IMPORTANT NOTICE

This document does not constitute an offer to subscribe for, buy or sell the securities mentioned herein or any other securities in any jurisdiction, including the United States of America, its territories and possessions (the “United States”). The securities mentioned herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold in the United States absent registration or exemption from registration under the Securities Act.

This document relates solely to a past issuance of our securities, and it is posted on this website for informational purposes only and solely for the benefit and reference of holders of the securities mentioned herein that are still outstanding. It cannot be used or relied on for purposes of making any investment decision with respect to any securities.

This document and the information in it (including, without limitation, business and financial information regarding Pernod Ricard) are accordingly historical in nature, have not been and will not be updated and are not current as of any date subsequent to its date or any earlier date as may be indicated in this document. You should not assume that the information contained in this document is accurate as of any date other than the date on its front cover. You should not assume that the information contained in the documents incorporated by reference in this document, if any, is accurate as of any date other than the respective dates of those documents. Pernod Ricard’s business, financial condition, results of operations and prospects may have changed since those dates. For more current information regarding Pernod Ricard, please consult the press releases, annual reports, regulatory filings, presentations and other documents available at www.pernod-ricard.com.

This document is not to be published, distributed or disseminated to persons resident or physically present in the United States or in any jurisdiction where it may not lawfully be delivered.

OFFERING MEMORANDUM **CONFIDENTIAL**

$850,000,000 Fixed-Rate Notes due 2017

Issue Price: 99.833%, plus accrued interest, if any, from January 12, 2012

$800,000,000 Fixed-Rate Notes due 2022

Issue Price: 99.580%, plus accrued interest, if any, from January 12, 2012

$850,000,000 Fixed-Rate Notes due 2042

Issue Price: 98.640%, plus accrued interest, if any, from January 12, 2012

Pernod Ricard ("**Pernod Ricard**" or the "**Issuer**") is offering $850,000,000 aggregate principal amount of its 2.95% Fixed-Rate Notes due 2017, $800,000,000 aggregate principal amount of its 4.25% Fixed-Rate Notes due 2022 and $850,000,000 aggregate principal amount of its 5.50% Fixed-Rate Notes due 2042 (respectively the "**2017 Notes**," the "**2022 Notes**" and the "**2042 Notes**"; all such notes being referred to collectively as the "**Notes**" and each series thereof separately as a "**Series**" or "**series**" of Notes). The 2017 Notes will mature on January 15, 2017, the 2022 Notes will mature on July 15, 2022 and the 2042 Notes will mature on the earlier of (i) January 15, 2042 and (ii) if prior to July 12, 2037 the Issuer's corporate existence has not been extended beyond January 15, 2042, July 12, 2037. The Issuer will pay interest on the Notes semi-annually in arrears on January 15 and July 15 each year, commencing on July 15, 2012. The Notes will rank *pari passu* in right of payment with all of the Issuer's existing and future unsecured and unsubordinated indebtedness. The Notes will be issued in minimum denominations of U.S.$150,000 and integral multiples of U.S.$1,000 in excess thereof.

At any time and from time to time, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes by paying a make-whole redemption price as further described in this offering memorandum. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes. If certain change of control events occur, holders of the Notes may require the Issuer to redeem the Notes at a redemption price equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest.

The Notes will not be listed on any stock exchange. There is currently no public market for the Notes.

Investing in the Notes involves certain risks. You should consider carefully the information under "Risk Factors" in this offering memorandum.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. Accordingly, the Notes are being offered and sold within the United States only to "qualified institutional buyers" in accordance with Rule 144A under the Securities Act ("Rule 144A") and outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act ("Regulation S"). **You are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.** See "Plan of Distribution" and "Notice to Investors" for additional information about eligible offerees and transfer restrictions.

The Notes will be represented by global Notes registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"). Beneficial interests in the Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. Except as described herein, Notes in definitive form will not be issued. See "Book-Entry, Delivery and Form." It is expected that delivery of beneficial interests in the Notes will be made through the facilities of DTC and its participants, including Euroclear Bank, S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream, Luxembourg"), on or about January 12, 2012, against payment therefor in immediately available funds.

J.P. Morgan **RBS** **Mitsubishi UFJ Securities** **SOCIETE GENERALE**

The date of this offering memorandum is January 5, 2012.

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You should rely only on the information contained in this offering memorandum. Neither the Issuer nor any of the Initial Purchasers (as defined in "Plan of Distribution") has authorized anyone to provide you with different information. Neither the Issuer nor any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where this offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate at any date other than the date on the front cover of this offering memorandum.

Pernod Ricard is a *société anonyme* (company with limited liability) organized under the laws of the Republic of France. Its registered office is located at 12, place des Etats-Unis, 75116 Paris, France.

This offering memorandum is strictly confidential. We are providing this offering memorandum only to prospective purchasers of the Notes. You should read this offering memorandum, including its annexes, before making a decision whether to purchase any Notes. You must not:

- use this offering memorandum for any other purpose;
- make copies of any part of this offering memorandum or give a copy of it to any other person; or
- disclose any information in this offering memorandum to any other person.

You are responsible for making your own examination of us and our business and your own assessment of the merits and risks of investing in the Notes. You may contact us if you need additional information.

By purchasing the Notes, you will be deemed to have acknowledged that:

- you have reviewed this offering memorandum;
- you have had an opportunity to request any additional information that you need from us;
- the Initial Purchasers, their agents or any person affiliated with the Initial Purchasers or their agents, are not responsible for, and are not making any representation to you concerning, our future performance or the accuracy or completeness of this offering memorandum;
- you have not relied on the Initial Purchasers or their agents or any person affiliated with the Initial Purchasers or their agents in connection with your investigation of the accuracy of such information or your investment decision; and
- no person has been authorized to give any information or to make any representation concerning us or the Notes other than those as set forth in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us, the Initial Purchasers or our respective agents.

We are not providing you with any legal, business, tax or other advice in this offering memorandum, and you should not construe anything in this offering memorandum as such advice. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase Notes.

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. Laws in certain jurisdictions may restrict the distribution of this offering memorandum and the offer and sale of the Notes. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this offering memorandum. You must also obtain any consents or approvals that you need in order to purchase any Notes. Neither we nor the Initial Purchasers are responsible for your compliance with these legal requirements.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration thereunder or exemption therefrom. See “Book-Entry, Delivery and Form” and “Transfer Restrictions.”

We and the Initial Purchasers may reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed.

The information set out in relation to sections of this offering memorandum describing clearing and settlement arrangements, including the section entitled “Book-Entry, Delivery and Form,” is subject to change in or reinterpretation of the rules and procedures of DTC, Euroclear or Clearstream currently in effect. While we accept responsibility for accurately summarizing the information concerning DTC, Euroclear and Clearstream, we accept no further responsibility in respect of such information.

Each person receiving this offering memorandum and any related amendments or supplements to this offering memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by either of us or the Initial Purchasers.

NOTICE TO U.S. INVESTORS

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and within the United States to “qualified institutional buyers” (“QIBs”) in reliance on Rule 144A under the Securities Act (“Rule 144A”). Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain other restrictions on offers, sales and transfers of the Notes and the distribution of this offering memorandum, see “Plan of Distribution,” and “Transfer Restrictions.”

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE UNIFORM SECURITIES ACT WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISION OF THIS PARAGRAPH.

UNITED STATES INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE

To ensure compliance with Treasury Department Circular 230, each holder of a Note is hereby notified that: (A) the summaries of United States federal income tax issues set forth under "Certain Taxation Considerations" and "Benefit Plan Investor Considerations" are not intended or written to be relied upon, and they cannot be relied upon, by a holder for the purpose of avoiding penalties that may be imposed on such holder under the United States Internal Revenue Code; (B) the summaries are written to support the promotion or marketing (within the meaning of Circular 230) of the Notes; and (C) a holder of a Note should seek advice based on its particular circumstances from an independent tax advisor.

NOTICE TO CERTAIN INVESTORS

European Economic Area

This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC as amended by Directive 2010/73/EU (the "Prospectus Directive"), as implemented in member states of the European Economic Area (the "EEA"), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or any of the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

In relation to each member state of the EEA that has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, the offer is not being made and will not be made to the public of any Notes which are the subject of the offering contemplated by this offering memorandum in that Relevant Member State, other than:

(a) to legal entities that are qualified investors as defined in the Prospectus Directive; or

(b) in any other circumstances that do not require the publication by the Company of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. This selling restriction applies in addition to any other selling restrictions which may be applicable in the Relevant Member States that have implemented the Prospectus Directive.

France

This offering memorandum has not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and, therefore, no prospectus has been prepared in connection with the offering of the Notes that has been approved by the French *Autorité des marchés financiers* (the "AMF") or by the competent authority of another state that is a contracting party to the Agreement on the EEA and notified to the AMF; no Notes have been offered or sold nor will be offered or sold, directly or indirectly, to the public in France and this offering memorandum has not been distributed or caused to be distributed and will not be distributed or caused to be distributed to the public in France. Offers, sales and distributions of the Notes have been and shall only be made in France to persons licensed to provide the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), qualified investors (*investisseurs qualifiés*) investing for their own account and/or a restricted circle of investors (*cercle restreint d'investisseurs*) investing for their own account, all as defined in Articles L. 411-2, D. 411-1 to D. 411-4 of the *French code monétaire et financier*. The direct or indirect distribution to the public in France of any Notes so acquired may be made only as provided by Articles L. 411-1 to L. 411-4, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *code monétaire et financier* and applicable regulations thereunder.

United Kingdom

This offering memorandum is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the Financial Promotion Order), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as "Relevant Persons"). This offering memorandum is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this document relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

Japan

The Notes may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of any Japanese person or to others, for re-offering or re-sale directly or indirectly in Japan or to any Japanese person, except in each case pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act of Japan and any other applicable laws and regulations of Japan. For purposes of this paragraph, "Japanese person" means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and

Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, (iii) where the transfer is by operation of law; (iv) as specified in Section 276(7) of the SFA or (v) pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

INDUSTRY AND MARKET DATA

In this offering memorandum, we refer to information regarding our business and the industry in which we operate and compete. We obtained this information from various third party sources and our own internal estimates. In certain cases, we have made statements on the basis of information obtained from third-party sources that we believe are reliable, including IWSR 2010 published by the IWSR (International Wine and Spirit Research). Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. We have not independently verified these industry publications, surveys and forecasts and cannot guarantee their accuracy or completeness.

In addition, in many cases, we have made statements in this offering memorandum regarding our industry and our position in the industry based on our experience and our own evaluation of general market conditions. However, our internal surveys and estimates have not been verified by independent experts or other independent sources. Furthermore, we cannot guarantee that a third party using different methods to assemble, analyze or compute market data would obtain or generate the same results. We cannot assure you that any of these assumptions is accurate or correctly reflects our position in the industry, and none of our internal surveys or information has been verified by any independent sources. We caution you not to place undue reliance on such statements.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial information

Our financial year commences on July 1 and ends on June 30 of each year. Our consolidated financial statements included in this offering memorandum have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as applicable at such dates.

This offering memorandum contains:

- our unaudited sales results for the three months ended September 30, 2011;
- our audited consolidated financial statements as at and for the years ended June 30, 2011, 2010 and 2009; and
- our audited company financial statements as at and for the years ended June 30, 2011, 2010 and 2009.

The financial information included in this offering memorandum has been rounded for ease of presentation. Accordingly, in certain cases, the sum of the numbers in a column in a table may not conform to the total figure given for that column. Percentage figures included in this offering memorandum have not been calculated on the basis of rounded figures but have rather been calculated on the basis of such amounts prior to rounding.

Trading indicators

The main trading indicators used in this offering memorandum, including its annexes, are defined as follows:

- *gross margin after logistics expenses*: sales (excluding duties and taxes), less the cost of sales and logistics expenses;
- *contribution after advertising and promotional expenses*: the gross margin after deducting logistics, advertising and promotional expenses;
- *at constant exchanges rates and scope of consolidation*: the Group makes acquisitions and disposals in keeping with its strategy, which have an impact on its scope of consolidation (scope effect). In addition, exchange rates against the euro are subject to significant fluctuations and can accordingly have an impact on the translation into euros of sales and other income statement items (currency effect).

  In order to neutralize these two effects, the Group restates:

  - the impact of acquisitions and disposals made during the current or previous year, depending on the date on which they took place;
  - effects stemming from the conversion and translation of financial flows within the Group, using for the current year the exchange rates of the previous year.

  Thus, the term "at constant exchange rate and scope of consolidation," as defined and used by the Group, refers to data restated for the impact of acquisitions, disposals and exchange rate fluctuations, as described above;
- *organic growth*: percent change in a given indicator from one period to another on a constant exchange rate and scope of consolidation basis; and
- *net financial debt*: refers to total gross financial debt (converted into euros at the closing exchange rate), taking into account derivative hedging instruments at fair value, less cash and cash equivalents.

Definitions

In this offering memorandum:

- "Issuer" and "the Company" refers to Pernod Ricard;
- "Credit Agreement" refers to the multicurrency facility agreement, dated March 27, 2008, as amended, among the Issuer and certain of its subsidiaries, BNP Paribas, Crédit Agricole CIB, J.P. Morgan plc, Natixis, The Royal Bank of Scotland plc and Société Générale Corporate & Investment Banking, which is further described in the 2010/2011 Reference Document (defined below) (see page B-103 of Annex B); and
- "we," "us," "our" and the "Group" refer to, unless the context otherwise requires or it is otherwise indicated, Pernod Ricard and its consolidated subsidiaries.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are not subject to Section 13 or 15(d) under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") nor exempt from reporting thereunder pursuant to Rule 12g3-2(b) under the Exchange Act, furnish or cause to be furnished to any holder of a Note, or to any prospective purchaser of a Note designated by such holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act upon the written request of any such holder. Any such request should be directed to Vice President of Financial Communications and Investor Relations, Pernod Ricard, at +33 1 41 00 42 02, or 12, place des Etats-Unis, 75116 Paris, France.

We currently publish the information required by Rule 12g3-2(b) under the Exchange Act on our website, www.pernod-ricard.com. **Information contained on our website does not constitute a part of this offering memorandum.**

FORWARD-LOOKING STATEMENTS

This offering memorandum contains "forward-looking statements," as that term is defined by the U.S. federal securities laws, relating to our business, financial condition and results of operations. You can find many of these statements by looking for words such as "may," "will," "expect," "anticipate," "believe," "estimate" and similar words used in this offering memorandum.

Forward-looking statements reflect our present expectations of future events. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution readers not to place undue reliance on the statements, which speak only as at the date of this offering memorandum.

Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions given our knowledge of our industry, business and operations as of the date of this offering memorandum, we can give no assurance that they will prove to be correct, and we caution you not to place undue reliance on such statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements, or our industry's results, to be significantly different from any future results, performance or achievements expressed or implied in this offering memorandum. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we expect to operate in the future. Some of these factors are discussed under "Risk Factors—Risks relating to the Notes" beginning on page 14 of this offering memorandum, the risk factors in our 2010/2011 Reference Document (beginning on page B-92 of Annex B) and elsewhere in this offering memorandum, and include, among other things:

- our ability to generate free cash flow or to obtain sufficient resources to meet our debt service obligations;
- the restrictions imposed by our indebtedness;
- adverse general economic conditions in our key markets;
- significant adverse events occurring in a season during which we historically make an above-average portion of our sales;
- intense competition in the markets in which we operate and our ability to effectively compete against other market players;
- increasing merchant and retailer leverage resulting from industry consolidation;
- diverse political, legal, economic and other conditions affecting the markets in which we operate;
- changes in consumer expectations and preferences;
- interruptions in the production of our products resulting from a major incident at one of our production sites;
- fluctuations in the cost of raw materials and other production materials;
- our ability to successfully integrate acquired businesses;
- damage to our reputation resulting from incidents occurring in one of our production facilities, product contamination or counterfeit products;
- our ability to attract and retain key personnel or material disruptions of our operations due to industrial actions;
- breakdowns or significant interruptions in our information systems;
- our indebtedness and leverage;
- liabilities arising from pension plans and other post-retirement benefits;

- our ability to protect our intellectual property;
- the adoption of more stringent laws and regulations relating to the advertising, promotion and labeling of alcoholic beverages, taxes and alcohol consumption; and
- costs and potential liabilities we may incur in connection with litigation or regulatory proceedings.

These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf. When we indicate that an event, condition or circumstance could or would have an adverse effect on us, we mean to include effects upon our business, operating, financial and other conditions, results of operations and ability to make payments on the Notes.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this offering memorandum.

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

This offering memorandum comprises this document and the accompanying English translations of:

- the first quarter 2011/2012 sales release issued by the Company on October 20, 2011 (the "Q1 2011/2012 Sales Release"), included herein as Annex A;
- the original French language version of our *Document de référence* for the year ended June 30, 2011 filed with the AMF on September 28, 2011 (the "2010/2011 Reference Document"), included herein as Annex B, excluding the sections set forth below (the "Excluded 2010/2011 Reference Document Information"):

Page(s) in the Original 2010/2011 Reference Document	Relevant Excluded Information
Page 1	Text box relating to the filing of the French language *Document de Référence* with the French *Autorité des marchés financiers*.
Page 38	Statutory Auditors' report prepared in accordance with article L.225-235 of the French Commercial code and dealing with the report of the Chairman of the Board of Directors of Pernod Ricard.
Chapter 3 (pages 39-71)	Corporate Social Responsibility.
Pages 185-188	Statutory Auditors' special report on regulated agreements and commitments.
Chapter 7 (pages 189-212)	Combined (Ordinary and Extraordinary) Shareholders' Meeting.
Pages 233-236	List of information published during the last 12 months.
Chapter 9 (pages 237-246)	Additional Information to the Reference Document.

- Pages 48 to 54 (the "2009/2010 Financial Report") of the original French language version of our *Document de référence* for the year ended June 30, 2010 (the "2009/2010 Reference Document") filed with the AMF on September 29, 2010, included herein as Annex C;
- Chapter 4 (the "2009/2010 Consolidated Financial Statements") of the 2009/2010 Reference Document, included herein as Annex D; and
- Chapter 5 (the "2009/2010 Parent Company Financial Statements") of the 2009/2010 Reference Document, included herein as Annex E, excluding the section set forth below (the "Excluded 2009/2010 Parent Company Financial Statements Information"):

Page(s) in the Original 2009/2010 Parent Company Financial Statements	Relevant Excluded Information
Pages 160-164	Statutory Auditor's Report on regulated agreements and commitments.

- Chapter 4 (the "2008/2009 Consolidated Financial Statements") of the original French language version of our *Document de référence* for the year ended June 30, 2009 filed with the AMF on September 24, 2009 (the "2008/2009 Reference Document"), included herein as Annex F; and

- Chapter 5 (the "2008/2009 Parent Company Financial Statements") of the 2008/2009 Reference Document, included herein as Annex G, excluding the section set forth below (the "Excluded 2008/2009 Parent Company Financial Statement Information"):

Pages in the Original 2008/2009 Parent Company Financial Statements	Relevant Excluded Information
Pages 148-153	Statutory Auditors' Report on regulated agreements and commitments.

Any references in this offering memorandum to the 2010/2011 Reference Document, the 2009/2010 Parent Company Financial Statements or the 2008/2009 Parent Company Financial Statements shall be deemed to exclude the Excluded 2010/2011 Reference Document Information, the Excluded 2009/2010 Parent Company Financial Statements Information or the Excluded 2008/2009 Parent Company Financial Statements Information, as the case may be. Investors should not make an investment decision based on any information contained in the Excluded 2010/2011 Reference Document Information, the Excluded 2009/2010 Parent Company Financial Statements Information or the Excluded 2008/2009 Parent Company Financial Statements Information.

Notwithstanding the foregoing, any statement contained in the Q1 2011/2012 Sales Release, the 2010/2011 Reference Document, the 2010/2011 Financial Report, the 2009/2010 Consolidated Financial Statements, the 2009/2010 Parent Company Financial Statements, the 2008/2009 Consolidated Financial Statements or the 2008/2009 Parent Company Financial Statements shall be deemed to be modified or superseded for the purpose of this offering memorandum to the extent that a statement contained in this offering memorandum modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this offering memorandum.

The information in Chapter 2 of the 2010/2011 Reference Document has been prepared in accordance with French laws and regulations. This information and the Chairman's report from which it is extracted do not purport to be and are not equivalent to a report on internal control over financial reporting of the type contemplated in the U.S. Sarbanes-Oxley Act of 2002, which is not required by French laws and regulations.

The Q1 2011/2012 Sales Release, 2010/2011 Reference Document, 2009/2010 Financial Report, 2009/2010 Consolidated Financial Statements, 2009/2010 Parent Company Financial Statements, the 2008/2009 Consolidated Financial Statements and the 2008/2009 Parent Company Financial Statements contain, among other things, a description of the Group, our activities, our unaudited sales results for the three months ended September 30, 2011, our audited consolidated financial statements for the years ended June 30, 2011, 2010 and 2009, and certain risk factors relating to our business, which affect or may affect our activities. It is important that you read this offering memorandum, including its annexes, in its entirety before making an investment decision regarding the Notes.

EXCHANGE RATES AND CURRENCY INFORMATION

In this offering memorandum, references to "euro," "EUR" and "€" refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam. References to "U.S.$," "$" and "dollars" are to United States dollars. Certain financial information contained herein is presented in euros.

Except as otherwise indicated, the following table shows the period-end, average, high and low noon buying rates in New York City for cable transfers payable in foreign currencies as certified by the Federal Reserve Bank of New York (the "Noon Buying Rates") for the euro, expressed in dollars per one euro, for the periods and dates indicated.

	Noon Buying Rate			
	Period End	Average[(1)]	High	Low
Year:				
2007	1.4603	1.3711	1.4862	1.2904
2008	1.3919	1.4726	1.6010	1.2446
2009	1.4332	1.3935	1.5100	1.2547
2010	1.3269	1.3261	1.4536	1.1959
2011	1.2973	1.3931	1.4875	1.2926

(1) The average of the Noon Buying Rates on the last business day of each month (or portion thereof) during the relevant period for annual averages; on each business day of the month (or portion thereof) for monthly average.

Fluctuations in exchange rates that have occurred in the past are not necessarily indicative of fluctuations in exchange rates that may occur at any time in the future. No representations are made herein that the euro or dollar amounts referred to herein could have been or could be converted into dollars or euros, as the case may be, at any particular rate.

SUMMARY

The following summary contains basic information about us and this offering and highlights information appearing elsewhere in this offering memorandum, including its annexes. This summary is not complete and does not contain all of the information that you should consider before investing in the Notes. For a more complete understanding of the Group and the offering of the Notes, we encourage you to carefully read this entire offering memorandum, including the sections "Risk Factors—Risks relating to the Notes" and "Terms and Conditions of the Notes" appearing in the front part of this offering memorandum, the section entitled "Management Report" in the 2010/2011 Reference Document (beginning on page B-73 of Annex B), which section includes risk factors relating the Group and our business beginning on page B-92, the Q1 2011/2012 Sales Release, the 2009/2010 Financial Report and our financial statements and the notes to those financial statements appearing in the annexes of this offering memorandum.

Our business

We are the world's co-leader in wine and spirits with sales of €1,987 million in the three months ended September 30, 2011, and €7,643 million in the year ended June 30, 2011. Our Group was formed in 1975 from the merger of Pernod and Ricard S.A. Since then, we have expanded through both organic and external growth. The acquisitions of parts of Seagram (2001) and Allied Domecq (2005) and of Vin&Sprit (2008) have made us the leader in the premium segment and the world co-leader in wines and spirits. As of January 2, 2012, our market capitalization was €19.2 billion ($24.8 billion).

We hold one of the industry's most prestigious brand portfolios: ABSOLUT vodka, Ricard pastis, Ballantine's, Chivas Regal, Royal Salute and The Glenlivet Scotch whiskies, Jameson Irish whiskey, Martell cognac, Havana Club rum, Beefeater gin, Kahlúa and Malibu liqueurs, Mumm and Perrier-Jouët champagnes, as well as Jacob's Creek, Brancott Estate, Campo Viejo and Graffigna wines.

According to market research published by International Wine and Spirit Research ("IWSR") for 2010:

- We were the second largest producer by volume of Western Style Spirits,[1] with 97 million 9-liter cases produced and 18* brands ranked in the Top 100. By comparison, over the same period, Diageo (with 16* brands in the Top 100) produced 107 million 9-liter cases, Bacardi (with 7* brands in the Top 100) produced 36 million 9-liter cases, Beam Global Spirits & Wine (with 10* brands in the Top 100) produced 30 million 9-liter cases and Brown-Forman Beverages Worldwide (with 5* brands in the Top 100) produced 20 million 9-liter cases.
- Based on sales volume, we had a leading position among international groups in established markets (No. 1 in France, Germany, Spain, Ireland, the Nordic countries and Japan; No. 2 in the United States, Canada and Greece) as well as in emerging countries (No. 1 in China, India, Mexico and Argentina; No. 2 in Russia, South Korea, South Africa and Brazil).
- We were the fourth largest producer of branded quality wines[2] in the world, with 22 million 9-liter cases produced, behind Constellation Brands (45 million 9-liter cases produced), E&J Gallo Winery (41 million 9-liter cases produced) and Treasury Wine States, formerly Foster's Group (41 million 9-liter cases produced), and before Concha y Toro (21 million 9-liter cases produced).

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[1] *Source:* Pernod Ricard market rankings, based on IWSR data at year end 2010. "Western Style Spirits" excluding the "ready to drink" category, wines and wine-based aperitifs. Ranking among international groups. Pernod Ricard portfolio at June 30, 2011;

* *Source:* Impact: Global News and Research for the Drinks Executive, March 2011.

[2] *Source:* Pernod Ricard market rankings, based on IWSR data at year end 2010. "Western Style Spirits" excluding the "ready to drink" category, wines and wine-based aperitifs. Ranking among international groups. Pernod Ricard portfolio at June 30, 2011.

We have a workforce of over 18,200 persons in 70 countries. We operate through a decentralized organizational structure, which is based around six "Brand Companies" and 70 "Market Companies" established in each of our markets. Brand Companies are responsible for managing the strategy, development and manufacturing of the relevant brands in their portfolio, and Market Companies are responsible for managing the distribution and development of our brands in local markets. Our 14 Strategic Spirits & Champagne Brands grew 6% in volume in the three months ended September 30, 2011, and represented 62% of our sales during the period.

Our net sales (excluding tax and duties) for the three months ended September 30, 2011 were €1,987 million, compared to €1,879 million for the three months ended September 30, 2010. Our net sales (excluding tax and duties) for the financial year ended June 30, 2011 were €7,643 million, resulting in part from organic growth of 7% compared to the financial year ended June 30, 2010. Over a ten year period, our net sales increased four fold to €7.6 billion (from €1.9 billion in net sales from our wines and spirits operating sector in the 2001 financial year). In the financial year ended June 30, 2011, we generated 9.8% of our net sales in France, 27.7% in Europe (excluding France), 27.1% in the Americas, and 35.5% in Asia and the rest of the world. Our profit from recurring operations (EBIT) amounted to €1.9 billion for the financial year ended June 30, 2011, and increased six fold over a 10 year period (from €0.3 billion for our wines and spirits operating sector in the 2001 financial year).

Our products

Our brands portfolio is divided into three brand groups: Strategic Spirits & Champagne Brands, Priority Premium Wine Brands and Key Local Brands.

- ***Strategic Spirits & Champagne Brands***. This brand group comprises our "Top 14" strategic brands of international standing, which are subdivided as follows:
    - *2 Global Icons*, comprised of ABSOLUT vodka and Chivas Regal Scotch whisky. We prioritize these brands for development in all of our markets.
    - *7 Strategic Premium Brands*, comprised of Ballantine's Scotch whisky, Beefeater gin, Ricard pastis, Jameson Irish whiskey, Malibu and Kahlùa liqueurs and Havana Club rum.
    - *5 Strategic Prestige Spirits & Champagne Brands*, comprised of Martell Cognac, The Glenlivet and Royal Salute Scotch whisky and Mumm and Perrier-Jouët champagnes.
- ***Priority Premium Wine Brands***. This brand group comprises our four premium wine brands: Jacob's Creek, Brancott Estate, Campo Viejo and Graffigna.
- ***Key Local Brands***: This brand group comprises 18 spirits brands that are leaders in their local markets: Pastis 51; 100 Pipers, Blender's Pride, Clan Campbell, Imperial, Passport, Royal Stag, Something Special and Wisers whiskies; Ararat brandy; Amaro Ramazzotti, Becherovka and Suze bitters; Montilla rum; Olmeca tequila; Seagram's gin; Wyborowa vodka; and Ruavieja liqueur. These key local brands help ensure that we have a select presence in distribution networks and a strategic position in emerging markets.

Company fundamentals

- ***A portfolio of prestigious global brands***. With leading brands in each category, we hold one of the most comprehensive and premium portfolios in the industry.
- ***Strategic focus and innovation on Premiumization***. We have made up-scaling our brands and creating more premium categories our strategic priority. This approach, known as "Premiumization," generates

greater profitability and is supported by substantial marketing expenditure. As a recognized brand-builder, we understand the importance of innovation as a driver of growth. From product extensions to new digital media and event planning, innovation is not limited to marketing—it infiltrates every area of our operations: sales, human resources, production, and finance.

- ***A unique organizational model; decentralization and control of distribution***. The Group is made up of Brand Companies and Market Companies. The Market Companies locally adapt the global strategy defined by the Brand Companies. This flexible and responsive organization guarantees the best understanding of the specificities and consumer expectations of each market. Our organization is supported by complete control of distribution in the form of a proprietary global distribution network.
- ***Active in 70 countries, we are the Asian market leader***. We are now a major player in mature markets. In recent years, we have become the industry leader in Asia, holding the leading position in certain segments in China and India. This provides us with a competitive edge that allows us to leverage future sources of growth in the industry.

Our strategy

Our strategy is organized around four key areas:

- ***Investing first and foremost in world class strategic brands***. Over the years, we have gradually built up a core portfolio of 14 strategic brands. Our 2008 acquisition of Swedish company Vin&Sprit and of its iconic brand ABSOLUT, is emblematic of our focus on very high potential international brands. In the year ended June 30, 2011, these 14 strategic brands alone represented 58% of our total sales (62% of total sales in the three months ended September 30, 2011) and accounted for over three-quarters of our advertising and promotion expenses.
- ***"Premiumization" of brands in order to position ourselves at the top end of the market to accelerate growth and boost profitability***. Premiumization or "upscaling" is one of the pillars of our strategy, and involves a value-oriented focus on developing top-of-the-range brand references. Premiumization acts on three key imperatives: a continuous improvement in product quality, strong marketing efforts, and an emphasis on innovation. This approach helps us boost our margins and profitability.
- ***Expanding in emerging markets, which offer the strongest growth potential***. We are currently the world's co-leader in the wine & spirits segment. Maintaining our leadership is possible only by maintaining a strong foothold on mature markets while pushing ahead with development in fast-growing emerging countries* (37% of total net sales in the year ended June 30, 2011 from 33% in the year ended June 30, 2010). In the year ended June 30, 2010, Asia/Rest of World became our top region in terms of net sales and maintained this status through the year ended June 30, 2011 (35% of total net sales) and the three months ended September 30, 2011 (40% of total net sales).
- ***Continuing organic growth after further reducing our indebtedness so as to continue being a dynamic player in the consolidation of the Wines & Spirits sector***. Since our acquisition of Vin&Sprit in 2008, we have significantly reduced our indebtedness and restored our financial capacity. We substantially reduced our net debt from €10,888 million at June 30, 2009 to €9,038 million at June 30, 2011. We have decreased our net debt to EBITDA ratio to 4.4 at June 30, 2011 (against a pro forma leverage ratio of 6.2 after the acquisition of the Vin&Sprit group), from 5.3 at June 30, 2009. We have achieved this result through free cash flow generation, our asset disposal program (€1 billion worth of assets have been sold since 2008, including Bisquit cognac, Wild Turkey bourbon and Tia Maria coffee liqueur) and our €1 billion capital increase in April 2009. Following the successful integration of Vin&Sprit, our focus is now to grow organically and to leverage our existing network and brand

* Annual GNP per capita of less than U.S.$10,000.

portfolio. We have also rebalanced our debt mix between loans and bonds as well as lengthened the average weighted maturity of our debt through three Eurobond issues (€800 million in June 2009, €1.2 billion in March 2010 and €1 billion in March 2011) and two issuances of U.S. dollar denominated bonds (U.S.$1 billion in April 2011 and U.S.$1.5 billion in October 2011).

Recent developments

On October 20, 2011, we issued our sales results for the three months ended September 30, 2011, which are included in this offering memorandum as Annex A (the Q1 2011/2012 Sales Release).

In October 2011, we issued and sold U.S.$1.5 billion aggregate principal amount of 4.45% fixed-rate notes due 2022, through a private placement to institutional investors. The notes will mature on January 15, 2022. The notes were issued in denominations of U.S.$150,000 (and multiples of U.S.$1,000 in excess of this amount). The notes have an annual fixed interest rate of 4.45%, payable semiannually in arrears on January 15 and July 15 as from January 15, 2012. The net proceeds of this notes issue were used to partially repay the syndicated U.S. dollar loan under the Credit Agreement. The notes are subject to New York State (United States) law.

On November 15, 2011, we held the combined general meeting (ordinary and extraordinary session) of our shareholders. During such meeting, our shareholders approved the payment of a cash dividend of €1.44 per share for the 2010/2011 financial year (of which €0.67 per share had been paid to shareholders on an interim basis on July 6, 2011), renewed Nicole Bouton's directorship for a further term of four years and ratified the appointment of Laurent Burelle as a director to replace Lord Douro for the remainder Lord Douro's term, namely until the close of the general meeting of shareholders to be held to approve the financial statements for the 2012/2013 financial year.

THE OFFERING

The summary below describes the principal terms of the offering of the Notes. Some of the terms and conditions described below are subject to important limitations and exceptions. You should carefully read the "Terms and Conditions of the Notes" section of this offering memorandum for a more detailed description of the terms and conditions of the Notes.

Issuer	Pernod Ricard, a French company with limited liability *(société anonyme).*
Notes offered	• $850,000,000 aggregate principal amount of 2.95% Fixed-Rate Notes due 2017 (the "2017 Notes"). • $800,000,000 aggregate principal amount of 4.25% Fixed-Rate Notes due 2022 (the "2022 Notes"). • $850,000,000 aggregate principal amount of 5.50% Fixed-Rate Notes due 2042 (the "2042 Notes"). The 2017 Notes, the 2022 Notes and the 2042 Notes are collectively referred to as "the Notes" in this offering memorandum.
Issue price	• 2017 Notes - 99.833%, plus accrued interest, if any, from January 12, 2012. • 2022 Notes - 99.580%, plus accrued interest, if any, from January 12, 2012. • 2042 Notes - 98.640%, plus accrued interest, if any, from January 12, 2012.
Issue date	January 12, 2012.
Maturity	• 2017 Notes - January 15, 2017. • 2022 Notes - July 15, 2022. • 2042 Notes - the earlier of (i) January 15, 2042 and (ii) if prior to July 12, 2037 the Issuer's corporate existence has not been extended beyond January 15, 2042, July 12, 2037.
Interest	• The 2017 Notes will bear interest at the rate of 2.95% per annum. • The 2022 Notes will bear interest at the rate of 4.25% per annum. • The 2042 Notes will bear interest at the rate of 5.50% per annum. In each case interest will be based upon a 360-day year consisting of twelve 30-day months.
Interest payment dates	Semi-annually in arrears on January 15 and July 15 of each year, commencing on July 15, 2012. Interest will accrue from the issue date of the Notes.
Denomination	U.S.$150,000 and integral multiples of U.S.$1,000 in excess thereof.
Ranking	The Notes will rank *pari passu* in right of payment with all of the Issuer's existing and future unsecured and unsubordinated indebtedness.
Change of control	Upon the occurrence of specified changes of control resulting in a negative rating event (which requires downgrading of our rating by at least two rating agencies to below Ba1 by Moody's and/or BB+ by S&P and/or Fitch), each holder of the Notes will have the right, subject to certain exceptions, to require the Issuer to redeem or, at the

	Issuer's option, procure the purchase of, all or any part of its Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, up to (but excluding) the redemption date. See "Terms and Conditions of the Notes—Redemption and Purchase—Redemption or Purchase following a Change of Control Event."
Optional redemption	At any time and from time to time, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes by paying the greater of (1) 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to (but excluding) the redemption date, and (2) the applicable "make-whole amount" plus accrued interest to (but excluding) the redemption date. See "Terms and Conditions of the Notes—Optional Redemption."
Additional amounts; tax redemption	All payments in respect of the Notes will be made without withholding or deduction for any taxes or other governmental charges unless required by law. If withholding or deduction is required by French law, subject to certain exceptions, the Issuer will pay additional amounts so that the net amount you receive is no less than that which you would have received in the absence of such withholding or deduction, subject to customary exceptions. See "Terms and Conditions of the Notes—Taxation." The Issuer is required to redeem each series of Notes in whole, but not in part, upon prior notice, if it were prevented by French law from making payment to you of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts. If the Issuer is thus required to redeem a series of Notes, it must pay you a price equal to the principal amount of the relevant Notes plus interest up to (but excluding) the date of redemption. The Issuer may redeem each series of Notes in whole, but not in part, at any time, upon giving prior notice, if certain changes in French tax law impose certain withholding taxes on amounts payable on the Notes of such series, and, as a result, the Issuer is required to pay additional amounts with respect to such withholding taxes. If the Issuer decides to exercise such redemption right, it must pay you a price equal to the principal amount of the relevant Notes plus interest up to (but excluding) the date of redemption. See "Terms and Conditions of the Notes—Redemption and Purchase—Redemption for Taxation Reasons."
Events of default	For a discussion of certain events of default that will permit acceleration of the principal of the Notes plus accrued and unpaid interest, see "Terms and Condition of the Notes—Events of Default."
Negative pledge	So long as any of the Notes remain outstanding, the Issuer will not, and will procure that none of its Principal Subsidiaries (as defined in "Terms and Conditions of the Notes—Negative Pledge") will, create or permit to subsist any mortgage, charge, pledge or other security interest upon any of its or their assets or revenues, present or future,

	to secure (1) any Relevant Indebtedness (as defined in "Terms and Conditions of the Notes—Negative Pledge") or (2) any guarantee in respect of any Relevant Indebtedness unless, in either case, the Issuer's obligations under a Series of the Notes (i) are secured equally and rateably with (or on a senior basis to) such Relevant Indebtedness or such guarantee in respect thereof, or (ii) with respect to any Series to which paragraph (i) does not apply, such Series is given the benefit of such other security, guarantee or arrangement as shall be approved by a meeting of the Noteholders of such Series.
Transfer restrictions	The Notes have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer). See "Notice to Investors" and "Plan of Distribution" and "Transfer Restrictions."
Form of Notes	The Notes will be issued in the form of global Notes without coupons, registered in the name of Cede & Co. as a nominee of DTC and its direct and indirect participants, including Euroclear and Clearstream.
Global Notes codes	The Notes represented by the Rule 144A Global Note(s) and the Regulation S Global Note(s) have been accepted for clearance through DTC. 2017 Notes: *Rule 144A Global Note* — *Regulation S Global Note* CUSIP: 714264AF5 — CUSIP: F7061BAM2 ISIN: US714264AF59 — ISIN: USF7061BAM21 2022 Notes: *Rule 144A Global Note* — *Regulation S Global Note* CUSIP: 714264AH1 — CUSIP: F7061BAN0 ISIN: US714264AH16 — ISIN: USF7061BAN04 2042 Notes: *Rule 144A Global Note* — *Regulation S Global Note* CUSIP: 714264AK4 — CUSIP: F7061BAP5 ISIN: US714264AK45 — ISIN: USF7061BAP51
Listing	The Notes will not be listed on any stock exchange.
Absence of a public market for the Notes	The Notes will be new securities for which there is currently no market. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained. See "Risk factors—The Notes are a new issue of securities for which there is currently no market; you may be unable to sell the Notes if a trading market for the Notes does not develop or if the Notes have limited liquidity."

Use of proceeds	The net proceeds of the issue will be used to repay a portion of loans under the Group's Credit Agreement, thus extending the maturity profile of its external debt.
Further issues	The Issuer may from time to time without the consent of the Noteholders issue further notes to be assimilated and form a single series (*assimilées*) with any Series of the Notes, including having the same CUSIP or identifying number, provided that such further notes and the Notes in the relevant Series (i) shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon), (ii) provide for such assimilation and (iii) are fungible with the outstanding Notes in the relevant Series for U.S. federal income tax purposes.
Governing law	Each fiscal agency agreement and the Notes will be governed by the laws of the State of New York.
Fiscal Agent, Principal Paying Agent, Registrar, Transfer Agent	Deutsche Bank Trust Company Americas

Risk factors

Investment in the Notes offered hereby involves certain risks. You should consider carefully the information under "Risk Factors—Risks relating to the Notes" beginning on page 14 of this offering memorandum, the risk factors in our 2010/2011 Reference Document (beginning on page B-92 of Annex B) and all of the other information in this offering memorandum, including its annexes before deciding whether to invest in the Notes.

SELECTED FINANCIAL DATA

The following tables set forth selected historical financial data. The selected consolidated financial data as at and for the years ended June 30, 2011, 2010 and 2009 have been derived from our historical audited consolidated financial statements included elsewhere in this offering memorandum. The selected parent company financial data as at and for the years ended June 30, 2011, 2010 and 2009 have been derived from our historical audited company financial statements included elsewhere in this offering memorandum.

Our audited consolidated financial statements as at and for the years ended June 30, 2011, 2010 and 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and audited by Deloitte & Associés and Mazars.

Our audited parent company financial statements as at and for the years ended June 30, 2011, 2010 and 2009 have been prepared in accordance with French generally accepted accounting principles and audited by Deloitte & Associés and Mazars.

You should read this selected financial data section together with the Q1 2011/2012 Sales Release, the sections of the 2010/2011 Reference Document entitled "Management Report—Analysis of business activity and results" and "Management Report—Cash and capital" (beginning on page B-76 of Annex B), the 2009/2010 Financial Report, and our audited consolidated financial statements as at and for the years ended June 30, 2011, 2010 and 2009 and the notes thereto included elsewhere in this offering memorandum.

Selected consolidated income statement data

(in millions of euros)	Financial year ended June 30,		
	2011	**2010**	**2009**
Net sales	**7,643**	**7,081**	**7,203**
Cost of sales	(3,033)	(2,863)	(2,995)
Gross margin after logistics expenses[1]	**4,610**	**4,218**	**4,208**
Advertising and promotion (A&P)	(1,441)	(1,262)	(1,237)
Contribution after A&P expenses[2]	**3,169**	**2,956**	**2,971**
Trading costs and overheads	(1,260)	(1,160)	(1,125)
Profit from recurring operations	**1,909**	**1,795**	**1,846**
Other operating income	121	234	362[3]
Other operating expenses	(177)	(322)	(452)[3]
Operating profit	**1,852**	**1,707**	**1,757**
Financial expenses	(531)	(524)	(710)[4]
Financial income	72	17	19[4]
Interest (expense) income	**(459)**	**(507)**	**(691)**
Corporate income tax	(318)	(223)	(108)
Share of net profit/(loss) of associates	2	1	0
Net profit from continuing operations	**1,077**	**978**	**958**
Net profit from discontinued operations	0	0	8
NET PROFIT	**1,077**	**978**	**966**

(1) We define "Gross margin after logistics expenses" as sales (excluding duties and taxes) less cost of sales and logistics expenses.

(2) We define "Contribution after advertising and promotional expenses" as gross margin after deducting logistics, advertising and promotional expenses.

(3) Prior to the financial year ended June 30, 2009, we reported "Other operating income" and "Other operating expenses" under a single line item entitled "Other operating income and expenses." For the financial year ended June 30, 2008, "Other operating income and expenses" amounted to €(81) million. See our 2008/2009 Consolidated Financial Statements included in Annex F of this offering memorandum.

(4) Prior to the financial year ended June 30, 2009, we reported "Financial expenses" and "Financial income" under two line items entitled "Net financing costs" and "Other financial income (expense)." For the financial year ended June 30, 2008, "Net financing costs" amounted to €(316) million and "Other financial income (expense)" amounted to €(33) million. See our 2008/2009 Consolidated Financial Statements included in Annex F of this offering memorandum.

Selected consolidated balance sheet data

(in millions of euros)	Financial year ended June 30, 2011	2010	2009
Net Amounts			
Non-current assets			
Intangible assets	11,291	12,364	11,310
Goodwill	5,041	5,393	4,888
Property, plant and equipment	1,805	1,823	1,757
Biological assets	111	116	75
Non-current financial assets	178	118	105
Investments in associates	6	6	3
Deferred tax assets	1,459	1,307	1,115(1)
Non-current derivative instruments	56	20	—
NON-CURRENT ASSETS	**19,947**	**21,148**	**19,253(1)**
Current assets			
Inventories	**3,875**	**4,007**	**3,714(1)**
Trade receivables	904	944	936
Income taxes receivable	40	37	58
Other current assets	136	218	185
Current derivative instruments	19	12	23
Cash and cash equivalents	774	701	520
CURRENT ASSETS	**5,748**	**5,918**	**5,435(1)**
Assets held for sale	4	42	178
TOTAL ASSETS	**25,699**	**27,107**	**24,867(1)**
Shareholders' equity			
Share capital	410	410	401
Share premium	3,034	3,022	3,019
Retained earnings and currency translation adjustments	4,795	4,739	3,058(1)
Group net profit	1,045	951	945
Group shareholders' equity	**9,284**	**9,122**	**7,423(1)**
Non-controlling interests	190	216	185
TOTAL SHAREHOLDERS' EQUITY	**9,474**	**9,337**	**7,608(1)**
Non-current liabilities			
Non-current provisions	607	691	521
Provisions for pensions and other long-term employee benefits	348	408	405
Deferred tax liabilities	2,657	2,500	2,217
Bonds—Non-current	4,657	2,893	2,523(2)
Non-current derivative instruments	275	375	427
Other non-current financial liabilities	4,729	6,925	8,297(2)
TOTAL NON-CURRENT LIABILITIES	**13,272**	**13,792**	**14,390(2)**
Current liabilities			
Current provisions	265	312	312
Trade payables	1,884	1,871	1,759
Income taxes payable	91	104	101
Other current liabilities	293	224	209
Other current financial liabilities	323	317	383(2)
Bonds—current	82	934	17(2)
Current derivative instruments	14	212	28
TOTAL CURRENT LIABILITIES	**2,953**	**3,975**	**2,810(2)**
Liabilities held for sale	0	2	60
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**25,699**	**27,107**	**24,867(1)**

(1) Due to the amendment to IAS 38 (Intangible Assets), as of July 1, 2009 we recognize advertising and promotion costs as expenses as soon as the related goods become available to the Company or the related services are provided. The amendment to IAS 38 had a retrospective impact on our financial statements. Therefore, we restated this line item in our consolidated financial statements for the year ended June 30, 2010 to reflect the impact of IAS 38 for the year ended June 30, 2009. Profits for the financial years ended June 30, 2008 and 2007 were not restated, since the impact of the changes to IAS 38 were immaterial. The amendment to IAS 38 had an €(8) million impact on equity at July 1, 2008: €12 million in promotional and advertising materials recorded as part of inventories and €4 million related to deferred tax. For more information, see Note 1.1 to our 2009/2010 Consolidated Financial Statements included as Annex D to this offering memorandum. For our reported results, see our 2008/2009 Consolidated Financial Statements included as Annex F to this offering memorandum.

(2) Commencing with the financial year ended June 30, 2010, we disaggregate the current and non-current portions of our bonds and financial liabilities. In order to provide comparable results between the years ended June 30, 2010 and 2009, we restated the relevant line items, as indicated by (2). For our reported results, see the 2008/2009 Consolidated Financial Statements included as Annex F to this offering memorandum.

Selected parent company income statement data

	Financial year ended June 30,		
(in thousands of euros)	**2011**	**2010**	**2009**
Net sales	911	—	—
Royalties	36,517	36,404	35,706
Other income	32,601	35,508	19,239
Reversals of financial provisions and expense transfers	5,554	3,940	7,668
TOTAL OPERATING INCOME	**75,583**	**75,852**	**62,613**
Purchase of goods and supplies not for stock	(1,126)	(487)	—
External services	(98,696)	(88,445)	(71,563)
Duties and taxes	(3,638)	(3,466)	(3,995)
Personnel expenses	(44,367)	(36,938)	(33,733)
Depreciation, amortization and provision charges	(8,834)	(7,624)	(6,823)
Other expenses	(4,049)	(1,856)	(692)
TOTAL OPERATING EXPENSES	**(160,710)**	**(138,816)**	**(116,806)**
Operating profit (loss)	**(85,127)**	**(62,964)**	**(54,193)**
Income from investments	632,417	439,961	654,058
Other interest and related income	208,053	131,421	233,583
Reversals of financial provisions and expense transfers	10,424	38,731	62,062
Translation gains	260,119	422,471	505,812
TOTAL FINANCIAL INCOME	**1,111,013**	**1,032,584**	**1,455,515**
Provision charges	(90,935)	(12,039)	(78,740)
Interest and related expenses	(582,956)	(329,298)	(489,328)
Translation losses	(336,680)	(553,840)	(620,124)
TOTAL FINANCIAL EXPENSES	**1,010,571**	**(895,177)**	**(1,188,192)**
Interest (expense) income	**100,442**	**137,407**	**267,323**
Profit before tax and exceptional items	**15,315**	**74,443**	**213,130**
Exceptional items	**69,965**	**(59,409)**	**(28,083)**
Net profit/loss before income tax	**85,280**	**15,034**	**185,047**
Corporate income tax	153,279	74,091	121,508
PROFIT FOR THE FINANCIAL YEAR	**238,559**	**89,125**	**306,555**

Selected parent company balance sheet data

(in thousands of euros)	Financial year ended June 30,		
	2011	**2010**	**2009**
Net Amounts			
Assets			
Legal goodwill, brands and software	36,369	33,638	33,909
Intangible assets	**36,369**	**33,638**	**33,909**
Land	948	948	948
Buildings	768	803	837
Machinery and equipment	35	25	12
Other property, plant and equipment	2,291	2,042	2,388
Property, plant and equipment	**4,042**	**3,818**	**4,185**
Investments	11,949,917	11,894,903	11,235,928
Loans and advances to subsidiaries and associates	157,511	222,484	236,722
Loans	20	21	16
Guarantee deposits	2,227	1,440	1,383
Treasury shares	2,928	—	11,337
Financial assets	**12,112,603**	**12,118,848**	**11,485,386**
TOTAL FIXED ASSETS	**12,153,014**	**12,156,304**	**11,523,480**
Advances and supplier payments	**418**	**124**	**1,559**
Trade receivables	28,573	37,907	25,483
Other	4,849	3,486	5,031
Operating receivables	**33,422**	**41,393**	**30,514**
Other receivables	1,653,493	1,908,286	2,630,443
Marketable securities	135,350	95,780	47,670
Cash	8,046	116,495	2,189
TOTAL CURRENT ASSETS	**1,830,729**	**2,162,078**	**2,712,375**
Prepaid expenses	32,449	29,825	12,856
Bond redemption premiums	14,514	5,472	3,206
Currency translation adjustment—Assets	34,524	463,962	350,229
Total prepaid expenses and deferred charges	**81,487**	**499,259**	**366,291**
TOTAL ASSETS	**14,065,230**	**14,817,641**	**14,602,146**
Share capital	410,319	409,560	400,893
Additional paid-in capital	3,021,041	3,008,924	3,006,701
Legal reserves	40,956	40,090	34,051
Regulated reserves	179,559	179,559	179,559
Other reserves	195,013	195,013	195,013
Retained earnings	1,063,309	1,327,012	1,155,175
Profit for the financial year	238,559	89,125	306,555
Interim dividends	(177,364)	(161,182)	(129,320)
TOTAL SHAREHOLDERS' EQUITY	**4,971,392**	**5,088,101**	**5,148,627**
Provision for contingencies and charges	301,939	149,887	175,354
Bonds	4,461,877	2,907,088	1,667,118
Bank debt	2,571,278	4,295,238	4,986,463
Other debt	16,338	3,928	19,986
Debt	**7,049,493**	**7,206,254**	**6,673,567**
Trade payables	40,104	34,600	60,323
Taxes and social security	25,596	20,905	12,328
Trade and other accounts payable	**65,700**	**55,505**	**72,651**
Other liabilities	1,460,233	1,743,897	2,246,962
TOTAL LIABILITIES	**8,575,426**	**9,005,656**	**8,993,180**
Deferred income	57,284	52,091	8,488
Currency translation adjustment—Liability	159,189	521,906	276,497
TOTAL PREPAID EXPENSES AND DEFERRED CHARGES	**216,473**	**573,997**	**284,985**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14,065,230**	**14,817,641**	**14,602,146**

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should consider carefully the following risk factors and the risk factors in our 2010/2011 Reference Document (beginning on page B-92 of Annex B) and other information herein and therein before you decide to invest in the Notes. Such risks are, on the date hereof, the risks that we believe the occurrence of which could have a material adverse affect on our business, financial condition, results of operations and growth. If any of these events occur, our business, financial condition, results of operations or growth could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment. Note that there may be other risks that have not yet been identified, or whose occurrence as of the date hereof is not considered likely to have a material adverse effect on our business, financial condition, results of operations or growth.

Risks relating to our business

See the section entitled "Management Report—Risk Factors" in our 2010/2011 Reference Document (beginning on page B-92 of Annex B) for a description of the risks relating to our business.

Risks relating to the Notes

Our ability to repay or refinance and service our debt will require a significant amount of cash.

Our ability to make payments on and to refinance our indebtedness, and to fund capital and development expenditures or opportunities that may arise, such as acquisitions of other businesses, will depend on our future performance and our ability to generate cash, which to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in the risk factors in our 2010/2011 Reference Document (beginning on page B-92 of Annex B), many of which are beyond our control.

There can be no assurances that we will generate sufficient cash flows from operations or that future borrowing will be available in an amount sufficient to enable us to pay our debts, including the Notes, or to fund other liquidity needs. If future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund liquidity needs, we may be forced to reduce or delay our business activities and capital expenditures, sell assets, obtain additional debt or equity capital or restructure or refinance all or a portion of our debt, including the Notes. There can be no assurances that we would be able to accomplish any of these measures in a timely manner or on commercially reasonable terms, if at all. In addition, the terms of our existing and future indebtedness, including our Credit Agreement, may limit our ability to pursue any of these alternatives.

For a description of our Credit Agreement, see the section entitled "Management Report—Significant Contracts—Financing Contracts—2008 Credit Agreement" of the 2010/2011 Reference Document (page B-103 of Annex B).

We will rely on payments from our subsidiaries to pay our obligations under the Notes and your right to receive payment on the Notes is subordinated to the other liabilities of our subsidiaries.

We are primarily a holding company and conduct substantially all of our operations through our direct and indirect subsidiaries. Consequently, we have no material amount of independent operations and derive substantially all of our consolidated revenues from our direct and indirect operating subsidiaries. As a result, our ability to meet our debt service obligations, including our obligations under the Notes, depends upon our subsidiaries' cash flow and their payment of funds to us in the form of dividends, loans, advances or other payments, as well as our own credit arrangements. We cannot assure you that the earnings from, or other available assets of, these operating subsidiaries, together with our own operations, will be sufficient to enable us to pay principal or interest on the Notes when due.

The payment of dividends and the making of loans and advances by our subsidiaries to us are subject to various restrictions, including:

- restrictions under applicable company or corporation law that restrict or prohibit companies from paying dividends unless such payments are made out of profits available for distribution;
- restrictions under the laws of certain jurisdictions that can make it unlawful for a company to provide financial assistance in connection with the acquisition of its shares or the shares of any of its holding companies; and
- statutory or other legal obligations that affect the ability of our subsidiaries to make payments to us on account of inter-company loans.

If we are not able to obtain sufficient funds from our subsidiaries, we will not be able to make payments on the Notes.

In addition, claims of the creditors of our subsidiaries have priority as to the assets of such subsidiaries over the claims of our creditors. Consequently, holders of our Notes are in effect structurally subordinated, on our insolvency, to the prior claims of the creditors of our subsidiaries.

Covenants in our Credit Agreement could adversely affect us and increase your credit risk.

Our Credit Agreement contains covenants that, among other things, restrict our ability, and/or that of certain of our subsidiaries, to, among other things:

- create a security interest on assets;
- dispose of assets;
- change the business conducted by the Group; and
- merge or consolidate.

In addition, we are required by the Credit Agreement to comply with leverage ratio requirements.

The breach of any of these covenants or restrictions could result in a default under our Credit Agreement that would permit the Group's lenders to declare all amounts outstanding thereunder to be due and payable, together with any accrued and unpaid interest. This could have serious consequences on our financial condition and results of operations and could cause us to become insolvent. In addition, a breach of the covenants or restrictions in our Credit Agreement would result in a default under the Notes and our previously issued and outstanding bonds. In the event of an acceleration, we may not have or be able to obtain sufficient funds to make any accelerated payments, including those under the Notes.

We may be unable to raise the funds necessary to finance any change of control repurchase offers required by the Notes.

If we experience specified changes of control and such a change of control results in a negative rating event, we will be required to make an offer to purchase all of the outstanding Notes at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, up to (but excluding) the date of purchase. As referred to in the Notes, a change of control is defined under French law and a negative rating event requires a downgrading in our rating by at least two rating agencies to below Ba1 by Moody's and/or BB+ by S&P and/or Fitch. See "Terms and Conditions of the Notes—Redemption and Purchase—Redemption or Purchase following a Change of Control Event." Upon a change of control event, we may under certain circumstances be required to repay the outstanding principal, accrued interest and any other amounts due under our Credit Agreement or our previously issued and outstanding bonds. Furthermore, a failure by us to purchase the Notes after a change of control in accordance with the terms of the Notes would result in a default under our Credit Agreement and the terms of our previously issued and outstanding bonds, and may cause such a default under our other indebtedness.

We may not have the resources to finance the redemption of the Notes and, as the case may be, the redemption of our previously issued and outstanding bonds and an early repayment of the Credit Agreement, required by a change of control. Therefore, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot give any assurances that we would be able to obtain such financing.

The change of control provision in the Notes may not necessarily afford investors protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving the Group that may adversely affect holders of Notes, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the terms and conditions of the Notes.

The Notes will be unsecured obligations and will be subordinated to secured obligations on insolvency.

Holders of our secured obligations, if any, will have claims that are prior to the claims of holders of the Notes to the extent of the value of the assets securing those other obligations. The Notes are effectively subordinated to secured indebtedness to the extent of the value of the assets securing those other obligations. In the event of any distribution of assets or payment in any foreclosure, dissolution, winding up, liquidation, reorganization, or other bankruptcy proceeding, the assets securing the claims of secured creditors will be available to satisfy the claims of those creditors, if any, before they are available to unsecured creditors, including the holders of the Notes. In any of the foregoing events, there is no assurance to holders of the Notes that there will be sufficient assets to pay amounts due on the Notes.

Early redemption of the Notes may reduce an investor's expected yield.

We may redeem the Notes at our option by paying the applicable make-whole amount plus accrued interest to the date fixed for redemption as more fully described in "Terms and Conditions of the Notes—Optional Redemption." In the event that we exercise this option to redeem the Notes, you may suffer a lower than expected yield and may not be able to reinvest the funds on the same terms.

You may be unable to hold the 2042 Notes to the maturity date of January 15, 2042.

Our by-laws currently provide that our corporate existence will cease on July 12, 2038. Any extension of our existence must be approved by our shareholders at a general meeting. The 2042 Notes will mature on the earlier of (i) January 15, 2042 and (ii) in the event that our shareholders have not, prior to July 12, 2037, approved an extension of our corporate existence beyond January 15, 2042, July 12, 2037, which is one calendar year prior to the end of our current corporate existence. Although we anticipate requesting during the 2012 annual shareholder meeting that our shareholders approve an extension of our corporate existence beyond January 15, 2042, we cannot guarantee the result of any shareholder vote. We therefore cannot guarantee at the time of this offering memorandum which maturity date will apply.

Since the Notes have a fixed interest rate, their market price may drop as a result of increases in market interest rates.

The Notes bear a fixed interest rate. A holder of fixed rate notes is particularly exposed to the risk that the price of such notes falls as a result of changes in the market interest rate. While the nominal interest rate is fixed during the life of the Notes, the market interest rate typically changes on a daily basis. As the market interest rate changes, the price of fixed rate notes also changes, but in the opposite direction. Thus, if the market interest rate increases, the price of fixed rate notes typically falls, until the yield of such notes is approximately equal to the market interest rate of comparable issues. If the market interest rate decreases, the price of fixed rate notes typically increases, until the yield of such notes is approximately equal to the market interest rate of comparable issues. If you hold your Notes until maturity, changes in the market interest rate are without relevance to you as the Notes will be redeemed at their principal amount.

You may face foreign exchange risks by investing in the Notes.

The Notes are denominated and payable in U.S. dollars. If you measure your investment returns by reference to another currency, an investment in the Notes entails foreign exchange-related risks due to, among other factors, possible significant changes in the value of the U.S. dollar relative to your reference currency. Such currency fluctuations could result from economic, political and other factors over which we have no control. Depreciation of the U.S. dollar against your reference currency could cause a decrease in your effective yield from the Notes below their stated coupon rates and could result in a loss when the return on the Notes is translated into your reference currency. You may also face tax consequences as a result of any foreign exchange gains or losses resulting from investment in the Notes.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies will assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Moreover, any downgrading by one or more credit rating agencies may affect the cost and terms and conditions of our financing and could adversely affect the value and trading of the Notes.

The Notes are a new issue of securities for which there is currently no market; you may be unable to sell the Notes if a trading market for the Notes does not develop or if the Notes have limited liquidity.

The Notes will be new securities for which there is currently no established trading market. In addition, the Notes will not be listed on any stock exchange. No assurance can be given as to the development of, liquidity of, or the continuation of a trading market for the Notes. If an active trading market does not develop, the market price and liquidity of the Notes may be adversely affected. The liquidity of any market for the Notes will depend on the number of holders of the Notes, the interest of securities dealers in making a market in the Notes and other factors. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. It is possible that the market for the Notes, if any, will be subject to disruptions. Any such disruption may have a negative effect on investors in the Notes, regardless of our financial condition, results of operations and prospects.

In addition, if the Notes are traded, they may trade at a discount from their initial offering price depending upon prevailing interest rates, the market for similar securities, general economic conditions, our performance and business prospects and other factors.

If a trading market does not develop or is not maintained, you may experience difficulty in selling the Notes or may be unable to sell them at all.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any jurisdiction and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable laws. See "Plan of Distribution," "Notice to Investors" and "Transfer Restrictions." We have not agreed to or otherwise undertaken to register the Notes under the Securities Act (including by way of an exchange offer), and we do not have any intention to do so.

You may not be able to recover in civil proceedings for U.S. securities law violations.

We are incorporated in France. Most of our directors and executive officers are non-residents of the United States, and a substantial portion of our assets as well as the assets of our directors and executive officers are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us or upon our directors and executive officers or to enforce against us judgments obtained in U.S. courts predicated upon civil liability provisions of the federal securities laws of the United States. See "Enforceability of Judgments."

The Notes will initially be held in book-entry form and therefore you must rely on the procedures of relevant clearing systems to exercise any rights and remedies.

Unless and until Notes in definitive registered form, or definitive registered Notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of Notes. DTC or its nominee, will be the registered holder of the Rule 144A Global Note(s) and the Regulation S Global Note(s) (as defined in "Book-Entry, Delivery and Form").

After payment to the registered holder, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of DTC, and if you are not a participant in DTC, on the procedures of the participants through which you own your interest, to exercise any rights and obligations of a holder under the fiscal agency agreement relating to the Notes. See "Book-Entry, Delivery and Form."

French insolvency may not be as favorable to holders of Notes as laws of another jurisdiction with which holders are familiar.

We are incorporated under the laws of France. In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit your ability to enforce your rights under the Notes. The following is a general discussion of insolvency proceedings governed by French law. This summary is provided for informational purposes only and does not address all the French legal considerations that may be relevant to holders of the Notes.

Grace periods

In addition to insolvency laws discussed below, your enforcement rights may, like those of any other creditor, be subject to Article 1244-1 of the French Civil Code (*Code civil*).

Pursuant to the provisions of this article, French courts may, in any civil proceeding involving a debtor, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate) or that payments made shall first be allocated to repayment of principal. A court order made under Article 1244-1 of the *Code civil* will suspend any pending enforcement measures, and any contractual interest or penalty for late payment will not accrue or be due during the period ordered by court.

Court-assisted pre-insolvency proceedings

Pre-insolvency proceedings may only be initiated by the debtor company itself, in its sole discretion, provided that it experiences or anticipates legal, economic or financial difficulties (1) while still being able to pay its debts as they fall due out of its available assets (i.e., the company is not in *cessation des paiements*) in case of *mandat ad hoc* or *conciliation* proceedings, or (2) while being in *cessation des paiements* for less than 45 days in case of conciliation proceedings only.

Mandat ad hoc and *conciliation* proceedings are informal proceedings carried out under the supervision of the president of the court. The president of the court will appoint a third party (as the case may be, a *mandataire ad hoc or a conciliateur*) in order to help the debtor to reach an agreement with its creditors, in particular by reducing or rescheduling its indebtedness. The debtor may propose, in the filing for the commencement of the proceedings, the appointment of a particular person as the court-appointed third-party. Arrangements reached through such proceedings are non-binding on non-parties, and the *mandataire ad hoc or conciliateur* has no authority to force the parties to accept an arrangement.

Mandat ad hoc proceedings

Such proceedings are confidential. The agreement reached by the parties (if any) will be reviewed by the court but, unlike in conciliation proceedings, French law does not provide for specific consequences attached to such review.

Conciliation proceedings

Such proceedings are confidential. If an agreement is reached among the parties in the context of *conciliation* proceedings, it may be either recognised (*constaté*) by the president of the court or, at the request of the debtor (and provided that certain conditions are satisfied), sanctioned (*homologué*) by the court (in which case the proceedings cease to be confidential).

While recognition (*constatation*) of the agreement by the president of the court does not entail any specific consequences, other than to render the agreement immediately enforceable and binding upon the parties thereto, sanction (*homologation*) by the court has the following consequences:

- creditors who, as part of the sanctioned agreement, provide new money or goods or services designed to ensure the continuation of the business of the distressed company (other than shareholders providing new equity) will enjoy priority of payment over all pre-petition and post-petition claims (other than certain post-petition employment claims and procedural costs), in the event of subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings; or
- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of the *cessation des paiements* cannot be determined by the court as having occurred earlier than the date of the sanction of the agreement, except in case of fraud.

Court-controlled insolvency proceedings

The following French insolvency proceedings may be initiated by or against a company in France:

a) safeguard proceedings (*procédure de sauvegarde*), if such company, while not being in *cessation des paiements*, is facing difficulties which it cannot overcome;

b) accelerated financial safeguard proceedings (*sauvegarde financière accélérée*) if such company is in conciliation proceedings; or

c) judicial reorganization (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) proceedings if such company is in *cessation des paiements*.

The proceedings may be initiated before the relevant court:

- in the event of (a) or (b) above, upon petition by the company only; and
- in the event of (c) above, on the court's own initiative or upon petition by the company, any creditor or the public prosecutor.

While a company does not have an obligation to apply for safeguard or accelerated financial safeguard proceedings, it is required to petition for the opening of judicial reorganization or judicial liquidation proceedings within 45 days of becoming unable to pay its due debt out of its available assets (*cessation des paiements*). If it does not, and has not petitioned the relevant court for the opening of such proceedings or is not in conciliation proceedings, the CEO, the chairman of the board, the directors and, as the case may be, de facto managers of the company, may in particular be subject to civil liability.

In safeguard and judicial reorganization proceedings, a court-appointed administrator, whose name can be suggested by the debtor, investigates the business of the company during an initial observation period, which may last for up to six months renewable once (plus an additional six months under exceptional circumstances). In safeguard proceedings, the administrator's mission is limited to either supervising the debtor's management or assisting it in preparing a safeguard plan for the company. In judicial reorganization proceedings, the administrator's mission is usually to assist the management and to make proposals for the reorganization of the company, which proposals may include the sale of all or part of the company's business to a third party. At any time during this observation period, the court can order the liquidation of the company if its rescue has become manifestly impossible.

Creditors' committees and adoption of the safeguard or reorganization plan

In the case of large companies (with more than 150 employees or turnover greater than €20 million), two creditors' committees (one for credit institutions having a claim against the debtor and the other for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers) must be established. To be eligible to vote, claims must be notified by the debtor to the administrator and certified by the debtor's statutory auditors.

In addition, if there are any outstanding debt securities in the form of "*obligations*" (such as bonds or notes), a general meeting gathers all holders of such debt securities (the "bondholders general meeting"). All bondholders and noteholders will be represented in the same bondholders general meeting, whether or not there are different issuances and no matter what the applicable law of those "*obligations*" may be. The Notes offered hereby constitute "*obligations*" for purposes of a safeguard, accelerated financial safeguard or reorganization proceeding.

