HALF-YEAR FINANCIAL REPORT

FINANCIAL YEAR 2016/2017

RÉMY COINTREAU

1 HALF-YEAR BUSINESS REPORT

FIRST SIX MONTHS OF THE YEAR ENDING 31 MARCH 2017

For the period ended 30 September 2016, the Group generated current operating profit of €123.9 million, up organically by 7% (+15.9% reported). The operating margin was 24.1%.

1.1 Analysis of the business and consolidated results

1.1.1 Key figures

All data is presented in millions of euros for the period from 1 April to 30 September. The organic change is calculated on a constant exchange rate basis compared with the previous period.

(in € millions)	**2016**	**2015**	**Reported change**	**Organic change**
Net sales	513.4	500.7	+2.5%	+4.1%
Current operating profit	**123.9**	**107.0**	**+15.9%**	**+7.0%**
Current operating margin	24.1%	21.4%		22.0%
Other operating expenses	(0.0)	(0.1)		
Operating profit	**123.9**	**106.9**		
Net financial income/(expense)	(15.5)	(15.1)		
Income tax	(32.3)	(25.7)		
Share in profit of associates	0.0	0.3		
Profit from continuing operations	76.1	66.4		
Non-controlling interests	(0.1)	(0.1)		
Net profit attributable to the owners of the parent company	**76.0**	**66.3**	**+14.8%**	**+5.4%**
Net profit/(loss) excluding non-recurring items attributable to the owners of the parent company	**76.6**	**68.6**	**+11.8%**	**+2.7%**
Basic earnings per share:				
On net profit excluding non-recurring items attributable to the owners of the parent company	**€1.57**	**€1.41**	**+11.3%**	
On net profit attributable to the owners of the parent company	€1.56	€1.37	+13.9%	

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1.1.2 General comments on current operating profit

Change in the **current operating profit** compared **with September** 2015 was as follows:

	Total
Current operating profit – September 2015	**107.0**
Change due to exchange rates (net of hedges)	9.4
Change in volumes	17.8
Effect of price changes on net sales	0.8
Change in advertising expenditure	(6.3)
Change in other expenses	(4.7)
Current operating profit – September 2016	**123.9**

Exchange rate fluctuations had a positive overall effect in the amount of €9.4 million, primarily reflecting the favourable change in gains and losses from hedging the US dollar and related currencies compared with the previous period. The average €/USD rate over the period was 1.12 compared with 1.11 during the previous period. Taking into account its hedging policy, the Group recorded an average collection rate of 1.14 on the net flows in US dollars generated by its European entities, compared with 1.24 for the period ended 30 September 2015.

The volume impact of €17.8 million illustrates the combined effect of steady growth in premium categories, the still outstanding performance of the US market and a return to growth in Greater China.

The Group maintains a proactive pricing policy and sustained marketing efforts, up €6.3 million over the period, targeted at brand communication.

Other costs have increased by €4.7 million, including an increase in the sales and marketing teams. Their percentage of consolidated net sales remains relatively unchanged.

Current operating profit rose organically by 7%, while (organic) operating margin also rose by 22% (2015: 21.4%).

1.1.3 Business overview

In the comments that follow, all changes are given as **organic** change.

For the period ended 30 September 2016, the Rémy Cointreau Group generated **net sales** of €513.4 million, an increase of 4.1% compared with the previous period.

BY GEOGRAPHIC AREA

	Europe-Middle East-Africa	Americas	Asia Pacific	TOTAL
Net sales				
September 2016	163.7	222.5	127.2	513.4
September 2015	164.5	198.6	137.6	500.7
Reported change	(0.5%)	+12.0%	(7.5%)	+2.5%
Organic change	+0.6%	+13.6%	(5.3%)	+4.1%

The EMEA region (Europe-Middle East-Africa), which accounted for 32% of net sales, recorded growth of +0.6% and +1.2% on Group brands with solid performance from Russia in particular.

The Americas region (43% of net sales) saw steady growth of +13.6% across the Group's entire brand portfolio.

The Asia-Pacific region (25% of net sales) declined by 5.3%, despite growth in Greater China over the half-year.

BY DIVISION

	Rémy Martin	Liqueurs & Spirits	Total Group brands	Partner Brands	Holding Expenses	TOTAL
Net sales						
September 2016	322.5	134.8	457.3	56.0	-	513.4
September 2015	313.1	130.1	443.1	57.6	-	500.7
Reported change	+3.0%	+3.6%	+3.2%	(2.8%)	-	+2.5%
Organic change	+5.1%	+5.1%	+5.1%	(3.1%)	-	+4.1%
Current operating profit						
September 2016	101.9	27.4	129.3	2.7	(8.1)	123.9
September 2015	85.9	24.1	109.9	3.3	(6.3)	107.0
Reported change	+18.7%	+13.7%	+17.6%	(18.0%)	+28.5%	+15.9%
Organic change	+9.1%	+8.6%	+9.0%	(15.8%)	+28.5%	+7.0%
Operating margin						
September 2016	31.6%	20.3%	28.3%	4.9%	-	24.1%
September 2016 organic	28.5%	19.1%	25.7%	5.0%	-	22.0%
September 2015	27.4%	18.5%	24.8%	5.8%	-	21.4%

RÉMY MARTIN

Net sales totalled €322.5 million, an increase of 5.1% due to the excellent performance of the Americas region and a return to growth in Greater China. This growth is attributed to superior quality products, with *1738 Accord Royal* and Louis XIII benefiting from two major initiatives: the *L'Odyssée d'un Roi* project and the opening of the first Chinese store in Beijing.

Operating profit amounted to €101.9 million, up 9.1% with continued investment in marketing. Current operating margin climbed 1.1 points to 28.5% as a result of the favourable mix.

LIQUEURS & SPIRITS

Net sales totalled €134.8 million, an increase of 5.1% on the previous period.

The Cointreau brand saw robust growth during the period, driven by steady demand in the US and good momentum in France.

Metaxa continued its return to growth, with better momentum in Russia and Germany and stabilisation of the business in Greece.

Mount Gay and St-Rémy fell slightly due to a deliberate reduction in low-value volumes.

Islay Spirits (Bruichladdich, Port Charlotte, Octomore, The Botanist) recorded double-digit growth.

The Liqueurs & Spirits business generated a current operating profit of €27.4 million, reflecting steady growth of 8.6% and increased marketing investment. Current operating margin stands at 19.1% (organic), up from the same period in 2015.

PARTNER BRANDS

The Group generated net sales of €56 million, a fall of 3.1%. This was mainly due to the distribution agreement for Piper-Heidsieck and Charles Heidsieck champagnes coming to an end on 30 June 2016 (the agreement still covered several European countries and Travel Retail). Partner Brands distributed in Europe continued to perform well.

The operating profit generated by the division was positive at €2.7 million, compared with €3.3 million for the period ended 30 September 2015.

HOLDING COMPANY COSTS

These costs rose by €1.8 million in absolute terms. They totalled 1.6% of net consolidated sales (1.3% at end-September 2015).

1.1.4 OPERATING PROFIT

Operating profit amounted to €123.9 million. Other operating income and expenses were not material.

1.1.5 Net financial income/(expense)

(in € millions)	**2016**	2015	Change
Cost of gross financial debt	(11.7)	(12.2)	0.5
Currency gains/(losses)	(1.4)	(0.8)	(0.6)
Other financial expenses (net)	(2.4)	(2.1)	(0.3)
NET FINANCIAL INCOME/(EXPENSE)	**(15.5)**	**(15.1)**	**(0.4)**

Net financial expense came to €15.5 million:

- the cost of gross financial debt fell by €0.5 million, reflecting the decrease in average debt for the period;
- currency gains/(losses) mainly include the impact of the valuation of the currency risk hedging portfolio in accordance with IFRS standards. This had a negative impact of €1.4 million at 30 September 2016, compared with a charge of €0.8 million for the previous period;
- other financial expenses include items related to the change in the value of the vendor loan (a loan to the EPI Group) and funding costs for certain *eaux-de-vie* owned by the AFC cooperative. There was a negative change of €0.3 million in these items compared with the previous period due to the increase in inventories to be financed.

1.1.6 Net profit for the period

The tax charge, estimated on the basis of a projected annual effective rate, amounted to €32.3 million, i.e. an effective tax rate of 29.8%. This was up compared with the period ended 30 September 2015 (28%), as a result of the geographical distribution of profits.

