FINANCIAL REPORT

02-03

RÉMY COINTREAU

Financial report 2002-2003

Management board report to the combined general meeting of 8 september 2003

Ladies and Gentlemen,

In accordance with the law and our by-laws, we have convened a Combined General Meeting to present the report on your Company's operations for the year ended 31 March 2003, to submit the financial statements of the year for your approval, and to authorise the purchase and sale by the Company of its own shares, the reduction of share capital through the cancellation of Treasury shares held by the Company and the use of delegations to issue and reduce the share capital at the time of a public offer for the Company's shares.

Financial report on the parent company financial statements at 31 march 2003

Profit before tax was €86 million. The €62.3 million increase over the previous year was primarily due to higher dividend income.

Head office costs were €23.4 million, an increase of €4.4 million. This increase was mainly due to employing additional staff for group-wide projects undertaken in different areas.

Fees charged to subsidiaries were €15.1 million, an increase of €2.2 million, primarily as a result of the increase in the rate of remuneration applied during the year to the production subsidiaries.

Dividends received from subsidiaries, following interim dividends paid by Rémy Martin and Cointreau at the end of the year, increased from €63 million to €130.5 million.

The increase in net financial costs from €33.2 million last year to €36.4 million this year was mainly due to the absence of the unwinding of a financial instrument occurring in the previous year.

Exceptional expenses of €11.5 million mainly comprised a charge of €12.1 million for regulated provisions (in respect of the subordinated perpetual loan notes), and a net gain of €0.9 million from security trading. Disposals and reductions in shareholdings led to the reduction and redemption of the share capital of Rémy Suisse for €13.8 million and the disposal of shares in Société Civile du Breuil for €1.5 million.

In addition, during the year, the Company acquired shares in Group companies, following their conversion into SASU (Limited Company with Simplified Legal Structure and Single Shareholder).

Tax income of €27 million represents the release of tax savings relating to financial years over five years ago that are now finalised within the tax grouping.

The net profit for the year was €101.5 million.

Report on consolidated financial statements at 31 march 2003

Key figures and highlights

(€ millions)	31 March 2003	31 March 2002	Change
Turnover	**1,000.2**	1,019.5	(1.9)%
Operating profit	**213.8**	209.1	2.2%
Operating margin	**21.4%**	20.5%	–
Financial charges	**(64.8)**	(63.0)	2.9%
Share in profit of associated undertakings	**9.0**	10.4	–
Goodwill amortisation	**(2.8)**	(3.2)	–
Profit on ordinary activities	**102.9**	100.6	2.3%
Earnings per share	**2.34**	2.29	2.2%
Number of shares in issue ('000)	**44,070**	43,950	–

Change in Group structure during the year: Disposal of Blue Pyrenees Estate (Australian wines) in October 2002. The results for the six months were equity accounted.

Turnover for the 2002//03 financial year was €1,000.2 million. Restated for the effect of disposals or cessations during the year, and at constant exchange rates, the organic growth rate was 5.1%.

Operating profit increased by 2.2% to €213.8 million. Independent of the forward cover that maintained the gross margin, the operating profit was adversely affected by the translation of results achieved outside the euro zone. Restated for this, growth based on comparable exchange rates was 3.7%.

The 2002/03 financial year was marked by three major factors:

- the recovery in the Champagne business,
- the difficulties encountered by Vodka which, despite a recovery in the second half of the year, still suffered particularly difficult trading conditions in Poland, and
- the establishment of a new distribution organisation in China.

Divisional analysis

(€ millions)	2003	Margin	2002 (1)	Margin
Cognac	**149.3**	41.6%	145.6	38.3%
Liqueurs	**50.4**	28.8%	47.3	27.5%
Spirits	**61.5**	30.6%	70.1	32.4%
Champagne and Wines	**17.2**	13.2%	5.7	5.1%
Third Party Products	**20.9**	15.5 %	22.0	15.8%
Total	**299.3**	29.9%	290.7	28.5%
Distribution costs	**(64.9)**	–	(63.8)	–
Central expenses	**(20.6)**	–	(17.8)	–
Operating profit	**213.8**	–	209.1	–

(1) The analysis of the 2002 figures was adjusted to take account of the reclassification as distribution costs of marketing costs previously charged to the brands (impact of €2.4 million).

Cognac

Divisional sales amounted to €358.9 million, a decline of €21.2 million, taking into account the unfavourable exchange rate movement. At constant exchange rates, sales increased by €11.2 million, equivalent to 2.95%.

The Rémy Martin brand (excluding cognac-based products) grew by 4.6% in volume terms, thus strengthening its share of the world market to 16.7% and its position as the leader in superior quality cognacs.

The dynamism of the brand was particularly marked in the US, where cognac shipments increased by 7.1%. This was driven by sustained consumer demand (depletions rose by 10% at 31 March 2003).

In Asia, the establishment of a new distribution organisation in China (direct import via Shanghai, and with a network of wholesalers) led to an increase in sales and represented a key factor in the growth of the brand in this market. The establishment of this organisation will generate additional costs of approximately €5 million for the full year.

Deliveries to European markets fell slightly compared with the previous year, due to the slowdown in the German market and an adjustment to inventory levels by the Group's Austrian distributor.

After a number of years of regular growth, marketing expenditure stabilised at 26.9% of gross margin at constant exchange rates.

The contribution to consolidated profit was €149.3 million, an increase of €3.7 million. The operating margin for the Cognac division was 41.6% compared with 38.3% the previous year.

Liqueurs

Divisional sales rose by 1.7% to €175 million. At constant exchange rates, sales increased by 5.8%, driven mainly by the good performance of Cointreau, up 5.6%, in the US and the UK, and Passoa, up 19.5%, in France, Japan and Benelux with the launch of 'ready to drink' Passoa Diablo.

The introduction of new products, such as Cointreau C and the Aura and Passoa Diablo pre-mixes, necessitated a particularly high level of advertising and promotional expenditure at 46.6% of gross margin.

Divisional profit was €50.4 million, with the divisional operating margin up slightly at 28.8%.

Spirits

An analysis of divisional sales is as follows:

(€ millions)	**2003** (At constant exchange rates)	2002	% Change
Vodka	**64.3**	78.0	(17.6)%
Metaxa	**46.5**	42.9	8.4%
Rum	**35.4**	31.8	11.3%
Seguin	**23.9**	20.5	16.6%
Other brands	**40.5**	43.1	(6.0)%
Total	**210.6**	**216.3**	**(2.6)%**

Following a first half-year disrupted by counterfeiting rumours and a decline in excise duties, vodka sales partially recovered in the second half, but ended the year with a shortfall of 17.6% compared with the previous year, at constant exchange rates. The Polish market remained highly competitive and volatile due to aggressive marketing by a number of players. Against this background, the Group decided to maintain a high level of advertising and promotional expenditure in support of the vodka brands (38.5% of gross margin compared with 27.1% the previous year).

The Metaxa and Seguin brands, together with the Mount Gay and Saint James rums, grew at a satisfactory rate, whereas the remainder of the portfolio, comprising mainly genever brands distributed in the Netherlands, were sold in a market that is now mature.

Spirits contributed €61.5 million to operating profit, representing an operating margin of 30.6%, slightly down from 32.4% last year.

Champagne and Wines

Divisional sales were €130.4 million, a 25.7% increase at constant exchange rates and excluding the effect of the disposal of the Australian vineyard, Blue Pyrenees.

This significant increase confirms the strong recovery in Champagne sales, principally Piper-Heidsieck and Charles Heidsieck, which grew in all their key markets in Europe and the US.

Operating profit increased by €11.5 million to €17.2 million and is within the plan to improve short and medium-term profitability. After inclusion of sustained marketing efforts (41.7% of gross margin), divisional operating profitability was 13.2% compared with 5.1% the previous year.

Third Party Products

Sales of third party products, which comprise mainly the distribution of Highland Distillers' brands in the US and an extended range of wines in The Netherlands, were €135.1 million, a 3.5% increase at constant exchange rates. This activity contributed €20.9 million to operating profit.

Distribution and central expenses

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, The Netherlands and Hungary).

Compared with the previous year, these costs were as follows:

(€ millions)	Distribution	Head Office & Central Services	Total
General Expenses	5.1	4.0	9.1
Provisions & Other income	(4.0)	(1.2)	(5.2)
Net increase	**1.1**	**2.8**	**3.9**

General distribution expenses rose by €5.1 million as a result of taking on 31 additional sales staff at Rémy Amérique and the full cost of the decisions taken in Poland and the Caribbean during the previous year.

The increase in central expenses reflects additional staffing for group-wide projects (purchasing, flow management, strategic marketing), which should generate synergies and productivity gains within 12 months. Taking into account this change to the organisation, certain costs previously absorbed by the operating divisions have now been included in central expenses.

The Group also benefited in the period from a significant reduction in bad debt provisions due to good credit control.

The **operating margin** was 21.4%, an increase of 0.9 basis points compared with the previous year. At comparable exchange rates, the level of advertising and marketing expenditure was stable compared with the previous year (33.8% of gross margin).

Financial charges of €66.7 million are analysed as follows:

- Financial costs were €64.8 million compared with €63 million the previous year. Despite the decline in the average financing rate, this increase was due to the combined effects of the increase in average debt during the year and the non-renewal of a financial instrument that benefited the previous year.
- The exchange loss of €2.3 million was mainly due to the appreciation of the euro and the dollar on local currency financing in Poland and Columbia.

Financial costs were covered 3.64 times by EBITDA.

Profit on ordinary activities after tax was €102.9 million, a 2.3% increase on the previous year, due to the following factors:

- the stability of profit on ordinary activities before tax,
- the modest increase in the tax charge to 34.3%. The increase over last year was due, in particular, to the lower level of profit generated in Poland,
- the decline in minority interests (purchase of DFDI, lower level of profit in Poland), and
- a share of €9 million in profit of associated undertakings, analysed thus:

(€ millions)	Rémy Cointreau Share
Maxxium	3.7
Dynasty	5.3
	9.0

Exceptional expenses of €1.4 million include the following:

- disposals during the year (Blue Pyrenees Estate vineyard in Australia, Domaines Rémy Martin),
- income from disposal of assets (disposal of barrels, property in California and Champagne), and
- exceptional expenses for reorganisation of production sites.

Net profit amounted to €101.5 million, an increase of 6.5% compared with the previous year.

Consolidated balance sheet and financial position

Compared with the previous year, total assets fell slightly to €2,426 million.

Fixed assets, including associated undertakings, were €1,230 million at the end of March 2003, representing 51% of total assets. Movements in the year related mainly to asset disposals.

Current assets net of operating liabilities were €858 million, a 3% increase over the €833 million the previous year. After taking into account the significant decline in inventory levels and trade accounts receivable, this increase in current assets was mainly due to a reduction in supplier credit (including an acceleration in the payment of advertising expenses re-invoiced by Maxxium).

Group financial debt, excluding the perpetual subordinated loan notes, was €812 million, after inclusion of the €14.5 million amortisation of the OCEANE redemption premium.

Group financial debt, including the perpetual subordinated loan notes, OCEANE redemption premium, marketable securities and cash amounted to €865 million, an increase

of €25 million compared with 31 March 2002. Restated for the effect of the €50 million purchase of the DFDI minorities and the €6.7 million charge for the OCEANE redemption provision, debt fell by €31 million.
The Group's ability to repay its financial debt remained stable with a ratio of debt, excluding the perpetual subordinated loan notes, to EBITDA of 3.39.
Group equity grew by €39 million to €1,086 million.
Following the purchase of the DFDI shareholding, minority interests amounted to €8.4 million.
Equity and minority interests represented 45.1% of total assets, compared with 43.3% the previous year.

Movement in financial debt and cash flow

Operating cash flow after debt servicing was €62.9 million compared with €50.9 million the previous year.
This improvement was mainly due to the reduction in working capital requirements compared with the previous year, which was affected by the decline in champagne, a specific increase in purchases of eaux-de-vie and a high level of trade accounts receivable.
Cash flow used in investments amounted to €66 million, which included the following:

(€ millions)

Asset disposals	15.1
Fixed asset purchases	(28.7)
Acquisition of minority interests	(50.3)

Cash flow from/(used in) financing included the payment of a dividend of €39.6 million.

Including these flows, net financial debt was €865 million, a €25 million increase compared with 31 March 2002 (€18 million excluding the OCEANE premium).

Exceptional events and litigation

There has been no event or litigation that has had in the recent past, or is likely to have, a significant effect on the financial position of the Group, its operations or profit.

Recent developments

The Group's seasonality is characterised by a traditionally low level of activity in April and May. In these first two months of the financial year, the Group's business was down slightly for the Cognac, Liqueurs and Champagne divisions, while sales of Vodka showed a significant increase.

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 appreciation of the euro, despite the impact of existing foreign exchange cover, and the slowdown in duty-free sales as a result of the SARS epidemic, are notable risk factors for the 2003/04 financial year.

On the other hand, the sustained level of demand in the North American market and the recovery in the vodka market in Poland are encouraging factors for the development of the Group's brands.

In this context, the 2003/04 financial year will be one of consolidation, during which the Group intends to pursue its strategic development plans through:

- the enhancement of key brands and the continuation of marketing and innovative initiatives in key markets,
- the roll-out of the Supply Chain project, enabling the Group to improve its logistical and industrial effectiveness (objective: a €10 million saving in a full year), and
- a search for cost savings and improved operating efficiencies (planned savings of €5 million).

At the same time, Rémy Cointreau is working to strengthen its financial structure through:

- the disposal of non-strategic assets (objective: €70 million), and
- the refinancing and reduction in the average cost of resources, which should result in savings of approximately €4 million in a full year.

Significant events occurring after the year end and prior to the preparation of the present report

On 17 April 2003, Rémy Cointreau sold its wine distribution business in the Netherlands. The transaction amounted to €6.4 million (including inventory). At 31 March 2003, the business had a turnover of €24.6 million.

On 10 June 2003, Rémy Cointreau finalised a syndicated credit for €500 million with a group of 20 banks. The facility comprises a repayable fixed tranche (term facility) and a variable tranche (revolving credit), each repayable in full for €250 million. This facility will be used to refinance the syndicated credit of €400 million agreed on 13 June 2000 and will provide financial resources for the Group.

On 24 June 2003, Rémy Cointreau issued loan notes to the value of €175 million, carrying interest at 6.5% with maturity on 1 July 2010.

On 11 July 2003, Rémy Cointreau disposed of Société Martiniquaise de Canne à Sucre (St James and Bally rums).

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.

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

Our major production units are ISO 9000 certified and the Rémy Martin laboratories are ISO 17025 certified, underlining the importance that the Rémy Cointreau Group places on satisfying customer needs in terms of guaranteed quality.

The various accreditations also demonstrate the Group'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 activity involves 12 people and it has a budget of €965,000, or 0.096% of turnover.

Remuneration of members of corporate governance boards

For the 2001/02 financial year, each Supervisory Board member received attendance fees of €22,598, with Guy Le Bail receiving €11,299 on a pro-rata basis.

Dominique Hériard Dubreuil received fixed remuneration of €217,873. Hubertus van Doorne received total remuneration of €468,371, including fixed remuneration of €313,641. Alain Emprin received total remuneration of €348,195, including fixed remuneration of €271,058. Bruno Mouclier received total remuneration of €397,027, including fixed remuneration of €254,882. Pierre Soussand received total remuneration of €283,365, including fixed remuneration of €231,748.

