RÉMY COINTREAU

FINANCIAL REPORT
2003|2004

ANNUAL REPORT 2003-2004

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REPORT OF THE MANAGEMENT BOARD TO THE COMBINED GENERAL MEETING

OF 7 SEPTEMBER 2004

Ladies and Gentlemen,

In accordance with the law and our bylaws, we have called you to this Combined General Meeting, to present to you the report on the operations of your Company for the year ended 31 March 2004 and to submit for your approval the financial statements for this year, and particularly to authorise the change in the management of the Company by the adoption of a Board of Directors, new bylaws, the granting of options to subscribe for or to purchase shares, the issue of marketable securities giving access to capital with or without pre-emption rights, the reduction of capital in accordance with Article L225-204 of the Commercial Code or by cancellation of Treasury shares held by the Company and also the purchase or sale by the Company of its own shares.

FINANCIAL REPORT ON PARENT COMPANY FINANCIAL STATEMENTS

AT 31 MARCH 2004

The loss on ordinary activities before tax was €20.3 million. The decline of €106.3 million compared with the previous year was mainly due to lower dividends from subsidiaries.

Fees charged to subsidiaries were €17.8 million, an increase of €2.7 million. These fees related to royalties on operations of €13.5 million, calculated at the same rate as the previous year, and charges of €4.3 million in respect of the renegotiation of part of the financial debt, invoiced to the various Group companies that benefited from these resources.

Head office costs, net of a transfer of €6.6 million in respect of the issue cost of the new loan notes, amounted to €25 million, an increase of €1.8 million. This increase was due principally to costs of €4.3 million to renegotiate the debt, reinvoiced to subsidiaries, net of savings as a result of restructuring and the absence of studies carried out the previous year.

Dividends received from subsidiaries in the year were €24.5 million compared with €130.5 million to take account of the interim dividends paid by Rémy Martin and Cointreau at the end of the previous year.

Net finance costs increased by €1.2 million to €37.6 million compared with €36.4 million the previous year.

During the year, the Company made an early repayment of a €150 million loan at 10%, as part of its debt renegotiation and subscribed to the issue of a new loan of €175 million at 6.5% for a period of seven years.

Exceptional expenses of €17.6 million mainly comprised a transfer of €13.8 million to regulated provisions (in respect of the Perpetual Subordinated Loan Notes), expenses of €5.1 million for early repayment of a loan and restructuring costs of €5.4 million.

The partial disposal of the equity swap contract generated net income of €10.1 million.

The tax credit of €15.3 million represented the release of tax savings more than five years ago that are now finalised within the tax grouping.

The net loss for the year was €22.6 million.

REPORT ON CONSOLIDATED RESULTS AT 31 MARCH 2004

Key figures and highlights

(€ millions)	31 March 2004	31 March 2004 exc. co-operatives	31 March 2003
Turnover	888.3	888.3	1 000.2
Operating profit	173.5	173.5	213.8
Operating margin	*19.5%*	*19.5%*	*21.4%*
Financial charges	(63.6)	(59.7)	(64.8)
Share in profit of associated undertakings	6.9	6.9	9.0
Goodwill amortisation	(2.8)	(2.8)	(2.8)
Profit on ordinary activities	74.2	74.2	102.9
Earnings per share	1.68	1.68	2.34
EBITDA	199.3	199.3	239.2

Changes in Group structure at 31 March 2004:

- Disposal in April 2003 of the wine distribution activity in The Netherlands (ORB),
- Disposal of the St-James rum activity (with effect from 1 April 2003 for the Martinique operations and from 30 June 2003 for the continental France bottling and distribution activities).
- Exit from the wine business in Australia (disposal in October 2002).

Consolidation of the co-operatives for aging Cognac:
In accordance with the Law on Financial Security of 1 August 2003 that excluded the requirement to hold share capital to determine the scope of the consolidation, Rémy Cointreau now consolidates as Special Purpose entities the inventories of eaux-de-vie of the Champaco and Prochacoop co-operatives for storage and aging.

In order to contribute to a true and fair view of the Group's consolidated financial statements at 31 March 2004, this consolidation will be effective from the start of the year on 1 April 2003. A specific presentation of the results "excluding co-operatives" within the present report enables an understanding of the performance for 2003/04 independent of the consolidation of the co-operatives that mainly impacts inventories, financial charges and debt.

Turnover amounted to €888.3 million for 2003/04. Restated for the effect of operations sold or discontinued in the year, and at constant exchange rates, organic growth was 1.5%.
The impact of operations sold or discontinued during the year represented sales of €37.4 million for the year, being €24.6 million in respect of wine and €12.8 million in respect of rum.

Following a start to the year that was badly affected by the poor international economic situation (SARS, Iraq), sales recovered and started to grow from Summer 2003, to deliver organic growth of 3.2% in the second half of the year.

ORGANIC GROWTH IN TURNOVER

	(€ millions)	%
H1	(1.4)	(0.3)
H2	+ 16.1	+ 3.2
Total	+ 14.7	+ 1.5

Operating profit was €173.3 million, which included an unfavourable exchange rate movement of €41.6 million mainly due to the appreciation of the Euro against the US Dollar.

The 2003/04 financial year saw the initiation of an active policy to increase selling prices which, on implementation, was supported by additional advertising and marketing expenditure.

Analysis of the movement in operating profit (€ millions)

Exchange rate effect (net of cover)	(41.6)
Changes in Group structure	(5.2)
Price rises	15.2
Change in business	0.7
Advertising and marketing costs	(8.7)
Expenses	(0.7)
Total	(40.3)

On a like-for-like basis (excluding exchange rate movements and changes in Group structure), operating profit rose by 3.1%.

Results Summary

(€ millions)	2004	2003	Movement: Gross	Movement: Organic growth
Turnover				
Cognac	317.2	358.9	(11.6)%	+ 0.7%
Liqueurs	161.2	175.0	(7.9)%	(1.1)%
Spirits	183.9	200.7	(8.4)%	+ 4.8%
Champagne & Wines	125.8	130.4	(3.5)%	+ 1.4%
Partner brands	100.2	135.2	(25.9)%	+ 2.9%
Total	888.3	1 000.2	(11.2)%	+ 1.5%
Operating profit				
Cognac	114.3	149.3	(23.4)%	(3.7)%
% margin	*36.0%*	*41.6%*		
Liqueurs	49.3	50.4	(2.2)%	+ 12.9%
% margin	*30.6%*	*28.8%*		
Spirits	53.9	61.4	(12.2)%	+ 4.0%
% margin	*29.3%*	*30.6%*		
Champagne & Wines	15.3	17.2	(11.0)%	+ 10.4%
% margin	*12.1%*	*13.2%*		
Partner brands	15.4	21.0	(26.7)%	+ 4.1%
% margin	*15.4%*	*15.5%*		
Total	249.4	300.6	(17.1)%	+ 2.0%
% margin	*27.9%*	*29.9%*		
Central and distribution costs	(74.7)	(85.5)	(12.6)%	(0.8)%
Total	173.5	213.8	(18.8)%	+ 3.1%

Organic growth is determined after restatement for the effects of currency movements and changes in Group structure.

Cognac

Sales fell by €41.7 million, due to currency movements, to €317.2 million. At constant exchange rates, sales for the year grew by 0.7%. Following a start to the year that was severely influenced by external factors (SARS, Iraq), which led to a 23% decline in sales for the first quarter, business picked up from the Summer 2003 to generate organic growth for the rest of the year of 7.1%.

Sales of Rémy Martin were particularly strong in China while the American market remained solid having absorbed price increases at the start of the year. With the exception of the UK, sales in the major European markets were down on the previous year.

The contribution to operating profit was €114.3 million after a negative exchange rate movement of €29.7 million and remained solid with a net margin of 36%. There was a significant rise in advertising and marketing expenditure, which represented 28.3% of the gross margin.

Liqueurs

After a first half-year marked by an 8.5% decline in sales at constant exchange rates, the rebound in activity produced organic growth in sales of 7.2% in the second half-year.

For the full year, divisional sales were €161.2 million, a fall of 7.9% at constant exchange rates and 1.1% on an actual basis.

Within the portfolio of liqueur brands, Cointreau remained very strong in the US (16% increase in consumer demand on a moving annual average basis) and in Europe with, among others, the development of Cointreau C. The Passoa brand achieved strong 7.6% volume growth in its traditional formula, while sales of “ready to drink” suffered a significant decline. A decision has been taken to discontinue this product line.

The other brands in the liqueur portfolio remained stable (Bols) or declined (Coebergh in The Netherlands and Ponche Kuba in the Caribbean).

The refocusing of related advertising and marketing expenditure, particularly on Cointreau, led to a reduction in total expenditure at 44.3% of the gross margin. The divisional profit for the year was €49.3 million while the operating margin increased slightly to 30.6%.

Spirits

Divisional sales were as follows:

(€ millions)	31 March 2004 at constant exchange rates	31 March 2003	% Change
Vodka	75.4	59.3	+ 27.2
Metaxa	46.7	46.1	
Rhum	21.8	21.7	+ 1.3
Saint Rémy	22.7	22.2	
Other brands	32.2	40.4	(20.3)
Sub-total	198.8	189.7	+ 4.8
Change in Group structure	–	11.0	–
Total	198.8	200.7	–

The 4.8% increase in spirit sales on a like-for-like basis was due to vodka in Poland where, in a market that remained very competitive, the Bols brand achieved a solid level of activity that was more profitable after a price increase at the start of the year. Overall, the remainder of the portfolio was stable, with the exception of “other brands” which mainly encompassed the genever brands distributed in The Netherlands, which were adversely affected by an increase in consumption taxes in January 2003.

Against this background, and following advertising and marketing expenditure which increased to 36.4% of the gross margin, the contribution to operating profit was €53.9 million (a 4% increase on a like-for-like basis). The operating margin fell slightly to 29.3% due to unfavourable exchange rate movements in respect of the Polish business.

Champagne

Divisional sales were €125.8 million, an increase of 1.4% at constant exchange rates.

The Charles Heidsieck and Piper-Heidsieck brands grew by 3.4% due to their good progress in international markets, while the French market was less buoyant, thus reflecting the total shipments of Champagne in 2003 which were 2% higher than in 2002: split 5.9% for exports, and a reduction of 0.6% for the French market.

Operating profit fell by 11% to €15.3 million due to unfavourable exchange rate movements of €3.8 million. Organic growth was 10.4%, on a like-for-like basis.

The latter reflected the strategic directions adopted for the brands in 2002, ie:

- the development of brands in markets with high added value (exports): the Piper-Heidsieck brand is now the third leading Champagne brand in exports,
- a price repositioning towards the brand segment with high added value, and
- the development of new products and innovations.

After sustained marketing support of 39.7% of the gross margin, the operating margin of the Champagne division was 12.1% compared with 13.2% the previous year.

Partner Brands

Excluding a €2.3 exchange rate impact and the effect of the disposal of the wine distribution business in The Netherlands (a contribution of €4 million), this product line grew by 4.1%. Operating profit fell by €5.6 million during the year to €15.4 million.

Distribution and Central Costs

These represent the costs of Head Office and the distribution organisation in the US, the Caribbean and countries where the Group maintained a presence inherited from the merger with Bols (Poland, Netherlands and Hungary).

The reduction in these costs over the same period last year is analysed as follows:

(€ millions)	Distribution	Head Office and central services	Total
Exchange rate movement	(7.8)	–	(7.8)
Change in Group structure	(2.4)	–	(2.4)
General expenses	(0.2)	(3.1)	(3.3)
Provisions and other income	1.4	1.3	2.7
Net decline	(9.0)	(1.8)	(10.8)

Apart from the currency effect and Group structure changes, the decline in general expenses reflected the economy measures taken and the strict cost control implemented in the distribution network and at Head Office.

The increase in provisions and other income was due to the discontinuation of certain products in the previous year as well as increased provisions for accounts receivable and inventories of the Polish subsidiary.

The decline in general expenses reflected the economy measures taken within the central services section.

Overall, the operating margin was down 1.90 points in the year to 19.5%. Advertising and marketing expenditure was 34.9% compared with 32.9% the previous year.

Financial charges amounted to €64.1 million analysed as follows:

- The finance cost excluding co-operatives amounted to €59.7 million, a €5.1 million improvement on the previous year cost of €64.8 million, reflecting the decline in the average level of debt and the effect of debt refinancing in June 2003.
- The finance cost of the co-operatives consolidated in the year was €3.9 million.
- Exchange losses of €1.1 million.

Profit on ordinary activities after tax was €74.2 million, down €28.7 million from the previous year due to:

- a decline in profit before tax, with a €41.6 negative exchange rate effect on operating profit,
- a modest increase in the average tax rate due to the mix of operations and the tax position of the co-operatives,
- share in profit of associated undertakings of €6.9 million analysed as follows:

(€ millions)	Rémy Cointreau share
Maxxium	1.8
Dynasty	5.1
	6.9

Non-recurring income amounted to €2.1 million and comprised:

- gains on disposal made during the year (Rum Martinique and wine distribution business in The Netherlands),
- exceptional restructuring charges in respect of the production units in France and The Netherlands,
- exceptional income and expense relating to the refinancing in June 2003 and the liquidation of the equity swap contract, and
- provisions for taxation in respect of prior years.

Net profit was €76.3 million compared with €101.5 million the previous year. Earnings per share were €1.68.

Consolidated Balance Sheet and financial position

The table below discloses the key figures and major charges in the Group's financial position.

(€ millions)	31 March 2004	Co-operatives	31 March 2004 Exc. cooperatives	31 March 2003
Fixed assets	1,212.1	–	1212.1	1,230.0
Inventories	874.0	86.5	787.5	775.4
Other current assets	292.7	(19.9)	312.6	369.6
Operating liabilities	(302.4)	48.1	(350.5)	(338.0)
Net current assets	864.3	114.7	749.6	807.0
Deferred taxes net	0.2	–	0.2	(0.8)
Financial debt	(892.7)	(115.4)	(777.3)	(811.7)
Short-term deposits and cash	68.1	–	68.1	18.7
Net financial debt	(824.6)	(115.4)	(709.2)	(793.0)
Subordinated perpetual loan	(51.3)	–	(51.3)	(72.4)
Financial debt and subordinated perpetual loan	(875.9)	(115.4)	(760.5)	(865.4)
Provisions for liabilities and charges	(77.1)	–	(77.1)	(76.0)
Minority interests	(12.5)	(0.7)	(13.2)	(8.4)
Shareholders' equity	(1,111.1)	–	(1,111.1)	(1,086.4)
Cash Flow				
Operating activities	99.3	(6.1)	105.4	62.9
Investing activities	46.7	–	46.7	(61.3)
Inclusion of co-operatives	(109.3)	(109.3)	–	–
Financing activities	(52.2)	–	(52.2)	(44.5)
Translation adjustment	5.0	–	5.0	17.3
Net movement in debt	(10.5)	(115.4)	104.9	(25.6)
EBITDA (1)	199.3	–	199.3	239.2

(1) Operating profit + amortisation and depreciation + dividends received from Maxxium and Dynasty.

Consolidated Balance Sheet

Total assets, excluding the co-operatives, were stable at €2,397 million, and were €2,464 million including the co-operatives.

Fixed assets, including associated companies, were €1,212 million and represented 49% of total assets. Movements in the year related mainly to assets sold during the year.

Current assets, net of operating liabilities, were €864.3 million and included €114.6 million in respect of the co-operatives, representing inventories of €66.6 million net of advances and supplier credits of €48.0 million.

Group net financial debt, excluding the co-operatives but including the subordinated perpetual loan, short-term deposits and cash, amounted to €760.5 million, a decline of €104.9 million compared with 31 March 2003.

After inclusion of the co-operatives, Group financial debt, excluding the subordinated perpetual loan, was €892.7 million, which included a €21.1 million redemption premium for the OCEANE bonds.

The movement on Group net debt was as follows:

	(€ millions)
Net debt at 31 March 2003	865.4
Co-operatives debt at 1 April 2003	109.3
Pro-forma movement in debt	(104.9)
Movement in co-operatives debt	6.1
Net debt at 31 March 2004	875.9

The Group's capacity to repay its debt remained sound with a ratio of debt, excluding the cooperatives, and the subordinated perpetual loan, to EBITDA of 3.56, compared with 3.32 at 31 March 2003.

Shareholders' equity grew by €24.7 million to €1,111.1 million.

Minority interests were €12.5 million.

Shareholders' equity and minority interests were equivalent to 45.8% of total assets, compared with 45.7% the previous year.

Movement in financial debt and cash flow

Cash flow from operating activities after debt servicing was €99.3 million and €105.4 million excluding the co-operatives (€62.9 million last year).

The positive movement in working capital requirements, including the co-operatives, contributed €23.1 million to operating cash flow.

Cash flow from investing activities was €46.7 million and arose mainly from the disposal proceeds of €66.1 million and the acquisition of fixed assets for €20.5 million.

Cash flow used in financing activities amounted to an outflow of €52.2 million due to the following:

	(€ millions)
Dividend paid	(43.9)
Equity swap income	10.1
Refinancing costs	(14.7)
OCEANE redemption premium	(6.7)
New shares issued	3.1

Taking into account these flows, net debt at 31 March 2004 was €875.9 million, which included €115.4 million in respect of the co-operatives.

Exceptional events and litigation

There is no event or litigation likely to have or to have had recently a significant impact on the financial position of the Group, its operations or results.

Recent developments

At 30 June 2004, Rémy Cointreau's consolidated turnover was €178.9 million, an organic growth of 11.8% compared with the previous year. This performance demonstrates the dynamism noted at the end of 2003/04, particularly in Asia and the US, two growth drivers.

Future prospects

In terms of the nature of its business and the international split of its sales, Rémy Cointreau has a marked sensitivity to medium-term currency fluctuations and to developments in international trade.

The 2004/05 financial year is likely to suffer from the appreciation of the euro to the extent that it is very unlikely that the euro will fall sufficiently to reach the exchange rate achieved in the previous year of €1 = $1.01. This unfavourable effect will be offset by the hedging set up for this year (€1 = $1.16).

However, the strong performance of the US market and the recovery of business in Asia and travel retail are encouraging signs for the growth of Group brands. Against this background, the 2004/05 financial year has begun as a year for strengthening Rémy Cointreau's strategy through:

- the ongoing policy of raising prices and the movement upmarket that began in 2003/04,
- the launch of further marketing and distribution initiatives, and
- continuing cost control measures and debt reduction.

These factors should lead to a significant increase in sales and operating profit, based on identical exchange rates.

Significant events that occurred after the year end and prior to the date of the present report

The announcement of a reorganisation of the distribution business in The Netherlands was made in May 2004 and was received favourably by the Workers' Council. This reorganisation will lead to the transfer to Maxxium during 2004 of the distribution of local brands and by the creation of a new back office operation.

Research policy

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

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

Multi-disciplinary teams comprising technicians, wine experts, engineers and scientific doctors are responsible for in-house activities. Their mission is to ensure that the business adopts the advances and innovations that relate to the various operations in growing methods, liquid processing and production processes with the ultimate aim of providing the consumer with a high quality product at a reasonable price.

The Rémy Martin laboratories are also ISO 17025 certified, underlining the importance that the Rémy Cointreau Group places on satisfying customer needs in terms of guaranteed quality and reliability of analyses and results.

The various accreditations also demonstrate the business's desire to set up a system of continuous improvement in methods and performance.

Research and development expenditure is written off as incurred by all companies concerned. This represents 16 people and a budget of €1.3 million, or 0.14% of turnover.

Civil and environmental impact on the operations

Rémy Cointreau has always maintained its desire to combine economic performance with its civil and environmental responsibilities.

To strengthen its commitment, the Group has an Executive Management and a Committee for Sustainable Development, which proposes, on advice, appropriate action for all its activities and scope of Rémy Cointreau's operations. Those commitments are maintained in accordance with its adoption of the international charter Global Compact.

Five areas have been selected to develop responsible behaviour by Rémy Cointreau in respect of civil and environmental aspects of its operations:

Vine cultivation

- The continued application of responsible vine cultivation at the Group's vineyards.
- Priority measures are applied to ensure better soil management, growth of the vines, water, energy and waste products.
- HACCP accreditations (food safety) of the Group's sites are increasing among the wine or eaux-de-vie producers following advice and audits undertaken by the Group.

Management of Quality, Safety and the Environment (QSE) on production sites

- Staff, consumer safety and protection of the environment are Rémy Cointreau's three priority areas.
- A QSE Committee has been established to strengthen its control of risks and ensure product tracing. Various Group production sites carry an HACCP accreditation to guarantee consumers total food safety.
- These steps were taken to optimise water management, preservation of air quality, energy use and adding value to waste.
- As part of the development and evolution of its products, action taken to preserve the environment has substantially reduced the overall use of glass and cardboard by Rémy Cointreau, a saving of more than 300 tons of cardboard packaging and 500 tons of glass.
- Rémy Cointreau's commitment to the environment, together with control of product preparation and working practices also led to the ISO 9000/2000 and ISO 14001 certifications for the production sites.

Human resource management

Three principles have been adopted which reflect the traditional and fundamental values of Rémy Cointreau:

- social equality, with the ongoing desire to achieve equality for Men/Women in respect of skills and responsibilities,
- personal and professional development to improve skills,
- collective discussion and social dialogue to involve personnel in Rémy Cointreau's commitments and the constant quest for transparent communication.

Supplier relationships

- These are covered by an ethics contract that refers to the Global Compact so that every supplier respects the principles defined in this international charter concerning work practices and respect for the environment.
- The selection and evaluation of new partners is now subject to an audit that includes a social and environmental questionnaire regarding their operations.

Ethical marketing and commercial behaviour

- A Responsible Communications Charter has been established, that details and enhances the collective commitments covering the marketing department, partners and the worldwide distribution network.
- Rémy Cointreau has also been involved for a number of years in preventative measures regarding the consumption of spirits.

All of these measures, adopted voluntarily, enable Rémy Cointreau to commit and affirm its responsible behaviour as a good citizen in meeting the expectations of society as a whole.

Rémy Cointreau has not received, at the date of this report, any notification stating that it contravenes any regulation concerning the environment. To its knowledge, Rémy Cointreau is not involved in any administrative or judicial procedure in progress at the date of this report.

The production and sale of Group products is subject, in France and abroad, to regulations specific to alcoholic drinks, particularly in relation to the production, packaging and sale of products. The Group has all the necessary authorisations for all important aspects of its business, and has not encountered any particular constraints likely to affect its business in a significant manner.

At the date of this report, neither Rémy Cointreau, nor any of its subsidiaries has been or is involved in a legal process in respect of liability for defective products that has or is likely to result in an adverse judgment against the Group.

Driven by its own decisions, set out in clear steps, the Group's commitment to responsible behaviour carries conviction. Together with the expectations of society, the traditional practices of Rémy Cointreau reveal a strategy of excellence. The Group is permanently committed to apply, everywhere, a policy of social equality and to respect the environment. Only this approach, which is slow and gradual, can guarantee the sustainability of the business and the surrounding environment. Guided by these principles of integrity, transparency and respect for commitments, Rémy Cointreau affirms its ambition to be an example as a responsible citizen.

Remuneration paid to members of the management board and supervisory board

For the 2002/03 financial year, each Supervisory Board member received attendance fees of €21,263, with Mr Alain Bodin receiving €15,947 and Mr Gérard Epin €10,631 on a pro-rata basis. Mme Dominique Hériard Dubreuil received from the Group fixed remuneration of €216,650 and attendance fees of $30,000 from Rémy Amérique in respect of the 2002/03 financial year. Mr Hubertus van Doorne received total remuneration of €466,700, including a fixed remuneration of €330,248 and attendance fees from Metaxa in the amount of €60,000. Mr Alain Emprin received total remuneration of €414,660 including a fixed remuneration of €305,131. Mr Bruno Mouclier received total remuneration of €373,624 including a fixed remuneration of €269,925. Mr Pierre Soussand received total remuneration of €322,399 including a fixed remuneration of €229,173.

The above remuneration includes benefits-in-kind from which each member benefited.

The members of the Management Board benefit, as do other senior group staff members, from an increased level of payment on retirement, as well as the possibility of an additional pension, taken out with an insurance company, that enables them, if they are employed by the business at the time of their retirement, to benefit from an additional pension of a maximum of 11.5% of their final remuneration. This commitment is accounted for within pension commitments.

Management board and supervisory board

Supervisory Board

Chairman

François Hériard Dubreuil

Date first appointed: 19 December 2000

Date appointment expires: AGM considering the financial statements for the year 2006

Principal appointment outside the group:

Managing Director and Director of Andromède S.A.

Other appointments:

Chairman of the Board and Director of Orpar S.A.

Chairman of the Management Board of Récopart S.A.

Director of Oeneo S.A.

Manager of Financière de Nonac

Chairman of GCP S.A.S.

Vice-Chairman

Marc Hériard Dubreuil

Date first appointed: 19 December 2000

Date appointment expires: AGM considering the financial statements for the year 2005

Principal appointment outside the group:

Managing Director and Director of Andromède S.A.

Other appointments:

Vice-Chairman, Managing Director and Director of Orpar S.A.

Member of the Management Board of Récopart S.A.

Director of Oeneo S.A.

Manager of LVLF

Manager of EURL Marchadier Investissement

Other members of the Supervisory Board

Pierre Cointreau
Date first appointed: 19 December 2000
Date appointment expires: AGM considering the financial statements for the year 2006
Principal appointment outside the group:
Chairman of the Supervisory Board of Récopart S.A.
Other appointments:
Director of CLS Rémy Cointreau
Director of GIE Rémy Cointreau Services
Chairman of the Board of Directors of Cointreau S.A.S.
Chairman of the Board of Directors of Izarra S.A.S.

Patrick Duverger
Date first appointed: 19 December 2000
Date appointment expires: AGM considering the financial statements for the year 2004
Principal appointment outside the group:
Member of the Supervisory Board of AVIVA France
Other appointments:
Director of AVIVA Participations
Director of Faurecia
Director of Soparexo

Brian Ivory
Date first appointed: 19 December 2000
Date appointment expires: AGM considering the financial statements for the year 2006
Principal appointment outside the group:
Director of HBOS plc
Other appointments:
Director of Orpar
Chairman of Scottish American Investment Company plc
Chairman of National Galleries of Scotland

Jürgen Reimnitz
Date first appointed: 19 December 2000
Date appointment expires: AGM considering the financial statements for the year 2005
Principal appointment outside the group:
Chairman of the Supervisory Board of Air Liquide GmbH (Dusseldorf)
Other appointments:
Chairman of the Supervisory Board of Merrill Lynch International Investment Funds (Luxembourg)
Director of Bongrain S.A.
Member of the Investments Consultative Committee of Fich Inc (London, New York)
Member of the Investments Committee of UN, New York

Guy Le Bail
Date first appointed: 21 September 2001
Date appointment expires: AGM considering the financial statements for the year 2004
Principal appointment outside the group:
Director and Managing Director of Orpar S.A.
Other appointments:
Permanent representative of Orpar on the Supervisory Board of Récopart S.A.
Director of Oeneo S.A.
Member of the Supervisory Board of GVG S.A.
Chairman of the Board of Directors of Antares S.A.S.
Chairman of the Board of Director of Nyak S.A.S.
Manager of Société Civile du Domaine du Breuil de Segonzac
Managing Director of GCP S.A.S.
Manager of SCI Le Boi
Manager of SCI Le Boi d'Antares

Alain Bodin
Date first appointed: 11 June 2002
Date appointment expires: AGM considering the financial statements for the year 2004
Principal appointment outside the group:
Chairman of Prochacoop
Other appointments:
Director of Centre d'Economie Rurale de la Charente

Gérard Epin
Date first appointed: 3 September 2002
Date appointment expires: AGM considering the financial statements for the year 2005
Principal appointment outside the group:
Chairman and Managing Director of Oeneo S.A.
Other appointments:
Co-manager of Gemsy

Javier Bernat
Date first appointed: 11 March 2003
Date appointment expires: AGM considering the financial statements for the year 2006
Principal appointment outside the group:
Chairman of the Board of Directors of Chupa Chups S.A.
Other appointments:
Member of the Consultative Board of Rabobank (Spain)
Director of Calidalia S.A.
Advisor to Mc Lane España

Håkan Mogren
Date first appointed: 11 March 2003
Date appointment expires: AGM considering the financial statements for the year 2004

Principal appointment outside the Company:
Vice-Chairman of the Board of Directors
of Astrazeneca plc
Other appointments:
Chairman of Affibody AB
Vice-Chairman of Gambro AB
Director of Norsk Hydro ASA
Director of Danone
Director of Investor AB

Number of independent non-executive members of the Supervisory Board: 4
Patrick Duverger
Jürgen Reimnitz
Javier Bernat
Håkan Mogren

The Supervisory Board is regularly informed of the independence of each of its members.
Number of members elected by employees: the company does not have any employees.
No censor has been nominated.
Number of shares that must be held by each member: 10.