For the period ended 30 September 2016, the share of profit of associates originated in distribution joint ventures in Europe. No impact was recorded for the equity investment in Dynasty Fine Wines Ltd.

Trading in Dynasty Group shares has been suspended since 22 March 2013. The reasons for the suspension are described in note **5.1** of the notes to the 2015/16 annual financial statements.

Since the suspension, Rémy Cointreau has recognised three successive impairment losses on this investment (during the years ended 31 March 2013, 31 March 2014 and 31 March 2016), taking the valuation from HK$1.88 per share to HK$1.27, HK$0.94 and finally HK$0.84.

On 31 October 2016, the Dynasty Group issued a press release announcing the closure of the investigation conducted by the Audit Committee in 2013. The Group confirmed that it was doing its utmost to meet the conditions to resume trading, which involves publishing its annual financial statements for 2012, 2013, 2014 and 2015, and its half-year financial statements for 2013, 2014, 2015 and 2016. The publication dates range from the end of December 2016 until the end of March 2017.

For the financial statements to 30 September 2016, Rémy Cointreau's management decided that the valuation fundamentals at 31 March 2016 were still relevant. The value of the investment has therefore been maintained at HK$ 282.7 million, or €32.7 million, based on the period-end exchange rate.

Net income attributable to owners of the parent company amounted to €76 million, up 5.4% in organic terms but an increase of 14.8% in reported terms due to more favourable exchange rate, this equates to basic earnings per share of €1.56, compared with €1.37 in the previous period.

Excluding non-recurring items (other operating income and expense after tax, net profit/(loss) from discontinued operations and a 3% contribution on dividends), net profit attributable to owners of the parent company came to €76.6 million, up 2.7% in organic terms but an increase of 11.8% in reported terms. This equates to basic earnings per share of €1.57, compared with €1.41 during the previous period.

1.2 Comments on the statement of financial position

(in € millions)	**September 2016**	September 2015	March 2016	Change
Brands and other intangible assets	486.1	488.9	487.6	(1.5)
Property, plant and equipment	226.9	214.6	223.2	3.7
Investments in associates	41.2	44.5	40.6	0.6
Other financial assets	94.3	92.5	94.7	(0.4)
Non-current assets (other than deferred tax)	**848.5**	**840.5**	**846.1**	**2.4**
Inventories	1,101.1	1,080.9	1,107.9	(6.8)
Trade and other receivables	271.0	247.1	232.8	38.2
Trade and other payables	(427.4)	(428.1)	(499.1)	71.7
Working capital requirements	**944.7**	**899.9**	**841.6**	**103.1**
Net financial derivatives	3.8	(2.9)	9.4	(5.6)
Net current and deferred tax	(99.2)	(77.9)	(74.1)	(25.1)
Dividend payable	(13.0)	(72.8)	-	(13.0)
Provisions for liabilities and charges	(50.8)	(56.6)	(49.6)	(1.2)
Assets and liabilities held for sale	-	-	(1.9)	1.9
Other net current and non-current assets and liabilities	**(159.2)**	**(210.2)**	**(116.2)**	**(43.0)**
TOTAL	**1,634.0**	**1,530.2**	**1,571.5**	**62.5**
Financed by:				
Shareholders' equity	**1,186.3**	**1,075.1**	**1,113.3**	**73.0**
Long-term financial debt	390.2	375.1	172.0	218.2
Short-term financial debt and accrued interest charge	278.9	132.3	333.1	(54.2)
Cash and cash equivalents	(221.4)	(52.3)	(46.9)	(174.5)
Net financial debt	**447.7**	**455.1**	**458.2**	**(10.5)**
TOTAL	**1,634.0**	**1,530.2**	**1,571.5**	**62.5**
For information:				
TOTAL ASSETS	**2,483.3**	**2,272.1**	**2,281.5**	**201.8**

All changes given below are compared with the financial year ended 31 March 2016.

Non-current assets were up €2.4 million to €848.5 million, including:

Translation reserve	(3.4)
Investments (renewals, measures to ensure compliance with standards)	15.6
Amortisation for the period	(9.4)
Change in current value of vendor loan	0.3
Other movements (net)	(0.7)
TOTAL	**2.4**

The working capital requirement, which is always structurally higher at the end of September than at the end of March (mainly owing to the seasonality of *eaux-de-vie* purchases), increased by €103.1 million (or €105 million excluding translation differences).

Derivative financial instruments are primarily intended to hedge currency risk. The Group hedges its provisional positions over a rolling 18-month period. The market value of the portfolio held at 30 September 2016 amounted to a net liability of €3.8 million, compared with a net liability of €9.4 million at 31 March 2016. Of this change, €7.0 million is due to part of the original portfolio maturing, €2.2 million to the revaluation of the balance, and €3.6 million to the market value of new instruments concluded.

The Shareholders' Meeting of 26 July 2016 approved the payment of a dividend of €1.60 per share in respect of the year ended 31 March 2016 with an option allowing a payment of the entire dividend in shares. The payment in shares was made on 21 September for €64.8 million (957,170 shares issued). The balance of €13 million was paid in October 2016. This debt is recorded under "Dividend payable" as at 30 September 2016. In the previous year, the amount of the cash dividend was higher.

The change in shareholders' equity breaks down as follows:

Net profit for the year	**76.1**
Profit recorded in equity	(3.4)
Impact of stock-option and similar plans	0.7
Change in translation reserves	(3.6)
Transactions on treasury shares	(0.4)
Equity component of OCEANE	16.3
Dividends paid in shares and cash	(13.0)
Other movements	0.3
TOTAL CHANGE	**73.0**

During the period the Group issued a new OCEANE bond, described below.

The net tax position (current and deferred) amounts to a liability of €99.2 million, an increase from March 2016 and September 2015 due to the increase in profit and the seasonal nature of tax instalments.

Net debt stood at €447.7 million, a decrease of €10.5 million from March 2016.

At 30 September 2016, the Rémy Cointreau Group had €940 million in confirmed funding, including:

- a €205 million bond maturing on 15 December 2016, with a coupon of 5.18% and an issue premium of 2.26%;
- a €255 million syndicated revolving loan maturing on 11 April 2019, bearing interest at EURIBOR plus a variable margin;
- a €65 million bond maturing on 13 August 2023, with a coupon of 4% and an issue premium of 2.00%;
- a bond issued in the form of a private placement with a leading European insurer for €80 million, maturing on 27 February 2025 and bearing a coupon rate of 2.94%;
- a current-account agreement with the Orpar SA company signed on 31 March 2015 for €60 million at a rate of 1.25% and fully drawn since 1 April 2015;
- an OCEANE bond issued on 7 September 2016 for a nominal amount of €275 million, with a maturity date of 7 September 2026 and a conversion option exercisable on 7 September 2023, bearing a coupon rate of 0.125%.

The OCEANE bond is intended to refinance the €205 million bond which is about to mature.

The A ratio[1] (Net debt/EBITDA) on which the availability of the private bond placement and the syndicated loan is based was 2.16 at 30 September 2016. The terms of the syndicated loan and private placement stipulate that this ratio, calculated every six months, must remain below or equal to 3.5 until the loan matures.

(1) The A ratio is calculated every six months. It is the ratio of (a) the arithmetic average of net debt at the end of the half-year and the end of the prior half-year – in this case end-September 2016 and end-March 2016 – and (b) EBITDA for the previous 12 months – in this case end-March 2016 minus end-September 2015 plus September 2016.

1.3 Comments on cash flows

(in € millions)	**2016**	2015	Change
EBITDA	134.0	118.0	16.0
Change in working capital requirement	(107.7)	(90.0)	(17.7)
Net cash flow from operations	26.3	28.0	(1.7)
Other operating expenses	(2.4)	(0.4)	(2.0)
Financial result	(11.0)	(13.8)	2.8
Income tax	(14.5)	1.6	(16.1)
Other operating cash flows	(27.9)	(12.6)	(15.3)
Net cash flow from operating activities	**(1.6)**	**15.4**	**(17.0)**
Net cash flow from investment activities – continuing operations	(18.2)	(9.5)	(8.7)
Net cash flow before investment activities	**(19.8)**	**5.9**	**(25.7)**
Treasury shares	(0.4)	(2.6)	2.2
Net cash flow relating to capital	**(0.4)**	**(2.6)**	**2.2**
Repayment of financial debt	193.3	(27.9)	221.2
Net cash flow after investment activities	**173.1**	**(24.6)**	**197.7**
Translation differences on cash and cash equivalents	1.4	2.8	(1.4)
Change in cash and cash equivalents	**174.5**	**(21.8)**	**196.3**

Earnings before interest, tax, depreciation and amortisation (EBITDA)[1] rose by €16 million, mainly as a result of the change in current operating profit.