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

Supervisory board and management board composition

Supervisory Board

Chairman

François Hériard Dubreuil

Date first appointed: 19 December 2000
Date appointment expires: At the AGM to consider the financial statements for the year 2003
Principal appointment outside the Group:
Managing Director and Director of Andromède
Other appointments:
Chairman of the Board and Managing Director of Orpar
Chairman of the Management Board of Récopart
Director of Sabaté Diosos
Manager of Financière de Nonac
Chairman of GCP SAS

Vice - Chairman

Marc Hériard Dubreuil

Date first appointed: 19 December 2000
Date appointment expires: At the AGM to consider the financial statements for the year 2005
Principal appointment outside the Group:
Managing Director and Director of Andromède
Other appointments:
Vice-Chairman, Managing Director and Director of Orpar
Member of the Management Board of Récopart
Director of Sabaté Diosos
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: At the AGM to consider the financial statements for the year 2003
Principal appointment outside the Group:
Chairman of the Supervisory Board of Récopart
Other appointments:
Chairman of the Board of Directors of Société Martiniquaise de Canne à Sucre
Director of CLS Rémy Cointreau
Director of GIE Rémy Cointreau Services
Chairman of the Board of Directors of Cointreau SAS
Chairman of the Board of Directors of Rhums Martiniquais Saint James SAS
Chairman of the Board of Directors of Izarra SAS

Patrick Duverger

Date first appointed: 19 December 2000
Date appointment expires: At the AGM to consider 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
Permanent representative of Société Générale at Accor

Brian Ivory
Date first appointed: 19 December 2000
Date appointment expires: At the AGM to consider the financial statements for the year 2003
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: At the AGM to consider the financial statements for the year 2005
Principal appointment outside the Group:
Chairman of the Supervisory Board of Air Liquide GmbH
Member of the Investments Committee of United Nations:
Chairman of the Supervisory Board of Merrill Lynch Investment Managers KAG (Frankfurt)
Chairman of the Supervisory Board of Merrill Lynch International Investment Funds (Luxembourg)
Member of the Supervisory Board of Bongrain S.A.
Member of the Investments Consultative Committee of Fich Inc. (London, New York).
Member of the Investments Committee of United Nations

Guy Le Bail
Date first appointed: 21 September 2001
Date appointment expires: At the AGM to consider the financial statements for the year 2004
Principal appointment outside the Group:
Director and Managing Director of Orpar SA
Other appointments:
Permanent representative of Orpar on the Supervisory Board of Récopart SA
Director of Sabaté Diosos SA
Member of the Supervisory Board of Transmed SA
Member of the Supervisory Board of GVG SA
Chairman of the Board of Directors of Antares SAS
Manager of Domaine du Breuil de Segonzac
Managing Director of GCP SAS
Manager of SCI Le Boi
Manager of SCI Le Boi d'Antares

Alain Bodin
Date first appointed: 11 June 2002
Date appointment expires: At the AGM to consider 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: At the AGM to consider the financial statements for the year 2005
Principal appointment outside the Group:
Chairman and Managing Director of Sabaté Diosos SA
Other appointments:
Co-manager of Gemsy

Xavier Bernat
Date first appointed: 11 March 2003
Date appointment expires: At the AGM to consider the financial statements for the year 2003
Principal appointment outside the Group:
Chairman of the Board of Directors of Chupa Chups SA
Other appointments:
Member of the Supervisory Board of Rabobank (Spain)
Advisor to Mc Lane España

Håkan Mogren
Date first appointed: 11 March 2003
Date appointment expires: At the AGM to consider the financial statements for the year 2004
Principal appointment outside the Group:
Vice-Chairman of the Board of Directors of Astrazeneca plc.
Other appointments:
Vice-Chairman of Gambro AB
Director of Groupe Danone SA
Director of Norsk Hydro ASA
Director of Investor AB

Management Board
Chairman
Dominique Hériard Dubreuil
Date first appointed: 19 December 2000, reappointed on 4 December 2002
Date appointment expires: 3 December 2004
Principal appointment outside the Group:
Managing Director and Director of Andromède
Other appointments:
Chairman of the Board of Directors of Vinexpo Américas SA
Chairman of the Board of Directors of GIE Rémy Cointreau Services
Director of Orpar SA

Director of CLS Rémy Cointreau SA
Director of Baccarat SA
Permanent representative of E. Rémy Martin & C° SAS, Director of Vinexpo Asia Pacific SAS
Director of Vinexpo SAS
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 and Director 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: 3 December 2004
Principal appointment outside the Group:
None
Other appointments:
Chairman of the Board of Directors and Managing Director of CLS Rémy Cointreau SA
Managing Director of Cointreau SAS
Managing Director of E. Rémy Martin & C° SAS
Managing Director of Izarra SAS
Managing Director of Société Armagnacaise de Production SAS
Permanent representative of Cointreau SAS at Société Martiniquaise de Canne à Sucre SA and Destileria de Jalisco
Director of Cointreau Corporation
Director of Rémy Cointreau Amérique
Director of Maxxium
Director of Erven Lucas Bols N.V.
Member of the Supervisory Board of Bols Premium Beverage Import & Distribution Ltd.

Bruno Mouclier

Date first appointed: 19 December 2000, reappointed on 4 December 2002
Date appointment expires: 3 December 2004
Group Finance Director
Principal appointment outside the Group:
None
Other appointments:
Managing Director of Financière Rémy Cointreau SAS
Director of Rémy Concord Ltd.
Director of Rémy Finance BV
Director of Maxxium
Director of Erven Lucas Bols NV
Director of Blues Pyrennees Estate Pty Ltd.
Director of Unipol BV
Director of Botapol Management BV

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 of the Board of Directors of Piper-Heidsieck Compagnie Champenoise SAS
Chairman of the Board of Directors of Champagnes P. & C. Heidsieck SA
Managing Director of Société Martiniquaise de Canne à Sucre SA
Chairman of the Board and Director of Mount Gay Distilleries Ltd.
Director of Rémy Cointreau Amérique Inc.

Pierre Soussand

Date first appointed: 12 March 2002, reappointed on 4 December 2002
Date appointment expires: 3 December 2004
Director of Group Organisation and Human Resources
Principal appointment outside the Group:
None
Other appointments:
Member of the Supervisory Board of Bols Premium Beverage Import & Distribution Ltd.

Operation of supervisory and management boards

The Supervisory Board comprised 11 members at 31 March 2003.

The number of Supervisory Board members aged more than 90 years old may not exceed one-third of the number of serving members. Should this limit be exceeded during a term of office, the oldest member of the Board is deemed to have resigned from office.

Between 1 April 2002 and 31 March 2003, the Supervisory Board met four times. The attendance rate was 93%.

Attendance fees were allocated equally, pro-rata to the attendance time of the Supervisory Board member.

The Management Board comprises five members.

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 2002 and 31 March 2003, the Management Board met 20 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 statutory power of direct removal.

The members of the Supervisory Board and Management Board are informed, at the time of commencement of their duties, of the legal and regulatory provisions concerning trading in the Company's securities by members of the corporate governance bodies.

Supervisory Board Committees

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 discussing subjects relevant to his 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, three of these committees met regularly during the financial year ended 31 March 2003.

Audit Committee

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

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

Number of independent members: 2

This Committee met twice, in June and November 2002. 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 2002,
- review of half-year financial statements to 30 September 2002,
- valuation and monitoring of intangible fixed assets,
- valuation of inventory,
- off balance sheet commitments.

Strategy Development Committee

This committee comprises four members of the Supervisory Board:

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

Number of independent members: 2

This committee did not meet during the year.

Its terms of reference include the review of major strategic options for the Group, 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 three times during the financial year, with an attendance rate of 100%, to discuss the following:

- review and validation of the Group's 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 and brands with the greatest development potential,
- review of innovative strategies for key brands and the related investments.

Nomination and Remuneration Committee

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

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

Number of independent members: 1
This committee met twice during 2002/03 on 10 June and 3 December 2002, with a 100% attendance rate, to discuss the following:

- Review of tools to optimise the motivation and remuneration of management
- Bonus systems used for staff
- Remuneration of Management Board members
- Nomination of Management Board members
- Review of the Group's share options policy

Composition and share capital holding

In accordance with the requirements of Article L 233-13 of the Commercial Code, it is reported that:

- at 31 March 2003, Orpar held over one-third of the share capital and over half the voting rights in the company, and
- at the same date, Récopart held over 10% of the share capital and the voting rights in the company.

Repurchase by the company of its own shares during the year

The Combined General Meeting of Rémy Cointreau on 3 September 2002, in its thirteenth resolution, authorised the Management Board, for a period expiring at the conclusion of the Meeting called to consider the financial statements for the year ended 31 March 2003 and at the latest in a period of 18 months from 3 September 2002, to purchase shares in the Company, up to 10% of the share capital which is 3,935,987 shares, net of Treasury shares.
As part of this, the Company proceeded in February and March 2003 to purchase on the Stock Exchange 145,588 shares in the Company. At 31 March 2003, the Company held 655,573 Treasury shares.

Social and environmental consequences of operations

The production and sale of Group products, in France and abroad, is covered by regulations that vary in strictness by country, particularly with regard to manufacture, packaging and bringing its products to market. The Group has, for all significant aspects of its operations, all necessary authorisations to proceed and has not encountered, in this regard, specific constraints likely to have a significant effect on its business.

As of the date of the present report, neither Rémy Cointreau nor any of its subsidiaries has been or is involved in any legal procedure in respect of liability for defective products, that has led or is likely to lead to an adverse legal judgement.
Rémy Cointreau has, as of the date of this report, received no notification informing it of a contravention of environmental regulatory provisions. To its knowledge, Rémy Cointreau is not involved in this area in a current administrative or judicial procedure at the date of the present report.

Comments on the resolutions submitted to the Annual General Meeting

Allocation of 2002/03 profit

The Management proposes the following allocation of profit for the year:

• profit for the year:	€101,521,308.88
• balance brought forward:	€48,352,158.02
Total Amount Distributable:	**€149,873,466.90**
• allocation to legal reserve:	€19,234.40
• allocation to special reserve for long-term capital gains:	€8,337,105.00
• distribution of a dividend of €1.00 per share together with a tax credit of €0.50 per share:	€44,579,941.00
• balance carried forward	€96,937,186.50
Total	**€149,873,466.90**

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	1999/00	2000/01	2001/02
• net dividend per share	€0.90	€0.90	€0.90
• tax credit per share	€0.45	€0.45	€0.45

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 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.

Supervisory board

It is noted that Mr. Eduardo Malone and Mr. John Wong resigned from the Supervisory Board on 3 September 2002 and 4 December 2002, respectively. The Supervisory Board, at its meeting of 11 March 2003, co-opted Mr. Javier Bernat to replace Mr. Eduardo Malone and Mr. Håken Mogren to replace Mr. John Wong. You are requested to ratify this co-option for the remainder of their predecessors' terms of office.

It is proposed to reappoint for three years as members of the Supervisory Board Mr. François Hériard Dubreuil, Mr. Pierre Cointreau, Mr. Brian Ivory and Mr. Javier Bernat, whose terms of office expire at the conclusion of this meeting.

Attendance fees

We propose that the Supervisory Board's attendance fees be set at €248,000 for 2003/04. 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 18 months from the date of this Meeting, to purchase shares in the Company, up to 10% of the share capital, representing 3,802,421 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 company investment trust 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 fifteenth 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. 98-03 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 the entire 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 €190,121,050, excluding trading expenses.

Authorisation to reduce the share capital by cancellation of treasury shares held in the company

The resolution, as proposed, is in respect of the possibility that the Management Board cancels shares, which have been purchased by the Company under the authorisation given by the Meeting in the thirteenth resolution or were acquired under the authorisations given by the twelfth resolution of the General Meeting of 21 September 2001 and in the thirteenth resolution of the General Meeting of 3 September 2002.

It is designed to enable the Management Board to reduce the capital as a result of this cancellation. In accordance with the law, this cannot be applied to more than 10% of the capital in a period of 24 months.

Authorisation to the Management Board 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 the period of a public offer to buy or exchange shares in the Company, the delegations held by the Management Board to increase or reduce the share capital, until the General Meeting held to consider the financial statements for 2003/04. In effect, in accordance with Article L 225-129-IV of the Commercial Code, this authorisation is valid for one year.

We ask you to vote in favour of all the resolutions as submitted.

The Management Board

REPORT OF THE SUPERVISORY BOARD

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 on the financial statements for the year ended 31 March 2003.
Your Supervisory Board reviewed these financial statements and this report at its meeting of 10 June 2003.
We have no observations to make on the report of the Management Board or the financial statements for the year just ended.

The Supervisory Board

SPECIAL REPORT BY THE MANAGEMENT BOARD ON OPTIONS TO SUBSCRIBE FOR SHARES

In accordance with Article L. 225-184 of the Commercial Code, it is reported that no options were granted in 2002/03 to subscribe for shares in Rémy Cointreau.
It is also noted that two Directors exercised the following options to subscribe for shares during 2002/03:

	Number of options exercised	Price
John Wong	16,267	€28.9
Hubertus van Doorne	3,017	€30.3
Hubertus van Doorne	10,000	€23.5

It is noted that Rémy Cointreau SA had no employees during 2002/03.
The transactions covered by Articles L. 225-177 to L. 225-186 of the Commercial Code are detailed in the notes to the consolidated financial statements (note 27).

The Management Board

Consolidated financial statements

at 31 March 2003

Consolidated balance sheet

for the years ended 31 March 2003, 2002, 2001

ASSETS

(€ millions)	2003	2002	2001
Intangible fixed assets (note 3)	**972.2**	972.5	962.5
Tangible fixed assets (note 4)	**151.8**	165.6	160.1
Investments in associated undertakings (note 5)	**80.1**	87.3	96.7
Non-consolidated investments (note 6.1)	**10.2**	10.3	11.8
Other financial assets (note 6.2)	**15.7**	19.9	19.8
Financial assets	**106.0**	117.5	128.3
Total fixed assets	**1,230.0**	1,255.6	1,250.9
Inventories (note 7.1)	**775.4**	831.9	787.4
Trade notes and accounts receivable (note 7.4)	**213.9**	264.0	192.5
Other receivables (note 8)	**155.7**	153.5	197.3
Deferred tax (note 22)	**31.9**	44.0	45.6
Short-term deposits and cash	**18.7**	21.3	13.2
Total current assets	**1,195.6**	1,314.7	1,236.0
Total assets	**2,425.6**	2,570.3	2,486.9

EQUITY AND LIABILITIES

(€ millions)	2003	2002	2001
Share capital (note 9)	**71.3**	71.1	71.0
Share and merger premium	**623.6**	622.0	620.9
Consolidated reserves	**309.1**	253.4	213.5
Translation adjustment	**(19.1)**	5.2	0.5
Group net profit	**101.5**	95.3	90.3
Group shareholder's equity	**1,086.4**	1,047.0	996.2
Minority interests	**8.4**	64.7	59.4
Convertible loan notes (note 10)	**315.1**	308.4	301.7
Subordinated perpetual loan (note 11)	**72.4**	91.7	109.4
Provisions for liabilities and charges (note 13)	**76.0**	81.6	72.6
Deferred tax (note 22)	**32.7**	34.0	39.5
Provisions and other long-term liabilities	**108.7**	115.6	112.1
Long and medium-term debt (note 12)	**333.5**	390.1	437.5
Short-term debt	**163.1**	71.1	35.7
Financial debt	**496.6**	461.2	473.2
Trade notes and accounts payable (note 14.1)	**139.7**	227.1	217.4
Other operating liabilities (note 14.2)	**198.3**	254.6	217.5
Operating liabilities	**338.0**	481.7	434.9
Total equity and liabilities	**2,425.6**	2,570.3	2,486.9

Notes 1 to 28 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT for the years ended 31 March 2003, 2002, 2001

(€ millions)	2003	2002	2001
Turnover (notes 15 and 16)	**1,000.2**	1,019.5	925.6
Cost of sales	**(441.1)**	(452.7)	(430.6)
Gross margin	**559.1**	566.8	495.0
Marketing expenses (note 17)	**(260.7)**	(274.2)	(225.3)
Administrative expenses (note 17)	**(84.6)**	(83.5)	(85.4)
Operating profit	**213.8**	209.1	184.3
Net financial charges (note 20)	**(66.7)**	(61.9)	(54.0)
Profit on ordinary activities before tax	**147.1**	147.2	130.3
Tax on ordinary activities (note 22)	**(50.5)**	(48.6)	(42.4)
Share for profit on ordinary activities of associated undertakings (note 5)	**9.0**	10.4	9.8
Net profit before goodwill amortisation	**105.6**	109.0	97.7
Goodwill amortisation	**(2.8)**	(3.2)	(3.7)
Net profit after goodwill amortisation	**102.8**	105.8	94.0
Minority interests	**0.1**	(5.2)	(3.6)
Group net profit on ordinary activities	**102.9**	100.6	90.4
Exceptional result (note 21)	**(1.4)**	(5.3)	–
Group Net profit on ordinary activities	**101.5**	95.3	90.4

Basic earnings per share (€)	2003	2002	2001
Group Earnings per share on ordinary activities	**2.34**	2.29	2.04
Group Earnings per share	**2.30**	2.17	2.04
Number of shares	**44,069,956**	43,949,741	44,377,621
Diluted earnings per share			
Group Earnings per share on ordinary activities	**2.15**	2.11	1.96
Group Earnings per share	**2.12**	2.01	1.96
Number of shares	**53,561,627**	53,561,627	47,981,726

Notes 1 to 28 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ millions)	Number of shares	Share capital	Share premium	Translation adjustment	Reserves	Treasury Shares	Total
Shareholder's equity at 31 March 2000	**38,182,230**	**58.2**	**429.7**	**(4.7)**	**249.8**		**733.0**
Capital increase	6,195,391	12.8	164.7		(2.1)		175.4
Dividends			26.5		(34.2)		(7.7)
Translation adjustment				5.2			5.2
Profit for 2001					90.3		90.3
Shareholder's 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
Profit for 2002					95.3		95.3
Shareholder's 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)
Profit for 2003					101.5		101.5
Shareholder's equity at 31 March 2003	**44,069,956**	**71.3**	**623.6**	**(19.1)**	**421.1**	**(10.5)**	**1,086.4**

Notes 1 to 28 are an integral part of these financial statements.

Consolidated cash flow statements for the years ended 31 March 2003, 2002 et 2001

(€ millions)	**2003**	2002	2001
Operating activities			
Group net profit/(loss)	**101.5**	95.3	90.3
Minority interests	**(0.1)**	5.2	3.6
Share of profits of associated undertakings (net of dividends received)	**(1.1)**	3.8	(0.2)
Adjustment in respect of non-cash items:			
• depreciation and amortisation	**19.6**	19.9	16.4
• amortisation of financial charges	**9.9**	9.9	2.5
• net charges (release) for other provisions and deferred tax	**8.3**	(10.0)	5.1
• losses/(gains) on disposal of fixed assets	**(14.2)**	(0.3)	0.6
• losses/(gains) on disposal of financial assets	**2.1**	0.3	(0.4)
Changes in working capital requirements:			
• inventories	**34.9**	(43.2)	(50.5)
• trade receivables	**19.0**	(71.3)	11.0
• trade payables	**(83.2)**	10.1	32.0
• other receivables and payables	**(33.8)**	31.2	(7.3)
Net Cash flow from operating activities	**62.9**	50.9	103.1
Investing activities			
Purchase of fixed assets:			
• tangible and intangible assets	**(28.7)**	(26.0)	(23.3)
• financial assets	**(2.3)**	(25.1)	(469.3)
Proceeds from sale of fixed assets:			
• tangible and intangible assets	**12.5**	28.8	3.0
• financial assets	**2.6**	10.8	1.3
Proceeds/(payments) for other assets (notes 2.2 and 8)	**(50.3)**	50.2	
Net Cash flow from investing activities	**(66.2)**	38.7	(488.3)
Financing activities			
Net funds received from :			
• capital increase	**1.8**	1.3	175.4
• increase/(decrease) in loans	**35.4**	(30.3)	205.3
• purchase of treasury shares		(10.5)	
Dividend paid to the shareholders of the parent company	**(39.6)**	(39.9)	(7.7)
Dividend paid to minority shareholders		(0.1)	(0.2)
Changes in Group structure	**5.0**	(0.3)	1.0
Translation adjustment relating to cash and cash equivalents	**(1.9)**	(1.7)	0.2
Net Cash flow from financing activities	**0.7**	(81.5)	374.0
Increase/(decrease) in cash and cash equivalents	**(2.6)**	8.1	(11.2)
Cash and cash equivalents at start of year	**21.3**	13.2	24.4
Cash and cash equivalents at end of year	**18.7**	21.3	13.2

Notes 1 to 28 are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 • ACCOUNTING PRINCIPLES

The consolidated financial statements of Rémy Cointreau have been prepared in accordance with French law.
The financial year of Rémy Cointreau runs from 1 April to 31 March. Each year is designated as the calendar year of its year end.