Management Board

Chairman

Dominique Hériard Dubreuil
Date first appointed: 19 December 2000, reappointed on 4 December 2002
Date appointment expires: 4 December 2004
Principal appointment outside the group:
Managing Director and Director of Andromède
Other appointments:
Chairman of the Board of Directors of Vinexpo Overseas S.A.
Chairman of the Board of Directors of GIE Rémy Cointreau Services
Chairman of Rémy Cointreau Service S.A.
Director of Orpar S.A.
Director of CLS Rémy Cointreau S.A.
Director of Baccarat S.A.
Director of Vinexpro S.A.S.
Director of Botapol Holding BV
Director of Unipol BV
Director of Erven Lucas Bols NV
Director of Rémy Concord Ltd
Director of Rémy Pacifique Ltd
Director of Rémy Finance BV
Chairman of the Board of Directors
of Rémy Cointreau Amérique Inc

Members of the Management Board

Hubertus van Doorne
Date first appointed: 19 December 2000, reappointed on 4 December 2002
Date appointment expires: 4 December 2004
Principal appointment outside the Group:
None
Other appointments:
Director of Destileria de Jalisco
Director of Cointreau Corporation
Director of Rémy Cointreau Amérique
Director of Maxxium
Director of Erven Lucas Bols N.V.
Director of Botapol Holding BV
Director of Unipol BV
Director of Bols Spolska Zoo
Member of the Supervisory Board of Bols Hungary Kft

Alain Emprin
Date first appointed: 1 November 2001, reappointed on 4 December 2002
Date appointment expires: 4 December 2004
Principal appointment outside the group:
None
Other appointments:
Chairman and Managing Director of CLS Rémy Cointreau
Chairman of Piper-Heidsieck Compagnie Champenoise S.A.S.
Managing Director of Champagnes P. & C. Heidsieck S.A.S.
Managing Director of Cointreau S.A.S.
Managing Director of Izarra S.A.S.
Managing Director of Société Armagnacaise de Production S.A.S.
Chairman of the Board and Director of Mount Gay Distilleries Ltd
Director of Remy Caribbean and Latin America Ltd
Director of Rémy Cointreau Amérique Inc

Pierre Soussand
Date first appointed: 12 March 2002, reappointed on 4 December 2002
Date appointment expires: 4 December 2004
Director of Group Organisation and Human Resources
Principal appointment outside the Group:
None
Other appointments:
Member of the Supervisory Board of Bols Hungary Kft

In accordance with a meeting on 10 March 2004, the Supervisory Board noted the resignation of Mr Bruno Mouclier as a member of the Management Board.

Operation of supervisory and management boards

The Management Board comprised four members at 31 March 2004.

Management Board members are appointed by the Supervisory Board and are dismissed by the General Meeting or the Supervisory Board. All persons appointed to the Management Board must be 65 years of age or less. Any member who exceeds this age is deemed to have resigned from office effective at the end of the next meeting of the Supervisory Board.

Between 1 April 2003 and 31 March 2004, the Supervisory Board met twenty five times. The attendance rate was almost 100%.

The operation of the Management Board is not regulated by internal rules. The evaluation of the members of the Management Board is carried out throughout the year at their participation at meetings and committees of the Supervisory Board, with the latter now having the power in the bylaws of direct removal.

The Management Board reports to the Supervisory Board which comprised eleven members at 31 March 2004.

Between 1 April 2003 and 31 March 2004, the Supervisory Board met four times. The attendance rate was 98%.

The members of the Supervisory Board and the Management Board are informed, at the time they take up their appointment, of the legal and regulatory provisions in force in respect of Directors trading in the Company's shares.

Composition and holding of the share capital at 31 march 2004

At 31 March 2004, after the Management Board noted the issue during the year of 199,908 shares resulting from the exercise of options to subscribe, the share capital was €71,647,758.40, divided into 44,779,849 shares with a nominal value of €1.67 each.

In accordance with Article L.233-13 of the Commercial Code:

- at 31 March 2004, Orpar held over one-third of the share capital and over half the voting rights in the company,
- at the same date, Récopart held over 10% of the share capital and voting rights in the Company,
- Arnhold and S. Bleichroeder LLC held over 5% of the share capital and voting rights.

Purchase and sale by the company of its own shares during the year

The Combined General Meeting of Rémy Cointreau on 8 September 2003, in its thirteenth resolution, authorised the Management Board for a period expiring at the end of the General Meeting called to consider the financial statements for the year ended 31 March 2004 and no later than eighteen months with effect from 8 September 2003, to purchase or sell shares in the Company; up to 10% of the shares capital, which is 3,802,421 shares net of Treasury shares held.

The Company purchased 3,752 shares and sold 26,895 shares during the year. At 31 March 2004, the Company held 632,430 Treasury shares.

Commentary on the resolutions submitted to the meeting

Modification of the method of managing the company by the adoption of a board of directors

The Combined General Meeting at 19 December 2000 elected to change the method of managing the Company with the adoption of a Management Board and a Supervisory Board. This change occurred as part of the acquisition of the Dutch group, Bols, and reflected the desire to benefit from the complementary expertise of the two management groups.

Since then, changes in the Group's structure and management practices implied by this dualist approach have demonstrated this split of powers does not meet the aspirations of a private French group. This has become more obvious following the reforms to company law in 2001 and 2003.

The laws of 15 May 2001 and 1 August 2003 brought a number of relaxations for companies managed by a Board of Directors in their management of ordinary affairs, as well as a significant strengthening of the Director's powers and information.

By now proposing to revert to the traditional method of management, the Supervisory Board wishes to take account of the new rules on corporate governance provided by French legal requirements.

In this respect, it is worth noting that many French companies who, like Rémy Cointreau, had chosen to adopt Supervisory and Management Boards have gradually returned to the traditional approach with the exception, it appears, of state-owned and subsidiaries of foreign companies. The traditional approach of having a Board of Directors has been adopted by the great majority since 1 January 2004. There are approximately 110,000 companies with a Board of Directors and only 5,830 companies with a Supervisory Board and a Management Board.

If you elect to revise the method of managing the Company, this will lead to changes in the bylaws and the appointment of the first members of the Board of Directors (twenty-third and thirty-third resolutions). In this respect, we propose reappointing the current members of the Supervisory Board, with the exception of Mr Alain Bodin who we thank sincerely for serving on the Board. Mme Dominique Hériard Dubreuil will join the new Board of Directors.

In the event that this change in the way of managing the Company is not approved by the Meeting, all the delegations granted to the Board of Directors, the subject of resolutions to be presented for your approval, will be considered as granted to the Supervisory Board and will remain in force from then on for the duration of their validity.

Revision to the bylaws in accordance with the decree on commercial companies, the law on financial security and the order of 24 June 2004

We propose that you vote on the following three changes to the bylaws:

- elimination of Article 7 of the bylaws in relation to the reference to the transfer in kind of the company Bols Holding BV on 19 December 2000. In accordance with Article 288 of the decree of 23 March 1967, this reference can be deleted as it has no force in the bylaws and it already appears in annual reports;
- revision of Article 8.2 of the bylaws in relation to the declaration of crossing of share ownership thresholds. The law of 1 August 2003 and the order of 24 June 2004 have the effect of changing Article L.233-7 of the Commercial Code. Now, the time limit for declaration shall be set by a decree taken in the Council of State covering the total number of shares and voting rights. It should be noted that previously the total number of shares had to be declared within fifteen days;
- revision of Article 10.2 of the bylaws in relation to the holders of bearer shares. The law of 1 August 2003 and the order of 24 June 2004 have also revised Article L.228-2 of the Commercial Code. Now, the share registrar may be required by the Company to provide this information, and become the "central registrar that provides services for the issue of its securities".

As a result of these three revisions and the change in the way of managing the Company, we ask you to approve, by voting for the sixth resolution, the adoption of new bylaws for Rémy Cointreau S.A.

Authorisation to grant options to subscribe or purchase shares

In accordance with the Group's corporate policy on staff motivation and loyalty where the Management Board considers they have an important role within the Group, it is proposed that you authorise the Board of Directors within Articles L.225-177 and subsequent of the Commercial Code, to grant, on one or more occasions, for the benefit of employees of the Company and companies or GIE covered by Article L.225-180 of the Commercial Code, or some of them, as well as executives of the Company and the companies or GIE covered by Article L.225-180 of the Commercial Code, within the limits provided by Article L.225-182 of the Commercial Code, options giving the right to subscribe for new shares in the Company, to be issued by way of an increase in capital, or options giving the right to purchase shares in the Company arising from a repurchase made by it in accordance with Articles L.225-208 or L.225-209 and subsequent of the Commercial Code. The total amount of options granted under the present authorisation may not give the right to a number of shares that represent over 3% of the share capital of the Company.

The present authorisation, given for a period of thirty eight months from today, carries for the benefit of the beneficiaries of options to subscribe, the express waiver by shareholders of their pre-emption right to subscribe for shares to be issued in line with the exercise of options to subscribe.

The subscription price or the share price will be set by the Board of Directors the day the option shall be granted within the limits authorised by law. The options to subscribe or purchase may not be granted during closed periods provided by law.

In any event, in the case of options to subscribe, the subscription price may not be less on the day the option is granted than 80% of the average price quoted during the twenty stock market trading days preceding the said day. In the case of the grant of purchase options, the share purchase price may not be either less than 80% of the average price of the twenty stock market trading days preceding the date the options are granted, nor less than 80% of the average purchase price of shares held by the company under the Articles L.225-208 and/or L.225-209 of the Commercial Code.

The subscription or purchase price may not be revised during the life of the option. However, in the event of a write down or reduction in capital, a change to the allocation of profit, a bonus issue of shares, the incorporation into capital of reserves, profits or issue premiums, the distribution of reserves or any issue of capital securities or securities giving the right to the grant of capital securities carrying a subscription right reserved to shareholders, the Board of Directors must take the necessary steps to protect the interest of beneficiaries of options in accordance with Article L.228-99 of the Commercial Code.

The time limit for the exercise of options will be a maximum of ten years with effect from the date of grant.

Authorisation to increase capital by incorporation of reserves, profits or premiums

It is proposed, in the eighth resolution, to authorise the Board of Directors for a period of twenty six months to increase the share capital, on one or more occasions, at times and according to the conditions it sets, by incorporation into capital of reserves, profits or premiums, followed by the creation and bonus issue of shares or by raising the nominal value of existing shares or a combination of both of these.

The amount of capital increase that may be made under this authorisation may not exceed the nominal value of €70,000,000, set independently of the maximum ceiling of increase arising from issues of marketable securities giving access to capital whose authorisation is also proposed.

Authorisation to issue marketable securities giving access to capital

The General Meeting of Rémy Cointreau on 3 September 2002, in extraordinary session granted the Supervisory Board the authorisations, with pre-emption rights maintained or not, to give your Company recourse to the financial markets by the issue of various kinds of marketable securities.

These authorisations have a life of twenty six months expiring on 2 November next, and you are requested to renew them to enable the Group to access the financial resources within a short timeframe that it requires for its development, by using the financial instruments best suited to market conditions.

In accordance with Articles L.225-129, L.125-129-2 and L.228-92 of the Commercial Code, the Meeting is requested to again grant the Board of Directors for a period of twenty six months, a general delegation, the subject of the ninth and tenth resolutions, enabling the issue, with or without pre-emption rights to subscribe for shares (other than preference shares) in the Company, as well as all marketable securities, of whatever nature, giving access immediately and/or in time to capital, within the nominal ceiling of an increase in capital of €30,000,000.

a) Issues with pre-emption rights to subscribe (ninth resolution)

Within the overall authorisation, the ninth resolution relates to issues with a maintained pre-emption right to subscribe for shares in the Company and all marketable securities giving access to capital in Rémy Cointreau.

In the event of an issue of marketable securities giving access in time to capital, by conversion, exchange, repayment, presentation of a warrant, a combination of these, or any other manner, your decision implies or carries, depending on the case, the waiver by shareholders to the benefit of the holders of these securities, to the subscription of shares themselves likely to be acquired from securities initially issued, whose subscription will be reserved for shareholders.

The delegation of the Meeting thus confers to the Board of Directors the possibility for a period of twenty six months, to decide to issue, within the limit of a maximum nominal increase in capital of €30,000,000, shares in the Company, as well as all categories of marketable securities giving access to capital.

The total nominal value of debt securities that may be issued on the basis of the ninth resolution may not exceed €750,000,000.

The amount is common to the nominal value of debt securities that may be created on the basis of the tenth resolution submitted to the present meeting.

On these bases, the Meeting is invited to delegate to the Board of Directors, with the facility of sub-delegation in accordance with the law, the widest powers to proceed with the authorised issues, on one or more occasions, on all markets and all currencies if it concerns debt securities, in the best interests of the Company and its shareholders, and particularly to set, as a function of market opportunities at the time concerned, the price, conditions and features of the issues, set the amounts to be issued, determine the terms of issue and the form of marketable securities giving access to capital to be created, set the effective date, even retroactive, of marketable securities giving access to capital to be issued and the terms of their repurchase, proceed with all adjustments required in accordance with law and regulations, possibly suspend the exercise of rights attached to these marketable securities for a fixed period in accordance with law and regulations and, generally, take all steps necessary and conclude all agreements to carry out successfully the issues envisaged, and to note their achievement and to change the bylaws where required by use of the present authorisation, with everything in accordance with the law and regulations in force.

You are also requested to enable the Board of Directors to grant shareholders the reducible right to subscribe and, in every case, if the subscriptions do not absorb the total of the issue, to decide, in the order it determines, and in conditions set by law, to limit it to the subscriptions received or, in full or part, to issue free the securities not subscribed or to offer them to the public in total or in part. You are also requested to enable the Board of Directors to use Treasury shares as substitutes for shares to be issued under the present authorisation.

b) Issues without pre-emption right to subscribe (tenth resolution)

The Board of Directors may be led, in the interest of the Company and its shareholders, in order to seize opportunities offered by financial markets in certain circumstances, to proceed with issues without shareholder pre-emption rights.

This exclusion of the pre-emption right is justified by the necessity, in certain circumstances, to reduce the timeframe to facilitate the placing of marketable securities issued, particularly on the international market.

Also, the Board of Directors requests, by a vote for the tenth resolution, to authorise the issue, without shareholders pre-emption right, of shares (other than preference shares) in the Company, as well as marketable securities, of whatever nature, giving access to capital provided by the ninth resolution, up to a general ceiling of €30,000,000, and, which is common to both resolutions, for the same period of twenty six months.

This vote, as for the ninth resolution, implies or carries, according to the case, also a waiver to the subscription to the shares likely to be acquired on the basis of securities initially issued.

The total nominal value of debt securities that may be issued on the basis of the tenth resolution may not exceed €750,000,000 which ceiling is common to that set in the ninth resolution.

In the event of an issue with the exclusion of the pre-emption right, the Board of Directors may, up to a limit of 10% of the share capital per year, set the issue price of shares that can be assimilated to existing shares admitted to trading, in a way that this price is at least equal to the average of the opening price quoted on the Premier Marché of Euronext Paris during ten consecutive trading days selected from the twenty trading days preceding the start of the issue, if there has been a correction to this average to take account of the difference in the effective date. Excluding these cases, the issue price of the shares or marketable securities giving access to capital that can be assimilated to those shares or marketable securities giving access to existing capital admitted to trading will be set in accordance with the law and regulations.

The issue price of other marketable securities will be the sum received immediately by the Company, increased, where appropriate, by that likely to be received later by it, either, for every share issued as a result of the issue of these other marketable securities, or at least equal to the issue price defined in the previous paragraph.

As a function of these, the Board of Directors will set the issue price of marketable securities and, where appropriate, the terms of remuneration of debt securities, in the best interests of Rémy Cointreau and its shareholders and taking into account all the parameters involved.

On these bases, the Meeting is invited to delegate to the Board of Directors, with the facility of sub-delegation in accordance with the law, the widest powers to proceed, on one or more occasions, with the issues of debt securities and other marketable securities, and to set the terms of every issue as indicated in the present report concerning the ninth resolution. You are also requested to enable the Board of Directors to use Treasury shares as substitutes for shares to be issued under the present authorisation.

The most varied terms of placing are envisaged to reach the widest market.

The Board of Directors requests the authorisation to organise for the benefit of the shareholders, according to circumstances and if they permit it, a non-negotiable priority right, possibly reducible, where it will set the terms of exercise.

You are also requested to delegate to the Board of Directors, the issue with elimination of the pre-emption right to subscribe for shares or marketable securities giving access to capital as consideration for securities transferred in all public offers to exchange initiated by the Company in respect of securities in another company whose shares are admitted to trading on a regulated market covered by Article L.225-148 of the Commercial Code and shares and marketable securities representing a share of the capital of the Company which give a right to marketable securities issued by companies owned more than 50% by Rémy Cointreau, directly or indirectly.

The same ceiling of nominal value of capital increase of €30,000,000 applies to these issues.

At the time of the Meeting, the special report of the Statutory Auditors will be read. This will give their opinion on these authorisations.

In the event of the use by the Board of the ninth and/or tenth authorisations referred to above and in accordance with Articles 155-2 and 155-3 of the decree of 23 March 1967, the additional reports on the final terms of the transactions will be made available, and then presented to a General Meeting.

You are also requested in the eleventh resolution, to confer all powers on the Board of Directors to change the bylaws made necessary by the use of the present authorisations and to enable it to allocate the costs incurred in the capital increases to the premiums arising from these transactions, as well as those in the fourteenth and sixteenth resolutions.

Authorisation to reduce the share capital by cancellation of Treasury shares held by the Company

The resolution, as proposed, is in respect of the possibility that the Board of Directors cancels shares, in accordance with Article L.225-209 of the Commercial Code, which were purchased by the company under the authorisation to be given by the Meeting in the thirty fifth resolution or which had been acquired under previous authorisations for the Company to trade in its own shares.

It is designed to enable the Board of Directors to reduce the capital as a result of this cancellation. In accordance with the law, this cannot be applied to more than 10% of the capital in a period of twenty four months.

Authorisation to reduce the share capital

In accordance with Article L.225-204 of the Commercial Code, it is proposed to authorise the Board of Directors to reduce the capital on one or more occasions, up to a maximum of 30% of the capital in issue on the date of the Meeting, by repurchase of shares in the Company of €1.60 nominal value each. The maximum purchase price shall be €50 per share. This authorisation will be given for a period of three years from the present meeting.

Authorisation to proceed with a capital increase by the issue of shares reserved for members of a business savings plan

Since the law of 19 February 2001, in respect of employee savings, the Extraordinary General Meeting must, at the time of every decision to increase capital, consider a proposed resolution designed to issue shares reserved for employees who are members of a business savings plan (BSP). Failure to observe this requirement will void the decision to increase capital.

This requirement, which has a very general character, is imposed on every company, whether they have a BSP or not and, since the law on financial security of 1 August 2003, for every decision to increase capital in cash, including deferred. As a result, the Company is subject to this even though it has no employees, nor BSP, and there is no group BSP. Capital increases by the issue of shares reserved for members of a BSP will eventually occur within subsidiaries that have employees.

In order to retain the full validity of the various authorisations given to the Board of Directors in order to issue the various marketable securities giving access to capital, we are required to present this resolution resulting from a legal requirement with general application, while requesting, as at the Combined General Meeting of 3 September 2002, to reject this as it cannot apply to our Company.

Authorisation to use the delegations to increase and reduce the share capital in a period of a public offer for the company's shares

It is proposed to retain, during a period of a public offer to buy or exchange shares in the Company, the delegations held by the Board of Directors to increase or reduce the share capital, as long as the use of these delegations is within the ordinary activities of Rémy Cointreau and that their implementation is not likely to block a public offer to purchase or exchange in accordance with the new Article L.225-129-3 of the Commercial Code introduced by the order of 24 June 2004.

Authorisation to proceed with a capital increase restricted to 10% of the capital as consideration for transfers in kind

The order No. 2004-604 of 24 June 2004 revised Article L.225-147 of the Commercial Code and now allows an Extraordinary General Meeting to authorise the Board of Directors, for a maximum period of twenty six months, to proceed with a capital increase, of up to 10% of the share capital, as consideration for transfers in kind to the Company and comprising capital securities or marketable securities giving access to capital.

Note that this ceiling of 10% is independent of all the ceilings provided in respect of the other resolutions to the present meeting.

Allocation of 2003/04 profit

The Management Board notes that the financial statements for the year ended 31 March 2004 disclose the following:

• loss for the year	€(22,589,635.41)
• balance brought forward	€97,569,613.50
Total amount distributable	€74,979,978.09

and proposes the following allocation:

• allocation to the legal reserve	€31,985.28
• allocation to special reserve for long-term capital gains	€12,860,057.00
• distribution of a dividend of €1.00 per share together with a tax credit of €0.50 per share	€44,779,849.00
• balance carried forward	€17,308,086.81
Total	€74,979,978.09

In the event of the Company retaining some of its own shares at the time of payment, the amount of unpaid dividends in respect of these shares shall be added to "balance carried forward".

In accordance with the law, it is noted that net dividends during the last three years and related tax credits for shareholders residing in France were as follows:

Year	2000/2001	2001/2002	2002/2003
Net dividend per share	€0.90	€0.90	€1.00
Tax credit per share	€0.45	€0.45	€0.50

Agreements covered by article L.225-86 of the Commercial Code

The agreements authorised and concluded in prior years and in force during this year as well as agreements authorised during the year have been given to the Statutory Auditors to enable them to prepare their special report. We would ask you to approve their terms and conditions.

Attendance fees

We propose that the attendance fees be set at €264,000, subject to the adoption of the new bylaws, to members of the Board of Directors in respect of 2004/05. This is in line with other French groups of the same size at an international level.

Authorisation to trade in the company's shares

It is proposed to authorise the Management Board, for a maximum period of eighteen months from the date of this Meeting, to purchase shares in the Company, up to 10% of the share capital, representing 3,845,554 shares, calculated by deducting Treasury shares held.

The repurchase programme is designed to achieve the following, in order of priority:

- stabilise the Company's share price by trading systematically against the trend;
- transfer these shares following the exercise of rights attached to marketable securities giving the right by conversion, exchange, repayment, presentation of a warrant, a combination of these, or any other manner of granting existing shares in the Company;
- grant options to purchase shares to personnel and/or executive management of the Company or the Group;
- offer personnel the opportunity of acquiring shares directly or via a business savings plan as provided by law, particularly Articles L.443-1 and subsequent of the Labour Code;
- use these shares for acquisitions by exchanging shares, or as consideration, or in any other manner likely to improve the terms of a transaction;
- use the shares as consideration for restructuring and particularly mergers, within stock market regulations;
- cancel the shares to increase the return on capital and the earnings per share, subject to the adoption of the twelfth resolution;
- retain the shares, or dispose of or transfer them, where appropriate, as part of an active management of resources, taking into account funding requirements.

The purchase of these shares, as well as their sale or transfer, may be carried out at any time, including the period of a public offer, subject to periods of abstention provided for in regulation No. 90-04 modified by regulation No. 92-03, 98-03, 2000-06 and 2003-02 of the Commission des Opérations de Bourse and other legal or regulatory provisions, and by all means, on or off-market, including block transactions and any financial derivative instrument, particularly options, to the extent that these latter measures do not significantly increase the volatility of the share price. The maximum amount of capital acquired or transferred by block transaction may cover part of an authorised share repurchase programme.

It is proposed to set the maximum purchase price at €50 per share and the minimum sales price at €22 per share. The maximum amount that the Company may be liable to pay is €192,277,700, excluding trading expenses.

Setting the terms of issue of loan notes as a result of the changes made by the order of 24 June 2004

Orders No. 2004-604 of 24 June 2004 profoundly altered Article L.228-40 of the Commercial Code.

Now, the Board of Directors can decide or authorise the issue of loan notes, unless the bylaws reserve this power for a general meeting or if the meeting decides to exercise the power itself. The law grants the Board of Directors, in the area of loan notes, the same powers that it already has in the area of bank loans.

The thirty sixth resolution submitted to the present general meeting immediately terminates the authorisation given to the Management Board by the Combined General Meeting, in ordinary session, of 3 September 2002, in the fourteenth resolution.

You are invited to approve by voting for these resolutions as proposed.

The Management Board

REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD (ARTICLE L.225-68 OF THE COMMERCIAL CODE)

Ladies, Gentlemen,

In accordance with the provisions of Article L.225-68 of the Commercial Code, we report to you pursuant to the present report on:

- the conditions of preparation and organisation of the work of your Supervisory Board,
- the internal control procedures implemented by the Company.

Conditions of preparation and organisation of the work of the Supervisory Board

Composition of the Board

The Supervisory Board comprises eleven members. A list of all Board Members, as well as their other appointments can be found in paragraph 5.1.0. above.

Independent directors were appointed on the basis of a prior recommendation from the Nomination and Remuneration Committee.

All Board members have a profound and multi-disciplinary experience of the business world and international markets. Their evaluation was made throughout the year at the time of their participation in meetings of the Board and its committees.

The Supervisory Board is regularly updated on the independence of the members.

Frequency of meetings

Article 25-1 of the by-laws provides that the Supervisory Board will meet as often as required in the interest of the Company.

Thus, the Supervisory Board met four times in the year just ended.

The meetings considered the following:

- 10 June 2003:
  - approval of the minutes of the meeting of the Supervisory Board on 11 March 2003;
  - communication by the Management Board of the parent company financial statements in respect of 2002/03;
  - communication by the Management Board of the consolidated financial statements of the Group at 31 March 2003; comparative examination in respect of budgetary commitments;
  - communication by the Management Board of the management report to be submitted to the Annual General Meeting of 8 September 2003 called to consider the parent company and the consolidated financial statements in respect of 2002/03;
  - observation by the Supervisory Board on the management report by the Management Board and on the parent company financial statements approved by them;
  - agreements covered by Article L.225-86 of the Commercial Code;
  - communication by the Management Board of preliminary management documents and the analysis covered by Articles L.232-2 and L.232-3 of the Commercial Code;
  - quarterly report by the Management Board and details of group activities since the start of the year: consideration of the budget for 2003/04;
  - information on the refinancing of the Rémy Cointreau Group:
  - syndicated credit agreement to refinance the syndicated credit of 13 June 2000;
  - issue of debt instruments to refinance the debt issue of €150 million of 30 July 1998;
  - update on the asset disposal programme;
  - authorisation for the grant by Remy Cointreau of a guarantee of up to a maximum principal of €50 million in respect of payment commitments entered into by Maxxium Worldwide B.V. to certain lenders in respect of a loan of €200 million;
  - authorisation for the grant by Rémy Cointreau of a guarantee up to a maximum principal of €12.5 million in respect of commitments by Maxxium Worldwide B.V. to certain banks as a guarantee given by that

company for the benefit of subsidiaries which had been granted credit by these banks;
  – powers to issue the above guarantees;
  – authorisation of three agreements covered by Article L.225-86 of the Commercial Code;
- authorisation of a shareholder loan granted by Rémy Cointreau to Maxxium Worldwide B.V., up to a maximum principal of €15 million;
- disposal by E. Rémy Martin et Cie to Rémy Cointreau of 3,700 shares in RC One;
- disposal by Rémy Cointreau to RC One of 10 shares in GIE Rémy Cointreau Services;
  – renewal of the prior authorisation of security, surety and guarantees given to the Management Board;
  – various matters.

- 8 September 2003:
  – proposal to reappoint François Hériard Dubreuil as chairman of the Supervisory Board;
  – approval of the minutes of the meeting of the Supervisory Board on 10 June 2003;
  – quarterly report by the Management Board and details of group activities since the start of the year;
  – information on the finalisation of the refinancing of the Rémy Cointreau Group;
  – information on the disposal of the rum business in Martinique;
  – information on the new option plan to purchase shares for the benefit of group employees and executives; allocation of options to purchase shares to members of the Management Board;
  – schedule of meetings in 2004 of the Supervisory Board;
  – various matters.