The creditors' committees and the bondholders' general meeting will be consulted on the safeguard or reorganization plan prepared by the debtor's management during the observation period.

In the first instance, the plan must be approved by each of the two creditors' committees. Each committee must announce whether its members approve or reject such plan within 30 days of its proposal by the company. Such approval requires the affirmative vote of the creditors holding at least two-thirds of the value of the claims held by members of such committee that participated in such vote.

Following the approval of the plan by the two creditors' committees, the plan will be submitted for approval to the bondholders' general meeting. The approval of the plan at such meeting requires the affirmative vote of bondholders representing at least two-thirds of the claims of the bondholders held by creditors voting in the bondholders' general meeting.

Following approval by the creditors' committees (or in the case of accelerated financial safeguard proceedings, the credit institutions committee) and the bondholders' general meeting, the plan must be submitted for approval by the relevant court. In considering such approval, the court must verify that the interests of all creditors are sufficiently protected, taking into consideration the contractual subordination arrangements existing among creditors when the proceedings were opened. Once approved by the court, the safeguard or reorganization plan accepted by the committees and the bondholders' general meeting will be binding on all the members of the committees and all bondholders (including those who voted against the adoption of the plan). A safeguard or reorganization plan may include debt deferrals, debt write-offs and (subject to shareholders' consent) debt-for-equity swaps.

With respect to creditors who are not members of the committees, or in the event no committees are established, or in the event any of the committees or the bondholders' general meeting has refused to give its consent to the plan, creditors will be consulted on an individual basis, and asked whether they accept debt deferrals and/or write-offs provided for in the plan. In those circumstances, the court has the right to accept or reduce debt deferrals or write-offs with respect to the claims of creditors who have consented to such measures, but it may only impose uniform debt deferrals (with interest) for a maximum period of 10 years with respect to the claims of non-consenting creditors.

Financial creditors' committees and adoption of the fast track financial safeguard plan

Under the new accelerated financial safeguard (*sauvegarde financière accélérée*) proceedings, the credit institutions committee and the bondholders' general meeting shall be consulted on a draft financial restructuring plan developed during the conciliation period. The credit institutions committee and the bondholders' general meeting can be called with a reduced minimal eight day notice period.

Following the approval of the plan by the credit institutions committee and the bondholders' general meeting, the plan will be submitted for approval by the court that opened the conciliation proceedings within one or two months from the opening of the accelerated financial safeguard proceedings.

The "hardening period" (période suspecte) in judicial reorganization and liquidation proceedings

The insolvency date, defined as the date when the debtor becomes unable to pay its due debts from available assets, is generally deemed to be the date of the court decision commencing the judicial reorganization or judicial liquidation proceedings. However, in the decision commencing judicial reorganization or liquidation proceedings or in a subsequent decision, a court may determine that the insolvency date be deemed to be an earlier date, up to 18 months prior to the court decision commencing the proceedings. The insolvency date, when the debtor entered into a state of cessation of payments (*cessation des paiements*) is important because it marks the beginning of the "hardening period" (*période suspecte*). Certain transactions entered into by the debtor during the hardening period are, by law, void or voidable.

Void transactions include transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no consideration, contracts under which the reciprocal obligations of the debtor significantly exceed those of the other party, payments of debts not due at the time of payment, payments made in a manner which is not commonly used in the ordinary course of business, security granted for debts previously incurred, and provisional measures, unless the right of attachment or seizure predates the date of suspension of payments, share options granted or exercised during the hardening period, the transfer of any assets or rights to a trust arrangement (*fiducie*) (unless such transfer is made as a security for a debt incurred at the same time), and any amendment to a trust arrangement (*fiducie*) that dedicates assets or rights to a guaranty of prior debts.

Voidable transactions include (i) transactions entered into, (ii) payments made when due or (iii) certain provisional and final attachment measures, in each case, if such actions are taken after the debtor was in *cessation des paiements* and the party dealing with the debtor knew that the debtor was in *cessation des paiements* at the time. Transactions relating to the transfer of assets for no consideration are also voidable when carried out during the six-month period prior to the beginning of the hardening period.

Status of creditors during safeguard, accelerated financial safeguard, judicial reorganization or judicial liquidation proceedings

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of insolvency proceedings must file a proof of claim (*déclaration de créances*) with the creditors' representative within two months of the publication of the court decision in the *Bulletin Officiel des annonces civiles et commerciales*; this period is extended to four months for creditors domiciled outside France. Creditors who have not submitted their claims during the relevant period are, except for very limited exceptions, precluded from receiving distributions made in connection with the insolvency proceedings. Employees are not subject to such limitations and are preferred creditors under French law. In addition, in an accelerated financial safeguard, the debts held by financial creditors that took part in the conciliation negotiation are listed by the debtor and certified by its statutory auditor. Although such creditors can file proofs of claim pursuant to the regular process, they may also avail themselves of this simplified alternative and merely adjust the amounts of their claim as set forth on the list prepared by the debtor.

From the date of the court decision commencing the insolvency proceedings, the debtor is prohibited from paying debts (in accelerated financial safeguard proceedings, to financial creditors only) which arose prior to such date, subject to specified exceptions which essentially cover the set-off of related debts and payments authorized by the bankruptcy judge or made to recover assets for which recovery is required for the continued operation of the business. During this period, creditors are prevented from initiating any individual legal action against the debtor with respect to any claim arising prior to the court decision commencing the insolvency proceedings if the objective of such legal action is:

- to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due); or
- to terminate or cancel a contract for non-payment of amounts owed by the creditor. They are also barred from taking any action against the debtor, including enforcing security interests.

Contractual provisions such as those contained in the Notes that would accelerate the payment of the debtor's obligations upon the occurrence of certain insolvency events are not enforceable under French law. The opening of liquidation proceedings does generally automatically accelerate the maturity of all of the debtor's obligations. However, the court may allow the business to continue for a period of no more than three months (renewable once) if it considers that a sale of part or all of the business is possible, in which case the debtor's obligations are deemed mature on the day the court approves the sale of the business.

The administrator may also terminate or, provided that the debtor fully performs its post-petition contractual obligations, continue on-going contracts.

If the court adopts a safeguard plan or a reorganization plan, claims of creditors included in the plan will be paid according to the terms of the plan. The court can also set a time period during which the assets that it deems to be essential to the continued business of the debtor may not be sold without its consent.

If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator in charge of selling the assets of the company and settling the relevant debts in accordance with their ranking. If the court adopts a plan for the sale of the business (*plan de cession*), the proceeds of the sale will be allocated for the repayment of the creditors according to the ranking of the claims.

French insolvency law assigns priority to the payment of certain preferential creditors, including employees, officials appointed by the commercial court, creditors who, as part of the sanctioned conciliation agreement, have provided new money or goods or services, post-petition creditors, certain secured creditors essentially in the event of liquidation proceedings, and the French Treasury.

USE OF PROCEEDS

In connection with the offering of the Notes, we will receive gross proceeds of approximately U.S.$2,483,660,500.

The net proceeds of the offering of the Notes will be used to repay a portion of loans under our Credit Agreement, thus extending the maturity profile of our external debt.

CAPITALIZATION

The following table sets forth, on a consolidated basis, our cash and cash equivalents, total financial debt and total capitalization as at June 30, 2011:

- on an historical basis; and
- as adjusted to reflect (a) the payment on July 6, 2011 by the Company to its shareholders of an interim cash dividend in the aggregate amount of €176 million in respect of the 2010/2011 financial year, (b) the issuance of the U.S.$1.5 billion 4.45% fixed rates Notes offered in October 2011 and the application of the net proceeds from this issuance to the partial early repayment of amounts under the Credit Agreement, (see "Summary—Recent developments") (c) the payment on November 22, 2011 by the Company to its shareholders of a final dividend in the aggregate amount of €202 million in respect of the 2010/2011 financial year (see "Summary—Recent developments") and (d) the issuance of the Notes offered hereby and the application of the estimated net proceeds from the offering of the Notes to the partial early repayment of amounts under the Credit Agreement.

The information set out below should be read in conjunction with the "Use of Proceeds" and "Selected Financial Data" sections of this offering memorandum and our consolidated financial statements and the notes thereto appearing elsewhere in this offering memorandum.

	As at June 30, 2011					
(in euro millions)	**Actual**	**Pro forma adjustments after interim dividend payment(1)**	**Pro forma adjustments after October 2011 issuance of U.S.$1.5 billion of notes**	**Pro forma adjustments after final dividend payment(2)**	**Pro forma adjustments to reflect the issuance of the Notes**	**As adjusted**
Credit Agreement	4,280	170	(1,022)	125	(1,708)(3)	1,845
Bonds	4,739		1,038		1,730	7,507
Less transaction costs	*(13)*		*(14)*		*(18)(4)*	*(45)*
Commercial paper	119					119
Finance lease obligations	50					50
Derivatives instruments—liabilities	75					75
Other	616					616
Total debt	**9,866**	**170**	**2**	**125**	**4**	**10,167**
Derivative instruments—assets	54					54
Cash and cash equivalents	774	(6)		(77)		691
Total net debt	**9,038**	**176**	**2**	**202**	**4**	**9,422**
Total equity(5)	**9,474**	**1(6)**	**(2)**	**(202)**	**3(7)**	**9,268**
Total capitalization	**18,512**	**177**	**—**	**—**	**1**	**18,690**

(1) On July 6, 2011, the Company paid its shareholders an interim cash dividend of €0.67 per share in respect of the 2010/2011 financial year, pursuant to a decision of the Company's board of directors at its meeting of June 15, 2011. The aggregate amount of the interim dividend payment amounted to €176 million. This interim dividend payment was financed by drawings on the Credit Agreement, in the amount of €170 million, and by cash, in the amount of €6 million.

(2) At the combined general meeting of the Company's shareholders held on November 15, 2011, the Company's shareholders approved the payment of a cash dividend in the amount of €1.44 per share in respect of the 2010/2011 financial year. As noted above, an interim cash dividend in the amount of €0.67 per share had been paid to the Company's shareholders in July 2011. On November 22, 2011, the Company paid its shareholders a final cash dividend of €0.77 per share in respect of the 2010/2011 financial year. The aggregate amount of the final dividend payment amounted to €202 million. The final dividend payment was financed by drawings on the Credit Agreement, in the amount of €125 million, and by cash, in the amount of €77 million.

(3) Reflects the allocation of the net proceeds from the Notes to the partial early repayment of amounts under the Credit Agreement.
(4) Reflects the write-down of €4 million before taxes in transaction costs incurred in connection with the partial early repayment of amounts under the Credit Agreement and the capitalization of €22 million in transaction costs relating to the issuance of the Notes.
(5) Including shareholders' equity and non-controlling interests.
(6) Reflects the amount of unpaid interim dividends corresponding to Pernod Ricard shares held by the Company and its controlled subsidiaries.
(7) Reflects the write-down of transaction costs of €3 million after taxes incurred in connection with the partial early repayment of amounts under the Credit Agreement.

TERMS AND CONDITIONS OF THE NOTES

We will issue $850,000,000 aggregate principal amount of 2.95% Fixed-Rate Notes due 2017, $800,000,000 aggregate principal amount of 4.25% Fixed-Rate Notes due 2022 and $850,000,000 aggregate principal amount of 5.50% Fixed-Rate Notes due 2042 (respectively the "2017 Notes," the "2022 Notes" and the "2042 Notes;" each such term to include any notes in respect of such Series issued in accordance with Condition 11 below, and all such notes being referred to collectively as the "Notes" and each series thereof separately as a "Series" or "series" of Notes) which have been authorized pursuant to a resolution of our Board of Directors (*Conseil d'administration*) dated as of December 23, 2011 and a decision of Pierre Pringuet, Chief Executive Officer (*Directeur Général*) dated as of January 5, 2012. We will enter into a fiscal agency agreement in respect of each Series (each an "Agency Agreement"), each to be dated on or about January 12, 2012 with Deutsche Bank Trust Company Americas acting as fiscal agent (the "Fiscal Agent") and principal paying agent (the "Principal Paying Agent"), registrar and transfer agent in relation to each Series of Notes. References in this paragraph and below to Conditions are, unless the context otherwise requires, to the numbered paragraphs below.

The following is a summary of the material provisions of each Agency Agreement and each Series, which does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the applicable Agency Agreement and the applicable Notes, copies of which will be available for inspection during normal business hours at any time after the Issue Date (which is expected to occur on January 12, 2012) at the offices of the Fiscal Agent, which are currently located at Deutsche Bank Trust Company Americas, Trust & Agency Services, 60 Wall Street, 27th Floor, MS: NYC60 2710, New York, NY, 10005, United States. Any capitalized term used herein but not defined shall have the meaning assigned to such term in the applicable Agency Agreement.

In this section of the offering memorandum, references to "we," "us," "our" and "the Issuer" are to Pernod Ricard only and do not include our subsidiaries or affiliates.

1. Form, Denomination and Title

The Notes will be issued in the form of global securities deposited with the custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co, as the nominee of DTC in denominations of U.S.$150,000 and integral multiples of U.S.$1,000 in excess thereof.

Beneficial interests in the Notes may be held through DTC, or Euroclear and Clearstream, Luxembourg, as participants in DTC.

References to "Noteholders" mean those persons who have Notes registered in their names on the books that we or the Fiscal Agent maintain for this purpose, and not those who own beneficial interests in Notes issued in book-entry form through the DTC and references to the "Noteholders" of a Series of Notes shall be construed accordingly.

2. Status of the Notes

The principal and interest of the Notes constitute direct, unsubordinated and (subject to the Negative Pledge provisions as provided in Condition 3 below) unsecured obligations of the Issuer and will rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law and to the negative pledge provisions as provided in Condition 3 below) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

3. Negative Pledge

So long as any of the Notes remain outstanding, the Issuer will not, and will procure that none of its Principal Subsidiaries will, create or permit to subsist any mortgage, charge, pledge or other security interest (*sûreté réelle*) upon any of its or their assets or revenues, present or future, to secure (1) any Relevant Indebtedness or (2) any guarantee in respect of any Relevant Indebtedness unless, in either case, the Issuer's obligations under a Series of the Notes (i) are secured equally and rateably with (or on a senior basis to) such Relevant Indebtedness or such guarantee in respect thereof, or (ii) with respect to any Series to which paragraph (i) does not apply, such Series is given the benefit of such other security, guarantee or arrangement as shall be approved by a meeting of the Noteholders of such Series.

For the purposes of this Condition:

"Principal Subsidiary" means at any relevant time a Subsidiary of the Issuer:

(i) whose total gross assets as reflected in its statutory non-consolidated accounts represent no less than 10% of the total consolidated gross assets of the Issuer and its consolidated subsidiaries, as calculated by reference to the then latest audited accounts of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its consolidated subsidiaries; or

(ii) to which are transferred all or substantially all of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary pursuant to sub-paragraph (i), in which case the transferring entity will no longer be considered as a Principal Subsidiary as of the day of such transfer. For the avoidance of doubt, any Subsidiary which becomes a Principal Subsidiary under this sub-paragraph (ii) will continue to be a Principal Subsidiary following the next audited accounts of such Subsidiary only if it satisfies the requirement set forth in sub-paragraph (i).

"Relevant Indebtedness" means any present or future indebtedness for borrowed money represented by bonds (*obligations*) or other securities (including *titres de créances négociables*) which are for the time being or capable of being, quoted, listed or ordinarily traded on any stock exchange, over-the-counter market or other securities market.

"Subsidiary" means any person or entity at any time which is a subsidiary within the meaning of Articles L. 233-1 and L. 233-3 of the French *Code de commerce* as in effect as of the date of this offering memorandum.[2]

4. Interest

(a) Interest Payment Dates

Each Note bears interest on its principal amount, from (and including) January 12, 2012 (the "Issue Date"), with respect to the 2017 Notes, at the rate of 2.95% per annum, with respect to the 2022 Notes, at the rate of 4.25% per annum and with respect to the 2042 Notes, at the rate of 5.50% per annum, in each case payable semi-annually in arrears on January 15 and July 15 of each year (an "Interest Payment Date") commencing on July 15, 2012 to the Noteholders in whose names the Notes are registered at the close of business on December 31 and June 30, respectively, immediately preceding the relevant Interest Payment Date.

The period from and including the Issue Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the next Interest Payment Date is called an Interest Period. The amount of interest payable on Notes for any Interest Period (or where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period) will be computed on the basis of a 360-day year of twelve 30-day months.

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[2] At the date of this offering memorandum, pursuant to Articles L. 233-1 and L. 233-3 of the French *Code de commerce*, a person or entity is a subsidiary when over half of its share capital is held by another person or entity, or when it is controlled by another person or entity that (i) holds a majority of its voting rights, including through a shareholders' agreement, (ii) de facto determines decisions of its shareholders at shareholders' meetings, or (iii) is a shareholder that has the power to appoint or dismiss the majority of the members of the board of directors. An entity is also deemed to be a subsidiary when (x) the controlling company holds over 40% of its voting rights and (y) no other shareholder holds a greater amount.

(b) Interest Accrual

Each Note will cease to bear interest from and including the due date for redemption of such Note, unless payment of the principal in respect of the Note is improperly withheld or refused on such date or unless default is otherwise made in respect of the payment.

Interest payments will be made subject to, and in accordance with, the provisions of Condition 5.

5. Payments

(a) Method of Payment

Payments of principal and interest in respect of the Notes will be made in U.S. dollars.

None of the Issuer, the Fiscal Agent or the Principal Paying Agent (or any other agent under an Agency Agreement) shall be liable to any Noteholder or other person for any commission, costs, losses or expenses in relation to, or resulting from, the credit or transfer of U.S. dollars, or any currency conversion or rounding effect in connection with such payment being made in U.S. dollars.

Payments in respect of principal and interest on the Notes will, in all cases, be made subject to any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable in respect of such payments to the Issuer, the Fiscal Agent, the Principal Paying Agent (or any other agent under an Agency Agreement) or, as the case may be, to the person shown in the records of DTC as the registered Noteholder of a particular principal amount of Notes, but without prejudice to the provisions of Condition 7.

(b) Payments on Business Days

If the due date for payment of any amount of principal, interest or other amounts in respect of any Note is not a Business Day, payment shall not be made of the amount due and credit or transfer instructions shall not be given in respect thereof until the next following Business Day and the Noteholders shall not be entitled to any interest or other sums in respect of such postponed payment.

For the purposes of these Conditions:

A "Business Day" means any day (not being a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for general business in France and in The City of New York.

(c) Fiscal Agent and Principal Paying Agent

The name of the initial Fiscal Agent and Principal Paying Agent in respect of each Series and their specified offices are set forth below:

Fiscal Agent, Principal Paying Agent, Registrar and Transfer Agent

Deutsche Bank Trust Company Americas
Trust & Agency Services
60 Wall Street, 27th Floor
MS: NYC60 2710
New York, New York 10005
United States

The Fiscal Agent is our agent and is not a trustee for the Noteholders and does not have the same responsibilities or duties to act for such Noteholders as would a trustee. Payments by the Principal Paying Agent in respect of the Notes will be made to the registered Noteholders. The Principal Paying Agent will treat the persons in whose name the registered global notes representing the Notes are registered as the owners thereof for purposes of making such payments and for any other purposes whatsoever. We must notify you through the Fiscal Agent of changes in the Principal Paying Agent in respect of your Series.

Pursuant to the terms of each Agency Agreement, the Issuer reserves the right to vary or terminate the appointment of the relevant Fiscal Agent and/or Principal Paying Agent and/or appoint additional or other Paying Agents.

Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than ten (10) Business Days' notice thereof shall have been given to the Noteholders by, or on behalf of, the Issuer in accordance with Condition 9.

6. Redemption and Purchase

The Notes may not be redeemed other than in accordance with this Condition 6 or Condition 8.

(a) Redemption at Maturity

Unless previously redeemed or purchased and cancelled, the 2017 Notes will be redeemed in full at their principal amount on maturity date of the 2017 Notes (being January 15, 2017).

Unless previously redeemed or purchased and cancelled, the 2022 Notes will be redeemed in full at their principal amount on maturity date of the 2022 Notes (being July 15, 2022).

Unless previously redeemed or purchased and cancelled, the 2042 Notes will be redeemed in full at their principal amount on maturity date of the 2042 Notes (being the earlier of (i) January 15, 2042 and (ii) if prior to July 12, 2037 our corporate existence has not been extended beyond January 15, 2042, July 12, 2037).

(b) Redemption for Taxation Reasons

(i) If by reason of a change in the laws or regulations of the French Republic or any political subdivision therein or any authority thereof or therein having power to tax, or in a treaty applicable to France, or any change in the application or official interpretation of such laws or regulations or treaty (including a judgment by a court of competent jurisdiction), becoming effective on or after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of one or several Series of Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 7(b) below, the Issuer may, on any date, subject to having given not more than 60 nor less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 9, redeem the relevant Series of Notes (in whole but not in part) at their principal amount plus accrued interest up to (but excluding) their effective redemption date provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.

(ii) If the Issuer would on the next payment of principal or interest in respect of one or several Series of Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7(b) below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent in respect of the relevant Series of Notes and the Issuer shall, upon giving not less than seven Business Days' prior notice to the Noteholders in accordance with Condition 9, redeem the relevant Series of Notes (in whole but not in part) at their principal amount plus accrued interest up to (but excluding) their effective redemption date provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal and interest payable without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.

(c) Redemption or Purchase following a Change of Control Event

If at any time while any of the Notes remains outstanding, (i) a Change of Control occurs and (ii) within the Change of Control Period (as defined below) a Negative Rating Event in respect of that Change of Control occurs and is not cured prior to the last day of the Change of Control Period (a "Change of Control Event"), then each Noteholder shall have the option (the "Put Option") to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, part or all of its Notes at a purchase price equal to 101% of the principal amount thereof, together with accrued and unpaid interest to (but excluding) the Optional Redemption Date (as defined below).

Promptly upon the Issuer becoming aware of the occurrence of a Change of Control Event, the Issuer shall give notice to the Noteholders in accordance with Condition 9, specifying the nature of the Change of Control Event, the circumstances giving rise to it and the procedure for exercising the Put Option (the "Put Event Notice").

Each Noteholder will have the right to require the redemption (or, at the Issuer's option, the purchase) of all or part of the Notes held by it within 45 days (the "Put Period") following the delivery of the Put Event Notice. To exercise the Put Option, each Noteholder must notify the relevant Fiscal Agent and the relevant Principal Paying Agent of its or portions of its Notes to be so redeemed (or purchased) within the Put Period. Within the Put Period, the Issuer shall, to the extent lawful, accept for payment all Notes or portions of such Notes properly tendered pursuant to the Put Option.

Following the Put Event Notice, the Issuer shall redeem or, at the option of the Issuer, procure the purchase of, the Notes so tendered as provided above on the tenth Business Day following the expiration of the Put Period (the "Optional Redemption Date").

The Principal Paying Agent will promptly mail or wire to each Noteholder of Notes so tendered the purchase price for such Notes, and the relevant Fiscal Agent, upon instruction by the Issuer and in accordance with the relevant Agency Agreement, will promptly authenticate and mail or cause to be transferred by book entry to each Noteholder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each such new Note will be in a principal amount of U.S. $150,000 and integral multiples of U.S. $1,000 in excess thereof.

For the purposes of this Condition:

A "Change of Control" will be deemed to have occurred each time (whether or not approved by the Board of Directors, or *Conseil d'administration*, of the Issuer) that any person or group of persons acting in concert (*personnes agissant de concert*, as defined in Article L. 233-10 of the French *Code de commerce*)[3] at any time directly or indirectly gains control (as defined in Article L. 233-3-I of the French *Code de commerce* in effect as of the date of this offering memorandum) of the Issuer.

"Change of Control Period" means, in relation to (and following) the occurrence of a Change of Control, the period commencing on the date of the first formal public announcement of the relevant Change of Control and ending on the date which is 90 days (inclusive) after the date of such public announcement.

A "Negative Rating Event" shall occur in respect of a Change of Control:

(i) if the corporate credit rating assigned to the Issuer by either two or several Rating Agencies, whether at the invitation of the Issuer or by the relevant Rating Agencies' own volition, is reduced by at least one

[3] At the date of this offering memorandum, pursuant to Article L. 233-10 of the French *Code de commerce*, a group of persons is deemed to be acting in concert when they have entered into an agreement in connection with the purchase, sale or exercise of voting rights to implement a joint company policy or to gain control of the company. An agreement is notably deemed to exist between (i) a company, the chairman of its board of directors and its executive officers, (ii) a company and the companies it controls, (iii) companies controlled by the same group of persons, and (iv) a trustee (*fiduciaire*) and the trust beneficiary if this latter is also the trustor (*constituant*).

full rating notch, provided that following such reduction none of such relevant credit ratings reduced by two or several Rating Agencies and assigned to the Issuer are above or equal to Ba1 by Moody's and/or BB+ by S&P and/or Fitch, or

(ii) if the corporate credit rating assigned to the Issuer by a Rating Agency, whether at the invitation of the Issuer or by the relevant Rating Agency's own volition, is withdrawn,

provided that, in each such case, the relevant Rating Agency publicly announces that any such reduction or withdrawal is directly linked to such Change of Control.

"Rating Agency" means Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. ("S&P") or Fitch Ratings ("Fitch"), or any other rating agency of equivalent international standing and in each case any of their respective successors and affiliates.

While any of the Notes remains outstanding, the Issuer undertakes to maintain a corporate credit rating assigned to the Issuer by at least two Rating Agencies.

(d) Optional Redemption

We may redeem the Notes, in whole or in part, at any time from time to time at our option, on at least 30 days' but no more than 60 days' prior written notice given to the registered holders of the Notes to be redeemed. Upon redemption of the Notes, we will pay a redemption price equal to the greater of (1) 100% of the principal amount of the Notes plus accrued interest to the date of redemption and (2) as determined by the Quotation Agent, (i) the sum of the present values of the Remaining Scheduled Payments of principal and interest on the Notes discounted to the redemption date on a semi-annual basis (assuming a 360-day year of twelve 30-day months) at the Adjusted Treasury Rate plus in respect of the 2017 Notes, 30 basis points, in respect of the 2022 Notes, 35 basis points and in respect of the 2042 Notes, 40 basis points plus (ii) accrued interest to the date of redemption.

In connection with such optional redemption, the following defined terms apply:

"Adjusted Treasury Rate" means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the U.S. Treasury security (or securities) selected by the Quotation Agent as having a maturity (or interpolated maturity) comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity in the remaining terms of such Notes.

"Comparable Treasury Price" means, with respect to any redemption date, the average of the Reference Treasury Dealer quotations for such redemption date.

"Quotation Agent" means the Reference Treasury Dealer appointed by the Issuer.

"Reference Treasury Dealer" means each of J.P. Morgan Securities LLC, RBS Securities Inc., their respective successors and two other nationally recognized investment banking firms that are Primary Treasury Dealers specified from time to time by us; provided, however, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in New York City (a "Primary Treasury Dealer"), we shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

"Remaining Scheduled Payments" means, with respect to each Note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date for such redemption; provided, however, that, if such redemption date is not an interest payment date with respect to such Notes, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such redemption date.

The notice of redemption will state any conditions applicable to a redemption and the amount of Notes to be redeemed. If less than all the Notes in a Series are to be redeemed, the Notes in a Series shall be selected by the relevant Fiscal Agent by such method as the Fiscal Agent deems fair and appropriate.

(e) Purchases

The Issuer may, in accordance with all applicable laws and regulations, at any time purchase Notes in the open market or otherwise without any limitation as to price or quantity, including in connection with a tender offer.

(f) Cancellation

All Notes which are redeemed (including upon exchange) or purchased by the Issuer will be promptly cancelled and accordingly may not be reissued or resold.

7. Taxation

(a) All payments of principal, any premium and interest in respect of the Notes by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Republic of France or any political subdivision of, or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

(b) If French law should require that payments of principal, premium or interest in respect of any Note be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will, to the extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by the Noteholders had no such deduction or withholding been required, except that no such additional amounts shall be payable with respect to any Notes:

(i) to a Noteholder (or a fiduciary, settlor, beneficiary, member or shareholder of, possessor of power over, the relevant Noteholder, if the relevant holder is an estate, trust, partnership or corporation) who is liable to such taxes, duties, assessments, fees or other governmental charges in respect of such Note by reason of his having some connection with the Republic of France other than the mere holding of the Note; or

(ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council directive 2003/48/EEC or any other European Union directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 or any subsequent meeting of the ECOFIN Council, or any law implementing or complying with, or introduced in order to conform to, such directive (including for the avoidance of doubt, the agreements concluded by each member of the European Union with several dependant or associated territories of the European Union, aiming to apply measures similar to the ones deriving from the European Union Council directive 2003/48 EC or any law implementing or complying with, or introduced in order to conform to, such agreements).

References in these Conditions to principal, interest or premium shall be deemed to include any additional amounts payable with respect thereto.

8. Events of Default

An “Event of Default” means, with respect to a Series, any of the following:

(i) the Issuer is in default for more than 5 calendar days for the payment of principal, and 30 days for the payment of interest, on the Notes in that Series, after the same shall become due and payable;

(ii) the Issuer is in default in the performance of, or compliance with, any of its other obligations under the Notes in that Series and such default has not been cured within 30 Business Days;

(iii) (a) any borrowed money of the Issuer or of any Principal Subsidiary becomes due and repayable prematurely by reason of a default in relation thereto, or (b) any such borrowed money is not paid at maturity as extended by any applicable grace period, or (c) any guarantee or indemnity in respect of any borrowed money of a third party given by the Issuer or any Principal Subsidiary is not honored when due, following a demand for payment made under such guarantee or indemnity where such demand is necessary, taking into account any applicable grace period, unless in the case of (c) hereof (x) it has been disputed in good faith that such guaranteed or indemnified third party borrowed money is due or payable or that such guarantee or indemnity is callable or that such demand for payment is valid and such dispute has been submitted to a competent court, in which case such event shall not constitute an event of default hereunder, so long as the dispute shall not have been finally adjudicated or (y) payment under such guarantee or indemnity is prohibited by laws of mandatory application or under an order or decision by a court or authority, and provided that in the case of (a), (b) or (c) hereof, such borrowed money of the Issuer or such Principal Subsidiary, or the amount of the failure to pay by the Issuer or the relevant Principal Subsidiary under such guarantee or indemnity given in respect of such third party borrowed money, is in an aggregate nominal amount of at least €100,000,000 (or its equivalent in any other currency), unless in any such event the amount due is not paid due to circumstances affecting the making or clearing of the payment which are outside the control of the Issuer or the Principal Subsidiary, as the case may be, in which case such event shall not constitute an event of default so long as such circumstances continue in existence;

(iv) the Issuer sells or otherwise disposes of all or substantially all of its assets or ceases to carry on all or substantially all of its business or an order is made or an effective resolution is passed for its winding-up, dissolution or liquidation, unless (a) such disposal, winding-up, dissolution, liquidation or cessation is made or takes place in connection with a merger, consolidation, amalgamation or other form of reorganization with or to any other corporation and the Issuer's liabilities under the Notes are transferred to and assumed by such other corporation (including, without limitation, pursuant to a *fusion, scission* or *apport partiel d'actifs*) and (b) the long term rating assigned by S&P or Moody's to such other corporation immediately following such merger, consolidation, amalgamation or other form of reorganization is not lower than the long-term credit rating assigned by such agency to the Issuer immediately prior to such merger, consolidation, amalgamation or other form of reorganization; or

(v) the Issuer or any of its Principal Subsidiaries applies for or is subject to the appointment of a trustee (*mandataire ad hoc*) under French bankruptcy law (or, in respect of a Principal Subsidiary, any equivalent procedure under any other applicable law, as the case may be) or enters into an amicable procedure (*procédure de conciliation*) with its creditors or a judgment is rendered for its judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or the Issuer or any of its Principal Subsidiaries makes any conveyance for the benefit of, or enters into any agreement with, its creditors as a result of actual financial difficulties.

If an Event of Default occurs and is continuing, the relevant Fiscal Agent, acting upon request of one or several Noteholders together representing no less than 10% of the outstanding aggregate principal amount of the Notes of the affected Series, may give written notice to the Issuer declaring all the Notes in that Series to be due and payable, whereupon all Notes in that Series will become due and payable at their principal amount plus accrued interest unless such event(s) shall have been remedied prior to the receipt of such notice by the Issuer.

9. Notices

Any notice required to be given to the Noteholders of a Series pursuant to these Conditions will be validly given (i) so long as the Notes in that Series are represented by registered global certificates, by delivery of the relevant notice to DTC and any other relevant securities clearing system, for communication by each of them to entitled participants, or (ii) if mailed by first-class mail, postage prepaid, to the address for each Noteholder appearing in the Note register. Any notice to the relevant clearing system shall be deemed to have been given on the third Business Day following delivery of the notice to the relevant clearing system.

10. Modification and Waiver

Subject to certain exceptions, any provisions of the Conditions applicable to a Series of Notes may be amended with the consent of the holders of a majority in principal amount of the Notes in that Series then outstanding and any past default or compliance with any provisions applicable to a Series may be waived with the consent of the holders of a majority in principal amount of the Notes in that Series then outstanding; provided, however, that without the written consent of each holder of an outstanding Note affected thereby, no amendment or waiver to the provisions of the Conditions applicable to a Series of Notes may:

(1) reduce the amount of Notes whose holders must consent to an amendment or waiver;

(2) reduce the rate of or extend the time for payment of interest on any Note;

(3) reduce the principal of or change the maturity date stated in Condition 6(a) of such Note. For the avoidance of doubt, no consent of holders of outstanding 2042 Notes will be required in the event of a change in the maturity of the 2042 Notes from January 15, 2042 to July 12, 2037 as stated in Condition 6(a) of such Note;

(4) reduce the premium or amount payable upon the redemption of any Note pursuant to Condition 6(b) or 6(d), or reduce the amount payable upon the redemption or repurchase of, or change the time at which, any Note may be redeemed, pursuant to Condition 6(c);

(5) make any Note payable in money other than that stated in these Conditions;

(6) modify Condition 2; or

(7) impair the right of any Noteholder to receive payment of principal of, premium, if any, and interest on such Noteholder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Noteholder's Notes.

Notwithstanding the foregoing, the Fiscal Agent may agree with the Issuer, without the consent of the Noteholders, to any modification of any of the conditions governing the Notes or any of the provisions of an Agency Agreement (a) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained therein, provided that any such action does not adversely affect the interest of the Noteholders, (b) so as to allow the issuance of further Notes in a Series pursuant to Condition 11, (c) in any other manner which is not materially prejudicial to the interests of the Noteholders affected thereby or (d) to evidence and give effect to the acceptance and appointment of a successor Fiscal Agent or paying agent under an Agency Agreement.

The consent of the Noteholders is not necessary under the Notes to approve the particular form of any proposed amendment or waiver. It is sufficient if such consent approves the substance of the proposed amendment or waiver.

After an amendment or waiver of these Conditions becomes effective, the Issuer is required to deliver notice thereof to the affected Noteholders in accordance with Condition 9 not more than ninety (90) days from the date thereof. However, the failure to give such notice to all affected Noteholders entitled to receive such notice, or any defect therein, will not impair or affect the validity of the amendment or waiver.

11. Further Issues

The Issuer may from time to time without the consent of the Noteholders issue further notes to be assimilated and form a single series (*assimilées*) with any Series of the Notes, including having the same CUSIP or identifying number as a Series, provided that such further notes and the Notes in the relevant Series (i) shall carry rights identical in all respects (or in all respects except for any payment of interest thereon in respect of an interest period that has ended prior to the issuance of the further notes), (ii) provide for such assimilation and (iii) are fungible with the outstanding Notes in the relevant Series for U.S. federal income tax purposes. Any further notes shall be treated as a single class with the Series to which they relate for all purposes under these terms and conditions, including waivers, amendments, redemptions and offers to purchase.

12. Governing Law and Submission to Jurisdiction

The Notes are governed by and shall be construed in accordance with the laws of the State of New York, without regard to principles of conflicts of laws thereof.

13. Consent to Service, Submission to Jurisdiction; Enforceability of Judgments

In each Agency Agreement, the Issuer will appoint Pernod Ricard USA LLC, 100 Manhattanville Road, Purchase, New York, 10577, United States, as its agent for service of process in any action brought by a Noteholder based on an Agency Agreement or the Notes, as applicable, instituted in any state or federal court in the Borough of Manhattan, The City of New York.

The Issuer will irrevocably submit to the non-exclusive jurisdiction of any state or federal court in the Borough of Manhattan, The City of New York in respect of any action brought by a Noteholder based on the Notes or an Agency Agreement. The Issuer will also irrevocably waive, to the extent permitted by applicable law, any objection to the venue of any of these courts in an action by Noteholders. However, Noteholders may be precluded from initiating actions based on the Notes or an Agency Agreement in courts other than those mentioned above.

The Issuer will, to the fullest extent permitted by law, irrevocably waive and agree not to plead any immunity from the jurisdiction of any of the above courts in any action based upon the Notes or an Agency Agreement.

Most of the Issuer's directors and officers are currently non-residents of the United States and a substantial portion of the Issuer's assets are currently located outside the United States. Consequently, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, interest and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

BOOK-ENTRY, DELIVERY AND FORM

Each Series of Notes will initially be represented by one or more Notes in global form that together will represent the aggregate principal amount of each Series of Notes. Notes of each Series sold in reliance on Rule 144A under the Securities Act will be represented by one or more Rule 144A Global Note(s) (a "Rule 144A Global Note"). Notes of each Series sold in reliance on Regulation S under the Securities Act will be represented by one or more Regulation S Global Note(s) (a "Regulation S Global Note"). In this offering memorandum, "Global Note" refers to a Rule 144A Global Note or a Regulation S Global Note.

The Notes will be issued only in registered global form in minimum denominations of U.S.$150,000 and integral multiples of U.S.$1,000 in excess thereof. Notes will be issued at the closing of the offering of the Notes only against payment in immediately available funds.

Upon issuance, the Rule 144A Global Notes and the Regulation S Global Notes will be deposited with Deutsche Bank Trust Company Americas as custodian for The Depository Trust Company ("DTC"), in New York, New York, and registered in the name of Cede & Co. as the nominee of DTC. Investors may hold their interests in the Global Notes directly through DTC if they are Participants (as defined below) in, or indirectly through organizations that are Participants in, DTC.

Investors who hold beneficial interests in a Regulation S Global Note may hold such interests through Euroclear Bank S.A./N.V, as operator of Euroclear, or Clearstream, if they are participants in these systems, or indirectly through organizations that are participants in these systems. Euroclear and Clearstream will hold interests in a Regulation S Global Note on behalf of their participants through customers' securities accounts on the books of their respective depositaries that are Participants in DTC.

Regulation S prohibits the Initial Purchasers from offering, selling or delivering the Notes within the United States or to, or for the account or benefit of, U.S. persons until the expiration of the period ending 40 days after the later of the commencement of the offering of the Notes and the date the Notes were originally issued (the "Distribution Compliance Period"). Initially beneficial interests in a Regulation S Global Note will be credited within DTC to Euroclear and Clearstream (as indirect participants in DTC) on behalf of the owners of these interests. Beneficial interests in the Rule 144A Global Note may not be exchanged for beneficial interests in the Regulation S Global Note at any time except in the circumstances described below. See "—Exchanges Between the Global Notes." In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its Participants or its Indirect Participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

So long as Cede & Co., as the nominee of DTC, is the registered owner of a Global Note, Cede & Co. for all purposes will be considered the sole holder of the Global Note for all purposes under the relevant Agency Agreement and the relevant Notes. Owners of beneficial interests in a Global Note will be entitled to have certificates registered in their names and to receive physical delivery of relevant Notes only in the limited circumstances described below under "—Exchange of Global Notes for Definitive Notes."

The Notes will be subject to certain transfer restrictions and restrictive legends as described under "Transfer Restrictions."

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them from time to time. The Issuer does not take any responsibility for these operations and procedures and urges investors to contact the systems or their participants directly to discuss these matters.

Upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the Initial Purchasers with portions of the principal amount of the relevant Global Notes with respect to each Series of Notes.

Payment of principal and interest on a Global Note will be made by the Principal Paying Agent to Cede & Co., the nominee for DTC, as registered owner of the Global Notes, by wire transfer of immediately available or same day funds on the applicable payment date. Neither the Issuer nor the Fiscal Agent and Principal Paying Agent, nor any agent of either of them, will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

The Issuer has been informed by DTC that its current practice, upon receipt of any payment in respect of securities, such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the Notes represented by the Global Note as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of the Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Issuer, or the Fiscal Agent and Principal Paying Agent. In particular, payments to owners of beneficial interests in the Notes held through Euroclear and Clearstream will be made in accordance with the rules and operating procedures of Euroclear and Clearstream.

Subject to the transfer restrictions set forth herein and under "Transfer Restrictions," transfers may be made only through DTC between the Participants and will be effected in accordance with DTC's procedures, which procedures may change from time to time. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way under the rules and operation procedures of those systems.

Subject to the transfer restrictions set forth herein and under "Transfer Restrictions," cross-market transfers between DTC Participants, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected within DTC in accordance with DTC rules through DTC Participants that are acting as depositaries for Euroclear or Clearstream; however, these cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in the system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a DTC Participant will be credited during the business day immediately following the DTC settlement date, and the credit of any transaction's interests in the Global Note settled during such business day will be reported to the relevant Euroclear or Clearstream participant on that day.

Neither the Issuer nor the Fiscal Agent and Principal Agent, nor any agent of either of them, will have responsibility for the performance of DTC, Euroclear, Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of the Notes only at the direction of one or more Participants to whose accounts with DTC interests in a Global Note are credited, and only in respect of the Notes represented by the Global Note as to which such Participant or Participants has or have given such direction.

DTC has also advised the Issuer that it is a limited-purpose trust company organized under the laws of the State of New York a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities for its participating organizations (collectively, the "Participants") and facilitates the post-trade settlement among Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Participants include both U.S. and non-U.S. securities brokers and dealers (including the Initial Purchasers), banks, trust companies, clearing corporations, and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants"). DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Participant, either directly or indirectly.

Although the Issuer expects that DTC, Euroclear and Clearstream will agree to the foregoing procedures in order to facilitate transfers of interests in the Global Notes among their respective participants, DTC, Euroclear and Clearstream are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

Exchange of Global Notes for Definitive Registered Notes

A Global Note is exchangeable for Notes in registered definitive form ("Definitive Registered Notes") only if:

(a) DTC notifies the Issuer that it is unwilling or unable to continue as depositary for the relevant Global Notes or has ceased to be a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended, at a time when DTC is required to be so registered in order to act as depositary, and, in either case, the Issuer fails to appoint a successor depositary within 90 days of such notice or becoming aware that DTC is no longer so registered;

(b) the Issuer notifies the Fiscal Agent in writing that such Global Note shall be exchangeable for Definitive Registered Notes;

(c) if there shall have occurred and be continuing an Event of Default under the Notes; or

(d) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by a Global Note in definitive form.

In all cases, Definitive Registered Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures) and will bear the restrictive legend referred to in "Transfer Restrictions," unless we determine otherwise in compliance with the requirements of the fiscal agency agreement.

Exchanges Between the Global Notes

Beneficial interests in the Regulation S Global Note of a relevant Series of Notes may be exchanged for beneficial interests in the Rule 144A Global Note of such Series of Notes only if such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A and the transferor first delivers to the transfer agent and fiscal agent a written certificate (in accordance with the terms of the Agency Agreement) to the effect that the Notes are being transferred to a person who the transferor reasonably believes is purchasing the Notes for its own account or an account with respect to which the transferor exercises sole investment discretion, and the transferee and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the relevant Regulation S Global Note, whether before or after the expiration of the Distribution Compliance Period, only if the transferor first delivers to the custodian and registrar a written certificate (in accordance with the terms of the Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S and pursuant to the transfer restrictions related to the Rule 144A Global Note.

Transfers involving an exchange of a beneficial interest in one of the Global Notes of a relevant Series of Notes for a beneficial interest in another Global Note of such Series of Notes will be effected in DTC by means of an instruction originated by the Fiscal Agent and Principal Paying Agent through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the relevant Global Note representing the beneficial interest that is transferred and a corresponding increase in the principal amount of the other Global Note. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it retains such an interest.

Same-Day Settlement and Payment

The Notes represented by the Global Notes will be eligible to trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC.

DTC has advised the Issuer that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Methods of Receiving Payments on the Notes

Payments of principal and interest on Global Notes will be payable at the specified office of the Fiscal Agent and Principal Paying Agent. All payments on the Global Notes will be made by transfer of immediately available funds to an account of the holder of the Global Notes in accordance with instructions given by the holder. Payments of principal and interest on any Definitive Registered Notes, if any, shall be made to, or to the order of, the holder of such Definitive Registered Note.

CERTAIN TAX CONSIDERATIONS

Certain French Tax Considerations

The following is a summary of certain French tax considerations relating to the purchase, ownership and disposition of the Notes of any series (referred to in this section as the "Notes") by a beneficial owner of the Notes that is not a French resident for French tax purposes, that is not a shareholder of the Issuer and that does not hold the Notes in connection with a permanent establishment or a fixed base in France (such holder, a "Non-French Holder"). This summary is based on the tax laws and regulations of France, as currently in effect and applied by the French tax authorities, and all of which are subject to change or to different interpretation. This summary is for general information only and does not address all of the French tax considerations that may be relevant to specific holders in light of their particular circumstances. Furthermore, this summary does not address any French estate or gift tax considerations.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO FRENCH TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

Payments of interest made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A-III of the *Code général des impôts* (French tax code) unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the *Code général des impôts* (a "Non-Cooperative State"), irrespective of the holder's residence for tax purposes or registered headquarters. If such payments under the Notes are made in a Non-Cooperative State, a 50% mandatory withholding tax will be due by virtue of Article 125 A-III of the *Code général des impôts* (subject to certain exceptions and to the more favorable provisions of an applicable double tax treaty).

Notwithstanding the foregoing, the 50% withholding tax will not apply in respect of a particular issue of debt instruments if the issuer can prove that the main purpose and effect of such issue was not to enable payments of interest or other similar revenues to be made in a Non-Cooperative State (the "Exception"). Pursuant to a ruling (*rescrit*) no. 2010/11 (FP and FE) of the French tax authorities dated February 22, 2010, an issue of debt instruments will be deemed not to have such a purpose and effect, and accordingly will be able to benefit from the Exception, if such debt instruments are:

(i) offered by means of a public offer within the meaning of Article L.411-1 of the *Code monétaire et financier* (French financial code) or pursuant to an equivalent offer in a State which is not a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a regulated market or a multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(iii) admitted, at the time of their issue, to the operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the *Code monétaire et financier*, or of one or more similar foreign depositaries or operators, provided that such depositary or operator is not located in a Non-Cooperative State.

The Notes, which will be admitted to the clearing operations of DTC, will fall under the Exception. Accordingly, payments of interest with respect to the Notes will be exempt from the withholding tax set out under Article 125 A-III of the *Code général des impôts*.

A Non-French Holder will generally not be subject to deduction or withholding of tax imposed by France in respect of gains realized on the sale, exchange or other disposition of the Notes. In addition, transfers of the Notes will not be subject to any stamp duty or other similar taxes imposed in France, except in case of voluntary registration.

EU Savings Directive

The EC Council Directive 2003/48/EC of June 3, 2003 on the taxation of savings income in the form of interest payments (the "Directive") requires that, as from July 1, 2005, each member State provide the tax authorities of another member state with details of payments of interest and other similar income within the meaning of the Directive which were made by a paying agent within its jurisdiction to (or under certain circumstances, to the benefit of) an individual resident in that other member State. Luxembourg and Austria may however impose a withholding system for a transitional period.

If a payment were to be made or collected through a member State which has opted for a withholding system and an amount of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the application of such withholding tax.

Certain United States Federal Income Tax Considerations

The following is a discussion of certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes of any series (referred to in this section as the "Notes") by U.S. Holders (as defined below) that purchase the Notes at their issue price (generally the first price at which a substantial amount of the Notes is sold, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) pursuant to this offering of the Notes and hold such Notes as capital assets. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion does not address all of the U.S. federal income tax considerations that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as banks, insurance companies, dealers in securities or other U.S. Holders that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, U.S. Holders that hold the Notes as part of a straddle, hedge, conversion or other integrated transaction or U.S. Holders that have a "functional currency" other than the U.S. dollar). This discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift or alternative minimum tax considerations.

As used in this discussion, the term "U.S. Holder" means a beneficial owner of a Note that, for U.S. federal income tax purposes, is (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (y) that has in effect a valid election under applicable U.S. Treasury regulations to be treated as a United States person.

If an entity treated as a partnership for U.S. federal income tax purposes invests in a Note, the U.S. federal income tax considerations relating to such investment will depend in part upon the status and activities of such entity and the particular partner. Any such entity and partners therein should consult their own tax advisors regarding the U.S. federal income tax considerations applicable to them relating to the purchase, ownership and disposition of the Notes.

No ruling has been or will be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take a position contrary to the discussion below.

PERSONS CONSIDERING AN INVESTMENT IN THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER U.S. FEDERAL TAX LAW; (B) ANY SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Certain Additional Payments

In certain circumstances, we are required to make payments on the Notes in addition to stated principal and interest. In particular, we are required to pay 101% of the face amount of any Note purchased by us at the U.S. Holder's election after a Change of Control resulting in a Negative Rating Event, as described above under the heading "Terms and Conditions of the Notes—Redemption and Purchase—Redemption or Purchase following a Change of Control Event."

U.S. Treasury regulations provide special rules for contingent payment debt instruments which, if applicable, could cause the timing, amount and character of a U.S. Holder's income, gain or loss with respect to the Notes to be different from those described below. However, these rules do not apply to a contingency that is remote or incidental. We believe that the possibility of redeeming the Notes at a price of 101% of their face amount in the circumstances described above does not result in the Notes' being treated as contingent payment debt instruments. Our treatment is not binding on the IRS. If the IRS were to challenge our treatment, a U.S. Holder might be required to accrue income on the Notes in excess of stated interest and to treat as ordinary income, rather than capital gain, gain recognized on the disposition of the Notes. In any event, if we actually make any such additional payment, the timing, amount and character of a U.S. Holder's income, gain or loss with respect to the Notes may be affected. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments.

Interest

In general, interest payable on the Notes without reduction for any non-U.S. tax withheld with respect to such payment will be taxable to a U.S. Holder as ordinary interest income when it is received or accrued, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes. The Notes are not expected to be issued with more than a de minimis amount of original issue discount ("OID"). However, if the Notes are issued with more than a de minimis amount of OID, each U.S. Holder generally will be required to include OID in its income as it accrues, regardless of its method of accounting, using a constant yield method, possibly before such U.S. Holder receives any payment attributable to such income. The remainder of this discussion assumes that the Notes are not issued with more than a de minimis amount of OID.

Interest income on the Notes generally will be treated as income from sources outside the United States and generally will be categorized for U.S. foreign tax credit purposes as "passive category income" or, in the case of some U.S. Holders, as "general category income." A U.S. Holder may be eligible to elect to claim a U.S. foreign tax credit against its U.S. federal income tax liability, subject to applicable limitations and holding period requirements, for any non-U.S. income tax withheld (not in excess of any applicable treaty rate) from payments in respect of interest on the Notes. A U.S. Holder that does not elect to claim a U.S. foreign tax credit for non-U.S. income tax withheld may, subject to generally applicable limitations, instead claim a deduction for such withheld tax, but only for a taxable year in which such U.S. Holder elects to do so with respect to all non-U.S. income taxes paid or accrued in such taxable year. The rules relating to U.S. foreign tax credits are very complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

Sale, Exchange, Retirement or Other Disposition of the Notes

Upon the sale, exchange, retirement or other disposition of a Note, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between the amount realized on such sale, exchange, retirement or other disposition (other than any amount attributable to accrued interest, which, if not previously included in such U.S. Holder's income, will be taxable as interest income to such U.S. Holder) and such U.S. Holder's "adjusted tax basis" in such Note. A U.S. Holder's "adjusted tax basis" in a Note is generally the amount such U.S. Holder paid for such Note. Any gain or loss so recognized generally will be capital gain or loss and will be long-term capital gain or loss if such U.S. Holder has held such Note for more than one year at the time of such sale, exchange, retirement or other disposition. Net long-term capital gain of certain non-corporate U.S. Holders is generally subject to preferential rates of tax. The deductibility of capital losses is subject to limitations. Such gain or loss generally will be from sources within the United States for U.S. foreign tax credit purposes.

Information Reporting and Backup Withholding

Under certain circumstances, information reporting and/or backup withholding may apply to U.S. Holders with respect to payments of interest on, or proceeds from the sale, exchange, retirement or other disposition of, a Note, unless an applicable exemption is satisfied. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability if the required information is furnished by the U.S. Holder on a timely basis to the IRS.

Disclosure Requirements for Specified Foreign Financial Assets

Individual U.S. Holders (and certain U.S. entities specified in IRS guidance) who, during any taxable year, hold any interest in any "specified foreign financial asset" generally will be required to file with their U.S. federal income tax returns certain information on IRS Form 8938 if the aggregate value of all such assets exceeds a certain specified threshold. "Specified foreign financial asset" generally means any financial account maintained with a non-U.S. financial institution and may also include the Notes if they are not held in an account maintained with a financial institution. Substantial penalties may be imposed, and the period of limitations on assessment and collection of U.S. federal income taxes may be extended, in the event of a failure to comply. U.S. Holders should consult their own tax advisors as to the possible application to them of this new filing requirement.

PLAN OF DISTRIBUTION

Pursuant to a Subscription Agreement (the "Subscription Agreement"), the Initial Purchasers have severally and not jointly agreed with the Issuer, subject to the satisfaction of certain conditions, to purchase U.S.$2,500,000,000 principal amount of the Notes. The respective principal amount of Notes to be purchased by each of the Initial Purchasers from the Issuer is set forth opposite their respective names below:

Initial Purchasers	Principal Amount of the 2017 Notes	Principal Amount of the 2022 Notes	Principal Amount of the 2042 Notes
J.P. Morgan Securities LLC	U.S.$289,000,000	U.S.$272,000,000	U.S.$289,000,000
RBS Securities Inc.	U.S.$221,000,000	U.S.$208,000,000	U.S.$221,000,000
Mitsubishi UFJ Securities (USA), Inc.	U.S.$170,000,000	U.S.$160,000,000	U.S.$170,000,000
SG Americas Securities, LLC	U.S.$170,000,000	U.S.$160,000,000	U.S.$170,000,000
Total	**U.S.$850,000,000**	**U.S.$800,000,000**	**U.S.$850,000,000**

The Subscription Agreement entitles the Initial Purchasers to terminate the purchase of the Notes in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the several Initial Purchasers against certain liabilities in connection with the offer and sale of the Notes or contribute to payments that the Initial Purchasers may be required to make in respect of these liabilities.

The Initial Purchasers initially propose to offer the Notes for resale at the offering price set forth on the cover page of this offering memorandum. After the initial offering of the Notes by the Initial Purchasers in accordance with the Subscription Agreement, the offering price may from time to time be varied by the Initial Purchasers. The offering of the Notes by the Initial Purchasers is subject to the Initial Purchasers' right to reject, any order in whole or in part.

The Notes are new issues of securities with no established trading market. The Issuer does not intend to apply for listing of the Notes on any national securities exchange or for inclusion of the Notes on any automated dealer quotation system. The Issuer has been advised by the Initial Purchasers that they presently intend to make a market in the Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. The Issuer cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, the Issuer's operating performance and financial condition, general economic conditions and other factors.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and their affiliates have performed certain investment and commercial banking or financial advisory services for us and our affiliates from time to time for which they have received customary fees and commissions, and they expect to provide these services to us and our affiliates in the future, for which they expect to receive customary fees and commissions.

In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer.

The Initial Purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We intend to use the proceeds from the offering of the Notes to repay a portion of loans under our Credit Agreement, thus extending the maturity profile of our external debt. Affiliates of certain of the Initial Purchasers are lenders under the Credit Agreement and, as such, such affiliates of the Initial Purchasers may receive a portion of the net proceeds from the offering of the Notes.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Notes or the possession, circulation or distribution of any material relating to the Issuer, in any jurisdiction where action for such purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, nor may any offering material or advertisement in connection with the Notes be distributed or published, in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only to (i) QIBs within the United States in accordance with Rule 144A and (ii) non-U.S. persons located outside the United States in reliance on Regulation S under the Securities Act. Each Initial Purchaser has represented and agreed with the Issuer that, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until and including the fortieth day after the later of the commencement of the offer and the closing date for the sale of any Notes pursuant to the Subscription Agreement, within the United States or to, or for the account or benefit of U.S. persons except in accordance with Rule 903 of Regulation S or Rule 144A. Each Initial Purchaser has also agreed that it, each of its affiliates and each person acting on its or their behalf have complied and will comply with the offering restriction requirements of Regulation S; and at or prior to confirmation of a sale of Notes (other than a sale pursuant to Rule 144A, if permitted) it will have sent to each distributor, dealer or other person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of U.S. persons. Each Initial Purchaser has also represented and agreed with the Issuer that no directed selling efforts (as defined in Regulation S) have been made or will be made in the United States by the Initial Purchasers, any of their affiliates or any person acting on behalf of any of the Initial Purchasers or their affiliates in respect to the Notes; and neither it, any of its affiliates, nor anyone acting on its or their behalf has solicited offers for, offered or sold the Notes by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) in the United States in connection with the offering of the Notes or otherwise in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act.

Terms used in the preceding two paragraphs have the meanings ascribed to them by Rule 144A and Regulation S under the Securities Act, as applicable.

In addition, until forty (40) days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act.

The Subscription Agreement also provides that the Initial Purchasers and their affiliates may arrange for the placing of a portion of the Notes to persons reasonably believed to be QIBs pursuant to Rule 144A under the Securities Act.

European Economic Area

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State"), the Initial Purchasers have represented and agreed that with effect from and including the date on which the Prospectus Directive as amended by Directive 2010/73/EU is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of the Notes which are the subject of the offering contemplated by this offering memorandum to the public in that Relevant Member State other than:

(a) to legal entities that are qualified investors as defined in the Prospectus Directive; or

(b) in any other circumstances that do not require the publication by the Issuer of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. This selling restriction applies in addition to any other selling restriction which may be applicable in the Member States that have implemented the Prospectus Directive.

France

This offering memorandum has not been prepared in the context of a public offering of financial securities in France within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and Title I of Book II of the *Règlement Général* of the AMF and therefore has not been and will not be submitted for clearance to the AMF. Consequently, the Notes are not being offered, directly or indirectly, to the public in France and this offering memorandum has not been and will not be distributed to the public in France. Offers, sales and distributions of the Notes in France will be made only to qualified investors (*investisseurs qualifiés*) acting for their own accounts or to a closed circle of investors (*cercle restreint d'investisseurs*) acting for their own accounts, and/or to providers of the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) as defined in, and in accordance with, Articles L. 411-2 and D. 411-1 to D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier*. The Notes may only be offered, directly or indirectly, to the public in France, in compliance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 through L. 621-8-3 of the French *Code monétaire et financier*.

United Kingdom

This offering memorandum is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the Financial Promotion Order), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as "Relevant Persons"). This offering memorandum is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with Relevant Persons.

Hong Kong

Each Initial Purchaser has represented, warranted and agreed that: (1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) (the "SFO") and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap.32, Laws of Hong Kong) (the "CO") or which do not constitute an offer to the public within the meaning of the CO; and (2) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made thereunder.

Singapore

Each Initial Purchaser has represented, warranted and agreed that this offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, (iii) where the transfer is by operation of law; (iv) as specified in Section 276(7) of the SFA or (v) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

Each Initial Purchaser has represented, warranted and agreed that the Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law n°25 of 1948, as amended, the "Financial Instruments and Exchange Law") and may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

United States

We have not registered the Notes under the Securities Act, and therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, we are offering and selling the Notes only:

- to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act commonly referred to as "QIBs," in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A; and
- in offshore transactions to purchasers that are not U.S. persons in reliance on Regulation S under the Securities Act.

The terms "offshore transactions," "United States" and "U.S. person" have the meanings given to them by Regulation S.

The Notes are subject to restrictions on transfer as summarized below. By purchasing Notes, you will be deemed to have made the following acknowledgements, representations to and agreements with us and the Initial Purchasers:

(1) You understand and acknowledge that the Notes have not been registered under the Securities Act or any other applicable securities laws and that the Notes are being offered for resale in a transaction not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions to transfer set forth in paragraph (4) below.

(2) You are not an "affiliate" (as defined in Rule 144 under the Securities Act) of ours, you are not acting on our behalf and you are either: (a) a QIB and are aware that any sale of these Notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another QIB; or (b) not a U.S. person or purchasing for the account or benefit of a U.S. person (other than a distributor), and you are purchasing Notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that neither we, nor the Initial Purchasers, nor any person representing us or the Initial Purchasers has made any representation to you with respect to us or the offer and sale of the Notes, other than the information contained in this offering memorandum, including its annexes. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions of and request information from, us and the Initial Purchasers.

(4) You represent that you are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are

purchasing Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree that the Notes may be offered or sold or otherwise transferred only:

- to us;
- under a registration statement that has been declared effective under the Securities Act;
- for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a QIB that is purchasing for its own account or for the account of another QIB and to whom notice is given that the transfer is being made in reliance on Rule 144A;
- through offers and sales that occur outside the United States in compliance with Regulation S; or
- under any other available exemption from the registration requirements of the U.S. Securities Act;

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control and in compliance with applicable state and other securities laws.

You acknowledge that we and the Fiscal Agent and Principal Paying Agent reserve the right to require in connection with any offer, sale or other transfer of Notes under the third, fourth and fifth bullet point above, the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Fiscal Agent and Principal Paying Agent.

(5) You represent and warrant that either (a) no assets of (i) an employee benefit plan subject to Title I of ERISA, (ii) a plan described in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), (iii) an entity whose underlying assets are deemed to include assets of any such employee benefit plan or plan, or (iv) a foreign, governmental or church plan that is subject to U.S. federal, state, local or foreign law or regulation that is substantially similar to Section 406 of ERISA or Section 4975 of the Code ("Similar Law") have been used to purchase such Note or any interest therein; or (b) the purchase and holding of such Note or any interest therein shall not constitute or result in a nonexempt prohibited transaction under ERISA, the Code or any provision of Similar Law, as applicable.

Each Note will contain a legend substantially to the following effect unless otherwise agreed by the Issuer:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY SUCH OTHER SECURITIES LAWS.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT

PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH OF THE FOREGOING CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; PROVIDED THAT THE ISSUER AND THE FISCAL AGENT AND PRINCIPAL PAYING AGENT SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (C), (D) OR (E) TO REQUIRE THAT AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM IS COMPLETED AND DELIVERED BY THE TRANSFEROR. NO REPRESENTATION IS BEING MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "U.S. PERSON," AND THE "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S. THIS LEGEND WILL ONLY BE REMOVED WITH THE CONSENT OF THE ISSUER.

BY ITS ACQUISITION OR ACCEPTANCE HEREOF OR ANY INTEREST HEREIN, THE HOLDER HEREOF OR OF SUCH INTEREST REPRESENTS THAT EITHER (A) NO ASSETS OF (I) AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (II) A PLAN DESCRIBED IN SECTION 4975(E)(I) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN, OR (IV) A FOREIGN, GOVERNMENTAL OR CHURCH PLAN THAT IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, OR FOREIGN LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), HAVE BEEN USED TO PURCHASE THIS SECURITY OR ANY INTEREST HEREIN, OR (B) THE ACQUISITION AND HOLDING OF THIS SECURITY OR ANY INTEREST HEREIN BY THE HOLDER SHALL NOT CONSTITUTE OR RESULT IN A NONEXEMPT PROHIBITED TRANSACTION UNDER ERISA, THE CODE OR ANY PROVISION OF SIMILAR LAW, AS APPLICABLE.

(6) You acknowledge that we, the Initial Purchasers and others, will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of Notes is no longer accurate, you will promptly notify us and the Initial Purchasers in writing. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

(7) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

(8) You understand that no action has been taken in any jurisdiction (including in the United States) by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth herein and under "Plan of Distribution."

BENEFIT PLAN INVESTOR CONSIDERATIONS

EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER U.S. FEDERAL TAX LAW; (B) ANY SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 4975 of the Internal Revenue Code of 1986, (the "Code"), impose certain requirements on (a) employee benefit plans subject to Title I of ERISA, (b) individual retirement accounts, Keogh plans or other arrangements subject to Section 4975 of the Code, (c) entities whose underlying assets include "plan assets" by reason of any such plan's or arrangement's investment therein (we refer to the foregoing collectively as "Plans") and (d) persons who are fiduciaries with respect to Plans. In addition, certain governmental, church and non-U.S. plans ("Non-ERISA Arrangements") are not subject to Section 406 of ERISA or Section 4975 of the Code, but may be subject to other laws that are substantially similar to those provisions (each, a "Similar Law").

In addition to ERISA's general fiduciary standards, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons who have specified relationships to the Plan, i.e., "parties in interest" as defined in ERISA or "disqualified persons" as defined in Section 4975 of the Code (we refer to the foregoing collectively as "parties in interest") unless exemptive relief is available under an exemption issued by the U.S. Department of Labor. Parties in interest that engage in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. We, and our current and future affiliates, may be parties in interest with respect to Plans. Thus, a Plan fiduciary considering an investment in the Notes should also consider whether such an investment might constitute or give rise to a prohibited transaction under ERISA or Section 4975 of the Code. For example, the Notes may be deemed to represent a direct or indirect sale of property, extension of credit or furnishing of services between us and an investing Plan which would be prohibited if we are a party in interest with respect to the Plan unless exemptive relief were available under an applicable exemption.

In this regard, each prospective purchaser that is, or is acting on behalf of, a Plan, and proposes to purchase the Notes, should consider the exemptive relief available under the following prohibited transaction class exemptions, or PTCEs: (A) the in-house asset manager exemption (PTCE 96-23), (B) the insurance company general account exemption (PTCE 95-60), (C) the bank collective investment fund exemption (PTCE 91-38), (D) the insurance company pooled separate account exemption (PTCE 90-1) and (E) the qualified professional asset manager exemption (PTCE 84-14). There can be no assurance that any of these class exemptions or other exemptions will be available with respect to transactions involving the Notes.

Each acquirer or holder of a Note, and each fiduciary who causes any entity to purchase or hold a Note, shall be deemed to have represented and warranted, on each day such purchaser or holder holds such Notes, that either (i) it is neither a Plan nor a Non-ERISA Arrangement and it is not purchasing or holding the Notes on behalf of or with the assets of any Plan or Non-ERISA arrangement; or (ii) its purchase, holding and subsequent disposition of such Notes shall not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any provision of Similar Law.

Fiduciaries of any Plans and Non-ERISA Arrangements should consult their own legal counsel before purchasing the Notes.

Each purchaser of a Note will have exclusive responsibility for ensuring that its purchase, holding and subsequent disposition of the Notes does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any Similar Law. Nothing herein shall be construed as a representation that an investment in the Notes would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, Plans or Non-ERISA Arrangements generally or any particular Plan or Non-ERISA Arrangement.

LEGAL MATTERS

Certain matters as to U.S. federal, New York State, and French law will be passed upon for Pernod Ricard by Debevoise & Plimpton LLP. Certain matters as to U.S. federal law will be passed upon for the Lead Managers by Davis Polk & Wardwell LLP.

INDEPENDENT AUDITORS

The audited consolidated financial statements of Pernod Ricard as at and for the year ended June 30, 2011 and the audited parent company financial statements as at and for the year ended June 30, 2011 included in the 2010/2011 Reference Document (Annex B) have been audited by Deloitte & Associés and Mazars, independent statutory auditors of Pernod Ricard, as set forth in their audit reports included therein.

The audited consolidated financial statements of Pernod Ricard as at and for the year ended June 30, 2010 contained in Annex D and the audited parent company financial statements as at and for the year ended June 30, 2010 contained in Annex E have been audited by Deloitte & Associés and Mazars, independent statutory auditors of Pernod Ricard, as set forth in their audit reports included therein.

The audited consolidated financial statements of Pernod Ricard as at and for the year ended June 30, 2009 contained in Annex F and the audited parent company financial statements as at and for the year ended June 30, 2009 contained in Annex G have been audited by Deloitte & Associés and Mazars, independent statutory auditors of Pernod Ricard, as set forth in their audit reports included therein.

ENFORCEABILITY OF JUDGMENTS

The Issuer is a *société anonyme* incorporated under the laws of the Republic of France. Most of its directors and officers are currently non-residents of the United States and a substantial portion of its assets and such persons are located outside the United States. As a consequence, you may not be able to effect service of process on these non-U.S. resident directors and officers in the United States or to enforce judgments against them outside of the United States, including judgments of the U.S. courts predicated upon the civil liability provisions of the U.S. securities laws.

Our French counsel has advised us that the United States and France are not party to a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal or state securities laws, enforceable in the United States, would not directly be recognized or enforceable in France. A party in whose favor such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Grande Instance*).