1.1 Consolidation principles

The consolidated financial statements include subsidiaries of significant importance where Rémy Cointreau holds, directly or indirectly, more than 50% of the share capital or exercises effective management control. Such subsidiaries are fully consolidated.
Companies where Rémy Cointreau exercises significant influence and holds, directly or indirectly, between 20% and 50% of the share capital are accounted for under the equity method.
The financial statements of the companies included in the consolidation, which have been prepared in accordance with the principles and practices of each of the countries concerned, have been restated prior to their consolidation to ensure conformity to the Group's accounting principles.
Inter-company accounts and transactions and related unrealised gains and losses have been eliminated.

1.2 Consolidation accounting

At the time a shareholding is acquired or at a date near thereto, the difference between the purchase price and the carrying value of the acquired assets (restated in accordance with the Group accounting principles) is allocated, where possible, to specific assets and liabilities of the concerned subsidiaries (brands, distribution rights and inventories).

1.3 Translation of financial statements and transactions in foreign currencies

The balance sheets of foreign subsidiaries are translated into euros using the rate of exchange prevailing at the end of the accounting period. The income statements are translated using the average exchange rate for the accounting period. Resulting exchange gains/losses are reported in shareholder's equity.
Transactions realised in foreign currencies are recorded using the exchange rate in force at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated using the closing exchange rate. A provision is made to cover exchange losses. Unrealised exchange gains are taken to the income statement.

1.4 Deferred taxation

The Group accounts for deferred taxation under the liability method, using the legal tax rate in force at the balance sheet date.
The restatement of the financial statements of individual companies, to comply with the Group's accounting principles or to eliminate the effect of tax-related provisions (principally the elimination of provisions for price increases), creates differences between the taxable profit and the profit before taxation. These differences give rise to deferred taxation, which is included as an asset or liability in the balance sheet.
Differences between accounting and tax values of assets and liabilities also give rise to deferred tax.
A deferred tax asset on tax losses carried forward is recognised only when their utilisation, in the short term, against future taxable profits is likely to occur.
No provision has been made for taxes payable by the Group in respect of dividends from non-French subsidiaries, except where the decision to pay a dividend has been taken by the balance sheet date. Taxes relating to dividends are provided for in the year when they are paid.

1.5 Intangible fixed assets

This item primarily includes the value attributed to the brands arising from initial purchase accounting for consolidated acquisitions.
Brands are not amortised where they have trademark protection, enable profits to be generated in excess of those of similar unbranded products, and are deemed to have an unlimited anticipated useful life. In order to test their carrying value, they are evaluated annually in accordance with the criteria set at the date of acquisition, based on the capitalisation of the additional profit made by a branded product, net of advertising support. In the event of a permanent decline in the value of a brand, a provision is made in the income statement in the period in which this loss is identified.
As part of the establishment of the distribution Joint Venture Maxxium BV on 1 August 1999, Rémy Cointreau reported 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 it was set up and subsequently, a goodwill to be amortised over 20 years. The annual depreciation charge is included in the income of Rémy Cointreau to the extent of its share in the Joint Venture: 25% since 2002 and 33% previously.

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

1.6 Tangible fixed assets

Tangible assets are carried at historic cost including, where appropriate, fair value adjustments resulting from purchase accounting on acquisitions. They are depreciated using the straight-line method 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

1.7 Non-consolidated investments

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

The current fair value is determined using 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 method, or net realisable value. Cost does not include financial charges incurred while the stocks are maturing.

Where applicable, the value of inventories includes adjustments resulting from purchase accounting on acquisitions, reflecting valuations made upon initial consolidation of certain companies. These amounts are included in the cost of goods sold in the year of sale of the corresponding inventories.

1.9 OCEANE redemption premium

The OCEANE redemption premium is amortised on a straight line basis over the duration of the loan. The cumulative amortisation is included with the nominal value of the loan under "Convertible Loan Notes". This reclassification has been made retroactively to the date of issue (the start of 2001).

1.10 Pensions and other personnel-related commitments

According to the law and practices in each country, Rémy Cointreau participates in pension, early pension and retirement benefit plans. For defined contribution plans, the charge corresponds to the premiums paid. The commitments in respect of defined benefit plans have been determined using the "Projected Unit Credit" actuarial method. The actuarial differences in excess of 10% of the commitment are amortised over the average period of expected activity.

1.11 Foreign currency exchange and interest rate cover

The Group hedges its foreign exchange and interest rate exposures, mainly through forward contracts, currency options and interest rate swaps.

The valuation and accounting for these financial instruments is in accordance with generally accepted practices for hedging operations.

The contracts are revalued at each year-end. Profits or losses are carried to finance income/cost, or deferred if qualified as anticipatory hedges of transactions of the following year.

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

Gains and losses on interest rate swaps are taken to financial charges, on a pro-rata basis over the life of the contract.

1.12 Revenue recognition

Sales are recognised on the basis of transfer of ownership, which generally occurs at the time of delivery of the products. Sales are expressed net of alcohol duties and VAT. Sales exclude operations that are peripheral to the marketing of Wines and Spirits brands. The net income from these activities (sub-contracting, distribution of non-alcohol products, etc.) is recorded as a reduction in marketing expenses.

1.13 Treasury shares

Rémy Cointreau has a share buyback program 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, shares acquired are treated as treasury shares and deducted from shareholder's equity (Note 9).

1.14 Earnings per share

Basic earnings per share is calculated using the number of shares in issue at the end of the year. Treasury shares reported as a deduction from shareholder's equity are excluded.
Diluted earnings per share is calculated using the number of shares at the end of the year after inclusion of the potential dilution from the convertible loan notes 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 loan notes and the issue of new shares.

2 • Group structure

2.1 The companies included in the consolidation are detailed in note 28.

2.2 The following companies were sold during the 2003 financial year:

- Blue Pyrenees Estate Ltd: sold on 1 October 2002
- Les Domaines Rémy Martin: sold on 31 March 2003.

The tangible assets of RMS Vineyard Inc were sold in September 2002 for €5.2 million.
On 7 May 2002, Cointreau SA acquired the minority interests in DFDI. The net financial cost of this was €50.3 million.

2.3 Disposal of Blue Pyrenees Estate Ltd

In 2002, Blue Pyrenees Estate Ltd contributed sales for €6.1 million and a loss for €0.2 million to the consolidated income statement. The company was sold for Aus $12.7 million. This generated a capital loss that was included in exceptional expenses (note 21). The equity accounted results for the 6 month period prior to the disposal were not significant.

2.4 Disposal of Domaines Rémy Martin

The shares in this company, which is dedicated to farming and vine-growing, were sold for a gross value of €8 million. The capital gain arising from this transaction was included in exceptional income (note 21).

2.5 Effect of changes in group structure

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

(€ millions)	Blue Pyrenees Estate Ltd	Domaines Rémy Martin
Fixed assets	(4.6)	(1.7)
Inventories	(5.9)	–
Receivables	(0.7)	(5.3)
Financial debt	(5.0)	–
Other liabilities	(1.0)	(0.3)

3 • Intangible fixed assets

3.1 Intangible assets at 31 March comprise:

	2003			2002	2001
(€ millions)	Gross	Amort. write down	Net	Net	Net
Brands	**954.3**	**(0.2)**	**954.1**	956.9	939.3
Distribution rights	**16.3**	**(8.2)**	**8.1**	8.8	9.2
Other intangible assets (1)	**18.1**	**(8.1)**	**10.0**	6.8	14.0
Total	**988.7**	**(16.5)**	**972.2**	972.5	962.5

(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), the Galliano and Mount Gay brands, and the Bols, Metaxa and Pisang Ambon brands.
The Champagne group brands, the Galliano and Mount Gay brands, as well as the Bols, Metaxa and Pisang Ambon brands, are reflected 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) is as follows:

(€ millions)	Total
31 March 2002	**972.5**
Acquisitions	5.1
Disposals	(0.3)
Amortisation	(1.5)
Translation	(3.6)
31 March 2003	**972.2**

The acquisitions in the year relate mainly to the licence and development costs incurred as part of information systems projects.

4 • Tangible fixed assets

4.1 Tangible fixed assets at 31 March comprise:

	2003			2002	2001
(€ millions)	Gross	Amort. write down	Net	Net	Net
Land	**58.5**	**(1.9)**	**56.6**	61.2	51.9
Buildings	**123.9**	**(80.0)**	**43.9**	49.2	47.0
Other	**118.9**	**(76.6)**	**42.3**	49.4	53.0
In progress	**9.1**	**(0.1)**	**9.0**	5.8	8.2
Total	**310.4**	**(158.6)**	**151.8**	165.6	160.1

4.2 The breakdown of tangible assets (net book value) by geographic area at 31 March is as follows:

(€ millions)	2003	2002	2001
France	**101.6**	109.4	115.7
Europe (excl. France)	**33.5**	31.8	21.9
North and South America	**16.7**	19.9	18.2
Asia - Pacific	–	4.5	4.3
Total	**151.8**	**165.6**	**160.1**

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

(€ millions)	Total
31 March 2002	**165.6**
Acquisitions	23.6
Disposals	(9.3)
Depreciation	(17.9)
Change in group structure	(6.3)
Translation	(3.9)
31 March 2003	**151.8**

5 • Investments in associated undertakings

5.1 This reflects the value of the shareholding in those companies in accordance with the principle stated in note 1.1.

(€ millions)	2003	2002	2001
Maxxium BV	**61.8**	67.4	73.3
Dynasty	**18.3**	19.9	16.9
Asbach GmbH	–	–	5.8
Others	–	–	0.7
Total	**80.1**	**87.3**	**96.7**

(€ millions)	Maxxium	Dynasty	Others	Total
At 31 March 2001	**73.3**	**16.9**	**6.5**	**96.7**
Dividends paid (1)	(11.9)	(2.7)	–	(14.6)
Profit on ordinary activities	4.8	5.6	–	10.4
Exceptional income (2)	3.5	–	–	3.5
Goodwill armortisation	(3.2)	–	–	(3.2)
Change in group structure	–	–	(6.5)	(6.5)
Translation	0.9	0.1	–	1.0
At 31 March 2002	**67.4**	**19.9**	**0.0**	**87.3**
Dividends paid	(2.3)	(2.8)	–	(5.1)
Profit for the period	3.7	5.3	–	9.0
Goodwill amortisation	(2.8)	–	–	(2.8)
Translation	(4.2)	(4.1)	–	(8.3)
At 31 March 2003	**61.8**	**18.3**	**0.0**	**80.1**

(1) For Maxxium BV, an exceptional dividend drawn from the transfer premium.
(2) Including a dilution profit of €4.0 million related to Vin & Sprit becoming a shareholder in Maxxium BV.

In accordance with note 1.5., goodwill amortisation represents the net amount of the share of Rémy Cointreau in the Maxxium BV goodwill amortisation [2003: €(4.2) million, 2002: €(4.6) million] and the amortisation of the gain on transferred assets [2003: €1.4 million; 2002: €1.4 million].

5.2 Maxxium

- The Maxxium BV distribution joint venture was set up on 1 August 1999 on the basis of a strategic distribution agreement between Rémy Cointreau SA, 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 Absolut Vodka brand, became a 25% shareholder in Maxxium.
  This change in shareholdings resulted in a reduction from 33% to 25% in Rémy Cointreau's holding.
- Maxxium's financial yearly closing is at 30 June. The key figures as at 31 March (the reference period for the consolidated financial statements of Rémy Cointreau) can be summarised as follows:

Simplified income statement:

(€ millions)	2003	2002	2001
Turnover managed (1)	**1,402.3**	1,340.5	1,157.0
• including invoiced	**1,225.6**	1,161.4	1,036.0
• including commissions	**176.7**	179.1	121.0
Profit on ordinary activities	**18.2**	19.5	13.0
Goodwill amortisation	**(17.1)**	(17.0)	(15.0)
Exceptional income	**(3.5)**	(1.9)	(4.0)
Net profit/(loss)	**(2.4)**	0.6	(6.0)

(1) Including Rémy Cointreau products of €526 million (2002: 513.1; 2001: 488).

Breakdown of turnover at 31 March:

By geographic area

(€ millions)	2003	2002	2001
Europe & Canada	**895.3**	816.1	700.0
Asia-Pacific	**426.2**	402.3	410.0
Emerging countries	**80.8**	122.1	47.0
Total	**1,402.3**	1,340.5	1,157.0

Workforce:

(at 31 March)	2003	2002	2001
Maxxium workforce	**1,750**	1,692	1,637

Simplified balance sheet at 31 March:

(€ millions)	2003	2002	2001
Fixed assets	**313.3**	318.6	303.0
Current assets	**483.1**	552.7	493.0
Current liabilities	**(274.0)**	(296.4)	(257.0)
Other liabilities	**(12.9)**	(10.2)	(14.0)
Financial debt	**(171.5)**	(194.7)	(224.0)
Shareholder's equity	**338.0**	370.0	301.0

Reconciliation of results of associated undertakings:

(€ millions)	2003	2002	2001
Maxxium shareholder's equity	**338.0**	370.0	301.0
Rémy Cointreau share	**85.6**	92.6	100.3
Restatement of contributed gain	**(29.1)**	(29.1)	(29.1)
Amortisation of contributed gain	**5.3**	3.9	2.1
Total	**61.8**	67.4	73.3

6 • Other financial assets

6.1 The non-consolidated investments comprise the following at 31 March:

(€ millions)	2003	2002	2001
Shareholdings in excess of 50%	**18.4**	23.5	23.3
Shareholdings between 20% and 50%	**5.8**	5.7	6.1
Shareholdings less than 20%	**2.7**	3.0	4.0
Gross value	**26.9**	32.2	33.4
Provisions and write downs	**(16.7)**	(21.9)	(21.6)
Net value	**10.2**	10.3	11.8

6.2 The other investments comprise mainly deferred charges in respect of retirement commitments of Bols Distilleries.

7 • Current assets

7.1 Inventories comprise the following at 31 March:

(€ millions)	2003	2002	2001
Merchandise and finished products	**84.3**	101.8	97.1
Raw materials	**75.8**	80.1	69.9
Work in progress (1)	**615.3**	650.0	620.4
Total	**775.4**	831.9	787.4

(1) Includes wines, spirits and eaux-de-vie currently maturing.

The value of Cognac currently ageing is €436 million at 31 March 2003 (€472.1 million at 31 March 2002).

7.2 Certain current assets are subject to provisions

Thus, at 31 March 2003, inventories are shown net of a provision of €3.7 million (€9 million at 31 March 2002, €10.1 million at 31 March 2001).

7.3 The movements on Inventories were as follows:

(€ millions)	Total
31 March 2002	**831.9**
Movement for the year	(35.2)
Changes in group structure	(5.9)
Translation	(15.4)
31 March 2003	**775.4**

7.4 Trade notes and accounts receivable are reported net of a provision for doubtful accounts of €7.7 million (€8.5 million at 31 March 2002, €9.3 million at 31 March 2001) evaluated individually to cover the degree of risk of non-collection.

8 • Other receivables

This comprises the following at 31 March:

(€ millions)	2003	2002	2001
Supplier advances	**24.0**	34.0	32.6
Social and tax balances	**53.7**	39.7	29.3
Commitments to supply "eaux-de-vie"	**2.2**	2.1	2.6
Rights to use the Picon brand	–	–	50.2
Excise duties paid in advance	**4.6**	7.0	4.8
Pre-paid expenses	**6.6**	8.0	9.6
Issue costs of loan notes amortised over 7 years	**3.2**	4.3	5.4
Issue costs of subordinated perpetual notes amortised over 15 years	**1.3**	1.8	2.2
Financial instruments	**18.6**	11.7	14.6
Receivable from asset disposals	**20.2**	–	–
Other	**21.3**	44.9	46.0
Total	**155.7**	153.5	197.3

9 • Share capital

There were 44,579,941 issued shares at 31 March 2003 with a nominal value of €1.60 each. As part of its share buyback programme, Rémy Cointreau acquired 509,985 treasury shares in 2002, which have been reported as a deduction from consolidated shareholder's equity. During 2003, 145,588 shares were acquired for €3.6 million to stabilise the share price. At 31 March 2003, these shares were recorded in Short-term deposits and cash.

