REMY COINTREAU – CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

CONSOLIDATED INCOME STATEMENT

As at 31 March, in millions of euros

	notes	2008	2007	2006
Revenues	**15**	**817.8**	**785.9**	**780.6**
Cost of sales		(375.7)	(368.6)	(381.7)
Gross profit		**442.1**	**417.3**	**398.9**
Distribution costs	**16**	(210.6)	(192.5)	(190.7)
Administrative expenses	**16**	(83.0)	(81.1)	(80.2)
Other income (expenses) from operations	**16**	11.1	10.1	11.5
Operating profit on ordinary activities	**15**	**159.6**	**153.8**	**139.5**
Other operating income (expenses)	**18**	(0.6)	(243.4)	(18.2)
Operating profit (loss)		**159.0**	**(89.6)**	**121.3**
Finance costs		(40.5)	(37.2)	(64.1)
Other financial income (expenses)		(5.3)	(0.1)	0.9
Net financial income (expenses)	**19**	**(45.8)**	**(37.3)**	**(63.2)**
Profit (loss) before tax		**113.2**	**(126.9)**	**58.1**
Corporation tax (expense) income	**20**	(28.9)	50.1	(13.3)
Share of profit of associates	**5**	9.5	10.2	8.5
Profit (loss) from continuing operations		**93.8**	**(66.6)**	**53.3**
Profit (loss) from discontinued operations	**21**	4.6	45.2	20.6
Net profit (loss) for the year		**98.4**	**(21.4)**	**73.9**
of which: attributable to minority interest		-	1.6	(3.9)
Group share		98.4	(23.0)	77.8
Earnings per share – Group share (euros)				
basic		2.12	(0.50)	1.72
diluted		2.10	(0.50)	1.70
Earnings per share from continuing operations (euros)				
basic		2.03	(1.46)	1.18
diluted		2.00	(1.46)	1.16
Number of shares used for the calculation				
basic	**10.2**	46,320,872	45,657,049	45,320,286
diluted	**10.2**	46,792,120	45,657,049	45,893,565

CONSOLIDATED BALANCE SHEET

As at 31 March, in millions of euros

	notes	2008	2007	2006
Brands and other intangible assets	**3**	627.0	628.1	629.6
Property, plant and equipment	**4**	180.0	171.9	180.5
Investments in associates	**5**	120.3	127.2	123.6
Other investments	**6**	54.1	97.5	70.7
Deferred tax assets	**20**	14.0	13.0	12.3
Non-current assets		**995.4**	**1,037.7**	**1,016.7**
Inventories	**7**	861.6	841.7	852.4
Trade and other receivables	**8**	238.3	245.6	243.1
Corporation tax receivables		1.5	30.8	11.0
Derivative financial instruments	**14**	26.1	11.1	6.9
Cash and cash equivalents	**9**	37.3	20.6	31.6
Assets held for sale	**2**	2.5	17.4	204.0
Current assets		**1,167.3**	**1,167.2**	**1,349.0**
Total assets		**2,162.7**	**2,204.9**	**2,365.7**
Share capital		74.5	73.6	72.8
Share premium		664.5	650.2	639.5
Treasury shares		0.1	(0.9)	(0.7)
Consolidated reserves		100.4	162.3	127.3
Translation reserve		(24.6)	(8.1)	2.0
Net profit – Group share		98.4	(23.0)	77.8
Equity – Group share		**913.3**	**854.1**	**918.7**
Minority interests		(1.8)	(1.6)	(3.2)
Total equity	**10**	**911.5**	**852.5**	**915.5**
Long-term borrowings	**11**	322.1	403.5	376.2
Provisions for staff benefits	**22**	20.3	22.2	24.5
Long-term provisions for risks and charges	**12**	7.5	256.2	26.3
Deferred tax liabilities	**20**	163.0	135.8	170.8
Non-current liabilities		**512.9**	**817.7**	**597.8**
Short-term borrowings and accrued interest	**11**	156.1	179.2	426.9
Trade and other payables	**13**	307.4	310.4	300.4
Corporation tax payables		6.9	11.7	23.6
Short-term provisions for risks and charges	**12**	267.8	33.3	34.1
Derivative financial instruments	**14**	0.1	0.1	1.9
Liabilities directly related to assets held for sale	**2**	-	-	65.5
Current liabilities		**738.3**	**534.7**	**852.4**
Total liabilities and equity		**2,162.7**	**2,204.9**	**2,365.7**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March, in millions of euros

	Share capital, share premium	Treasury shares	Consolidated reserves and profit for the year	Translation reserve	Group share	Minority interests	Total equity
Balance at 1 April 2005	**702.8**	**(0.6)**	**174.9**	**(3.0)**	**874.1**	**11.4**	**885.5**
Net profit for the year	-	-	77.8	-	77.8	(3.9)	73.9
Change in value of hedging instruments	-	-	(3.2)	-	(3.2)	-	(3.2)
Actuarial difference on pension liabilities	-	-	0.6	-	0.6	-	0.6
Associated tax effect	-	-	0.9	-	0.9	-	0.9
Earnings taken directly to equity	-	-	(1.7)	-	(1.7)	-	(1.7)
Translation differences	-	-	-	5.0	5.0	-	5.0
Total expenses and income recognised directly in equity	**-**	**-**	**76.1**	**5.0**	**81.1**	**(3.9)**	**77.2**
Share-based payments	-	-	1.7	-	1.7	-	1.7
Capital increase	16.4	-	-	-	16.4	-	16.4
Cancellation of shares	(7.6)	-	-	-	(7.6)	-	(7.6)
Conversion of bonds	0.7	-	-	-	0.7	-	0.7
Transactions on treasury shares	-	(0.1)	-	-	(0.1)	-	(0.1)
Dividends	-	-	(45.0)	-	(45.0)	-	(45.0)
Other	-	-	(2.6)	-	(2.6)	-	(2.6)
Changes in consolidation scope	-	-	-	-	-	(10.7)	(10.7)
Balance at 31 March 2006	**712.3**	**(0.7)**	**205.1**	**2.0**	**918.7**	**(3.2)**	**915.5**
Net profit for the year	-	-	(23.0)	-	(23.0)	1.6	(21.4)
Change in value of hedging instruments	-	-	4.9	-	4.9	-	4.9
Actuarial difference on pension liabilities	-	-	1.2	-	1.2	-	1.2
Associated tax effect	-	-	(2.2)	-	(2.2)	-	(2.2)
Earnings taken directly to equity	-	-	3.9	-	3.9	-	3.9
Translation differences	-	-	-	(10.1)	(10.1)	-	(10.1)
Total expenses and income recognised directly in equity	**-**	**-**	**(19.1)**	**(10.1)**	**(29.2)**	**1.6**	**(27.6)**
Share-based payments	-	-	3.3	-	3.3	-	3.3
Capital increase	11.5	-	-	-	11.5	-	11.5
Transactions in treasury shares	-	(0.2)	-	-	(0.2)	-	(0.2)
Dividends	-	-	(50.0)	-	(50.0)	-	(50.0)
Balance at 31 March 2007	**723.8**	**(0.9)**	**139.3**	**(8.1)**	**854.1**	**(1.6)**	**852.5**
Net profit for the year	-	-	98.4	-	98.4	-	98.4
Change in value of hedging instruments	-	-	15.1	-	15.1	-	15.1
Actuarial difference on pension liabilities	-	-	3.1	-	3.1	-	3.1
Change in value of AFS securities	-	-	-	-	-	-	-
Associated tax effect	-	-	(6.2)	-	(6.2)	-	(6.2)
Earnings taken directly to equity	-	-	12.0	-	12.0	-	12.0
Translation differences	-	-	-	(16.5)	(16.5)	(0.2)	(16.7)
Total expenses and income recognised directly in equity	**-**	**-**	**110.4**	**(16.5)**	**93.9**	**(0.2)**	**93.7**
Share-based payments	-	-	3.5	-	3.5	-	3.5
Capital increase	15.2	-	(0.2)	-	15.0	-	15.0
Transactions in treasury shares	-	1.0	-	-	1.0	-	1.0
Dividends	-	-	(55.2)	-	(55.2)	-	(55.2)
Changes in consolidation scope	-	-	1.0	-	1.0	-	1.0
Balance at 31 March 2008	**739.0**	**0.1**	**198.8**	**(24.6)**	**913.3**	**(1.8)**	**911.5**

CONSOLIDATED CASH FLOW STATEMENT

As at 31 March, in millions of euros

	notes	2008	2007	2006
Operating profit on ordinary activities		159.6	153.8	139.5
Adjustment for depreciation, amortisation and impairment charges		13.6	13.2	14.3
Adjustment for share-based payments		3.5	3.3	1.7
Dividends received from associates	5	8.4	5.9	7.3
EBITDA		**185.1**	**176.2**	**162.8**
Change in inventories		(32.5)	(0.8)	31.4
Change in trade receivables		(10.3)	(4.9)	(23.9)
Change in trade payables		10.8	9.0	5.9
Change in other receivables and payables		5.8	10.6	(13.0)
Change in working capital requirement		(26.2)	13.9	0.4
Net cash flow from operations		**158.9**	**190.1**	**163.2**
Other operating income and expenses		(9.4)	(6.9)	(2.5)
Net financial expenses		(37.5)	(43.6)	(43.6)
Net corporation tax		10.5	(43.2)	(24.6)
Other operating cash flows		(36.4)	(93.7)	(70.7)
Net cash flow from operating activities – continuing operations		**122.5**	**96.4**	**92.5**
Impact of discontinued operations		0.6	2.1	9.8
Net cash flow from operating activities		**123.1**	**98.5**	**102.3**
Purchases of non-current assets	3/4	(27.3)	(25.8)	(20.7)
Purchases of investment securities	5/6	-	(3.5)	(8.9)
Proceeds from sale of non-current assets		9.4	1.2	11.1
Proceeds from sale of investment securities	6	52.5	4.3	-
Net cash flow from other investments	6	(1.5)	(0.2)	(1.8)
Net cash flow from investing activities – continuing operations		**33.1**	**(24.0)**	**(20.3)**
Impact of discontinued operations		(3.1)	156.4	44.3
Net cash flow from investing activities		**30.0**	**132.4**	**24.0**
Capital increase	10	8.0	11.5	9.5
Treasury shares	10	1.0	(0.2)	(0.1)
Increase in borrowings		82.0	141.5	-
Repayment of borrowings		(186.6)	(346.9)	(112.5)
Dividends paid to shareholders of the parent company		(48.1)	(50.0)	(45.0)
Other cash flows from financing activities		-	-	0.3
Net cash flow from financing activities continuing operations		**(143.7)**	**(244.1)**	**(147.8)**
Impact of discontinued operations		-	-	-
Net cash flow from financing activities		**(143.7)**	**(244.1)**	**(147.8)**
Translation differences on cash and cash equivalents		7.3	2.2	(0.5)
Change in cash and cash equivalents		**16.7**	**(11.0)**	**(22.0)**
Cash and cash equivalents brought forward	9	**20.6**	**31.6**	**53.6**
Cash and cash equivalents carried forward	9	**37.3**	**20.6**	**31.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 Euronext Paris.

The consolidated financial statements presented below were approved by the Board of Directors on 29 July 2008 pursuant to a recommendation from the audit committee following its meeting of 29 July 2008. They will be submitted for shareholder approval at the shareholders' general meeting of 16 September 2008.

1 ACCOUNTING POLICIES

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

In accordance with Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 on the application of international accounting standards, 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 2008.

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

IFRS 1 offers options with regard to the accounting treatment of various items. In this regard, 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: Rémy Cointreau Group does not apply IFRS 2 relating to share-based payments to stock option plans opened before 7 November 2002, the date prior to which application is optional.

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

Of the standards and interpretations whose application became mandatory for the year ended 31 March 2008, only the amendment to IAS 1 on additional information relating to share capital and IFRS 7 *Financial instruments: disclosures* have a material impact on the consolidated financial statements presented and are reflected in both cases by means of additional disclosures in the notes to the financial statements.

1.1 Use of estimates

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

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

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

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

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

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

1.2 Basis of consolidation

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

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

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

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

1.3 Translation of the financial statements of foreign subsidiaries

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

1.4 Foreign currency transactions

In accordance with IAS 21 *The effects of 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. 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 long-term financing for which the effects of changes in foreign exchange rates are recognised directly in equity under "Translation reserves".

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

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

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

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

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

1.5 Goodwill

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

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

1.6 Intangible assets

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

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

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

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

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

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
Software licences and direct costs of installations and/or upgrades: 3 to 7 years

1.7 Property, plant and equipment

a) Cost

In accordance with IAS 16, *Property, Plant and Equipment*, items of property, plant and equipment are recognised at acquisition or production cost. The Group having opted for the Cost Model, these assets are not revalued subsequently.

Cost does not include any finance costs.

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

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

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

b) Depreciation

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

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

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

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

1.8 Impairment of non-current assets

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

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

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

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

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

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

At 31 March 2008, the following assumptions were used:
pre-tax discount rates ranging from 9.5% to 9.8%,
growth rate to infinity of between 1% and 2%.

