Each day, all data is backed up and a copy of the backup file is retained in a secure location other than the IT operation site. Batch data processing work is also programmed in a specific sequence, with systems that alternate the principal users in case of an incident. This procedure also applies to IT programmes developed by the Group.

In addition, other automatic control systems have been established, such as double entry locking, data entry thresholds, automatic reconciliation and limited access to crucial transactions.

Statutory Auditors

As part of the interim and annual closing of financial statements, the auditors carry out various forms of review:

- preliminary reviews which may focus on the internal control of processes for the preparation of accounting and financial information;
- a limited half-year review of all accounting and financial data prepared by the companies of the Group;
- a limited half-year review of the consolidated financial statements prepared by the Finance department;
- review of all accounting and financial data prepared by the companies of the Group; and
- review of the consolidated financial statements prepared by the Finance department.

This allows the Statutory Auditors to certify the legality, honesty and fair presentation of consolidated and parent company financial statements. The summary of their work is presented to the Group's Finance Management, and to the Audit and Finance Committee.

Processes contributing to the preparation of accounting and financial information

Account supply of operating processes

All the initial accounting production processes are subject to specific procedures as well as validation, authorisation and recognition rules. Thus, procurement is carried out within a fully secured framework, with a list of pre-selected suppliers and previously negotiated terms and conditions. Order forms are required for all purchases exceeding a given threshold and investment projects approved by the Executive Committee must be duly documented, justified and authorised before they are implemented.

Closing process and preparation of the consolidated financial statements

The period closing process is subject to specific instructions, which provide detailed schedules, exchange rates to be used, consolidation scopes and specific matters to be monitored. These instructions are sent to all companies, thereby ensuring compliance with deadlines, certainty that the same closing specifications are used, harmonisation of data reporting and better co-ordination between the various Group entities.

Procedures for validating the various stages of the consolidation process have also been put in place. Their main objective is to validate the following:

- correct application of accounting standards and principles;
- accuracy of the restatement of certain corporate data;
- identification, reconciliation and elimination of intersegment transactions (inventory margins, dividends, etc.);
- correct calculation of deferred taxation;
- correct analysis and explanation of movements in net positions, both at parent company and consolidated levels; and
- consistency between management and accounting information.

Financial communication procedure

The persons responsible for financial communication draw up a schedule summing up all the Group's obligations in terms of accounting and financial communication. This timetable specifies the nature of each piece of information as well as the person in charge of its writing or preparation Once the information is available, a proof-reading procedure assesses its reliability and accuracy, whether it is of an accounting nature or not (workforce size and volumes). Compliance with the laws and regulations in force both on the nature of the information and on the required deadlines, and the principle of providing the same information to all shareholders, is ensured by the Legal Department.

3.1.4 Limitations on the powers of the Chief Executive Officer

On 7 September 2004, the Board elected to split the positions of Chairman of the Board and Chief Executive Officer. Consequently, general management is the responsibility of the latter. The Board renewed the Chief Executive Officer's term of office on 31 July 2007 and 27 July 2010 for a period of three years.

The Chief Executive Officer represents the Company in its relationships with third parties. He is entrusted with the most wide-ranging powers to act in any circumstances in the name of the Company, on condition that his actions comply with the objects of the Company and that they are not specifically assigned to shareholders' meetings or to the Board of Directors.

In a purely internal measure, which cannot be imposed on third parties, the Chief Executive Officer must seek the approval of the Board before committing the Company to transactions that go beyond the framework of normal management decisions, particularly in respect of:

- granting sureties, pledges and guarantees, except under the conditions provided below;
- making acquisitions, transferring property titles or exchanging goods or property and making investments of more than €10,000,000 per transaction;
- concluding any investment or business agreement in common with other companies, be they French or foreign;
- granting to any already registered company a contribution in cash, in kind, in property or in enjoyment in excess of €10,000,000 per transaction;
- making the Company a party to any economic grouping or other, businesses, partnerships, in France or abroad, by means of creation or by assisting in their creation, by subscribing or contributing cash or benefits in kind, by purchasing shares, rights of ownership or other securities, and generally, under any form and for an amount in excess of €10,000,000;
- transferring ownership of investments for amounts in excess of €10,000,000 per transaction;
- granting loans, credit and advance payments to corporate bodies outside the Rémy Cointreau Group for an amount in excess of €10,000,000 per borrower; and
- signing any loan or obtaining credit facilities, with or without pledges or other securities on Group assets, for an amount in excess of €50,000,000 during one financial year.

In addition, the Board of Directors on 2 June 2010, authorised the Chief Executive Officer to grant sureties, pledges and guarantees up to an overall maximum amount of €50,000,000, in one year. Any commitment exceeding this overall limit requires specific approval from the Board.

The Board of Directors also authorised the Chief Executive Officer to grant sureties, pledges and guarantees to the tax and customs authorities with no limitations.

This authorisation was renewed for one year by the Board of Directors' meeting on 1 June 2011.

The Chief Executive Officer has also established an Executive Committee whose composition was submitted for approval by the Board. The task of this Executive Committee is to continually assist the Chief Executive Officer with operational matters, both in terms of decision-making and implementation. The members of the Executive Committee are listed in Chapter 1.4.2. of this report.

3.1.5 Procedures in respect of participation by shareholders in General Meetings

The provisions relating to shareholders' attendance at General Meetings are described in Article 23 of the Company's bylaws.

A reminder of the main provisions is included in Chapter 5 of this reference document.

3.1.6 Principles and rules for the determination of remuneration and benefits granted to Executives

The overall remuneration policy for executives, and more generally speaking for members of the Executive Committee, is defined by the Board of Directors, which makes decisions based on recommendations formulated by the "Nomination and Remuneration" Committee.

The Committee formulates its recommendations based on all items relating to the overall remuneration of executives;

- cash remuneration – basic and annual variable remuneration (bonus); and;
- deferred remuneration – potential performance-based share allocation and supplementary pension plan.

Regardless of category or income, the objective of the "Nomination and Remuneration Committee" is to recommend an overall remuneration package that is both competitive and attractive. To that end, it draws on objective studies of the remuneration market of companies comparable to Rémy Cointreau, carried out by external experts.

The Committee ensures that each element of remuneration responds to a clear objective that is fully in line with the strategy and interests of the business.

These principles, which prevail for the Chief Executive Officer and members of the Executive Committee, apply in the same terms and conditions to other Group managers.

Basic remuneration is determined based on responsibilities held and the performance of the incumbent, in line with market trends.

Variable annual remuneration - bonus - is linked to objectives specified at the beginning of the period and validated by the Board of Directors. These objectives are partly quantitative and partly qualitative, and are based on the specific challenges of the current financial year. In respect of the Chief Executive Officer, the target bonus is valued at 120% of his gross annual remuneration. In the event quantitative objectives are exceeded, the bonus cannot exceed 150% of his gross annual remuneration.

In 2010/11, the quantitative targets were: operating profit, cash generation, earnings and ROCE (return on capital employed).

The variable remuneration policy is consistent throughout the Rémy Cointreau Group. The fundamental principles apply to all Group managers. The terms and conditions of application vary depending on the different levels of seniority and the nature of the assignments.

The performance-based share allocation plan is intended to associate the Company's senior executives with the Group's medium and long-term objectives. The plan is subject to employment and performance conditions.

The objectives of the defined benefit supplementary pension plan are to retain the loyalty of the executives concerned and to encourage long-term performance. This system is founded on the payment of an annuity, the value of which, expressed as a percentage of remuneration, is based on the executives' seniority. Payment of the annuity is subject to the conditions of employment at the time of retirement; its amount varies from 8-15% of annual gross remuneration, depending on the age of the beneficiary at the time of retirement. Since July 2010, those provisions which no longer apply to Mr. Jean-Marie Laborde, Chief Executive Officer, apply to the Group's key management figures. Mrs. Dominique Hériard Dubreuil, Chairman of the Board, Mr. François Hériard Dubreuil and Mr. Marc Hériard Dubreuil, Directors, benefit from the same provisions under the company Andromède SAS, which is in charge of the financing.

In addition, Rémy Cointreau offers a defined-benefit supplementary pension scheme to virtually all its French employees.

As of 1 July 2010, Mr. Jean-Marie Laborde, Chief Executive Officer, resigned his position in accordance with the AFEP/MEDEF Code of Governance to which Rémy Cointreau is party. On this occasion, Mr. Jean-Marie Laborde also relinquished the deferred compensation that the General Meeting had confirmed at the proposal of the Board of 2 June 2010.

3.1.7 Statutory auditors' report on the report prepared by the President of the Board of Directors on the internal control procedures

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory auditors' report, prepared in accordance with article L.225-235 of the French Company Law (Code de Commerce), on the report prepared by the President of the Board of Directors of Rémy Cointreau, on the internal control procedures relating to the preparation and processing of financial and accounting information.

To the shareholders,

In our capacity as statutory auditors of Rémy Cointreau, and in accordance with article L.225-235 of the French Company Law (Code de Commerce), we report to you on the report prepared by the President of your company in accordance with article L.225-37 of the French Company Law (Code de Commerce) for the year ended March 31, 2011.

It is the Chairman's responsibility to prepare and to submit for the Board of Director's approval a report on internal control and risk management procedures implemented by the Company and to provide the other information required by Article L. 225-37 of the French Commercial Code relating to matters such as corporate governance.

Our role is to:

- report on the information contained in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information,

- confirm that the report also includes the other information required by Article L. 225-37 of the French Commercial Code. It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;

- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;

- determining if any material weakness in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work is properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Commercial Code.

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French Commercial Code.

Paris and Neuilly-sur-Seine, June 7, 2011

The Statutory Auditors

AUDITEURS & CONSEILS ASSOCIÉS

Olivier Juramie

ERNST & YOUNG et Autres

Marie-Laure Delarue

3.2 REPORT OF THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING

3.2.1 Financial report of Rémy Cointreau SA

On 15 November 2010, the Rémy Cointreau Group initiated a competitive bid process for the possible sale of its Champagne division, which includes the Piper-Heidsieck and Charles Heidsieck brands. On 28 February 2011, the Group entered into exclusive negotiations with the EPI Group. Rémy Cointreau is the owner of the shares in Piper Heidsieck-Compagnie Champenoise, the parent company of the Champagne division.

3.2.1.1 Comments on the income statement

During the financial year ended 31 March 2011, the Company's **current operating loss before tax** was €43.6 million.

Services invoiced to subsidiaries amounted to €18.1 million, compared with €14.4 million the previous year. Services provided by Rémy Cointreau to its subsidiaries are invoiced on the basis of the cost of services provided, increased by a 5% profit margin.

Operating expenses totalled €36.3 million corresponding to all the services provided by the Company and which are re-invoiced in part to subsidiaries. The increase of €10.7 million compared with the previous year included loan issue fees and expenses of €6.5 million relating to the restructuring of financial debt carried out during the year.

Dividends received from subsidiaries during the year amounted to €240.8 million, compared with €41 million the previous financial year.

Net interest expense increased by €3.1 million to €22.7 million, compared with €19.6 million the previous financial year, as a result of early repayment penalties paid within the framework of the restructuring of financial debt.

The Company recognised a **provision** for impairment of equity investments of €243.5 million, due to ongoing negotiations regarding the disposal.

Net exceptional expense of €0.1 million was due to a tax adjustment in a prior financial year.

The €8.5 million received in **income tax** includes €5.4 million for the permanent tax saving gained following restatements relating to the tax grouping scheme, and a €0.4 million tax refund from a previous adjustment. A tax audit resulted in an additional tax charge of €2.9 million and a €5.6 million reversal in the tax saving relating to the tax grouping scheme equivalent to the total of tax adjustments acknowledged.

Taking into account these factors, the **net loss for the year** was €35.2 million.

3.2.1.2 Comments on the balance sheet

The non-current assets, which mainly include equity investments, decreased by €178.5 million due to movements in the value of securities of the Piper Heidsieck- Compagnie Champenoise subsidiary, whose disposal is in progress.

Shareholders' equity amounted to €946 million, a decrease of €69.4 million of which a net cash outflow of €41.2 million related to a dividend payment of €63.1 million paid in respect of the year ended 31 March 2010, and €21.9 million for a capital increase recognised following the exercise of the option for part payment of this dividend in shares. The net loss for the year of €35.2 million was also included.

Gross financial debt totalled €515.7 million, a decrease of €112.8 million.

During the financial year, Rémy Cointreau restructured its debt to benefit from favourable market conditions and modify the maturity profile of its financial resources, the majority of which was due in 2012.

On 10 June 2010, a five-year private placement of €140.0 million, bearing interest at 3.6675%, was concluded with financial institutions. The proceeds from the issue, net of fees, were €138.6 million, which were allocated to reducing drawdowns on the syndicated credit.

On 18 June 2010, the Group carried out a bond issue of €205.0 million, maturing on 15 December 2016 and bearing interest at 5.18%. The net proceeds of €197 million from the issue were allocated to the early redemption of the bonds issued on 15 January 2005. The bonds, with an outstanding balance of €192.4 million, were subject to an early redemption offering, concurrently with the new issue, including a redemption premium of 1.5%. The bonds not contributed to the offering were subsequently redeemed, including the contractual premium of 1.3%. This resulted in a total cash outflow of €195.1 million, excluding accrued interest.

At 31 March 2011, €40 million of the €466 million syndicated loan had been drawn down. The A ratio, on which the availability and margin applicable to the syndicated loan is based, was 2.19, a level which is markedly lower than the 3.50 limit set by the contract.

3.2.1.3 Information in respect of payment terms pursuant to article D441-4 of the commercial code

Suppliers' invoices payable at 31 March 2011 for €0.9 million are due for payment by the end of April at the latest.

3.2.2 Share buyback programme

3.2.2.1 Information on transactions carried out as part of the share buyback programme in operation during the period 1 April 2010 to 31 March 2011

In application of the provisions of Article L. 225-211 of the Commercial Code, the object of this section is to inform the General Meeting of the share purchases that have been made between 1 April 2010 and 31 March 2011 within the share buyback programme authorised by the General Meetings of 28 July 2009 and 27 July 2010.

Between 1 April 2010 and 31 March 2011, the Company acquired 323,459 shares and sold 197,212 shares. It also transferred 119,790 shares over the same period to service share purchase options.

3

These transactions were carried out:

1) As part of a liquidity contract concluded by the Company with Rothschild & Cie.

The Company, acting through an investment services provider, acquired 194,959 of its own shares during the year at an average weighted price of €48.12 per share.

The Company, acting through an investment services provider, sold 197,212 of its own shares during the year at an average weighted price of €48,18 per share.

2) The Company purchased 128,500 shares as part of the sales contract with a repurchase agreement signed on 24 March 2005 between the Company and Barclays Capital. 119,790 of these shares were used to serve share purchase options.

The table below summarises the final position of transactions carried out in the period 1 April 2010 to 31 March 2011:

Percentage of treasury shares held directly or indirectly	0.03%	
Number of securities held at the start of the programme	14,853	
		Average price
Number of securities purchased since the start of the programme:		
- as part of the liquidity contract	194,959	€48.12
- as part of the exercise of the resolutive clause	128,500	
Number of securities sold since the start of the programme as part of a liquidity contract	197,212	€48.18
Number of securities transferred since the start of the programme	119,790	
Number of securities cancelled since the start of the programme	0	
Number of securities held at 31 March 2011:		
- as part of the liquidity contract	0	
- as part of the exercise of the resolutive clause	21,310	
Book value of portfolio	€592,248	
Market value of portfolio	€592,248	

3.2.2.2 Transactions carried out by the Company during the year

Transactions carried out during the financial year or on the maturity of derivatives

Date of transaction	Name of Intermediary	Purchase/ Sale	Number of shares	Exercise price	Amount in €	Underlying derivative transaction
15/06/10		Resolutive clause	10,000	€27.67	276,700	Exercise of the resolutive clause integrated into the share sale contract signed on 24/03/05 - see: online declaration 25/06/10
25/06/10		Resolutive clause	10,000	€28.07	280,700	see: declaration on line 25/06/10
10/09/10		Resolutive clause	9,503	€28.07	266,749.21	Exercise of the resolutive clause incorporated in the contract of sale and exercise of stock options - see: online declaration 14/09/10
		Purchase	497	€28.07	13,950.79	
27/09/10		Purchase	10,000	€28.07	280,700	Exercise of stock options - see: online declaration 28/09/10
05/10/10		Purchase	20,000	€28.07	561,400	Exercise of stock options - see: online declaration 12/10/10
08/10/10		Resolutive clause	2,000	€27.67	55,340	Exercise of the resolutive clause included in the sale contract - see: declaration online 12/10/10
09/12/10		Purchase	2,000	€28.07	56,140	Exercise of stock options - see: online declaration 17/12/10
17/12/10		Resolutive clause	10,000	€27.67	276,700	Exercise of the resolutive clause included in the sale contract - see: declaration online 17/12/10
04/01/2010		Purchase	20,000	€28.07	561,400	Exercise of stock options - see: online declaration 07/01/11
07/01/2011		Resolutive clause	34,500	€27.67	954,615	Exercise of the resolutive clause included in the sale contract - see: declaration online 11/01/11

3.2.2.3 Outstanding derivative products

Date of transaction dd/mm/yyyy	Name of Intermediary	Purchase	Purchase option/ future	Maturity	Exercise price €	Premium	Organised market/ principal to principal	Comments
24/03/2005	-	Clause Resolutive	-	15 Sept. 13	27.67	-	-	137,500 shares remaining
24/03/2005	-	Purchase	Purchase option	23 Dec. 14	28.07	10.25	Principal to principal	172,000 shares remaining

- As part of the sales contract with a repurchase agreement concluded on 24 March 2005, the Company has the right to repurchase 137,500 securities and purchase options for 172,000 securities to finally cover 309,500 options. At 31 March 2011, the Company held 21,310 shares to service the exercise of share purchase options.
- As part of the liquidity contract, the company held no shares at 31 March 2011.
- No treasury shares are held indirectly by the Company.

Analysis of capital securities held, by objective

Shares held by the Company are allocated partly to stimulate the secondary market or as liquidity for the Rémy Cointreau share by an investment services provider, via a liquidity contract that conforms to the Ethics Charter recognised by the Autorité des Marchés Financiers, and partly to service the exercise of share purchase options.

Description of the principal features of the buyback programme submitted for approval by the General Meeting of 26 July 2011 as part of the thirteenth resolution

- securities concerned: shares issued by Rémy Cointreau SA;
- maximum to be purchased by the Company: 10% of shares comprising the share capital;
- maximum number of shares that may be acquired by the Company: 4,612,030 shares may be purchased, taking into account treasury shares, the sale of shares with a repurchase agreement and the purchase of options to purchase shares;
- maximum unit price: €65;
- Objectives:
  - o to provide liquidity or stimulate the secondary market of the Rémy Cointreau share via an investment services provider, as part of a liquidity contract that conforms to the Ethics Charter recognised by the Autorité des Marchés;
  - o to cancel the shares, as part of a capital reduction, subject to the adoption of the fourteenth resolution submitted to the current General Meeting;
  - o to cover the obligations in respect of marketable securities giving access to capital;
  - o to grant the shares in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to service share purchase options, as part of a business savings plan or to be used to grant free shares to employees and executives authorised in the company and/or companies related to it within the provisions of Article L. 225-197-1 and subsequent of the Commercial Code;
  - o to purchase and retain shares to be used subsequently in exchange or as payment for potential acquisitions, in accordance with market practices permitted by the Autorité des Marchés Financiers and within the law; and
  - o to implement every market practice that is permitted by the Autorité des Marchés Financiers and, more generally, carry out every transaction that conforms to the regulations in force.

Duration of the programme: until the General Meeting called to consider the financial statements for the year ended 31 March 2012 and no later than 18 months from 26 July 2011.

3.2.2.4 Transactions resulting from the execution of the share buyback programme authorised by the Combined General Meeting of 27 July 2010

Percentage of treasury shares held directly or indirectly	0.00%	
Number of securities held at the start of the programme	7,200/0.01	
		Average price
Number of securities purchased since the start of the programme:		
- as part of the liquidity contract	176,226	€50.96
- as part of the exercise of the resolutive clause	118,500	
Number of securities sold since the start of the programme as part of a liquidity contract	177,416	€51.05
Number of securities transferred since the start of the programme	99,140	
Number of securities cancelled since the start of the programme	0	
Number of securities held at 31 April 2011:		
- as part of the liquidity contract	0	
- as part of the exercise of the resolutive clause	25,310	
Book value of portfolio	€593,268	
Market value of portfolio:	€593,268	

3.2.3 Composition and holders of the share capital at 31 March 2011

At 31 March 2011, after the Board of Directors had noted the various changes that had occurred during the year to the share capital and disclosed in Chapter 5.1.3 of the current report, the share capital amounted to €79,085,443.20, divided into 49,428,402 shares with a nominal value of €1.60 each.

In accordance with Article L. 233-13 of the Commercial Code, it should be noted that:

- Orpar held over one-third of the share capital and over half the voting rights in your Company at 31 March 2011;

- Récopart held on the same day, over 10% of the share capital and over 15% of the voting rights in your Company; and

- First Eagle Investment Management LLC, held on the same day, over 5% of the share capital and of the voting rights in your Company.

The employee savings plan represents 2.50% of the share capital of Rémy Cointreau. It is the only form of collective shareholding by Rémy Cointreau employees.

3.2.4 Items likely to be significant in the event of a public takeover offer

Pursuant to Article L. 225-100-3 of the Commercial Code, we inform you of the items likely to be significant in the event of a public takeover offer:

- the structure of the Company's share capital is disclosed in Chapter 5.1.3 of the current Annual Report and refers to a concert party and shareholders' agreement which have today been brought to the Company's attention;

- the direct or indirect investments known by the Company are also described in Chapter 5.1.3 of the current report;

- with the exception of the double voting rights allocated, pursuant to Article 23.2 of the bylaws, to fully paid shares that have been held in nominative form for at least four years, in the name of the same shareholder, no shares carry specific privileges;

- there is no restriction in the bylaws on the exercise of voting rights except for a failure to comply with the provisions in respect of crossing the 1% share capital or the voting rights or any multiple of this percentage, provided by Article 8.2 of the bylaws; there are no bylaw restrictions to share transfer;

- the rules for the appointment and dismissal of members of the Board of Directors are the legal and bylaw rules;

- revisions to the Company's bylaws are carried out in accordance with the law and regulations; and

- the various delegations and authorisations granted to the Board of Directors by the Annual General Meeting, notably concerning the issue and repurchase of shares, are disclosed in Chapter 5.1.2.1 of the current Annual Report. It should be noted that, in this respect, the authorisations and the delegations of authority and powers granted to the Board of Directors can only be implemented pursuant to Article L. 233-32 of the Commercial Code and in the event that the securities of the Company are targeted by a public offer in the circumstances made applicable by Article L. 233-33 of the Commercial Code.

The principal risks to which the Company is exposed and the use of derivative financial instruments are described in Chapter 2.1.6.

3.2.5 Special report of the Board of Directors on options to subscribe or purchase Rémy Cointreau shares (Article L. 225-184 of the Commercial Code)

3.2.5.1 Special report of the Board of Directors on Remy Cointreau share subscription or purchase options granted (Article L. 225-184 of the Commercial Code)

In accordance with the provisions of Article L. 225-184 of the Commercial Code, we inform you that no options to subscribe or purchase Rémy Cointreau shares were granted during the 2010/11 financial year:

3.2.5.2 Share subscription or purchase plans in effect at 31 March 2011

	Plan No.7	Plan No.8	Plan No.9	Plan No.10	Plan No.11	Plan No.12	Plan No.13
Date of Extraordinary General Meeting	26/08/98	26/08/98	26/08/98	24/08/00	24/08/00 and 21/09/01	21/09/01	07/09/04
Date of Board of Directors' or Management Board meeting	28/04/99	07/12/99	30/05/00	01/03/01	08/03/02	16/09/03	08/12/04
Total number of options allocated	289,300	499,100	131,280	1,016,600	659,500	287,000	262,000
- of which number of options that can be subscribed to by executives	119,576	127,900	61,960	200,000	275,000	180,000	40,000
- number of executive beneficiaries	10	10	9	5	5	5	1
Total number of beneficiaries	66	85	28	150	43	25	30
Date options can be exercised	28/04/99	07/12/99	30/05/00	01/03/03	08/03/06	16/09/07	24/12/08
Date options expire	27/04/09	08/12/09	30/05/10	28/02/11	07/03/12	15/09/13	23/12/14
Subscription or share price	12.20	16.36	18.85	27.10	25.00	27.67	28,07
Favourable discount	2.250	3.060	3.530	5.080	0.000	0.000	0.000
Number of options lapsed	4,700	5,010	0	56,350	8,500	27,000	35,000
Number of options At 31 March 2011	284,600	494,090	1,131,280	960,250	547,140	131,690	83,500
Remaining balance	**0**	**0**	**0**	**0**	**103,860**	**128,310**	**143,500**

3.2.5.3 Options exercised by the ten employees, who are not executives who exercised the largest number of options during the financial year

Company granting the options	Plan date	Total number of options	Exercise price	Average exercise price
Rémy Cointreau	01/03/01	91,000	27.100	45.676
Rémy Cointreau	08/03/02	48,304	25.000	45.329
Rémy Cointreau	16/09/03	28,050	27.670	52.412
Rémy Cointreau	24/12/04	18,000	28.070	44.963

It should be noted that Rémy Cointreau SA did not employ any personnel in the 2010/11 financial year.

3.2.5.4 Special report of the Board of Directors on free share allocations (Article L. 225-197-4 of the Commercial Code)

Shares granted during the year to the ten highest paid employees, who are not executives, where the number of shares is the greatest

Company granting the shares	Date of allocation	Total number of shares	Date of final allocation	Date shares may be traded
Rémy Cointreau	23/11/10	51,500	23/11/12	23/11/14

Shares granted during the year to the ten highest paid employees, who are not executives, where the number of shares is the greatest

Company granting the shares	Date of allocation	Total number of shares	Date of final allocation	Date shares may be traded
Rémy Cointreau	20/11/08	53,000	20/11/10	20/11/12

The main features of free share allocations are detailed in the chapter on general information on the share capital.

Shares and voting rights held by members of the Board of Directors are disclosed in the chapter on general information on the share capital.

3.2.6 Management and Executives' remuneration

3.2.6.1 Principles and rules governing management remuneration

The overall remuneration policy for executives, and in general for members of the Executive committee, is defined by the Board of Directors, which makes decisions based on recommendations formulated by the "Nomination and Remuneration" Committee.

The Committee formulates its recommendations based on all items relating to the overall remuneration of senior executives, including:

- cash remuneration - basic and annual variable remuneration (bonus);
- deferred remuneration-potential performance - based share allocation and supplementary pension plan.

Regardless of category or income, the objective of the "Nomination and Remuneration Committee" is to recommend an overall remuneration package that is both competitive and attractive. To that end, it draws on objective studies of the remuneration market of companies comparable to Rémy Cointreau, carried out by external experts.

The Committee ensures that each element of remuneration respond to a clear objective that is fully in line with the strategy and interests of the business.

These principles, which prevail for the Chief Executive Officer and members of the Executive Committee, apply in the same terms and conditions to other Group managers.

Basic remuneration is determined based on responsibilities held and the performance of the incumbent, in line with market trends.

Variable annual remuneration - bonus - is linked to objectives specified at the beginning of the period and validated by the Board of Directors. These objectives are partly quantitative and partly qualitative, and are based on the specific challenges of the current financial year. In respect of the Chief Executive Officer, the target bonus is valued at 120% of his gross annual remuneration. In the event quantitative objectives are exceeded, his bonus cannot exceed 150% of his gross annual remuneration.

In 2010/11, the quantitative objectives were as follows: operating profit, cash generation, net profit and ROCE (return on capital employed).

The variable remuneration policy is consistent throughout the Rémy Cointreau Group. The fundamental principles apply to all Group managers. The terms and conditions of application vary depending on the different levels of seniority and the nature of the assignments.

The performance-based share allocation plan is intended to associate the Company's senior executives with the Group's medium and long-term objectives. The plan is subject to employment and performance conditions.

The objectives of the defined-benefit supplementary pension plan are to retain the loyalty of the executives concerned and to encourage long-term performance. This system is founded on the payment of an annuity, the value of which, expressed as a percentage of remuneration, is based on the executives' seniority. Payment of the annuity is subject to the conditions of employment at the time of retirement; its amount varies from 8-15% of annual gross remuneration, depending on the age of the beneficiary at the time of retirement. These provisions which no longer concern Mr. Jean-Marie Laborde, Chief Executive Officer, concern the Group's main executives, in particular: Mrs. Dominique Hériard Dubreuil, Chairman of the Board of Directors and Mr. François Hériard Dubreuil and Mr. Marc Hériard Dubreuil, Directors. In respect of the last three, this supplementary pension is paid by Andromède SAS.

In addition, Rémy Cointreau offers a defined-benefit supplementary pension scheme to virtually all its French employees.

As of 1 July 2010, Mr. Jean-Marie Laborde, Chief Executive Officer, resigned from his position, in accordance with the AFEP/MEDEF code of governance to which Rémy Cointreau adheres. On this date, Mr. Jean-Marie Laborde also relinquished the deferred compensation that the Board of Directors had confirmed on the proposal to the Board of 2 June 2010.

3.2.6.2 Executive directors remuneration

Executive Officers' remuneration is presented hereafter in accordance with the principles of the AFEP/MEDEF Corporate Governance Code published in December 2008.

Table 1

Summary table of remuneration paid and options and shares granted to each executive officer

Mr. Jean-Marie Laborde, Chief Executive Officer	FY 2009/10	FY 2010/11
Remuneration due in respect of the period (specified in Table 2)	1,222,599	1,423,876
Value of options granted during the financial year (specified in Table 4)	0	0
Value of performance-based shares granted during the financial year (specified in Table 6)	593,750	1,054,000(1)
Total	**1,816,349**	**2,477,876**

(1) The difference compared with the 2009/10 financial year was primarily due to the share price used on the allocation date (€31.25 per share in November 2009 and €52.70 per share in November 2010).

Table 2

Summary table of remuneration paid to each executive officer

Mr. Jean-Marie Laborde, Chief Executive Officer	Value in respect of the FY 2009/10		Value in respect of the FY 2010/11	
	Payable	Paid	Payable	Paid
– Fixed remuneration	566,450	566,450	630,549	630,549
– Variable remuneration	650,000	673,180	731,800	739,959
– Exceptional remuneration	0	180,000(1)	55,376	55,376(2)
– Directors' fees	0	0	0	0
– Benefits in kind - car	6,149	6,149	6,150	6,150
Total	**1,222,599**	**1,425,779**	**1,423,876**	**1,432,035**

(1) Due to the highly favourable conditions of the exit from Maxxium, the Board of Directors decided to allocate an exceptional bonus.

(2) Holiday pay paid in connection with the termination of the employment contract due to the liquidation of pension rights.

In addition, severance pay on retirement of €230,000 was paid upon termination of employment contracts, in accordance with existing agreements.