The change in working capital requirement represented an increase on the previous period of €107.7 million.

	2016	2015	Change
Change in inventories	7.2	22.9	(15.7)
Change in trade receivables	(24.8)	4.2	(29.0)
Change in trade payables	(44.5)	(66.9)	22.4
Net change in other receivables and payables	(45.6)	(50.2)	4.6
CHANGE IN WORKING CAPITAL REQUIREMENT	**(107.7)**	**(90.0)**	**(17.7)**

The €7.2 million decrease in inventories is mainly due to the seasonal fall in *eaux-de-vie* inventory and the increase in inventories of finished products as a result of increased activity.

Trade receivables were up €24.8 million, in line with the increase in activity. Factoring programmes led to accelerated payments of €39.2 million, compared with €37.7 million in the previous period. As in previous years, the decrease in trade payables for €44.5 million is mainly due to the timing of *eaux-de-vie* purchases.

Net cash outflows relating to financing activities totalled €11 million, a decrease of €2.8 million.

Income tax is negative at €14.5 million. For the period ended 30 September 2015, the Group benefited from the adjustment of surplus payments on account made in the previous year.

Investment spending rose from €8.7 million to €18.2 million, reflecting an increase in the investment budget from the previous period.

After net cash flow relating to capital, repayment of financial debt (including the effect of the anticipated OCEANE bond issue) and translation differences, cash and cash equivalents were up €174.5 million. The Group therefore had a gross cash position of €221.4 million at 30 September 2016 (versus €46.9 million in March 2016). Gross financial debt stood at €669.1 million (versus €505.1 million in March 2016).

(1) *Earnings before interest, tax, depreciation and amortisation (EBITDA) corresponds to the current operating profit adjusted by adding back depreciation and amortisation charges in respect of property, plant and equipment and intangible assets, and charges in respect of share-based payments and dividends paid out by associates during the period.*

1.4 Recent events

On 1 September 2016, the Rémy Cointreau Group announced that it had entered into exclusive negotiations with Lucas Bols NV to set up a joint venture to manage and continue developing the international operations of the Passoa brand. An agreement was reached on 14 October 2016.

Once the deal is finalised (expected before the end of calendar year 2016), Rémy Cointreau will transfer all Passoa operations, including manufacturing and distribution, as well as trademarks and inventory, to the joint venture, while Lucas Bols NV will contribute its know-how and expertise in spirits and cocktails, as well as working capital.

Lucas Bols NV will be responsible for operational control and financial management of the joint venture. Rémy Cointreau will deconsolidate Passoa as a Group brand. Ultimately, Lucas Bols NV could buy out Rémy Cointreau's stake in the joint venture.

Passoa represents around 2% of the Group's consolidated net sales and 2% of its current operating profit. The business and key assets (brands, recipes, customers, inventory, direct payables and receivables) are valued in the balance sheet at less than €2 million, the brand having been created from scratch in 1986. The directly related liabilities are not significant. Since these items are not material, the Group has not applied IFRS 5 to the financial statements at 30 September 2016.

In addition, on 27 October, the Rémy Cointreau Group announced that it had entered into exclusive negotiations with shareholders of the Domaine des Hautes Glaces distillery with a view to acquiring 100% of the company. The deal could be finalised before the end of December 2016. The impact of this transaction on the consolidated financial statements is not expected to be significant.

1.5 Outlook

At the end of the first half — in line with Group forecasts — Rémy Cointreau confirmed its target of positive growth in current operating profit for the 2016/17 financial year, at constant exchange rates and scope.

2 CONSOLIDATED FINANCIAL STATEMENTS OF THE RÉMY COINTREAU GROUP AT 30 SEPTEMBER 2016

2.1 CONSOLIDATED INCOME STATEMENT

(in € millions)	*Notes*	**September 2016**	September 2015	March 2016
Net sales	*15*	**513.4**	**500.7**	**1,050.7**
Cost of sales		(174.3)	(183.4)	(384.9)
Gross margin		**339.1**	**317.3**	**665.8**
Distribution costs	*16*	(175.3)	(173.3)	(406.7)
Administrative expenses	*16*	(40.4)	(37.6)	(81.6)
Other income from operations	*16*	0.5	0.6	0.9
Operating profit current	*15*	**123.9**	**107.0**	**178.4**
Other operating expenses	*17*	-	(0.1)	0.3
Operating profit		**123.9**	**106.9**	**178.7**
Cost of net financial debt		(11.7)	(12.2)	(24.0)
Other financial income/(expense)		(3.8)	(2.9)	(3.3)
Net financial income/(expense)	*18*	**(15.5)**	**(15.1)**	**(27.3)**
Profit before tax		**108.4**	**91.8**	**151.4**
Income tax	*19*	(32.3)	(25.7)	(44.1)
Share in profit of associates	*5*	-	0.3	(4.8)
Profit from continuing operations		**76.1**	**66.4**	**102.5**
Net profit/(loss) from discontinued operations	*20*	–	–	–
Net profit for the period		**76.1**	**66.4**	**102.5**
Of which:				
attributable to non-controlling interests		0.1	0.1	0.1
attributable to owners of the parent company		76.0	66.3	102.4
Net earnings per share – from continuing operations (in €)				
basic		1.56	1.37	2.11
diluted		1.48	1.36	2.11
Net earnings per share - attributable to owners of the parent company (in €)				
basic		1.56	1.37	2.11
diluted		1.48	1.36	2.10
Number of shares used for the calculation				
basic	*10.2*	48,658,737	48,537,448	48,579,832
diluted	*10.2*	51,292,878	48,644,748	48,682,638

2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

2

(in € millions)	**September 2016**	September 2015	March 2016
Net profit for the year	**76.1**	**66.4**	**102.5**
Movement in the value of hedging instruments	(3.2)	20.1	31.5
Actuarial difference on pension commitments	(2.0)	1.8	1.2
Movement in the value of AFS shares	-	(0.2)	(0.2)
Related tax effect	1.8	(8.5)	(12.3)
Movement in translation differences	(3.6)	(6.1)	(12.8)
Total income/(expenses) recorded in equity	**(7.0)**	**7.1**	**7.4**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**69.1**	**73.5**	**109.9**
Of which:			
attributable to owners of the parent company	69.0	73.4	109.9
non-controlling interests	0.1	0.1	-

2.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € millions)	*Notes*	**September 2016**	September 2015	March 2016
Brands and other intangible assets	*3*	486.1	488.9	487.6
Property, plant and equipment	*4*	226.9	214.6	223.2
Investments in associates	*5*	41.2	44.5	40.6
Other financial assets	*6*	94.3	92.5	94.7
Deferred tax assets	*19*	31.0	37.9	28.9
Non-current assets		**879.5**	**878.4**	**875.0**
Inventories	*7*	1,101.1	1,080.9	1,107.9
Trade and other receivables	*8*	271.0	247.1	232.8
Income tax receivables	*19*	3.8	4.9	7.8
Derivative financial instruments	*14*	6.5	8.5	10.6
Cash and cash equivalents	*9*	221.4	52.3	46.9
Assets held for sale		-	-	0.5
Current assets		**1,603.8**	**1,393.7**	**1,406.5**
TOTAL ASSETS		**2,483.3**	**2,272.1**	**2,281.5**
Share capital		79.5	77.9	78.0
Share premium		758.6	695.3	695.3
Treasury shares		(9.1)	(11.0)	(8.7)
Consolidated reserves and profit of the year		331.9	277.3	319.8
Translation reserve		23.9	34.1	27.5
Shareholders' equity - attributable to owners of the parent company		**1,184.8**	**1,073.6**	**1,111.9**
Non-controlling interests		1.5	1.5	1.4
Shareholders' equity	*10*	**1,186.3**	**1,075.1**	**1,113.3**
Long-term financial debt	*11*	390.2	375.1	172.0
Provision for employee benefits		33.2	30.3	30.7
Long-term provisions for liabilities and charges	*12*	5.8	7.2	5.6
Deferred tax assets	*19*	104.2	89.4	101.0
Non-current liabilities		**533.4**	**502.0**	**309.3**
Short-term financial debt and accrued interest charge	*11*	278.9	132.3	333.1
Trade and other payables	*13*	427.4	428.1	499.1
Dividend payable		13.0	72.8	-
Income tax payables	*19*	29.8	31.3	9.8
Short-term provisions for liabilities and charges	*12*	11.8	19.1	13.3
Derivative financial instruments	*14*	2.7	11.4	1.2
Liabilities held for sale		-	-	2.4
Current liabilities		**763.6**	**695.0**	**858.9**
TOTAL EQUITY AND LIABILITIES		**2,483.3**	**2,272.1**	**2,281.5**