- 2 December 2003:
  – approval of the minutes of the meeting of Supervisory Board of 8 September 2003;
  – quarterly report by the Management Board and update on Group activities since the start of the year;
  – communication by the Management Board of the interim consolidated financial statements at 30 September 2003;
  – information on the forecasts of consolidated results at 31 March 2004;
  – communication by the Management Board of preliminary management documents and analysis covered by Articles L.232-2 and L.232-3 of the Commercial Code;
  – allocation of Directors' fees;
  – various matters.

- 10 March 2004:
  – approval of the minutes of the meeting of Supervisory Board of 2 December 2003;
  – quarterly report by the Management Board and update on Group activities since the start of the year;
  – forecasts of consolidated results at 31 March 2004;
  – strategic options for the next three years;
  – resignation of a member of the Management Board;
  – information on the extension of the Equity Swap contract of 31 October 2001;
  – renewal of the joint guarantee commitment between Rémy Cointreau S.A. and HSBC Bank Plc within the authorisation granted on 10 June 2003 by the Supervisory Board;
  – various matters.

Notification to Board Members of meetings

The schedule of Board meetings for the next year is agreed among the directors at the meeting of the Supervisory Board in September. The members of the Supervisory Board are then called to each meeting by letter, around fifteen days in advance.

The statutory auditors are called to meetings of the Supervisory Board to consider the half-year and full year financial statements, in addition to being called to meetings of the Management Board where these financial statements were approved.

Directors' fees

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

Directors' fees are allocated by: the Supervisory Board on the basis of the time present by its members.

Information on the members of the Supervisory Board

All necessary documents and information for the Board members are made available to them between ten and fifteen days before the Board meetings and the various committees thereof.

For the Board meetings, documents and information are subject to a major report of financial and commercial analysis that comprises, in a very detailed manner, all the corporate data providing an in-depth comprehension by the Board members of the operations, results and prospects of the Rémy Cointreau Group.

Location of meetings

The meetings of the Supervisory Board take place in Paris, at the administrative head office, or in Cognac at the Company's registered office.

Pursuant to Article L.225-82 of the Commercial Code and Article 25-5 of the by-laws, the meetings of the Supervisory Board may be held by video-conference. However, no meeting took place in this form during the year just ended.

Committees established within the Supervisory Board

Four committees have been set up within the Supervisory Board. These committees make recommendations to the Supervisory Board on financial policy and internal control, development, marketing, nomination and remuneration. They do not interact directly with the Management Board, but one of the members of the Management Board attends the meetings of the Committee, which discusses the subjects relevant to its functions, as follows:

- Bruno Mouclier, Finance Director – Audit Committee
- Alain Emprin, Development Strategy Committee
- Hubertus van Doorne – Marketing Strategy Committee
- Pierre Soussand, Director of Organisation and Human Resources – Nomination-Remuneration Committee.

The Chairman of the Management Board may attend all committee meetings.

Set up on 19 December 2000, these committees met regularly during the financial year ended 31 March 2004.

• Audit Committee

This committee is comprised of three members of the Supervisory Board:

- Patrick Duverger, Chairman
- Jürgen Reimnitz
- Marc Hériard Dubreuil

Number of independent members: 2

This Committee met twice, on 5 June and 1 December 2003. The attendance rate was 100%. Its work was carried out in the presence of the Statutory Auditors and Group Financial Controller, and discussed the following:

- review of the annual financial statements to 31 March 03,
- review of half-year financial statements to 30 September 2003,
- valuation and monitoring of intangible fixed assets,
- valuation of inventory,
- off balance sheet commitments.

• Development Strategy Committee

This committee is comprised of 4 members of the Supervisory Board:

- François Hériard Dubreuil, Chairman
- Patrick Duverger
- Håkan Mogren
- Gérard Epin

Number of independent members: 2

This committee met on 11 June 2003. The attendance rate was 100%.

Its work relates to a review of the Group's major strategic options, market by market.

• Marketing Strategy Committee

This committee is comprised of 3 members of the Supervisory Board:

- Marc Hériard Dubreuil, Chairman
- Brian Ivory
- Javier Bernat

Number of independent members: 1

This committee met twice on 27 May and 2 December 2003 with an attendance of 100%, to discuss the following:

- review and validation of the marketing and strategic objectives, and the role to be played by each brand in meeting these objectives,
- review and validation of advertising and promotion budgets at Group level and the choice of financial investments in markets with the greatest development potential,
- review of innovative strategies for leading brands and the related investments,
- analyse the growth prospects of various product categories in the major markets for spirits.

• Nomination and Remuneration Committee

This committee is comprised of three members of the Supervisory Board:

- Brian Ivory, Chairman
- Jürgen Reimnitz
- François Hériard Dubreuil

Number of independent members: 1

This committee met three times, on 30 June, 8 September and 1 December 2003, with a 100% attendance rate, to discuss the following:

- review of tools to optimise the motivation and remuneration of senior management,
- bonus systems used for staff,
- remuneration of Management Board members,
- nomination of Management Board members,
- review of the Group's share options policy.

Approval of agreements by the Board and information for the Board from the Management Board

During the year just ended, the Supervisory Board took the following decisions:

- Authorisation for the grant by Rémy Cointreau of a guarantee of a maximum principal of €50 million to guarantee the payment commitments contracted by Maxxium Worldwide B.V. from lending institutions in respect of a loan agreement of €200 million;
- Authorisation for the grant by Rémy Cointreau of a guarantee of a maximum principal of €12.5 million to certain banks in respect of its subsidiaries to whom these banks have granted credit;
- Authorisation for a shareholder loan from Rémy Cointreau to Maxxium Worldwide B.V., of a maximum principal amount of €15 million;
- Disposal by E. Rémy Martin et Cie to Rémy Cointreau S.A. of 3,700 shares in RC One;
- Disposal by Rémy Cointreau to RC One of 10 shares in GIE Rémy Cointreau Services;
- Authorisation to grant option to purchase shares to members of the Management Board.

On 10 June 2003, the Supervisory Board also renewed for one year the prior authorisation granted to the Management Board of up to €46 million in respect of sureties, pledges and guarantees. Within this framework, it noted on 10 March 2004 the renewal of the joint surety between the Company and HSBC Bank plc in respect of the credit facilities granted by the bank to group subsidiaries of a maximum principal of US$40 million.

In addition to the communication of all corporate documents required by regulations in force, the Supervisory Board was kept regularly informed by the Management Board on the Group's operations, the terms of its refinancing, on disposals of non-core assets and on strategic options for the next three years.

Minutes of the Meetings

The minutes of meetings of the Supervisory Board were prepared at the end of every meeting and issued in drafts to the members at the time of the next meeting during which they were approved.

Internal control procedures

Definition of internal control

Internal control is a process established by General Management, as well as the framework and personnel in every Group entity that aims to provide reasonable assurance of achieving the following objectives:

- Operational efficiency;
- Reliability and accuracy of accounting and financial information; and
- Conformity in accordance with existing laws and regulations.

The Group has established internal controls with a twofold purpose: to ensure its own internal control and to provide a co-ordinating role and impetus within the internal control of the various entities within the Group.

Every system of internal control has its own limitations that are inherent in all established procedures and within the constraints of resources that all businesses must take into account. The system established can only provide reasonable assurance and not an absolute guarantee as to the achievement of Group objectives.

Internal Control Process

The Players

The principal players involved in internal control are principally:

- Management Board

  This defines the Group's operating activities. Each member is responsible for three areas: by brands, by geographic area (for the distribution network) and by major function. The six major group-wide functions are production, purchasing and logistics, finance, distribution, human resource management and sustainable development, including quality, safety and the environment. This system of management ensures efficient planning and co-ordination of internal control procedures.

- Management Committee

  The Management Committee meets regularly at the initiative of the Management Board. It comprises operating and functional managers and co-ordinates the implementation of the Group's strategic objectives. It ensures their prioritisation within the operating units and principal functions and, where necessary, their adaptation to changes in the business environment.

- Functional and Operational Managers

  Functional and operational managers propose action plans to meet the objectives set by the Management Committee and to establish working practices that are efficient and effective for the major operating processes. Within this framework, they ensure that steps are taken to reduce the probability of the occurrence of a major risk and, where appropriate, to limit its consequences.

- Control Management

  Each entity has a Finance Manager and a team of Management Accountants. They are responsible for the financial control of transactions carried out within the various entities in a manner that prevents and controls variances from objectives defined at the start of the year, as well as the risk of errors or fraud in the accounting and financial domain. They have a functional link to the Group Financial Management.

- Internal Audit Management
  Internal Audit operates across the Group as well as the distribution network and, where appropriate, in third parties in the event of subcontracting. The team comprises two auditors, whose duties are clearly defined in a charter. Their assignments are planned on the basis of a yearly audit programme. They are prepared as a function of specific risks, related to a specific operation, on the basis of discussions with operating managers, with the intention of assisting the achievement of general objectives set by the Management Board.

  Audit assignments may be financial or operational. The addition of an expert to the audit team may be necessary where required by the technical nature of the assignment or where language and different attitudes are major elements to ensure the success of the assignment.

  Internal Audit within the financial management reports to the Management Board, the management of the unit concerned and, where appropriate, to the management of the distribution network. This task culminates in a report which summarises the audit conclusions, the action plan of the company concerned as well as recommendations detailed by process. The reports are subject to prior cross-examination.

  Audits carried out last year focused on distribution companies particularly those in Asia, where the Group has a strong presence. The areas reviewed were sales and commercial conditions granted to major customers, relationships with PR agencies, purchase of advertising space and publicity material for point of sale, the implementation of advertising and marketing programmes and the measurement of their performance, the management of trade accounts receivable and logistics. Of the nine assignments carried out last year, seven related to the distribution network and two related to Group internal reorganisations. Internal audit also established a reporting system to follow up the implementation of recommendations made in the 2002 assignments. In addition, it participated in the preparation of the special report on internal control.

- Statutory Auditors and External Auditors
  The Statutory Auditors - selected for their ability to provide a full and global coverage of Group risks and for their expertise - complete the Group's internal control procedures as external auditors. Their half-year audits as well as their interim audits relate to specific matters and provide the Group with reasonable assurance of the reliability and accuracy of accounting and financial information produced.

Procedures

In addition to this organisation, the Group has delegated responsibility that defines the position of senior executive management. The procedures to request and approve commitments and payments exist in all Group units and this strengthens internal control.

Production standards have been defined and operating procedures have been established and followed as part of the ISO 9000/2000 and ISO 14001 certifications, thus guaranteeing consumers a high level of quality and safety while respecting the environment at the Group's major production sites.

As part of the Group's insurance coverage, policies have been taken out by the Group to provide complete cover for certain risks incurred by all the companies concerned.

The Group has all the rules and methods to produce reliable financial information. The uniqueness of definitions and the principles for evaluating and processing accounting and financial data for three budget processes, budget updating and year-ends ensures comparability of data. The annual timetable for accounting and financial processes that details the dates for submission of information and its distribution enables managers to deal with priorities. The availability of this set of rules on the Group's intranet should guarantee accurate updating and an assurance that all financial personnel possess the same information.

The use of the Hyperion software by all Group entities improves the reliability and security of the production process of accounting and financial information. The Group also has a support team that updates the parameters of the Hyperion financial statements.

Treasury transactions

Treasury transactions (exchange and rates) as well as Group funding are managed centrally by Treasury Management reporting to the Group Finance Director. This department comprises seven people including four managers, each an expert in his own area. In accordance with the rules of good management, the department is split into two sections reporting to the Group Treasurer, the front office to deal with market transactions and the back office to account for these transactions and to report to the Management Board. The department has high quality software, which is currently being upgraded to deal with IFRS requirements.

The policy of managing market risks as well as the funding policy are prepared jointly by the Group Treasurer and the Finance Director and then submitted to the Management Board for approval. A report is presented regularly to the Audit Committee.

Internal control process in respect of the preparation and processing of accounting and financial information

Internal control procedures established for the preparation and processing of financial and accounting information have the following objectives:

- adherence to accounting regulations and the correct application of Group principles;
- quality of the reporting and its central processing by the Group; and
- controls over the production of financial, accounting and management data.

Organisation

A number of departments are involved in the production of the Group's consolidated accounting and financial information:

- Accounting and consolidation departments
- Management control
- Information systems
- Treasury
- Legal services, and
- Tax department.

These departments must ensure that the various Group entities are fully up to date – with legislation, recommendations issued by the Autorité des Marchés Financiers and Group internal procedures – that exist at every closing, as well as their treatment. They participate in the validation of data restated in accordance with Group accounting principles and in the analysis of such data.

In addition, financial committees are organised and led by the Group to bring together the financial managers of Group companies. These committees participate in the creation and maintenance of a financial culture within the Group, act as a conduit for the Group's financial policy and deal with the standards and procedures to be applied, corrective action to be taken and internal control in respect of accounting and financial data.

Closing procedures and statutory consolidation

Rémy Cointreau prepares consolidated data on a monthly basis. The degree of precision in the monthly consolidation is the same as that required for the half-yearly and annual consolidations, with the exception of certain information – particularly the analyses – included in the notes to the financial statements, which are not required from the subsidiaries.

For the consolidation process, the Group issues instructions highlighting the key dates on the timetable as well as the points that require the specific attention of the companies' financial managers.

Monthly closing preceding the half-year or year-end act as a pre-closing to identify and anticipate the treatment of particular and non-recurring transactions, such as restructuring and reorganisations. All companies included in the consolidation report to the Group data that has already been restated (in accordance with internal accounting principles).

The Group organises regular meetings with the Statutory Auditors to prepare a review of the closing and to anticipate the treatment of complex transactions.

The Audit Committee, within the Supervisory Board, prepares recommendations for the latter on the financial policy and internal control. It meets at least twice a year to request the Statutory Auditors to present their summary of the half-year and year-end closing and to provide further useful information on the completion of their assignment. This committee also conducts specific reviews of particular topics in respect of accounting and financial policy.

Planning process and budgetary control

The strategic planning and budgetary control process is part of internal control. This process includes the preparation of a medium term plan, a budget and three updates per year.

The principles and restatements of preliminary data are the same as those used for closing. Hyperion is also used for reporting purposes, consolidation and the central restatement of preliminary data.

Conclusion

The Group will continue its approach of ongoing improvement in the quality and the documentation of its internal control system designed to evaluate over time the adequacy and effectiveness of its internal control.

REPORT OF THE STATUTORY AUDITORS ON THE REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

YEAR ENDED 31 MARCH 2004

Report of the statutory auditors, prepared pursuant to the last paragraph of article L.225-235 of the French Commercial Code, on the report of the chairman of the supervisory board of Rémy Cointreau covering the internal control procedures relating to the preparation and processing of accounting and financial information.

To the shareholders,

In our capacity as the Statutory Auditors of Rémy Cointreau and pursuant to the provisions of the last paragraph of article L.225-235 of the French Commercial Code, we hereby present our report on the report prepared by your company's Chairman in accordance with the provisions of article L.225-68 of the French Commercial Code for the year ended 31 March 2004.

Under the responsibility of the Supervisory Board, management is responsible for defining and implementing appropriate and effective internal control procedures. The Chairman is responsible for providing an explanation, in his report, notably of the conditions under which the work of the Supervisory Board is prepared and organised and the internal control procedures implemented within the Company.

We are responsible for informing you of our observations on the information provided in the Chairman's report concerning the internal control procedures relating to the preparation and processing of accounting and financial information.

We performed our work in accordance with professional standards applicable in France. These require that we plan and perform our work so as to be able to assess the accuracy of the information provided in the Chairman's report concerning the internal control procedures relating to the preparation and processing of accounting and financial information. In particular, these standards require that we:

- familiarise ourselves with the objectives and the general organisation of the internal control system, and the internal control procedures relating to the preparation and processing of accounting and financial information, as presented in the Chairman's report;

- familiarise ourselves with the work supporting the information thus provided in the report.

Based on our work, we have no comments to make on the information provided concerning the Company's internal control procedures relating to the preparation and processing of accounting and financial information, as contained in the report of the Chairman of the Supervisory Board, prepared pursuant to the provisions of the last paragraph of article L.225-68 of the French Commercial Code.

Paris, 9 June 2004
The Statutory Auditors

Barbier Frinault & Autres Ernst & Young Richard Olivier	Auditeurs et Conseils Associés SA Member of Nexia International François Mahé

REPORT OF THE SUPERVISORY BOARD TO THE ANNUAL GENERAL MEETING

MEETING OF 7 SEPTEMBER 2004

Ladies and Gentlemen,

We present, in accordance with Article L.225-68 of the Commercial Code, our observations on the report of the Management Board as well as the financial statements for the year ended 31 March 2004.

Your Supervisory Board reviewed these financial statements and this report at its meeting of 8 June 2004.

We have no observation to make on either the report of the Management Board or on the financial statements for the year just ended.

The Supervisory Board

RÉMY COINTREAU SHARE SUBSCRIPTION OPTIONS GRANTED TO MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

In accordance with the provision of Article L.225-184 of the Commercial Code amended by Law 2001-420 of 15 May 2001 in respect of the new economic regulations, we inform you that the directors were granted the following options to purchase shares in Rémy Cointreau:

OPTIONS GRANTED DURING THE FINANCIAL YEAR TO EACH MEMBER OF THE MANAGEMENT BOARD OR SUPERVISORY BOARD

Beneficiaries	Company granting the option	Date of plan	Number of options	Price in euros	Expiry date of plan
Dominique Hériard Dubreuil	Rémy Cointreau	16/09/2003	36,000	27.67	15/09/2013
Hubertus van Doorne	Rémy Cointreau	16/09/2003	36,000	27.67	15/09/2013
Alain Emprin	Rémy Cointreau	16/09/2003	36,000	27.67	15/09/2013
Bruno Mouclier	Rémy Cointreau	16/09/2003	36,000	27.67	15/09/2013
Pierre Soussand	Rémy Cointreau	16/09/2003	36,000	27.67	15/09/2013

Plan of 16 September 2003:
(Expiry date: 15 September, 2013. Subscription option price: €27.67)
The major features of the share subscription option plans are disclosed on page 55.

Options exercised during the year by directors

Beneficiaries	Company granting the option	Date of plan	Number of options	Price in euros	Average exercise price in euros
François Hériard Dubreuil	Rémy Cointreau	04/12/1996	7,956	16.69	26.80
Guy Le Bail	Rémy Cointreau	04/12/1996	5,089	16.69	27.15
Hubertus van Doorn	Rémy Cointreau	28/10/1998	12,847	13.55	26.86
Bruno Mouclier	Rémy Cointreau	30/05/2000	7,380	18.85	29.06

Options granted during the year to group employees that are not directors, where the number of options is the greatest

Company granting the option	Date of plan	Number of options	Price in euros	Expiry date of the plan
Rémy Cointreau	16/09/2003	68,000	27.67	15/09/2013

Options exercised during the year by the ten group employees that are not directors, where they exercised the greatest number of options

Company granting the option	Date of plan	Number of options	Price in euros	Weighted average price in euros
Rémy Cointreau	04/12/1996	9,662	16.69	26.22
Rémy Cointreau	25/03/1998	14,550	13.55	27.04
Rémy Cointreau	28/10/1998	6,429	13.55	27.66
Rémy Cointreau	28/04/1999	4,600	12.20	24.86
Rémy Cointreau	07/12/1999	10,600	16.36	28.71

Rémy Cointreau SA had no employees for the year 2003/04.

Transaction carried out in accordance with Articles L.225-177 to L.225-186 of the Commercial Code are reported in a table in the notes to the Consolidated financial statements (note 27).

The Management Board

CONSOLIDATED FINANCIAL STATEMENTS

AT 31 MARCH 2004

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CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2004

ASSETS

(€ millions)	2004	2004 Exc. cooperatives	2003	2002
Intangible fixed assets (note 3)	969.1	969.1	972.2	972.5
Tangible fixed assets (note 4)	142.8	142.8	151.8	165.6
Investments in equity method companies (note 5)	78.3	78.3	83.7	90.9
Non-consolidated investments (note 6.1)	5.2	5.2	6.6	6.7
Other financial assets (note 6.2)	16.7	16.7	15.7	19.9
Financial assets	100.2	100.2	106.0	117.5
Total fixed assets	1,212.1	1,212.1	1,230.0	1,255.6
Inventories (note 7)	874.0	787.5	775.4	831.9
Trade notes and accounts receivable (note 8.1)	184.6	184.6	213.9	264.0
Other receivables (note 8.2)	108.1	128.0	155.7	153.5
Deferred tax (note 22)	6.7	6.7	3.2	10.3
Short-term deposits and cash	68.1	68.1	18.7	21.3
Total current assets	1,241.5	1,174.9	1,166.9	1,281.0
Total assets	2,453.6	2,387.0	2,396.9	2,536.6

LIABILITIES

(€ millions)	2004	2004 Exc. cooperatives	2003	2002
Share capital (note 9)	71.6	71.6	71.3	71.1
Share issue and merger premiums	626.4	626.4	623.6	622.0
Consolidated reserves	366.7	366.7	309.1	253.4
Translation adjustment	(29.9)	(29.9)	(19.1)	5.2
Group share of net profit	76.3	76.3	101.5	95.3
Shareholders' equity	1,111.1	1,111.1	1,086.4	1,047.0
Minority interests	12.5	13.2	8.4	64.7
Subordinated perpetual securities (note 10)	51.3	51.3	72.4	91.7
Convertible bonds (note 11)	319.0	319.0	315.1	308.4
Provisions for liabilities and charges (note 13)	77.1	77.1	76.0	81.6
Deferred tax (note 22)	6.5	6.5	4.0	0.3
Provisions and other long-term liabilities	83.6	83.6	80.0	81.9
Medium and long-term debt (note 12)	399.3	399.3	333.5	390.1
Short-term debt	174.4	59.0	163.1	71.1
Financial debt	573.7	458.3	496.6	461.2
Trade notes and accounts payable (note 14.1)	133.5	181.6	139.7	227.1
Other operating liabilities (note 14.2)	168.9	168.9	198.3	254.6
Operating liabilities	302.4	350,5	338,0	481.7
Total shareholders' equity and liabilities	2,453.6	2,387.0	2,396.9	2,536.6

Notes 1 to 28 form an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2004

(€ millions)	2004	2004 Exc. cooperatives	2003	2002
Sales (notes 15 and 16)	888.3	888.3	1,000.2	1,019.5
Cost of sales	(385.4)	(385.4)	(441.1)	(452.7)
Gross margin	502.9	502.9	559.1	566.8
Marketing expenses (note 17)	(247.8)	(247.8)	(260.7)	(274.2)
Administrative expenses (note 17)	(81.6)	(81.6)	(84.6)	(83.5)
Operating profit	173.5	173.5	213.8	209.1
Net financial income (expenses) (note 20)	(64.1)	(60.2)	(66.7)	(61.9)
Profit on ordinary activities before tax	109.4	113.3	147.1	147.2
Tax on ordinary activities (note 22)	(38.3)	(38.3)	(50.5)	(48.6)
Share of profit on ordinary activities of equity method companies (note 5)	6.9	6.9	9.0	10.4
Net profit before goodwill amortisation	78.0	81.9	105.6	109.0
Goodwill amortisation	(2.8)	(2.8)	(2.8)	(3.2)
Net profit after goodwill amortisation	75.2	79.1	102.8	105.8
Minority interests	(1.0)	(4.9)	0.1	(5.2)
Net profit on ordinary activities	74.2	74.2	102.9	100.6
Exceptional income (expense) after tax (note 21)	2.1	2.1	(1.4)	(5.3)
Group share of net profit	76.3	76.3	101.5	95.3

Basic earnings per share (€)	2004	2004 Exc. cooperatives	2003	2002
Earnings per share on ordinary activities	1,68	1,68	2,34	2,29
Earnings per share	1,72	1,72	2,30	2,17
Number of shares	44,269,864	44,269,864	44,069,956	43,949,741

Diluted earnings per share (€)	2004	2004 Exc. cooperatives	2003	2002
Earnings per share on ordinary activities	1,61	1,61	2,15	2,11
Earnings per share	1,65	1,65	2,12	2,01
Number of shares (note 9)	53,476,898	53,476,898	53,561,627	53,561,627

Notes 1 to 28 form an integral part of the financial statements.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 MARCH 2004

(€ millions)	Number of shares	Share capital	Share premium	Translation adjustment	Reserves	Treasury shares	Total
Shareholders' equity at 31 March 2001	44,377,621	71.0	620.9	0.5	303.8	–	996.2
Capital increase	82,105	0.1	1.1	–	–	–	1.2
Treasury shares	(509,985)	–	–	–	–	(10.5)	(10.5)
Dividends	–	–	–	–	(39.9)	–	(39.9)
Translation adjustment	–	–	–	4.7	-	–	4.7
Net profit for 2002	–	–	–	–	95.3	–	95.3
Shareholders' equity at 31 March 2002	43,949,741	71.1	622.0	5.2	359.2	(10.5)	1,047.0
Capital increase	120,215	0.2	1.6	–	–	–	1.8
Dividends	–	–	–	–	(39.6)	–	(39.6)
Translation adjustment	–	–	–	(24.3)	–	–	(24.3)
Net profit for 2003	–	–	–	–	101.5	–	101.5
Shareholders' equity at 31 March 2003	44,069,956	71.3	623.6	(19.1)	421.1	(10.5)	1,086.4
Capital increase	199,908	0.3	2.8	–	–	–	3.1
Dividends	–	–	–	–	(43.9)	–	(43.9)
Translation adjustment	–	–	–	(10.8)	–	–	(10.8)
Net profit for 2004	–	–	–	–	76.3	–	76.3
Shareholders' equity at 31 March 2004	44,269,864	71.6	626.4	(29.9)	453.5	(10.5)	1,111.1

Notes 1 to 28 form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2004

(€ millions)	2004	2004 Exc. cooperatives	2003	2002
Operating activities				
Profit on ordinary activities before tax	109.4	113.3	147.1	147.2
Tax on ordinary activities	(38.3)	(38.3)	(50.5)	(48.6)
Dividends received from equity method companies	5.4	5.4	5.1	14.6
Adjustment of non-cash items:				
– operating depreciation and amortisation	20.4	20.4	19.4	21.2
– amortisation of financial charges	9.8	9.8	9.9	9.9
– net charges to (releases from) operating provisions and deferred tax	3.5	3.5	9.5	(6.9)
– losses (gains) on ordinary disposal of fixed assets	(0.1)	(0.1)	0.1	(0.2)
Change in working capital requirements:				
– inventories	29.3	(28.2)	34.9	(43.2)
– trade receivables	19.1	19.1	19.0	(71.3)
– trade payables	(11.4)	45.5	(73.8)	8.1
– other operating receivables and payables	(14.4)	(11.6)	(38.5)	38.3
Impact of non-recurring items excluding disposals and financing activities	(33.4)	(33.4)	(19.3)	(18.2)
Net cash flow from operating activities	99.3	105.4	62.9	50.9
Investing activities				
Purchase of fixed assets:				
– tangible and intangible fixed assets	(20.5)	(20.5)	(28.7)	(26.0)
– financial assets	–	–	(2.3)	(25.1)
Proceeds from fixed asset disposals:				
– tangible and intangible fixed assets	18.4	18.4	12.5	28.8
– financial assets	64.2	64.2	2.6	10.8
Proceeds from (purchases of) other investments	–	–	(50.3)	50.2
Net cash flow from investing activities	62.1	62.1	(66.2)	38.7
Financing activities				
Capital increase	3.1	3.1	1.8	1.3
Movements in debt	(69.9)	(76.0)	41.5	(29.9)
Purchase of treasury shares	–			(10.5)
Refinancing payments	(14.7)	(14.7)	–	–
Gain on Equity Swap	10.1	10.1	–	–
Dividends paid to parent company shareholders	(43.9)	(43.9)	(39.6)	(39.9)
Dividends paid to minority shareholders	–	–	–	(0.1)
Impact on net cash of changes in the consolidation scope	3.4	3.4	(1.1)	(0.7)
Impact on net cash of changes in exchange rates	(0.1)	(0.1)	(1.9)	(1.7)
Net cash flow from financing activities	(112.0)	(118.1)	0.7	(81.5)
Increase (decrease) in cash and cash equivalents	49.4	49.4	(2.6)	8.1
Opening cash and cash equivalents	18.7	18.7	21.3	13.2
Closing cash and cash equivalents	68.1	68.1	18.7	21.3

Notes 1 to 28 form an integral part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 MARCH 2004

1. Accounting principles

The consolidated financial statements of Rémy Cointreau have been prepared in accordance with French law and CRC regulation no. 99-02.