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

1.9 Inventories

Inventories are valued in accordance with IAS 2, *Inventories*.

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

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

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

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

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

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

1.10 Financial assets and liabilities

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

a) Trade receivables 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 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, except when the loss is considered to be permanent, in which case 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. 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 (principally caps) 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.

From time to time, the Group may also hold derivative instruments linked to divestments (note **6.2**) or concerning contracts involving Rémy Cointreau shares (note **14.6**).

d) Loans and borrowings

For the financial years covered by this document, the Group's loans and borrowings mainly comprise:
subordinated perpetual notes (TSDI), which matured in May 2006;
bonds with the option to convert into and/or exchange for new and/or existing shares (OCEANE), which expired in April 2006;
two non-convertible bond issues, one of which was redeemed in July 2007;
amounts drawn down on credit lines negotiated with a banking syndicate;
amounts drawn down on unconfirmed credit lines.

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

1.11 Cash and cash equivalents

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

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

1.12 Deferred tax

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

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

In the interim consolidated financial statements, the corporation tax charge is estimated by applying the estimated effective tax rate for the full year to the pre-tax profit. This calculation is performed for each entity in turn.

1.13 Provisions for risks and charges

In accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, a provision is recognised when the Group has an obligation towards a third party and it is certain or highly probable that it will result in a payment in cash or kind being made to the third party without receipt of an at least equivalent consideration from the third party. Provisions for restructuring are recognised only when the restructuring has been announced and detailed measures drawn up.

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

1.14 Pension and other long-term employee liabilities

In accordance with the laws and practices in each country, Rémy Cointreau participates in employee benefit plans providing pensions and other post-retirement 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. The discount rates used are yields on government bonds with a maturity close to that of the pension liabilities.

Commitments under defined benefit plans concern:

- commitments relating to the pension fund of Bols in the Netherlands up to 31 March 2006;
- commitments under the Group's pension plan in Germany and Barbados;
- retirement indemnities and long-service awards under collective bargaining agreements in France;
- commitments in respect of various post-retirement healthcare benefits;
- other commitments in respect of supplementary defined benefit pension plans sponsored by the Group.

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

Actuarial gains and losses for defined benefit plans arising since 1 April 2004 have also been recognised directly in equity ("Total expenses and income 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 Revenues

Revenues comprise 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 is 25%-owned by Rémy Cointreau;
- distributors;
- agents;
- wholesalers, mainly in North America.

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

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

Certain revenues that are ancillary to the sale of the wine and spirit brands (notably from subcontracting and the distribution of alcohol-free products) are recorded at their net amount under "Other income and expenses" to the extent that they are peripheral to the Group's core activity.

1.16 Definition of certain indicators

a) Operating profit on ordinary activities, Operating profit, Profit (loss) from discontinued operations

Operating profit on ordinary activities 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 revenue and expense relating to these activities.

Items that, given their nature, frequency and materiality, cannot be considered as part of the Group's ordinary activities and which affect inter-period comparisons. They include notably impairment losses in respect of brands and other non-current assets recognised as a result of impairment tests (see note **1.8**), provisions for restructuring, and significant profits 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 operating profit on ordinary activities adjusted by adding back depreciation and amortisation charges for the period in respect of property, plant and equipment and intangible assets, and charges in respect of share-based payments, to which are added dividends received from associates during the period.

c) Net debt

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

d) Capital employed

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

Capital employed comprises:

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

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

1.17 Segment reporting

As required by IAS 1 and IAS 14, the Group provides an analysis by business and geographical segment of certain items in its financial statements.

a) Business segments

The Group has chosen to use the business sector as its primary reporting segment. Each segment combines brands presenting similar profiles in terms of industrial process, profitability and risk. These segments are: Cognac, Liqueurs and Spirits, Champagne and Partner brands. This last segment covers those brands for which the Group is not involved in any production process but which are distributed by the Group's own networks.
Items that cannot be allocated directly to a brand or to a portfolio of brands are allocated on a pro rata basis, based in particular on the proportion of revenues generated each year by the brand or portfolio of brands.
Accordingly, in the event of reclassification in "Profit (loss) from discontinued operations", certain shared costs previously allocated to the operations concerned are reallocated to continuing operations.

b) Geographic segments

The secondary segment reported is the geographical segment. The breakdown of revenues 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 rest of world. The last segment comprises Asia, Australia, New Zealand and Africa.

1.18 Treasury shares

Group investments in Rémy Cointreau shares are deducted from equity.

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 Rothschild & Cie Banque are reclassified in equity. The value of cash held in the liquidity account is recorded in "Other investments".

1.19 Stock option plans and bonus shares

In accordance with IFRS 2, *Share-based payments*, the plans since 7 November 2002 give rise to the recognition of a charge representing the estimated value of the benefit granted to the plans' beneficiaries. When amounts are expensed as "Administrative expenses", they are credited to reserves.
The benefits are measured as follows:

- for 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 bonus shares: the valuation is based on the share price on the allocation date and on the estimated dividends paid during the vesting period, weighted by the anticipated achievement of the final allocation criteria. The benefit is expensed on a straight-line basis over the vesting period (two years).

1.20 Earnings per share

Basic earnings per share are calculated based on the weighted average number of shares in issue during the reporting period, less treasury shares and plus the number of shares corresponding to bonds that are certain to be converted.

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

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

1.21 Discontinued operations

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

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

- all income statement lines of this company or activity for comparative periods are reclassified in "Profit (loss) from discontinued operations". A similar reclassification is performed in the cash flow statement in the line "Impact of discontinued operations" within "Net cash flow from operating activities";
- all income statement lines of this company or activity for the current period are reclassified in the line "Profit (loss) from discontinued operations". A similar reclassification is performed in the cash flow statement in the line "Impact of discontinued operations" within "Net cash flow from operating activities";

- the profit or loss generated on the disposal transaction, net of transaction costs and taxes, is also recognised in the line "Profit (loss) from discontinued operations". In the cash flow statement, a distinction is made between the cash received as consideration for the sale net of transaction costs, classified in "Net cash flow from investing activities", and any impact of the de-consolidation of the cash held by the entity sold, classified in "Net cash flow from financing activities".

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

1.22 Consolidation of cooperatives

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

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

1.23 Consolidation of the Maxxium joint venture

Rémy Cointreau Group holds a 25% stake in the Maxxium BV distribution joint venture, to which it is bound by a strategic distribution agreement signed with three other partners: The Edrington Group, Beam Global Brands and Vin & Sprit.

The agreement signed with Maxxium contains specific rules regarding the appropriation of the profits of Maxxium BV between the partners such that the profits and dividends are not appropriated by reference to the partners' respective interests in the capital (25% each).

At each period end, the theoretical net profit or loss allocated to each partner is calculated based on a contractual formula. This is compared with Maxxium's actual net profit or loss on each partner's product range. The positive or negative post-tax difference arising, which is known as the "excess or short contribution", is added or deducted from each partner's equal share of earnings that corresponds to the dividend to be distributed to each partner.

Due to the geographical spread of the sales of its brand portfolio in the joint venture, as from the year ended 31 March 2006, Rémy Cointreau has earned an "excess contribution". An economic analysis of this "excess contribution" results in redistributing a portion of it to the brands. On equity consolidation of the joint venture, Rémy Cointreau includes this portion within operating profit on ordinary activities and tax. The remaining balance, along with the equal share of earnings in the joint venture, remains within "Share of profit of associates".

On 23 November 2006, Rémy Cointreau notified its decision to terminate the Global Distribution Agreement with Maxxium on 30 March 2009 (see note **5.1.2**).

2 CHANGES IN CONSOLIDATION SCOPE

2.1 Businesses sold during the year

The Group sold its Armagnac business and the related Clés des Ducs brand on 23 January 2008. As this business had only a marginal impact on the Group's income statement, prior years were not restated.

Contribution to operating profit:

(€ millions)	2008	2007	2006
Revenue	0.7	0.8	0.9
Operating profit	(0.2)	(0.4)	(0.2)

2.2 Assets and liabilities held for sale

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

Of the assets recorded in this line at 31 March 2007:

- the Armagnac inventory was sold on 23 January 2008 for €3.2 million,
- a collection of properties located in Reims was sold on 7 November 2007 for €11.0 million,
- part of the Machecoul industrial site was sold on 10 December 2007 for €0.9 million.

(€ millions)	2008	2007	2006
Items relating to the sale of Lucas Bols:			
- Brands and distribution rights	-	-	188.2
- Investment in an associate	-	-	3.6
- Deferred tax assets	-	-	3.8
- Inventories	-	-	4.6
Inventories relating to the Cognac de Luze brand	-	-	3.8
Inventories relating to the Clés des Ducs	-	3.5	-
Reims property assets	1.8	12.6	-
Machecoul industrial site	0.2	1.3	-
Other	0.5	-	-
Total assets	**2.5**	**17.4**	**204.0**
Items relating to the sale of Lucas Bols:			
- Deferred tax liabilities (on brands)	-	-	52.7
- Provisions for risks and charges	-	-	12.8
Total liabilities	**-**	**-**	**65.5**

3 BRANDS AND OTHER INTANGIBLE ASSETS

(€ millions)	Brands	Distribution rights	Other	Total
Cost at 31 March 2006	**624.0**	**10.6**	**21.5**	**656.1**
Additions	-	-	1.3	1.3
Changes in consolidation scope	-	-	(0.1)	(0.1)
Other movements	-	-	0.4	0.4
Translation differences	(0.8)	(0.6)	(0.1)	(1.5)
Cost at 31 March 2007	**623.2**	**10.0**	**23.0**	**656.2**
Additions	-	-	2.7	2.7
Disposals and items scrapped	(0.1)	-	(2.9)	(3.0)
Changes in consolidation scope	(0.1)	-	-	(0.1)
Other movements	-	-	0.7	0.7
Translation differences	(1.4)	(0.9)	(0.2)	(2.5)
Cost at 31 March 2008	**621.6**	**9.1**	**23.3**	**654.0**
Accumulated amortisation and impairment at 31 March 2006	**3.4**	**7.8**	**15.3**	**26.5**
Charge for the year	-	0.1	2.0	2.1
Changes in consolidation scope	-	-	(0.1)	(0.1)
Translation differences	-	(0.3)	(0.1)	(0.4)
Accumulated amortisation and impairment at 31 March 2007	**3.4**	**7.6**	**17.1**	**28.1**
Charge for the year	-	0.1	2.4	2.5
Disposals and items scrapped	-	-	(3.0)	(3.0)
Changes in consolidation scope	-	-	-	-
Translation differences	-	(0.6)	-	(0.6)
Accumulated amortisation and impairment at 31 March 2008	**3.4**	**7.1**	**16.5**	**27.0**
Carrying amount at 31 March 2006	**620.6**	**2.8**	**6.2**	**629.6**
Carrying amount at 31 March 2007	**619.8**	**2.4**	**5.9**	**628.1**
Carrying amount at 31 March 2008	**618.2**	**2.0**	**6.8**	**627.0**

"Other" largely consists of software licenses and leasehold rights.

4 PROPERTY, PLANT AND EQUIPMENT

(€ millions)	Land	Buildings	Other	In progress	Total
Cost at 31 March 2006	**41.5**	**107.5**	**159.3**	**8.7**	**317.0**
Additions	0.1	1.0	11.5	11.9	24.5
Disposals and items scrapped	(1.1)	-	(5.7)	(0.1)	(6.9)
Reclassified as assets slated for sale	(3.6)	(22.3)	(7.1)	-	(33.0)
Changes in consolidation scope	-	(0.1)	(1.3)	-	(1.4)
Other movements	0.2	5.6	6.3	(13.8)	(1.7)
Translation differences	(0.1)	(0.6)	(0.9)	(0.2)	(1.8)
Cost at 31 March 2007	**37.0**	**91.1**	**162.1**	**6.5**	**296.7**
Acquisitions	-	0.5	10.1	13.9	24.5
Disposals and items scrapped	(0.8)	(1.7)	(12.9)	-	(15.4)
Reclassified as assets slated for sale	-	-	(4.1)	-	(4.1)
Changes in consolidation scope	0.3	(0.4)	0.2	-	0.1
Other movements		1.9	10.2	(10.1)	2.0
Translation differences	(0.1)	(1.1)	(2.0)	-	(3.2)
Cost at 31 March 2008	**36.4**	**90.3**	**163.6**	**10.3**	**300.6**
Accumulated depreciation and impairment at 31 March 2006	**1.6**	**43.0**	**91.9**	**-**	**136.5**
Charge for the year	0.1	2.6	8.5	-	11.2
Disposals and items scrapped	(0.1)	-	(4.1)	-	(4.2)
Reclassified as assets slated for sale	(0.2)	(12.1)	(5.0)	-	(17.3)
Changes in consolidation scope	-	-	(0.6)	-	(0.6)
Other movements	-	-	-	-	-
Translation differences	-	(0.1)	(0.7)	-	(0.8)
Accumulated depreciation and impairment at 31 March 2007	**1.4**	**33.4**	**90.0**	**-**	**124.8**
Charge for the year	0.1	2.3	8.6	-	11.0
Disposals and items scrapped	(0.3)	(0.8)	(11.2)	-	(12.3)
Reclassified as assets slated for sale	-	-	(3.1)	-	(3.1)
Changes in consolidation scope	0.2	(0.2)	0.2	-	0.2
Other movements	-	0.1	1.3	-	1.4
Translation differences	-	(0.2)	(1.2)	-	(1.4)
Accumulated depreciation and impairment at 31 March 2008	**1.4**	**34.6**	**84.6**	**-**	**120.6**
Carrying amount at 31 March 2006	**39.9**	**64.5**	**67.4**	**8.7**	**180.5**
Carrying amount at 31 March 2007	**35.6**	**57.7**	**72.1**	**6.5**	**171.9**
Carrying amount at 31 March 2008	**35.0**	**55.7**	**79.0**	**10.3**	**180.0**

For the year ended 31 March 2008, the additions of €24.5 million mainly comprise industrial capital expenditure on the Group's various production facilities in Cognac, Angers and Reims.