2.4 Change in consolidated shareholders' equity

(in € millions)	Share capital and premium	Treasury shares	Reserves and net profit	Translation reserve	Profit recorded in equity	Attributable to: owners of the parent company	Attributable to: non-controlling interests	Total equity
At 31 March 2015	**771.8**	**(9.6)**	**306.6**	**40.2**	**(34.1)**	**1,074.9**	**1.4**	**1,076.3**
Net profit for the period	-	-	66.3	-	-	66.3	0.1	66.4
Gains (losses) recorded in equity	-	-	-	(6.1)	13.2	7.1	-	7.1
Share-based payments	-	-	0.7	-	-	0.7	-	0.7
Transactions on treasury shares	-	(2.6)	-	-	-	(2.6)	-	(2.6)
Dividends	1.4	-	(74.2)	-	-	(72.8)	-	(72.8)
Reclassification	-	1.2	(1.2)	-	-	-	-	-
At 30 September 2015	**773.2**	**(11.0)**	**298.2**	**34.1**	**(20.9)**	**1,073.6**	**1.5**	**1,075.1**
At 31 March 2016	**773.3**	**(8.7)**	**333.7**	**27.5**	**(13.9)**	**1,111.9**	**1.4**	**1,113.3**
Net profit for the period	-	-	76.0	-	-	76.0	0.1	76.1
Gains (losses) recorded in equity	-	-	-	(3.6)	(3.4)	(7.0)	-	(7.0)
Share-based payments	-	-	0.7	-	-	0.7	-	0.7
Transactions on treasury shares	-	(0.4)	-	-	-	(0.4)	-	(0.4)
Dividends	64.8	-	(77.8)	-	-	(13.0)	-	(13.0)
OCEANE(1)	-	-	16.3	-	-	16.3	-	16.3
Other movements	-	-	0.3	-	-	0.3	-	0.3
At 30 September 2016	**838.1**	**(9.1)**	**349.2**	**23.9**	**(17.3)**	**1,184.8**	**1.5**	**1,186.3**

*(1) On 7 September 2016, Rémy Cointreau SA issued a bond that can be converted into or exchanged for new or existing shares (OCEANE) with a nominal amount of €275 million and a maturity date of 7 September 2026 (see note **11.3** "Bonds"). The after-tax difference between the nominal value of the bond and its fair value at the issue date is recognised in equity.*

2.5 Consolidated statement of cash flows

(in € millions)	*Notes*	**September 2016**	September 2015	March2016
Operating profit current		123.9	107.0	178.4
Depreciation, amortisation and impairment		9.4	9.3	18.8
Share-based payments		0.7	1.0	1.7
Dividends received from associates	*5*	-	0.7	0.7
EBITDA		**134.0**	**118.0**	**199.6**
Change in inventories		7.2	22.9	(6.2)
Change in trade receivables		(24.8)	4.2	20.9
Change in trade payables		(44.5)	(66.9)	(26.0)
Change in other receivables and payables		(45.6)	(50.2)	(31.1)
Change in working capital requirement		(107.7)	(90.0)	(42.4)
Net cash flow from operations		**26.3**	**28.0**	**157.2**
Other operating expenses		(2.4)	(0.4)	(0.2)
Financial result		(11.0)	(13.8)	(22.9)
Income tax		(14.5)	1.6	(29.9)
Other operating cash flows		**(27.9)**	**(12.6)**	**(53.0)**
Net cash flow from operating activities – continuing operations		**(1.6)**	**15.4**	**104.2**
Impact of discontinued operations		-	-	-
Net cash flow from operating activities		**(1.6)**	**15.4**	**104.2**
Purchase of intangible assets and property, plant and equipment	*3/4*	(18.9)	(11.9)	(30.8)
Purchase of shares in associates and non-consolidated investments	*5/6*	-	(0.7)	(0.7)
Disposal of intangible assets and property, plant and equipment		0.2	0.4	0.8
Disposal of shares in associates and non-consolidated investments	*6*	0.3	-	0.7
Net cash flow from other investments	*6*	0.2	2.7	0.7
Net cash flow from investment activities – continuing operations		**(18.2)**	**(9.5)**	**(29.3)**
Impact of discontinued operations		-	-	-
Net cash flow from investment activities		**(18.2)**	**(9.5)**	**(29.3)**
Treasury shares	*10*	(0.4)	(2.6)	(0.9)
Increase in financial debt		273.9	120.5	110.5
Repayment of financial debt		(80.6)	(148.4)	(143.8)
Dividends paid		-	-	(72.8)
Net cash flow from financing activities – continuing operations		**192.9**	**(30.5)**	**(107.0)**
Impact of discontinued operations		-	-	-
Net cash flow from financing activities		**192.9**	**(30.5)**	**(107.0)**
Translation differences on cash and cash equivalents		1.4	2.8	4.9
Change in cash and cash equivalents		**174.5**	**(21.8)**	**(27.2)**
Cash and cash equivalents at start of year	*9*	**46.9**	**74.1**	**74.1**
Cash and cash equivalents at end of year	*9*	**221.4**	**52.3**	**46.9**

2.6 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 the French Commercial Code. Rémy Cointreau, whose shares are admitted to trading on a regulated market, is listed on Euronext Paris.

The condensed consolidated financial statements presented below were approved by the Board of Directors on 22 November 2016 pursuant to a recommendation from the Audit Committee following its meeting of 21 November 2016.

NOTE 1 ACCOUNTING POLICIES

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

In accordance with European regulation (EC) No. 1606/2002 of 19 July 2002, the consolidated financial statements of Rémy Cointreau are prepared in accordance with the international accounting policies applicable within the European Union as at 30 September 2016.

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

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

The condensed consolidated financial statements presented in this document were prepared pursuant to IAS 34 "Interim Financial Reporting", as adopted by the European Union. They do not include all the notes and disclosures required by IFRS for annual financial statements and must therefore be read in conjunction with the annual financial statements for the year ended 31 March 2016.

The accounting principles applied in the preparation of the interim financial statements for the period ended 30 September 2016 are the same as those applied for the year ended 31 March 2016.

Changes to accounting principles compared with the previous year

The standards and amendments whose application by the Group was compulsory for the first time from 1 January 2016 are as follows:

- IFRS annual improvement cycle 2012-2014;
- amendments to IAS 1 "Presentation of financial statements" – Disclosure initiative;
- amendments to IAS 16 and IAS 38: "Clarification of acceptable methods of depreciation and amortisation";
- amendments to IAS 16 and IAS 41: "Agriculture: bearer plants";
- amendments to IAS 27: "Equity method in separate financial statements";
- amendments to IFRS 11: "Accounting for acquisitions of interests in joint operations";
- limited amendments to IFRS 10, IFRS 12 and IAS 28: "Investment entities: applying the consolidation exception".

The first time adoption of these standards and amendments did not have any material impact on the consolidated financial statements.

Historically, Group sales are not evenly split between the first half-year and the second half-year. As a result, the interim results at 30 September 2016 are not necessarily indicative of those expected for the full year ending 31 March 2017.

In respect of the interim financial statements, the tax charge for the period is an estimate of the effective annual rate which is applied to the profit before tax of the period excluding significant exceptional items. Possible exceptional items in the period, such as the disposal of securities or the effect of a tax dispute, are recorded with their actual tax effect.

NOTE 2 CHANGES IN CONSOLIDATION SCOPE

NOTE 2.1 LIXIR

Lixir securities classified as "assets held for sale" at 31 March 2016 were sold during the period ended 30 September 2016 for €0.5 million. The amount of €2.4 million corresponding to the estimated costs of disposal and recognized under "liabilities held for sale" at 31 March 2016 was paid during the period.

NOTE 2.2 PASSOA

On 1 September 2016, the Rémy Cointreau Group announced that it had entered into exclusive negotiations with Lucas Bols NV to set up a joint venture to manage and continue developing the international operations of the Passoa brand. An agreement was reached on 14 October 2016.