Table 3

Directors' Fees

Board members	Directors' fees paid in year N -1	Directors' fees paid in year N
Mrs. Dominique Hériard Dubreuil	€26,000	€26,500
Mr. François Hériard Dubreuil	€26,000	€26,500
Mr. Marc Hériard Dubreuil	€26,000	€26,500
Mr. Patrick Duverger	€15,000	-
Sir Brian Ivory	€32,000	€33,000
Mr. Xavier Bernat	€10,000	-
Mr. Jean Burelle	€26,000	€26,500
Mr. Jacques Etienne de T'Serclaes	€35,000	€36,000
Mr. Gabriel Hawawini	€26,000	€26,500
Mr. Timothy Jones	€26,000	€26,500
Orpar	€26,000	€26,500
Mr. Patrick Thomas	€13,000	€26,500
Total	**€287,000**	**€281,000**

In respect of the 2010/11 financial year, companies controlling Rémy Cointreau paid the following remuneration to Mrs. Dominique Hériard Dubreuil: €205,034, Mr. François Hériard Dubreuil: €211,299, Mr. Marc Hériard Dubreuil: €212,267. Directors did not benefit from benefits in kind from companies controlled by Rémy Cointreau. In respect of the terms of office held in controlling companies, these three directors received directors' fees of €12,500 each.

In respect of the terms of office held in controlled companies, Mrs. Dominique Hériard Dubreuil received directors' fees of €20,000.

It is stated that the activities of companies controlling Rémy Cointreau are not exclusively dedicated to the control of Rémy Cointreau, but extend to other activities.

Table 4

Share subscription or purchase options granted during the financial year to each executive officer

Options granted to each executive officer by the issuer and any group companies	No. and date of plan	Nature of options (purchase or subscription)	Value of options based on method used in consolidated financial statements	Nature of options granted during the financial year	Exercise price	Exercise period
N/A						

Table 5

Subscription or purchase options exercised by executive officers during the financial year

Options exercised by executive officers	No. and date of plan	Number of options exercised during the year	Exercise price	Year of allocation
N/A				

Table 6

Performance-based shares granted during the financial year to each executive officer

Performance-based shares granted during the 2009/2010 financial year by Rémy Cointreau	Plan date	Number of shares granted during the financial year	Value of shares based on methods used in consolidated financial statements	Final allocation date	Date shares to be traded
Mr. Jean-Marie Laborde	23/11/2010	20,000	1,054,000	23/11/2012	23/11/2014

Table 7

Performance-based shares acquired during the financial year by each executive officer

Performance-based shares that became available to executive officers	Plan date	Number of shares that became available to executive officers during the financial year	Acquisition conditions	Allocation date
Mr. Jean Marie Laborde	20/11/2008	17,000	The main acquisition terms and conditions are specified in the chapter on general information on the share capital	20/11/2010

3.2.7 Other

3.2.7.1 Information on transactions with members of governance bodies

See the Statutory Auditors' Special Report for the financial year ended 31 March 2011 for regulated agreements concluded during previous financial years, whose execution was continued during the financial year.

No transactions outside the ordinary activities of the Company and outside normal conditions were concluded with shareholders holding voting rights in excess of 10%, other than those covered in the above report.

3.2.7.2 Loans and guarantees granted to or set up in favour of members of governance bodies and executive management

None.

3

Financial Statements

4.1 CONSOLIDATED FINANCIAL STATEMENTS OF THE RÉMY COINTREAU GROUP AT 31 MARCH 2011

4.1.1 Consolidated Income Statement

At 31 March, in € millions	Notes	2011	2010	2009
Turnover	15	**907.8**	**807.6**	**710.4**
Cost of sales		(389.5)	(361.7)	(337.2)
Gross profit		**518.3**	**445.9**	**373.2**
Distribution costs	16	(284.4)	(238.8)	(185.2)
Administrative expenses	16	(72.8)	(70.3)	(68.3)
Other income from operations	16	5.9	5.2	4.3
Current operating profit	15	**167.0**	**142.0**	**124.0**
Other operating income/(expenses)	18	(46.5)	(2.2)	11.3
Operating profit		**120.5**	**139.8**	**135.3**
Finance costs		(27.3)	(22.0)	(16.7)
Other financial income/(expenses)		(2.4)	2.7	(6.0)
Financial result	19	**(29.7)**	**(19.3)**	**(22.7)**
Profit before tax		**90.8**	**120.5**	**112.6**
Income tax	20	(21.7)	(32.5)	(34.6)
Share in profits of associates	5	4.3	4.9	3.0
Profit from continuing operations		**73.4**	**92.9**	**81.0**
Profit/(loss) from discontinued operations	21	(2.8)	(3.9)	5.1
Net profit for the year		**70.6**	**89.0**	**86.1**
Attributable to:				
non-controlling interests		0.1	2.7	–
owners of the parent company		**70.5**	**86.3**	**86.1**
Net earnings per share – from continuing operations (€)				
basic		**1.50**	**1.94**	**1.73**
diluted		1.49	1.93	1.72
Net earnings per share – attributable to owners of the parent company (€)				
basic		**1.44**	**1.80**	**1.84**
diluted		1.43	1.79	1.83
Number of shares used for the calculation				
basic	10.2	48,991,452	47,989,124	46,877,143
diluted	10.2	49,248,856	48,191,494	47,113,389

4.1.2 Statement of Comprehensive Income

At 31 March, in € millions	2011	2010	2009
Net profit for the year	**70.6**	**89.0**	**86.1**
Movement in the value of hedging instruments (1)	20.0	(6.9)	(24.0)
Actuarial difference on pension commitments	(0.3)	(4.9)	2.8
Movement in the value of AFS shares (2)	0.2	0.1	(0.2)
Related tax effect	(6.7)	3.8	7.4
Movement in translation differences	(7.6)	0.3	24.1
Total income/(expenses) recorded in equity	**5.6**	**(7.6)**	**10.1**
Total comprehensive income for the year	**76.2**	**81.4**	**96.2**
Attributable to owners of the parent company	76.2	78.7	96.2
Attributable to non-controlling interests	–	2.7	–
(1) of which unrealised gains and losses transferred to income	7.9	0.2	(23.0)
(2) of which unrealised gains and losses transferred to income	–	–	–

4

4.1.3 Statement of Financial Position

At 31 March, in € millions	Notes	2011	2010	2009
Brands and other intangible assets	3	447.1	629.9	629.8
Property, plant and equipment	4	141.0	208.6	197.0
Investments in associates	5	64.9	64.3	62.1
Other financial assets	6	10.9	71.2	61.1
Deferred tax assets	20	30.3	27.1	22.4
Non-current assets		**694.2**	**1,001.1**	**972.4**
Inventories	7	699.2	969.8	958.4
Trade and other receivables	8	213.6	248.1	282.1
Income tax receivables		1.6	8.3	6.0
Derivative financial instruments	14	16.4	3.2	10.8
Cash and cash equivalents	9	80.6	86.3	89.4
Assets held for sale	2	485.3	–	0.2
Current assets		**1,496.7**	**1,315.7**	**1,346.9**
Total assets		**2,190.9**	**2,316.8**	**2,319.3**
Share capital		79.1	77.6	75.8
Share premium		735.7	708.2	685.5
Treasury shares		(0.6)	(0.4)	(2.3)
Consolidated reserves		177.9	151.5	127.1
Net profit attributable to owners of the parent company		70.6	86.3	86.1
Translation reserve		(7.7)	(0.2)	(0.5)
Profit/(loss) recorded in equity		7.9	(5.4)	(1.0)
Equity – attributable to owners of the parent company		**1,062.9**	**1,017.6**	**970.7**
Non-controlling interests		0.9	0.9	(1.8)
Equity	10	**1,063.8**	**1,018.5**	**968.9**
Long-term financial debt	11	377.7	537.7	592.4
Provision for employee benefits	23	20.5	23.8	18.7
Long-term provisions for liabilities and charges	12	6.5	5.1	12.4
Deferred tax liabilities	20	121.8	199.8	199.4
Non-current liabilities		**526.5**	**766.4**	**822.9**
Short-term financial debt and accrued interest	11	31.8	50.0	28.9
Trade and other payables	13	406.6	439.3	452.9
Income tax payables		39.2	11.9	32.9
Short-term provisions for liabilities and charges	12	9.5	19.8	5.9
Derivative financial instruments	14	4.5	10.9	6.9
Liabilities held for sale	2	109.0	–	–
Current liabilities		**600.6**	**531.9**	**527.5**
Total equity and liabilities		**2,190.9**	**2,316.8**	**2,319.3**

4.1.4 Statement of Changes in Consolidated Equity

At 31 March, in € millions	Share Capital and premium	Treasury shares	Reserves and consolidated net profit	Translation reserves	Profit recorded in equity	Attributable to owners of the parent company	Attributable to non-controlling interests	Total equity
At 31 March 2008	**739.0**	**0.1**	**182.1**	**(24.6)**	**14.9**	**911.5**	**(1.8)**	**909.7**
Net profit for the year	–	–	86.1	–	–	86.1	–	86.1
Gains and losses recorded in equity	–	–	1.9	24.1	(15.9)	10.1	–	10.1
Charges related to option plans	–	–	3.6	–	–	3.6	–	3.6
Share capital increase	22.3	–	–	–	–	22.3	–	22.3
Transactions on treasury shares	–	(2.4)	–	–	–	(2.4)	–	(2.4)
Dividends	–	–	(60.5)	–	–	(60.5)	–	(60.5)
At 31 March 2009	**761.3**	**(2.3)**	**213.2**	**(0.5)**	**(1.0)**	**970.7**	**(1.8)**	**968.9**
Net profit for the year	–	–	86.3	–	–	86.3	2.7	89.0
Gains and losses recorded in equity	–	–	(3.5)	0.3	(4.4)	(7.6)	–	(7.6)
Charges related to option plans	–	–	3.4	–	–	3.4	–	3.4
Share capital increase	24.5	–	–	–	–	24.5	–	24.5
Transactions on treasury shares	–	1.9	–	–	–	1.9	–	1.9
Dividends	–	–	(61.6)	–	–	(61.6)	–	(61.6)
At 31 March 2010	**785.8**	**(0.4)**	**237.8**	**(0.2)**	**(5.4)**	**1,017.6**	**0.9**	**1,018.5**
Net profit for the year	–	–	70.5	–	–	70.5	0.1	70.6
Gains and losses recorded in equity	–	–	(0.1)	(7.5)	13.3	5.7	(0.1)	5.6
Charges related to option plans	–	–	3.4	–	–	3.4	–	3.4
Share capital increase	29.0	–	–	–	–	29.0	–	29.0
Transactions on treasury shares	–	(0.2)	–	–	–	(0.2)	–	(0.2)
Dividends	–	–	(63.1)	–	–	(63.1)	–	(63.1)
At 31 March 2011	**814.8**	**(0.6)**	**248.5**	**(7.7)**	**7.9**	**1,062.9**	**0.9**	**1,063.8**

4.1.5 Statement of Cash Flows

At 31 March, in € millions	Notes	2011	2010	2009
Current operating profit		167.0	142.0	124.0
Adjustment for depreciation, amortisation and impairment		14.2	13.5	11.7
Adjustment for share-based payments		3.1	3.4	3.6
Dividends received from associates	5	2.8	2.1	1.4
EBITDA		187.1	161.0	140.7
Change in inventories		(11.4)	(19.8)	(36.5)
Change in trade receivables		26.6	(39.4)	37.3
Change in trade payables		2.5	23.4	81.8
Change in other receivables and payables		21.8	50.8	(54.2)
Change in working capital requirement		39.5	15.0	28.4
Net cash flow from operations		**226.6**	**176.0**	**169.1**
Other operating income/(expenses)		(1.9)	(1.4)	(185.3)
Financial result		(20.3)	(25.3)	(8.7)
Net income tax		(31.1)	(53.6)	29.4
Other operating cash flows		(53.3)	(80.3)	(164.6)
Net cash flow from operating activities – continuing operations		**173.3**	**95.7**	**4.5**
Impact of discontinued operations		8.4	(7.4)	(66.6)
Net cash flow from operating activities		**181.7**	**88.3**	**(62.1)**
Purchases of non-current assets	3/4	(27.4)	(22.6)	(26.9)
Purchases of investment securities	5/6	(0.7)	(10.7)	(5.8)
Net cash flow from sale of non-current assets		0.5	0.7	1.8
Net cash flow from sale of investment securities	6	–	–	60.4
Net cash flow from other investments	6	61.9	(2.7)	1.6
Net cash flow from investment activities – continuing operations		**34.3**	**(35.3)**	**31.1**
Impact of discontinued operations		0.8	4.2	(2.6)
Net cash flow from investment activities		**35.1**	**(31.1)**	**28.5**
Capital increases	10	7.0	1.4	0.9
Treasury shares	10	(0.2)	1.9	(2.2)
Increase in financial debt		329.8	1.5	136.6
Repayment of financial debt		(517.4)	(30.0)	(2.3)
Dividends paid to owners of the parent company		(41.2)	(38.5)	(39.2)
Net cash flow from financing activities – continuing operations		**(222.0)**	**(63.7)**	**93.8**
Impact of discontinued operations		–	–	–
Net cash flow from financing activities		**(222.0)**	**(63.7)**	**93.8**
Translation differences on cash and cash equivalents		(0.5)	3.4	(8.1)
Change in cash and cash equivalents		**(5.7)**	**(3.1)**	**52.1**
Cash and cash equivalents at start of year	**9**	**86.3**	**89.4**	**37.3**
Cash and cash equivalents at end of year	**9**	**80.6**	**86.3**	**89.4**

4.1.6 Notes to the Consolidated Financial Statements

INTRODUCTION

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

The consolidated financial statements presented below were approved by the Board of Directors on 1 June 2011. They will be submitted for shareholder approval at the shareholders' General Meeting on 26 July 2011.

1. ACCOUNTING POLICIES

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

In accordance with European Regulation (EC) No. 1606/2002 of 19 July 2002, the consolidated financial statements of Rémy Cointreau are prepared in accordance with the international accounting policies applicable within the European Union as at 31 March 2011.

These standards can be consulted on the European Commission website at:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

First-time adoption of IFRS

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

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

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

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

Changes in accounting principles compared with the previous year

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

- IAS 27 R – *Consolidated and separate financial statements*,
- IAS 32 – *Financial instruments: disclosures: classification of rights issues*,
- 2008 amendment to IAS 39 relating to eligible hedged items,
- IFRS 1 (revised in 2008) – *First adoption of the international financial reporting standards*
- amendment to IFRS 2 on the recognition of Group cash-settled share-based payments,
- IFRS 3 R – *Business combinations*,
- IFRIC 15 – *Agreements for the construction of real estate*,
- IFRIC 16 – *Hedges of a net investment in a foreign operation*,
- IFRIC 17 – *Distributions of non-cash assets to owners*,
- IFRIC 18 – *Transfers of assets from customers*,
- 2007-2009 IFRS improvements.

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

- IAS 24 – *Related parties – Related party disclosures*,
- IFRS 1 – *Limited exemptions from comparative IFRS 7 disclosures for 1st time adopters*,
- IFRIC 14 – *The Limit on a defined benefit asset, minimum funding requirements and their interaction*,
- IFRIC 19 – *Extinguishing financial liabilities with equity instruments*,
- 2010-2011 IFRS improvements.

1.1. Use of estimates

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

Brands:

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

Provisions for liabilities:

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

Pension commitments and other post-employment benefits:

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

Stock option plans:

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

Derivative financial instruments:

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

1.2. Basis of consolidation

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

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

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

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

1.3. Translation of the financial statements of foreign subsidiaries

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

1.4. Foreign-currency transactions

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

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

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

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

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

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

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

1.5. Goodwill

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

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

1.6. Intangible assets

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

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

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

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

Distribution rights associated with the brands were also recognised when the acquisitions were made by the Group. When these rights have an indefinite life, they are not amortised but are tested for impairment together with the brands to which they relate.

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

The Group does not capitalise any research and development costs.

Other intangible assets are amortised over the following periods:

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

1.7. Property, plant and equipment

A) Gross value

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

Their value does not include any finance costs.

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

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

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

B) Depreciation

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

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

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

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

1.8. Impairment of non-current assets

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

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

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

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

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

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

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

1.9. Inventories

Inventories are valued in accordance with IAS 2 "Inventories"

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

A substantial part of the inventories held by the Rémy Cointreau Group consists of eaux-de-vie (cognac, brandy and rum) and wines (champagne) that are undergoing an ageing process. These inventories may be held for periods ranging from three to more than 70 years. They remain classified within current assets based on common industry practice. Production costs are determined in line with industry practices to the extent that this approach complies with the requirements of IAS 2.

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

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

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

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

1.10 Financial assets and liabilities

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

A) Trade receivable and payables

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

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

B) Non-consolidated equity investments

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

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

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

C) Derivative financial instruments

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

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

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

D) Loans and financial debt

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

1.11 Cash and cash equivalents

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

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

1.12 Deferred tax

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

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

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

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

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

1.13 Provisions for liabilities and charges

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

When the time value of money is material, the amount of the provision corresponds to the present value of expected expenditure that the Company believes to be necessary to meet the liability. In practice, when the liability is expected to be settled in more than 12 months, the amount of the provision is discounted to its present value, with the effects of this discounting being recognised in profit or loss as a financial item.

1.14 Pension commitments and other employee benefits

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

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

Accordingly:

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

Commitments under defined benefit plans concern:

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

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

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

1.15 Turnover

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

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

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

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

Certain revenues that are ancillary to the sale of the wine and spirits brands (notably from subcontracting and the distribution of alcohol-free products) are recorded at their net amount under "Other income/ (expenses) from operations" to the extent that they are peripheral to the Group's core activity.

1.16 Definition of certain indicators

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

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

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

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

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

C) Net debt

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

1.17 Segment reporting

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

A) Business segments

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

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

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

B) Geographic segments

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

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

1.18 Treasury shares

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

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

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

1.19 Stock options and free share plans

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

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

1.20. Earnings per share

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

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

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

1.21 Discontinued operations

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

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

- all income statement lines of this company or activity for the reported period and comparative periods are reclassified as "Profit/(loss) from discontinued operations". A similar reclassification is performed in the cash flow statement under "Impact of discontinued operations" within net cash flow from operating and investment activities;
- when the disposal is still in progress at the balance sheet date, the potential difference with the carrying value of the assets concerned and the estimated market value, net of disposal expenses and tax, if negative, is recognised as "profit from discontinued operations".
- the profit or loss generated on the disposal transaction, net of transaction costs and taxes, is also recognised under "Profit/(loss) from discontinued operations". In the cash flow statement, a distinction is made between the cash received as consideration for the sale net of transaction costs, classified as "Net cash flow from investing activities", and any impact of the de-consolidation of the cash held by the entity sold, classified as "Net cash flow from financing activities".

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

1.22 Consolidation of co-operatives

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

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

2. CHANGES IN CONSOLIDATION SCOPE

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

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

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

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

The reclassified data was as follows:

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

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

(in € millions)	2011	2010	2009
Non-current assets	207.1	–	–
Current assets	281.5	–	–
Provisions for liabilities and charges	(7.1)	–	–
Deferred taxes	(46.7)	–	–
Trade and other payables	(54.9)	–	–
Adjustment of the value of net assets held for sale	(3.8)	–	–
Sub-total Champagne division	376.1	–	–
Machecouls industrial site	0.2	–	0.2
Other assets held for sale	0.2	–	0.2
Total net assets held for sale	**376.3**	**–**	**0.2**
Assets held for sale	485.3	–	–
Liabilities held for sale	(109.0)	–	–
Total net assets held for sale	**376.3**	**–**	**0.2**

3. BRANDS AND OTHER INTANGIBLE ASSETS

(in € millions)	Brands	Distribution rights	Other	Total
Gross value at 31 March 2009	**623.0**	**9.3**	**25.0**	**657.3**
Acquisitions	–	–	3.0	3.0
Disposals, items scrapped	–	–	(0.4)	(0.4)
Translation difference	(0.1)	(0.1)	–	(0.2)
Gross value at 31 March 2010	**622.9**	**9.2**	**27.6**	**659.7**
Acquisitions	–	–	2.1	2.1
Disposals, items scrapped	(0.3)	–	(0.8)	(1.1)
Reclassification as assets held for sale	(136.4)	–	(7.2)	(143.6)
Translation difference	(0.5)	(0.2)	(0.1)	(0.8)
Gross value at 31 March 2011	**485.7**	**9.0**	**21.6**	**516.3**
Accumulated amortisation at 31 March 2009	**3.4**	**7.4**	**16.7**	**27.5**
Charges	–	–	2.7	2.7
Disposals, items scrapped	–	–	(0.3)	(0.3)
Translation difference	–	–	(0.1)	(0.1)
Accumulated amortisation at 31 March 2010	**3.4**	**7.4**	**19.0**	**29.8**
Charges	45.0	–	2.6	47.6
Disposals, items scrapped	(0.2)	–	(0.7)	(0.9)
Reclassification as assets held for sale	–	–	(7.0)	(7.0)
Translation difference	–	(0.2)	(0.1)	(0.3)
Accumulated amortisation at 31 March 2011	**48.2**	**7.2**	**13.8**	**69.2**
Net carrying amount at 31 March 2009	**619.6**	**1.9**	**8.3**	**629.8**
Net carrying amount at 31 March 2010	**619.5**	**1.8**	**8.6**	**629.9**
Net carrying amount at 31 March 2011	**437.5**	**1.8**	**7.8**	**447.1**

"Other" includes mainly software licenses and leasehold rights.

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

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

Following these tests, Metaxa, the Greek brandy brand, acquired in 2000, was subject to a €45 million impairment to reflect the variance between its recoverable value and its carrying amount. This was primarily due to a deterioration in the financial parameters and profitability outlook of the brand's medium-term business plan, one of the main markets of which is Greece. Brands and other intangible assets with an undetermined value in use have been subject to an annual impairment test at 30 September 2010, according to the method described in Note **1.8**. The present value used for brands and other related assets is based on their value in use. No impairment was recognised following these tests.

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

(in € millions)	Land	Buildings	Other	In progress	Total
Gross value at 31 March 2009	**38.0**	**105.4**	**182.3**	**2.6**	**328.3**
Acquisitions	–	0.1	2.5	22.6	25.2
Disposals, items scrapped	–	(0.1)	(3.2)	–	(3.3)
Other movements	3.9	8.3	9.9	(21.9)	0.2
Translation difference	–	(0.1)	(0.2)	–	(0.3)
Gross value at 31 March 2010	**41.9**	**113.6**	**191.3**	**3.3**	**350.1**
Acquisitions	0.2	2.9	9.8	5.9	18.8
Disposals, items scrapped	(0.1)	(1.6)	(4.5)	(0.2)	(6.4)
Other movements	–	0.5	1.5	(3.3)	(1.3)
Reclassification as assets held for sale	(33.8)	(33.6)	(28.8)	(2.0)	(98.2)
Translation difference	–	(0.5)	(0.8)	(1.3)	(1,3)
Gross value at 31 March 2011	**8.2**	**81.3**	**168.5**	**3.7**	**261.7**
Accumulated depreciation at 31 March 2009	**1.5**	**37.2**	**92.6**	**–**	**131.3**
Charges	0.3	2.8	10.3	–	13.4
Disposals, items scrapped	–	(0.1)	(3.0)	–	(3.1)
Other movements	–	–	–	–	–
Translation difference	–	–	(0.1)	–	(0.1)
Accumulated depreciation at 31 March 2010	**1.8**	**39.9**	**99.8**	**–**	**141.5**
Charges	0.6	2.9	10.7	–	14.2
Disposals, items scrapped	(0.1)	(1.2)	(4.3)	–	(5.6)
Other movements	–	(0.9)	(0.1)	–	(1.0)
Reclassification as assets held for sale	(1.3)	(7.8)	(18.8)	–	(27.9)
Translation difference	–	–	(0.5)	–	(0.5)
Accumulated depreciation at 31 March 2011	**1.0**	**32.9**	**86.8**	**–**	**120.7**
Net carrying amount at 31 March 2009	**36.5**	**68.2**	**89.7**	**2.6**	**197.0**
Net carrying amount at 31 March 2010	**40.1**	**73.7**	**91.5**	**3.3**	**208.6**
Net carrying amount at 31 March 2011	**7.2**	**48.4**	**81.7**	**3.7**	**141.0**

For the year ended 31 March 2011, additions amounting to €18.8 million mainly related to industrial capital expenditure on the Group’s various production facilities in Cognac, Angers and Barbados.

These non-current assets are unencumbered.

5. INVESTMENTS IN ASSOCIATES

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

(in € millions)	Dynasty	Lixir	Diversa	Total
At 31 March 2009	**53.6**	**1.3**	**7.2**	**62.1**
Dividends paid	(1.4)	(0.7)	–	**(2.1)**
Net profit for the year	4.0	0.7	0.2	**4.9**
Translation difference	(0.6)	–	–	**(0.6)**
At 31 March 2010	**55.6**	**1.3**	**7.4**	**64.3**
Dividends paid	(2.1)	(0.7)	–	**(2.8)**
Net profit for the year	3.5	0.6	0.2	**4.3**
Translation difference	(1.2)	–	–	**(1.2)**
Other movements	0.3	–	–	**0.3**
At 31 March 2011	**56.1**	**1.2**	**7.6**	**64.9**

5.1 Dynasty

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

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

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

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

5.2 Lixir

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

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

5.3 Diversa

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

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

6. OTHER FINANCIAL ASSETS

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

6.1 Non-consolidated equity investments

(in € millions)	% held	2011	% held	2010	% held	2009
Dettling & Marmot (Switzerland)	25.0%	1.0	25.0%	1.0	25.0%	1.0
Ducs de Gascogne S.A. (France)	30.1%	1.1	30.1%	1.1	30.1%	1.1
Tianjin Dvpt Holding Ltd (PRC)	0.2%	0.7	0.2%	0.5	0.2%	0.3
Balachoa-Vinhos de Portugal (Portugal)	0.8%	0.5	0.8%	0.5	0.8%	0.5
REVICO (France)	5.0%	0.4	5.0%	0.4	5.0%	0.4
TRANSMED (France)	6.8%	1.3	6.8%	–	6.8%	–
Destilerias de Vilafranca S.A. (liquidation in process)	100.0%	1.5	100.0%	1.5	100.0%	1.5
Other investments		0.1		0.1		–
Total		**6.6**		**5.1**		**4.8**

6.2 Seller's loan

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

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

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

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

6.3 Liquidity account

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

4

7. INVENTORIES

7.1 Breakdown by category

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

7.2 Analysis of the change

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

8. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

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

9. CASH AND CASH EQUIVALENTS

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

10. EQUITY

10.1 Share capital, share premium and treasury shares

	Number of shares	Treasury shares	Total number of shares	Share capital	Share premium	Treasury shares
At 31 March 2009	**47,370,044**	**(103,205)**	**47,266,839**	**75.8**	**685.5**	**(2.3)**
Exercise of stock options	73,030	–	73,030	0.1	1.3	–
Dividend part-paid in shares	980,095	–	980 095	1.6	21.4	–
2007 free share plan	86,600	–	86,600	0.1	–	–
Liquidity account	–	83,747	83,747	–	–	1.8
Other treasury shares	–	4,605	4,605	–	–	0.1
At 31 March 2010	**48,509,769**	**(14,853)**	**48,494,916**	**77.6**	**708.2**	**(0.4)**
Exercise of stock options	263,963	–	263,963	0.5	6.6	–
Dividend part paid in shares	565,770	–	565,770	0.9	20.9	–
2008 free share plan	88,900	–	88 900	0.1	–	–
Liquidity account	–	2,253	2,253	–	–	0.1
Other treasury shares	–	(8,710)	(8,710)	–	–	(0.3)
At 31 March 2011	**49,428,402**	**(21,310)**	**49,407,092**	**79.1**	**735.7**	**(0.6)**

10.1.1 Share capital and premium

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

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

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

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

10.1.2 Treasury shares

At 31 March 2011,

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

Rémy Cointreau still has the option of buying back 137,500 shares under the sale and buyback agreement concluded on 24 March 2005 (at €27.67 each) and a call option on 172,000 shares (at €28.07 each). These instruments are intended to cover stock option Plans 12 and 13.

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

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

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

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

10.3 Stock option and free share plans

10.3.1 Stock option plans

These plans were granted under the authorisations given by the Extraordinary General Meetings held on 24 August 2000 (Plans 10 and 11), 21 September 2001 (Plans 11 and 12) and 7 September 2004 (Plan 13).

Exercise start date	Plan No.	Term in years	Type (1)	Options granted	Exercise price in €	Lapsed options	Options exercised at 31 March 2010	Options exercised during the year	Average exercise price	Outstanding options at 31 March 2011
1 March 2003	10	8 years	S	1,016,600	27.10	56,350	775,700	184,550	47.37	–
8 March 2006	11	6 years	S	659,500	25.00	8,500	467,727	79,413	50.95	103,860
16 Sept. 2007	12	6 years	P	287,000	27.67	27,000	86,400	45,290	50.93	128,310
24 December 2008	13	6 years	P	262,000	28.07	35,000	9,000	74,500	49.08	143,500
Total				**2,225,100**	**126,850**	**1,338,827**	**383,753**	**48.86**	**375,670**	**375 670**

(1) S = Subscription, P = Purchase

For all plans, one option equals one share granted.

10.3.2 Free share plans

Grant date(1)	Plan No.	Vesting period	Minimum retention period	Initial number of shares granted	Share price on grant date	Lapsed options	Shares granted at the end of the vesting period	Number of shares outstanding at 31 March 2011
20 November 2008	2008	2 years	2 years	89,900	24.89	1,000	88,900	–
19 November 2009	2009	2 years	2 years	102,300	34.05	5,000	n/a	97,300
23 November 2010	2010	2 years	2 years	94,000	52.65		n/a	94,000
Total				286,200		**6,000**	**-**	**191,300**

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

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

For these three plans, the Board of Directors determined that the following acquisition terms would apply:

- 60% of the shares are granted on condition that the beneficiary is still employed by the Group at the end of the vesting period;
- 40% of the shares are granted on condition that the beneficiary is still employed by the Group at the end of the vesting period and that the Group has achieved the performance criteria as measured at the end of the financial year preceding the end of the vesting period. Performance indicators are the current operating profit margin and return on capital employed measured at constant exchange rates and scope.

The shares granted at the end of the vesting period for the 2008 plan resulted in the creation of 88,900 new shares as a deduction against reserves. The plan was fully granted (with the exception of 1,000 shares which lapsed due to the departure of beneficiaries).

10.3.3 Calculation of the charge for the year

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

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

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

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

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

10.4 Dividends

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

10.5 Minority interests

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

10.6 Capital management and financial structure

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

For several years now, the Group has resolutely pursued a debt-reduction policy in order to maximise the funds available for brand development. As a result, it has sold non-strategic assets and adopted new performance indicators including return on capital employed (ROCE) and free cash flow for the various businesses. The Group also set up factoring programmes during the year which led to an acceleration of collections from customers of €9.0 million at 31 March 2011.

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

4

11. FINANCIAL DEBT

11.1 Net financial debt

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

11.2 Gross financial debt by type

(in € millions)	2011			2010			2009		
	Long-term	Short-term	Total	Long-term	Short-term	Total	Long-term	Short-term	Total
Total bonds	198.0	–	198.0	191.5	–	191.5	191.0	–	191.0
Private placement	138.1	–	138.1	–	–	–	–	–	–
Drawdown on syndicated credit	40.0	–	40.0	344.8	25.2	370.0	370.0	–	370.0
Drawdown on other confirmed credit lines	–	–	–	–	–	–	30.0	–	30.0
Drawdown on unconfirmed credit lines	–	–	–	–	–	–	–	–	–
Other borrowings and overdrafts	–	0.1	0.1	–	0.5	0.5	–	0.6	0.6
Issue costs for syndicated credit	–	–	(0.1)	(0.1)	(0.1)	(0.4)	(0.5)	(0,4)	(0,5)
Accrued interest	–	7.4	7.4	–	2.4	2.4	–	8.3	8.3
Total Rémy Cointreau **S.A.**	**376.1**	**7.5**	**383.6**	**536.3**	**28.0**	**564.3**	**590.9**	**8.5**	**599.4**
Finance leases	–	–	–	–	–	–	0.1	–	0.1
Other financial debt and overdrafts	1.6	15.1	16.7	1.4	15.8	17.2	1.4	12.5	13.9
Financial debt of special purpose entities	–	9.2	9.2	–	6.2	6.2	–	7.9	7.9
Total subsidiaries	**1.6**	**24.3**	**25.9**	**1.4**	**22.0**	**23.4**	**1.5**	**20.4**	**21.9**
Gross financial debt	**377.7**	**31.8**	**409.5**	**537.7**	**50.0**	**587.7**	**592.4**	**28.9**	**621.3**

11.3 Gross financial debt by maturity

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

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

At 31 March 2011, the Rémy Cointreau Group's total amount of confirmed financial resources was €811 million (2010: €804.4 million; 2009: €849.8 million), including €466 million maturing on 7 June 2012, €140 million on 10 June 2015 and €205 million on 15 December 2016.