The amounts reclassified as assets slated for sale are explained in note **2.2**.
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**.

The financial statements of Maxxium for the year end 31 March 2008 were not available at balance sheet date. Rémy Cointreau consolidated its share of Maxxium based on its own estimation of Maxxium's consolidated equity as at 31 March 2008.

(€ millions)	**Maxxium**	**Dynasty**	**Total**
At 31 March 2006	**79.2**	**44.4**	**123.6**
Dividends paid [1]	(4.2)	(1.7)	(5.9)
Net profit for the year	6.9	3.3	10.2
Additions	-	3.1	3.1
Translation differences	(1.0)	(2.8)	(3.8)
At 31 March 2007	**80.9**	**46.3**	**127.2**
Dividends paid [1]	(6.9)	(1.5)	(8.4)
Net profit for the year	6.1	3.4	9.5
Translation differences	(3.7)	(4.3	(8.0)
At 31 March 2008	**76.4**	**43.9**	**120.3**

[1] For Maxxium, dividend deducted from the asset contribution premium

5.1 Maxxium

5.1.1 General description

Maxxium B.V., a distribution joint venture, was founded on 1 August 1999 based on a strategic distribution agreement between Rémy Cointreau S.A., The Edrington Group and Beam Global Brands. Swedish-based Vin & Sprit, which owns the Vodka Absolut brand, merged with Maxxium B.V. in May 2001. Since then, Rémy Cointreau has held a 25% equity stake in Maxxium B.V.

The joint venture consists of some 40 distribution companies and has its head office in Holland. It distributes the portfolio of Rémy Cointreau brands worldwide with the notable exceptions of the United States, the Caribbean and certain Eastern European countries.

In July 2005, Fortune Brands, holding company of Beam Global Brands, purchased a range of brands from Pernod Ricard that it had held since buying them from Allied Domecq. An amendment was made to the distribution agreement in order to include the distribution of some of these brands within the joint venture.

In the autumn of 2006, the Swedish government announced its intention to privatise Vin & Sprit.

On 23 November 2006, Rémy Cointreau notified its decision to terminate the Global Distribution Agreement with Maxxium on 30 March 2009. The consequences of this decision are explained in note **5.1.2**.

On 31 March 2008, the Pernod Ricard group announced the acquisition of Vin & Sprit.

Maxxium B.V.'s partners are both suppliers and shareholders of Maxxium B.V. Revenue earned by Rémy Cointreau from Maxxium's distribution companies or customers managed by them accounted for 50.0% of total revenue for the year ended 31 March 2008 (2007: 46.1%; 2006: 43.1%).

The summary figures below relate to Rémy Cointreau's financial year, i.e. the year ended 31 March. Because the accounts of Maxxium as at 31 March 2008 are not available, certain financial data below could not be updated.

Summary income statement

(€ millions)	2008	2007	2006
Revenues	**1,954.8**	**1,882.0**	**1,493.6**
of which, Rémy Cointreau products	540.6	499.6	440.7
Operating profit on ordinary activities	**N/A**	**60.0**	**28.6**
Net profit	**N/A**	**32.2**	**22.5**

Breakdown of revenue by geographic region

(€ millions)	2008	2007	2006
Europe	1,173.1	1,142.6	833.3
Americas	103.0	98.1	80.8
Asia and rest of the world	678.7	641.3	579.5
Total	**1,954.8**	**1,882.0**	**1,493.6**

Summary balance sheet

(€ millions)	2008	2007	2006
Non-current assets	N/A	300.7	298.2
Working capital	N/A	213.4	145.3
Net assets	**N/A**	**514.1**	**443.5**
Financed by:	N/A		
Net borrowings	N/A	189.7	126.9
Equity	N/A	324.4	316.6
Total	**N/A**	**514.1**	**443.5**

Year-end headcount

	2008	2007	2006
Maxxium	2,018	2,029	1,979

Rules for allocating Maxxium B.V.'s and its partners' profits are described in note **1.23**.
The financial impact of ongoing transactions between Maxxium B.V. and Rémy Cointreau is set out in note **24** on related parties.

5.1.2 Withdrawal from Maxxium

On 23 November 2006, in the name of and on behalf of the various companies of the Rémy Cointreau Group that were party to the Umbrella Agreement (Global Distribution Agreement) signed with Maxxium Worldwide BV on 31 May 2001, Rémy Cointreau S.A. notified the decision to terminate this exclusive distribution agreement on 30 March 2009.

In accordance with the terms of the Umbrella Agreement, Rémy Cointreau Group must pay to Maxxium, by 30 March 2009 at the latest, an indemnity representing three times 15% of the amount of sales of Rémy Cointreau Group products invoiced by the Maxxium distribution network during the year ended 31 March 2008.

In accordance with the principles set out in note **1.13**, a provision was raised in the financial statements for the year ended 31 March 2007 (notes **12** and **18**). At 31 March 2008, the provision stood at €250.4 million and corresponded to the most likely estimate of the expected outflow of resources after allowing for a discounting effect.

As a result of the termination, Rémy Cointreau Group may relinquish its equity holding in Maxxium at any time at the initiative of Rémy Cointreau Group or, with effect from 31 March 2009, at the initiative of the other three partners.

In the event that Rémy Cointreau decides to withdraw, the shareholders' pact provides for a minimum notice period of six months. At the end of this period, a second six-month period commences that must enable an external third party appointed by the parties to determine the restructuring costs to be borne by Rémy Cointreau. These costs are deducted from the purchase value of the shares held by Rémy Cointreau in Maxxium. At the end of this second period, Maxxium or its shareholders have the option to buy the shares from Rémy Cointreau. If Maxxium or its shareholders fail to purchase all the shares, Rémy Cointreau Group will have the option to convene a shareholders' meeting to initiate the winding up of Maxxium.

As from 31 March 2009 (the day after the date of withdrawal from the Global Distribution Agreement), Maxxium's shareholders will still have the option to notify Rémy Cointreau Group of their withdrawal from Maxxium. The withdrawal of Rémy Cointreau will be effected by the purchase of Rémy Cointreau's shares at the end of a six-month period starting on the date on which Maxxium's shareholders notify Rémy Cointreau.

In all cases, the purchase value of the shares is determined using the following formula: consolidated net assets adjusted for the change in value of goodwill, less any dividends contractually due to the shareholders and any restructuring costs to be borne by Rémy Cointreau.

At 31 March 2008, the Maxxium shares were not reclassified as "Assets slated for sale" within the meaning stipulated in IFRS 5 and thus continue to be accounted for by the equity method as:

- Rémy Cointreau still exercises significant influence over Maxxium,
- the Maxxium shares are not immediately available for sale,
- Rémy Cointreau will not sell its equity investment until after 30 March 2009.

The accounts of the Maxxium distribution joint venture could not be drawn up as at 31 March 2008 as the partners were unable to reach agreement on the valuation of the goodwill appearing on Maxxium's balance sheet.

Maxxium's shareholders are holding further discussions and, on 24 July 2008, acknowledged the effective acquisition of V&S by the Pernod Ricard group. A specific goal of these discussions is to reach agreement on Maxxium's net position as at 31 March 2008.

In preparing its consolidated financial statements for the year ended 31 March 2008, Rémy Cointreau applied the equity method of accounting to the Maxxium shares based on its own estimate of Maxxium's consolidated net position. This estimate is derived from an analysis of various scenarios measuring the potential impact of the outcome of the discussions between the partners on the final amount of the withdrawal compensation and on the value of the equity stake in Maxxium.

Rémy Cointreau's management considers that the values ascribed to these items in the consolidated financial statements present a true and fair view of the group's overall position with regard to Maxxium.

5.2 Dynasty

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

At 31 March 2008, 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 HKD1.69 (31 March 2007: HKD3.32; 31 March 2006: HKD3.25).

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

Dynasty's financial year end is 31 December. The key figures below have been taken from Dynasty Group's financial statements after translation into euros. The figures have been adjusted for purposes of the equity consolidation to reflect the fact that Rémy Cointreau has a financial year end of 31 March.

Summary income statement

(€ millions)	2007	2006	2005
Revenue	97.8	108.8	103.6
Operating profit on ordinary activities	15.8	14.8	25.1
Net profit	**11.0**	**11.2**	**19.6**

Summary balance sheet

(€ millions)	2007	2006	2005
Non-current assets	38.9	37.4	35.2
Working capital	27.5	27.6	27.5
Net assets	**66.4**	**65.0**	**62.7**
Financed by:			
Borrowings net of cash and cash equivalents	(72.3)	(74.6)	(83.4)
Equity	138.8	139.6	146.2
Total	**66.4**	**65.0**	**62.7**

6 OTHER INVESTMENTS

(€ millions)	2008	2007	2006
Non-consolidated equity investments	5.4	5.3	5.3
CEDC shares	-	46.0	53.7
Value of security on CEDC shares	-	-	7.2
Prepayments for pension and retirement schemes	0.3	0.5	0.6
Seller's loan	43.6	41.7	-
Loans to non-consolidated equity investments	1.1	1.0	1.2
Liquidity account excluding Rémy Cointreau shares	2.7	2.2	1.9
Other	1.0	0.8	0.8
Total	**54.1**	**97.5**	**70.7**

6.1 Non-consolidated equity investments

(€ millions)	% interest	2008	% interest	2007	% interest	2006
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 (China)	0.2%	0.6	0.2%	0.6	0.2%	0.6
Caves Allianca S.A. (Portugal)	5.4%	0.8	5.4%	0.8	5.4%	1.1
Revico (France)	5.0%	0.4	5.0%	0.3	-	-
Transmed (France)	9.6%	0.0	9.6%	0.0	7.0%	0.0
Destilerias de Vilafranca S.A. (in liquidation)	100.0%	1.5	100.0%	1.5	100.0%	1.5
Total		**5.4**		**5.3**		**5.3**

6.2 CEDC shares

As part of the sale of the Polish business on 17 August 2005, Rémy Cointreau had initially received 1,691,419 CEDC shares, which subsequently became 2,537,129 shares following the share split in June 2006. These shares were revalued at the closing share price at each period end, with the difference being recognised in "Other financial income and expense".

Between December 2006 and March 2007, Rémy Cointreau sold 433,746 shares. The remaining 2,103,383 shares were sold between 1 April 2007 and 25 May 2007. The profit(loss) of these operations is recognised in "Other financial income and expenses" (note **19.2**).

In connection with this transaction, Rémy Cointreau had obtained guarantees akin to put options concerning CEDC's share price in the event of a sale. These guarantees, which had been valued at the grant date and then at each period end, expired during the year ended 31 March 2007.

6.3 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 and bearing interest at 3.5%. This loan is presented net of an early repayment option at the acquirer's initiative of €10 million. The loan interest is capitalised.

6.4 Liquidity account

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

7 INVENTORIES

7.1 Breakdown by inventory category

(€ millions)	**2008**	**2007**	**2006**
Goods for resale and finished products	89.1	89.8	78.6
Raw materials	81.9	71.4	69.3
Wines and brandies undergoing ageing process	690.8	677.0	696.1
Other	4.3	6.9	13.0
At cost	**866.1**	**845.1**	**857.0**
Provision for impairment	(4.5)	(3.4)	(4.6)
Carrying amount	**861.6**	**841.7**	**852.4**

7.2 Analysis of the change

(€ millions)	**Cost**	**Impairment**	**Carrying amount**
Balance at 31 March 2007	**845.1**	**(3.4)**	**841.7**
Change	32.5	(1.2)	31.3
Changes in consolidation scope	0.5	(0.1)	0.4
Translation differences	(12.0)	0.2	(11.8)
Balance at 31 March 2008	**866.1**	**(4.5)**	**861.6**

8 TRADE AND OTHER RECEIVABLES

(€ millions)	2008	2007	2006
Trade receivables	169.4	175.3	183.6
Tax and social security receivables (other than corporation tax)	20.9	18.7	16.2
Sundry prepaid expenses	10.4	8.7	8.1
Advances paid	10.1	12.5	8.2
Receivables relating to asset disposals	5.4	2.7	0.2
Other receivables	22.1	27.7	26.8
Total	**238.3**	**245.6**	**243.1**
of which, provision for doubtful receivables	(5.3)	(4.1)	(3.2)

The provision for doubtful receivables is established on a case-by-case basis and is measured based on the risk of non-collection.