Once the deal is finalised (before the end of calendar year 2016), Rémy Cointreau will transfer all Passoa operations, including manufacturing and distribution, as well as trademarks and inventory, to the joint venture, while Lucas Bols NV will contribute its know-how and expertise in spirits and cocktails, as well as working capital.

Lucas Bols NV will be responsible for operational control and financial management of the joint venture. Rémy Cointreau will deconsolidate Passoa as a Group brand. Ultimately, Lucas Bols NV could buy out Rémy Cointreau's stake in the joint venture.

Passoa represents around 2% of the Group's consolidated net sales and 2% of its current operating profit. The business and key assets (brands, recipes, customers, inventory, direct payables and receivables) are valued in the balance sheet at less than €2 million, the brand having been created from scratch in 1986. The directly related liabilities are not significant. Since these items are not material, the Group has not applied IFRS 5 to the financial statements at 30 September 2016.

NOTE 3 BRANDS AND OTHER INTANGIBLE ASSETS

(in € millions)	Goodwill	Brands	Distribution rights	Other	Total
Gross value at 30 September 2015	**27.8**	**505.0**	**7.6**	**32.2**	**572.6**
Gross value at 31 March 2016	**26.0**	**503.9**	**7.5**	**34.7**	**572.1**
Acquisitions	-	-	-	2.6	2.6
Translation reserve	(1.9)	(1.1)	0.1	0.1	(2.8)
Gross value at 30 September 2016	**24.1**	**502.8**	**7.6**	**37.4**	**571.9**
Accumulated amortisation and depreciation at 30 September 2015	**-**	**52.7**	**5.3**	**25.7**	**83.7**
Accumulated amortisation and depreciation at 31 March 2016	**-**	**52.9**	**5.3**	**26.3**	**84.5**
Increase	-	-	-	1.1	1.1
Translation reserve	-	0.1	-	0.1	0.2
Accumulated amortisation and depreciation at 30 September 2016	**-**	**53.0**	**5.3**	**27.5**	**85.8**
Net carrying amount at 30 September 2015	**27.8**	**452.3**	**2.3**	**6.5**	**488.9**
Net carrying amount at 31 March 2016	**26.0**	**451.0**	**2.2**	**8.4**	**487.6**
Net carrying amount at 30 September 2016	**24.1**	**449.8**	**2.3**	**9.9**	**486.1**

"Other" mainly comprises software licences.

The "Distribution rights" carrying amount includes a brand-equivalent amount.

The amounts recorded under "Goodwill", "Brands" and "Distribution rights" are considered to have an indefinite useful life.

"Goodwill" includes goodwill arising from the acquisition of Bruichladdich Distillery Ltd in September 2012 and goodwill arising from the acquisition of the Rum Refinery of Mount Gay in May 2014.

The carrying amounts reported in the Group's balance sheet under "Brands" (as well as "Goodwill" and "Distribution rights") mainly concern the following brands: Rémy Martin, Cointreau, Mount Gay, Metaxa, Ponche Kuba and Bruichladdich.

The carrying amounts of Rémy Martin, Cointreau and Mount Gay are essentially derived from the acquisition of non-controlling interests and so do not represent a comprehensive valuation of these brands. Metaxa, Ponche Kuba and Bruichladdich are acquired brands. The other brands held by the Group were created and do not have any carrying value on the balance sheet.

At 30 September 2016, the total provision for the impairment of intangible assets was €53.0 million (September 2015: €52.7 million; March 2016: €52.9 million) including €45.0 million for the Greek brandy Metaxa acquired in 2000 and €8.0 million for secondary brands.

Brands owned by Rémy Cointreau are all considered to have an indefinite useful life. As such they are not amortised. The present value of these brands is subject to testing on an annual basis or as soon as there is an indication of a decrease in value. The methodology used to determine the current value of brands is described in note **3** of the notes to the year-end consolidated financial statements.

In the absence of a clear indication of impairment, the annual impairment tests will be conducted during the second half.

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

(in € millions)	Land	Buildings	Other	In progress	Total
Gross value at 30 September 2015	**14.0**	**117.0**	**252.8**	**3.6**	**387.4**
Gross value at 31 March 2016	**13.8**	**123.3**	**257.8**	**6.4**	**401.3**
Acquisitions	0.3	2.9	5.5	4.3	13.0
Disposals, items scrapped	-	(0.6)	(1.1)	-	(1.7)
Other movements	0.1	0.9	3.0	(4.0)	-
Translation reserve	-	(1.0)	(0.4)	-	(1.4)
Gross value at 30 September 2016	**14.2**	**125.5**	**264.8**	**6.7**	**411.2**
Accumulated amortisation and depreciation at 30 September 2015	**2.9**	**45.7**	**124.2**	**-**	**172.8**
Accumulated amortisation and depreciation at 31 March 2016	**3.0**	**47.0**	**128.1**	**-**	**178.1**
Increase	0.2	1.6	6.5	-	8.3
Disposals, items scrapped	-	(0.7)	(1.1)	-	(1.8)
Translation reserve	-	(0.1)	(0.2)	-	(0.3)
Accumulated amortisation and depreciation at 30 September 2016	**3.2**	**47.8**	**133.3**	**-**	**184.3**
Net carrying amount at 30 September 2015	**11.1**	**71.3**	**128.6**	**3.6**	**214.6**
Net carrying amount at 31 March 2016	**10.8**	**76.3**	**129.7**	**6.4**	**223.2**
Net carrying amount at 30 September 2016	**11.0**	**77.7**	**131.5**	**6.7**	**226.9**

NOTE 5 INVESTMENTS IN ASSOCIATES

(in € millions)	Dynasty	Diversa	Spirits Platform	Total
At 31 March 2016	**32.0**	**7.6**	**1.0**	**40.6**
Profit of the year	-	-	-	-
Translation reserve	0.7	-	(0,1)	0.6
At 30 September 2016	**32.7**	**7.6**	**0.9**	**41.2**

NOTE 5.1 DYNASTY

The 27% interest in the Dynasty Group originated in a joint venture for wine production between Rémy Cointreau and the city of Tianjin (China) in 1980. This Group was listed on the Hong Kong stock exchange in 2005. Trading has been suspended since 22 March 2013. The reasons for the suspension are described in note **5.1** of the notes to the 2015/16 annual financial statements.

Since the suspension, Rémy Cointreau has recognised three successive impairment losses on this investment (during the years ended 31 March 2013, 31 March 2014 and 31 March 2016), taking the valuation from HK$1.88 per share to HK$1.27, HK$0.94 and finally HK$0.84.

On 31 October 2016, the Dynasty Group issued a press release announcing the closure of the investigation conducted by the Audit Committee in 2013. The Group confirmed that it was doing its utmost to meet the conditions to resume trading, which involves publishing its annual financial statements for 2012, 2013, 2014 and 2015, and its half-year financial statements for 2013, 2014, 2015 and 2016. The publication dates range from the end of December 2016 until the end of March 2017.

For the financial statements to 30 September 2016, Rémy Cointreau's management decided that the valuation fundamentals at 31 March 2016 were still relevant. The value of the investment has therefore been maintained at HK$ 282.7 million, or €32.7 million, based on the period-end exchange rate.

NOTE 6 OTHER FINANCIAL ASSETS

(in € millions)	**September 2016**	September 2015	March 2016
Non-consolidated equity investments	1.8	2.5	2.4
Vendor loan	88.4	88.1	88.2
Loan to non-consolidated investments	0.4	0.4	0.4
Liquidity account excluding Rémy Cointreau shares	2.2	-	2.2
Other	1.5	1.5	1.5
TOTAL	**94.3**	**92.5**	**94.7**

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

At 30 September 2016, this loan was recognised at the present value of cash flow to be collected by Rémy Cointreau in the event that the loan is repaid on maturity in accordance with the terms and conditions of the contract.

Interest accrued since July 2016 and payable in July 2017 is recognised as other receivables.

NOTE 7 INVENTORIES

(in € millions)	**September 2016**	September 2015	March 2016
Raw materials	42.7	46.5	43.9
Ageing wines and *eaux-de-vie*(1)	939.4	892.1	963.3
Goods for resale and finished goods	122.6	150.3	105.9
Gross cost	**1,104.7**	**1,088.9**	**1,113.1**
Provision for impairment	(3.6)	(8.0)	(5.2)
Carrying amount	**1,101.1**	**1,080.9**	**1,107.9**

(1) Of which AFC inventory (September 2016: €224.6 million, September 2015: €218.5 million, March 2016: €262.7 million).