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

11.4 Gross financial debt by type of rates

(in € millions)	2011			2010			2009		
	Long-term	Short-term	Total	Long-term	Short-term	Total	Long-term	Short-term	Total
Fixed interest rate	336.1	–	336.1	191.5	–	191.5	191.0	–	191.0
Variable interest rate	41.6	24.4	66.0	346.2	47.6	393.8	401.4	20.6	422.0
Accrued interest	–	7.4	7.4	–	2.4	2.4	–	8.3	8.3
Gross financial debt	**377.7**	**31.8**	**409.5**	**537.7**	**50.0**	**587.7**	**592.4**	**28.9**	**621.3**

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

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

11.5 Gross financial debt by currency

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

11.6 Bonds

In June 2010, Rémy Cointreau carried out a new 6.5 year bond issue of a par value of €205.0 million. The bonds have a par value of €50,000 each and were issued at 97.745% of par value (issue premium of 2.255%), bearing interest of 5.18% payable on 15 June and 15 December of each year. They will be redeemed at par at maturity on 15 December 2016.

This bond is not secured.

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

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

After taking the issue premium and expenses into account, the net proceeds from the issue were about €197.0 million, at an effective interest rate of approximately 5.89%.

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

11.7 Private placement

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

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

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

11.8 Syndicated credit

At 31 March 2011, Rémy Cointreau had access to a €466 million syndicated loan entered into on 7 June 2005. The agreement provides for a revolving credit facility, of which €466 million expires on 7 June 2012.

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

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

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

This facility is not subject to any security.

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

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

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

At 31 March 2011, ratio A stood at 2.19 (2010: 3.17; 2009: 2.99).

12. PROVISIONS FOR LIABILITIES AND CHARGES

12.1 Analysis of change

(in € millions)	Restructuring	Early retirement plan	Other	Total
At 31 March 2009	**2.7**	**0.4**	**15.2**	**18.3**
Increase	5.6	–	15.7	21.3
Reversals – Used	(1.0)	(0.3)	(5.4)	(6.7)
Reversals – Unused	(0.2)	–	(7.9)	(8.1)
Translation difference	–	–	0.1	0.1
At 31 March 2010	**7.1**	**0.1**	**17.7**	**24.9**
Increase	–	–	4.8	4.8
Reversals – Used	(2.1)	(0.1)	(3.2)	(5.4)
Reversals – Unused	(1.6)	–	(3.5)	(5.1)
Reclassification as liabilities held for sale	(2.7)	–	(0.4)	(3.1)
Translation difference	–	–	(0.1)	(0.1)
At 31 March 2011	**0.7**	**–**	**15.3**	**16.0**

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

12.2 Maturity

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

(in € millions)	2011	2010	2009
Long-term provisions (or unknown maturity)	6.5	10.5	12.4
Short-term provisions	9.5	14.4	5.9
Total	**16.0**	**24.9**	**18.3**

13. TRADE AND OTHER PAYABLES

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

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

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

14. FINANCIAL INSTRUMENTS AND MARKET RISKS

14.1 Breakdown of financial instruments by category

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

At 31 March 2011 (in € millions)	Notes	Carrying amount	Fair value	Loans and receivables at amortised cost	Fair value through income statement (1)	Held for sale	Hedging instruments
Other financial assets	6	10.9	10.9	1.3	3.0	6.6	–
Trade and other receivables	8	213.6	213.6	213.6	–	–	–
Derivative financial instruments	14	16.4	16.4	–	–	–	16.4
Cash and cash equivalents	9	80.6	80.6	–	80.6	–	–
Assets		**321.5**	**321.5**	**214.9**	**83.6**	**6.6**	**16.4**
Long-term financial debt	11	377.7	377.7	377.7	–	–	–
Short-term financial debt and accrued interest	11	31.8	31.8	31.8	–	–	–
Trade and other payables	13	406.6	406.6	406.6	–	–	–
Derivative financial instruments	14	4.5	4.5	–	3.2	–	1.3
Liabilities		**820.6**	**820.6**	**816.1**	**3.2**	**0.0**	**1.3**

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

4

At 31 March 2010 (in € millions)	Notes	Carrying amount	Fair value	Loans and receivables at amortised cost	Fair value through income statement(1)	Held for sale	Hedging instruments
Other financial assets	6	71.2	71.2	63.2	2.9	5.1	–
Trade and other receivables	8	248.1	248.1	248.1	–	–	–
Derivative financial instruments	14	3.2	3.2	–	1.9	–	1.3
Cash and cash equivalents	9	86.3	86.3	–	86.3	–	–
Assets		**408.8**	**408.8**	**311.3**	**91.1**	**5.1**	**1.3**
Long-term financial debt	11	537.7	537.7	537.7	–	–	–
Short-term financial debt and accrued interest	11	50.0	50.0	50.0	–	–	–
Trade and other payables	13	439.3	439.3	439.3	–	–	–
Derivative financial instruments	14	10.9	10.9	–	1.5	–	9.4
Liabilities		**1,037.9**	**1,037.9**	**1,027.0**	**1.5**	**0.0**	**9.4**

(1) *These financial instruments in this column pertain to the "held for trading" sub-category*

At 31 March 2010 (in € millions)	Notes	Carrying amount	Fair value	Loans and receivables at amortised cost	Fair value through income statement(1)	Held for sale	Hedging instruments
Other financial assets	6	61.1	61.1	55.2	1.1	4.8	–
Trade and other receivables	8	282.1	282.1	282.1	–	–	–
Derivative financial instruments	14	10.8	10.8	–	4.0	–	6.8
Cash and cash equivalents	9	89.4	89.4	–	89.4	–	–
Assets		**443.4**	**443.4**	**337.3**	**94.5**	**4.8**	**6.8**
Long-term financial debt	11	592.4	592.4	592.4	–	–	–
Short-term financial debt and accrued interest	11	28.9	28.9	28.9	–	–	–
Trade and other payables	13	452.9	452.9	452.9	–	–	–
Derivative financial instruments	14	6.9	6.9	–	3.4	–	3.5
Liabilities		**1,081.1**	**1,081.1**	**1,074.2**	**3.4**	**0.0**	**3.5**

(1) *These financial instruments in this column pertain to the "held for trading" sub-category*

14.2 Market risk management policy

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

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

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

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

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

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

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

14.4 Interest rate derivatives

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

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

14.4.1 Breakdown by type

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

14.4.2 Breakdown by maturity

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

(1) *Cash Flow Hedge: hedging future cash flows; Trading: held for trading purposes.*

(2) *See Note 11.4, instruments maturing on 10 June 2015.*

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

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

SENSITIVITY TO INTEREST RATE RISK

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

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

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

14.5 Exchange rate derivatives

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

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

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

(in € millions)	Nominal(1)	Initial value	Market value	of which CFH(2)	Of which Trading(2)
Put options and tunnel options					
Seller USD (vs EUR)	186.5	8.5	14.1	14.1	–
Other currencies (vs EUR)	34.5	1.0	0.5	0.5	–
	221.0	**9.5**	**14.6**	**14.6**	**–**
Forward sales					
Seller USD (vs EUR)	14.1	–	1.0	1.0	–
Other currencies (vs EUR)	21.4	–	(0.6)	(0.6)	–
	35.5	**–**	**0.4**	**0.4**	**–**
Purchase/(sale) of currency swaps (operating activities)(3)					
Seller USD (vs EUR)	(66.9)	–	0.9	–	0.9
Purchaser HKD (vs USD)	19.5	–	–	–	–
Other currencies (vs EUR)	(16.4)	–	–	–	–
	(63.8)	**–**	**0.9**	**0.9**	**–**
Purchase/(sale) of currency swaps (financing activities)(3)					
Seller USD (vs EUR)	(26.1)	–	(0.2)	–	(0.2)
Other currencies (vs EUR)	7.5	–	–	–	-
	(18.6)	**–**	**(0.2)**	**–**	**(0.2)**
Total	**174.1**	**9.5**	**15.7**	**15.0**	**0.7**

(1) Nominal amount in foreign currency translated at the closing rate.

(2) FVH: Fair Value Hedge; CFH: Cash Flow Hedge; Trading: held for trading purposes.

(3) Difference between closing price and future price.

For the year ended 31 March 2011, a pre-tax expense of €14.2 million was recognised directly in equity related to the valuation of the exchange rate derivatives, of which:

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

Sensitivity to foreign exchange risk

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

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

(1) Benchmark is the €/USD rate at 31 March 2011 being 1.4207.

(2) Translated in € millions at each simulation rate.

14.6 Other derivative instruments

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

14.7 Liquidity risks

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

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

According to IFRS 7, the liabilities are stated at their carrying amount at balance sheet date excluding discounting effects. The amounts drawn down on credit lines at 31 March 2011 are assumed to be carried forward until the maturity of each of the corresponding facilities. The corresponding interest expense is computed based on the parameters prevailing at the balance sheet date. For the derivative financial instruments, amounts stated in this analysis are the net cash outflow, excluding discounting effects, which should be paid out by the company based on the contracts with the market parameters prevailing at the balance sheet date.

The liquidity risk is mainly driven by the availability and maturity of the financial resources. At the balance sheet date, total gross financial debt was €409.5 million in nominal value when total confirmed resources amounted to €811 million (Note **11.3**), with a maturity of more than one year at 31 March 2011. Of the €811 million of confirmed resources at 31 March 2011, the availability of €606 million is subject to compliance with the A ratio (Note **11.7**), which should be under 3.50 at the end of every six-month period until the final maturity of the financing (June 2012). For the Rémy Cointreau Group's management, compliance with the A ratio is a top priority and they are confident in the ability of the Group to meet this requirement for the six-month periods to come.

15. SEGMENT REPORTING

15.1 Segments

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

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

15.1.1 Breakdown of turnover and current operating profit

There are no intra-segment sales.

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

(1) After reclassification of data for the Champagne division, according to the structure retained in distribution.

15.1.2 Breakdown of the balance sheet

At 31 March 2011 (in € millions)	Cognac	Liqueurs & Spirits	Partner brands(1)	Unallocated	Total
Non-current assets	346.8	237.7	3.6	106.1	694.2
Current assets	736.6	73.0	91.6	13.2	914.4
Derivative financial instruments	–	–	–	16.4	16.4
Assets held for sale	–	–	–	485.3	485.3
Cash and cash equivalents	–	–	–	80.6	80.6
Total assets	**1,083.4**	**310.7**	**95.2**	**701.6**	**2,190.9**
Equity	–	–	–	1,063.8	1,063.8
Financial debt and accrued interest	–	–	–	409.5	409.5
Provisions for liabilities and charges	15.8	5.5	1.7	13.5	36.5
Deferred and current tax assets	–	–	–	161.0	161.0
Trade and other payables	319.4	47.0	32.2	8.0	406.6
Derivative financial instruments	–	–	–	4.5	4.5
Liabilities held for sale	–	–	–	109.0	109.0
Total equity and liabilities	**335.2**	**52.5**	**33.9**	**1,769.3**	**2,190.9**

(1) After reclassification of capital employed of the Champagne brands that are not destined for disposal.

At 31 March 2010 (in € millions)	Cognac	Liqueurs & Spirits	Champagne	Partner brands	Unallocated	Total
Non-current assets	345.4	282.8	199.3	11.0	162.6	1,001.1
Current assets	756.4	78.3	287.2	77.5	26.8	1,226.2
Derivative financial instruments	–	–	–	–	3.2	3.2
Assets held for sale	–	–	–	–	–	–
Cash and cash equivalents	–	–	–	–	86.3	86.3
Total assets	**1,101.8**	**361.1**	**486.5**	**88.5**	**278.9**	**2,316.8**
Equity	–	–	–	–	1,018.5	1,018.5
Financial debt and accrued interest	–	–	–	–	587.7	587.7
Provisions for liabilities and charges	14.8	6.2	5.3	0.8	21.6	48.7
Deferred and current tax assets	–	–	–	–	211.7	211.7
Trade and other payables	306.9	53.2	51.8	16.1	11.3	439.3
Derivative financial instruments	–	–	–	–	10.9	10.9
Total equity and liabilities	**321.7**	**59.4**	**57.1**	**16.9**	**1,861.7**	**2,316.8**

At 31 March 2009 (in € millions)	Cognac	Liqueurs & Spirits	Champagne	Partner brands	Unallocated(1)	Total
Non-current assets	333.1	283.2	199.6	10.5	146.0	972.4
Current assets	717.4	75.0	286.3	59.3	108.5	1,246.5
Derivative financial instruments	–	–	–	–	10.8	10.8
Assets held for sale	–	–	–	–	0.2	0.2
Cash and cash equivalents	–	–	–	–	89.4	89.4
Total assets	**1,050.5**	**358.2**	**485.9**	**69.8**	**354.9**	**2,319.3**
Equity	–	–	–	–	968.9	968.9
Financial debt and accrued interest	–	–	–	–	621.3	621.3
Provisions for liabilities and charges	11.7	5.1	5.7	0.3	14.2	37.0
Deferred and current tax liabilities	–	–	–	–	232.3	232.3
Trade and other payables	244.2	39.3	74.7	17.5	77.2	452.9
Derivative financial instruments	–	–	–	–	6.9	6.9
Total equity and liabilities	**255.9**	**44.4**	**80.4**	**17.8**	**1,920.8**	**2,319.3**

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

15.1.3 Capital expenditure and depreciation and amortisation expenses

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

4

15.2 Geographic regions

15.2.1 Turnover

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

15.2.2 Balance sheet

At 31 March 2011 (in € millions)	Europe	Americas	Asia & other	Unallocated	Total
Non-current assets	597.5	34.5	62.2	–	**694.2**
Current assets	709.7	117.0	87.7	–	**914.4**
Derivative financial instruments	–	–	–	16.4	**16.4**
Assets held for sale	466.5	18.8	–	–	**485.3**
Cash and cash equivalents	–	–	–	80.6	**80.6**
Total assets	**1,773.7**	**170.3**	**149.9**	**97.0**	**2,190.9**
Equity	–	–	–	1,063.8	**1,063.8**
Financial debt and accrued interest	–	–	–	409.5	**409.5**
Provisions for liabilities and charges	35.2	–	1.3	–	**36.5**
Deferred and current tax liabilities	149.0	0.6	11.4	–	**161.0**
Trade and other payables	308.4	39.9	58.3	–	**406.6**
Derivative financial instruments	–	–	–	4.5	**4.5**
Liabilities held for sale	109.0	–	–	–	**109.0**
Total equity and liabilities	**601.6**	**40.5**	**71.0**	**1,477.8**	**2,190.9**

At 31 March 2010 (in € millions)	Europe	Americas	Asia & other	Unallocated	Total
Non-current assets	911.5	28.0	61.6	–	**1,001.1**
Current assets	979.9	136.6	109.7	–	**1,226.2**
Derivative financial instruments	–	–	–	3.2	**3.2**
Assets held for sale	–	–	–	–	**–**
Cash and cash equivalents	–	–	–	86.3	**86.3**
Total assets	**1,891.4**	**164.6**	**171.3**	**89.5**	**2,316.8**
Equity	–	–	–	1,018.5	**1,018.5**
Financial debt and accrued interest	–	–	–	587.7	**587.7**
Provisions for liabilities and charges	47.6	–	1.1	–	**48.7**
Deferred and current tax liabilities	204.1	0.5	7.1	–	**211.7**
Trade and other payables	347.6	37.9	53.8	–	**439.3**
Derivative financial instruments	–	–	–	10.9	**10.9**
Total equity and liabilities	**599.3**	**38.4**	**62.0**	**1,617.1**	**2,316.8**

At 31 March 2009 (in € millions)	Europe	Americas	Asia & other	Unallocated	Total
Non-current assets	882.7	28.7	61.0	–	**972.4**
Current assets	1,055.3	125.0	66.2	–	**1,246.5**
Derivative financial instruments	–	–	–	10.8	**10.8**
Assets held for sale	0.2	–	–	–	**0.2**
Cash and cash equivalents	–	–	–	89.4	**89.4**
Total assets	**1,938.2**	**153.7**	**127.2**	**100.2**	**2,319.3**
Equity	–	–	–	968.9	**968.9**
Financial debt and accrued interest	–	–	–	621.3	**621.3**
Provisions for liabilities and charges	37.0	–	–	–	**37.0**
Deferred and current tax liabilities	231.8	–	0.5	–	**232.3**
Trade and other payables	394.7	25.7	32.5	–	**452.9**
Derivative financial instruments	–	–	–	6.9	**6.9**
Total equity and liabilities	**663.5**	**25.7**	**33.0**	**1,597.1**	**2,319.3**

15.2.3 Capital expenditure

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

16. ANALYSIS OF OPERATING EXPENSES BY TYPE

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

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

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

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

Personnel costs consist of the following:

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

17. NUMBER OF EMPLOYEES

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

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

18. OTHER OPERATING INCOME AND EXPENSES

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

19. FINANCIAL RESULT

19.1 Cost of net financial debt by type

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

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

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

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

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

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

19.2 Other financial income and expenses

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

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

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

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

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

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

20. INCOME TAX

20.1 Net income tax charge

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

20.2 Tax regime

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

20.3 Analysis of origin and allocation of deferred taxes

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

20.4 Tax losses and capital losses carried forward

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

20.5 Tax proof

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

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

21. NET PROFIT FROM DISCONTINUED OPERATIONS

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

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

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

22. NET PROFIT EXCLUDING NON-RECURRING ITEMS

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

22.1 Reconciliation with net profit

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

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

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

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

23. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

23.1 Defined benefits pension plans

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

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

4

23.2 Charge of the year

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

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

23.3 Actuarial gains and losses

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

23.4 Breakdown of present value obligation by nature

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

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

23.5 Dedicated assets

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

23.6 Sensitivity

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

24. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

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

24.1 Purchase and lease commitments

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

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

The eaux-de-vie purchase commitments essentially relate to three year contracts entered into with the distillers. These commitments are valued based on the prices known at the balance sheet date. The significant decline in these commitments at the end of March 2010 relates to the expiry of part of these contracts which were renewed in July 2010.

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

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

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

24.2 Deposits and similar guarantees

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

Breakdown of commitments by maturity at 31 March 2011:

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

24.3 Contingent liabilities related to disposal transactions

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

The guarantees granted and still outstanding at 31 March 2011 were as follows:

Disposal transaction	Transaction date	Description of outstanding guarantees	Term	Maximum amount
Lucas Bols	11 April 2006	Tax items	11 October 2012	
		Total all guarantees		100
		Franchise		2.6
Bols Hungary	12 July 2006	Tax items	12 July 2012	
		Total all guarantees		2.4

24.4 Other contingent liabilities

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

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

25. RELATED PARTIES

25.1 Transactions with associates

At 31 March 2011, the Rémy Cointreau Group's main associates were Dynasty Fine Wines Group Ltd, Lixir and Diversa GmbH (Note **5**).

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

The Group does not conduct any commercial business with Dynasty.

25.2 Transactions with Orpar

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

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

25.3 Transactions with companies with a common shareholder or director

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

(in € millions)	2011	2010	2009
Purchases of non-current assets	2.4	4.0	5.4
Other purchases	0.8	0.6	0.1
Trade payables	0.2	1.0	1.1

25.4 Management bodies

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

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

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

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

26. POST-BALANCE SHEET EVENTS

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

27. LIST OF CONSOLIDATED COMPANIES

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

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

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

(1) Company included in the French tax group.

(2) Special purpose entity.

(3) Equity-accounted company.

(4) Incorporated during the year.

(5) Liquidated.

4.1.7 Statutory Auditors' Report on the consolidated financial statements

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management report.

This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

Year ended March 31, 2011

To the shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the year ended March 31, 2011 on:

- the audit of the accompanying consolidated financial statements of (the Company),
- the justification of our assessments
- the specific verification required by law.

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

I. OPINION ON THE FINANCIAL STATEMENTS

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

In our opinion, the financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with IFRSs as adopted by the EU.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L. 823-9 of French Company Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters :

Brands' impairment test

Brands are valued according to the method described in note **1.8** of the notes to the consolidated financial statements. We have assessed the validity of the valuation method applied which is based on estimates and examined the information and assumptions used in making these valuations by your company. We carried out the assessment of the reasonableness of these estimates.

Use of estimates

Provisions for risks and reserves are recorded according to the method described in note **1.1** of the notes to the consolidated financial statements. We examined the information and assumptions used by your company on which are based these estimates, reviewed the calculation made by your company, compared the estimates made during previous periods with actual realizations and assessed the approval process of these estimates by the management of your company. We carried out the assessment of the reasonableness of these estimates.

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

III. SPECIFIC VERIFICATION

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

Paris and Neuilly-sur-Seine, June 7, 2011

The Statutory Auditors

AUDITEURS & CONSEILS ASSOCIÉS	ERNST & YOUNG et Autres
Olivier Juramie	Marie-Laure Delarue

4.2 RÉMY COINTREAU SA FINANCIAL STATEMENTS

4.2.1 Balance sheet

As at 31 March, in € millions

ASSETS	Notes	2011	2010	2009
Intangible fixed assets		32.4	32.4	32.4
Tangible fixed assets		–	–	–
Equity investments		1,587.2	1,765.9	1,766.4
Receivables relating to equity investments		–	–	–
Other long-term investments		–	–	–
Loans		–	–	–
Other financial assets		3.6	3.4	3.1
Total fixed assets	2.1/2.2	**1,623.2**	**1,801.7**	**1,801.9**
Other receivables	2.3	21.5	27.5	30.7
Marketable securities		–	–	–
Cash		0.8	0.8	0.2
Total current assets		**22.3**	**28.3**	**30.9**
Prepaid expenses		0.1	0.1	0.1
Deferred charges		–	0.9	1.7
Bond redemption premium	2.4	4.1		
Unrealised translation losses		–	–	–
Total assets		**1,649.7**	**1,831.0**	**1,834.6**

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2011	2010	2009
Share capital		79.1	77.6	75.8
Share issue, merger and transfer premium		735.7	708.2	685.5
Legal reserve		7.8	7.6	7.4
Regulated reserves		–	–	–
Other reserves		–	–	–
Retained earnings		158.6	212.5	204.1
Net profit for the year		(35.2)	9.5	70.2
Regulated provisions		–	–	–
Shareholders' equity	2.5	**946.0**	**1,015.4**	**1,043.0**
Convertible bonds				–
Provisions for liabilities and charges	2.9	6.7	5.3	2.2
Other bonds	2.6	208.1	194.5	194.5
Other borrowings		127.3	63.4	0.6
Borrowings and amounts due to financial institutions	2.7	180.3	370.6	406.2
Borrowings		**515.7**	**628.5**	**601.3**
Trade payables		1.7	0.2	0.1
Tax and social security liabilities		0.4	0.4	0.5
Amounts due to fixed asset suppliers		–	–	–
Other operating liabilities		179.2	181.2	187.5
Operating liabilities		**181.3**	**181.8**	**188.1**
Deferred income		–	–	–
Unrealised translation gains		–	–	–
Total liabilities and equity		**1,649.7**	**1,831.0**	**1,834.6**

4

4.2.2 Income Statement

As at 31 March (in € millions)	Notes	2011	2010	2009
Services provided	3.1	18.1	14.4	15.8
Depreciation, amortisation and provisions written back, charges transferred		–	–	–
Other income		–	–	–
Total operating income		**18.1**	**14.4**	**15.8**
Purchases and external costs		35.1	24.3	21.0
Taxes and duties		0.1	0.1	0.1
Wages and salaries		–	–	–
Social security charges		–	–	–
Charges for depreciation and amortisation of fixed assets		0.9	0.8	0.8
Charges to provisions for liabilities and charges		–	–	–
Other expenses		0.3	0.3	0.3
Total operating expenses		**36.4**	**25.5**	**22.2**
Operating profit/(loss)		**(18.3)**	**(11.1)**	**(6.4)**
Financial income from equity investments	3.2	240.8	41.0	60.4
Income from investment securities and equity investments		–	–	0.7
Other interest income		2.2	3.8	3.0
Provisions written back and charges transferred		1.9	0.3	0.4
Exchange gains		–	–	–
Net gains on disposals of marketable securities		0.1	0.2	0.2
Total financial income		**245.0**	**45.3**	**64.7**
Charges for writedowns and provisions		243.5	–	0.3
Interest and similar expenses		26.8	23.4	30.4
Exchange losses		–	–	–
Net losses on disposals of marketable securities		–	0.1	–
Total financial expenses		**270.3**	**23.5**	**30.7**
Net financial income/(expense)		**(25.3)**	**21.8**	**34.0**
Profit on ordinary activities before tax		**(43.6)**	**10.7**	**27.6**
Exceptional income on revenue transactions		–	–	0.5
Exceptional income on capital transactions		–	0.7	–
Exceptional provisions written back and charges transferred		–	–	2.0
Total exceptional income		**–**	**0.7**	**2.5**
Exceptional expense on revenue transactions		0.1	–	1.1
Exceptional expense on capital transactions		–	0.5	–
Exceptional depreciation, amortisation and provisions		–	–	–
Total exceptional expenses		**0.1**	**0.5**	**1.1**
Net exceptional income/(expense)	3.3	**(0.1)**	**0.2**	**1.4**
Income tax	3.4	8.5	1.4	(41.2)
Net profit		**(35.2)**	**9.5**	**70.2**

4.2.3 Cash flow statement

As at 31 March (in € millions)	2011	2010	2009
Net profit	(35.2)	9.5	70.2
Depreciation, amortisation and provisions	**246.4**	**3.9**	**1.1**
Operating	–	–	–
Financial	243.5	–	0.3
Exceptional	2.0	3.1	–
Deferred charges	0.9	0.8	0.8
Depreciation, amortisation and provisions written back	**(1.9)**	**(0.3)**	**(2.4)**
Operating	–	–	–
Financial	(1.9)	(0.3)	(0.3)
Exceptional	–	–	(2.1)
(Gains)/losses on disposals	**–**	**(0.2)**	**–**
Sale proceeds	–	(0.7)	–
Net book value of assets sold	–	0.5	–
= Operating cash flow	**209.3**	**12.9**	**68.9**
A – Resources			
Operating cash flow	209.3	12.9	68.9
Disposals of intangible fixed assets	–	–	–
Disposals of tangible fixed assets	–	–	–
Disposals or reductions in financial assets	–	0.7	9.5
Reduction in receivables relating to equity investments	16.9	1.9	1.7
Capital increase and share premium	7.0	1.4	0.8
Long and medium-term borrowings	345.0	–	240.0
Total	**578.2**	**16.9**	**320.9**
B – Uses			
Dividends	41.2	38.6	39.2
Acquisitions of fixed assets:	63.0	–	135.0
– Intangible fixed assets	–	–	–
– Tangible fixed assets	–	–	–
– Financial assets	63.0	–	135.0
Increase in receivables relating to equity investments	17.1	1.9	2.2
Repayment of borrowings	522.4	–	2.3
Deferred charges	–	–	–
Bond redemption premiums	4.6	–	–
Reduction in shareholders' equity	–	–	–
Total	**648.3**	**40.5**	**178.7**
A – B = Change in working capital	**(70.1)**	**(23.6)**	**142.2**
Analysis of change in working capital			
Increase/decrease in trade payables	(1.5)	–	–
Increase/(decrease) in advance payments on orders	–	–	–
Increase/(decrease) in other current assets/liabilities, including bank overdrafts	(68.6)	(23.6)	142.2
Total	**(70.1)**	**23.6**	**142.2**

4

4.2.4 Five Year Financial Summary

As at 31 March (in € millions)	2007	2008	2009	2010	2011 [1]
1. Share capital at year-end					
Share capital	73.6	74.5	75.8	77.6	79.1
Number of shares in issue	45,999,802	46,558,793	47,370,044	48,509,769	49,428,402
Maximum number of shares to be created through the conversion of bonds	–	–	–	–	–
2. Operations and results for the year					
Services provided	16.1	15.6	15.8	14.4	18.1
Profit before tax, depreciation, amortisation and provisions	51.1	97.2	27.8	11.4	198.8
Income tax	0.2	12.7	41.2	(1.4)	8.5
Profit after tax depreciation, amortisation and provisions	175.6	106.9	70.2	9.5	(35.2)
Dividends	55.2	60.5	61.6	63.1	64.3
3. Earnings per share (€)					
Profit after tax, but before depreciation, amortisation and provisions	1.1	2.0	0.6	0.2	4.2
Net profit/(loss)	3.8	2.3	1.5	0.2	(0.7)
Net dividend per share	1.2	1.3	1.3	1.3	2.3
4. Employees					
Number of employees	–	–	–	–	–
Total payroll	–	–	–	–	–
Staff benefits (social security and other benefits)	–	–	–	–	–
Profit sharing (included in total payroll)	–	–	–	–	–

(1) Subject to approval by the Ordinary General Meeting, a dividend of €1.30 per share and an exceptional dividend of €1 per share will be proposed.

4.2.5 Notes to the Financial Statements

4

1. ACCOUNTING PRINCIPLES AND VALUATION METHODS

The financial statements have been prepared in accordance with the provisions of the French Commercial Code and French Accounting Regulatory Commission (CRC) standard 99-03 of 29 April 1999 relating to the revised French chart of accounts.

The main accounting principles and valuation methods used are as follows:

a. Investments are recorded at acquisition cost or transfer value less, where applicable, any provisions required to bring them to their fair value. Fair value is determined using a number of criteria, including notably net assets, unrealised capital gains and future earnings potential.

b. Receivables and liabilities are recorded at nominal value. Any such items that are denominated in foreign currency are translated at the closing rate for the year. Where applicable, a provision for doubtful debts is recorded on receivables to cover the risk of any non-collection.

c. The difference arising from the valuation of foreign currency denominated receivables and liabilities, using the closing rate, is taken to the balance sheet as an unrealised foreign currency translation gain or loss.

d. Interest rate hedging instruments are recorded in off-balance sheet commitments.

2. NOTES TO THE BALANCE SHEET

2.1 Fixed assets

(€ millions)	Cost brought forward	Increase	Decrease	Cost carried forward
Intangible fixed assets	32.4	–	–	32.4
Equity investments	1,768.0	63.0	–	1,831.0
Others	3.4	17.1	16.9	3.6
Total	**1,803.8**	**80.1**	**16.9**	**1,867.0**

The business goodwill recorded as an asset on the balance sheet arises from the merger with RC PAVIS and has no legal protection.

"Equity investments" include investments in companies that are fully consolidated in Rémy Cointreau's consolidated financial statements for €1,826.8 million.

The increase corresponds to the subscription to the capital increase of Piper-Heidsieck Compagnie Champenoise, the parent entity of Rémy Cointreau Group's Champagne division, as part of the financial restructuring of the division in preparation for its disposal.