Maximum number of shares used to calculate diluted earnings:

Maximum number of shares to be created	2003	2002	2001
Issued shares	**44,579,941**	44,459,726	44,377,621
Treasury shares	**(509,985)**	(509,985)	–
Potential number of shares:			
Stock-options	**2,565,111**	2,685,326	1,849,940
Convertible loan note	**30,032**	30,032	30,032
OCEANE *(pro rata)*	**6,896,528**	6,896,528	1,724,133
Total	**53,561,627**	**53,561,627**	**47,981,726**

10•Convertible loan notes

10.1 The convertible loan notes at 31 March 2003 comprise the following:

(€ millions)	2003	2002	2001
OCEANE 3.50% 2006			
Principal	**300.0**	300.0	300.0
Redemption premium	**14.5**	7.8	1.1
Convertible loan 7.50% 2006	**0.6**	0.6	0.6
Total	**315.1**	**308.4**	**301.7**

- Following the authorisation of the Combined Shareholder's Meeting on 24 August 2000, the Board of Directors meeting on 13 December 2000 decided to issue loan notes for €300 million with the option of conversion and/or exchange for new and/or existing shares.
- The principal features of this OCEANE (loan notes convertible into new or existing shares) are as follows:
  - number of loan notes issued: 6,896,551,
  - nominal value €43.50,
  - issued at par,
  - effective from 30 January 2001,
  - duration 5 years and 61 days,
  - rate of 3.50% per annum payable on 1 April of each year,
  - redemption on 1 April 2006 at €48.53, which includes a premium of 11.56% on the nominal value, being €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,
  - every loan note may be converted or exchanged for a new or existing share, at any time with effect from 30 January 2001 until the 7th working day prior to the redemption date.

No loan note was converted in the year. At 31 March 2003, 23 loan notes in total have been converted.

10.2 On 21 January 2002, Rémy Cointreau concluded an interest rate swap contract for a notional amount of €300 million maturing on 1 April 2006. This is to guarantee the payment of the redemption premium for the convertible loan described in 10.1 above. The premium, which is payable on maturity in the event of non-conversion, amounts to €34.6 million. This contract covers the following swaps:

- Rémy Cointreau pays Euribor 12 months Post fixed less 2.5050% every year;
- Rémy Cointreau will receive €34.6 million on maturity, 1 April 2006.

This swap was unwound on 24 July 2002. The impact of this was €0.2 million on profit and €3.6 million on cash.

11•Subordinated perpetual notes

11.1 The company issued €304.9 million in subordinated perpetual notes on 16 May 1991. The annual interest rate is the 6-month Euribor plus 1% until 16 May 2006.

11.2 The principal clauses in the conditions of issue are:

- the notes, which have no fixed repayment date, will only be redeemed at their nominal value in the event of a legal liquidation, or a judgment ordering the complete transfer of the business, or a voluntary liquidation other than by way of merger or demerger;
- the redemption of the notes will be subordinated to the complete settlement of all creditors of the company, to the exclusion of the holders of participating loans granted to the company and future participating notes issued;
- the payment of interest can be suspended in the event that the consolidated financial statements disclose a loss in excess of 25% of consolidated shareholder's equity and that no dividend was payable in respect of the previous financial year.

11.3 The notes were repackaged at the time of their issue as part of an agreement with a third party.
In this agreement, the third party, which has a separate contract with the subscribers to the notes, is committed to repurchasing the notes after 15 years and to waiving the right to interest from the start of the 16th year, in consideration of a payment of €82.9 million by the company at the commencement of the agreement.
Due to these arrangements, the notes were recorded at the time of their issue as a liability in the balance sheet at their net amount of €222 million.
The consolidated net income of each year bears the interest charge on the nominal amount of the notes less the profit arising on the deposit of €82.9 million. This notional interest is treated as an annual payment to reduce the debt and future interest thereon, and it is therefore recorded as an equivalent reduction in the debt.

11.4 The notes were subject to restructuring in May 1996 as follows:

- Rémy Cointreau exercised its right to repurchase the notes at their nominal value;
- the subordinated perpetual notes were sold at their current value to a Fonds Commun de Créances (FCC) – a mutual investment fund which will receive the interest income up to 15 May 2006;

- the original contract was revised to include the following:
  – the half-yearly interest payable by Rémy Cointreau will be reduced to a nominal amount with effect from 16 May 2006,
  – the clause relating to the suspension of interest payments was cancelled;
- the agreement linking the third party that received the initial payment with the subscribers to the notes was cancelled;
- as part of this restructuring, the following financial instruments, with maturity in 2006, have been used:

(€ millions)

Currency	Nominal	Rate received	Rate paid
EUR	131.11	Euribor 6 months	Fixed
EUR	21.34	Euribor 6 months	Fixed
EUR	81.71	Variable	Fixed
EUR	27.75	Fixed	Variable

12. Long and medium-term debt

Long and medium-term debt at 31 March 2003 comprises:

(€ in millions)	2003	2002	2001
Loan notes	**163.5**	165.9	163.6
Bank loans with variable interest rates	**170.0**	220.0	269.0
Other long and medium-term loans		4.2	4.9
Total	**333.5**	**390.1**	**437.5**

12.1 The item "Loan notes" primarily comprises the high yield senior bond of €150 million issued on 30 July 1998, and with a life of 7 years. This bond is redeemable at par on maturity, carries interest at 10%, and has a number of early redemption clauses at the option of the issuer as follows:

- prior to 30 July 2001, in the event of a public or reserved increase in capital, for repayment on a proportional basis up to 35% of the total nominal amount of the bonds issued;
- with effect from 30 July 2002, in all cases, for all or a part of the bonds at a price of 105% in the period 2002/03, 102.5% in the period 2003/04 and at par in 2004/05.

The agreement covering the bonds also provides every holder with the right to request repayment of bonds held at a price of 101% in the event of a "fundamental change" covering the possible sale or transfer of a substantial part of the assets of Rémy Cointreau, and in the event of Orpar and Récopart SA together holding less than one-third of the voting rights of the issuer, or being unable to nominate the majority of the Supervisory Board for two consecutive years.

12.2 At 31 March 2003, the Group's confirmed banking facilities (including those maturing in less than one year) were €440.5 million, analysed as follows:

Nature	Principal (€ millions)	Maturity
Banking syndicate	400.0	2003 to 2005
Bilateral credit lines	40.5	2003 to 2004

The syndicated credit of €400 million agreed on 13 June 2000, with a group of 17 banks, comprises a fixed term facility and a revolving facility each of €200 million. Both tranches are repayable in 5 equal half-yearly payments of principal, the first being due on 13 June 2003 and the last on 13 June 2005, which is an average credit life of 4 years. This credit line carries no security.

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

- Debt/equity ≤ 0.75 (in the calculation of this ratio, the subordinated perpetual notes are treated as equity)
- Debt/EBITDA ≤ 4.25
- EBITDA/finance costs ≥ 2.5

For the purposes of these calculations, EBITDA is defined as the sum of operating profit, amortisation and dividends received from associated undertakings; debt and equity are determined as the arithmetic average of the last two half-yearly reports.

At 31 March 2003, these ratios were as follows:

- Debt/equity: 0.73
- Debt/EBITDA: 3.48
- EBITDA/finance costs: 3.69

The Debt/EBITDA and EBITDA/finance costs ratios are used to determine the margin applicable to the Euribor interest rates. On the basis of the ratios for 2003, the margin was 95 basis points.

12.3 The maturity of long and medium-term debt at 31 March 2003 is as follows:

(€ millions)	2003	2002	2001
In excess of 5 years	–	–	–
In excess of 1 year and less than 5 years	**333.5**	390.1	437.5
Total	**333.5**	**390.1**	**437.5**

12.4 At 31 March 2003, the breakdown by currency of the long-term debt was as follows:

(€ millions)	2003	2002	2001
French franc	–	–	27.0
Euro	**333.5**	389.1	405.0
Polish Zloty	–	1.0	5.5
Total	**333.5**	**390.1**	**437.5**

13•PROVISIONS FOR LIABILITIES AND CHARGES

13.1 Provisions for liabilities and charges are analysed thus:

(€ millions)	2003	2002	2001
Provisions for pensions	**17.2**	18.3	25.4
Provisions for liabilities and charges	**58.8**	63.3	47.2
Total	**76.0**	81.6	72.6

The provisions for liabilities and charges relate mainly to:

- provisions for restructuring costs.
- provisions for various operational liabilities.

These amounts include the provisions set up as part of the consolidation of Bols.

The €76 million of provisions at the end of March 2003 cover €22.6 million of charges likely to arise in 2004. The balance relates to charges whose date of realisation is not known at present.

13.2 Movements in provisions for liabilities and charges are analysed thus:

(€ millions)	Total
31 March 2002	**81.6**
Increases in the year	9.2
Used in the year	(14.8)
Releases in the year	
31 March 2003	**76.0**

14•OPERATING LIABILITIES

14.1 Trade notes and accounts payable at 31 March 2003 were:

(€ millions)	2003	2002
Eaux-de-vie suppliers	**27.9**	93.0
Other suppliers	**111.8**	134.1
Total	**139.7**	227.1

14.2 Other operating liabilities at 31 March were:

(€ millions)	2003	2002	2001
Customer advances	**1.0**	1.6	0.6
Tax and social charges	**81.3**	90.9	81.6
Excise duties payable	**12.4**	33.1	18.5
Advertising	**24.2**	30.1	13.4
Other deferred income	**4.2**	4.3	1.4
Financial instruments	**9.0**	3.4	9.6
Interest	**24.0**	27.8	15.9
Other	**42.2**	63.4	76.5
Total	**198.3**	254.6	217.5

15•ANALYSIS OF TURNOVER BY GEOGRAPHIC AREA

Consolidated turnover is analysed thus:

(€ millions)	2003	2002	2001
France	**61.8**	58.1	61.2
Other European countries	**406.8**	409.6	307.3
North America	**351.8**	366.2	353.5
Asia - Pacific	**127.3**	133.7	152.0
Rest of the world	**52.5**	51.9	51.6
Total	**1,000.2**	1,019.5	925.6

16•ANALYSIS BY SEGMENT

Operating profit includes:

a ▪ the profit directly allocated to the various brands owned by the Group,

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

The brands have been split across 5 divisions which thus cover the following principal products or brands:

Cognac: Rémy Martin products;

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

Spirits: Bols Vodka, Metaxa, Seguin Brandies, Mount Gay and Saint James rums, Bols and Bokma genevers;

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

Partner brands: these are brands not owned by the group that are carried by the Group’s distribution network; these are mainly a portfolio of wines in the Netherlands, Highland Distillers scotch whiskies and the Antinori wines in the US.

The breakdown of profit by brand, distribution expenses and central expenses is on an analytical basis. Certain expenses charged to brands in 2002 have been reclassified as distribution expenses.

16.1 The analysis of revenues and operating profit by division is as follows:

(€ millions)	2003	2002	2001
Turnover			
Cognac	**358.9**	380.1	375.5
Liqueurs	**175.0**	172.0	142.5
Spirits	**200.8**	216.3	144.1
Champagne & Wines	**130.4**	111.5	140.6
Partner brands	**135.1**	139.6	122.9
Total	**1,000.2**	**1,019.5**	**925.6**
Operating profit			
Cognac	**149.3**	145.6	133.0
Liqueurs	**50.4**	47.3	32.9
Spirits	**61.5**	70.1	38.7
Champagne & Wines	**17.2**	5.7	12.1
Partner brands	**20.9**	22.0	21.8
	299.3	290.7	238.5
Distribution costs, central costs and unallocated charges	**(85.5)**	(81.6)	(54.2)
Total	**213.8**	**209.1**	**184.3**

16.2 The balance sheet analysis by division is as follows:

At 31 March 2003

(€ millions)	Intangible fixed assets, net	Tangible fixed assets, net	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 and wines	141.9	68.0	256.6	51.1
Network and holding	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.
(2) Including deferred tax liabilities.

At 31 March 2002

(€ millions)	Intangible fixed assets, net	Tangible fixed assets, net	Current assets (1)	Operating liabilities (2)
Cognac	237.1	23.7	545.0	177.6
Liqueurs	195.7	12.5	39.6	78.3
Spirits	396.0	48.3	182.5	106.8
Champagne and wines	142.7	75.5	280.2	59.8
Network and holding	1.0	5.6	246.1	93.2
Total	**972.5**	**165.6**	**1,293.4**	**515.7**

(1) Excluding short-term deposits and cash.
(2) Including deferred tax liabilities.

16.3 Return on capital employed

Return on capital employed is calculated thus:

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 costs of holding company and distribution network.

Capital employed and operating profit are identified and analysed by division. Capital and profits allocated to the holding company and the distribution network are split on the basis of actual inventories and pro rata to sales.

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**

After inclusion of the carrying value of the brands and other intangible assets (notes 3.1 and 16.2), the rate of return on capital employed is 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)	2003	2002	2001
Personnel costs	**125.3**	114.8	105.0
Other costs	**264.7**	294.5	250.5
Amortisations	**20.3**	23.2	21.3
Provisions		3.4	1.8
Expenses reallocated to cost of sales	**(65.0)**	(78.2)	(67.9)
Total	**345.3**	**357.7**	**310.7**
split:			
– Marketing expenses	**260.7**	274.2	225.3
– Administrative expenses	**84.6**	83.5	85.4
Total	**345.3**	**357.7**	**310.7**

The marketing expenses comprise promotion and advertising costs, paid and received commissions, brand franchise fees, ordinary provisions for inventories and trade accounts receivable as well as the general expenses for the group's distribution companies. Administrative expenses comprise all other expenses (mainly the general expenses of the holding and production companies).

This breakdown is on an analytical basis. Certain expenses have been reclassified from administrative expenses to sales and marketing expenses in 2002.

18• Group personnel

The workforce is expressed at the year end and relates to fully consolidated companies.

(at 31 March)	2003	2002	2001
France (1)	**1,043**	1,084	1,060
Europe (excl. France)	**694**	661	773
Asia - Pacific	–	34	31
America	**460**	398	392
Total	**2,197**	**2,177**	**2,256**

(1) The workforce in our Martinique companies is henceforth classified under America.

19• Directors' remuneration

(€ millions)	2003	2002	2001
France	**1.9**	1.6	1.7
Total	**1.9**	**1.6**	**1.7**

Directors' remuneration paid by Rémy Cointreau covers all gross remuneration and attendance fees paid to members of the Management Committee and Directors for 2001 and for the members of the Supervisory Board and Management Board for the years 2002 and 2003.

20• Finance costs

(€ millions)	2003	2002	2001
Exchange gains/ (losses)	**(2.3)**	0.7	(0.8)
Finance income	**2.2**	5.7	4.8
Finance costs	**(67.0)**	(68.7)	(59.0)
Dividends	**0.4**	0.4	1.0
Total	**(66.7)**	**(61.9)**	**(54.0)**

Finance income and costs include:

- interest costs,
- commission on credit lines,
- amortisation of loan notes issuing costs and redemption premium,
- related bank charges.

The finance cost of debt servicing amounts to €54.8 million for 2003 and corresponds to an average interest rate of 5.79% for the year (2002: 6.32%).

21• Exceptional income/expenses

This includes exceptional income and expense as well as extraordinary items. Exceptional income and expense do not relate directly to ordinary activities.

(€ millions)	2003	2002	2001
Loss on disposal of securities and investments	**(2.7)**	(3.1)	–
Gain on disposal of assets	**11.7**	–	1.0
Cost of restructuring, closure or site transfer	**(8.5)**	(4.5)	(1.0)
Equity swap gain	**–**	–	12.0
Dilution gain on investment in Maxxium	**–**	4.0	–
Provisions and other charges	**(1.9)**	(3.0)	(11.0)
Loss on associated company (Maxxium)	**–**	(0.5)	(1.0)
Taxation	**–**	1.8	–
Total	**(1.4)**	**(5.3)**	**0.0**

22• Taxation

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

(€ millions)	2003	2002	2001
Tax on profit on ordinary activities			
• Current	**(44.1)**	(35.5)	(35.0)
• Deferred	**(6.4)**	(13.1)	(7.4)
Total	**(50.5)**	(48.6)	(42.4)
Tax on non-recurring income			
• Current	**(0.3)**	(13.2)	(3.4)
• Deferred	**(0.8)**	14.9	4.0
Total	**(1.1)**	1.7	0.6

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. Any tax saving is recognised in the year in which the offset occurs.

22.3 A deferred tax asset of €31.9 million has been recorded in respect of temporary differences at 31 March 2003, €44 million at 31 March 2002, and €45.6 million at 31 March 2001.

22.4 The tax losses and capital losses carried forward at 31 March are as follows:

(€ millions)	2003	2002	2001
No time limit	**2.9**	5.9	8.8
Expiring			
2003	–	0.1	33.0
2004	**0.1**	–	–
2005	–	–	–
2006	–	–	–
2007	–	–	–
After 2007	**4.2**	5.3	–
Total losses carried forward	**7.2**	**11.3**	**41.8**

The potential tax benefit of these tax losses carried forward as at 31 March 2003 is €2.2 million. No deferred tax asset has been recognised in respect of this amount.

22.5 In 2003, the tax on profit on ordinary activities is a charge of €50.5 million. The difference between that and the standard 35.4% tax rate in France is as follows:

(€ millions)	2003	2002	2001
Standard rate of tax	**(52.1)**	(52.2)	(47.4)
Actual tax charge	**(50.5)**	(48.6)	(42.4)
Difference	**1.6**	3.6	5.0
• Permanent differences between the accounting and taxable profits	**1.3**	1.0	3.0
• Use of tax losses or timing differences not previously recognised	**0.5**	1.8	4.0
• Tax losses of subsidiaries not used	**(0.9)**	(1.2)	–
• Difference in tax rates for foreign subsidiaries	**(0.2)**	2.0	(2.0)
• Ajustment to the tax charge for prior years (including tax audit changes)	**0.9**	–	–
Total	**1.6**	3.6	5.0

23•Post balance sheet events

On 17 April 2003, Rémy Cointreau sold its wine distribution business in the Netherlands. The total value was €6.4 million (including inventories). The revenues of this business were €24.6 million at 31 March 2003.