The financial year of Rémy Cointreau runs from 1 April to 31 March. By convention, each financial year is indicated by the calendar year of the year end date.

Regulation no. 2002-10 relating to the amortisation, depreciation and writing-down of assets has not been applied. Impact studies show that the change would not have had a material impact on the consolidated financial statements.

Consolidation of special purpose entities

Pursuant to the law on financial security dated 1 August 2003 introducing the cancellation of the mandatory existence of a capital link when determining the consolidation scope, Rémy Cointreau now consolidates as special purpose entities two brandy ageing cooperatives (Prochacoop and Champaco) in which it has no capital stake but whose inventories are used almost exclusively in the preparation of Rémy Martin cognacs. In previous years, purchase commitments given to these two entities were included as off-balance sheet items.

To ensure the true and fair presentation of the Group's consolidated financial statements for the year ended 31 March 2004, this consolidation was implemented in advance at the start of the year, i.e. as from 1 April 2003.

Given the significant impact of this change on certain items in the consolidated financial statements, the comparative data presented includes a column entitled "2004 excluding cooperatives", which is prepared on the same basis as the figures for the two previous years.

1.1 Consolidation principles

Significant subsidiaries in which Rémy Cointreau controls, directly or indirectly, more than 50% of the share capital, or over which it exercises effective management control, even when no capital link exists, are fully consolidated in the consolidated financial statements.

From a technical perspective, the consolidation of the cooperatives is treated as a full consolidation with minority interests of 100%.

Companies over which Rémy Cointreau exercises significant influence and holds, directly or indirectly, between 20% and 50% of the share capital, are accounted for using the equity method.

The financial statements of the companies included in the consolidation, which have been prepared in accordance with the rules prevailing in each of the countries concerned, have been restated prior to their consolidation to ensure compliance with the Group's accounting principles.

All significant transactions between the companies included in the consolidation as well as intra-Group income items have been eliminated.

1.2 Difference on first consolidation

Goodwill on first consolidation, being the difference between the purchase price of the shares and the total value of the assets and liabilities identified (restated in accordance with Group consolidation rules), recorded on the acquisition date or on a date near thereto, of the subsidiaries concerned, is allocated, where possible, to the assets and liabilities of the companies concerned (brands, distribution rights and inventories).

1.3 Translation of financial statements and transactions denominated in foreign currencies

The balance sheets of foreign subsidiaries are translated into euros using the prevailing exchange rate on the balance sheet date. The income statements are translated at the average exchange rate for the year. Resulting exchange gains and losses are reported in shareholders' equity.

Transactions performed in foreign currencies are recorded using the exchange rate in force on the transaction date. Assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. A provision is raised to cover any exchange losses. Unrealised exchange gains are recognised in the income statement.

1.4 Deferred tax

The Group accounts for deferred taxation using the liability method, by applying the legal tax rate prevailing at the balance sheet date.

Restatement of the financial statements of individual companies included in the consolidation to ensure their compliance with Group accounting principles or to eliminate the impact of tax-related regulations (principally the elimination of provisions for price increases) creates differences between the taxable profit and the accounting profit before taxation. These differences give rise to the recognition of deferred tax assets and liabilities in the balance sheet. Differences between accounting and tax valuations of assets and liabilities also give rise to the recognition of deferred tax.

A provision is raised for tax credits on tax losses when their utilisation, in the short term, against future taxable profits is unlikely.

No provision is made for any taxes payable by the Group in respect of dividends from foreign subsidiaries, except when the decision to pay a dividend has been taken by the balance sheet date of the consolidated financial statements. These taxes on dividends are recognised in the year in which they are paid.

Deferred tax assets and liabilities are offset within each tax group.

1.5 Intangible fixed assets

Intangible fixed assets consist mainly of the value attributed to brands arising from the allocation of goodwill on first consolidation.

Brands are not amortised once they have trademark protection, when they enable profits to be generated in excess of those from similar unbranded products and are deemed to have an unlimited useful life. In order to test their carrying value, they are evaluated annually in accordance with the specific criteria set on the acquisition date, which are generally based on the capitalisation of the additional profit generated by a branded product, net of advertising costs. In the event of a permanent impairment in the value of a brand, a provision is raised in the income statement in the period in which this loss is identified.

As part of the creation of the distribution joint venture Maxxium BV on 1 August 1999, Rémy Cointreau made a €29.1 million capital gain on transferred assets. This gain was deducted from the carrying value of the investment in Maxxium BV and is being amortised over 20 years. For its part, Maxxium BV recognised, at the time of its creation and of subsequent operations, goodwill that is being amortised over 20 years. The annual amortisation charge is included in the income statement of Rémy Cointreau to the extent of its share of the joint venture, i.e. 25% as from 2002, and 33% previously.

The amortisation of the goodwill of Maxxium BV and of the capital gain on transfer constitute the total net charge reported under "Goodwill amortisation" in the consolidated income statement.

1.6 Tangible fixed assets

Tangible fixed assets are carried in the balance sheet at historic cost including, where appropriate, fair value adjustments on first consolidation. They are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	20 to 50 years
Plant, equipment and tools	5 to 10 years
Other tangible fixed assets	5 to 10 years

The Group does not use finance leases that would need to be restated in the consolidated financial statements.

1.7 Non-consolidated investments

Non-consolidated investments are recorded at their historic cost net of appropriate provisions, as required, to bring them to their fair value.

Fair value is determined based on several criteria, which include net assets, unrealised capital gains and future profit potential.

1.8 Inventories

Inventories are stated at the lower of cost, based on the weighted average cost method, and net realisable value. Cost of inventories does not include financial charges incurred during the ageing period.

Where applicable, the value of inventories includes adjustments for goodwill on first consolidation. These adjustments are included in the cost price of goods sold as and when the corresponding inventories are used.

1.9 OCEANE redemption premium

The OCEANE redemption premium is amortised on a straight-line basis over the term of the loan. The accumulated amortisation is included with the nominal value of the loan under "Convertible bonds".

1.10 Pensions and other personnel-related commitments

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

Charges relating to defined contribution plans are expensed on a payments basis.

Commitments under defined benefit plans concern:

- commitments relating to the pension fund of Bols in the Netherlands,
- commitments under the Group's pension plan in Germany and Barbados,
- retirement gratuities and long-service awards due in France under collective agreements,
- other commitments for retirement gratuities and supplementary defined benefit pension plans granted by the Group.

The commitments in respect of each defined benefit plan are determined by actuaries using the "Projected Unit Credit" method. These calculations are based on assumptions covering life expectancy, staff rotation and projected salary increases. They take into account the economic situation in each country. The discount rates used are the government interest rates with a maturity similar to that of the liability being assessed.

For the post-employment plans, the Group amortises actuarial gains and losses, which correspond to differences between actual events and the assumptions used, and the impact of revised assumptions.

For the post-employment plans, the actuarial gains and losses are recognised as an income or charge when the cumulative total of unrecognised actuarial gains or losses exceeds, for each plan, 10% of the maximum between the actuarial liability and the fair value of the plan's assets at the start of the year. This share of the gains or losses is recognised as a profit or a charge over the expected average remaining length of service of the plan's beneficiaries.

In accordance with CNC recommendation no. 2003-R.01, provisions were raised against long-service awards for the first time in 2004. The impact on the opening financial statements was recorded as an exceptional item.

Certain Group companies have early retirement plans, which are accounted for as restructuring provisions.

Certain commitments relating to partially pre-financed plans have been included in the financial statements for the first time in 2004. The impact on the financial statements was determined by applying Group principles, particularly with respect to the accounting of past services as a cost.

In accordance with the recommendation of the CNC emergency committee of 21 January 2004, the impact on commitments in respect of retirement gratuity plans arising from the application of the Fillon law has been accounted for as a cost of past services.

1.11 Hedging of foreign exchange and interest rate risks

The Group hedges its foreign exchange and interest rate risks mainly through the use of financial instruments such as forward sales of foreign currencies, foreign exchange options and interest rate swaps.

The valuation and accounting methods used for these hedging financial instruments comply with generally accepted practices.

Foreign exchange contracts are revalued at the exchange rate prevailing on 31 March of each year. Any profits or losses are recognised in the income statement (as income or expenses), or are deferred if qualified as anticipatory hedges of transactions of the following year.

Exchange differences arising between use of the average accounting exchange rate for the period and the value of the hedged transaction reported in operating income are allocated to the gross margin.

Gains and losses on interest rate instruments are recorded in net financial income, on a pro-rata basis over the life of the contracts.

1.12 Revenue recognition

Sales are recognised on the basis of transfer of ownership, which generally occurs at the time the goods are delivered. Sales are stated net of alcohol duties and sales taxes, and exclude activities that are peripheral to the marketing of Wines and Spirits brands. Net income from these activities (subcontracting, distribution of alcohol-free products, etc.) is recorded as a reduction in marketing expenses.

1.13 Own shares

Rémy Cointreau has a share buyback programme, which was authorised by a General Meeting.

Rémy Cointreau shares acquired to stabilise the share price are reported as "Short-term deposits and cash". In all other cases, own shares acquired are treated as treasury shares and are deducted from shareholders' equity (note 9).

1.14 Earnings per share

Basic earnings per share are calculated based on the number of shares outstanding at the year end. Own shares reported as a deduction against shareholders' equity are excluded from the calculation.

Diluted earnings per share are calculated based on the number of shares outstanding at the year end, including the potential dilution from the convertible bonds and the OCEANE issue, as well as the exercise of stock options. Net profit is restated to take account of the reduction in financial charges after tax as a result of the conversion of the bonds and the issue of new shares.

2. Consolidation scope

2.1 A list of the companies included in the consolidation is provided in note 28.

2.2 The brandy ageing cooperatives Champaco and Prochacoop were consolidated with effect from 1 April 2003 (note 1.1). In both cases, only those activities performed on behalf of Rémy Cointreau were consolidated. The financial statements for these activities were restated in accordance with Group accounting principles. The main restatement item concerns financial charges incurred during the ageing period of inventories. The cooperatives incorporate this into the cost price of inventories, which differs from the practice of the Rémy Cointreau Group (note 1.8). The restated results of the cooperatives are allocated in full to minority interests.

The data of the cooperatives included within the Group financial statements is as follows:

Balance sheet and cash flow statement

(€ millions)	Opening 1 April 2003	Movements for the year	Closing 31 March 2004
Stocks	144.0	(57.5)	86.5
Other receivables	(22.7)	2.8	(19.9)
Total assets	121.3	(54.7)	66.6
Minority interests	3.2	(3.9)	(0.7)
Financial debt	109.3	6.1	115.4
Trade notes and accounts payable	8.8	(56.9)	(48.1)
Total liabilities	121.3	(54.7)	66.6

Income statement

(€ millions)	Year to 31 March 2004
Financial income (expense)	(3.9)
Share due to minority interests	3.9
Group share of net profit	–

2.3 Société Martiniquaise de Canne à Sucre (S.M.C.S.) and its subsidiary Rhums Martiniquais Saint James (R.M.S.J.) were sold on 11 July 2003 with retroactive effect from 1 April 2003.

These two companies owned the Saint James and Bally rum brands, which they produced and distributed in Martinique.

The disposal was made at an enterprise value of €53.7 million. The corresponding capital gain was recorded as an exceptional item (note 21).

Rémy Cointreau also sold its Netherlands wine distribution activity (ORB) in April 2003 for €6.4 million, including inventories.

The impact of these disposals on the consolidated balance sheet was as follows:

(€ millions)	SMCS/RMSJ	ORB
Fixed assets	(10.4)	–
Inventories	(4.6)	(4.5)
Receivables	(3.6)	–
Net cash	(11.3)	–
Provisions	(0.3)	–
Other liabilities	(4.4)	–

The impact of these disposals on the consolidated income statement was as follows:

(€ millions)	2003	2002
Sales		
R.M.S.J. / S.M.C.S. (spirits)	(12.8)	(15.0)
ORB (partner brands)	(24.6)	(24.4)
Total	(37.4)	(39.4)
Network costs		
ORB (partner brands)	2.4	2.4
Total	2.4	2.4
Operating profit (loss)		
R.M.S.J. / S.M.C.S. (spirits)	(3.9)	(3.4)
ORB (partner brands)	(1.6)	(1.7)
Total	(5.5)	(5.1)

3. Intangible fixed assets

3.1 Intangible fixed assets as 31 March were as follows:

(€ millions)	Gross	2004 Amort. write-downs	Net	2003 Net	2002 Net
Brands	952.6	(0.2)	952.4	954.1	956.9
Distribution rights	15.6	(7.9)	7.7	8.1	8.8
Other intangible assets (1)	18.7	(9.7)	9.0	10.0	6.8
Total	986.9	(17.8)	969.1	972.2	972.5

(1) software licences and leasehold rights.

Brands mainly comprise Rémy Martin and Cointreau, the Champagne group brands (Piper-Heidsieck, Heidsieck, Charles Heidsieck and Piper Sonoma), and the Galliano, Mount Gay, Bols, Metaxa and Pisang Ambon brands.

The Champagne group brands, the Galliano and Mount Gay brands and the Bols, Metaxa and Pisang Ambon brands are included in the consolidated balance sheet at their fair values arising on the consolidation of the companies that hold the brands (see note 1.2). The Rémy Martin and Cointreau brands are only reflected in the consolidated balance sheet to the extent of the value arising from the fair value adjustment following the purchase of minority interests.

3.2 The movement in intangible fixed assets (net book value) was as follows:

(€ millions)	Total
31 March 2003	972.2
Acquisitions	1.4
Disposals	(1.0)
Amortisation	(2.3)
Translation adjustments	(1.2)
31 March 2004	969.1

The acquisitions for the year relate mainly to licence and development costs incurred in relation to information systems projects.

4. Tangible fixed assets

4.1 Tangible fixed assets at 31 March comprised the following:

(€ millions)	Gross	2004 Amort. write-downs	Net	2003 Net	2002 Net
Land	55.9	(1.7)	54.2	56.6	61.2
Buildings	122.6	(81.3)	41.3	43.9	49.2
Other	123.4	(80.4)	43.0	42.3	49.4
In progress	4.4	(0.1)	4.3	9.0	5.8
Total	306.3	(163.5)	142.8	151.8	165.6

4.2 The geographic breakdown of tangible fixed assets (net book value) at 31 March was as follows:

(€ millions)	2004	2003	2002
France	102.2	101.6	109.4
Other Europe	33.9	33.5	31.8
North and South America	6.7	16.7	19.9
Asia-Pacific	–	–	4.5
Total	142.8	151.8	165.6

4.3 The movement in tangible fixed assets (net book value) was as follows:

(€ millions)	Total
31 March 2003	151.8
Acquisitions	19.1
Disposals	(0.9)
Depreciation charges	(16.1)
Change in consolidation scope	(9.2)
Translation adjustments	(1.9)
31 March 2004	142.8

5. Investments in equity method companies

5.1 Investments in equity method companies represent holdings in companies that meet the criteria set out in note 1.1.

(€ millions)	2004	2003	2002
Maxxium B.V.	56.0	61.8	67.4
Dynasty	18.7	18.3	19.9
Avandis C.V.	3.6	3.6	3.6
Total	78.3	83.7	90.9

(€ millions)	Maxxium	Dynasty	Avandis	Total
At 31 March 2002	67.4	19.9	3.6	90.9
Dividends paid (1)	(2.3)	(2.8)	–	(5.1)
Profit on ordinary activities (2)	3.7	5.3	–	9.0
Goodwill amortisation	(2.8)	–	–	(2.8)
Translation adjustment	(4.2)	(4.1)	–	(8.3)
At 31 March 2003	61.8	18.3	3.6	83.7
Dividends paid (1)	(2.8)	(2.6)	–	(5.4)
Profit on ordinary activities (2)	1.8	5.1	–	6.9
Goodwill amortisation	(2.8)	–	–	(2.8)
Other (3)	(1.2)	–	–	(1.2)
Translation adjustment	(0.8)	(2.1)	–	(2.9)
At 31 March 2004	56.0	18.7	3.6	78.3

(1) For Maxxium B.V., dividend drawn from the transfer premium.
(2) For Maxxium B.V., the profit on ordinary activities. includes an exceptional charge of € 0.9 million.
(3) Reclassification of the item “Other operating liabilities”.

In accordance with note 1.5., goodwill amortisation represents the net amount of the share of Remy Cointreau in the Maxxium B.V. goodwill amortisation (2004: charge of €4.2m; 2003: charge of €4.2m) and the amortisation of the gain on transferred assets (2004: income of €1.4m; 2003: income of €1.4m).

5.2 Maxxium B.V.

- The Maxxium B.V. distribution joint venture was set up on 1 August 1999 via a strategic distribution agreement between Rémy Cointreau S.A., Highland Distillers and Jim Beam Brands. The joint venture, which has its registered office in the Netherlands, covers the entire world, with the principal exceptions of the US, the Caribbean, Poland, Hungary and the duty-free market in Germany, where Rémy Cointreau continues to control 100% of its distribution channel.
- In May 2001, the Swedish company Vin & Sprit, owners of the Vodka Absolut brand, became a 25% shareholder in Maxxium.
  This change in share ownership resulted in Rémy Cointreau's holding in Maxxium being reduced from 33% to 25%.
- Maxxium has a financial year end of 30 June. The key figures presented below correspond to the reference period of Rémy Cointreau, i.e. the year to 31 March.

Simplified income statement

(€ millions)	2004	2003	2002
Sales managed (1)	1,383.9	1,402.3	1,340.5
o/w invoiced	1,213.7	1,225.6	1,161.4
o/w commissions	170.2	176.7	179.1
Profit on ordinary activities	16.9	18.2	19.5
Goodwill amortisation	(17.2)	(17.1)	(17.0)
Exceptional incom (loss)	(5.3)	(3.5)	(1.9)
Net profit (loss)	(5.6)	(2.4)	0.6

(1) including Rémy Cointreau products totalling €511.3 million (2003: €526.0 million; 2002: €513.1 million).

Breakdown of turnover
for the year to 31 March

By geographic area (€ millions)	2004	2003	2002
Europe & Canada	869,3	895,3	816,1
Asia-Pacific	432,5	426,2	402,3
Emerging countries	82.1	80.8	122.1
Total	1,383.9	1,402.3	1,340.5

Workforce

(at 31 March)	2004	2003	2002
Maxxium workforce	1,712	1,750	1,692

Simplified balance sheet at 31 March

(€ millions)	2004	2003	2002
Fixed assets	300.1	313.3	318.6
Net current assets	182.1	196.2	246.1
Current assets	482.2	509.5	564.7
Financed by:			
Financial debt	163.8	171.5	194.7
Shareholders' equity	318.4	338.0	370.0
Total	482.2	509.5	564.7

Reconciliation of the results of equity method companies

(€ millions)	2004	2003	2002
Maxxium shareholders' equity	318.4	338.0	370.0
Rémy Cointreau share	78.4	85.6	92.6
Restatement of gain on transfer	(29.1)	(29.1)	(29.1)
Amortisation of gain on transfer	6.7	5.3	3.9
Total	56.0	61.8	67.4

6. Other financial investments

6.1 Non-consolidated investments at 31 March comprised the following:

(€ millions)	2004	2003	2002
Shareholdings in excess of 50%	1.7	3.0	3.1
Shareholdings of between 20% and 50%	1.6	1.6	1.6
Shareholdings of less than 20%	1.9	2.0	2.0
Total	5.2	6.6	6.7

Non-consolidated investments are presented net of a provision of €16.5 million (€16.7 million at 31 March 2003, €21.9 million at 31 March 2002).

6.2 Other financial assets comprise mainly deferred charges in respect of the pension commitments of Bols Distilleries.

7. Inventories

7.1 inventories at 31 March comprised the following:

(€ millions)	2004	2004 Exc. coop.	2003	2002
Merchandise and finished products	86.0	86.0	84.3	101.8
Raw materials	79.7	79.7	75.8	80.1
Work in progress (1)	708.3	621.8	615.3	650.0
Total	874.0	787.5	775.4	831.9

(1) includes wines, spirits and brandies that are currently ageing.

The stock of ageing Cognac brandy totalled €548.8 million at 31 March 2004 (€462.3 million at 31 March 2004 excluding the cooperatives, €438.7 million at 31 March 2003).

7.2 Inventories at 31 March 2004 are reported net of a provision for depreciation of €3.8 million (€3.7 million at 31 March 2003, €9.0 million at 31 March 2002).

7.3 Movements on inventories for the year were as follows:

(€ millions)	Total
31 March 2003	775.4
Movements for the year	28.0
Impact of cooperatives	86.5
Disposals	(9.1)
Translation adjustments	(6.8)
31 March 2004	874.0

8. Other receivables

8.1 Trade notes and accounts receivable are reported net of a provision for non-performing receivables of €6.5 million (€7.7 million at 31 March 2003, €8.5 million at 31 March 2002) in respect of individually identified receivables, valued based on the degree of risk of non-collection.

8.2 Other receivables at 31 March comprised:

(€ millions)	2004	2004 Exc. coop.	2003	2002
Supplier advances	4.2	21.5	24.0	34.0
Tax and social security receivables	43.5	43.5	53.7	39.7
Excise duties paid in advance	6.1	6.1	4.6	7.0
Prepaid expenses	8.9	8.9	6.6	8.0
Issue costs of subordinated perpetual securities amortised over 15 years	0.9	0.9	1.3	1.8
Issue costs of OCEANE amortised over 5 years	2.2	2.2	3.2	4.3
Issue costs of new bonds amortised over 7 years	5.9	5.9	–	–
Renegotiation fees relating to the new syndicated loan amortised over 5 years	3.7	3.7	–	–
Financial instruments	9.8	9.8	18.6	11.7
Receivables on asset disposals	–	–	20.2	–
Other	22.9	25.5	23.5	47.0
Total	108.1	128.0	155.7	153.5

9. Share capital

The share capital at 31 March 2004 comprised 44,779,849 shares with a nominal value of €1.60 per share. In connection with its share buyback programme, Rémy Cointreau acquired 509,985 treasury shares during 2002, which have been reported as a deduction from consolidated shareholders' equity.

During 2003, 145,588 shares were acquired for €3.6 million for the purpose of stabilising the share price. Disposals and acquisitions made during 2004 resulted in a net disposal of 23,143 shares for proceeds of €0.6 million. These 122,445 shares were recorded in short-term deposits and cash.

As part of the stock options granted to certain employees, 199,908 new shares were issued during 2004. This creation of shares corresponds to a capital increase of €0.3 million, together with a share premium of €2.8 million.

Maximum number of shares used for the calculation of diluted earnings:

Maximum number of shares to be created	2004	2003	2002
Shares in issue	44,779,849	44,579,941	44,459,726
Treasury shares	(509,985)	(509,985)	(509,985)
Potential number of shares:			
Stock options	2,343,311	2,565,111	2,685,326
Convertible bond	30,032	30,032	30,032
OCEANE	6,833,691	6,896,528	6,896,528
Total	53,476,898	53,561,627	53,561,627

10. Subordinated perpetual securities

10.1 Rémy Cointreau issued €304.9 million in subordinated perpetual securities on 16 May 1991. The annual interest rate applicable until 16 May 2006 is 6-month Euribor plus 1%.

10.2 The principal clauses in the original issue terms and conditions were as follows:

- the securities, which have no fixed repayment date, will be redeemed at their par value only in the event of a winding-up subject to court order, a legal judgement requiring the complete dis-

posal of the business, or early voluntary liquidation of the company other than by way of a merger or spin-off;
- the redemption will be subordinated to the prior settlement in full of all the company's creditors, except for holders of participating loans granted to the company and any participating securities that may be issued by the company;
- the payment of interest may be suspended in the event that the consolidated financial statements disclose losses in excess of 25% of the consolidated shareholders' equity, and no dividend was payable for the previous financial year.

10.3 The securities were repackaged at the time of their issue as part of an agreement with a third party.

Under this agreement, the third party, through a separate agreement entered into with the subscribers to the securities, undertook to redeem the securities after 15 years and to waive the right to interest from the sixteenth year in exchange for an initial payment by the company of €82.9 million.

Due to these clauses, the securities were recorded at the time of their issue as a liability in the balance sheet at their net amount of €222.0 million.

Each year's net income includes the impact of the interest paid on the nominal amount of the securities less any income generated by the €82.9 million deposit. This income is treated as an annual payment allocated to repayment of the principal and therefore reduces the amount of the debt accordingly.

10.4 The securities were restructured in May 1996 as follows:
- Rémy Cointreau exercised its right to redeem the securities from the subscribers at their par value,
- the securities were sold at their current value to an FCC (*Fonds Commun de Créances* – a debt securitisation fund), which will receive the interest income up to 15 May 2006,
- the issue contract was revised, the main changes being as follows:
  - the six-monthly interest paid by Rémy Cointreau will be reduced to a token amount with effect from 16 May 2006;
  - the clause relating to the suspension of interest payments was cancelled,
- the agreement linking the third party company that received the initial payment with the subscribers to the securities was cancelled,
- as part of this restructuring, the following financial instruments, which mature in 2006, were established:

Currency	Nominal value (€ millions)	Rate received	Rate paid
EUR	131.11	6-month Euribor	Fixed
EUR	21.34	6-month Euribor	Fixed
EUR	118.53	Variable	Fixed
EUR	25.57	Fixed	Variable

11. Convertible bonds

Convertible bonds at 31 March 2004 comprised the following:

(€ millions)	2004	2003	2002
OCEANE 3.50% 2006			
Principal	297.3	300.0	300.0
Redemption premium	21.1	14.5	7.8
Convertible bond 7.50% 2006	0.6	0.6	0.6
Total	319.0	315.1	308.4

- Following the authorisation granted by the Combined General Meeting of shareholders on 24 August 2000, the meeting of the Board of Directors of 13 December 2000 approved the issue of €300 million of bonds with the option to convert into and/or exchange for new and/or existing shares (OCEANE).
- The main features of this OCEANE are as follows:
  - number of bonds issued: 6,896,551
  - par value: €43.50 each
  - issued at par
  - right to interest as from 30 January 2001
  - term: 5 years and 61 days
  - interest rate: 3.50% per annum, paid annually on 1 April
  - redemption on 1 April 2006 at €48.53 each, including a redemption premium of 11.56% of the nominal value, i.e. €34.6 million,
  - early redemption at the option of the issuer with effect from 1 April 2004 if the Rémy Cointreau share meets certain quotation criteria,
  - each bond may be converted or exchanged for one new or existing share at any time with effect from 30 January 2001 until the seventh working day prior to the redemption date.

On 17 October 2003, Remy Cointreau redeemed 62,837 bonds at €47.80 each. These bonds were subsequently cancelled. The redemption resulted in the principal value of the OCEANE being reduced by €2.7 million and the redemption premium by €0.3 million.

No bonds were converted during the year. A total of 23 bonds were converted or exchanged in previous years.

12. Medium and long-term debt

At 31 March 2004, medium- and long-term debt comprised the following:

(€ millions)	2004	2003	2002
Loan notes	186.8	163.5	165.9
Bank loans with variable interest rates	212.5	170.0	220.0
Other long and medium-term loans			4.2
Total	399.3	333.5	390.1

12.1 Bonds primarily comprise the 7-year bond issued on 24 June 2003 for €175 million, with a 6.5% coupon. Upon maturity, this bond is redeemable at par.

Most of the proceeds from this bond were used for the early redemption of an earlier €150 million bond with a 10% coupon, which would have matured in July 2005.

