PERNOD RICARD
Limited Company with a share capital of € 411,231,437.75
Registered office: 12, place des Etats– Unis, 75116 Paris
Company registration number: 582 041 943 R.C.S. Paris.

HALF-YEAR FINANCIAL REPORT

for the half-year ended 31 December 2012

Unofficial translation, for information purposes only, of the French language

RAPPORT FINANCIER SEMESTRIEL Semestre clos le 31 décembre 2012 of PERNOD RICARD GROUP

The present interim financial report relates to the half-year ended 31 December 2012 and was prepared in accordance with Articles L 451-1-2 III of the French Monetary and Financial Code and 222-4 and subsequent of AMF General Regulations.

CONTENTS

I. Certification by the person assuming responsibility for the half-year financial report

I certify that to the best of my knowledge the condensed financial statements included in this document have been prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial situation and results of all the companies included within the Pernod Ricard Group, and that the enclosed half-year activity report is a true reflection of the important events arising in the first six months of the financial year and their impact on the annual financial statements, a statement of the principal transactions between related parties, as well as a description of the principal risks and uncertainties for the remaining six months of the financial year.

Pierre Pringuet

Chief Executive Officer

II. Half-year activity report

1. Significant events in half year 2012/13

On 13 July 2012, the Group announced it had signed an agreement with Arcus-Gruppen for the sale of the Danish aquavit brands Aalborg and Brøndums, the German brand Malteserkreuz Aquavit and the Danish bitter brand Gammel Dansk, for €103 million. The transaction also includes the sale of the Aalborg production plant in Denmark. The disposal is in line with the Group's strategy to focus on its priority brands. Pernod Ricard announced the completion of the sale on 4 January 2013.

On 17 August 2012 the Group announced the sudden passing of Mr. Patrick Ricard, after which the Board of Directors unanimously made the following decisions on 29 August 2012:

- Ms. Danièle Ricard is appointed Chairman of the Board of Directors;
- Mr. Pierre Pringuet is appointed Vice-Chairman of the Board and will continue to act as Chief Executive Officer;
- Mr. Alexandre Ricard, on Pierre Pringuet's proposal, is appointed Deputy Chief Executive Officer and Chief Operating Officer. He was also co-opted as a Director to replace Patrick Ricard;
- Mr. Paul-Charles Ricard, by declaration of SA Paul Ricard, is now its permanent representative, replacing Mr. Alexandre Ricard.

These appointments reflect the Board of Directors' intention to see Alexandre Ricard succeed Danièle Ricard and Pierre Pringuet in their duties as Chairman and Chief Executive Officer at the end of January 2015, at which time Pierre Pringuet will have reached the statutory age limit for a Chief Executive Officer.

2. Key figures and business analysis

In the first half of its 2012/13 financial year (from 1 July to 31 December 2012), characterized by a less buoyant global economic environment, particularly in Southern Europe, Pernod Ricard achieved a good performance impacted by significant technical impacts:

- ✓ sales growth*, up 3% organically, penalised by: (i) a very unfavourable base of comparison in France related to stock building in the half-year 2011/12 ahead of the excise tax increase in France (as of 1 January 2012); and (ii) a later Chinese New Year, yet offset by (iii) favourable foreign exchange. *Excluding these technical effects (i, ii) organic sales growth* is 5%,*
- ✓ an increase in gross margin to 63.1%, reflecting strong growth of the Top 14,
- ✓ increased advertising and promotion expenditure and a strong innovation policy,
- ✓ an operating margin (profit from recurring operations/sales) of 29.7% (-15 bps; *adjusted for technical effects +68 bps*), despite sustained investment, both in the brands and in the commercial networks,
- ✓ group share of net profit from recurring activities totalled € 857 million, 2% growth compared to the first half of the 2011/12 financial year. It reflected the above items,
- ✓ group share of net profit totalled € 847 million, a 6% increase compared to the first half of the 2011/12 financial year,
- ✓ debt reduction after a favourable translation adjustment; net debt amounted to € 9,148 million at 31 December 2012 vs. € 9,363 million at 30 June 2012.

* At constant forex and Group structure

Profit from recurring operations

Group

(€ million)	31/12/2011 6 months	31/12/2012 6 months	Organic growth* In M€	Organic growth* In %
Net sales	4,614	4,907	116	3%
Gross margin after logistics costs	2,863	3,096	98	3%
Advertising and promotional (A&P) expenses	(817)	(888)	(30)	4%
Contribution after A&P	2,046	2,208	68	3%
Profit from recurring operations	**1,379**	**1,459**	**13**	**1%**

Pernod Ricard's **2012/13 1st half-year consolidated net sales** (excluding tax and duties) increased 6% to **€ 4,907 million**, compared to € 4,614 million in 1st half year 2011/12. This was due to:

- ✓ organic growth* of 3%, with continued value growth from the strategic brands, including the excellent performance of Martell and Jameson, the dynamism of Indian whiskies and an ongoing, very favourable price-mix of the Top 14. In terms of markets (i) growth remains buoyant, albeit to a slightly lesser degree compared to last year, in emerging markets with China and India the main drivers; (ii) business trends are contrasted in developed markets, with an acceleration in the United States and an ongoing difficult environment in Southern Europe, particularly in Spain; (iii) the decline in France is largely tied to technical and conjunctural effects. Pernod Ricard is gaining share in this market;
- ✓ a favourable 5% foreign exchange effect, primarily due to the appreciation, at the average rate, of the US dollar and Chinese yuan, as well as certain other currencies (Korean won, Canadian dollar...);
- ✓ a 1% negative group structure effect, primarily due to the disposals of certain Canadian activities.

Gross margin after logistics costs totalled € 3,096 million, a increase of 8%, composed of organic growth* of 3% and a foreign exchange effect of 5%. The substantial increase in the gross margin rate, which rose 100 bps, from 62.1% to 63.1% of sales, resulted primarily from strong growth of the Top 14, favourable price/mix effect, and good control of input costs.

Advertising and promotion expenditure grew (+9%) to € 888 million with investments allocated to priority brands and markets, reflecting the Group's intent to develop its strategic brands over the long term. They represented 22% of sales for the 14 strategic brands. Overall, the advertising and promotion expenditure to sales ratio reached 18.1% over the 1st half of 2012/13, compared to 17.7% over the same period of the previous financial year.

The contribution after advertising and promotion expenditure increased 8% to € 2,208 million, with organic growth* of 3%. It represented 45.0% of sales, up 75 bps compared to the previous financial year.

Profit from recurring operations increased 6% to € 1,459 million, resulting from organic growth* of 1%, a favourable 6% foreign exchange effect and a slightly negative group structure effect. The operating margin was 29.7%, a slight decline of 15 bps compared to the 1st half of the previous financial year. *Excluding technical effects profit from recurring operations grew 7% (organic growth), representing 68 bps of margin expansion.*

Business activity by geographic area

France:

(€ million)	31/12/2011 6 months	31/12/2012 6 months	Organic growth* In M€	Organic growth* In %
Net sales	517	374	(143)	-28%
Gross margin after logistics costs	386	259	(120)	-31%
A&P expenses	(121)	(93)	27	-23%
Profit from recurring operations	**174**	**80**	**(88)**	**-51%**

* At constant forex and Group structure

Europe excluding France:

(€ million)	31/12/2011 6 months	31/12/2012 6 months	Organic growth*	
			In M€	In %
Net sales	1,232	1,245	(7)	-1%
Gross margin after logistics costs	731	744	4	1%
A&P expenses	(176)	(193)	(13)	7%
Profit from recurring operations	**339**	**326**	**(14)**	**-4%**

Americas:

(€ million)	31/12/2011 6 months	31/12/2012 6 months	Organic growth*	
			In M€	In %
Net sales	1,166	1,282	73	6%
Gross margin after logistics costs	721	831	63	9%
A&P expenses	(204)	(243)	(26)	13%
Profit from recurring operations	**338**	**378**	**19**	**6%**

Asia/Rest of World:

(€ million)	31/12/2011 6 months	31/12/2012 6 months	Organic growth*	
			In M€	In %
Net sales	1,699	2,005	193	11%
Gross margin after logistics costs	1,025	1,262	151	15%
A&P expenses	(317)	(359)	(18)	6%
Profit from recurring operations	**527**	**674**	**97**	**19%**

- ✓ **France:** the 51% decline in profit from recurring operations is largely exacerbated by technical effects: increased sales in December 2011 before the increase in excise taxes on 1 January 2012 (pre-buying). In addition, conjunctural effects weighed on profit. These include: residual inventory reduction in the first quarter of 2012/13; lower spirits inventories in favor of beer prior to the excise tax on the latter on 1 January 2013; promotional activities not repeated by certain retailers in the half-year; and a decrease in consumption following, the spirits excise duty rise. These technical and conjunctural effects are now behind us.