9 CASH AND CASH EQUIVALENTS

(€ millions)	2008	2007	2006
Marketable securities	0.1	0.1	10.8
Associates' current accounts	1.2	1.1	3.6
Cash at bank	36.0	19.4	17.2
Total	**37.3**	**20.6**	**31.6**

10 EQUITY

10.1 Share capital, share premium and treasury shares

	Number of shares	Treasury shares	Total number of shares in issue	Share capital	Share premium	Treasury shares
At 31 March 2006	**45,506,144**	**(24,700)**	**45,481,444**	**72.8**	**639.5**	**(0.7)**
Exercise of stock options	493,658	-	493,658	0.8	10.7	-
Change in liquidity account	-	(300)	(300)	-	-	(0.3)
Net capital gain on liquidity account transactions	-	-	-	-	-	0.1
At 31 March 2007	**45,999,802**	**(25,000)**	**45,974,802**	**73.6**	**650.2**	**(0.9)**
Exercise of stock options	328,252	-	328,252	0.5	7.5	-
Partial payments of dividends in shares	142,739	-	142,739	0.2	6.8	-
Allocations under the 2005 bonus share plan	88,000	-	88,000	0.2	-	-
Change in liquidity account	-	25,000	25,000	-	-	1.3
Other treasury shares	-	(4,705)	(4,705)	-	-	(0.1)
Net capital gain on liquidity account transactions	-	-	-	-	-	(0.2)
At 31 March 2008	**46,558,793**	**(4,705)**	**46,554,088**	**74.5**	**664.5**	**0.1**

10.1.1 Share capital and share premium

At 31 March 2008, the share capital consisted of 46,558,793 shares with a nominal value of €1.60 per share.

During the year ended 31 March 2008, 328,252 shares were issued in connection with the stock options granted to certain employees.

On 20 November 2007, 88,000 shares were issued as a deduction from available reserves following the allocation under the 2005 bonus share plan.

On 11 September 2007, Rémy Cointreau issued 142,739 shares as a result of shareholders being allowed to opt for partial payment of the dividend in shares.

10.1.2 Treasury shares

At 31 March 2008, no shares were held in the liquidity account established in November 2005 (note **1.18**). Post-tax losses of €0.2 million earned on the shares by the manager of the liquidity account during the year ended 31 March 2008 were recognised in equity.

Furthermore, during the year ended 31 March 2008, Rémy Cointreau exercised its buyback option on 75,000 shares under the sale and buyback agreement entered into on 24 March 2005 for the purpose of covering stock option plan no. 12. A total of 70,295 shares were allocated to options exercised under plan no. 12 and Rémy Cointreau thus held the remaining 4,705 shares at 31 March 2008 for allocation to options exercised the following year.

At 31 March 2008, Rémy Cointreau still had a buyback option covering 246,503 shares under the abovementioned sale and buyback agreement and an option to purchase a further 224,497 shares, the total of these being intended to cover stock option plans.

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

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

	March 2008	March 2007	March 2006
Average number of shares (basic)			
Average number of shares	46,325,577	45,682,049	45,344,986
Average number of treasury shares	(4,705)	(25,000)	(24,700)
Total used for calculating basic earnings per share	**46,320,872**	**45,657,049**	**45,320,286**
Average number of shares (diluted)			
Average number of shares (basic)	46,320,872	45,657,049	45,320,286
Dilution effect of stock option plans (1) (2)	471,248	-	573,279
Total used for calculating diluted earnings per share	**46,792,120**	**45,657,049**	**45,893,565**

(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 €49.06 for 2008, €43.89 for 2007 and €37.44 for 2006

(2) For March 2007, the dilution effect from the exercise of options is not taken into account due to the net loss recorded for the year ended 31 March 2007

10.3 Stock option plans and similar schemes

10.3.1 Stock option plans

These plans were granted under the authorisations given by the shareholders' extraordinary general meetings held on 26 August 1998 (plans 7, 8 and 9), 24 August 2000 (plans 10 and 11), 21 September 2001 (plans 11 and 12) and 7 September 2004 (plan 13).

Exercise start date	Plan no.	Term	Type [1]	Options granted	Exercise price in euros	Lapsed options	Options exercised at 31 March 2007	Options exercised during the year	Average exercise price	Outstanding options at 31 March 2008
28 April 1999	7	10 years	S	289,300	12.2	4,700	245,214	14,111	48.89	25,275
7 December 1999	8	10 years	S	499,100	16.36	3,400	425,037	27,680	47.38	42,983
30 May 2000	9	10 years	S	131,280	18.85	-	101,870	11,870	53.12	17,540
1 March 2003	10	8 years	S	1,016,600	27.1	34,000	622,210	127,600	50.21	232,790
8 March 2006	11	6 years	S	659,500	25.00	8,500	309,876	146,991	49.73	194,133
16 September 2007	12	6 years	P	287,000	27.67	27,000	-	70,295	49.52	189,705
24 December 2008	13	6 years	P	262,000	28.07	35,000	-	-	-	227,000
Total				3,144,780		112,600	1,704,207	398,547	45.61	929,426

[1] S = Subscription, P = Purchase

For all plans, one option corresponds to one share granted.

10.3.2 Bonus share issues

Grant date	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 2008
11 October 2005	2005	2 years	2 years	96,500	36.89	8,500	88,000	-
12 October 2006	2006	2 years	2 years	97,000	40.41	2,500	n/a	94,500
20 November 2007	2007	2 years	2 years	91,100	50.47	-	n/a	91,100
Total				**284,600**		**11,000**	**88,000**	**185,600**

For these three plans, the Board of Directors determined that the following acquisition terms would apply:

- 60% of the shares are granted on the condition that the beneficiary is still employed by the Group at the end of the vesting period;
- 40% of the shares are granted on the condition that the beneficiary is still employed by the Group at the end of the vesting period and that Group has achieved the performance criteria as measured at the end of the financial year preceding the end of the vesting period.

These three plans were granted under the authorisation given by the extraordinary general meeting of 28 July 2005.

The shares granted at the end of the vesting period for the 2005 plan resulted in the creation of 88,000 new shares as a deduction against reserves.

10.3.3 Calculation of the charge for the year

In accordance with IFRS 2, plans 12 and 13 and the 2005, 2006 and 2007 plans are valued for accounting purposes.
The valuation assumptions and resulting values are as follows:

	Plan 12	Plan 13	Plan 2005 [2]	Plan 2006[2]	Plan 2007[2]
Volatility [1]	33%	28%	-	-	-
Dividend payout	3.6%	3.6%	-	-	-
Risk-free rate	4.2%	3.6%	-	-	
Staff turnover rate	2.4%	3.4%	8.8%	7.4%	5.0%
Value per option (€)	9.11	8.00	34.59	28.89	36.50

[1] Assumptions are based on historic data.
[2] The 2005, 2006 and 2007 plans are bonus share schemes. Their valuations are based on the share price on the grant date and on the estimated dividends to be paid during the rights vesting period, weighted according to the probability of meeting the final allocation criteria.

The charge is calculated as the value per stock option of the plans concerned multiplied by the estimated number of options that will be exercised, amortised on a straight-line basis over the rights vesting period (four years for plans 12 and 13 and two years for the 2005, 2006 and 2007 plans).

The charge amounted to €3.5 million for the year ended 31 March 2008 (2007: €3.3 million; 2006: €1.7 million).

10.4 Dividends

On 11 September 2007, Rémy Cointreau S.A. distributed a total dividend of €1.20 per share for the year ended 31 March 2007, i.e. €55.2 million in total, payable, at each shareholder's option, as follows:

- wholly in cash, i.e. €1.20 per share; or
- in shares in respect of 20% of the dividend, i.e. €0.24 per share, with the balance of the dividend, i.e. €0.96 per share, to be paid in cash.

As such, the part paid in cash totalled €48.1 million while the equivalent of €7.1 million was paid in shares, corresponding to the issue of 142,739 shares at €49.4 each.

The dividend that will be proposed to the shareholders' general meeting of 16 September 2008 for the year ended 31 March 2008 is €1.30 per share, amounting to a total of €60.5 million before taking into account treasury shares. It will also be proposed that shareholders' are given the option to elect for 50% of the dividend, i.e. €0.65 per share, to be paid in shares.

10.5 Minority interests

(€ millions)	2008	2007	2006
Minority interests in Mount Gay Distilleries	0.7	0.8	0.7
Other entities linked to Takirra Invest Corp	(2.5)	(2.4)	(3.9)
Total	**(1.8)**	**(1.6)**	**(3.2)**

10.6 Capital management and financial structure

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

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

€839.8 million to €440.9 million, a reduction of almost 50%, while shareholders' equity have remained broadly unchanged (up from €885.5 million to €913.3 million). The net debt to equity ratio has fallen from 0.94 to 0.48 and return on capital employed has increased from 12.7% to 17.2%.

11 BORROWINGS

11.1 Breakdown of gross borrowings

11.1.1 Breakdown by type

	2008			2007			2006		
(€ millions)	**Long term**	**Short term**	**Total**	**Long term**	**Short term**	**Total**	**Long term**	**Short term**	**Total**
TSDI (debt securitisation fund units)	-	-	-	-	-	-	-	11.9	11.9
OCEANE	-	-	-	-	-	-	-	331.6	331.6
Bonds	191.0	1.9	192.9	372.9	2.6	375.5	375.5	2.0	377.5
Drawdowns on syndicated bank line	130.0	-	130.0	30.0	-	30.0	-	-	-
Drawdowns on unconfirmed credit lines	-	88.9	88.9	-	103.3	103.3	-	-	-
Other borrowings and overdrafts	-	0.4	0.4	-	1.8	1.8	-	1.4	1.4
Syndicated loan issue costs	(0.4)	(0.4)	(0.8)	(0.8)	(0.3)	(1.1)	(1.1)	(0.4)	(1.5)
Accrued interest not yet due	-	2.9	2.9	-	5.5	5.5	-	18.0	18.0
Total – Rémy Cointreau S.A.	**320.6**	**93.7**	**414.3**	**402.1**	**112.9**	**515.0**	**374.4**	**364.5**	**738.9**
Finance leases	0.1	0.1	0.2	-	0.1	0.1	-	0.1	0.1
Other borrowings and overdrafts	1.4	9.3	10.7	1.4	16.2	17.6	1.8	12.7	14.5
Accrued interest not yet due	-	0.0	0.0	-	0.1	0.1	-	0.6	0.6
Borrowings of special purpose entities	-	53.0	53.0	-	49.9	49.9	-	49.0	49.0
Total – subsidiaries	**1.5**	**62.4**	**63.9**	**1.4**	**66.3**	**67.7**	**1.8**	**62.4**	**64.2**
Gross borrowings	**322.1**	**156.1**	**478.2**	**403.5**	**179.2**	**582.7**	**376.2**	**426.9**	**803.1**

11.1.2 Breakdown by interest rate type

	2008			2007			2006		
(€ millions)	**Long term**	**Short term**	**Total**	**Long term**	**Short term**	**Total**	**Long term**	**Short term**	**Total**
Fixed rate	191.0	1.9	192.9	372.9	2.6	375.5	375.5	333.6	709.1
Variable rate	131.1	151.3	282.4	30.6	171.0	201.6	0.7	74.7	75.4
Accrued interest not yet due	-	2.9	2.9	-	5.6	5.6	-	18.6	18.6
Gross borrowings	**322.1**	**156.1**	**478.2**	**403.5**	**179.2**	**582.7**	**376.2**	**426.9**	**803.1**

(€ millions)	2008 Long term	2008 Short term	2008 Total	2007 Long term	2007 Short term	2007 Total	2006 Long term	2006 Short term	2006 Total
TSDI	-	-	-	-	-	-	-	11.9	11.9
Drawdowns on syndicated bank line	130.0	-	130.0	30.0	-	30.0	-	-	-
Drawdowns on unconfirmed credit lines	-	88.9	88.9	-	103.3	103.3	-	-	-
Other	1.1	62.4	63.5	0.6	67.7	68.3	0.7	62.8	63.5
Total variable-rate borrowings	**131.1**	**151.3**	**282.4**	**30.6**	**171.0**	**201.6**	**0.7**	**74.7**	**75.4**

The drawdowns on the syndicated bank line 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**.

11.1.3 Breakdown by currency

(€ millions)	2008 Long term	2008 Short term	2008 Total	2007 Long term	2007 Short term	2007 Total	2006 Long term	2006 Short term	2006 Total
Euro	322.1	150.2	472.3	403.5	166.9	570.4	376.2	420.7	796.9
US dollar	-	5.9	5.9	-	7.7	7.7	-	6.2	6.2
Hong Kong dollar	-	-	-	-	4.6	4.6	-	-	-
Gross borrowings	**322.1**	**156.1**	**478.2**	**403.5**	**179.2**	**582.7**	**376.2**	**426.9**	**803.1**

11.1.4 Breakdown by maturity

(€ millions)	
Before 31 March 2009	156.1
Before 31 March 2012	322.1
Total	**478.2**

At 31 March 2008, unconfirmed credit lines not drawn down totalled €370.0 million (2007: €470.0 million; 2006: €500.0 million).