On June 10, 2003, Rémy Cointreau S.A. entered into a five year €500 million syndicated credit facility with a group of 20 banks. The facility is structured as a €250 million amortising Term Loan tranche and a €250 million Revolving Credit bullet tranche, and will be used for the refinancing of the existing outstanding amount of €400 million syndicated loan facility signed on 13 June 2000, as well as for general corporate purposes.

The Facility will pay an initial margin of Euribor plus 1.20% per annum on the signing date and will be adjusted based on an average Net Debt/EBITDA ratio grid. The commitment fee is 50% of the applicable margin payable on the undrawn part of the Facility.

24•Off balance sheet commitments and litigation

24.1 Off balance sheet commitments

Commitments in respect of the management of exchange and interest rate risks, as well as the equity swap contract are described in note 25.

The unamortised portion of the OCEANE 2006 redemption premium (note 10.1) of €20.1 million, as well as the financial instruments to hedge the subordinated perpetual loan notes (note 11.4) comprise the off balance sheet commitments.

(€ millions)	2003	2002
Inventory comitments		
Eaux-de-vie (a)	**34.3**	34.4
Champagne (b)	**21.2**	19.0
Banking commitments		
Various guarantees in respect of financing	**0.6**	40.5
Guarantees of 25% of Maxxium debt (c)	**43.3**	51.1
Tax commitments		
Tax guarantees (d)	**32.4**	39.7
Other commitments given		
Option over shares held (e)	**36.6**	–

The other group commitments are:

(a) Certain group companies are contractually committed to purchase from various storage organisms and suppliers a substantial part of their supplies of eaux-de-vie. In the event that these companies do not meet their commitments, they will be required to pay compensation or waive accounts receivable from the organisms concerned.

(b) In the Champagne division, commitments to purchase wine held at the vineyard.

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

(d) Bank guarantees given to the tax authorities are guarantee for matters in dispute following a request for deferment of payment.

(e) In June 2003, as part of the current joint venture agreements of Rémy Cointreau with its partner Takirra Investment Corp. NV (Takirra) in Unicom Bols, the company that 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 in Unicom Bols held by Takirra.

This agreement, which strengthens the collaboration between the two partners during this period, will enable Takirra to sell its holding in Unicom Bols in April 2006 on the basis of an enterprise value of 7 times operating profit and for a minimum price of €36.6 million for 50% of the capital.

24.2 As part of the disposals that occurred in 1999 (Krug and GVG), and at the time of the transfer of the distribution assets of Rémy Associés, and the establishment of the Maxxium BV joint venture, Rémy Cointreau granted guarantees to the purchasers in respect of liabilities. Most of these specific guarantees expired in 2001 and the only guarantees still valid relate to the legal limits that are not yet prescribed.
As part of the disposal of Blue Pyrenees Estate Ltd (Note 2.2) Rémy Cointreau gave a guarantee of liabilities for a maximum of 10 million Australian dollars with maturity on 31 October 2004 or 31 October 2006 for tax matters.

24.3 As part of the agreements to set up Maxxium in August 1999, Rémy Cointreau transferred assets to the new joint venture in exchange of shares in Maxxium and €122 million in cash, of which €82 million had been received at 31 March 2003. The balance of €40 million represents a composite price linked to Maxxium's financial performance. Part of this amount (€24 million) has a fixed maturity on 31 July 2009 and the balance (€16 million) has no time limit.

24.4 At 31 March 2003, Rémy Cointreau was engaged in a number of legal actions. Following a review of each case at the level of the subsidiary concerned, and with legal advice, provisions deemed necessary were created, as required, to cover the estimated liabilities.

24.5 The Group states that it has not omitted significant off balance sheet information in the presentation of its financial statements.

25. Exposure to market risks

The Group is exposed to foreign exchange and interest rate risks.
Risk management is carried out with prudence and the approval of the Management Board. The sale of options is limited to tunnels or to the resale of instruments purchased previously and authorised on a case-by-case basis.
For exchange risks, the horizons covered and the levels committed are limited and the hedge cover strategies are agreed by a finance committee, within the Management Board.
All hedging transactions are with first class international banks.

25.1 Foreign exchange risk

The Group's results are sensitive to exchange rate movements as 63% of its sales come from outside the euro zone, whereas almost all production is based in this zone.
The Group's exposure to foreign exchange risk relates mainly to sales denominated in currencies other than the euro (principally USD, AUD, CAD, JPY, GBP and HKD) by the production companies to Maxxium, the American distribution company and the exclusive foreign agents.
The Group plans to cover its net budgetary commercial exposure on a moving horizon of 15 to 18 months maximum. This is achieved by entering into fixed or optional hedge contracts.
This hedging policy only covers short-term exchange risks. It does not pretend to shelter Rémy Cointreau from the economic effects of long-term monetary trends on the Group's sales or margins.
The Group does not hedge the effect of translation into euros of the financial statements of companies based outside the euro zone.

25.1.1 Foreign exchange risk on commercial flows

The following cover was arranged for the year 2003:

(currency millions)	USD	AUD	CAD	JPY	GBP	HKD
Positions covered	200.0	18.0	17.8	1,700.0	15.0	176.4
Average rate	0.9007	1.7311	1.4550	113,68	0.6324	7.80
Positions not covered	17.7	(0.8)	0.5	271.4	1.2	10.1
Total	**217.7**	**17.2**	**18.3**	**1,971.4**	**16.2**	**186.5**

The positions not covered relate to sales achieved in March 2003.
At 31 March 2003, the Group held exchange swaps on 2003 commercial flows not yet settled as well as covers in respect of future commercial flows in 2004 and 2005.

Residual cover in respect of 2003 flows settled in 2004

Type	Currency	Nominal (in millions)	Exchange rate guaranteed
Fixed	USD/EUR	(29.4)	1.0688
Fixed	AUD/EUR	(5.7)	1.7828
Fixed	JPY/EUR	(256.0)	128.345

Cover in respect of 2004 flows

Type	Currency	Nominal (in millions)	Exchange rate guaranteed
Option (1)	USD/EUR	(170.0)	0.9784
Fixed	USD/EUR	(15.0)	1.0398
Total		**(185.0)**	**0.9831**
Premiums received / (paid): €(3.4) million			
Option (1)	AUD/EUR	(12.0)	1.8071
Premiums received / (paid): €(0.14) million			
Option (1)	CAD/EUR	(12.0)	1.5427
Premiums received / (paid): €(0.15) million			
Option (1)	JPY/EUR	(800.0)	114.4
Premiums received / (paid): €(0.05) million			
Option (1)	GBP/EUR	(9.0)	0.6388
Premiums received / (paid): €(0.22) million			
Fixed	HKD/USD	(45.0)	7.8118

(1) including optional tunnels

Cover in respect of 2005 flows

Type	Currency	Nominal (in millions)	Exchange rate guaranteed
Optionnel (1)	USD/EUR	(50.0)	1.1028
Premiums received / (paid): €(0.93) million			

(1) Including optional tunnels.

At 31 March 2003, the market value of the cover instruments was €25,9 million.

25.1.2 Exchange risk relating to financing in foreign currencies

The Group's financing is centralised within Rémy Cointreau S.A. and denominated in euros. The subsidiaries outside the euro zone are financed substantially from these resources, made available by intra-group loans denominated in the currency of the borrower.

In order to cover the exchange exposure on loans and borrowings issued in non-euro zone currencies, the Group has set up matching exchange swaps. Interest collected or paid is covered by forward purchases or sales. These transactions have a maturity of one month to one year.

Rémy Cointreau is mainly a lender/borrower in USD, HKD, CHF and AUD.

The portfolio of these cover swaps at the year-end was as follows:

Currency	Nominal		Exchange rate	
	Purchase	Sale	Purchase	Sale
HKD/EUR	45.247	–	8.5060	–
AUD/EUR	2.466	–	1.8665	–
CHF/EUR	1.242	–	1.4750	–
USD/EUR	–	(34.00)	–	1.07155
USD/EUR (1)	–	(6.00)	–	0.97535

(1) Forward sale.

25.2 Interest rate exposure

As part of a policy of interest rate management whose principal aim is to cover against the risk of an increase in interest rates, the Group has structured its resources by dividing its debt into fixed and variable rate amounts.

At 31 March 2003, the financial debt (excluding the subordinated perpetual loan notes and convertible loan notes) was as follows:

(€ millions)	2003
Fixed rates	**163.5**
Variable rates (1)	**333.1**
Total	**496.6**

(1) The variable rate debt carries hedge contract with maturity that does not exceed 3 years.

25.2.1 Option portfolio (medium-term)

The option portfolio comprises mainly CAPs except for a €40 million swaption for 2004 and a €40 million floor sale with knock-in barrier expiry date 2005/06.

(€ millions)

Maturity	Nominal	Reference rate	Rate guaranteed
2003-2004	330.0	Euribor	4.78%
2004-2005	245.0	Euribor	4.33%
2005-2006	230.0	Euribor	4.26%
Premiums received / (paid): €(2.25) million			

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

(€ millions)

Maturity	Nominal	Rate paid
2004		
1st Quarter	451.0	3.31%
2nd Quarter	343.0	2.82%
3rd Quarter	186.0	2.84%
4th Quarter	120.0	2.58%
2005		
1st Quarter	208.5	2.69%
2nd Quarter	80.0	2.72%
3rd Quarter	–	–
4th Quarter	–	–

25.2.3 SWAP portfolio

(€ millions)

Maturity	Nominal	Rate paid	Rate received
2003-2004	40.0	3.64%	Euribor 3M

At 31 March 2003, the market value of the cover instruments amounted to €(0.82) million.

25.3 Equity SWAP contract

On 31 October 2001, Rémy Cointreau S.A. entered into a swap contract with a financial institution whereby the Group pays interest at variable rates as well as any capital

losses relating to the reference price of the share (for capital losses at maturity) and receives revenues from the shares (dividends and other financial rights attached to the shares), as well as any capital gains relating to the reference price of the share (for capital gains at maturity).
This contract covers a nominal value of €43 million corresponding to 2,100,000 Rémy Cointreau shares (a reference price of €20.52 per share) and matures on 8 November 2004. The contract will be settled entirely in cash, early (in full or in part), at Rémy Cointreau's initiative, or in full at maturity.
This transaction is part of the general plan for the disposal by Blekos Holding BV (previously Bols Holding BV) of the full amount of the balance of Rémy Cointreau shares held, being 2,525,282 shares. The two transactions occurred at the same time.
The Group incurred a net interest charge of €1.69 million in the year. The unrealised capital gain of €7.35 million at 31 March 2003 was not recognised.

26 • Pensions and similar commitments

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

(€ millions)	2003
Actuarial debt at the start of the period	**(130.9)**
Standard cost	**(4.2)**
Interest on the actuarial debt	**(6.8)**
Benefits paid	**4.4**
Actuarial gains and losses	**11.9**
Actuarial debt at end of the period	**(125.6)**
Value of plan assets at the start of the period	**108.5**
Yield	**(17.7)**
Contributions received	**2.4**
Benefits paid	**(4.1)**
Value of plan assets at the end of the period	**89.1**
Financial cover	**(36.4)**
Actuarial differences not recorded (gains)/losses	**31.4**
Retirement commitments	**(5.0)**
Total liabilities	**(17.2)**
Total assets	**12.2**

26.2 The cost for the period was:

(€ millions)	2003
Standard cost	**4.2**
Interest on actuarial debt	**6.8**
Expected yield from investments	**(8.7)**
Amortisation of actuarial gains and losses	**0.1**
Cost for the period	**2.4**
Benefits	**(0.3)**
Net cost for the period	**2.1**

26.3 The actuarial assumptions are:

- Average discount factor 5%
- Average increase in salaries 3.80%
- Average period of activity expected 10-25 years
- Expected yield from investments 6.50%

27 • Share options

The following table sets out the features of the share option subscription plans at 31 March 2003.
No new options were granted during the year 2002/03.

Stock option subscription plans at 31 March 2003

	PLAN n° 4	PLAN n° 5	PLAN n° 6	PLAN n° 7	PLAN n° 8	PLAN n° 9	PLAN n° 10	PLAN n° 11
Date of Extraordinary Shareholder's Meeting	16/09/1996	16/09/1996	26/08/1998	26/08/1998	26/08/1998	26/08/1998	24/08/2000	24/08/2000 & 21/09/2001
Date of Directors or Management Board Meeting	04/12/1996	25/03/1998	28/10/1998	28/04/1999	07/12/1999	30/05/2000	01/03/2001	08/03/2002
Total number of options granted	216,630	164,500	224,044	289,300	499,100	131,280	1,016,600	659,500
• including options to be subscribed by Directors (1)	64,607	100,000	72,466	119,576	127,900	61,960	200,000	275,000
• number of Directors concerned	10	7	7	10	10	9	5	5
Total number of beneficiaries	84	20	75	66	85	28	150	43
Options valid from	04/12/1996	25/03/1998	28/10/1998	28/04/1999	07/12/1999	30/05/2000	01/03/2003	08/03/2006
Options expire on	03/12/2003	24/03/2005	27/10/2005	27/04/2009	06/12/2009	29/05/2010	28/02/2011	07/03/2012
Subscription price (euro) (2)	16.69	13.55	13.55	12.20	16.36	18.85	27.10	25.00
Number of shares lapsed	17,384	–	–	3,000	–	–	16,000	–
Number of options subscribed at 31 March 2003	115,499	85,237	113,163	90,400	172,200	22,960	–	–

(1) Board of Directors and members of the Management Committee prior to 19 December 2000 and members of the Management Board and Supervisory Board since that date.

(2) The exercise price prior to 1999 arises from the conversion into euro of information originally established in francs.

28. List of consolidated companies

At 31 March 2003, the group comprised 60 companies (65 at 31 march 2002). 58 of these companies were fully consolidated and two were equity accounted. These companies have a 31 march year end with the exception of Rémy Colombia and Destileria de Jalisco that have a 31 December year end and S.M.C.S. and R.M.S.J. that have a 30 September year end.

Companies	Activity	Group interest %	
		March 2003	March 2002
EUROPE			
France			
Rémy Cointreau SA [8]	Holding / Finance	**100.00**	100.00
Gie Rémy Cointreau Sces	Holding / Finance	**95.00**	95.00
Rémy Cointreau Sces SAS [8]	Holding / Finance	**100.00**	100.00
Financière Rémy Cointreau SAS [8]	Holding / Finance	**100.00**	100.00
CLS Rémy Cointreau [8]	Production	**100.00**	99.88
Rémy Martin & Cie S.A. [8]	Production	**100.00**	99.86
Les Domaines Rémy Martin [1]	Production	**–**	99.85
Cognacs de Luze	Production	**100.00**	99.35
Storeco [8]	Production	**100.00**	99.86
Seguin & Cie [8]	Production	**100.00**	99.35
Cointreau S.A. [8]	Production	**100.00**	99.92
Izarra [8]	Production	**100.00**	99.91
SAP [8]	Production	**100.00**	99.91
Champ. P&C Heidsieck [8]	Production	**99.98**	99.97
Champ. F. Bonnet P&F [8]	Production	**99.98**	99.96
Piper-Heidsieck C.C.S.A. [8]	Production	**100.00**	100.00
G.V. de l'Aube [8]	Production	**100.00**	99.96
G.V. de la Marne [8]	Production	**99.95**	99.92
S.A. Fournier - Safec [8]	Production	**100.00**	99.97
The Netherlands			
D.F.D.I. [4]	Holding / Finance	**100.00**	49.97
Rémy Finance BV	Holding / Finance	**100.00**	100.00
Maxxium International B.V. [3]	Distribution	**25.00**	24.96
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
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
Lodka II [5]	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

Companies	Activity	Group interest %	
		March 2003	March 2002
Other countries			
Hermann Joerss GmbH	Distribution	**100.00**	99.86
Cointreau Holding	Holding / Finance	**100.00**	99.86
Rémy Suisse S.A.	Distribution	**100.00**	100.00
Bols Premium Kft	Distribution	**100.00**	100.00
Unicom Bols Group Sp.z.o.o	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
AMERICAS			
United States			
Rémy Amérique Inc.	Distribution	**100.00**	99.86
RÉmy Cointreau Amérique Inc.	Holding / Finance	**100.00**	99.86
RMS Vineyards Inc. (9)	Production	**–**	99.86
Caribbean			
Mount Gay Distilleries Ltd.	Production	**94.98**	92.39
Bols Latin America N.V.	Holding / Finance	**100.00**	100.00
Blousana Corporation A.V.V.	Distribution	**100.00**	100.00
Sprock USA C.V. (2)	Production	**–**	100.00
S.M.C.S.	Production	**99.49**	99.40
R.M.S.J.	Production	**99.49**	99.40
Other countries			
Cointreau Do Brasil Ltda	Production	**100.00**	99.92
Destileria de Jalisco	Production	**100.00**	99.92
Rémy Colombia	Distribution	**100.00**	100.00
ASIA/PACIFIC			
China			
Sino French Dynasty Winery (3)	Production	**33.00**	33.00
Hong Kong			
Rémy Concord	Production	**100.00**	100.00
Kenton Ltd. (7)	Production	**–**	100.00
Caves de France Ltd. (1)	Distribution	**–**	100.00
Rémy Pacifique Ltd.	Distribution	**100.00**	100.00
Australia			
Blue Pyrenees Estate Ltd. (1) (6)	Production	**–**	100.00
BPE Pty Ltd. (6)	Other	**100.00**	–
AFRICA			
South Africa			
Erven Lucas Bols Pty. Ltd.	Distribution	**50.00**	50.00

(1) Disposal in the year.
(2) Company liquidated.
(3) Equity accounted.
(4) Purchase of minority interests.
(5) Formerly Exploitatiemaatschappij Liliegracht BV, change of corporate name to Lodka II.
(6) Blue Pyrenees Estate Ltd was split into two companies. The operating company was sold on 1 October 2002.
(7) Company absorbed by Rémy Concord.
(8) Company is part of the French tax grouping.
(9) Company absorbed by Rémy Amérique Inc on 31 March 2003.