- ✓ **Europe excluding France**: profit from recurring operations declined organically* 4%, impacted by a strong increase in advertising & promotional expenses in Russia prior to the implementation of advertising restrictions on 1 January 2013 and investment behind Ritual in Spain to support this strategic product. Structure costs were prioritized to the most promising markets. Business activity shows strong growth in Eastern Europe and slight decline in the rest of Europe mainly due to Southern Europe, with situations which remain quite contrasted according to countries and categories.

- ✓ **Americas:** profit from recurring operations improved, posting 6% organic growth*. The appreciation of the average rates during the period of the US dollar generated a very favourable foreign exchange effect of 8% on the region's profit from recurring operations. A negative structure effect weighed 2%.

- ✓ **Asia/Rest of World:** very strong growth of 28% (19% organic*) due in particular to the dynamism of Martell in China, local whiskies in India, and certain other emerging markets. Growth in Asia was penalised by certain technical effects (Chinese New Year celebrated later in 2013 than in 2012…). Improved price/mix as well as economies of scale for advertising and promotion expenditure in major markets and brands contributed to the strong performance.

* At constant forex and Group structure

Group share of net profit from recurring operations

(€ million)	31/12/2011 6 months	31/12/2012 6 months
Profit from recurring operations	1,379	1,459
Interest (expenses) income from recurring operations	(233)	(272)
Corporate income tax on recurring operations	(283)	(319)
Net profit from discontinued operations, minority interests and share of net income from associates	(19)	(11)
Group share of net profit from recurring operations	**843**	**857**
Group net profit per share from recurring operations – diluted (in euro)	**3.19**	**3.22**

Net financial expenses from recurring operations

Net financial expenses from recurring operations totalled € (272) million, (39) M€ higher than the comparable period. Average cost of debt amounted to 5.4% compared to 4.9% for the half-year 2011/12, due essentially to debt refinancing (bond issuances) throughout 2011/12 resulting in:

- ✓ a more significant proportion of bond financing (>80%) in a more difficult context for bank credit
- ✓ an extended average maturity of the debt (close to 7 years)
- ✓ the securing of attractive, long-term rates (fixed rate portion of the debt >90% of the total).

For the FY 2012/13 the average cost of debt should be close to that of the half year. In FY 2013/14 a significant reduction is expected; the average cost of debt is estimated at 5%.

Net debt

Net debt was € 9,148 million at 31 December 2012 compared to € 9,363 million at 30 June 2012, a decrease of € 215 million, due in part to a favourable forex impact.

Excluding the forex impact, debt remained relatively stable at € 9 397 million.

Income tax on recurring operations

Income tax on items from recurring operations amounted to € (319) million, being a tax rate of 26.8% versus 24.7% over the first half of 2011/12. The higher rate is attributable essentially to the impact of fiscal reforms in France. For FY 2012/13 income tax rate from recurring operations will be close to that of the half year.

Group share of net profit from recurring operations

Group share of net profit from recurring operations amounted to € 857 million at 31 December 2012, an increase of 2%, the growth having been limited by the impact of refinancing on the average cost of debt and by French fiscal reforms on the tax rate.

Group share of net profit

(€ million)	31/12/2011 6 months	31/12/2012 6 months
Profit from recurring operations	1,379	1,459
Other operating income and expenses	(53)	(101)
Operating profit	1,325	1,358
Interest (expenses) income from recurring operations	(233)	(272)
Other financial income/ (expenses)	(40)	(0)
Income tax	(233)	(228)
Net profit from discontinued operations, minority interests and share of net income from associates	(19)	(11)
Group share of net profit	**800**	**847**

Other operating income and expenses

Other operating income and expenses amounted to a negative € 101 million at 31 December 2012 and included:

- ✓ Net gains on disposals of assets of € 32 million;
- ✓ Assets impairment of € (73) million. Due to an impairment test, the brand Brancott Estate has been impaired for €(64) million;
- ✓ Net restructuring expenses of € (17) million;
- ✓ Other non-recurring income and expenses of € (43) million.

Group share of net profit

Group share of net profit was €847 million, an increase of 6%.

3. Net result and retained earnings of the Parent company

The net profit and retained earnings of the Parent company, Pernod Ricard S.A., amounted to respectively, €53 million and €559 million at 31 December 2012.

4. Major risks and uncertainties for the second half of the financial year

The major risks and uncertainties Pernod Ricard Group faces are listed under chapter "Risk management" of the 2011/12 registration document, available from the website of the *Autorité des Marchés Financiers* or from the Pernod Ricard website.

This risk analysis remains valid for the assessment of major risks over the second half of the financial year.

5. Outlook

Pernod Ricard realised a good performance in a less favourable macro-environment, as anticipated, taking into account major technical effects, now behind us. The Group's growth drivers remain unchanged:

- ✓ Premiumisation and Innovation;
- ✓ Top 14 and Indian whiskies;
- ✓ Emerging markets and the United-States.

Pernod Ricard confirms its FY 2012/13 guidance of organic growth in profit from recurring operations close to +6%.

6. Main related-party transactions

Information related to related parties transactions are detailed in note 20 of the notes to the condensed consolidated interim financial statements included in this document.

III. Condensed consolidated interim financial statements

1. Consolidated income statement.

(€ million)	31/12/2011	31/12/2012	Notes
Net sales	4,614	4,907	
Cost of sales	(1,751)	(1,810)	
Gross margin after logistics costs	**2,863**	**3,096**	
A&P costs	(817)	(888)	
Contribution after A&P expenses	**2,046**	**2,208**	
Selling, general and administrative expenses	(667)	(749)	
Profit from recurring operations	**1,379**	**1,459**	
Other operating income	28	45	6
Other operating expenses	(81)	(146)	6
Operating profit	**1,325**	**1,358**	
Financial expenses	(290)	(284)	
Financial income	17	11	
Financial income (expenses)	**(273)**	**(272)**	5
Income tax	(233)	(228)	7
Share of net profit/(loss) of associates	1	0	
Net profit from continuing operations	820	858	
Net profit from discontinued operations	-	-	
Net profit	**820**	**858**	
Including:			
- Attributable to non-controlling interests	20	11	
- Attributable to equity holders of the Parent	800	847	
Earnings per share - basic (in euros)	3.05	3.22	8
Earnings per share - diluted (in euros)	3.03	3.18	8
Net earnings per share from continuing operations (excluding discontinued operations) — basic (in euros)	3.05	3.22	8
Net earnings per share from continuing operations (excluding discontinued operations) — diluted (in euros)	3.03	3.18	8

2. Half-year consolidated statement of comprehensive income

(€ million)	31/12/2011	31/12/2012
Net profit for the period	**820**	**858**
Items that may be reclassified to profit or loss		
Net investment hedges	**(226)**	**106**
Amounts recognised in shareholders' equity	*(226)*	*106*
Tax impact	-	-
Cash flow hedges	**3**	**36**
Amounts recognised in shareholders' equity	*(4)*	*60*
Tax impact	*6*	*(24)*
Available-for-sale financial assets	**(0)**	-
Unrealized gains and losses recognised in shareholders' equity	*(0)*	-
Tax impact	-	-
Items reclassified to profit or loss		
Cash flow hedges	**(31)**	**(5)**
Amount recycled in net profit	*(49)*	*(10)*
Tax impact	*18*	*5*
Available-for-sale financial assets	-	-
Amount removed from equity and included in profit/loss following a disposal	-	-
Tax impact	-	-
Exchange differences	**801**	**(337)**
Other comprehensive income, net of tax	**545**	**(200)**
Comprehensive net profit for the period	**1,365**	**658**
Including:		
- Attributable to equity holders of the Parent	1,342	650
- Attributable to non-controlling interests	23	8