Enforcement in France of such U.S. judgment could be obtained following proper (i.e., non-ex parte) proceedings if the relevant civil court is satisfied that the following conditions have been met (which conditions, under prevailing French case law, do not include a review by the French court of the merits of the foreign judgment):

- such U.S. judgment was rendered by a court having jurisdiction over the matter since the dispute is clearly connected to the U.S. and the choice of the court is not fraudulent;
- such U.S. judgment does not contravene French international public policy rules, both pertaining to the merits and to the procedure of the case including defense rights;

- such U.S. judgment is not tainted with fraud; and
- such U.S. judgment does not conflict with a French judgment or a foreign judgment which has become effective in France and there are no proceedings pending before French courts at the time enforcement of the judgment is sought and having the same or similar subject matter as such U.S. judgment.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French law No. 68-678 of July 26, 1968, as modified by French law No. 80-538 of July 16, 1980 (relating to communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action. Similarly, French data protection rules (law No. 78-17 of January 6, 1978 on data processing, data files and individual liberties, as last modified by law No. 2011-334 of March 29, 2011) can limit under certain circumstances the possibility of obtaining information in France or from French persons in connection with a judicial or administrative U.S. action in discovery context.

We have been advised by our French counsel that if an original action is brought in France, French courts may refuse to apply the designated law if its application contravenes French public policy. In an action brought in France on the basis of U.S. federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

ANNEX A—Q1 2011/2012 Sales Release

Press Release - Paris, 20 October 2011
1st quarter 2011/12 sales and 2011/12 guidance

Excellent 1st quarter 2011/12:
11% organic sales growth to € 1,987 million

2011/12 guidance:
Organic growth in profit from recurring operations close to 6%, Net Debt(1) /EBITDA(1) ratio close to 4

In summary :

A very good start to the year confirmed the major trends of 2010/11, with:

- ✓ strong growth in emerging markets(2) (+20%(3)),
- ✓ moderate growth in mature markets (+5%(3)),
- ✓ growth driven by the Top 14 (+14%(3)) with a continued very favourable price/mix effect.

The achievement of an *"Investment Grade"* rating from both Moody's and Standard & Poor's is a favourable reflection of the Group's financial strategy.

On this occasion, Pierre Pringuet, Chief Executive Officer of Pernod Ricard, declared that:

"The start of the 2011/12 financial year confirms the solidity of our markets. Our outlook assumes a macro-economic scenario featuring strong dynamism in emerging markets and slow growth in mature markets. Against this backdrop, our guidance for the 2011/12 financial year is for organic growth in profit from recurring operations close to 6% and continued debt reduction, with a Net Debt (1) / EBITDA(1) ratio close to 4 at 30 June 2012."

Detailed analysis:

Pernod Ricard's consolidated **net sales** (excluding tax and duties) totalled **€ 1,987 million** for the **1st quarter of 2011/12** (from 1 July to 30 September 2011), compared to € 1,879 million in the 1st quarter of 2010/11, a face-value increase of +6%. This excellent start to the year was due to:

- an organic growth of +11%, driven by the Top 14 (+14%[3]), strong dynamism in emerging markets[2] (+20%[3]) and the good recovery of mature markets (+5%[3]),
- a 4% negative foreign exchange effect, relating to the USD and the currencies of certain emerging countries (Indian Rupee, Chinese Yuan),
- a minor 1% negative group structure effect.

<u>**Brand review**</u>

♦ **The 14 strategic spirits and champagne brands (Top 14)** (62% of Group sales) recorded 6% volume growth and organic sales growth of 14%, which testifies to a continued very favourable price/mix effect.
Against this backdrop:

- Eight brands enjoyed double-digit organic sales growth: The Glenlivet (+42%), Jameson (+29%), Royal Salute (+29%), Martell (+25%), Chivas Regal (+18%), Malibu (+17%), Perrier-Jouët (+17%) and Mumm (+12%).
- Absolut (+4%[3]) remained stable in the US but grew 6% in volume outside the US, thanks to Duty Free, Brazil, South Korea, Russia and Germany.
- Chivas Regal (+18%[3]) continued its Premiumisation, with Chivas 18 years old (+36%[3]) and Chivas 25 years old (+43%[3]).

♦ **The 4 Priority Premium Wine brands** (5% of Group sales) grew 3% in volume and 8%[3] in value. This very good first quarter illustrated the efficiency of our Premiumisation strategy.

♦ **The 18 key local spirits brands** (16% of Group sales) continued to grow in value (+7%[3]), driven by the strong development of Indian whiskies (+29%[3]), offset by the decline of Wyborowa (-21%[3]), 100 Pipers in Thailand (-32%[3]) and Imperial in South Korea (-16%[3]).

Premium brands[4] represented 74% of sales in the 1st quarter of 2011/12, compared to 72% in the 1st quarter of 2010/11.

Review by geographic region

♦ **Asia – Rest of the World: continued very strong growth of Martell, Scotch and Indian whiskies. Sales: € 794 million (organic growth: +16%)**

- **Asia**: Almost all markets continued to enjoy strong growth.
  - China: +25%(3), driven by Martell, Scotch whiskies and Jacob's Creek.
  - India: +29%(3), due to the performance of local whiskies and the Top 14 (+20%(3)).
  - Japan: +10%(3), in a normalising market.
  - Vietnam, Indonesia, Taiwan, Duty Free: double-digit growth(3).
  - Thailand and South Korea: markets in decline(3), primarily affected by the performance of local brands.

- **Pacific**: In Australia, the business is recovering with strong growth(3) for wines and Chivas Regal.

♦ **Americas: very strong growth. Sales: €508 million (organic growth: +14%)**

- In the US, the market trend remained rather positive in the 1st quarter, with Nielsen up 2% for the 3 months ending September and NABCA up 2% for the 2 months ending August. Group organic sales growth was 15% and 16% for the Top 14. This was due to the continued success of Jameson (+53%(3)), the revitalisation of Malibu and the strong performance of The Glenlivet, Chivas Regal and Martell.
- Canada reported growth, thanks to the Top 14 (+5%(3)) and despite the decline of Jacob's Creek.
- Mexico experienced a decline in sales but according to Nielsen data, Pernod Ricard posted strong consumer depletions for Chivas Regal (+12%) and Absolut (+20%).
- Brazil reported strong growth (+17%(3)) driven by the Top 14 (+30%(3)), particularly Absolut and Chivas Regal and by Passport.
- Most other markets saw an increase in sales: Argentina, Central America and a recovery in Venezuela.

♦ **Europe: good performance. Sales: € 524 million (organic growth: +3%)**

- Europe's performance improved (+3%(3) vs stability(3) over the full 2010/11 financial year) with diverse situations:
  - Western Europe remained stable (+0.4%(3)), which was an improvement compared to last fiscal year (-2%(3)).
    - Germany achieved a strong performance (+3%(3)) driven by Absolut, Chivas Regal, The Glenlivet and Ramazzotti.
    - Greece benefited from a technical recovery (+15%(3)) on a favourable base.
    - In Spain and Italy, the environment remained difficult.
    - The UK (-4%(3)) declined due to Jacob's Creek and Martell.
    - In Ireland, the situation improved (good performance of Absolut).

  - Central and Eastern Europe continued to grow (+16%(3)) on the back of a very strong performance of the Top 14 (+30%(3)).
    - Russia (+26%(3)) was the main contributor to growth, due to the Top 14 (+37%(3)), particularly Jameson, Chivas Regal and Ballantine's.
    - Ukraine reported strong business growth (+31%(3)).
    - Poland experienced strong growth by the Top 14 (+13%(3))but a decline of Wyborowa.

♦ **France: moderate decline in the 1st quarter. Sales: € 162 million (organic decline: -1%)**
France had a difficult start to the financial year, primarily due to unfavourable summer weather for aniseed. The decline of Ricard (-7%(3)) was partly offset by the strong performance of Chivas Regal (+7%(3)), Absolut (+7%(3)) and Havana Club (+17%(3)). Champagne reported very strong growth, with a favourable price/mix effect.

Refinancing

The Group is working with several banks on the refinancing of its bank debt, including the possibility of one or more bond issuances, subject to market conditions.

(1) Converted at average rates for the financial year, syndicated credit method

(2) Annual GNP per capita < USD 10,000

(3) Organic growth

(4) Retail prices in the US >= USD 17 for spirits and > USD 5 for wine

Pernod Ricard financial calendar

- 15 November 2011	Annual General Meeting for the 2010/11 financial year
- 16 February 2012	2011/12 half-year sales and results
- 26 April 2012	2011/12 third quarter sales

About Pernod Ricard
Pernod Ricard is the world's co-leader in wines and spirits with consolidated sales of € 7,643 million in 2010/11.
Created in 1975 by the merger of Ricard and Pernod, the Group has undergone sustained development, based on both organic growth and acquisitions: Seagram (2001), Allied Domecq (2005) and Vin & Sprit (2008). Pernod Ricard holds one of the most prestigious brand portfolios in the sector: Absolut Vodka, Ricard pastis, Ballantine's, Chivas Regal, Royal Salute and The Glenlivet Scotch whiskies, Jameson Irish whiskey, Martell cognac, Havana Club rum, Beefeater gin, Kahlúa and Malibu liqueurs, Mumm and Perrier-Jouët champagnes, as well Jacob's Creek, Brancott Estate, Campo Viejo and Graffigna wines.
Pernod Ricard employs a workforce of nearly 18,000 people and operates through a decentralised organisation, with 6 "Brand Companies" and 70 "Market Companies" established in each key market. Pernod Ricard is strongly committed to a sustainable development policy and encourages responsible consumption. Pernod Ricard's strategy and ambition are based on 3 key values that guide its expansion: entrepreneurial spirit, mutual trust and a strong sense of ethics.
Pernod Ricard is listed on the NYSE Euronext exchange (Ticker: RI; ISIN code: FR0000120693) and is a member of the CAC 40 index.

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APPENDICES 1ST QUARTER 2011/12

Analysis of sales by region

Net Sales (€ millions)	Q1 2010/11		Q1 2011/12		Change		Organic Growth		Group Structure		Forex impact	
France	164	*8.7%*	162	*8.1%*	(2)	*-1%*	(2)	*-1%*	(0)	*0%*	0	*0%*
Europe excl. France	517	*27.5%*	524	*26.4%*	7	*1%*	17	*3%*	(4)	*-1%*	(6)	*-1%*
Americas	482	*25.7%*	508	*25.6%*	26	*5%*	66	*14%*	1	*0%*	(41)	*-8%*
Asia / Rest of the World	715	*38.1%*	794	*39.9%*	79	*11%*	116	*16%*	(7)	*-1%*	(30)	*-4%*
World	**1,879**	***100.0%***	**1,987**	***100.0%***	**108**	***6%***	**196**	***11%***	**(10)**	***-1%***	**(77)**	***-4%***

Volume and organic sales growth of strategic brands

	Volume growth	Net Sales organic growth	Price/mix
Absolut	**4%**	**4%**	**0%**
Chivas Regal	**15%**	**18%**	**3%**
Ballantine's	**-2%**	**3%**	**5%**
Ricard	**-7%**	**-5%**	**2%**
Jameson	**23%**	**29%**	**7%**
Malibu	**18%**	**17%**	**-1%**
Beefeater	**8%**	**8%**	**-1%**
Kahlua	**3%**	**4%**	**2%**
Havana Club	**1%**	**-2%**	**-3%**
Martell	**10%**	**25%**	**16%**
The Glenlivet	**35%**	**42%**	**7%**
Royal Salute	**25%**	**29%**	**5%**
Mumm	**11%**	**12%**	**2%**
Perrier-Jouët	**12%**	**17%**	**5%**
Top 14	**6%**	**14%**	**8%**
Jacob's Creek	**-3%**	**2%**	**6%**
Brancott Estate	**17%**	**17%**	**1%**
Campo Viejo	**17%**	**20%**	**3%**
Graffigna	**11%**	**49%**	**38%**
Priority Premium Wines	**3%**	**8%**	**5%**

Foreign Exchange effect

Forex impact Q1 2011/12 (€ millions)		Average rates evolution 2010/11	2011/12	%	On Net Sales
US dollar	USD	1.29	1.41	9.4%	(40)
Indian rupee	INR	59.98	64.67	7.8%	(9)
Chinese yuan	CNY	8.74	9.07	3.7%	(9)
Hong Kong dollar	HKD	10.03	11.01	9.7%	(1)
Pound sterling	GBP	0.83	0.88	5.4%	(5)
Argentinian peso	ARS	5.09	5.88	15.5%	(4)
Turkish lira	TRL	1.96	2.45	25.3%	(2)
Mexican peso	MXN	16.52	17.38	5.2%	(2)
Russian rouble	RUB	39.53	41.15	4.1%	(2)
Canadian dollar	CAD	1.34	1.38	3.1%	(2)
Bielorussian rouble	BYR	3 885.00	7 229.60	86.1%	(1)
South african rand	ZAR	9.46	10.08	6.6%	(1)
Swiss franc	CHF	1.33	1.17	-12.5%	1
New Zealand dollar	NZD	1.80	1.70	-5.6%	1
Australian Dollar	AUD	1.43	1.35	-5.9%	3
Currency translation variance/FX hedging					
Other currencies					(4)
Total					**(77)**

Group structure effect

Group structure Q1 2011/12 (€ millions)	On Net Sales
Total Group Structure	**(10)**

ANNEX B—2010/2011 REFERENCE DOCUMENT

Pernod Ricard

REGISTRATION DOCUMENT

2010/2011

Créateurs de convivialité

Pernod Ricard

[Intentionally omitted]

1

PRESENTATION OF THE PERNOD RICARD GROUP

History and organisation

More than 30 years of continuous growth

Creation of Pernod Ricard (hereinafter referred to as 'Pernod Ricard' or 'the Group') and first international acquisitions

Pernod Ricard was born in 1975 out of the merger of two companies, Pernod SA and Ricard SA, long-time competitors in the French anis-based spirits market. The Group they formed was able to take advantage of new resources to develop its Market Companies and its brand portfolio (Ricard, Pernod, Pastis 51, Suze, Dubonnet, etc.) in France and other countries.

For its initial acquisitions, Pernod Ricard gave priority to whisky, one of the most consumed spirits in the world, and the United States, the world's biggest market for the Wines and Spirits sector. This led to the Group that had just been created acquiring Campbell Distillers, a Scotch whisky producer in 1975, followed by Austin Nichols, the producer of Wild Turkey American bourbon whiskey in 1981.

Laying the foundations of the worldwide network

The Group continued its growth outside France with the start-up of operations in Asia, and more importantly, the creation of a broad and deep Market Company network in Europe. Over a period of ten years, the Group extended its coverage to all the countries of the 15-member European Union, establishing a strong brand presence: Pernod in the United Kingdom and Germany and Ricard in Spain and Belgium. A number of local acquisitions also helped to enhance the network's portfolio (Ouzo Mini in Greece, Pacharán Zoco in Spain, etc.).

In 1985, Pernod Ricard acquired Ramazzotti, which had been producing Amaro Ramazzotti, a well-known bitter, since 1815. This acquisition brought with it an extensive sales and distribution structure in Italy.

In 1988, the Group took over Irish Distillers, the main Irish whiskey producer and owner of the prestigious Jameson, Bushmills, Paddy and Powers brands. Jameson provided the Group with a high-potential brand. Thus, between the acquisition in 1988 and 2011, the brand has delivered average annual growth in sales volumes of 10%, rising from 0.4 million to 3.4 million cases.

In 1989, the Group extended its network to Australia by purchasing Orlando Wines, Australia's No. 2 wine producer. The company went on to form the Orlando Wyndham group with Wyndham Estate, in 1990. Jacob's Creek has become the most exported Australian wine brand, and a market leader in the United Kingdom, New Zealand, Ireland, Scandinavia and Asia.

Pernod Ricard and the Cuban company Cuba Ron created Havana Club International in 1993. This joint venture markets and sells Havana Club rum, which has since been one of the fastest growing brands of spirits in the world.

Consolidation and organisation

In 1997, the Group added to its white spirits portfolio through the acquisition of Larios gin, the no. 1 gin in Continental Europe. The company producing Larios at the time merged with Pernod Ricard's local distributor, PRACSA, which had been well-established in Spain since 1978. Pernod Ricard thereby acquired a prominent position in Spain, one of the world's biggest markets, allowing it to distribute both its international products and local brands such as Palacio de la Vega wines and Pacharán Zoco.

Following these acquisitions, the Group embarked on a reorganisation, aimed primarily at decentralising its activities. First of all, Pernod Ricard implemented a regionalisation of its structure by creating four direct subsidiaries, each of them responsible for one continent. The Group's structure was organised around 'Market Company' subsidiaries (with their own sales presence in local markets) and 'Brand Companies' (charged with overseeing production and global strategy of brands). The latter mainly only distribute via the Group's subsidiaries and do not generally have their own sales force, or if so, have a very limited one. In this way, Pernod Ricard was able to ensure global coherence of its brand management, while adapting its strategy to local market specificities.

The Group acquired Viuda de Romero tequila in Mexico at the end of 1999.

Over the period from 1999 to 2001, the Group consolidated its positions in Eastern Europe through the acquisition of Yerevan Brandy Company (the Ararat brand of Armenian brandies), Wyborowa (Polish vodka) and Jan Becher (Czech bitter). With Ararat to boost the Tamada and Old Tbilisi Georgian wines, the Group was able to build a position in Russia where most of this brand's sales are made, while the Group's strong sales presence provided opportunities for Wyborowa to develop internationally.

Refocusing the business strategy

At the dawn of the new century, the Group doubled its size in the Wines & Spirits segment via the joint purchase with Diageo of Seagram's Wines and Spirits business. Pernod Ricard acquired 39.1% of these business activities for an investment of USD3.15 billion. This made the Group one of the top three global Wines & Spirits operators and consolidated its position in the Americas and Asia, while remaining the leader in Europe. 2002 also saw the successful integration of 3,500 Seagram employees.

This helped the Group to hold key positions with regard to strong brands in the whisky sector, such as Chivas Regal and The Glenlivet, a high quality cognac brand with Martell and, in the white spirits segment, Seagram's gin. It also had leading local brands such as Montilla in Brazil or Royal Stag in India.

As a result of this major acquisition, the Group decided to refocus on its core business, and started to withdraw from the non-alcoholic food and beverage segment: between 2001 and 2002, the Group sold Orangina, which it had purchased in 1984, SIAS-MPA, the world leader in fruit preparations for yoghurts and dairy-based desserts, BWG, a wholesaler in Ireland and the United Kingdom, and CSR-Pampryl.

2003 saw the Group re-enter the CAC 40 stock market index in Paris, thanks to the success of the Seagram acquisition and the Group's new strategic focus. In 2004, the sales of its alcohol free products had dropped to just 2% of Pernod Ricard's consolidated net sales, a clear signal of its intention to focus on only one business.

In July 2005, Pernod Ricard acquired Allied Domecq in conjunction with Fortune Brands for €10.7 billion. The aim of this acquisition was to enable the Group to strengthen its presence in high-growth potential markets (North America in particular) and to round out its portfolio by adding a number of new white spirits and liqueurs. Pernod Ricard financed its €6.6 billion investment by issuing shares and securities for €2 billion and via a €4.6 billion cash payment.

2005/2006 and 2006/2007 were marked by the complete success of Allied Domecq's integration and the continued strong growth of the Group's historical brands.

Pernod Ricard then decided to dispose of the non-core activities acquired through the purchase of Allied Domecq, mainly Dunkin' Brands Inc. and the interest in Britvic Plc. Similarly, The Old Bushmills Distillery and the Bushmills brands were sold to Diageo, Glen Grant and Old Smuggler to Campari and Larios to Fortune Brands. These disposals allowed the Group to accelerate its debt reduction.

Furthermore, Pernod Ricard signed an agreement with SPI Group for the distribution of the Stolichnaya brand and gradually implemented new global marketing strategies on all the brands gained from the acquisition of Allied Domecq, including Ballantine's, Beefeater, Malibu, Kahlúa, Mumm and Perrier-Jouët.

Despite the global economic and financial crisis spurred by the subprime debacle in the United States early in the year, 2007/2008 was an outstanding year for Pernod Ricard, with continued business growth in the Regions, a further upturn in earnings and margins and ongoing improvement in debt ratios.

In addition to this strong financial and commercial performance, 2007/2008 will remain marked by the preparation for the acquisition of the Vin&Sprit Group, owner of ABSOLUT Premium vodka, the world leader in its category with nearly 11 million 9–litre cases sold across the globe in the financial year 2008/2009.

The effectiveness of the Pernod Ricard group's growth model was without doubt shown by its ability to overcome the worldwide economic and financial crisis in 2008/2009, due to its:

- complete portfolio of Premium brands;
- global sales network and leading position in emerging markets[(1)].

Despite this difficult context, Pernod Ricard's profits continued to rise, while the Company successfully integrated the Vin&Sprit Group's business and, in particular, the ABSOLUT brand.

In order to step up its debt reduction and improve its debt ratios, the Pernod Ricard group increased its capital by €1 billion in 2008/2009 and announced the launch of an asset disposal programme for €1 billion. As such, the brand Cruzan rum was sold in August 2008, and Wild Turkey bourbon in May 2009.

In 2009/2010, the Pernod Ricard group resumed organic growth through its activities and profits despite the ongoing uncertainty in the global economic environment. This performance is even more remarkable considering the return to pre-crisis advertising and promotional investment, continued debt reduction and the improvement in debt ratios. Furthermore, in October 2009 the Pernod Ricard group launched a group-wide programme named Agility, designed to boost its operational efficiency across all functions while drawing on its strengths: decentralisation, premiumisation and its people.

Highlights of the financial year 2010/2011

Creativity and innovation, resulting from a strategy of sustained marketing investment, continued as the watchwords during the year. More than 40 significant innovations marked the period, such as the release of the new Ricard bottle, which had not changed since 1932. Range extensions, the launch of limited editions, new consumption rituals and a proliferation of digital campaigns all played a role in improving the performance of all the brands in the Group's portfolio. Pernod Ricard was hailed by Forbes Magazine, which listed the Group 16th in its ranking of the world's 50 most innovative companies. Internally, the Group released the outcome of its Group project, Agility, launched last year: about 30 initiatives are currently being implemented, such as the Breakthrough Innovation Group, an in-house incubator for innovation, and Pernod Ricard University, the Group's new training initiative.

2010

July

- 21 July 2010, sale of Spanish wine brands Marqués de Arienzo™ and Viña Eguía™, the *Bodega* and 358 hectares of associated vineyards to the Spanish consortium of buyers composed of Vinos de Los Herederos del Marqués de Riscal SA and Gangutia S.L. for €28 million.
- Planned organisational changes stemming from the conclusions of the Agility corporate project:

1. Creation of a new Brand Company called Premium Wine Brands, which covers all of the Group's priority wine brands;
2. Expansion of the remit of The ABSOLUT Company to cover all the international vodkas in the Group's portfolio;
3. Creation of Pernod Ricard Sub-Saharan Africa: a new region operating as a sub-division of Pernod Ricard Europe.

August

- 31 August 2010, sale of shares in Spanish company Ambrosio Velasco, whose brands include Pacharán Zoco and Palacio de la Vega brands, to Diego Zamora for €32 million.

December

- 3 December 2010, sale of the Renault cognac brand as well as certain inventories of finished products for €10 million to the Scandinavian group Altia.

(1) Countries where annual per capita GNP is below US$10,000.

- 22 December 2010, sale of the New Zealand sparkling wine brand Lindauer and several New Zealand wine brands as well as related inventories and production assets for €48 million.

2011

January

- Launch of the Group's first 'Innovation Day': 40 creations are unveiled.

February

- The Supreme Court of Spain confirmed the ownership of the Havana Club brand by the joint venture between Pernod Ricard and Cuba Ron.

March

- On 15 March 2011, the Group successfully carried out a €1 billion bond issue with the following characteristics: remaining period to maturity of 5 years and 9 months (maturity date: 15 March 2017) and bearing fixed-rate interest of 5%.

April

- On 7 April 2011, the Group's first American dollar-denominated issuance of 10-year bonds for USD1 billion brought in orders of over USD6 billion. The bonds have the following characteristics: remaining period to maturity of 9 years and 10 months (maturity date: 7 April 2021) and bearing fixed-rate interest of 5.75%.
- The Group launched the 30 initiatives of the Agility project.

May

- On 23 May 2011, 18,000 employees participated in the first edition of Responsib'All Day, an event dedicated to fighting alcohol abuse and, in particular, drink driving.

Some marketing and product initiatives

- **Ricard** changed its bottle for the first time since 1932.
- **ABSOLUT** released a test version of its new super-premium ABSOLUT ELYX.
- **Chivas** launched the new 'Virtuous Circle' ad for its worldwide 'Live with Chivalry' campaign.
- **Jameson** surpassed the symbolic 3 million case mark.
- **Ballantine's**: Sponsorship of the Ballantine's Championship golf tournament in South Korea, and won by the world champion, Lee Westwood.
- **Kahlúa** revealed its brand new campaign, 'Delicioso', starring actress Ana de la Reguera.
- **Martell** opened a new boutique in Kuala Lumpur.
- **Jacob's Creek** unveiled three new products under its prestige 'Reserve' brand.
- **Perrier-Jouët** celebrated its bicentennial and became the official champagne for the wedding of Prince Albert of Monaco and Charlene Wittstock.

Significant post balance sheet events 2011

July

- Pernod Ricard announced the signing of a joint venture agreement with Tequila Avión for the purpose of producing and promoting the ultra-premium tequila brand Avión™. Pernod Ricard holds a minority interest in this joint venture and is the exclusive worldwide distributor of the brand. The structure of the transaction does not impact the group's indebtedness, other than the initial immaterial contribution to the joint venture.

September

- Moody's raised Pernod Ricard's credit rating from 'Ba1 with a positive outlook' to 'Baa3 with a stable outlook', recognising the Group's operating performance and the improvement in its credit risk profile despite the uncertain global economic climate.

A decentralised 'business model'

Organisation chart

Brief description of the Group

The general organisation of the Group is based around Pernod Ricard (hereinafter the '**Holding Company**') which holds companies referred to as '**Brand Companies**' and, either directly or indirectly through holding companies, called 'Regions' or '*clusters*', companies referred to as '**Market Companies**'. Some companies combine both Brand Company and Market Company activities.

Following the acquisition of Vin&Sprit in July 2008, Pernod Ricard set up two new operational structures based in Sweden: The ABSOLUT Company, a Brand Company responsible notably for the ABSOLUT brand throughout the world (including production), and Pernod Ricard Nordic, a 'cluster', under Pernod Ricard Europe, in charge of selling Pernod Ricard's local and international brands on the Swedish, Danish, Finnish, Norwegian, Baltic and Icelandic markets.

With a view to optimising operations and reducing overheads, Pernod Ricard decided to integrate the Malibu Kahlúa International brands into The ABSOLUT Company as from 1 July 2009. The concentration of these brands strengthens their resources in terms of strategic planning, consumer research and the development of global platforms.

Pernod Ricard now has six Brand Companies.

In Pernod Ricard's decentralised business model, the **Holding Company** plays several roles.

It manages certain reserved functions such as:

- overall Group strategy, particularly organic and external growth;
- management of equity investments, in particular any merger, acquisition or resale of any appropriate assets;
- management of the financial policy of the entire Group including financing resources;
- tax policy and its implementation;
- coordination of policies, management and protection of the Group's intellectual property;
- definition of remuneration policies, management of international executives and development of skills and competencies;
- approval of new advertising campaigns prior to launch;
- approval of key features of strategic brands;
- corporate communications and investor, analyst and shareholder relations;
- shared resources, notably through the Purchasing Division;
- major applied research programmes.

The **Holding Company**'s financial relations with its subsidiaries mainly involve billing of royalties for the operation of brands owned by the Holding Company, rebilling for product relating to research and innovation services, and receipt of dividends.

The **Holding Company** monitors and controls its subsidiaries' performance and prepares and communicates Group accounting and financial information.

Lastly, the **Holding Company** is in charge of implementing policy and measures in key areas. It must ensure that its vision of the Company is shared, its business model understood and best practices are available to every member of the organisation. As such, the exchange of knowledge and mutual support between subsidiaries are vital to the success of the Group's decentralised business model.

The **Managing Director** performs Group **General Management**, assisted by four **Deputy Managing Directors**, respectively:

- DMD – Finance;
- DMD – Brands;
- DMD – Distribution Network;
- DMD – Human Resources and Corporate Social Responsibility.

The **General Management, under the authority of the Managing Director**, whose powers are defined within the limits of the corporate purpose and subject to the powers expressly granted by law to Shareholders' Meetings and the Board of Directors, and within the limits of internal rules as defined by the Board of Directors and its Internal Regulations, **is collectively in charge of steering the Group's business**.

The Company's General Management relies on the **Holding Company Management** to prepare and coordinate the decisions and actions to be taken by the Holding Company.

Regions are autonomous subsidiaries to which powers have been delegated by the Holding Company. They are in charge of the operational and financial control of their subsidiaries. Regions comprise subsidiaries present in the same geographical region (Asia, the Americas, Europe and Pacific).

Brand Companies are autonomous subsidiaries to which powers have been delegated by the Holding Company or by a Region. They have responsibility for managing strategy and brand development as well as for manufacturing.

Market Companies are autonomous subsidiaries to which powers have been delegated by the Holding Company or by a Region. They have the responsibility for managing the distribution and development of brands in local markets.

Significant post-balance sheet events

Alexandre Ricard, currently Chairman and CEO of Irish Distillers, joined the Group's General Management team as of 1 September 2011 as Deputy Managing Director – Distribution Network, reporting to Pierre Pringuet.

In this capacity, he is responsible for developing and controlling the Group's distribution networks. The following subsidiaries come under his remit: Pernod Ricard Americas, Pernod Ricard Asia, Pernod Ricard Europe, Pernod and Ricard, together with Pernod Ricard Sales Development Management. Alexandre Ricard, who is based in Paris, is a member of the Executive Office.

List of significant subsidiaries

The list of significant subsidiaries is presented in Note 26 – *List of main consolidated companies* of the Notes to the consolidated financial statements.

Operation and strategy

1

Main business activities (14 strategic brands)

Main businesses

The Pernod Ricard Group was born in 1975 out of the merger of Pernod SA and Ricard SA and has since expanded through both organic and external growth. The acquisitions of part of Seagram (2001), Allied Domecq (2005) and recently Vin&Sprit (2008) have made the Group global co-leader in Wines & Spirits.

Pernod Ricard owns one of the industry's most prestigious brand portfolios which includes: ABSOLUT vodka (since 23 July 2008), Ricard pastis, Ballantine's, Chivas Regal and the Glenlivet Scotch whiskies, Jameson Irish whiskey, Martell cognac, Havana Club rum, Beefeater gin, Kahlúa and Malibu liqueurs, Mumm and Perrier-Jouët champagnes as well as Jacob's Creek and Brancott Estate wines.

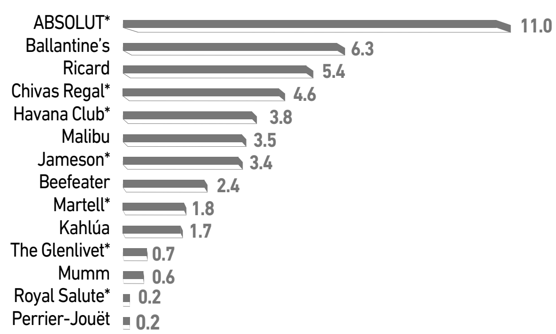
Pernod Ricard relies on a decentralised organisational structure, based around 'Brand Company' and 'Market Company' subsidiaries. The organisation employs 18,226 people in 70 countries.

Pernod Ricard's strategy is organised around four key areas:

- investing first and foremost in world-class strategic brands;
- adding Premium brands to position the company at the high end of the market and so accelerate growth and boost profitability;
- expanding in emerging markets, which offer the strongest growth outlook;
- continuing to grow through acquisitions, once leverage has been reduced, to remain a dynamic player in the consolidation of the Wines & Spirits sector.

Lastly, the Group is a strong advocate of Sustainable Development and encourages responsible consumption of its products.

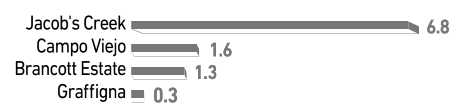
Top 14: Strategic Brands
(2010/2011 volumes in millions of 9-litre cases)



TOTAL 'TOP 14'*: 45.6 million cases

** Historic record by volume*

Priority Premium Wines
(2010/2011 volumes in millions of 9-litre cases)



TOTAL Priority Premium Wines: 10.1 million cases

Key markets (4 strategic regions)

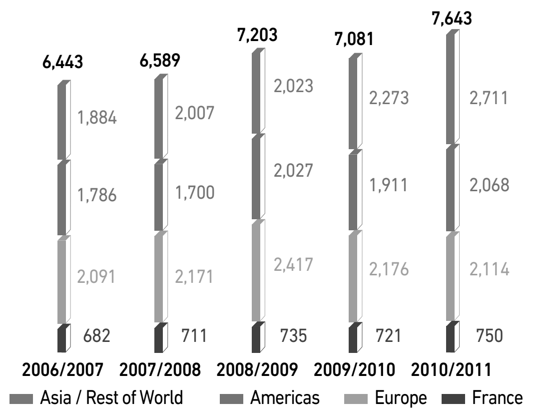
The Group's segmentation of its geographic markets and development regions reflects its historical roots and strategy of growth through acquisition.

France is the Company's birthplace, with the two major anis-based spirits brands, Ricard and Pastis 51 (Pernod), which gave their name to the Group. The Group then embarked on a series of acquisitions, beginning in Europe, which became its second strategic region. Pernod Ricard used the strength provided by these solid roots as a base to conquer North and South America, Asia and the Rest of World, the regions that have driven the strongest growth in recent years.

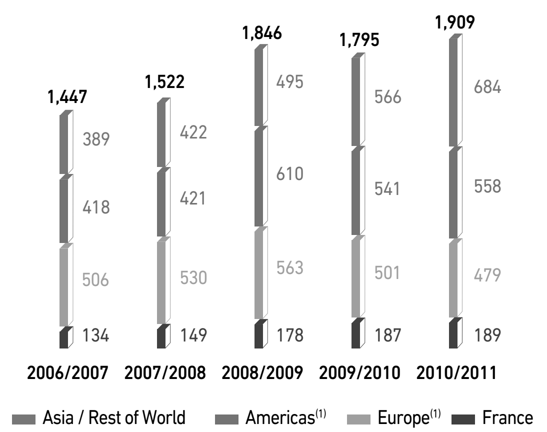
Asia/Rest of World took over as the Group's biggest region in 2009/2010, by net sales and profit from recurring operations. In 2010/2011 this position was strengthened and Asia/Rest of World represented 36% of the Group's profit from recurring operations.

The emerging markets of Europe, the Americas, Asia and the Rest of World are increasing their contribution to Group business and represented 38% of Group operating profit in 2010/2011, forming an increasingly powerful growth engine for the coming years.

Net sales by region *(in euro million)*



Profit from recurring operations by region
(in euro million)



(1) Reclassification of €26 million of other income and expenses between the Americas (-26) and Europe (+26) in financial year 2008/2009.

Competitive position

The presence of many market participants, including both multinational companies and local entities, makes the Wines & Spirits segment a highly competitive market.

Pernod Ricard ranks as the world's second-largest spirits company in volume [(1)], and co-leader in the Premium spirits segment [(2)].

Pernod Ricard faces competition in its business lines, primarily from:

- either large multinationals in the Wines & Spirits sector, such as Diageo, Bacardi-Martini, Beam Global Spirits&Wine, Brown-Forman, Moët-Hennessy, Constellation Brands, Foster's, Gallo, Campari and Rémy Cointreau for international brands;
- or smaller companies or producers for local brands (for example, UB Group in India, CEDC in Poland).

Company's dependence on patents, licences and industrial agreements

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

Pernod Ricard is not significantly dependent on its suppliers.

Property, plant and equipment

Significant existing property, plant and equipment

The asset disposal plan, which had been announced and initiated in 2009/2010, was implemented in 2010/2011. The main sites included the Newbridge bottling plant in Scotland, the vatting site in Karlovy Vary, Czech Republic, the Dicastillo, Arienzo and Jumilla wineries in Spain, the Russet Ridge and Wickham Hill wineries in Australia and the Gisborne winery in New Zealand. The Georgian Wines & Spirits site in Georgia was sold on 29 June 2011.

As at 30 June 2011 the Group had 98 production sites in operation across 23 countries throughout the world. These include 28 distillation and 51 bottling facilities, while the others cover ageing, vinification and vatting operations.

In addition to these directly operated sites are 16 bottling sites that are not owned by Pernod Ricard but work for the Group under contract in India.

Apart from the production sites, the Group also owns many farmlands, covering nearly 6,500 hectares of vineyards, located primarily in Australia, New Zealand, Spain, Argentina and France.

As of 30 June 2011, the net book value of this property, plant and equipment totalled €1,805 million.

In the 2010/2011 financial year, the volumes produced by the industrial sites covered by the Group's environmental reporting totalled 1,176 million litres of finished bottled goods or goods sent in bulk, as against 1,183 million litres in 2009/2010.

(1) Source: IWSR 2010.

(2) International spirits above the index 80 (index 100 = price of Ballantine's Finest or Johnny Walker Red) using IWSR 2010 data.

Country	Number of industrial sites at 30.06.11	Main industrial sites	Main activities	Distilling	Vinification	Vatting and bottling	Ageing
France	15	Cognac	Cognac			x	x
		Rouillac	Cognac	x	x	x	x
		Chanteloup	Cognac				x
		Gallienne	Cognac	x			x
		Bessan	Anis-based spirits	x		x	
		Lormont	Anis-based spirits			x	
		Vendeville	Anis-based spirits			x	
		Cubzac	Sparkling wines			x	
		Thuir	Wine-based drinks			x	x
		Marseille	Anis-based spirits			x	
		Reims	Champagne		x	x	x
		Épernay	Champagne		x	x	x
Sweden	3	Ahus	Vodka			x	
		Nöbbelov	Vodka	x			
		Satellite	Vodka			x	
Denmark	1	Aalborg	Distilled spirits/spirits	x			
Finland	1	Turku	Distilled spirits/spirits			x	
Scotland	23	Balgray	Whisky				x
		Braeval	Whisky	x			
		Dalmuir	Whisky				x
		Dumbuck	Whisky				x
		Paisley	Whisky			x	
		Strathclyde	Whisky	x			
		Kilmalid	Whisky			x	
		Keith Bond	Whisky				x
		Mulben	Whisky				x
		Miltonduff	Whisky	x			x
		Glenlivet	Whisky	x			x
England	2	Plymouth	Gin	x			
		Kennington	Gin	x			
Ireland	2	Midleton	Whiskey	x			x
		Fox and Geese	Whiskey			x	
Spain	11	Manzanares	Rum, liqueurs			x	
		Ruavieja	Liqueurs			x	
		Age	Wines		x	x	
		Logrono	Wines		x	x	
Italy	1	Canelli	Bitters			x	
Greece	2	Piraeus	Other			x	
		Mytilène	Ouzo			x	
Poland	3	Poznan (2 sites)	Vodka	x		x	
		Zielona Gora	Vodka			x	
Czech Republic	1	Bohatice	Bitters			x	x

Country	Number of industrial sites at 30.06.11	Main industrial sites	Main activities	Distilling	Vinification	Vatting and bottling	Ageing
Armenia	4	Yerevan	Brandy			x	x
		Armavir	Brandy	x	x		x
		Aygavan	Brandy	x	x		x
		Berd	Brandy	x	x		
United States	2	Fort Smith	Spirits, liqueurs			x	
		Napa	Sparkling wines		x	x	x
Canada	2	Walkerville	Spirits, liqueurs	x		x	x
		Corby	Spirits, liqueurs			x	
Mexico	4	Los Reyes	Brandy, coolers, liqueurs			x	x
		Arandas	Tequila	x		x	x
		Ensenada	Wines		x		
		Hermosillo	Tequila	x			
Brazil	2	Suape	Distilled spirits/spirits			x	
		Resende	Distilled spirits/spirits	x		x	x
Argentina	4	Bella Vista	Distilled spirits/spirits			x	x
		Cafayate	Wines		x	x	
		San Raphael	Wines		x	x	
		San Juan	Wines		x	x	
Cuba	1	San José	Rum	x		x	x
Australia	3	Rowland Flat	Wines		x	x	
		Morris	Wines		x		
		Richmond Grove	Wines		x		
New Zealand	4	Brancott	Wines		x		
		Church Road	Wines		x		
		Corbans	Wines		x		
		Tamaki	Wines			x	
India	6	Daurala	Whisky			x	
		Behror	Whisky	x		x	
		Kolhapur	Whisky			x	
		Nashik (2 sites)	Whisky, wines	x	x	x	
		Rocky Punjab	Whisky			x	
South Korea	1	Echon	Whisky			x	
TOTAL	**98**						

Investments

During 2010/2011, the Group's total capital expenditure on production sites rose to €138 million. This figure does not include IT systems, administrative infrastructure or agricultural plantation expenditure.

As in the past, significant investment went into the ageing alcohols businesses of whiskies and cognac. The investments notably involved replacing the casks used to store and age alcohols for nearly €30 million, building new cellars in Ireland, Scotland and Cognac for around €15 million and refurbishing distilleries to boost efficiency.

Following the damage caused by heavy snowfall in January 2009, major work was completed at the Mulben facility in Scotland to repair and reinforce the roofs of around 40 whisky ageing cellars. Lastly, Ricard made significant investments in the bottling lines at its three sites for the launch of the new Ricard bottle in January 2011. For the 2011/2012 financial year, various projects to increase capacity are under review or being implemented, for instance to increase distillation capacity in Ireland and to build cellars for ageing Jameson whiskey.

Research and Development

The Group is equipped with a specialised central Research and Development structure, the Pernod Ricard Research Centre (CRPR). The activities of the CRPR are grouped into three missions:

- involvement in protecting strategic brands by ensuring their compliance with the Group's quality criteria and the continuity of their organoleptic profiles;
- organisation of the sharing of scientific and technical knowledge through various publications, training programmes, communications and the coordination of networks of experts;
- proposal, in collaboration with Brand Owners, and coordination of research projects that will generate new expertise in the strategic areas where the Group could build a competitive edge. These research projects are focused on the following issues:
  - understanding and management of the organoleptic profiles of products,
  - breakthrough innovation (content and packaging),
  - understanding of product/consumer interaction.

The CRPR, which has the technical expertise and material resources (analysis equipment, pilot workshop), is also available, to provide direct technical support for subsidiaries.

Each subsidiary is responsible for the development of its new products and the optimisation of its processes. Teams shall essentially focus on the optimisation of processes reducing the environmental impact of our businesses: reduction of energy and water consumption, reduction of agricultural inputs and packaging.

The Group employs the equivalent of about 80 full-time employees in R&D. The Group also finances various research projects at universities in France (Bordeaux, Dijon, Montpellier, Paris) and abroad: Scotland (Edinburgh), New Zealand (Auckland, Christchurch), Italy (Genoa). Lastly, the Group supports R&D at several drinks industry associations worldwide.

2

CORPORATE GOVERNANCE AND INTERNAL CONTROL

This section includes 'Governance structure' and 'Report of the Chairman of the Board of Directors on internal control and risk management' of the Report of the Chairman of the Board of Directors as required by articles L. 225-37 and L. 225-51 of the French Commercial Code.

It describes, in the context of the preparation of the financial statements for the 2010/2011 financial year, the conditions governing the preparation and organisation of the work performed by the Board of Directors, the powers entrusted to the CEO by the Board of Directors, the principles and rules used to determine the remuneration and benefits of any kind granted to Directors, as well as the internal control procedures implemented by Pernod Ricard.

Firstly, we inform you that, per article L. 225-100-3 of the French Commercial Code, the items that may have an impact in the event of a public offer are detailed in Section 8 'About the Company and its share capital', under the paragraph 'Items likely to have an impact in the event of a public offer' of this Registration Document.

This report was approved by the Board of Directors on 31 August 2011.

Board of Directors of the Company

Members of the Board of Directors

Members of the Board of Directors and duties performed by the Directors

The table below describes the membership of the Board of Directors of the Company as at 30 June 2011.

Director's first name and surname or Company name	Date of first appointment	Date of expiry of term of office [1]	Offices and main positions held outside the Group at 30.06.2011 or at the date of resignation when applicable	Offices held outside the Group that have expired during the last 5 years
CHAIRMAN OF THE BOARD OF DIRECTORS				
Mr Patrick Ricard	15.06.1978 [2]	2011/2012	■ Member and Vice-President of the Supervisory Board of Société Paul Ricard [3] ■ Director of the Fédération des Exportateurs de Vins & Spiritueux	■ Director of Provimi SA ■ Director of Altadis SA (Spain) ■ Director of Société Générale ■ Director of the Association Nationale des Industries Alimentaires
CEO AND DIRECTOR				
Mr Pierre Pringuet	17.05.2004	2011/2012	■ Director of Iliad ■ Director of Cap Gemini	■ None
DIRECTORS				
Mr François Gérard	10.12.1974	2013/2014	■ None	■ Director of Strike International (Morocco)
Mr Rafaël Gonzalez-Gallarza	05.05.1998	2011/2012	■ None	■ Chairman of the Board of Directors of Prensa Malagueña SA (Spain) ■ Director of Endesa (Spain)
Ms Danièle Ricard	16.06.1969	2012/2013	■ Chairman of the Management Board of Société Paul Ricard [3] ■ Non-associate Manager of SNC Le Garlaban ■ Chairman of the Board of Directors of Bendor SA (Luxembourg) ■ Chairman of Les Embiez SAS ■ Non-associate Manager of SNC Le Tabac des Îles de Bendor et des Embiez	■ None
Société Paul Ricard [3] represented by Mr Alexandre Ricard	09.06.1983	2012/2013	■ Chairman of Le Delos Invest III (Société Paul Ricard) [3] ■ Member of the Management Board of Société Paul Ricard [3] (Mr Alexandre Ricard) ■ CEO of Le Delos Invest II (Mr Alexandre Ricard) ■ CEO of Lirix (Mr Alexandre Ricard) ■ Director of Le Delos Invest I (Mr Alexandre Ricard) ■ Director of Bendor SA (Luxembourg) (Mr Alexandre Ricard)	■ CEO of Le Delos Invest I (Mr Alexandre Ricard)
Mr César Giron	05.11.2008	2011/2012	■ Member of the Management Board of Société Paul Ricard [3] ■ Director of Lirix ■ Director of Le Delos Invest I ■ Director of Le Delos Invest II ■ Director of Bendor SA (Luxembourg)	■ None

Director's first name and surname or Company name	Date of first appointment	Date of expiry of term of office (1)	Offices and main positions held outside the Group at 30.06.2011 or at the date of resignation when applicable	Offices held outside the Group that have expired during the last 5 years
Mr Jean-Dominique Comolli Mr Jean-Dominique Comolli resigned from his duties as Director on the Board of Directors of Pernod Ricard on 1 September 2010.	06.05.1997	2012/2013	■ Chairman of the Board of Directors of Seita ■ Chairman of the Board of Directors of Altadis SA (Spain) ■ Chairman of the Supervisory Board of the Régie des Tabacs (Morocco) ■ Director of the Établissement Public de l'Opéra Comique ■ Director of Crédit Agricole Corporate & Investment Bank ■ Director of Casino ■ Vice-Chairman of Imperial Tobacco, member of the Board of Directors	■ Director of Aldeasa (Spain) ■ Director of Logista (Spain)
Lord Douro Lord Douro resigned from his duties as Director on the Board of Directors of Pernod Ricard as of 31 March 2011	07.05.2003	2012/2013	■ Chairman of Company Richemont Holdings (UK) Ltd (United Kingdom) ■ Director of Compagnie Financière Richemont AG (Switzerland) ■ Director of Global Asset Management Worldwide (United Kingdom) ■ Director of Sanofi-Aventis ■ Advisor to Crédit Agricole Corporate & Investment Bank ■ Chairman of King's College London (United Kingdom)	■ Commissioner of English Heritage ■ Chairman of Framlington Group (United Kingdom)
INDEPENDENT DIRECTORS				
Ms Nicole Bouton	07.11.2007	2010/2011	■ Chairman of Financière Accréditée (subsidiary of Centuria Capital) ■ Chairman of Centuria Accreditation (subsidiary of Centuria Capital) ■ Chairman of the Strategic Committee of Friedland Gestion ■ Director of AMOC (Opéra Comique)	■ Chairman of the Financière Centuria Group (GFC) ■ Chairman of Centuria Luxembourg (subsidiary of GFC) ■ Chairman of Financière Centuria Asset Management (subsidiary of GFC)

Director's first name and surname or Company name	Date of first appointment	Date of expiry of term of office [(1)]	Offices and main positions held outside the Group at 30.06.2011 or at the date of resignation when applicable	Offices held outside the Group that have expired during the last 5 years
Mr Laurent Burelle Mr Laurent Burelle was co-opted as Director by the Board of Directors on 4 May 2011 following Lord Douro's resignation from his duties as Director on the Board of Directors.	04.05.2011	2012/2013	■ Deputy Managing Director and Director of Burelle SA ■ Deputy Managing Director and Director of Sogec 2 SA ■ Director of Burelle Participations SA ■ Chairman and Member of the Supervisory Board of Sofiparc SAS ■ CEO of Compagnie Plastic Omnium SA ■ Chairman and Member of the Supervisory Board of Plastic Omnium Environnement SAS ■ Chairman of Plastic Omnium Auto SAS ■ Chairman of Plastic Omnium Auto Exteriors SAS ■ CEO of Inergy Automotive Systems SA ■ Director of Lyonnaise de Banque ■ Chairman of Cie Financière de la Cascade SAS ■ Member of the Supervisory Board of Labruyère Eberlé SAS ■ Manager of Plastic Omnium GmbH (Germany) ■ Chairman and Director of Compania Plastic Omnium SA (Spain) ■ Chairman of Performance Plastics Products -3P Inc. (United States) ■ Chairman of Plastic Omnium Auto Exteriors LLC (United States) ■ Chairman of Plastic Omnium Inc. (United States) ■ Chairman of Plastic Omnium Automotive Services Inc. (United States) ■ Chairman of Plastic Omnium Industries Inc. (United States) ■ Director of Inergy Automotive Systems LLC (United States) ■ Chairman of Plastic Omnium Ltd (United Kingdom) ■ Chairman of Plastic Omnium International BV (Netherlands) ■ Director of Signal AG (Switzerland)	■ Chairman of Transit SAS ■ Chairman of Plastic Omnium Plastiques Hautes Performances SAS ■ Chairman of Signature SA ■ Chairman of Compagnie Signature SAS ■ Chairman of Epsco International Inc. (United States) ■ Chairman of Plastic Omnium AG (Switzerland)
Mr Michel Chambaud	02.11.2009	2012/2013	■ Managing Director of GBL TC (Belgium) ■ Member of the Supervisory Board of Filhet Allard ■ Director of Steel Partners NV (Belgium) ■ Director of Ergon Capital Partners III (Belgium)	■ Manager of Nyala Finance Paris
Mr Wolfgang Colberg	05.11.2008	2011/2012	■ Member of the Supervisory Board of Roto Frank AG, Stuttgart (Germany) ■ Member of the Regional Board of Deutsche Bank AG (Germany)	■ None

Director's first name and surname or Company name	Date of first appointment	Date of expiry of term of office [1]	Offices and main positions held outside the Group at 30.06.2011 or at the date of resignation when applicable	Offices held outside the Group that have expired during the last 5 years
Mr Gérald Frère	02.11.2009	2012/2013	■ Chairman of the Board of Directors and Chairman of the Nominations and Remuneration Committee of Compagnie Nationale à Portefeuille SA (CNP) (Belgium) ■ Chairman of the Board of Directors of Filux SA (Luxembourg) ■ Chairman of the Board of Directors of Segelux SA (Luxembourg) ■ Chairman of the Board of Directors of RTL Belgium (Belgium) ■ Chairman of the Board of Directors of Stichting Administratie Kantoor Bierlaire (Netherlands) ■ Vice-Chairman of the Board of Directors of Pargesa Holding SA (Switzerland) ■ Chairman of the Board of Directors and Managing Director of Haras de la Bierlaire SA (Belgium) ■ Chairman of the Standing Committee and Managing Director of Groupe Bruxelles Lambert SA (Belgium) ■ Managing Director of Financière de la Sambre SA (Belgium) ■ Managing Director of Frère-Bourgeois SA (Belgique) ■ Director, Member of the Compensation Committee and Member of the Related Party and Conduct Review Committee of Corporation Financière Power (Canada) ■ Director of Erbe SA (Belgium) ■ Director of Fonds Charles-Albert Frère asbl (Belgium) ■ Director of Stichting Administratie Kantoor Frère-Bourgeois (Netherlands) ■ Director and Member of the Corporate Governance and Nominations Committee of Lafarge SA ■ Auditor of Agesca Nederland NV (Netherlands) ■ Auditor of Parjointco NV (Netherlands) ■ Regent and Member of the Budget Committee of Banque Nationale de Belgique SA (Belgium) ■ Manager of Agriger SPRL (Belgium) ■ Manager of GBL Energy Sàrl (Luxembourg) ■ Manager of GBL Verwaltung Sàrl (Luxembourg) ■ Member of the Supervisory Board of the Financial Services Authority (Belgium) ■ Director of Electrabel SA (Belgium) ■ Honorary Consul of France in Charleroi (Belgium)	■ Director of GBL Finance SA (Luxembourg) ■ Chairman of Diane SA (Switzerland) ■ Director of RTL Group SA (Luxembourg) ■ Member of the Board of Trustees of Guberna (Belgium) ■ Director of Fingen SA (Belgium) ■ Director of Suez-Tractebel SA (Belgium) ■ Auditor of Frère-Bourgeois Holding BV (Netherlands) ■ Chairman of the Remuneration Committee of Banque Nationale de Belgique SA (Belgium)

Director's first name and surname or Company name	Date of first appointment	Date of expiry of term of office (1)	Offices and main positions held outside the Group at 30.06.2011 or at the date of resignation when applicable	Offices held outside the Group that have expired during the last 5 years
Ms Susan Murray	10.11.2010	2013/2014	■ Non-executive Chairman of Farrow & Ball (United Kingdom) ■ Chairman of Corporate Social Responsibility of Compass Group Plc (United Kingdom) ■ Non-Executive Director of Imperial Tobacco Plc (United Kingdom) ■ Chairman of Remuneration Committee of Enterprise Inns Plc (United Kingdom)	■ Non-Executive Director of WM Morrison Supermarkets Plc (United Kingdom) ■ Non-Executive Director of SSL International Plc (United Kingdom) ■ Non-Executive Director of The Advertising Authority (Broadcast) (United Kingdom) ■ Non-Executive Director and Council Member of the Advertising Standards Authority (United Kingdom)
Mr Anders Narvinger	02.11.2009	2012/2013	■ Chairman of the Board of Directors of TeliaSonera AB (Sweden) ■ Chairman of the Board of Alfa Laval AB (Sweden) ■ Chairman of the Board of Trelleborg AB (Sweden) ■ Chairman of Coor Service Management Group AB (Sweden) ■ Board Member of JM AB (Sweden) ■ Deputy Chairman of the International Chamber of Commerce (ICC) (Sweden) ■ Chairman of Capio AB (Sweden) ■ Board Member of AF AB (Sweden)	■ Chairman of the Swedish Trade (Sweden) ■ Chairman of Invest in Sweden Agency (Sweden) ■ Chairman of the Lund Institute of Technology (Sweden) ■ Chairman of Vin&Sprit AB (Sweden) ■ Chairman of Ireco Holding AB (Sweden) ■ Board Member of Volvo Car Corporation (Sweden) ■ Managing Director of the Association of Swedish Engineering Industries (Sweden)

(1) The term of office expires at the close of the Shareholders' Meeting approving the financial statements for the financial year mentioned.
(2) Date of appointment as Chairman and Chief Executive Officer.
(3) Unlisted company, shareholder of Pernod Ricard.

The Directors have no other employee positions in the Group, except for Mr César Giron, Chairman and CEO of Pernod, and Mr Alexandre Ricard, Chairman and Chief Executive Officer of Irish Distillers Group until 1 September 2011, when he joined the Group General Management as Managing Director, Distribution Network.

Other offices held in the Group at 30 June 2011

Mr Patrick Ricard Chairman of the Board of Directors	French companies	Director	■ Martell & Co ■ Pernod Ricard Finance SA
		Permanent representative of Pernod Ricard on the Board of Directors	■ Pernod ■ Pernod Ricard Europe ■ Ricard
		Member of the Management Board	■ Pernod Ricard Asia ■ Pernod Ricard North America
	Non-French companies	Director	■ Irish Distillers Group ■ Suntory Allied Ltd
Mr Pierre Pringuet CEO and Member of the Board of Directors	French companies	Chairman of the Board of Directors	■ Pernod Ricard Finance SA
		Chairman	■ Lina 5 ■ Lina 6 ■ Lina 7 ■ Lina 8 ■ Pernod Ricard Central and South America ■ Pernod Ricard North America ■ Pernod Ricard Asia
		Director	■ Pernod Ricard Europe ■ Pernod ■ Ricard ■ Martell & Co ■ G.H. Mumm & Cie, Société Vinicole de Champagne, Successeur ■ Champagne Perrier-Jouët
		Permanent representative of Pernod Ricard on the Board of Directors	■ Compagnie Financière des Produits Orangina (CFPO)
		Member of the Management Board	■ Pernod Ricard Asia ■ Pernod Ricard North America
	Non-French companies	Director	■ Comrie Ltd ■ Irish Distillers Group ■ GEO G. Sandeman Sons & Co Ltd ■ Pernod Ricard Pacific Holding Pty Ltd ■ Suntory Allied Ltd ■ Havana Club Holding SA ■ V&S Vin&Sprit AB
		Manager	■ Havana Club Know-How Sàrl
Mr François Gérard Director	French companies	Director	■ Pernod ■ Martell & Co ■ G.H. Mumm & Cie, Société Vinicole de Champagne, Successeur ■ Champagne Perrier-Jouët
Mr César Giron Director	French companies	Chairman and CEO	■ Pernod
		Chairman	■ Cusenier
		Permanent Representative of Pernod on the Board of Directors	■ Société des Produits d'Armagnac

Mr Alexandre Ricard Permanent Representative of Société Paul Ricard, Director	Non-French companies*	Chairman and Chief Executive Officer	■ Irish Distillers Group ■ Irish Distillers Ltd
		Director	■ Allied Domecq International Finance Company ■ Amalgamated Wholesalers Ltd ■ Comrie Ltd ■ Drink Innovations Ltd ■ Ermine Holdings ■ Ermine Ltd ■ Fitzgerald & Co Ltd ■ Gallwey Liquers Ltd ■ Ind Coope (Ireland) Ltd ■ Irish Coffee Liqueur Ltd ■ Irish Distillers Consultancy Ltd ■ Irish Distillers Holdings Ltd ■ Irish Distillers International Ltd ■ Irish Distillers Ltd ■ Irish Distillers Trustees Ltd ■ JJS Distillery Enterprises Ltd ■ John Jameson & Son Ltd ■ John Power & Son Ltd ■ Midleton Distilleries Ltd ■ Polairen Trading Ltd ■ Populous Trading Ltd ■ PRN Spirits Ltd ■ Proudlen Holdings Ltd ■ Sankaty Trading Ltd ■ Smithfield Holdings Ltd ■ The Cork Distilleries Company Ltd ■ The West Coast Cooler Co. Ltd ■ W&E Mulligan & Co Ltd ■ Watercourse Distillery Ltd ■ Waterford Liqueurs Ltd ■ All Ireland Marketing (North) Ltd ■ Coleraine Distillery Ltd ■ Dillon Bass Ltd ■ Edward Dillon (Bonders) Ltd ■ Elliot Superfoods Ltd ■ Proudlen (NI) Ltd ■ Proudlen (UK) Ltd ■ Proudlen Distillery Ltd ■ Wilshire Marketing Services Ltd ■ Wilshire Properties Ltd ■ Bow Street Investments Ltd

* *Mr Alexandre Ricard resigned from all his Directorships in non-French companies on 31 August 2011.*

Personal information concerning the Directors

Mr Patrick Ricard

66 years old, French citizen.

Business address: Pernod Ricard – 12 place des États-Unis, 75116 Paris (France).

Mr Patrick Ricard holds 1,564,282 Pernod Ricard shares at 30 June 2011.

In 1967, Mr Patrick Ricard joined the Ricard company, which had been founded by his father, Paul, in 1932. He held successive positions in various departments in the company, becoming Managing Director of Ricard in 1972. When Pernod Ricard was created in 1975, he was appointed Group Managing Director and then, in 1978, Chairman and CEO of the Group. He was the architect of the Group's ambitious strategy of growth through acquisition, aimed at broadening the product range and accelerating the development of the international business. Since its formation, the Pernod Ricard group has doubled in size every seven years. This exemplary record led American magazine Fortune to name Mr Patrick Ricard 'European Businessman of the Year' in 2006.

On 5 November 2008, Mr Patrick Ricard left his executive functions at Pernod Ricard group but continues to act as Chairman of the Board of Directors and therefore is still involved in the Group's strategic decisions and oversees their implementation.

Mr Patrick Ricard is the son of Mr Paul Ricard, the founder of Ricard. He is Commander of the National Order of the Legion of Honour.

Mr Pierre Pringuet

61 years old, French citizen.

Business address: Pernod Ricard – 12 place des États-Unis, 75116 Paris (France).

Mr Pierre Pringuet holds 190,000 Pernod Ricard shares at 30 June 2011.

A graduate of the École Polytechnique and the École des Mines, Mr Pierre Pringuet started his career in the French civil service. He became an advisor to government minister Michel Rocard from 1981 to 1985 before being given responsibility for the farming and food processing industries at the Ministry of Agriculture. He joined Pernod Ricard in 1987 as Development Director, playing an active role in the Group's international development and holding the posts of Managing Director of the Société pour l'Exportation des Grandes Marques (1987-1996) and then Chairman and CEO of Pernod Ricard Europe (1997-2000). In 2000, he joined Mr Patrick Ricard at the Holding Company as one of Pernod Ricard's two joint CEOs, together with Richard Burrows. Mr Pierre Pringuet was appointed Director of the Board of Directors of Pernod Ricard in 2004 and led the successful acquisition of Allied Domecq in 2005 and its integration process. In December of that year, he became the Group's sole Managing Director. In 2008, Mr Pierre Pringuet carried out the acquisition of Vin&Sprit and its brand ABSOLUT Vodka which completes Pernod Ricard's international development. Following the withdrawal of Mr Patrick Ricard from his operational duties, Mr Pierre Pringuet was appointed CEO of Pernod Ricard on 5 November 2008.

Mr Pierre Pringuet is also the Chairman of the Comité Sully, which promotes the French food processing industry.

He holds the rank of Knight of the National Order of the Legion of Honour, of the National Order of Merit and is Officer of the Agricultural Merit.

Mr François Gérard

71 years old, French citizen.

Business address: Pernod Ricard – 12 place des États-Unis, 75116 Paris (France).

Mr François Gérard holds 14,217 Pernod Ricard shares at 30 June 2011.

A graduate of ESSEC (1962) and holder of an MBA from Columbia University (1964), he exercised his skills as a financial analyst with Lazard France (Paris) from 1965 to 1968. He then entered the Wines & Spirits sector when he joined Dubonnet Cinzano. Between 1976 and 1985, he was CEO and then Chairman and CEO of Cusenier. In 1986, he became Chairman and CEO of SIAS MPA, a position he held until 2001. Mr François Gérard has been a Director of Pernod Ricard since 10 December 1974.

Mr Rafaël Gonzalez-Gallarza

76 years old, Spanish citizen.

Business address: Pernod Ricard España, C/Manuel Marañon 8, 28043 Madrid (Spain).

Mr Rafaël Gonzalez-Gallarza holds 1,477,603 Pernod Ricard shares at 30 June 2011.

Following higher studies in Law in Madrid, Mr Rafaël Gonzalez-Gallarza earned an advanced degree in Comparative Law in Luxembourg (1960), and became a UNESCO expert with the Administration for Development in Tangier, then an official in the OECD Development Centre in Paris between 1968 and 1973. In 1976, he joined the Spanish Ministry of Justice for a two-year term as Technical General Secretary, a position he subsequently held from 1980 to 1982 with the Government Presidency. From 1985 onwards, he chaired the Larios group until it was purchased by Pernod Ricard in 1997.

In 1998, he was appointed Chairman of Pernod Ricard Larios, a position he held until 2004. He has been a Director of Pernod Ricard since 1998.

Ms Danièle Ricard

72 years old, French citizen.

Business address: Société Paul Ricard SA – Île des Embiez, Le Brusc, 83140 Six-Fours-les-Plages (France).

Ms Danièle Ricard holds 220,542 Pernod Ricard shares at 30 June 2011.

Member of the Management team and Director of Ricard SA between 1967 and 1975, Ms Danièle Ricard has held a seat on the Board of Directors of Ricard SA, now Pernod Ricard, since 1969. Chairman and Chief Executive Officer of Société Paul Ricard SA until 2004, she became Chairman of the Company's Management Board in 2005.

Ms Danièle Ricard is the daughter of Mr Paul Ricard, the founder of Ricard.

Mr Alexandre Ricard, Permanent representative of Société Paul Ricard

39 years old, French citizen.

Business address: Pernod Ricard – 12 place des États-Unis, 75116 Paris (France).

Mr Alexandre Ricard holds 7,340 Pernod Ricard shares at 30 June 2011.

He also holds 463 Pernod Ricard shares indirectly through the Irish Distillers Employee Share Purchase Scheme.

Société Paul Ricard holds 22,298,469 Pernod Ricard shares at 30 June 2011.

Mr Alexandre Ricard is a graduate of ESCP, of the Wharton School of Business (MBA majoring in Finance and Entrepreneurship) and of the University of Pennsylvania (MA in International Studies). He joined the Pernod Ricard group in 2003, in the Audit and Development department of the Holding Company. At the end of 2004, he was appointed Administrative and Financial Director of Irish Distillers Group and then, in September 2006, CEO of Pernod Ricard Asia Duty Free. In July 2008, he was appointed Chief Executive Officer of Irish Distillers Group as well as member of Pernod Ricard's Executive Committee. On 1 September 2011, he joined the Group General Management as Managing Director, Distribution Network. He remains a member of Pernod Ricard's Executive Committee. Before joining Pernod Ricard, Mr Alexandre Ricard worked for seven years outside the Group, for Accenture (Management and Consulting) and Morgan Stanley (Mergers and Acquisitions Consulting).

Mr Alexandre Ricard is the grandson of Mr Paul Ricard, the founder of Ricard.

He is the Permanent representative of Société Paul Ricard, Director, since 2010.

Mr César Giron

49 years old, French citizen.

Business address: Pernod, – 120 avenue du Maréchal Foch, 94015 Créteil Cedex (France).

Mr César Giron holds 4,103 Pernod Ricard shares at 30 June 2011.

A graduate of the École Supérieure de Commerce de Lyon, Mr César Giron joined the Pernod Ricard group in 1987 where he has spent his entire career. In 2000, he was appointed CEO of Pernod Ricard Suisse before becoming Chairman and CEO of Wyborowa SA in Poland in December 2003.

On 1 July 2009, he was appointed Chairman and CEO of Pernod SA, a French subsidiary of Pernod Ricard.

He is also a member of the Management Board of Société Paul Ricard.

Mr César Giron is the son of Ms Danièle Ricard, also a Director of Pernod Ricard. He has been a Director of Pernod Ricard since 2008.

Mr Jean-Dominique Comolli

63 years old, French citizen.

Business address: Agence des Participations de l'État – 139 rue de Bercy, 75572 Paris Cedex 12 (France).

A graduate of the Institut d'Études Politiques in Paris, with a Masters in Economics and a former student of the ENA (the French national school of public administration) (André Malraux class of 1975-1977), Mr Jean-Dominique Comolli started his career as a high-ranking civil servant and an aide to the Ministry of Budgets from 1977 to 1981. A technical advisor to Laurent Fabius, while he was Secretary of State for Budgets between 1981 and 1983, he then went on to be an official representative, followed by technical advisor, to Pierre Mauroy and Laurent Fabius while they were Prime Ministers until 1986. He was then appointed assistant manager of the Budgets Department until 1988, where he was, successively, assistant principal private secretary to the Minister of the Economy and then principal private secretary of the Secretary of State for Budgets. In 1989, he became Director General of Customs, then Chairman of the Customs Cooperation Council in 1992. From 1993 to 1999, he was Chairman and Chief Executive Officer of Seita. He handled its privatisation in 1995 and also the merger with Tabacalera to form Altadis, one of the leading players worldwide in the tobacco and retail markets, and he is currently Chairman of the Board of Directors of that company. He has held the position of Vice-Chairman of Imperial Tobacco since 15 July 2008.

Mr Jean-Dominique Comolli, due to his appointment as Commissioner of State Holdings to the Ministry of the Economy, Industry and Employment, resigned from his functions as Director on the Board of Directors of Pernod Ricard, taking effect following the Board of Directors' meeting held on 1 September 2010.