Report of the Statutory Auditors on the consolidated financial statements

Year ended 31 March 2003

To the Shareholders of Rémy Cointreau,

In compliance with the assignment entrusted to us by your shareholder's annual general meeting, we hereby report to you, for the year ended 31 March 2003, on the audit of the accompanying consolidated financial statements of Rémy Cointreau.

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

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position and of its assets and liabilities as of 31 March 2003, and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

We also performed the verification of the information given in the management report of the Management Board. We have no comment as to its fair presentation and its conformity with the consolidated financial statements.

Paris, 11 June 2003
The Statutory Auditors

BARBIER FRINAULT & AUTRES
Ernst & Young
Patrick Malvoisin

AUDITEURS & CONSEILS ASSOCIES S.A
Member of Nexia International
François Mahé

Parent company financial statements

at 31 March 2003

BALANCE SHEET at 31 March 2003

ASSETS

(€ millions)	2003	2002	2001
Tangible assets	**32.4**	32.4	32.4
Intangible assets	**–**	–	–
Investments	**1,370.9**	1,379.8	1,354.8
Receivables concerning associated companies	**23.5**	15.8	22.0
Other investments	**–**	–	–
Loans	**1.7**	–	–
Other financial assets	**10.5**	1.6	1.5
Total fixed assets	**1,439.0**	1,429.6	1,410.7
Other receivables	**782.4**	531.0	472.3
Short-term deposits	**3.6**	10.5	0.1
Cash	**1.4**	10.1	0.5
Total current assets	**787.4**	551.6	472.9
Prepaid expenses	**2.1**	1.2	1.4
Deferred charges	**5.9**	8.1	10.3
Loan notes redemption premium	**20.1**	26.9	33.6
Unrealized exchange losses	**0.2**	–	–
Total assets	**2,254.7**	2,017.4	1,928.9

EQUITY AND LIABILITIES

(€ millions)	2003	2002	2001
Share capital	**71.3**	71.1	71.0
Share, merger and transfer premiums	**623.7**	622.1	620.9
Legal reserve	**7.1**	7.1	5.8
Regulated reserves	**9.9**	9.9	9.9
Other reserves	**48.1**	48.1	48.1
Retained earnings	**48.3**	79.5	0.1
Profit for the year	**101.5**	8.4	120.6
Regulated provisions	**62.6**	50.5	39.9
Shareholders' equity	**972.5**	896.7	916.3
Subordinated perpetual loan notes	**72.4**	91.6	109.4
Convertible loan notes	**345.8**	345.8	337.1
Provisions for liabilities and charges	**8.3**	7.1	0.2
Other loan notes	**166.6**	169.1	166.8
Loans and other financial debts	**256.5**	152.8	34.0
Loans and debt from credit institutions	**304.6**	252.0	276.6
Financial debt	**727.7**	573.9	477.4
Trade notes and accounts payable	**0.1**	0.1	0.9
Tax and social liabilities	**2.8**	–	0.1
Payable to fixed assets suppliers	**–**	–	–
Other operating liabilities	**125.1**	102.2	87.5
Operating liabilities	**128.0**	102.3	88.5
Deferred income	**–**	–	–
Unrealized exchange profit	**–**	–	–
Total equity and liabilities	**2,254.7**	2,017.4	1,928.9

INCOME STATEMENT at 31 March 2003

(€ millions)	2003	2002	2001
Services provided	**15.1**	12.9	17.3
Release of amortisation, depreciation and provisions, transfer of charges	**0.2**	–	5.5
Other income	–	–	–
Total operating income	**15.3**	12.9	22.8
Purchases and external costs	**19.8**	16.6	25.5
Taxes and duties	–	–	–
Wages and salaries	–	–	–
Social charges	–	–	–
Amortisation and depreciation	**2.2**	2.2	1.5
Provisions	**1.2**	–	–
Other expenses	**0.2**	0.2	–
Total operating costs	**23.4**	19.0	27.0
Operating loss	**(8.1)**	(6.1)	(4.2)
Financial income	**130.5**	63.0	132.1
Income from investments	**0.7**	0.8	0.7
Other interest	**23.7**	33.3	33.8
Release of provisions and transfer of charges	–	–	–
Exchange gains	**0.1**	–	–
Net gain on disposal of marketable securities	–	–	0.2
Total finance income	**155.0**	97.1	166.8
Financial write-downs and provisions	**7.0**	6.7	1.1
Interest	**53.9**	60.6	52.2
Exchange losses	–	–	–
Net costs on disposal of securities	–	–	–
Total finance costs	**60.9**	67.3	53.3
Net finance income	**94.1**	29.8	113.5
Profit on ordinary activities before tax	**86.0**	23.7	109.3
Exceptional income on operations	–	–	11.8
Exceptional income on capital transactions	**15.3**	–	–
Release of provisions and transfer of charges	**0.1**		
Total exceptional income	**15.4**	0.0	11.8
Exceptional expenses on operations	–	3.4	5.0
Exceptional expenses on capital transactions	**14.4**	–	–
Exceptional write-downs and provisions	**12.5**	17.4	9.2
Total exceptional expenses	**26.9**	20.8	14.2
Net exceptional income/(expense)	**(11.5)**	(20.8)	(2.4)
Taxation	**27.0**	5.5	13.7
Net income	**101.5**	8.4	120.6

CASH FLOW STATEMENT at 31 March 2003

OPERATING CASH FLOW

(€ millions)	2003	2002	2001
Net income	**101.5**	8.4	120.6
• Amortisation, depreciation and provisions	**22.9**	26.3	11.6
Operating	**1.2**	–	–
Financial	**7.0**	6.7	1.1
Exceptional	**12.5**	17.4	9.2
Deferred charges	**2.2**	2.2	1.3
• Reversals of amortisation, depreciation and provision	**(0.5)**	–	–
Financial	**(0.2)**	–	–
Exceptional	**(0.3)**	–	–
• Profits on disposals	**(1.1)**	–	–
Income from disposals	**(15.3)**	–	–
Net book value of sold assets	**14.2**	–	–
= Operating cash flow	**122.8**	34.7	132.2
A - Sources			
Operating Cash flow	**122.8**	34.7	132.2
Disposal of intangible assets	–	–	–
Disposal of tangible assets	–	–	–
Disposal or reductions in financial assets	**15.3**	–	–
Reduction in receivables concerning associated companies	**1.1**	17.2	15.0
Increase in share capital and share premium	**1.8**	1.3	204.8
Long and medium-term loans	**60.0**	13.5	612.9
Total	**201.0**	66.7	964.9
B - Uses			
Dividends	**39.6**	39.9	34.3
Acquisition of assets	**5.4**	24.9	683.4
• Intangible assets	–	–	–
• Tangible assets	–	–	–
• Financial assets	**5.4**	24.9	683.4
Increase in receivables concerning associated companies	**8.8**	11.1	18.5
Repayment of loans	**6.4**	39.1	264.5
Deferred charges	–	–	5.5
Loan notes redemption premium	–	–	34.7
Reduction in shareholders' equity	**19.3**	17.8	19.2
Total	**79.5**	132.8	1,060.1
A – B = Movement in working capital	**121.5**	(66.1)	(95.2)
Analysis of movement in working capital			
Increase/decrease in trade accounts payable	–	0.8	(0.7)
Increase/decrease in advance payments on orders	**(0.2)**	0.2	–
Movement in other current assets/liabilities (including banking facilities)	**121.7**	(67.1)	(94.5)
Total	**121.5**	(66.1)	(95.2)

SUMMARY OF FINANCIAL RESULTS FOR THE LAST FIVE YEARS at 31 March

(€ millions)	1999	2000	2001	2002	**2003 (1)**
1. Capital at year end					
Share capital	58.1	58.2	71.1	71.1	**71.3**
Number of shares in issue	38,124,166	38,182,230	44,377,621	44,459,726	**44, 579,941**
Maximum number of shares to be created by conversion of bonds	30,032	30,032	6,926,562	6,926,560	**6,926,560**
2. Result for the year					
Sales excl. tax	17.0	17.5	17.3	12.9	**15.1**
Profit before tax, amortisation, depreciation and provisions	10.1	30.9	118.5	29.2	**97.1**
Taxation	0.9	-36.5	-13.7	5.5	**27.0**
Profit after tax, amortisation, depreciation and provisions	0.6	64.3	120.6	8.4	**101.5**
Dividends	-	34.3	39.9	39.9	**44.6**
3. Per share (in euros)					
Profit after tax, but before depreciation, amortisation and provisions	0.23	1.77	2.98	0.78	**2.78**
Profit after tax, depreciation, amortisation and provisions	-	1.68	2.72	0.19	**2.28**
Net dividend per share	-	0.90	0.90	0.90	**1.00**
4. Personnel					
Number of employees	-	-	-	-	**-**
Total payroll	-	-	-	-	**-**
Social benefits (social charges, benefits, etc.)	-	-	-	-	**-**
Profit sharing (included in total payroll)	-	-	-	-	**-**

(1) Subject to approval at the AGM.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS at 31 march 2003

1 • ACCOUNTING PRINCIPLES AND PRACTICES

The parent company financial statements have been prepared in accordance with the commercial Code and CRC regulation 99-03 of 29 April 1999 concerning the revision of the PCG (National Chart of Account).
The main adopted accounting principles and practices are as follows:

a ▪ Investments are reported at their acquisition cost or transfer value less, where appropriate, provisions required to bring them to their current value. Current value is determined using a number of criteria, including net assets, unrealised capital gains and future profit potential.

b ▪ Accounts receivable and payable are recorded at their nominal value. Accounts receivable and payable that are denominated in foreign currencies are translated using the exchange rate prevailing at the year-end. For accounts receivable, a provision is recorded, where necessary, to cover the risk of non-collection.

c ▪ The difference arising from the valuation of foreign currency accounts receivable and payable, using the closing rate, is taken to the balance sheet as an unrealized exchange gain/loss.

d ▪ Financial instruments used to cover interest rates are reported as off-balance sheet commitments.

2 • NOTES TO THE BALANCE SHEET

2.1 Summary of fixed assets

(€ millions)	Gross value opening	Increase for the year	Decrease for the year	Gross value closing
• Intangible assets	32.4	–	–	32.4
• Investments	1,380.5	5.3	14.2	1,371.6
• Other	17.4	19.4	1.1	35.7
Total	**1,430.3**	**24.7**	**15.3**	**1,439.7**

Purchased goodwill arises from the merger with RC Pavis and has no legal protection.
The increase in investments relates mainly to the purchase of other securities of group companies following their conversion into S.A.S.U.
The decrease in investments relates mainly to the reduction and redemption of the share capital of Rémy Suisse.

The increase and decrease in "other" relates to loans granted to group companies. The increase also includes the reclassification of 509,985 treasury shares, with a value of €10.5 million, previously included under "short-term deposits".

2.2 Amortisation and provisions

(€ millions)	Gross value opening	Increase for the year	Decrease for the year	Gross value closing
• Investments	0.7	–	–	0.7
• Other	–	–	–	–
Total	**0.7**	**0.0**	**0.0**	**0.7**

2.3 Maturity of accounts receivable

(€ millions)	Gross amount	Less than 1 year	More than 1 year
Fixed asssets			
Receivables concerning associates companies	23.5	23.5	–
Other financial assets	12.2	10.7	1.5
Current assets			
Other	782.4	782.4	–
Prepaid expenses	2.1	2.1	–
Total	**820.2**	**818.7**	**1.5**

Other accounts receivable relate mainly to current accounts with Group companies.

2.4 Short-term deposits

(€ millions)	Gross amount	Provisions	Net
145,588 treasury shares	3.6	–	3.6

Short-term deposits are treasury shares acquired during the year and used, in accordance with the share buyback programme, to stabilise the share price.

2.5 Maturity of deferred charges

(€ millions)	Gross amount	Less than 1 year	More than 1 year
Loan issue costs (1)	5.0	1.9	3.1
Commissions on subordinated loan notes (2)	0.9	0.3	0.6
Total	**5.9**	**2.2**	**3.7**

(1) Costs amortised over the duration of the loans.
(2) Commission amortised over the period the notes bear interest, which is 15 years.

2.6 Loan redemption premium

The redemption of the OCEANE convertible loan notes issued on 30 January 2001 is provided for in full on maturity at 1 April 2006, together with a redemption premium of 11.56% of the initial amount or €34.6 million.
The loan redemption premium is being amortised on a straight-line basis over the duration of the loan, due to the terms and conditions of the payment of the loan notes.
This premium is, where necessary, adjusted for every request to exchange or convert options related to these loan notes.

2.7 Equity

1 ▪ Share capital - composition

The share capital comprises 44,579,941 fully paid shares with a nominal value of €1.60.
During the year, the exercise of options to subscribe for shares gave rise to 120,215 new shares.

2 ▪ Movement in equity

(€ millions)	March 2002	Allocation of profit	Other movements	March 2003
Share capital	71.1	–	0.2	**71.3**
Share and merger premiums	622.1	–	1.6	**623.7**
Legal reserve	7.1	–	–	**7.1**
Regulated reserves	9.9	–	–	**9.9**
Other reserves	48.1	–	–	**48.1**
Balance brought forward	79.5	(31.2)	–	**48.3**
Profit/(loss) for the year	8.4	(8.4)	101.5	**101.5**
Regulated provisions	50.5	–	12.1	**62.6**
Total	**896.7**	**(39.6)**	**115.4**	**972.5**

2.8 Subordinated perpetual notes

Rémy Cointreau issued €304.9 million in subordinated perpetual notes on 16 May 1991. The annual interest rate is the 6-month Pibor plus 1% until 16 May 2006.
The principal clauses in the conditions of issue are:

- the notes, which have no fixed repayment date, will only be redeemed at their nominal value in the event of a legal liquidation, a legal judgement requiring the complete disposal of the business, or voluntary liquidation other than by way of merger or demerger;
- the redemption of the notes will be subordinated to the complete settlement of all creditors of the company, to the exclusion of the holders of participating loans granted to the company and future participating notes issued;
- the payment of interest can be suspended in the event that the consolidated financial statements disclose losses in excess of 25% of consolidated shareholders' equity and that no dividend was payable in respect of the previous year.

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

Under this agreement, the third party, which has a separate contract with the subscribers to the notes, is committed to repurchasing the notes after 15 years, and to waiving the right to interest from the start of the 16th year, in consideration of an initial payment of €82.9 million by the company.
Due to these clauses, the notes were recorded at the time of their issue as a liability in the balance sheet at their net amount of €222 million.
The consolidated net income each year bears the interest charge in respect of the nominal amount of the notes, and has the benefit of the notional interest arising on the deposit of €82.9 million. This notional interest is treated as an annual payment to reduce the debt and future interest thereon, and it is therefore recorded as an equivalent reduction in the debt.

The notes were subject to restructuring in April 1996 as follows:

- Rémy Cointreau exercised its right to repurchase the notes at their nominal value from the subscribers;
- the original contract was revised to include the following:
  - the half-yearly interest payable by Rémy Cointreau will be reduced to a nominal amount with effect from 16 May 2006,
  - the clause relating to the suspension of interest payments was cancelled;
- the notes were sold at their current value to a Fonds Commun de Créances (FCC) – a mutual investment fund which will receive the interest income up to 15 May 2006; as the principal amount of the notes was only to be repaid in exceptional circumstances, it was subject of a repurchase option by Rémy Cointreau to the subscriber for the corresponding amount in the FCC;
- the agreement linking the third party that received the initial payment with the subscribers to the notes was cancelled;
- Rémy Cointreau has exercised its option to repurchase the notes at par;
- as part of this restructuring, the following financial instruments were acquired, with maturity in 2006:

Currency	Nominal value (€ millions)	Rate received	Rate paid
EUR	131.11	Euribor 6 months	Fixed
EUR	21.34	Euribor 6 months	Fixed
EUR	81.71	Variable	Fixed
EUR	27.75	Fixed	Variable

This restructuring has had no effect on the accounting for the extinction of the debt, the latter retaining, at the term of the restructuring, the same maturity and the same net interest paid for the company.

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

2.9 Convertible loan notes

• 7.5% convertible loan note 2006

The Extraordinary Shareholder's Meeting of 21 March 1991 authorised the company to issue 451,500 loan notes of €335.38 each, convertible into shares with a nominal value of €1.52 each. These loan notes are convertible at any time on the basis of one bond for sixteen shares. They carry fixed interest at 7.5% per year. The loan notes have a 15-year duration with no possibility of early redemption.

• OCEANE 3.5% 2006

Following the authorisation granted by the Combined Shareholder's Meeting on 24 August 2000, the Board of Directors meeting on 12 December 2000 decided to issue notes for €300 million with the option to convert into and/or exchange for new and/or existing shares.