3. Consolidated balance sheet

Assets (€ million)	30/06/2012	31/12/2012	Notes
Net amounts			
Non-current assets			
Intangible assets	12,234	11,861	9
Goodwill	5,126	5,010	9
Property, plant & equipment	1,923	1,909	
Biological assets	126	121	
Non-current financial assets	294	348	
Investments in associates	18	17	
Deferred tax assets	1,965	1,758	7
Non-current derivative instruments	116	123	14
Non-current assets	**21,802**	**21,146**	
Current assets			
Inventories	4,295	4,282	10
Operating receivables	1,289	1,938	
Income tax receivable	29	27	
Other current assets	87	92	
Current derivative instruments	34	34	14
Cash and cash equivalents	787	878	13
Current assets	**6,522**	**7,251**	
Assets held for sale	52	49	
Total assets	**28,375**	**28,445**	

Liabilities and shareholders' equity (€ million)	30/06/2012	31/12/2012	Notes
Shareholders' equity			
Share capital	411	411	16
Additional paid-in capital	3,049	3,052	
Retained earnings and currency translation adjustments	6,197	6,981	
Net profit attributable to equity holders of the parent	1,146	847	
Shareholders' equity - attributable to equity holders of the parent	**10,803**	**11,291**	
Non-controlling interests	169	167	
Total shareholders' equity	**10,972**	**11,458**	
Non-current liabilities			
Non-current provisions	641	557	12
Provisions for pensions and other long-term employee benefits	367	351	12
Deferred tax liabilities	3,126	3,003	7
Bonds-non-current	8,044	7,852	13
Other non-current financial liabilities	1,252	1,091	13
Non-current derivative instruments	259	216	14
Total non-current liabilities	**13,689**	**13,070**	
Current liabilities			
Current provisions	178	164	12
Operating payables	2,130	2,262	
Income tax payable	129	203	
Other current liabilities	293	88	
Other current financial liabilities	727	919	13
Bond-current	153	225	13
Current derivative instruments	97	50	14
Total current liabilities	**3,707**	**3,911**	
Liabilities held for sale	7	6	
Total liabilities and shareholders' equity	**28,375**	**28,445**	

4. Statement of changes in shareholders' equity

(€ million)	Share capital	Addi-tional paid-in capital	Consolidated reserves	Changes in fair value	Currency translation adjustments	Treasury shares	Total attributable to equity holders of the Parent	Non - controlling interests	Total shareholders' equity
At 01/07/2011 - restated	**410**	**3,034**	**6,854**	**(151)**	**(626)**	**(216)**	**9,306**	**190**	**9,497**
Statement of comprehensive income	-	-	800	(29)	571	-	**1,342**	23	**1,365**
Capital increase	1	8	-	-	-	-	**9**	-	**9**
Share-based payment	-	-	15	-	-	-	**15**	-	**15**
Purchase/sale of treasury shares	-	-	-	-	-	0	**0**	-	**0**
Sale with option of repurchase	-	-	-	-	-	-	-	-	-
Dividends distributed	-	-	(201)	-	-	-	**(201)**	(26)	**(227)**
Changes in scope of consolidation	-	-	0	-	-	-	**0**	-	**0**
Other movements	-	-	-5	-	-	-	**(5)**	(0)	**(6)**
At 31/12/2011 - RESTATED	**411**	**3,042**	**7,463**	**(180)**	**(55)**	**(215)**	**10,466**	**188**	**10,654**

(€ million)	Share capital	Addi-tional paid-in capital	Consolidated reserves	Changes in fair value	Currency translation adjustments	Treasury shares	Total attributable to equity holders of the Parent	Non - controlling interests	Total shareholders' equity
At 01/07/2012 - restated	**411**	**3,049**	**7,604**	**(167)**	**160**	**(254)**	**10,803**	**169**	**10,972**
Statement of comprehensive income	-	-	847	31	(229)	-	**650**	8	**658**
Capital increase	0	3	-	-	-	-	**3**	-	**3**
Share-based payment	-	-	20	-	-	-	**20**	-	**20**
Purchase/sale of treasury shares	-	-	-	-	-	38	**38**	-	**38**
Sale with option of repurchase	-	-	-	-	-	(3)	**(3)**	-	**(3)**
Dividends distributed	-	-	(225)	-	-	-	**(225)**	(11)	**(235)**
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Other movements	-	-	5	-	-	-	**5**	(0)	**5**
At 31/12/2012	**411**	**3,052**	**8,251**	**(136)**	**(69)**	**(218)**	**11,291**	**167**	**11,458**

5.Consolidated cash flow statement

(€ million)	31/12/2011	31/12/2012	Notes
Cash flow from operating activities			
Net profit attributable to equity holders of the parent	800	847	
Non-controlling interests	20	11	
Share of net profit/(loss) of associates, net of dividends received	(1)	(0)	
Financial (income) expense	273	272	5
Income tax expense	233	228	7
Net profit from discontinued operations	0	-	
Depreciation and amortisation	81	85	
Net changes in provisions	(89)	(52)	
Net change in impairment of goodwill and intangible assets	4	73	
Impact of derivatives hedging trading transactions	3	(3)	
Fair value adjustments on biological assets	0	(1)	
Net (gain)/loss on disposal of assets	(15)	(32)	6
Share-based payment	15	18	17
Self-financing capacity before interest and tax	**1,324**	**1,447**	
Decrease/(increase) in working capital	(296)	(548)	15
Interest paid	(262)	(280)	
Interest received	17	8	
Income tax paid	(125)	(161)	
Income tax received	4	-	
Cash flow from operating activities	**662**	**465**	
Cash flow from investing activities			
Capital expenditure	(101)	(143)	15
Proceeds from disposals of property, plant and equipment and intangible assets	6	40	15
Change in consolidation scope	0	-	
Cash expenditure on acquisition of non-current financial assets	(23)	(16)	
Cash proceeds from the disposals of non-current financial assets	21	4	
Cash flow from investing activities	**(97)**	**(115)**	
Cash flow from financing activities			
Dividends paid	(383)	(422)	16
Other changes in shareholders' equity	0	3	
Issuance of long term debt	2,078	1,553	15
Repayment of long term debt	(2,164)	(1,409)	15
(Acquisition)/disposal of treasury shares	9	34	
Cash flow from financing activities	**(460)**	**(241)**	
Cash from discontinued activities	-	(0)	
Increase/(decrease) in cash and cash equivalents (before effect of exchange rate changes)	105	109	
Net effect of exchange rate changes	16	(18)	
Increase/(decrease) in cash and cash equivalents (after effect of exchange rate changes)	121	91	
Cash and cash equivalents at beginning of period	**774**	**787**	
Cash and cash equivalents at end of period	**895**	**878**	

6. Notes to the condensed consolidated interim financial statements.

Pernod Ricard is a French Company (Société Anonyme), subject to all laws governing commercial companies in France, including in particular the provisions of the French Commercial Code. The Company is headquartered at 12, place des Etats-Unis, 75116 Paris and is listed on the Paris stock market. The condensed consolidated interim financial statements reflect the accounting position of Pernod Ricard and its subsidiaries (hereafter the "Group"). They are reported in millions of euros (€), rounded to the nearest million.

The Group manufactures and sells wine and spirits.

On 13 February 2013, the Board of Directors approved the consolidated interim financial statements for the first half-year ended 31 December 2012.

Note 1. – Accounting policies.

1. Principles and accounting standards governing the preparation of the financial statements

Because of its listing in a country of the European Union (EU), and in accordance with EC regulation 1606/2002, the condensed consolidated interim financial statements of the Group for the first half-year ended 31 December 2012 have been prepared in accordance with IAS 34 (interim financial reporting) of the IFRS (International Financial Reporting Standards) as adopted by the European Union.

The IFRS standards and interpretations as adopted by the European Union are available at the following website:

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

The Group has not anticipated any standards, amendments or interpretations published by the IASB but not yet approved or not yet mandatory in the European Union, as of December 31, 2012.

The financial statements are presented in millions of euros. T

Note that:

- The Group's financial year runs from 1 July to 30 June.

- Condensed consolidated interim financial statements were prepared in accordance with the same accounting principles and methods as those used in the preparation of the annual consolidated financial statements at 30 June 2012, subject to the changes in accounting standards listed under section 1.3.

- The condensed consolidated interim financial statements do not include all the information required in the preparation of the consolidated financial statements and must be read in conjunction with the consolidated financial statements at 30 June 2012.