Lord Douro

66 years old, British citizen.

Business address: Richemont Holdings (UK) Ltd – 15 Hill Street, London W1J 5QT (United Kingdom).

Lord Douro holds a Master of Arts in Political Science, Philosophy and Economics from Oxford University. He was a Member of the European Parliament in Strasbourg from 1979 to 1989. During his career, he was also Vice-Chairman of the Guinness Mahon merchant bank between 1988 and 1991, Chairman of Dunhill Holdings from 1990 to 1993, as well as Vice-Chairman of Vendôme Luxury Group and then Chairman of the Board of Directors of Sun Life & Provincial Holdings Plc from 1995 to 2000. Until October 2005, Lord Douro chaired the Framlington Group, a company specialising in investment management in the United Kingdom.

In addition to the various offices described above, Lord Douro was the Commissioner of English Heritage from 2003 to 2007. He has also been Chairman of King's College in London since October 2007.

Lord Douro resigned, for personal reasons, from his position as Director of the Board of Directors of Pernod Ricard as of 31 March 2011.

Ms Nicole Bouton

63 years old, French citizen.

Business address: Friedland Gestion et Financière Accréditée – 10 avenue de Friedland, 75008 Paris (France).

Ms Nicole Bouton holds 1,000 Pernod Ricard shares at 30 June 2011.

Ms Nicole Bouton is a graduate of the Institut d'Études Politiques in Paris. From 1970 to 1984, she held the positions of Sub-Manager and then Assistant Manager in the Central Administration of Crédit Commercial de France. From 1984 to 1996, Ms Nicole Bouton went on to hold the positions of Deputy Manager, Manager and finally Managing Director of Lazard Frères et Cie and Lazard Frères Gestion. In 1996, she was appointed member of the Executive Committee of the NSMD bank (ABN AMRO France group) and became Vice-Chairman responsible for Institutional and Bank Clients before being appointed Member of the Management Board in 2000. She also took up the duties of Vice-Chairman of the ABN AMRO France Holding Company the same year. She was appointed as Chairman of the Management Board and then Vice-Chairman of the Supervisory Board of Asset Allocation Advisors and Chairman of the Banque du Phénix, which she merged with the NSMD bank in October 1998. Ms Nicole Bouton left ABN AMRO in 2001, and in 2002, she founded Financière Centuria Group, which she chaired until June 2010. In this capacity, she also chairs several subsidiaries including Financière Accréditée, which was acquired in 2006. She is also the Director of several other subsidiaries in the Financière Centuria Group. At the end of June 2010, she sold her shares in Centuria and remains Chairman of Financière Accréditée. She was appointed Chairman of the Strategy Committee of Friedland Gestion, an investment management company, alongside two new partners.

Ms Nicole Bouton has been a Director of Pernod Ricard since 2007.

Mr Laurent Burelle

61 years old, French citizen

Business address: Compagnie Plastic Omnium – 1 rue du Parc, 92593 Levallois Cedex (France).

Mr Laurent Burelle holds 1,000 Pernod Ricard shares at 30 June 2011.

Mr Laurent Burelle holds a degree in engineering from the Zurich Federal Polytechnic School (Switzerland) as well as a Master of Sciences from MIT (United States).

He spent his entire career with Compagnie Plastic Omnium, including as CEO of Plastic Omnium Spain from 1977 to 1981 and Deputy CEO of Compagnie Plastic Omnium from 1981 to 2001. In 2001, Mr Laurent Burelle was appointed CEO of Compagnie Plastic Omnium. He is also a Director of Lyonnaise de Banque, Labruyère Eberlé and of the Jacques Chirac Foundation.

Mr Michel Chambaud

59 years old, French citizen.

Business address: Groupe Bruxelles Lambert (GBL) – Avenue Marnix 24 – 1000 Bruxelles (Belgium).

Mr Michel Chambaud holds 1,050 Pernod Ricard shares at 30 June 2011.

A graduate of the École des Hautes Études Commerciales (1973) and of the Paris Institut d'Études Politiques (1975) with a PhD in Tax Law (1977), Mr Michel Chambaud was a Strategic Consultant at Arthur D. Little and held different teaching positions in Finance until 1978. From then until 1982, he was a consultant for African development banks under contract with the World Bank, concurrently founding Surf System (press group including the magazines Surf Session, Body Board Air Force and Surfer's Journal).

In 1982, he joined the Schlumberger Group, where he was Chief Financial Officer in France, the United States and then Japan.

He has taken part in the development of the Pargesa-GBL Group since 1987, holding positions in the holding companies alternately with operational positions in subsidiaries. Until 1996 he was Deputy Managing Director in charge of Equity's Investments of Parfinance (holding company listed in France, subsidiary of Pargesa), and from 1996 to 2003, he was a member of the Management Board of Imerys, in charge of finance and strategy. He is currently Investments Manager of Groupe Bruxelles Lambert.

Mr Michel Chambaud has been a Director of Pernod Ricard since 2009.

Mr Wolfgang Colberg

51 years old, German citizen.

Business address: Evonik Industries AG – Rellinghauser Str. 1-11, 45128 Essen (Germany).

Mr Wolfgang Colberg holds 576 Pernod Ricard shares at 30 June 2011.

Mr Wolfgang Colberg holds a PhD in Political Science, in addition to qualifications in Business Administration and Business Informatics. He has spent his entire career in the Robert Bosch Group and BSH Group. After joining the Robert Bosch Group in 1988, he held a post in Corporate Strategy, Control and M&A (Head Office), and then went on to become Head of Business Administration at the Göttingen production site (1990-1993), Section Head in Economic Planning and Control (Head Office) (1993-1994), before being appointed the Group's General Manager for Turkey and central Asia. In 1996, he was appointed Senior Vice President – Central Purchasing and Logistics (Head Office).

Between 2001 and 2009, Mr Wolfgang Colberg was Chief Financial Officer at BSH Bosch und Siemens Hausgeräte GmbH and member of the Management Board. Since 2009, he has been Chief Financial Officer of Evonik Industries AG as well as a member of the Management Board.

Mr Wolfgang Colberg has been a Director of Pernod Ricard since 2008.

Mr Gérald Frère

60 years old, Belgian citizen.

Business address: CNP – 12 rue de la Blanche Borne, 6280 Loverval (Belgium).

Mr Gérald Frère holds 1,050 Pernod Ricard shares at 30 June 2011.

Mr Gérald Frère joined the Frère-Bourgeois Group (Belgium), the family business, in 1972. He has been on the Board of Directors of Groupe Bruxelles Lambert (GBL) since 1982 and has chaired the Permanent Committee since 1993. He has been Managing Director of Groupe Bruxelles Lambert since 1993.

In addition, he holds the offices of Chairman of the Board of Directors of Compagnie Nationale à Portefeuille SA (CNP) and RTL Belgium. He is also Regent of the Banque Nationale de Belgique SA, Vice-Chairman of the Board of Directors of Pargesa Holding SA (Switzerland) and Director of Power Financial Corporation (Canada), Lafarge SA and Electrabel SA (Belgium).

Mr Gérald Frère has been a Director of Pernod Ricard since 2009.

Ms Susan Murray

54 years old, British citizen.

Business address: Bodicote Mill – Church Street, Bodicote Banbury, Oxon OX15 4DR (United Kingdom).

Ms Susan Murray holds 200 Pernod Ricard shares at 30 June 2011.

Ms Susan E. Murray is an Independent Non-Executive Director of Imperial Tobacco Group Plc, Compass Group Plc and Enterprise Inns Plc. Ms Susan Murray was a Board member at Littlewoods Limited from October 1998 until January 2004, and became Chief Executive at Littlewoods Stores Limited. Prior to this, she was Worldwide President and Chief Executive of The Pierre Smirnoff Company, part of Diageo Plc. Whilst at Diageo, she was the first Chairman of the International Centre for Alcohol Policies in Washington DC. Ms Susan Murray is also a former Non-Executive Director of Wm Morrison Supermarkets Plc, SSL International Plc and a former director and council member of the Advertising Standards Authority and of the Portman Group complaints panel. She is a fellow of the Royal Society of Arts.

Ms Susan Murray has been a Director of Pernod Ricard since 2010.

Mr Anders Narvinger

62 years old, Swedish citizen.

Business address: Östermalmsgatan 94 – SE-114 59 Stockholm (Sweden).

Mr Anders Narvinger holds 1,020 Pernod Ricard shares at 30 June 2011.

Mr Anders Narvinger, former CEO of ABB Sweden and of the Association of Swedish Engineering Industries, is the Chairman of the Board of Directors of TeliaSonera (Telecomunications), Trelleborg AB (polymer technology), Alfa Laval AB (Swedish engineering company), Coor Service Management Group AB (service management) and Capio AB (healthcare). Mr Anders Narvinger holds degrees in engineering and economics and is a member of the Board of Directors of JM AB (building and construction), AF AB (technical consulting) and Deputy Chairman of the International Chamber of Commerce (ICC) (Sweden).

Mr Anders Narvinger has been a Director of Pernod Ricard since 2009.

Ratification of the appointment of a Director and renewal of the term of office of a Director

On 4 May 2011, the Board of Directors, on the recommendation of the Appointments Committee following Lord Douro's resignation as Director, appointed Mr Laurent Burelle as Director. This appointment will be submitted to the ratification of the Shareholders' Meeting on 15 November 2011. Should the Shareholders' Meeting ratify such co-opting, Mr Laurent Burelle would be appointed for the remainder of Lord Douro's directorship, namely until the close of the Shareholders' Meeting to be held in 2013 to approve the financial statements for the previous financial year.

The presentation of Mr Laurent Burelle is provided above.

The directorship of Ms Nicole Bouton expires at the close of the Shareholders' Meeting of 15 November 2011. On the recommendation of the Appointments Committee, the Board of Directors has decided to propose at the Shareholders' Meeting of 15 November 2011, the renewal of Ms Nicole Bouton's directorship for a term of four years.

Convictions, bankruptcies, conflicts of interest and other information

No conviction for fraud, association with bankruptcy or any offence and/or official public sanction

To the best of Pernod Ricard's knowledge and at the time of writing:

- no conviction for fraud has been issued against the members of the Company's Board of Directors or General Management over the course of the last five years;
- none of the members of the Board of Directors or General Management has been associated, over the last five years, with any bankruptcy, compulsory administration or liquidation as a member of any body responsible for corporate governance, supervisory board or board of directors or as a Managing Director;
- no conviction and/or official public sanction has been issued against the members of the Company's Board of Directors or General Management by statutory or regulatory authorities (including designated professional organisations) over the last five years; and
- no Director or member of the General Management has been prohibited by a court of law from being a member of a board of directors, a management body or supervisory board or from intervening in the management or conduct of the business of a company over the last five years.

Service agreements

No member of the Board of Directors or General Management has any service agreements with Pernod Ricard or any of its subsidiaries.

Conflicts of interest

To the Company's knowledge and at the time of writing, there are no potential conflicts of interest between the duties of any of the members of the Company's Board of Directors and General Management with regard to the Company in their capacity as Director and their private interests and/or other duties.

To the Company's knowledge and at the time of writing, there are no arrangements or agreements established with the main shareholders, clients or suppliers under which one of the members of the Board of Directors or General Management has been selected in this way.

To the Company's knowledge and at the time of writing, with the exception of what is described in the 'Shareholders' agreements' of Section 8 'About the Company' and its share capital, no restriction has been accepted by the members of the Board or General Management concerning the disposal of their stake in the share capital.

Employee representatives

The Pernod Ricard employee representation on the Board of Directors is ensured by Mrs Carole Misset and Mrs Marie-Annick Pluskwa. This representation became effective at the Board of Directors meeting of 16 February 2011.

Report of the Chairman of the Board of Directors on the conditions governing the preparation and organisation of the work performed by the Board

On 12 February 2009, the Board of Directors of Pernod Ricard confirmed that the AFEP-MEDEF Corporate Governance Code for listed companies published in December 2008, and updated in April 2010 (hereinafter referred to as the 'AFEP-MEDEF Code'), available on the MEDEF's website, is applied by Pernod Ricard, notably in preparing the report required by article L. 225-37 of the French Commercial code.

The Company believes that its practices comply with the recommendations of the Governance Code, which it applies and complies with in full.

This report was approved by the Board of Directors on 31 August 2011 and submitted to the Statutory Auditors.

Governance structure

Dissociating the functions of Chairman and CEO

To adapt the governance of the Group and to allow for the natural and operational transition in the Company's Senior Management, the Board of Directors met following the Shareholders' Meeting of 5 November 2008 and decided to separate the functions of Chairman and CEO. Mr Patrick Ricard's term as Chairman of the Board of Directors was therefore renewed and Mr Pierre Pringuet was appointed CEO.

The Chairman of the Board of Directors organises and directs the Board's work, which is reported at the Shareholders' Meeting. He oversees the proper functioning of the Company's managing bodies and in particular, ensures that the Directors are in a position to fulfil their duties. He can also request any document or information that can be used to help the Board in preparing its meetings.

The CEO is granted full powers to act in the name of the Company under any circumstances. He exercises these powers within the limits of the corporate purpose and subject to the powers expressly granted by the law to Shareholders' Meetings and to the Board, and within the limits of internal rules as defined by the Board of Directors and its Internal Regulations (see paragraph 'Limitation on the powers of the CEO' below).

Limitation on the powers of the CEO

For internal purposes and following the decision made by the Board of Directors on 5 November 2008, the CEO must first ensure that the Board of Directors agrees to significant transactions that fall outside the strategy announced by the Company as well as the transactions listed below:

- carrying out acquisitions, transfers of ownership or disposals of assets and property rights and making investments for an amount greater than €50 million per transaction;
- signing any agreements to make investments in, or participate in joint ventures with any other French or non-French companies except with a subsidiary of Pernod Ricard (as defined in article L. 233-3 of the French Commercial Code);
- making any investments or taking any shareholding in any company, partnership or investment vehicle, whether established or yet to be established, through subscription or contribution in cash or in kind, through the purchase of shares, ownership rights or other securities, and more generally in any form whatsoever, for an amount greater than €50 million per transaction;
- granting loans, credits and advances in excess of €50 million per borrower, except when the borrower is a subsidiary of Pernod Ricard (as defined in article L. 233-3 of the French Commercial Code) and with the exception of loans granted for less than one year;
- borrowing, with or without granting a guarantee on corporate assets, in excess of €200 million in the same financial year, except from subsidiaries of Pernod Ricard (as defined in article L. 233-3 of the French Commercial Code), for which there is no limit;
- granting pledges, sureties or guarantees, except with express delegation of authority from the Board of Directors, within the limits provided for by articles L. 225-35 and R. 225-28 of the French Commercial Code; and
- selling investments with an enterprise value in excess of €50 million. Above this amount he must obtain the agreement of the Board of Directors.

On 10 November 2010, the Board of Directors authorised the CEO, for a period of one year, to grant pledges, sureties or guarantees in the name of the Company within the limit of a total amount of €50 million.

The Board of Directors authorised the CEO, for a period of one year, to grant charges, sureties or guarantees to tax and customs authorities in the name of the Company. No limit is placed on the amount of such guarantees.

Structure and operation of the Board of Directors

General rules concerning the composition of the Board and the appointment of Directors

The names of the members of the Board of Directors are listed in the section 'Members of the Board of Directors and duties performed by the Directors'.

The Board of Directors of the Company is comprised of three members at least 18 years of age, unless otherwise authorised by legal provisions. In accordance with the statutory provisions, each Director must own at least 50 registered Company shares in registered form. However, the Board's Internal Regulations recommend that Directors buy and hold at least 1,000 Company shares.

The members of the Board of Directors are appointed at the Ordinary Shareholders' Meeting based on proposals from the Board of Directors following recommendation by the Appointments Committee. They can be dismissed at any time by decision of the Shareholders' Meeting.

On the date of filing of this registration document, the Board of Directors comprised 14 members. Over the 2010/2011 financial year, Mr Jean-Dominique Comolli, due to his appointment as Commissioner of State Holdings to the Ministry of the Economy, Industry and Employment, resigned from his functions as Director in September 2010. Ms Susan Murray was appointed as the new Independent Director at the Ordinary Shareholders' Meeting held on 10 November 2010. Lord Douro also resigned from his functions for personal reasons in March 2011. Based on the recommendation of the Appointments Committee, the Board of Directors appointed Mr Laurent Burelle as Director to replace Lord Douro. This appointment is subject to ratification at the Shareholders' Meeting on 15 November 2011.

The Board of Directors does not have any members elected by employees, but two representatives from the Company's sole employee representative body attend meetings of the Board of Directors in an advisory role.

The Board of Directors may, upon proposal of its Chairman, appoint one or more censors, who may be either individuals or legal entities and may or may not be shareholders. This option was not exercised during the 2010/2011 financial year.

Independence of Directors

The Company applies criteria of independence as expressed in the AFEP-MEDEF Code, which encompasses the October 2003 recommendations in addition to recommendations concerning remuneration issued in January 2007 and October 2008. A Director on the Board of Directors is considered 'independent' when he/she has no relations of any kind with the Company, its Group or its Management, which could impair the free exercise of his/her judgement (article 3 of the Internal Regulations).

This is the basis used by the Board of Directors and Appointments Committee in their annual review designed to assess the independence of Directors. The Board of Directors and Appointments Committee determine whether the Director:

- performs any management duties in the Company or its Group or has any special ties with its management executives;
- is or has been at any point in the past five years:
  - an employee or member of the Board of the Company or a Group company;
  - member of the Board of another company in which the Company is a Director or in which an employee or Director of the Company holds the office of Director (currently or in the past five years);
- is a major client, supplier or banker of the Company or its Group or for which the Company or its Group represents a significant share of its business;
- has close family ties with a member of the Board;
- has been a Company auditor at any point in the past five years;
- has been a member of the Company's Board of Directors for more than 12 years;
- is a major or majority shareholder in the Company or Parent Company controlling the Company. If this shareholder owns more than 10% of the share capital or voting rights in the Company, the Appointments Committee and Board will systematically review its independence in consideration of the Company's share ownership structure and the potential conflict of interest.

In compliance with these criteria, the Board of Directors is comprised of 14 members on the date of filing of this registration document, including 7 independent Directors.

On 4 May 2011, the Board of Directors, following the advice of the Appointments Committee, appointed Mr Laurent Burelle as Director to replace Lord Douro, outgoing Director. This appointment is subject to ratification at the Shareholders' Meeting on 15 November 2011.

The Appointments Committee reviewed the candidate and determined that Mr Laurent Burelle fully meets the independence criteria applied by the Company.

The presentation of Mr Laurent Burelle is provided in the section 'Personal information concerning the Directors' above.

Code of Conduct of Directors

Article 4 of the Internal Regulations and article 17 of the bylaws stipulate the rules of conduct that apply to Directors and their permanent representatives. Each Director acknowledges his/her awareness of these obligations prior to accepting the office.

Directors are asked to submit any transactions involving the Pernod Ricard share or its derivatives to the Compliance Committee for approval.

Operation and activity

The method of operation of the Board of Directors is provided for by the legal and regulatory provisions, by the bylaws and by Internal Regulations (1) adopted by the Board of Directors at its meeting on 17 December 2002, reviewed and supplemented during the Board sessions of 18 June 2008, 23 July 2008, 22 July 2009 and 16 February 2011. The Internal Regulations of the Board of Directors specify the rules and methods of operation of the Board, in addition to the legal, regulatory and statutory aspects. In particular, they remind Directors of the rules on diligence, confidentiality and disclosure of conflicts of interest. They confirm the various rules in force with regard to the conditions for trading in the Company's shares on the stock market, the obligations to make declarations, and publication requirements relating thereto.

On a regular basis of at least once a year, the Board of Directors includes on its agenda a discussion on its operation, in which it:

- reviews its composition, operation and structure;
- checks that the major issues have been adequately prepared and debated.

Furthermore, at least once every three years, it performs a formal review of its work or has one carried out. This review was carried out in 2008/2009. Its main conclusions were presented in the Chairman's Report for that financial year.

Another review will be carried out in the first half of 2012 and discussed in the Chairman's Report for 2011/2012.

Board of Directors meetings

It is the responsibility of the Chairman to call Board meetings either at regular intervals, or at times that he considers appropriate. In order to enable the Board to review and discuss in detail the matters falling within its area of responsibility, the Internal Regulations provide that Board meetings must be held at least six times a year. In particular, the Chairman of the Board of Directors ensures that Board of Directors meetings are held to close the interim financial statements as well as the annual financial statements and to convene a Shareholders' Meeting for the purpose of approving the financial statements.

Board meetings are called by the Chairman. The notice of the Board meeting sent to the Directors at least eight days before the date of the meeting, except in the event of a duly substantiated urgent situation, shall state the place of the meeting, which will in principle be the Company's registered office. Board Meetings may also be held by video conference or telecommunication, under the conditions provided for in the Internal Regulations and regulations in force.

Information to the Directors

The Directors receive the information they require to fulfil their role. The written texts and documents in support of matters on the agenda, are sent to them long enough in advance to enable them to prepare effectively for each meeting, and, generally speaking, eight days before the meetings, pursuant to the Internal Regulations.

A Director may ask for any explanations or the production of additional information and, more generally, submit to the Chairman any request for information or access to information which might appear to be appropriate to him or her.

As the Directors have insider information on a regular basis, they must refrain from using this information to buy or sell shares of the Company and carry out stock market transactions in the 30 days prior to publication of the annual and half-year results and fifteen days prior to publication of quarterly net sales.

Responsibilities of the Board of Directors and activity in 2010/2011

In the exercise of its legal prerogatives, the Board of Directors:

- rules on all decisions relating to the major strategic, economic, social and financial orientations of the Company and sees to their implementation by General Management;
- deals with any issue relating to the smooth operation of the Company and monitors and controls these issues; in order to do this, it carries out the controls and verifications that it considers appropriate and notably the control of Company management;
- approves the investment projects and any transaction, more specifically, acquisition or disposal transaction that is likely to significantly affect the Group's profits, the structure of its balance sheet or its risk profile;
- draws up the annual and interim financial statements and prepares the Shareholders' Meeting;
- defines the Company's financial communication policy;
- checks the quality of the information provided to the shareholders and to the markets;
- designates the Directors responsible for managing the Company;
- defines the remuneration policy for the General Management based on the recommendations of the Remuneration Committee;
- reviews each of the Directors annually on a case-by-case basis prior to the publication of the annual report and reports the outcome of this review to the shareholders in order to identify the independent Directors;
- approves the Chairman's report on the conditions for preparation and organisation of the work of the Board of Directors as well as the internal control procedures implemented by the Company.

During the financial year ended 30 June 2011, the Board of Directors met eight times with an attendance rate of 96%. Meetings lasted three hours on average.

The Board of Directors approved the annual and interim financial statements and the terms of financial communications, reviewed the budget, prepared for the Combined (Ordinary and Extraordinary)

(1) The internal regulations can be consulted on the Company's website (www.pernod-ricard.com) and can be amended at any time by the Board of Directors.

Shareholders' Meeting and, in particular, approved the draft resolutions.

The current state of the business was debated at each of these meetings: business, reporting results and cash flow.

In managing debt, it monitored the progress of the projected asset disposal programme and decided, as part of the regular review of the refinancing plan, to proceed with the use of bilateral financing and, during the first quarter of 2011, with two bond issues, one in euro and the other in US dollars.

It established the remuneration of Mr Patrick Ricard and Mr Pierre Pringuet in line with AFEP-MEDEF Code recommendations. It also set the terms of the stock option and performance share plans, both implemented in June 2011.

Furthermore, the Board reviewed the succession plan for Directors, as proposed by the Appointments Committee, which is takes into account the AFEP-MEDEF Code recommendations concerning the representation of women on Boards of Directors.

In application of the AMF's recommendations on preventing insider trading, the Board adopted a Code of Conduct and decided to set up a Compliance Committee.

Lastly, the Directors were regularly informed of developments in the competitive environment, and the operational directors of the main subsidiaries described their organisation, businesses and outlook.

Shareholders' Meetings and attendance procedures

Article 32 of the bylaws sets out the procedures that shareholders must follow to attend Shareholders' Meetings. A summary of these rules is provided in Section 8 'Information on the Company and its share capital' of this document.

Corporate Governance bodies

Committees of the Board of Directors

The Board of Directors delegates responsibility to its specialised committees for the preparation of specific topics submitted for its approval.

Four committees handle subjects in the area for which they have been given responsibility and submit their opinions and recommendations to the Board: the Strategic Committee, the Audit Committee, the Remuneration Committee, and the Appointments Committee.

Strategic Committee

The Strategic Committee is made up of:

Chairman:
Mr Patrick Ricard

Members:
Mr François Gérard

Mr Rafaël Gonzalez-Gallarza

Ms Danièle Ricard

The Strategic Committee met six times in 2010/2011 with an attendance rate of 92%. Its mission essentially consists in preparing the strategic policies submitted to the Board of Directors for approval.

Audit Committee

At 31 August 2011, the Audit Committee was made up of:

Chairman:
Mr Michel Chambaud
(Independent Director)

Members:
Ms Nicole Bouton
(Independent Director)

Mr François Gérard

Mr Wolfgang Colberg
(Independent Director)

The members of the Audit Committee were specifically chosen for their expertise in accounting and finance.

In addition to the operational charter adopted in June 2002, the Audit Committee adopted its Internal Regulations at the Board of Directors' meeting of 18 March 2003. During the 2010/2011 financial year, as during the 2009/2010 financial year, the Audit Committee met four times, with an attendance rate of 94%.

Main roles of the Audit Committee

The main roles of the Audit Committee are as follows:

- ensuring the appropriateness and consistency of the accounting policies applied in the preparation of the consolidated financial statements and the Parent Company financial statements and the appropriate treatment of complex or unusual transactions at Group level;
- analysing the options available when preparing the financial statements;
- examining material risks and off-balance sheet commitments;
- examining the scope of consolidation and, where appropriate, the reasons why some companies may not be included;
- monitoring the efficiency of internal control and risk management systems;
- monitoring the preparation of financial information;
- supervising the procedure for selecting Statutory Auditors;
- giving the Board of Directors its opinion or recommendation on the renewal or appointment of the Statutory Auditors, the quality of their work related to the legal control of the Company and consolidated financial statements, the amount of their fees, and ensuring the compliance of the rules guaranteeing their independence and objectivity;
- examining any matters of a financial or accounting nature that are referred to it by the Board of Directors.

Report on the work carried out during the 2010/2011 financial year

In accordance with its Internal Regulations and in liaison with the Statutory Auditors and the Consolidation, Finance and Internal Audit Departments of the Company, the Audit Committee's work mainly related to the following issues:

- review of the main provisions of French and foreign legislation or regulations, reports and commentaries with regard to Corporate Governance, risk management, internal control and audit matters.

  The Audit Committee notably reviewed the new Reference Framework for risk management and internal control and the report on audit committees published by the AMF in July 2010;
- review of the interim financial statements at 31 December 2010 during the meeting of 15 February 2011;
- review of the consolidated financial statements at 30 June 2011 (these financial statements were reviewed at the Audit Committee meeting on 30 August 2011): the Audit Committee met with Management and with the Statutory Auditors in order to discuss the financial statements and accounts and their reliability for the whole Group. It notably examined the conclusions of the Statutory Auditors and the draft presentation of financial reporting;
- monitoring of the Group's cash flow and debt;
- approval of the Group Internal Audit plan for 2011/2012 at the meeting of 14 June 2011. This audit plan was prepared and approved following an analysis of the Group's major risks. The Group's main risks are regularly assessed in a detailed presentation to the Audit Committee. They were identified in a formal mapping procedure that covered the Group's main subsidiaries and main executives and was completed in June 2010;
- risk management: in addition, the Group sent its main subsidiaries a self-assessment questionnaire making it possible to evaluate whether their internal controls were adequate and effective. Based on the Group's Internal Control Policies and in compliance with the French Financial Markets Authority (AMF) Reference Framework for Risk Management and Internal Control ('*Cadre de référence de l'AMF sur le dispositif de gestion des risques et de contrôle interne*') and its Application Guide published in 2007 and updated in July 2010, this questionnaire covers Corporate Governance practices, operational matters and computer support. Response to the questionnaire was documented and reviewed in detail by the regional holding companies and the Group's Internal Audit Department.

  An analysis of the returned questionnaires was presented to the Audit Committee at the meeting on 30 August 2011;
- examination of the Internal Audit reports: in addition to the audits and controls carried out by the different subsidiaries on their own behalf, 25 Internal Audits were performed in 2010/2011 by the audit teams of the regional holding companies and the Company. A full report was drawn up for each audit covering the types of risks identified – operational, financial, legal or strategic – and their management. Recommendations are issued when deemed necessary. The Audit Committee approves the recommendations of all the audit reports issued and checks the progress in implementing the recommendations from previous audits.

Outlook for 2011/2012

In 2011/2012, the Audit Committee will pursue the mission it is carrying out for the Board of Directors in line with current regulations. In addition to the risks associated with preparing financial information, 2011/2012 will notably be dedicated to reviewing the management of risks presented in the Group's risk map, particularly risks associated with cash management and marketing expenditure.

Appointments Committee

At 31 August 2011, the Appointments Committee comprised:

Chairman:

Ms Nicole Bouton (Independent Director), replacing Mr Jean-Dominique Comolli as of 1 September 2010.

Members:

Mr Anders Narvinger (Independent Director), replacing Lord Douro as of 20 October 2010.

Ms Danièle Ricard

Mr Patrick Ricard, Chairman of the Board of Directors, attends the meetings of this Committee, in particular those dealing with Directors' appointments.

During the 2010/2011 financial year, the Committee met four times with a 100% attendance rate.

Main roles of the Appointments Committee

The roles of this Committee, formalised in the Internal Regulations of July 2009, include:

- drawing up proposals concerning the selection of new Directors and proposing research and renewal procedures;
- on at least an annual basis, discussing the qualification of independence of Directors, and candidates for the post of Director or for a Committee of the Board of Directors in light of the independence criteria of the AFEP-MEDEF Code;
- ensuring the continuation of Management bodies by defining a succession plan for Executive Director(s) and Board Director(s) in order to propose replacement options in the event of an unplanned vacancy;
- being informed of the succession plan for key Group positions;
- regularly reviewing the composition of the Board of Directors to monitor the quality (number of members, diversity of profiles) and attendance of its members;
- carrying out assessments on the operation of the Board of Directors on a regular basis.

Report on the work carried out during the 2010/2011 financial year

In 2010/2011, the Appointments Committee had the following roles:

- examination of the appointment of a new Director following the resignation of a director in September 2010;
- proposals of new committee members following the resignation of a Director;

- review of the composition of the Board in application of the law on the balanced representation of women and men on boards and equal opportunity;
- review of the independence of Directors and committee members;
- implementation of a Code of Conduct in accordance with the AMF recommendations of November 2010;
- review and proposal of candidates for the renewal of Directors at the Shareholders' Meeting on 15 November 2011;
- preparation of the resolution to anticipate the renewal of offices to better stagger renewals in the future. Shareholders will vote on the resolution at the Meeting of 15 November 2011.

Remuneration Committee

At 31 August 2011, the Remuneration Committee comprised:

Chairman:
Ms Nicole Bouton (Independent Director), replacing Mr Jean-Dominique Comolli as of 1 September 2010.

Members:
Mr Anders Narvinger (Independent Director), replacing Lord Douro as of 20 October 2010.

Mr Gérald Frère (Independent Director).

During the 2010/2011 financial year, the Remuneration Committee met four times with a 100% attendance rate.

Main roles of the Remuneration Committee

The roles of the Remuneration Committee, approved by the Board on 22 July 2009, include:

- reviewing and proposing to the Board of Directors the remuneration to be paid to the Executive Director(s), the provisions of retirement schemes and any other benefits granted to them;
- proposing rules to this effect, and assessing them on a yearly basis, to determine the variable portion of the remuneration of Executive Director(s) and ensure that the criteria applied are in line with the Company's short-, medium- and long-term strategy;
- recommending the total amount of Directors' fees to be submitted for approval to the Shareholders' Meeting to the Board of Directors, as well as the way it will be distributed:
  - for duties performed as Board members,
  - for duties carried out on specialised Committees of the Board of Directors;
- being informed, in the presence of the Executive Director(s), of the remuneration policy of the senior managers of Pernod Ricard group companies;
- ensuring that the remuneration policy for senior managers is consistent with the policy for Executive Director(s);
- proposing the general policy for stock option and bonus share plans, in particular the terms applicable to the Company's Executive Director(s);
- approving the information provided for shareholders in the annual report on the remuneration of Executive Director(s) and the policy on stock option and bonus share plans as well as, more generally, the other work of the Remuneration Committee.

Report on the work carried out during the 2010/2011 financial year

Further details of the work of the Remuneration Committee are provided in the paragraph 'Remuneration of Directors' in Section 4 'Management Report' of this document.

Management structure

General Management

Group General Management is provided by the Chief Executive Officer, Mr Pierre Pringuet, who is supported by three Managing Directors at 30 June 2011. The Executive Office is the permanent coordination unit of the Group's General Management.

It is comprised of Group General Management and General Counsel.

The Executive Office prepares and examines all decisions relating to the functioning of the Group or submits the latter to the Board of Directors when approval is required. It organises the Executive Committee's work.

Composition of the Executive Office:

- **Chief Executive Officer,** Pierre Pringuet, Executive Director;
- **4 Managing Directors,** respectively:
  - **Thierry Billot,** Managing Director, Brands;
  - **Gilles Bogaert,** Managing Director, Finance;
  - **Bruno Rain,** Managing Director, Human Resources and Corporate Social Responsibility;
  - **Alexandre Ricard,** Managing Director, Distribution Network (as from 1 September 2011);
- **Ian FitzSimons,** General Counsel.

The Communication Department is also part of the General Management.

Executive Committee

The Executive Committee is the management unit of the Group comprising General Management, the General Counsel and the Managers of the main subsidiaries.

The Executive Committee liaises between the Holding Company and the subsidiaries as well as between the subsidiaries themselves (Brand Companies and Market Companies). Under General Management's authority, the Executive Committee ensures that the activities are carried out and that its main policies are applied.

In this capacity, the Executive Committee:

- examines the activity of the Group and its variations with respect to the development plan;
- gives its opinion regarding the establishment of objectives (earnings, debt and qualitative objectives);
- periodically reviews the brands' strategies;
- analyses the performance of the network of the Group's Market Companies and Brand Companies and recommends the necessary organisational adjustments;
- approves and enforces the adherence to the main policies of the Group (human resources, good marketing and business practices, QSE (Quality, Security, Environment) policies, Corporate Responsibility, etc.).

It meets 8 to 11 times a year.

The Executive Committee is made up of:

- the Executive Office;
- the Brand Companies:
  - Chivas Brothers, Christian Porta, Chairman and CEO;
  - Martell Mumm Perrier-Jouët, Lionel Breton, Chairman and CEO;
  - Premium Wine Brands, Jean-Christophe Coutures, Chairman and CEO;
  - Irish Distillers Group, Alexandre Ricard, Chairman and CEO;
  - The ABSOLUT Company, Philippe Guettat, Chairman and CEO;
- the Market Companies:
  - Pernod Ricard Americas, Philippe Dréano, Chairman and CEO;
  - Pernod Ricard Asia, Pierre Coppéré, Chairman and CEO;
  - Pernod Ricard Europe, Laurent Lacassagne, Chairman and CEO;
  - Pernod, César Giron, Chairman and CEO;
  - Ricard, Philippe Savinel, Chairman and CEO.

Significant post-balance sheet events

Mr Alexandre Ricard was appointed Managing Director, Distribution Network, as of 1 September 2011. He was replaced as Chairman and CEO of Irish Distillers by Ms Anna Malmhake, who had held the position of Marketing Director of The ABSOLUT Company since September 2009.

Report of the Chairman of the Board of Directors on internal control and risk management

The Group's Internal Control and Risk Management policies and procedures follow Corporate Governance guidelines which are compliant with the AMF (French Financial Markets Authority) Reference Framework for risk management and internal control and its application guide.

Definition of internal control

The internal control policies and procedures in force within the Group are designed:

- first of all, to ensure that management, transactions and personal conduct comply with guidelines relating to Group business conduct, as set out by the Group bodies responsible for Corporate Governance and General Management, applicable law and regulations, and with Group values, standards and internal rules;
- secondary, to ensure that the accounting, financial and management information provided to the Group's governance bodies fairly reflects the performance and the financial position of the companies in the Group;
- lastly to ensure the proper protection of assets.

One of the objectives of the internal control systems is to prevent and control all risks arising from the activities of the Group, in particular accounting and financial risks, including error and fraud, as well as operational, strategic and compliance risk. As with all control systems, they cannot provide an absolute guarantee that such risks have been fully eliminated.

Description of the internal control environment

Components of the internal control system

The principal bodies with responsibility for internal control are as follows:

At Group level

The **Executive Committee** is comprised of Group General Management, the Managing Directors (in charge of Brands, Finance, Human Resources and Corporate Social Responsibility, and Distribution Network as of 1 September 2011), the General Counsel of the Group and the Chairmen and CEOs of the Brand and Market Companies. The Executive Committee ensures that the activities are carried out and that its main policies are applied. It meets 8 to 11 times a year.

The **Executive Office** is the permanent coordination unit of the Group's General Management. It is comprised of Group General Management and General Counsel. The Executive Office prepares and examines any decision relating to the functioning of the Group or submits it to the Board of Directors when approval is required. It organises the Executive Committee's work.

The Group's **Internal Audit** Department is attached to the Group's Finance Department and reports to Group General Management and the Audit Committee. It comprises teams located both in the Company and the Regions, as well as some large subsidiaries. The Audit plan is drawn up once the Group's main risks have been identified and analysed. It is validated by the General Management and Audit Committee and presents the different cross-business issues that will be reviewed during the year, the list of subsidiaries that will be audited, and the main topics covered during the audits.

The outcomes of the work are then submitted for examination and analysis to the Audit Committee, General Management and Statutory Auditors.

Statutory Auditors: the selection and appointment of joint Statutory Auditors proposed at the Shareholders' Meeting is performed by the Board of Directors on the basis of recommendations from the Audit Committee.

The Group has selected joint Statutory Auditors who are able to provide it with global and comprehensive coverage of Group risks.

At subsidiary level

The **Management Committee** is appointed by the Holding Company or by a Region and is composed of the subsidiary's Chairman and Chief Executive Officer and its senior managers. The Management Committee is notably responsible for managing the main risks affecting the subsidiary.

The subsidiary's **Finance Director** is tasked by the subsidiary's Chairman and Chief Executive Officer with establishing appropriate internal control systems for the prevention and control of risks arising from the subsidiary's operations, in particular accounting and finance risks including error and fraud.

Identification and management of risks

The 2010/2011 financial year was devoted to:

- reviewing and analysing the risk management systems in place, notably those identified during the formal mapping procedure completed in June 2010;
- implementing the self-assessment questionnaire on internal control and risk management. The questionnaire was in full compliance with the AMF's Reference Framework for risk management and internal control and its application guide, which were updated in July 2010. The questionnaire was updated during the financial year, notably regarding Corporate Social Responsibility;

- performing audits: 25 audits were carried out in 2010/2011. The purpose of these audits, along with the analysis of operational risk management, was to ensure that the Group's internal control policies were applied properly at its subsidiaries.

All of the key areas for improvement identified were addressed in specific action plans drawn up at each subsidiary and at Group level, which were validated by General Management and the Audit Committee. Their implementation is regularly assessed by the Group's Internal Audit Department.

The work performed enabled the quality of internal control and risk management to be strengthened within the Group.

Key components of internal control procedures

The key components of internal control procedures are as follows:

The **Pernod Ricard Charter,** updated during the financial year, sets out the rights and duties of every employee in relation to Group values, particularly in its Code of Ethics. Among other things, these rights and duties include compliance with the law and integrity. A copy of the Charter is given to each employee when they are recruited and is always available in several languages on the Group Intranet site.

A formal **Delegation of authority** procedure, issued by the Board of Directors, sets out the powers of the Chief Executive Officer as well as those of the Managing Directors in charge of Brands, Finance, Distribution Network, Human Resources and Corporate Social Responsibility, and those of the General Counsel of the Group.

The **Internal Audit Charter** is for all employees who have a management and audit position. It defines the standards, the missions, the responsibilities, the organisation and the operating mode of the Group's Internal Audit Department in order to remind every employee to strive for compliance with and improvement of the Internal Audit process.

Group **Internal Control Policies,** which have been established for each of the 14 operational cycles identified, enable the subsidiaries to concentrate on the internal control procedures related to the Group's main risks.

Regularly updated notably to comply with the AMF Reference Framework for risk management and internal control and its application guide, the **self-assessment questionnaire** is based on the Group's internal control policies. In particular, it covers Corporate Governance practices, operational activities and IT support.

Submitted to the Group's main subsidiaries, it enables them to assess the adequacy and the effectiveness of their internal controls. Responses to the questionnaires are documented and reviewed in detail by the Regions and Group Internal Audit Department. All of this work has been covered by:

- a summary by subsidiary and an overall Group summary, which are both provided to the General Management and the Audit Committee;
- a letter of representation from each subsidiary sent to the Chairman and Chief Executive Officer of their Parent Company and a letter of representation from the various parent companies sent to the Chief Executive Officer of Pernod Ricard. This letter engages subsidiary management as regards the adequacy of their control procedures in the light of identified risks.

The **Pernod Ricard Environment, Security and Quality Charter** sets out the rules to be complied with in these areas. The Industrial Operations Department of the Group is in charge of ensuring that they are followed. An annual report is presented by this Department to the Executive Committee.

Budgetary control is organised around three key areas: the annual budget (revised several times during the year), monthly reporting to monitor performance and the four-year strategic plan. Budgetary control is exercised by the management control teams attached to the Finance Departments of the Holding Company, the Regions and the subsidiaries. It operates as follows:

- the budget is subject to specific instructions (principles, timetable) published by the Holding Company and sent to all the subsidiaries. The final budget is approved by the General Management of the Group;
- *reporting* is prepared on the basis of data directly input by subsidiaries in accordance with a precise timetable provided at the beginning of the year and in accordance with the *reporting* manual as well as the accounting and financial policies published by the Holding Company;
- monthly performance analysis is carried out as part of the reporting process and is presented by the Finance Department to the General Management, the Executive Committee and at meetings of the Audit Committee and the Board of Directors;
- a four-year strategic plan for the Group's main brands is prepared each year using the same procedures as those used for the budget;
- a single management and consolidation system allows each subsidiary to directly input all its accounting and financial data.

Centralised Treasury Management is led by the Treasury Unit of the Group's Finance Department.

Legal and operational control of the Holding Company over its subsidiaries

Subsidiaries are mostly wholly-owned, either directly or indirectly, by the Pernod Ricard Parent Company.

The Holding Company is represented directly or indirectly (through an intermediate subsidiary) on its subsidiaries' Boards of Directors.

The Organisation Charter and the Group Internal Control Policies define the level of autonomy of subsidiaries, particularly with respect to strategic decisions.

The role of the Holding Company, as described in the 'decentralised business model' paragraph of Section 1 'Presentation of the Pernod Ricard group' of the present document is an important component of the control of subsidiaries.

Financial and accounting reporting

Preparation of the Group's consolidated financial statements

The Group, in addition to the management information described above, prepares half-year and annual consolidated financial statements. This process is managed by the Consolidation Department of the Group's Finance Department, as follows:

- communication of the main Group accounting and financial policies through a procedures manual;
- preparation and issuance of specific instructions by the Consolidation Department, including a detailed timetable, to the subsidiaries prior to each consolidation;
- consolidation by sub-group;
- preparation of the consolidated financial statements on the basis of information provided so as to cover the entire scope of consolidation;
- use of a single software package by Group subsidiaries. The maintenance of this software package and user training are carried out by the Group's Finance Department with the occasional assistance of external consultants.

In addition, consolidated subsidiaries sign a letter of representation addressed to the Statutory Auditors, which is also sent to the Holding Company. This letter commits the Senior Management of each consolidated subsidiary as to the accuracy and completeness of the financial information sent to the Holding Company within the consolidation process.

Preparation of Pernod Ricard Parent Company financial statements

Pernod Ricard prepares its financial statements in accordance with applicable laws and regulations. It prepares the consolidation package in accordance with the instructions received from the Holding Company's Finance Department.

Paris, 31 August 2011

Patrick Ricard

Chairman of the Board of Directors

Statutory Auditors' report

[Intentionally omitted]

3

CORPORATE SOCIAL RESPONSIBILITY

[Intentionally omitted]

4

MANAGEMENT REPORT

Key figures from the consolidated financial statements for the year ended 30 June 2011

Key income statement figures

In euro million	30.06.2009 [2]	30.06.2010	30.06.2011
Net sales	7,203	7,081	7,643
Profit from recurring operations	1,846	1,795	1,909
Operating profit	1,757	1,707	1,852
GROUP NET PROFIT	**945**	**951**	**1,045**
Group net profit per share – diluted *(in euro)* [1]	3.92	3.59	3.94
GROUP NET PROFIT FROM RECURRING OPERATIONS	**1,010**	**1,001**	**1,092**
Group net profit from recurring operations per share – diluted *(in euro)* [1]	4.19	3.78	4.12

(1) Earnings per share at 30 June 2009 was restated to take account of the bonus rights issue of one share for each 50 shares held on 18 November 2009.
(2) The financial statements at 30 June 2009 only include Vin&Sprit AB from the date of acquisition (23 July 2008), i.e. for 11 months.

4

Key balance sheet figures

In euro million	30.06.2009	30.06.2010	30.06.2011
Assets			
Non-current assets	19,253	21,148	19,947
of which intangible assets	*16,199*	*17,757*	*16,332*
Current assets	5,435	5,918	5,748
Assets held for sale	178	42	4
TOTAL ASSETS	**24,867**	**27,107**	**25,699**
Liabilities and shareholders' equity			
Consolidated shareholders' equity	7,608	9,337	9,474
Non-current liabilities	14,390	13,792	13,272
Current liabilities	2,810	3,975	2,953
Liabilities held for sale	60	2	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**24,867**	**27,107**	**25,699**

Key net financial debt figures

In euro million	30.06.2009	30.06.2010	30.06.2011
Gross non-current financial debt	10,820	9,818	9,386
Gross financial debt from recurring operations	400	1,250	405
Non-current hedging instruments - assets	-	(20)	(54)
Hedging instruments from recurring operations – assets	-	-	-
Non-current derivative instruments – liabilities	188	105	75
Derivative instruments from recurring operations – liabilities	-	132	-
Cash and cash equivalents	(520)	(701)	(774)
NET FINANCIAL DEBT	**10,888**	**10,584**	**9,038**
Free cash flow [1]	1,037	1,110	1,001

(1) The calculation of free cash flow is set out in the notes to the cash-flow statement and shareholders' equity in the Management Report.

Key cash flow statement figures

In euro million	30.06.2009	30.06.2010	30.06.2011
Net change in cash flow from operating activities	1,126	1,205	1,134
Net change in cash flow from investing activities	(5,113)	46	(60)
Self-financing capacity before interest and tax	1,782	1,826	1,836
Net interest paid	(630)	(493)	(478)
Net income tax paid	(164)	(80)	(256)
Net change in cash flow from financing activities	4,121	(1,129)	(975)
Cash flow from discontinued operations	8	-	-
Cash and cash equivalents at beginning of period	421	520	701
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**520**	**701**	**774**

Analysis of business activity and results

In 2010/2011, with consumer spending starting to pick up in its markets, Pernod Ricard proved the effectiveness of its strategy, which has enabled it to exceed its financial targets. Amongst its achievements were:

- strong business activity and record volumes levels for its Top 14 and its 7 other brands;
- increased advertising and promotional support and numerous innovation;
- an acceleration of organic growth in profit from recurring operations to 8% (4% in 2009/2010) with positive organic growth in each of the Group's regions;
- on-going debt reduction and refinancing.

Every region contributed to organic growth of profit from recurring operations, which was up 20% in Asia/Rest of the World, 3% in the Americas, 2% in Europe excluding France and 2% in France.

Emerging countries (*) are an increasingly important growth engine for the Pernod Ricard group. They comprised 38% of the Group's profit from recurring operations in financial year 2010/2011 compared to 33% in 2009/2010.

Presentation of results

In euro million	30.06.2010	30.06.2011
Net sales	7,081	7,643
Gross margin after logistics expenses	4,218	4,610
Contribution after advertising and promotional expenses	2,956	3,169
Profit from recurring operations	1,795	1,909
Operating margin	*+25.4%*	*+25.0%*
Group net profit from recurring operations [1]	1,001	1,092
Group net profit	951	1,045
Group net profit per share from recurring operations – diluted *(in euro)*	3.78	4.12
GROUP NET PROFIT PER SHARE FROM RECURRING OPERATIONS (EXCLUDING DISCONTINUED OPERATIONS) – DILUTED *(IN EURO)*	**3.59**	**3.94**

(1) Profit from recurring operations adjusted for net interest expense relating to ordinary activities, corporate income tax, profits of equity-method companies and profit from assets held for sale.

Group net profit from recurring operations and net profit per share (diluted)

In euro million	30.06.2010	30.06.2011
Profit from recurring operations	1,795	1,909
Interest (expense) income from recurring operations	(497)	(469)
Corporate income tax on recurring operations	(271)	(317)
Minority interests, profit from discontinued operations and share of net income from associates	(26)	(31)
Group net profit from recurring operations	1,001	1,092
Number of shares in circulation – diluted	264,856,425	265,032,466

In euro	30.06.2010	30.06.2011
Group net profit per share from recurring operations – diluted	3.78	4.12

(*) Countries with an annual GNP per capita of less than USD10,000.

France

In euro million	30.06.2010	30.06.2011	Organic growth	
Net sales	721	750	30	*4%*
Gross margin after logistics expenses	528	546	19	*4%*
Advertising and promotional expenses	(170)	(189)	(19)	*11%*
Contribution after advertising and promotional expenses	358	356	(0)	*0%*
PROFIT FROM RECURRING OPERATIONS	**187**	**189**	**3**	**2%**

Europe excluding France

In euro million	30.06.2010	30.06.2011	Organic growth	
Net sales	2,176	2,114	5	*0%*
Gross margin after logistics expenses	1,234	1,228	20	*2%*
Advertising and promotional expenses	(337)	(343)	(5)	*2%*
Contribution after advertising and promotional expenses	897	886	14	*2%*
PROFIT FROM RECURRING OPERATIONS	**501**	**479**	**11**	**2%**

Americas

In euro million	30.06.2010	30.06.2011	Organic growth	
Net sales	1,911	2,068	87	*5%*
Gross margin after logistics expenses	1,193	1,277	59	*5%*
Advertising and promotional expenses	(332)	(379)	(33)	*10%*
Contribution after advertising and promotional expenses	861	898	26	*3%*
PROFIT FROM RECURRING OPERATIONS	**541**	**558**	**15**	**3%**

Asia and Rest of the World

In euro million	30.06.2010	30.06.2011	Organic growth	
Net sales	2,273	2,711	337	*15%*
Gross margin after logistics expenses	1,263	1,559	240	*19%*
Advertising and promotional expenses	(424)	(531)	(79)	*19%*
Contribution after advertising and promotional expenses	839	1,029	161	*20%*
PROFIT FROM RECURRING OPERATIONS	**566**	**684**	**107**	**20%**

Total

In euro million	30.06.2010	30.06.2011	Organic growth	
Net sales	7,081	7,643	459	*7%*
Gross margin after logistics expenses	4,218	4,610	338	*8%*
Advertising and promotional expenses	(1,262)	(1,441)	(136)	*11%*
Contribution after advertising and promotional expenses	2,956	3,169	201	*7%*
PROFIT FROM RECURRING OPERATIONS	**1,795**	**1,909**	**138**	**8%**

Sales and volumes

In millions of 9-litre cases	30.06.2010	30.06.2011	Volume growth	Organic sales growth	Mix/ price effect
ABSOLUT	10.4	11.0	6%	6%	0%
Chivas Regal	4.2	4.6	7%	9%	2%
Ballantine's	5.9	6.3	7%	8%	1%
Ricard	5.4	5.4	(1)%	3%	4%
Jameson	2.9	3.4	17%	20%	3%
Malibu	3.3	3.5	6%	3%	(3)%
Beefeater	2.3	2.4	3%	4%	1%
Kahlúa	1.8	1.7	(1)%	(1)%	0%
Havana Club	3.5	3.8	10%	8%	(2)%
Martell	1.6	1.8	11%	22%	11%
The Glenlivet	0.6	0.7	13%	14%	1%
Royal Salute	0.1	0.2	24%	27%	4%
Mumm	0.6	0.6	6%	7%	1%
Perrier-Jouët	0.2	0.2	14%	17%	3%
14 STRATEGIC BRANDS (TOP 14)	**42.9**	**45.6**	**6%**	**10%**	**4%**
Jacob's Creek	7.1	6.8	(3)%	(1)%	3%
Brancott Estate	1.3	1.3	2%	(3)%	(5)%
Campo Viejo	1.5	1.6	6%	8%	3%
Graffigna	0.3	0.3	3%	6%	3%
PRIORITY PREMIUM WINES	**10.2**	**10.1**	**(1)%**	**0%**	**1%**

Full-year sales were €7,643 million (excluding duties and taxes), a steady increase of 8%, resulting from:

- organic growth of 7%, including return to growth in mature markets of 1.5% and a return to very strong growth of 17% in emerging markets;
- a favourable currency effect of €277 million, up 4% over the full year although down in second half, after having reached €325 million at the end of the first half; and
- a -2% effect from changes in the scope of consolidation relating mainly to the sale of businesses in Scandinavia, Spain and New Zealand.

All regions reported growth:

- Asia/Rest of the World recorded growth of 19% (organic growth of 15%) and remains the Group's strongest growth engine, mainly due to Asia (in particular China, India, Vietnam, Taiwan and Duty Free markets). Growth is also very strong in Africa/Middle East and Turkey;
- The Americas grew 8%, with organic growth of 5%. In the United States sales increased 2% (organic growth), with ABSOLUT returning to growth and the continuing success of Jameson. Sales were also up in all other markets in the region except Venezuela;
- Europe excluding France is showing a clear improvement, with business stable (in organic growth) over the full year (compared to a decline of 5% in 2009/2010). This is due to the strong recovery in Eastern and Central Europe combined with a slight decline in Western Europe, mainly related to Greece and Spain. Business in Western Europe has nevertheless clearly improved over the previous financial year;
- In France, sales rose 4% organically.

Contribution after advertising and promotional expenses

Gross margin (after logistics costs) was €4,610 million, up 8% (organic growth), with **gross margin to sales ratio** advancing significantly to reach **60.3%** in 2010/2011 compared to 59.6% the previous year (+75 bp). This is the result of a favourable mix effect related to an increase in share of the Top 14 and Premium quality brands, particularly Martell, Ballantine's and Chivas, price increases (averaging 1.5% for the Top 14) and effective cost control (averaging 1,5% rise for the Top 14).

Advertising and promotional expenses were up 11% on an organic basis at €1,441 million. As previously stated, Pernod Ricard gave significantly more support to its brands, with an advertising and promotional expenses to sales ratio of 18.9%. 76% of these expenses were concentrated on the Top 14 brands, which benefited from an advertising and promotional expenses to sales ratio of 24.7% in 2010/2011 compared to 24.3% the previous year. Priority is given to emerging markets which accounted for 54% of total growth.

Profit from recurring operations

Profit from recurring operations rose 8% (organic growth) to €1,909 million, twice the growth rate for 2009/2010 (4%). Operating margin rose to 25%, up 28bp compared to the previous year (excluding exchange rate and scope of consolidation effects), despite the significant increase in the advertising and promotional expenses to sales ratio.

In the financial year 2010/2011, the foreign exchange effect on the profit from recurring operations was €25 million, with a favourable effect of €98 million in the first half and a negative effect of €(73) million in the second half. The scope of consolidation effect on profit from recurring operations in 2010/2011 of €(49) million was related to the sale of businesses in Spain, Scandinavia and New Zealand.

Interest (expense) income

Interest (expense) income from recurring operations totalled €(469) million, comprising financial expenses on debt, which were stable at €(446) million, and other financial income and expenses from recurring operations for €(23) million, down from the previous year. The reduction in net financial expenses relating to pension commitments had a positive impact on this item.

The average cost of debt was 4.7% over the 2010/2011 financial year, a slight increase on the 4.3% in the previous financial year.

Group net profit from recurring operations

Tax on recurring items was €(317) million, amounting to a current effective tax rate of 22%, a slight increase compared to 2009/2010 (20.9%). Minority interests and other totalled €(31) million.

In total, Group net profit from recurring operations was €1,092 million, an increase of 9% compared to financial year 2009/2010, and net profit per share (diluted) from recurring operations was also up 9% to €4.12 per share.

Group net profit

Other non-current operating income and expenses amounted to €(56) million with net gains on sales of €19 million (certain businesses in Scandinavia and Spain, the stake in Suntory, etc.), impairment of intangible assets for €(42) million (mainly relating to Polish vodkas), restructuring expenses of €(17) million and other non-recurring income and expenses amounting to €(16) million. Non-current financial income (expense) amounted to net income of €11 million. Deferred taxes amounted to a net expense limited to €(1) million.

Group net profit therefore amounted to €1,045 million, a rise of 10% compared to financial year 2009/2010.

Cash and capital

Reconciliation of net financial debt – The Group uses net financial debt in the management of its cash and its net debt capacity. A reconciliation of net financial debt and the main balance sheet items is provided in Note 17 – *Financial instruments* in the Notes to the annual consolidated financial statements. The following table shows the change in net debt over the year:

In euro million	30.06.2010	30.06.2011
Profit from recurring operations	1,795	1,909
Other operating income and expenses	(51)	(190)
■ Depreciation of fixed assets	160	159
■ Net changes in provisions, excluding investments in the pension funds acquired from Allied Domecq	(94)	(142)
■ Net change in impairment of goodwill and intangible assets	116	43
■ Fair value adjustments on commercial derivatives and biological assets	(39)	(2)
■ Net (gain)/loss on disposal of assets	16	(19)
■ Share-based payment	26	25
■ Non-cash impact from other operating income and expenses	(38)	134
Sub-total depreciation of fixed assets, change in provisions and other	**149**	**198**
SELF-FINANCING CAPACITY	**1,893**	**1,916**
Decrease/(increase) in working capital requirements	(48)	32
Net interest and tax payments	(573)	(734)
Net acquisitions of non-financial assets and other	(163)	(213)
FREE CASH FLOW	**1,110**	**1,001**
Net disposals of financial assets, investments in the pension funds acquired from Allied Domecq and others	129	73
Change in the scope of consolidation	12	0
■ Capital increase and other change in shareholders' equity	13	(0)
■ Dividends paid	(136)	(389)
■ (Repurchase)/sale agreements	(38)	(70)
Sub-total dividends, purchase of treasury shares and other	**(161)**	**(460)**
DECREASE/(INCREASE) IN DEBT BEFORE EXCHANGE-RATE EFFECTS	**1,090**	**614**
Net effect of translation adjustments	(786)	932
DECREASE/(INCREASE) IN DEBT AFTER EXCHANGE-RATE EFFECTS	**304**	**1,546**

Outlook

In 2010/2011 Pernod Ricard was able to profit from the return to consumption in its markets and:

- reinforced its commercial positions, in particular in emerging markets which again grew very strongly;
- continued its strategy of innovation and premiumisation, thanks to sustained, targeted investments;
- increased its gross margin;
- accelerated the organic growth in profit from recurring operations to 8% (4% in 2009/2010);
- continued to reduce its debt and to increase the proportion of its debt in bonds (EUR & USD).

Group performance in financial year 2010/2011 was excellent and showed the pertinence of its strategy. The 2011/2012 financial year has started well, confirming the robustness of the Group's markets. The Group will continue to follow its growth strategy by capitalising on the strength of its brand portofolio, the quality of its distribution network and the powerful leverage of emerging markets. The Group confirms, furthermore, the priority given to the pursue of the reduction of its debt.

Human resources

Directors' compensation

Compensation policy for members of the Board of Directors

The conditions governing Directors' compensation are determined by the Board of Directors on the basis of a recommendation by the Remuneration Committee and must fall within the bounds of the total amount allocated by the Shareholders' Meeting for Directors' fees.

Mr Patrick Ricard and Mr Pierre Pringuet are not eligible for Directors' fees.

Directors' annual compensation comprises a fixed portion, set at €11,500, and an additional €5,500 for members of the Audit Committee and €3,000 for members of the Remuneration and Appointments Committees. The Chairmen also receive an additional sum of €6,000 for the Audit Committee and €3,000 for the Remuneration and Appointments Committees. Directors are also eligible for a variable portion, calculated on the basis of their presence at Board and Committee meetings. The variable portion is €3,750 per meeting. Furthermore, in order to take into account travel constraints, an additional bonus of €1,500 is paid to Directors who are not French residents when they attend Board meetings. Directors who take part in Board meetings by videoconference or conference call are not eligible for this additional sum. Members of the Strategic Committee are not eligible for Directors' fees.

A total of €745,584 in Directors' fees was paid to members of the Board of Directors in the 2010/2011 financial year, in accordance with the rules set out above, out of the €840,000 allocated by the 10 November 2010 Shareholders' Meeting.

It is worth noting that the authorised sum of €840,000 also covers the possible appointment of a censor (no censors were appointed in 2010/2011). Excluding the sum relating to the possible appointment of a censor, the allocation to the Board of Directors was €786,000.

The following table gives the amounts (in euro) of Directors' fees and other compensation received by non-Executive Directors:

Directors	Amounts paid in 2009/2010	Amounts paid in 2010/2011
Ms Nicole Bouton	53,667	94,500
Mr Michel Chambaud	50,167	80,000
Mr Jean-Dominique Comolli (1)	63,000	19,375
Mr Wolfgang Colberg	67,500	70,250
Lord Douro (2)	82,000	43,125
Mr Gerald Frère	44,667	57,250
Mr François Gérard	71,000	68,750
Mr César Giron (3)	39,500	41,500
Mr Rafaël Gonzalez-Gallarza	51,500	53,500
Mr Anders Narvinger	27,667	70,000
Ms Danièle Ricard	49,500	59,500
Société Paul Ricard SA represented by Mr Alexandre Ricard (3)	32,667	53,500
Ms Susan Murray (4)	N.A.	32,417
Mr Laurent Burelle (5)	N.A.	1,917
Other Directors' fees (6)	76,085	N.A.
TOTAL	**708,920**	**745,584**

(1) Until September 2010.

(2) Until March 2011.

(3) In addition to Directors' fees, Messrs César Giron and Alexandre Ricard receive compensation in their capacity as Chairman and CEO of Pernod and Chairman and CEO of Irish Distillers Group respectively. The amount of their compensation is included in the total compensation of the members of the Executive Committee provided later in this report.

(4) As of November 2010.

(5) As of May 2011.

(6) Directors' fees paid to Directors whose term of office expired in November 2009.

Compensation policy for the Executive Directors

The compensation policy for Executive Directors of Pernod Ricard is established by the Board of Directors with reference to proposals made by the Remuneration Committee. The Board approves all elements of the remuneration package of the Board's non-executive Chairman and the Group CEO.

In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code for listed companies, which the Group uses as reference, the Remuneration Committee bases its proposals on the following principles:

Overview and balance

All the elements comprising the compensation package are reviewed annually and their respective weightings considered: fixed and variable remuneration, the amounts and volumes of any stock options, and retirement and social security benefits.

Simplicity and consistency

The Board of Directors has always sought to put in place a compensation policy for Executives that is straightforward and consistent over time. It was therefore decided some years ago not to pay Directors' fees to Executive Directors: the compensation of the Board's non-executive Chairman consists solely of a fixed portion, while the CEO receives a fixed and a variable portion. In addition, the CEO receives an allocation of stock options, subject to certain performance conditions being met.

Motivation and performance

In its recommendations to the Board, the Remuneration Committee aims to propose a compensation policy commensurate with the responsibilities of each recipient and in line with the practices of large international groups.

Since the Executive Directors have had long careers in the Pernod Ricard Group, as is the case of many of its key executives, annual salary increases and stock option awards are relatively reasonable. Increases in compensation are made by regularly applying these principles, and allow the performance of each executive to be rewarded in the medium and long term. In addition, the policy relating to the variable cash portion is reviewed every year in line with the Group's strategic priorities, and the level is set in order to provide an incentive.

The compensation of the Group CEO comprises:

- a fixed portion; and
- a variable portion. The variable portion may represent between 0% and 110% of the annual fixed compensation if the targets set each year are achieved and can rise to 180% if the Group records exceptional financial performance. It mainly consists of quantitative aspects linked to Group results, as well as a qualitative assessment of the CEO's performance. The quantitative criteria are based on increases in net profit per share, the level of operating profit compared with that budgeted and the reduction in Group debt, using the net debt/EBITDA ratio.

Compensation of individual Executive Directors

Mr Patrick Ricard, Chairman of the Board of Directors

Mr Patrick Ricard has been non-executive Chairman of the Board of Directors since November 2008. As Chairman, Mr Ricard oversees all of the Board's work and ensures the implementation of and compliance with governance rules within the Board.

Moreover, since he is widely known, Mr Ricard continues to take part in the Group's growth, but without making commitments, through his contacts with the leading players in the world of business and the associations he supports.

At the meeting held on 1 September 2010, the Board of Directors set Mr Ricard's annual fixed compensation for the year 2010/2011 at the gross amount of: €850,000, unchanged from 2009/2010. The Board also decided that Mr Ricard would keep his company car and chauffeur.

In order to ensure complete independence and integrity in executing his duties, the Board confirmed the following aspects with regard to the compensation of Mr Patrick Ricard:

- no variable portion
- no rights to stock options or free or performance-based shares
- no Directors' fees

Lastly, the Board reiterated that Mr Ricard is not eligible for any indemnities in the event of his removal from office or the non-renewal of his term of office.

The following table summarises the compensation paid to Mr Patrick Ricard by the Company, the controlled companies as defined in article L. 233-16 of the French Commercial Code and the controlling company or companies.

	2009/2010		2010/2011	
In euro	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	850,000	850,000	850,000	850,000
Variable compensation	No variable compensation		No variable compensation	
Special bonus	No special bonus		No special bonus	
Directors' fees	No Directors' fees		No Directors' fees	
Benefits in kind (1)	3,700	3,700	3,700	3,700
TOTAL	**853,700**	**853,700**	**853,700**	**853,700**

(1) Company car

Mr Pierre Pringuet, Chief Executive Officer

At the meeting held on 1 September 2010, the Board of Directors decided to increase Mr Pringuet's fixed compensation for 2010/2011 to €1,000,000 (+3.09% vs. 2009/2010).

Mr Pringuet has not received any ordinary Directors' fees in his capacity as Director.

On the recommendation of the Remuneration Committee, the Board approved the elements determining the variable portion relating to 2010/2011:

- the variable portion may represent between 0% and 110% of the annual fixed compensation if the quantitative and qualitative targets are achieved (target level), and can rise to a maximum of 180% if the Group records exceptional financial performance;
- the quantitative targets are based on increases in net profit from recurring operations per share (target level of 20%, which may rise to a maximum of 40%), the level of profit from recurring operations compared with the budgeted outcome (target level of 30%, which may rise to a maximum of 55%), and the reduction in Group debt, using the net debt/EBITDA ratio (target level of 30%, which may rise to a maximum of 55%);
- the qualitative objectives, which correspond to the evaluation of the individual performance of the CEO by the Board as a whole, may vary from 0% to a maximum of 30% of the fixed annual compensation.

The variable compensation structure demonstrates the Board's aim of providing an attractive incentive for the CEO in relation to the Group's financial performances.

During the meeting held on 31 August 2011, and based on the financial results for the 2010/2011 financial year, the Board approved, in accordance with the rules set at the beginning of the year, the variable compensation for Mr Pierre Pringuet of €1,657,434 for the 2010/2011 financial year. The high amount of this variable element is due, in particular, to the growth in net profit per share, as well as the significant reduction in the ratio of net debt to EBITDA. In addition, the Board awarded the CEO the maximum amount for achievement of the qualitative criteria leading to the payment of variable compensation.

The following table summarises the compensation paid to Mr Pierre Pringuet by the Company, the controlled companies as defined in article L. 233-16 of the French Commercial Code and the controlling company or companies.

	2009/2010		2010/2011	
In euro	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	970,000	970,000	1,000,000	1,000,000
Variable compensation (1)	1,221,867	910,279	1,657,434	1,221,867
Special bonus	No special bonus		No special bonus	
Directors' fees	No Directors' fees		No Directors' fees	
Benefits in kind (2)	3,700	3,700	3,700	3,700
TOTAL	**2,195,567**	**1,883,979**	**2,661,134**	**2,225,567**

(1) Compensation due in year N is paid in year N+1
(2) Company car

Principles of the policy on stock options and performance shares for Executive Directors

The Board of Directors of Pernod Ricard, following the proposal of the Remuneration Committee, has adopted the following principles:

- the non-executive Chairman of the Board of Directors is not eligible for any stock option plan;
- Executive Directors are not eligible to receive free shares, even subject to performance conditions;
- all awards made to Executive Directors are subject to performance criteria. Such criteria shall be reviewed and set whenever shares or stock options are awarded in order to align them as closely as possibly with the Group's strategic priorities at the time the award is made;
- the economic value of the total award made to Executive Directors is limited to 5% of the plan's total economic value (the plan's total economic value comprises all elements distributed, i.e. stock options with or without performance conditions and performance-based shares);

- the economic value of the awards made to Executive Directors is proportionate to their individual compensation. This level is a maximum of 50% of their total annual compensation (fixed and variable portions);
- the Board of Directors requires the Executive Directors to retain, until the end of their term, a fixed quantity of shares derived from the exercise of options awarded.