NOTE 8 TRADE AND OTHER RECEIVABLES

(in € millions)	**September 2016**	September 2015	March 2016
Trade receivables	180.8	173.0	155.2
Receivables related to taxes and social charges (excl. income tax)	33.3	21.8	23.4
Sundry prepaid expenses	11.9	13.7	12.3
Advances paid	33.4	23.0	26.7
Receivables related to asset disposals	0.5	-	-
Other receivables	11.1	15.6	15.2
TOTAL	**271.0**	**247.1**	**232.8**
Of which provision for doubtful debts	(2.3)	(2.7)	(2.3)

The Group set up factoring programmes during the financial year, thereby speeding up the payment of trade receivables totalling €39.2 million at 30 September 2016 (September 2015: €37.7 million; March 2016: €34.1 million).

NOTE 9 CASH AND CASH EQUIVALENTS

(in € millions)	September 2016	September 2015	March 2016
Short-term deposits	50.1	-	0.1
Cash at bank	171.3	52.3	46.8
TOTAL	**221.4**	**52.3**	**46.9**

NOTE 10 SHAREHOLDERS' EQUITY

NOTE 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 2016	**48,735,014**	**(119,964)**	**48,615,050**	**78.0**	**695.3**	**(8.7)**
Partial payment of dividend in shares	957,170	-	957,170	1.5	63.3	-
Liquidity account	-	(3,387)	(3,387)	-	-	(0.4)
At 30 September 2016	**49,692,184**	**(123,351)**	**49,568,833**	**79.5**	**758.6**	**(9.1)**

Share capital and premium

At 30 September 2016, the share capital comprised 49,692,184 shares with a nominal value of €1.60.

On 21 September 2016, 957,170 shares were issued following the option offered to shareholders to receive partial payment of the dividend in shares.

Treasury shares

At 30 September 2016, Rémy Cointreau held 106,164 treasury shares intended to cover current or future bonus share plans and 17,187 treasury shares under the liquidity contract.

NOTE 10.2 NUMBER OF SHARES USED FOR THE CALCULATION OF EARNINGS PER SHARE

	September 2016	September 2015	March 2016
Average number of shares (basic):			
Average number of shares	48,782,088	48,711,065	48,723,039
Average number of treasury shares	(123,351)	(173,617)	(143,207)
TOTAL USED FOR CALCULATING BASIC EARNINGS PER SHARE	**48,658,737**	**48,537,448**	**48,579,832**
Average number of shares (diluted):			
Average number of shares (basic)	48,658,737	48,537,448	48,579,832
Dilution effect of bonus share plans	149,950	107,300	102,806
Dilutive effect on OCEANE	2,484,191	-	-
TOTAL USED FOR CALCULATING DILUTED EARNINGS PER SHARE	**51,292,878**	**48,644,748**	**48,682,638**

NOTE 10.3 DIVIDENDS

The Shareholders' Meeting of 26 July 2016 approved the payment of an ordinary dividend of €1.60 per share for the year ended 31 March 2016, with an option for payment of the entire dividend in shares.

The payment in shares was carried out on 21 September for a total amount of €64.8 million. The balance of €13.0 million was paid in October 2016. At 30 September 2016, this amount was recorded under shareholders' equity as a counterpart to the "Other liabilities" item.

NOTE 10.4 NON-CONTROLLING INTERESTS

(in € millions)	September 2016	September 2015	March 2016
Non-controlling interests in Mount Gay Distilleries	1.5	1.5	1.4
TOTAL	**1.5**	**1.5**	**1.4**

NOTE 11 FINANCIAL DEBT

NOTE 11.1 NET FINANCIAL DEBT

	September 2016			September 2015			March 2016		
(in € millions)	Long term	Short term	Total	Long term	Short term	Total	Long term	Short term	Total
Gross financial debt	390.2	278.9	669.1	375.1	132.3	507.4	172.0	333.1	505.1
Cash and cash equivalents (note **9**)	-	(221.4)	(221.4)	-	(52.3)	(52.3)	-	(46.9)	(46.9)
NET FINANCIAL DEBT	**390.2**	**57.5**	**447.7**	**375.1**	**80.0**	**455.1**	**172.0**	**286.2**	**458.2**

NOTE 11.2 GROSS FINANCIAL DEBT BY TYPE

	September 2016			September 2015			March 2016		
(in € millions)	Long term	Short term	Total	Long term	Short term	Total	Long term	Short term	Total
Bonds	-	204.8	204.8	203.4	-	203.4	-	204.0	204.0
Private bond placement	79.7	-	79.7	79.7	-	79.7	79.7	-	79.7
Private placement	-	-	-	-	-	-	-	-	-
OCEANE	248.0	-	248.0	-	-	-	-	-	-
Drawdown on syndicated loan	-	-	-	30.0	-	30.0	30.0	-	30.0
Upfront fees on syndicated loan	(1.2)	-	(1.2)	(1.7)	-	(1.7)	(1.4)	-	(1.4)
Partner current account	-	60.0	60.0	-	60.0	60.0	-	60.0	60.0
Other financial debt and overdrafts	-	-	-	-	0.1	0.1	-	0.1	0.1
Accrued interest	-	3.8	3.8	-	3.8	3.8	-	4.1	4.1
Total Rémy Cointreau SA	**326.5**	**268.6**	**595.1**	**311.4**	**63.9**	**375.3**	**108.3**	**268.2**	**376.5**
Bonds	63.7	-	63.7	63.6	-	63.6	63.7	-	63.7
Other financial debt and overdrafts	-	4.4	4.4	0.1	59.7	59.8	-	55.3	55.3
Accrued interest	-	0.3	0.3	-	0.4	0.4	-	1.7	1.7
Borrowings by special purpose entities	-	5.6	5.6	-	8.3	8.3	-	7.9	7.9
Total subsidiaries	**63.7**	**10.3**	**74.0**	**63.7**	**68.4**	**132.1**	**63.7**	**64.9**	**128.6**
GROSS FINANCIAL DEBT	**390.2**	**278.9**	**669.1**	**375.1**	**132.3**	**507.4**	**172.0**	**333.1**	**505.1**

NOTE 11.3 BONDS

Bonds with a par value of €205 million

In June 2010, Rémy Cointreau carried out a 6.5-year bond issue with a par value of €205 million. The bonds have a par value of €50,000 each and were issued at 97.745% of par (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 is not secured.

The bond 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, in the event of a change of control all bearers are entitled to request redemption of their bonds held at 101%.

In the event of the sale of assets, and if the sale proceeds are not used for authorised transactions, Rémy Cointreau must, within 365 days of the date of receipt of the sale proceeds, offer early redemption of the bond up to the amount of the proceeds of the sale. The agreement additionally contains certain conventions that may limit the maximum dividend payout in the event of a loss.

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

Bonds with a par value of €65 million

On 13 August 2013, Financière Rémy Cointreau SA/NV issued a ten year bond for the amount of €65 million, guaranteed by Rémy Cointreau SA.

The bonds have a par value of €250,000 each and were issued at 97.977% of par (issue premium of 2.003%), bearing interest of 4% payable annually on 13 August. They will be redeemed at par at maturity on 13 August 2023.

This bond is not secured.

After taking the issue premium and expenses into account, the net proceeds from the bond were €63.2 million, putting the effective interest rate at 4.35%.

Private bond placement

On 27 February 2015, Rémy Cointreau issued an €80 million bond in the form of a private placement with a leading European insurer. The bonds have a coupon of 2.945% with a 10-year maturity.

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

OCEANE

On 7 September 2016, as part of a private placement with institutional investors, Rémy Cointreau issued bonds with an option to convert to and/or exchange for new and/or existing shares (OCEANE), with a maturity date of 7 September 2026 and a nominal amount of €275 million, or 2,484,191 OCEANE with a nominal value of €110.70 each.

The nominal value of each bond includes an issue premium of 40% over the Company's reference share price on the Euronext Paris regulated market. OCEANE bondholders have the right to receive new and/or existing Rémy Cointreau shares, on the basis of an initial conversion ratio of one share per OCEANE, subject to any subsequent adjustments, exercisable on 7 September 2023.

The bonds bear a coupon at an annual nominal rate of 0.125%, payable annually in arrears on 7 September of each year.