Estimates — The preparation of consolidated financial statements in accordance with IFRS requires that Management makes a certain number of estimates and assumptions, which have an impact on the Group's assets, liabilities and shareholders' equity and items of profit and loss during the financial year. These estimates are made on the assumption the company will continue as a going concern, are based on information available at the time of their preparation. Estimates may be revised where the circumstances on which they were based change or where new information becomes available. Future outcomes can differ from these estimates. At 31 December 2012, the Management was not aware of any factors likely to call into question estimates and assumptions used in the preparation of full-year consolidated financial statements at 30 June 2012.

Judgement. — In the absence of standards or interpretation applicable to specific transactions, Group management used its own judgement in defining and applying accounting policies which would provide relevant and reliable information within the framework of the preparation of financial statements.

2. Seasonality.

Premium wine and spirits sales are traditionally affected by a seasonality factor, in particular products associated with end-of-year celebrations in key markets. Sales in the first six months of the financial year ending 30 June are generally higher than in the second half-year.

3. Changes in accounting policies.

a) Standards, amendments and interpretations applied from 1 July 2012 :

The amendment on IAS 1 "Presentation of Items of Other Comprehensive Income", whose application is mandatory since 1 July 2012, is included in the consolidated statement of comprehensive income.

b) Standards, amendments and interpretations for which application is mandatory after 1 July 2012

The standards applicable to Pernod Ricard from 1 July 2013 or hereafter, and which the Group is currently examining in order to determine the impact on the Group's financial statements, are:

- the amendments to IAS 19 (Employee Benefits);

- the amendment to IFRS 7 (Disclosures — Offsetting Financial Assets and Financial Liabilities);

- IFRS 10 (Consolidated Financial Statements);

- IFRS 11 (Joint Arrangements);

- IFRS 12 (Disclosure of Interests in Other Entities);

- IFRS 13 (Fair Value Measurement).

The standards applicable to Pernod Ricard from 1 July 2013, and which will not have a significant impact on the Group's financial statements, are:

- the amendment to IFRS 1 (Government Loans);

- IAS 27 revised (Separate Financial Statements);

- IAS 28 revised (Investments in Associates and Joint Ventures).

The annual consolidated financial statements do not take into account:

- draft standards and interpretations which still have the status of exposure drafts of the IASB and the IFRIC at the balance sheet date;

- new standards, amendments to existing standards and interpretations published by the IASB but not yet approved by the European Accounting Regulatory Committee in the annual consolidated financial statements at the balance sheet date.

Note 2. – Key events of the period.

On 13 July 2012, the Group announced it had signed an agreement with Arcus-Gruppen for the sale of the Danish aquavit brands Aalborg and Brøndums, the German brand Malteserkreuz Aquavit and the Danish bitter brand Gammel Dansk, for €103 million. The transaction also includes the sale of the Aalborg production plant in Denmark. The disposal is in line with the Group's strategy to focus on its priority brands.

Pernod Ricard announced the completion of the sale on 4 January 2013.

Note 3. – Consolidation scope.

No significant acquisition or disposal was carried out during the period.

Note 4. – Operating segments

Following its various restructuring initiatives, the Group is focused on the single business line of Wine and Spirits sales. The Group is structured into four primary operating segments constituted by the following geographical areas: France, Europe excluding France, the Americas and Asia/Rest of the World.

The Group Management Team assesses the performance of each segment on the basis of sales and its profit from recurring operations, defined as the gross margin after logistics, advertising, promotional and structure costs. The operating segments presented are identical to those included in the reporting provided to Managing Directors.

Items in the income statement and the balance sheet are allocated on the basis of either the destination of sales or profits. Operating segments follow the same accounting policies as those used for the preparation of the consolidated financial statements. Intra-segment transfers are transacted at market prices.

France:

(€ million)	31/12/2011 6 months	31/12/2012 6 months
Net sales	517	374
Gross margin after logistics costs	386	259
A&P expenses	(121)	(93)
Profit from recurring operations	**174**	**80**

Europe excluding France:

(€ million)	31/12/2011 6 months	31/12/2012 6 months
Net sales	1,232	1,245
Gross margin after logistics costs	731	744
A&P expenses	(176)	(193)
Profit from recurring operations	**339**	**326**

Americas:

(€ million)	31/12/2011 6 months	31/12/2012 6 months
Net sales	1,166	1,282
Gross margin after logistics costs	721	831
A&P expenses	(204)	(243)
Profit from recurring operations	**338**	**378**

Asia and Rest of the World:

(€ million)	31/12/2011 6 months	31/12/2012 6 months
Net sales	1,699	2,005
Gross margin after logistics costs	1,025	1,262
A&P expenses	(371)	(359)
Profit from recurring operations	**527**	**674**

Total:

(€ million)	31/12/2011 6 months	31/12/2012 6 months
Net sales	4,614	4,907
Gross margin after logistics costs	2,863	3,096
A&P expenses	(817)	(888)
Profit from recurring operations	**1,379**	**1,459**

Breakdown of sales :

(€ million)	Sales at 31/12/2011	Sales at 31/12/2012
Top 14 Spirits & Champagne	2,817	3,087
Priority Premium Wines	223	243
18 key local spirits brands	787	832
Other	787	744
Total	**4,614**	**4,907**

Note 5. – Financial income/(expenses)

(€ million)	31/12/2011 6 months	31/12/2012 6 months
Financial expenses	(245)	(277)
Financial income	17	8
Net financing cost	**(228)**	**(269)**
Structuring and placement fees	(3)	(2)
Net financial impact of pensions and other long-term employee benefits	0	(5)
Other financial income (expenses) from recurring operations	(2)	3
Financial income (expense) from recurring operations	**(233)**	**(272)**
Foreign currency gains (losses)	(28)	0
Other non current financial income (expenses)	(12)	0
Financial income (expenses)	**(273)**	**(272)**

At 31 December 2012, the main items making up net financing costs were financial expenses on the syndicated loan €10 million, bonds payments of €202 million, commercial paper payments of €2 million, and interest rate and currency hedges €47 million.

Note 6. – Other operating income and expenses

Other operating income and expenses are broken down as follows:

(€ million)	31/12/2011 6 months	31/12/2012 6 months
Restructuring expenses	(6)	(17)
Impairment of assets	(3)	(73)
Capital gains (losses) on the disposal of assets	15	32
Other non-current expenses	(72)	(56)
Other non-current income	13	13
Other operating income/(expenses)	**(53)**	**(101)**

Note 7. – Income tax

Analysis of the income tax expense in the consolidated income statement:

(€ million)	31/12/2011 6 months	31/12/2012 6 months
Current tax	(236)	(242)
Deferred tax	3	14
Total	**(233)**	**(228)**

Analysis of effective tax rate - Net profit from continuing operations before tax:

(€ million)	31/12/2011 6 months	31/12/2012 6 months
Operating profit	1,325	1,358
Financial income (expense)	(273)	(272)
Taxable profit	**1,052**	**1,086**
Expected income tax expense at French Statutory tax rate (36.10%)	(362)	(392)
Impact of differences in tax rates	93	113
Tax impact of exchange rate fluctuations	38	8
Re-estimation of deferred tax linked to rate changes	(13)	28
Impact of tax losses used	1	(4)
Impact of differences between the carrying amounts and tax bases of assets sold	3	-
Impact of reduced/ increased tax rates	3	3
Other impacts	4	15
Effective income tax expense	**(233)**	**(228)**
Effective tax rate	**22%**	**21%**

Deferred taxes are broken down as follows by nature:

(€ million)	30/06/2012	31/12/2012
Unrealised margins in inventories	93	92
Value adjustments to assets and liabilities	29	26
Provision for pension benefits	101	91
Deferred tax assets related to losses eligible for carry-forward	972	778
Provisions (other than provisions for pensions and other long-term employee benefits) and other	770	770
Total deferred tax assets	**1,965**	**1,758**
Accelerated depreciation	48	42
Value adjustments to assets and liabilities	2,658	2,480
Other	420	481
Total deferred tax liabilities	**3,126**	**3,003**

Detail of tax on items recognised directly in shareholders' equity:

(€ million)	31/12/2011			31/12/2012		
	Amount before tax	Tax impact	Amount after tax	Amount before tax	Tax impact	Amount after tax
Net investment hedges	(226)	-	**(226)**	106	-	**106**
Cash flow hedges	(52)	24	**(29)**	50	(18)	**31**
Available-for-sale financial assets	(0)	-	**(0)**	-	-	-
Exchange differences	801	-	**801**	(337)	-	**(337)**
Components of other comprehensive income	**522**	**24**	**545**	**(182)**	**(18)**	**(200)**

Note 8. – Earnings per share

Earnings per share and net earnings per share from continuing operations:

	31/12/2011 6 months	31/12/2012 6 months
Numerator (€ million)		
Group share of net profit	800	847
Group share of net profit from continuing operations	800	847
Denominator (in number of shares)		
Average number of shares in circulation	262,607,702	263,454,571
Dilutive effect of free shares	400,780	974,252
Dilutive effect of stock options and subscription of stock options	1,354,363	1, 805,274
Average number of outstanding shares—diluted	**264,362,846**	**266, 234,098**
Earnings per share (€) – Group share		
Earnings per share – basic	3.05	3.22
Earnings per share – diluted	3.03	3.18
Net earnings per share from continuing operations – basic	3.05	3.22
Net earnings per share from continuing operations – diluted	3.03	3.18

Note 9. – Intangible assets and goodwill

(€ million)	30/06/2012	31/12/2012
Goodwill	5,276	5,155
Brands	12,451	12,136
Other intangible assets	253	267
Gross amounts	**17,979**	**17,557**
Goodwill	(150)	(145)
Brands	(317)	(378)
Other intangible assets	(153)	(164)
Amortisation	**(619)**	**(686)**
Net intangible assets	**17,360**	**16,871**

Goodwill. — This item primarily includes goodwill originating from the acquisitions of Allied Domecq in July 2005 and of Vin&Sprit in July 2008.

Brands. — The main brands recognised in the balance sheet are: Absolut, Ballantine's, Beefeater, Chivas Regal, Kahlúa, Malibu, Martell and Brancott Estate, most of which were recognised upon the acquisition of Seagram, Allied Domecq and V&S.

The variation of the brands and the goodwill is essentially due to the foreign exchange evolutions. At the end of December, an impairment on Brancott Estate brand has been recorded to take into account its lesser commercial performance compared with expectations.

The Group is not dependent on any specific patent or licence.

Note 10. – Inventories

The breakdown of the carrying amount of inventories at the balance sheet date is as follows

(€ million)	30/06/2012	31/12/2012
Raw materials	140	134
Work-in-progress	3,518	3,525
Goods purchased for resale	434	463
Finished goods	264	217
Gross amounts	**4,356**	**4,339**
Raw materials	(12)	(11)
Work-in-progress	(24)	(23)
Goods purchased for resale	(16)	(16)
Finished goods	(9)	(8)
Provision for writedown	**(61)**	**(58)**
Inventories net	**4,295**	**4,282**

At 31 December 2012, 77% of work-in-progress relate to maturing inventories intended to be used for whisky and cognac production. Pernod Ricard is not significantly dependent on its suppliers.

Note 11. – Transfers of financial assets

In the first half of the period, the Group continued to implement its programmes to sell the receivables of several subsidiaries. Receivables sold under these programs totaled €707 million at 31 December 2012 and €500 million at 30 June 2012. As substantially all risks and rewards associated with the receivables were transferred, they were derecognized.

Derecognised assets where there is continuing involvement

(€ million) *Continuing involvement*	**Carrying amount of countinuing involvement** *Amortised cost*	*Held to maturity*	*Available for sale*	*Financial liabilities at fair value*	**Fair value of continuing involvement**	**Maximum exposure**
Guarantee deposit – factoring and securisation	**39**	**-**	**-**	**-**	**39**	**39**

Note 12. – Provisions

1. Breakdown of provisions.

The breakdown of provision amounts in the balance sheet is as follows:

(€ million)	30/06/2012	31/12/2012	Ref.
Non-current provisions			
Provisions for pensions and other long-term employee benefits	367	351	12.3
Other non-current provisions for liabilities and charges	641	557	12.2
Current provisions			
Provisions for restructuring	18	14	12.2
Other current provisions for liabilities and charges	160	151	12.2
Total	**1,186**	**1,072**	

2. Changes in provisions (excluding provisions for pensions and other long-term employee benefits)

(€ million)	Movements in the period						
	30/06/2012	Allowances	Used	Unused reversals	Translation adjustments	Other movements	31/12/2012
Provisions for restructuring	18	9	(12)	(0)	(0)	(1)	14
Other current provisions	160	6	(5)	(3)	(7)	(1)	151
Other non-current provisions	641	47	(4)	(109)	(13)	(5)	557
Provisions	**819**	**62**	**(22)**	**(113)**	**(20)**	**(7)**	**721**

3. Provisions for pensions and other long-term employee benefits.

The Group grants pension and retirement benefits and other post-employment benefits (sickness insurance or life insurance), in the form of defined contribution or defined benefit plans.

The table below presents a roll-forward of the provision between 30 June 2011 and 31 December 2012:

(€ million)	2011	2012
Net liability recognised in the balance sheet at 30 June	259	164
(Income)/expense for the period	18	34
Employer contributions and benefits paid directly by the employer	(77)	(88)
Change in scope of consolidation	0	-
Translation adjustments	11	(3)
Net liability recognised in the balance sheet	**211**	**106**
Plan surplus	145	245
Provision at 31 December	**356**	**351**

The net expense recognised in income in respect of pensions and other long-term employee benefits is broken down as follows:

(€ million)	31/12/2011	31/12/2012
Benefits acquired in the period	19	24
Interest cost (discounting effect)	101	104
Expected return on plan asset	(102)	(100)
Amortisation of past service cost	2	(1)
Amortisation of actuarial (gains) and losses	0	6
Effect of ceiling on plan assets	0	-
Effect of settlements and curtailments	(2)	-
Changes in plans	0	-
Net expense (income) recognised in income	**18**	**34**

Note 13. – Financial liabilities.

Net debt, as defined and used by the Group, corresponds to total gross debt (translated at closing rate), including fair value and net investment hedge derivatives, less cash and cash equivalents.

1. Breakdown of net financial debt by nature and maturity

(€ million)	30/06/2012			31/12/2012		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	153	8,044	**8,197**	225	7,852	**8,077**
Syndicated loan	-	1,001	**1,001**		580	**580**
Commercial paper	355	-	**355**	619		**619**
Other loans and long-term debts	372	251	**623**	300	511	**811**
Other financial liabilities	**727**	**1,252**	**1,979**	**919**	**1,091**	**2,010**
GROSS FINANCIAL DEBT	**880**	**9,296**	**10,176**	**1,144**	**8,943**	**10,086**
Fair value hedge derivatives – assets	-	(101)	**(101)**	-	(109)	**(109)**
Fair value hedge derivatives – liabilities	-	41	**41**	-	38	**38**
Fair value hedge derivatives	**-**	**(60)**	**(60)**	**-**	**(71)**	**(71)**
Net investment hedge derivatives – assets	-	-	-	-	-	-
Net investment hedge derivatives – liabilities	-	34	34	-	11	**11**
Net investment hedge derivatives	**-**	**34**	**34**	**-**	**11**	**11**
FINANCIAL DEBT AFTER HEDGES	**880**	**9,270**	**10,150**	**1,144**	**8,883**	**10,026**
Cash and cash equivalents	**(787)**	**-**	**(787)**	**(878)**	**-**	**(878)**
NET FINANCIAL DEBT	**93**	**9,270**	**9,363**	**266**	**8,883**	**9,148**

2. Breakdown of debt by currency before and after foreign exchange hedge instruments at 30 June 2012 and 31 December 2012

At 30/06/2012 (€ million)	Debt before hedging	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% net debt after hedging
EUR	4,987	(310)	4,677	(176)	4,501	46%	48%
USD	4,661	1,166	5,826	(40)	5,787	57%	62%
GBP	343	(447)	(105)	2	(102)	– 1%	– 1%
SEK	12	(240)	(228)	(20)	(248)	– 2%	– 3%
Other currencies	174	(195)	(21)	(553)	(574)	0%	– 6%
FINANCIAL DEBT BY CURRENCY	**10,176**	**(26)**	**10,150**	**(787)**	**9,363**	**100%**	**100%**