The Board recommends that its Executive Directors do not use hedging mechanisms.

Allocation of stock options to Executive Directors

During the 2010/2011 financial year, on the recommendation of the Remuneration Committee, the Board of Directors implemented stock option and performance-based share plans on two occasions, owing to exceptional circumstances.

On 15 September 2010, and in accordance with the commitments undertaken at its meeting of 24 June 2010, the Board authorised a stock option plan with performance conditions with Mr Pierre Pringuet as the sole beneficiary. The details of this plan, which was granted in respect of the 2009/2010 financial year are as follows:

- number of stock options: 70,000 options to purchase shares subject to performance conditions
- strike price: €64 (identical to the strike price for the Group plan of 24 June 2010);
- the entire award comprises *stock options* subject to conditions; the options can only be exercised if the Total Shareholder Return (TSR) of Pernod Ricard's share greater by 1% per year than the performance of the CAC 40, for half the shares on 24 June 2013, and for the other half on 24 June 2014. This condition is the same as that approved by the Board of Directors on 24 June 2010 for the Group plan;
- obligation to hold the shares: 25% of the shares resulting from the exercise of stock options granted under this plan must be held, in the holder's name, until the end of the term of office.

On 15 June 2011, the Board authorised an annual Group stock option and performance-based share plan for 1,030 employees. The terms approved for the allocation to Mr Pierre Pringuet are as follows:

- number of stock options: 65,220 options to purchase shares subject to performance conditions;
- strike price: €68.54;
- performance conditions: as is the case for all beneficiaries, the following conditions must be met in full:
  - firstly, an internal performance condition through the achievement of a target for Group profit from recurring operations, assessed for half the options with reference to the financial statements for the period to the end of June 2012 and the other half at end June 2013.

    After this initial period, the exercise of the options will be subject to the following external performance condition:
  - the performance (TSR) of Pernod Ricard's share must exceed that of the CAC 40 index plus 1 percentage point per year. This condition will be assessed for half the options on 15 June 2014, and the other half on 15 June 2015;
- obligation to hold the shares: 25% of the shares resulting from the exercise of stock options granted under this plan must be held, in the holder's name, until the end of the term of office.

Mr Pierre Pringuet has agreed not to enter into hedging transactions on the options received.

The terms of the June 2011 Group plan applicable to all employees are described in detail in the section 'Policy for the allocation of stock options and performance-based shares'.

Stock options awarded to Mr Pierre Pringuet during the 2009/2010 and 2010/2011 financial years

	Date of plan	No. of shares granted	Strike price	Performance conditions	Exercise period	Unit value under IFRS
2009/2010 financial year [1]	15 September 2010	70,000	€64	TSR performance > CAC 40 performance +1%, half assessed at N+3 and half at N+4	15 September 2014 15 September 2018	8.13
2010/2011 financial year	15 June 2011	65,220	€68.54	■ Achievement of target for profit from recurring operations at N+1 and N+2 ■ TSR performance > CAC 40 performance + 1 point, half assessed at N+3 and half at N+4	15 June 2015 15 June 2019	10.33

(1) The allocation of stock options to Mr Pierre Pringuet in relation to 2009/2010 was postponed until 2010/2011.

Summary table of stock options exercised by the Executive Directors in 2009/2010

Options exercised during the year by each Executive Director	Number of options exercised	Strike price	Date of plan
Mr Patrick Ricard	35,848	28.42	17.12.2002
Mr Pierre Pringuet	9,557	23.75	18.12.2001
	55,363	28.42	17.12.2002

Commitments made to the Executive Directors

In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code of October 2008, revised in April 2010, Mr Pierre Pringuet resigned in February 2009 from his suspended work contract. Consequently, he also waived his right to the elements attached to the suspended contract, namely a no-competition clause and the promise of a payment in the event of his departure.

Since that date, Mr Pierre Pringuet ceased to have an employment contract with Pernod Ricard. His compensation relates entirely to his directorship.

The Board, meeting on 12 February 2009, has allowed Mr Pierre Pringuet to keep the benefits of the supplementary and conditional collective defined-benefit pension scheme and to retain cover under the same health insurance scheme he enjoyed prior to the renewal of his term of office.

The same Board of Directors meeting also introduced a two-year no-competition clause, linked to Mr Pierre Pringuet's directorship, in exchange for a year's fixed and variable compensation.

The commitments made in Mr Pierre Pringuet's favour were put to the vote of the shareholders and duly authorised in accordance with the procedures laid down with respect to regulated agreements and commitments at the 2 November 2009 Shareholders' Meeting.

Supplementary pension scheme for the Executive Directors

The Executive Directors and senior managers of Pernod Ricard benefit from a supplementary defined-benefit pension scheme on the condition that they:

- meet a number of conditions relating primarily to the length of their service and the amount of their compensation;
- end their career with Pernod Ricard.

The aim of the scheme is to allow the Group's senior managers to supplement the pension provided by France's mandatory state-run pension system. It offers retired beneficiaries a life pension that can be passed on to their spouse and/or ex-spouse in the event of death.

The scheme is collective, conditional and supplementary. Potential beneficiaries must have spent at least 10 years within the Group. Pensions are proportionate to the beneficiary's length of service, with an upper limit of 20 years. Pensions are calculated on the basis of the beneficiary's average compensation (fixed and variable) over the three years preceding his or her retirement.

The amount of the supplementary pension is calculated by applying the following coefficients to the base calculation:

- For the portion between 8 and 12 times France's annual Social Security ceiling, the coefficient is 2% multiplied by the number of years service (capped at 20 years, i.e. 40%);
- between 12 and 16 times France's annual Social Security ceiling, the coefficient is 1.5% per year of service (capped at 20 years, i.e. 30%);
- in excess of 16 times France's annual Social Security ceiling, the coefficient is 1% per year of service (capped at 20 years, i.e. 20%).

The supplementary pension equals the sum of the three amounts above.

In addition to these conditions, the manager must be employed by the Group on the day of his or her retirement. In accordance with regulations, employees aged above 55 years whose contract is terminated and who do not take up another job are deemed to have retired.

The Board of Directors has consistently chosen to treat the Group's Executive Directors in the same way as its senior managers, especially with regard to elements comprising compensation and advantages, including supplementary pensions. It therefore signalled at its 12 February 2009 meeting that the termination of an Executive Director's mandate can be assimilated with the termination of a work contract, subject to the abovementioned conditions regarding age and failure to take up another job.

The rights granted under this plan, added to those of other pensions, cannot exceed two thirds of the last annual fixed remuneration of the beneficiary.

Mr Patrick Ricard receives an annuity paid from the supplementary pension scheme. In 2010/2011, Mr Patrick Ricard received an annuity of approximately €450,000 under the plan. The scheme is fully outsourced.

Rights under this scheme are supplementary and cannot be individualised, based on the above-mentioned regulations that take effect from the time a beneficiary terminates his executive functions. As an example, in the case of Mr Pierre Pringuet, if the calculation were made at 30 June 2011 and on the basis of his total compensation over the last three years, the annuity paid under the supplementary pension scheme would represent approximately 40% of his annual fixed compensation.

Work contract/term of office

	Work contract		Defined-benefit pension scheme		Indemnities or advantages due or liable to be due by virtue of the discontinuance of or change in their positions		Indemnities relative to a no-competition clause	
Executive Directors	Yes	No	Yes	No	Yes	No	Yes	No
Mr Patrick Ricard, Chairman of the Board of Directors		X	X			X		X
Mr Pierre Pringuet, Chief Executive Officer		X	X			X	X	

Other aspects of the compensation policy

Compensation of Executive Committee members

The members of the Remuneration Committee are kept regularly informed of changes in the compensation given to members of the Executive Board (the Deputy Managing Directors and General Counsel) and the members of the Executive Committee, the Chairmen of direct subsidiaries.

In reviewing the different aspects of the compensation, the members of the Remuneration Committee pay particular attention to the consistency of the policy applied to the Group's Executive Directors and to its senior management.

The compensation of the Deputy Managing Directors, which is set by the General Management, comprises a fixed portion, plus a variable portion representing an attractive incentive, for which the criteria are largely based, as is the case with the CEO, on the Group's financial performances and debt reduction. The Chairmen of direct subsidiaries, who are members of the Executive Committee, also receive compensation comprising a fixed portion, which is set in proportion to individual responsibilities, plus a variable portion, for which the quantitative criteria partly reflect the financial performances of the subsidiary managed, and partly the results of the Group.

The same performance indicators therefore apply to the Group's key business development personnel, through the variable portion of their compensation.

From the 2010/2011 financial year, to align the compensation mechanisms with the Group's new objectives under the Agility initiative, two new individual qualitative criteria were set with regard to human resources management and the development of Corporate Social Responsibility (CSR) projects.

The total amount of the fixed compensation allocated for the 2010/2011 financial year to the 15 members of the Executive Committee, including the Chief Executive Officer, was €6.9 million. In addition to this, payments of nearly €5.7 million in variable compensation due for the 2009/2010 financial year were also made.

As explained above, the variable compensation for Pernod Ricard executives provides an attractive incentive, and its structure allows the sums involved to be adjusted to the financial results of Group entities: after a year marked by the global economic crisis in 2008/2009, the results for the 2009/2010 financial year were excellent, and the variable compensation of members of the Executive Committee reflected this.

The total expense relative to pension commitments for Executive Committee members was €5.3 million in the financial statements for the year ended 30 June 2011.

Policy governing the allocation of stock options and performance shares

During the 2010/2011 financial year, the Board of Directors reaffirmed its aim to give the Group's key personnel an interest in the performance of Pernod Ricard shares by introducing a new stock option and performance-based share plan. The aim of the Board is therefore to align the interests of shareholders with those of Pernod Ricard employees.

At the Board meeting of 15 June 2011, a new combined stock option and performance-based share plan was authorised. As in the past, the Board maintained the scope of the plan at around 1,000 employees, so that it could be used to foster the loyalty of young managers with potential (identified as new 'talents') in the Group's subsidiaries worldwide, as well as benefiting senior managers.

The June 2011 plan comprises stock options with and without performance conditions, and performance-based shares. The number of stock options as opposed to performance-based shares increases in line with the beneficiary's level in the hierarchy. At its meeting of 15 June 2011, the Board decided, on the recommendation of the Remuneration Committee, with specific reference to this year, to:

- increase the proportion of stock options with performance conditions compared to stock options without performance conditions;
- supplement the external performance conditions for stock options subject to conditions with an internal performance condition.

As explained above, the entire allocation to the CEO comprises stock options subject to conditions. It was decided to grant the Deputy Managing Directors, as well as the Chairmen of direct subsidiaries who are members of the Executive Committee, a number of stock options with conditions plus a low proportion of performance-based shares.

Executive Committee members mainly receive stock options with conditions, but are also eligible for stock options without conditions and performance-based shares.

For other staff, and for each level of allocation, the proportion of stock options with performance conditions has been increased compared to stock options without performance conditions. The allocation to managers with potential consists solely of performance-based shares.

Allocation of stock options

The number of stock options with conditions allocated by the Board of Directors on 15 June 2011 totals 341,370 stock options (of which 65,220 have been awarded to Mr Pierre Pringuet).

As explained earlier, the stock options with conditions relating to the June 2011 plan can only be exercised if the internal and external performance conditions are met:

- the internal performance condition requires the achievement of a target for Group profit from recurring operations, assessed for half the options with reference to the financial statements for the year ending June 2012 and for the otherhalf with reference to the financial statement ending June 2013. This condition, which is identical to that determining the number of performance-based shares, will enable the number of options that can be exercised, subject to the following external performance condition, to be determined:

- the performance of the Pernod Ricard stock must exceed that of the CAC 40 index plus 1 percentage point per year. This condition will be assessed for half the options on 15 June 2014, and the other half on 15 June 2015.

The Board of Directors decided to allocate 606,680 stock options free of any performance conditions.

Allocation of performance-based shares

A total of 578,759 performance-based shares were awarded by the Board of Directors on 15 June 2011.

The Board of Directors retained the performance condition requiring the achievement of the target for profit from recurring operations, restated for changes in the scope of consolidation and currency fluctuations, for the financial years 2011/2012 and 2012/2013. If operating profit does not reach 95% of the target level, no shares will be awarded. An intermediate volume calculation is carried out if operating profit is between 95% and 100% of the budgeted amount. This condition is assessed at two distinct times, each bearing on half the volume of shares, in the two relevant years.

Performance-based shares awarded to beneficiaries residing in France have a three-year vesting period, followed by a mandatory two-year retention period, while beneficiaries who are not French residents are subject to a four-year vesting period, with no retention period.

In addition, beneficiaries must still be present within the Group on the vesting date, except in the case of retirement, death or invalidity.

History of allocations of stock options – Situation at 30 June 2011

	Plan dated 27.09.2000	Plan dated 19.12.2000	Plan dated 19.09.2001	Plan dated 18.12.2001	Plan dated 11.02.2002	Plan dated 17.12.2002	Plan dated 18.12.2003	Plan dated 02.11.2004
Date of authorisation by Shareholders' Meeting	05.05.1998	05.05.1998	03.05.2001	03.05.2001	03.05.2001	03.05.2001	03.05.2001	17.05.2001
Date of the Board of Directors' meeting	27.09.2000	19.12.2000	19.09.2001	18.12.2001	11.02.2002	17.12.2002	18.12.2003	02.11.2004
Type of options	Purchase	Purchase	Purchase	Subscription	Subscription	Subscription	Purchase	Purchase
Total number of options that can be subscribed or purchased	193,974	972,502	125,395	2,158,451	360,530	2,238,853	1,637,890	1,962,738
of which by Executive Directors of Pernod Ricard SA	193,974	89,687	0	252,492	0	179,926	106,822	148,162
of which by Mr Ricard	0	38,331	0	97,752	0	69,200	41,085	56,984
of which by Mr Pringuet	96,987	25,678	0	77,370	0	55,363	32,869	45,589
Commencement date of options	28.09.2003	20.12.2003	20.09.2005	19.12.2005	12.02.2006	18.12.2006	19.12.2007	18.11.2008
Subscription or purchase price	16.81	17.99	24.28	23.75	25.14	28.42	33.83	42.30
Number of shares subscribed or purchased as at 01.07.2010	193,974	958,640	97,334	1,953,906	288,921	1,656,239	917,984	670,154
Total number of stock options cancelled or lapsed	0	13,862	0	50,191	43,074	65,714	25,203	91,768
Stock options remaining at 30.06.2011	0	0	28,061	154,354	28,535	516,900	694,703	1,200,816

	Plan dated 25.07.2005	Plan dated 14.06.2006	Plan dated 21.06.2007	Plan dated 18.06.2008	Plan dated 24.06.2010	Plan dated 15.09.2010	Plan dated 15.06.2011
Date of authorisation by Shareholders' Meeting	17.05.2004	17.05.2004	07.11.2006	07.11.2006	02.11.2009	02.11.2009	02.11.2009
Date of the Board of Directors' meeting	25.07.2005	14.06.2006	21.06.2007	18.06.2008	24.06.2010	01.09.2010	15.06.2011
Type of options	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase
Total number of options that can be subscribed or purchased	981,206	2,279,214	985,292	1,273,556	901,603	70,000	948,050
of which by Executive Directors of Pernod Ricard SA	115,945	205,140	125,078	141,258	0	70,000	65,220
of which by Mr Ricard	44,595	113,966	74,552	84,196	0	0	0
of which by Mr Pringuet	35,675	91,174	50,526	57,062	0	70,000	65,220
Commencement date of options	12.08.2009	15.06.2010	22.06.2011	19.06.2012	25.06.2014	15.09.2010	16.06.2011
Subscription or purchase price	52.59	58.41	74.73	66.16	64	64	68.54
Number of shares subscribed or purchased as at 01.07.2010	158,610	306,710	0	1,721	0	0	0
Total number of stock options cancelled or lapsed	71,622	117,169	44,418	54,391	17,236	0	0
Stock options remaining at 30.06.2011	750,974	1,855,335	940,874	1,217,444	884,367	70,000	948,050

At 30 June 2011, 9,290,413 stock options (subscription or purchase) were in circulation, or 3.5% of the Company's share capital, of which 7,401,489 were in the money and 1,888,924 out of the money (at the Pernod Ricard share closing price at 30 June 2011 = €67.97).

The number of Pernod Ricard shares which could potentially be created by stock options outstanding as at 30 June 2011 is 699,789 or 0.26% of the Company's share capital as at this date.

The contingent share capital is exclusively made up of stock options.

Stock options exercised over the year

During the financial year, 489,490 stock options were exercised in respect of the different plans granted to Pernod Ricard Group employees for the period from 1 July 2010 to 30 June 2011.

History of allocations of free shares – Situation as of 30 June 2011

	Plan dated 21.06.2007	Plan dated 18.06.2008	Plan dated 24.06.2010	Plan dated 15.06.2011
Date of the Board of Directors' meeting	21.06.2007	18.06.2008	24.06.2010	15.06.2011
Free shares allocated	335,458	411,634	572,119	578,759
Free shares cancelled (1)	53,558	232,341	19,621	-
Free shares vested (2)	281,900	55,156	-	-
Unvested free shares (3)	0	124,137	552,498	578,759

(Figures include the capital increases held on 14 May and 18 November 2009 and, for the 21 June 2007 plan, the splitting of the nominal amount of the share in two on 15 January 2008).

Free shares awarded under the June 2007, June 2008, June 2010 and June 2011 plans are subject to both performance and continued employment conditions. Free shares under the first two plans become available after four years on condition that the beneficiaries are still working for the Company on the date of the vesting period. The vesting period is two years for French tax residents (followed by a two year lock-up period) and four years for non-French tax residents.

(1) Free shares cancelled after the beneficiaries ceased to meet the continued employment condition (resignation, redundancy) or failed to meet the performance condition (June 2008 plan).

(2) Shares granted to beneficiaries under the June 2007 plan (which were transferred on 22 June 2009 for beneficiaries resident in France and on 22 June 2011 for non-residents in France as determined for tax purposes) and on 19 June 2010 under the June 2008 plan, subject to the continued employment condition.

(3) Free shares granted to beneficiaries who are not resident in France under the June 2008 plan, and due to be transferred on 19 June 2012. This also includes all free shares awarded under the June 2010 and June 2011 plans, which are subject to the performance conditions due for evaluation at the end of financial years 2010/2011 and 2011/2012 for the June 2010 plan and at the end of the 2011/2012 and 2012/2013 financial years for the June 2011 plan.

There was no free share plan in the year ended 30 June 2009.

Stock options granted to the top ten employees in the Group other than Directors and options exercised by the top ten employees of the issuer during the 2010/2011 financial year

	Number of options granted/shares subscribed or purchased	Price *(in euro)*	Plans
Options granted during the financial year by the Company to the top ten employees of the Company and all companies within its Group granting options, receiving the highest number of options	156,110	68.54	15.06.2011
Options on the Company's shares exercised during the financial year by the top ten employees of the Company and all companies within its Group granting options, purchasing or subscribing for the highest number of shares	222,393	35.17	19.12.2000 18.12.2001/17.12.2002 18.12.2003/02.11.2004 25.07.2005/14.06.2006

Pernod Ricard has not issued any other option instruments granting access to shares reserved for its Executive Directors or to its top ten employees.

Employee profit-sharing plans

All employees of the Group's French companies benefit from profit-sharing and incentive agreements based on the results of each specific entity. In line with the Group's decentralised structure, the terms and conditions of each of these agreements are negotiated at the level of each entity concerned.

Similarly, outside France, the Group encourages all subsidiaries to implement local agreements enabling employees to share in the profits of the entity to which they belong.

Provisions for pension benefits

Details of the total amount of provisions recorded or otherwise recognised by the Company for the payment of pensions are provided in Note 15 – *Provisions* in the Notes to the consolidated financial statements.

Transactions involving Pernod Ricard shares made by Directors in 2010/2011 (article 223-26 of the General Regulations of the AMF)

First name, surname, Company name	Function	Financial instrument	Type of transaction	Date	Price *(in euro)*	Amount of transaction *(in euro)*
Mr Patrick Ricard	Chairman of the Board of Directors	Other	Exercise of options	06.05.2011	28.42	1,018,800
Mr Pierre Pringuet	Chief Executive Officer	Other	Administered exercise of options	29.11.2010	23.75	226,979
		Other	Administered exercise of options	29.11.2010	28.42	297,302
		Other	Exercise of options	06.05.2011	28.42	1,276,115
Mr Alexandre Ricard	Permanent representative of Société Paul Ricard	Shares	Purchase	29.11.2010	63.83	7,723
		Other	Administered exercise of options	18.02.2011	52.59	142,519
Mr François Gérard	Director	Other	Exercise of options	11.11.2010	17.99	7,358
		Shares	Transfer	11.11.2010	63.31	25,894
		Other	Exercise of options	12.11.2010	23.75	431,205
		Shares	Transfer	12.11.2010	61.99	1,125,579
		Other	Exercise of options	12.11.2010	17.99	135,591
		Shares	Transfer	12.11.2010	62.58	471,665
		Shares	Transfer	15.11.2010	63.27	1,151,830
		Shares	Transfer	17.11.2010	62.43	5,731,072
Ms Nicole Bouton	Director	Shares	Purchase	18.11.2010	63.92	44,936
Mr Wolfgang Colberg	Director	Shares	Purchase	17.02.2011	67.92	33,960
Mr Laurent Burelle	Director	Shares	Purchase	22.06.2011	66.32	63,004
SNC Le Garlaban	Associate company, in the meaning of article L. 621-18-2 of the French Monetary and Financial Code, of Société Paul Ricard	Shares	Purchase	16.08.2010	61.36	4,984,747
		Shares	Purchase	17.08.2010	61.36	4,984,747
		Shares	Purchase	18.02.2011	67.65	5,999,945

Directors' equity investments in the issuer's share capital (position as of 31 August 2011)

Members of the Board of Directors	Number of shares at 31.08.2011	Percentage of share capital at 31.08.2011	Number of voting rights at 31.08.2011	Percentage of voting rights at 31.08.2011
Executive Directors				
Mr Patrick Ricard (Chairman of the Board of Directors)	1,564,282	0.59%	3,097,331	1.07%
Mr Pierre Pringuet (Chief Executive Officer)	190,000	0.07%	190,000	0.07%
Directors				
Mr François Gérard	14,217	0.01%	20,370	0.01%
Mr Rafaël Gonzalez-Gallarza	1,477,603	0.56%	1,477,603	0.51%
Mr César Giron	4,103	N.M.	7,010	N.M.
Ms Danièle Ricard	220,542	0.08%	404,643	0.14%
Mr Alexandre Ricard [1]	7,340	N.M.	7,340	N.M.
Société Paul Ricard SA represented by Mr Alexandre Ricard [2]	37,840,834	14.29%	57,725,855	19.93%
Independent Directors				
Ms Nicole Bouton	1,000	N.M.	1,000	N.M.
Mr Michel Chambaud	1,050	N.M.	1,050	N.M.
Mr Gérald Frère	1,050	N.M.	1,050	N.M.
Mr Anders Narvinger	1,020	N.M.	1,020	N.M.
Mr Wolfgang Colberg	1,076	N.M.	1,076	N.M.
Ms Susan Murray	200	N.M.	200	N.M.
Mr Laurent Burelle	1,000	N.M.	1,000	N.M.

N.M. = Not Meaningful.

(1) In addition, and through the Irish Distillers Employee Share Purchase Scheme, Mr Alexandre Ricard indirectly holds 463 Pernod Ricard shares.

(2) This includes the shares held by Société Paul Ricard and by Lirix, the SNC Le Garlaban, Le Delos Invest I, Le Delos Invest II and Le Delos Invest III (the latter having pledged 8,392,096 shares as a guarantee to the financial institution that financed its purchase of the said shares), related to Société Paul Ricard as defined in article L. 621-18-2 of the French Monetary and Financial Code.

4

Risk factors

Risks in connection with business activity

Risks relating to the global economic environment

Pernod Ricard is co-leader of the global Wine and Spirits market. It sells products in 70 countries.

The Group's business is sensitive to general economic conditions in its key markets, in particular in the United States, France and the rest of Europe. In most countries, the consumption of Wine and Spirits, which is closely linked to the broader economic environment, tends to decline during periods of economic recession, unemployment, reductions in consumer spending levels, and increases in cost of living and inflation.

While the Group's business has held up well during the recent economic and financial crisis, the Group believes that it remains exposed to the consequences of economic downturns and the possibility of more limited growth in consumption, particularly in North America and certain European countries.

In addition, Wine and Spirits consumers, including consumers of Pernod Ricard's products, also have the option of trading down to less costly products ('standard' as opposed to 'Premium' products), particularly during economic declines.

The diversified geographical spread of the Group's activities can help mitigate difficulties encountered, particularly in specific markets. For example, during the recent economic crisis that affected Europe and the United States in particular, the Group's sales in emerging markets continued to grow, and in the 2010/2011 financial year, the Asia/Rest of the World Region consolidated its position as the Group's leading region in terms of sales. Nevertheless, global recessions or severe or continued contractions in the Group's key markets could have an adverse impact on its sales, sparking a deterioration in the Group's consolidated earnings and outlook.

Risks relating to seasonality trends

Pernod Ricard makes an above-average portion of its sales during the Christmas and New Year season (November, December) and the Chinese New Year (January, February). Any major unexpected adverse event occurring during these periods, such as a natural disaster, pandemic, or economic or political crises, could result in a reduction in the Group's revenues during these periods, and, consequently, a deterioration in its full-year earnings.

Risks relating to competition

The Group operates in fiercely competitive markets, where brand recognition, corporate image, price, innovation, product quality, the breadth of distribution networks and services provided to consumers are differentiating factors among competitors.

While the Group constantly aims to strengthen the recognition of its brands, particularly its strategic brands, through advertising and promotional campaigns, enhancing the quality of its products and optimising its distribution and service networks, it must also face up to heightened competition from major international players on its international brands and from smaller groups or local producers on its local brands.

The fierce competition prevailing in the mature markets and the increasingly competitive nature of the emerging markets could require the Group to boost its advertising and promotion expenditures, or even reduce its prices, or keep them stagnant, in order to protect its market share.

Risks relating to further consolidation in the Wine and Spirits industry, as well as to retailers in general

The Group's industry has witnessed a trend toward the consolidation of distributors and merchants, which, in the past, has not had an adverse impact on the Group's business, due in part to the Group's strong brand portfolio and its own extensive distribution network.

However, further consolidation among spirits producers and merchants in the Group's key markets could negatively impact the sale of the Group's products as a result of, for example, less attention and fewer resources allocated to its brands. As the retail trade consolidates, merchants and retailers will have greater resources and negotiating leverage and, as a result, may seek to have the Group and other producers reduce their prices, otherwise conduct product promotions and/or accept payment terms that could reduce the Group's margins. As the market share of a merchant grows, its decisions may have a greater impact on the Group's sales and profitability. Changes in merchants' strategies, including a reduction in the number of brands they carry, the allocation of shelf space for our competitors' brands or private label products (including 'store brands') may adversely affect the Group's sales, outlook and market share.

Risks relating to the Group's geographic footprint

The Group derives a considerable (and increasing) portion of its sales from emerging markets in Asia, Latin America, and Central and Eastern Europe (India, China, Brazil and Russia, for instance).

Although any countries in the world could be affected, the Group's activities in the emerging countries are more particularly exposed to political and economic risks, including risks resulting from changes in government or regulatory policy. These risks include risks stemming from exchange rate controls, inflation, problems with the repatriation of foreign earnings, dividends and investment capital, exchange rate fluctuations, changes in tax regimes, implementation of restrictions on imports, as well as political instability.

Moreover, the Group may find itself unable to defend its rights appropriately before the courts of some of these countries, particularly in a litigation with the state or with state-controlled entities.

In addition, acts of terrorism or a declaration of war, the impact on consumer sentiment and tourism from threats of terrorism or war, any other adverse political event, or concerns relative to the threat of global pandemics could have a negative impact on consumers' propensity to make purchases in the more expensive product ranges of the Group's key product categories, in duty free stores and in other markets. Concerns of the above nature or other economic and political upheavals in the Group's markets could spark heightened volatility in its sales, with a negative impact on its earnings and outlook in these markets.

Risk relating to changes in consumer tastes and preferences

Pernod Ricard holds a core portfolio of 14 strategic Spirits and Champagne brands and four Priority Premium Wine brands, as well as 18 key local brands that are leaders in their particular category or on the Premium segments of the respective local markets. The Group's performance is dependent on its capacity to satisfy consumer expectations and desires. However, change in consumer expectations and desires is difficult to anticipate, and in many cases is beyond the Group's control. As a result, negative changes in consumer demands could affect its sales and market share.

In addition, the increasing number of advertising campaigns aimed at discouraging the consumption of alcoholic beverages, as well as changes in lifestyle and approaches to health issues, could over time modify consumer habits, the general social acceptability of alcoholic beverages and have an adverse impact on the Group's reputation, sales, financial position, earnings and outlook.

Risks relating to the Group's industrial sites

The Group has a substantial inventory of aged product categories, principally Scotch whisky, Irish Whiskey, cognac, rum, brandy and fortified wine, which mature over periods which can go beyond 30 years. The Group's maturing inventory is stored at numerous locations throughout the world. However, the loss of all or part of the maturing inventory or the loss of all or part of the production, distilling, blending or packaging sites attributable to negligence, an act of malice, contamination, fire or natural disaster could lead to a significant fall or prolonged interruption of the supply of certain products, precluding the Group from satisfying consumer demand for the said products. In addition, there is an inherent risk of forecasting error in determining the quantity of maturing stock to store in a given year for future consumption. This could lead to either an inability to supply future demand or a future surplus of inventory and consequently write downs in value of maturing stocks. Finally, there also can be no assurance that insurance proceeds would be sufficient to cover the replacement value of lost maturing inventory or assets in the event of their loss or destruction.

Risks relating to raw materials and energy prices

A number of the raw materials that we use for the production of our products are commodities that are subject to price volatility caused by changes in global supply and demand, weather conditions, agricultural uncertainty or governmental controls. Commodity price changes resulting in unexpected increases in the cost of raw materials cost or packaging materials could significantly increase our operating costs. Similarly, shortages of such materials could have a negative effect on our business. In addition, energy cost increases result in higher transportation, freight, distillation and other operational costs. The Group may not be able to increase its prices to offset these increased costs without suffering reduced volume, sales and operating profit, which could negatively impact the Group's results.

Risks relating to acquisitions

The Group has made major acquisitions in the past, such as the joint-acquisition with Diageo of the Seagram's Wines and Spirits business in 2001, the joint acquisition with Fortune Brands of Allied Domecq in 2005 and the acquisition of the Vin&Sprit group, owner of ABSOLUT vodka, in 2008. Pernod Ricard believes that it was able to successfully integrate these acquisitions.

In the event that Pernod Ricard decides to conduct a major acquisition in the future, it cannot guarantee that it will be completely successful in integrating the target into the Group. In addition to the fact that acquisitions require senior managers to devote a significant amount of time to resolving organisational issues, they also require the integration of new businesses, employees and products belonging to newly acquired companies. The integration process involves a great many unknowns, including the impact of the integration of new entities in a new structure and the management of the Human Resources of merged businesses. The Group's financial position, reported results and outlook could be affected should it be unable to make a success of the integration of newly acquired companies.

Risks relating to the Group's image and reputation

The success of the Group's brands depends upon the positive image that consumers have of those brands. The Group's reputation and image may at any time be significantly undermined by one-off incidents at an industrial facility or relating to a specific product. For example, contamination, whether arising accidentally, or through an act of malice, or other events that harm the integrity or consumer support for their brands, could adversely affect the sales of the Group's products. The Group purchases most of the raw materials for the production of its wines and spirits from third-party producers or on the open market. Contaminants in those raw materials or defects in the distillation or fermentation process at one of our industrial facilities could lead to low beverage quality as well as illness among, or injury to, our consumers, which could subject the Group to liability and result in reduced sales of the affected brand or all its brands.

In addition, to the extent that third-parties sell products that are either counterfeit versions of the Group's brands or inferior 'look alike' brands, consumers of the Group's brands could confuse its products with those brands. This could cause them to refrain from purchasing the Group's products in the future, which could in turn impair brand equity and adversely affect the Group's results.

Although the Group has implemented protection and control systems to limit the risk of contamination and other industrial accidents and has a Group Intellectual Property Department dedicated to protecting its brands (for more information, see 'Risks relating to Intellectual Property'), there can be no guarantee that problems arising from industrial accidents, contamination and other factors will not compromise the Group's reputation and image on a global scale. Reputational damage could potentially have negative effects on the Group's image, financial position, reported results and outlook.

Risks relating to personnel

The Group's success is dependent on the loyalty of its employees, and in particular of key employees, as well as its ability to continue to attract and retain highly qualified personnel. Difficulties in retaining or hiring key personnel, or the unexpected loss of experienced employees, including among acquired companies, could slow the implementation of the Group's strategic growth plans, and could have an adverse impact on its business, financial condition and results of operations.

In addition, the Group cannot guarantee the absence of strikes or other types of labour disputes. Any extended labour disputes could have an impact on the Group's sales.

Risks relating to a breakdown of the Group's information technology systems

Pernod Ricard uses information technology systems for the processing, transmission and storage of electronic data relating to the Group's operations and financial reporting. A significant portion of communications among the Group's personnel, clients and suppliers relies on the efficient performance of the Group's information technology systems.

In addition, the Group's information technology systems could be exposed to interruptions for reasons beyond its control, including, but not limited to, natural disasters, terrorist attacks, telecommunications breakdowns, computer viruses, hackers or other security issues. Although the Group invests heavily in the maintenance and protection of its information systems, unexpected major breakdowns of one or several systems or any significant interruptions could disrupt the normal functioning of the Group, which could result in a negative impact on the Group's business, operations, operating profit, cash flow and financial position.

Risks relating to the Group's indebtedness

The Group reduced its indebtedness in 2010/2011, due in particular to free cash flow of €1 billion. The Group's net debt/EBITDA ratio decreased from 4.9 at 30 June 2010 to 4.4 at 30 June 2011 (net debt translated at average rates). For more information on the Group's indebtedness, see Note 16 to the consolidated financial statements.

The risks related to indebtedness are:

- limiting the Group's ability to obtain additional financing for working capital, capital expenditure, acquisitions or general corporate purposes, and increasing the cost of such additional financing;
- a reduction in the cash available to finance working capital requirements, capital expenditure, acquisitions or corporate projects, a significant part of the Group's operating cash flow being put towards the repayment of the principal and interest on its debt;
- increasing the Group's vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- the occurrence of a breach of one of the commitments made by the Group pursuant to the contracts bearing on its financing could require it to accelerate the repayment of its debt, thereby potentially sparking a liquidity crisis.

Risks relating to the Group's pension plans

The Group's unfunded pension obligations amounted to €216 million at 30 June 2011. During the 2010/2011 financial year, the Group made total contributions to Group pension plans of €130 million. For more information on the Group's pension and other post-employment liabilities, see Note 15 to the consolidated financial statements.

The Group's pension obligations are for the most part covered by balance sheet provisions and partially covered by pension funds or by insurance. The amount of these provisions is based on certain actuarial assumptions, which include for example discounting factors, demographic trends, pension trends, future salary trends and expected returns on plan assets. If actual developments were to deviate from these assumptions, this could result in an increase in pension obligations on the Group's balance sheet and require a substantially higher allocation to pension provisions, which could have a material adverse effect on the Group's financial results.

The funding of the increase in the Group's future obligations under its pension plans should be able to be carried out from its cash flow from operations. If the performance of the assets in the Group's funded pension plans does not meet its expectations or if other actuarial assumptions are modified, the Group's contributions to its pension plans could be materially higher than expected, which would reduce the cash available for its business.

Risks relating to Intellectual Property

The recognition of the Group's brands is a fundamental part of its competitiveness. The management of the Group's brands and other owned intellectual property rights require substantial investments both for their protection and defence.

The Group has taken very strict actions in this area. It has formulated an intellectual property policy implemented by a team of nearly 30 specialists working in six distinct locations (to whom specific brand portfolios are allocated), coordinated by the Intellectual Property Department, which is housed in the Holding Company. This team is responsible for the administrative management of the Group's brands, designs and models, copyright, domain names and patents (part of the innovation policy of the Group). The team is in charge of coordinating litigation (counterfeits, unfair competition, forfeiture, opposition, etc.) and contracts (sale, licensing, coexistence) involving intellectual property issues.

The defence of such property is a mission involving all of the Group's personnel, who are aware of the importance of this crucial asset; for instance, sales forces are called on to identify any imitation of the products and brands of the Group by a third party and to transmit to the team of intellectual property lawyers all information in order to respond efficiently to those actions.

However, the Group, as any owner of intellectual property rights, is not in a position to guarantee that such measures will be fully sufficient to force third parties to respect its rights. In some non-European Union countries, particularly in Asia (China, Thailand, Vietnam, etc.), even though satisfactory legal options generally exist, it can be difficult to persuade the local authorities to apply dissuasive sanctions on counterfeiters that reproduce in full or in part the Group's most popular brands in these countries. Yet those illicit acts are likely to have unfavourable consequences on the image of the relevant products. Therefore, the Group takes specific action, with objectives determined on the basis of the market and the brand, bringing together different internal departments so as to bring a cross-functional approach to bear on the problem of counterfeiting. These actions include coordinated legal responses and operations aimed at raising awareness among local authorities, field and online surveys, as well as technical and technological measures aimed at improving the protection of the Group's products.

Third parties can also contest the Group's ownership of certain brands. For instance, the Group is currently involved in litigation on the Havana Club brand (see 'Disputes relating to brands' below).

Legal decisions could therefore affect the Group's brand portfolio, potentially having negative effects on its financial position, reported results and outlook.

Risks relating to change in the regulatory environment

The Group's businesses throughout the world are subject to a growing number of bodies of regulations, in particular with respect to the sale and advertising of alcoholic beverages. The regulatory environment governing the production and marketing of alcoholic beverages could undergo change in France, in the European Union or in the rest of the world. Similarly, advertising and promotions of alcoholic beverages are subject to increasingly stringent rules aimed at changing consumer behaviour and reducing alcohol consumption.

In particular, in its capacity as a distributor of international beverage brands, the Group is subject, in the various countries in which it trades, to numerous regulatory requirements concerning production, product responsibility, distribution, marketing, advertising, labelling and imports. More broadly speaking, it is also subject to issues relating to competition and consolidation, commercial and pricing policies, pensions, labour law and environmental concerns.

In addition, the Group's products are subject to import and indirect taxes in the various countries in which it trades. Regulatory decisions and changes in legal and regulatory requirements in these markets could have a negative impact on Pernod Ricard's business:

- **product recalls**: regulatory authorities in the countries in which the Group trades could be given coercive powers and could subject the Group to measures including product recalls, product seizures and other sanctions, any of which could have an adverse effect on its trading or harm its reputation and its operating profit;
- **advertising and promotions**: regulatory authorities in the countries in which the Group trades could impose restrictions on advertising for alcoholic beverages, for instance by banning television advertisements or the sponsoring of sporting events, or by restricting the use of these media. Furthermore, the Group has signed several voluntary self-regulation codes, which impose restrictions on the advertising of and promotions for alcoholic beverages. These limits could have the effect of (i) hindering or restricting the Group's capacity to maintain or reinforce consumer behaviour in relation to its brands and their recognition on major markets and (ii) significantly affecting the Group's trading environment;
- **labelling**: regulatory authorities in the countries in which the Group trades could impose new or different requirements in terms of labelling and production. Changes to labelling requirements for alcoholic beverages, encompassing the Group's portfolio of Premium Wine and Spirits, could diminish the appeal of these products in the eyes of consumers, thereby leading to a fall in the sales of these beverages. Furthermore, such changes could have the consequence of increasing costs, thereby affecting the Group's earnings;
- **import taxes and customs duties:** the Group's products are subject to import taxes and customs duties in most markets. An increase to import taxes and customs duties or a change in the legislation relative to duty free sales could lead to an increase in price as well as a reduction in the consumption of its Premium Wine and Spirits brands or an increase in costs for the Group; and
- **access to market companies**: regulatory authorities in the countries in which the Group trades could seek to restrict consumers' access to Group products, for instance by limiting the trading hours of establishments serving alcoholic beverages or increasing the legal age for alcohol consumption.

Aside from the fact that change in local laws and regulations could in some cases restrict the Group's growth capacity by changing consumer behaviour, compliance with new laws and regulations could also require substantial investments. This could potentially have a significantly negative impact on the Group's reporting results and outlook.

Similar to other businesses, the Wine and Spirits business is highly sensitive to changes in tax regulations. In addition, in the current macroeconomic climate, governmental entities may resort to increasing taxes on alcoholic beverages in order to raise funds. The effect of any future tax increases on the Group's sales in a given jurisdiction cannot be precisely measured. However, significant increases in import and excise duties on alcoholic beverages and on other taxes could have a significant adverse impact on the Group's financial condition and operating profit. Furthermore, the Group's net profit is calculated on the basis of extensive tax and accounting requirements in each of the jurisdictions in which the Group operates. Changes in tax regulations (including tax rates), accounting policies and accounting standards could have a material impact on the Group's results.

In addition, as a large, international group, the Pernod Ricard Group can be subject to tax audits in several jurisdictions. The Group takes tax positions that it believes are correct and reasonable in the course of its business with respect to various tax matters. However, there is no assurance that tax authorities in the jurisdictions in which the Group operates will agree with its tax positions. In the event the tax authorities successfully challenge the Group on any material positions, the Group may be subject to additional tax liabilities that may have an adverse effect on the Group's financial condition if they are not covered by provisions or if they otherwise trigger a cash payment.

Risks relating to litigation

Similar to other companies in the Wine and Spirits industry, the Group is, from time to time, subject to class action or other litigation and complaints from consumers or government authorities. In addition, the Group routinely faces litigation in the ordinary course of its business. If such litigation resulted in fines, monetary damages or reputational damage to the Group or its brands, its business could be materially adversely affected.

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 Pernod Ricard is a shareholder. In some countries, including the United States, the brand is owned by a Cuban company called Cubaexport. Ownership of this brand is currently being challenged, particularly in the United States and in Spain, 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 is owned in the United States by Cubaexport. In August 2006, the United States Patent and Trademark Office (USPTO) denied Cubaexport's application for renewal of the Havana Club registration, following guidance from OFAC. Cubaexport petitioned the Director of the USPTO to reverse this decision and also filed a claim against OFAC in the US District Court for the District of Columbia, challenging OFAC's decision and the law and regulations applied by OFAC. On 30 March 2009, the US District Court for the District of Columbia ruled against Cubaexport. On 29 March 2011, the Court of Appeals blocked, in a two to one decision, Cubaexport from renewing its trademark. On 31 August 2011, The Court of Appeals dismissed Cubaexport's claim to have its case newly examined. Cubaexport will be able to appeal before the Supreme Court. Cubaexport's petition against the USPTO's decision has been stayed pending the final and binding outcome of the OFAC proceedings.
2. A competitor of the Group has petitioned the USPTO to cancel the Havana Club trademark, which is registered in the name of Cubaexport. On 29 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 (which, as noted above, itself is stayed pending the final and binding outcome to the OFAC proceedings).
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 B.V. 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 B.V.'s then-ownership of the Stolichnaya trademark in the United States and sought damages based on vodka sales by Allied Domecq in the United States and disgorgement of the related profits. On 31 March 2006, Judge George Daniels dismissed all of the plaintiffs' claims concerning Allied Domecq International Holdings B.V.'s then-ownership of the Stolichnaya trademark in the

United States. The plaintiffs subsequently filed in the United States Court of Appeals for the Second Circuit an appeal of the portion of the 31 March 2006 decision dismissing their trademark ownership, trademark infringement and fraud claims (as well as the dismissal of certain claims brought only against the SPI entities).

The Court of Appeals on October 8, 2010 (i) affirmed the dismissal of plaintiffs' fraud and unjust enrichment claims and (ii) reinstated 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.

Plaintiffs filed their Third Amended Complaint on 23 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 plaintiffs' Third Amended Complaint. On 1 September 2011, Judge Daniels dismissed plaintiffs' trademark and unfair competition claims with prejudice on the ground that plaintiffs lack standing to bring these claims in the name of the Russian Federation. Because he dismissed the federal trademark claims, Judge Daniels declined to exercise jurisdiction over the remaining common law misappropriation claim and thus he dismissed that claim without prejudice to plaintiffs refiling that claim in state court.

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 S.A., Pernod Ricard USA LLC, Diageo Plc, Diageo North America Inc. (formely known as Guinness UDV America Inc. f/k/a UDV North America Inc. f/k/a Heublein Inc.), United Distillers Manufacturing Inc., UDV 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. On 19 June 2007, the District Court granted in part and denied in part the defendants' motions to dismiss.

On 18 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 on March 1, 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. Pernod Ricard will continue to vigorously defend itself against the claims.

On September 21, 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, if Seagram were ever found liable in this litigation.

Customs duties in Turkey

Allied Domecq Istanbul Iç ve Dis Ticaret Ltd. Sti ('Allied Domecq Istanbul'), as well as some of its competitors, was involved in a customs dispute over the customs valuation of certain Turkish imports. The main issue was whether the duty free sales price can be used as the basis for declaring the customs value of Turkish imports. The customs authorities took legal action against Allied Domecq Istanbul in Turkey for non-compliance with customs regulations in respect of certain imports. An amnesty law that allows for settlement of existing tax liabilities in Turkey was enacted on February 25, 2011. Allied Domecq Istanbul submitted applications to benefit from the provisions of this law. As a result, the customs dispute described herein has been settled with the Turkish authorities.

Customs duties in India

Pernod Ricard India (P) Ltd has an ongoing dispute with Indian Customs over the declared transaction value of concentrate of alcohol 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 on 26 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 to be on the higher side. The Company continues to actively work with the authorities to resolve pending issues.

Apart from the above-mentioned procedures, 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 12 months a significant impact on the profitability of the Company and/or Group.

The litigations described above are also mentioned in Note 23 of the Notes to the consolidated statements.

Presentation of industrial and environmental risks

Prevention of industrial and environmental risks

Pernod Ricard's management of industrial and environmental risks is based on a QSE (Quality, Security, Environment) policy which is common to the entire Group and has been implemented in all production subsidiaries worldwide.

It is coordinated by the Group's Technical Division, and is based on internal Pernod Ricard standards inspired by systematic risk analysis, and by Guidelines setting out best practice in each of the areas covered: product quality, security of personnel, environment,

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and major risks (fire, explosions, etc.). It is implemented in each of the subsidiaries, each one being entirely responsible for identifying and controlling its impacts and its environmental risks, within the framework of the Group's decentralised organisation.

At each production subsidiary, a QSE representative is responsible for the application of this policy. Led by the Group's QSE team, the QSE network enables best practices to be identified and shared in a context of continuous improvement. It also participates in the implementation of full QSE audits, in order to endorse risk analysis done by subsidiaries and the measures taken to reduce these risks. Covering around 30% of the Group's production sites each year, these audits (known as 'crossed audits') involve the auditors of several subsidiaries. This helps to boost knowledge-sharing, enhance the skills of internal experts, and improve internal standards by adding new Guidelines on an on-going basis.

With regard to major industrial risks, a Risk Manager attached to the Technical Division coordinates the work done by subsidiaries in the area of risk reduction. The Risk Manager mainly focuses on prevention measures (design and maintenance of facilities, training, operating procedures, etc.) and protection systems (automatic fire extinguishing systems, water retention facilities, emergency procedures, etc.). He makes regular visits to assess the sites, in conjunction with the insurer, with each site being attributed a score, along with technical recommendations. The Risk Manager is systematically consulted on projects relating to the construction or extension of these facilities. In agreement with the insurer's experts he also recommends the most appropriate solution for the risk in question in each case.

In addition, a programme devoted to implementing Business Continuity Plans has been initiated on a priority basis for the most strategic subsidiaries. It is aimed at protecting the Group's operations from the consequences of a major disaster with catastrophic consequences, such as a fire. To this end, the programme sets out the various scenarios liable to affect a site, and looks for ways to reduce the impact on business. It leads to the preparation of a business resumption plan including the implementation of emergency solutions and access to alternative means of production.

Lastly, Pernod Ricard's risk management policy is accompanied by an ambitious QSE certification initiative for the Group's production sites, in accordance with four standards. As at end June 2011, the following proportions of the Group's global industrial facilities had been certified:

- for quality management (ISO 9001): 94% of sites, or 98% of production;
- for environmental management (ISO 14001): 91% of sites, or 96% of production;
- for safety management (OHSAS 18001): 90% of sites, or 96% of production;
- for food safety (ISO 22000): 48% of sites, or 67% of production.

Major risks identified and specific risk prevention measures

Various types of risks have been identified in relation to the level of the Group's industrial activities, for which specific preventative measures or monitoring procedures have been implemented.

Fire hazard

As alcohol is highly inflammable, fire is the main risk to our facilities and staff, particularly the sites where spirits are produced and stored. This risk is also present at sites where blending and conditioning of alcohol take place. There is also the risk of explosion, which could occur if alcohol vapours come into contact with a heat source.

Of the 99 industrial sites operational as at 30 June 2011, 7 (1 in Ireland and 6 in Scotland) were classified as high-threshold Seveso due to the volumes stored there, higher than 50,000 tonnes (classification by the European Directive Seveso II for the prevention of major accidents). In the rest of the world, only one site, in Canada, was above this threshold. These sites are systematically subject to a high level of protection and prevention, which can be seen in the use of fire-resistant materials, the presence of automatic fire-extinguishing systems (sprinklers) and water reserves, training and the implementation of rigorous working procedures. Moreover, the recommendations of the ATEX Directive on explosive atmospheres have been reflected in the Group's internal Guidelines, which are applicable to all subsidiaries.

No fires or explosions have affected the Group's activities during the last ten years. In May 2000, a fire led to the loss of a bourbon warehouse in Kentucky.

Risk of accidental spillage

There is a risk of accidental spillage of a product (wine, alcohol or other), potentially polluting the soil, a river or water tables. The risk is particularly high in cases of fire causing alcohol to be spilled and spread by water and foam used to extinguish the fire. The risk of pollution is part of risk surveys and prevention measures at the Group's sites, and is the object of significant preventative measures: water retention facilities in storage and unloading areas, construction of drainage systems, drainage to storage basins.

Risk of natural disasters

Several facilities are located in areas known to be at significant risk of earthquake. This includes facilities located in New Zealand, Armenia, California and Mexico. The Group's wine production facility in Gisborne, New Zealand, was hit by an earthquake in 2007. This caused substantial damage, but without major consequences for the business.

Some areas are exposed to hurricane risk. The San José plant in Cuba has taken preventative measures to cover this contingency.

There is also a risk of flooding at certain sites. Cellars were affected in Scotland in 2009, but there was no significant damage. Flooding is not considered to be a particularly high risk at any of the Group's facilities.

Lastly, in January 2010, exceptionally heavy snowfalls in the northern part of Scotland caused the roofs of 40 ageing cellars at the Mulben facility to collapse. A scenario of this nature had never previously been seen in this region and was deemed extremely unlikely. The damages only concerned the buildings, as the collapse did not affect inventories of spirits. The damaged cellars were rebuilt.

Other environmental risks

The risks of climate events such as frost, hail or drought can affect agricultural supplies to the Group's subsidiaries. In the event, since our subsidiaries' own agricultural production still represents much less than raw materials purchases, climate risk for agriculture relates essentially to climate-related impacts on the purchasing price of raw materials used.

In addition, the Group remains attentive to the issue of climate change and is committed, in its environmental policy, to reducing its greenhouse gas emissions, whether directly, through energy consumption (Scope 1 and Scope 2 emissions) or through purchasing of raw materials, packaging materials and logistics services.

Lastly, a number of production sites use groundwater for their water needs. The quality of this water is therefore a key factor in product quality, and is monitored very closely. Responsible water management is a major part of the Group's environmental management policy: each site has to ensure that the use of groundwater or river water and release of waste water back to the environment do not cause harm to nature.

More detailed information on the impact of the Group's activities on nature and its environmental management is provided in the section 'Corporate Social Responsibility'.

Risks for consumers

The Group has noted the health risks involved in the inappropriate consumption of alcoholic beverages and accordingly has a very strong ethical commitment to encouraging responsible drinking (see specific comments on this subject).

The other risks for consumers relate to product quality. They mainly concern the presence of foreign bodies in bottles (glass fragments) or contamination by an undesirable component. The control of these risks is based on the application of the HACCP method, which aims to identify risks involved in the manufacturing *process* and to bring them under control. Despite the fact that Wine and Spirits are less exposed to such risks than the products of other food-industry segments, Pernod Ricard decided in 2009 to go ahead with the gradual certification of its facilities in accordance with ISO 22000, which aims specifically to bring these risks under control. As of 30 June 2011, 48 of the Group's 99 industrial sites that are currently operational had been certified under this standard. The Group has also included specific guidelines concerning glass fragments and the risk of contamination in its internal standards.

Management of liquidity risk

At 30 June 2011, cash totalled €774 million (compared with €701 million at 30 June 2010). An additional €1,478 million of medium-term credit facilities with banks was confirmed and remained undrawn at this date. Group funding is provided in the form of long-term debt (syndicated loans, bonds, etc.) and short-term financing (commercial paper, bank overdrafts, factoring, etc.), which provide adequate financial resources to ensure the continuity of its business. Short-term financial debt after hedging was €405 million (compared with €1,382 million at 30 June 2010).

While the Group has not identified any other significant short-term cash requirement, it cannot be fully guaranteed that it will be able to continue to get the funding and refinancing needed for its day-to-day operations and investments on satisfactory terms, given the uncertain economic climate.

The Group's bank and bond debt contracts include covenants. Breaches of these covenants could force the Group to make accelerated payments. At 30 June 2011, the Group was in compliance with the covenants under the terms of its syndicated loan: hedging ratio (consolidated EBITDA/net financing costs) of 2.75 or above and solvency ratio (total net debt/consolidated EBITDA) of 6.25 or below. At 30 June 2011, the change to a 'suspension test' (total consolidated debt/consolidated EBITDA of 4.5 or below) implies that it is no longer necessary to apply the coverage ratio, and that only the solvency ratio need be kept.

Furthermore, while the vast majority of the Group's cash surplus is placed with branches of global banks enjoying the highest agency ratings, it cannot be ruled out that these Group investments may experience reduced liquidity and severe volatility.

The currency controls in place in certain countries limits the Group's ability to use cash (prohibition on investment with Pernod Ricard Finance), and in some cases, the possibility of paying dividends (authorisation from the relevant authorities is required in Cuba and Venezuela).

Additional information regarding liquidity risks is provided in Notes 16 *Financial liabilities* and 17 *Financial instruments* of the consolidated financial statements.

Market risks (currency and interest rates)

Currency risk

As the Group consolidates its financial statements in euro, it is exposed to fluctuations against the euro by the currencies in which its assets and liabilities are denominated (asset risk) or in which transactions are carried out (transaction risk and translation of results).

While some hedging strategies allow exposure to be limited, there is no absolute protection against exchange rate fluctuations.

For asset risk, financing foreign currency denominated assets acquired by the Group with debt in the same currency provides natural hedging. This principle was applied for the acquisition of Seagram, Allied Domecq and Vin&Sprit assets.

Movements in currencies against the euro (notably the USD dollar) may impact the nominal amount of these debts and the financial costs published in euro in the consolidated financial statements, and this could affect the Group's reported results.

With respect to operational currency risk, its international operations expose the Group to currency risks bearing on transactions carried out by subsidiaries in a currency other than their operating currency.

In all cases, it is Group policy to invoice end customers in the functional currency of the distributing entity. Exposure to exchange rate risk on invoicing between producer and distributor subsidiaries is managed via a monthly payment centralisation procedure involving most countries with freely convertible and transferable currencies and whose internal legislation allows this participation. This system hedges against net exposure using forward exchange contracts.

Residual risk is partially hedged using financial derivatives (forward buying, forward selling or options) to hedge certain highly probable non-Group operating receivables and payables.

Interest rate risk

At 30 June 2011, Pernod Ricard group debt comprised floating-rate debt (mainly the syndicated loan and other bank loans) and fixed-rate debt (mainly bonds), in addition to a hedging portfolio including interest rate swaps and options in EUR and USD.

The Group cannot guarantee that these hedges will prove sufficient nor that it will be able to maintain them on acceptable terms.

Additional information on currency and interest-rate risks is provided in Notes 16 *Financial liabilities*, 17 *Financial instruments* and 18 *Interest rate and foreign exchange derivatives* in the Notes to the consolidated financial statements.

Insurance and risk coverage

For Pernod Ricard, use of insurance is a solution for the financial transfer of the major risks facing the Group. This transfer is accompanied by a policy of prevention for the purpose of reducing contingencies as far as possible. The Group evaluates its risks with care in order to best adjust the level of coverage of the risks it incurs.

The Group has two types of cover: Group insurance programmes and local policies. The programmes at Group level are monitored by an insurance manager who coordinates the insurance and risk management policy and also by a person in charge of monitoring industrial risk prevention.

Insurance policies

In order to cover the main risks, Pernod Ricard has set up international insurance programmes for all Group subsidiaries, barring exceptions due to local regulatory constraints in certain countries or as a result of more attractive conditions offered by the local market. These programmes provide the following cover:

- property damage and business interruption losses;
- operating and product liability;
- costs and losses incurred by the Group due to accidental and/or criminal contamination;
- Directors' civil liability;
- damage during transport (and storage);
- credit insurance for trade receivables;
- fraud.

A number of subsidiaries have taken out additional insurance for specific needs (e.g. insurance for vineyards in Australia and Spain, insurance for vehicle fleets, etc.).

Coverage

Type of insurance	Coverage and limits on the main insurance policies [1]
Property damage and business interruption losses	Coverage: fully comprehensive (except exclusions) Basis of compensation: ■ new value for moveable property and real estate, except for certain subsidiaries, which have exceptionally chosen, with the contractual agreement of the insurers, to provide for another basis of compensation; ■ cost of sale for inventories, except for certain maturing stocks that are insured at cost of sale or net book value plus a fixed margin (tailored to each company); ■ business operating losses with a compensation period of between 12 and 24 months according to the company. Limits on compensation: ■ up to €950 million for the Midleton (Ireland) site, €550 million for Martell (France), €150 million for the Spanish and Nordic sites acquired with V&S, and €360 million for the rest, including the sites of The ABSOLUT Company. Furthermore, a captive insurance company provides insurance cover for an amount of €0.8 million per claim with a maximum commitment of €4 million per annum.
General civil liability (operating and product liability)	Fully comprehensive coverage (except for exclusions) for damage caused to third parties for up to €220 million per year of insurance.
Product contamination	Coverage for recall outlay, loss of business and outlay on rebuilding Pernod Ricard's image following contamination of products delivered: €45 million for accidental contamination and €50 million for criminal contamination.
Directors' civil liability	Coverage of up to €125 million per year of insurance.
Transport	Coverage of up to €25 million per claim.
Credit	Guarantees covering mainly the Group's French and European subsidiaries. These guarantees range from €19 million to €134 million depending on whether the subsidiaries are party to the various factoring and securitisation programmes.
Fraud	Coverage of up to €35 million per year.

(1) The figures shown are the main limits for the year ended 30 June 2011. Changes may have been negotiated for the 2011/2012 financial year. Some contracts provide specific limits for certain aspects of coverage.

Means used by the Group to manage the compensation of victims in the event of technological incidents for which it is liable

In the event of a technological incident that triggers Pernod Ricard's liability or that of a Group company, the Company and/or the Group will rely on their brokers and insurers for assistance; they will set up, in particular, a crisis unit bringing together all necessary service providers. All these players have the experience and means required for managing exceptional situations.

Risks and disputes: provisioning procedure

As part of its commercial activities, the Pernod Ricard group is involved in legal actions and subject to tax, customs and administrative audits. The Group only records provisions for contingencies and expenses when it is likely that a current obligation stemming from a past event will require the payment of an amount that may have been underestimated. Provisions represent the best estimate of the amount of resources required to extinguish the said obligation. Provisions accordingly involve an assessment by the Group's senior management.

Significant contracts

Significant contracts not related to financing

Jinro

On 15 February 2000, Jinro Ballantine's Company Limited was formed in South Korea. 70% of its share capital is held by Allied Domecq (Holdings) Limited ('Allied Domecq'), with the remaining 30% held by Jinro Limited, one of South Korea's largest spirits producers and distributors. Additionally, Allied Domecq Spirits & Wine (Europe) B.V. ('ADSWE') purchased a 70% interest in Jinro Ballantine's Import Company Ltd ('JBIC'), with the remaining 30% held by Korea Wines & Spirits Company Ltd. The total value of Allied Domecq's 70% interest in both companies was approximately £103 million. The first of these companies bottles and distributes the Imperial Whisky brand, while the second company (wound up on 4 July 2006) imported and distributed brands from Allied Domecq's international brown spirits portfolio. In addition, the distribution rights for non-brown spirits were transferred to Jinro Ballantine's Import Company Ltd in April 2004.

In April-May 2003, Jinro Limited became subject to involuntary reorganisation proceedings. Following the failure of Jinro to recover from such reorganisation proceedings, Allied Domecq sent Jinro a notice of termination of the joint venture agreement, the validity of which has been affirmed under Korean law. Jinro Limited still holds a 30% stake in Jinro Ballantine's Company.

In May 2006, some of JBIC's rights and obligations were transferred to Pernod Ricard Korea, while all JBIC employees were transferred to Jinro Ballantine's Company.

In September 2008, 'Jinro Ballantine's Company' changed its name to 'Pernod Ricard Korea Imperial Company Ltd'.

Suntory

In 1988, Allied Domecq entered into a series of agreements with Suntory Ltd, one of Japan's leading producers and distributors of spirits. One element of these agreements was the creation of a joint venture company in Japan called Suntory Allied Ltd, of which 49.99% of the capital and voting rights are owned by Allied Domecq and 50.01% by Suntory Ltd. Suntory Allied Ltd was granted the exclusive rights to distribute certain Allied Domecq brands in Japan until 31 March 2029.

The management of Suntory Allied Ltd is jointly controlled by Pernod Ricard, as successor-in-interest to Allied Domecq and Suntory Ltd.

Meanwhile, Pernod Ricard sold its 1% minority shareholding in Suntory Holdings Limited, parent company of Suntory Ltd. The shareholding was bought back by Suntory Holdings Limited for a cash consideration of 4.66 billion Yen (circ. €40 million), which was received on April 4th, 2011.

Sale and repurchase agreements

In relation to sale and repurchase agreements, Pernod Ricard resold 5,955,534 treasury shares in 2008 and 832,352 treasury shares in 2010, which had been purchased to cover certain stock option plans. For these transactions, the stock held to cover a number of stock option plans was transferred to three different banks, although Pernod Ricard reserved the right through a repurchase clause, to buy up these shares as the options are exercised at the option exercise price. These transactions are viewed legally as sales carried out under a dissolving condition (exercise of the repurchase option); when the option is exercised, the initial sale is considered as never having taken place, and it is deemed that the shares involved were the property of the assignor from the outset. Thus the Group meets its legal obligation to cover purchase options with shares, at the latest on the date on which the options may be exercised.

Sale and repurchase agreements were operated on the 5 plans, as follows:

Date of the sale and repurchase agreements	Number of shares assigned	Selling price, net of premium *(in euro)*	Dates of the Board Meetings authorising the plans
06.03.2008	2,079,776	48.0	14.06.2006
11.03.2008	1,782,028	38.8	02.11.2004
13.03.2008	1,200,000	33.7	18.12.2003
13.03.2008	893,730	45.2	25.07.2005
05.10.2010	832,352	51.8	21.06.2007

No shares were sold pursuant to these arrangements in 2009/2010.

Financing contracts

2008 Credit Agreement

Within the context of the purchase of V&S Vin&Sprit Aktiebolag ('V&S'), on 27 March 2008, Pernod Ricard and a number of subsidiaries signed a new credit agreement modified by successive amendments ('the Credit Agreement'), with a pool of banks headed by BNP Paribas, Crédit Agricole CIB, J.P. Morgan Plc, Natixis, The Royal Bank of Scotland Plc and Société Générale Corporate & Investment Banking.

The main purpose of this Credit Agreement was to refinance existing Group debt (including the entire amount drawn down under the 21 April 2005 credit agreement upon the purchase of Allied Domecq) and to finance the purchase of V&S.

The main terms of the Credit Agreement are as follows:

- Facility A – a medium-term loan in euros for €1,000 million;
- Facility B – medium-term loans, including a facility in euros for €665 million and another in US dollars for $3,620 million;
- Facility C – five-year loans, including a facility in euros for €713 million and another in US dollars for $6,518 million;
- Facility D – a five-year loan in euros for €600 million to refinance a bond issue by Allied Domecq Financial Services Ltd amounting to €600 million at a nominal rate of 5.875% due on 12 June 2009;
- Facility E – two multi-currency revolving credit lines for €1,200 million and €820 million.

The loan was drawn down to pay for the V&S acquisition on 23 July 2008 and to refinance bonds issued by Allied Domecq Financial Services Ltd. The amounts drawn down under the Credit Agreement at 30 June 2011 came to approximately €4.3 billion. As at 30 June 2011, Facilities A and B had been repaid in full, the residual outstanding amount with respect to Facility C is $4,536 million, to Facility D is €600 million and to Facility E is €500 million and $60 million.

The obligations of each of the borrowers under the Credit Agreement are guaranteed by Pernod Ricard. No collateral was granted under the terms of the Credit Agreement.

The Credit Agreement contains the customary representations and warranties, as well as the usual restrictive covenants contained in such contracts, restricting the ability of certain companies in the Group (subject to some exceptions) to arrange additional loans or pledge their assets as collateral, alter the general nature of the Group's activities or carry out acquisition, disposal or restructuring transactions. However, an adjustment mechanism ('suspension test') allows for the easing of some contractual restrictions.

The Credit Agreement also sets out commitments including a commitment to provide lenders with adequate information, compliance with two financial ratios mentioned opposite, at each half-year end (coverage ratio and solvency ratio) as well as compliance with certain commitments customary in this type of credit agreement (including the maintenance of the credit's *pari passu* ranking).

Coverage ratio (consolidated EBITDA/consolidated net financial expenses)

At each of the dates indicated in the table below, the coverage ratio must be greater than or equal to the following levels:

Date	Ratio
30 June 2011	2.75:1
31 December 2011	3.00:1
30 June 2012	3.25:1
31 December 2012	3.25:1
30 June 2013	3.50:1

Solvency ratio (total consolidated net debt/ consolidated EBITDA)

At each of the dates indicated in the table below, the solvency ratio must be lower than or equal to the following levels:

Date	Ratio
30 June 2011	6.25:1
31 December 2011	6.25:1
30 June 2012	5.50:1
31 December 2012	5.25:1
30 June 2013	4.75:1

In November 2008 an initial amendment allowed the calculation of the hedging ratio (total consolidated net debt/consolidated EBITDA) by converting debt at the average exchange rate for the year. This method avoids the calculation bias which would have been generated if debt had been converted at the year end exchange rate and consolidated EBITDA converted at the average exchange rate for the year. Year-end rates continue to be used to calculate this ratio for credit margins.

In June 2009 a second amendment was made in relation to the assessment of these two financial ratios and the calendar which should be applied. With effect from 30 June 2010, the applicable calendar has been delayed by one year.

As of 30 June 2011, the 'suspension test' was met (ie the ratio of consolidated total net debt/consolidated EBITDA≤4.5), which means that the Group is no longer subject to the interest cover covenant but only to the solvency ratio. Accordingly, from 31 December 2011 to 30 June 2013, the solvency ratio must be kept at a level below or equal to the lower of the two following ratios: 5 or the level shown in the table above for the relevant date.

The Credit Agreement also provides for voluntary or compulsory early repayment obligations, depending on circumstances, standard practice in this kind of credit agreement (e.g., assets disposals, issue of securities including securities representing debts, compliance with commitments, change of control, cross default). The Credit Agreement contains a clause under which the taking of control of the Company by any person or group of persons acting together (other than the Société Paul Ricard SA or any group of persons acting together with the Société Paul Ricard) is likely to constitute grounds for compulsory early repayment. The suspension test having been met, the early repayment undertaking in the case of assets and securities disposals is no longer applicable.

In addition to the two amendments mentioned above, in February 2011 a third amendment modified the definition of the authorised financial debt.