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

- before 1 July 2006, in the event of a capital increase, whether for the general public or reserved, redemption at 106.5% on a proportional basis of up to 35% of the total nominal value of the bonds issued,
- at any time before 1 July 2007, redemption at par plus a premium equal to the higher of the following two amounts:
  (I) 1% of the principal amount redeemed,
  (II) an amount equal to the difference between: the present value on the redemption date at 103.25% plus interest calculated over the period from the redemption date to 1 July 2007. The discount rate used is the Bund interest rate on the redemption date plus 50 basis points,
- from 1 July 2007, under any circumstances, redemption of all or part of the bonds at 103.25% during 2007/2008, at 101.625% during 2008/2009 and at par during 2009/2010.
  The issue contract also provides every bondholder with the right to request redemption of the bonds held at 101% in the event of (i) a "fundamental change" covering the possible sale or transfer of a substantial part of the assets of Rémy Cointreau, or (ii) approval by the shareholders of a liquidation or voluntary winding-up plan of the issuer, or (iii) Orpar and Récopart SA together holding less than one third of the voting rights in the issuer or being unable to appoint the majority of the Supervisory Board for two consecutive years,
- at any time, but in full, in the event of a material change in the tax regime applicable to the issuer subsequent to the issue date.

This bond is not subject to any security.

12.2 At 31 March 2004, the Group's confirmed banking facilities (including those falling due within one year) amounted to €598.0 million, and comprised the following:

Type	Principal (€ millions)	Maturity
Banking syndicate	500.0	2004 to 2008
Other confirmed credit lines	75.3	2004
Bilateral credit lines	22.7	2005

The syndicated loan of €500.0 million signed on 10 June 2003 with a group of 19 banks comprises a term facility and a revolving facility of €250 million each. The revolving facility is repayable on 10 June 2008, whereas the term facility is repayable in annual instalments as follows:

- 10 June 2004: €37.5 million
- 10 June 2005: €43.75 million
- 10 June 2006: €50.0 million
- 10 June 2007: €56.25 million
- 10 June 2008: €62.5 million

This loan is not subject to any security.

Under this contract, Rémy Cointreau is committed to meeting the following financial ratios at 30 September and 31 March of each year:

Period	Debt/ EBITDA (Ratio A)	EBITDA/ finance costs (Ratio B)
Date of signing to 30/09/2004	Ratio A ≤ 4.25	Ratio B ≥ 3.25
From 01/10/2004 to 30/09/2005	Ratio A ≤ 4.00	Ratio B ≥ 3.50
From 01/10/2005 to 30/09/2006	Ratio A ≤ 3.75	Ratio B ≥ 3.75
From 01/10/2006 to maturity	Ratio A ≤ 3.5	Ratio B ≥ 4.00

For the purpose of these calculations, EBITDA is defined as the sum of operating profit, amortisation and depreciation, and dividends received from equity method companies. Debt is defined as the sum of financial debt, the nominal value of convertible bonds less short-term deposits and cash. The value used for the ratio is the arithmetic average of the values in the last two half-yearly reports.

At 31 March 2004, these ratios (excluding the cooperatives) were as follows:
- Debt/EBITDA: 3.76
- EBITDA/finance costs: 3.34

The debt/EBITDA ratio serves as a reference in determining the margin applicable to the Euribor interest rate paid on each drawing. Based on the ratios for 2004, the margin was 120 basis points. The commitment commission is 50% of the applicable margin on the unutilised portion of the credit line.

On 3 June 2004, the lending banks agreed that for the calculation of the financial ratios and the margin applicable to the syndicated loan, the definitions of EBITDA, debt and finance costs would be adjusted so as to exclude the impact of the consolidation of Champaco and Prochacoop.

12.3 At 31 March, the maturity analysis of medium and long-term debt was as follows:

(€ millions)	2004	2003	2002
More than 5 years	175.0	–	–
More than 1 year but less than 5 years	224.3	333.5	390.1
Total	399.3	333.5	390.1

12.4 At 31 March, the breakdown of long-term debt by currency was as follows:

(€ millions)	2004	2003	2002
Euro	399.3	333.5	389.1
Polish Zloty	–	–	1.0
Total	399.3	333.5	390.1

13. Provisions for liabilities and charges

13.1 At 31 March, the analysis of provisions for liabilities and charges was as follows:

(€ millions)	2004	2003	2002
Pension provisions	16.9	17.2	18.3
Provisions for liabilities and charges	60.2	58.8	63.3
Total	77.1	76.0	81.6

Provisions for liabilities and charges relate mainly to:
- provisions for early retirements and restructuring costs,
- provisions for various operating liabilities.

These amounts include the provisions raised as part of the initial consolidation of Bols.

The €77.1 million of provisions at 31 March 2004 covered €20.9 million of charges likely to arise in 2005. The balance relates to charges whose crystallisation date is not currently known.

13.2 Movements in provisions for liabilities and charges for the year were as follows:

(€ millions)	Total
31 mars 2003	76.0
Increases in the year	25.4
Charges in the year	(18.9)
Releases in the year	(5.0)
Changes in consolidation scope	(0.3)
Translation adjustments	(0.1)
31 March 2004	77.1

14. Operating liabilities

14.1 At 31 March, trade notes and accounts payable comprised the following:

(€ millions)	2004	2004 Exc. coops.	2003	2002
Brandy suppliers	21.3	69.4	27.9	93.0
Other suppliers	112.2	112.2	111.8	134.1
Total	133.5	181.6	139.7	227.1

14.2 Other operating liabilities comprised the following at 31 March:

(€ millions)	2004	2003	2002
Customer advances	0.6	1.0	1.6
Tax and social security liabilities	62.0	81.3	90.9
Excise duties payable	9.8	12.4	33.1
Advertising	27.1	24.2	30.1
Other deferred income	4.0	4.2	4.3
Financial instruments	1.7	9.0	3.4
Interest	24.5	24.0	27.8
Other	39.2	42.2	63.4
Total	168.9	198.3	254.6

15. Analysis by geographic area

15.1 Analysis of sales

(€ millions)	2004	2003	2002
France	53.3	61.8	58.1
Other Europe	362.1	406.8	409.6
North America	309.6	351.8	366.2
Asia-Pacific	122.0	127.3	133.7
Rest of world	41.3	52.5	51.9
Total	888.3	1,000.2	1,019.5

15.2 Analysis of assets employed

(€ millions)	Net intangible fixed assets	Net tangible fixed assets	Current assets [1]	Operating liabilities [2]
France	426.8	102.2	1,014.1	236.7
Other Europe	530.1	33.8	96.2	59.3
America	12.2	6.8	76.9	34.8
Asia-Pacific	–	–	8.5	0.5
Total	969.1	142.8	1,195.7	331.3

[1] Excluding short-term deposits and cash; excluding offsetting of deferred tax assets and liabilities.
[2] Including deferred tax liabilities; excluding offsetting of deferred tax assets and liabilities.

16. Information by division

Operating profit includes:

a) profit directly allocated to the various brands operated by the Group,

b) indirect charges representing the overheads of the various distribution companies and the administration entities.

The brands have been separated into five divisions, which cover the main products and brands as follows:

Cognac: Rémy Martin;

Liqueurs: Cointreau, Passoa, Bols Liqueurs, Galliano, Pisang Ambon;

Spirits: Bols vodka, Metaxa and Saint Rémy brandy, Mound Gay rum, Bols and Bokma genevers and Saint James (for 2002 and 2003);

Champagne and Wines: Piper-Heidsieck, Charles Heidsieck, Piper Sonoma Californian wines;

Partner brands: these are brands not owned by the Group but which are distributed by the Group's own network, consisting mainly of Highland Distillers scotch whiskies, Antinori wines in the US, and distribution of wines in the Netherlands (for 2002 and 2003).

The breakdown of profit by brand, distribution expenses and central costs is performed on an analytical basis.

16.1 Analysis of turnover and operating profit by division

(€ millions)	2004	2003	2002
Turnover			
Cognac	317.2	358.9	380.1
Liqueurs	161.2	175.0	172.0
Spirits	183.9	200.8	216.3
Champagne & Wines	125.8	130.4	111.5
Partner brands	100.2	135.1	139.6
	888.3	1,000.2	1,019.5
Operating profit			
Cognac	114.3	149.3	145.6
Liqueurs	49.3	50.4	47.3
Spirits	53.9	61.5	70.1
Champagne & Wines	15.3	17.2	5.7
Partner brands	15.4	20.9	22.0
	248.2	299.3	290.7
Distribution costs, central costs and unallocated charges	(74.7)	(85.5)	(81.6)
Total	173.5	213.8	209.1

Comparative data has not been restated for the sale of Saint James (spirits) and ORB (partner brands). Details of the impact of these disposals are provided in note 2.3.

16.2 Analysis by assets employed

At 31 March 2004

(€ millions)	Net intangible fixed assets	Net tangible fixed assets	Current assets (1)	Operating liabilities (2)
Cognac	239.1	20.8	583.5	86.1
Liqueurs	197.1	16.6	43.5	53.9
Spirits	390.7	34.8	94.6	47.6
Champagne & Wines	141.5	66.0	248.3	48.6
Network and holding co.	0.7	4.6	225.8	95.1
Total	969.1	142.8	1,195.7	331.3

(1) Excluding short-term deposits and cash; excluding offsetting of deferred tax assets and liabilities.
(2) Including deferred tax liabilities; excluding offsetting of deferred tax assets and liabilities.

At 31 March 2003

(€ millions)	Net intangible fixed assets	Net tangible fixed assets	Current assets (1)	Operating liabilities (2)
Cognac	239.5	19.6	511.2	102.4
Liqueurs	196.9	16.8	53.7	51.9
Spirits	393.0	43.5	132.0	69.0
Champagne & Wines	141.9	68.0	256.6	51.1
Network and holding co.	0.9	3.9	223.4	96.3
Total	972.2	151.8	1,176.9	370.7

(1) Excluding short-term deposits and cash; excluding offsetting of deferred tax assets and liabilities.
(2) Including deferred tax liabilities; excluding offsetting of deferred tax assets and liabilities.

16.3 Return on capital employed

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

Capital employed (note 16.2):
- tangible fixed assets,
- current assets (excluding short-term deposits and cash),
- operating liabilities.

Operating profit (note 16.1):
- operating profit after allocation of holding company and distribution network costs.

Capital employed and operating profit are identified by division on an analytical basis. The allocation of capital and profits to the holding company and distribution network activities is based on actual inventories and pro rata to sales.

At 31 March 2004

(€ millions)	Capital employed	Operating profit	%
Cognac	565.9	90.2	15.9
Liqueurs	22.4	40.0	178.6
Spirits	98.7	28.7	29.1
Champagne & Wines	286.6	8.9	3.1
Partner brands	33.6	5.7	17.0
Total	1,007.2	173.5	17.2

At 31 March 2004, after taking into account the carrying value of the brands and other intangible fixed assets (notes 3.1 and 16.2), return on capital employed was 11.2% for Cognac, 18.2% for Liqueurs, 5.9% for Spirits and 2.1% for Champagne and Wines.

At 31 March 2003

(€ millions)	Capital employed	Operating profit	%
Cognac	486.9	122.7	25.2
Liqueurs	35.6	40.2	112.9
Spirits	121.9	33.5	27.5
Champagne & Wines	285.0	11.0	3.9
Partner brands	28.6	6.4	22.4
Total	958.0	213.8	22.3

At 31 March 2003, after taking into account the carrying value of the brands and other intangible fixed assets (notes 3.1 and 16.2), return on capital employed was 16.9% for Cognac, 17.3% for Liqueurs, 6.5% for Spirits and 2.6% for Champagne and Wines.

17. Operating expenses

The analysis of operating expenses is as follows:

(€ millions)	2004	2003	2002
Personnel costs	113.3	125.3	114.8
Other costs	260.3	264.7	297.9
Amortisation and depr.	20.4	20.3	23.2
Expenses reallocated to inventories and cost of sales	(64.6)	(65.0)	(78.2)
Total	329.4	345.3	357.7
of which:			
Marketing expenses	247.8	260.7	274.2
Administrative expenses	81.6	84.6	83.5
Total	329.4	345.3	357.7

Marketing expenses comprise promotion and advertising costs, commissions paid and received, brand royalties, ordinary provisions for inventories and trade accounts receivable, and overheads of the Group's distribution companies. Administrative expenses comprise all other expenses (mainly overheads of the holding and production companies).

This analysis is prepared on an analytical basis.

18. Group personnel

Personnel numbers are expressed at the balance sheet date and relate to fully consolidated companies only.

At 31 March

(€ millions)	2004	2003	2002
France	1,021	1,043	1,084
Other Europe	590	694	661
Asie-Pacific	4	–	34
America	330	460	398
Total	1,945	2,197	2,177

19. Directors' remuneration

(€ millions)	2004	2003	2002
France	2.1	1.9	1.6
Total	2.1	1.9	1.6

Directors' remuneration paid by Rémy Cointreau includes all gross remuneration and attendance fees paid to members of the Supervisory Board and the Management Board.

As is the case for other senior Group executives, members of the Management Board benefit from an increase in the legal amount payable upon leaving the Group, as well as an optional additional pension, taken out with an insurance company, which enables them, if they are employees of the company at the time of their retirement, to benefit from a supplementary pension of up to 11.5% of their final remuneration. This commitment is valued and recorded as pension commitments in accordance with note 1.10.

20. Finance costs

(€ millions)	2004	2004 Exc. coop.	2003	2002
Exchange gains (losses)	(1.1)	(1.1)	(2.3)	0.7
Finance income	1.4	1.4	2.2	5.7
Finance costs	(65.0)	(61.1)	(67.0)	(68.7)
Dividends	0.6	0.6	0.4	0.4
Total	(64.1)	(60.2)	(66.7)	(61.9)

Finance income and costs include:

- interest costs,
- commissions on credit lines,
- amortisation of bond issue costs and redemption premiums,
- related bank charges.

The interest cost of debt servicing came to €51.5 million in 2004 (€47.6 million when excluding the cooperatives) and corresponds to an average interest rate of 5.27% for the year (2004 excluding cooperatives: 5.50%, 2003: 5.79%, 2002: 6.32%).

21. Exceptional income and expenses after tax

Exceptional income and expenses do not relate directly to ordinary activities.

(€ millions)	2004	2003	2002
Gains (losses) on disposals of securities and equity investments	24.1	(2.7)	(3.3)
Cost of restructuring, closures and site transfers	(14.2)	(8.5)	(2.9)
Equity swap gain	6.5		
Charges relating to debt restructuring	(4.0)		
Charges and provisions for tax liabilities	(7.6)		2.0
Other charges and provisions	(2.7)	(1.9)	(4.6)
Gain on asset disposals		11.7	
Dilution gain on investment in Maxxium			4.0
Gain (loss) on equity method company (Maxxium)			(0.5)
Total	2.1	(1.4)	(5.3)

22. Taxation

22.1 The net effect of taxation on profit was as follows:

(€ millions)	2004	2003	2002
Tax on profit on ordinary activities			
• Current	(30.9)	(44.1)	(35.5)
• Deferred	(7.4)	(6.4)	(13.1)
Total	(38.3)	(50.5)	(48.6)
Tax on profit from non-recurring activities			
• Current	(1.2)	(0.3)	(13.2)
• Deferred	3.5	(0.8)	14.9
Total	2.3	(1.1)	1.7

22.2 Rémy Cointreau has elected to create a tax grouping for certain subsidiaries in which it has a shareholding of at least 95%, directly or indirectly. This grouping allows for possible tax savings, within certain limits, as taxable profits can be offset against tax losses of other companies. Any tax saving is recognised in the year in which the offset occurs.

22.3 Analysis of the origin and breakdown of deferred tax:

(€ millions)	2004	2003	2002
Breakdown by type			
Pension provisions	5.0	4.0	4.0
Regulated provisions	(28.0)	(22.7)	(18.0)
Other provisions	10.6	10.0	13.6
Margin on inventories	7.1	8.5	10.3
Other timing differences	5.5	(0.6)	0.1
Net position – asset (liability)	0.2	(0.8)	10.0
Breakdown by tax grouping			
France tax grouping	(6.5)	(3.9)	0.1
US tax grouping	0.2	0.4	2.4
Netherlands tax grouping	2.7	0.6	4.2
Other companies	3.8	2.1	3.3
Net position – asset (liability)	0.2	(0.8)	10.0
Deferred tax assets	6.7	3.2	10.3
Deferred tax liabilities	(6.5)	(4.0)	(0.3)
Net position – asset (liability)	0.2	(0.8)	10.0

22.4 Tax losses and capital losses carried forward at 31 March were as follows:

(€ millions)	2004	2003	2002
No time limit	3.2	2.9	5.9
Expiring in:			
2003	–	–	0.1
2004	–	0.1	–
2005	–	–	–
2006	–	–	–
2007	–	–	–
After 2007	2.6	4.2	5.3
Total losses carried forward	5.8	7.2	11.3

At 31 March 2004, the potential tax saving arising from the utilisation of these tax losses carried forward was €1.7 million. No deferred tax asset was recognised in respect of this amount.

22.5 In 2004, the tax on profit on ordinary activities was a charge of €38.3 million. The difference between this amount and the theoretical tax at the standard French rate of 35.4% is analysed as follows:

(€ millions)	2004	2004 Exc. coop.	2003	2002
Theoretical tax charge	(38.8)	(40.1)	(52.1)	(52.2)
Actual tax charge	(38.3)	(38.3)	(50.5)	(48.6)
Difference	0.5	1.8	1.6	3.6
• Permanent differences between the accounting and taxable profits	0.8	2.1	1.3	1.0
• Utilisation of tax losses and timing differences not previously recognised	1.1	1.1	0.5	1.8
• Tax losses of subsidiaries not used	(0.2)	(0.2)	(0.9)	(1.2)
• Difference in tax rates for foreign subsidiaries	(0.2)	(0.2)	(0.2)	2.0
• Adjustment to the tax charge for prior years	(1.0)	(1.0)	0.9	–
Total	0.5	1.8	1.6	3.6

23. Post-balance sheet events

In May 2004, it was announced that the distribution activities based in the Netherlands would be reorganised. As a result of this reorganisation, which was approved by the workers council, in 2004 the distribution of local brands will be transferred to Maxxium and the back-office activities will be reorganised.

24. Off-balance sheet commitments and litigation

24.1 Off-balance sheet commitments

Commitments relating to the management of foreign exchange and interest rate risks, as well as the equity swap contract, are detailed in note 25.

The unamortized portion of the OCEANE redemption premium (note 11) of €13.2 million, and the financial instruments used to hedge the subordinated perpetual securities (note 10.4) are included in off-balance sheet commitments.

Other Group commitments comprise the following:

(€ millions)	2004	2003
Inventory commitments		
Brandy (a)	9.2	34.3
Champagne (b)	14.7	21.2
Banking commitments		
Various guarantees on financing lines	1.3	0.6
Agricultural warrants on the cooperatives' inventories	90.9	–
Guarantee covering 25% of the debt of Maxxium (c)	46.6	43.3
Tax commitments		
Tax guarantees (d)	28.0	32.4
Other commitments given		
Option on shares held (e)	36.6	36.6

(a) Certain companies within the Cognac division have a contractual commitment to purchase a substantial part of their supplies of brandy from various storage entities and suppliers. In the event that these companies do not meet their commitments, they would be required to pay compensation or waive the accounts receivable due from the entities concerned. The Cognac division has a commitment to the Champaco cooperative for €21.9 million that is not included in the table as the cooperative is now fully consolidated in the Group financial statements (notes 1 and 2).

(b) The Champagne division has commitments to purchase wine held at the vineyard.

(c) Rémy Cointreau has guaranteed one quarter of the bank debt of Maxxium BV, as have each of the other three partners in the distribution joint venture. The maximum amount of the guarantee is €62.5 million.

(d) Bank guarantees given to the tax authorities represent guarantees for disputed tax assessments following requests for deferral of payment.

(e) In June 2003, as part of the existing joint venture agreements between Rémy Cointreau and its partner Takirra Investment Corp. NV (Takirra) in Bols Sp.z.o.o, the company that mainly distributes the Bols portfolio of vodkas in Poland, the Group granted its partner a put option exercisable in April 2006 over 50% of the share capital held by Takirra in Unicom Bols.

This agreement, which strengthens the long-term collaboration between the two partners, valuate Takirra stakeholding on the basis of an enterprise value of seven times the operating profit, with a minimum price of €36.6 million for 50% of the share capital.

24.2 Maturity analysis

(€ millions)	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Inventory commitments				
Brandy (a)	9.2	–	9.2	–
Champagne (b)	14.7	–	14.7	–
Banking commitments				
Various guarantees on financing lines	1.3	1.3	–	–
Agricultural warrants on the cooperatives' inventories	90.9	–	90.9	–
Guarantee covering 25% of the debt of Maxxium (c)	46.6	1.6	45.0	–
Tax commitments				
Tax guarantees (d)	28.0	28.0	–	–
Other commitments given				
Option on shares held (e)	36.6	–	36.6	–

24.3 As part of disposal transactions, liabilities guarantees are generally given to buyers for contractually defined durations and amounts. Tax, customs and social security liabilities that may arise following audits relating to periods prior to the disposal are generally covered until the legal time limits have expired.

Disposal guarantees that are not time-barred at 31 March 2004 related to:

Disposal	Disposal date	Type of guarantee not time-barred	Expiry date	Maximum amount (€ millions)
Blue Pyrenees Estate Ltd (Australia)	01/10/03	liabilities excl. tax	31/10/04	
		tax items	31/10/06	
		total of all guarantees		10.0
Wine activities (ORB) (Netherlands)	17/04/03	liabilities excl. excise duties, tax and social security	17/04/05	
		excise duties, tax and social security	17/10/08	
		total of all guarantees		1.5
RMSJ/SMCS (France)	11/07/03	liabilities excl. tax, customs and social security	03/09/05	8.0
		tax, customs and social security	31/10/08	none

24.4 As part of the agreements to set up Maxxium in August 1999, Rémy Cointreau transferred assets to the new joint venture in exchange for shares in Maxxium and €122 million in cash, of which €82 million had been received at 31 March 2004. The balance of €40 million represents a component of the indeterminate price linked to Maxxium's financial performance. Part of this amount (€24 million) has a fixed maturity of 31 July 2009, while the balance (€16 million) has no time limit.

24.5 At 31 March 2004, Rémy Cointreau was involved in a number of legal actions. Following a review of each case at the level of the subsidiary concerned, and having taken legal advice, the necessary provisions were raised, as required, to cover the estimated liabilities.

24.6 The Group declares that it has not omitted any material off-balance sheet information in the presentation of its consolidated financial statements.

25. Exposure to market risks

The Group is exposed to foreign exchange and interest rate risk.

Risk management is carried out in accordance with prudent rules approved by the Management Board. In particular, sales of options are limited to tunnels and resales of instruments purchased previously and are subject to authorisation on a case-by-case basis.

For foreign exchange risks, the horizons hedged and the levels committed are limited and the hedging strategies are approved by a finance committee, which forms part of the Management Board.

All hedging transactions are carried out with top-tier international banks.

25.1 Foreign exchange risk

The Group's results are sensitive to exchange rate movements as some 66% of its turnover is generated outside the euro zone, while almost all the production is based in this region.

The Group's exposure to foreign exchange risk relates mainly to sales denominated in currencies other than the euro (mainly in USD, AUD, CAD, JPY, GBP and HKD) by the production companies to Maxxium, the US distribution subsidiary and the exclusive foreign agents. The Group endeavours to hedge its net budgeted commercial exposure on a moving horizon of up to 15 to 18 months. This is achieved by entering into firm or optional foreign exchange hedging contracts.

This hedging policy covers only short-term exchange risks. It is not intended to shelter Rémy Cointreau from the economic effects of long-term monetary trends on the Group's turnover or margins.

The Group does not hedge the foreign exchange risk relating to the translation into euros of the financial statements of companies based outside the euro zone.

25.1.1 Foreign exchange risk on operating cash flows
The following hedges were established during 2004:

(€ millions)	USD	AUD	CAD	JPY	GBP	HKD [1]
Hedged positions	225.4	17.7	18.9	2,005.0	16.7	106.7
Average exchange rate	1.0	1.8	1.6	124.7	0.7	7.8
Open positions	6.6	0.8	2.8	483.5	1.8	60.6
Total	232.0	18.5	21.7	2,488.5	18.5	167.3

[1] Cash flows in HKD are hedged against the USD.

The open positions relate mainly to turnover generated in March 2004.

At 31 March 2004, the Group held short-term currency swaps against 2004 operating cash flows not yet received as well as hedges against future cash flows for 2005.

Residual hedges against 2004 cash flows received in 2005

Type	Currency	Nominal amount (currency millions)	Exchange rate guaranteed
Firm	USD/EUR	(43.0)	1.2115
Firm	AUD/EUR	(5.7)	1.6329
Firm	JPY/EUR	(153.6)	120.810

Hedges against 2005 cash flows

Type	Currency	Nominal amount (currency millions)	Exchange rate guaranteed
Option [1]	USD/EUR	(200.0)	1.1646
Premiums received (paid): (€3.25 million)			
Option [1]	AUD/EUR	(18.0)	1.8064
Premiums received (paid): (€0,16 million)			
Option [1]	CAD/EUR	(16.0)	1.5963
Premiums received (paid): (€0,15 million)			
Firm	CHF/EUR	(2.0)	1.5461
Option [1]	GBP/EUR	(14.5)	0.7267
Premiums received (paid): (€0,31 million)			
Option [1]	JPY/EUR	(1,900.0)	132.97
Premiums received (paid): (€0,21 million)			
Firm	NZD/EUR	(1.0)	1.8583

[1] including tunnel options.

At 31 March 2004, the market value of the total portfolio of foreign exchange instruments was €11.7 million.

25.1.2 Foreign exchange risk relating to financing in foreign currencies
The Group's financing is centralised within Rémy Cointreau SA and is denominated in euros. The subsidiaries outside the euro zone are financed largely from these resources through intra-group loans denominated in the currency of the borrower.

In order to hedge the foreign exchange risk on loans and borrowings issued in non-euro zone currencies, the Group arranges perfect hedges using currency swaps. Interest received and paid is hedged by forward sales and purchases. These transactions have a maturity of between one month and one year.

Rémy Cointreau lends and borrows mainly in USD, HKD, CHF and AUD.
The portfolio of hedging swaps at 31 March 2004 was as follows:

Currency (in millions)	Nominal Purchase	Nominal Sale	Exchange rate Purchase	Exchange rate Sale
HKD/EUR	64.020	–	9.5750	–
AUD/EUR	2.466	–	1.8665	–
CHF/EUR	1.079	–	1.5620	–
USD/EUR	–	(41.00)	–	1.2012

25.2 Interest rate risk

As part of an interest rate risk management policy aimed principally at hedging the risk of an increase in interest rates, the Group has structured its resources by dividing its debt into a combination of fixed and variable interest rate amounts.

At 31 March 2004, the breakdown of financial debt (excluding the subordinated perpetual securities and convertible bonds) was as follows:

(€ millions)	2004	2004 Exc. coop.
Fixed rates	(189.3)	(189.3)
Variable rates [1]	(384.4)	(269.0)
Total	(573.7)	(458.3)

[1] The variable rate debt is covered by interest rate hedge contracts with maturities of no more than three financial years.

25.2.1 Option portfolio (medium-term)

The option portfolio consists purely of CAPs except for a €40 million collar comprising a CAP and a floor sale with a knock-in barrier in 2005/06.

(€ millions) Maturity	Nominal	Reference rate	Guaranteed rate
2004-2005	245.0	Euribor	4.33%
2005-2006	230.0	Euribor	4.26%
2006-2007	80.0	Euribor	3.88%

Premiums received (paid): (€1.36 million)

25.2.2 FRA portfolio (short-term: 3 and 6 months)

(€ millions) Maturity	Nominal	Guaranteed rate
2004		
1st quarter	186.0	2.78%
2nd quarter	205.0	2.58%
3rd quarter	208.5	2.62%
4th quarter	110.0	2.36%
2005		
1st quarter	140.0	2.51%
2nd quarter	40.0	2.59%
3rd quarter	10.0	2.50%
4th quarter	–	–

At 31 March 2004, the market value of the total portfolio of forward rate agreements (excluding swaps relating to the subordinated perpetual securities) was (€1.6) million.

25.3 Equity swap contract

On 31 October 2001, Rémy Cointreau S.A. entered into a swap contract with a financial institution under which Rémy Cointreau pays interest at variable rates in addition to any capital losses based on the reference share price (for capital losses on maturity) and receives revenues from the shares (dividends and other financial rights attached to the shares) as well as any capital gains based on the reference share price (for capital gains on maturity).

At the outset, this contract covered a nominal value of €43 million, corresponding to 2,100,000 Rémy Cointreau shares (equivalent to a reference share price of €20.52), and had a maturity date of 8 November 2004.