At 31/12/2012 (€ million)	Debt before hedging	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% net debt after hedging
EUR	5,463	(568)	4,895	(174)	4,721	49%	52%
USD	4,064	1,409	5,473	(67)	5,406	55%	59%
GBP	341	(626)	(285)	(7)	(292)	– 3%	– 3%
SEK	12	(143)	(131)	(60)	(191)	– 1%	– 2%
Other currencies	206	(132)	74	(570)	(496)	1%	– 5%
FINANCIAL DEBT BY CURRENCY	**10,086**	**(60)**	**10,026**	**(878)**	**9,148**	**100%**	**100%**

3. Breakdown of debt by currency and type of rate hedging at 30 June 2012 and 31 December 2012

At 30/06/2012 (€ million)	Debt after hedging by currency	Fixed-rate debt	'Capped' floating rate debt	Non-hedged floating rate debt	% (fixed + capped floating rate debt)/ debt after hedging	Cash	% (fixed + capped floating rate debt)/ net debt
EUR	4,677	2,931	250	1,496	68%	(176)	71%
USD	5,826	6,012	159	(344)	106%	(40)	107%
GBP	(105)	-	-	(105)	N/S	2	N/S
SEK	(228)	-	-	(228)	N/S	(20)	N/S
Other	(21)	-	-	(21)	N/S	(553)	N/S
TOTAL	**10,150**	**8,943**	**409**	**798**	**92%**	**(787)**	**100%**

At 31/12/2012 (€ million)	Debt after hedging by currency	Fixed-rate debt	'Capped' floating rate debt	Non-hedged floating rate debt	% (fixed + capped floating rate debt)/ debt after hedging	Cash	% (fixed + capped floating rate debt)/ net debt
EUR	4,895	3,683	250	961	80%	(174)	83%
USD	5,473	5,736	152	(415)	108%	(67)	109%
GBP	(285)	-	-	(285)	N/S	(7)	N/S
SEK	(131)	-	-	(131)	N/S	(60)	N/S
Other	74	-	-	74	N/S	(570)	N/S
TOTAL	**10,026**	**9,420**	**402**	**205**	**98%**	**(878)**	**107%**

4. Breakdown of fixed-rate/floating rate debt before and after interest rate hedge instruments at 30 June 2012 and 31 December 2012

(€ million)	30/06/2012				31/12/2012			
	Debt before hedging		Debt after hedging		Debt before hedging		Debt after hedging	
Fixed-rate debt	7,773	77%	8,943	88%	7,591	76%	9,420	94%
'Capped' floating-rate debt	-	-	409	4%	-	-	402	4%
Floating-rate debt	2,377	23%	798	8%	2,434	24%	205	2%
FINANCIAL DEBT AFTER HEDGING BY NATURE OF HEDGES	**10,150**	**100%**	**10,150**	**100%**	**10 026**	**100%**	**10,026**	**100%**

At 31 December 2012, before taking account of any hedges, 76% of the Group's gross debt was fixed-rate and 24% floating-rate. After hedging, the floating-rate part was 2%.

5. Schedule of financial liabilities at 30 June 2012 and 31 December 2012

The following table shows the maturity of future financial liability-related cash flows (nominal and interest). Variable interest flows have been estimated on the basis of rates at 30 June 2012 and 31 December 2012.

At 30/06/2012 (€ million)	Balance sheet value	Contractual flows	<6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
Interest		(3,290)	(128)	(287)	(414)	(368)	(311)	(256)	(1,525)
Nominal value		(9,985)	(495)	(232)	(923)	(803)	(1 385)	(2,709)	(3,438)
GROSS FINANCIAL DEBT:	**(10,176)**	**(13,275)**	**(622)**	**(520)**	**(1,337)**	**(1,172)**	**(1,696)**	**(2,966)**	**(4,963)**
Cross currency swaps:	(75)	-	-	-	-	-	-	-	-
• Payable flows	-	(1,016)	(3)	(3)	(374)	(0)	(636)	-	-
• Receivable flows	-	939	-	18	328	-	594	-	-
Derivative instruments – liabilities	(282)	(307)	(77)	(69)	(69)	(58)	(33)	(1)	-
DERIVATIVE INSTRUMENTS – LIABILITIES:	**(356)**	**(384)**	**(80)**	**(54)**	**(115)**	**(58)**	**(75)**	**(1)**	-
TOTAL FINANCIAL LIABILITIES	**(10,532)**	**(13,659)**	**(702)**	**(574)**	**(1,452)**	**(1,230)**	**(1,771)**	**(2,967)**	**(4,963)**

At 31/12/2012 (€ million)	Balance sheet value	Contractual flows	< 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
Interest		(3,011)	(278)	(118)	(370)	(350)	(291)	(227)	(1,377)
Nominal value		(9,730)	(807)	(569)	(370)	(978)	(1 233)	(2,585)	(3,188)
GROSS FINANCIAL DEBT:	**(10,086)**	**(12,741)**	**(1,084)**	**(688)**	**(741)**	**(1,327)**	**(1,523)**	**(2,812)**	**(4,566)**
Cross currency swaps:	(49)	-	-	-	-	-	-	-	-
• Payable flows	-	(988)	(3)	(3)	(373)	(2)	(607)	-	-
• Receivable flows	-	935	18	-	324	-	594	-	-
Derivative instruments – liabilities	(217)	(237)	(79)	(35)	(62)	(48)	(14)	-	-
DERIVATIVE INSTRUMENTS – LIABILITIES:	**(266)**	**(289)**	**(64)**	**(38)**	**(111)**	**(49)**	**(26)**	-	-
TOTAL FINANCIAL LIABILITIES	**(10,352)**	**(13,030)**	**(1,149)**	**(726)**	**(852)**	**(1,377)**	**(1,550)**	**(2,812)**	**(4,566)**

6. Vin&Sprit syndicated loan

At 31 December 2012:

- the amounts drawn from the new multi-currency syndicated loan signed on 25 April 2012 are €580 million. Renewable drawn amount , denominated in euro incurs interest at the applicable EURIBOR plus a pre-determined spread and mandatory costs;
- the amount of the syndicated loan not drawn down was €1,920 million.

7. Bonds

Nominal amount	Interest rate	Issue date	Maturity	Carrying amount at 31/12/2011 *(in euro million)*
250 MGBP	6.625%	12/06/2002	12/06/2014	338
550 MEUR	4.625%	06/12/2006	06/12/2013	551
800 MEUR	7.000%	15/06/2009	15/01/2015	851
1,200 MEUR	4.875%	18/03/2010	18/03/2016	1,281
201 MUSD	Marge + Libor 3 mois	21/12/2010	21/12/2015	152
1,000 MEUR	5.000%	15/03/2011	15/03/2017	1,035
1,000 MUSD	5.750%	07/04/2011	07/04/2021	791
1,500 MUSD	4.450%	25/10/2011	15/01/2022	1,152
850 MUSD	2.950%	12/01/2012	15/01/2017	667
850 MUSD	4.250%	12/01/2012	15/07/2022	613
800 MUSD	5.500%	12/01/2012	15/01/2042	645
TOTAL BONDS				**8 077**

Note 14. – Financial instruments.

Fair value of financial instruments.