11.2 Net borrowings

(€ millions)	2008 Long term	2008 Short term	2008 Total	2007 Long term	2007 Short term	2007 Total	2006 Long term	2006 Short term	2006 Total
Gross borrowings	322.1	156.1	478.2	403.5	179.2	582.7	376.2	426.9	803.1
Cash and cash equivalents	-	(37.3)	(37.3)	-	(20.6)	(20.6)	-	(31.6)	(31.6)
Net borrowings	**322.1**	**118.8**	**440.9**	**403.5**	**158.6**	**562.1**	**376.2**	**395.3**	**771.5**

11.3 Bonds

At 31 March 2007, Rémy Cointreau's borrowings included three bond issues:

- a line with a par value of €175 million issued on 24 June 2003, bearing interest at 6.5% and repayable at par on 1 July 2010;
- a line with a par value of €200 million issued on 15 January 2005, bearing interest at 5.2% and repayable at par on 15 January 2012;
- a line with a par value of €6.3 million issued in connection with the CLS Rémy Cointreau employee savings plan (*Plan d'Epargne Entreprise*).

During the year ended 31 March 2008, the following transactions were recorded pertaining to the bonds with a par value of €175 million and €200 million:

- Pursuant to one of the clauses relating to the two borrowings, having not allocated the asset disposal proceeds for the year ended 31 March 2007 to transactions authorised in the 365 days following receipt of the disposal proceeds, Rémy Cointreau was required to offer the bondholders early redemption of their securities. The option, which ran from 10 May 2007 to 8 June 2007, resulted in the redemption of 17,115 bonds in the case of the €175 million line and 7,632 bonds in the case of the €200 million line. These bonds were redeemed at par (€1,000 for both borrowings), plus accrued interest.
- As announced on 1 June 2007, Rémy Cointreau made early redemption on 2 July 2007 of the €175 million bond. On the redemption date, 157,885 bonds with a par value of €1,000 each were outstanding and the early redemption premium, in accordance with the issue terms and conditions, amounted to €32.5 per bond, i.e. €5.1 million, recognised in net financial income and expenses (note **19.1**). The redemption amount thus totalled €163.0 million plus accrued interest of €5.1 million. This redemption was financed principally by further drawdowns on the syndicated bank line (note **11.4**).
- Lastly, pursuant to another clause relating to the €200 million bond restricting the capacity to pay a dividend in the event of a loss being made, Rémy Cointreau compensated the bondholders (the so-called "waiver") at a total cost of €2.5 million, recognised in net financial income and expenses (note **19.1**).

11.3.1 €200 million bond issued on 15 January 2005

This 7-year bond is redeemable at par on maturity and bears interest at 5.2% payable every six months. Since 8 June 2007, the outstanding par value stands at €192.4 million (being 192,368 bonds with a par value of €1,000 each).

This bond is not secured.

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

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

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

11.3.2 Other bonds

In connection with the CLS Rémy Cointreau employee savings plan, on 1 July 2003 Rémy Cointreau issued unlisted bonds with a 6% coupon. Total outstanding bonds from this issue, known as "PEE Centaure" (Centaure employee savings plan) were as follows:

(€ millions)	2008 Long term	2008 Short term	2008 Total	2007 Long term	2007 Short term	2007 Total	2006 Long term	2006 Short term	2006 Total
Centaure employee savings plan	-	2.3	2.3	2.3	4.0	6.3	6.3	3.4	9.7

11.4 Syndicated bank line

At 31 March 2008, Rémy Cointreau had access to a €500 million syndicated loan entered into on 7 June 2005. The agreement provides for a revolving credit facility of €500 million, of which €466 million expires on 7 June 2012 and €34 million on 7 June 2010.

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

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

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

This facility is not subject to any security.

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

Period	Ratio A
From date of signing to 30/09/2006	Ratio A < 4.50
From 01/10/2006 to 30/09/2007	Ratio A < 4.00
From 01/10/2007 to 30/09/2008	Ratio A < 3.75
From 01/10/2008 to maturity	Ratio A < 3.50

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

At 31 March 2008, ratio A stood at 2.54 (2007: 3.28; 2006: 3.91).

11.5 Accrued interest not yet due

(€ millions)	2008	2007	2006
Interest on the TSDI (debt securitisation fund units)	-	-	1.8

Interest on the OCEANEs	-	-	10.4
Interest on bonds	2.2	5.3	5.6
Other	0.7	0.3	0.8
Total accrued interest not yet due	**2.9**	**5.6**	**18.6**

11.6 Liquidity risk

At 31 March 2008, Rémy Cointreau had access to confirmed funding totalling €760.7 million with the following maturities:

(€ millions)	Bonds	Syndicated bank line	Resources Special purpose entities	Total
30 June 2008	2.3	-	60.0	62.3
7 June 2010	-	34.0	-	34.0
7 June 2012	-	466.0	-	466.0
15 January 2012	192.4	-	-	192.4
31 December 2012	-	-	6.0	6.0
Total	**194.7**	**500.0**	**66.0**	**760.7**
Utilised at 31 March 2008	**194.7**	**130.0**	**53.0**	**377.7**

12 PROVISIONS FOR RISKS AND CHARGES

12.1 Change in provisions for risks and charges

(€ millions)	Maxxium indemnity	Restructuring	Early retirement plan	Other	Total
At 31 March 2006	**-**	**25.7**	**3.2**	**31.5**	**60.4**
Charge for the year	241.0	-	-	17.4	258.4
Discounting	-	0.3	-	-	0.3
Utilisations	-	(6.8)	(1.3)	(10.6)	(18.7)
Write-backs of provisions no longer required	-	(1.9)	-	(10.9)	(12.8)
Reclassified in "Assets slated for sale"	-	(1.9)	-	-	(1.9)
Other reclassifications	-	1.5	-	2.8	4.3
Changes in consolidation scope	-	-	-	(0.3)	(0.3)
Translation differences	(0.1)	-	-	(0.1)	(0.2)
At 31 March 2007	**240.9**	**16.9**	**1.9**	**29.8**	**289.5**
Charge for the year	-	1.7	0.2	0.9	2.8
Discounting	9.2	0.4	-	-	9.6
Utilisations	-	(8.1)	(0.7)	(12.7)	(21.5)
Write-backs of provisions no longer required	-	-	(0.4)	(4.2)	(4.6)
Other reclassifications	0.3	-	-	(0.6)	(0.3)
Translation differences	-	-	-	(0.2)	(0.2)
At 31 March 2008	**250.4**	**10.9**	**1.0**	**13.0**	**275.3**

The terms and conditions of the Maxxium indemnity are set out in note **5.1.2**.

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

12.2 Maturity

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

(€ millions)	2008	2007	2006
Long-term provisions (or unknown maturity)	7.5	256.2	26.3
Short-term provisions	267.8	33.3	34.1
Total	**275.3**	**289.5**	**60.4**

The provision for the Maxxium indemnity, being €250.4 million, was reclassified as a short-term provision (note **5.1.2**).

13 TRADE AND OTHER PAYABLES

(€ millions)	2008	2007	2006
Trade payables – brandy suppliers	85.8	77.3	69.3
Other trade payables	110.9	109.1	109.4
Customer advances	1.0	0.2	0.2
Tax and social security liabilities (other than corporation tax)	35.1	42.4	35.7
Excise duties payable	0.5	0.2	1.1
Advertising charges payable	32.5	32.8	29.8
Miscellaneous deferred income	0.5	0.5	4.9
Other liabilities	41.1	47.9	50.1
Total	**307.4**	**310.4**	**300.4**

14 FINANCIAL INSTRUMENTS AND MARKET RISK

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 2008

(€ millions)	notes	Balance sheet value	Loans and receivables / liabilities at amortised cost	Fair value through profit or loss	Available for sale	Hedging instruments	Non-financial instruments (1)
Other financial assets	6	54.1	46.0	2.7	5.4	-	-
Trade and other receivables	8	238.3	196.9	-	-	-	41.4
Derivative financial instruments	14	26.1	-	-	-	26.1	-
Cash and cash equivalents	9	37.3	-	37.3	-	-	-
Assets		**355.8**	**242.9**	**40.0**	**5.4**	**26.1**	**41.4**
Long-term borrowings	11	322.1	322.1	-	-	-	-
Short-term borrowings and accrued interest	11	156.1	156.1	-	-	-	-
Trade and other payables	13	307.4	296.0	-	-	-	11.4
Derivative financial instruments	14	0.1	-	-	-	0.1	-
Liabilities		**785.7**	**774.2**	**0.0**	**0.0**	**0.1**	**11.4**

(1) Within assets, tax and social security receivables, sundry prepayments and advances and amounts paid on account have not been included above as they do not constitute financial instruments as defined in IAS 39. The same applies to liabilities for deferred income and provisions for foreign exchange losses.

At 31 March 2007

(€ millions)	notes	Balance sheet value	Loans and receivables / liabilities at amortised cost	Fair value through profit or loss	Available for sale	Hedging instruments	Non-financial instruments (1)
Other financial assets	6	97.5	44.0	48.2	5.3	-	-
Trade and other receivables	8	245.6	205.7	-	-	-	39.9
Derivative financial instruments	14	11.1	-	-	-	11.1	-
Cash and cash equivalents	9	20.6	-	20.6	-	-	-
Assets		**374.8**	**249.7**	**68.8**	**5.3**	**11.1**	**39.9**
Long-term borrowings	11	403.5	403.5	-	-	-	-
Short-term borrowings and accrued interest	11	179.2	179.2	-	-	-	-
Trade and other payables	13	310.4	300.8	-	-	-	9.6
Derivative financial instruments	14	0.1	-	-	-	0.1	-
Liabilities		**893.2**	**883.5**	**0.0**	**0.0**	**0.1**	**9.6**

(1) Within assets, tax and social security receivables, sundry prepayments and advances and amounts paid on account have not been included above as they do not constitute financial instruments as defined in IAS 39. The same applies to liabilities for deferred income and provisions for foreign exchange losses.

At 31 March 2006

(€ millions)	notes	Balance sheet value	Loans and receivables / liabilities at amortised cost	Fair value through profit or loss	Available for sale	Hedging instruments	Non-financial instruments (1)
Other financial assets	6	70.7	2.6	62.8	5.3	-	-
Trade and other receivables	8	243.1	210.6	-	-	-	32.5
Derivative financial instruments	14	6.9	-	-	-	6.9	-
Cash and cash equivalents	9	31.6	-	31.6	-	-	-
Assets		**352.3**	**213.2**	**94.4**	**5.3**	**6.9**	**32.5**
Long-term borrowings	11	376.2	376.2	-	-	-	-
Short-term borrowings and accrued interest	11	426.9	426.9	-	-	-	-
Trade and other payables	13	300.4	284.6	-	-	-	15.8
Derivative financial instruments	14	1.9	-	-	-	1.9	-
Liabilities		**1 105.4**	**1 087.7**	**0.0**	**0.0**	**1.9**	**15.8**

(1) Within assets, tax and social security receivables, sundry prepayments and advances and amounts paid on account have not been included above as they do not constitute financial instruments as defined in IAS 39. The same applies to liabilities for deferred income and provisions for foreign exchange losses.

14.2 Market risk management policy

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

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

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

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

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

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

(€ millions)	2008	2007	2006
Assets			
Interest rate derivatives	1.7	3.4	2.9
Exchange rate derivatives	24.4	7.7	4.0
Total	**26.1**	**11.1**	**6.9**
Liabilities			
Interest rate derivatives	-	-	0.6
Exchange rate derivatives	0.1	0.1	1.3
Total	**0.1**	**0.1**	**1.9**

14.4 Interest rate derivatives

The Group manages the risk of an increase in interest rates on its variable-rate financial resources (note **11.1.2**), which are generally based on EURIBOR (1 month or 3 month), using only options (caps).