The contract can be settled only in cash, early (in full or in part), at the option of Rémy Cointreau, or in full on maturity.

This transaction originally formed part of the general framework for the disposal by Blekos Holding BV (formerly Bols Holding BV) of all the remaining Rémy Cointreau shares held, i.e. 2,525,282 shares. The two transactions were carried out simultaneously.

On 28 January 2004, the maturity date of the contract was extended for a period of two years, i.e. to 8 November 2006.

In light of the partial early cancellation of 50,000 shares on 17 November 2003 and the early disposal of 24,000 shares on 28 January 2004, Rémy Cointreau unwound 1,816,000 shares early on 25 March 2004. Of the remaining 210,000 shares, Rémy Cointreau granted the financial institution the right to receive the full amount of the gain on maturity of the contract. However, in the event that the share price falls below €20.52, Rémy Cointreau will pay any shortfall on the 210,000 shares.

These three disposals, totalling 1,890,000 shares, generated a pre-tax capital gain of €10.1 million.

A net interest charge of €1.24 million was recorded for the year.

26. Pensions and similar commitments

26.1 Commitments in respect of defined benefit plans were as follows:

(€ millions)	2004	2003
Actuarial liability at the start of the year	(132.1)	(130.9)
Standard cost	(3.0)	(4.2)
Interest on the actuarial liability	(6.3)	(6.8)
Changes to the plans	(0.9)	-
Decreases in the plans	4.1	-
Benefits paid	6.9	4.4
Actuarial gains (losses)	13.1	11.9
Actuarial liability at the year end	(118.2)	(125.6)
Value of plan assets at the start of the year	92.0	108.5
Yield	11.5	(17.7)
Contributions received	4.8	2.4
Decreases in the plans	(2.8)	–
Benefits paid	(5.8)	(4.1)
Value of plan assets at the year end	99.7	89.1
Financial cover	(18.5)	(36.4)
Actuarial differences not recognised: (gains) losses	13.4	31.4
Cost of past services not recognised: (gains) losses	2.0	–
Pension commitments	(3.1)	(5.0)
Total liabilities	(16.9)	(17.2)
Total assets	13.8	12.2

26.2 The cost for the year was as follows:

(€ millions)	2004	2003
Standard cost	3.0	4.2
Interest on actuarial liability	6.3	6.8
Expected yield from investments	(6.1)	(8.7)
Amortisation of actuarial gains and losses	4.0	0.1
Amortisation of other elements not recognised	0.2	-
Impact of plan decreases	(0.7)	-
Cost for the year	6.7	2.4
Benefits	(2.2)	(0.3)
Net cost for the year	4.5	2.1

26.3 The following actuarial assumptions were used:

- Average discount rate 5.3%
- Average increase in salaries 2.9%
- Average working life expectancy 6 to 10 years
- Expected yield from investments 5.7%

27. Share options

During the year ended 31 March 2004, it was decided to allocate share purchase options in accordance with the authorisation given by the Extraordinary General Meeting of 21 September 2001.

The Management Board meeting of 16 September 2003 granted 287,000 purchase options to 25 beneficiaries. These options, which expire on 15 September 2013, are exercisable at €27.67 per share following a vesting period of 4 years, i.e. as from 16 September 2007.

The attached table shows details of the share subscription/purchase option plans in existence at 31 March 2004.

Share subscription/purchase options in existence at 31 march 2004

	Plan no. 4	Plan no. 5	Plan no. 6	Plan no. 7	Plan no. 8	Plan no. 9	Plan no. 10	Plan no. 11	Plan no. 12
Date of the Extraordinary General Meeting	16/09/96	16/09/96	26/08/98	26/08/98	26/08/98	26/08/98	24/08/00	24/08/2000 and 21/09/01	21/09/01
Date of the Supervisory Board or Management Board meeting	04/12/96	25/03/98	28/10/98	28/04/99	07/12/99	30/05/00	01/03/01	08/03/02	16/09/03
Total number of options granted	216,630	164,500	224,044	289,300	499,100	131,280	1,016,600	659,500	287,000
– of which, number of options that can be subscribed by the Directors [(1)]	64,607	100,000	72,466	119,576	127,900	61,960	200,000	275,000	180,000
– number of Directors concerned	10	7	7	10	10	9	5	5	5
Total number of beneficiaries	84	20	75	66	85	28	150	43	25
Exercise start date	04/12/96	25/03/98	28/10/98	28/04/99	07/12/99	30/05/00	01/03/03	08/03/06	16/09/07
Exercise end date	03/12/03	24/03/05	27/10/05	27/04/09	06/12/09	29/05/10	28/02/11	07/03/12	15/09/13
Subscription price (euros) [(2)]	16.69	13.55	13.55	12.20	16.36	18.85	27.10	25.00	27.67
Number of options lapsed	39,276	–	–	3,000	–	–	16,000	–	3,000
Number of options subscribed at 31 March 2004	177,354	119,990	156,712	112,331	190,900	33,580	–	8,500	–

(1) Board of Directors and members of the Management Committee as applicable prior to 19 December 2000 and members of the Management Board and Supervisory Board subsequent to this date.

(2) The exercise prices prior to 1999 represent the translation into euros of the data originally established in French francs.

28. List of subsidiaries and equity investments

At 31 March 2004, the Group's consolidation scope comprised 65 companies (61 at 31 March 2003). Some 62 of these companies were fully consolidated while three were accounted for by the equity method. These companies all have a financial year end of 31 March except for Rémy de Colombia, Destileria de Jalisco and Sino French Dynasty Winery, which have a 31 December year end, and Maxxium International BV, which has a 30 June year end.

Company	Activity	Group interest (%) March 2004	March 2003
EUROPE			
France			
Rémy Cointreau S.A. (1)	Holding/Finance	100.00	100.00
Gie Rémy Cointreau Sces	Holding/Finance	95.00	95.00
Rémy Cointreau Sces (1)	Holding/Finance	100.00	100.00
Financière Rémy Cointreau (1)	Holding/Finance	100.00	100.00
RC One (1) (4)	Logistics	100.00	–
CLS Rémy Cointreau S.A. (1)	Production	100.00	100.00
SNE des Domaines Rémy Martin (1) (5)	Other	100.00	–
E. Rémy Martin & Cie (1)	Production	100.00	100.00
Cognacs de Luze	Production	100.00	100.00
Storeco (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
SAP (1)	Production	100.00	100.00
Champ. P & C Heidsieck S.A. (1)	Production	99.98	99.98
Champ. F. Bonnet P&F (1)	Production	99.98	99.98
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 S.A. (1)	Production	99.95	99.95
Fournier & Cie – Safec (1)	Production	100.00	100.00
Société Coopérative Prochacoop (5) (8)	Cooperative	–	–
Société Coopérative Champaco (5) (8)	Cooperative	–	–
The Netherlands			
D.F.D.I.	Holding/Finance	100.00	100.00
Rémy Finance BV	Holding/Finance	100.00	100.00
Maxxium International BV (2)	Distribution	25.00	25.00
Erven Lucas Bols NV	Holding/Finance	100.00	100.00
Distilleerderijen Erven Lucas Bols BV	Holding/Finance	100.00	100.00
Gedistilleerd en Wijn Groep Nederland BV	Other	100.00	100.00
Bols Distilleries BV	Distribution	100.00	100.00
Metaxa BV (4)	Holding/Finance	100.00	–
Bokma Distillateurs BV (4)	Holding/Finance	100.00	–
Lodka Sport BV	Other	50.00	50.00
Meekma Distileerderijen BV	Other	100.00	100.00
Beleggingsmaatschappij Honthorst BV	Holding/Finance	100.00	100.00
Beleggingsmaatschappij Honthorst II BV	Holding/Finance	100.00	100.00
Lelie BV (6)	Holding/Finance	100.00	100.00
Exploitatiemaatschappij Rozengracht BV	Holding/Finance	100.00	100.00
't Lootsje II BV	Holding/Finance	100.00	100.00
Wijnhandel Ferwerda & Tieman BV	Holding/Finance	100.00	100.00
Duncan, Gilby & Matheson BV	Other	100.00	100.00
Unipol BV	Other	50.00	50.00
Botapol Management BV	Holding/Finance	100.00	100.00
Botapol Holding BV	Holding/Finance	50.00	50.00
Avandis CV (2)	Production	33.33	33.33

Company	Activity	Group interest (%) March 2004	March 2003
OTHER COUNTRIES			
Hermann Joerss Gmbh	Distribution	100.00	100.00
Cointreau Holding	Holding/Finance	100.00	100.00
Rémy Suisse S.A.	Distribution	100.00	100.00
Bols Hungary Kft	Distribution	100.00	100.00
Bols Sp.z.o.o (7)	Production	50.00	50.00
Arima S.A.	Other	50.00	50.00
Bols Sports & Travel Sp.z.o.o	Other	100.00	100.00
S&EA Metaxa ABE	Production	100.00	100.00
NORTH AND SOUTH AMERICA			
United States			
Rémy Amérique 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
Bols Latin America NV	Holding/Finance	100.00	100.00
Blousana Corporation AVV	Distribution	100.00	100.00
S.M.C.S. (3)	Production	–	99.49
R.M.S.J. (3)	Production	–	99.49
Other countries			
Cointreau Do Brasil Ltda	Production	100.00	100.00
Destileria de Jalisco	Production	100.00	100.00
Rémy de Colombia	Distribution	100.00	100.00
ASIA-PACIFIC			
China			
Sino French Dynasty Winery (2)	Production	33.00	33.00
Hong Kong			
Rémy Concord	Production	100.00	100.00
Rémy Pacifique Ltd	Distribution	100.00	100.00
Australia			
BPE Pty Ltd	Other	100.00	100.00
AFRICA			
South Africa			
Erven Lucas Bols Pty. Ltd	Distribution	50.00	50.00

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

(2) Accounted for by the equity method.

(3) Disposal during the year.

(4) Created during the year.

(5) First consolidated with effect from 1 April 2003.

(6) Formerly Leliegracht BV, change of company name for Lelie BV.

(7) Formerly Unicom Bols Group Sp. z.o.o., change of company name for Bols Sp. z.o.o.

(8) Eaux-de-vie ageing cooperatives fully consolidated with minority interests of 100%.

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2004

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the consolidated financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report [, together with the statutory auditors' report addressing financial and accounting information in the President's report on internal control,] should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In performance of the assignment entrusted to us by your General Meetings, we have audited the consolidated financial statements of Rémy Cointreau for the year ended 31 March 2004, as attached to this report.

The consolidated financial statements were approved by your Management Board. It is our responsibility, based on our audit, to express an opinion on these financial statements.

1. Opinion on the consolidated financial statements

We performed our audit in accordance with professional standards applicable in France. These standards require that we plan and perform our work so as to obtain reasonable assurance that the consolidated financial statements are free from any material misstatement. An audit consists of an examination, on a sample basis, of the evidence supporting the information contained in the financial statements. It also involves an assessment of the accounting principles used and of significant estimates made in the preparation of the financial statements, as well as their overall presentation. We believe that our audit provides a reasonable basis for the opinion expressed below.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position and its assets and liabilities at 31 March 2004 and of the results of its operations for the year then ended, in accordance with generally accepted accounting principles in France.

Without calling into question the opinion expressed above, we draw your attention to note 1 of the notes to the consolidated financial statements, which details the change in accounting method as a result of the early application of CRC regulation no. 2004-03 of 4 May 2004 relating to the consolidation of special purpose entities.

2. Basis for our opinion

Pursuant to the provisions of article L. 225-235 of the French Commercial Code, which took effect for the first time during the year under review and were instituted by the French Financial Security

Act of 1 August 2003, relating to the basis for our opinion, we draw the following items to your attention:

Brands are valued according to the method described in note 1.5 of the notes to the consolidated financial statements. We have assessed the validity of the valuation method applied and examined the information and assumptions used in making these valuations.

The brandy ageing cooperatives were consolidated as special purpose entities with effect from 1 April 2003 by virtue of an assessment of the control exercised by the Group over these entities, in accordance with the description provided in note 1. We have examined the criteria and assumptions that support the existence of this control and the effective date of this first consolidation.

We have assessed the reasonableness of these estimates.

The assessments thus performed fall within the scope of our audit approach covering the consolidated financial statements, taken as a whole, and therefore contributed to the formation of our unqualified audit opinion, as expressed in the first part of the report.

3. Specific verifications

We also verified the information provided in the Group management report. We have no comments to make as regards its accuracy and consistency with the consolidated financial statements.

Paris, 9 June 2004
The Statutory Auditors

Barbier Frinault & Autres	Auditeurs et Conseils Associés SA
Ernst & Young	Member of Nexia International
Richard Olivier	François Mahé

PARENT COMPANY FINANCIAL STATEMENTS

AT 31 MARCH 2004

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Financial Report on the Parent Company Financial Statements at 31 March 2004

The loss on ordinary activities before tax was €20.3 million. The decline of €106.3 million compared with the previous year was mainly due to lower dividends from subsidiaries.

Fees charged to subsidiaries were €17.8 million an increase of €2.7 million. These fees related to royalties on operations of €13.5 million, calculated at the same rate as the previous year, and charges of €4.3 million in respect of the renegotiation of part of the financial debt, invoiced to the various Group companies that benefited from these resources.

Head office costs, net of a transfer of €6.6 million in respect of the issue cost of the new loan notes, amounted to €25 million, an increase of €1.8 million. This increase was due principally to costs of €4.3 million to renegotiate the debt, reinvoiced to subsidiaries, net of savings as a result of restructuring and the absence of studies carried out the previous year.

Dividends received from subsidiaries in the year were €24.5 million compared with €130.5 million to take account of the interim dividends paid by Rémy Martin and Cointreau at the end of the previous year.

Net finance costs increased by €1.2 million to €37.6 million compared with €36.4 million the previous year.

During the year, the Company made an early repayment of a €150 million loan at 10%, as part of its debt renegotiation and subscribed to the issue of a new loan of €175 million at 6.5% for a period of seven years.

Exceptional expenses of €17.6 million mainly comprised a transfer of €13.8 million to regulated provisions (in respect of the Perpetual Subordinated Loan Notes), expenses of €5.1 million for early repayment of a loan and restructuring costs of €5.4 million.

The partial disposal of the equity swap contract generated net income of €101.1 million.

The tax credit of €15.3 million represented the release of tax savings more than five years ago that are now finalised within the tax grouping.

The net loss for the year was €22.6 million.

BALANCE SHEET
AT 31 MARCH 2004

ASSETS

(€ millions)	2004	2003	2002
Intangible fixed assets	32.4	32.4	32.4
Tangible fixed assets	–	–	–
Equity investments	1,370.7	1,370.9	1,379.8
Receivables relating to equity investments	25.2	23.5	15.8
Other long-term investments	–	–	–
Loans	0.7	1.7	–
Other financial assets	10.5	10.5	1.6
Total fixed assets (notes 2.1 and 2.2)	1,439.5	1,439.0	1,429.6
Other receivables (note 2.3)	644.7	782.4	531.0
Marketable securities (note 2.4)	51.2	3.6	10.5
Cash	0.3	1.4	10.1
Total current assets	696.2	787.4	551.6
Prepaid expenses	1.3	2.1	1.2
Deferred charges (note 2.5)	9.0	5.9	8.1
Bond redemption premium (note 2.6)	13.3	20.1	26.9
Unrealised exchange losses	0.5	0.2	–
Total assets	2,159.8	2,254.7	2,017.4

LIABILITIES

(€ millions)	2004	2003	2002
Share capital	71.7	71,3	71.1
Share issue, merger and transfer premiums	626.4	623.7	622.1
Legal reserve	7.1	7.1	7.1
Regulated reserves	18.2	9.9	9.9
Other reserves	48.0	48.1	48.1
Retained earnings	97.6	48.3	79.5
Profit (loss) for the year	(22,6)	101.5	8.4
Regulated provisions	76.4	62.6	50.5
Shareholders' equity (note 2.7)	922.8	972.5	896.7
Subordinated perpetual securities (note 2.8)	51.3	72.4	91.6
Convertible bonds (note 2.9)	342.7	345.8	345.8
Provisions for liabilities and charges (note 2.13)	11.9	8.3	7.1
Other bonds (note 2.10)	192.1	166.6	169.1
Loans and other financial debts (note 2.11)	268.6	256.5	152.8
Loans and debts due to financial institutions (note 2.11)	251.5	304.6	252.0
Financial debt	712.2	727.7	573.9
Trade notes and accounts payable	0.1	0.1	0.1
Tax and social security liabilities	–	2.8	–
Amounts due to fixed asset suppliers	–	–	
Other operating liabilities	118.8	125.1	102.2
Operating liabilities	118.9	128.0	102.3
Deferred income	–	–	–
Unrealised exchange gains	–	–	–
Total liabilities and shareholders' equity	2,159.8	2,254.7	2,017.4

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2004

(€ millions)	2004	2003	2002
Services provided (note 3.1)	17.8	15.1	12.9
Release of amortisation, depreciation and provisions, transfer of charges	7.0	0.2	–
Other income	–	–	–
Total operating income	24.8	15.3	12.9
Purchases and external costs	29.0	19.8	16.6
Taxes and duties	–	–	–
Wages and salaries	–	–	–
Social security charges	–	–	–
Amortisation and depreciation	2.2	2.2	2.2
Provisions for liabilities and charges	0.5	1.2	–
Other expenses	0.2	0.2	0.2
Total operating costs	31.9	23.4	19.0
Operating income (loss)	(7.1)	(8.1)	(6.1)
Financial income from equity investments	24.5	130.5	63.0
Other income from investment securities and equity investments	0.5	0.7	0.8
Other interest income	18.3	23.7	33.3
Release of provisions and transfer of charges	0.3	–	–
Exchange gains	–	0.1	–
Net gain on disposals of marketable securities	0.3	–	–
Total financial income	43.9	155.0	97.1
Financial write-downs and provisions	7.2	7.0	6.7
Interest expense	49.9	53.9	60.6
Exchange losses	–	–	–
Net charges on disposals of marketable securities	–	–	–
Total financial expense	57.1	60.9	67.3
Net financial income (expense) (note 3.2)	(13.2)	94.1	29.8
Profit (loss) on ordinary activities before tax	(20.3)	86.0	23.7
Exceptional income on revenue transactions	10.1	–	–
Exceptional income on capital transactions	–	15.3	–
Exceptional releases of provisions and transfer of charges	–	0.1	–
Total exceptional income	10.1	15.4	0.0
Exceptional expense on revenue transactions	9.3	–	3.4
Exceptional expense on capital transactions	0.1	14.4	–
Exceptional write-downs and provisions	18.3	12.5	17.4
Total exceptional expense	27.7	26.9	20.8
Net exceptional income (expense) (note 3.3)	(17.6)	(11.5)	(20.8)
Taxation (note 3.4)	15.3	27.0	5.5
Net income (expense)	(22.6)	101.5	8.4

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

Operating cash flow (€ millions)	2004	2003	2002
Net income (expense)	(22.6)	101.5	8.4
Amortisation, depreciation and provisions	29.7	22.9	26.3
Operating	0.4	1.2	–
Financial	7.4	7.0	6.7
Exceptional	18.3	12.5	17.4
Deferred charges	3.6	2.2	2.2
Releases of amortisation, depreciation and provisions	(0.6)	(0.5)	–
Operating	(0.3)	(0.2)	–
Financial	(0.3)	–	–
Exceptional	–	(0.3)	–
Profits on disposals	–	(1.1)	–
Sales proceeds	–	(15.3)	–
Net book value of assets sold	–	14.2	–
Operating cash flow	6.5	122.8	34.7
A – Sources			
Operating cash flow	6.5	122.8	34.7
Disposal of intangible fixed assets	–	–	–
Disposal of tangible fixed assets	–	–	–
Disposal of/reductions in financial assets	–	15.3	–
Reduction in receivables relating to equity investments	1.4	1.1	17.2
Increase in share capital and share premium	3.1	1.8	1.3
Long- and medium-term loans	580.1	60.0	13.5
Total	591.1	201.0	66.7
B – Uses			
Dividends	44.0	39.6	39.9
Acquisition of fixed assets:	–	5.4	24.9
– Intangible fixed assets	–	–	–
– Tangible fixed assets	–	–	–
– Financial assets	–	5.4	24.9
Increase in receivables relating to equity investments	3.3	8.8	11.1
Repayment of loans	611.4	6.4	39.1
Deferred charges	6.6	–	–
Bond redemption premium	–	–	–
Reduction in shareholders' equity	21.1	19.3	17.8
Total	686.4	79.5	132.8
A – B = Change in working capital	(95.3)	121.5	(66.1)
Analysis of change in working capital			
Increase/decrease in trade notes and accounts payable	–	–	0.8
Increase/decrease in advance payments on orders	–	(0.2)	0.2
Increase/decrease in other current assets/ liabilities including banking facilities	(95.3)	121.7	(67.1)
Total	(95.3)	121.5	(66.1)

FIVE-YEAR FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 MARCH

(€ millions)	2000	2001	2002	2003	2004 [1]
1. Share capital at year end					
Share capital	58.2	71.1	71.1	71.3	71.7
Number of shares in issue	38,182,230	44,377,621	44,459,726	44,579,941	44,779,849
Maximum number of shares to be created through the conversion of bonds	30,032	6,926,562	6,926,560	6,926,560	6,863,723
2. Results for the year					
Sales excluding taxes	17.5	17.3	12.9	15.1	17.8
Income before tax, amortisation, depreciation and provisions	30.9	118.5	29.2	97.1	(8.6)
Taxation	(36.5)	(13.7)	5.5	27.0	15.3
Income after tax, amortisation, depreciation and provisions	64.3	120.6	8.4	101.5	(22.6)
Dividends	34.3	39.9	39.9	44.6	44.8
3. Per share (in euros)					
Income after tax, but before amortisation, depreciation and provisions	1.77	2.98	0.78	2.78	0.15
Income after tax, amortisation, depreciation and provisions	1.68	2.72	0.19	2.28	(0.50)
Net dividend per share	0.90	0.90	0.90	1.00	1.00
4. Employees					
Number of employees	–	–	–	–	–
Total payroll	–	–	–	–	–
Staff benefits (social security and other benefits)	–	–	–	–	–
Profit-sharing (included in total payroll)	–	–	–	–	–

[1] Subject to approval at the AGM.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

1. Accounting principles and methods

The parent company financial statements have been prepared in accordance with the provisions of the French Commercial Code and CRC regulation no. 99-03 of 29 April 1999 relating to the revised French chart of accounts.

The main accounting principles and methods used are as follows:

a. Investments are recorded at their acquisition cost or transfer value less, where appropriate, any provisions required to bring them to their fair value. Fair value is determined using a number of criteria, including notably net assets, unrealised capital gains and future earnings potential.

b. Receivables and liabilities are recorded at their face value. Any such items that are denominated in foreign currency are translated at the closing rate for the year. For receivables, a provision for diminution in value is recorded, where necessary, to cover the risk of non-collection.

c. The difference arising from the valuation of foreign currency-denominated receivables and liabilities, using the closing rate, is taken to the balance sheet as an unrealised exchange gain/loss.

d. Interest-rate hedging instruments are recorded in off-balance sheet commitments.

2. Notes to the balance sheet

(€ millions)	Gross opening value	Increases	Decreases	Gross closing value
Intangible fixed assets	32.4	–	–	32.4
Equity investments	1,371.6	–	–	1,371.6
Other	35.7	3.2	1.4	37.5
Total	1,439.7	3.2	1.4	1,441.5

2.1 Fixed assets

The business goodwill recorded in the balance sheet assets arises from the merger with RC Pavis and has no legal protection.

Increases and decreases in other financial assets relate to loans granted to Group companies.

2.2 Amortisation, depreciation and provisions

(€ millions)	Gross opening value	Increases	Decreases	Gross closing value
Equity investments	0.7	0.2	–	0.9
Other	–	1.1	–	1.1
Total	0.7	1.3	0.0	2.0

2.3 Maturity analysis of receivables

(€ millions)	Gross amount	Less than 1 year	More than 1 year
Fixed assets			
Receivables relating to equity investments	25.2	25.2	–
Other financial assets	12.3	10.8	1.5
Current assets			
Other receivables	644.7	644.7	–
Prepaid expenses	1.3	1.3	–
Total	683.5	682.0	1.5

Other receivables relate mainly to current accounts with Group companies.

2.4 Marketable securities

(€ millions)	Gross amount	Provision for depreciation	Net amount
Own shares	3.0	–	3.0
Other marketable securities	48.2	–	48.2
Total	51.2	–	51.2

Own shares correspond to 122,445 shares held, in accordance with the share buyback programme, to stabilise the share price.

Other marketable securities correspond to surplus cash at the balance sheet date invested in short-term money market mutual funds with top-tier financial institutions.

2.5 Maturity analysis of deferred charges

(€ millions)	Gross amount	Less than 1 year	More than 1 year
Loan issue costs (1)	8.1	2.0	6.1
Commissions on subordinated perpetual securities (2)	0.9	0.4	0.5
Total	9.0	2.4	6.6

(1) Costs amortised over the life of the loans.
(2) Commissions amortised over the period during which the subordinated perpetual securities bear interest, i.e. 15 years.

2.6 Bond redemption premium

Redemption of the OCEANE convertible bonds issued on 30 January 2001 is expected to take place in full on maturity, i.e. 1 April 2006, together with a redemption premium of 11.56% of the initial amount, i.e. €34.4 million.

The bond redemption premium is amortised on a straight-line basis over the life of the bonds, taking into account the terms and conditions under which the bonds are remunerated.

Where necessary, this premium is adjusted for each exchange, conversion or redemption request, these being the various options relating to these bonds.

2.7 Shareholders' equity

1) Share capital - structure

Share capital comprises 44,779,849 fully paid-up shares with a nominal value of €1.60 each.
During the year, the exercise of share subscription options resulted in the issue of 199,908 new shares.

2) Movement in shareholders' equity

(€ millions)	31 March 2003	Allocation of income	Other movements	31 March 2004
Capital	71.3	–	0.3	71.6
Share issue and merger premiums	623.7	–	2.7	626.4
Legal reserve	7.1	–	–	7.1
Regulated reserve	9.9	8.3	–	18.2
Other reserves	48.1	–	–	48.1
Retained earnings	48.3	49.3	–	97.6
Loss for the year	101.5	(101.5)	(22.6)	(22.6)
Regulated provisions	62.6	–	13.8	76.4
Total	972.5	(43.9)	(5.8)	922.8

2.8 Subordinated perpetual securities

Rémy Cointreau issued €304.9 million in subordinated perpetual securities on 16 May 1991. The annual interest rate applicable until 16 May 2006 is 6-month Euribor plus 1%.

The principal clauses contained in the issue terms and conditions are as follows:

- the securities, which have no fixed redemption date, will be redeemed at their par value only in the event of a winding-up subject to court order, a legal judgement requiring the complete disposal of the business, or early voluntary liquidation of the company other than by way of a merger or spin-off;
- redemption will be subordinated to the prior settlement in full of all the company's creditors, except for holders of participating loans granted to the company and any participating securities that may be issued by the company;
- the payment of interest may be suspended in the event that the consolidated financial statements disclose losses in excess of 25% of consolidated shareholders' equity, and if no dividend was payable for the previous financial year.

The securities were repackaged at the time of their issue as part of an agreement with a third party.

Under this agreement, the third party, through a separate agreement entered into with the subscribers to the securities, undertook to redeem the securities after 15 years and to waive the right to interest from the sixteenth year in exchange for an initial payment by the company of €82.9 million.

Due to these clauses, the securities were recorded at the time of their issue as a liability in the balance sheet at their net amount of €222 million.

Each year's net income includes the impact of the interest paid on the nominal amount of the securities less any income generated by the €82.9 million deposit. This income is treated as an annual payment allocated to repayment of the principal and therefore reduces the amount of the debt accordingly.

The securities were restructured in May 1996 as follows:

- Rémy Cointreau exercised its right to redeem the securities from the subscribers at their par value;
- the securities were sold at their current value to an FCC (Fonds Commun de Créances – a debt securitisation fund), which will receive the interest income up to 15 May 2006;
- the issue contract was revised, the main changes being as follows:
  - the six-monthly interest paid by Rémy Cointreau will be reduced to a token amount with effect from 16 May 2006,
  - the clause relating to the suspension of interest payments was cancelled;
- the agreement linking the third party company that received the initial payment with the subscribers to the securities was cancelled;
- as part of this restructuring, the following financial instruments, which mature in 2006, were established:

Currency	Nominal value (€ millions)	Rate received	Rate paid
EUR	131.11	6-month Euribor	Fixed
EUR	21.34	6-month Euribor	Fixed
EUR	118.53	Variable	Fixed
EUR	25.57	Fixed	Variable

This restructuring had no effect on the accounting for the extinguishment of the debt, as, following the restructuring, this debt retains the same maturity and the same net interest charge for the company.