(€ million)	Measurement level	Breakdown by accounting classification: Fair value – profit	Fair value shareholders' equity	Loans and receivables	Liabilities at amortised cost	30/06/2012: Balance sheet value	Fair value
Assets							
Available-for-sale financial assets	Level 3	-	22	-	-	**22**	**22**
Guarantees, deposits, investment-related receivables		-	-	65	-	**65**	**65**
Other non-current financial assets	Level 2	206	-	-	-	**206**	**206**
Trade receivables		-	-	1,289	-	**1,289**	**1,289**
Other current assets		-	-	87	-	**87**	**87**
Derivative instruments – assets	Level 2	150	-	-	-	**150**	**150**
Cash and cash equivalents	Level 1	787	-	-	-	**787**	**787**
Liabilities and shareholders' equity							
Bonds		-	-	-	8,197	**8,197**	**8,740**
Bank debt		-	-	-	1,979	**1,979**	**1,979**
Finance lease obligations		-	-	-	51	**51**	**51**
Derivative instruments – liabilities	Level 2	356	-	-	-	**356**	**356**

(€ million)	Measurement level	Breakdown by accounting classification: Fair value – profit	Fair value shareholders' equity	Loans and receivables	Liabilities at amortised cost	31/12/2012: Balance sheet value	Fair value
Assets							
Available-for-sale financial assets	Level 3	-	21	-	-	**21**	**21**
Guarantees, deposits, investment-related receivables		-	-	78	-	**78**	**78**
Other non-current financial assets	Level 2	249	-	-	-	**249**	**249**
Trade receivables		-	-	1,938	-	**1,938**	**1,938**
Other current assets		-	-	92	-	**92**	**92**
Derivative instruments – assets	Level 2	156	-	-	-	**156**	**156**
Cash and cash equivalents	Level 1	878	-	-	-	**878**	**878**
Liabilities and shareholders' equity							
Bonds		-	-	-	8,077	**8,077**	**8,919**
Bank debt		-	-	-	2,010	**2,010**	**2,010**
Finance lease obligations		-	-	-	50	**50**	**50**
Derivative instruments – liabilities	Level 2	266	-	-	-	**266**	**266**

The methods used are as follows:

- Debt: the fair value of the debt is determined for each loan by discounting future cash flows on the basis of market rates at the balance sheet date, adjusted for the Group's credit risk. For floating rate, bank debt fair value is approximately equal to carrying amount.
- Bonds: market liquidity enabled the bonds to be valued at their fair value;
- Other long-term financial liabilities: the fair value of other long-term financial liabilities is calculated for each loan by discounting future cash flows using an interest rate taking into account the Group's credit risk at the balance sheet date;
- Derivative instruments: the fair value of forward foreign currency and interest rate and foreign currency swaps were calculated based on available market price and using standard valuation models.

The hierarchical levels for fair value disclosures below accord with the definitions in the amended version of IFRS7 (financial instrument disclosures):

- Level 1: fair value based on prices quoted in an active market;
- Level 2: fair value measured based on observable market data (other than quoted prices included in level 1);
- Level 3: fair value determined by valuation techniques based on unobservable market data.

Note 15. – Notes to the consolidated cash flow statement.

1. Changes in working capital requirements.

It has increased by € 548 million due to a strong activity at the end of December 2012 compared to the end of June 2012. It is explained as follows:
- inventories: € 24 million;
- trade receivables: € 698 million;
- trade payables: € (129) million;
- others: € (45) million.

2. Capital expenditure.

Capital expenditures comprise the rise in capacities of production (distilleries) but also new warehouses and the renewal of equipment (wine storehouses, barrels…) in the production subsidiaries.

3. Disposals of tangibles and intangible assets.

The main disposals carried out concerned the sale of the building located rue Solferino.

4. Increase/decrease in loans.

The Group has proceeded to a reimbursement of €413 millions of the syndicated loan.

Note 16. – Shareholders' equity.

1. Share capital.

Pernod Ricard's share capital changed as follows between 1 July 2012 and 31 December 2012:

	Number of shares	Amount (€ million)
Share capital at 1 July 2012	265,310, 605	411
Exercise of options as part of share subscription plans	110, 987	0
Share capital at 31 December 2012	**265,421,592**	**411**

All Pernod Ricard shares are issued and fully paid. Only one category of Pernod Ricard shares exists. These shares obtain double voting rights if they have been nominally registered for an uninterrupted period of 10 years.

2. Treasury shares.

At 31 December 2012, Pernod Ricard SA and its controlled subsidiaries held 1,771,684 Pernod Ricard shares for a value of €125 million.

These treasury shares are reported, at cost, as a deduction from shareholders' equity.

3. Dividends paid and proposed.

Following the resolution agreed upon during the Shareholders' Meeting of 9 November 2012, the total dividend in respect of the financial year ended 30 June 2012 was €1.58 per share. An interim dividend payment of €0.72 per share having been paid on 5 July 2012, the balance amounting to €0.86 per share has been detached on 14 November 2012 and paid on 19 November 2012.

Note 17. – Share-based payments.

The Group recognised an expense of €18.3 million within operating profit relating to the stock option and the free shares plans applicable at 31 December 2012 and a €0.4 million expense in respect of the SARs programme (Stock Appreciation Right). A liability of €5.5 million is recognised in other current liabilities at 31 December 2012 in respect of the SARs programmes.

All plans are either equity or cash-settled.

The number of options and outstanding free shares changed as follows between 30 June 2012 and 31 December 2012:

	Units
Number of options/ outstanding shares at 30 June 2012	9,245,463
Number of options exercised during the period	1,099,649
Number of options/ shares cancelled over the period	57,987
Number of options newly granted over the period	-
Number of options/ outstanding shares at 31 December 2012	**8,087,827**

Note 18. – Off-balance sheet commitments

(€ million)	**Total**	< 1 an	> 1 an et < 5 ans	> 5 ans
Commitments given	**3,751**	**659**	**2,869**	**223**
Off-balance sheet commitments given in relation to companies within the Group	**-**	-	-	-
Commitments to acquire equity interests	**-**	-	-	-
Commitments given in the context of specific operations	**-**	-	-	-
Other	**-**	-	-	-
Off-balance sheet commitments given in relation to the financing of the Company	***2,021***	***8***	***2,006***	***6***
Financial guarantees given	**2,021**	8	2,006	6
Other	**-**	-	-	-
Commitments relating to the operating activities of the issuer	***1,730***	***651***	***863***	***216***
Firm and irrevocable commitments to purchase raw materials	**1,140**	368	711	60
Tax commitments	**283**	200	4	79
Operating lease agreements	**277**	59	142	76
Other	**30**	23	6	1

(€ million)	**Total**	< 1 an	> 1 an et < 5 ans	> 5 ans
Commitments received	**2,112**	**180**	**1,930**	**1**
Off-balance sheet commitments received in relation to companies within the Group	**-**	-	-	-
Commitments received in specific operations connected with competitors and markets	**-**	-	-	-
Other	**-**	-	-	-
Off-balance sheet commitments received in relation to the financing of the Company	***2,105***	***174***	***1,930***	***1***
Credit lines received and not used	**2,058**	128	1,930	-
Financial guarantees received	**47**	45	0	1
Other	**-**	-	-	-
Commitments relating to the operating activities of the issuer	**7**	**6**	**0**	**-**
Contractual commitments related to business activity and business development	**4**	4	0	-
Other	**2**	2	-	-

1. Details of main commitments and obligations.

The lines of bank financing are mainly commitments linked to the Group's financing and financial investments and in particular, to the nominal amount of the undrawn portion of the syndicated loan at 31 December 2012 (see note 13).

In the context of the acquisition of Allied Domecq, warranties with respect to the adequacy of liabilities, notably of a tax-related nature, were granted. Provisions have been recognised to the extent of the amount of the risks as estimated by the Group (see note 12).

2. Contractual obligations.

In the context of their wine and champagne production operations, the Group's Australian, New Zealand and French subsidiaries, namely, PR Australia, PR New Zealand and Mumm Perrier–Jouët are committed at 31 December 2012, respectively, in amounts of €122 million, €40 million and €226 million under certain purchase obligations of grapes. In the context of its cognac production activity, the Group's French subsidiary, Martell, is committed in an amount of €543 million under matured spirit supply agreements.

Note 19. – Disputes

The following cases are the main disputes to which the Groupe is exposed. There are no other government, legal or arbitration procedures pending or threatened, including all procedures of which the Company is aware, which are likely to have or which have had over the last twelve months a significant impact on the profitability of the Company and/or Group.

Disputes relating to brands

Havana Club

The Havana Club brand is owned in most countries by a joint venture company called Havana Club Holding SA (HCH), of which PernodRicard is a shareholder, and is registered in over 120 countries in which the Havana Club rum is distributed. In the United States, this brand is owned by a Cuban company (Cubaexport). Ownership of this brand is currently being challenged in the United States by a competitor of Pernod Ricard.

In 1998, the United States passed a law relating to the conditions for the protection of brands previously used by companies nationalised by the Castro regime. This law was condemned by the World Trade Organization (WTO) in 2002. However to date the United States has not amended its legislation to comply with the WTO decision.