The principal features of this OCEANE are as follows:

- number of loan notes issued: 6,896,551,
- nominal value €43.50,
- issue at par,
- effective from 30 January 2001,
- period 5 years 61 days,
- rate 3.5% per year, paid annually on 1 April,
- redemption on 1 April 2006 at €48.53, which includes 11.56% redemption premium on the normal value,
- early redemption at the option of the issuer with effect from 1 April 2004 if the Rémy Cointreau share meets a certain number of quotation criteria,
- each loan note may be converted or exchanged for one new or existing share, at any time, with effect from 30 January 2001 until the 7th working day prior to the redemption date.

In previous years, 23 loan notes were converted or exchanged for shares.

No loan notes was converted this year.

2.10 Maturity of debt

(€ millions)	Gross amount	Less than 1 year	1 to 5 years	More than 5 years
Loan notes	166.6	3.1	163.5	–
Loans and debts from credit institutions	304.6	134.6	170.0	–
Other loans and bonds	256.5	256.5	–	–
Trade notes and accounts payable	0.1	0.1	–	–
Tax and social liabilities	2.8	2.8	–	–
Other	125.1	125.1	–	–
Total	**855.7**	**522.2**	**333.5**	**–**

- At 31 March 2003, "Loan notes" comprise mainly the high yield senior bond issued on 30 July 1998, for €150 million and with a duration of 7 years.
- This bond, which is repayable at par on maturity, carries interest at 10% and has a number of early redemption clauses at the option of the issuer, as follows:

From 30 July 2002, in all cases, for the total or a part of the bonds at a price of 105% in the period 2002/03, 102.5% in the period 2003.04 and at par in the period 2004/05.

The agreement covering the bonds also provides every holder with the right to request repayment of bonds held at a price of 101% in the event of a "fundamental change" covering the possible sale or transfer of a substantial part of the assets of Rémy Cointreau and in the event of Orpar and Récopart SA together holding less than one-third of the voting rights of the issuer, or being unable to nominate the majority of the Supervisory Board for two consecutive years.

- At 31 March 2003, the banking facilities available to Rémy Cointreau SA to finance the Group were €440.5 million. The banking facilities are analysed as follows:

Nature	Principal (€ millions)	Maturity
Banking syndicate	400.0	2003 to 2005
Bilateral credit lines	40.5	2003 to 2004

- The syndicated credit of €400 million, signed on 13 June 2000 with a group of 17 banks, comprises a term facility and a revolving facility of €200 million each.
- Both tranches are repayable in five equal half-yearly payments of principal, the first being due on 13 June 2003 and the last on 13 June 2005, which is an average credit duration of four years. This credit line carries no surety.

2.11 Provisions

(€ millions)	Regulated provisions	Provisions for liabilities and charges	Provisions write-downs	Total
Opening balance	50.5	7.0	0.7	58.2
Charges (1)	12.1	1.9	–	14.0
Releases (2)	–	(0.5)	–	(0.5)
Closing balance	**62.6**	**8.4**	**0.7**	**71.7**

	(1) charges	(2) releases
• operating	1.2	0.2
• financial	0.3	–
• exceptional	12.5	–
• tax	–	0.3

In accordance with the recommendation of the tax authorities, the company recorded a tax regulated provision. The charge for the year was €12.1 million, which corresponds to the potential taxable bases of the difference in future capitalised interest in respect of the subordinated perpetual notes.

2.12 Income receivable

(€ millions)	2003
Group receivables	–
Other non-Group receivables	0.2
Total	**0.2**

2.13 Accrued expenses payable

(€ millions)	2003
Loan notes	13.6
Loans and debt from credit institutions	0.7
Other loans and advances	9.7
Trade notes and accounts payable	0.1
Tax and social liabilities	2.8
Other	–
Total	**26.9**

3 • Notes to the income statements

3.1 Analysis of operating income

The income of €15.1 million mainly comprises services rendered to subsidiaries and sub-subsidiaries of the Rémy Cointreau Group.

This is analysed by geographic area as follows:

France	12.1
Abroad	3.0

3.2 Financial income from investments

Financial income from investments amounts to €130.5 million and relates to dividends received from subsidiaries.

3.3 Exceptional income and expenses

(€ millions)	2003
Provisions for tax liabilities	(0.3)
Regulated provisions (note 2.11)	(12.1)
Income from disposal of securities	0.9
Total	**(11.5)**

3.4 Taxation

a ▪ Analysis of taxation

(€ millions)	Profit before tax	Tax	Profit after tax
Profit on ordinary activities	86.0	–	86.0
Exceptional income	(11.5)	27.0 (1)	15.5
Net income	**74.5**	**27.0**	**101.5**

(1) The tax income represents tax savings arising from the tax grouping in respect of years greater than five years ago.
The tax charge provided following tax audits was offset by the release of an equivalent tax saving.

b ▪ Movement in tax losses

(€ millions)	Base	Rate	Amount of tax
Loss for the year (2)	46.7	–	–
Deferred depreciation	–	–	–
Loss carried forward	46.7	–	–
Loss brought forward	–	–	–
Remaining to be used	176.9	35.4	62.6

(2) The loss for the year arises mainly from the tax deduction of dividends from subsidiaries.

c ▪ Increases and reductions in future tax liability

(€ millions)	Base	Rate	Amount of tax
Reductions			
Non-deductible provisions at 31 March 2003	14.0	35.4	4.9

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 General Tax Code.

The tax allocation agreement provides that:

- the tax charge is recorded by the companies as if there was no tax grouping, after applying any tax losses brought forward,
- tax savings achieved by the Group arising from losses are considered to be a cash saving reallocated to the loss-making companies within the Tax Group.

The companies within the tax grouping are:
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, RMJV, CLS Rémy Cointreau.

4 • Other information

4.1 Related party transactions

	Amounts concerned	
(€ millions)	Related party	Investments
Investments		
Other investments (gross amounts)	1,369.2	2.4
Receivable concerning associated companies	23.4	–
Accounts receivable		
Other receivables	756.3	1.1
Accounts payable		
Other liabilities	51.7	–
Finance income		
Income from investments	130.5	–
Interest	21.9	–
Finance cost		
Interest	0.1	–
Operating income	15.0	–
Operating expenses	19.8	–
Exceptional income	–	–
Exceptional expenses	–	–

4.2 Directors' remuneration

Supervisory Board: The members of the Supervisory Board each received €22,598 as attendance fees for 2001/02. Mr Le Bail received €11,299 on a pro rata basis.

Management Board: Mme Dominique Hériard Dubreuil received a fixed salary of €217,873 from the Group. Mr Hubertus van Doorne received total remuneration of €468,371, which included a fixed salary of €313,641. Mr Alain Emprin received total remuneration of €348,195, which included a fixed salary of €271,058. Mr Bruno Mouclier received total remuneration of €397,027, which included a fixed salary of €254,882. Mr Pierre Soussand received total remuneration of €283,365, which included a fixed salary of €231,748.

These remunerations include benefits-in-kind received by the Directors.

4.3 Off-balance sheet commitments

a ▪ Financial commitments: (€ millions)

The financial instruments to hedge the subordinated perpetual loan notes (note 2.8) are off-balance sheet commitments.

Other commitments comprise:

(€ millions)	2003
Banking commitments	
Various garanties in respect of financing	**0.6**
Guarantees of 25% of Maxxium's debt (a)	**43.3**
Tax commitments	
Tax guarantees (b)	**7.2**

(a) Rémy Cointreau has guaranteed a quarter of the bank debt of Maxxium B.V. on equal terms with 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 are guarantees for matters in dispute following a request for deferment of payment.

b ▪ Equity swap contract

On 31 October 2001, Rémy Cointreau S.A. entered into a swap contract with a financial institution whereby Rémy Cointreau pays interest at variable rates as well as any capital losses relating to the reference price of the share (for capital losses at maturity) and receives revenues from the shares (dividends and other financial rights attached to the shares) as well as any capital gains relating to the reference price of the share for capital gains at maturity. This contract covers a nominal value of €43 million corresponding to 2,100,000 Rémy Cointreau shares (a reference price of €20.52 per share) and matures on 8 November 2004. The contract will be settled entirely in cash, early (in full or in part), at Rémy Cointreau's initiative, or in full at maturity.

This transaction is part of the general plan for the disposal by Blekos Holding BV (previously Bols Holding BV) of the full amount of the balance of Rémy Cointreau shares held, being 2,525,282 shares. The two transactions occurred at the same time.

The Group incurred a net interest charge of €1.7 million in the year. The unrealised capital gain of €7.4 million at 31 March 2003 was not recognised.

4.4 Options to subscribe for shares

Options to subscribe for Rémy Cointreau's shares granted to Directors

In the fiscal year 2002/03, no options to subscribe were granted.

Directors who exercised options to subscribe were:

Options exercised by each Director in the year	Total number of options to purchase or subscribe for shares	Weighted average price	Plan no.
John Wong	16,267	28.9	7
Hubertus van Doorne	3,017	30.3	4
Hubertus van Doorne	10,000	23.5	5

5 • Post balance sheet events

On June 10, 2003, Rémy Cointreau S.A. entered into a €500 million syndicated credit facility with a group of 20 banks. The facility is structured as a €250 million term facility and a €250 million revolving facility, and will be used for the refinancing of the existing outstanding amount of €400 million syndicated credit facility signed on June 13 2000, as well as for general corporate purposes.

On the signing date, the facility will pay an initial margin of Euribor plus 1.20% per annum and will be adjusted based on an average Net Debt/Ebitda ratio grid. The commitment fee is 50% of the applicable margin payable on the undrawn part of the facility.

SUMMARY OF SUBSIDIARIES AND INVESTMENTS at 31 March 2003

(in currency thousands) Companies	currency	Capital currency	Equity excl. capital currency	Capital held %	Net book value Euro	Provisions for the year Euro	Dividends Euro	Net sales currency	Profit after tax currency	Year-end	Loans granted currency
a ■ French companies											
Rémy Martin & cie	EUR	6,725	127,720	100.00	381,708	–	78,467	–	43,302	31/03/03	510,190
Seguin & Cie	EUR	661	6,911	100.00	7,633	–	5,495	9,410	1,799	31/03/03	–
Financière RC	EUR	10,000	1,307	100.00	10,000	–	–	841	929	31/03/03	6,758
Cointreau SA	EUR	4,037	91,682	100.00	89,103	–	17,500	–	24,829	31/03/03	137,688
Piper Heidsieck C.C.	EUR	32,115	221,887	100.00	326,279	–	–	1,579	2,531	31/03/03	–
Ducs de Gascogne	EUR	1,002	2,213	30.00	1,144	610	–	13,904	169	31/12/02	–
Other French subsidiaries	EUR	–	–	–	253	–	43	–	–	–	–
Total Gross Value					**816,120**	**610**					
b ■ Foreign companies											
Rémy Suisse	CHF	13,550	(84)	99.99	11,515	–	–	–	(124)	31/03/03	
R. Concord Ltd.	HKD	265,825	(108 419)	99.99	31,829	–	–	–	(47,140)	31/03/03	
Lucas Bols NV	EUR	5,000	68,525	100.00	511,044	–	29,037	–	29,037	31/03/03	
Other foreign subsidiaries	EUR	–	–	–	1,076	67	–	–	–	–	
Total Gross Value					**1,371,584**	**677**					
Total Net Value					**1,370,907**						

STATUTORY AUDITORS' GENERAL REPORT Year ended 31 March 2003

To the Shareholders of Rémy Cointreau,

In compliance with the assignment entrusted to us by your shareholders' annual general meeting, we hereby report to you, for the year ended 31 March 2003, on:
• the audit of the accompanying financial statements of Rémy Cointreau,
• the specific verifications and information required by law.
These financial statements have been approved by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

1 • Opinion on the financial statements

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities as of 31 March 2003, and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

2 • Specific verifications and information

We also performed the specific verifications required by law, in accordance with the professional standards applied in France.
We have no comment as to the fair presentation and the conformity with the financial statements of the information given in the management report of the Management Board, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.
In accordance with the law, we verified that the management report contains appropriate disclosures as to the acquisition of shares and controlling interests, and the percentage interests and votes held by shareholders.

Paris, 11 June 2003
The Statutory Auditors

BARBIER FRINAULT & AUTRES
Ernst & Young
Patrick Malvoisin

AUDITEURS & CONSEILS ASSOCIES S.A.
Member of Nexia International
François Mahé

Statutory auditors' special report

Financial year ended 31 march 2003

To the shareholders of Rémy Cointreau,

As Statutory Auditors to your company, we hereby present to you our report on the regulated agreements.

1 • Agreements authorised during the financial year

In application of Article L.225-88 of the Commercial Code, we have been advised of agreements that have been previously authorised by your Supervisory Board.

It is not up to us to search for the possible existence of other agreements, but to communicate to you, on the basis of information given to us, the essential characteristics and modalities of those of which we have been made aware, without having to pronounce on their usefulness and worth. It is up to you, in accordance with the terms of Article 117 of the decree of 23 March 1967, to assess whether it is your best interests to approve these agreements.

We have carried out our work in accordance with professional standards applicable in France; these standards require that we perform diligence work to verify the consistency of information given to us with the base documents from which it is derived.

1.1 Purchase of Seguin & Cie shares

Persons concerned:

Mrs. Dominique HERIARD DUBREUIL	Chairman of the Management Board
Mr. Bruno MOUCLIER	Member of the Management Board
Mr. Alain EMPRIN	Member of the Management Board

On 11 June 2002, the Supervisory Board authorised Rémy Cointreau S.A. to purchase 7,458 shares in Seguin & Cie SA held by Piper-Heidsieck C.C. for an amount of 4,809,805 euros.

1.2 Sale of the share capital of Caves de France by Rémy Concord Ltd to Orpar

Persons concerned:

Mrs. Dominique HERIARD DUBREUIL	Chairman of the Management Board
Mr. François HERIARD DUBREUIL	Chairman of the Supervisory Board
Mr. Marc HERIARD DUBREUIL	Member of the Supervisory Board
Mr. Guy LE BAIL	Member of the Supervisory Board

On 11 June 2002, the Supervisory Board authorised the sale by Rémy Concord Ltd, a subsidiary of Rémy Cointreau, of 40% of the share capital of Caves de France to Orpar for an amount of 3,126,800 HK dollars for 16,460 shares.

1.3 Acquisition of minority interests

Persons concerned:

Mrs. Dominique HERIARD DUBREUIL	Chairman of the Management Board
Mr. François HERIARD DUBREUIL	Chairman of the Supervisory Board
Mr. Marc HERIARD DUBREUIL	Member of the Supervisory Board
Mr. Pierre COINTREAU	Member of the Supervisory Board
Mr. Huub VAN DOORNE	Member of the Management Board
Mr. Alain EMPRIN	Member of the Management Board
Mr. Bruno MOUCLIER	Member of the Management Board

Within the framework of the transformation of the Group's sociétés anonymes (limited companies) into limited companies with a simplified legal structure, the Supervisory Board, on 4 December 2002, authorised the purchase of shares in these companies from members of the Supervisory Board or Management Board and from companies in which the members of the Management Board were directors, for a total amount of 135,532 euros:

	Amount ex-VAT
RÉMY MARTIN & Cie	€37,100
PIPER-HEIDSIECK CIE CHAMPENOISE	€2,321
SEGUIN & Cie	€6,996
COINTREAU S.A.	€89,115

2 • Agreements approved in previous financial years that continued to be executed during the financial year

Further, in application of the decree of 23 March 1967, we have been informed that the following contracts, approved during previous financial years, continued to be executed during the most recent financial year.

2.1 Agreement with Orpar

On 13 December 2000, the Board of Directors authorised the signing of an additional clause to the management and assistance agreement signed on 7 December 1999 with Orpar. This agreement envisaged an annual fixed amount of 1,829,388.24 euros excluding VAT, to which is added a sum representing 1/1000 of Group sales.

During the financial year 2002/2003, the total ex-VAT charge incurred by Rémy Cointreau was 2,829,088.24 euros.

2.2 Commercial and management assistance agreement with the companies owning the brands

The amounts resulting from the application of the commercial and management assistance agreements, calculated on the basis of 2% of sales, amounted to the following for the financial year 2002/2003:

	Amount ex-VAT
CLS RÉMY COINTREAU	€9,961,680
CHAMPAGNES P&C HEIDSIECK	€1,811,560
SEGUIN & Cie	€35,720
COGNAC de LUZE	€8,600

Paris, 11 June 2003
The Statutory Auditors

BARBIER FRINAULT & AUTRES
Ernst & Young
Patrick Malvoisin

AUDITEURS & CONSEILS ASSOCIES S.A.
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, France.
Main administrative office: 152 avenue des Champs-Elysées, 75008 Paris, France.

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.210-9 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 bylaws are as follows:

• the creation, acquisition and operation of any commercial, industrial or other business;

• the direct or indirect participation of the Company, in any form whatsoever, in any company, association, enterprise or grouping of any form whose object is a commercial, industrial, agricultural, property, design, research or development activity, or the acquisition, management or operation of all goods or rights;

• the paid provision of qualified services in technical, commercial, administrative or financial fields, on behalf of any individual or company engaged in commercial, financial or industrial activities in France or other countries, and;

• in general, any commercial, financial, industrial, property or real estate 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 B 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 year commences on 1 April and ends on 31 March of the following year.

Allocation of profits

Profit permitting, 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, on the proposal of the Management Board, may allocate any sum it deems appropriate either to be carried forward to the next financial year, allocated to one or more reserve funds for which it regulates the allocation or use, or distributed 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 is not affected, or acquired rights maintained for 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 mail 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 L233-7 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.