The tax treatment defined in agreement with the French tax authorities provides for the creation of a regulated provision for the difference between the income generated by the deposit and the interest paid.

2.9 Convertible bonds

- 7.50% convertible bonds 200

  Following the authorisation granted by the Extraordinary General Meeting of 21 March 1991, the company issued 451,500 bonds at €335.38 each, convertible into shares with a nominal value of €1.52 each. These bonds can be converted at any time on the basis of one bond for sixteen shares. They bear interest at the fixed rate of 7.50% per annum. The bonds have a life of 15 years and early redemption is not permitted. To date, a total of 449,623 bonds have been converted.

- OCEANE 3.50% 2006

  Following the authorisation granted by the Combined General Meeting of shareholders on 24 August 2000, the meeting of the Board of Directors of 13 December 2000 approved the issue of €300 million of bonds with the option to convert into and/or exchange for new and/or existing shares (OCEANE).

The main features of this OCEANE are as follows:

- number of bonds issued: 6,896,551,
- par value: €43.50 each,
- issued at par,
- right to interest as from 30 January 2001,
- term: 5 years and 61 days,
- interest rate: 3.50% per annum, paid annually on 1 April,
- redeemable on 1 April 2006 at €48.53 each, including a redemption premium of 11.56% of the nominal value, i.e. €34.6 million,
- early redemption at the option of the issuer with effect from 1 April 2004 if the Rémy Cointreau share meets certain quotation criteria,
- each bond may be converted or exchanged for one new or existing share at any time with effect from 30 January 2001 until the seventh working day prior to the redemption date.

On 17 October 2003, Remy Cointreau redeemed 62,837 bonds at €47.80 each. These bonds were subsequently cancelled. The redemption resulted in the principal value of the OCEANE being reduced by €2.7 million and the redemption premium by €0.3 million.

No bonds were converted during the year. A total of 23 bonds were converted or exchanged in previous years.

2.10 Other bonds

Other bonds comprise mainly the senior 7-year bond issued on 24 June 2003 for €175 million, with a 6.5% coupon. Upon maturity, this bond is redeemable at par.

Most of the proceeds from this bond were used for the early redemption of an earlier €150 million bond with a 10% coupon, which would have matured in July 2005.

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

- before 1 July 2006, in the event of a capital increase, whether for the general public or reserved, redemption at 106.5% on a proportional basis of up to 35% of the total par value of the bonds issued;
- at any time before 1 July 2007, redemption at par plus a premium equal to the higher of the following two amounts:
  (I) 1% of the principal amount redeemed,
  (II) an amount equal to the difference between: the present value on the redemption date at 103.25% plus interest calculated over the period from the redemption date to 1 July 2007. The discount rate used is the Bund interest rate on the redemption date plus 50 basis points;
- from 1 July 2007, under any circumstances, redemption of all or part of the bonds at 103.25% during 2007/2008, at 101.625% during 2008/2009 and at par during 2009/2010.
  The issue contract also provides every bondholder with the right to request redemption of the bonds held at 101% in the event of (i) a "fundamental change" covering the possible sale or transfer of a substantial part of the assets of Rémy Cointreau, or (ii) approval by the shareholders of a liquidation or voluntary winding-up plan of the issuer, or (iii) Orpar and Récopart SA together holding less than one third of the voting rights in the issuer or being unable to appoint the majority of the Supervisory Board for two consecutive years;
- at any time, but in full, in the event of a material change in the tax regime applicable to the issuer subsequent to the issue date.

This bond is not subject to any security.

2.11 Loans and other financial debts

At 31 March 2004, the confirmed banking facilities available to Rémy Cointreau SA to finance the Group (including those falling due within one year) amounted to €500.0 million, and comprised the following:

Type	Principal (€ millions)	Maturity
Banking syndicate	500.0	2004 to 2008

The syndicated loan of €500.0 million signed on 10 June 2003 with a group of 19 banks comprises a term facility and a revolving facility of €250 million each. The revolving facility is repayable on 10 June 2008, whereas the term facility is repayable in annual instalments as follows:

- 10 June 2004: €37.5 million
- 10 June 2005: €43.75 million
- 10 June 2006: €50.0 million
- 10 June 2007: €56.25 million
- 10 June 2008: €62.5 million

This loan is not subject to any security.

2.12 Maturity analysis of debt

(€ millions)	Gross amount	Less than 1 year	1 to 5 years	More than 5 years
Other bonds	192.1	5.3	11.8	175.0
Loans and debts due to financial institutions	251.5	39.0	212.5	–
Loans and other financial debts	268.6	268.6	–	–
Trade notes and accounts payable	0.1	0.1	–	–
Tax and social security liabilities	–	–	–	–
Other	118.8	118.8	–	–
Total	831.1	431.8	224.3	175.0

2.13 Provisions

(€ millions)	Regulated	For liabilities and charges	For depreciation	Total
Opening balance	62.6	8.4	0.7	71.7
Charges (1)	13.8	4.1	1.3	19.2
Releases (2)	–	(0.6)	–	(0.6)
Closing balance	76.4	11.9	2.0	90.3

	(1) Charges	(2) Releases
– operating	0.4	0.3
– financial	0.5	0.3
– exceptional	18.3	–
– tax	–	–

In accordance with the recommendations of the French tax authorities, the company recorded a regulated provision. The charge for the year was €13.8 million, which corresponds to the potentially taxable capitalised future interest differential on the subordinated perpetual securities.

2.14 Accrued income

(€ millions)	2004
Group receivables	0.2
Other non-group receivables	0.5
Total	0.7

2.15 Accrued expenses

(€ millions)	2004
Bond	13.9
Loans and debts due to financial institutions	0.7
Loans and other financial debts	9.9
Trade notes and accounts payable	–
Tax and social security liabilities	–
Other	0.2
Total	24.7

3. Notes to the income statement

3.1 Analysis of services provided

Services provided totalled €17.8 million and essentially comprised services rendered to subsidiaries and sub-subsidiaries of the Rémy Cointreau Group.

The breakdown by geographic area was as follows:
- France: 15.2
- International: 2.6

3.2 Financial income from equity investments

Financial income from equity investments came to €24.5 million and related to dividends received from subsidiaries.

3.3 Exceptional income and expense

(€ millions)	2004
Equity Swap	10.1
Regulated provisions (note 2.3)	(13.8)
Provisions for tax liabilities	(2.1)
Provisions on securities and receivables	(1.3)
Renegotiation of financial debt	(5.1)
Restructuring	(5.4)
Total	(17.6)

The Equity Swap contract, which was partially unwound during the year, generated a net gain of €10.1 million.

3.4 Taxation

(A) Taxation analysis

(€ millions)	Income (loss) before tax	Tax [1]	Income (loss) after tax
Income (loss) on ordinary activities	(20.3)	–	(20.3)
Exceptional income (expense)	(17.6)	15.3	(2.3)
Net income (loss)	(37.9)	15.3	(22.6)

[1] The tax income represents tax savings arising from the tax grouping in years prior to the last five years.

(B) Movement in tax losses

(€ millions)	Base	Rate	Tax amount
Loss for the year [2]	50.2	–	–
Deferred depreciation	–	–	–
Losses carried forward	50.2	–	–
Losses brought forward still to be used	133.8	–	–

[2] The loss for the year arises mainly from the deduction for tax purposes of dividends received from subsidiaries.

(C) Increases and reductions in future tax liabilities

(€ millions)	Base	Rate	Tax amount
Reductions Non-deductible provisions at 31 March 2004	25.0	35.4	8.9

3.5 Tax grouping

Rémy Cointreau elected to create a tax grouping with effect from 1 April 1993 for group companies as provided for in Article 223A of the French General Tax Code.

The tax allocation agreement stipulates that:

- the tax charge is borne by the companies within the tax grouping as if no such grouping existed, after applying any tax losses brought forward,
- the tax savings achieved by the Group due to tax losses are treated as cash savings reallocated to the loss-making companies of the tax grouping.

The following companies are included in the tax grouping:
Rémy Martin, Seguin, Storéco, Izarra, Sté Armagnacaise de Production, Cointreau, Piper-Heidsieck C.C., Champagne P&C Heidsieck, Champagne F.Bonnet, Safec, Grands Vignobles de la Marne, Grands Vignobles de l'Aube, Rémy Cointreau Services SAS, Financière Rémy Cointreau, RC One, CLS Rémy Cointreau and Société Nouvelle des Domaines Rémy Martin.

4. Other information

4.1 Related party transactions

	Amounts concerning	
(€ millions)	Related parties	Equity investments
Investments		
Other equity investments (gross amount)	1,369.2	2.4
Receivables relating to equity investments	25.2	–
Receivables		
Other receivables	619.4	1.1
Payables		
Other liabilities	44.6	–
Financial income		
Income from equity investments	24.1	0.1
Interest income	21.4	–
Financial expense		
Interest expense	4.9	–
Operating income	13.5	–
Operating costs	17.7	–
Exceptional income	–	–
Exceptional expense	4.1	–

4.2 Directors' remuneration

Supervisory Board: The members of the Supervisory Board each received €21,263 as attendance fees for 2002/2003, with Mr Bodin and Mr Epin receiving €15,947 and €10,631 respectively on a pro-rata basis.

Management Board: Mrs Dominique Hériard Dubreuil received a fixed salary of €216,650 from the Group and attendance fees, relating to 2002/2003, amounting to US$30,000 from Rémy Amérique. Mr Hubertus van Doorne received total remuneration of €466,700, which included a fixed salary of €330,248 and attendance fees of €60,000 from Metaxa. Mr Alain Emprin received total remuneration of €414,660, which included a fixed salary of €305,131. Mr Bruno Mouclier received total remuneration of €373,624, which included a fixed salary of €269,925. Mr Pierre Soussand received total remuneration of €322,399, which included a fixed salary of €229,173.

The remuneration amounts quoted above include benefits in kind received by each of the Directors.

As is the case for other senior Group executives, members of the Management Board benefit from an increase in the legal amount payable upon leaving the Group, as well as an optional supplementary pension, taken out with an insurance company, which enables them, if they are employees of the company at the time of their retirement, to benefit from an additional pension representing up to a maximum of 11.5% of their final remuneration.

4.3 Off-balance sheet commitments

A – Financial commitments: (€ millions)
The financial instruments hedging the subordinated perpetual securities (note 2.8) are reported as off-balance sheet commitments.

Other commitments comprise:

(€ millions)	2004
Banking commitments	
Various guarantees on financing lines	1.3
Guarantees for 25% of Maxxium's debt (a)	46.6
Tax commitments	
Tax guarantees (b)	6.1

(a) Rémy Cointreau has guaranteed one quarter of the bank debt of Maxxium BV, as have each of the other three partners in the distribution joint venture. The maximum amount of the guarantee is €62.5 million.

(b) Bank guarantees given to the tax authorities represent guarantees for disputed tax assessments following requests for deferral of payment.

B – Equity swap contract

On 31 October 2001, Rémy Cointreau SA entered into a swap contract with a financial institution under which Rémy Cointreau pays interest at variable rates in addition to any capital losses based on the reference share price (for capital losses on maturity) and receives revenues from the shares (dividends and other financial rights attached to the shares) as well as any capital gains based on the reference share price (for capital gains on maturity).

At the outset, this contract covered a nominal value of €43 million, corresponding to 2,100,000 Rémy Cointreau shares (equivalent to a reference share price of €20.52), and had a maturity date of 8 November 2004.

The contract can be settled only in cash, early (in full or in part), at the option of Rémy Cointreau, or in full on maturity.

This transaction originally formed part of the general framework for the disposal by Blekos Holding BV (formerly Bols Holding BV) of all the remaining Rémy Cointreau shares held, i.e. 2,525,282 shares. The two transactions were carried out simultaneously.

On 28 January 2004, the maturity date of the contract was extended for a period of two years, i.e. to 8 November 2006.

In light of the partial early cancellation of 50,000 shares on 17 November 2003 and the early disposal of 24,000 shares on 28 January 2004, Rémy Cointreau unwound 1,816,000 shares early on 25 March 2004. Of the remaining 210,000 shares, Rémy Cointreau granted the financial institution the right to receive the full amount of the gain on maturity of the contract. However, in the event that the share price falls below €20.52, Rémy Cointreau will pay any shortfall on the 210,000 shares.

These three disposals, totalling 1,890,000 shares, generated a pre-tax capital gain of €10.1 million.

A net interest charge of €1.24 million was recorded for the year.

4.4 Share subscription/purchase options

In the financial year ended 31 March 2004, it was decided to allocate share purchase options in accordance with the authorisation given by the Extraordinary General Meeting of 21 September 2001.

The Management Board meeting of 16 September 2003 granted 287,000 purchase options to 25 beneficiaries. These options, which expire on 15 September 2013, are exercisable at €27.67 per share following a vesting period of 4 years, i.e. as from 16 September 2007.

The attached table shows details of the share subscription/purchase option plans in existence at 31 March 2004.

Rémy Cointreau share purchase options granted during the year to Directors

Beneficiaries	Number of options granted	Exercise price (euros)	Plan maturity date
Dominique Hériard Dubreuil	36,000	27.67	15/09/2013
Hubertus van Doorne	36,000	27.67	15/09/2013
Alain Emprin	36,000	27.67	15/09/2013
Bruno Mouclier	36,000	27.67	15/09/2013
Pierre Soussand	36,000	27.67	15/09/2013

Directors who exercised subscription options during the year

Options exercised by each Director during the year	Total number of options/shares subscribed or purchased	Weighted average price (euros)	Plan no.
François Hériard Dubreuil	7,956	26.8	4
Guy Le Bail	5,089	27.15	4
Hubertus van Doorne	12,847	26.86	6
Bruno Mouclier	7,380	29.06	9

5. Post-balance sheet events

There are no items to report that would be likely to have a material impact on the interpretation of the financial statements for the year ended 31 March 2004.

LIST OF SUBSIDIARIES AND EQUITY INVESTMENTS

AT 31 MARCH 2004

Company (in currency thousands)	Currency	Share capital Currency	Equity exc. share capital Currency	Share of capital held %	Net book value of capital held Euro	Provisions on shares Euro	Dividends received Euro	Last year's net sales Currency	Profit after tax Currency	Year-end date	Loans granted Euro
A) Françaises											
Rémy Martin & Cie	EUR	6,725	158,688	100.00%	381,708	–	7,001	–	37,969	31/03/04	465,918
Seguin & Cie	EUR	661	8,448	100.00%	7,633	–	–	–	399	31/03/04	–
Financière RC	EUR	10,000	1,321	100.00%	10,000	–	–	939	388	31/03/04	–
Cointreau SA	EUR	4,037	144,614	100.00%	89,103	–	7,731	–	57,377	31/03/04	70,433
Piper-Heidsieck C.C.	EUR	32,115	222,511	100.00%	326,280	–	–	1,661	625	31/03/04	6,760
Ducs de Gascogne	EUR	1,002	2,226	30.00%	1,144	610	–	14,145	13	31/12/03	–
RC one	EUR	37	193	100.00%	37	–	–	1,022	193	31/03/04	–
Other French subsidiaries	EUR	–	–	–	252	–	–	–	–	–	–
Total gross value					816,157	610					
B) Foreign companies											
Rémy Suisse	CHF	13,550	(109)	99.99%	11,515	–	–	–	(25)	31/03/04	–
R. Concord Ltd	HKD	265,825	(52,521)	99.99%	31,829	–	–	–	59,261	31/03/04	–
Lucas Bols NV	EUR	5,000	69,534	100.00%	511,044	–	9,380	–	9,380	31/03/04	–
Other foreign subsidiaries	EUR	–	–	–	1,054	67	143	–	–	–	–
Total gross value					1,371,599	677					
Total net value					1,370,922						

GENERAL REPORT OF THE STATUTORY AUDITORS

YEAR ENDED 31 MARCH 2004

To the shareholders of Rémy Cointreau,

In performance of the assignment entrusted to us by your General Meetings, we hereby present our report for the year ended 31 March 2004 on:

- the audit of the financial statements of Rémy Cointreau as attached to this report,
- the basis for our opinion,
- the specific verifications and information required by law.

The financial statements have been approved by your Management Board. Our role is to express an opinion on these financial statements on the basis of our audit.

Opinion on the financial statements

We performed our audit in accordance with professional standards applicable in France. These standards require that we plan and perform our audit so as to obtain reasonable assurances that the financial statements are free from any material misstatement. An audit consists of an examination, on a sample basis, of evidence supporting the information contained in the financial statements. It also involves an assessment of the accounting principles used and of significant estimates made in the preparation of the financial statements, as well as their overall presentation. We believe that our audit provides a reasonable basis for the opinion expressed below.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities at 31 March 2004 and of the results of its operations for the year then ended, in accordance with generally accepted accounting principles in France.

Basis for our opinion

Pursuant to the provisions of article L.225-235 of the French Commercial Code, which took effect for the first time during the year just ended and were instituted by the French Financial Security Act of 1 August 2003, relating to the basis for our opinion, we draw the following items to your attention:

Note 1 a. of the notes to the financial statements details the accounting principles and methods relating to the approach used by the Company for tracking the value of equity investments. As part of our assessment of the accounting rules and principles followed by the Company, we have verified the validity of the approach used and we have satisfied ourselves that it has been correctly applied.

The assessments performed fall within the scope of our audit approach covering the financial statements, taken as a whole, and therefore contributed to the formation of our unqualified audit opinion, as expressed in the first section of this report.

Specific verifications and information

We also performed, in accordance with professional standards applicable in France, the specific verifications as required by law.

We have no comments to make as to the accuracy and consistency with the financial statements of the information provided in the Management Board's management report and in the documents issued to the shareholders on the financial situation and the financial statements.

In accordance with the law, we have ensured that you have been informed in the management report of the various information relating to the acquisition of equity investments and controlling interests and to the identity of the holders of share capital and voting rights.

Paris, 9 June 2004

The Statutory Auditors

Barbier Frinault & Autres	Auditeurs et Conseils Associés SA
Ernst & Young	Member of Nexia International
Richard Olivier	François Mahé

This is a free translation into English of the statutory auditors' report on the registration document issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' reports on financial statements and consolidated financial statements, referred to in this report, include information specifically required by French law in all audit reports, whether qualified or not, and this is presented after the Opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the annual and consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual and consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

SPECIAL REPORT OF THE STATUTORY AUDITORS

YEAR ENDED 31 MARCH 2004

To the shareholders of Rémy Cointreau,

In our capacity as your Company's Statutory Auditors, we hereby present our report on regulated agreements.

1. Agreements authorised during the year

Pursuant to article L.225-88 of the French Commercial Code, we have been informed of the agreements that were authorised by your Supervisory Board.

It is not our responsibility to seek the existence of any other agreements, but to inform you, based on the information we have been provided, of the nature and the main terms and conditions of those agreements of which we have been informed, without being required to express an opinion on their usefulness and validity. It is your responsibility, in accordance with the terms of article 117 of the decree of 23 March 1967, to assess the relevance attached to entering into these agreements with a view to their approval.

We have performed our work in accordance with professional standards applicable in France. These standards required that we plan and perform our work so as to be able to verify the consistency of the information we have been given with the underlying documents from which it has been taken.

1.1 Shareholder's loan

Person concerned:
Mr Huub Van Doorne
Member of the Management Board

The Supervisory Board meeting of 10 June 2003 authorised a revolving credit agreement to be entered into in favour of Maxxium Worldwide B.V. jointly with the three other shareholders of this company, the commitment of each lender covering a maximum principal amount of €15 million. Rémy Cointreau SA has undertaken not to request from Maxxium Worldwide B.V. any repayment under this loan agreement for as long as an amount remains due to the various financial institutions that granted Maxxium Worldwide B.V. a revolving credit of €200 million.

The €15 million credit line was not utilised during the year.

1.2 Acquisition of equity investment in RC One

Person concerned:
Mrs Dominique Heriard Dubreuil
Chairman of the Management Board

RC One was created as part of the establishment at Group level of a company whose purpose was to provide services in the areas of logistics, purchasing, production planning and customer portfolio management. This company was initially owned by E. Rémy Martin et Co.

Given the activities it performs on behalf of the entire Group, the Supervisory Board meeting of 10 June 2003 authorised the acquisition of all the shares of RC One for €37,000.

1.3 Disposal of part of the equity investment in the economic interest grouping Rémy Cointreau Services

Person concerned:
Mrs Dominique Heriard Dubreuil
Chairman of the Management Board

So as to enable RC One to enjoy the services of the economic interest grouping Rémy Cointreau Services and to become a member of the grouping, the Supervisory Board authorised Rémy Cointreau S.A. to transfer to RC One, free of charge, ten units in the economic interest grouping Rémy Cointreau Services, which has no share capital.

2. Agreements approved during prior years that were executed during the year

Pursuant to the decree dated 23 March 1967, we were informed that the following agreements, approved during prior years, were executed during the year.

2.1 Agreement with Orpar

The meeting of the Board of Directors of 13 December 2000 authorised the signing of a rider to the management and general support agreement signed on 7 December 1999 with Orpar. This agreement provides for an annual flat fee of €1,829,388.24 excluding taxes, plus an amount equivalent to 1/1000 of the consolidated sales.

During the financial year to 31 March 2004, the total charge, excluding taxes, borne by Rémy Cointreau S.A. was €2,717,288.24.

2.2 Marketing and management support agreement with the companies owning the brands

The amounts arising from the application of the marketing and management support agreements, calculated on the basis of 2% of 2003/04 sales, were as follows:

	Amount (excl. taxes)
CLS Rémy Cointreau	€8,894,784
Champagnes P&C Heidsieck	€1,803,020

Paris, 9 June 2004

The Statutory Auditors

Barbier Frinault & Autres
Ernst & Young
Richard Olivier

Auditeurs et Conseils Associés SA
Member of Nexia International
François Mahé

GENERAL INFORMATION CONCERNING THE COMPANY AND ITS SHARE CAPITAL

1. General information concerning rémy cointreau

Corporate name, registered office and main administrative office

Corporate name: Rémy Cointreau S.A.

Registered office: Ancienne rue de la Champagne, rue Joseph Pataa, 16100 Cognac

Main administrative office:
152 avenue des Champs-Elysées, 75008 Paris

Legal form and governance

Société Anonyme (French limited liability company) with a Management Board and a Supervisory Board, governed by French law and, in particular, by Articles L.210-1 to L.210-10 of the Commercial Code and by its by-laws.

Applicable legislation

Rémy Cointreau S.A. (hereinafter "Rémy Cointreau" or "the Company") is a company subject to French law.

Date established - Duration

The Company was established on 3 March 1975 and will terminate on 30 September 2073.

Objects

Rémy Cointreau's objects pursuant to Article 2 of its by-laws are as follows:

- the creation, acquisition and operation of any commercial, industrial or other business;
- the direct or indirect participation of the Company, in any form whatsoever, in any company, association, enterprise or grouping of any form whose object is a commercial, industrial, agricultural, property, design, research or development activity, or the acquisition, management or operation of all goods or rights;
- the paid provision of qualified services in technical, commercial, administrative or financial fields, on behalf of any individual or company engaged in commercial, financial or industrial activities in France or other countries, and;
- in general, any commercial, financial, industrial, property or real estate operations which are directly or indirectly related, in whole or in part, to the aforementioned objects or to any similar or related object.

Register of companies and registration number

Rémy Cointreau is registered at the Registre du Commerce et des Sociétés de Cognac under the number 302 178 892. APE Code 741 J.

Inspection of legal documents of the company

Legal documents may be inspected at the registered office whose address is provided above.

Financial year

Every financial period commences on 1 April and ends on 31 March of the following year. The duration of the accounting period is one year.

Allocation of profits

Out of the Company's profits in each financial year, after setting aside a provision to establish the legal reserve, which must be at least equal to the minimum required, the General Meeting may, profit permitting, on the proposal of the Management Board, allocate the profit to one or more reserve funds for which it regulates the allocation or use, to carry forward or distribute as dividends among the shareholders.

General Meetings

Shareholders' Meetings are called and held under the conditions stipulated by law.

These meetings are held either at the registered office or at another venue specified in the notice of the meeting.

Right of admission to meetings

Any shareholder may participate in these meetings either personally or by intermediary, by mail or by proxy addressed to the Company. Shareholders must show proof of their identity and ownership of their fully paid shares, at least three days prior to the General Meeting of shareholders.

Right of vote

Pursuant to the resolution approved at the General Meeting of 16 December 1991, share voting rights are in proportion to the share of capital that they represent. At equivalent nominal value, each share entitles the holder to one vote.

However, a share entitles the holder to two votes, in relation to the share capital that it represents, in the following cases:

- any shareholder who has held fully paid shares in nominative form in the same name for at least four years;
- for each nominative share attributed to the shareholder, in the event of a capital increase by way of capitalisation of reserves, profits or premiums, on the basis of existing shares for which such shareholder already enjoys double voting rights.

This double voting right ceases for all shares converted to bearer shares or whose ownership is transferred. However, the four-year timeframe set is not affected for acquired rights by any transfer by succession, liquidation of joint estate of spouses, or inter-vivos gifts, for the benefit of an inheriting spouse or parent.

Only shareholders who fulfil the following criteria may participate in Meetings, vote by letter or be represented:

- their nominative shares must be registered at least three days before any Meeting;
- for shares in bearer form, a certificate from an authorised intermediary must be produced within the same time limit, stating that the relevant shares will remain blocked in the account until the day after the Meeting.

Entry passes for Meetings will be sent to all shareholders and are available upon request from Société Générale, Service Assemblées Générales (General Meeting Services), 32 rue du Champ de Tir, Nantes 44000, France, or from the authorised banks, on presentation, for bearer shares, of a certificate stating that the shares are held as indicated above.

Declaration of crossing thresholds

Pursuant to the resolution adopted at the General Meeting of 16 December 1991, any shareholder (individual or company), acting either alone or in concert, who acquires in any manner, as set out in Article L.233-7 and subsequent of the Commercial Code, a fraction equal to one per cent (1%) of the share capital or voting rights, or any multiple of this percentage, must notify the Company of the total number of shares held within fifteen days of crossing one of these thresholds. This also applies each time that the fraction of share capital or voting rights held becomes less than one of the thresholds stated above.

In the event of non-compliance with this provision, and upon the request of shareholders holding at least 1% of the share capital, the shares exceeding the fraction which should have been declared will be deprived of voting rights at all Meetings held until the expiration of the timeframe provided for by law.

The intermediary registered as the holder of the shares pursuant to paragraph 3 of Article L.228-1 of the Commercial Code is required, without prejudice to the obligations of the owners of the shares, to make the declarations so required by the first paragraph above for all of the shares of the company for which he/she is registered as the holder.

It will be proposed to the Combined General Meeting of 7 September 2004 to revise Article 8.2 of the by-laws as a result of the change introduced by Article L.233-7 of the Commercial Code by Law no. 2003-706 of 1 August 2003 (timeframe for declaration of crossing thresholds and information extending to voting rights).

Identification of shareholders

The Company is legally entitled to request, in accordance with the legal terms and conditions, the identity of those shareholders holding shares, which immediately or subsequently give rise to voting rights.

In order to identify the holders of securities, the Company is entitled to request at any time, at its own expense, from the share registrars, the name or, if it is a company, the corporate name, nationality, year of birth or establishment, and address of holders of securities that have the right immediately or in the future to vote at the Company's meetings, as well as the number of securities held by each of them and, where applicable, the restrictions that may apply to those securities and more generally to make use of Article L.228-2 of the Commercial Code concerning identification of holders of securities that confer the right immediately or in the future to vote at the Company's meetings.

2. General information on the share capital

Change to the share capital and shareholders' rights

The share capital may be increased by a decision taken by an Extraordinary General Meeting. However, where a capital increase is carried out by incorporation of reserves, profits or share premium, the relevant Extraordinary General Meeting will set the quorum and majority required in an Annual General Meeting.