"Others" include a balance of €3 million held as part of a liquidity contract entered into with a financial institution. The organiser's sole objective is to promote the liquidity of the Company's shares and the regularity of their listings on the market. At the year-end, no Company shares were held in connection with this agreement. The cash balance on this account at the year-end was placed in a money market instrument valued at €3 million. Lastly, in connection with its obligation to cover the stock options granted to certain employees, during the year the Company held 21,310 shares valued at €0.6 million.

2.2 Amortisation, depreciation and provisions

(€ millions)	Opening balance	Increase	Decrease	Closing balance
Equity investments	2.1	243.0	1.3	243.8
Others	–	–	–	–
Total	**2.1**	**243.0**	**1.3**	**243.8**

The increase in provisions corresponds to the impairment of Piper-Heidsieck Compagnie Champenoise shares, estimated based on a disposal price which is being negotiated.

2.3 Maturity analysis of receivables

(€ millions)	Gross	Less than a year	More than one year
Fixed assets			
Receivables relating to equity investments	–	–	–
Other financial assets	3.6	3.6	–
Current assets			
Other receivables	21.5	21.5	–
Prepaid expenses	–	–	–
Total	**25.1**	**25.1**	**–**

"Other receivables" primarily relates to the payments on account of corporate income tax made by the Company as parent company of a tax grouping.

2.4 Maturity analysis of bond issue premiums

(€ millions)	Gross	Less than one year	More than one year
Borrowing issue costs	4.1	0.7	3.4
Total	**4.1**	**0.7**	**3.4**

In June 2010, Rémy Cointreau carried out a new bond issue at a par value of €205.0 million, including an issue premium of €4.6 million, to be amortised on a straight-line basis over the term of the loan, i.e. 6.5 years.

2.5 Shareholders' equity

Breakdown of share capital

Share capital comprises 49,428,402 fully paid-up shares with a nominal value of €1.60.

During the year, 918,633 new shares were issued in respect of the following transactions:

- dividend payments entitling shareholders to subscribe to 565,770 shares.
- exercises of subscription options entitling holders to 263,963 new shares.
- allocation of free shares via the issue of 88,900 company shares as a deduction from reserves.

Change in Shareholders' Equity

	Number of shares	Share capital	Share issue and merger premium	Legal reserve	Retained earnings	Net profit	Total
At 31 March 2009	**47,370,044**	**75.8**	**685.5**	**7.4**	**204.1**	**70.2**	**1,043.0**
Earnings appropriation	–	–	–	0.1	70.1	(70.2)	–
Net profit	–	–	–	–	–	9.5	9.5
Exercise of options	73,030	0.1	1.3	–	–	–	1.4
Dividends (part payment in shares)	980,095	1.6	21.4	–	(61.6)	–	(38.6)
Allocation of 2007 free share plan	86,600	0.1	–	–	(0.1)	–	–
At 31 March 2010	**48,509,769**	**77.6**	**708.2**	**7.6**	**212.5**	**9.5**	**1,015.4**
Earnings appropriation	–	–	–	0.2	9.3	(9.5)	–
Net profit/(loss)	–	–	–	–	–	(35.2)	(35.2)
Exercise of options	263,963	0.4	6.6	–	–	–	7.0
Dividends (part payment in shares)	565,770	0.9	20.9	–	(63.1)	–	(41.3)
Allocation of 2008 free share plan	88,900	0.2	–	–	(0.2)	–	–
At 31 March 2011	**49,428,402**	**79.1**	**735.7**	**7.8**	**158.5**	**(35.5)**	**945.9**

Stock options and similar schemes

Detailed information relating to these schemes is provided in the Operating Report.

Stock options plans

These plans were granted under the authorisations given by the shareholders' Extraordinary General Meetings held on 24 August 2000 (plans 10 and 11), 21 September 2001 (plans 11 and 12) and 7 September 2004 (plan 13).

Exercise start date	Plan No.	Term	Type[1]	Options granted	Exercise price in euros	Lapsed options	Options exercised at 31 March 2010	Options exercised during the year	Average exercise price	Outstanding options at 31 March 2011
1 March 2003	10	8 years	S	1,016,600	27.10	56,350	775,700	184,550	47.37	–
8 March 2006	11	6 years	S	659,500	25.00	8,500	467,727	79,413	50.95	103,860
16 September 2007	12	6 years	P	287,000	27.67	27,000	86,400	45,290	50.93	128,310
24 December 2008	13	6 years	P	262,000	28.07	35,000	9,000	74,500	49.08	143,500
Total				**2,225,100**		**126,850**	**1,338,827**	**383,753**	**48.86**	**375,670**

(1) S = Subscription, P = Purchase.

For all plans, one option equals one share granted.

Plan Nos. 12 and 13 are hedged (see Note **4.4**).

Free share issues

Grant date(1)	Plan No.	Vesting period	Minimum retention period	Original number of options granted	Share price on the grant date	Lapsed options	Options granted at the end of the vesting period	Outstanding options at 31 March 2011
20 November 2008	2008	2 years	2 years	89,900	24.89	1,000	88,900	–
19 November 2009	2009	2 years	2 years	102,300	34.05	5,000	n/a	97,300
23 November 2010	2010	2 years	2 years	94,000	52.65	n/a	94,000	94 000
Total				**286,200**		**6,000**	**–**	**191,300**

(1) The grant date is the date on which the Board of Directors elected to grant these plans.

Grant date	Plan No.	Combined Annual General Meeting having granted the plan
20 November 2008	2008	16 September 2008
19 November 2009	2009	16 September 2008
23 November 2010	2010	16 September 2008

In respect of 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. These criteria concern the current operating profit to turnover and capital employed ratio, measured on a like-for-like basis.**

The shares granted at the end of the vesting period for the 2008 plan resulted in the creation of 88,900 new shares as a deduction against reserves. This plan was granted in full (with the exception of 1,000 shares that lapsed due to the departure of beneficiaries).

2.6 Other bonds

(€ millions)	2011	2010	2009
€200 million bond issue	–	192.4	192.4
€205 million bond issue	205.0	–	–
Total nominal	**205.0**	**192.4**	**192.4**
Accrued interest	3.1	2.1	2.1
Total	**208.1**	**194.5**	**194.5**

In June 2010, Rémy Cointreau carried out a new 6.5 year bond issue at a par value of €205.0 million. The bonds have a par value of €50,000 each and were issued at 97.745% of par value (issue premium of 2.255%), bearing interest of 5.18% payable on 15 June and 15 December of each year. They will be redeemed at par at maturity (15 December 2016).

This bond issue is not secured.

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

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

After taking the issue premium and expenses into account, the net proceeds from the issue were approximately €197.0 million, at an effective interest rate of around 5.89%.

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

2.7 Other borrowings

Other borrowings primarily include transactions with subsidiaries of the Rémy Cointreau Group.

Borrowings and liabilities with financial institutions may be analysed as follows:

(€ millions)	2011	2010	2009
Private placement	140.0		
Drawdowns on syndicated bank line	40.0	370.0	370.0
Drawdowns on other confirmed credit lines	–	–	30.0
Drawdowns on unconfirmed credit lines	–	–	–
Overdrafts	–	0.3	–
Total nominal value	**180.0**	**370.3**	**400.0**
Accrued interest	0.3	0.3	6.2
Total	**180.3**	**370.6**	**406.2**

Private placement

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

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

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

Bank Syndicate

At 31 March 2011, Rémy Cointreau had access to a €466 million loan entered into on 7 June 2005. The agreement provides for a revolving credit facility of €466 million expiring on 7 June 2012.

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

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

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

This facility is not subject to any security.

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

Period	A Ratio
From date of signing to 30/09/2006	A Ratio < 4.50
From 01/10/2006 to 30/09/2007	A Ratio < 4.00
From 01/10/2007 to 30/09/2008	A Ratio < 3.75
From 01/10/2008 to maturity	A Ratio < 3.50

A Ratio is calculated as net debt over EBITDA for the last 12 months. The amounts used for these various indicators in the calculation for each period are adjusted in accordance with the terms of the agreement.

At 31 March 2011, A Ratio stood at 2.19 (2010: 3.17; 2009: 2.99).

2.8 Maturity analysis of debt

(€ millions)	Gross	Less than one year	1 to 5 years	More than 5 years
Other bonds	208.1	3.1	–	205.0
Borrowings and amounts due to financial institutions	180.3	0.3	180.0	–
Other borrowings	127.3	127.3	–	–
Trade payables	1.7	1.7	–	–
Tax and social security liabilities	0.4	0.4	–	–
Other	179.2	179.2	–	–
Total	**697.0**	**312.0**	**180.0**	**205.0**

2.9 Provisions

(€ millions)	Regulated provisions	Provisions for liabilities and charges	Provisions for depreciation	Total
Opening balance	**–**	**5.3**	**2.1**	**7.4**
Charges	–	2.0	243.0	245.0
Write-backs	–	(0.6)	(1.3)	(1.9)
Closing balance	**–**	**6.7**	**241.8**	**250.5**

(€ millions)	Charges	Write-backs
– Operating	–	–
– Financial	243.0	1.3
– Exceptional	–	–
– Income tax	2.0	–
Total	**245.0**	**1.3**

Write-backs of provisions for liabilities and charges correspond mainly to provisions for tax risks.

The provision charge corresponds to the impairment of Piper-Heidsieck Compagnie Champenoise shares, estimated based on a disposal price which is being negotiated (see Notes **2.1** and **2.2**).

2.10 Deferred income

There was no deferred income at 31 March 2011.

2.11 Accrued expenses

(€ millions)	2011
Other bonds	3.1
Borrowings and amounts due to financial institutions	0.3
Other borrowings	–
Trade payables	0.8
Tax and social security liabilities	0.3
Other	4.0
Total	**8.5**

3. NOTES TO THE INCOME STATEMENT

3.1 Analysis of services provided

Services provided totalled €18.1 million and essentially comprised services rendered to all Rémy Cointreau Group subsidiaries and sub-subsidiaries, including €12.9 million to French companies and €5.2 million to foreign companies.

3.2 Financial income from equity investments

Financial income from equity investments amounted to €240.8 million and related to dividends received from subsidiaries.

3.3 Exceptional income and expense

(€ millions)	2011
Gain on disposal of equity investments	0.1
Total	**0.1**

3.4 Income tax

A) Income tax analysis

(€ millions)	Profit (loss) before tax	Income tax	Net profit (loss)
Profit/(loss) on ordinary activities	(43.6)	–	(43.6)
Net exceptional income/(expense)	(0.1)	8.5	8.4
Net profit (loss)	**(43.7)**	**8.5**	**(35.2)**

Net income tax charge corresponds to:

- a provision of €2.9 million for tax risk following a tax audit in progress;
- a €5.6 million write-back of the tax saving relating to the tax grouping regime;
- €5.4 million for the permanent tax saving gained following restatements relating to the tax grouping regime;
- a refund of group income tax following a previous correction in respect of an Australian subsidiary for €0.4 million.

B) Change in tax losses

(€ millions)	Base	Tax rate	Tax amount
Loss for the year	**(30.9)**	**–**	**–**
Deferred amortisation and depreciation	–	–	–
Deficit carried forward	30.9	–	–
Utilised losses carried forward	412.8	–	–

The loss for the year arises mainly from the deduction for tax purposes of dividends received from subsidiaries and the write-back of provisions for impairment of securities.

C) Increase and reduction in future tax liability

(€ millions)	Base	Tax rate	Tax amount
Reductions	–	–	–
Non-deductible provisions at 31 March 2011	–	34.4	–

3.5 Tax group

Rémy Cointreau elected to form a tax grouping with effect from 1 April 1993 for Group companies as provided for in Article 223A of the French General Tax Code.

The tax allocation agreement stipulates that the tax charge is borne by the companies within the tax grouping as if no such grouping existed, after applying any tax losses brought forward.

The following companies are included in the tax grouping:

Rémy Martin, Izarra, Cointreau, Piper-Heidsieck C.C., Champagne P&C Heidsieck, Champagne F.Bonnet, Safec, Grands Vignobles de la Marne, Grands Vignobles de l'Aube, Rémy Cointreau Services SAS, CLS Rémy Cointreau, Domaines Rémy Martin and SFAV de Commétreuil.

4. Other information

4.1 Related party transactions

(€ millions)	Amounts concerning: Related parties	Equity investments
Receivables:		
Other receivables	4.6	
Liabilities:		
Other liabilities	152.2	
Financial income:		
Income from equity investments	240.8	
Interest	–	
Financial expense:		
Interest	0.5	
Operating income	17.4	
Operating expenses	27.9	
Exceptional income	–	
Exceptional expenses	–	

4.2 Off-balance sheet commitments

A) Financial commitments (€ millions)

At the year-end, the Group's commitments included guarantees granted to Group subsidiaries in relation to various financing facilities for a total of €6 million.

Rémy Cointreau manages the risk of an increase in the interest rates on its variable financial resources, which primarily bear interest at the EURIBOR rate (1-3 months). The Group primarily uses optional instruments (caps) and interest rate swaps.

At 31 March 2011, the Company's interest rate hedging portfolio comprised the following financial derivatives:

(€ millions)	Nominal value	Initial value	Market value
Purchases of caps			
Maturing in 2012	250.0	0.6	–
Interest rate swaps			
Maturing in 2015	150.0	–	(2.5)
Swaps relating to the private placement	140.0	–	(1.3)

The initial value corresponds to premiums paid or received on entering into contracts. They are amortised pro-rata over the term of the contract, from their effective start date. The net book value thus corresponds to the value after amortisation at year-end. The market value is based on external valuation of the instruments at year-end.

B) Contingent liabilities relating to asset disposals

In connection with sales transactions, guarantees in respect of future 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 that had not lapsed at 31 March 2011 are as follows:

Disposal transaction (€ million)	Transaction date	Nature of outstanding guarantees	Maturity	Maximum amount
Lucas Bols	11 April 2006	Tax items	11 October 2012	
(Joint guarantee with		Total all guarantees		100.0
DELB BV)		Franchise		2.6

4.3 Sale of treasury shares

At 31 March 2011, no Rémy Cointreau shares were held in the liquidity account. Immaterial income generated during the year by the liquidity account manager was recorded as financial income.

4.4 Coverage of stock option plans

In March 2005, Rémy Cointreau sold 602,430 of its own shares with a repurchase option to meet its commitment to cover stock options granted to certain members of staff (284,000 shares under Plan No. 12 and 37,503 shares under Plan No. 13) as required under the provisions of Article L. 225-179 of the Commercial Code, which stipulates that, as from the end of the vesting period, the Company must be in a position to deliver the shares to its employees. This measure was authorised by the French Financial Markets Authority (AMF) on 8 March 2005. Rémy Cointreau supplemented the coverage of stock option Plan No. 13 by acquiring 224,497 options on its own shares.

Following the repurchases made by the Company in previous financial years, 213,503 shares were outstanding under this contract as at 31 March 2010. Following the repurchases carried out during the year, the balance is now 128,500 shares.

178,500 stock options remain outstanding following the exercise of 45,997 options of this plan during the financial year.

In addition, at 31 March 2011, the Company held 21,310 treasury shares from the previous repurchases, of which 14,800 will be allocated to cover Plan No. 12 and 6,500 to Plan No. 13.

5. Post-balance sheet events

On 1 June 2011, the Rémy Cointreau Group and EPI announced that they had signed an agreement for the sale by Rémy Cointreau of the entire share capital of Piper-Heidsieck Compagnie Champenoise to EPI, enabling the latter to assume control of the Champagne operations in Reims, and Piper Sonoma, the sparkling wine brand in the US, for a price reflecting an enterprise value of €412.2 million.

6. List of subsidiaries and equity investments at 31 March 2011

Companies (In thousands of currency or € thousands)	Currency	Share Capital (Currency thousands)	Other shareholders' equity (Currency thousands)	Share capital held %	Net book value of capital held (€ thousands)	Provisions for impairment (€ thousands)	Dividends received (€ thousands)	Net turnover for last financial year (Currency thousands)	Net profit (Currency thousands)	Year-end date	Loans and advances granted (€ thousands)
A) French											
Rémy Martin & Cie	€	6,725	121,803	100	381,708	–	176,953	7,800	74,364	31/03/11	–
Cointreau	€	4,037	87,261	100	89,103	–	59,185	–	28,097	31/03/11	–
Piper-Heidsieck C.C.	€	56,403	113,303	100	389,279	242,979	–	158	24,764	31/03/11	–
Ducs de Gascogne	€	1,002	2,157	30	1,143	–	–	12,969	77	31/12/10	–
Rémy Cointreau Services	€	1,034,805	20,706	92	966,700	–	4,640	–	(26,010)	31/03/11	–
Other French subsidiaries	€	–	–	–	2,129	–	55	–	–	–	–
Total gross value					**1,830,062**	**242,979**	**240,833**				
B) Foreign											
Other foreign subsidiaries	€	–	–	–	988	2	–	–	–	–	–
Total gross value					**988**	**2**					
Total gross value (A+B)					**1,831,050**	**242,981**					
Total net book value					**1,588,069**						

4

4.2.6 Statutory Auditors' Report on the Financial Statements

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management report.

This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

Year ended March 31, 2011

To the Shareholders of Rémy Cointreau SA,

In compliance with the assignment entrusted to us by your Shareholders' annual general meetings, we hereby report to you, for the year ended 31 March 2011 on:

- The audit of the accompanying financial statements of Rémy Cointreau SA;
- The justification of our assessments;
- The specific verifications and information required by law.

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

1. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities of the financial position of the company as at 31 March 2011, and of the results of its operations for the year then ended in accordance with French accounting principles.

2. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Paragraph 1.a of the notes to the financial statements details the accounting principles and method relating to the approach used by the Company for assessing the value of equity investments. As part of our assessment of the accounting rules and principles followed by the Company, we have verified the validity of the approach used and we have satisfied ourselves that it has been correctly applied.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of French Commercial Code relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with the French law, we have verified that the identity of the shareholders has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris, June 7, 2011

The Statutory Auditors,

ERNST & YOUNG et Autres

Represented by
Marie Laure Delarue

AUDITEURS & CONSEILS ASSOCIÉS

Represented by
Olivier Juramie

Statutory Auditors' Special Report on Regulated Agreement and Commitments

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report was construed in accordance with French law and professional auditing standards applicable in France and should be read in conjunction with them.

Year ended March 31, 2011

To the Shareholders,

In our capacity as Statutory Auditors of your company, we hereby present our report on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux comptes) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

1. AGREEMENTS AUTHORISED DURING THE FINANCIAL YEAR

Pursuant to Article L. 225-40 of the French Commercial Code (Code de Commerce), we have been advised of the following agreements that received prior authorization of the Board of Directors.

1.1. Endorsement to the cash management agreement with Financière Rémy Cointreau SA/NV

Persons concerned: M. Jean-Marie Laborde: Chief Executive Officer of Rémy Cointreau SA and Permanent representative of Rémy Cointreau Services, Member of the Board of Directors of Financière Rémy Cointreau SA/NV. Mrs Dominique Hériard Dubreuil: Chairman of the Board Directors of Rémy Cointreau SA and Permanent representative of E. Rémy Martin and C, Member of the Board of Directors of Financière Rémy Cointreau SA/NV.

The Board of Directors which met on June 2, 2010, authorised the conclusion of a cash management agreement between Financière Rémy Cointreau SA/NV and various centralised subsidiary companies of the Rémy Cointreau group, including Rémy Cointreau SA.

This agreement was finalized on June 4, 2010, and takes effect on April 1, 2010. It entrusts to Financière Rémy Cointreau SA/NV, centralizing company, the coordination of all the cash requirements and surpluses of the group.

- Fixed forward advances granted by subsidiary companies to Financière Rémy Cointreau SA/NV bear interest based on Euribor rate or local equivalent in case of advance in currencies. Fixed forward loans granted by Financière Rémy Cointreau SA/NV to subsidiary companies bear interest at the same rate, plus a margin corresponding to the margin of the syndicated loan granted to the group by a banking union. This margin is renegotiable.
- Advances granted in the form of daily loans by the subsidiary companies to Financière Rémy Cointreau SA/NV bear interest based on Eonia rate or local equivalent in case of advance in currencies, decreased of 3 points.
- Daily loans granted by Financière Rémy Cointreau SA/NV to subsidiary companies bear interest based on Eonia rate or local equivalent in case of advance in currencies, plus a margin corresponding to the margin of the syndicated loan granted to the group by a banking union. This margin is renegotiable.

On March 31, 2011, advances granted by Financière Rémy Cointreau SA/NV to Rémy Cointreau SA amounted to €127,196,903.

For the year ended March 31, 2011, interests invoiced by Financière Rémy Cointreau SA/NV to Rémy Cointreau amounted to €515,102.

1.2. Endorsement to the Management agreement with Orpar

Persons concerned: Mrs Dominique Hériard Dubreuil: Chairman of the Board Directors of Rémy Cointreau SA and Member of the Board of Directors of Orpar. M. François Hériard Dubreuil: Member of the Board of Directors of Rémy Cointreau SA and Chairman and Chief Executive Officer of Andromede. M. Marc Hériard Dubreuil: Member of the Board of Directors of Rémy Cointreau SA and Deputy Chairman and Deputy Chief Executive Officer and Member of the Board of Directors of Orpar.

The Board of Directors which met on March 22, 2010 authorised an endorsement to the Management agreement, signed on December 7, 1999, and endorsed on December 13, 2010.

According to the amendment signed on March 23, 2010, the annual flat fee has been brought to €2,329,388 VAT excluded. The variable part which represents 1/1000 of Rémy Cointreau Group's consolidated turnover remains unchanged.

During the financial year ended March 31, 2011, the total charge VAT excluded bore by Rémy Cointreau SA amounts to €3,237,488.

This agreement has been cancelled with effect on March 31, 2011.

1.3. Service provision agreement with Andromede

Persons concerned: Mrs Dominique Hériard Dubreuil: Chairman of the Board Directors of Rémy Cointreau SA and Chief Executive Officer of Andromede. M. François Hériard Dubreuil: Member of the Board of Directors of Rémy Cointreau SA and Chief Executive Officer of Andromede. M. Marc Hériard Dubreuil: Member of the Board of Directors of Rémy Cointreau SA and Chief Executive Officer of Andromede.

Andromede and Rémy Cointreau signed a service provision agreement on March 31, 2011. According to this agreement, Andromede provides to Rémy Cointreau SA services in the field of management strategy and finance, institutional and commercial relationship, development and external growth, and directors' management.

The annual flat fee is estimated to €3,300,000 and will be adjusted at the end of the year on the base of the real service costs, plus a margin of 5%.

This agreement has been approved by the board of directors which met on March 22, 2011, and shall take effect on April 1, 2011.

2. AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR YEARS WHICH RE-MAINED IN FORCE DURING THE FINANCIAL YEAR

In addition, pursuant to the French Commercial Code, we were informed that the following agreements and commitments, approved in prior years, were executed during the year.

2.1. Cash management with Orpar

A cash management agreement was signed on December 14, 2004 between Orpar and Rémy Cointreau SA and the meeting of the Board of Directors of June 5, 2007 authorised its modification through an endorsement of July 4, 2007.

This agreement foresees the payment of the advances granted by Orpar to Rémy Cointreau SA determined on the basis of the Euribor, increased by a margin fixed according to the syndicated loan's conditions applicable to Rémy Cointreau SA.

The advances granted by Orpar to Rémy Cointreau SA in accordance with this agreement amounted to €121,385 on March 31, 2011. The total amount of interest paid by Rémy Cointreau to Orpar amounts to €16,461.

2.2. Assistance agreement between Rémy Cointreau SA and the distribution companies Rémy Cointreau Belgium, Rémy Cointreau Czech Republic, Rémy Cointreau International, SEA Metaxa ABE, Financière Rémy Cointreau SA/NV, CLS Rémy Cointreau, Champagne P & C Heidseick and Rémy Cointreau USA

The Board of Directors which met on March 26, 2009, authorised the conclusion of several assistance agreements between Rémy Cointreau SA and some of its subsidiaries. These agreements were signed on March 31, 2009, for a term of 3 years from April 1, 2009, and are renewable tacitly each year.

In the framework of these agreements, Rémy Cointreau SA provides these companies with assistance services in the field of strategy development and brands positioning, public relations, finances and trading.

The fees for these services are calculated on the costs borne by Rémy Cointreau SA, increased by 5%.

The amounts (VAT excluded) resulting from the application of these agreements which were charged by Rémy Cointreau SA to the subsidiaries during the financial year 2010/2011 are the following ones:

- Rémy Cointreau USA: €1,306,000
- Rémy Cointreau International Pte Ltd: €1,128,000
- Financière Rémy Cointreau SA/NV: €284,000
- SEA Metaxa Abe: €169,000
- Rémy Cointreau Czech Republic: €127,000
- Rémy Cointreau Belgium: €126,000

2.3. Marketing and management support agreement with the companies owning the brands

The company Rémy Cointreau SA provides assistance and advice regarding brands development strategy, public relations, finances, trading and other various technical expertises for the companies CLS Rémy Cointreau SA and Champagne P&C Heidseick.

The fees for these services are calculated on the basis of the costs borne by Rémy Cointreau SA, increased by 5%. The invoicing is carried out by Rémy Cointreau SA during the course of the year based on a temporary percentage of the projected turnover of these companies.

These agreements, signed on March 31, 2009, are applicable from April 1, 2009 for an initial duration of 3 years and are annually renewable by tacit agreement.

Amounts (VAT excluded) resulting from the application of these agreements which were invoiced by Rémy Cointreau SA to the subsidiaries during the financial year 2010/2011 are the following ones:

- CLS Rémy Cointreau €11,400,000
- Champagnes P&C Heidsieck €1,483,000

2.4. Guarantees given by Rémy Cointreau SA in favour of group companies taking part of the assets disposal in Netherlands

As part of the disposals of the intangible and tangible assets relating to the brands Bols, Bokma and other local brands, Pisang Ambon, Galliano and Vaccari, Rémy Cointreau gave, on the one hand, a general guarantee that it subsidiary, DELB BV, would fulfil its obligations under the hire purchase agreement, and on the other hand, gave guarantees that it would bear all settlement differences between group companies taking part in the asset disposal operation under the guarantee payment agreement, as soon as the buyer will meet his seller credit payments obligations.

These guarantees provided by Rémy Cointreau SA arrive at term on October 11, 2012.

2.5. Pension Plan

Mrs Dominique Heriard Dubreuil, MM. François and Marc Heriard Dubreuil, members of the Board of Directors, benefit from a pension regime with defined services.

2.6. Service provision agreement for exchange rate risks and international cash management between Financière Rémy Cointreau SA/NV, Rémy Cointreau SA and some group's subsidiaries

The Board of Directors which met on March 23, 2010 authorised the setting up of a Service Provision Agreement for exchange rate risks and international cash management between Financière Rémy Cointreau SA/NV and some group's subsidiaries.

This agreement was finalized on March 25, 2010, and takes effect on April 1, 2010. According to this agreement, Financière Rémy Cointreau SA/NV is in charge of account receivables or debts in foreign currencies which are transferred to it. Financière Rémy Cointreau SA/NV re-invoice to the subsidiaries exchange gain and loss related to the operations which concern them, as well as a fee for the cost incurred by Financière Rémy Cointreau SA/NV increased by a margin which shall be revised annually.

Rémy Cointreau SA did not transfer any account receivable or debt in a foreign currency to Financière Rémy Cointreau SA/NV in the course of the financial year 2010/2011 and no invoicing was carried out as part of this agreement.

2.7. Customer credit management agreement between Financière Rémy Cointreau SA/NV and various other companies in the group

The Board of Directors which met on March 23, 2010 authorised the signature of a customer credit management agreement between Financière Rémy Cointreau SA/NV and various companies of the group, including Rémy Cointreau SA.

This agreement was finalised on January 25, 2010, with retroactive effect to April 1, 2009. The fees of Financière Rémy Cointreau SA/NV comply with the same setting rules as those included in the Service Provision Agreement for exchange rate risks and international cash management.

Charges resulting from the application of this agreement amounts to €223,385 for the financial year 2010/2011.

Neuilly-sur-Seine and Paris, June 7, 2011

The Statutory Auditors,

ERNST & YOUNG et Autres

Represented by
Marie Laure Delarue

AUDITEURS & CONSEILS ASSOCIÉS

Represented by
Olivier Juramie

4

Other information

5

5.1 GENERAL INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL - STOCK MARKET

5.1.1 General information on the Company

CORPORATE NAME, REGISTERED OFFICE AND MAIN ADMINISTRATIVE OFFICE

Corporate name: Rémy Cointreau SA

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

Main administrative office: 21 boulevard Haussmann, 75009 Paris

LEGAL FORM AND GOVERNANCE

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

APPLICABLE LEGISLATION

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

DATE ESTABLISHED - DURATION

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

OBJECTS

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

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

REGISTER OF COMPANIES AND REGISTRATION NUMBER

Rémy Cointreau is registered at the Registre du Commerce et des Sociétés of Angoulême under number 302 178 892, APE Code 7010Z.

INSPECTION OF THE LEGAL DOCUMENTS OF THE COMPANY

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

FINANCIAL YEAR

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

ALLOCATION OF PROFITS

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

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

DIVIDENDS (DISTRIBUTION POLICY OVER THE LAST FIVE YEARS)

Dividends distributed during the last five years are disclosed in the notes to the parent company financial statements.

GENERAL MEETINGS

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

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

RIGHT OF ADMISSION TO MEETINGS

Pursuant to Article R. 225-85 of the Commercial Code, the only people allowed to participate in a meeting, to vote by post or to be represented, are shareholders who have previously justified their status by an accounting record of securities in their name or in the name of an intermediary recorded for their account, on the third working day preceding the meeting by midnight, Paris time, either in nominative accounts held by the Company by its service provider Société Générale, Service Assemblées Générales, 32 rue du Champ de Tir à Nantes 44000, France, or in the bearer securities accounts held by an authorised intermediary, who holds the accounts for securities. The inscription or accounting record of bearer securities held by an authorised intermediary must be noted by a certificate of shareholding delivered by the latter, attached to the standard form to vote by post, or a proxy, or on a request for an admission card in the name of the shareholder, or on behalf of the shareholder represented by the recorded intermediary. A certificate is also delivered to the shareholder wishing to participate in person in the meeting and who has not received the admission card on the third working day preceding the meeting by midnight, Paris time.

Admission cards for the meeting will be sent to every shareholder who requests one by Société Générale, Service Assemblées Générales, 32 rue du Champ de Tir, Nantes 44000, France, or in one of the authorised banking establishments, by producing, if they are bearer securities, a certificate of shareholding under the conditions referred to above.

As decided by the Board of Directors, shareholders may participate in the meeting via video-conferencing or data transmission, including the internet, pursuant to the conditions set by regulations at the time of its use. This decision is included in the notice of meeting published in the Bulletin des Annonces Légales Obligatoires.

RIGHT TO VOTE

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

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

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

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

DECLARATION OF CROSSING THRESHOLDS

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

Furthermore, the shareholder should also specify in their disclosure to the Company:

(i) the number of shares in their possession giving future access to shares to be issued and the voting rights attached to them,

(ii) the number of shares already issued that they may acquire pursuant to agreements or instruments referred to in paragraph b) of Article L. 233-7. I 3 of the Commercial Code,

(iii) the number of shares already issued, by virtue of any agreement or financial instruments covered by paragraph c) of Article L. 233-7. I 3 of the Commercial Code.

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

IDENTIFICATION OF SHAREHOLDERS

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

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

5.1.2 General information on the share capital

CHANGES TO THE SHARE CAPITAL AND SHAREHOLDERS' RIGHTS

The share capital can be changed in accordance with legal requirements. It may be increased by a decision taken at an Extraordinary General Meeting. However, where a capital increase is carried out by incorporation of reserves, profits or share premium, the relevant Extraordinary General Meeting will set the quorum and majority required in an Ordinary General Meeting.