NOTE 11.4 SYNDICATED LOAN

On 5 June 2012, Rémy Cointreau arranged a syndicated loan to replace the revolving credit facility, of which €346 million expired on 7 June 2012. This new revolving credit facility, corresponding to a loan of €255 million, was agreed for an initial five-year term.

On 11 April 2014, Rémy Cointreau signed an amendment to extend this syndicated loan with a pool of ten banks. This loan was extended by about two years, to 11 April 2019, with more favourable margins.

Amounts drawn down bear interest at EURIBOR plus a margin that is subject to change according to Rémy Cointreau's rating.

This facility is unsecured.

The availability of the facility is contingent on "Average net debt/EBITDA" (the A ratio) being less than or equal to 3.5 at 30 September and 31 March of each year until maturity. At 30 September 2016, the A ratio was 2.16 (March 2016: 2.29; September 2015: 2.53).

NOTE 12 PROVISIONS FOR RISKS AND LIABILITIES

The Group's entities in France and abroad are subject to regular tax audits. Appropriate provisions are made for adjustments, or tax positions identified as uncertain but for which an adjustment has not yet been made. The amount of such provisions is reviewed regularly in accordance with the requirements of IAS 37.

NOTE 12.1 CHANGES

(in € millions)	Restructuring	Litigation	Total
At 31 March 2016	**0.1**	**18.8**	**18.9**
Increase	-	0.7	0.7
Reversals – Used	-	(2.1)	(2.1)
Reversals – Unused	-	(0.2)	(0.2)
Translation reserve	-	0.3	0.3
At 30 September 2016	**0.1**	**17.5**	**17.6**

"Restructuring" covers costs for the restructuring, closure and transfer of sites in the Netherlands. "Litigation" comprises provisions set aside to cover trade, tax and employee-related disputes.

NOTE 12.2 MATURITY

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

(in € millions)	September 2016	September 2015	March 2016
Long-term provisions (or unknown maturity)	5.8	7.2	5.6
Short-term provisions	11.8	19.1	13.3
TOTAL	**17.6**	**26.3**	**18.9**

NOTE 13 TRADE AND OTHER PAYABLES

(in € millions)	September 2016	September 2015	March 2016
Trade payables – *eaux-de-vie*	208.7	196.2	255.8
Other trade payables	58.8	66.7	55.4
Advances from customers	1.9	5.3	2.4
Payables related to tax and social charges (excl. income tax)	72.8	60.3	71.8
Excise duties	2.2	3.0	4.1
Advertising expenses payable	37.1	49.7	64.5
Miscellaneous deferred income	1.5	3.2	1.8
Other liabilities	44.4	43.7	43.3
TOTAL	**427.4**	**428.1**	**499.1**

NOTE 14 FINANCIAL INSTRUMENTS AND MARKET RISKS

The Group currently 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 euro zone into euros.

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

NOTE 14.1 BREAKDOWN OF FINANCIAL INSTRUMENTS (INTEREST AND FOREIGN EXCHANGE RATES)

(in € millions)	September 2016	September 2015	March 2016
Assets			
Interest rate derivatives	-	-	-
Exchange rate derivatives	6.5	8.5	10.6
TOTAL	**6.5**	**8.5**	**10.6**
Liabilities			
Interest rate derivatives	-	-	-
Exchange rate derivatives	2.7	11.4	1.2
TOTAL	**2.7**	**11.4**	**1.2**

NOTE 14.2 INTEREST RATE DERIVATIVES

At 30 September 2016, the Group no longer had any interest rate derivatives in its portfolio.

NOTE 14.3 EXCHANGE RATE DERIVATIVES

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

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

Breakdown of all currency hedging instruments in the portfolio at 30 September 2016:

(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)	197.1	5.0	2.5	2.5	-
Other currencies (*vs.* EUR)	40.6	0.5	0.4	0.4	-
	237.7	**5.5**	**2.9**	**2.9**	**-**
Forward sales					
Seller USD (*vs.* EUR)	80.6	-	(0.3)	(0.3)	-
Other currencies (*vs.* EUR)	34.3	-	-	-	-
	114.9	**-**	**(0.3)**	**(0.3)**	**-**
Purchase/(sale) of currency swaps (operating activities)[3]					
Seller USD (*vs.* EUR)	(55.4)	-	(0.2)	-	(0.2)
Other currencies (*vs.* EUR)	(13.5)	-	-	-	-
	(68.9)	**-**	**(0.2)**	**-**	**(0.2)**
Purchase/(sale) of currency swaps (financing activities)[3]					
Seller USD (*vs.* EUR)	(54.2)	-	1.5	-	1.5
Other currencies (*vs.* EUR)	(48.2)	-	(0.1)	-	(0.1)
	(102.3)	**-**	**1.4**	**-**	**1.4**
TOTAL	**181.3**	**5.5**	**3.8**	**2.6**	**1.2**

(1) Nominal amount in foreign currency translated at the closing rate.
(2) Fair Value Hedge; Cash Flow Hedge; Trading: held-for-trading assets.
(3) Difference between closing rate and forward rate.

NOTE 15 SEGMENT REPORTING

Since 1 April 2009, Rémy Cointreau has been applying IFRS 8 "Operating segments". Under this standard, the operating segments to be presented are those for which separate financial information is available internally and which are used by the "main operational decision-maker" to make operational decisions. Rémy Cointreau's main operational decision-maker is the Executive Committee. This committee reviews operational performance and allocates resources based on the financial data analysed for the Rémy Martin, Liqueurs & Spirits and Partner Brands businesses. Consequently, the Group has identified these three 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 given by business segment is identical to that presented to the Executive Committee.

NOTE 15.1 BUSINESSES

Breakdown of net sales and current operating profit

	Net sales			Current operating profit		
(in € millions)	**September 2016**	September 2015	March 2016	**September 2016**	September 2015	March 2016
Rémy Martin	322.5	313.1	647.8	101.9	85.9	139.7
Liqueurs & Spirits	134.8	130.1	273.7	27.4	24.1	48.0
Group brands	**457.3**	**443.1**	**921.5**	**129.3**	**109.9**	**187.7**
Partner Brands	56.0	57.6	129.2	2.7	3.3	6.1
Holding	-	-	-	(8.1)	(6.3)	(15.4)
TOTAL	**513.4**	**500.7**	**1,050.7**	**123.9**	**107.0**	**178.4**

There are no intra-segment sales.

NOTE 15.2 GEOGRAPHICAL REGIONS

Net sales

	Net sales		
(in € millions)	**September 2016**	September 2015	March 2016
Europe-Middle East-Africa[(1)]	163.7	164.5	359.6
Americas	222.5	198.6	394.6
Asia Pacific	127.2	137.6	296.5
TOTAL	**513.4**	**500.7**	**1,050.7**

(1) Turnover for France amounts to €14.1 million at 30 September 2016 (September 2015: €13.4 million; March 2016: €31.9 million).

NOTE 16 ANALYSIS OF OPERATING EXPENSES BY TYPE

(in € millions)	**September 2016**	September 2015	March 2016
Personnel costs	(85.4)	(85.0)	(175.9)
Advertising and promotion expenses	(98.5)	(94.3)	(244.1)
Depreciation, amortisation and impairment of non-current assets	(9.4)	(9.2)	(18.8)
Other expenses	(50.4)	(49.3)	(104.2)
Expenses allocated to inventories and production costs	28.0	26.9	54.7
TOTAL	**(215.7)**	**(210.9)**	**(488.3)**
Of which:			
Distribution costs	(175.3)	(173.3)	(406.7)
Administrative expenses	(40.4)	(37.6)	(81.6)
TOTAL	**(215.7)**	**(210.9)**	**(488.3)**

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

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

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

NOTE 17 OTHER OPERATING INCOME/(EXPENSES)

(in € millions)	**September 2016**	September 2015	March 2016
Net proceeds from the disposal of the Izarra brand	-	-	0.2
Tax adjustment excluding income taxes	-	(0.1)	0.1
Expenses related to the acquisition of Larsen	-	-	-
TOTAL	**-**	**(0.1)**	**0.3**