1. The United States Office of Foreign Assets Control (OFAC) decided that this law had the effect of preventing any renewal of the US trademark registration for the Havana Club brand, which, in the United States, has been owned by Cubaexport since 1976. In August 2006, the United States Patent and Trademark Office (USPTO) denied the renewal of the said Havana Club registration, following guidance from the OFAC. Cubaexport petitioned the Director of the USPTO to reverse this decision and also filed a claim against the OFAC challenging both the OFAC's decision and the law and regulations applied by the OFAC. In March 2009, the US District Court for the District of Columbia ruled against Cubaexport. In March 2011, in a two to one decision, the Court of Appeals blocked Cubaexport from renewing its trademark. A certiorari petition was filed before the US Supreme Court on 27 January 2012, with the support of the French Government, the National Foreign Trade Council and the Washington Legal Foundation. On 14 May 2012, the Supreme Court denied the petition. The USPTO must now decide whether or not it should cancel Cubaexport's registration. In the meantime, Pernod Ricard has announced the launch of a Cuban rum, benefiting from the same production processes as the Havana Club range, that will be distributed in the United States once the embargo is lifted. This product will be sold under the Havanista® trademark, registered before the USPTO since August 2011.
2. A competitor of the Group has petitioned the USPTO to cancel the Havana Club trademark, which is registered in the name of Cubaexport. In January 2004, the USPTO denied the petition and refused to cancel the trademark registration. As this decision was appealed, proceedings are now pending before the Federal District Court for the District of Columbia. These proceedings have been stayed pending the outcome of Cubaexport's petition to the USPTO.
3. In August 2006, this competitor introduced a "Havana Club" rum in the United States, which is manufactured in Puerto Rico. Pernod Ricard USA instituted proceedings in the District Court for the District of Delaware on the grounds that the competitor is falsely claiming to own the Havana Club trademark and that this false claim and the use of the Havana Club trademark on rum of non-Cuban origin is misleading to consumers and should be prohibited. In April 2010, the District Court for the District of Delaware ruled against Pernod Ricard USA. Pernod Ricard USA filed an appeal against the decision. On 4 August 2011, the Court of Appeals upheld the judgement.
4. HCH's rights relating to the Havana Club brand were confirmed in June 2005 by the Spanish Court of First Instance as a result of proceedings initiated in 1999, in particular by this same competitor. The decision was appealed by the plaintiffs before the Madrid Provincial Court, but their appeal was rejected in February 2007. They appealed before the Spanish Supreme Court, which rejected their appeal in a decision handed down on 3 February 2011.

Stolichnaya

Allied Domecq International Holdings BV and Allied Domecq Spirits & Wine USA, Inc., together with SPI Spirits and other parties, are defendants in an action brought in the United States District Court for the Southern District of New York by entities that claim to represent the interests of the Russian Federation on matters relating to ownership of the trademarks for vodka products in the United States. In the action, the plaintiffs challenged Allied Domecq International Holdings BV's then-ownership of the Stolichnaya trademark in the United States and sought damages and interest based on vodka sales by Allied Domecq in the United States and disgorgement of the related profits. Their claims concerning Allied Domecq International Holdings BV's then-ownership of the Stolichnaya trademark in the United States having been dismissed in March 2006, the plaintiffs subsequently filed an appeal for the portion of the decision dismissing their trademark ownership, trademark infringement and fraud claims (as well as the dismissal of certain claims brought only against the SPI entities).

In October 2010, the Court of Appeals (i) affirmed the dismissal of plaintiffs' fraud and unjust enrichment claims and (ii) reinstated the plaintiffs' claims for trademark infringement, misappropriation and unfair competition related to the use of the Stolichnaya trademarks. The Court of Appeals has remanded the case to the District Court for further proceedings.The plaintiffs filed their Third Amended Complaint in February 2011, alleging trademark infringement (and related claims) and misappropriation against Allied Domecq, the SPI entities and newly-added defendants William Grant & Sons USA and William Grant & Sons, Inc., (the current distributors of Stolichnaya vodka in the United States). All defendants moved to dismiss the plaintiffs' Third Amended Complaint.

On 1 September 2011, the plaintiffs' trademark and unfair competition claims were dismissed with prejudice on the ground that plaintiffs lacked standing to bring these claims in the name of the Russian Federation. Because he dismissed the federal trademark claims, the judge declined to exercise jurisdiction over the remaining common law misappropriation claim and thus he dismissed that claim without prejudice to the plaintiffs refiling that claim in a state court.

The District Court having entered judgment on 8 September 2011, the plaintiffs filed a notice of appeal in October 2011.

The decision from the Court of Appeals is expected in 2013.

Commercial disputes

Claim brought by the Republic of Colombia against Pernod Ricard, Seagram and Diageo

The Republic of Colombia, as well as several Colombian regional departments, brought a lawsuit in October 2004 before the US District Court for the Eastern District of New York against Pernod Ricard SA, Pernod Ricard USA LLC, Diageo Plc, Diageo North America Inc., United Distillers Manufacturing Inc., IDV North America Inc. and Seagram Export Sales Company Inc.

The plaintiffs' claims are that these companies have committed an act of unfair competition against the Colombian government and its regional departments (which hold a constitutional monopoly on the production and distribution of spirits) by selling their products through illegal distribution channels and by receiving payments from companies involved in money laundering. Pernod Ricard contests these claims.

The defendants moved to dismiss the lawsuit on a variety of grounds, including that the Court is not competent to hear this dispute, that Colombia is a more convenient forum, and that the Complaint fails to state a legal claim. In June 2007, the District Court granted in part and denied in part the defendants' motions to dismiss.

In January 2008, the Second Circuit Court of Appeals refused to review the District Court's decision.

After a period of discovery regarding the plaintiffs' claims that were not dismissed, Pernod Ricard, in March 2011, filed a new motion to dismiss based on recent case law regarding the extraterritorial application of "RICO". The discovery has been stayed it its entirety until the Court rules on this motion.

On November 8, 2012, the Plaintiffs voluntarily dismissed all their remaining claims without prejudice, and the Court so ordered, after their second set of counsel moved to withdraw from the case. Pernod Ricard will continue to work with Colombian Regional Departments in a cooperative effort to fight against smuggling and counterfeit products and to promote competitive markets that benefit consumers and producers alike. In September 2009, Pernod Ricard and Diageo, in exchange for a payment of USD 10 million made to each of Diageo and Pernod Ricard, released Vivendi SA and Vivendi I Corp. from any obligation to indemnify Pernod Ricard and Diageo for certain Colombia litigation losses based on conduct of Seagram that pre-dates its acquisition by Pernod Ricard and Diageo.

Customs duties in India

Pernod Ricard India (P) Ltd has an ongoing dispute with Indian Customs over the declared transaction value of concentrate of alcoholic beverage (CAB) imported into India. Customs are challenging the transaction values, arguing that some competitors used different values for the import of similar goods. This matter was ruled on by the Supreme Court which issued an order in July 2010, setting out the principles applicable for the determination of values which should be taken into account for the calculation of duty. Pernod Ricard India (P) Ltd has already paid the corresponding amounts up to 2001. Even for the subsequent period up to December 2010 the Company has deposited the differential duty as determined by customs although the values adopted by them are being disputed as being on the higher side. The Company continues to actively work with the authorities to resolve pending issues.

Note 20. – Related parties.

During the first half-year ended 31 December 2012, relations between the Group and its associates remained the same as in the financial year ended 30 June 2012, as mentioned in the annual report. In particular, no transactions considered unusual with regards to their nature or amount occurred over the period.

Note 21. – Events after the balance sheet date.

On 4 February 2013, Pernod Ricard announced that its subsidiary Martell & Co was holding exclusive negotiations with M. Lassalle to acquire the Company Le Maine au Bois SAS, whose activities are distillation, storage and eaux-de-vie commercialization, in AOC Cognac.

IV. Statutory auditors' report on the interim financial statements

Statutory auditors' review report on the first half-yearly financial information
Period of July 1st to December 31st, 2012

This is a free translation into English of the statutory auditors' review report on the half-yearly consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. This report also includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

To the shareholders,

In accordance with the assignment entrusted to us by your General Meeting, and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Pernod Ricard for the period from July 1st to December 31st, 2012, and
- the verification on the information contained in the interim management report.

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

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

2. Specific verification

We have also verified the information presented in the interim management report in respect of the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine et Courbevoie, February 14th, 2013

The statutory auditors

Deloitte & Associés	Mazars
Marc de Villartay	Isabelle Sapet