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

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

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

SHARE CAPITAL

At 31 March 2011, the share capital was €79,085,443.20 divided into 49,428,402 shares of €1.60 each, all of one class, fully paid and carrying 78,182,481 voting rights.

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

AUTHORISATION TO TRADE IN THE COMPANY'S SHARES

Pursuant to the share repurchase programme authorised by the General Meeting of 7 September 2004, the Company sold 602,430 shares with a repurchase agreement on 24 March 2005. In order to maintain comprehensive coverage of its share repurchase plans and to partially manage the dilution resulting from the exercise of one of these share subscription plans, a resolutive clause was included in the last sale. This transaction was supplemented by the purchase by the Company of 224,497 call options from Barclays Bank PLC on 24 March 2005. The whole transaction enabled Rémy Cointreau to meet the exercise of a maximum of 826,927 share subscription or purchase options. As part of this, the Company exercised the resolutive clause included in the share sale contract and repurchased 280,927 shares at a price of €27.10 on 14 February 2006. These shares were cancelled by the Board of Directors in accordance with the authorisation given by the General Meeting of 28 July 2005. On 17 and 26 September 2007, 20 December 2007 and 30 May 2008, the Company exercised the resolutive clause included in the above mentioned contract for the sale of shares and repurchased 90,000 shares at a price of €27.67 each, in order to service the exercise of share purchase options. During the financial year 2010/2011, on 15 June, 8 October, 17 December 2010 and 7 January 2011, the Company bought back 56,500 shares within this framework, at €27.67 per share in order to service the exercise of share purchase options. The balance of shares held in this respect at 31 March 2011 was 18,260 shares.

As part of the same contract, the Company exercised the resolutive clause and bought back, at a price of €28.07 per share, 18,000 shares on 22 December 2008 and 12 February 2009, and 19,503 shares on 25 June and 27 September 2010. The Company also exercised 42,497 purchase options, corresponding to 42,497 shares on 27 September, 5 October, 9 December 2010 and 4 January 2011 in order to service the exercise of share purchase options. The balance of shares held in this respect at 31 March 2011 was 3,050 shares.

In addition, the Company concluded a liquidity contract with a financial organisation. As part of this mandate, the service provider's sole objective was to encourage liquidity in the Company's shares and a steady quotation on the French Stock Market. At 31 March 2011, the Company held no shares in respect of the liquidity contract.

The Combined General Meeting of Rémy Cointreau of 27 July 2010, in its twelfth resolution, authorised the Board of Directors, for a period ending at the conclusion of the General Meeting called to consider the financial statements for the year ended 31 March 2011 and, at the latest, within a period of 18 months from 27 July 2010, to purchase or sell shares in the Company, up to 10% of the current share capital, which is 4,398,123 shares, net of treasury shares, the sale of shares with a repurchase option and the purchase of call options. The maximum amount that the Company may pay on the basis of this number of shares is €263,887,380.

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

- to allow an investment services provider to stimulate trading in Company shares via a liquidity contract that conforms to the AFEI charter recognised by the Autorité des Marchés Financiers;
- to cancel shares, as part of a share capital decrease, subject to adoption of the fifteenth resolution of the current General Meeting;
- to cover the obligations related to marketable securities giving access to capital;
- to grant shares in accordance with the terms and conditions provided by law, notably as part of a profit sharing plan, to service options to purchase shares, as part of a business savings plan or to be used to grant free shares to employees and executives in accordance with Articles L. 225-197-1 and subsequent of the Commercial Code;
- to purchase shares and retain them for subsequent use in exchange or payment in possible acquisitions, while meeting market practices permitted by the Autorité des Marchés Financiers and within the limits provided by law; and;
- implement all market practices permitted by the Autorité des Marchés Financiers and, more generally, to carry out all transactions in accordance with the regulations in force.

The purchase of these shares, as well as their sale or transfer, may be carried out at any time in accordance with the law and regulations, including during the period of a public takeover bid targeting the Company's shares or during the period of a public offer initiated by the Company, subject to periods of abstention, provided by Article 631-6 of AMF general regulations or other legal or regulatory provisions, and by any means, on the market or over the counter, on regulated or unregulated markets, on multilateral trading systems, by systematic self-preferencing or principal to principal, including by public offering, block transactions, sale with repurchase options and the use of derivative financial instruments traded on a regulated market or not, multilateral trading systems, by systematic self-preferencing or principal to principal, and this subject to the conditions authorised by the competent market authorisation and at times that the Board of Directors or the person who is acting on the delegation of the Board of Directors decides, particularly options excluding sales options, as long as they do not significantly increase the volatility of the share price. Share capital acquired or transferred in blocks of shares may account for the entire authorised share repurchase programme. The payment may be made in any way.

As part of these objectives, the repurchased shares may be cancelled in accordance with the thirteenth resolution of the same Meeting, up to 10% of the share capital per period of 24 months.

The maximum purchase price is €60.

The renewal of this authorisation will be proposed at the next Annual General Meeting.

5.1.2.1 Authorised capital

AUTHORISATION TO GRANT OPTIONS TO SUBSCRIBE FOR OR PURCHASE SHARES

Authorisation was given by way of the twentieth resolution of the Combined General Meeting of Rémy Cointreau on 27 July 2010 to the Board of Directors, for a period of 38 months from 27 July 2010, to grant, on one or more occasions, to employees of the Company or companies covered by Article L. 225-180 of the Commercial Code, or certain of them, as well as the executives of the Company or companies covered by Article L. 225-180 of the Commercial Code, within the limits set by Article L. 225-182 of the Commercial Code, options to subscribe for new shares in the Company, to be issued by way of an increase in capital, or options to purchase shares in the Company arising from a repurchase pursuant to Article L. 225-208 or L. 225-209 and subsequent of the Commercial Code, the total amount of options granted under the current authorisation may not give a right to a number of shares representing more than 2% of the share capital of the Company, it being specified that the amount of the capital increase resulting from the issue of shares following the exercise of subscription options will count against the limit set by the sixteenth resolution of the said General Meeting.

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

In any event, the issue price for options to subscribe must not, on the day the option is granted, be lower than the average share price of the 20 trading days preceding the issue date. In the event of the grant of options to purchase, the purchase price of the shares may not be either less than the average share price of the 20 trading days preceding the date of grant of the purchase options, or less than the average purchase price of the shares held by the Company pursuant to Articles L. 225-208 and/or L. 225-209 of the Commercial Code.

This price may only be revised in accordance with circumstances provided by law at the time of financial transactions or share transactions. The Board of Directors will then take, in accordance with regulations, the necessary steps to protect the beneficiaries by making, if required, an adjustment to the number and price of the shares that may be obtained from the exercise of options granted to take into account the effect of these transactions, it being specified that if required, the number of new and additional shares potentially obtained following these adjustments will be set against the above-mentioned limit. The options must be exercised within a period of ten years from the date they are granted.

AUTHORISATION FOR THE ALLOCATION OF FREE SHARES TO EMPLOYEES OR EXECUTIVES

The Combined General Meeting of 16 September 2008 authorised the Board of Directors, in its eighteenth resolution and for a period of 38 months from 16 September 2008, pursuant to the conditions of Articles L. 225-197-1 and subsequent of the Commercial Code, to proceed, on one or more occasions, for the benefit of the employees of the Company or related companies within the meaning of Article L. 225-197-2 of the Commercial Code, or to certain categories of them, as well as for the benefit of executives defined by law, with the allocation of free shares that exist or are to be issued in the Company, subject to the periods of abstention provided by law.

The Board of Directors will determine the identity of the beneficiaries of the allocation as well as the conditions and, where appropriate, the criteria of allocation of shares.

The total number of shares thus issued free of charge may not be such that the total number of shares allocated free in respect of the current resolution represents a number of shares in excess of 2% of the number of shares comprising the share capital on the day of the allocation of free shares by the Board of Directors.

The allocation of shares to their beneficiaries will become final at the end of a minimum period of acquisition of two years and the minimum period of retention of shares by the beneficiaries is set at two years.

The Board of Directors will proceed, where appropriate, during the period of acquisition with adjustments to the number of shares arising from transactions in the capital of the Company in order to preserve the rights of the beneficiaries.

The renewal of this delegation will be proposed at the next Annual General Meeting.

DELEGATION TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY INCORPORATION OF RESERVES, PROFITS OR PREMIUMS

The Combined General Meeting of 28 July 2009, in its twentieth resolution, authorised the Board of Directors, in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the Commercial Code, with the facility to delegate under the conditions provided by law, for a duration of 26 months from 28 July 2009, to increase the share capital, on one or more occasions, at the times and in accordance with the methods that it shall determine, by incorporation into capital of reserves, profits, or premiums, whose conversion to capital is permitted by law or the Company's bylaws, followed by the creation and bonus issue of shares or the increase in the nominal value of existing shares, or a combination of these two methods.

In the event of the distribution of free shares, fractional rights are not negotiable and the corresponding shares will be sold, the amounts resulting from the sale being allocated to the holders of rights within legal and regulatory requirements.

The amount of the capital increase that may be carried out under this authorisation may not exceed the nominal amount of €30,000,000, set against the maximum limits established by the sixteenth resolution of the Ordinary General Meeting of 28 July 2009.

The renewal of this delegation will be proposed at the next Annual General Meeting.

DELEGATION TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY ISSUING SHARES AND/OR MARKETABLE SECURITIES GIVING RIGHT TO THE ALLOCATION OF DEBT SECURITIES, WITH OR WITHOUT SHAREHOLDERS' PRE-EMPTION RIGHT

The Combined General Meeting of 27 July 2010, in its fifteenth, sixteenth and seventeenth resolutions, in accordance with the provisions of L. 225-129 and subsequent and L. 225-129 and subsequent and L. 228-91 and subsequent of the Commercial Code, granted the Board of Directors, with the power to delegate under the conditions provided by the law and regulations, the powers required to increase the share capital and to issue, with or without a maintained pre-emption right for shareholders, shares in the Company as well as marketable securities of whatever nature, giving immediate or future access to the Company's capital or giving the right to an allocation of debt securities, within the limit of a total nominal limit of a capital increase of €30,000,000, in common with the fifteenth, sixteenth, seventeenth, eighteenth, nineteenth, twentieth, twenty-first and twenty-third resolutions of the said General Meeting and the twentieth and twenty-first resolutions of the Combined General Meeting of 28 July 2009 and the eighteenth resolution of the Combined General Meeting of 16 September 2008. It is specified that this limit is set not taking into account Company shares to be issued in respect of adjustments liable to be made in accordance with applicable legal and regulatory provisions, and, if applicable, with contract terms that provide for other instances of adjustments in order to preserve the rights of the holders of marketable securities and other securities giving access to the share capital. The total nominal amount of marketable securities representative of debt securities, whether this relates to marketable securities representative of debt securities giving access to capital, or representative of marketable securities giving the right to receive debt securities, that may be issued on the basis of the same Extraordinary General Meeting, may not exceed €750,000,000. The issue of preference shares and marketable securities giving access immediately or in time to preference shares are excluded from this authorisation.

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

The issues decided by virtue of this delegation must be carried out within a period of 26 months from 27 July 2010.

The fifteenth resolution concerns share issues with the maintenance of shareholders' pre-emption right, the sixteenth resolution concerns the issue without pre-emption right, by way of a public offering, and the seventeenth resolution permits the same type of issue within the framework of private placements, as referred to in Article L. 411.2 II of the Monetary and Financial Code.

The Board of Directors may decide to substitute treasury shares for shares to be issued under these resolutions.

DELEGATION TO THE BOARD OF DIRECTORS TO ISSUE SHARES REPRESENTING THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF THE ISSUE, BY CONTROLLED COMPANIES, OF MARKETABLE SECURITIES GIVING, IN TIME, ACCESS TO THE COMPANY'S SHARE CAPITAL OR THE ALLOCATION OF DEBT SECURITIES

The same Combined General Meeting of 27 July 2010, in its seventeenth resolution, in view of the issue of shares and marketable securities giving access to the capital of the Company which shall give right to marketable securities that may be issued by companies where Rémy Cointreau holds directly or indirectly more than half the share capital, subject to the approval of the Board of Directors of Rémy Cointreau, delegates to the Board of Directors the necessary powers to proceed with the issue of capital securities in Rémy Cointreau to which these marketable securities give the right, and this up to a total nominal limit of a capital increase of €30,000,000, in common with the fifteenth, sixteenth and seventeenth resolutions.

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

The issues decided by virtue of this delegation must be carried out within a period of 26 months from 27 July 2010.

AUTHORISATION FOR THE BOARD OF DIRECTORS TO PROCEED WITH THE ISSUE OF SHARES, SECURITIES OR VARIOUS MARKETABLE SECURITIES AND FREELY SETTING THE ISSUE PRICE

The Combined General Meeting of 27 July 2010, in its eighteenth resolution, authorised the Board of Directors, within the framework of the sixteenth and seventeenth resolutions, relating to the issue, with cancellation of the pre-emption right, by way of a public offering or offering referred to in Article L. 411.2 II of the Monetary and Financial Code, to set, under terms and conditions it will determine, the issue price of all shares and marketable securities giving access to the share capital, within the limit of 10%. The Combined General Meeting of 27 July 2010, in its eighteenth resolution, authorised the Board of Directors to issue all shares and marketable securities giving access to the share capital within the limit of 10% of the share capital and within the limit set by the sixteenth and seventeenth resolutions, by setting a different issue price to that selected for the issues authorised pursuant to the sixteenth and seventeenth resolutions, which may not be less, at the Board of Directors' discretion, than (a) the average price weighted by the volume of share trading in the 20 days preceding the setting of the price or (b) the average price weighted by the volume of share trading on the day before the setting of the issue price in both cases, possibly reduced by a maximum discount of 10% and subject to the limit that the amount to be received for each share is at least equal to its nominal value. The issue of preference shares and marketable securities giving access immediately or in time to preference shares are excluded from this authorisation.

DELEGATION TO THE BOARD OF DIRECTORS TO PROCEED WITH THE ISSUE OF SHARES OR VARIOUS MARKETABLE SECURITIES GIVING ACCESS TO THE SHARE CAPITAL WITHIN A LIMIT OF 10% OF THE SHARE CAPITAL, WITH A VIEW TO REMUNERATING TRANSFERS IN KIND

The Combined General Meeting of 28 July 2009, in its twenty-first resolution, authorised the Board of Directors, with a facility to delegate to any person approved by law and where Article L. 225-148 of the Commercial Code does not apply, to proceed with all issues of shares or marketable securities giving access to capital (with the exception of preference shares), up to 10% of the share capital at the time of issue, set against the limit of 10% on the maximum limits established by the seventeenth resolution.

The current authorisation is valid for a period of 26 months with effect from 28 July 2009.

The renewal of this delegation will be proposed at the next Annual General Meeting.

AUTHORISATION FOR THE BOARD OF DIRECTORS TO INCREASE THE NUMBER OF SECURITIES TO BE ISSUED IN THE EVENT OF EXCESS DEMAND

The Combined General Meeting of 27 July 2010, in its nineteenth resolution, authorised the Board of Directors, within the framework of delegations provided by the fifteenth, sixteenth, seventeenth and eighteenth resolutions of the same meeting, to increase the number of shares to be issued within the provisions of Article L. 225-135-1 of the Commercial Code, within 30 days following the subscription, up to 15% of each issue and at the same price as adopted for the initial issue and within the global limit provided by the resolution, in application of which the issue is decided.

The current authorisation is valid for a period of 26 months with effect from 27 July 2010.

SUMMARY TABLE OF DELEGATIONS CURRENTLY VALID GIVEN TO THE BOARD OF DIRECTORS FOR SHARE CAPITAL INCREASE TRANSACTIONS

Description of the delegation	Date of General Meeting	Amount of authorisation	Validity of authorisation	Use of delegation during the year
Allocation of options to subscribe for shares	27 July 2010	Limited to 2% of the share capital	38 months	Nil
Issue of marketable securities giving access to capital with maintained pre-emption right to subscribe	27 July 2010		26 months	Nil
Issue of marketable securities giving access to capital with cancelled pre-emption right to subscribe	27 July 2010	€30,000,000 (total nominal amount of these authorisations)	26 months	Nil
Issue of shares, securities, or marketable securities, freely setting the issue price	27 July 2010	Limited to 10% of the share capital	26 months	Nil
Increase in the number of shares to be issued in the event of excess demand	27 July 2010	Limited to 15% of each issue within a limit of €30,000,000	26 months	Nil
Allocation of free shares	16 September 2008	Limited to 2% of the share capital	38 months	Attribution of 94,000 shares
Increase of share capital by incorporation of reserves, profits or premiums	28 July 2009	€30,000,000	26 months	€142,240 resulting from the granting of 88,900 free shares
Increase in share capital for transfer in kind	28 July 2009	Limited to 10% of the share capital	26 months	Nil

SECURITIES NOT REPRESENTATIVE OF THE CAPITAL

On 5 January 2005, the Company issued seven-year senior bonds of €200 million, redeemed in full on 30 June 2010.

Furthermore, Rémy Cointreau issued 6.5-year bonds totalling € 205 million on 30 June 2010.

The features of these transactions are described in Note 11.6 to the consolidated financial statements and Note 2.6 to the parent company financial statements of Rémy Cointreau at 31 March 2011.

OTHER SECURITIES GIVING ACCESS TO CAPITAL

None.

OTHER CONVERTIBLE LOAN NOTES

None.

AUTHORISATION TO ISSUE SECURITIES GIVING ACCESS TO CAPITAL

The Combined General Meeting of 24 August 2000 authorised the Board of Directors to grant, on one or more occasions during a period of five years, to employees or management of the Company and the companies or GIE covered by Article 208-4 of the law on commercial companies (Article L. 225-180 of the Commercial Code), options carrying the right to subscribe for new shares in the Company that may represent up to 3% of the share capital of Rémy Cointreau. The Management Board's meetings of 1 March 2001 and 8 March 2002 granted all the corresponding options. These plans expired on 30 May 2010 and 28 February 2011.

The Combined General Meeting of 21 September 2001 authorised the Management Board to grant, within the same terms and conditions as previously, options giving right to subscribe to new shares or to purchase shares in the Company up to a maximum of 3% of the share capital of Rémy Cointreau. The Board of Directors' meetings of 8 March 2002 and 16 September 2003 allocated 634,500 options, including 287,000 options to purchase shares in the Company. The number of options outstanding at 31 March 2011 was 103,860.

The table of outstanding option plans is included in the Special Report in respect of options to subscribe for or to purchase shares.

MOVEMENTS IN SHARE CAPITAL OVER THE LAST FIVE YEARS

Dates	Nature of transaction	Number of shares issued (cancelled)	Share capital (euros)	Share premium (euros)	Share capital (euros)	Number of shares
31/03/06	Capital increase by exercise of share subscription options	702,116	1,123,385.60	15,317,755.73	73,207,643.20	45,754,777
31/03/06	Capital increase following the conversion of bonds	30,032	48,051.20	598,640.58	73,255,694.40	45,784,809
31/03/06	Conversion of OCEANE securities	2,262	3,619.20	94,777.80	73,259,313.60	45,787,071
31/03/06	Cancellation of shares within the framework of a repurchase agreement	(280,927)	(449,483.20)	(7,163,638.50)	72,809,830.40	45,506,144
31/03/07	Capital increase by exercise of share subscription options	493,658	789,852.80	10,699,185.77	73,599,683.20	45,999,802
13/09/07	Capital increase by exercise of share subscription options	117,246	187,593.60	2,700,654.65	73,787,276.80	46,117,048
13/09/07	Part payment of dividend in shares	142,739	228,382.40	6,822,924.20	74,015,659.20	46,259,787
20/11/07	Capital increase by deduction from reserves following the allocation of free shares	88,000	140,800.00	-	74,156,459.20	46,347,787
31/03/08	Capital increase by exercise of share subscription options	211,006	337,609.60	4,755,625.60	74,494,068.80	46,558,793
08/10/08	Part payment of dividend in shares	673,843	1,078,148.80	20,222,028.43	75,572,217.60	47,232,636
20/11/08	Capital increase by exercise of share subscription options	7,290	11,664.00	133,227.60	75,583,881.60	47,239,926
20/11/08	Capital increase by deduction from reserves following the allocation of free shares	89,500	143,200.00	-	75,727,081.60	47,329,426
31/03/09	Capital increase by exercise of share subscription options	40,618	64,988.80	624,426.80	75,792,070.40	47,370,044
15/09/09	Capital increase by exercise of share subscription options	3,262	5,219.20	34,577.20	75,797,289.60	47,373,306
21/09/09	Part payment of dividend in shares	980,095	1,568,152.00	21,415,075.75	77,365,441.60	48,353,401
19/11/09	Capital increase by deduction from reserves following the allocation of free shares	86,600	138,560.00	-	77,504,001.60	48,440,001
31/03/10	Capital increase by exercise of share subscription options	69,768	111,628.80	1,303,232.73	77,615,630.40	48,509,769
21/09/10	Part payment of dividend in shares	565,770	905,232.00	20,944,805.40	78,520,862.40	49,075,539
21/09/10	Capital increase by exercise of share subscription options	55,450	88,720.00	1,405,575.00	78,609,582.40	49,130,989
23/11/10	Capital increase by exercise of share subscription options	36,827	58,923.20	929,428.50	78,668,505.60	49,167,816
23/11/10	Capital increase by deduction from reserves following the allocation of free shares	88,900	142,240.00	-	78,810,745.60	49,256,716
31/03/11	Capital increase by exercise of share subscription options	171,686	274,697.60	4,173,919.50	79,085,443.20	49,428,402

No significant change in the share capital ownership structure has taken place since the capital increase by transfer in kind of 19 December 2000, except in relation to First Eagle Investment Management, LLC, which held 5.66% of the share capital and 6.47% of voting rights, and Fidelity Investments International, which held 4.54% of the share capital and 2.85% of voting rights at 31 March 2011.

5.1.3 Analysis of shareholders and voting rights

VOTING RIGHTS, NUMBER OF SHAREHOLDERS, DETAILS OF SHAREHOLDERS HOLDING 1% OR GREATER AND THE NATURE OF THEIR HOLDING, SHAREHOLDERS' AGREEMENTS, SHARES HELD BY EMPLOYEES AND TREASURY SHARES

Shareholders	Position at 31/03/2011			Position at 31/03/2010			Position at 31/03/2009		
	Number of shares	% of capital	% voting rights	Number of shares	% of capital	% voting rights	Number of shares	% of capital	% voting rights
Orpar	21,252,815	43.00	52.55	20,901,034	43.09	52.60	20,337,312	42.93	52.36
Récopart	6,937,889	14.04	17.29	6,937,889	14.30	17.07	6,750,766	14.25	16.97
Andromède	19,640	0.04	0.05	19,314	0.04	0.02	18,793	0.04	0.02
First Eagle Investment Management, LLC(1)	2,797,672	5.66	6.47	4,818,450	9.93	9.76	7,238,001	15.28	13.00
Fidelity Investments International(1)	2,204,020	4.46	2.82	2,204,314	4.54	2.85	2,314,188	4.89	3.02
Rémy Cointreau (treasury shares)	21,310	0.04	-	14,853	0.03	-	103,205	0.22	-
Public	16,195,056	32.76	20.82	13,613,915	28.07	17.70	10,607,779	22.40	14.63
Total	**49,428,402**	**100.00**	**100.00**	**48,509,769**	**100.00**	**100.00**	**47,370,044**	**100.00**	**100.00**

(1) Number of shares declared by First Eagle Investment Management, LLC on 29 October 2010 and number of shares held in September 2009 by Fidelity Investments International.

In a statement dated 23 May 2011, First Eagle Investment Management LLC declared that they held, at 23 May 2011, 1,934,931 shares corresponding to 3.91% of the share capital and 4.74% of the voting rights.

There are shares with double voting rights. The number of shares with double voting rights at 31 March 2011 was 28,775,389. The principal shareholders, Orpar and Récopart, hold such rights as indicated in the above table.

The employee savings plan represents 2.50% of the share capital of Rémy Cointreau. It is the only form of collective shareholding by Rémy Cointreau employees.

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

- In accordance with Article 13.1 of Récopart's bylaws, shareholders holding category B shares, of which 99.99% are held by Orpar, are entitled to submit to the Supervisory Board candidates for two positions on the Board of Directors. As a result, two executive officers from Orpar, namely Mr. François Hériard Dubreuil and Mr. Marc Hériard Dubreuil, were appointed as Chairman and Member of the Board of Directors of Récopart, respectively. The object of this condition is to guarantee consultation on the exercise of voting rights between Récopart and Orpar, so that they implement a common policy in relation to Rémy Cointreau;

- in accordance with the terms and conditions of a Memorandum of Understanding dated 21 and 22 July 2010, on 22 July 2010 Orpar acquired 721,995 Récopart shares, including 421,995 outright and 300,000 in bare ownership from Mr. Pierre Cointreau and his children, thereby increasing its investment to 61.02% of the share capital and 54.53% of voting rights of Récopart.

On that date, Récopart held 6,937,889 shares and 13,229,478 voting rights of Rémy Cointreau, i.e. 14.30% of the share capital and 17.08% of the voting rights of Rémy Cointreau. On that date, Orpar held 20,901,034 shares and 40,732,231 voting rights of Rémy Cointreau, i.e. 43.09% of the share capital and 52.59% of the voting rights of Rémy Cointreau. Therefore, following this acquisition, Orpar held directly or indirectly, a total of 27,838,923 shares and 53,961,709 voting rights of Rémy Cointreau, i.e. 57.39% of the share capital and 69.67% of the voting rights of Rémy Cointreau, and had thus indirectly crossed the threshold of 50% of the share capital and 66.67% of the voting rights of Rémy Cointreau.

In application of the Memorandum of Understanding and as part of the implementation of the acquisition, Orpar and Mr. Pierre Cointreau and his family entered into the following agreements to govern their relationship within Récopart:

- An undertaking to purchase was granted on 21 and 22 July 2010 by Orpar to the Cointreau family, in relation to the remaining Récopart shares held by the Cointreau family. The undertaking to purchase reflects Orpar's commitment to acquire, from members of the Cointreau family and at their request, a maximum of 2,378,005 Récopart shares;

- An undertaking to sell was granted on 21 and 22 July 2010 by the Cointreau family to Orpar, in relation to the remaining Récopart shares held by the Cointreau family. The undertaking to sell reflects the commitment of the members of the Cointreau family to sell to Orpar, at the latter's request, a maximum of 2,378,005 Récopart shares;

- A shareholders' agreement was concluded on 21 and 22 July 2010, for 20 years from the date of signing. The agreement specifies that Récopart will remain a limited company governed by a Management Board and a Supervisory Board and that the Supervisory Board will continue to be chaired by Mr. Pierre Cointreau from the date of signing of the agreement. It was also specified, in order to simplify the organisation of the company, that Récopart will be turned into a simplified limited company (SAS), by 30 September 2011 at the latest, and that the bylaws of the company will have to be updated accordingly. The agreement also specified the terms and conditions of payment of annual dividends.

Orpar also benefits from a pre-emption right on any share transfer, except for certain types of so-called free transfers, it being specified that the pre-emption right will become automatically applicable from the date Récopart is turned into a simplified limited company and the related bylaw amendments come into force.

Lastly, the agreement specifies that in the event Orpar were to receive a bid from a third party buyer, which it would be prepared to accept, for the transfer of 51% at least of Récopart shares, that all shareholders would be compelled to dispose of their shares jointly with Orpar, pursuant to the terms and conditions specified in the agreement.

As a result, the shareholders' agreement dated 27 June 2001 was terminated on 22 July 2010.

Furthermore, two so-called "Dutreil pact" retention commitments were concluded in July 2010 between Orpar and Récopart, acting as principals, in relation to 10,400,000 Rémy Cointreau shares, i.e. 21.44% of the share capital of Rémy Cointreau. These agreements include a commitment to retain the Rémy Cointreau shares covered by this agreement for two years.

Two so-called "Dutreil pact" retention commitments were also concluded in December 2010 between Orpar and Récopart, acting as principals, in relation to 10,820,000 Rémy Cointreau shares, i.e. 22% of the share capital of Rémy Cointreau. These agreements include a commitment to retain the Rémy Cointreau shares covered by this agreement for two years.

BOARD MEMBERS' SHARES AND VOTING RIGHTS OWNERSHIP AT 31 MARCH 2011

It is noted that Orpar, a director, held, on the same date 21,252,815 shares, being 43.00% of the share capital and 41,084,012 voting rights, being 52.55% of the voting rights.

The Company holds 21,310 treasury shares acquired as part of the sales contract with a repurchase agreement signed on 24 March 2005 with a view to serving share purchase options exercised. The features of the share repurchase programme authorised by the General Meeting of 27 July 2010 are described in the Management Report.

The options (share subscription options) and the maximum potential dilution are referred to in the notes to the consolidated financial statements.

Directors	Shares	%	Shares with double voting rights	Voting rights	%
Mrs. Dominique Hériard Dubreuil	2,617	0.00	2,466	5,083	0.01
Mr. François Hériard Dubreuil	106	0.00	100	206	0.00
Mr. Marc Hériard Dubreuil	100	0.00	100	200	0.00
Sir Brian Ivory	100	0.00	100	200	0.00
Mr. Jean Burelle	104	0.00	100	204	0.00
Mr. Jacques-Etienne de T'Serclaes	536	0.00	500	1,036	0.00
Mr. Gabriel Hawawini	100	0.00	0	100	0.00
Mr. Timothy Jones	100	0.00	0	100	0.00
Mr. Patrick Thomas	100	0.00	0	100	0.00
Mr. Didier Alix	200	0.00	0	200	0.00
Total	**4,063**	**0.00**	**3,366**	**7,429**	**0.01**

CHANGES IN SHARE CAPITAL OWNERSHIP DURING THE LAST THREE YEARS

During the course of 2008/09, the share capital increased by €1,635,611.20 to €75,792,070.40, as a result of the exercise of 47,908 share subscription options, the exercise of the 50% share dividend payment option resulting in the issue of 673,843 shares and the distribution of 89,500 free shares. At closing, Orpar held more than one-third of the share capital and more than half the voting rights. Récopart held more than 10% of the share capital and more than 15% of voting rights.

Arnhold and S. Bleichroeder LLC held more than 15% of the share capital and more than 10% of the voting rights. Fidelity Investments International held more than 4% of the share capital and more than 3% of the voting rights.

During the course of 2009/10, the share capital increased by €1,823,560 to €77,615,630.40, as a result of the exercise of 73,030 share subscription options, the exercise of the 50% share dividend payment option resulting in the issue of 980,095 shares and the distribution of 86,600 free shares. At closing, At closing, Orpar held more than one-third of the share capital and more than half the voting rights. Récopart held more than 10% of the share capital and more than 15% of the voting rights.

First Eagle Investment Management, LLC (formerly Arnhold and S. Bleichroeder, LLC) held more than 9% of the share capital and voting rights. Fidelity Investments International held more than 4% of the share capital and more than 2% of the voting rights and Amundi-Société Générale Gestion-Etoile Gestion held more than 1% of the share capital and less than 1% of the voting rights.

During the course of 2010/11, the share capital increased by €1,469,812.80 to €79,085,443.20, as a result of the exercise of 263,963 share subscription options, the exercise of the 50% share dividend payment option resulting in the issue of 565,770 shares and the distribution of 88,900 free shares. At closing, Orpar held more than one-third of the share capital and more than half the voting rights. Récopart held more than 10% of the share capital and more than 15% of the voting rights.