NOTE 18 FINANCIAL RESULT

NOTE 18.1 COST OF NET FINANCIAL DEBT BY TYPE

(in € millions)	**September 2016**	September 2015	March 2016
Bonds	(7.4)	(7.4)	(14.7)
OCEANE	(0.3)	-	-
Private bond placement	(1.2)	(1.2)	(2.4)
Private placement	-	(1.0)	(1.0)
Syndicated loan and unconfirmed lines	(1.3)	(1.0)	(2.6)
Partner current account	(0.4)	(0.4)	(0.7)
Finance costs of special purpose entities	(1.1)	(1.1)	(2.5)
Other financial expenses	-	(0.1)	(0.2)
Cost of gross financial debt	**(11.7)**	**(12.2)**	**(24.1)**
Interest income	-	-	0.1
Cost of net financial debt	**(11.7)**	**(12.2)**	**(24.0)**

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

NOTE 18.2 OTHER FINANCIAL INCOME/(EXPENSE)

(in € millions)	**September 2016**	September 2015	March 2016
Currency gains	-	-	0.8
Vendor loan – interest accrued and revaluation	2.3	2.3	4.6
Other financial income	**2.3**	**2.3**	**5.4**
Currency losses	(1.4)	(0.8)	-
Other financial expenses of special purpose entities	(4.1)	(3.8)	(7.7)
Other	(0.6)	(0.6)	(1.0)
Other financial expenses	**(6.1)**	**(5.2)**	**(8.7)**
Other Financial income/(expense)	**(3.8)**	**(2.9)**	**(3.3)**

The item “Vendor loan – interest accrued and revaluation” relates to the loan granted at the time of the disposal of the Champagne division. These loans are described in note **6**.

The amount presented in currency gains and losses mainly includes the impact of IAS 39 on the portfolio of foreign currency derivative financial instruments, for the so-called “ineffective” portion, and the currency gains and losses from financing transactions. Currency gains/(losses) from operations are recognised in gross profit.

NOTE 19 INCOME TAX

NOTE 19.1 NET INCOME TAX EXPENSE

(in € millions)	**September 2016**	September 2015	March 2016
Current tax/(expense) income	(37.3)	(30.3)	(31.5)
Deferred tax/(expense) income	5.0	4.6	(12.6)
Income tax	**(32.3)**	**(25.7)**	**(44.1)**
Effective tax rate	-29.8%	-28.0%	-29.1%

NOTE 19.2 INCOME TAX BALANCES

In €m	**September 2016**	September 2015	March 2016
Income tax receivables	3.8	4.9	7.8
Income tax payables	(29.8)	(31.3)	(9.8)
Net liability	**(26.0)**	**(26.4)**	**(2.0)**

NOTE 20 NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS OR HELD-FOR-SALE OPERATIONS

There is no net profit/(loss) from discontinued operations for the reporting periods concerned.

NOTE 21 NET PROFIT EXCLUDING NON-RECURRING ITEMS

NOTE 21.1 RECONCILIATION WITH NET PROFIT/(LOSS)

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

(in € millions)	**September 2016**	September 2015	March 2016
Net profit/(loss) – attributable to the owners of the parent company	**76.0**	**66.3**	**102.4**
Provision for impairment on Dynasty Fine Wines Group shares (note **5**)	-	-	3.7
Provision for the estimated exit costs of the Lixir joint venture (note **5**)	-	-	2.4
Net proceeds from the disposal of the Izarra brand	-	-	(0.2)
Tax adjustment excluding income taxes	-	0.1	(0.1)
3% contribution on distribution of cash dividend	0.4	2.2	2.2
Other	0.2	-	-
Net profit/(loss) excluding non-recurring items – attributable to owners of the parent company	**76.6**	**68.6**	**110.4**

NOTE 21.2 NET PROFIT/(LOSS) EXCLUDING NON-RECURRING ITEMS PER SHARE – ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

(in € millions)	*Notes*	**September 2016**	September 2015	March 2016
Net profit excluding non-recurring items				
▪ attributable to owners of the parent company		76.6	68.6	110.4
Number of shares				
▪ basic	*10.2*	48,651,663	48,537,448	48,579,832
▪ diluted	*10.2*	51,292,878	48,644,748	48,682,638
Per share (in €)				
▪ basic		1.57	1.41	2.27
▪ diluted		1.49	1.41	2.27

NOTE 22 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

NOTE 22.1 OFF-BALANCE SHEET COMMITMENTS

At 30 September 2016, *eau-de-vie* purchase commitments (individual contracts) amounted to €52.4 million, compared with €42.5 million at 31 March 2016 and €45.4 million at 30 September 2015.

At 30 September 2016, *eau-de-vie* purchase commitments (collective contracts) amounted to €119.8 million, compared with €54.5 million at 31 March 2016 and €94.7 million at 30 September 2015.

At 30 September 2016, wine purchase commitments amounted to €1.5 million, compared with €1.7 million at 31 March 2016 and €2.5 million at 30 September 2015.

At 30 September 2016, capital expenditure commitments totalled €11.0 million, compared with €13.9 million at 31 March 2016 and €4.8 million at 30 September 2015.

At 30 September 2016, office rental commitments amounted to €30.2 million, compared with €31.1 million at 31 March 2016 and €26.7 million at 30 September 2015.

At 30 September 2016, other purchase commitments amounted to €22.9 million, compared with €27.0 million at 31 March 2016.

Other purchase and rental commitments and various guarantees have not changed significantly since 31 March 2016.

Rémy Cointreau SA has guaranteed the €65 million bond issue of Financière Rémy Cointreau SA/NV dated 13 August 2013 (note **11.3**).

At 30 September 2016, guarantees on other finance lines amounted to €36.1 million, compared with €35.9 million at 31 March 2016 and €36.7 million at 30 September 2015.

At 30 September 2016, agricultural warrants on Alliance Fine Champagne inventories amounted to €31.0 million, compared with €46.0 million at 31 March 2016 and €31.0 million at 30 September 2015.

Other guarantees granted and still outstanding at 30 September 2016 have not changed significantly since 31 March 2016.

NOTE 22.2 CONTINGENT ASSETS AND 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 30 September 2016 were as follows:

Disposal transaction	Transaction date	Nature of ongoing guarantees	Maturity	Maximum amount
Izarra – Distillerie de la Côte Basque	27 October 2015	Tax items	Legal period +30 days	€200,000

NOTE 23 RELATED PARTIES

During the period ended 30 September 2016, relationships with related parties remained similar to those for the year ended 31 March 2016.

NOTE 24 EVENTS AFTER THE REPORTING PERIOD

On 27 October, the Rémy Cointreau Group announced that it had entered into exclusive negotiations with shareholders of the Domaine des Hautes Glaces distillery with a view to acquiring 100% of the company.

The purchase agreement could be signed before the end of the 2016 calendar year. The impact of this transaction on the consolidated financial statements is not expected to be significant.

NOTE 25 UPDATE ON THE CONSOLIDATION SCOPE

		% interest	
Company	Activity	September 2016	March 2016
Changes in consolidation scope			
Lixir[1]	Distribution	-	50.0
DELB BV[1]	Holding/Finance	-	100.0
De Bron 1575 BV[2]	Holding/Finance	-	100.0

(1) Sold during the year.
(2) Company merged with Rémy Cointreau Nederland Holding NV.

STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST HALF-YEARLY FINANCIAL INFORMATION

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with Article L. 451-1-2 III of the French Monetary and Financial code *(Code monétaire et financier)*, we hereby report to you on:

- our review of the accompanying condensed half-yearly consolidated financial statements of Rémy Cointreau SA, for the period from 1 April to 30 September 2016; and
- the verification of the information contained in the half-year management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of half-year financial information consists in making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatement. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to half-year financial information.

2. Specific verification

We have also verified the information provided in the half-year management report in respect of the condensed half-yearly consolidated financial statements that were the object of our review.

We have no matters to report on the fairness and consistency of this information with the condensed half-yearly consolidated financial statements.

Paris and Paris-La Défense, 22 November 2016

The Statutory Auditors

Auditeurs & Conseils Associés Nexia International	ERNST & YOUNG et Autres
François Mahé	Pierre Bidart

This is a free translation into English of the statutory auditors' review report on the half-yearly consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

This report also includes information relating to the specific verification of information given in the group's half-year management report.

CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR REPORT

I certify that, to the best of my knowledge, the interim financial statements for the first half-year 2016-17 were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and the financial performance of the Company and all the companies included in the consolidation, and the half-year operating report presents a true and fair view of significant events which occurred in the first six months of the year, their impact on the half-year financial statements, significant transactions between related parties, as well as the principal risks and uncertainties for the remaining six months of the financial year.

Paris, 21 November 2016

Valérie Chapoulaud-Floquet
Chief Executive Officer of Rémy Cointreau

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