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

Changes 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 2003

• At 31 March 2003, the share capital was 71,327,905.60 euros divided into 44,579,941 shares of 1.60 euro each, all of one class, fully paid and carrying 70,787,910 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 2003, the Company purchased on the stock market 506,552 and 145,588, respectively, of its own shares, pursuant to the last two share repurchase programmes. At 31 March 2003, the Company held 655,573 of its own shares.

The Combined General Meeting of Rémy Cointreau of 3 September 2002, 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 2003 and, at the latest, within a period of 18 months from 3 September 2002, to purchase shares in the Company, up to 10% of the current share capital on the day of the Meeting, which is 3,935,987 shares, with treasury shares deducted.

The maximum amount that the Company may pay on the basis of this number of shares is 255,839,155 euros.

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 or 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 cancel the shares, subject to the adoption of the twentieth 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, within the limits allowed by stock market regulations 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 twentieth resolution of the same Meeting up to 10% of the share capital per period of 24 months.

The maximum purchase price is 65 euros and the minimum sale price is 25 euros per share.

An information note in respect of this programme received the authorisation number 02-924 from the Commission des Opérations de Bourse on 31 July 2002.

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 38 months from 21 September 2001 to grant, on one or more occasion, to employees of the Company or companies or GIE 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 GIE 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 20 trading days preceding the issue date. In the event of the grant of options to purchase, the purchase price of the shares may not be lower than either 80% of the average share price of the 20 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.

Delegation to the Management Board to increase the share capital by incorporation of reserves, profits or premiums

The Combined General Meeting of 3 September 2002, in its sixteenth resolution, authorised the Management Board, in accordance with the provisions of paragraphs II and III of Article L225-129 of the Commercial Code, for a duration of 26 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 30 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 euros, set independent of the maximum limit of increases resulting from the issue of marketable securities authorised by this same Meeting.

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 occasion, in France and/or abroad and/or on the international market, with a maintained pre-emption right for shareholders, in euros, in foreign currencies or in 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, 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 euros, 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 euros. These marketable securities may take all forms, including the forms covered by Articles L 225-150 to L 225-176 or Article L228-91 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 26 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.

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 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 euros, 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.

Authorisation to the Management Board to use the delegations to issue in the event of a public offer for the Company

The General Meeting of 3 September 2002, in its eighteenth resolution, delegated to the Management Board the powers necessary to proceed with the issue of shares or marketable securities, including independent subscription warrants, giving access, immediately or subsequently, to shares, as consideration for securities transferred as part of a public offer initiated by the Company for securities of another company trading on a regulated market covered by Article L 225-148 up to a total nominal ceiling of 30,000,000 euros, in common with the seventeenth and eighteenth resolutions, and suppressing, for the benefit of holders of these securities, the pre-emption right of shareholders to these shares and marketable securities.

The issues decided by virtue of this delegation must be carried out within a time period of 26 months from 3 September 2002.

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 euros) in value, and in 1998 issued 3,000 senior high-yield loan notes amounting to 150,000,000 euros in value, both of whose features are described in notes 2.8 and 2.10, respectively, to the parent company accounts of Rémy Cointreau at 31 March 2003.

Other securities giving access to capital

Convertible loan note

On 21 March 1991, the Company issued a convertible loan note for FRF 993,300,000 (151,427,608.82 euros), representing 451,500 convertible bonds, for a period of 15 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 (OCEANES)

Pursuant to the authorisation conferred by the Combined General Meeting of 24 August 2000, the Board of Directors' meeting of 13 December 2000 elected to issue loan notes with an option of conversion and/or exchange into new and/or existing shares in the amount of 300 million euros, representing 6,896,551 loan notes. The term of the loan notes is 5 years and 61 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 7 working days preceding the redemption date. To date, 21 loan notes have been converted into new shares and 2 loan notes have been exchanged for existing shares, and there remains to be converted or exchanged 6,896,528 loan notes, which correspond to 6,896,528 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 occasion 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 L225-180 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 number of options available at 31 March 2003 was 163,010.

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 available at 31 March 2003 was 742,001.

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, none of which had been exercised as at 31 March 2003.

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 in the Company up to a maximum of 3% of the share capital of Rémy Cointreau. The Management Board meeting of 8 March 2002 allocated 347,500 options, none of which had been exercised as at 31 March 2003.

Movement in share capital

Dates	Description	Number of new shares issued	Share premium (francs)	Share premium (euros)	Share capital (francs)	Share capital (euros)	Capital - number of shares
21.03.1991	Capital increase contribution in kind	374,582 shares FRF 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 FRF 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 FRF 10 each	Issue: 12,390,000	–	297,182,450	–	29 718 245
	and by exercise of share subscription options	10,868 shares FRF 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 FRF 10 each	Issue: 133,770,000	–	307,483,130	–	30,748,313
	and by exercise of share subscription options	5,743 shares FRF 10 each	Issue: 775,305	–	307,540,560	–	30,754,056
31.03.1996	Capital increase by conversion of bonds	6,080,368 shares FRF 10 each	Issue: 798,048,300	–	368,344,240	–	36,834,424
4,12,1996	Capital increase following the paymentof dividends in shares	1,278,989 shares FRF 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 FRF 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 FRF 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)	Capital - number of shares
30.05.2000	Capital increase following the conversion of share capital into euros by transfer from available reserves	–	–	–	–	61,091,568.00	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	–	162,000,000.00	–	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 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

No significant movement occurred in the capital following the increase by contribution in kind on 19 December 2000.

3 • Current analysis of shareholders and voting rights

Voting rights, number of shareholders, details of shareholders holding 1% or greater and the nature of the holding, shareholders' pacts, shares held by employees, treasury shares.

Share ownership analysis

	Situation at 31.03.03			Situation at 31.03.02			Situation at 31.03.01		
SHAREHOLDERS	**Number of new shares**	**% capital**	**% voting rights**	Number of new shares	% capital	% voting rights	Number of new shares	% capital	% voting rights
ORPAR	**19,831,197**	**44.48**	**56.03**	19,831,197	44.60	56.00	21,143,866	47.65	62.88
RÉCOPART	**6,100,000**	**13.68**	**17.23**	6,100,000	13.72	17.22	6,270,339	14.13	9.62
BLEKOS HOLDING	**–**	**–**	**–**	–	–	–	5,000,000	11.27	7.67
RÉMY COINTREAU (treasury shares)	**655,573**	**1.47**	**0.00**	509,985	1.15	0.00	3,435	0.01	0.00
Public	**17,993,171**	**40.36**	**26.74**	18,018,544	40.53	26.78	11,959,981	26.95	19.83
Total	**44,579,941**	**100.00**	**100.00**	44,459,726	100.00	100.00	44,377,621	100.00	100.00

(1) There are shares with double voting rights (see page 55).

The employee savings plan represents less than 1% of the share capital of Rémy Cointreau.
It is the sole means by which Rémy Cointreau employees may hold shares in the Company.
There are no shareholders' pacts.

Supervisory Board members' shares and voting rights ownership at 31 May 2003

Shareholders	Shares	%	Shares with double voting rights	Voting rights	%
M. François Hériard Dubreuil	10	0.00	10	20	0.00
M. Marc Hériard Dubreuil	10	0.00	10	20	0.00
M. Pierre Cointreau	50	0.00	2	52	0.00
M. Brian Ivory	10	0.00	0	10	0.00
M. Jürgen Reimnitz	10	0.00	0	10	0.00
M. Patrick Duverger	523	0.00	0	523	0.00
M. Guy Le Bail	11	0.00	1	12	0.00
M. Alain Bodin	10	0.00	0	10	0.00
M. Gérard Epin	20	0.00	0	20	0.00
M. Javier Bernat	100	0.00	0	100	0.00
M. Håkan Mogren	10	0.00	0	10	0.00
Total	**764**	**0.00**	**23**	**787**	**0.00**

The Company holds 659,325 treasury shares. The features of the share repurchase programme authorised by the General Meeting of 3 September 2002 are described page 57.

The options (convertible bonds, OCEANES and share subscription options) are described pages 58 and 59. The maximum potential dilution is referred to in the notes to the consolidated financial statements (Note 9).

Changes in share capital during the last three years

During the 1999/00 financial year, the share capital increased by FRF 580,640 (€88,518) to FRF381,822,300 (€58,208,434.39) as a result of the exercise of 58,064 share subscription options. 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 2000/01 financial year, the share capital increased by €12,795,759.21 resulting from its conversion into euros, the exercise of 328,322 share subscription options, the exercise of the option to pay dividends in shares, the contribution in kind of the shares of Koninklijke Erven Lucas Bols N.V. and the conversion of OCEANE securities. Orpar held more than one-third of the share capital and more than one-half of the voting rights. Récopart and Blekos Holding each held more than 10% of the share capital and more than 5% of the voting rights.

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 the financial year.

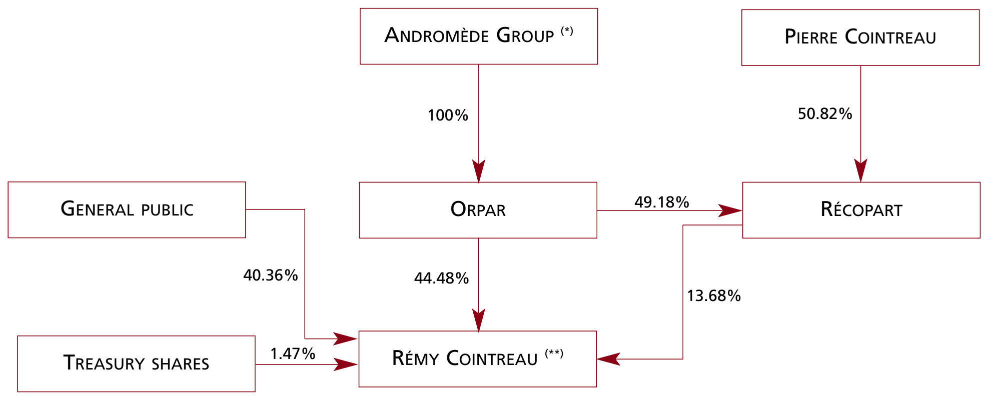
During the course of the 2002/03 financial year, the share capital increased by €192,344 to €71,327,905.60, as a result of the exercise of 120,215 options. Orpar held more than one-third of the share capital and more than one-half of the voting rights. Récopart held more than 10% of the share capital and voting rights.

Persons that control the company and details of their shareholding

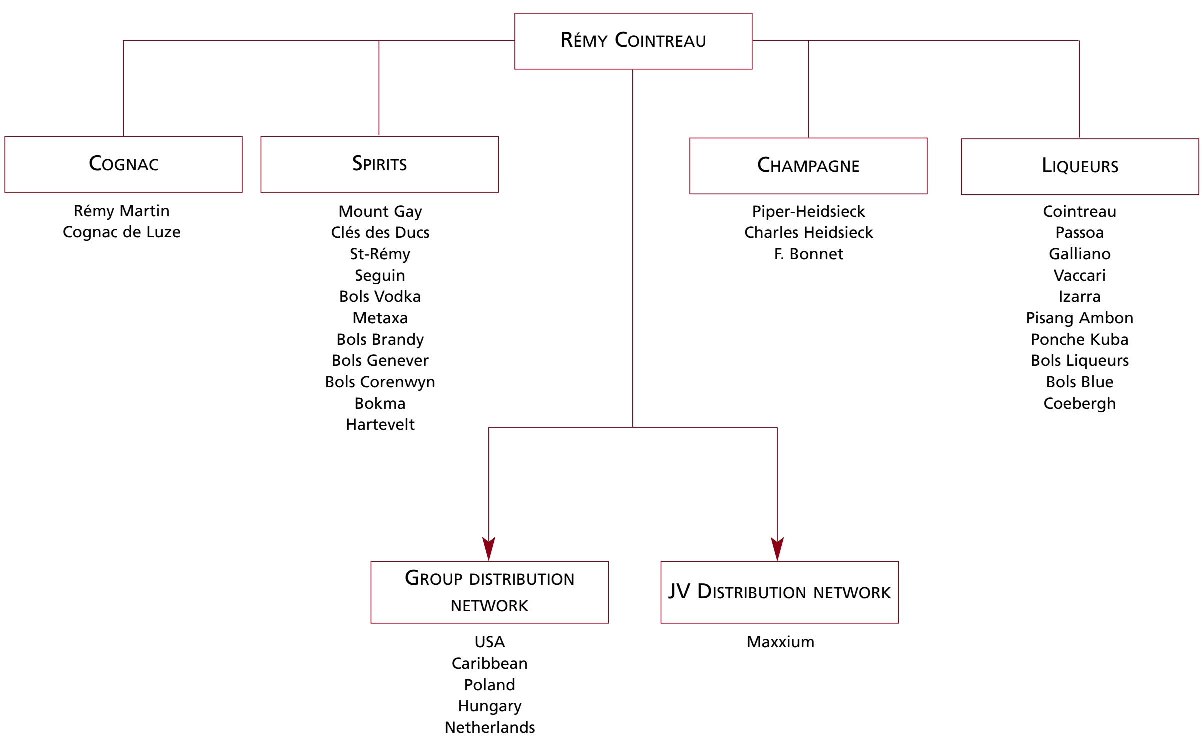
Orpar is 99.79% owned by Andromède, which is controlled by the Hériard Dubreuil family.

At 31 March 2003, Orpar held 19,831,197 shares in the Rémy Cointreau Company, giving it 39,662,394 voting rights.

Simplified Ownership Structure and Organisational Chart at 30 June 2003



(*) Rémy Cointreau is consolidated within the Andromède Group.
(**) Only Rémy Cointreau shares are traded on the Stock Market.



4• SHARE PRICE PERFORMANCE

Stock Marker Listing

Rémy Cointreau shares are exclusively listed on the Euronext Paris SA Premier Marché.

Rémy Cointreau share price performance over the last 18 months

(in euros)	Trading Volume	Average Price (Euros)	High Price (Euros)	Low Price (Euros)	Trading value (Euro millions)
December 2001	1,678,989	25.59	26.88	23.75	38.76
January 2002	2,035,855	26.58	27.98	24.87	54.12
February 2002	559,441	26.33	27.22	25.57	14.74
March 2002	2,010,980	27.84	29.70	25.30	56.82
April 2002	4,044,851	31.45	34.54	29.48	128.26
May 2002	1,784,522	33.26	35.00	31.50	58.50
June 2002	1,797,188	32.47	34.85	30.64	58.66
July 2002	2,225,582	30.35	32.98	25.20	66.40
August 2002	1,717,286	30.17	31.51	27.51	51.49
September 2002	1,476,620	29.14	30.39	26.05	42.71
October 2002	3,830,757	29,04	32.10	26.01	109.85
November 2002	901,132	30.03	31.50	28.49	27.14
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

At 31 March 2003, Rémy Cointreau's market capitalisation amounted to €1,085 million.

Dividends

Allocation of 2002/03 profit

The Management Board will propose, for approval by the General Meeting of shareholders of Rémy Cointreau on 8 September 2003, the following allocation of profit:

(in euros)	
Profit for the year to 31 March 2003	101,521,308.88
Retained earnings – opening balance	48,352,158.02
Total distributable profit	**149,873,466.90**
Allocation to legal reserve	19,234.40
Allocation of long-term capital gains to special reserve	8,337,105.00
Distribution of a dividend of €1.00 per share, with a tax credit (*) of €0.50 per share	44,579,941.00
Retained earnings – closing balance	96,937,186.50
Total	**149,873,466.90**

(*) 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 euros)	Year ended 31 March				
	1998	1999	2000	2001	2002
net dividend per share	-	-	0.90	0.90	0.90
tax credit per share	-	-	0.45	0.45	0.45

Payment of dividends in shares

The General Meeting 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 year 1999/2000.

Prescription

Dividends not claimed within five years from the date they were payable are prescribed and thus revert to the State.

Employee profit sharing

Profit sharing and participation agreements
The amount of profit sharing that was paid out by GIE Rémy Cointreau Services for 2002/03 was 384,163.14 euros.
The amount of profit sharing, excluding bonus, paid out during the previous five financial years were as follows: 1997/1998: 0 euro, 1998/1999: 485,052 euros, 1999/2000: 409,147 euros, 2000/2001: 307,533 euros, 2001/2002 : 291,887.18 euros.

A new profit sharing plan was signed on 30 September 2002 for a period of three years beginning from 1 April 2002, enabling all employees with at least three months' service at GIE Rémy Cointreau Services or at another Group company to benefit from this plan during that period.

The method of calculating the profit-sharing premium was determined in a manner that takes account of the particulars of the business and the operating structure. It arises from the measurement of progress made in the performance of the employees and the business. The first criterion measures the performance compared to the budget in respect of the operating costs of GIE Rémy Cointreau Services on the consolidated operating profit reported by the Rémy Cointreau Group. A second criterion measures the performance compared to budget in respect of the impact of operating costs of GIE Rémy Cointreau Services on the consolidated profit before tax reported by the Group

Rémy Cointreau share subscription/purchase options granted to employees
See pages 56 and 58 of the present document regarding authorisations in progress and outstanding options.

During 2002/03, no share subscription options were granted.

Rémy Cointreau options exercised during the financial year, by the ten Rémy Cointreau Group employees whose number of options thus purchased or subscribed is the highest.

Total number of options/shares subscribed or purchased	Weighted average price - euros	Plan no.
12,003	30.56	4
7,587	23.50	5
9,152	28.83	6
7,050	26.92	7
17,978	28.78	8
6,694	29.75	9

Total number of shares subscribed to or purchased during the financial year by the ten Rémy Cointreau Group employees: 60,464. Weighted average share option exercise price during the financial year: 28.06 euros.

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