First Eagle Investment Management, LLC (formerly Arnhold and S. Bleichroeder, LLC) held more than 5% of the share capital and voting rights. Fidelity Investments International held more than 4% of the share capital and more than 2% of the voting rights and Amundi-Société Générale Gestion-Etoile Gestion and Groupama held more than 1% of the share capital and less than 1% of the voting rights.

PERSONS THAT CONTROL THE COMPANY AND DETAILS OF THEIR SHAREHOLDINGS

At 31 March 2011, Orpar was 78.34% owned by Andromède, which is controlled by the Hériard Dubreuil family.

At 31 March 2011, Orpar held 21,252,815 shares in Rémy Cointreau, being 43.00% of its share capital, giving it 41,084,012 of the voting rights, or 52.55% of the voting rights.

The Company conforms to corporate governance rules in force and takes into account the recommendations of the Viénot and Bouton reports. The Board of Directors comprises, in particular, a significant proportion of independent directors and has its own internal regulations. The Company adopted the corporate governance code published by AFEP and MEDEF in December 2008, without change or adaptation.

5.1.4 Stock market performance

Rémy Cointreau shares are listed on the Euronext Paris (ISIN code: FR0000130395) and are eligible for SRD (Euronext Paris' deferred settlement service). Rémy Cointreau is a component of the French CACMID 100 index and the EuroStoxx 100 indices.

At 31 March 2011, Rémy Cointreau's market capitalisation totalled €2.617502 billion.

Since September 2005, Rémy Cointreau has entrusted a financial institution with the implementation of a liquidity contract that conforms to the AFEI charter recognised by the Autorité des Marchés Financiers (AMF).

RÉMY COINTREAU SHARE PRICE PERFORMANCE OVER THE LAST 18 MONTHS

	Volume	Average price (€)	High price (€)	Low price (€)	Trading value (€ millions)
2009					
December	1,241,031	35.82	37.62	33.63	44.46
2010					
January	1,089,023	36.58	39.39	35.30	40.20
February	971,878	35.21	37.05	33.18	34.11
March	1,501,151	37.67	39.90	35.04	56.60
April	2,308,025	41.77	46.23	38.26	96.76
May	1,832,120	40.39	42.71	38.00	73.85
June	1,690,298	44.11	46.90	39.61	74.67
July	1,424,437	44.09	46.49	40.93	63.03
August	5,025,122	42.20	44.01	40.32	210.29
September	1,302,869	46.27	49.90	43.01	60.52
October	1,816,168	49.72	52.80	47.85	90.95
November	1,584,773	52.34	54.45	49.00	82.19
December	1,018,054	52.07	54.14	49.62	52.75
2011					
January	2,374,269	52.28	56.15	49.60	124.02
February	1,515,027	50.13	52.40	47.00	75.96
March	1,922,973	51.53	53.34	49.00	98.63
April	1,411,805	54.53	56.52	52.65	76.92
May	982,878	56.29	57.44	54.75	55.28

5.2 CORPORATE GOVERNANCE

5.2.1 Board of Directors and management

Principal offices held at present or in the course of the past five years by members of the Board of Directors and Management.

CORPORATE GOVERNANCE OF THE COMPANY

Since 7 September 2004, the Company has been governed by a Board of Directors. The Board of Directors elected on the same day to split the functions of Chairman of the Board and Chief Executive Officer. The Company conforms to the corporate governance in force and takes into account the recommendations of the Viénot and Bouton reports. The Company adopted the Corporate Governance Code published by AFEP and MEDEF in December 2008, without change or adaptation.

COMPOSITION OF THE BOARD OF DIRECTORS

Chairman
Mrs. Dominique Hériard Dubreuil

French national, 64 years old.

Date first appointed: 7 September 2004.

Date appointment expires: AGM to consider the financial statements for the year 2011.

Professional address: Rémy Cointreau, 21, boulevard Haussmann, 75009 Paris, France.

Mrs. Dominique Hériard Dubreuil is a Public Relations graduate of IRPCS and has been a director of the Company since December 1991. She was notably Chairman of the Board of Directors of Rémy Cointreau from 1998 to 2000 and subsequently Chairman of the Management Board from 2000 to 2004. Mrs. Dominique Hériard Dubreuil is a Knight Officer of the Legion of Honour and of the National Order of Merit.

Principal appointment outside the Company

Managing Director of Andromède SAS.

Other appointments

Director of Orpar SA.

Chairman of the Board of Directors of Vinexpo Overseas SAS.

Member of the Supervisory Board of Vinexpo SAS.

Director of Baccarat SA.

Member of the Supervisory Board of Vivendi.

Member of the Supervisory Board of Wendel.

Director of AFEP.

Member of the Executive Committee of MEDEF.

Director of INRA.

Director of 2nd chance foundation.

Director of the Fondation de France.

Director of the Comité France Chine.

Director of the Comité Colbert.

Appointments within the Rémy Cointreau Group

Chairman of E. Rémy Martin & C° SAS.

Supervisory Director of Rémy Cointreau Nederland Holding NV.

Director of Rémy Concord Ltd.

Director of Rémy Pacifique Ltd.

Chairman of Rémy Cointreau Amérique Inc.

Previous functions and terms of office (held during the past five years and now terminated)

Director and Deputy Managing Director of Andromède SA.

Director of CLS Rémy Cointreau SA.

Chairman of the Board of Directors of GIE Rémy Cointreau Services.

Director of Botapol Holding BV.

Director of Rémy Finance BV.

Director of CEDC.

Director of Stora Euro Oyj.

DIRECTORS

Mr. François Hériard Dubreuil

French national, 63 years old.

Date first appointed: 7 September 2004.

Date appointment expires: AGM to consider the financial statements for the year 2012.

Professional address: Orpar, 123, avenue des Champs Elysées, 75008 Paris, France.

Mr. François Hériard Dubreuil holds a Masters Degree in Science from the University of Paris and an MBA from INSEAD. He has been a director of the Company since 1991. He was notably Chairman of Rémy Martin from 1984 to 1990 and Chief Executive Officer of Rémy Cointreau from 1990 to 2000, then Chairman of the Supervisory Board from 2000 to 2004. Mr. François Hériard Dubreuil is a member of the INSEAD French Council and Chairman of the INSEAD Foundation.

Principal appointment outside the Company

Chairman and CEO of Orpar SA.

Other appointments

Managing Director of Andromède SAS.

Chairman of the Board of Directors of Récopart SA.

Vice-Chairman and Deputy Managing Director of Oeneo SA.

Chairman of Financière de Nonac SAS.

Chairman of Grande Champagne Patrimoine SAS.

Chairman of the INSEAD foundation.

Director of Dynasty Fine Wines Group Ltd.

Director of Shanghai Shenma Winery Co Ltd.

Previous functions and terms of office (held during the past five years and now terminated)

Permanent representative of Grande Champagne Patrimoine. Chairman of MMI.

Mr. Marc Hériard Dubreuil

French national, 59 years old.

Date first appointed: 7 September 2004.

Date appointment expires: AGM to consider the financial statements for the year 2013.

Professional address: Orpar, 123, avenue des Champs Elysées, 75008 Paris, France.

Mr. Marc Hériard Dubreuil is a graduate of ESSEC and has been a director of the Company since December 1991, after beginning his professional career with General Foods and Leroy Somer. He has notably been Chairman of Rémy Martin and Rémy & Associés, then Chief Executive Officer of Rémy Cointreau from 1990 to 2000.

Principal appointment outside the Company

Chairman and CEO of Oeneo SA.

Other appointments

Managing Director of Andromède SAS.

Vice-Chairman, Deputy Managing Director and Director of Orpar SA.

Member of the Management Board of Récopart SA.

Director of Bull SA.

Chairman of LVLF SAS.

Chairman of the Supervisory Board of Crescendo Industries SAS.

Manager of Trinity Concord International Ltd.

Director of TC Holding Limited.

Previous functions and terms of office (held during the past five years and now terminated)

Member of the Steering Committee of AUXI-A.

Sir Brian Ivory

British citizen, 62 years old.

Date first appointed: 7 September 2004.

Date appointment expires: AGM to consider the financial statements for the year 2011. Professional address: 12 Ann Street, Edinburgh EH4 1PJ, Scotland

Sir Brian Ivory is a chartered accountant and holds a Master of Arts Degree from the University of Cambridge. He has been a director of a number of listed companies in the United Kingdom since 1978, including currently the Scottish American Investment Company plc and Retec Digitel plc. Sir Brian Ivory has been a director of Orpar, Rémy Cointreau SA parent company, since January 2003. He has been a director of the Company since November 1991.

Principal appointment outside the Company

Chairman of The Scottish American Investment Company plc.

Other appointments

Director of Orpar.

Chairman of Arcus European Infrastructure Fund LLP.

Chairman of Retec Digital plc.

Director of Insight Investment Management Ltd.

Director of Marathon Asset Management Ltd.

Director of Whiteaway Laidlaw Bank Ltd.

Previous functions and terms of office (held during the past five years and now terminated)

Director of HBOS plc.

Director of Bank of Scotland.

Director of Halifax plc.

Director of Synesis Life Ltd.

Chairman of National Galleries of Scotland.

Mr. Jean Burelle

French national, 72 years old.

Date first appointed: 3 June 2005.

Date appointment expires: AGM to consider the financial statements for the year 2013.

Professional address: Burelle SA, 1, rue François 1er, 75008 Paris, France.

Mr. Jean Burelle is a graduate of the Federal Institute of Technology in Zurich and holds an MBA from Harvard. He was notably Chairman and Chief Executive Officer of Compagnie Plastic Omnium from 1987 to 2001 and a director of the Franco-German and Franco-American Chambers of Commerce for several years. He has been Chairman and Chief Executive Officer of Burelle SA since 2001. He was appointed Chairman of MEDEF International in November 2005. Mr. Jean Burelle is a Knight of the Legion of Honour and a Knight Officer of the National Order of Merit. He has been a Director of the Company since June 2005.

Principal appointment outside the Company

Chairman and Chief Executive Officer of Burelle SA.

Other appointments

Chairman and Chief Executive Officer of Sogec 2.

Honorary Chairman and Director of Compagnie Plastic Omnium.

Chairman of MEDEF International.

Member of the Supervisory Board of Soparexo (SCA).

Member of the Supervisory Board of Banque Jean-Philippe Hottinger & Cie (SCA).

Chairman of Harvard Business School Club de France.

Permanent representative of Burelle Participation within the Board of Directors of Sycovest 1.

Previous functions and terms of office (held during the past five years and now terminated)

Chairman of Sycovest 1.

Director of Essilor International and Chairman of the Directors' Committee.

Member of the Supervisory Board of EM Lyon (AESCRA).

Mr. Jacques-Etienne de T'Serclaes

French national, 64 years old.

Date first appointed: 27 July 2006.

Date appointment expires: AGM to consider the financial statements for the year 2012.

Professional address: 14, rue des Sablons, 75116 Paris, France.

Mr. Jacques-Etienne de T'Serclaes, chartered accountant, graduated from ESSCA and Harvard Business School (OPM). He is a former member of Compagnie des Commissaires aux Comptes. As Senior Partner with PricewaterhouseCoopers (1990-2005), he headed up the Global Retail and Consumer practice worldwide, and was Chairman of the Supervisory Board of PwC Audit France. Previously he spent seven years within the Euromarché group (acquired by Carrefour) where he was Chief Executive Officer.

He is currently the Founding Chairman of the "l'Agence du Don en Nature" (EuroGiki) charity, Operating Partner for Advent International Global Private Equity and an Independent Director of the Gifts in Kind International (USA) charity, Banimmo (Belgium) and Altran India.

Principal appointment outside the Company

Operating Partner: Advent International Global Private Equity.

Other appointments

Director of Gifts In Kinds International (USA).

Director of Altran Technologie SA and Altran India (India).

Director of Banimmo (Belgium).

Previous functions and terms of office (held during the past five years and now terminated)

Chairman of the Supervisory Board of PricewaterhouseCoopers Audit.

Director of Euro-India Centre

Mr. Gabriel Hawawini

French national, 63 years old.

Date first appointed: 27 July 2006.

Date appointment expires: AGM to consider the financial statements for the year 2012.

Professional address: INSEAD, boulevard de Constance, 77305 Fontainebleau, France

Mr. Gabriel Hawawini, holds a degree in Chemical Engineering from the University of Toulouse and a doctorate in Economics and Finance from New York University. He has been a professor at INSEAD since 1982, and holds the Henry Grunfeld Chaired Professor of Investment Banking.

He was the Dean at INSEAD between 2000 and 2006.

Mr. Hawawini has lectured in New York universities, particularly Columbia. He is the author of 13 books and over 75 Articles. Mr. Gabriel Hawawini is a Knight Officer of the Legion of Honour.

Principal appointment outside the Company

Other appointments

Chairman of the European Foundation for Management Development Accreditation Commission.

Previous functions and terms of office (held during the past five years and now terminated)

Director of Vivendi Universal.

Director of Cerestar.

Director of Mastrad.

Director of the Indian School of Business.

Director of Accenture (Energy Advisory Board).

Director of the European Foundation for Management Development.

Mr. Timothy Jones

British national, 66 years old.

Date first appointed: 31 July 2007.

Date appointment expires: AGM to consider the financial statements for the year 2013.

Professional address: 8 Kirkwick Avenue, Harpenden ASL 2QL, United Kingdom.

Mr. Tim Jones is a Doctor of Philosophy (PhD) and holds an MBA. He was a manager in the oil industry for a number of years and subsequently Chief Executive Officer of Lloyd's Register for seven years. He has been a Director of Orpar, the parent company of Rémy Cointreau, since January 2003.

Principal appointment outside the Group

Director of Double Dragon Underwriting Ltd and InnovOx Ltd.

Other appointments

Member of the Royal Society of Chemistry.

Previous functions and terms of office (held during the past five years and now terminated)

Deputy Chairman of Education and Learning in Wales.

Mr. Patrick Thomas

French national, 64 years old

Date first appointed: 16 September 2008.

Date appointment expires: AGM to consider the financial statements for the year 2011.

Professional address: 24, rue du Faubourg Saint Honoré, 75008 Paris, France

Mr. Patrick Thomas is a graduate of the Paris Ecole Supérieure de Commerce. He spent 16 years with the Pernod Ricard Group, which he left in 1989 as CEO of Pernod Ricard UK. He was subsequently CEO of Hermès International from 1989 to 1997, Chairman of the Lancaster Group from 1997 to 2000 and Chairman of Willam Grant & Sons from 2000 to 2003. He rejoined Hermès International in July 2003 and is currently General Manager.

Principal appointment outside the Group

General Manager of Hermès International (SCA).

Other appointments

Vice-Chairman and member of the Supervisory Board of Massily Holding.

Vice-Chairman and member of the Supervisory Board of Gaulme.

Member of the Supervisory Board of Leica Camera AG.

Within the Hermès Group:

Chairman of Boissy Retail, Castille Investissements, Compagnie Hermès de Participations, Full More Group, Grafton Immobilier, Hercia, Herlee, Hermès (China), Hermès Asia Pacific, Hermès Canada, Hermès GB Ltd, Hermès Immobilier Genève, Hermès Korea, Hermès Retail Malaysia, Holding Textile Hermès, Immobilière du 5 rue de Furstenberg, Ateliers de Tissage de Bussières et de Challes, Isamyol 9, Isamyol 16, Isamyol 17, Isamyol 18, Motsch George V, SAS Ateliers Nontron, Hermès Intérieur & Design et Hermès Voyageur.

Chairman of the Board of Directors of Hermès Italie, Hermès of Hawai, Hermès of Paris and of Hermtex.

Member of the Supervisory Board of Hermès Prague.

Director of Atelier AS, Boissy Mexico, Boissy Singapore Pte Ltd, Castille Investissements, Compagnie des Cristalleries de Saint-Louis, Créations Métaphores, Full More Group, Herlee, Hermès China, Hermès Asia Pacific, Hermès Australia, Hermès Benelux Nordics, Hermès Canada, Hermès de Paris (Mexico), Hermès GB Ltd, Hermès Grèce, Hermès Iberica, Hermès Immobilier Genève,

5

Hermès Italie, Hermès Japon, Hermès of Hawai, Hermès of Paris (USA), Hermès Monte Carlo, Hermès Retail Malaysia, Hermès Singapore Retail, Hermès South East Asia, Hermtex, John Lobb Japan, Lacoste, La Montre Hermès, Saint-Honoré (Bangkok) and Sipryl Informatique.

Previous functions and terms of office (held during the past five years and now terminated)

Member of the Supervisory Board of Neuflize OBC Bank. Chief Executive Officer of Hermès International.

Chairman of Hermès Holding US and Hermès Korea Travel Retail

Director of Hermès India Retail & Distributors Private Ltd, John Lobb (Hong Kong) Limited, Saint Honoré (Chile) and Wally Yachts

Mr. Didier Alix

French national, 64 years old

Date first appointed: 27 July 2010.

Date appointment expires: AGM to consider the financial statements for the year 2013.

Professional address: 17, Société Générale - 17, Cours Valmy - 75886 Paris Cedex, France.

Mr. Didier Alix is a graduate of IEP Paris and has a degree in Business Economics. Mr. Didier Alix began his career in 1970 in Société Générale where he held various positions within general audit, central risk control and within a number of departments. He was notably a network Manager for France, then Deputy General Manager for the Individuals and Business division. He was appointed Chief Executive Officer in September 2006. He has been an advisor to the Chairman of Société Générale since January 2010.

Principal appointment outside the Groupe

Advisor to the Chairman of Société Générale.

Other appointments:

Chairman of the Supervisory Board of Komercni Banka.

Director of Banque Roumaine de Développement.

Director of SG Private Banking Suisse.

Director of Yves Rocher.

Member of the Supervisory Board of Société Générale Marocaine de Banques.

Director of Crédit du Nord.

Chairman and CEO of Sogébail.

Chairman and CEO of Société Gestion Saint Jean de Passy.

Chairman of the Fondation d'entreprise SG pour la solidarité.

Member of the Supervisory Board of Faiveley Transport.

Director of SGBT Luxembourg.

Director of Société Générale de Banques au Cameroun.

Director of Société Générale de Banques au Sénégal.

Director of la Société Générale de Banques en Côte d'Ivoire.

Previous functions and terms of office (held during the past five years and now terminated):

Director of NSGB.

Director of Franfinance.

ORPAR

Société anonyme (Public Limited Company) with a share capital of €68,022,176.

Date first appointed: 27 July 2006.

Date appointment expires: AGM to consider the financial statements for the year 2012.

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

Permanent representative until 31 March 2011:

Mrs. Marie Barbaret, 45 years old.

Professional address: Andromède, 123, avenue des Champs Elysées, 75008 Paris, France

Function in the company represented

Mrs. Marie Barbaret is a graduate of ESSEC and holds an MSc from the London School of Economics. After working in audit with Arthur Andersen, Marie Barbaret was a management controller for Hachette Livre and an investment manager with Caisse des Dépôts et Consignations (Part'Com), in charge of capital development projects. She was also responsible for Nathan (CLE)'s development in India for three years.

Other appointments

Managing Director of Grande Champagne Patrimoine SAS.

Strategy and Development Manager of Andromède.

Previous functions and terms of office (held during the past five years and now terminated)

None.

Number of Independent Board members:

Five during the 2010/2011 financial year.

At 31 March 2011.

Mr. Jean Burelle, Mr. Gabriel Hawawini, Mr. Patrick Thomas and Mr. Jacques Etienne de T'Serclaes, Mr. Didier Alix.

The Board of Directors is regularly informed of the independence of each of its members.

Number of members elected by employees: the Company does not have any employee members.

Number of shares that must be held by each member: 100.

HONORARY CHAIRMAN

Mr. Pierre Cointreau

On 27 July 2006, the Board of Directors appointed Mr. Pierre Cointreau as Honorary Chairman of the Company.

French national: 90 years old.

Professional address: Cointreau SA, BP 79, Carrefour Molière, 49181 St Barthélémy d'Anjou, France.

Mr. Pierre Cointreau has been an industrialist and an entrepreneur since 1950. He is a former socioeconomic adviser, a former member of the Economic and Social Council of the Pays de Loire region and the Honorary Chairman of the Chamber of Commerce of Angers and of the Anjou Trade Show. Mr. Pierre Cointreau is the Honorary Mayor of the town of Montreuil sur Loire. He is the Chairman of the Supervisory Board of Récopart, which holds 14.04% of Rémy Cointreau SA, and was a director of the Company from December 1991 to July 2006. Mr. Pierre Cointreau is a Knight Officer of the Legion of Honour and of the National Order of Merit.

Principal appointment outside the Company

Chairman of the Supervisory Board of Récopart SA.

Other appointments

Chairman of Cointreau SASU.

Chairman of Izarra SASU.

Previous functions and terms of office (held during the past five years and now terminated)

Member of the Supervisory Board of Rémy Cointreau from December 2000 to September 2004.

Director of Rémy Cointreau from September 2004 to July 2006.

Chairman of the Board of Directors of Cointreau SA.

Chairman of the Board of Directors of Izarra SA.

Director of CLS Rémy Cointreau.

Director of GIE Rémy Cointreau Services.

CHIEF EXECUTIVE OFFICER AND EXECUTIVE COMMITTEE

On 7 September 2004, the Board of Directors elected to split the positions of Chairman of the Board and Chief Executive Officer in accordance with Article L. 225-51-1 of the Commercial Code. Mr. Jean-Marie Laborde was appointed Chief Executive Officer on 7 September 2004 and reappointed for a period of three years on 27 July 2010 for a period of three years.

Mr. Jean-Marie Laborde, 63 years old, and a French national, holds a Masters' Degree in Economics from the University of Bordeaux and an MBA from the Institut Supérieur des Affaires (HEC/ISA). Mr. Jean-Marie Laborde was notably Chairman and Chief Executive Officer of Ricard from 1984 to 1996 and Chairman and Chief Executive Officer of Moët et Chandon from 1996 to 2003. He subsequently became General Manager of the wine division of Worms & Cie. At the same time, he was Chairman and Chief Executive Officer of Burgundy winemaker Antonin Rodet. He joined the Rémy Cointreau Group in September 2004. Mr. Jean-Marie Laborde is a member of a number of professional organisations. He is a Knight of the Legion of Honour, a Knight of the National Order of Merit and a Knight Officer of the Order of Arts and Humanities.

Principal appointment outside the Company

Director of Finadvance.

Other appointments

Chairman of Rémy Cointreau Services SAS.

Chairman of Mount Gay Distilleries Ltd.

Manager of Rémy Cointreau Amérique.

Manager of Cointreau Corporation.

Supervisory Director of Rémy Cointreau Nederland Holding BV.

Legal representative of Rémy Cointreau SA, Chairman of Seguin & Cie SAS.

Director of Dynasty Fine Wines Group Ltd.

Previous functions and terms of office (held during the past five years and now terminated)

Director of Maxxium Worldwide BV.

Legal representative of Rémy Cointreau SA, Chairman of RC ONE SAS.

Legal representative of Rémy Cointreau SA, Chairman of Seguin & Cie SAS.

The Chief Executive Officer is assisted by an Executive Committee comprising the following members:

- Mr. Jean-François Boueil Group Human Resources Manager;
- Mr. Frédéric Pflanz, Group Finance Director;
- Mr. Damien Lafaurie, Market Operations Manager;
- Mr. Christian Liabastre, Strategy and Brand Development Manager;
- Mr. Patrick Marchand, Group Operations Manager.

THE GROUP'S DIRECTORS HAVE HAD NO CONVICTIONS FOR FRAUD, NO DIRECTOR HAS BEEN PARTY TO BANKRUPTCY, NO ASSETS OF THE COMPANY HAVE BEEN IMPOUNDED OR LIQUIDATED AND NO DIRECTOR RECEIVED ANY OFFICIAL INCRIMINATION OR PUBLIC PENALTY OR STATUTORY BAR TO ACT OR TO INTERVENE IN THE CONDUCT OF THE COMPANY'S BUSINESS

To the best of Rémy Cointreau's knowledge:

- there were no convictions for fraud over the last five years against any members of the Board of Directors or the Chief Executive Officer;
- neither the Chief Executive Officer nor any members of the Board of Directors have been party, over the past five years, to a bankruptcy, nor were assets impounded or liquidated while being a member of an administrative, management or supervisory body or as Chief Executive Officer;
- no official incrimination and/or public penalty was incurred against any members of the Board of Directors or the Chief Executive Officer by statutory and regulatory authorities, including designated professional bodies. Thus, neither the Chief Executive Officer nor any members of the Board of Directors were subject to any statutory bar to act or to intervene in the management or the conduct of the business of an issuing company over the past five years.

NATURE OF ANY FAMILY RELATIONSHIP

Messrs. François and Marc Hériard Dubreuil are Mrs. Dominique Hériard Dubreuil's brothers.

SHAREHOLDING IN THE COMPANY

Orpar, a director, holds 43% of the share capital and 52.55% of the voting rights of the Company.

ABSENCE OF ANY POTENTIAL CONFLICTS OF INTEREST

To the best of Rémy Cointreau's knowledge, there are no potential conflicts of interest between the duties toward the issuer and the private interests and/or other duties of any members of the Board of Directors or the Chief Executive Officer.

SERVICE CONTRACTS BINDING MEMBERS OF THE ADMINISTRATIVE AND GOVERNING BODIES

Neither the Chief Executive Officer nor any individual members of the Board of Directors are bound to Rémy Cointreau or to any of its subsidiaries by a service contract providing for the granting of benefits at the end of such contracts. There is an agreement for business management and assistance concluded with Orpar, the principal shareholder and a director of Rémy Cointreau, whose remuneration conditions are disclosed in the Special Report of the Statutory Auditors. This agreement ended on 30 March 2011 and was replaced from 1 April 2011 by a service provision contract between Andromède, parent company of Orpar, and Rémy Cointreau.

OPERATION OF THE CORPORATE BODIES AND EXECUTIVE MANAGEMENT

The Chief Executive Officer reports to the Board of Directors.

The Board of Directors currently comprises eleven members. Board members are appointed for three years. A third, or as close as possible to a third of Board members is renewed annually, so that the whole Board has been renewed at the end of a three year period.

Any member exceeding 85 years of age at the beginning of a financial year is deemed to have resigned from office effective at the end of the next Annual General Meeting to consider the financial statements of the financial year then ended. However, his/her term of office may be renewed from one year to the next, as long as the number of Board members aged more than 85 years of age does not exceed one-third of the number of serving members.

Between 1 April 2010 and 31 March 2011, the Board of Directors met nine times. The average attendance rate was 87%.

The members of the Board of Directors are informed, at the time they take up their appointment, of the legal and regulatory provisions in force in respect of directors trading in the Company's shares.

COMMITTEES ESTABLISHED WITHIN THE BOARD OF DIRECTORS

The four committees established within the Board of Directors are mentioned in the report of the Chairman of the Board of Directors to the General Meeting.

5.2.2 Statutory Auditors: Appointments and fees

CURRENT APPOINTMENTS

Principal Statutory Auditors

Practice	Ernst & Young et Autres 41 rue Ibry 92576 Neuilly sur Seine	Auditeurs & Conseils Associés 33 rue Daru 75008 Paris
Represented by	Marie-Laure Delarue	Olivier Juramie
Date first appointed	22/09/88	26/09/90
Date appointment renewed	27/07/06	16/09/08
Date appointment expires:	AGM to consider the financial statements for the year 2012	AGM to consider the financial statements for the year 2014
Alternate Statutory Auditors		
Practice	Auditex Tour Ernst & Young Faubourg de l'Arche 92037 La Défense	Olivier Lelong
Date appointed	27/07/06	16/09/08
Date appointment expires	AGM to consider the financial statements for the year 2012	AGM to consider the financial statements for the year 2014

FEES PAID TO THE STATUTORY AUDITORS

Fees paid to the Statutory Auditors and members of their network for 2011 amounted to €1,172 thousand, analysed as follows:

	Ernst & Young et autres				Auditeurs & Conseils Associés S.A.			
	Amount		%		Amount		%	
	2011	2010	2011	2010	2011	2010	2011	2010
Audit								
Statutory Audits, review of individual and consolidated financial statements	1,049	997	95%	100%	115	130	93%	100%
- Rémy Cointreau SA	225	225			92	101		
- Fully consolidated subsidiaries	824	772			23	29		
Ancillary assignments	-	-	0%	0%	8	-	7%	0%
- Rémy Cointreau SA	-	-			8	-		
- Fully consolidated subsidiaries	-	-						
Sub-total	**1,049**	**997**	**95%**	**100%**	**123**	**130**	**100%**	**100%**
Other services								
Other services	60	3	5%	0%	-	-	0%	0%
Sub-total	**60**	**3**	**5%**	**0%**	-	-	**0%**	**0%**
Total	**1,119**	**1,000**	**100%**	**100%**	**123**	**130**	**100%**	**100%**

Resolutions submitted to the Combined General Meeting of 26 July 2011

1. COMMENTARY ON THE RESOLUTIONS

APPROVAL OF PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

Your Board of Directors, after considering its Report and the Report of the Company's Statutory Auditors, proposes that you approve firstly the Parent Company financial statements for the year ended 31 March 2011, which disclose a loss of €35,174,057.72, and then the consolidated financial statements at the same date which disclose a net profit attributable to owners of the parent company of €70.5 million.

ALLOCATION OF 2010/2011 PROFIT

Your Board proposes to allocate the distributable profit for the year ended 31 March 2011, as follows:

Loss of the Company at 31 March 2011:	(€35,174,057.72)
Balance brought forward:	€158,559,266.35
Total amount distributable:	**€123,385,208.63**
Ordinary dividend of €1.30 per share:	€64,256,922.60
Balance brought forward subject to rejection of the fourth resolution:	€59,128,286.03
Total :	**€123,385,208.63**

This ordinary dividend will be paid in cash as of 3 October 2011.

In its fourth resolution, the Board of Directors proposes the payment of an exceptional dividend of €1 per share, deducted from the distributable amount noted in the third resolution after payment of the ordinary dividend and subject to, on the one hand, approval of the third resolution relating to the allocation of net loss for the financial year ended 31 March 2011 and the adoption of the ordinary dividend, and, on the other hand, the collection by the Company of the disposal price of the Group's Champagne division before the date of this General Meeting.

Pursuant to Article 117 (iv) -I-1 of the General Tax Code, individuals who are resident in France for tax purposes may opt for a fixed deduction in full settlement of income tax at the rate of 19% of gross amount received (increased by social contributions of 12.3%, resulting in an overall tax rate of 31.3%). This option is irrevocable for the payment concerned. Such an option results in the loss of the 40% reduction, the fixed annual deduction and the loss of the right to a tax credit provided by Articles 158-3-2° and 158-3-5° of the General Tax Code for this dividend as well as for every other dividend subject to income tax in the same year.

In the event of the Company retaining some of its own shares at the time of payment, the amount of unpaid dividends in respect of these shares, will be added to "balance carried forward".

In accordance with the law, it is noted that the net dividends during the last three years and related tax credits and the dividend distributed eligible for the above reduction for shareholders residing in France, were as follows:

Years	2007/2008	2008/2009	2009/2010
- Net dividend per share	€1.30	€1.30	€1.30
- Eligible dividend distributed	€1.30	€1.30	€1.30

AGREEMENTS COVERED BY ARTICLE L. 225-38 OF THE COMMERCIAL CODE

The agreements authorised and concluded in prior years and in force during this year, as well as the agreements authorised during the year have been given to the Statutory Auditors to enable them to prepare their Special Report. We would ask you to approve their terms and conditions.

RESIGNATION OF A DIRECTOR - RENEWAL OF THE TERMS OF OFFICE OF THREE DIRECTORS

You are informed that Orpar resigned its term of office as director with effect from 30 June 2011.