(€ millions)	2008	2007	2006
Assets			
Purchases of caps	1.6	3.4	2.9
Purchases of floors	0.1	0.0	-
Total	**1.7**	**3.4**	**2.9**
Liabilities			
Interest rate swaps relating to the TSDI	-	-	0.6
Total	**-**	**-**	**0.6**

At 31 March 2008, the following interest rate derivatives were held in the portfolio:

(€ millions)	March 2008		
	Nominal value	**Initial value**	**Market value**
Purchases of caps			
Maturing in March 2009	250.0	0.8	1.2
Maturing in March 2010	200.0	0.5	0.3
Maturing in March 2011	50.0	0.1	0.1
Sub-total	**500.0**	**1.4**	**1.6**
Purchases of floors			
Maturing in September 2008	50.0	0.2	-
Maturing in December 2008	100.0	0.2	0.1
Sub-total	**150.0**	**0.4**	**0.1**
Total		**1.8**	**1.7**

Sensitivity to interest rate risk

Given the financing in place and existing hedges at 31 March 2008, a 100bp increase or decrease in interest rates would have the following impact:

	3-month EURIBOR [(1)]	
	+100bp 5.727%	**-100bp 3.727%**
Net profit	(0.1)	1.6
Equity excluding net profit	1.8	(0.7)
Market value of financial instruments	2.7	(1.0)

[(1)] The reference value for 3-month EURIBOR at 31 March 2008 is 4.727%

14.5 Exchange rate derivatives

The Group uses options to hedge its cash flows from commercial transactions. Commercial transactions for the year for which payment has not been received as of the balance sheet date are hedged by short-term currency swaps.
Furthermore, Rémy Cointreau SA, which centralises the Group's financing needs, and its subsidiary Financière Rémy Cointreau make intra-Group loans and borrowings denominated in the counterparty's currency. The Group uses currency swaps to perfectly match these loans and borrowings. The maturity of all such transactions ranges from one month to one year.

The following table summarises all currency hedging instruments in the portfolio at the balance sheet date. All these instruments mature within 12 months.

(€ millions)	March 2008			
	Nominal value(1)	**of which, CFH (2)**	**Initial value**	**Market value**
Put options and tunnel options				
USD/EUR	239.0	239.0	3.4	15.3
AUD/EUR	12.0	12.0	0.2	0.5
CAD/EUR	11.0	11.0	0.1	0.7
GBP/EUR	20.5	20.5	0.6	2.9
JPY/EUR	2,100.0	2,100.0	0.3	0.2
Total options			**4.6**	**19.6**
Forward sales and synthetic tunnels				
USD/EUR	50.0	50.0	0.7	4.3
CAD/EUR	4.0	4.0	-	0.3
NZD/EUR	4.0	4.0	-	0.1
Total forward sales			**0.7**	**4.7**
Total			**5.3**	**24.3**

(1) expressed in millions of currency units
(2) CFH = cash flow hedges within the meaning defined in IAS 39

Revaluation of this portfolio increased equity by €22.5 million and decreased net financial income by €3.6 million.

	March 2008	
	Nominal value in millions of currency units	**Nominal value in millions of euros**
(Sale) purchase of short-term currency swaps on commercial cash flows		
USD/EUR	(74.6)	(47.2)
AUD/EUR	0.4	0.2
CAD/EUR	(0.8)	(0.5)
JPY/EUR	(828.5)	(5.3)
GBP/EUR	(0.9)	(1.1)
NZD/EUR	(1.4)	(0.7)
HKD/USD	224.4	28.8
Total		**(25.7)**
Purchase (sale) of currency swaps on financing activities		
HKD/EUR	30.2	2.5
AUD/EUR	2.4	1.4
USD/EUR	(96.0)	(60.7)
Total		**(56.9)**

Sensitivity to foreign exchange risk

Given the hedges in place at 31 March 2008, a 10% increase or decrease in the €/USD exchange rate would have the following impact:

	€/USD exchange rate [1]	
	+10%	**-10%**
	1.74	**1.42**
Net profit	(3.1)	17.1
Equity excluding net profit	2.8	(0.6)
Market value of financial instruments	15.3	(14.4)

[1] The reference value of the €/USD exchange rate at 31 March 2008 is 1.58

14.6 Other derivatives

Other derivatives held in the portfolio at 31 March 2007 comprised call options on 224,497 Rémy Cointreau shares that, in accordance with IAS 39, are not recorded on the balance sheet.

14.7 Liquidity risk

The following table shows the contractual maturity profile of disbursements relating to financial liabilities recognised as at 31 March 2008.

(€ millions)	**Prior to 31 March 2009**	**Prior to 31 March 2010**	**Prior to 31 March 2011**	**Prior to 31 March 2012**	**Total**
Long-term borrowings	-	0.7	(0.5)	321.9	322.1
Short-term borrowings and accrued interest	156.1	-	-	-	156.1
Trade and other payables	296.0	-	-	-	296.0
Financial derivatives	0.1	-	-	-	0.1
Liabilities recognised at 31 March 2008	**452.2**	**0.7**	**(0.5)**	**321.9**	**774.3**
Future interest on bonds and syndicated bank line	13.6	16.1	16.1	8.5	54.3
Total disbursements	**465.8**	**16.8**	**15.6**	**330.4**	**828.6**

15 SEGMENT REPORTING

Segment information is stated based on the principles specified in note **1.17**.

15.1 Activities

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

Cognac	Rémy Martin
Liqueurs and spirits	Cointreau, Passoa, Metaxa, Saint Rémy, Mount Gay
Champagne	Piper-Heidsieck, Charles Heidsieck
Partner brands	Non-Group brands and, by extension, those not fully produced by the Group, which are marketed through the Group's own distribution network; mainly Edrington group scotches, Russian Standard and Imperia vodkas and a portfolio of wines in the United States.

15.1.1 Breakdown of revenue and operating profit on ordinary activities

(€ millions)	Revenue			Operating profit on ordinary activities		
	2008	2007	2006	2008	2007	2006
Cognac	362.3	347.6	322.5	93.5	87.2	75.9
Liqueurs and spirits	211.7	209.3	212.4	53.2	55.3	49.9
Champagne	142.4	126.0	122.2	12.4	10.1	9.6
Partner brands	101.4	103.0	123.5	0.5	1.2	4.1
Total	**817.8**	**785.9**	**780.6**	**159.6**	**153.8**	**139.5**

There are no intra-segment sales.

15.1.2 Breakdown of the balance sheet

At 31 March 2008

(€ millions)	Cognac	Liqueurs and spirits	Champagne	Partner brands	Not analysed	Total
Non-current assets	316.3	279.6	200.4	10.7	188.4	995.4
Current assets	659.1	74.2	271.4	69.0	27.7	1,101.4
Derivative financial instruments	-	-	-	-	26.1	26.1
Assets slated for sale	-	-	-	-	2.5	2.5
Cash and cash equivalents	-	-	-	-	37.3	37.3
Total assets	**975.4**	**353.8**	**471.8**	**79.7**	**282.0**	**2,162.7**
Equity	-	-	-	-	911.5	911.5
Borrowings and accrued interest	-	-	-	-	478.2	478.2
Provisions for risks and charges	17.2	7.2	7.2	0.5	263.5	295.6
Deferred and current tax liabilities	-	-	-	-	169.9	169.9
Trade and other payables	164.1	45.3	70.4	18.3	9.3	307.4
Derivative financial instruments	-	-	-	-	0.1	0.1
Total liabilities and equity	**181.3**	**52.5**	**77.6**	**18.8**	**1,832.5**	**2,162.7**
Brands and other intangible assets not included in the base for the calculation of "return on capital employed" (ROCE)	236.3	245.2	128.8	9.9	-	620.2
Base for the calculation of ROCE	**557.8**	**56.1**	**265.4**	**51.0**	**-**	**930.3**

At 31 March 2007

(€ millions)	Cognac	Liqueurs and spirits	Champagne	Partner brands	Not analysed	Total
Non-current assets	306.1	287.7	195.2	11.0	237.7	1,037.7
Current assets	634.3	99.1	265.5	67.5	51.7	1,118.1
Derivative financial instruments	-	-	-	-	11.1	11.1
Assets slated for sale	-	-	-	-	17.4	17.4
Cash and cash equivalents	-	-	-	-	20.6	20.6
Total assets	**940.4**	**386.8**	**460.7**	**78.5**	**338.5**	**2,204.9**
Equity	-	-	-	-	852.5	852.5
Borrowings and accrued interest	-	-	-	-	582.7	582.7
Provisions for risks and charges	18.8	11.8	13.2	1.1	266.8	311.7
Deferred and current tax liabilities	-	-	-	-	147.5	147.5
Trade and other payables	131.9	61.0	82.3	18.6	16.6	310.4
Derivative financial instruments	-	-	-	-	0.1	0.1
Total liabilities and equity	**150.7**	**72.8**	**95.5**	**19.7**	**1,866.2**	**2,204.9**
Brands and other intangible assets not included in the base for the calculation of "return on capital employed" (ROCE)	236.3	246.7	128.8	10.4	-	622.2
Base for the calculation of ROCE	**553.4**	**67.3**	**236.4**	**48.4**	**-**	**905.5**

At 31 March 2006

(€ millions)	Cognac	Liqueurs and spirits	Champagne	Partner brands	Not analysed (1)	Total
Non-current assets	296.2	295.6	217.0	0.5	207.4	1,016.7
Current assets	635.9	115.0	252.8	68.3	34.5	1,106.5
Derivative financial instruments	-	-	-	-	6.9	6.9
Assets slated for sale	-	-	-	-	204.0	204.0
Cash and cash equivalents	-	-	-	-	31.6	31.6
Total assets	**932.1**	**410.6**	**469.8**	**68.8**	**484.4**	**2,365.7**
Equity	-	-	-	-	915.5	915.5
Borrowings and accrued interest	-	-	-	-	803.1	803.1
Provisions for risks and charges	24.9	17.7	8.5	1.7	32.1	84.9
Deferred and current tax liabilities	-	-	-	-	194.4	194.4
Trade and other payables	136.0	63.2	58.0	19.0	24.2	300.4
Derivative financial instruments	-	-	-	-	1.9	1.9
Liabilities directly related to assets slated for sale					65.5	65.5
Total liabilities and equity	**160.9**	**80.9**	**66.5**	**20.7**	**2,036.7**	**2,365.7**
Brands and other intangible assets not included in the base for the calculation of "return on capital employed" (ROCE)	236.3	247.7	128.8	10.7	-	623.5
Base for the calculation of ROCE	**534.9**	**82.0**	**274.5**	**37.4**	**-**	**928.8**

(1) also includes the line-by-line impact of entities sold during the year ended 31 March 2007 (Bols Hungary)

15.1.3 Return on capital employed (ROCE)

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

- Operating profit on ordinary activities by activity (note **15.1.1**)
- Breakdown of the balance sheet by activity excluding certain intangible assets (note **15.1.2**)

Operating profit on ordinary activities and capital employed are determined by business segment based on management accounts. Profits and capital employed for the distribution business and holding company are allocated pro rata to actual revenue and inventories.

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

At 31 March 2008

(€ millions)	**Capital employed**	**Operating profit on ordinary activities**	**%**
Cognac	557.8	93.5	16.8%
Liqueurs and spirits	56.1	53.2	94.8%
Champagne	265.4	12.4	4.7%
Partner brands	51.0	0.5	1.0%
Total	**930.3**	**159.6**	**17.2%**

At 31 March 2007

(€ millions)	**Capital employed**	**Operating profit on ordinary activities**	**%**
Cognac	553.4	87.2	15.8%
Liqueurs and spirits	67.3	55.3	82.2%
Champagne	236.4	10.1	4.3%
Partner brands	48.4	1.2	2.5%
Total	**905.5**	**153.8**	**17.0%**

At 31 March 2006

(€ millions)	**Capital employed**	**Operating profit on ordinary activities**	**%**
Cognac	534.9	75.9	14.2%
Liqueurs and spirits	82.0	49.9	60.9%
Champagne	274.5	9.6	3.5%
Partner brands	37.4	4.1	11.0%
Total	**928.8**	**139.5**	**15.0%**

15.1.4 Capital expenditure and depreciation and amortisation charges

	Capex on property, plant and equipment and intangible assets			Depreciation and amortisation of property, plant and equipment and intangible assets		
(€ millions)	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Cognac	14.0	14.8	11.0	6.6	5.9	5.2
Liqueurs and spirits	4.8	5.8	6.5	4.2	4.3	4.8
Champagne	8.2	4.7	2.5	2.5	2.8	4.1
Partner brands	0.3	0.5	0.7	0.3	0.2	0.2
Total	**27.3**	**25.8**	**20.7**	**13.6**	**13.2**	**14.3**

15.2 Geographic regions

15.2.1 Breakdown of revenue

(€ millions)	**Revenue**		
	2008	2007	2006
Europe	303.3	274.4	281.4
Americas	350.6	370.4	374.3
Asia and rest of the world	163.9	141.1	124.9
Total	**817.8**	**785.9**	**780.6**

Revenue is analysed according to the destination region of the goods sold.

15.2.2 Breakdown of the balance sheet

Balance sheet information is broken down according to the geographic location of the Group entities.