Credit Agreement of November 2010

Pernod Ricard signed a Credit Agreement with a banking institution with effect on 26 November 2010 for €150 million, which was allocated in full to the reimbursement of the syndicated loan. This will be repaid on 26 November 2015 (15%), 26 November 2016 (20%), with the remainder due on 26 November 2017. This credit agreement contains the customary representations, warranties and early repayment undertakings, as well as the usual restrictive covenants and commitments contained in such contracts. It also provides for compliance with one solvency ratio at each half-year end – i.e. total consolidated net debt/consolidated EBITDA, being a more flexible indicator than the ratios applied to the syndicated loan.

Bond issue of December 2006

On 6 December 2006 Pernod Ricard issued a series of fixed-rate and floating-rate bonds admitted for trading on the Luxembourg regulated Stock Exchange.

2011 Floating-rate bonds

With nominal value per bond of €50,000, the issue totalled a nominal amount of €300 million.

The 2011 floating-rate bonds bore interest at a floating rate, payable quarterly in arrears on 6 March, 6 June, 6 September and 6 December. The annual floating interest rate was calculated on the basis of 3-month EURIBOR plus a margin of 0.50% per annum.

The 2011 floating-rate bonds were repaid in full on 6 June 2011.

2013 Fixed-rate bonds

With nominal value per bond of €50,000, the issue totalled a nominal amount of €550 million.

The 2013 fixed-rate bonds bear interest at a fixed 4.625% per annum, payable annually in arrears on 6 December.

The 2013 fixed-rate bonds will be repaid in full on 6 December 2013.

The 2013 fixed-rate bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of Pernod Ricard, ranking equally amongst themselves and *pari passu* with all other unsecured or unsubordinated debt, present and future, of Pernod Ricard. In addition, Pernod Ricard has agreed not to grant any security interest (*sûreté réelle*) with regard to other bonds or other debt securities that have been or may be admitted to trading on a regulated market, over-the-counter market or other exchange unless the 2013 fixed-rate bonds benefit from similar security interests or security interests approved by the bondholders.

This bond includes a clause regarding change of control, which could lead to the compulsory early repayment of the 2013 fixed-rate bonds upon request of each 2013 fixed-rate bondholder in the event of a change in control of the Company (benefiting a person or a group of persons acting together) and leading to deterioration in the Company's financial rating.

In addition, these 2013 fixed-rate bonds may be redeemed early upon the occurrence of certain customary events of default.

Bond issue of June 2009

In mid-June 2009 Pernod Ricard successfully issued €800 million of fixed-rate bonds, maturing on 15 January 2015. The bonds have a nominal value of €50,000 and are traded on the Luxembourg regulated Stock Exchange.

The bonds have an annual fixed interest rate of 7%, payable annually in arrears on 15 January.

The bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of Pernod Ricard, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of Pernod Ricard. In addition, Pernod Ricard has agreed not to grant any security interest (*sûreté réelle*) with regard to other bonds or other debt securities that have been or may be admitted to trading on a regulated market, over-the-counter market or other exchange unless the bonds benefit from similar security interests or security interests approved by the bondholders.

The proceeds of this bond issue allowed Pernod Ricard to repay the shortest-term tranches of the syndicated loan in order to extend the Group's debt maturity.

This bond includes a clause regarding change of control, which could lead to the compulsory early repayment of bonds upon request of each bondholder in the event of a change in control of the Company (benefiting a person or a group of persons acting together) and leading to deterioration in the Company's financial rating.

In addition, these bonds may be redeemed early upon the occurrence of certain customary events of default.

Bond issue of March 2010

In March 2010 Pernod Ricard successfully issued €1.2 billion of fixed-rate bonds, maturing on 18 March 2016. The bonds have a nominal value of €50,000 and are traded on the Luxembourg regulated Stock Exchange.

The bonds have an annual fixed interest rate of 4,875%, payable annually in arrears on 18 March.

The bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of Pernod Ricard, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of Pernod Ricard. In addition, Pernod Ricard has agreed not to grant any security interest (*sûreté réelle*) with regard to other bonds or other debt securities that have been or may be admitted to trading on a regulated market, over-the-counter market or other exchange unless the bonds benefit from similar security interests or security interests approved by the bondholders.

The proceeds of this bond issue allowed Pernod Ricard to repay the shortest-term tranches of the Group's syndicated loan.

This bond includes a clause regarding change of control, which could lead to the compulsory early repayment of bonds upon request of each bondholder in the event of a change in control of the Company (benefiting a person or a group of persons acting together) and leading to deterioration in the Company's financial rating.

In addition, these bonds may be redeemed early upon the occurrence of certain customary events of default.

Bond issue of December 2010

At the end of December 2010 Pernod Ricard issued $201 million of floating-rate bonds, maturing on 21 December 2015. The Bonds have a nominal value of $1 million and were subscribed in full by a single counterparty.

The Bonds bear interest at a floating rate, payable quarterly as from 21 March 2011.

The Bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of Pernod Ricard, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of Pernod Ricard. In addition, Pernod Ricard has agreed not to grant any security interest (*sûreté réelle*) with regard to other bonds or other debt securities that have been or may be admitted to trading on a regulated market, over-the-counter market or other exchange unless the Bonds benefit from similar security interests or security interests approved by the bondholders.

The proceeds of this bond issue allowed Pernod Ricard to repay the shortest-term tranches of the syndicated loan in order to extend the Group's debt maturity.

This Bond includes a clause regarding change of control, which could lead to the compulsory early repayment of Bonds upon request of each bondholder in the event of a change in control of the Company (benefiting a person or a group of persons acting together) and leading to deterioration in the Company's financial rating.

In addition, these Bonds may be redeemed early upon the occurrence of certain customary events of default as well as at the Company's or holder's request, as appropriate, in particular in certain cases of a change in the Company's situation or a change in taxation.

Bond issue of March 2011

In March 2011 Pernod Ricard successfully issued €1 billion of fixed-rate bonds, maturing on 15 March 2017. The bonds have a nominal value of €100,000 and are traded on the Luxembourg regulated Stock Exchange.

The bonds have an annual fixed interest rate of 5%, payable annually in arrears on 15 March.

The bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of Pernod Ricard, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of Pernod Ricard. In addition, Pernod Ricard has agreed not to grant any security interest (*sûreté réelle*) with regard to other bonds or other debt securities that have been or may be admitted to trading on a regulated market, over-the-counter market or other exchange unless the bonds benefit from similar security interests or security interests approved by the bondholders.

The net proceeds of this bond issue were allocated to the repayment of the syndicated loan in order to extend the Group's debt maturity.

This bond includes a clause regarding change of control, which could lead to the compulsory early repayment of bonds upon request of each bondholder in the event of a change in control of the Company (benefiting a person or a group of persons acting together) and leading to deterioration in the Company's financial rating.

In addition, these bonds may be redeemed early upon the occurrence of certain customary events of default.

Bond issue of April 2011

In April 2011 Pernod Ricard successfully issued bonds in American dollars, through a private placement for institutional investors, and subject to New York State (United States) law. The issue was for $1 billion of fixed-rate bonds, maturing on 7 April 2021. The bonds have a nominal value of $150,000 (multiples of $1,000 in excess of this amount).

The bonds have an annual fixed interest rate of 5,75%, payable semi-annually in arrears on 7 April and 7 October as from 7 October 2011.

The bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of Pernod Ricard, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of Pernod Ricard. In addition, Pernod Ricard has agreed not to grant any security interest (*sûreté réelle*) with regard to other bonds or other debt securities that have been or may be admitted to trading on a regulated market, over-the-counter market or other exchange unless the bonds benefit from similar security interests or security interests approved by the bondholders.

The net proceeds of this bond issue were allocated to the partial repayment of the syndicated American dollar loan.

This bond includes a clause regarding change of control, which could lead to the compulsory early repayment of bonds upon request of each bondholder in the event of a change in control of the Company (benefiting a person or a group of persons acting together) and leading to deterioration in the Company's financial rating.

In addition, these bonds may be redeemed early upon the occurrence of certain customary events of default.

Allied Domecq bonds

Bond issue of 2001

On 18 April 2001, Allied Domecq Financial Services Limited (formerly Allied Domecq Financial Services Plc) ('Allied Domecq Financial Services') issued fixed-rate bonds, maturing on 18 April 2011, in an aggregate nominal amount of £350 million (the '2001 bonds'). The 2001 bonds were issued in denominations of £1,000, £10,000 or £100,000 per bond. On 8 June 2001, Allied Domecq Financial Services issued additional 2001 bonds, increasing the aggregate nominal amount of the issue to £450 million. The 2001 bonds had an annual fixed interest rate of 6.625%, payable semi-annually in arrears on 18 October and 18 April of each year.

The 2001 bonds were repaid in full on 18 April 2011.

Bond issue of 2002

On 10 June 2002, Allied Domecq Financial Services issued fixed-rate bonds, maturing on 12 June 2014, in an aggregate nominal amount of £250 million (the '2002 bonds'). The 2002 bonds were issued in denominations of £1,000, £10,000 or £100,000 per bonds.

The 2002 bonds have an annual fixed interest rate of 6.625%, payable annually in arrears on 12 June of each year.

The 2002 bonds are admitted to trading on the London Stock Exchange. Allied Domecq Financial Service's payment obligations under the 2002 bonds are guaranteed by Allied Domecq Limited (formerly, Allied Domecq Plc) and, since 28 April 2006, by Pernod Ricard SA.

The Group's obligations with respect to payment of principal and interest under the Allied Domecq Notes are unsecured. In addition, Allied Domecq Limited and Allied Domecq Financial Services agreed, on behalf of themselves and their principal subsidiaries, not to grant any security interest with respect to any bonds or any other securities that have been or may be admitted on a regulated market unless 2002 Notes benefit from similar security interests or security interests approved by the bondholders.

The 2002 bonds may be redeemed early upon the occurrence of certain customary events of default.

Factoring agreement Europe

On 15 December 2008, certain subsidiaries of Pernod Ricard and Pernod Ricard Finance entered into a 'Factoring Framework Agreement' with BNP Paribas Factor, for the purpose of setting up a pan-European factoring programme for a gross amount of €350 million increased to €400 million by amendment dated 23 June 2009. The programme is valid for a minimum period of three years. The receivables are sold under the contractual subrogation regime under French law, save for local legal restrictions. As substantially all of the risks and rewards related to the receivables have been transferred to the purchaser in accordance with such factoring programme, the transferred receivables were deconsolidated.

In addition, some contractual adjustments have been made with the addition of clauses on 23 June 2009 to allow certain subsidiaries to resign from the factoring programme and to enter the securitization programme arranged by Crédit Agricole CIB, and on 24 June 2001 to allow another entity to enter the programme.

Securitisation (Master Receivables Assignment Agreement)

On 24 June 2009, certain subsidiaries of Pernod Ricard and Pernod Ricard Finance entered into an international programme arranged by Crédit Agricole CIB for the transfer of commercial eligible receivables to Ester, in accordance with the provisions of the framework agreement dated 24 June 2009 and jurisdiction- specific agreements entered into at the date each relevant subsidiary accedes to the program. The initial amount was €45 million, USD 130 million and Sterling GBP 120 million.

This five-year programme includes a change of control clause that applies to each subsidiary participating in the programme as a seller, which could lead to the early repayment of the programme by the subsidiary concerned by such change of control. 'Change of control' is defined as Pernod Ricard ceasing to hold, directly or indirectly, at least 80% of the share capital or voting rights of a subsidiary participating in the programme as a seller, unless (i) Pernod Ricard continues to hold, directly or indirectly, 50% of the share capital or voting rights of such seller and (ii) issues, at the request of Crédit Agriciole CIB, a guarantee in terms that Crédit Agricole CIB deems satisfactory (acting reasonably) for the purpose of securing the obligations of such seller under the securitisation transaction documents.

Factoring agreement Pacific

In December 2008, an agreement for the disposal of receivables was signed between Premium Wine Brands (formely Pernod Ricard Pacific Pty) and NAB. This factoring agreement, which initially included only Australia, has covered New Zealand since 2009.

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ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Annual consolidated income statement

In euro million	30.06.2010	30.06.2011	Notes
Net sales	7,081	7,643	
Cost of sales	(2,863)	(3,033)	
Gross margin after logistics expenses	4,218	4,610	
Advertising and promotional expenses	(1,262)	(1,441)	
Contribution after advertising and promotional expenses	2,956	3,169	
Structure costs	(1,160)	(1,260)	
Profit from recurring operations	1,795	1,909	
Other operating income	234	121	6
Other operating expenses	(322)	(177)	6
Operating profit	1,707	1,852	
Financial expenses	(524)	(531)	5
Financial income	17	72	5
Interest (expense) income	(507)	(459)	
Corporate income tax	(223)	(318)	7
Share of net profit/(loss) of associates	1	2	
Net profit from continuing operations	978	1,077	
Net profit from discontinued operations	0	0	
NET PROFIT	**978**	**1,077**	
o/w:			
■ attributable to non-controlling interests	27	32	
■ attributable to equity holders of the Parent	951	1,045	
Earnings per share – basic *(in euro)*	3.62	3.98	8
Earnings per share – diluted *(in euro)*	3.59	3.94	8
Net earnings per share from continuing operations (excluding discontinued operations) – basic *(in euro)*	3.62	3.98	8
Net earnings per share from continuing operations (excluding discontinued operations) – diluted *(in euro)*	3.59	3.94	8

Consolidated statement of comprehensive income

In euro million	30.06.2010	30.06.2011
Net profit for the financial year	978	1,077
Net investment hedges	**(403)**	**392**
Amount recognised in shareholders' equity	*(403)*	*392*
Amount recycled in net profit	-	-
Cash flow hedges	**(66)**	**109**
Amount recognised in shareholders' equity	*122*	*265*
Amount recycled in net profit	*(187)*	*(156)*
Available-for-sale financial assets	**-**	**1**
Unrealised gains and losses recognised in shareholders' equity	-	1
Amount removed from equity and included in profit/loss following a disposal	-	-
Exchange differences	**1,371**	**(944)**
Tax on items recognised directly in shareholders' equity	**31**	**(55)**
Other adjustments	**-**	**-**
Other comprehensive income, net of tax	933	(497)
Comprehensive net profit for the period	1,911	580
o/w:		
■ attributable to equity holders of the Parent	1,863	558
■ attributable to non-controlling interests	48	22

Annual consolidated balance sheet

Assets

In euro million	30.06.2010	30.06.2011	Notes
Net amounts			
Non-current assets			
Intangible assets	12,364	11,291	10
Goodwill	5,393	5,041	10
Property, plant and equipment	1,823	1,805	11
Biological assets	116	111	
Non-current financial assets	118	178	12
Investments in associates	6	6	
Deferred tax assets	1,307	1,459	7
Non-current derivative instruments	20	56	18
NON-CURRENT ASSETS	**21,148**	**19,947**	
Current assets			
Inventory and work in progress	4,007	3,875	13
Trade receivables	944	904	14
Income taxes receivable	37	40	
Other current assets	218	136	14
Current derivative instruments	12	19	18
Cash and cash equivalents	701	774	16
CURRENT ASSETS	**5,918**	**5,748**	
Assets held for sale	42	4	
TOTAL ASSETS	**27,107**	**25,699**	

Liabilities and Shareholders' Equity

In euro million	30.06.2010	30.06.2011	Notes
Shareholders' equity			
Share capital	410	410	21
Share premium	3,022	3,034	
Retained earnings and currency translation adjustments	4,739	4,795	
Group net profit	951	1,045	
Group shareholders' equity	**9,122**	**9,284**	
Non-controlling interests	216	190	
TOTAL SHAREHOLDERS' EQUITY	**9,337**	**9,474**	
Non-current liabilities			
Non-current provisions	691	607	15
Provisions for pensions and other long-term employee benefits	408	348	15
Deferred tax liabilities	2,500	2,657	7
Bonds – non-current	2,893	4,657	16
Other non-current financial liabilities	6,925	4,729	16
Non-current derivative instruments	375	275	18
TOTAL NON-CURRENT LIABILITIES	**13,792**	**13,272**	
Current liabilities			
Current provisions	312	265	15
Trade payables	1,871	1,884	19
Income taxes payable	104	91	
Other current liabilities	224	293	
Other current financial liabilities	317	323	16
Bonds – current	934	82	16
Current derivative instruments	212	14	18
TOTAL CURRENT LIABILITIES	**3,975**	**2,953**	
Liabilities held for sale	2	0	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**27,107**	**25,699**	

Changes in shareholders' equity

In euro million	Share capital	Additional 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 01.07.2009 – restated	401	3,019	5,331	(173)	(1,045)	(111)	7,423	185	7,608
Comprehensive net profit for the period	-	-	951	(49)	961	-	1,863	48	1,911
Capital increase	9	2	-	-	-	-	11	-	11
Share-based payment	-	-	26	-	-	-	26	-	26
Disposal/acquisition of treasury shares	-	-	-	-	-	(35)	(35)	-	(35)
Sale and repurchase agreements	-	-	-	-	-	(3)	(3)	-	(3)
Dividends distributed	-	-	(161)	-	-	-	(161)	(19)	(180)
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Other movements	-	-	(2)	-	-	-	(2)	2	(0)
AT 30.06.2010	**410**	**3,022**	**6,145**	**(222)**	**(84)**	**(149)**	**9,122**	**216**	**9,337**

In euro million	Share capital	Additional 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 01.07.2010	410	3,022	6,145	(222)	(84)	(149)	9,122	216	9,337
Comprehensive net profit for the period	-	-	1,045	72	(558)	-	558	22	580
Capital increase	1	12	-	-	-	-	13	-	13
Share-based payment	-	-	25	-	-	-	25	-	25
Disposal/acquisition of treasury shares	-	-	-	-	-	(60)	(60)	-	(60)
Sale and repurchase agreements	-	-	-	-	-	(6)	(6)	-	(6)
Dividends distributed	-	-	(368)	-	-	-	(368)	(38)	(406)
Changes in scope of consolidation	-	-	(1)	-	-	-	(1)	0	(0)
Other movements	-	-	1	-	-	-	1	(10)	(9)
AT 30.06.2011	**410**	**3,034**	**6,849**	**(151)**	**(644)**	**(216)**	**9,284**	**190**	**9,474**

Annual consolidated cash flow statement

In euro million	30.06.2010	30.06.2011	Notes
Cash flow from operating activities			
Group net profit	951	1,045	
Non controlling interests	27	32	
Share of net profit/(loss) of associates, net of dividends received	(1)	(2)	
Financial (income) expense	507	459	
Income tax expense	223	318	
Net profit from discontinued operations	(0)	-	
Depreciation of fixed assets	160	159	
Net change in provisions	(161)	(223)	
Net change in impairment of goodwill, property, plant and equipment and intangible assets	116	43	
Changes in fair value of commercial derivatives	(0)	1	
Fair value adjustments on biological assets	(39)	(3)	
Net (gain)/loss on disposal of assets	16	(19)	
Share-based payment	26	25	
Self-financing capacity before interest and tax	**1,826**	**1,836**	
Decrease/(increase) in working capital needs	(48)	32	20
Interest paid	(506)	(520)	
Interest received	13	42	
Tax expense	(217)	(277)	
Tax income	137	21	
CASH FLOW FROM OPERATING ACTIVITIES	**1,205**	**1,134**	
Cash flow from investing activities			
Capital expenditure	(184)	(223)	20
Proceeds from disposals of property, plant and equipment and intangible assets	21	11	20
Change in the scope of consolidation	0	-	
Purchases of financial assets	(6)	(9)	
Disposals of financial assets	215	161	
CASH FLOW FROM INVESTING ACTIVITIES	**46**	**(60)**	
Cash flow from financing activities			
Dividends paid	(136)	(389)	
Other changes in shareholders' equity	11	(0)	
Issuance of long-term debt	1,369	2,948	20
Repayment of long term debt	(2,334)	(3,464)	20
(Acquisitions)/disposals of treasury shares	(38)	(70)	
NET CHANGE IN CASH FLOW FROM FINANCING ACTIVITIES	**(1,129)**	**(975)**	
Net cash from discontinued operations	0	-	
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (BEFORE CURRENCY TRANSLATION EFFECT)	**122**	**99**	
Net effect of translation adjustments	58	(26)	
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (AFTER CURRENCY TRANSLATION EFFECT)	**181**	**73**	
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**520**	**701**	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**701**	**774**	

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Notes to the annual consolidated financial statements

Pernod Ricard SA is a French public limited company (*Société Anonyme*), subject to all laws governing commercial companies in France, and particularly to the provisions of the French Commercial Code. The Company is headquartered at 12 place des États-Unis, 75016 Paris, and is listed on the Paris Stock Market. The consolidated financial statements reflect the accounting position of Pernod Ricard and its subsidiaries (the 'Group'). They are presented in euro rounded to the nearest million.

The Group's business is the sale of Wines & Spirits.

The annual consolidated financial statements for the financial year ended 30 June 2011 were approved by the Board of Directors on 31 August 2011.

Note 1 Accounting principles

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

Because of its listing in a country of the European Union (EC), and in accordance with EC Regulation 1606/2002, the Group's consolidated financial statements for the financial year ending 30 June 2011 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union. These standards include the standards approved by the International Accounting Standards Board (IASB), being IFRS, IAS (International Accounting Standards) and their interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or its predecessor, the Standing Interpretations Committee (SIC). The accounting policies used in preparing the consolidated financial statements for the year ended 30 June 2011 are consistent with those used for the consolidated financial statements for the year ended 30 June 2010, except for standards and interpretations adopted by the European Union that are applicable as from 1 July 2010 (see Note 1.2).

The IFRS and related interpretations adopted by the European Union are available on the following website: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

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

2. Changes in accounting standards

No new standards and interpretations were applied to Pernod Ricard group as from 1 July 2010.

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;

- standards published by the IASB and adopted by the European Union at the balance sheet date but which only become mandatory after 1 July 2010, including IAS 24 revised on related party disclosures and IFRIC 14 on prepayments of a minimum funding requirement.

3. Consolidation scope and methods

The annual consolidated financial statements include the financial statements of the Parent Company, Pernod Ricard SA, and those of entities controlled by the Parent Company ('the subsidiaries'). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, irrespective of the percentage held in the entity. Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from Parent Company shareholders' equity. Non-controlling interests include both the interests of minority shareholders at the date of the original business combination and minority interests in any subsequent changes to shareholders' equity.

Intragroup transactions and internal profits and losses relating to consolidated companies are eliminated.

Companies over which the Group exercises significant influence are accounted for under the equity method.

4. Measurement basis

The financial statements are prepared in accordance with the historical cost method, except for certain categories of assets and liabilities, which are measured in accordance with the methods provided for by IFRS.

5. Principal uncertainties arising from the use of estimates and judgements by Management

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 amount of the Group's assets, liabilities, 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, and 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.

Goodwill and intangible assets

As indicated in Note 1.7, in addition to annual impairment tests applied to goodwill and intangible assets with indefinite useful lives (such as brands), specific impairment tests are applied where there is an indication that the value of an intangible asset may have been impaired. Any impairment loss recognised is calculated using discounted future cash flows and/or the market values of the assets in question. These calculations require the use of assumptions regarding market conditions and any changes in these assumptions may thus lead to outcomes different from those initially estimated.

Provisions for pensions and other post-employment benefits

As indicated in Note 1.18, the Group runs defined-benefit and defined-contribution pension plans. In addition, provisions are also recognised in virtue of certain other post-employment benefits such as life assurance and medical care (mainly in the United States and the United Kingdom). The carrying amount of these provisions at the balance sheet date is set out in Note 15.

These benefit obligations are based on a number of assumptions such as discount rates, expected returns on plan assets, average future salary increases, rate of employee turnover and life expectancy.

These assumptions are generally updated annually. Assumptions used in the preparation of the financial statements for the year ended 30 June 2011 and their methods of determination are set out in Note 15. The Group considers that the actuarial assumptions used are appropriate and justified. However, such actuarial assumptions may change in the future and this may have a material impact on the amount of the Group's benefit obligations and on its profits.

Deferred tax

As indicated in Note 1.21, the deferred tax assets recognised result mainly from tax loss carryforwards and from temporary differences between the tax base and carrying amount of assets and liabilities. Deferred tax assets in respect of tax losses are recognised if it is probable that the Group will have future taxable profits against which such losses will be used. The assessment of whether the Group will be able to use these tax losses is largely a matter of judgement. Analyses are carried out to decide whether or not these tax loss carryforwards are likely to be usable in the future.

Provisions

As explained in Note 15, the Group is involved in a number of disputes and claims arising in the ordinary course of its business. In some cases, the amounts requested by the claimants are significant and the legal proceedings can take several years. In this context, provisions are calculated on the basis of the Group's best estimate of the amount that will be payable based on the information available (notably that provided by the Group's legal advisors). Any change to assumptions can have a significant effect on the amount of the provision recognised. The carrying amount of these provisions at the balance sheet date is set out in Note 15.

Judgements

In the absence of standards or interpretations applicable to a specific transaction, Group Management uses its judgement to define and apply accounting policies that provide relevant and reliable information in the context of the preparation of the financial statements.

6. Business combinations

Business combinations carried out before 1 July 2009 were recognised using the accounting standards in force at 30 June 2009. Business combinations after 1 July 2009 are measured and recognised in accordance with the revised version of IFRS 3: the consideration transferred (cost of acquisition) is measured at the fair value of assets given, equity instruments issued and liabilities incurred at the transaction date. Identifiable assets and liabilities belonging to the acquired company are measured at their fair value at the acquisition date. Costs directly attributable to the acquisition, such as legal, due diligence and other professional fees are recognised as expenses as incurred.

Any surplus consideration in excess of the Group's share in the fair value of the acquired company's identifiable assets and liabilities is recognised as goodwill. The option is available for each transaction to apply either proportionate or full goodwill methods. Goodwill arising on the acquisition of foreign entities is denominated in the functional currency of the business acquired. Goodwill is not amortised. Instead, it is subject to an impairment test once a year or more often if there is any indication that its value may have been impaired.

Finally, in accordance with IFRS 3 as revised and IAS 27 as amended, the Group recognised in equity the difference between the price paid and the proportional part of minority interests acquired in previously controlled companies.

7. Goodwill and intangible assets

Goodwill

Goodwill is subject to an impairment test at least once a year and whenever there is an indication that its value may have been impaired. To perform these tests, goodwill is allocated by geographical area on the basis of asset groupings at the date of each business combination. These asset groupings correspond to groups of assets which jointly generate identifiable cash flows that are largely independent. The methods and assumptions used for impairment tests in respect of these asset groupings are set out in Note 1.9. If impairment is identified, an impairment loss is recognised in profit and loss for the financial year.

Intangible assets

Intangible assets are measured at cost on initial recognition. With the exception of assets with indefinite useful lives, they are amortised on a straight-line basis over their period of use, which is generally less than five years, and are written down when their recoverable amount is less than their carrying amount. Amortisation of intangible assets is recognised within operating profit in the income statement.

Brands recognised in the context of business combinations

The fair value of identifiable acquired brands is determined using an actuarial calculation of estimated future profits or using the royalty method and corresponds to the fair value of the brands at the date of acquisition. As the Group's brands are intangible assets with indefinite useful lives, they are not amortised but are rather subject to an impairment test at least once a year or whenever there is an indication that their value may have been impaired. Brands acquired as part of acquisitions of foreign entities are denominated in the functional currency of the business acquired.

8. Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost and broken down by component. Depreciation is calculated on a straight-line basis or, in certain cases, using the diminishing balance method over the estimated useful life of the assets. Useful life is reviewed regularly. Items of property, plant and equipment are written down when impaired; i.e., when their recoverable amount falls below their carrying amount. The average depreciable lives for the major categories of property, plant and equipment are as follows:

Buildings	15 to 50 years
Machinery and equipment	5 to 15 years
Other property, plant and equipment	3 to 5 years

In accordance with IAS 17, assets acquired under finance lease contracts are capitalised, and a corresponding lease obligation liability is recognised, when the lease contract transfers substantially all the risks and rewards related to the asset to the Group. Buildings which have been subject to sale and lease back contracts are treated in a similar manner.

Depreciation of property, plant and equipment is recognised within operating profit in the income statement.

9. Impairment of non-current assets

In accordance with IAS 36, intangible assets and property, plant and equipment are subject to impairment tests whenever there is an indication that the value of the asset has been impaired and at least once a year for non-current assets with indefinite useful lives (goodwill and brands).

Assets subject to impairment tests are included in Cash Generating Units (CGUs), corresponding to linked groups of assets, which generate identifiable cash flows. The CGUs include assets related to the Group's brands and are allocated in accordance with the four geographical areas defined by the Group, on the basis of the sale destination of the products.

When the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognised within operating profit. The recoverable amount of the CGU is the higher of its market value and its value in use.

Value in use is measured based on cash flows projected over a 19-year period. This period reflects the typically long lives of the Group's brands and their productive assets. Projected cash flows are discounted to present based on annual budgets and multi-year strategies, extrapolated into subsequent years by gradually increasing the figure for the last year of the plan for each brand and market towards a perpetual growth rate. The calculation includes a terminal value derived by capitalising the cash flows generated in the last forecast year. Assumptions applied to sales and advertising spending are determined by the Management based on previous results and long-term development trends in the markets concerned. The present values of discounted cash flows are sensitive to these assumptions as well as to consumer fashions and economic factors.

Fair value is based either on the sale price, net of selling costs, obtaining under normal market conditions or earnings multiples observed in recent transactions concerning similar assets.

The discount rate used for these calculations is an after-tax rate applied to after-tax cash flows and corresponds to the weighted average cost of capital; this rate reflects specific rates for each market or region, depending on the risks that they represent. Assumptions made in terms of future changes in sales and of terminal values are reasonable and in accordance with market data available for each of the CGUs. Additional impairment tests are applied where events or specific circumstances suggest that a potential impairment exists.

10. Foreign currency translation

10.1 Reporting currency used in the consolidated financial statements

The Group's consolidated financial statements are prepared in euro, which is the functional currency and the reporting currency of the Parent Company.

10.2 Functional currency

The functional currency of an entity is the currency of the economic environment in which it mainly operates. In most cases, the functional currency is the entity's local currency. However, in certain entities, a functional currency different from the local currency may be used if it reflects the entity's economic environment and the currency in which most of the entity's transactions are denominated.

10.3 Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rate applying at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies are recognised at the historical exchange rate applicable at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applying at the balance sheet date. Foreign currency differences are recognised in profit and loss for the period, except for foreign currency differences arising on debts designated as hedges for the net foreign currency assets of consolidated subsidiaries. These latter differences are recognised directly in equity, under currency translation adjustments, until the disposal of the net investment. Foreign currency differences related to operating activities are recognised within operating profit for the period; foreign currency differences related to financing activities are recognised within interest (expense) income or in shareholders' equity.

10.4 Translation of financial statements of subsidiaries whose functional currency is different from the euro (the reporting currency)

The balance sheet is translated into euro at year-end exchange rates. The income statement and cash flows are translated on the basis of average exchange rates. Differences resulting from the translation of the financial statements of these subsidiaries are recognised in currency translation adjustments within shareholders' equity. On disposal of a foreign entity, currency translation adjustments previously recognised in shareholders' equity are recognised in profit and loss.

11. Research and Development costs

In the context of the Group's activities, and in accordance with IAS 38 (Intangible assets), Research and Development costs are recognised as expenses in the financial year during which they are incurred, except for certain development costs which meet the capitalisation criteria prescribed by the standard.

12. Assets held for sale and discontinued operations

In accordance with IFRS 5 (Non-current assets held for sale and discontinued operations), where they are significant, assets and liabilities held for sale are not subject to depreciation or amortisation. They are shown separately in the balance sheet at the lower of carrying amount or fair value less costs to sell. An asset is considered as being held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order for this to be the case, the asset must be available for immediate sale and its sale must be highly probable. Items in the balance sheet related to discontinued operations held for sale are presented under specific captions in the consolidated financial statements. Income statement items related to discontinued operations are separately presented in the financial statements for all periods reported upon if they are important from a Group perspective.

13. Inventories

Inventories are measured at the lowest of either cost (acquisition cost and cost of production, including indirect production overheads) or net realisable value. Net realisable value is the selling price less the estimated costs of completion and sale of inventories. Most inventories are valued using the weighted average cost method. The cost of long-cycle inventories is calculated using a single method which includes distilling and ageing costs. These inventories are classified in current assets, although a substantial part remains in inventory for more than one year before being sold in order to undergo the ageing process used for certain wines and spirits.

14. Agriculture

IAS 41 (Agriculture) sets out the accounting treatment of operations involving biological assets (for example, vines) destined for sale or for agricultural produce (for example, grapes). IAS 41 was specifically adapted to the accounting treatment of vines and grapes, which make up the principal agricultural activities of the Group. A similar accounting treatment also applies to other biological assets (for example, agave fields). IAS 41 requires that biological assets (vines) and their production (harvests) be recognised at fair value on the balance sheet, after deducting estimated selling costs, as from the date at which it is possible to obtain a reliable assessment of price, for example by reference to an active market. Changes in fair value are recognised in profit and loss. Land on which biological assets are planted is measured in accordance with IAS 16.

15. Financial liabilities and derivative instruments

IAS 32 and IAS 39 relating to financial instruments have been applied as of 1 July 2004. IFRS 7 has been applied from 1 July 2007.

15.1 Derivative instruments

In application of the amended version of IAS 39 (Financial instruments: recognition and measurement), all derivative instruments must be recognised in the balance sheet at fair value, determined on the basis of valuation models recognised on the market or of external listings issued by financial institutions.

Where the derivative has been designated as a fair value hedge, changes in the value of the derivative and of the hedged item are recognised in profit and loss for the same period. If the derivative has been designated as a cash flow hedge, the change in value of the effective component of the derivative is recognised in shareholders' equity. It is recognised in profit and loss when the hedged item is itself recognised in profit and loss. The change in value of the ineffective component of the derivative is however recognised directly in profit and loss. If the derivative is designated as a hedge of a net foreign currency investment, the change in value of the effective component of the derivative is recognised in equity and the change in value of the component considered to be ineffective is recognised in profit and loss.

15.2 Financial liabilities

Borrowings and other financial liabilities are recognised, on the basis of their effective interest rates, in accordance with the amortised cost method. The effective interest rate includes all costs, commissions and fees payable under the contract between the parties. Under this method, costs that are directly attributable to the acquisition or issue of the financial liability are recognised in profit and loss on the basis of the effective interest rate.

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16. Financial assets

Financial assets are recognised on the transaction date.

16.1 Available-for-sale financial assets

These include the Group's investments in non-consolidated companies and in securities which do not satisfy the criteria for classification as short-term investments included in cash equivalents. On initial recognition, these assets are measured at cost. At subsequent balance sheet dates, available-for-sale financial assets are measured at fair value where this can be measured reliably. Changes in fair value are recognised directly in shareholders' equity except where a reduction in value compared with the historical acquisition cost constitutes a material or sustained impairment in the asset's value. On disposal of available-for-sale financial assets, changes in fair value previously recognised in equity are recognised in profit and loss. Fair value is determined on the basis of the financial criteria most appropriate to the specific situation of each company. The fair value of financial assets listed on a financial market is their stock market value. Unlisted available-for-sale financial assets are generally measured using the following criteria: the proportion of shareholders' equity held and expected future profitability.

16.2 Investment-related loans and receivables

This category mainly includes receivables related to investments, current account advances granted to non-consolidated entities or associates and guarantee deposits. They are measured at amortised cost.

16.3 Trade receivables

Trade receivables are recognised initially at their fair value, which is usually their nominal value. Impairment losses are recognised where there is a risk of non-recovery.

16.4 Cash and cash equivalents

In accordance with IAS 7 (Cash flow statements), cash and cash equivalents presented in assets and liabilities in the balance sheet and shown in the statement of cash flows include items that are immediately available as cash or are readily convertible into a known amount of cash and which are subject to an insignificant risk of change in their value. Cash is composed of cash at bank and on hand, short-term deposits with an initial maturity of less than three months and money-market mutual funds that are subject to an insignificant risk of change in their value. Cash equivalents are short-term investments with a maturity of less than three months. Bank overdrafts, which are considered to be equivalent to financing, are excluded from cash and cash equivalents.

17. Treasury shares

Treasury shares are recognised on acquisition as a deduction from shareholders' equity. Subsequent changes in the value of treasury shares are not recognised. When treasury shares are sold, any difference between the acquisition cost and the fair value of the shares at the date of sale is recognised as a change in shareholders' equity and has no impact on profit and loss for the year.

18. Provisions

18.1 Nature of provisioned liabilities

In accordance with IAS 37 (Provisions, contingent liabilities and contingent assets), provisions are recognised to cover probable outflows of resources that can be estimated and that result from present obligations relating to past events. In the case where a potential obligation resulting from past events exists, but where occurrence of the outflow of resources is not probable or where the amount cannot be reliably estimated, a contingent liability is disclosed among the Group's commitments. The amounts provided are measured taking account of the most probable assumptions or using statistical methods, depending on the nature of the obligations. Provisions notably include:

- provisions for restructuring;
- provisions for pensions and other long-term employee benefits;
- provisions for litigation (tax, legal, employee-related).

Litigation is kept under regular review, on a case-by-case basis, by the Legal Department of each subsidiary or region or by the Group's legal department, drawing on the help of external legal consultants in the most significant or complex cases. A provision is recorded when it becomes probable that a present obligation arising from a past event will require an outflow of resources whose amount can be reliably estimated. The amount of the provision provided is the best estimate of the outflow of resources required to extinguish this obligation.

18.2 Provisions for restructuring

The cost of restructuring is fully provided for in the financial year, and is recognised in profit and loss within other income and expenses, when it is material and results from a Group obligation to third parties arising from a decision taken by the competent corporate body that has been announced to the third parties concerned before the balance sheet date. This cost mainly involves redundancy payments, early-retirement payments, costs of notice periods not served, training costs of departing individuals and costs of site closure. Scrapping of property, plant and equipment, impairment of inventories and other assets, as well as other costs (moving costs, training of transferred individuals, etc.) directly related to the restructuring measures are also recognised in restructuring costs. The amounts provided for correspond to forecasted future payments to be made in connection with restructuring plans, discounted to present value when the timetable for payment is such that the effect of the time value of money is significant.

18.3 Provisions for pensions and other long-term employee benefits

In accordance with applicable national legislation, the Group's employee benefit obligations are composed of:

- long-term post-employment benefits (retirement bonuses, pensions, medical and healthcare expenses, etc.);
- long-term benefits payable during the period of employment.

Defined-contribution plans

Contributions are recognised as expenses as they are incurred. As the Group is not committed beyond the amount of such contributions, no provision is recognised in respect of defined-contribution plans.

Defined-benefit plans

For defined-benefit plans, the projected unit credit method is used to measure the present value of defined-benefit obligations, current service cost and, if applicable, past service cost. The measurement is made at each balance sheet date and the personal data concerning employees is revised at least every three years. The calculation requires the use of economic assumptions (inflation rate, discount rate, expected return on plan assets) and assumptions concerning employees (mainly: average salary increase, rate of employee turnover, life expectancy). Plan assets are measured at their market value at each annual balance sheet date. The provision in the balance sheet corresponds to the discounted value of the defined-benefit obligation, adjusted for unrecognised past service cost and unrecognised actuarial gains and losses, and net of the fair value of plan assets. Actuarial gains and losses mainly arise where estimates differ from actual outcomes (for example between the expected value of plan assets and their actual value at the balance sheet date) or when changes are made to long-term actuarial assumptions (for example: discount rate, rate of increase of salaries). In the case of long-term benefits payable during the period of employment (such as a long-service award), any actuarial gains and losses are fully recognised at each balance sheet date. In other cases, actuarial gains and losses are only recognised when, for a given plan, they represent more than 10% of the greater of the present value of the benefit obligation and the fair value of plan assets (termed the 'corridor' method). Recognition of the provision is on a straight-line basis over the average number of remaining years' service of the employees in the plan in question (amortisation of actuarial gains and losses). The expense recognised in respect of the benefit obligations described above incorporates:

- expenses corresponding to the acquisition of an additional year's rights;
- interest cost;
- income corresponding to the expected return on plan assets;
- income or expense corresponding to the amortisation of actuarial gains and losses;
- past service cost recognised on a straight-line basis over the average residual period until the corresponding benefits vest with employees;
- income or expense related to changes to existing plans or the creation of new plans;
- income or expense related to any plan curtailments or settlements.

The expense arising from the change in net obligations for pensions and other long-term employee benefits is recognised within operating profit or within interest (expense) income on the basis of the nature of the underlying.

19. Net sales

Revenue is measured at the fair value of the consideration received or to be received, after deducting trade discounts, volume rebates and sales-related taxes and duties. Sales are recognised when the significant risks and rewards of ownership have been transferred, generally at the date of transfer of ownership title.

19.1 Cost of services rendered in connection with sales

Pursuant to IAS 18 (Revenue), certain costs of services rendered in connection with sales, such as advertising programmes in conjunction with distributors, listing costs for new products and promotional activities at point of sale, are deducted directly from sales if there is no separately identifiable service whose fair value can be reliably measured.

19.2 Duties and taxes

In accordance with IAS 18, certain import duties, in Asia for instance, are classified as cost of sales, as these duties are not specifically re-billed to customers (as is the case for Social Security stamps in France, for example).

19.3 Discounts

In accordance with IAS 18, early payment discounts are not considered to be financial transactions, but rather are deducted directly from sales.

20. Gross margin after logistics costs, contribution after advertising & promotional expenses, profit from recurring operations and other income and expenses

Gross margin after logistics costs refers to sales (excluding duties and taxes), less cost of sales and logistics costs. The contribution after advertising and promotional expenses is the gross margin after deducting logistics, advertising and promotional costs. The Group applies ANC (French Accounting Standards Authority) recommendation 2009-R03, notably as regards the definition of profit from recurring operations. Profit from recurring operations is the contribution after advertising and promotional expenses less trading costs and overheads. This is the indicator used internally to measure the Group's operational performance. It excludes other income and expenses, such as those relating to restructuring and integration, capital gains and losses on disposals and other non-recurring income and expenses. These other operating income and expenses are excluded from profit from recurring operations because the Group believes they have little predictive value due to their occasional nature. They are described in detail in Note 6.

21. Deferred tax

Deferred tax is recognised on temporary differences between the tax and book value of assets and liabilities in the consolidated balance sheet and is measured using the balance sheet approach. The effects of changes in tax rates are recognised in shareholders' equity or in profit and loss in the year in which the change of tax rates is decided. Deferred tax assets are recognised in the balance sheet when it is more likely than not that they will be recovered in future years. Deferred tax assets and liabilities are not discounted to present. In order to evaluate the Group's ability to recover these assets, account is notably taken of forecasts of future taxable profits.

Deferred tax assets relating to tax loss carryforwards are only reported when they are likely to be recovered, based on projections of taxable income calculated by the Group at the end of each financial year. All assumptions used, including, in particular, growth in operating profit and net interest income, taking into account interest rates, are reviewed by the Group at the end of the financial year based on data determined by the relevant senior management.

22. Share-based payment

In accordance with the option provided by IFRS 1, the Group applies IFRS 2 (Share-based payment) as of 1 July 2004, to all instruments granted after 7 November 2002 and not yet fully vested at 1 July 2004. The Group applies this standard to transactions whose award and settlement are share-based and to transactions whose award is share-based but which are settled in cash.

In application of this standard, stock options granted to employees are measured at fair value. The amount of such fair value is recognised in profit and loss over the vesting period of the rights and a corresponding double entry is recognised as an increase in shareholders' equity. Share appreciation rights, which will be settled in cash, are measured at fair value and recognised in profit and loss with a corresponding double entry to the liability incurred. This liability is remeasured at each balance sheet date until settlement.

The fair value of options and rights is calculated using the binomial valuation model taking into account the characteristics of the plan and market data at the date of grant and on the basis of Group Management assumptions.

23. Earnings per share

Basic and diluted earnings per share are calculated on the basis of the weighted average number of outstanding shares, less the weighted average number of dilutive instruments.

The calculation of diluted earnings per share takes into account the potential impact of the exercise of all dilutive instruments (such as stock options and convertible bonds, etc.) on the theoretical number of shares. When funds are obtained at the date of exercise of the dilutive instruments, the 'treasury stock' method is used to determine the theoretical number of shares to be taken into account. When funds are obtained at the issue date of the dilutive instruments, net profit is adjusted for the finance cost, net of tax, relating to these instruments.

Note 2 Highlights of the financial year

1. Asset disposals

During the year, Pernod Ricard carried out the following disposals:

- on 21 July 2010, the Spanish wine brands Marqués de Arienzo™ and Viña Eguía™, along with the winery and 358 hectares of associated vineyards, to a consortium of buyers composed of Vinos de los Herederos del Marqués de Riscal SA and Gangutia SL (Bodegas Muriel) for €28 million;
- on 31 August 2010, its stake in the company Ambrosio Velasco, to Diego Zamora for €32 million;
- on 3 December 2010, the Renault cognac brand and certain inventories of finished products, to Altia for €10 million;
- on 22 December 2010, Lindauer™ and several wine brands from the Gisborne and Hawke's Bay regions in New Zealand, along with related stocks and production assets for €48 million, to a consortium of buyers composed of Lion Nathan New Zealand and Indevin;
- on 4 April 2011, its minority stake in Suntory Holdings Limited, to Suntory Holdings Limited for €40 million;
- on 29 June 2011, its stake in Georgian Wine and Spirits LLC, to JSC Marussia (Georgia).

2. Bond issues

During the year, Pernod Ricard carried out the following bond issues:

- on 15 March 2011, a €1 billion bond issue with the following characteristics: remaining period to maturity of 5 years and 9 months (maturity date: 15 March 2017) and bearing fixed-rate interest of 5%;
- on 7 April 2011, a USD1 billion bond issue with the following characteristics: remaining period to maturity of 9 years and 10 months (maturity date: 7 April 2021) and bearing fixed-rate interest of 5.75%.

These two transactions enabled the Group to diversify its sources of financing and to extend the maturity of the debt.

Note 3 Scope of consolidation

The main changes to Group scope at 30 June 2011 are presented above in Note 2 – *Highlights of the financial year*.

Note 4 Segment reporting

Following its various restructuring initiatives, the Group is now focused on a single business line, wine and spirits sales, and organised into four operating segments covering the following regions: France, Europe, the Americas and Asia/Rest of the World.

Group Management assesses the performance of each operating segment on the basis of sales and its contribution after advertising & promotion expenses, defined as the gross margin after logistics, advertising, promotional and structure costs. The segments presented are identical to those used in reporting to General Management.

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

At 30.06.2010 *In euro million*	France	Europe	Americas	Asia and Rest of the World	Elimination of intragroup accounts	Unallocated	Total
Income statement items							
Segment net sales	917	3,193	2,614	3,099	-	-	9,822
Intersegment sales	196	1,016	703	826	-	-	2,741
Net sales	**721**	**2,176**	**1,911**	**2,273**	**-**	**-**	**7,081**
Gross margin after logistics expenses	528	1,234	1,193	1,263	-	-	4,218
Contribution after advertising and promotional expenses	358	898	861	839	-	-	2,956
Profit from recurring operations	187	501	541	566	-	-	1,795
Other information							
Capital expenditure	22	67	24	23	-	-	135
Depreciation, amortisation and impairment	17	52	19	18	-	-	106
Balance sheet items							
Segment assets	3,507	18,614	20,581	10,456	-	-	53,158
Unallocated assets*	-	-	-	-	(26,092)	40	(26,052)
TOTAL ASSETS	**3,507**	**18,614**	**20,581**	**10,456**	**(26,092)**	**40**	**27,107**
Segment liabilities	3,893	18,200	12,124	9,645	(26,092)	-	17,770
NET ASSETS	**(386)**	**414**	**8,457**	**811**	**0**	**40**	**9,337**

* *The unallocated assets item includes mainly non-current financial assets and assets and liabilities held for sale.*

At 30.06.2011 *In euro million*	France	Europe	Americas	Asia and Rest of the World	Elimination of intragroup accounts	Unallocated	Total
Income statement items							
Segment net sales	956	3,175	2,821	3,815	-	-	10,766
intersegment sales	205	1,061	753	1,104	-	-	3,123
Net sales	**750**	**2,114**	**2,068**	**2,711**	**-**	**-**	**7,643**
Gross margin after logistics expenses	546	1,228	1,277	1,559	-	-	4,610
Contribution after advertising and promotional expenses	356	886	898	1,029	-	-	3,169
Profit from recurring operations	189	479	558	684	-	-	1,909
Other information							
Current investments	35	86	29	34	-	-	184
Depreciation, amortisation and impairment	27	111	24	41	-	-	202
Balance sheet items							
Segment assets	6,586	11,655	17,079	7,142	-	-	42,461
Unallocated assets*	-	-	-	-	(16,763)	1	(16,762)
TOTAL ASSETS	**6,586**	**11,655**	**17,079**	**7,142**	**(16,763)**	**1**	**25,699**
Segment liabilities	6,684	9,867	10,998	5,437	(16,763)	1	16,225
NET ASSETS	**(99)**	**1,788**	**6,081**	**1,704**	**-**	**-**	**9,474**

* *The unallocated assets item includes mainly non-current financial assets and assets and liabilities held for sale.*

Breakdown of sales

In euro million	Sales at 30.06.2010	Sales at 30.06.2011
Top 14 Spirits & Champagne	3,881	4,424
Priority Premium Wines	346	368
18 key local spirits brands	1,220	1,312
Other	1,633	1,539
TOTAL	**7,081**	**7,643**

Note 5 Net interest income

In euro million	30.06.2010	30.06.2011
Interest expense on net financial debt	(460)	(488)
Interest income on net financial debt	14	42
Net financing costs	**(446)**	**(446)**
Structuring and placement fees	(11)	(8)
Net financial impact of pensions and other long-term employee benefits	(39)	(12)
Other net current financial income (expense)	(1)	(3)
Interest (expense) income from recurring operations	**(497)**	**(469)**
Foreign currency gains (loss)	3	30
Other non-current financial income (expense)	(13)	(20)
TOTAL INTEREST (EXPENSE) INCOME	**(507)**	**(459)**

At 30 June 2011, the main items making up net financing costs were financial expenses on the syndicated loan of €90 million, bond payments of €215 million, commercial paper payments of €2 million and interest rate and currency hedges of €133 million.

Weighted average cost of debt

The Group's weighted average cost of debt was 4.7% at 30 June 2011 compared with 4.3% at 30 June 2010. Weighted average cost of debt is defined as net financing costs plus structuring and placement fees as a proportion of average net debt outstanding.

Note 6 Other operating income and expenses

Other operating income and expenses are broken down as follows:

In euro million	30.06.2010	30.06.2011
Net restructuring expenses	(44)	(17)
Capital gains (losses) on asset disposals	(16)	19
Impairment of property, plant and equipment and intangible assets	(117)	(42)
Other non-current operating expenses	(145)	(118)
Other non-current operating income	234	102
OTHER OPERATING INCOME AND EXPENSES	**(88)**	**(56)**

At 30 June 2011, other operating income and expenses included:

- capital gains or losses on asset disposals (for details see Note 2 – *Highlights of the financial year*);
- impairment of property, plant and equipment and intangible assets, mainly in relation to certain Polish brands;
- other operating expenses relating to various non-current provisions for contingencies and expenses;
- other operating income related to various writebacks of provisions, notably tax provisions, and to insurance payouts.

Note 7 Corporate income tax

Analysis of income tax expense

In euro million	30.06.2010	30.06.2011
Tax payable	(231)	(322)
Deferred tax	7	4
TOTAL	**(223)**	**(318)**

Analysis of effective tax rate – Net profit from continuing operations before tax

In euro million	30.06.2010	30.06.2011
Operating profit	1,707	1,852
Interest (expense) income	(507)	(459)
Taxable profit	**1,200**	**1,394**
Theoretical tax charge at the effective income tax rate in France (34.43%)	(413)	(480)
Impact of tax rate differences by jurisdiction	84	113
Tax impact of variations in exchange rates	33	(24)
Re-estimation of deferred tax assets linked to rate changes	18	31
Impact of tax losses used	11	3
Impact of reduced tax rates	6	7
Impact of differences between the carrying amounts and tax bases of assets sold	60	14
Impact of Contribution to Companies' Value Added	(3)	(4)
Other impacts	(18)	22
EFFECTIVE TAX CHARGE	**(223)**	**(318)**
EFFECTIVE TAX RATE	**19%**	**23%**

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In France, the Group considers that the Contribution to Companies' Value Added (CCVA) component of the Territorial Economic Contribution (TEC), which came into force on 1 January 2010, is a new tax that meets the definition of income tax in IAS 12 (Tax).

Deferred taxes are broken down by nature as follows:

In euro million	30.06.2010	30.06.2011
Unrealised margins in inventories	84	74
Fair value adjustments on assets and liabilities resulting from business combinations	42	40
Provisions for pension benefits	121	101
Deferred tax assets related to losses eligible for carry-forward	501	731
Provisions (other than provisions for pension benefits) and other items	560	513
TOTAL DEFERRED TAX ASSETS	**1,307**	**1,459**
Special depreciation change	40	25
Fair value adjustments on assets and liabilities resulting from business combinations	2,299	2,372
Other	161	260
TOTAL DEFERRED TAX LIABILITIES	**2,500**	**2,657**

Breakdown of tax allocated to other comprehensive income items

	30.06.2010			30.06.2011		
In euro million	Before tax	Tax	After tax	Before tax	Tax	After tax
Net investment hedges	(403)	14	**(389)**	392	(16)	**376**
Cash flow hedges	(66)	17	**(49)**	109	(38)	**71**
Available-for-sale financial assets	-	-	**-**	1	(0)	**1**
Exchange differences	1,371	-	**1,371**	(944)	-	**(944)**
Other comprehensive net profit for the period	**902**	**31**	**933**	**(442)**	**(55)**	**(497)**

Tax loss carryforwards (used or not used) represented a potential tax saving of €770 million at 30 June 2011 and €567 million at 30 June 2010. The potential tax savings at 30 June 2011 and 30 June 2010 relate to tax loss carryforwards with the following expiry dates:

2010/2011 financial year

	Tax effect of loss carryforwards *(in euro million)*	
Year	Losses used	Losses not used
2011	-	-
2012	1	-
2013	-	1
2014	1	1
2015 and thereafter	273	36
No expiry date	456	1
TOTAL	**731**	**39**

2009/2010 financial year

	Tax effect of loss carryforwards *(in euro million)*	
Year	Losses used	Losses not used
2010	1	1
2011	0	0
2012	0	0
2013	0	1
2014 and thereafter	150	3
No expiry date	350	61
TOTAL	**501**	**66**

Note 8 Earnings per share

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

	30.06.2010	30.06.2011
Numerator *(in euro million)*		
Group net profit	951	1,045
Group net profit from continuing operations	951	1,045
Denominator *(in number of shares)*		
Average number of outstanding shares	262,692,639	262,684,644
Dilutive effect of free share allocations	325,078	481,379
Dilutive effect of stock options	1,838,708	1,866,442
Average number of outstanding shares – diluted	264,856,425	265,032,466
Earnings per share *(in euro)*		
Earnings per share – basic	3.62	3.98
Earnings per share – diluted	3.59	3.94
Net earnings per share from continuing operations (excluding discontinued operations) – basic	3.62	3.98
Net earnings per share from continuing operations (excluding discontinued operations) – diluted	3.59	3.94

Note 9 Expenses by type

Operating profit notably includes depreciation, amortisation and impairment expenses as well as personnel expenses as follows:

In euro million	30.06.2010	30.06.2011
Total depreciation, amortisation and impairment expenses	(272)	(202)
Salaries and payroll costs	(935)	(1,025)
Pensions, medical expenses and other similar benefits under defined-benefit plans	(31)	(37)
Expenses related to stock options and share appreciation rights	(26)	(25)
Total personnel expenses	(992)	(1,087)

Note 10 Intangible assets and goodwill

		Movements in the year					
In euro million	01.07.2009	Acquisitions	Amortisation	Disposals	Currency translation adjustments	Other movements	30.06.2010
Goodwill	5,112	0	-	(8)	518	(43)	5,579
Brands	11,413	0	-	0	1,153	0	12,566
Other intangible assets	175	16	-	(9)	18	5	206
GROSS VALUE	**16,700**	**16**	**-**	**(17)**	**1,689**	**(38)**	**18,350**
Goodwill	(224)	-	-	-	(7)	45	(186)
Brands	(185)	-	(108)	0	(2)	0	(295)
Other intangible assets	(93)	-	(22)	7	(6)	4	(112)
AMORTISATION/IMPAIRMENT	**(502)**	**-**	**(131)**	**7**	**(16)**	**48**	**(593)**
INTANGIBLE ASSETS, NET	16,199	16	(131)	(10)	1,673	10	17,757

		Movements in the year					
In euro million	01.07.2010	Acquisitions	Amortisation	Disposals	Currency translation adjustments	Other movements	30.06.2011
Goodwill	5,579	-	-	(18)	(337)	2	5,226
Brands	12,566	-	-	(24)	(1,042)	0	11,500
Other intangible assets	206	22	-	(2)	(11)	1	215
GROSS VALUE	**18,350**	**22**	**-**	**(44)**	**(1,390)**	**3**	**16,941**
Goodwill	(186)	-	-	3	(2)	1	(184)
Brands	(295)	-	(40)	19	17	(2)	(301)
Other intangible assets	(112)	-	(21)	1	4	4	(124)
AMORTISATION/IMPAIRMENT	**(593)**	**-**	**(61)**	**23**	**19**	**3**	**(609)**
INTANGIBLE ASSETS, NET	**17,757**	**22**	**(61)**	**(21)**	**(1,371)**	**5**	**16,332**

Goodwill

Goodwill mainly comprises goodwill from the acquisitions of Allied Domecq in July 2005 and Vin&Sprit in July 2008.

Brands

The main brands recorded on the balance sheet are: ABSOLUT, Ballantine's, Beefeater, Chivas Regal, Kahlúa, Malibu, Martell and Brancott Estate/Montana. Most of these were recognised at the time of the acquisitions of Seagram, Allied Domecq and V&S.

In addition to annual impairment tests applied to goodwill and brands, specific impairment tests are applied where there is an indication that the value of an intangible asset may have been impaired. The data and assumptions used for the impairment test applied to Cash Generating Units (CGUs) are as follows:

				Value in use		
In euro million	Method used to determine the recoverable amount	Carrying amount of goodwill at 30.06.2011	Net carrying amount of brands at 30.06.2011	Discount rate 2011	Discount rate 2010	Perpetual growth rate
France	Value in use based on the discounted cash flow method	230	559	6.39%	7.31%	From -1% to +2.5%
Europe		1,681	2,882	7.20%	7.46%	From -1% to +2.5%
Americas		2,247	5,305	7.40%	7.76%	From -1% to +2.5%
Asia/Rest of World		884	2,454	8.15%	8.07%	From -1% to +2.5%

A 50 bp increase in the after-tax discount rate would result in no risk of impairment for goodwill, but it could result in a writedown of approximately €90 million to the brand portfolio (e.g. €36 million and €49 million in relation to Kahlúa and Brancott Estate/Montana respectively).

A 50 bp decrease in the perpetual growth rate would result in no risk of impairment for goodwill, but it could result in a writedown of approximately €25 million to the brand portfolio (e.g. €6 million and €17 million in relation to Kahlúa and Brancott Estate/Montana respectively).

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

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Note 11 Property, plant and equipment

In euro million	01.07.2009	Movements in the year: Acquisitions	Amortisation	Disposals	Currency translation adjustments	Other movements	30.06.2010
Land	311	1	-	(7)	19	(3)	320
Buildings	762	14	-	(36)	47	68	856
Machinery & equipment	1,343	43	-	(62)	128	84	1,537
Other property, plant and equipment	382	35	-	(33)	18	(47)	355
Assets in progress	166	62	-	(1)	7	(146)	88
Advance on property, plant and equipment	3	1	-	(0)	0	(2)	1
GROSS VALUE	**2,968**	**156**	**-**	**(140)**	**219**	**(46)**	**3,158**
Land	(17)	-	(2)	0	(2)	2	(19)
Buildings	(246)	-	(30)	15	(13)	(50)	(325)
Machinery & equipment	(661)	-	(84)	45	(60)	(53)	(813)
Other property, plant and equipment	(287)	-	(20)	9	(9)	130	(178)
DEPRECIATION/IMPAIRMENT	**(1,211)**	**-**	**(136)**	**69**	**(85)**	**29**	**(1,335)**
PROPERTY, PLANT AND EQUIPMENT, NET	**1,757**	**156**	**(136)**	**(71)**	**135**	**(17)**	**1,823**

In euro million	01.07.2010	Movements in the year: Acquisitions	Amortisation	Disposals	Currency translation adjustments	Other movements	30.06.2011
Land	320	0	-	(7)	(0)	(32)	281
Buildings	856	13	-	(12)	(27)	87	917
Machinery & equipment	1,537	34	-	(77)	(51)	27	1,471
Other property, plant and equipment	355	34	-	(8)	(21)	40	400
Assets in progress	88	142	-	(38)	(4)	(98)	89
Advance on property, plant and equipment	1	3	-	0	(0)	(1)	3
GROSS VALUE	**3,158**	**226**	**-**	**(143)**	**(104)**	**23**	**3,160**
Land	(19)	-	(1)	0	(0)	16	(4)
Buildings	(325)	-	(33)	6	10	(14)	(356)
Machinery & equipment	(813)	-	(85)	62	28	19	(790)
Other property, plant and equipment	(176)	-	(22)	7	11	(24)	(204)
Assets in progress	(2)	-	-	-	-	-	(2)
DEPRECIATION/IMPAIRMENT	**(1,335)**	**-**	**(141)**	**75**	**49**	**(4)**	**(1,355)**
PROPERTY, PLANT AND EQUIPMENT, NET	**1,823**	**226**	**(141)**	**(68)**	**(55)**	**19**	**1,805**

Note 12 Financial assets

In euro million	30.06.2010 Current	30.06.2010 Non-current	30.06.2011 Current	30.06.2011 Non-current
Financial assets				
Available-for-sale financial assets	-	32	-	22
Other financial assets	-	21	-	99
Loans and receivables				
Guarantees and deposits	-	60	-	55
Investment-related receivables	-	5	-	2
Total non-current financial assets	**-**	**118**	**-**	**178**
Derivative instruments	**12**	**20**	**19**	**56**
FINANCIAL ASSETS	**12**	**138**	**19**	**234**

The table below shows details of the Group's financial assets, excluding derivative instruments:

In euro million	01.07.2009	Movements in the year: Acquisitions	Allowances	Disposals	Currency translation adjustments	Other movements	30.06.2010
Other financial assets	39	(0)	-	-	0	12	51
Available-for-sale financial assets	83	0	-	(18)	0	1	67
Guarantees and deposits	54	5	-	(1)	6	(4)	60
Investment-related receivables	7	1	-	(1)	1	1	9
GROSS VALUE	**184**	**6**	**-**	**(20)**	**7**	**10**	**187**
Provisions for other financial assets	(30)	-	-	-	-	-	(30)
Impairment losses recognised on available-for-sale financial assets	(44)	-	(5)	14	0	-	(35)
Provisions for guarantees and deposits	0	-	-	-	0	0	0
Impairment losses recognised on investment-related receivables	(4)	-	0	0	(1)	0	(5)
PROVISIONS	**(78)**	**-**	**(5)**	**14**	**(1)**	**0**	**(70)**
NON-CURRENT FINANCIAL ASSETS, NET	**105**	**6**	**(5)**	**(6)**	**7**	**10**	**118**

In euro million	01.07.2010	Movements in the year: Acquisitions	Allowances	Disposals	Currency translation adjustments	Other movements	30.06.2011
Other financial assets	51	0	-	(45)	-	94	100
Available-for-sale financial assets	67	1	-	(25)	(2)	(6)	36
Guarantees and deposits	60	7	-	(4)	(2)	(3)	59
Investment-related receivables	9	-	-	-	-	(7)	3
GROSS VALUE	**187**	**9**	**-**	**(74)**	**(3)**	**79**	**198**
Provisions for other financial assets	(30)	-	(0)	27	0	2	(1)
Impairment losses recognised on available-for-sale financial assets	(35)	-	(0)	24	(0)	(2)	(14)
Provisions for guarantees and deposits	0	-	-	-	-	(4)	(4)
Impairment losses recognised on investment-related receivables	(5)	-	-	-	(0)	4	(0)
PROVISIONS	**(70)**	**-**	**(0)**	**51**	**0**	**0**	**(20)**
NON-CURRENT FINANCIAL ASSETS, NET	**118**	**9**	**(0)**	**(23)**	**(3)**	**79**	**178**

Other financial assets at 30 June 2011 include a pension plan surplus of €89 million (see Note 15).

Provisions on available-for-sale financial assets relate mainly to the Seagram joint ventures (39% Pernod Ricard/61% Diageo) whose shares have been fully or partly written down for impairment since 2002.

Available-for-sale financial assets are composed of:

In euro million	Percentage ownership	Carrying amount of shares at 30.06.2010	Carrying amount of shares at 30.06.2011
GEO Sandeman	30.0%	6	6
Seagram venture entities	39.1%	2	1
Other available-for-sale financial assets		24	15
AVAILABLE-FOR-SALE FINANCIAL ASSETS		**32**	**22**

Note 13 Inventory and work in progress

The breakdown of inventories and work-in-progress at the balance sheet date is as follows:

		Movements in the year				
In euro million	01.07.2009	Change in gross value	Change in impairment	Currency translation adjustments	Other movements	30.06.2010
Raw materials	175	(21)	-	13	(4)	163
Work-in-progress	2,982	97	-	138	(12)	3,205
Goods in inventory	379	6	-	50	27	461
Finished products	252	15	-	21	(25)	263
GROSS VALUE	**3,788**	**97**	**-**	**222**	**(14)**	**4,092**
Raw materials	(16)	-	(1)	(1)	(6)	(24)
Work-in-progress	(28)	-	(5)	(1)	0	(34)
Goods in inventory	(12)	-	2	(2)	(3)	(15)
Finished products	(17)	-	(3)	(1)	10	(11)
PROVISIONS	**(74)**	**-**	**(7)**	**(5)**	**1**	**(85)**
NET INVENTORIES	**3,714**	**97**	**(7)**	**217**	**(13)**	**4,007**

		Movements in the year				
In euro million	01.07.2010	Change in gross value	Change in impairment	Currency translation adjustments	Other movements	30.06.2011
Raw materials	163	(1)	-	(7)	(24)	131
Work-in-progress	3,205	79	-	(119)	12	3,176
Goods in inventory	461	(42)	-	(29)	(4)	386
Finished products	263	5	-	(7)	(15)	244
GROSS VALUE	**4,092**	**40**	**-**	**(163)**	**(31)**	**3,938**
Raw materials	(24)	-	3	1	6	(15)
Work-in-progress	(34)	-	7	1	1	(26)
Goods in inventory	(15)	-	(2)	1	2	(14)
Finished products	(11)	-	4	0	(2)	(8)
PROVISIONS	**(85)**	**-**	**12**	**2**	**8**	**(63)**
NET INVENTORIES	**4,007**	**40**	**12**	**(160)**	**(23)**	**3,875**

At 30 June 2011, ageing inventories intended mainly for use in whisky and cognac production accounted for 74% of work-in-progress. Pernod Ricard is not significantly dependent on its suppliers.

Note 14 Breakdown of trade receivables

The following table breaks down trade receivables and other accounts receivable at 30 June 2010 and 2011 by due date:

			Not impaired and due on the following dates				
In euro million	Net carrying amount	Not impaired and not due	Less than 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days
Net carrying amounts							
Trade receivables	944	571	173	120	32	19	28
Other receivables	218	201	2	3	2	0	9
TOTAL AT 30.06.2010	**1,161**	**772**	**175**	**123**	**35**	**19**	**37**
Depreciation	*121*						
Trade receivables	904	490	228	138	30	5	13
Other receivables	136	121	2	3	-	-	9
TOTAL AT 30.06.2011	**1,040**	**611**	**230**	**142**	**30**	**5**	**22**
Depreciation	*109*						

Changes in the impairment of trade and other receivables were as follows:

In euro million	2009/2010	2010/2011
At 1 July	**116**	**121**
Allowances during the year	51	73
Reversals during the year	(16)	(21)
Used during the year	(30)	(60)
Foreign currency gains and losses	-	(4)
At 30 June	**121**	**109**

At 30 June 2011, there was no reason to question the creditworthiness of non-depreciated past due receivables. More specifically, non-depreciated receivables with due dates of over twelve months show no additional credit-related risk. There is no significant concentration of risks.

In financial years 2010 and 2011 the Group continued to implement its programmes to sell the receivables of several subsidiaries. Receivables sold under these programmes totalled €425 million at 30 June 2011 and €435 million at 30 June 2010. As substantially all risks and rewards associated with the receivables were transferred, they were derecognised.