The terms of office of Mrs. Dominique Hériard Dubreuil, Sir Brian Ivory and Mr. Patrick Thomas expire at the close of the Meeting and we request that you renew these for a period of three years. Information in respect of these Directors is available in the current Annual Report.

APPOINTMENT OF TWO NEW DIRECTORS

On the recommendation of the Nomination & Remuneration Committee, we propose the appointment of Mrs. Caroline Bois as a member of the Board of Directors for a period of three years.

Ms. Caroline Bois is a graduate of the HEC School of Management and holds a Master's in MAP (Management Acceleration Programme) from INSEAD. Since 1998, she has held various managerial positions in the financial, marketing and IT sectors, at the companies Freelance.com and Dictis in

Paris as well as at International SOS in Singapore and in France. She has been at the International SOS Group in Singapore since May 2011, as General Manager of the shared service centre for administrative functions for the Asia Pacific region. A French national, Caroline Bois is 35 years old and is the daughter of François Hériard Dubreuil.

On the recommendation of the Nomination & Remuneration Committee, we propose the appointment of Mrs. Laure Hériard Dubreuil as a member of the Board of Directors for a period of three years.

Ms. Laure Hériard Dubreuil is a graduate of the Institut National des Langues et Civilisations Orientales (National Institute of Oriental Languages and Civilisations) and of the Fashion Institute of Technology. Since 2000, she has worked in managerial positions at the Phillips-Van Heusen Group in Hong Kong and the Gucci Group in Paris as well as at public relations and advertising agencies in Paris and in New York. Since 2006 she has been the founder and CEO of the store The Webster in Miami. A French national, Laure Hériard Dubreuil is 33 years old and is the daughter of Marc Hériard Dubreuil.

On completion of this resignation, these reappointments and these appointments, the Board of Directors will consist of 12 members, of which five are independent within the definition of the Internal Rules of the Board of Directors.

ATTENDANCE FEES

We propose to set at €360,000 the fees paid to members of the Board of Directors in respect of the 2011/12 financial year. This is the same as the previous year and is in line with practices adopted by many French groups operating internationally and of a similar size to our Group, and takes into consideration the appointment of a twelfth director.

PURCHASE AND SALE BY THE COMPANY OF ITS OWN SHARES

We propose that you authorise the Board of Directors, for a maximum of 18 months with effect from the day of the current Meeting, to purchase shares in the Company, up to 10% of the share capital on the day of the purchases which, by way of indication, on the basis of the current share capital, corresponds to a maximum of 4,612,030 shares, taking into account the treasury shares held by the Company at 31 March 2011, sales of shares with repurchase options and the purchase of options to purchase shares.

Since Decree No. 2009-105 of 30 January 2009, in particular in respect of share purchases where shares are purchased to provide liquidity, the number of shares taken into account for the calculation of 10% corresponds to the number of shares purchased net of the number of shares sold during the life of the authorisation.

The share buyback programme is designed to carry out the following transactions in descending order of importance:

- stimulate the secondary market or provide liquidity for the Rémy Cointreau share by an investment services provider via a liquidity contract that conforms to the AFEI charter recognised by the Autorité des Marchés Financiers. It should be noted that such a liquidity contract was given to Rothschild & Cie Banque with effect from 15 November 2005 for a period of one year. This is renewable by tacit agreement;
- cancel shares as part of a reduction in share capital, subject to the adoption of the fifteenth resolution submitted to the current General Meeting;
- cover the obligations in respect of marketable securities giving access to capital;
- grant the shares in accordance with the terms and conditions provided by law, in particular as part of a profit-sharing plan, to service options to purchase shares, as part of a company savings plan, or to be used to grant free shares to employees and executives of the Company and/or companies related to it, in accordance with Articles L. 225-197-1 and subsequent of the Commercial Code;
- purchase shares and retain them to be used subsequently in exchange or as payment for acquisitions, in accordance with market practices permitted by the Autorité des Marchés Financiers and within the limits set by the law; and
- implement all market practices permitted by the *Autorité des Marchés Financiers* and, more generally, to carry out all transactions in accordance with the regulations in force.

The purchase of these shares, as well as their sale or transfer, may be carried out within the law and regulations at any time, including the period of a public offer for shares in the Company or a period of public offer initiated by the Company, subject to periods of abstention provided by Article 631-6 of the General Regulation of the Autorité des Marchés Financiers or other legal or regulatory requirements, by all means and by recourse to all derivative financial instruments, excluding the sale of options to sell and to the extent that the last means do not lead to a significant increase in the volatility of the share price. The maximum amount of capital that may be acquired or transferred in the form of blocks of shares may be the total of the authorised share purchase programme. Payment can be made in any form.

It is proposed that the maximum purchase price be set at €65 per share excluding acquisition costs. The maximum amount that the Company is liable to pay as a result is €299,781,950, excluding trading costs.

In its annual Management Report, the Board of Directors will inform shareholders of transactions carried out pursuant to Article L. 225-211 of the Commercial Code.

It should be noted that during the 2004/05 financial year the Company sold 602,430 shares with a repurchase agreement. In order to maintain a perfect hedge for its share acquisition plans and to partly manage the dilution relating to the exercise of one of these subscription option plans, the latter sale carried a resolutive clause. This transaction was completed on 24 March 2005 by the Company purchasing 224,497 options from Barclays Capital Securities Ltd. The overall effect of the transaction enabled Rémy Cointreau to meet the exercise of a maximum of 826,927 options to subscribe for or purchase shares.

In this respect, on 1 March 2006, Rémy Cointreau purchased 280,927 shares from Barclay's Capital Securities Ltd, to limit the dilutive effect arising from an option plan to subscribe for shares. Using the delegation of powers granted by the Extraordinary General Meeting of 28 July 2005, in its fifteenth resolution, on 28 April 2006, the Board of Directors decided to reduce the share capital by the cancellation of these 280,927 shares, pursuant to the terms of the abovementioned sale and repurchase contract.

During 2007/08, Rémy Cointreau purchased 75,000 shares from Barclay's Capital Securities Ltd, at a price of €27.67, for a total of €2,075,250. This purchase was to service the 70,295 options to purchase shares arising from the plan of 16 September 2003, which totalled €1,945,062.65.

During 2008/09, Rémy Cointreau purchased 33,000 shares from Barclays Capital Securities Ltd, being 15,000 shares at a price of €27.67, and 18,000 shares at a price of €28.07, for a total of €920,310. This purchase is to service the 20,500 options to purchase shares arising from the plans of 16 September 2003 and 24 December 2004.

During 2009/10, no shares were purchased from Barclay's Capital Securities Ltd. However, 4,605 shares acquired during the previous year were used to service the options exercised to purchase shares arising from the plans of 16 September 2003 and 24 December 2004. Information concerning the use of the repurchase programme during the financial year just ended is contained in the Management Report of the Board of Directors presented to your General Meeting.

During 2010/11, Rémy Cointreau purchased 128,500 shares from Barclay's Capital Securities Ltd, being 56,500 shares at a price of €27.67 and 72,000 shares at a price of €28.07, for a total of €3,584,395. This purchase is to service 119,790 options to purchase shares arising from the plans of 16 September 2003 and 24 December 2004.

At 31 March 2011, the Company held 21,310 treasury shares, of which 18,260 will be used to service the purchase options of the plan of 16 September 2003 and 3,050 to service those of the plan of 24 December 2004.

This authorisation cancels, for the unused amounts to date, the authorisation given by the Combined General Meeting, in ordinary session, of 27 July 2010 in the twelfth resolution.

AUTHORISATION TO REDUCE THE SHARE CAPITAL BY CANCELLATION OF TREASURY SHARES HELD BY THE COMPANY

The resolution proposed is in respect of the possibility that the Board of Directors cancels shares, in accordance with Article L. 225-209 of the Commercial Code, which are to be purchased by the Company under the authorisation to be given by the General Meeting in the thirteenth resolution, or which had been acquired under previous authorisations for the Company to trade in its own shares.

It is designed to enable the Board of Directors to reduce the capital as a result of this cancellation. In accordance with the law, this cannot be applied to more than 10% of the capital in a period of 24 months.

This is an authorisation for a maximum period of 18 months expiring at the end of the General Meeting called to approve the financial statements of the following year and which renews as a result the fifteenth resolution adopted by your General Meeting of 27 July 2010.

DELEGATION TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY INCORPORATION OF RESERVES, PROFITS OR PREMIUMS

The sixteenth resolution proposes to renew the delegation granted to the Board of Directors, for a period of 26 months, to increase the share capital, on one or more occasions, at the times and in accordance with the methods that it shall determine, by incorporation into capital of reserves, profits, or premiums, followed by the creation and issue of free shares or the increase in the nominal value of existing shares, or a combination of these two methods.

The amount of the capital increase that may be carried out under this authorisation may not exceed the nominal amount of €30,000,000, it being specified that (i) it will be set against the maximum limits established by the fifteenth resolution of the Ordinary General Meeting of 27 July 2010 (issue with the maintenance of the pre-emption right)) (or if applicable, against the limit set by a resolution of the same nature that may supersede this delegation during its period of validity), and (ii) that this limit does not take into account adjustments liable to be made in accordance with applicable legal and regulatory provisions, and, if applicable, contract provisions providing for other instances for adjustments to preserve the right of holders of marketable securities or other securities giving access to the share capital.

The present authorisation replaces that granted by the twentieth resolution of the Combined General Meeting of 28 July 2009 and deprives it of effect for its unused part.

DELEGATION TO THE BOARD OF DIRECTORS TO PROCEED WITH THE ISSUE OF SHARES, SECURITIES OR VARIOUS MARKETABLE SECURITIES GIVING ACCESS TO THE SHARE CAPITAL WITHIN A LIMIT OF 10% OF THE SHARE CAPITAL, AS CONSIDERATION FOR TRANSFERS IN KIND

Decree No. 2004-604 of 24 June 2004 revised Article L. 225-147 of the Commercial Code by enabling the Extraordinary General Meeting to authorise the Board of Directors, for a maximum period of 26 months, to proceed with all issues of shares or marketable securities giving access to capital (with the exception of preference shares) up to 10% of its share capital at the time of the issue, as consideration for transfers in kind to the Company and comprising capital securities or marketable securities giving access to capital. This delegation enables the Company to avoid a cash outflow for smaller scale acquisitions.

The present authorisation request replaces that granted by the Extraordinary General Meeting of 28 July 2009 in its twenty-first resolution and deprives it of effect for its unused part.

Note that the 10% limit specified above is set against the limit set pursuant to the terms of the sixteenth resolution of the Combined General Meeting of 27 July 2010 *(issues without pre-emption right by way of a public offering)* (or if applicable, against the limit set by a resolution of the same nature that may supersede this delegation during its period of validity).

It is proposed that you waive, when deemed necessary, the shareholders' pre-emption right to shares and marketable securities issued for the benefit of beneficiaries of transfers in kind.

This delegation carries a waiver by the shareholders of their pre-emption right to subscribe for shares to which the marketable securities to be issued will carry that right.

AUTHORISATION TO THE BOARD OF DIRECTORS TO ALLOCATE FREE SHARES TO EMPLOYEES OR EXECUTIVES

Article 83 of the 2005 Finance Act instituted a new mechanism to grant shares to employees and certain executive officers, which came into force on 1 January 2005. Executives referred to by the law are, in a traditional limited company, the Chairman of the Board of Directors, the Chief Executive Officer and, if applicable, the deputy Chief Executive Officers the "Executive Officers"). It is proposed that you renew, for a period of 38 months, the authorisation granted to the Board of Directors, pursuant to Articles L. 225-197-1 and subsequent of the Commercial Code, to proceed, on one or more occasions, for the benefit of the employees of the Company or related companies within the meaning of Article L. 225-197-2 of the Commercial Code, as well as for the benefit of executives as defined by law.

This mechanism was largely guided by the process of allocating share subscription or purchase options, with which it coexists, and is intended to give a new impetus to employee shareholding.

The shares that will be allocated may be existing shares bought back by the Company or new shares created as part of a capital increase. In this last instance, the capital increase may be carried out by incorporation of reserves or premium and reserved for the beneficiaries of free shares. As regards shares to be issued, the nominal value of the capital increases liable to be decided pursuant to the proposed resolution may not exceed a maximum of €1,500,000, it being specified that the number of shares to be allocated in respect of adjustments made to preserve the rights of beneficiaries of share allocations in the event of transactions affecting the share capital or the shareholders' equity of the Company will be set against the limit imposed on capital increases by the sixteenth resolution of the Combined General Meeting of 27 July 2010 *(issues without pre-emption right by way of a public offering)* (or if applicable, against the limit set by a resolution of the same nature that may supersede this delegation during its period of validity).

The allocation of shares to their beneficiaries will become final at the end of a minimum period of acquisition of two years and the minimum period of retention of shares by the beneficiaries is set at two years.

The resolution on the allocation of free shares also authorises the Board of Directors to make the allocation of free shares subject to one or several performance conditions, at its own discretion, it being specified that pursuant to the AFEP-MEDEF Corporate Governance Code, any allocation of free shares to the Company's executive officers will be subject to the achievement of the performance conditions to be specified by the Board of Directors.

Pursuant to the provisions of Article L. 225-197-6 of the Commercial Code, resulting from law n° 2008-1258 of 3 December 2008, the allocation of free shares to the Company's executive officers will only be permitted on the condition that the Company implements one of the measures referred to in this Article.

In accordance with the law, in relation to shares granted to executive officers, the Board of Directors will either decide that these shares may not be sold by beneficiaries before the end of their term of office or will set a minimum number of shares to be retained in nominative form until the end of their term of office.

The number of shares thus granted may not exceed 2% of the number of shares comprising the share capital on the day of the allocation by the Board of Directors. This authorisation may be implemented by the Board of Directors for a period of 38 months from the current General Meeting.

The Board of Directors shall prepare every year a special report to the General Meeting regarding the allocations decided.

The present authorisation request replaces that granted by the Extraordinary General Meeting of 16 December 2008 in its eighteenth resolution.

AUTHORISATION TO INCREASE THE SHARE CAPITAL BY THE ISSUE OF SHARES RESERVED FOR MEMBERS OF A COMPANY SAVINGS PLAN

Since the law of 19 February 2001 was introduced, in respect of employee savings, the Extraordinary General Meeting must, at the time of every decision to increase the capital, consider a proposed resolution designed to issue shares reserved for employees who are members of a company savings plan (CSP).

This requirement, which is of a general nature, is imposed on every company, whether they have a CSP or not and, since the introduction of the law on financial security of 1 August 2003, and on every decision to increase the capital in cash, including deferred. In addition, the law of 9 December 2004 which ratified the Decree of 24 June 2004 on the reform of marketable securities, states that where an Extraordinary General Meeting delegates to the Board of Directors the authority to decide on an increase in capital it must also consider a proposed resolution to increase the capital in favour of the employees (Article L. 225- 129-6 of the Commercial Code). Such an event avoids having to call an Extraordinary General Meeting to decide on such a resolution each time the Board of Directors decides to increase the capital.

The Company must as a result comply, even though it has no employees, and thus no CSP, and no group CSP exists. The increase in capital by the issue of shares reserved for members of a CSP must, where appropriate, take place within subsidiaries that have employees.

In addition, Article L. 225-129-6 of the Commercial Code, paragraph 2, also provides that a General Meeting considers such a proposal every three years when it appears from the Management Report that the shares held by Company personnel and the companies related to it, pursuant to Article L. 225-180, represent less than 3% of the Company's capital.

In order to retain the full validity of the authorisation and delegations granted to the Board of Directors to issue shares and various marketable securities giving access to capital, and meet the requirements of the second paragraph of Article. 225-129-6 of the Commercial Code, we are therefore legally required to present this resolution with a general application while asking, as at the Combined General Meeting of 27 July 2010, you to reject it as it cannot apply to our Company.

AUTHORISATION FOR THE BOARD OF DIRECTORS IN THE EVENT OF A PUBLIC OFFER FOR THE SECURITIES OF THE COMPANY

Since the introduction of law No. 2006-387 of 31 March 2006 which transposed the European Directive on public offers, the principle in the event of a public offer is that laid down by Article L. 233-32 of the Commercial Code, which is the suspension of every delegation granted by a General Meeting before a period of a public offer where its implementation is likely to cause the offer to fail, with the exception of seeking other offers. This principle corresponds to the transposition into French law of the principle of a duty of neutrality by management during a period of a public offer laid down by Article 9 of the Community Directive on public offers.

The exception to this principle is provided by Article L. 233-33 of the Commercial Code, an Article expressly covered by the proposed resolution, where the delegation granted to the Board of Directors has been given in the 18 months preceding the day of filing a public offer.

Article L. 233-33 of the Commercial Code is applicable - that is to say that it sets aside the provisions of Article L. 233-32 - in the event of a public offer initiated by an entity having its registered office in a member state of the European Community that have not made the duty of neutrality of management mandatory during the period of a public offer, as well as for an entity whose registered office is outside the European Community in a country that does not apply equivalent measures of a duty of neutrality on management.

The Extraordinary General Meeting of 27 July 2010, in its twenty-third resolution, granted the Board of Directors such an authorisation. This request thus constitutes a renewal of this authorisation.

REVISIONS TO ARTICLES 6.2, 8.2 AND 23.1 OF THE BYLAWS

We propose to make the following changes to the Company's bylaws, as a result of legal and regulatory amendments or in order to simplify the Company's bylaws.

Article 6.2 (share capital)

As a result of the cancellation of certain types of securities, such as preference shares, which may no longer be issued by any Annual General Meeting called after Decree No. 2004-604 of 24 June 2004, we propose to accordingly cancel the reference to preference shares in Article 6.2 of the bylaws.

It should also be noted that Article L. 225-127 of the Commercial Code lists the various approaches by which the share capital may be increased, by the issue of marketable securities (equity securities or marketable securities giving access to the share capital) or increase in the nominal value of existing equity securities; we propose to simplify the wording of this paragraph by enacting the principle that the share capital may be increased by any means permitted by law, which in particular includes the issue of participating marketable securities or giving access to the share capital, and that these marketable securities may be of the same category or of a different category than those already issued.

Article 8.2 (Crossing of thresholds)

Given the many legal and regulatory changes relating to the crossing of legal thresholds, we propose to limit the scope of Article 8.2 of the bylaws to the sole legal thresholds, it being specified furthermore that all individuals remain legally bound, in light of applicable legal and regulatory provisions, to declare certain fractions of ownership of capital or voting rights to the Company and the Autorité des Marchés Financiers. As a result, we propose to remove from Article 8.2 of the bylaws mentions relating to the crossing of legal thresholds. The bylaw provisions concerning the crossing of legal thresholds remain unchanged. The statutory threshold remains 1% of the share capital or voting rights, or any multiple of this percentage, regardless of whether these thresholds are crossed upwards or downwards. Furthermore, it is specified additional information to be disclosed by the individual concerned in his/her declaration to the Company must include:

(i) the number of securities held giving access in time to shares to be issued and the related voting rights;

(ii) the number of shares that he/she may purchase pursuant to agreements or financial instruments in paragraph b) of paragraph 3 of Article L. 233-7. I of the Commercial Code; and;

(iii) the number of shares already issued that they may acquire by virtue of agreements or investments covered by paragraph b) of paragraph 3 of Article L. 233-7. I of the Commercial Code.

The number of voting rights included in any agreement or instruments referred to in (ii) and (iii) above must also be disclosed.

Lastly, as previously, the penalty of loss of voting rights for lack of adequately reporting a crossing of a statutory threshold will only be applied upon request, to be recorded in the minutes of the General Meeting, by one or several shareholders holding at least one per cent (1%) of the share capital of the Company.

Article 20 (Agreement between the Company and a director, the Chief Executive Officer or a Deputy Chief Executive Officer)

We propose to modify the third paragraph of Article 20 of the bylaws relating to agreements between the Company and a shareholder, in order to bring the wording of the bylaws in line with the provisions of Article L. 225-38 of the Commercial Code, to read as follows: "any agreement concluded with a shareholder holding more than 10% of the voting rights, or if the shareholder is a business, the company that controls it in accordance with the meaning of Article L. 233-3 of the Commercial Code".

Article 23.1 (General Meetings)

We propose to amend Article 23.1 of the bylaws to reflect the modification introduced by Decree n° 2010-684 of 23 June 2010 to Article R. 225-69 of the Commercial Code, which increased the deadline for a second General Meeting to 10 days, compared to 6 days previously.

We also propose to amend Article 23.1 of the bylaws to reflect the option granted to shareholders to be represented at General Meetings, by the person to which he/she is bound by a civil partnership or by any other individual or legal entity of his/her choice, in accordance with the terms and conditions provided by laws and regulations.

This statutory change is meant to update the bylaws to reflect the provisions of Decree n° 2010-1511 of 9 December 2010 and its Implementation Decree n° 2010-1619 of 23 December 2010 relating to the exercise of certain shareholders rights in listed companies.

You are invited to approve these resolutions, and to vote on them accordingly.

The Board of Directors.

2. DRAFT RESOLUTIONS SUBMITTED TO THE COMBINED GENERAL MEETING OF 26 JULY 2011

GENERAL MEETING IN ORDINARY SESSION

FIRST RESOLUTION

(Approval of parent company financial statements for the year 2010/11)

The General Meeting, with the required quorum and majority for an Ordinary General Meeting, having considered the Report of the Board of Directors on the year ended 31 March 2011 and the Statutory Auditors' Report, approves the financial statements for the year ended 31 March 2011, comprising a balance sheet, income statement and notes, as presented, which disclose a loss of €35,174,057,72, as well as all the transactions reflected in these financial statements or summarised in these reports.

Pursuant to the provisions of Article 223 (iv) of the General Tax Code, the General Meeting notes that no expenses and charges were incurred that are covered by Article 39-4 of the said Code during the year ended 31 March 2011.

SECOND RESOLUTION

(Approval of the consolidated financial statements for the year 2010/11)

The General Meeting, with the required quorum and majority for an Ordinary General Meeting, having considered the Report of the Board of Directors and the Statutory Auditors' Report on the consolidated financial statements, approves the consolidated financial statements for the year ended 31 March 2011, comprising a balance sheet, income statement and notes, as presented, which disclose a net profit attributable to owners of the parent company of €70.5 million, as well as all the transactions reflected in these financial statements or summarised in these reports.

THIRD RESOLUTION

(Allocation of net profit and setting the ordinary dividend)

The General Meeting, with the required quorum and majority for an Ordinary General Meeting, on the proposal of the Board of Directors, decides to allocate the distributable profit for the year ended 31 March 2011 as follows:

- Net loss at 31 March 2011:	€(35,174,057.72)
- Balance brought forward:	€158,559,266.35
Total amount distributable:	**€123,385,208.63**
- Distribution of an ordinary dividend of €1.30 per share:	€64,256,922.60
- Balance carried forward subject to rejection of the fourth resolution:	€59,128,286.03
Total:	**€123,385,208.63**

This ordinary dividend will be paid in cash from 3 October 2011.

For individuals resident in France for tax purposes, the dividend is subject to income tax at a progressive rate and is fully eligible for the proportional reduction of 40% provided by Article 158-3-2° of the General Tax Code, the fixed annual reduction provided by Article 158-3-5° of the General Tax Code and the tax credit provided by Article 158-3-5 of the General Tax Code.

Pursuant to the provisions of Article 117 (iv) -I-1 of the General Tax Code, individuals who are resident in France for tax purposes may opt for a fixed deduction in full settlement of income tax at the rate of 19%. This option is irrevocable for the payment concerned. Such an option results in the loss of the 40% reduction, the fixed annual deduction and the right to a tax credit for this dividend as well as other dividends subject to income tax in the same year.

In the event of the Company retaining some of its own shares at the time of payment, the amount of unpaid dividends, in respect of these shares, will be added to "balance carried forward".

In accordance with the law, it is noted that the net dividends during the last three years and related tax credits and the dividend distributed eligible for the above reduction for shareholders residing in France, were as follows

Year	2007/2008	2008/2009	2009/2010
- Net dividend per share	€1,30	€1,30	€1,30
- Eligible dividend distributed	€1,30	€1,30	€1,30

FOURTH RESOLUTION

(Distribution of an exceptional dividend)

The General Meeting, with the required quorum and majority for an Ordinary General Meeting, as proposed by the Board of Directors and subject to approval of the third resolution of the current General Meeting relating to the allocation of the net loss for the financial year ended 31 March 2011 and the adoption of the ordinary dividend, decides to pay to shareholders an exceptional dividend of €1 per share, for a total of €49,428,402, to be deducted from the distributable amount noted by the third resolution of the current General Meeting. After allowing for the exceptional dividend, the balance carried forward will be €9,699,884.03.

This exceptional dividend will be paid in cash from 3 October 2011, at the same time as the ordinary dividend of €1.30 per share, decided pursuant to the third resolution of the current General Meeting.

For individuals resident in France for tax purposes, the dividend is subject to income tax at a progressive rate and is fully eligible for the proportional reduction of 40% provided by Article 158-3-2° of the General Tax Code and the fixed annual reduction provided by Article 158-3-5° of the General Tax Code.

Pursuant to the provisions of Article 117 (iv) -I-1 of the General Tax Code, individuals who are resident in France for tax purposes may opt for a fixed deduction in full settlement of income tax at the rate of 19%. This option is irrevocable for the payment concerned. Such an option results in the loss of the 40% reduction, the fixed annual deduction and the right to a tax credit for this dividend as well as other dividends subject to income tax in the same year.

In the event of the Company retaining some of its own shares at the time of payment, the amount of unpaid dividends, in respect of these shares, will be added to "Balance carried forward".

In accordance with the law, it is noted that the net dividends during the last three years and related tax credits and the dividend distributed eligible for the above reduction for shareholders residing in France, were as follow:

Year	2007/2008	2008/2009	2009/2010
- Net dividend per share	€1.30	€1.30	€1.30
- Eligible dividend distributed	€1.30	€1.30	€1.30

FIFTH RESOLUTION

(Approval of agreements covered by Article L. 225-38 of the Commercial Code)

The General Meeting, with the required quorum and majority for an Ordinary General Meeting, having considered the Special Report of the Statutory Auditors on the agreements covered by Article L. 225-38 of the Commercial Code, approves, in accordance with Article L. 225-40 of the Commercial Code, each of the agreements and transactions that took place or were continued during the year just ended that are mentioned.

SIXTH RESOLUTION

(Discharge)

The General Meeting, with the required quorum and majority for an Ordinary General Meeting, as a result of the preceding resolutions, grants for the year ended 31 March 2011, the Board of Directors a full and final discharge in respect of their management. It also notes the completion of the assignment of the Statutory Auditors.

SEVENTH RESOLUTION

(Renewal of the term of office as a Director of Mrs. Dominique Hériard Dubreuil)

The General Meeting, with the required quorum and majority for an Ordinary General Meeting, on the proposal of the Board of Directors, proposes to renew the term of office of Mrs. Dominique Hériard Dubreuil, for a period of three years, which is until the close of the Annual General Meeting called to consider the financial statements for the year ended 31 March 2014.

Mrs. Dominique Hériard Dubreuil has made it known that she accepts this term of office and that she holds no office and is not subject to any measure likely to prevent her exercise.

EIGHTH RESOLUTION

(Renewal of the term of office as a director of Sir Brian Ivory)

The General Meeting, with the required quorum and majority for an Ordinary General Meeting, on the proposal of the Board of Directors, proposes to renew the term of office of Sir Brian Ivory, for a period of three years, which is until the close of the Annual General Meeting called to consider the financial statements for the year ended 31 March 2014.

Sir Brian Ivory has made it known that he accepts this term of office and that he holds no office and is not subject to any measure likely to prevent his exercise.

NINTH RESOLUTION

(Renewal of the term of office as a director of Mr. Patrick Thomas)

The General Meeting, with the required quorum and majority for an Ordinary General Meeting, on the proposal of the Board of Directors, proposes to renew the term of office of Mr. Patrick Thomas, for a period of three years, which is until the close of the Annual General Meeting called to consider the financial statements for the year ended 31 March 2014.

Mr. Patrick Thomas has made it known that he accepts this term of office and that he holds no office and is not subject to any measure likely to prevent his exercise.

TENTH RESOLUTION

(Appointment of Mrs. Caroline Blois as director)

The General Meeting, on the proposal of the Board of Directors, proposes to appoint Mrs. Caroline Bois, for a period of three years, which is until the close of the Annual General Meeting called to consider the financial statements for the year ended 31 March 2014, as a replacement for Orpar, which resigned as a director.

Mrs. Caroline Bois has made it known that she accepts this term of office and that she holds no office and is not subject to any measure likely to prevent her exercise.

ELEVENTH RESOLUTION

(Appointment of Mrs. Laure Hériard Dubreuil as director)

The General Meeting, on the proposal of the Board of Directors, proposes to appoint Mrs. Laure Hériard Dubreuil, for a period of three years, which is until the close of the Annual General Meeting called to consider the financial statements for the year ended 31 March 2014.

Mrs. Laure Hériard Dubreuil has made it known that she accepts this term of office and that she holds no office and is not subject to any measure likely to prevent her exercise.

TWELFTH RESOLUTION

(Setting attendance fees)

The General Meeting, with the required quorum and majority for an Ordinary General Meeting, in accordance with Article 18 of the bylaws, sets at €360,000 the overall annual amount of attendance fees for members of the Board of Directors in respect of the 2011/12 financial year.

THIRTEENTH RESOLUTION

(Authorisation for the Board of Directors to acquire and sell shares in the Company in accordance with the provisions of Articles L. 225-209 and subsequent of the Commercial Code)

The General Meeting, with the required quorum and majority for an Ordinary General Meeting, having considered the Report of the Board of Directors and the items referred to in the reference document covering all the information that must appear in the description of the programme, authorises the Board of Directors, with the facility to delegate in accordance with the law and regulations, pursuant to Article L. 225-209 and subsequent of the Commercial Code, to purchase on one or more occasions, shares in the Company within the limits stated hereafter.

The purchase of these shares, as well as their sale or transfer, may be carried out within the law and regulations at any time, including the period of a public offer for the securities of the Company or in a period of a public offer initiated by the Company, subject to periods of abstention provided by Article L. 631-6 of the General Regulations of the Autorité des Marchés Financiers or other legal or regulatory requirements, by all means, on or off-market, on regulated or unregulated markets, on multilateral trading systems, from systematic internalisers or principal to principal, including by a public offer or block transactions, sale with repurchase agreement, and by recourse to all derivative financial instruments traded on regulated or unregulated markets, multilateral trading systems, from systematic internalisers or principal to principal, and within the conditions authorised by the competent market authorities and at the times that the Board of Directors or the person acting on the delegation of the Board of Directors considers appropriate, notably option transactions, excluding the sale of options to sell and to the extent that the latter means do not lead to a significant increase in the volatility the share price. The maximum amount of capital that may be acquired or transferred in the form of blocks of shares may be the total of the authorised share purchase programme. Payment can be made in any form.

The maximum purchase price is set at €65 (excluding trading costs) subject to adjustments related to potential transactions in the capital of the Company, and/or on the nominal value of the shares.

In the event of an increase in capital by incorporation of reserves, allocation of free shares, division or consolidation of shares, the price indicated above shall be adjusted by a coefficient of the ratio of the number comprising the capital before the transaction and the number after the transaction.

The purchases may not bring the number of shares held by the Company after such purchases to over 10% of the shares comprising the share capital, on the day of the decision by the Board of Directors, which by way of illustration, on the basis of the current share capital, corresponds to a maximum of 4,612,030 shares calculated net of treasury shares held by the Company at 31 March 2011, shares sold with a repurchase agreement, and the purchase of options to purchase shares.