Capital increases are decided or authorised by an Extraordinary General Meeting which sets the terms for an issue of new shares and grants all powers to the Management Board to carry this out in a period that may not exceed five years.

The Extraordinary General Meeting may decide to reduce the share capital, particularly by way of repurchase of shares or reduction in their nominal value, or again, by reduction in the number of shares in accordance with legal requirements.

The share capital may also be written down in accordance with the law.

Share capital at 31 March 2004

At 31 March 2004, the share capital was €71,647,758.40 divided into 44,779,849 shares of €1.60 each, all of one class, fully paid and carrying 71,012,636 voting rights.

Form of shares: fully paid shares are in nominative or bearer form, at the shareholder's choice.

Trading in the Company's shares

On 6 November 2001 and in February/March/April 2003, the Company purchased on the stock market 506,552 and 149,340, respectively, of its own shares, pursuant to the last three share repurchase programmes. In June and September 2003, the Company sold 26,895 of its own shares, pursuant to the last two share repurchase programmes. At 31 March 2004, the Company held 632,430 of its own shares.

The Combined General Meeting of Rémy Cointreau of 8 September 2003, in its thirteenth resolution, authorised the Management Board, for a period ending at the conclusion of the General Meeting called to consider the financial statements for the year ended 31 March 2004, and, at the latest, within a period of eighteen months from 8 September 2003, to purchase, or sell shares in the Company, up to 10% of the current share capital, which is 3,802,421 shares, with Treasury shares deducted.

The maximum amount that the Company may pay on the basis of this number of shares is €190,121,050.

The share repurchase programme is designed to achieve the following, in order of priority:

- to stabilise the price of the Company's shares on the Stock Market by trading systematically against the trend;
- to allocate the shares following the exercise of rights attached to marketable securities giving right by conversion, exchange, redemption, presentation of a warrant, or a combination of these, or in any other manner to allocate existing shares in the company;
- to grant options to employees and/or executives of the Company and the Group, to purchase shares;
- to offer to employees to acquire shares directly, or by way of a company investment fund as prescribed by the law, particularly Article L.443-1 and subsequent of the Labour Code;
- to use the shares for acquisition by exchanging shares, or as consideration, or in any other manner likely to improve the terms of the transaction;
- to use the shares as consideration for restructuring and particularly mergers within the framework of stock market regulations;
- to cancel the shares, subject to the adoption of the fifteenth resolution, in order to increase the return on capital and earnings per share;
- to retain the shares or to dispose of or transfer them, where appropriate, as part of an active management of resources, taking account of funding requirements.

The purchase of these shares, as well as their sale or transfer, may be carried out at any time, including during the period of a public takeover bid, subject to periods of abstention, provided by Commission des Opérations de Bourse or other legal or regulatory provisions, and by any means, on the market or over the counter, including block transactions and the use of derivative financial instruments, particularly options, so long as they do not significantly increase the volatility of the share price. Share capital acquired or transferred in blocks may account for all of the authorised share repurchase programme.

As part of these objectives, the repurchased shares may be cancelled in accordance with the fifteenth resolution of the same Meeting up to 10% of the share capital per period of twenty-four months.

The maximum purchase price is €50 and the minimum sale price is €22 per share.

An information note in respect of this programme received the authorisation number 03-726 from the Commission des Opérations de Bourse on 1 August 2003.

Authorised capital

Authorisation to grant options to subscribe for or purchase shares

The authorisation was given by way of the fourteenth resolution of the Combined General Meeting of Rémy Cointreau on 21 September 2001 to the Management Board, for a period of thirty-eight months from 21 September 2001 to grant, on one or more occasions, to employees of the Company or companies or G.I.E. covered by Article L.225-180 of the Commercial Code, or certain of them, as well as the management of the Company or companies or G.I.E. covered by Article L.225-180 of the Commercial Code, options to subscribe for new shares in the Company, to be issued by way of an increase in capital, or options to purchase shares in the Company arising from a repurchase pursuant to the provisions prescribed in Articles L.225-208 or L.225-209 and subsequent of the Commercial Code. The total amount of options granted under the present authorisation may not give a right to a number of shares representing more than 3% of the share capital of the Company.

The subscription price or the share price shall be set by the Management Board the day the option is granted within the limits prescribed by law.

In any event, the issue price for options to subscribe must not, on the day the option is granted, be lower than 80% of the average share price of the twenty trading days preceding the issue date. In the event of the grant of options to purchase, the purchase price of the shares may not be lower than either 80% of the average share price of the twenty trading days preceding the date of grant, or 80% of the average purchase price of the shares held by the Company pursuant to Articles L.225-208 and/or L.225-209 of the Commercial Code.

This price may only be revised in accordance with circumstances provided by law at the time of financial transactions or share transactions. The Management Board will then, in accordance with regulations, make an adjustment to the number and price of the shares included in the options granted to take account of the effect of these transactions.

The options must be exercised within a period of ten years from the date they are granted.

It will be proposed to the Combined General Meeting of 7 September 2004 to renew this authorisation.

Delegation to the Management Board to increase the share capital by incorporation of reserves, profits or premiums

The Combined General Meeting of 3 September 2003, in its sixteenth resolution, authorised the Management Board, in accordance with the provisions of paragraphs II and III of Article L.225-129 of the Commercial Code, for a duration of twenty-six months from 3 September 2002, to increase the share capital, on one or more occasion, at the times and in accordance with the methods that it shall determine, by incorporation into capital of reserves, profits, or premiums, followed by the creation and bonus issue of shares or the increase in the nominal value of existing shares, or a combination of these two methods.

Fractional rights are not negotiable and the corresponding shares will be sold, the amounts resulting from the sale being allocated to the holders of rights at the latest thirty days after the date of registration of the whole number of shares allocated.

The amount of the capital increase that may be carried out under this authorisation may not exceed the nominal amount of €70,000,000, set independent of the maximum limit of increases resulting from the issue of marketable securities authorised by this same Meeting.

It will be proposed to the Combined General Meeting of 7 September 2004 to renew this authorisation.

Delegation to the Management Board to issue various marketable securities, with or without shareholders' pre-emption rights

The Combined General Meeting of 3 September 2002, in its seventeenth resolution, delegated to the Management Board, in accordance with the provisions of paragraph 3 of Article L.225-129 III of the Commercial Code, the powers required to proceed, on one or more occasions, in France and/or abroad and/or on the international market, with a maintained pre-emption right for shareholders, in euros, foreign currencies or any monetary unit established by reference to a number of currencies, to issue shares in the Company (together with, or not, warrants to subscribe to or acquire shares) as well as marketable securities of whatever nature, including independent warrants to subscribe for new shares issued free of charge or for consideration, but excluding preference shares or investment certificates, giving the right by conversion, exchange, repayment, presentation of a warrant, a combination of these, or in any other way, to the granting immediately and/or subsequently, at any time or a set date, to a share in the capital of the Company and this, within the limit of a total nominal ceiling of a capital increase of €30,000,000, in common with the seventeenth and eighteenth resolutions, and a total nominal ceiling of debt securities in common with all the debt securities whose issue is delegated to the Management Board by virtue of the same Annual and Extraordinary General Meeting, of €750,000,000. These marketable securities may take all forms, including the forms covered by Articles L.225-150 to L.225-176 or Article L.228-91 of the Commercial Code.

The Management Board may decide to substitute the Treasury shares for shares to be issued under this resolution.

The issues decided by virtue of this delegation must be carried out within a time period of twenty-six months from 3 September 2002.

The same Meeting, in its eighteenth resolution, delegated to the Management Board the powers to issue various marketable securities as mentioned above, with suppression of pre-emption rights.

The Management Board may decide to substitute Treasury shares for shares to be issued under this resolution.

It will be proposed to the Combined General Meeting of 7 September 2004 to renew these authorisations.

Delegation to the Management Board to issue shares representing the share capital of the Company as a result of the issue, by controlled companies, of marketable securities giving, in time, access to the Company's share capital

The same Combined General Meeting of 3 September 2002, in its eighteenth resolution, in view of the issue of shares and marketable securities giving access to the capital of the company to which shall give right to marketable securities that may be issued, by companies where Rémy Cointreau holds directly or indirectly more than half the share capital, subject to the approval of the Management Board of Rémy Cointreau, whether by conversion, exchange, repayment, presentation of a warrant or in any other manner, at any time or on a set date, delegates to the Management Board the necessary powers to proceed with the issue of capital securities in Rémy Cointreau to which these marketable securities give the right, and this up to a total nominal ceiling of a capital increase of €30,000,000, in common with the seventeenth and eighteenth resolutions.

In this context, Rémy Cointreau shareholders do not have a pre-emption right to these marketable securities issued by these companies.

The issues decided by virtue of this delegation must be carried out within a time period of twenty-six months from 3 September 2002.

It will be proposed to the Combined General Meeting of 7 September 2004 to renew this authorisation.

Authorisation to the Management Board to use the delegations to issue and to reduce capital in the event of a public offer for the Company

The Combined General Meeting of 8 September 2003, in its sixteenth resolution, expressly decided that all delegations to increase the Company's capital by the issue of shares and other securities that have not been reserved, as well as the delegations to reduce capital, which are available to the Management Board by virtue of the sixteenth, seventeenth, eighteenth, nineteenth and twenty first resolutions of the Combined General Meeting of 3 September 2002 and the fifteenth resolution to the present Meeting, may be used at the time of a public offer to purchase or exchange shares in the Company.

The maintenance, at the time of a public offer to purchase or exchange shares in the Company, of delegations given to the Management Board remains valid until the next General Meeting of the company called to consider the financial statements for the 2003/04 financial year.

It will be proposed to the Combined General Meeting of 7 September 2004 to renew this authorisation.

Securities not representative of capital

Nil.

However, in 1991, Rémy Cointreau issued 400 Perpetual Subordinated Notes amounting to 2,000,000,000 French Francs (€304,898,034.47) in value and also issued on 24 June 2003, seven year senior loan notes of €175 million. Most of this loan was used to repay a loan of €150 million taken in 1998. The features of these two are described in notes 2.8 and 2.10, respectively, to the parent company accounts of Rémy Cointreau at 31 March 2004.

Other securities giving access to capital

Convertible loan note

On 21 March 1991, the Company issued a convertible loan note for 993,300,000 French Francs (€151,427,608.82), representing 451,500 convertible bonds, for a period of fifteen years and carrying interest at 7.5% per annum. These bonds may be converted at any time.

To date, 449,623 bonds have been converted and 1,877 bonds, representing 30,032 shares, remain to be converted.

Convertible loan notes with the option of conversion and/or exchange for new/existing shares (OCEANE)

Pursuant to the authorisation conferred by the Combined General Meeting of 24 August 2000, the Board of Directors' meeting of 12 December 2000 elected to issue loan notes at par with an option of conversion and/or exchange into new and/or existing shares in the amount of €300 million, representing 6,896,551 loan notes. The term of the loan notes is five years and sixty-one days, bearing an annual interest rate of 3.50%, due on 1 April each year. Each loan note may be converted into or exchanged for one new or existing share, at any time, from 30 January 2001, until seven working days preceding the redemption date. On 17 October 2003, Rémy Cointreau repurchased 62,837 of these loan notes, which were then cancelled. To date, twenty-one loan notes have been converted into new shares and two loan notes have been exchanged for existing shares, and there remains to be converted or exchanged 6,833,691 loan notes, which correspond to 6,833,691 shares in the event of their conversion.

Authorisation to issue securities giving access to capital

The Combined General Meeting of 16 September 1996 authorised the Board of Directors to grant, on one or more occasions during a period of five years, to employees or management of the Company and the companies or GIE covered by Article 208-4 of the law on commercial companies (Article L.225-180 of the Commercial Code), options carrying the right to subscribe for new shares in the Company that may represent up to 1% of the share capital of Rémy Cointreau.

The Board of Directors' meetings of 4 December 1996 and 25 March 1998 granted all the corresponding options. The plan of 4 December 1996 expired on 3 December 2003. The number of options outstanding for the plan of 25 March 1998 was 44,510 at 31 March 2004.

The Combined General Meeting of 26 August 1998 authorised the Board of Directors to grant, in accordance with the same terms and conditions as previously, options to subscribe for new shares in the Company, up to a maximum of 3% of the share capital of Rémy Cointreau.

The Board of Directors' meetings of 28 October 1998, 28 April and 7 December 1999, and 30 May 2000 allocated in full the corresponding options. The number of options outstanding at 31 March 2004 was 647,201.

The Combined General Meeting of 24 August 2000 authorised the Board of Directors to grant, in accordance with the same conditions as previously discussed, options giving the right to subscribe to new shares in the Company, up to a maximum of 3% of the share capital of Rémy Cointreau. The Management Board meetings of 1 March 2001 and 8 March 2002 allocated in full the corresponding options. The number of options outstanding at 31 March 2004 was 1,304,100.

The Combined General Meeting of 21 September 2001 authorised the Management Board to grant, within the same terms and conditions as previously, options giving right to subscribe to new shares or purchase shares in the Company up to a maximum of 3% of the share capital of Rémy Cointreau. The Management Board meetings of 8 March 2002 and 16 September 2003 allocated 634,500 options including 287,000 options to purchase shares in the Company. No option had been exercised as at 31 March 2004.

Movements in share capital

Dates	Description	Number of new shares issued	Share premium (Francs)	Share premium (Euros)	Share capital (Francs)	Share capital (Euros)	Number of shares
21.03.1991	Capital increase contribution in kind	374,582 shares FFr 100 each	Contribution: 377 403 520	–	127,758,200	–	1,277,582
16.12.1991	10 for 1 share split Bonus issue of 6 new shares for every 10 existing shares	–	–	–	204,413,120	–	20,441,312
	Contribution in kind resulting from the merger absorption of Rémy & Associés	9,182,533 FFr 10 each	Merger: 1,467,318,152	–	296,238,450	–	29,623,845
31.03.1994	Capital increase by conversion of bonds	94,400 shares FFR 10 each	Issue: 12,390,000	–	297,182,450	–	29,718,245
	and by exercise of share subscription options	10,868 shares FFR 10 each	Issue: 1,467,180	–	297,291,130	–	29,729,113
31.03.1995	Capital increase by conversion of bonds	1,019,200 shares FFR 10 each	Issue: 133,770,000	–	307,483,130	–	30,748,313
	and by exercise of share subscription options	5,743 shares FFR 10 each	Issue: 775,305	–	307,540,560	–	30,754,056
31.03.1996	Capital increase by conversion of bonds	6,080,368 shares FFR 10 each	Issue: 798,048,300	–	368,344,240	–	36,834,424
4.12.1996	Capital increase following the payment of dividends in shares	1,278,989 shares FFR 10 each	Issue: 127,272,195.39	–	381,134,130	–	38,114,413
31.03.1998	Capital increase following the exercise of share subscription options	10,753 shares FFR 10 each	Issue: 1,070,031.03	–	381,241,660	–	38,124,166
31.03.2000	Capital increase following the exercise of share subscription options	58,064 shares FFR 10 each	Issue: 4,803,202.52	–	381,822,300	–	38,182,230

Dates	Description	Number of new shares issued	Share premium (Francs)	Share premium (Euros)	Share capital (Francs)	Share capital (Euros)	Number of shares
30.05.2000	Capital increase following the conversion of share capital into euros by transfer from available reserves	0	–	–	–	61,091,568	38,182,230
30.06.2000	Capital increase following the exercise of share subscription options	198,332	–	2,518,696.16	–	61,408,899.20	38,380,562
13.10.2000	Capital increase following the exercise of share subscription options	78,659	–	1,082,396.96	–	61,534,753.60	38,459,221
	and by the payment of dividends in shares	867,048	–	26,540,339.28	–	62,922,030.40	39,326,269
19.12.2000	Capital increase contribution in kind	5,000,000	–	162,000,000	–	70,922,030.40	44,326,269
31.03.2001	Capital increase following the exercise of share subscription options	51,331	–	738,739.46	–	71,004,160.00	44,377,600
	Capital increase following the conversion of OCEANE securities	21	–	879.90	–	71,004,193.60	44,377,621
31.03.2002	Capital increase following the exercise of share subscription options	82,105	–	1,154,348.38	–	71,135,561.60	44,459,726
31.03.2003	Capital increase following the exercise of share subscription options	120,215	–	1,624,950.23	–	71,327,905.60	44,579,941
31.03.2004	Capital increase following the exercise of share subscription options	199,908	–	2,759,676.45	–	71,647,758.40	44,779,849

No significant movement occurred in the capital following the increase by contribution in kind on 19 December 2000, with the exception of the company Arnhold and S. Bleichroeder Advisers, LLC, that holds close to 10% of the share capital and 6.3% of voting rights at 31 March 2004.

3. Current analysis of shareholders and voting rights

Voting rights, number of shareholders, details of shareholders holding 1% or greater and the nature of their holding, shareholders' pacts, shares held by employees, treasury shares

Share ownership analysis at 31 March 2004

Shareholders	Situation at 31/03/2004			Situation at 31/03/2003			Situation at 31/03/2002		
	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
Orpar	19,831,197	44.29	55.85	19,831,197	44.48	56.03	19,831,197	44.60	56.00
Récopart	6,100,000	13.62	17.18	6,100,000	13.68	17.23	6,100,000	13.72	17.22
Arnhold and S. Bleichroeder, LLC (*)	4,476,917	9.99	6.30	0	0	0	0	0	0
Rémy Cointreau (Treasury shares)	632,430	1.41	0	655,573	1.47	0	509,985	1.15	0
Public	13,739,305	30.69	20.67	17,993,171	40.36	26.74	18,018,544	40.53	26.78
Total	44,779,849	100.00	100.00	44,579,941	100.00	100.00	44,459,726	100.00	100.00

(*) Information based on the declaration of crossing the threshold published by AMF on 6 April 2004 (Decision and Information N° 204C0485).

There are shares with double voting rights.
The employee savings plan represents less than 1% of the share capital of Rémy Cointreau.
It is the sole means by which Rémy Cointreau personnel hold shares in the Company.
There are no shareholders' pacts.

Supervisory Board members' shares and voting rights ownership at 31 March 2004

Shareholders	Shares	%	Shares with double voting rights	Voting rights	%
Mr. François Hériard Dubreuil	10	0.00	10	20	0.00
Mr. Marc Hériard Dubreuil	10	0.00	10	20	0.00
Mr. Pierre Cointreau	50	0.00	2	52	0.00
Mr. Brian Ivory	10	0.00	0	10	0.00
Mr. Jürgen Reimnitz	100	0.00	0	100	0.00
Mr. Patrick Duverger	523	0.00	0	523	0.00
Mr. Guy Le Bail	11	0.00	1	12	0.00
Mr. Alain Bodin	10	0.00	0	10	0.00
Mr. Gérard Epin	20	0.00	0	20	0.00
Mr. Javier Bernat	100	0.00	0	100	0.00
Mr. Håkan Mogren	10	0.00	0	10	0.00
Total	854	0.00	23	877	0.00

The Company holds 632,430 treasury shares. The features of the share repurchase programme authorised by the General Meeting of 8 September 2003 are described on page 80 of this document.

The options (convertible bonds – OCEANE and share subscription options) are described on page 83 of this document. The maximum potential dilution is referred to in the notes to the consolidated financial statements.

Changes in share capital during the last three years

During the course of the 2001/02 financial year, the share capital increased by €131,368 to €71,135,561.60 as a result of the exercise of 82,105 options. Orpar held more than one-third of the share capital and more than one-half of the voting rights. Récopart held more than 10% of the share capital and voting rights. The Blekos Holding Company disposed in full of its shareholding during this financial year.

During the course of the 2002/03 financial year, the share capital increased by €192,344 to €71,327,905.60, as a result of the exercise of 120,215 options. At closing, Orpar held more than one-half of the share capital and voting rights. Récopart held more than 10% of the share capital and voting rights.

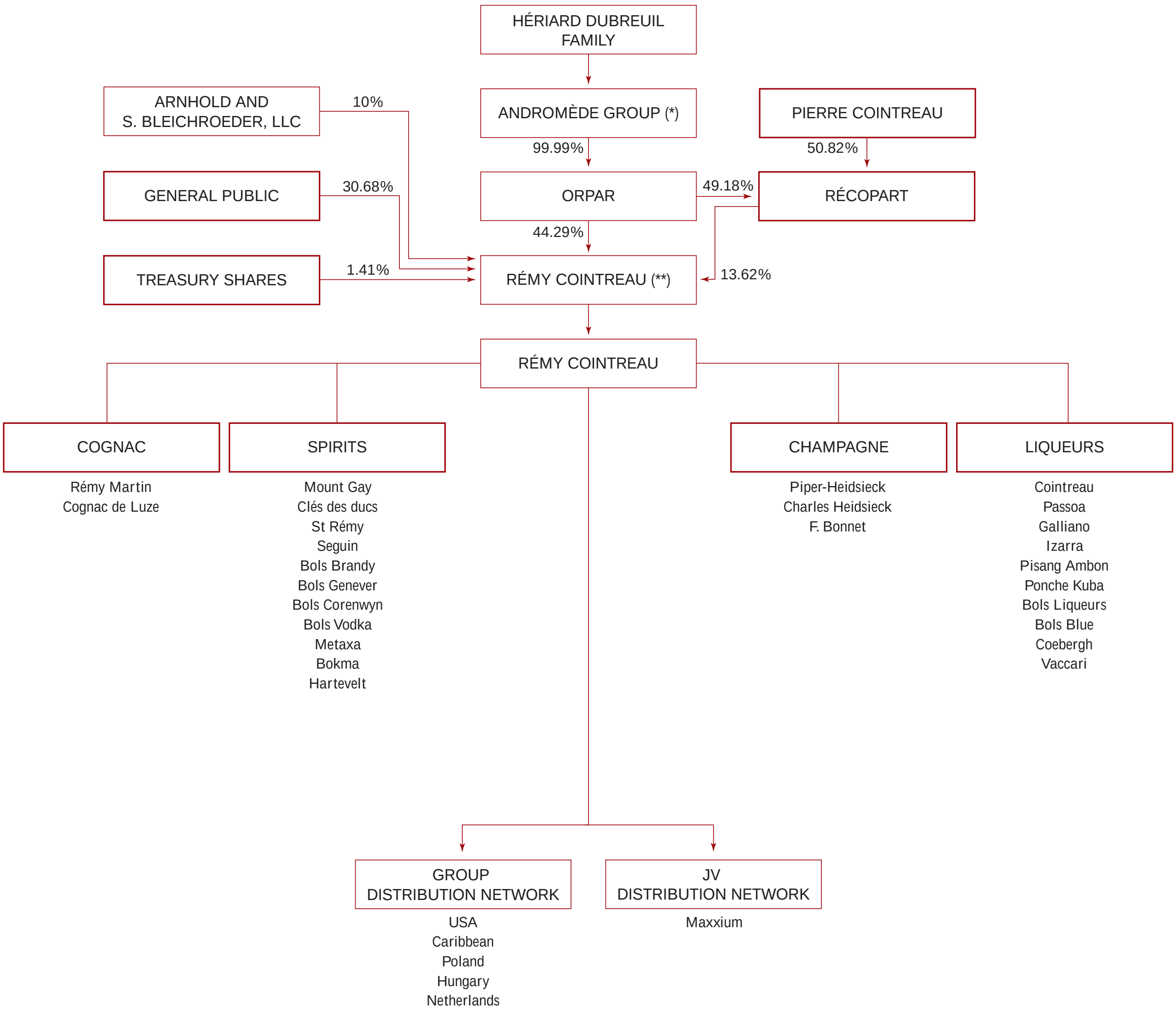
During the course of the 2003/04 financial year, the share capital increased by €319,852.80 to €71,647,758.60, as a result of the exercise of 199,908 options. At closing, Orpar held more than one-half of the share capital and voting rights. Récopart held more than 10% of the share capital and voting rights. The Company Arnhold and S. Bleichroeder, LLC held over 5% of the share capital and voting rights.

Persons that control the company and details of their shareholding

At 31 March 2004, Orpar was 99.99% owned by Andromède, which is controlled by the Hériard Dubreuil family. This shareholding fell to 88.7% on 30 April 2004 as a result of the capital increase reserved for the company Verlinvest, which now holds 11.3% of the capital of Orpar.

At 31 March 2004, Orpar held 19,831,197 shares in Rémy Cointreau, giving it 39,662,394 voting rights.

SIMPLIFIED OWNERSHIP STRUCTURE AND ORGANISATIONAL CHART AT 31 MARS 2004



(*) Rémy Cointreau is consolidated within the Andromède Group.

(**) Only Rémy Cointreau shares are traded on the Stock Market.

4. Share price performance

Stock Market Listing

Rémy Cointreau shares are exclusively listed on the Euronext Paris SA Premier Marché.

Rémy Cointreau share performance over the last 18 months

(in €)	Trading volume	Average price	High price	Low price	Trading value (millions)
December 2002	1,159,674	29.18	30.50	28.20	33.83
January 2003	1,006,098	29.69	31.40	27.80	29.72
February 2003	1,283,659	25.52	28.75	24.40	32.93
March 2003	1,402,678	24.53	26.25	22.50	34.27
April 2003	1,708,013	24.12	26.80	22.61	41.37
May 2003	1,567,363	24.85	26.20	23.00	38.46
June 2003	1,038,005	26.65	28.40	25.10	27.85
July 2003	923,447	26.07	27.08	25.36	24.02
August 2003	1,143,990	26.60	28.70	25.60	30.64
September 2003	1,327,322	28.25	29.10	27.51	37.87
October 2003	1,271,751	27.24	28.69	26.41	34.58
November 2003	1,173,921	27.29	28.00	26.58	31.98
December 2003	1,127,578	26.42	28.24	24.73	29.78
January 2004	1,127,626	26.07	28.80	25.12	29.72
February 2004	1,312,379	27.82	28.92	26.50	36.29
March 2004	7,192,180	27.83	29.39	25.90	190.52
April 2004	1,863,790	27.70	28.10	26.26	51.41
May 2004	831,164	27.64	28.68	26.54	23.09

At 31 March 2004, Rémy Cointreau's market capitalisation amounted to €1,178 million.

Dividends

ALLOCATION OF 2003/04 PROFIT

The Management Board will propose, for approval by the General Meeting of shareholders of Rémy Cointreau on 7 September 2004, the following allocation of profit:

(in €)

Loss for the year to 31 March	(22,589,635.41)
Retained earnings – opening balance	97,569,613.50
Total distributable profit	74,979,978.09
Allocation to legal reserve	31,985.28
Allocation of long-term capital gains to special reserve	12,860,057.00
Distribution of a dividend of, €1.00 per share, with a tax credit (*) of €0.50 per share	44,779,849.00
Balance carried forward	17,308,086.81
Total	74,979,978.09

(*)Individual shareholders benefit from a tax credit equal to 50% of the net distributed amount. Corporate shareholders benefit from the same 50% tax credit unless they are ineligible for participation in the French parent company subsidiaries tax group scheme, in which case their tax credit is reduced to 10% of the net distributed amount.

DIVIDENDS PAID BY RÉMY COINTREAU OVER THE PREVIOUS FIVE FINANCIAL YEARS

(in €)	Financial year ending 31 March				
	1999	2000	2001	2002	2003
• net dividend per share	–	0.90	0.90	0.90	1.00
• tax credit per share	–	0.45	0.45	0.45	0.50

Payment of dividends in shares

The General Meeting in considering the financial statements for the year may grant every shareholder, for all or part of the dividend distributed, an option between payment of the dividend in cash or in shares.

This facility was used by the General Meeting of shareholders of Rémy Cointreau of 24 August 2000 in respect of the dividend distributed for the 1999/2000 financial year.

Prescription

Dividends not claimed within five years from the date they were payable are prescribed and thus reverted to the State.

EMPLOYEE PROFIT-SHARING

Profit-sharing and participation agreements

Over 95% of Group employees in France benefited in respect of 2003/04 from income from profit-sharing plans.
The employees concerned thus received or will receive, depending on the performance of their sector of activity, a bonus of between 6% and close to 11% of their annual remuneration (subject to legal limits) in respect of profit-sharing.

The profit-sharing plans are part of the business strategy and contribute to the achievement of objectives that are the Group's major challenges.

Within this framework, the criteria of the plans are based on the profitable growth of the business, the performance and quality of production units and the control of general expenses.

Rémy Cointreau share subscription/purchase options granted to employees

See pages 81 and 82 regarding authorisations in progress and outstanding options.

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