At 31 March 2008

(€ millions)	**Europe**	**Americas**	**Asia and rest of the world**	**Not analysed**	**Total**
Non-current assets	927.1	22.3	46.0	-	995.4
Current assets	938.9	135.0	27.5	-	1,101.4
Derivative financial instruments	-	-	-	26.1	26.1
Assets slated for sale	2.5	-	-	-	2.5
Cash and cash equivalents	-	-	-	37.3	37.3
Total assets	**1,868.5**	**157.3**	**73.5**	**63.4**	**2,162.7**
Equity	-	-	-	911.5	911.5
Borrowings and accrued interest	-	-	-	478.2	478.2
Provisions for risks and charges	293.3	2.1	0.2	-	295.6
Deferred and current tax liabilities	167.7	0.5	1.7	-	169.9
Trade and other payables	271.0	28.1	8.3	-	307.4
Derivative financial instruments	-	-	-	0.1	0.1
Total liabilities and equity	**732.0**	**30.7**	**10.2**	**1,389.8**	**2,162.7**

At 31 March 2007

(€ millions)	Europe	Americas	Asia and rest of the world	Not analysed	Total
Non-current assets	965.5	25.2	47.0	-	1,037.7
Current assets	939.4	145.9	32.8	-	1,118.1
Derivative financial instruments	-	-	-	11.1	11.1
Assets slated for sale	17.4	-	-	-	17.4
Cash and cash equivalents	-	-	-	20.6	20.6
Total assets	**1,922.3**	**171.1**	**79.8**	**31.7**	**2,204.9**
Equity	-	-	-	852.5	852.5
Borrowings and accrued interest	-	-	-	582.7	582.7
Provisions for risks and charges	309.4	2.1	0.2	-	311.7
Deferred and current tax liabilities	146.3	1.0	0.2	-	147.5
Trade and other payables	270.3	33.6	6.5	-	310.4
Derivative financial instruments	-	-	-	0.1	0.1
Total liabilities and equity	**726.0**	**36.7**	**6.9**	**1,435.3**	**2,204.9**

At 31 March 2006

(€ millions)	Europe	Americas	Asia and rest of the world	Not analysed	Total
Non-current assets	945.3	26.4	45.0	-	1,016.7
Current assets	968.1	138.4	-	-	1,106.5
Derivative financial instruments	-	-	-	6.9	6.9
Assets slated for sale	204.0	-	-	-	204.0
Cash and cash equivalents	-	-	-	31.6	31.6
Total assets	**2,117.4**	**164.8**	**45.0**	**38.5**	**2,365.7**
Equity	-	-	-	915.5	915.5
Borrowings and accrued interest	-	-	-	803.1	803.1
Provisions for risks and charges	83.1	1.8	-	-	84.9
Deferred and current tax liabilities	193.5	0.7	0.2	-	194.4
Trade and other payables	264.6	35.3	0.5	-	300.4
Derivative financial instruments	-	-	-	1.9	1.9
Liabilities directly related to assets slated for sale	65.5	-	-	-	65.5
Total liabilities and equity	**606.7**	**37.8**	**0.7**	**1,720.5**	**2,365.7**

15.2.3 Capital expenditure

	Capex on property, plant and equipment and intangible assets		
(€ millions)	**2008**	**2007**	**2006**
Europe	25.4	23.1	15.5
Americas	1.4	2.5	5.2
Asia and rest of the world	0.5	0.2	-
Total	**27.3**	**25.8**	**20.7**

16 ANALYSIS OF OPERATING EXPENSES BY TYPE

(€ millions)	2008	2007	2006
Personnel costs	(104.8)	(105.7)	(105.1)
Advertising and promotion expenses	(140.2)	(129.6)	(130.2)
Depreciation, amortisation and impairment of non-current assets	(13.6)	(13.2)	(14.3)
Other costs	(93.9)	(85.5)	(78.4)
Costs allocated to inventories and production cost	58.9	60.4	57.1
Total	**(293.6)**	**(273.6)**	**(270.9)**
of which:			
Distribution costs	(210.6)	(192.5)	(190.7)
Administrative expenses	(83.0)	(81.1)	(80.2)
Total	**(293.6)**	**(273.6)**	**(270.9)**

Distribution costs comprise marketing and advertising expenses, commissions payable and receivable, brand royalties, ordinary allowances for 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, champagnes and partner brands.

Personnel costs consist of the following:

(€ millions)	2008	2007	2006
Wages, salaries and social security	(96.5)	(98.7)	(99.6)
Pensions and other retirement benefits	(3.0)	(2.4)	(1.5)
Employee profit sharing	(1.8)	(1.3)	(2.3)
Stock options and similar expenses	(3.5)	(3.3)	(1.7)
Total	**(104.8)**	**(105.7)**	**(105.1)**

17 NUMBER OF EMPLOYEES

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

(full-time equivalent)	2008	2007	2006
France	840	860	928
Europe (excluding France)	41	38	102
Americas	327	304	312
Asia and rest of the world	38	17	4
Total	**1,246**	**1,219**	**1,346**
of which, activities sold in:			
Hungary	-	-	57
Total	**-**	**-**	**57**

18 OTHER OPERATING INCOME AND EXPENSES

(€ millions)	2008	2007	2006
Maxxium indemnity (and related charges)	(0.4)	(241.6)	-
Site restructuring, closure and transfer plans	(0.9)	1.8	(18.2)
Additional tax assessments (other than corporation tax)	0.7	(3.6)	-
Total	**(0.6)**	**(243.4)**	**(18.2)**

The procedures for determining the amount of the Maxxium indemnity are set out in note **5.1.2**.

The amount recognised in 2006 in "Site restructuring, closure and transfer plans" corresponds mainly to a reorganisation plan for the main Group subsidiary, CLS Rémy Cointreau, which was presented to staff representatives on 22 March 2006. This plan impacts 147 staff and provides for early retirement and voluntary redundancy payments and assistance. The provision was subsequently adjusted as at 31 March 2007 and 31 March 2008.

During the year ended 31 March 2007, various French entities of the Group were advised by the tax authorities of additional assessments relating to the calculation of business and land taxes since 2002.

19 NET FINANCIAL EXPENSES

19.1 Net finance costs by type of financing

(€ millions)	2008	2007	2006
TSDI	-	(0.2)	(1.4)
OCEANE bonds	-	0.1	(26.0)
Bonds	(14.3)	(23.4)	(23.7)
Syndicated loan and unconfirmed lines	(13.0)	(8.4)	(6.4)
Finance costs of special purpose entities	(6.4)	(5.8)	(5.1)
Early redemption premium and accelerated amortisation of issues costs on the 6.5% bond (note **11.3**)	(8.0)	-	-
"Waiver" on the 5.2% bond (note **11.3**)	(2.5)	-	-
Other finance costs	(0.2)	0.1	(0.4)
Impact of interest rate hedges, excluding TSDI	3.9	0.4	(1.1)
Total	**(40.5)**	**(37.2)**	**(64.1)**

Borrowings are described in note **11**.

Given that net borrowings averaged €541.2 million for the year ended 31 March 2008, the average interest rate is 5.54% when excluding costs relating to the "waiver" (note **11.3**) and early redemption of the €175 million bond (note **11.3**) (2007: €619.9 million and 5.99%; 2006: €798.6 million and 8.00%).

The impact of interest rate hedges is as follows:

(€ millions)	2008	2007	2006
Interest received on caps	3.9	1.5	-
Interest received (paid) on FRAs	-	0.1	(0.6)
Ineffective portion of interest rate hedges	-	(1.2)	(0.5)
Impact of interest rate hedges	3.9	0.4	(1.1)

19.2 Other financial income and expenses

(€ millions)	2008	2007	2006
Profit on sale of CEDC shares	4.2	1.8	-
Change in fair value of CEDC shares	-	(6.0)	0.2
Discounting charge on provisions	(9.6)	(0.5)	-
Interest on seller's loan	1.8	1.7	-
Currency (losses) and gains	(1.6)	1.5	(0.8)
Other financial income and expenses	(0.1)	1.4	1.5
Other financial income and expenses	**(5.3)**	**(0.1)**	**0.9**

The change in fair value of CEDC shares corresponds to the change in value of the shares received on the sale of Bols Sp.z.o.o and the change in value of put options related to this transaction.
The profit on sale of CEDC shares corresponds to the gain realised on the sale of 433,746 CEDC shares between December 2006 and March 2007 for the year ended 1 March 2007 and to the gain realised on the sale of the remaining 2,103,383 CEDC shares between 1 April and 25 May for the year ended 31 March 2008 (note **6**).

For the year ended 31 March 2008, €9.2 million of the discounting charge on provisions corresponds to the impact on the provision for the Maxxium indemnity recognised as at 31 March 2007 (note **12**).

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

(€ millions)	2008	2007	2006
Ineffective portion of currency hedges	(3.6)	(2.3)	(3.2)
Other	2.0	3.8	2.4
Currency (losses) and gains	**(1.6)**	**1.5**	**(0.8)**

20 CORPORATION TAX

20.1 Net corporation tax charge

(€ millions)	2008	2007	2006
Current tax (expense) income	(1.5)	(7.2)	(42.6)
Deferred tax (expense) income	(27.4)	57.3	29.3
Corporation tax	(28.9)	50.1	(13.3)
Effective tax rate	-25.5%	n/a	-22.9%

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 and sources of deferred tax

(€ millions)	2008	2007	2006
Breakdown by type			
Retirement provisions	5.8	6.4	6.9
Regulated provisions	(9.3)	(7.9)	(22.1)
Other provisions	6.2	6.1	13.8
Brands	(167.6)	(165.4)	(167.6)
Non-current assets	(14.6)	(16.2)	(17.0)
Inventory margins	9.4	9.9	8.7
OCEANE redemption premium	-	-	11.8
Losses carried forward	36.9	63.8	-
Other timing differences	(15.8)	(19.5)	7.0
Net deferred tax asset (liability)	**(149.0)**	**(122.8)**	**(158.5)**
Breakdown by tax group			
France tax group	(100.6)	(79.8)	(134.4)
US tax group	1.5	1.0	-
Netherlands tax group	(55.8)	(55.4)	(33.9)
Other	5.9	11.4	9.8
Net deferred tax asset (liability)	**(149.0)**	**(122.8)**	**(158.5)**
Deferred tax asset	14.0	13.0	12.3
Deferred tax liability	(163.0)	(135.8)	(170.8)
Net deferred tax asset (liability)	**(149.0)**	**(122.8)**	**(158.5)**

20.4 Tax losses and capital losses carried forward

At 31 March 2008, the tax losses carried forward totalled €114.1 million, including €107.2 million on the French tax consolidation due to the Maxxium indemnity recognised as at 31 March 2007. The potential tax saving arising from the use of these losses is €38.1 million (2007: €64.8 million), including €36.9 million for the French tax consolidation.

20.5 Tax reconciliation

In 2008, the corporation tax charge amounted to €28.9 million. The difference between the actual charge and the theoretical tax charge based on the French statutory rate of 34.4% is analysed as follows:

(€ millions)	2008	2007	2006
Theoretical tax charge	(39.0)	43.7	(20.0)
Actual tax charge	(28.9)	50.1	(13.3)
Difference	**10.1**	**6.4**	**6.7**
· Permanent differences between consolidated profit and taxable profit	(2.1)	(4.6)	(1.4)
· Impact of TSDI	-	-	22.1
· Use of tax losses or timing differences not previously capitalised	0.9	1.5	0.8
· Tax losses of subsidiaries not capitalised	-	-	(0.2)
· Difference in tax rates applicable to foreign subsidiaries	6.8	5.0	(0.2)
· Adjustment to the tax charge for prior years	4.5	4.5	(14.4)
Total	**10.1**	**6.4**	**6.7**

21 NET PROFIT FROM DISCONTINUED OPERATIONS

(€ millions)	2008	2007	2006
Polish activities			
Net profit for the year (before tax)	-	-	0.6
Corporation tax charge for the year	-	-	(0.1)
Gain (loss) on sale (before tax)	-	-	(0.8)
Tax effect	-	-	17.6
Italian liqueurs and Dutch liqueurs and spirits			
Net profit for the year (before tax)	-	-	7.2
Corporation tax charge for the year	-	-	(0.6)
Profit (loss) on sale (before tax)	2.7	9.3	(7.2)
Tax effect	1.8	24.3	2.2
Cognac de Luze			
Net profit for the year (before tax)	-	0.2	(0.4)
Corporation tax charge for the year	-	(0.1)	0.1
Gain (loss) on sale (before tax)	-	6.1	-
Tax effect	-	(0.4)	-
Bols Hungary			
Net profit for the year (before tax)	-	-	2.4
Corporation tax charge for the year	-	-	(0.4)
Gain (loss) on sale (before tax)	-	8.7	-
Tax effect	0.1	(1.6)	-
Armagnac Activity			
Gain (loss) on sale (before tax)	(0.2)	-	
Provision for impairment of assets sold	-	(1.9)	-
Tax effect	0.2	0.6	-
Total	**4.6**	**45.2**	**20.6**

The transactions relating to activities sold during the year are described in note **2**.