It is noted that when shares are repurchased to ensure liquidity for the Rémy Cointreau share subject to the conditions defined below, the limit of 10% corresponds to the number of shares purchased net of the number of shares sold during the life of the present authorisation.

The maximum amount that the Company is liable to pay on the basis of this number of shares is €299,781,950 excluding trading costs.

This programme is designed to facilitate the following transactions in declining order of importance:

- to stimulate the secondary market or provide liquidity for the Rémy Cointreau share by an investment services provider via a liquidity contract that conforms to the AFEI ethics charter recognised by the Autorité des Marchés Financiers;
- to cancel shares as part of a reduction in share capital, subject to the adoption of the fifteenth resolution submitted to the current General Meeting;
- to cover the obligations in respect of marketable securities giving access to capital;
- to grant shares in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to service options to purchase shares, as part of a company savings plan or to be used to grant free shares to employees and/or authorised executives of the Company and/or companies related to it in accordance with Articles L. 225-197-1 and subsequent of the Commercial Code;
- to purchase shares and retain them to be used subsequently in exchange or as payment for acquisitions, in accordance with market practices permitted by the Autorité des Marchés Financiers and within the law; and;
- to implement all market practices permitted by the Autorité des Marchés Financiers and, more generally, carry out all transactions in compliance with the regulations in force.

This authorisation will expire at the close of the General Meeting called to consider the financial statements for the year ended 31 March 2012, and at the latest, within 18 months with effect from today.

This authorisation cancels, for the amounts not used, the authorisation given by the Combined General Meeting, in ordinary session, of 27 July 2010 in its twelfth resolution.

The Meeting grants all powers to the Board of Directors, with the facility to delegate, in accordance with the law and regulations, to approve all stock market trading instructions, to sign all legal deeds of disposal or transfer, conclude all agreements and all option contracts, effect all declarations and formalities with all organisations and, in general, do everything necessary to execute the decisions that have been made by it within the present authorisation. The General Meeting grants all powers to the Board of Directors to proceed with the adjustment to the unit price and maximum number of shares to be acquired as a function of the change in the number of shares or their nominal value arising from the possible financial transactions of the Company.

The General Meeting notes that the Board of Directors will inform the General Meeting every year of the transactions realised under the present authorisation, pursuant to Article L. 225-211 of the Commercial Code.

FOURTEENTH RESOLUTION

(Powers to complete formalities)

The Annual General Meeting gives all powers to the bearer of a copy or a certified extract from the current minutes to carry out all legal formalities of filing and advertising.

GENERAL MEETING IN EXTRAORDINARY SESSION

FIFTEENTH RESOLUTION

(Authorisation for the Board of Directors to reduce the share capital by cancellation of treasury shares held by the Company)

The General Meeting, with the required quorum and majority required for an Extraordinary General Meeting, having considered the Report of the Board of Directors and the Statutory Auditors' Special Report, authorises the Board of Directors, with the facility to delegate in accordance with the law and regulations, pursuant to Article L. 225-209 of the Commercial Code, to reduce the share capital by cancellation, on one or more occasions, in the proportions and at the times it decides, all or part of the shares in the Company acquired or that it may hold by virtue of the authorisation for the Company to purchase its own shares, the object of the thirteenth resolution of the current Meeting, or that had been acquired by virtue of previous authorisations for the Company to purchase and sell its own shares.

The Meeting grants all powers to the Board of Directors to carry out this or these reductions in capital, to approve the amount up to 10% of the share capital per period of 24 months, it being noted that this limit applies to the amount of the share capital of the Company that will be, where appropriate, adjusted to take into account transactions after the current Meeting affecting the share capital, to set the terms, to set the difference against the nominal value of shares cancelled and their book value to every reserve and premium available, to make the related changes to the bylaws, to proceed with all publications and formalities required, to delegate all powers necessary to implement its decisions, all in accordance with the law in force at the time of use of the present authorisation.

This authorisation will expire at the close of the General Meeting called to consider the financial statements for the year ended 31 March 2012 and, at the latest, within 18 months from today.

This authorisation cancels and replaces the fourteenth resolution adopted by the Combined General Meeting of 27 July 2010.

SIXTEENTH RESOLUTION

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

The General Meeting, with the required quorum and majority required for an Extraordinary General Meeting, having considered the Report of the Board of Directors and the Statutory Auditors' Special Report, authorises the Board of Directors, in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the Commercial Code, with the facility to delegate under the conditions provided by law, to increase the share capital, on one or more occasions, at the times and in accordance with the methods that it shall determine, by incorporation into capital of reserves, profits, or premiums, whose conversion to capital is permitted by law or the Company's bylaws, followed by the creation and issue of free shares or the increase in the nominal value of existing shares, or a combination of these two methods.

The new shares will be subject to all provisions of the bylaws, similar to existing shares, and will enjoy the same rights, with effect from the date of completion of the increase in capital. Their right to dividends for the first time will be in respect of the distribution of profits decided in respect of the current year on the date of completion of the increase in capital.

The General Meeting decides that the amount of the increase in capital likely to be realised as part of the current resolution may not exceed the nominal value of €30,000,000, it being specified (i) that this amount will count against the limit set by the fifteenth resolution of the Combined General Meeting of 27 July 2010 (or, where applicable, the amount of the limit provided for by a similar resolution that could eventually replace the said resolution during the term of this authorisation) and (ii) that this limit is set not taking into account shares in the Company to be issued in respect of adjustments likely to be made pursuant to applicable legislation and regulatory provisions and, where appropriate, contractual conditions requiring other adjustments, to preserve the rights of holders of marketable securities or other right giving access to capital.

The General Meeting grants to the Board of Directors, and without this list being exhaustive, with the facility to delegate according to the law, in the event of usage of the present delegation, all the powers to:

- determine the terms and conditions of the authorised transactions and notably set the amount and nature of the increases and premiums to be incorporated into capital, set the number of new shares to be issued or the amount of the nominal value of existing shares comprising the share capital to be increased, agree the date, even retrospective, from which the new shares will take effect or that from which the increased nominal value will take effect;
- decide, in the event of the issue of free shares, that the fractional entitlements cannot be traded and that the corresponding shares will be sold; the amounts received from the sale will be allocated to holders of the rights at the latest 30 days after the date of record in their account of the entire number of shares allocated;
- proceed with all adjustments required by the law and regulations, and, where applicable, contractual provisions providing for other cases of adjustments, to preserve the rights of holders of securities or other rights giving access to the share capital;

- note the completion of every increase in capital and proceed with the relative revisions to the bylaws; and;
- take all useful steps and conclude all agreements to ensure the completion of the transaction(s) envisaged and, in general, do everything necessary, such as completing all deeds and formalities to facilitate the increase(s) in capital that may be carried out by virtue of the present delegation.

The present authorisation, which replaces that granted by the twentieth resolution of the Combined General Meeting of 28 July 2009, and deprives it of effect for the unused part as of today, is valid for a period of 26 months from the current Meeting.

SEVENTEENTH RESOLUTION

(Authorisation for the Board of Directors to proceed with the issue of shares or marketable securities giving access to capital within the limit of 10% of the capital as consideration for transfers in kind)

The General Meeting, with the required quorum and majority required for an Extraordinary General Meeting and pursuant to the provisions of Article L. 225-147 of the Commercial Code, having considered the Report of the Board of Directors and the Statutory Auditors' Report, delegates to the Board of Directors, with the facility to delegate to any person authorised by law and where the provisions of Article L. 225-148 of the Commercial Code do not apply, for a period of 26 months from the current General Meeting, the necessary powers to proceed with all issues of shares or all marketable securities giving access to capital (with the exception of preference shares), within the limit of 10% of the share capital at the time of the issue, as consideration for transfers in kind to the Company and comprising capital securities or marketable securities giving access to capital and decides, as required, to cancel for the benefit of holders of capital securities or marketable securities, the subject of transfers in kind, the pre-emption right of shareholders to subscribe for shares or marketable securities thus issued.

The current decision carries, for the benefit of holders of these securities, a waiver by shareholders of their pre-emption right to subscribe for shares in the Company to which the marketable securities to be issued on the basis of the present authorisation may give the right.

The limit of 10% provided above is set against the limit fixed by the terms of the sixteenth resolution of the current General Meeting of 27 July 2010 (or, where applicable, the amount of the limit provided for by a similar resolution that could eventually replace the said resolution during the term of this authorisation).

The General Meeting delegates all powers to the Board of Directors, with the facility to delegate according to the law and regulations, to implement the present delegation, notably to:

- approve the Report of the Auditors on the transfer;
- agree the terms and conditions of authorised transactions and notably to evaluate the transfers as well as the grant, where appropriate, of specific benefits;
- set the number of securities to be issued as consideration for transfers as well as the effective date of securities to be issued;
- proceed, where appropriate, with all allocation(s) to the share premium, and notably that relating to the costs incurred by carrying out these issues;
- note the completion of the increase in capital and revise the bylaws as a result; and
- in general, take all useful steps and conclude all agreements, proceed with all formalities required for the admission to trading of the shares issued and carry out all the necessary advertising formalities.

The present authorisation replaces that granted by the twenty-first resolution of the Combined General Meeting of 28 July 2009 and deprives it of effect for the unused part as of today.

EIGHTEENTH RESOLUTION

(Authorisation for the Board of Directors to allocate free shares to employees or executives)

The General Meeting, with the required quorum and majority required for an Extraordinary General Meeting, having considered the Report of the Board of Directors and the Statutory Auditors' Special Report, in accordance with the provisions of Articles L. 225-197-1 and subsequent of the Commercial Code:

- authorises the Board of Directors to proceed, on one or more occasion, for the benefit of salaried employees of the Company or related companies within the meaning of Article L. 225-197-2 of the Commercial Code, or certain categories of them, and for the benefit of corporate officers as defined by law, with the allocation of free shares, whether existing or to be issued by the Company, subject to the trading restriction periods required by law;
- decides that the Board of Directors will determine the beneficiaries of the allocations, and the conditions and, where appropriate, the criteria for the allocation of shares;
- decides that the total number of shares thus allocated free of charge cannot be such that the total number of shares freely allocated under this resolution represents a number of shares exceeding 2% of the number of shares composing the share capital on the date the decision to allocate free shares is taken by the Board of Directors;
- decides that the allocation of shares to beneficiaries will be final after a minimum vesting period of two years and that the minimum period that the beneficiaries will be required to retain the shares shall be two years. However, in case of death or disability of the beneficiary and in accordance with the conditions laid down by the law, the final allocation of shares may take place before the end of the vesting period;
- decides that the Board of Directors may make the allocation of all or part of the shares conditional to the attainment of one or more performance conditions;
- decides that for the executive officers of the Company, the free share allocation will be subject to compliance with performance conditions that the Board of Directors will determine;
- authorises the Board of Directors to proceed, where appropriate, during the acquisition period, with adjustments to the number of shares related to any potential transactions on the share capital of the Company in order to preserve the rights of beneficiaries;

- notes that the free shares to be allocated could be existing shares or newly issued shares;
- notes that with respect to shares to be issued, (i) this authorisation shall, at the end of the vesting period, entail an increase of the share capital and a corresponding waiver of shareholders in favour of the beneficiaries of the allocations to the portion of reserves, profits and premiums, which, if appropriate, will be incorporated, (ii) this authorisation shall imply the full right, in favour of the beneficiaries of these shares, a waiver by the shareholders of their pre-emption right;
- decides that, regarding shares to be issued, the nominal amount of share capital increases likely to be decided under this authorisation may not exceed a maximum of € 1,500,000, provided that the number of shares allocated as adjustments intended to preserve the rights of the beneficiaries of the share allocations in the case of a transaction involving the share capital or the equity of the Company shall be count against this limit and that this limit shall count against the limit for the share capital increase under the sixteenth resolution of the Combined General Meeting of 27 July 2010 (or, where applicable, the amount of the limit of a similar resolution that could potentially replace the said resolution during the period of validity of the this authorisation);
- delegates all powers to the Board of Directors, with the power to delegate within legal limits, to implement this authorisation and in particular to determine the identity of beneficiaries, set dates and conditions for the allocation of shares, in particular set the issue period from which these allocations will be final and, where appropriate, the vesting period required for each beneficiary, determine performance conditions, determine the criteria for the allocation of shares and the performance conditions which will be applied to the allocations to executive officers of the Company;
- determine whether the shares to be freely allocated are shares to be issued or existing, proceeding if appropriate, to preserve the rights of beneficiaries, to adjust the number of shares allocated on the basis of any potential transactions on the share capital of the Company (understanding that the shares allocated under these adjustments will be deemed to have been awarded on the same date that the shares were initially allocated), in the case of the allocation of shares to be issued, to set the amount and nature of reserves, profits and premiums to incorporate, to set the dates for the possession of the new shares, record the dates of final allocations and the dates from which the shares may be freely transferred, perform all acts, formalities and declarations, record, if appropriate, the execution of any share capital increases, amend the bylaws accordingly and, in general, do whatever is necessary.

The present authorisation replaces that granted by the eighteenth resolution of the Combined General Meeting of 16 September 2008 and deprives it of effect for the unused part as of today, and is valid for thirty eight months from the current General Meeting.

NINETEENTH RESOLUTION

(Authorisation to the Board of Directors to increase share capital by the issue of shares reserved for members of a company savings plan)

The General Meeting, with the required quorum and majority required for an Extraordinary General Meeting, having considered the Report of the Board of Directors and the Statutory Auditors' Special Report,

- authorises the Board of Directors, with the power to delegate within legal and regulatory requirements, under the provisions of the Commercial Code and, in particular, in accordance with the provisions of Articles L. 225-129-6 paragraphs 1 and 2, and L. 225-138-1, and also of Articles L. 3332-1 and L. 3332-18 subsequent of the Labour Code, to proceed with a share capital increase on one or more occasions, at its sole discretion, in the proportions and at the time or times it deems appropriate, by issuing shares (other than preference shares) reserved for members of a company savings plan and decides to cancel the pre-emption rights of those shares whose issue is authorised under this resolution to the favour of the beneficiaries;
- decides that the beneficiaries of share capital increases, currently authorised, will be the members of a company savings plan of the Company or companies related to it within the meaning of Article L. 225-180 of the Commercial Code and which meet, in addition, any conditions potentially set by the Board of Directors;
- set the validity of this delegation at 26 months from date of this delegation;
- decides to set the maximum nominal total amount for the share capital increase that can be carried out by issuing shares at € 1,500,000, provided that this limit shall count against the limit for share capital increases under the sixteenth resolution of the Combined General Meeting of 27 July 2010 (or, where applicable, the amount of the limit of a similar resolution that could potentially replace the said resolution during the term of this authorisation);
- decides that the price of the shares subscribed to by the beneficiaries referred to above, pursuant to this authorisation, shall be determined in accordance with legal and regulatory requirements, and that it may thus not exceed, with respect to securities already listed on a regulated stock exchange, the average share price over the twenty trading days preceding the date of the decision setting the opening date of the subscription, nor be less than more than 20% of this average, or 30% when the vesting period under the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the Labour Code is greater than or equal to ten years;
- decides that the Board of Directors may also, under this authorisation, provide for the free allocation to employees of shares or other securities giving access to the share capital of the Company according to the conditions referred to in Article L. 3332-21 of the Labour Code;
- decides that the conditions for the subscription and payment of the shares may take place either in cash or by offset according to the conditions established by the Board of Directors;

- authorises the Board of Directors, under this authorisation, to issue any securities giving access to the share capital of the Company that would be authorised by the law or by any regulation in force;

- decides that the Board of Directors shall have full powers to implement this authorisation with the power to delegate in accordance with legal and regulatory requirements, within the limits and under the conditions specified above to that effect, in particular to:

- set the list of beneficiaries and the conditions to be met by beneficiaries of new shares resulting from share capital increases, object of the present resolution;

- set the conditions for the issue(s);

- decide the amount to be issued, the issue price, the timing and the terms of each issue;

- set the time limit granted to subscribers for the release of their securities;

- set the date, even retroactively, from which ownership of the new shares will be transferred;

- to record the execution of the share capital increase by the amount of shares actually subscribed;

- at its sole discretion, to charge the cost of share capital increases against the premiums for these increases and to deduct from this amount the sums necessary to bring the legal reserve to one tenth of the new share capital after each increase; and

- in general, to take all measures for the execution of share capital increases, to proceed with all relevant formalities and to make the relevant amendments to the bylaws resulting from these share capital increases.

TWENTIETH RESOLUTION

(Authorisation to the Board of Directors in the case of a public offer for the shares of the Company)

The General Meeting, with the required quorum and majority required for an Extraordinary General Meeting, having considered the Report of the Board of Directors,

- authorises the Board of Directors, with the power to delegate within legal and regulatory requirements in force, in the event that the Company's shares were to be subject to a public offer within circumstances rendering applicable Article L. 233-33 of the Commercial Code and in accordance with the laws and regulations in force at the date of this application, to implement the authorisations and delegations of authority and powers that were granted by this General Meeting and by the General Meeting of 27 July 2010;

- set the validity of this delegation at eighteen months from date of this General Meeting.

This authorisation cancels and replaces the twenty-third resolution adopted by the Combined General Meeting of 27 July 2010.

TWENTY-FIRST RESOLUTION

(Authorisation to the Board of Directors to charge the costs incurred for share capital increases against premiums relating to these transactions)

The General Meeting, with the required quorum and majority required for an Extraordinary General Meeting authorises the Board of Directors to charge all fees, duties and expenses incurred for the share capital increases executed in accordance with the preceding resolutions and in accordance with any resolutions resulting from any prior General Meetings that are still valid, against premiums relating to these transactions and to deduct from the amount of these premiums the amount necessary to bring the legal reserve to one tenth of the new share capital following each transaction.

TWENTY-SECOND RESOLUTION

(Modification of Article 6.2 of the bylaws relating to share capital as a result of legislative changes)

The General Meeting, with the required quorum and majority required for an Extraordinary General Meeting, having considered the Report of the Board of Directors, decides to modify Article 6.2 of the bylaws as follows:

"The share capital of the Company may be increased by any means authorised by the law, including the issue of securities representing capital or giving access to the share capital, which may be of the same category or of a category different from existing categories."

TWENTY-THIRD RESOLUTION

(Modification of article 8.2 of the bylaws relating to crossing thresholds)

The General Meeting, with the required quorum and majority required for an Extraordinary General Meeting, having considered the Report of the Board of Directors, decides to modify Article 8.2 of the bylaws as follows:

"In addition to the legal obligation to notify the Company and the AMF of the detention of certain fractions of capital or voting rights, of any natural or legal person acting alone or in concert, who comes to hold, in any way whether within the meaning of Articles L. 233-7 and subsequent of the Commercial Code, a fraction equal to one percent (1%) of the share capital or voting rights, or any multiple thereof, shall notify the Company of the total shares and voting rights in their possession, by means of a registered letter with a return receipt addressed to the head office within eight trading days of the crossing of any of these thresholds.

This requirement applies according to the same conditions as those provided in the preceding paragraph, whenever the fraction of the capital or voting rights held falls below the thresholds referred to in paragraph above.

In addition, this person will also specify in their disclosure to the Company:

(i) the number of shares they own that give future access to shares to be issued and the voting rights that will thereby be attached,

(ii) the number of shares already issued or voting rights it may acquire under agreements or instruments referred to in paragraph b) of the third paragraph of Article L. 233-7. I of the Commercial Code.

(iii) the number of shares already issued or voting rights by virtue of any agreement or financial instrument covered by subsection c) of the third paragraph of Article L. 233-7. I of the Commercial Code.

In the case of non-compliance with the above, a shareholder who has not correctly made the disclosure is deprived of voting rights attached to shares exceeding the fraction that has not been correctly declared for any General Meeting of shareholders that may be held until the expiry of the period provided by the law and regulations in force from the date of regularisation of the notification. This penalty shall only be applied on the request, recorded in the minutes of the General Meeting, by one or more shareholders holding at least one percent (1%) of the share capital of the Company."

TWENTY-FOURTH RESOLUTION

(Modification of Article 20 of the bylaws in relation to agreements between the Company and a director or the Chief Executive Officer or Deputy Chief Executive Officer).

The General Meeting, with the required quorum and majority required for an Extraordinary General Meeting, having considered the Report of the Board of Directors, decides to modify Article 20 of the bylaws as follows:

"The same applies to any agreement with a shareholder holding a fraction of voting rights in excess of 10% or, in the case of a corporate shareholder, the controlling company as defined by Article L. 233-3 of the Commercial Code."

The rest of Article 20 remains unchanged.

TWENTY-FIFTH RESOLUTION

(Modification of Article 23 of the bylaws in relation to General Meetings as a result of legislative and regulatory changes)

The General Meeting, with the required quorum and majority required for an Extraordinary General Meeting, having considered the Report of the Board of Directors,

- decides to modify the third paragraph of Article 23.1 of the bylaws as follows:

"Bar exceptions as provided for by the law, when the General Meeting has been unable to deliberate due to the failure to meet the required quorum, the second meeting or, if applicable, the extended second meeting shall be convened, in the same manner, at least ten days before the date of the Meeting. The notice of Meeting and letters of call for this second meeting shall reproduce the date and agenda of the first."

- decides to modify the sixth paragraph of Article 23.1 of the bylaws as follows:

"The shareholder, failing to attend the Meeting personally can choose one of the three following options:

- *give a proxy to another shareholder or his spouse, or partner with whom they entered into a civil partnership, or to any other person or entity of their choice;*
- *vote by mail, or*
- *send a proxy to the Company without providing a mandate*

within the conditions provided for by the law and regulations."

The rest of Article 23.1 remains unchanged.

TWENTY-SIXTH RESOLUTION

(Powers to carry out formalities)

The Extraordinary General Meeting gives full powers to the bearer of a copy or of a certified extract of these minutes to complete all legal formalities for filing and advertising.

3. STATUTORY AUDITORS' SPECIAL REPORT

On the Shareholders' Annual and Extraordinary Meeting of July 26, 2011

15th, 17th, 18th, and 19th resolutions

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report was construed in accordance with French law and professional auditing standards applicable in France and should be read in conjunction with them.

To the Shareholders,

In our capacity as statutory auditors of the company Rémy Cointreau SA, we hereby present our report on the following operations, on which you are called to vote.

1. Share capital reduction by cancellation of the company's own shares (resolution 15)

As required under the provisions of Article L. 225-209 paragraph 7 of the French Commercial Code (Code de Commerce) in the event of a reduction of capital by cancellation of purchased shares, we hereby submit this report on our assessment of the reasons and conditions pertaining to the proposed capital reduction.

Your Board of Directors requests you to delegate to it, until the General Shareholders' Meeting called upon to approve the accounts for the financial year ended March 31, 2012, and no later than within a 18 month period starting from the date of this General Shareholders' Meeting, full authority so as to cancel the shares purchased under the proposal share repurchase program, as indicated within the 13th resolution, up to a maximum of 10% of the share capital per 24 month period.

We performed our work in accordance with professional doctrine of the French National Company of Statutory Auditors applicable to this mission. These procedures require that we verify whether the reasons and the conditions of the capital reduction, which is not considered to affect shareholder equality, are appropriate.

We have no matter to report concerning the reasons and the conditions of the proposed capital reduction.

2. Issue of shares or of securities with equity components to pay contributions in kind (resolution 17)

In accordance with Articles L. 225-135 and L. 228-92 of the French Commercial Code (Code de Commerce), we hereby submit our report on the proposed authorisation granted to the Board of Directors in order to issue, with cancellation of shareholders preferential subscription rights, of shares or of securities with equity components to pay contributions in kind granted to the company and constituted of capital shares or securities with equity components, within the limit of 10% of the capital. This operation is submitted to your approval.

Your Board of Directors proposes, on the basis of its report, that it be delegated power to decide, for a period of 26 months, upon the terms and conditions of this issue, and proposes to cancel your preferential subscription rights.

Your Board of Directors also proposes, in the 20th resolution, to use this authorisation in case of a public exchange offer on your company shares, if first paragraph article L. 233-33 of the French Commercial Code is applicable.

This 10% limit of capital increase shall set off the maximum amount of capital increase decided in 16th resolution of July 27, 2010 shareholder's meeting (or, on the maximum amount set in a same kind of resolution that shall replace this resolution).

It is your Board of Directors' role to prepare a report in accordance with the provision of Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code (Code de Commerce). Our role is to report on the fairness of the financial information extracted from the financial statements, on the proposal to waive your preferential subscription rights and on certain other information related to the issue, provided in this report.

Our work was conducted in accordance with professional doctrine of the French National Company of Statutory Auditors applicable to this mission. These procedures consisted in verifying the Board of Directors' report on the proposed resolution and the methods for determining the share issue price.

As the Board of Directors' report does not specify the methods used to determine the issue price of the securities to be issued, we cannot express an opinion regarding the calculation on the issue price of the securities to be issued.

As the issue price of the equity securities has not yet been set, we do not express an opinion on the final conditions of the capital increase and, as a result, on the proposal made to you to waive your preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code (Code de Commerce), we will prepare a supplementary report at the time the share issue is carried out by the Board of Directors.

3. Report on the allocation of bonus shares to employees and some representatives (resolution 18)

In compliance with articles L. 225-197-1 of the French Commercial Code (Code de Commerce) we hereby report on the allocation of bonus shares to employees or definite categories of them and directors of the Company and of certain related groups or companies as defined in article L. 225-197-2 of the French Commercial Code (Code de Commerce).

Your Board of Directors proposes that it could be authorized to allocate bonus shares, existing or to be created. It is the responsibility of the Board of Directors to prepare a report on the reasons for the proposed resolution. Our responsibility is to report to you our opinion on the information given about this operation.

Our work was conducted in accordance with professional doctrine of the French National Company of Statutory Auditors applicable to this mission. Those procedures consisted in verifying that the methods exposed in the Board of Directors' report are in accordance with legal requirements.

We have no comment to make on the information given in the Board of Directors' report about the resolution.

4. Increase in capital of the company, with cancellation of the preferential subscription rights to subscribe reserved for members of a company savings plan (resolution 19)

In accordance with the engagement set forth in Articles L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby present our report on the proposal to delegate to the Board of Directors the authority to perform a share capital increase, by issuing shares with waiver of the preferential subscription rights, reserved for members of a company savings plan or company that are affiliated with it within the meaning of Article L. 225-180 of the French Commercial Code.

The maximum nominal amount of capital increase is €1,500,000. It is being specified that this maximum amount set off the maximum amount of capital increase decided in 16th resolution of July 27, 2010 shareholder's meeting (or, on the maximum amount set in a same kind of resolution that shall replace this resolution).

This share capital increase project is submitted to your approval pursuant to Articles L. 225-129-6 of the French Commercial Code and Article L. 3332-8 et seq. of the French Labour Code (code du travail).

On the basis of its report, the Board of Directors asks you to delegate, for a period of 26 months, the authority to decide share capital increase and to waive your preferential subscription rights to the share issued. Where appropriate, the Board of Directors shall set the terms and conditions of the share capital increases.

It is the Board of Directors' role to prepare a report in accordance with the provisions of Articles R. 225-113 and R. 225-114 of the French Commercial Code. Our role is to report to you on the fairness of the financial information extracted from the accounts, on the proposal to waive your preferential subscription rights and on certain other information concerning the issue provided in this report.

We performed the procedures that we considered necessary in accordance with the professional guidance issued by the French institute of statutory auditors (CNCC) relating to this assignment. These procedures involved verifying the content of the Board of Directors' report in respect of this transaction and the condition for determining the share issue price.

Subject to a subsequent review of the terms and conditions of any share capital increase as may be decided upon, we have no matters to report regarding the terms and conditions for determining the issue price as set forth in the Board of Directors' report.

As the issue price has not yet been set, we do not express an opinion on the final term and conditions of the share capital increase and, as a result, on the proposal made to you to waive your preferential subscription rights.

Pursuant to the Article R. 225-116 of the French Commercial Code (Code de Commerce), we shall prepare an additional report at such time as your Board of Directors makes use of this authorisation.

Neuilly-sur-Seine and Paris, June 7, 2011

The Statutory Auditors,

ERNST & YOUNG ET AUTRES

Represented by
Marie-Laure Delarue

AUDITEURS & CONSEILS ASSOCIÉS

Represented by
Olivier Juramie

Person responsible for the Reference Document

STATEMENT OF THE PERSON RESPONSIBLE AND INFORMATION POLICY

1. CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

"I certify that, after taking all reasonable steps to that effect, the information contained in this reference document is accurate and contains no omissions likely to change this view.

I certify that, to the best of my knowledge, the financial statements were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and the profit of the Company and all the companies included in the consolidation, and the management report included in the pages 16 to 40 of the current document presents a true and fair position of the business, the profit and financial position of the Company and all companies included in the consolidation as well as a description of the principal risks and uncertainties encountered.

I have received a letter from the Statutory Auditors attesting to the completion of their assignment, stating that they have verified the information concerning the financial situation and financial statements provided in the current reference document and have read this document.

The historical information included in this document was subject to the reports of the Statutory Auditors on pages 112 and 128 for the year 2010/2011 and incorporated by reference to the present reference document for the years 2009/2010 and 2008/2009. The Statutory Auditors have drawn our attention, in their report on the consolidated financial statements in respect of the year 2010/2011, to the matter disclosed in note 1 of the notes that explains the changes in accounting methods resulting from the standards, amendments, interpretations applied by the Company."

Jean-Marie Laborde,
Chief Executive Officer of Rémy Cointreau

2. INFORMATION INCLUDED BY REFERENCE IN THE REFERENCE DOCUMENT

Pursuant to Article 28 of Commission Regulation (EC) No.809/2004, the following items are included by reference in this document:

- the consolidated financial statements for the 2009/2010 financial year, prepared in accordance with IFRS, as well as the Statutory Auditors' report relating to them, presented on pages 29 to 74 respectively of the Reference Document filed with the AMF on 1 July 2010 under the number D.10-05831;
- the consolidated financial statements for the 2008/2009 financial year prepared in accordance with IFRS, as well as the Statutory Auditors' report relating to them, presented on pages 29 to 74 respectively of the Reference Document filed with the AMF on 2 July 2009 under the number D.09-0551;
- Rémy Cointreau SA company financial statements for the 2008/09 financial year, prepared in accordance with French law, as well as the Statutory Auditors' general and special reports relating to them, presented respectively on pages 113 to 127 of the Reference Document filed with the AMF on 1 July 2010 under the number D. 10-0583;
- Rémy Cointreau SA company financial statements for the 2008/2009 prepared in accordance with French law, as well as the Statutory Auditors' general and special reports relating to them, presented respectively on pages 111 to 128 of the Reference Document filed with the AMF on 31 July 2009 under the number D.09-0551.

3. PUBLICLY AVAILABLE DOCUMENTS

The bylaws, AGM reports, Statutory Auditors' reports and other corporate documents may be viewed at the Company's registered office.

Rémy Cointreau' Reference Document, filed with the AMF, and the Company's press releases relating to turnover and results, the annual and half-year reports, the parent company and consolidated financial statements and information on transactions in treasury shares and the total number of shares and voting rights are available on the Group's website: www.remy-cointreau.com

Reconciliation table with the headings from appendix 1 of european regulation 809/2004

Reconciliation table for the 2010/2011 financial report(1)

(1) Pursuant to Articles L. 451-1-2 of the Monetary and Financial Code and 222-3 of the AMF General Regulations.

Rémy Cointreau

21 boulevard Haussmann 75009 Paris
Telephone +33 1 44 13 44 13

The French version of this document is available on request
or via the remy-cointreau.com website

Typeset and printed by RR Donnelley

RÉMY COINTREAU