22 RETIREMENT PROVISIONS

22.1 Defined benefit pension plan commitments

(€ millions)	2008	2007	2006
Actuarial liability brought forward	**(27.8)**	**(28.1)**	**(134.6)**
Normal expense	(1.2)	(1.2)	(1.9)
Interest on actuarial liability	(1.1)	(0.9)	(5.9)
Changes to pension benefits	-	-	0.7
Reductions in pension benefits	-	1.1	-
Pensions paid	0.5	0.6	6.5
Actuarial gains and (losses)	3.1	0.9	(5.4)
Cost of past services	(0.3)	(1.0)	1.5
Closure of pension scheme [1]	-	1.0	110.2
Other (including transfers)	-	(0.2)	0.6
Translation differences	0.4	-	-
Actuarial liability carried forward [2]	**(26.4)**	**(27.8)**	**(28.3)**
Value of dedicated assets brought forward	**5.2**	**4.5**	**106.4**
Yield	0.3	0.3	6.3
Contributions received	0.5	0.5	3.3
Changes to pension benefits	-	-	-
Reductions in pension benefits	-	-	-
Pensions paid	-	(0.4)	(5.9)
Actuarial gains and (losses)	-	0.3	5.9
Closure of pension scheme [1]	-	-	(111.2)
Other (including transfers)	0.1	-	-
Translation differences	(0.4)	-	-
Value of dedicated assets carried forward	**5.7**	**5.2**	**4.8**
Dedicated assets for the liability	**(20.8)**	**(22.6)**	**(23.5)**
Cost of past services not recognised (income) / expense	0.8	0.9	(0.4)
Other	-	-	-
Retirement obligations	**(20.0)**	**(21.7)**	**(23.9)**
Liabilities	**(20.3)**	**(22.2)**	**(24.5)**
Assets	**0.3**	**0.5**	**0.6**

[1] At 31 March 2006, the Group transferred the pension commitments of Bols in the Netherlands to an insurance firm. The balance on the transfer amounted to €10.5 million. The previous provisions were written back.

[2] Of the total actuarial liability of €26.4 million, €19.7 million is not funded and €6.7 million is partially funded.

22.2 Charge for the year

(€ millions)	2008	2007	2006
Normal expense	1.3	1.2	2.1
Interest on actuarial liability	1.1	0.9	5.7
Expected return on plan assets	(0.3)	(0.3)	(6.3)
Depreciation of other items not recognised	0.3	0.2	0.3
Impact of reductions in benefits	-	(2.4)	(1.3)
Expense for the year	**2.4**	**(0.4)**	**0.5**
Pensions paid	(0.2)	(0.2)	(0.6)
Net expense for the year	**2.2**	**(0.6)**	**(0.1)**

Actuarial assumptions			
Average discount rate	5.75%	4.60%	3.90%
Average salary increase	2.80%	2.80%	2.80%
Expected working life	8 to14 years	8 to 14 years	8 to 13 years
Expected return on plan assets	4.50%	4.50%	4.50%
Increase in medical costs	5.20%	5.50%	5.20%

22.3 Actuarial gains and losses

(€ millions)	2008	2007	2006
Movements for the year	3.1	1.2	0.6
of which, differences between actual and forecast	0.2	0.3	0.7

22.4 Breakdown of present value of benefits by type of scheme

(€ millions)	2008	2007	2006
Pensions	(6.5)	(6.6)	(6.8)
Supplementary pension payments	(15.4)	(15.5)	(15.2)
Long-service awards	(0.6)	(0.6)	(0.7)
Pensioners' medical costs	(3.9)	(5.1)	(5.6)
Total	**(26.4)**	**(27.8)**	**(28.3)**

22.5 Analysis of dedicated investments

At 31 March 2008, the assets underlying the liability were held by insurance firms that invest them together with their general assets.

23 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

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

23.1 Purchase and leasing commitments

(€ millions)	2008	2007	2006
Purchase commitments – non-current assets	5.7	5.0	5.0
Leasing commitments – offices	12.0	16.3	19.9
Leasing commitments – equipment	1.9	1.4	1.5
Purchase commitments – brandies	121.3	-	17.5
Purchase commitments – wine (champagne)	15.4	15.9	14.6

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

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

The wine purchase commitments of the champagne division concern purchases of wine reserved with the champagne grower.

The maturity analysis of commitments at 31 March 2008 is as follows:

(€ millions)	**Total**	**2009**	**Further out**
Purchase commitments – non-current assets	5.7	5.7	-
Leasing commitments – offices	12.0	3.1	8.9
Leasing commitments – equipment	1.9	1.0	0.9
Purchase commitments – brandies	121.3	60.7	60.6
Purchase commitments – wine (champagne)	15.4	-	15.4

23.2 Deposits and other similar guarantees

(€ millions)	**2008**	**2007**	**2006**
Tax deposits	-	9.7	10.3
Customs deposits	7.3	-	-
Agricultural warrants on AFC inventories	53.0	48.5	42.5
Maxxium financing guarantee (25%)	40.4	37.2	27.0
Avandis financing guarantees (33.33%)	-	-	4.4
Miscellaneous guarantees on credit lines	12.3	12.0	2.5

The tax deposits are bank deposits given to the tax authorities as security for disputed tax assessments following the lodging of requests for deferred payment.

Rémy Cointreau S.A. guarantees 25% of Maxxium BV's bank borrowings, with the three other partners providing similar guarantees. This guarantee is capped at €62.5 million.

The maturity analysis of commitments at 31 March 2008 is as follows:

(€ millions)	**Total**	**2009**	**Further out**
Customs deposits	7.3	7.3	-
Agricultural warrants on AFC inventories	53.0	51.7	1.3
Maxxium financing guarantee (25%)	40.4	-	40.4
Miscellaneous guarantees on credit lines	12.3	12.3	-

Contingent liabilities relating to disposal transactions

In connection with disposal 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 granted that have not lapsed at 31 March 2008 are as follows:

(€ millions)

Disposal transaction	Transaction date	Nature of unlapsed guarantees	Maturity	Maximum amount
Wine business (ORB) (Netherlands)	17 April 2003	Excise duties, tax and social security liabilities Total of all guarantees	17 October 2008	 1.5
RMSJ/SMCS (France)	11 July 2003	Tax, customs and social security liabilities	31 October 2008	None
Botapol Holding BV (parent company of Bols Sp.z.o.o)	17 August 2005	Tax liabilities Total of all guarantees	17 October 2010	 24.9
Lucas Bols	11 April 2006	Tax liabilities General guarantees Total of all guarantees Franchise	11 October 2012 11 October 2007	 100.0 2.6
Bols Hungary	12 July 2006	Tax liabilities Total of all guarantees	12 July 2012	 2.4
Cognac de Luze	25 July 2006	Total of all guarantees	31 December 2008	2.8
Clé des Ducs	23 January 2008	Tax liabilities Total of all guarantees	 31 March 2009	 0.2

23.3 Contingent asset

In connection with the agreements for setting up Maxxium in August 1999, Rémy Cointreau contributed assets to the new joint venture in exchange for Maxxium shares and a balancing payment of €122 million of which €82 million had been received at 31 March 2007. The balance of €40 million represents a variable price component that depends on Maxxium's financial performance. Part of this amount (€24 million) must be paid by 31 July 2014 while the balance (€16 million) has no fixed payment deadline.

23.4 Other contingent liabilities

At 31 March 2008, Rémy Cointreau was involved in various legal proceedings. After reviewing each case in relation to the subsidiary concerned, and after seeking legal advice, the provisions deemed to be necessary have, where applicable, been established to cover the estimated risks.

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

24 RELATED PARTIES

24.1 Relations with associated companies

At 31 March 2008, Rémy Cointreau Group's main associated companies were Dynasty Fine Wines Group Ltd and the Maxxium BV joint venture.

The Group does not conduct any commercial business with Dynasty.

Business with the Maxxium BV joint venture is conducted under the agreement described in notes **1.23** and **5.1**. This business mainly involves the sale of products to various distribution companies owned by Maxxium BV worldwide.

(€ millions)	**2008**	**2007**	**2006**
Sales to Maxxium	408.9	362.2	336.3
Customer account balance	37.7	33.5	52.2

Rémy Cointreau Group also guarantees 25% of Maxxium BV's borrowings (note **23.2**).

24.2 Relations with Orpar

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

(€ millions)	**2008**	**2007**	**2006**
Services billed by Orpar	2.6	2.6	2.7
Current account balance	0.4	0.9	1.0
Supplier account balance	-	-	0.2

24.3 Relations with companies with a common shareholder or director

Orpar is also the largest 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 Rémy Cointreau Group.

(€ millions)	**2008**	**2007**	**2006**
Purchases of non-current assets	5.7	4.4	1.4
Other purchases	1.2	0.3	1.6
Trade payables	0.3	(1.6)	0.4
Purchase commitments	5.0	2.8	5.4

24.4 Management bodies

Since 7 September 2004, the Group's management bodies have comprised the members of the Board of Directors and the Executive Committee (6 members at 31 March 2008; 5 members at 31 March 2007; 6 members at 31 March 2006).

(€ millions)	**2008**	**2007**	**2006**
Short-term benefits	4.7	4.1	3.2
Post-employment benefits	0.5	0.5	0.5
Stock options and similar expenses	2.0	1.5	1.0
End-of-contract bonuses	-	0.2	-
Total	**7.2**	**6.3**	**4.7**

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

25 POST-BALANCE SHEET EVENTS

Apart from the ongoing discussions between Maxxium's shareholders described in note **5.1.2**., there are no events that are likely to have a material impact on the financial statements for the year ended 31 March 2008.

26 LIST OF CONSOLIDATED COMPANIES

At 31 March 2008, the consolidation included 45 companies (50 at 31 March 2007). 43 companies were fully consolidated and two were accounted for using the equity method. All companies have a 31 March year end, except for Dynasty Fine Wines Group Ltd, which has a 31 December year end.

Company	Activity	% interest 31 March 2008	% interest 31 March 2007
EUROPE			
France			
Rémy Cointreau SA (1)	Holding / Finance	100.00	100.00
Gie Rémy Cointreau Sces (6)	Holding / Finance	-	95.00
Rémy Cointreau Sces (1)	Holding / Finance	100.00	100.00
Téquisco (1) (8)	Holding / Finance	100.00	100.00
RC One (9)	Logistics	-	100.00
CLS Rémy Cointreau SA (1)	Production	100.00	100.00
SNE des Domaines Rémy Martin (1)	Other	100.00	100.00
E. Rémy Martin & Cie (1)	Production	100.00	100.00
Seguin & Cie (1)	Production	100.00	100.00
Cointreau (1)	Production	100.00	100.00
Izarra (1)	Production	100.00	100.00
Champ.P&C Heidsieck SA (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)	Production	100.00	100.00
G.V. de la Marne SA (1)	Production	99.95	99.95
Fournier & Cie - Safec (1)	Production	100.00	100.00
Société Forestière Agricole et Viticole de Commétreuil	Production	100.00	-
Alliance Fine Champagne (2)	Cooperative	100.00	100.00
Netherlands			
Maxxium International BV (3)	Distribution	25.00	25.00
Penelop BV (4)	Holding / Finance	100.00	-
RC Nederland Holding BV	Holding / Finance	100.00	100.00
DELB BV	Holding / Finance	100.00	100.00
Ponche Kuba BV (10)	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
Lelie BV	Holding / Finance	100.00	100.00
't Lootsje II BV	Holding / Finance	100.00	100.00
Unipol BV	Other	50.00	50.00
Botapol Management BV (6)	Holding / Finance	-	100.00
De Bron 1575 BV	Holding / Finance	100.00	100.00

Company	Activity	% interest 31 March 2008	31 March 2007
Other countries			
Hermann Joerss Gmbh	Distribution	100.00	100.00
Cointreau Holding	Holding / Finance	100.00	100.00
Rémy Suisse SA (6)	Distribution	-	100.00
Bols Sports & Travel Sp.z.o.o	Other	100.00	100.00
S&EA Metaxa ABE	Production	100.00	100.00
Financière Rémy Cointreau SA	Holding / Finance	100.00	100.00
AMERICAS			
USA			
Rémy Cointreau USA Inc	Distribution	100.00	100.00
Rémy Cointreau Amérique Inc	Holding / Finance	100.00	100.00
Caribbean			
Mount Gay Distilleries Ltd	Production	94.98	94.98
Mount Gay Holding Ltd (4)	Holding / Finance	100.00	-
Bols Latin America NV	Holding / Finance	100.00	100.00
Other countries			
Cointreau Do Brasil Ltda (7)	Production	-	100.00
Destileria de Jalisco (7)	Production	-	100.00
Rémy de Colombia (7)	Distribution	-	98.00
ASIA/PACIFIC			
China			
Dynasty Fine Wines Group Ltd (3)	Production	27.03	27.03
Rangit Ltd	Holding / Finance	100.00	100.00
Shanghai Rentouma Trading Cpy Ltd	Distribution	100.00	100.00
Hong Kong			
Rémy Concord	Holding / Finance	100.00	100.00
Rémy Pacifique Ltd	Holding / Finance	100.00	100.00
Australia			
BPE Pty Ltd	Other	100.00	100.00
DISCONTINUED OPERATIONS			
SAP (5)	Production	-	100.00

[1] Company is part of the French tax group.
[2] Special purpose entity.
[3] Accounted for by the equity method.
[4] Company formed during the year.
[5] Company sold during the year.
[6] Company liquidated.
[7] Company in liquidation, deconsolidated.
[8] Formerly Financière Rémy Cointreau before it changed its name to Téquisco
[9] Company merged into CLS Rémy Cointreau SA
[10] Formerly DELB Holding BV before it changed its name to Ponche Kuba BV