Note 15 Provisions

1. Breakdown of balance sheet amounts

The breakdown of provisions in the balance sheet is as follows:

In euro million	30.06.2010	30.06.2011
Non-current provisions		
Provisions for pensions and other long-term employee benefits	408	348
Other non-current provisions for contingencies and charges	691	607
Current provisions		
Provisions for restructuring	28	12
Other current provisions for contingencies and charges	284	253
TOTAL	**1,411**	**1,220**

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

		Movements in the year					
In euro million	01.07.2009	Allowances	Used	Reversal of surplus provisions	Currency translation adjustments	Other movements	30.06.2010
Provisions for restructuring	49	15	(36)	(5)	4	0	28
Other current provisions	263	69	(43)	(39)	29	6	284
Other non-current provisions	521	242	(10)	(213)	66	84	691
PROVISIONS	**833**	**326**	**(88)**	**(256)**	**99**	**90**	**1,003**

		Movements in the year					
In euro million	01.07.2010	Allowances	Used	Reversal of surplus provisions	Currency translation adjustments	Other movements	30.06.2011
Provisions for restructuring	28	1	(13)	(2)	(2)	-	12
Other current provisions	284	84	(90)	(10)	(17)	0	253
Other non-current provisions	691	131	(41)	(120)	(53)	(0)	607
PROVISIONS	**1,003**	**217**	**(144)**	**(132)**	**(72)**	**(0)**	**872**

3. Provisions for pension benefits

The Group provides employee benefits such as pensions and retirement bonuses and other post-employment benefits, such as medical care and life assurance:

- in France, benefit obligations mainly comprise arrangements for retirement indemnities (non-funded) and supplementary pension benefits (partly funded);
- in the United States and Canada, benefit obligations include funded pension plans guaranteed to employees as well as unfunded post-employment medical plans;
- in Ireland, the United Kingdom and the Netherlands, benefit obligations mainly consist of pension plans granted to employees.

Defined-benefit plans in the Group relate mainly to subsidiaries in the United Kingdom, in North America and in the rest of Europe. Defined-benefit plans are subject to an annual actuarial valuation on the basis of assumptions depending on the country. Under these pension and other benefit plan agreements, employees receive at the date of retirement either a capital lump sum payment or an annuity. These amounts depend on the number of years of employment, final salary and the position held by the employee. At 30 June 2011, fully or partly funded benefit obligations totalled €3,578 million, equivalent to 94.3% of total benefit obligations.

Certain subsidiaries, mainly those located in North America, also provide their employees with post-employment medical cover. These benefit obligations are unfunded. They are measured using the same assumptions as those used for the pension obligations in the countries in question.

Several subsidiaries, mainly in Europe, also provide their employees with other long-term benefits. Benefit obligations of this type are mainly in respect of long-service awards and jubilee awards.

The table below presents a roll-forward of provisions between 30 June 2010 and 30 June 2011:

	30.06.2010			30.06.2011		
In euro million	Pension benefits	Medical expenses and other employee benefits	Total	Pension benefits	Medical expenses and other employee benefits	Total
Provisions at beginning of period	249	156	**405**	214	181	**395**
Expenses (income) for the period	61	11	**72**	32	3	**35**
Employer contributions	(103)	2	**(101)**	(130)	0	**(130)**
Benefits paid directly by the employer	(6)	(10)	**(16)**	(9)	(9)	**(18)**
Change in scope	(1)	-	**(1)**	1	-	**-**
Foreign currency gains and losses	14	22	**36**	(7)	(17)	**(24)**
Net liability recognised in the balance sheet	**214**	**181**	**395**	**101**	**158**	**259**
Plan surplus	12	-	**12**	89	-	**89**
PROVISIONS AT END OF PERIOD	**227**	**181**	**408**	**190**	**158**	**348**

The net expense (income) recognised in profit and loss in respect of pensions and other long-term employee benefits are broken down as follows:

	30.06.2010			30.06.2011		
Expense for the period *In euro million*	Pension benefits	Medical expenses and other employee benefits	Total	Pension benefits	Medical expenses and other employee benefits	Total
Service cost	29	2	**31**	34	2	**36**
Interest cost (effect of unwinding of discount)	188	9	**197**	195	7	**202**
Expected return on plan assets	(159)	(0)	**(159)**	(192)	(0)	**(192)**
Amortisation of past service cost	1	(1)	**0**	(10)	(6)	**(16)**
Amortisation of actuarial (gains)/losses	2	1	**3**	4	0	**4**
Effect of ceiling on plan assets	0	-	**0**	(0)	-	**(0)**
Effect of settlements and curtailments	(0)	-	**(0)**	1	(0)	**1**
NET EXPENSE (INCOME) RECOGNISED IN PROFIT AND LOSS	**61**	**11**	**72**	**32**	**3**	**35**

The Group has elected to adopt the corridor method under which actuarial gains and losses are only recognised when they represent more than 10% of the greater of the present value of the benefit obligation and the fair value of corresponding plan assets.

Changes in provisions for pensions and other long-term employee benefits are shown below:

Net liabilities recognised in the balance sheet *In euro million*	30.06.2010 Pension benefits	30.06.2010 Medical expenses and other employee benefits	30.06.2010 Total	30.06.2011 Pension benefits	30.06.2011 Medical expenses and other employee benefits	30.06.2011 Total
Change in the actuarial value of cumulative benefit obligations						
Actuarial value of cumulative benefit obligations at start of period	3,142	129	**3,271**	4,014	159	**4,173**
Service cost	29	2	**31**	34	2	**36**
Interest cost (effect of unwinding of discount)	188	9	**197**	195	7	**202**
Employee contributions	1	1	**2**	2	1	**3**
Benefits paid	(197)	(12)	**(209)**	(206)	(10)	**(216)**
Changes to plans	1	(0)	**1**	(11)	(7)	**(18)**
Settlement or curtailment of benefits	(2)	-	**(2)**	1	(0)	**1**
Actuarial (gains) and losses	613	9	**622**	(22)	3	**(19)**
Currency translation adjustments	239	21	**260**	(353)	(14)	**(367)**
Changes in scope of consolidation	(0)	-	**(0)**	1	-	**-**
ACTUARIAL VALUE OF CUMULATIVE BENEFIT OBLIGATIONS AT END OF PERIOD	**4,014**	**159**	**4,173**	**3,655**	**139**	**3,794**
Change in the fair value of plan assets						
Fair value of plan assets at beginning of period	2,999	1	**3,000**	3,733	2	**3,735**
Actual return on plan assets	605	(0)	**605**	216	0	**216**
Employee contributions	1	-	**1**	2	-	**2**
Employer contributions	103	2	**105**	130	0	**130**
Benefits paid	(191)	(2)	**(193)**	(198)	(1)	**(199)**
Changes to plans	-	-	**-**	-	-	**-**
Settlement of benefits	(2)	-	**(2)**	(0)	-	**(0)**
Currency translation adjustments	219	-	**219**	(346)	-	**(346)**
Changes in scope of consolidation	-	-	**-**	-	-	**-**
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**3,733**	**2**	**3,735**	**3,536**	**1**	**3,537**
Present value of funded benefits	3,933	2	**3,935**	3,578	1	**3,578**
Fair value of plan assets	3,733	2	**3,735**	3,536	1	**3,537**
Deficit (surplus) on funded benefits	**200**	**0**	**200**	**42**	**(0)**	**41**
Present value of unfunded benefits	82	157	**239**	77	139	**216**
Effect of ceiling on plan assets (including the impact of IFRIC 14)	0	-	**0**	-	-	**-**
Unrecognised actuarial gains and (losses)	(61)	18	**(43)**	(10)	12	**2**
Unrecognised past service cost	(8)	7	**(1)**	(7)	7	**0**
NET LIABILITY RECOGNISED IN THE BALANCE SHEET	**214**	**181**	**395**	**101**	**158**	**259**

At 30.06.2011	Actuarial value of cumulative benefit obligations (in euro million)	%	Fair value of plan assets (in euro million)	%	Gross provisions under balance sheet assets (in euro million)	%	Balance sheet assets (in euro million)	%
United Kingdom	2,873	76%	2,967	84%	27	8%	(80)	90%
United States	272	7%	159	5%	108	31%	-	-
Canada	297	8%	234	7%	69	20%	(3)	3%
Ireland	114	3%	95	3%	3	1%	(2)	2%
France	140	4%	21	0%	105	30%	(0)	0%
Other countries	98	2%	61	2%	36	10%	(4)	5%
TOTAL	**3,794**	**100%**	**3,537**	**100%**	**348**	**100%**	**(89)**	**100%**

The breakdown of pension assets between the different asset categories (bonds, shares, etc.) is as follows:

Breakdown of plan assets	30.06.2010 Pension benefits	30.06.2010 Medical expenses & other employee benefits	30.06.2011 Pension benefits	30.06.2011 Medical expenses & other employee benefits
Shares	25%	13%	25%	12%
Bonds	67%	77%	69%	79%
Other money-market funds	5%	10%	3%	9%
Property assets	2%	0%	2%	0%
Other	1%	0%	1%	0%
TOTAL	**100%**	**100%**	**100%**	**100%**

The expected rate of return on plan assets corresponds to the weighted average of the different expected rates of return of each category of assets.

Contributions payable by the Group in 2012 in respect of funded benefits are estimated at €136 million.

Benefits payable in respect of defined-benefit plans over the next 10 years are broken down as follows:

Benefits payable in the next 10 years *In euro million*	Pension benefits	Medical expenses and other employee benefits
2012	210	9
2013	205	9
2014	211	9
2015	233	9
2016	223	9
2017-2021	1,124	45

At 30 June 2010 and 30 June 2011, the main assumptions used for the measurement of pension obligations and other long-term employee benefits were as follows:

Actuarial assumptions in respect of commitments	30.06.2010 Pension benefits	30.06.2010 Medical expenses & other employee benefits	30.06.2011 Pension benefits	30.06.2011 Medical expenses & other employee benefits
Discount rate	5.26%	5.36%	5.35%	5.30%
Average rate of increase in annuities	3.32%	1.76%	3.40%	1.75%
Average salary increase	3.71%	3.47%	3.64%	3.55%
Expected return on plan assets	5.74%	4.00%	5.80%	4.25%
Expected increase in medical expenses				
■ Initial rate	Not applicable	8.84%	Not applicable	8.01%
■ Final rate	Not applicable	4.97%	Not applicable	5.23%

Actuarial assumptions in respect of benefit obligations	30.06.2010 Pension benefits	30.06.2010 Medical expenses and other employee benefits	30.06.2011 Pension benefits	30.06.2011 Medical expenses and other employee benefits
Discount rate	6.28%	6.93%	5.26%	5.36%
Average rate of increase in annuities	3.45%	1.77%	3.32%	1.76%
Average salary increase	3.77%	3.24%	3.71%	3.47%
Expected return on plan assets	5.51%	4.25%	5.74%	4.00%
Expected increase in medical expenses				
■ Initial rate	Not applicable	9.23%	Not applicable	8.84%
■ Final rate	Not applicable	5.11%	Not applicable	4.97%

Actuarial assumptions at 30.06.2011 (pensions and other commitments) by region	United Kingdom	United States	Canada	Eurozone countries	Other non-eurozone countries
Discount rate	5.40%	5.50%	4.99%	5.29%	4.64%
Average rate of increase in annuities	3.56%	0.00%	1.50%	2.26%	1.50%
Average salary increase	3.45%	3.75%	3.50%	3.84%	3.70%
Expected return on plan assets	5.72%	8.00%	6.30%	4.32%	5.36%
■ Shares	8.68%	12.06%	7.00%	6.12%	8.17%
■ Bonds	4.75%	9.11%	5.00%	3.63%	3.95%
Expected increase in medical expenses					
■ Initial rate	6.00%	9.00%	8.00%	4.68%	Not applicable
■ Final rate	6.00%	5.25%	5.00%	4.68%	Not applicable

The obligation period-related discount rates used within the euro zone are as follows:

- short-term rate (3-5 years): 4.00%;
- medium-term rate (5-10 years): 4.50%;
- long-term rate (more than 10 years): 5.00% to 5.90%.

The expected rate of return on plan assets of funded or partially funded benefit plans has been determined on the basis of the expected rate of return of each asset class in each country and in accordance with their respective weighting in each fund at 30 June 2011. These rates were determined on the basis of historical rates of assets but also taking account of market expectations.

Discount rates are determined by reference to the yield at the balance sheet date on premium category corporate bonds (if available), or on government bonds, with maturities similar to the estimated duration of the benefit obligations.

A 50 bp reduction in the yield on assets at 30 June 2011 would have an impact of around €16 million on the cost of the Group's main benefit plans, which are in the UK and North America (United States and Canada).

The impact of a change in the rate of increase in medical expenses would be as follows:

In respect of post-employment medical coverage *In euro million*	With current rate	Effect of a change 1% increase	Effect of a change 1% decrease
On the present value of the benefit obligation at 30.06.2011	120	13	(11)
On the interest cost for the period and on the service cost for the period	8	1	(1)

The experience gains or losses on the benefit obligations and plan assets are set out below:

In euro million	30.06.2011 Pension benefits	30.06.2011 Medical expenses and other employee benefits
Amount of experience losses or (gains) on benefit obligations	(2)	0
Percentage compared with amount of benefit obligations	(0.05)%	0.28%
Amount of experience losses or (gains) on plan assets	(23)	(0)
Percentage compared with amount of plan assets	(0.66)%	(8.24)%

Note 16 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

	30.06.2010			30.06.2011		
In euro million	Current	Non-current	Total	Current	Non-current	Total
Bonds	**934**	**2,893**	**3,826**	**82**	**4,657**	**4,739**
Syndicated loan	-	6,868	**6,868**	-	4,280	**4,280**
Commercial paper	176	-	**176**	119	-	**119**
Other loans and long-term debts	140	57	**197**	204	449	**653**
Other financial liabilities	**316**	**6,925**	**7,241**	**323**	**4,729**	**5,052**
GROSS FINANCIAL DEBT	**1,250**	**9,818**	**11,068**	**405**	**9,386**	**9,790**
Fair value hedge derivatives – assets	-	(20)	**(20)**	-	(17)	**(17)**
Fair value hedge derivatives – liabilities	96	41	**137**	-	75	**75**
Fair value hedge derivatives	**96**	**21**	**117**	**-**	**58**	**58**
Net investment hedge derivatives – assets	-	-	**-**	-	(37)	**(37)**
Net investment hedge derivatives – liabilities	36	64	**99**	-	-	**-**
Net investment hedge derivatives	**36**	**64**	**99**	**-**	**(37)**	**(37)**
FINANCIAL DEBT AFTER HEDGES	**1,382**	**9,902**	**11,284**	**405**	**9,407**	**9,812**
Cash and cash equivalents	**(701)**	**-**	**(701)**	**(774)**	**-**	**(774)**
NET FINANCIAL DEBT	**681**	**9,902**	**10,584**	**(369)**	**9,407**	**9,038**

2. Breakdown of debt by currency before and after foreign exchange hedge instruments at 30 June 2010 and 30 June 2011

At 30.06.2010 *In euro million*	Debt before hedging	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% net debt after hedging
EUR	4,427	(27)	4,400	(194)	4,206	39%	40%
USD	5,577	1,177	6,754	(45)	6,709	60%	63%
GBP	925	(443)	482	(10)	472	4%	4%
SEK	12	(437)	(425)	(6)	(431)	(4)%	(4)%
Other currencies	127	(54)	73	(446)	(373)	1%	(4)%
FINANCIAL DEBT BY CURRENCY	**11,068**	**216**	**11,284**	**(701)**	**10,584**	**100%**	**100%**

At 30.06.2011 *In euro million*	Debt before hedging	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% net debt after hedging
EUR	5,264	(653)	4,611	(185)	4,426	47%	49%
USD	4,056	1,154	5,211	(54)	5,156	53%	57%
GBP	310	(249)	61	(22)	39	1%	0%
SEK	12	(238)	(226)	(18)	(244)	(2)%	(3)%
Other currencies	147	8	156	(494)	(339)	2%	(4)%
FINANCIAL DEBT BY CURRENCY	**9,790**	**22**	**9,812**	**(774)**	**9,038**	**100%**	**100%**

3. Breakdown of debt by currency and type of rate hedging at 30 June 2010 and 30 June 2011

At 30.06.2010 *In euro 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	4,400	2,438	750	1,212	72%	(194)	76%
USD	6,754	3,647	815	2,292	66%	(45)	67%
GBP	482	-	-	482	N.M.	(10)	N.M.
SEK	(425)	-	-	(425)	N.M.	(6)	N.M.
Other	73	-	-	73	N.M.	(446)	N.M.
TOTAL	**11,284**	**6,085**	**1,565**	**3,635**	**68%**	**(701)**	**72%**

At 30.06.2011 *In euro 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	4,611	2,426	750	1,435	69%	(185)	72%
USD	5,211	2,911	138	2,161	59%	(54)	59%
GBP	61	-	-	61	N.M.	(22)	N.M.
SEK	(226)	-	-	(226)	N.M.	(18)	N.M.
Other	156	-	-	156	N.M.	(494)	N.M.
TOTAL	**9,812**	**5,337**	**888**	**3,586**	**63%**	**(774)**	**69%**

4. Breakdown of fixed-rate/floating rate debt before and after interest rate hedge instruments at 30 June 2010 and 30 June 2011

	30.06.2010				30.06.2011			
In euro million	Debt before hedging		Debt after hedging		Debt before hedging		Debt after hedging	
Fixed-rate debt	3,571	32%	6,085	54%	4,489	46%	5,337	54%
'Capped' floating-rate debt	-	-	1,565	14%	-	-	888	9%
Floating-rate debt	7,713	68%	3,635	32%	5,324	54%	3,586	37%
FINANCIAL DEBT AFTER HEDGING BY NATURE OF HEDGES	**11,284**	**100%**	**11,284**	**100%**	**9,812**	**100%**	**9,812**	**100%**

At 30 June 2011, before taking account of any hedges, 46% of the Group's gross debt was fixed-rate and 54% floating-rate. After hedging, the floating-rate part was 37%.

5. Schedule of financial liabilities at 30 June 2010 and 30 June 2011

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 2010 and 30 June 2011.

At 30.06.2010 *In euro 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		(1,201)	(103)	(213)	(271)	(271)	(169)	(115)	(59)
Nominal value		(10,948)	(315)	(850)	(267)	-	(7,480)	(800)	(1,236)
GROSS FINANCIAL DEBT:	**(11,068)**	**(12,148)**	**(418)**	**(1,063)**	**(538)**	**(271)**	**(7,649)**	**(915)**	**(1,294)**
Cross currency swaps:	(201)	-	-	-	-	-	-	-	-
■ Payable flows	-	(1,736)	(11)	(675)	(10)	(10)	(378)	(0)	(652)
■ Receivable flows	-	1,551	15	583	18	18	323	-	594
Other derivatives – liabilities:	(390)	(512)	(132)	(112)	(114)	(109)	(27)	(17)	-
DERIVATIVE INSTRUMENTS – LIABILITIES:	**(591)**	**(697)**	**(128)**	**(203)**	**(106)**	**(101)**	**(82)**	**(17)**	**(58)**
TOTAL FINANCIAL LIABILITIES	**(11,658)**	**(12,844)**	**(546)**	**(1,266)**	**(644)**	**(373)**	**(7,731)**	**(932)**	**(1,353)**

At 30.06.2011 *In euro 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		(1,508)	(81)	(238)	(318)	(258)	(209)	(152)	(251)
Nominal value		(9,723)	(169)	(154)	(200)	(5,107)	(800)	(1,362)	(1,931)
GROSS FINANCIAL DEBT:	**(9,790)**	**(11,230)**	**(250)**	**(392)**	**(518)**	**(5,365)**	**(1,009)**	**(1,513)**	**(2,182)**
Cross currency swaps:	(75)	-	-	-	-	-	-	-	-
■ Payable flows	-	(405)	(6)	(6)	(12)	(380)	-	-	-
■ Receivable flows	-	325	-	16	16	293	-	-	-
Derivative instruments – liabilities	(213)	(337)	(74)	(58)	(113)	(44)	(35)	(12)	-
DERIVATIVE INSTRUMENTS – LIABILITIES:	**(288)**	**(417)**	**(80)**	**(48)**	**(109)**	**(131)**	**(35)**	**(12)**	**-**
TOTAL FINANCIAL LIABILITIES	**(10, 078)**	**(11,647)**	**(330)**	**(441)**	**(628)**	**(5,497)**	**(1,045)**	**(1,525)**	**(2,182)**

6. Vin&Sprit syndicated loan

At 30 June 2011:

- it had drawn down from this multicurrency syndicated loan entered into on 27 March 2008 €1,100 million and USD 4,596 million, a total equivalent to €4,280 million; the credit facilities, whether revolving or fixed maturity, denominated in euro, USD or multicurrencies, incur interest at the applicable LIBOR (or, for euro denominated borrowing, EURIBOR), plus a pre-determined spread and mandatory costs;
- the amount of the syndicated loan not drawn down was €1,478 million.

7. Bonds

Nominal amount	Interest rate	Issue date	Maturity	Carrying amount at 30.06.2011 *(in euro million)*
GBP 250 million	6.625%	12.06.2002	12.06.2014	306
EUR 550 million	4.625%	06.12.2006	06.12.2013	563
EUR 800 million	7.000%	15.06.2009	15.01.2015	821
EUR 1,200 million	4.875%	18.03.2010	18.03.2016	1,205
USD 201 million	Spread + 3-month LIBOR	21.12.2010	21.12.2015	138
EUR 1,000 million	5.000%	15.03.2011	15.03.2017	1,007
USD 1,000 million	5.750%	07.04.2011	07.04.2021	699
TOTAL BONDS				**4,739**

Note 17 Financial instruments

1. Fair value of financial instruments

In euro million	Measurement level	Breakdown by accounting classification: Fair value – profit	Fair value shareholders' equity	Loans and receivables	Liabilities at amortised cost	30.06.2010: Balance sheet value	Fair value
Assets							
Available-for-sale financial assets	Level 3	-	32	-	-	32	32
Guarantees, deposits, investment-related receivables		-	-	65	-	65	65
Other non-current financial assets	Level 2	21	-	-	-	21	21
Trade receivables		-	-	944	-	944	944
Other current assets		-	-	218	-	218	218
Derivative instruments – assets	Level 2	32	-	-	-	32	32
Cash and cash equivalents	Level 1	701	-	-	-	701	701
Liabilities and shareholders' equity							
Bonds		-	-	-	3,826	3,826	3,895
Bank debt		-	-	-	7,182	7,182	7,182
Finance lease obligations		-	-	-	61	61	61
Derivative instruments – liabilities	Level 2	587	-	-	-	587	587

In euro million	Measurement level	Breakdown by accounting classification: Fair value – profit	Fair value shareholders' equity	Loans and receivables	Liabilities at amortised cost	30.06.2011: Balance sheet value	Fair value
Assets							
Available-for-sale financial assets	Level 3	-	22	-	-	22	22
Guarantees, deposits, investment-related receivables		-	-	57	-	57	57
Other non-current financial assets	Level 2	99	-	-	-	99	99
Trade receivables		-	-	904	-	904	904
Other current assets		-	-	136	-	136	136
Derivative instruments – assets	Level 2	75	-	-	-	75	75
Cash and cash equivalents	Level 1	774	-	-	-	774	774
Liabilities and shareholders' equity							
Bonds		-	-	-	4,739	4,739	4,898
Bank debt		-	-	-	5,002	5,002	5,002
Finance lease obligations		-	-	-	50	50	50
Derivative instruments – liabilities	Level 2	289	-	-	-	289	289

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 market value of instruments recognised in the financial statements at the balance sheet date was calculated on the basis of available market data, using current valuation models.

The hierarchical levels for fair value disclosures below accord with the definitions in the amended version of IFRS 7 (financial instruments: 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.

2. Risk management

Management and monitoring of financial risks is performed by the Financing and Treasury Department, which has fourteen staff members. This Department, which is part of the Group Finance Department, manages all financial exposures and prepares monthly reporting for General Management. It processes or validates all financing, investment and hedging transactions in the context of a programme approved by General Management.

All financial instruments used hedge existing or forecast hedge transactions or investments. They are contracted with a limited number of counterparts who benefit from a first class rating from specialised rating agencies.

Management of liquidity risk

At 30 June 2011, cash and cash equivalents totalled €774 million (compared with €701 million at 30 June 2010). An additional €1,478 million of medium-term credit facilities with banks was confirmed and remained undrawn at this date. Group funding is provided in the form of long-term debt (syndicated loans, bonds, etc.) and short-term financing (commercial paper, bank overdrafts, factoring, etc.), which provide adequate financial resources to ensure the continuity of its business. Short-term financial debt after hedging was €405 million (compared with €1,382 million at 30 June 2010).

While the Group has not identified any other significant short-term cash requirement, it cannot be fully guaranteed that it will be able to continue to get the funding and refinancing needed for its day-to-day operations and investments on satisfactory terms, given the uncertain economic climate.

The Group's bank and bond debt contracts include covenants. Breaches of these covenants could force the Group to make accelerated payments. At 30 June 2011, the Group was in compliance with the covenants under the terms of its syndicated loan: coverage ratio (consolidated EBITDA/net financing costs) of 2.75 or above and solvency ratio (total net debt/consolidated EBITDA) of 6.25 or below. At 30 June 2011, the change to the 'suspension test' (total consolidated debt/consolidated EBITDA of 4.5 or below) implies that it is no longer necessary to apply the coverage ratio, and that only the solvency ratio need be kept.

Furthermore, while the vast majority of the Group's cash surplus is placed with branches of global banks enjoying the highest agency ratings, it cannot be ruled out that these Group investments may experience reduced liquidity and severe volatility.

The currency controls in place in certain countries limits the Group's ability to use cash (prohibition on investment with Pernod Ricard Finance), and in some cases, the possibility of paying dividends (authorisation from the relevant authorities is required in Cuba and Venezuela).

Management of currency risk

As the Group consolidates its financial statements in euro, it is exposed to fluctuations against the euro by the currencies in which its assets and liabilities are denominated (asset risk) or in which transactions are carried out (transaction risk and translation of results).

While some hedging strategies allow exposure to be limited, there is no absolute protection against exchange rate fluctuations.

For asset risk, financing foreign currency denominated assets acquired by the Group with debt in the same currency provides natural hedging. This principle was applied for the acquisition of Seagram, Allied Domecq and Vin&Sprit.

Movements in currencies against the euro (notably the USD) may impact the nominal amount of these debts and the financial costs published in euro in the consolidated financial statements, and this could affect the Group's reported results.

With respect to operational currency risk, its international operations expose the Group to currency risks bearing on transactions carried out by subsidiaries in a currency other than their operating currency.

In all cases, it is Group policy to invoice end customers in the functional currency of the distributing entity. Exposure to exchange rate risk on invoicing between producer and distributor subsidiaries is managed via a monthly payment centralisation procedure involving most countries with freely convertible and transferable currencies and whose internal legislation allows this participation. This system hedges against net exposure using forward exchange contracts.

Residual risk is partially hedged using financial derivatives (forward buying, forward selling or options) to hedge certain highly probable non-Group operating receivables and payables.

Sensitivity analysis of financial instruments to currency risks

Financial liabilities classified as hedges of a net investment are essentially sensitive to fluctuations in the USD; a 1% increase or decrease in the dollar/euro exchange rate would affect Group shareholders' equity by +/-€21 million. This impact would be offset by change in the translated value of the net investment being hedged.

Management of interest rate risk

At 30 June 2011, Pernod Ricard group debt comprised floating-rate debt (mainly the syndicated loan and other bank loans) and fixed-rate debt (mainly bonds), in addition to a hedging portfolio including interest rate swaps and options in EUR and USD.

The Group cannot guarantee that these hedges will prove sufficient nor that it will be able to maintain them on acceptable terms.

The schedule of floating-rate debt after hedging is shown in the table below:

Schedule of floating-rate debt and hedges in EUR *(notional value in euro million)*

At 30.06.2011 *In euro million*	< 1 year	1 to 5 years	> 5 years	Total
Total assets (cash)	185	-	-	185
Total floating-rate liabilities	(279)	(1,459)	-	(1,738)
NET FLOATING-RATE DEBT BEFORE HEDGING	**(94)**	**(1,459)**	**-**	**(1,553)**
Derivative instruments	450	(146)	-	303
NET FLOATING-RATE DEBT AFTER HEDGING	**356**	**(1,606)**	**-**	**(1,250)**

Schedule of floating-rate debt and hedges in USD *(notional value in euro million)*

At 30.06.2011 *In euro million*	< 1 year	1 to 5 years	> 5 years	Total
Total assets (cash)	54	-	-	54
Total floating-rate liabilities	(10)	(3,366)	-	(3,376)
NET FLOATING-RATE DEBT BEFORE HEDGING	**44**	**(3,366)**	**-**	**(3,322)**
Derivative instruments	-	1,458	(242)	1,216
NET FLOATING-RATE DEBT AFTER HEDGING	**44**	**(1,908)**	**(242)**	**(2,107)**

Analysis of the sensitivity of financial instruments to interest rate risks (impacts on the income statement):

A 50 bp increase or decrease in (USD and EUR) interest rates would increase or reduce the cost of net financial debt by €16 million.

Analysis of the sensitivity of financial instruments to interest rate risks (impact on equity)

A relative fluctuation of +/-50 bp in (USD and EUR) interest rates would generate an equity gain or loss of approximately €55 million as a result of changes in the fair value of the derivatives documented as cash flow hedges (swaps and interest rate options).

Counterparty risk in financial transactions

The Group could be exposed to counterparty default via its cash investments, hedging instruments or the availability of confirmed but undrawn financing lines. In order to limit this exposure, the Group performs rigorous selection of counterparts according to several criteria, including credit ratings, and depending on the maturity dates of the transactions.

However, no assurance can be given that this rigorous selection will be enough to protect the Group against risks of this type, particularly in the current economic climate.

Note 18 Interest rate and foreign exchange derivatives

Type of hedging at 30.06.2010 *In euro million*	Description of financial instrument	Notional amount of contracts				Fair value	
		< 1 year	> 1 year and < 5 years	> 5 years	Total	Assets	Liabilities and shareholders' equity
Fair value hedge						**20**	**137**
Interest rate risk hedges	Swaps	-	-	600	**600**	20	-
Interest rate and currency hedges	Cross currency swaps	663	368	-	**1,031**	-	137
Hedge of a net investment						**-**	**99**
Currency risk hedges	Currency swaps	652	-	-	**652**	-	36
Interest rate and currency hedges	Cross currency swaps	-	-	594	**594**	-	64
DERIVATIVE INSTRUMENTS INCLUDED IN NET DEBT						**20**	**236**
Cash flow hedges						**-**	**318**
Interest rate risk hedges	Swaps	1,752	2,395	-	**4,147**	-	232
	Collars	652	913	-	**1,565**	-	87
Outside hedge accounting						**12**	**32**
Hedging of foreign exchange risk on intragroup financing	Currency swaps	2,494	-	-	**2,494**	12	32
TOTAL DERIVATIVE INSTRUMENTS						**32**	**587**
TOTAL NON-CURRENT						**20**	**375**
TOTAL – CURRENT						**12**	**212**

Type of hedging at 30.06.2011 *In euro million*	Description of financial instrument	Notional amount of contracts				Fair value	
		< 1 year	> 1 year and < 5 years	> 5 years	Total	Assets	Liabilities and shareholders' equity
Fair value hedge						**17**	**75**
Interest rate risk hedges	Swaps	-	1,342	242	**1,584**	17	0
Interest rate and currency hedges	Cross currency swaps	-	368	-	**368**	-	75
Hedge of a net investment						**37**	**-**
Currency risk hedges	Currency swaps	-	-	-	**-**	-	-
Interest rate and currency hedges	Cross currency swaps	-	594	-	**594**	37	-
DERIVATIVE INSTRUMENTS INCLUDED IN NET DEBT						**53**	**75**
Cash flow hedges						**-**	**172**
Interest rate risk hedges	Swaps	-	2,716	-	**2,716**	-	127
	Collars	-	888	-	**888**	-	39
Hedging of foreign exchange-risk on intragroup financing	Currency swaps	227	45	-	**272**	-	6
Outside hedge accounting						**22**	**41**
Hedging of foreign exchange risk on intragroup financing	Currency swaps and forwards	2,001	-	-	**2,001**	19	9
Interest rate risk hedges	Swaps	-	1,000	-	**1,000**	3	32
TOTAL DERIVATIVE INSTRUMENTS						**75**	**289**
TOTAL NON-CURRENT						**56**	**275**
TOTAL – CURRENT						**19**	**14**

The notional amount of these contracts is the nominal value of the contracts. Foreign currency denominated notional amounts in cross currency swaps are shown in euro at the exchange rate agreed. For other instruments, notional amounts denominated in foreign currencies are translated into euro at year-end rates. Estimated values are based on information available on the financial markets and valuation methods appropriate to the type of financial instrument concerned. These valuation methods were subjected to a dedicated review during the year and found to yield results consistent with the valuations provided by bank counterparts.

Note 19 Trade and other accounts payable

The breakdown of operating payables is as follows:

In euro million	30.06.2010	30.06.2011
Trade payables	1,105	933
Taxes and Social security	526	559
Other operating payables	237	386
Other payables	3	6
TOTAL	**1,871**	**1,884**

Most operating payables are due within one year.

Note 20 Notes to the consolidated cash flow statement

1. Working capital requirements

Working capital requirements decreased by €32 million. The change breaks down as follows:

- increase in inventory: +€52 million;
- increase in trade receivables: +€10 million;
- increase in operating and other payables: €(94) million.

The increase in inventory relates to the build-up of ageing inventories to meet growing demand. The increase in trade receivables reflects the growth in sales. The increase in operating and other payables chiefly relates to higher spending on advertising in the year ended June 2011 compared with the previous year.

2. Capital expenditure

Capital expenditure related mainly to the construction of new warehouses or the renewal of machinery and equipment in the production subsidiaries.

3. Disposals of property, plant and equipment, intangible assets and financial assets

The main disposals carried out concerned the sale of:

- the stake in Ambrosio Velasco, owner of the brand Pacharán Zoco, the Navarra wine producer Palacio de la Vega and related assets for €32 million;
- the Renault cognac brand for €10 million;
- the Lindauer™ brand for €48 million;
- shares in Suntory Holdings Limited for €40 million.

4. Bond issues/repayment of long term debt

The Group made net repayments of drawdowns from the syndicated loan of €1,781 million and redeemed two bonds, for €300 million and GBP 450 million (equivalent to €513 million). In addition, it issued bonds worth USD 1,201 million (equivalent to €853 million) and €1,000 million, and took out €150 million of bank debt.

Note 21 Shareholders' equity

1. Share capital

Pernod Ricard's share capital changed as follows between 1 July 2009 and 30 June 2011:

	Number of shares	Amount in euro million
Share capital at 30 June 2009	**258,640,536**	**401**
Issue of 1 bonus share for each 50 shares held at 18 November 2009	5,174,153	8
Exercise of stock options (plan of 18 December 2001)	207,563	0
Exercise of stock options (plan of 17 December 2002)	13,977	0
Exercise of stock options (plan of 11 February 2002)	196,084	0
Share capital at 30 June 2010	**264,232,313**	**410**
Exercise of stock options (plan of 18 December 2001)	211,004	0
Exercise of stock options (plan of 17 December 2002)	15,598	0
Exercise of stock options (plan of 11 February 2002)	262,888	0
SHARE CAPITAL AT 30 JUNE 2011	**264,721,803**	**410**

On 18 November 2009, Pernod Ricard SA issued one free bonus share for each 50 shares held.

All Pernod Ricard shares are issued and fully paid and have a nominal amount of €1.55. Only one category of ordinary 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 30 June 2011, Pernod Ricard SA and its controlled subsidiaries held 2,104,319 Pernod Ricard shares valued at €60 million.

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

As part of its stock option plans, Pernod Ricard SA holds either directly (treasury shares) or indirectly (calls or repurchase options) shares that may be granted if options are exercised under the stock option plans or, in the case of free shares, if performance targets are met.

3. Dividends paid and proposed

At its meeting of 15 June 2011 the Board decided to pay an interim dividend of €0.67 per share in respect of 2010/2011, equivalent to a total dividend payment of €177,364 thousand. This interim dividend was paid on 6 July 2011 and recognised under other operating payables in the balance sheet at 30 June 2011.

4. Share capital management

The Group manages its share capital in such a way as to optimise its cost of capital and profitability for its shareholders, provide security for all its counterparts and maintain a high rating. In this context, the Group may adjust its payment of dividends to shareholders, repay part of its share capital, buy back its own shares and authorise share-based payment plans.

5

Note 22 Share-based payment

Description of share-based payment plans

All of the plans are equity-settled, except for the plans granted on 14 June 2006, 18 January 2007 and 21 June 2007, which also included awards of Share Appreciation Rights (SARs) to Group employees. The SARs are cash-settled options. The 21 June 2007, 18 June 2008, 24 June 2010 and 15 June 2011 plans also include a free share grant, subject to performance and continued employment conditions.

On the exercise of their rights, the beneficiaries of the SARs will receive a cash payment based on the Pernod Ricard share price equal to the difference between the Pernod Ricard share price at the date of the exercise and the exercise price set at the date of grant.

During the 2010/2011 financial year, the plans granted on 27 September 2000 and 19 December 2000 reached maturity.

Information relating to stock option plans

The stock option plans are granted to managers with high levels of responsibility, key management personnel for the Group and potential managers.

During the financial year 2010/2010, two new remuneration plans were put in place:

- plan dated 15 September 2010:
  - performance-dependent stock options, tied to the stock outperforming the CAC 40, plus 1% a year (50% is measured after three years and 50% over four years);
- combined plan dated 15 June 2011:
  - classic unconditional stock options,
  - stock options involving a number of performance conditions, with the first based on the level of recurring operating profit compared with the budgeted outcome over the two financial years following the year in which the stock options were awarded, and on the stock outperforming the CAC 40 plus 1% per year (50% measured over three years and 50% over four years),
  - the award of performance-based shares, including a performance criterion based on recurring operating profit compared to budget, measured over the two years following the year in which the shares were granted and dependent on the beneficiaries being employed within the Group on the vesting date.

	Plan dated 02.11.2004	Plan dated 25.07.2005	Plan dated 14.06.2006	Plan dated 14.06.2006	Plan dated 18.01.2007	Plan dated 21.06.2007
Type of options	Purchase	Purchase	Purchase	SARs	SARs	Purchase
Performance conditions	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional
Number of beneficiaries	459	485	555	49	1	515
Vesting date of options/shares	18.11.2008	12.08.2009	15.06.2010	15.06.2009	18.01.2010	22.06.2011
Exercisable from	18.11.2008	12.08.2009	15.06.2010	15.06.2009	18.01.2010	22.06.2011
Expiry date	17.11.2014	11.08.2015	14.06.2016	14.06.2016	18.01.2017	21.06.2015
Subscription or purchase price in euro at 30 June 2011	42.30	52.59	58.41	58.41	N.A.	74.73
Outstanding options at 30.06.2011	1,200,816	750,974	1,855,335	157,339	-	819,465
Stock option expense 2010/2011 *(in euro thousand)*	0	0	0	(67)	0	3,709

	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 18.06.2008	Plan dated 18.06.2008	Plan dated 18.06.2008
Type of options	SARs	Purchase	Free	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Unconditional	Conditional	Conditional
Number of beneficiaries	56	13	731	598	13	804
Vesting date of options/shares	22.06.2011	22.06.2011	21.06.2009 (FRA) 21.06.2011 (ROW)	19.06.2012	19.06.2012	19.06.2010 (FRA) 19.06.2012 (ROW)
Exercisable from	22.06.2011	22.06.2011	21.06.2011	19.06.2012	19.06.2012	19.06.2012 (FRA and ROW)
Expiry date	21.06.2015	21.06.2015	N.A.	19.06.2016	19.06.2016	N.A.
Subscription or purchase price in euro at 30 June 2011	74.73	74.73	N.A.	66.16	66.16	N.A.
Outstanding options at 30.06.2011	75,203	121,409	0	1,080,335	137,109	124,137
Stock option expense 2010/2011 *(in euro thousand)*	(121)	433	1,024	4,314	417	2,083

	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010
Type of options	Purchase	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Conditional
Number of beneficiaries	705	133	133	980
Vesting date of options/shares	24.06.2014	24.06.2013	24.06.2014	24.06.2013 (FRA) 24.06.2014 (ROW)
Exercisable from	24.06.2014	24.06.2013	24.06.2014	24.06.2015 (FRA) 24.06.2014 (ROW)
Expiry date	24.06.2018	24.06.2018	24.06.2018	N.A.
Subscription or purchase price in euro at 30 June 2011	64.00	64.00	64.00	N.A.
Outstanding options at 30.06.2011	602,880	140,744	140,744	552,498
Stock option expense 2010/2011 *(in euro thousand)*	2,733	568	442	8,866

	Plan dated 15.09.2010	Plan dated 15.06.2011	Plan dated 15.06.2011	Plan dated 15.06.2011	Plan dated 15.06.2011 (ROW)	Plan dated 15.06.2011 (FRA)
Type of options	Purchase	Purchase	Purchase	Purchase	Free	Free
Performance conditions	Conditional	Unconditional	Conditional	Conditional	Conditional	Conditional
Number of beneficiaries	1	713	144	144	804	225
Vesting date of options/shares	15.09.2014	15.06.2015	15.06.2014	15.06.2015	15.06.2015	15.06.2014
Exercisable from	15.09.2014	15.06.2015	15.06.2015	15.06.2015	15.06.2015	15.06.2016
Expiry date	15.09.2018	15.06.2019	15.06.2019	15.06.2019	N.A.	N.A.
Subscription or purchase price in euro at 30 June 2011	64.00	68.54	68.54	68.54	N.A.	N.A.
Outstanding options at 30.06.2011	70,000	606,680	170,685	170,685	446,234	132,525
Stock option expense 2010/2011 *(in euro thousand)*	112	91	16	16	271	106

FRA: French tax residents; ROW: non-French tax residents.

Other stock options plans that have not yet expired are explained in the 'Management Report' section of the Registration Document.

The Group recognised an expense of €12.8 million in operating profit in respect of the 11 stock option plans effective at 30 June 2011, an expense of €12.4 million in respect of the 4 free share plans, and an expense of €(0.2) million in respect of the SARs programmes. A liability of €3.4 million was recognised in other current liabilities at 30 June 2011 in respect of the SARs programmes.

Annual expenses *(in euro million)*	30.06.2010	30.06.2011
Stock options (equity settled) – through a double entry to equity	18.3	12.8
SARs (cash settled) – through a double entry to other current liabilities	2.0	(0.2)
Free shares (equity settled) – through a double entry to equity	7.7	12.4
TOTAL ANNUAL EXPENSES	**28.0**	**25.0**

Changes made to outstanding stock options during the year are described below:

	Plan dated 02.11.2004	Plan dated 25.07.2005	Plan dated 14.06.2006	Plan dated 14.06.2006	Plan dated 18.01.2007	Plan dated 21.06.2007
Type of options	Purchase	Purchase	Purchase	SARs	SARs	Purchase
Performance conditions	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional
Outstanding options at 30.06.2010	**1,447,578**	**834,807**	**2,156,257**	**186,419**	**-**	**832,352**
Granted between 01.07.2010 and 30.06.2011	-	-	-	-	-	-
Cancelled between 01.07.2010 and 30.06.2011	641	4,383	22,994	4,488	-	12,887
Exercised between 01.07.2010 and 30.06.2011	246,121	79,450	277,928	24,592	-	-
Expired between 01.07.2010 and 30.06.2011	-	-	-	-	-	-
OUTSTANDING OPTIONS AT 30.06.2011	**1,200,816**	**750,974**	**1,855,335**	**157,339**	**-**	**819,465**

	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 18.06.2008	Plan dated 18.06.2008	Plan dated 18.06.2008
Type of options	SARs	Purchase	Free	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Unconditional	Conditional	Conditional
Outstanding options at 30.06.2010	**80,573**	**121,409**	**208,001**	**1,098,418**	**137,109**	**134,528**
Granted between 01.07.2010 and 30.06.2011	-	-	-	-	-	-
Cancelled between 01.07.2010 and 30.06.2011	5,370	-	13,111	16,362	-	9,877
Exercised between 01.07.2010 and 30.06.2011	-	-	194,890 (1) (2)	1,721 (1)	-	514 (1)
Expired between 01.07.2010 and 30.06.2011	-	-	-	-	-	-
OUTSTANDING OPTIONS AT 30.06.2011	**75,203**	**121,409**	**0**	**1,080,335**	**137,109**	**124,137**

(1) Deaths
(2) 193,981 shares vested in relation to ROW beneficiaries

	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010
Type of options	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional
Outstanding options at 30.06.2010	**619,108**	**282,495**	**572,119**
Granted between 01.07.2010 and 30.06.2011	-	-	-
Cancelled between 01.07.2010 and 30.06.2011	15,627	1,008	19,621
Exercised between 01.07.2010 and 30.06.2011	601 (3)	-	-
Expired between 01.07.2010 and 30.06.2011	-	-	-
OUTSTANDING OPTIONS AT 30.06.2011	**602,880**	**281,487**	**552,498**

(3) Exercise of PEE (company savings scheme)

	Plan dated 15.09.2010	Plan dated 15.06.2011	Plan dated 15.06.2011	Plan dated 15.06.2011
Type of options	Purchase	Purchase	Purchase	Free
Performance conditions	Conditional	Unconditional	Conditional	Conditional
OUTSTANDING OPTIONS AT 30.06.2011	**70,000**	**606,680**	**341,370**	**578,759**

The assumptions used in calculating the fair values of the options, other than use of the binomial model and the terms under which the options were granted, are as follows:

The fair values shown above for SARs granted in June 2006 and January 2007 have been re-estimated at 30 June 2011 in accordance with IFRS 2.

	Plan dated 02.11.2004	Plan dated 25.07.2005	Plan dated 14.06.2006	Plan dated 14.06.2006	Plan dated 18.01.2007	Plan dated 21.06.2007
Type of options	Purchase	Purchase	Purchase	SARs	SARs	Purchase
Performance conditions	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional
Initial share price (in euro after adjustments)***	44.15	55.22	56.83	67.97*	67.97*	73.98
Exercise price (in euro after adjustments)	42.30	52.59	58.41	58.41	N.A.	74.73
Expected volatility**	30%	30%	30%	22%	22%	22%
Expected dividend yield**	2%	2%	2%	2%	2%	2%
Risk free rate**	3.85%	3.25%	4.00%	4.50%	4.50%	4.50%
IFRS 2 FAIR VALUE AT 30 JUNE 2011	**15.13**	**18.40**	**18.47**	**17.10********	**-********	**19.25**

	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 18.06.2008	Plan dated 18.06.2008	Plan dated 18.06.2008
Type of options	SARs	Purchase	Free	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Unconditional	Conditional	Conditional
Initial share price (in euro after adjustments)***	67.97*	73.98	73.98	63.29	63.29	63.29
Exercise price (in euro after adjustments)	74.73	74.73	N.A.	66.16	66.16	N.A.
Expected volatility**	22%	22%	N.A.	21%	21%	N.A.
Expected dividend yield**	2%	2%	2%	2%	2%	2%
Risk free rate**	4.50%	4.50%	4.50%	4.83%	4.83%	4.83%
IFRS 2 FAIR VALUE AT 30 JUNE 2011	**9.87********	**14.92**	**68.87 (FRA) 68.13 (ROW)**	**15.76**	**12.07**	**54.23 (FRA) 57.39 (ROW)**

	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010
Type of options	Purchase	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Conditional
Initial share price (in euro after adjustments)	65.16	65.16	65.16	65.16
Exercise price (in euro after adjustments)	64.00	64.00	64.00	N.A.
Expected volatility**	28%	28%	28%	N.A.
Expected dividend yield**	2%	2%	2%	2%
Risk free rate**	3.41%	3.41%	3.41%	2.28%
IFRS 2 FAIR VALUE AT 30 JUNE 2011	**18.39**	**12.45**	**13.04**	**60.15 (ROW) 59.27 (FRA)**

	Plan dated 15.09.2010	Plan dated 15.09.2010	Plan dated 15.06.2011	Plan dated 15.06.2011	Plan dated 15.06.2011	Plan dated 15.06.2011
Type of options	Purchase	Purchase	Purchase	Purchase	Purchase	Free
Performance conditions	Conditional	Conditional	Unconditional	Conditional	Conditional	Conditional
Initial share price (in euro after adjustments)	59.91	59.91	66.74	66.74	66.74	66.74
Exercise price (in euro after adjustments)	64.00	64.00	68.54	68.54	68.54	N.A.
Expected volatility**	23%	23%	23%	23%	23%	N.A.
Expected dividend yield**	2%	2%	2%	2%	2%	2%
Risk free rate**	2.93%	2.93%	3.37%	3.37%	3.37%	3.12%
IFRS 2 FAIR VALUE AT 30 JUNE 2011	**8.02**	**8.23**	**15.12**	**10.09**	**10.33**	**61.61 (ROW) 60.02 (FRA)**

* *Share price at 30.06.2011.*

** *Assumptions used for initial measurement.*

*** *Share price at grant date after value adjustment.*

**** *Restated fair value at 30.06.2011 for accounting purposes in 2010/2011.*

For the 2002/2006 plans, the volatility assumption was determined on the basis of the historical daily share price over a period equivalent to the maturity of the options.

For the 2007 and 2008 plans, the volatility assumption was determined using a multi-criteria approach taking into consideration:

- historic volatility over a period equal to the estimated duration of the options;
- historic volatility over a shorter period;
- implicit volatility calculated on the basis of options available in financial markets.

The volatility assumption used for the 2008 and 2009 measurements was based on an analysis of historic volatility.

The volatility assumption used for the 2010 and 2011 plans is based on the implied volatility of the Pernod Ricard share at the date the plans were granted.

The possibility of the pre-maturity exercise of options was included in the measurement model for stock option plans (with or without a market performance-related element). It was assumed that 1% of options are exercised each year as a result of employees leaving the Company. For the 2007 and 2008 plans it was assumed that 67% and 33% of options would be exercised once the share price reached 150% and 250% of the exercise price, respectively. For the 2010 and 2011 plans, it was assumed that 60%, 30% and 10% of options would be exercised once the share price reached 125%, 175% and 200% of the exercise price. This new assumption is based on an analysis of behaviour over the period and the most recent plans.

The options allocated on 15 September 2010 are subject to the market performance of the Pernod Ricard share price relative to the CAC 40: 50% of the stock options will be vested from 24 June 2013, subject to the Pernod Ricard share price having outperformed the CAC 40 index plus 1% annually over the period from 24 June 2010 to 24 June 2013. The remaining 50% will be vested from 24 June 2014, subject to the Pernod Ricard share price having outperformed the CAC 40 index plus 1% annually over the period from 24 June 2010 to 24 June 2014. In order to take into account this performance condition when estimating the fair value of the options, a simulation model (Monte Carlo) was used.

The options allocated on 15 June 2011 to the Executive Committee (COMEX) and some Senior Managers are subject to the achievement of Group profit from recurring operations for the years ended 30 June 2012 and 2013 compared with budget at constant exchange rates and scope of consolidation, and to the market performance of the Pernod Ricard share price relative to the CAC 40 price: 50% of the stock options will be vested from 15 June 2014, subject to the Pernod Ricard share price having outperformed the CAC 40 index plus 1% annually over the period from 15 June 2011 to 15 June 2014, and the remaining 50% will be vested from 15 June 2015, subject to the Pernod Ricard share price having outperformed the CAC 40 index plus 1% annually over the period from 15 June 2011 to 15 June 2015. In order to take into account this performance condition when estimating the fair value of the options, a simulation model (Monte Carlo) was used.

The fair value of the performance-based shares allocated on 15 June 2011 is the market price of the share on the date of allocation, less the loss of dividends forecast for the vesting period (three years for French tax residents and four years for non-French tax residents). For French tax residents, a cost to reflect the non-saleable nature of the shares for an additional period of two years was also applied and was estimated as being approximately 4% of the fair value of the share.

In addition, the number of performance-based shares granted will depend on the level of the Group profit from recurring operations for the years ended 30 June 2012 and 2013 compared with budgeted profit from recurring operations at constant exchange rates and scope of consolidation. The accounting expense for the plan under IFRS 2 will be adjusted for this condition at the end of the vesting period at the latest.

Note 23 Off-balance sheet financial commitments and disputes

In euro million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Financing				
Lines of bank financing	1,696	208	1,484	4
Guarantees granted	217	155	6	55
Operating activities				
Unconditional purchase obligations	1,001	315	603	83
Operating lease agreements	256	61	116	78
Other contractual commitments	80	28	48	4
Contractual commitments	1,337	404	767	166

1. Details of main financial commitments

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 30 June 2011 (see Note 17).

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 15).

2. Contractual commitments

In the context of their wine and champagne production, the Orlando Wyndham Australian subsidiaries, New Zealand subsidiary PR New Zealand and French subsidiary Mumm Perrier-Jouët have commitments of, respectively, €112 million, €37 million and €322 million under grape supply agreements. In the context of its cognac production activity, the Group's French subsidiary Martell is committed in an amount of €480 million under maturing spirit supply agreements.

3. Risks relating to litigation

Similar to other companies in the Wine and Spirits industry, the Group is, from time to time, subject to class action or other litigation and complaints from consumers or government authorities. In addition, the Group routinely faces litigation in the ordinary course of its business. If such litigation resulted in fines, monetary damages or reputational damage to the Group or its brands, its business could be materially adversely affected.

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 Pernod Ricard is a shareholder. In some countries, including the United States, the brand is owned by a Cuban company called Cubaexport. Ownership of this brand is currently being challenged, particularly in the United States and in Spain, 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 is owned in the United States by Cubaexport. In August 2006, the United States Patent and Trademark Office (USPTO) denied Cubaexport's application for renewal of the Havana Club registration, following guidance from OFAC. Cubaexport has petitioned the Director of the USPTO to reverse this decision and has also filed a claim against OFAC in the US District Court for the District of Columbia, challenging OFAC's decision and the law and regulations applied by OFAC. On 30 March 2009, the US District Court for the District of Columbia ruled against Cubaexport. On 29 March 2011, the Court of Appeal blocked, in a two to one decision, Cubaexport from renewing its trademark. On 31 August 2011, the Court of Appeal dismissed Cubaexport's claim to have its case newly examined. Cubaexport will be able to appeal before the Supreme Court. Cubaexport's petition against the USPTO's decision has been stayed pending the final and binding outcome of the OFAC proceedings.
2. A competitor of the Group has petitioned the USPTO to cancel the Havana Club trademark, which is registered in the name of Cubaexport. On 29 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 (which, as noted above, itself is stayed pending the final and binding outcome to the OFAC proceedings).
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 B.V. 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 B.V.'s then-ownership of the Stolichnaya trademark in the United States and sought damages based on vodka sales by Allied Domecq in the United States and disgorgement of the related profits. On 31 March 2006, Judge George Daniels dismissed all of the plaintiffs' claims concerning Allied Domecq International Holdings B.V.'s then-ownership of the Stolichnaya trademark in the United States. The plaintiffs subsequently filed in the United States Court of Appeals for the Second Circuit an appeal of the portion of the 31 March 2006 decision dismissing their trademark ownership, trademark infringement and fraud claims (as well as the dismissal of certain claims brought only against the SPI entities).

The Court of Appeals on October 8, 2010 (i) affirmed the dismissal of plaintiffs' fraud and unjust enrichment claims and (ii) reinstated 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.

Plaintiffs filed their Third Amended Complaint on 23 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 plaintiffs' Third Amended Complaint. On 1 September 2011, Judge Daniels dismissed plaintiffs' trademark and unfair competition claims with prejudice on the ground that plaintiffs lack standing to bring these claims in the name of the Russian Federation. Because he dismissed the federal trademark claims, Judge Daniels declined to exercise jurisdiction over the remaining common law misappropriation claim and thus he dismissed that claim without prejudice to plaintiffs refiling that claim in state court.

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 S.A., Pernod Ricard USA LLC, Diageo Plc, Diageo North America Inc. (formely known as Guinness UDV America Inc. f/k/a UDV North America Inc f/k/a Heublein Inc.), United Distillers Manufacturing Inc., UDV 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 lacks subject matter jurisdiction, that Colombia is a more convenient forum, and that the Complaint fails to state a legal claim. On 19 June 2007, the District Court granted in part and denied in part the defendants' motions to dismiss.

On 18 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 on March 1, 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. Pernod Ricard will continue to vigorously defend itself against the claims.

On September 21, 2009, Pernod Ricard and Diageo, in exchange for a payment of $10,000,000 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, if Seagram were ever found liable in this litigation.

Customs duties in Turkey

Allied Domecq Istanbul Iç ve Dis Ticaret Ltd. Sti ('Allied Domecq Istanbul'), as well as some of its competitors, was involved in a customs dispute over the customs valuation of certain Turkish imports. The main issue was whether the duty free sales price can be used as the basis for declaring the customs value of Turkish imports. The customs authorities took legal action against Allied Domecq Istanbul in Turkey for non-compliance with customs regulations in respect of certain imports. An amnesty law that allows for settlement of existing tax liabilities in Turkey was enacted on February 25, 2011. Allied Domecq Istanbul submitted applications to benefit from the provisions of this law. As a result, the customs dispute described herein has been settled.

Customs duties in India

Pernod Ricard India (P) Ltd has an ongoing dispute with Indian Customs over the declared transaction value of concentrate of alcohol 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 on 26th 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 to be on the higher side. The Company continues to actively work with the authorities to resolve pending issues.

Apart from the above-mentioned procedures, 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 12 months a significant impact on the profitability of the Company and/or Group.

The litigations described above are also mentioned in Note 23 of the notes to the consolidated statements.

Note 24 Related parties

Transactions with associates and joint ventures were immaterial in the year ended 30 June 2011.

The remuneration paid to Company Directors and Executive Committee (COMEX) members in return for their services to the Group is detailed below:

In euro million	30.06.2010	30.06.2011
Board of Directors*	1	1
Group Executive Committee		
■ Short-term benefits	11	13
■ Post-employment benefits	4	5
■ Share-based payments**	3	2
TOTAL EXPENSES RECOGNISED FOR THE YEAR	**19**	**21**

* *Directors' fees*

** *The cost of stock option plans is the fair value of the options granted to Group Executive Committee members, and is recognised in the income statement over the vesting period of the options for plans 21.06.2007 to 15.06.2011.*

Note 25 Post-balance sheet event

On 20 July 2011, the Group announced that it had signed a joint venture agreement with Tequila Avión. This agreement covers the use and development of the ultra-premium 'Avión™' tequila brand. The Pernod Ricard group will be a minority shareholder in the joint venture, and will be sole distributor of the brand worldwide.

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Note 26 List of main consolidated companies

Incorporated bodies	Country	% holding at 30.06.2010	% holding at 30.06.2011	Consolidation method
Pernod Ricard SA	France	Parent Company	Parent Company	
Pernod Ricard Finance SA	France	100	100	F.C.
Ricard SA	France	100	100	F.C.
Pernod SA	France	100	100	F.C.
Cusenier SAS	France	100	100	F.C.
Société des Produits d'Armagnac SA	France	100	100	F.C.
Spirits Partners SAS	France	100	100	F.C.
Pernod Ricard Europe SA	France	100	100	F.C.
Pernod Ricard España	Spain	100	100	F.C.
Pernod Ricard Swiss SA	Switzerland	100	100	F.C.
Pernod Ricard Italia SPA	Italy	100	100	F.C.
Pernod Ricard Portugal – Distribuiçao SA	Portugal	100	100	F.C.
Pernod Ricard Deutschland GmbH	Germany	100	100	F.C.
Pernod Ricard Austria GmbH	Austria	100	100	F.C.
Pernod Ricard Nederland BV	Netherlands	100	100	F.C.
Pernod Ricard Minsk	Belarus	99	99	F.C.
Pernod Ricard Ukraine	Ukraine	100	100	F.C.
Pernod Ricard Romania SRL	Romania	100	100	F.C.
Georgian Wines and Spirits Company Ltd	Georgia	100	0	F.C.
Pernod Ricard Latvia LLC	Latvia	100	100	F.C.
Pernod Ricard Estonia OÜ	Estonia	100	100	F.C.
Pernod Ricard Hungary Import Szeszesital Kereskedelmi KFT Ltd	Hungary	100	100	F.C.
Pernod Ricard Belgium SA	Belgium	100	100	F.C.
Pernod Ricard Rouss CJSC	Russia	100	100	F.C.
Pernod Ricard Sweden AB	Sweden	100	100	F.C.
Pernod Ricard Denmark A/S	Denmark	100	100	F.C.
Pernod Ricard Finland OY	Finland	100	100	F.C.
Tinville SAS	France	100	100	F.C.
Yerevan Brandy Company	Armenia	100	100	F.C.
Jan Becher – Karlovarska Becherovka, A/S	Czech Republic	100	100	F.C.
SALB, SRO	Czech Republic	100	100	F.C.
Pernod Ricard UK Ltd**	United Kingdom	100	100	F.C.
Pernod Ricard Asia SAS	France	100	100	F.C.
Pernod Ricard Japan K.K.	Japan	100	100	F.C.
Pernod Ricard Asia Duty Free Ltd	China	100	100	F.C.
Pernod Ricard Taiwan Ltd	Taiwan	100	100	F.C.
Pernod Ricard Thailand Ltd	Thailand	100	100	F.C.
Pernod Ricard Korea Ltd	South Korea	100	100	F.C.
Pernod Ricard Korea Imperial Co. Ltd	South Korea	70	70	F.C.
Pernod Ricard Singapore PTE Ltd	Singapore	100	100	F.C.
Pernod Ricard Malaysia SDN BHD	Malaysia	100	100	F.C.
Pernod Ricard (China) Trading Co Ltd	China	100	100	F.C.
Shangai Yijia International Trading Co. Ltd	China	100	100	F.C.
Établissements Vinicoles Champenois SA (EVC)	France	100	0	F.C.

Incorporated bodies	Country	% holding at 30.06.2010	% holding at 30.06.2011	Consolidation method
Pernod Ricard North America SAS	France	100	100	F.C.
Pernod Ricard USA Llc	USA	100	100	F.C.
Pernod Ricard CESAM (Central and South America)	France	100	100	F.C.
Pernod Ricard Argentina Corp.	Argentina	100	100	F.C.
Pernod Ricard Venezuela CA	Venezuela	100	100	F.C.
Pramsur SA	Uruguay	100	100	F.C.
Pernod Ricard Colombia SA	Colombia	100	100	F.C.
Pernod Ricard Brasil Industria e Comercio ltda	Brazil	100	100	F.C.
Pernod Ricard Uruguay SA	Uruguay	100	100	F.C.
Agros Holding SA	Poland	100	100	F.C.
Wyborowa SA	Poland	100	100	F.C.
Chivas Brothers (Holdings) Ltd **	United Kingdom	100	100	F.C.
Chivas 2000 UL	United Kingdom	100	100	F.C.
The Glenlivet Distillers Ltd	United Kingdom	100	100	F.C.
Glenlivet Holdings Ltd	United Kingdom	100	100	F.C.
Hill, Thomson & Co Ltd	United Kingdom	100	100	F.C.
Chivas Brothers Pernod Ricard	United Kingdom	100	100	F.C.
World Brands Duty Free Ltd	United Kingdom	100	100	F.C.
Irish Distillers Ltd	Ireland	100	100	F.C.
Fitzgerald & Co. Ltd	Ireland	100	100	F.C.
Watercourse Distillery Ltd	Ireland	100	100	F.C.
Pernod Ricard South Africa PTY Ltd	South Africa	100	100	F.C.
Comrie Ltd	Ireland	100	100	F.C.
Martell Mumm Perrier-Jouët	France	100	100	F.C.
Martell & Co. SA	France	100	100	F.C.
Augier Robin Briand & Co. SASU	France	100	100	F.C.
Domaines Jean Martell	France	100	100	F.C.
Pernod Ricard Pacific Holding Pty Ltd	Australia	100	100	F.C.
Premium Wine Brands Pty Ltd	Australia	100	100	F.C.
Orlando Wyndham New Zealand Ltd	New Zealand	100	100	F.C.
Montana Group (NZ) Limited	New Zealand	100	100	F.C.
Peri Mauritius	Mauritius	100	100	F.C.
Pernod Ricard India PTE Ltd	India	100	100	F.C.
Seagram Distilleries Pte Ltd	India	100	100	F.C.
Havana Club Internacional	Cuba	50	50	F.C.
Allied Domecq Australia Pty Ltd	Australia	100	100	F.C.
Pernod Ricard Bosnia d.o.o.	Bosnia	100	100	F.C.
Pernod Ricard Bulgaria EOOD	Bulgaria	100	100	F.C.
Corby Distilleries Limited*	Canada	45.76	45.76	F.C.
Hiram Walker and Sons Ltd	Canada	100	100	F.C.
PRC Diffusion EURL	France	100	100	F.C.
Allied Domecq Spirits & Wine (Shanghai) Trading Co Ltd	China	100	100	F.C.
AD sro – Czech Republic	Czech Republic	100	100	F.C.
Domecq Bodegas S.L.U	Spain	98.45	98.45	F.C.
Financière Moulins de Champagne	France	100	100	F.C.
G.H. Mumm & Cie – Sté Vinicole de Champagne Successeur	France	100	100	F.C.

Incorporated bodies	Country	% holding at 30.06.2010	% holding at 30.06.2011	Consolidation method
Champagne Perrier-Jouët	France	99.5	100	F.C.
SA Théodore Legras	France	99.5	99.5	F.C.
Allied Domecq (Holdings) Ltd**	United Kingdom	100	100	F.C.
AD Pensions Limited	United Kingdom	100	100	F.C.
AD Medical Expenses Trust Ltd	United Kingdom	100	100	F.C.
Allied Domecq Ltd	United Kingdom	100	100	F.C.
ADFS PLC	United Kingdom	100	100	F.C.
CG Hibbert Ltd	United Kingdom	100	100	F.C.
Allied Domecq Spirits & Wine (China) Ltd	China	100	100	F.C.
Pernod Ricard Serbia d.o.o	Serbia	100	100	F.C.
Pernod Ricard Croatia d.o.o.	Croatia	100	100	F.C.
PR Hungary Kft	Hungary	100	100	F.C.
Casa Pedro Domecq	Mexico	100	100	F.C.
AD International Holdings BV	Netherlands	100	100	F.C.
Pernod Ricard New Zealand Limited	New Zealand	100	100	F.C.
Pernod Ricard Philippines Inc.	Philippines	100	100	F.C.
Ballantine's Polska Sp z.o.o. – Poland	Poland	100	100	F.C.
Pernod Ricard Slovenja d.o.o.	Slovenia	100	100	F.C.
AD Istanbul Dom. and Foreign Trade Ltd	Turkey	100	100	F.C.
AS Premium Brands Norway	Norway	100	100	F.C.
Pernod Ricard Vietnam Company Limited	Vietnam	-	100	F.C.
Austin, Nichols & Co, Inc**	United Kingdom	100	100	F.C.
La Casa dels Licors SL	Andorra	100	100	F.C.
UAB Pernod Ricard Lietuva	Lithuania	100	100	F.C.
V&S Vin&Sprit AB	Sweden	100	100	F.C.
V&S Luksusowa Zielona Gora SA	Poland	100	100	F.C.
Pernod-Ricard Norway A/S	Norway	100	100	F.C.

* *Corby Distilleries Limited is consolidated using the full consolidation method because of the Group's majority control percentage in respect of this Company.*

** *Incorporated bodies with subsidiaries or who themselves are members of UK partnerships.*
In accordance with Regulation 7 of The Partnership (Accounts) Regulations 2008, annual partnership accounts have not been prepared as the UK partnerships are consolidated within the Pernod Ricard group annual consolidated financial statements.

Statutory Auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the financial year ended 30 June 2011, on:

- the audit of the accompanying consolidated financial statements of Pernod Ricard;
- the basis for our assessments;
- the specific verification required by law.

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

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - Basis for our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- At each balance sheet date the company systematically carries out impairment tests on goodwill and intangible assets with indefinite useful lives, also assessing whether there are any indications of impairment of non-current assets, as detailed in Notes 1.5, 1.7 and 1.9 to the consolidated financial statements. We assessed the data and assumptions on which the estimates are based, particularly the cash flow forecasts used, reviewed the calculations performed by the Company, evaluated the principles and methods used to determine fair values, compared the accounting estimates made in prior years with corresponding outcomes and verified that Note 10 to the consolidated financial statements gives appropriate information.
- The company has recorded provisions for pensions and other postemployment benefits, deferred tax liabilities and others contingencies, as described in Note 1.5 to the consolidated financial statements. We have assessed the basis on which these provisions were recognised and reviewed the disclosures concerning risks in Notes 15 and 23 to the consolidated financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to our opinion expressed in the first part of this report.

III - Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

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

Neuilly-sur-Seine and Courbevoie, on 16 September 2011

The Statutory Auditors,

Deloitte & Associés	**Mazars**
Marc de Villartay	Isabelle Sapet Loïc Wallaert

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

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

6

PERNOD RICARD SA FINANCIAL STATEMENTS

Pernod Ricard SA income statement

For the financial years ending 30 June 2010 and 30 June 2011

In euro thousand	30.06.2010	30.06.2011
Net sales	-	911
Royalties	36,404	36,517
Other income	35,508	32,601
Reversals of financial provisions and expense transfers	3,940	5,554
TOTAL OPERATING INCOME	**75,852**	**75,583**
Purchases of goods and supplies not for stock	(487)	(1,126)
External services	(88,445)	(98,696)
Duties and taxes	(3,466)	(3,638)
Personnel expenses	(36,938)	(44,367)
Depreciation, amortisation and provision charges	(7,624)	(8,834)
Other expenses	(1,856)	(4,049)
TOTAL OPERATING EXPENSES	**(138,816)**	**(160,710)**
Operating profit (loss)	(62,964)	(85,127)
Income from investments	439,961	632,417
Other interest and related income	131,421	208,053
Reversals of financial provisions and expense transfers	38,731	10,424
Translation gains	422,471	260,119
TOTAL FINANCIAL INCOME	**1,032,584**	**1,111,013**
Provision charges	(12,039)	(90,935)
Interest and related expenses	(329,298)	(582,956)
Translation losses	(553,840)	(336,680)
TOTAL FINANCIAL EXPENSES	**(895,177)**	**(1,010,571)**
Interest (expense) income	137,407	100,442
Profit before tax and exceptional items	74,443	15,315
Exceptional items	(59,409)	69,965
Net profit/loss before income tax	15,034	85,280
Corporate income tax	74,091	153,279
PROFIT FOR THE FINANCIAL YEAR	**89,125**	**238,559**

Pernod Ricard SA balance sheet

For the financial years ending 30 June 2010 and 30 June 2011

Assets

In euro thousand	Net value 30.06.2010	Gross value 30.06.2011	Depreciation, amortisation & provisions	Net value 30.06.2011	Notes
Legal goodwill, brands and software	33,638	45,615	(9,246)	36,369	
Intangible assets	33,638	45,615	(9,246)	36,369	2
Land	948	948	-	948	
Buildings	803	2,117	(1,349)	768	
Machinery & equipment	25	91	(56)	35	
Other property, plant and equipment	2,042	8,780	(6,489)	2,291	
Property, plant and equipment	3,818	11,936	(7,894)	4,042	
Investments	11,894,903	12,074,832	(124,915)	11,949,917	3
Loans and advances to subsidiaries and associates	222,484	157,511	-	157,511	3 and 4
Loans	21	20	-	20	3 and 4
Guarantee deposits	1,440	2,227	-	2,227	3 and 4
Treasury shares	-	2,928	-	2,928	3
Financial assets	12,118,848	12,237,518	(124,915)	12,112,603	3
TOTAL FIXED ASSETS	**12,156,304**	**12,295,069**	**(142,055)**	**12,153,014**	
Advances and supplier prepayments	124	418	-	418	
Trade receivables	37,907	28,573	-	28,573	
Other receivables	3,486	4,848	-	4,849	
Operating receivables	41,393	33,421	-	33,422	
Other receivables	1,908,286	1,656,158	(2,665)	1,653,493	
Marketable securities	95,780	136,255	(905)	135,350	5
Cash	116,495	8,046	-	8,046	
TOTAL CURRENT ASSETS	**2,162,078**	**1,834,299**	**(3,570)**	**1,830,729**	
Prepaid expenses	29,825	32,449	-	32,449	6
Bond redemption premiums	5,472	14,514	-	14,514	6
Currency translation adjustment – Assets	463,962	34,524	-	34,524	6
TOTAL PREPAID EXPENSES AND DEFERRED CHARGES	**499,259**	**81,487**	**-**	**81,487**	
TOTAL ASSETS	14,817,641	14,210,855	(145,625)	14,065,230	

Liabilities and shareholders' equity

In euro thousand	30.06.2010	30.06.2011	Notes
Share capital	409,560	410,319	7
Additional paid-in capital	3,008,924	3,021,041	
Legal reserves	40,090	40,956	
Regulated reserves	179,559	179,559	
Other reserves	195,013	195,013	
Retained earnings	1,327,012	1,063,309	
Profit for the financial year	89,125	238,559	
Interim dividends	(161,182)	(177,364)	
TOTAL SHAREHOLDERS' EQUITY	**5,088,101**	**4,971,392**	**8**
Provision for contingencies and charges	**149,887**	**301,939**	**9**
Bonds	2,907,088	4,461,877	4 and 13
Bank debt	4,295,238	2,571,278	4 and 14
Other debt	3,928	16,338	4
Debt	7,206,254	7,049,493	
Trade payables	34,600	40,104	
Taxes and Social security	20,905	25,596	
Trade and other accounts payable	55,505	65,700	4
Other liabilities	1,743,897	1,460,233	4
TOTAL LIABILITIES	**9,005,656**	**8,575,426**	
Deferred income	52,091	57,284	4 and 11
Currency translation adjustment – Liabilities	521,906	159,189	11
TOTAL PREPAID EXPENSES AND DEFERRED CHARGES	**573,997**	**216,473**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14,817,641**	**14,065,230**	

Pernod Ricard SA cash flow statement

For the financial years ending 30 June 2010 and 30 June 2011

In euro thousand	30.06.2010	30.06.2011
Operating activities		
Net profit	89,125	238,559
Net depreciation, amortisation and provision charges	6,923	(15,905)
Changes in provisions	(34,537)	148,236
Net (gain)/loss on disposal of assets and other items	12,943	(2,556)
Self-financing capacity	**74,454**	**368,334**
Decrease/(increase) in working capital needs	878,274	176,687
Net debt from operating activities	**952,728**	**545,021**
Investing activities		
Capital expenditure	(1,106)	(3,475)
Purchases of financial assets net of disposals	(651,582)	26,633
Net debt from investment activities	**(652,688)**	**23,158**
Financing activities		
Long-term and medium-term bond issue	897,734	1,821,927
Loans and medium-term and long-term debt	(1,570,888)	(844,931)
Other changes in shareholders' equity	10,890	12,875
Dividends paid	(128,679)	(351,961)
Net debt from financing activities	**(790,943)**	**637,910**
Short-term net debt	(490,903)	1,206,089
Short-term net debt at the beginning of the year	(1,949,863)	(2,440,766)
Short-term net debt at the end of the year	(2,440,766)	(1,234,677)

Note: presentation of cash flow statement

Changes in net debt comprise changes in both debt and cash and cash equivalents.

Net debt breaks down as follows:

In euro thousand	30.06.2010	30.06.2011
Loans and long-term debts	(886,361)	(19,739)
Bonds	(357,088)	(80,908)
Net balance on current account with Pernod Ricard Finance	(1,411,270)	(1,278,331)
Marketable securities	97,458	136,255
Cash	116,495	8,046
SHORT-TERM NET DEBT AT THE END OF THE YEAR	**(2,440,766)**	**(1,234,677)**
Bonds	(2,544,528)	(4,380,969)
Loans and long-term debts	(1,926,596)	(874,397)
Pernod Ricard Finance loan	(1,486,210)	(1,693,480)
MEDIUM-TERM AND LONG-TERM NET DEBT AT THE END OF THE YEAR	**(5,957,334)**	**(6,948,846)**
TOTAL NET DEBT AT THE END OF THE YEAR	**(8,398,100)**	**(8,183,523)**

Analysis of Pernod Ricard SA results

Relations between the Parent Company and its subsidiaries

The main role of Pernod Ricard SA, the Group's Parent Company, is to carry out general interest and coordination activities in the areas of strategy, financial control of subsidiaries, external growth, marketing, development, research, Human Resources and communication. Pernod Ricard SA's financial relations with its subsidiaries mainly involve billing of royalties for the operation of brands owned by Pernod Ricard SA, rebilling for product relating to research and innovation services, and receipt of dividends.

Highlights of the financial year

1. Asset disposals

As part of the rationalisation of the organisation of the Pernod Ricard group's Czech subsidiaries, on 27 June 2011, Pernod Ricard SA sold its 20.23% stake in the company SALB to Pernod Ricard Europe, which already had a direct and indirect stake of 79.77%. The proceeds of the sale were €37.4 million.

In addition, the Group carried out the following asset disposals:

- on 21 July 2010, the Spanish wine brands Marqués de Arienzo™ and Viña Eguía™, the *Bodega* and 358 hectares of vineyards and associated land, to the Spanish consortium of buyers composed of Vinos de los Herederos del Marqués de Riscal SA and Gangutia S.L. (Bodegas Muriel) for €28 million;
- on 31 August 2010, its shares in the company Ambrosio Velasco, to Diego Zamora for €32.4 million;
- on 3 December 2010, the Renault cognac brand and certain inventories of finished products, to Altia for €10.0 million;
- on 22 December 2010, Lindauer™ and several wine brands from the Gisborne and Hawke's Bay regions in New Zealand, along with related inventories and production assets for €48 million, to a consortium of buyers composed of Lion Nathan New Zealand and Indevin;
- on 4 April 2011, its minority stake in Suntory Holdings Limited, to Suntory Holdings Limited for €40 million;
- on 29 June 2011, its stake in Georgian Wine and Spirits LLC, to JSC Marussia (Georgia).

2. Bond issues

Pernod Ricard has issued:

- on 15 March 2011, a €1 billion bond, with the following characteristics: remaining period to maturity of five years and nine months (maturity date: 15 March 2017) and bearing fixed-rate interest of 5%;
- on 7 April 2011, a USD 1 billion bond, with the following characteristics: remaining period to maturity of nine years and nine months (maturity date: 7 April 2021) and bearing fixed-rate interest of 5.75%.

These two transactions enabled the Group to diversify its sources of financing and to extend the maturity of the debt.

3. Dissolution of the company Établissements Vinicoles Champenois (EVC) by Pernod Ricard SA

On 20 October 2010, the Board of Directors decided to proceed with the dissolution, without liquidation, of EVC, leading to the transfer of all its assets and liabilities to Pernod Ricard SA, in accordance with the provisions of article L. 1844-5 of the French Civil Code.

The transfer of the assets and liabilities of EVC was effective, for legal purposes, as of midnight on 10 June 2011, the deadline for creditors to oppose the dissolution pursuant to article 8, paragraph 2, of decree 78-704 of 3 July 1978. The dissolution without liquidation allows the Group's legal structures to be simplified following the sale by EVC to ANCO (Austin Nichols) of its main asset, i.e. 14.26% of Pernod Ricard USA.

In accordance with CRC (French Accounting Regulatory Committee) regulation 2004-01 the losses arising from the transfer of assets/liabilities in relation to the dissolution without liquidation of EVC, corresponding to the difference between the value of EVC's net assets and the value of the EVC shares held by Pernod Ricard SA resulting from currency translation adjustments was reported in Pernod Ricard SA's financial statements under financial income, in the sum of €(81) million. The losses arising from the transfer of assets/liabilities in relation to the dissolution without liquidation of EVC are not tax deductible as they are classed as long-term capital losses.

4. Sale and repurchase agreements for Pernod Ricard shares

In relation to sale and repurchase agreements, Pernod Ricard resold 832,352 treasury shares purchased to cover the 2007 stock option plan. For this transaction, the shares held to cover the 2007 stock option plan were transferred to Société Générale, although Pernod Ricard reserved the right through a repurchase clause to buy up these shares during exercises of options. These transactions are viewed legally as sales carried out under dissolving conditions (exercise of the repurchase option); when the option is exercised, the initial sale is considered as never having taken place, and it is deemed that the shares involved were the property of the assignor from the outset. Thus the Group meets its legal obligation to cover purchase options with shares, at the latest on the date on which the options may be exercised.

Post-balance sheet event

On 20 July 2011, the Group announced that it had signed a joint venture agreement with Tequila Avión. This agreement covers the production and promotion of the ultra-premium 'Avión™' tequila brand. The Pernod Ricard group holds a minority interest in this joint venture and is the exclusive worldwide distributor of the brand.

Income statement and balance sheet at 30 June 2011

Analysis of the 2010/2011 income statement

Operating income (royalties, rebilling and other income) was €75.6 million, broadly flat compared with 30 June 2010.

Operating expenses were €(160.7) million at 30 June 2011, compared with €(138.8) million at 30 June 2010. The €(21.9) million increase in operating expenses was mainly due to:

- a €(7.4) million increase in personnel expenses;
- a €(1.2) million increase in amortisation and pension provisions;
- external services and other expenses of €(13.3) million: an increase in marketing and advertising expenses in relation and the Agility project.

An operating loss of €(85.1) million was recorded at 30 June 2011, representing a fall of €22.1 million compared to June 2010 as a result of a rise in personnel expenses and the cost of external services.

Interest income was €100.4 million at 30 June 2011, compared with €137.4 million at 30 June 2010. The decrease was mainly attributable to:

- the increase in financial expenses on bonds issued of €(61.0) million, losses arising from the transfer of assets/liabilities in relation to the dissolution without liquidation of EVC of €(81.0) million and other movements in relation to stock options and free share transactions of €(66.8) million;
- an increase in net currency translation expenses of €(20.6) million (due to fluctuations in the dollar);
- an increase in dividends received from subsidiaries, mainly with reference to Pernod Ricard Europe, Comrie, Pernod Ricard Asia, Ricard and Peri Mauritius, of €192.4 million.

Operating result before tax amounted to €15.3 million, compared with €74.4 million at 30 June 2010.

At 30 June 2011, exceptional items represented income of €70.0 million, mainly arising from the reversal of provisions for risks attached to the allocation of free shares and stock options, the capital gain from the sale of the stake in the company SALB and the expenses relating to bond issues.

Finally, income tax generated a gain of €153.3 million due to the effects of tax consolidation.

As a result, net profit for financial year 2010/2011 was €238.6 million.

Analysis of the 2010/2011 balance sheet

Assets

Total net fixed assets stood at €12,153.0 million, compared with €12,156.0 million the previous financial year. The decrease of €3 million was attributable to the transfer of the assets/liabilities of EVC, the increase in equity investments, (mainly ANCO), the sale of SALB shares and the liquidation of companies consolidated by Seagram.

Current assets fell by €331.3 million during the year.

The main movements include:

- a decrease in trade receivables, including the item Group customers amounting to €7.6 million;
- a decrease in other Group receivables, amounting to €254.7 million;
- an increase in marketable securities worth €39.6 million following the purchase of Pernod Ricard shares for the allocation of stock options under the June 2011 plan;
- a decrease in the Cash item generated by cash instruments (currency derivatives) for €108.5 million.

Prepaid expenses and deferred charges, amounting to €81.5 million, mainly comprise Translation adjustment, which decreased due to the effects of the revaluation of the exchange rate for receivables and payables denominated mainly in US dollars.

Liabilities and shareholders' equity

Shareholders' equity stood at €4,971.4 million, compared with €5,088.1 million at 30 June 2010. The main movements for the period were:

- an increase relating to the profit for the year of €238.6 million, with the exercise of stock options having an impact of €12.9 million on the share capital and share premium account;

- a decrease relating to the payment of the balance of the dividend for 2009/2010, amounting to €190.8 million, and an interim dividend of €0.67 per share in respect of 2010/2011, equivalent to a total dividend payment of €177.4 million. The interim dividend was paid on 6 July 2011.

Provision for contingencies and charges increased by €152 million, mainly due to:

- recognition in provisions for contingencies and charges of the tax savings made thanks to the tax loss carryforwards relating to the tax consolidation of subsidiaries (€133.1 million);
- the implementation of the stock option and free share plan of 15 June 2011;
- the increase in provisions for pensions and medical expenses.

During the period, the reduction in debt of €430.2 million was mainly attributable to:

- a reduction in financial liabilities of €(156.7) million following the net change in bond payments of €1,531 million, a decrease in the syndicated loan amount of €(2,082.3) million, and an increase in loans from Pernod Ricard Finance and other accrued bank interest totalling €394.6 million;
- a substantial reduction in other liabilities of €(283.7) million due to a decrease in the Pernod Ricard Finance loan account and current tax accounts (transferred in the form of provisions for contingencies), and the difference between the June 2010 and June 2011 interim dividends.

Prepaid expenses and deferred charges, amounting to €216.5 million, mainly comprise Translation adjustment, which decreased considerably due to the effects of the revaluation of the exchange rate for receivables and payables denominated mainly in US dollars.

Notes to the Pernod Ricard SA financial statements

Pernod Ricard SA is a French public limited company (*Société Anonyme*), subject to all laws governing commercial companies in France, and particularly to the provisions of the French Commercial Code. The Company is headquartered at 12 place des États-Unis, 75016 Paris, and is listed on the Paris Stock Market.

The balance sheet total for the financial year ended 30 June 2011 was €14,065,229,654.89. The income statement records a profit for the year of €238,559,274.54. The financial year covered the 12-month period from 1 July 2010 to 30 June 2011.

Note 1 Accounting policies

The annual financial statements for 2010/2011 were prepared in accordance with the provisions of CRC regulation 99.03 of 29 April 1999 relating to the revised French General Accounting Standards and the new accounting rules CRC 2002-10 on assets, as amended by CRC regulations 2003-07 and 2004-06. General accounting principles were applied, in accordance with the prudence principle, using certain assumptions whose objective is to provide a true and fair view of the company. These assumptions are:

- going concern;
- consistency of accounting policies from one financial year to the next;
- accruals basis of accounting.

Balance sheet assets and liabilities are measured, depending on the specific items, at their historical cost, contribution cost or market value.

1. Intangible assets

The brands acquired from the merger of Pernod and Ricard in 1975 and from subsequent mergers are the Company's main intangible assets.

Intangible assets are valued at acquisition cost.

2. Property, plant and equipment

Property, plant and equipment is recognised at acquisition cost (purchase price plus ancillary costs but not including acquisition fees). Depreciation is calculated using the straight-line or reducing balance methods, on the basis of the estimated useful lives of the assets:

- buildings: between 20 and 50 years (straight-line);
- fixtures and fittings: ten years (straight-line);
- machinery and equipment: five years (straight-line);
- office furniture and equipment: ten years (straight-line) or four years (reducing balance).

3. Financial assets

The gross value of investments is composed of their acquisition cost, excluding ancillary costs, increased by the impact of legal revaluations where applicable.

If the value in use of the investments is lower than their net carrying amount, a provision for impairment is recognised for the difference.

6

Value in use is determined based on multi-criteria analysis, taking into account the share of the subsidiary shareholders' equity that the investment represents, the value based on dividend yield and the financial and economic potential of the subsidiary, with particular reference being made to the market value of its net assets.

The treasury shares item includes own shares held by Pernod Ricard SA which are available to be awarded to employees.

4. Trade receivables

Receivables are recognised at their nominal value. A provision is recognised in the event that their value at the balance sheet date falls below net carrying amount.

5. Marketable securities

This item includes treasury shares acquired for the allocation of stock option plans from the time of acquisition.

A liability is recognised when it becomes probable that the rights to receive the securities concerned under the plans will be exercised. For other marketable securities, an impairment provision is taken when the cost price is higher than the market price.

6. Provisions for contingencies and charges

Provisions for contingencies and charges are recognised in accordance with French accounting regulation 2000-06 on liabilities, issued on 7 December 2000 by the French Accounting Regulatory Committee (CRC).

This accounting regulation provides that a liability is recognised when an entity has an obligation towards a third party and that it is probable or certain that this obligation will cause an outflow of resources to the third party without equivalent consideration being received. A present obligation must exist at the balance sheet date for a provision to be recognised.

7. Translation of foreign currency denominated items

Payables, receivables and cash balances denominated in foreign currencies are translated into euro as follows:

- translation of all payables, receivables and cash balances denominated in foreign currencies at year-end rates;
- recognition of differences compared to the amounts at which these items were initially recognised as translation adjustment assets or liabilities in the balance sheet;
- recognition of a provision for any unrealised currency losses, after taking into account the effect of any offsetting foreign exchange hedge transactions.

8. Derivative financial instruments

Differences arising from changes in the value of financial instruments used as hedges are recognised in profit and loss in a manner symmetrical to the manner in which income and expenses relating to the hedged item are recognised.

9. Corporate income tax

Pernod Ricard SA is subject to the French tax consolidation system defined by the law of 31 December 1987. Under certain conditions, this system allows income taxes payable by profitable companies to be offset against tax losses of other companies. The scheme is governed by articles 223 A *et seq.* of the French tax code.

Each company in the tax group calculates and accounts for its tax expense as if it were taxed as a standalone entity.

The effects of tax consolidation are recognised in the Pernod Ricard SA financial statements.

Note 2 Intangible assets

1. Gross value

In euro thousand	At 01.07.2010	Contribution	Acquisitions	Disposals	At 30.06.2011
Brands	32,560	-	-	-	32,560
Software	9,034	-	2,654	-	11,688
Advances and down-payments on intangible assets	131	-	4,173	(2,937)	1,367
TOTAL	**41,725**	**-**	**6,827**	**(2,937)**	**45,615**

2. Amortisation

In euro thousand	At 01.07.2010	Contribution	Allowances	Reversals	At 30.06.2011
Brands	-	-	-	-	-
Software	(8,087)	-	(1,159)	-	(9,246)
TOTAL	**(8,087)**	-	**(1,159)**	-	**(9,246)**

Note 3 Financial assets

1. Gross value

In euro thousand	At 01.07.2010	Contribution	Acquisitions	Capital transaction	Disposals	EVC shares	At 30.06.2011
Investments in consolidated entities	11,993,760	180,199	-	208,090	(20,302)	(308,230)	12,053,517
Investments in non-consolidated entities	12,581	-	-	45	-	-	12,626
Other investments	30,988	-	-	924	(23,223)	-	8,689
Advance on investment	321	-	-		(321)	-	-
Investments	**12,037,650**	**180,199**	**-**	**209,059**	**(43,846)**	**(308,230)**	**12,074,832**
Loans and advances to subsidiaries and associates	222,484	-	158,043	-	(223,016)	-	157,511
Loans	22	-	-	-	(2)	-	20
Guarantee deposits	1,441	-	872	-	(86)	-	2,227
Treasury shares	-	-	3,369	-	(441)	-	2,928
TOTAL	**12,261,597**	**180,199**	**162,284**	**209,059**	**(267,391)**	**(308,230)**	**12,237,518**

- Investments in consolidated entities: effect of the transfer of EVC's assets/liabilities, the increase in ANCO shares and the sale of SALB shares.
- Treasury shares: shares arising from the cancellation of existing stock option plans.

In accordance with article L. 225-210 of the French Commercial Code, Pernod Ricard holds reserves under liabilities on its balance sheet, in addition to the legal reserve, of an amount at least equal to the value of the all the shares it owns.

2. Provisions

In euro thousand	At 01.07.2010	Contribution	Allowances	Reversals	At 30.06.2011
Investments in consolidated entities	(108,692)	-	(83,454)	79,935	(112,211)
Investments in non-consolidated entities	(5,030)	-	(5,290)	4,970	(5,350)
Other investments	(28,704)	-	-	21,350	(7,354)
Advance on investment	(321)	-	-	321	-
Investments	**(142,747)**	**-**	**(88,744)**	**106,576**	**(124,915)**
Treasury shares	-	-	-	-	-
TOTAL	**(142,747)**	-	**(88,744)**	**106,576**	**(124,915)**

Note 4 Maturity of receivables and payables

1. Trade receivables

In euro thousand	Gross amount	Due in one year or less	Due in more than one year
Loans and advances to subsidiaries and associates	157,511	115,568	41,943
Loans	20	-	20
Other financial assets	5,155	2,928	2,227
Receivables and other financial assets	**162,685**	**118,495**	**44,190**
Current assets other than marketable securities and cash	1,689,997	91,713	1,598,284
Prepaid expenses	32,449	32,449	-
TOTAL	**1,885,131**	**242,657**	**1,642,474**

2. Liabilities

In euro thousand	Gross amount	Due in one year or less	Due in one to five years	Due in more than five years
Bonds	4,461,877	80,908	1,489,071	2,891,897
Bank debt	874,441	43	724,397	150,000
PR Finance borrowings	1,696,837	3,357	1,693,480	-
Other debt	16,338	16,338	-	-
Trade and other accounts payable	65,700	65,700	-	-
Other liabilities	1,460,233	179,383	1,280,850	-
Deferred income	57,284	56,874	177	233
TOTAL	**8,632,711**	**402,604**	**5,187,976**	**3,042,130**

Note 5 Marketable securities

In euro thousand or in quantities	At 01.07.2010		Reclassification [1]		Capital transaction		Acquisitions		Exercises/Disposals		At 30.06.2011	
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
Pernod Ricard shares												
■ Gross value	1,531,090	97,459	(43,618)	(2,928)	-	-	851,897	57,585	278,667	15,860	2,060,702	136,255
■ Impairment	-	(1,678)	-	-	-	-	-	-	-	(773)	-	(905)
NET VALUE	**1,531,090**	**95,780**	**(43,618)**	**(2,928)**	**-**	**-**	**851,897**	**57,585**	**278,667**	**15,087**	**2,060,702**	**135,350**

(1) Treasury shares: shares arising from the cancellation of existing stock option plans

At 30 June 2011, the Pernod Ricard share price was €67.97, which gave rise to an unrealised loss of €905,053.

In accordance with article L. 225-210 of the French Commercial Code, Pernod Ricard holds reserves under liabilities on its balance sheet, in addition to the legal reserve, of an amount at least equal to the value of the all the shares it owns.

Note 6 Prepaid expenses and deferred charges

In euro thousand	At 01.07.2010	Contribution	Increases	Decreases	At 30.06.2011
Prepaid expenses (1)	29,825	-	19,102	(16,478)	32,449
Bond redemption premiums (2)	5,472	-	10,597	(1,555)	14,514
Currency translation adjustment – Asset (3)	463,962	-	34,524	(463,962)	34,524
TOTAL	**499,259**	-	**64,224**	**(481,995)**	**81,488**

(1) The rise in Prepaid expenses is due to movements during the period, mainly through the implementation of a new repurchase agreement on 29 September 2010.

(2) The increase in Bond redemption premiums is linked to the bond issues of €1 billion and USD 1 billion. Bond redemption premiums are amortised over the life of the bonds concerned.

(3) The €34 million asset arising from translation adjustments at 30 June 2011 is mainly due to the restatement of assets and liabilities at the closing euro/American dollar exchange rate on 30 June 2011.

Note 7 Composition of share capital

At 30 June 2011, the share capital comprised 264,721,803 shares with a par value of €1.55 per share. Total share capital thus amounted to €410,318,794.65.

Note 8 Shareholders' equity

In euro thousand	At 01.07.2010	Appropriation of profit	Change in share capital/Other	Contribution	Distribution of dividends	2011 profit	At 30.06.2011
Capital (1)	409,560	-	759	-	-	-	410,319
Share premiums	3,008,925	-	12,116	-	-	-	3,021,041
Legal reserve	40,089	867	-	-	-	-	40,956
Regulated reserves	179,559	-	-	-	-	-	179,559
Other reserves	195,013	-	-	-	-	-	195,013
Retained earnings	1,327,012	88,258	-	-	(351,961)	-	1,063,309
Profit for the financial year	89,125	(89,125)	-	-		238,559	238,559
Interim dividends to be paid (2)	-	-	-	-	(177,364)	-	(177,364)
Interim dividends for financial year N-1	(161,182)	-	-	-	161,182	-	-
TOTAL	**5,088,101**	-	**12,875**	-	**(368,143)**	**238,559**	**4,971,392**

(1) The increase in Capital relates to the exercise of stock options.

(2) At its meeting of 15 June 2011 the Board decided to pay an interim dividend of €0.67 per share in respect of 2010/2011, a payment amounting to €177,364,000. The interim dividend was paid on 6 July 2011.

Note 9 Provisions

In euro thousand	At 01.07.2010	Contribution	Increases in the year	Reversals on use	Reversals of unused provisions	At 30.06.2011
Provision for contingencies and charges						
Provision for currency losses	1,455	-	3,966	(1,455)	-	3,966
Other provisions for risks and contingencies	109,427	-	233,525	(36,361)	(51,088)	255,503
Provisions for pensions and other long-term employee benefits	39,005	-	9,018	(5,553)	-	42,470
TOTAL 1	**149,887**	-	**246,509**	**(43,369)**	**(51,088)**	**301,939**
Provisions for depreciation and amortisation						
On intangible assets	-	-	-	-	-	-
On financial assets	142,747	-	88,744	(21,670)	(84,906)	124,915
On trade receivables	-	-	-	-	-	-
On other receivables	5,707	-	128	(2,684)	(486)	2,665
On marketable securities	1,678	-	905	-	(1,678)	905
TOTAL 2	**150,132**	-	**89,777**	**(24,354)**	**(87,070)**	**128,485**
OVERALL TOTAL	**300,020**	-	**336,286**	**(67,723)**	**(138,158)**	**430,424**

Provision for contingencies and charges

The €4.0 million provision for currency losses at 30 June 2011 mainly consists of the unrealised currency loss for unhedged American dollar receivables.

Other provisions for risks and contingencies correspond to:

- provisions against risks generated by stock options (€34.2 million) relating to the Plans of June 2008, 2010 and 2011 (maturing in 2012, 2014 and 2015 respectively) and the free shares (€78.6 million) relating to the Plans of June 2008, 2010 and 2011 (maturing in June 2012, 2014 and 2015 respectively);
- other provisions (€9.6 million);
- provisions for contingencies and charges relating to tax consolidation (€133.1 million).

Provisions for pensions and other long-term employee benefits are presented below:

Description and recognition of employee benefit obligations

Pernod Ricard SA's employee benefit obligations comprise:

- long-term post employment benefits (retirement bonuses, medical expenses, etc.);
- long-term benefits payable during the period of employment.

The liability arising as a result of the Company's net employee benefit obligation is recognised in provisions for contingencies and charges on the balance sheet.

Calculation of the provision in respect of the net benefit obligation

The provision recognised by Pernod Ricard SA is equal to the difference, for each benefit plan, between the present value of the employee benefit obligation and the value of plan assets paid to specialised entities in order to fund the obligation.

The present value of employee benefit obligations is calculated using the prospective method involving calculating a projected salary at date of retirement (projected unit credit method). The measurement is made at each balance sheet date and the personal data concerning employees is revised at least every three years. The calculation requires the use of economic assumptions (inflation rate, discount rate, expected return on plan assets) and assumptions concerning employees (mainly: average salary increase, rate of employee turnover, life expectancy).

At 30 June 2011, the total amount of benefit obligations was €69.0 million. Provisions of €42.5 million have been recognised in respect of these benefit obligations.

In this respect, the inflation rate used for measurement of the benefit obligations at 30 June 2011 was 2% and the discount rate used was 5.0% for supplementary pensions, retirement bonuses and medical expenses.

Plan assets are measured at their market value at each balance sheet date.

Accounting for actuarial gains and losses

Actuarial gains and losses mainly arise where estimates differ from actual outcomes (for example between the expected value of plan assets and their actual value at the balance sheet date) or when changes are made to long-term actuarial assumptions (for example: discount rate, rate of increase of salaries, etc.).

Actuarial gains and losses are only recognised when, for a given plan, they represent more than 10% of the greater of the present value of the benefit obligation and the fair value of plan assets (termed the 'corridor' method). Recognition of the provision is on a straight-line basis over the average number of remaining years' service of the employees in the plan in question.

Components of the expense recognised for the financial year

The expense recognised in respect of the benefit obligations described above incorporates:

- expenses corresponding to the acquisition of an additional year's rights;
- interest expense arising on the unwinding of discount applied to vested rights at the start of the year (as a result of the passage of time);
- income corresponding to the expected return on plan assets;
- income or expense corresponding to the amortisation of actuarial gains and losses;
- income or expense related to changes to existing plans or the creation of new plans;
- income or expense related to any plan curtailments or settlements.

Note 10 Transactions and balances with subsidiaries and associates and other invested entities

In euro thousand	Amount concerning			
Item	Subsidiaries and associates 30.06.2010	Other invested entities 30.06.2010	Subsidiaries and associates 30.06.2011	Other invested entities 30.06.2011
Investments	**11,996,925**	**40,725**	**12,056,727**	**18,105**
Loans and advances to subsidiaries and associates	**222,483**	-	**157,511**	-
Due in one year or less	200,024	-	115,567	-
Due in more than one year	22,459	-	41,944	-
Trade receivables	**37,907**	-	**28,573**	-
Due in one year or less	37,907	-	28,573	-
Due in more than one year	-	-	-	-
Other receivables	**1,855,539**	-	**1,609,517**	-
Due in one year or less	3,008	-	32,075	-
Due in more than one year	1,852,531	-	1,577,442	-
Other debt	**1,488,388**	-	**1,696,837**	-
Due in one year or less	2,178	-	3,357	-
Due in more than one year and less than five years	1,486,210	-	1,693,480	-
Trade payables	**5,208**	-	**5,252**	-
Due in one year or less	5,208	-	5,252	-
Due in more than one year and less than five years	-	-	-	-
Other payables	**1,578,517**	-	**1,278,331**	-
Due in one year or less	1,567	-	611	-
Due in more than one year and less than five years	1,576,950	-	1,277,720	-
Expenses from recurring operations	**14,243**	-	**25,414**	-
Group seconded personnel	13,747	-	13,904	-
Other Group management expenses	496	-	11,510	-
Operating income	**67,185**	-	**69,049**	-
Group royalties	36,404	-	36,517	-
Group management income	605	-	675	-
Transfer of Group expenses	30,176	-	31,857	-
Financial expenses	**178,935**	-	**194,379**	-
Financial income	**572,624**	**571**	**781,090**	**510**
Exceptional items	**18,697**	-	**36,893**	-

No significant transactions took place with related parties that were not carried out under normal market conditions.

Note 11 Deferred income and adjustment accounts

In euro thousand	At 01.07.2010	Contribution	Increases	Decreases	At 30.06.2011
Deferred income [1]	52,091	-	11,661	(6,468)	57,284
Currency translation adjustment – Liabilities [2]	521,906	-	159,189	(521,906)	159,189
TOTAL	**573,997**	**-**	**170,850**	**(528,374)**	**216,473**

(1) The rise in Deferred income is due to movements during the period, mainly through the implementation of a new repurchase agreement on 29 September 2010.

(2) The €159.2 million liability arising from translation adjustments at 30 June 2011 is mainly due to the restatement of assets and liabilities at the closing euro/American dollar exchange rate on 30 June 2011.

Note 12 Accrued income and expenses

Accrued income

In euro thousand	Amount
Amount of accrued income in the following balance sheet items	
Loans and advances to subsidiaries and associates	118,677
Trade receivables	406
Other receivables	3,381
Cash	7,202
TOTAL	**129,666**

Accrued expenses

In euro thousand	Amount
Amount of accrued expenses in the following balance sheet items	
Bank debt	100,626
Trade and other accounts payable	44,916
Other payables	611
TOTAL	**146,153**

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Note 13 Bonds

In euro thousand	Amount in thousands of US dollars	Amount in thousands of euros	Maturity Date	Accrued interest	Rate	Total
Bond of 06.12.2006 – tranche 2	-	550,000	06.12.2013	14,426	Fixed	564,426
Bond of 15.06.2009	-	800,000	15.01.2015	25,622	Fixed	825,622
Bond of 18.03.2010	-	1,200,000	18.03.2016	16,783	Fixed	1,216,783
Bond of 15.03.2011	-	1,000,000	15.03.2017	14,754	Fixed	1,014,754
USD bond of 07.04.2011	1,000,000	691,898	07.04.2021	9,239	Fixed	701,137
Bond of 21.12.2010	201,000	139,071	21.12.2015	84	Variable	139,155
TOTAL	**-**	**4,380,969**	**-**	**80,908**	**-**	**4,461,877**

On 6 December 2006, Pernod Ricard SA issued bonds of total amount of €850 million, in two tranches with the following characteristics:

- tranche 1 - €300 million: redeemed on 6 June 2011;
- tranche 2: fixed rate.

Tranche 2 is composed of €550.0 million of notes with a remaining period to maturity of two years and six months (maturity date: 6 December 2013) which bear interest at a fixed rate of 4.625%.

On 15 June 2009, Pernod Ricard SA issued €800.0 million of bonds with the following characteristics: remaining period to maturity of three years and six months as of 30 June 2011 (maturity date: 15 January 2015) and bearing fixed-rate interest of 7%.

On 18 March 2010, Pernod Ricard SA issued €1,200.0 million of bonds with the following characteristics: remaining period to maturity of four years and nine months as of 30 June 2011 (maturity date: 18 March 2016) and bearing fixed-rate interest of 4.875%.

On 21 December 2010, Pernod Ricard SA carried out a USD 201 million bond issue. This bond issue has the following characteristics: remaining period to maturity of four years and six months as of 30 June 2011 (maturity date: 21 December 2015) and bearing variable-rate interest.

On 15 March 2011, Pernod Ricard SA issued €1 billion of bonds with the following characteristics: remaining period to maturity five years and nine months as of 30 June 2011 (maturity date: 15 March 2017) and bearing fixed-rate interest of 5%.

On 7 April 2011, Pernod Ricard SA carried out a USD 1 billion bond issue. This bond issue has the following characteristics: remaining period to maturity nine years and nine months as of 30 June 2011 (maturity date: 7 April 2021) and bearing fixed-rate interest of 5.75%.

Note 14 Bank debt

Syndicated loan

On 23 July 2008, Pernod Ricard used part of the facilities granted by the multilinked-currency syndicated loan agreement signed on 27 March 2008, for €4,988.0 million (including €2,020.0 million in multicurrencies) and USD 10,138.0 million. At 30 June 2011, it had drawn down from this credit facility €300.0 million and US$613.0 million, a total equivalent to €724.0 million. The credit facilities, whether revolving or fixed maturity, denominated in euro, American dollars or multicurrencies, incur interest at the applicable LIBOR (or, for euro denominated borrowing, EURIBOR), plus a pre-determined spread and mandatory costs. These facilities have maturities in July 2013. This borrowing enabled the Group to repay the amounts due under the syndicated loan facility agreed in August 2005, to finance the Allied Domecq acquisition price and to refinance certain debt owed by the Group.

The debt recognised in the financial statements of Pernod Ricard SA relating to the syndicated loan amounts to €724.4 million (including accrued interest of €0.03 million). In addition, loans totalling €1,696.8 million (including €3.4 million of accrued interest), contracted in May 2008, June 2010 and January 2011, are due to Pernod Ricard Finance.

Note 15 Breakdown of income tax

In euro thousand	Total	Profit before tax and exceptional items	Exceptional items
Net profit/loss before income tax	85,280	15,315	69,965
Income tax prior to consolidation	-	-	-
Net impact of tax consolidation	153,279	-	-
NET PROFIT/LOSS	**238,559**	**15,315**	**69,965**

Within the framework of the tax consolidation, the tax loss carryforwards of the Pernod Ricard tax group amount to €(932,337,000), an increase of €30,820,000 over the financial year.

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Note 16 Increases and decreases in future tax liabilities

Type of temporary differences

In euro thousand	Amount of tax
INCREASES	**NONE**
Provisions not tax deductible in year of accounting recognition	41
'Organic' local tax and other	87
Other provisions for risks and contingencies	11,011
Provisions for pensions and other long-term employee benefits	14,622
DECREASES IN FUTURE TAX LIABILITIES	**25,761**

The tax rate used is the rate in force in 2011, i.e. 34.43%.

Note 17 Remuneration

Remuneration paid to members of the Executive Directors and members of the Board of Directors amounted to €3,824,871.

Note 18 Income

Operating income was €75,583,000 compared to €75,852,000 in 2010, and mainly comprised royalties, rebilling of overheads to the Group's subsidiaries and other income. There was no transfer of Group expenses for the year.

Note 19 Financial income and expenses

In euro thousand	Amount at 30.06.2011
Income from investments	632,417
Income from other fixed asset securities and receivables	-
Other interest and related income	208,053
Reversals of financial provisions and expense transfers	10,424
Translation gains	260,119
Net gains on sale of marketable securities	-
TOTAL FINANCIAL INCOME	**1,111,013**

In euro thousand	Amount at 30.06.2011
Depreciation, amortisation and provision charges	(90,935)
Interest and related expenses (1)	(582,956)
Translation losses	(336,680)
Net expenses on marketable security disposals	-
TOTAL FINANCIAL EXPENSES	**(1,010,571)**

(1) Including losses of €(81,006,000) arising from the transfer of the assets/liabilities of EVC

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Note 20 Exceptional items

In euro thousand	Amount
Net profit on management operations	-
Net profit on capital operations	108,308
Charges and reversals of financial provisions and expense transfers	(38,343)
EXCEPTIONAL ITEMS	**69,965**

Exceptional items of €69,965,000, mainly arising from the reversal of provisions for risks attached to the allocation of free shares, the capital gain from the sale of the stake in the company SALB and the expenses relating to bond issues.

The expense transfers item relates to the rebilling of Group fees and non-current expenses of €17,967,000.

Note 21 Off-balance sheet commitments

Guarantees granted

Commitments granted

In euro thousand	Amount
Guarantees on behalf of subsidiaries	3,674,614
Guarantees granted to holders of Allied Domecq Financial Services Ltd bonds	276,993
Rent	29,532
TOTAL	**3,981,139**

Commitments granted include guarantees, in particular those related to:

- the syndicated loan. Borrowings drawn by subsidiaries of the Pernod Ricard group that had not been repaid at 30 June 2011 amounted to €3,556 million;
- bonds and commercial paper.

Derivative instruments

Hedging for Pernod Ricard SA	Nominal value in thousands of USD	Fair value at 30 June 2011 in thousands of euros	Nominal value in thousands of euros	Fair value at 30 June 2011 in thousands of euros
Collars	-	-	750,000	(30,546)
Interest rate swaps	2,300,000	(53,625)	1,100,000	(26,642)
Currency swaps	1,286,097	(12,951)	-	-
TOTAL	**3,586,097**	**(66,576)**	**1,850,000**	**(57,188)**

Interest rate swaps hedge Pernod Ricard SA's external or internal debts that bear floating rate interest. At 30 June 2011 these broke down as follows:

USD interest rate hedge	Maturity	Net base in thousands of US dollars
Interest rate swap	May 2013	1,510,000
Interest rate swap	May 2014	350,000
Interest rate swap	May 2018	350,000
Interest rate swap	May 2013	90,000

The fair value of financial instruments hedging US dollars denominated floating rate debt at 30 June 2011 was €(53,625,000).

EUR interest rate hedge	Maturity	Net base in thousands of US dollars
Collar	June 2013	250,000
Collar	June 2013	250,000
Collar	June 2013	250,000
Interest rate swap	June 2013	(250,000)
Interest rate swap	June 2014	(250,000)
Interest rate swap	June 2013	250,000
Interest rate swap	June 2014	250,000
Interest rate swap	June 2013	500,000
Interest rate swap	March 2016	600,000

The fair value of financial instruments hedging euro denominated floating-rate debt at 30 June 2011 was €(57,188,000).

Currency hedge	Base in thousands of US dollars
Currency swap	1,000,000
Currency swap	(38,904)
Currency swap	325,000
Financial assets	2,317,604
Financial liabilities	(3,645,503)
TOTAL	**(41,803)**

Payables and receivables denominated in foreign currencies are hedged by currency swaps. The Company had a residual US dollar position of US$(41,803,000) at 30 June 2011.

The fair value of currency swaps at year end was €(12,951,000).

Other

Pernod Ricard SA guaranteed the contributions owed by Allied Domecq Holdings Ltd and its subsidiaries to the Allied Domecq pension funds.

Pernod Ricard SA, pursuant to Section 17 of the Companies (Amendment) Act, 1986 (Republic of Ireland), irrevocably guaranteed the liabilities of the following subsidiaries for the 2010/2011 financial year: Irish Distillers Group Ltd, Irish Distillers Ltd, The West Coast Cooler Co Ltd, Watercourse Distillery Ltd, Fitzgerald & Co Ltd, Ermine Ltd, Gallwey Liqueurs Ltd, Smithfield Holdings Ltd, Irish Distillers Holdings Ltd.

In June 2009, Pernod Ricard gave a guarantee on a loan of GBP 962.0 million in two equal tranches between two companies: Allied Domecq Shelf Limited and Allied Domecq Overseas Holdings Limited. This guarantee was renewed in June 2011 for the first tranche which had reached maturity.

In July 2009, Pernod Ricard gave a guarantee on a loan of USD 735.0 million between two companies: Allied Domecq Shelf Limited and Goal Acquisitions Holding Limited.

Pernod Ricard gave the directors of Goal Acquisitions (Holding) Limited a comfort letter in which the Group undertook to provide financial support to enable Goal Acquisitions (Holding) Limited to honour its short-term intra-group liabilities.

Within the framework of the right to individual training in France, the aggregate number of training hours corresponding to acquired rights for the 2010 calendar year is 6,266 hours, including 5,424 hours for which no request had been made.

Note 22 Average headcount at 30 June 2011

	Employees	Temporary employees (for all reasons)
Managers	118	-
Supervisors and technicians	39	-
Employees	8	2
AVERAGE HEADCOUNT	**164**	**2**
Apprentice contracts	4	-

Note 23 Subsidiaries and associates at 30 June 2011

In euro thousand	Share capital	Shareholders' equity before appropriation of results for year	Interest in entity's share capital (%)	Carrying amount of investment		Loans	Guarantees	Sales (excluding taxes and duties)	Net profit	Dividends received
				Gross	Net					
Investments whose carrying amount exceeds 1% of Pernod Ricard SA's share capital										
Ricard 4 and 6, rue Berthelot 13014 Marseille, France	54,000	162,119	100.00	67,227	67,227	-	-	532,719	72,255	59,745
Pernod 120, avenue du Maréchal-Foch 94015 Créteil, France	40,000	142,353	100.00	94,941	94,941	-	-	435,266	20,829	19,866
Austin Nichols 100 Manhattanville Road Purchase, NY 10577 (USA)	4,470,805	4,977,439	57.90	2,983,670	2,983,670	-	600,000	1,202,888	2,933,370	-
Compagnie Financière des Produits Orangina 12, place des États-Unis – 75116 Paris, France	10,000	10,980	100.00	39,601	10,958	-	-	-	22	-
Pernod Ricard Europe 2, rue de Solférino 75340 Paris cedex 07, France	40,000	662,854	100.00	36,406	36,406	-	-	99,931	247,727	299,999
Campbell [(1)] 111/113 Renfrew Road Paisley, PA3 4DY (Scotland)	8,273	28,031	100.00	40,538	40,538	-	-	-	11,316	-
Pernod Ricard Finance 12, place des États-Unis 75116 Paris, France	77,000	118,910	100.00	89,220	89,220	-	3,196,657	-	30,169	10,317
Pernod Ricard Pacific Holdings 33 Exeter Terrace Devon Park SA 5008 (Australia)	148,339	158,857	100.00	151,789	151,789	-	-	-	-	-
Comrie Temple Chambers 3 Burlington Road, Dublin 4 (Ireland)	3,775,655	4,184,552	100.00	3,775,658	3,775,658	-	-	-	74,644	74,310
Yerevan Brandy Company 2, Admiral Isakov Avenue Yerevan 375092 (Republic of Armenia)	19,757	104,381	100.00	27,856	27,856	-	-	29,962	4,844	-
SAS Lina 3 12, place des États-Unis 75116 Paris, France	838,810	2,762,356	100.00	3,881,834	3,881,834	-	-	-	395,890	-
SAS Lina 5 12, place des États-Unis 75116 Paris, France	30,640	33,609	100.00	30,631	30,631	-	-	-	(70)	-
Pernod Ricard Cesam 2, rue de Solférino 75007 Paris, France	52,198	66,366	100.00	131,040	131,040	-	-	-	(4,004)	-
SAS Lina 6 12, place des États-Unis 75116 Paris, France	298,000	229,723	100.00	305,027	235,027	-	-	-	5,247	-
SAS Lina 11 12, place des États-Unis 75116 Paris, France	50,000	94,671	100.00	96,600	96,600	-	-	-	10	-
Pernod Ricard North America 2, rue de Solférino 75007 Paris, France	39,398	29,508	100.00	126,735	114,835	-	-	-	(12,254)	-

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In euro thousand	Share capital	Shareholders' equity before appropriation of results for year	Interest in entity's share capital (%)	Carrying amount of investment		Loans	Guarantees	Sales (excluding taxes and duties)	Net profit	Dividends received
				Gross	Net					
Pernod Ricard Asia 2, rue de Solférino 75007 Paris, France	4,512	137,102	100.00	42,457	42,457	-	-	-	90,787	65,000
AGROS Ul. Chalubinskiego 8 00-613 Warsaw (Poland)	5,513	90,478	62.95	73,189	73,189	-	-	-	(195)	-
Sankaty Trading Ltd 25-28 North Wall Quay – IFSC 1 Dublin (Ireland)	13	4,050	100.00	15,568	15,568	-	-	-	(4)	-
Populous Trading Ltd 25-28 North Wall Quay – IFSC 1 Dublin (Ireland)	13	4,053	100.00	15,568	15,568	-	-	-	(2)	-
Polairen Trading Ltd 25-28 North Wall Quay – IFSC 1 Dublin (Ireland)	13	4,050	100.00	15,568	15,568	-	-	-	(4)	-
Geo G Sandeman Sons & Co Ltd (2) 400 Capability Green Luton Beds LU1 3AE (England)	2	234	30.00	9,180	6,010	-	-	1,543	232	70
TOTAL 1	-	-	-	**12,050,303**	**11,936,590**					**529,307**
Subsidiaries:										
French	-	-	-	4,924	1,399	-	-	-	-	0
Foreign	-	-	-	10,682	10,379	2,490	-	-	-	102,669
Associates:										
French	-	-	-	215	214	-	-	-	-	30
Foreign	-	-	-	8,709	1,336	-	-	-	-	411
TOTAL 2	-	-	-	**24,530**	**13,328**	-	-	-	-	**103,110**
TOTAL 1 + 2	-	-	-	**12,074,832**	**11,949,917**	-	-	-	-	**632,417**

(1) Information from Campbell's financial statements at 30 June 2010
(2) Information from Geo Sandeman's financial statements at 31 December 2010

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Earnings over the last five financial years

In euro	30.06.2007	30.06.2008	30.06.2009	30.06.2010	30.06.2011
Financial position at year end					
Share capital	339,796,825	340,508,610	400,892,831	409,560,085	410,318,795
Number of shares outstanding	109,611,879	219,682,974	258,640,536	264,232,313	264,721,803
Number of convertible bonds in issue	-	-	-	-	-
Number of bonus shares granted on 16 January 2007 (dividend rights from 1 July 2006)	18,216,022	-	-	-	-
Number of shares created by the capital increase of 14 May 2009	-	-	38,786,220	-	-
Number of free shares granted on 18 November 2009 (dividend rights from 1 July 2009)	-	-	-	5,174,153	-
Operating results					
Sales (excluding taxes and duties)	-	-	-	-	911,320
Profit before tax, amortisation, depreciation and allowances to provisions	535,110,760	604,105,487	246,964,704	(13,227,907)	91,817,755
Corporate income tax	56,025,892	(16,011)	121,507,245	74,090,535	153,278,897
Profit after taxes, amortisation, depreciation and allowances to provisions	597,492,981	925,580,853	306,554,754	89,124,864	238,559,275
Dividends distributed (1)	276,221,935	289,981,526	129,320,268	354,071,299	-
Earnings per share					
Profit after taxes, but before amortisation, depreciation and allowances to provisions	5.39	2.75	1.42	0.23	0.93
Profit after taxes, amortisation, depreciation and allowances to provisions	5.45	4.21	1.19	0.34	0.90
Dividend paid per share (1)	2.52	1.32	0.50	1.34	-
Personnel					
Number of employees	144	144	152	147	164
Total payroll	19,846,894	21,087,707	19,641,524	22,172,089	26,922,176
Employee related benefits paid during the year	10,658,374	12,449,559	14,091,743	14,765,751	17,444,761

(1) The amount of dividends for 2011 will be known with certainty after the vote to be held at the Shareholders' Meeting of 15 November 2011. (Dividends relating to the financial year from 1 July 2010 to 30 June 2011.)

Dividends distributed over the last five years

In euro Year	Payment date	Amount	Total dividend for the year
2006/2007	04.07.2007	1.26	-
	14.11.2007	1.26	2.52
2007/2008	03.07.2008	0.63	-
	18.11.2008	0.69	1.32
2008/2009	08.07.2009	0.50	0.50
2009/2010	07.07.2010	0.61	-
	17.11.2010	0.73	1.34
2010/2011	06.07.2011 (1)	0.67	-

(1) An interim dividend in respect of 2010/2011 was paid on 6 July 2011. The balance of the dividend will be decided by shareholders at the Shareholders' Meeting of 15 November 2011 called to approve the financial statements for the year ended 30 June 2011.

Inventory of marketable securities at 30 June 2011

IN EUROS

French investments with a net carrying amount in excess of €100,000	Number of shares held	Net carrying amount
Compagnie Financière des Produits Orangina	11,910	10,957,976
Lina 3	55,920,652	3,881,834,308
Lina 5	306,400	30,630,500
Lina 6	400	235,027,008
Lina 7	401	342,550
Lina 11	400	96,599,538
Pernod	2,580,000	94,940,630
Pernod Ricard Asia	2,785,000	42,457,051
Pernod Ricard Cesam	386,650	131,040,000
Pernod Ricard Europe	999,994	36,405,982
Pernod Ricard Finance	10,317,439	89,220,499
Pernod Ricard North America	4,377,500	114,834,557
Ricard	1,750,000	67,227,093
SUB-TOTAL	**79,436,746**	**4,831,517,692**
Other shareholdings in French companies	310,943	3,232
Investments in unlisted foreign companies	-	7,118,395,639
TOTAL MARKETABLE SECURITIES AT 30.06.2011	**79,747,689**	**11,949,916,563**

Statutory Auditors' report on the annual financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the financial year ended 30 June 2011, on:

- the audit of the accompanying annual financial statements of Pernod Ricard;
- the basis of our assessments;
- the specific verifications and disclosures required by law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 30 June 2011, and of the results of its operations for the financial year then ended in accordance with French accounting principles.

II - Basis of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial code *(Code de commerce)* relating to the basis of our assessments, we hereby inform you that our assessments covered the appropriateness of the accounting principles adopted and the reasonableness of the significant estimates made, particularly:

- Investments were measured in accordance with the accounting policies described in Note 1.3 to the financial statements 'Accounting principles – Financial assets'. As part of our work, we reviewed the appropriateness of these accounting policies and looked at the assumptions made by the Company as well as the resulting measurements.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we expressed in the first part of this report.

III - Specific verifications and disclosures

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

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the annual financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial code relating to remunerations and benefits received by the Members of the Board and any other commitments made in their favour, we have verified its consistency with the annual financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Courbevoie, 16 September 2011

The Statutory Auditors

Deloitte & Associés	**Mazars**
Marc de Villartay	Isabelle Sapet Loïc Wallaert

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' special report on regulated agreements and commitments

[Intentionally omitted]

7

COMBINED (ORDINARY AND EXTRAORDINARY) SHAREHOLDERS' MEETING

[Intentionally omitted]

8

ABOUT THE COMPANY AND ITS SHARE CAPITAL

Information about Pernod Ricard

Company name and trading name

Pernod Ricard.

Head office

12 place des États-Unis, 75116 Paris, France

Tel: + 33 (1) 41 00 41 00

Legal form

Pernod Ricard is a French public limited company (*Société Anonyme* – SA) governed by a Board of Directors.

Applicable law

Pernod Ricard is a company subject to French law, governed by the French Commercial Code.

Date of constitution and duration

The Company was formed on 13 July 1939 for a period of 99 years.

Corporate purpose

The corporate purpose, as provided for in article 2 of the Company's bylaws, is set forth below in its entirety:

'The Company's purpose is directly or indirectly:

- the manufacture, purchase and sale of all wines, spirits and liqueurs, of alcohol and food products, the use, conversion and trading in all forms of finished or semi-finished products, by-products and substitutes generated by the main operations carried out in the distilleries or other industrial establishments of the same type. The above operations may be carried out on a wholesale, semi-wholesale or retail basis and in all locations, in France or outside France. Storage, purchases and sales falling within the above list;
- the representation of any French or foreign entities, producing, manufacturing or selling products of the same type;
- investments in any businesses or operations whatsoever, which may be related to the production and the trading of similar products in any form whatsoever, and the creation of new companies, contributions, subscriptions, purchases of securities or ownership rights under any form, etc.;
- any transactions connected with the hotel industry and the leisure industry in general, notably the investment by the Company in any companies, existing or to be created, businesses or operations whatsoever, that may be related to the hotel or leisure industries in general, it being specified that the Company may conduct all these transactions on its own account or on behalf of third parties, either acting alone or through equity investment, partnerships or through companies with any third parties or other companies, and carry them out in any form whatsoever: contributions, mergers, subscriptions or the purchase of securities or ownership rights, etc.;
- investments in any industrial, commercial, agricultural, real estate, financial or other companies, whether existing or to be formed, and whether French or foreign;
- the acquisition, disposal, exchange and any transactions involving shares, equity interests or partnership holdings, investment certificates, convertible or exchangeable bonds, equity warrants, bonds with equity warrants and generally, any securities and property rights whatsoever;
- any agricultural, farming, arboriculture, breeding, wine-growing operations, etc., as well as any connected or derivative agricultural or industrial operations relating thereto;
- and generally, all industrial, commercial, financial, movable or real property or securities operations related directly or indirectly to the above purposes or being capable of favouring their development.'

RCS registration number and APE business activity code

The Company is registered in the Paris Trade and Companies Register (RCS) under number 582 041 943.

Pernod Ricard's business activity (APE) code is 741J. This corresponds to business administration activities.

Financial year

From 1 July to 30 June of each year.

Entitlement to dividends – Entitlement to share in the issuer's earnings

Net earnings are comprised of the Company's income as derived from the income statement after deduction of overheads and any other social contributions, depreciation of assets, and all provisions for commercial or industrial contingencies, if any.

From the net earnings, reduced when necessary by prior losses, at least 5% is withheld for transfer to the legal reserve. The deduction is no longer mandatory when the legal reserve reaches an amount equal to one tenth of the share capital. It once again becomes mandatory in the event where, for any reason whatsoever, this reserve falls below one tenth.

From the distributable earnings, as determined by law, the amount required to pay an initial dividend of 6% of the fully paid-up, unredeemed value of the shares is deducted, subject to the possibility that the Board of Directors authorise shareholders who request to do so to pay up their shares in advance, where the payments made cannot give rise to entitlement to the aforementioned initial dividend.

This initial dividend is not cumulative, i.e. if earnings for the financial year are not sufficient to make this payment or are only sufficient to make the payment in part, the shareholders cannot claim this on earnings for the following financial year.

From the available surplus, the Ordinary Shareholders' Meeting may decide to deduct all amounts it considers appropriate, either to be carried forward to the following financial year or to be transferred to extraordinary or special reserves, with or without special allocations.

The balance is distributed among shareholders as an additional dividend.

The Ordinary Shareholders' Meeting is authorised to deduct from non-statutory reserves set up in prior years any amounts that it considers should be:

- either distributed to the shareholders or allocated to total or partial depreciation of the shares;
- capitalised or used for the repurchase and cancellation of shares.

Wholly depreciated shares are replaced by dividend right certificates granting the same rights as the existing shares, with the exception of entitlement to the initial statutory dividend and capital repayment.

Dividend payment terms and conditions are fixed by the Ordinary Shareholder's Meeting or by default by the Board of Directors within the maximum period set by law.

In deliberating on the financial statements for the financial year, the Ordinary Shareholders' Meeting has the option to grant each shareholder the choice between a cash or stock dividend, for all or part of a dividend or interim dividend payment.

Dividends must be paid within a maximum of nine months following year end. This period may be extended by court ruling. Dividends will be transferred to the French State within the legal period, i.e. five years.

Changes in the share capital and the rights attached to shares

Any changes in the share capital or the voting rights attached to the shares making up the share capital shall be governed by the standard legal provisions as the bylaws do not contain any specific provisions in this respect.

Shareholders' Meetings

The shareholders meet every year at an Ordinary Shareholders' Meeting.

Notice to attend Meetings

Both Ordinary and Extraordinary Shareholders' Meetings are called, held and vote in accordance with the conditions provided for by law. They are held at the Company's head office or in any other place stated in the notice of the Meeting.

Decisions by the shareholders are taken at Ordinary, Extraordinary or Combined (Ordinary and Extraordinary) Shareholders' Meetings depending on the nature of the resolutions they are being asked to adopt.

Participation in Shareholders' Meetings

All shareholders have the right to attend the Company's Shareholders' Meetings and to participate in the deliberations, either personally or through a proxy, regardless of the number of shares they hold. In order for a shareholder to have the right to participate in Ordinary or Extraordinary Shareholders' Meetings, the shares must be entered in the name of the shareholder or in the name of the financial intermediary acting on the shareholder's behalf at midnight (Paris time) three business days prior to the Shareholders' Meeting either in the registered share accounts kept by the Company, or in the bearer share accounts kept by the authorised financial intermediary.

The entry or recording of the shares in bearer share accounts kept by the authorised financial intermediary shall be acknowledged via a certificate of participation issued by the financial intermediary attached as an appendix to a postal voting form or proxy form or to the application for an admission card made out in the name of the shareholder or on behalf of the shareholder represented by the registered financial intermediary. A shareholder wishing to attend the Shareholders' Meeting in person who has not received his admission card by midnight (Paris time) three business days before the Shareholders' Meeting may also ask for such a certificate to be drawn up.

If a shareholder does not attend the Shareholders' Meeting in person, he may choose one of three possible options:

- grant a proxy in writing to a person of his choosing within the conditions defined in articles L. 225-106 *et seq.* of the French Commercial Code;
- cast a postal vote;
- send a proxy form to the Company without giving details of the proxy, under the conditions provided for by the laws and regulations in force.

Where a shareholder has already cast a postal vote, sent in a proxy form or applied for an admission card or a certificate of participation, he/she may not thereafter choose another method of participating in the Shareholders' Meeting.

A shareholder who has already cast a postal vote, sent in a proxy form or applied for an admission card or a certificate of participation may sell all or some of his shares at any time. However, if the sale takes place before midnight (Paris time) on the third business day prior to the Shareholders' Meeting, the Company shall invalidate or modify accordingly, as appropriate, the postal vote cast, proxy form, admission card or the certificate of participation. For this purpose, the authorised financial intermediary in charge of the shareholder's account shall inform the Company or its duly authorised agent of the sale and shall provide it with the necessary information.

No sale or other form of transaction carried out after midnight (Paris time) on the third business day prior to the Shareholders' Meeting, regardless of the means used, shall be notified by the authorised financial intermediary or taken into consideration by the Company, notwithstanding any agreement to the contrary.

Voting conditions

The voting right attached to the shares is proportional to the share capital they represent. Each share grants the right to one vote (article L. 225-122 of the French Commercial Code).

Restrictions on voting rights

However, each member of the Shareholders' Meeting shall have as many votes as shares he/she possesses and represents, up to 30% of the total voting rights.

Multiple voting rights

A voting right double that granted to other shares, in light of the fraction of the authorised share capital they represent, is granted to all fully paid-up shares that can be shown to have been registered for at least 10 years in the name of the same shareholder and commencing on 12 May 1986 inclusive (article L. 225-123 of the French Commercial Code).

In the event of a share capital increase through the capitalisation of reserves, earnings or share premiums, registered shares allocated as bonus shares to a shareholder, on the basis of existing shares for which he/she benefits from this right, shall also have double voting rights as from their issuance (article L. 225-123 of the French Commercial Code).

Any share loses the double voting right if converted into bearer form or if its ownership is transferred. Nevertheless, transfer following succession or the liquidation of assets between spouses and inter vivo donation to a spouse or relation close enough to inherit will not result in the loss of the acquired right and will not interrupt the aforementioned 10-year period.

Declaration of statutory thresholds

Any individual or corporate body acquiring a shareholding greater than 0.5% of the share capital must inform the Company of the total number of shares held by registered letter, with return receipt requested, within a period of 15 days from the date on which this threshold is exceeded. This notification must be repeated, under the same conditions, each time the threshold is exceeded by an additional 0.5%, up to 4.5% inclusive.

In the event of non-compliance with the obligation mentioned in the previous paragraph, shares in excess of the non-declared amount shall be deprived of voting rights, at the request, as set forth in the minutes of the Shareholders' Meeting, of one or more shareholders holding at least 5% of the share capital, for any Shareholders' Meeting held until the expiry of the period stipulated in article L. 233-14 of the French Commercial Code following the date when the notification is made.

Modification of shareholders' rights

The Extraordinary Meeting of Shareholders has the power to modify shareholders' rights, under the conditions defined by law.

Items likely to have an impact in the event of a public offer

Pursuant to article L. 225-100-3 of the French Commercial Code, the items that may have an impact in the event of public offer are as follows.

The Company's share capital structure

The Company's share capital structure is indicated in the table below, 'Allocation of share capital and voting rights at 31 August 2011', within 'Information about share capital'.

The crossings of thresholds declared during the 2010/2011 financial year are also indicated in the table 'Allocation of share capital and voting rights at 31 August 2011' within 'Information about share capital' below.

Statutory restrictions on the exercise of voting rights and double voting rights

The Company's bylaws provide for a limit on voting rights. This system is described under 'Voting conditions' above.

Furthermore, certain Company shares have a double voting right as described under 'Voting conditions' above.

Agreements between shareholders of which the Company has knowledge

The Company's Shareholders' Agreement between shareholders of the Company (agreement between Mr Rafaël Gonzalez-Gallarza and Société Paul Ricard, (the Ricard family Holding Company) is described under 'Shareholders' agreements' within 'Information about share capital' and is also included on the AMF website (www.amf-france.org).

Powers of the Board of Directors

Under the terms of the 12th resolution of the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2010, the Board of Directors has a delegation of authority for 18 months for the issue of share warrants free of charge in the case of a public offer on the Company's shares. The nominal amount of the capital increase as a result of exercising these warrants cannot exceed €102 million, i.e. about 25% of the share capital.

Attention is drawn to the draft resolutions submitted by the Board of Directors to the vote of the Combined (Ordinary and Extraordinary) Shareholders' Meeting on 15 November 2011 deliberating on the renewal of the above-mentioned delegation of authority to the Board. This delegation would allow the latter to proceed with the issue of share warrants free of charge in the case of a public offer concerning the Company (see 'Presentation of the resolutions' in Section 7 'Combined (Ordinary and Extraordinary) Shareholders' Meeting' of this Registration Document).

Agreements entered into by the Company which were modified or become void as a result of a change of control in the Company

Note that the clauses for the change in control of the Company's main financing contracts, presented under 'Significant contracts' in Section 4 'Management Report' of this document (these clauses are described below), provide for the possibility of early repayment of these loans and bonds under certain conditions.

2008 Credit Agreement

The Credit Agreement also provides for voluntary or compulsory early repayment obligations, depending on circumstances, standard practice in this kind of credit agreement (e.g., compliance with commitments, change of control, cross default). The Credit Agreement contains a clause under which the taking of control of the Company by any person or group of persons acting together (other than the Société Paul Ricard or any group of persons acting together with the Société Paul Ricard) is likely to constitute grounds for compulsory early repayment.

2010 Credit Agreement

The Credit Agreement also provides for voluntary or compulsory early repayment obligations, depending on circumstances, standard practice in this kind of credit agreement (e.g., compliance with commitments, change of control, cross default). The Credit Agreement contains a clause under which the taking of control of the Company by any person or group of persons acting together (other than the Société Paul Ricard or any group of persons acting together with the Société Paul Ricard) is likely to constitute grounds for compulsory early repayment.

Bond issue of December 2006

This bond includes a clause regarding change of control, which could lead to the compulsory early repayment of bonds upon request of each bond holder in the event of a change of control in the Company (benefiting a person or a group of persons acting together) and leading to deterioration in the Company's financial rating.

Bond issue of June 2009

This bond includes a clause regarding change of control, which could lead to the compulsory early repayment of bonds upon request of each bondholder in the event of a change of control in the Company (benefiting a person or a group of persons acting together) and leading to deterioration in the Company's financial rating.

Bond issue of March 2010

This bond includes a clause regarding change of control, which could lead to the compulsory early repayment of bonds upon request of each bondholder in the event of a change of control in the Company (benefiting a person or a group of persons acting together) and leading to deterioration in the Company's financial rating.

Bond issue of December 2010

This bond includes a clause regarding change of control, which could lead to the compulsory early repayment of bonds upon request of each bondholder in the event of a change of control in the Company (benefiting a person or a group of persons acting together) and leading to deterioration in the Company's financial rating.

Bond issue of March 2011

This bond includes a clause regarding change of control, which could lead to the compulsory early repayment of bonds upon request of each bondholder in the event of a change of control in the Company (benefiting a person or a group of persons acting together) and leading to deterioration in the Company's financial rating.

Bond issue of April 2011

This bond includes a clause regarding change of control, which could lead to the compulsory early repayment of bonds upon request of each bondholder in the event of a change of control in the Company (benefiting a person or a group of persons acting together) and leading to deterioration in the Company's financial rating.

Securitisation (Master Receivables Assignment Agreement)

This programme includes a change of control clause that applies to each subsidiary participating in the programme as a seller. The change of control of a seller constitutes an early amortization event in respect of such seller. For the purposes of the agreement, a 'change of control' occurs when Pernod Ricard ceases to hold, directly or indirectly, at least 80% of the share capital or voting rights of a seller, unless Pernod Ricard (i) continues to hold, directly or indirectly, 50% of the share capital or voting rights of such seller and (ii) at the request of Crédit Agricole CIB, has issued a guarantee in terms reasonably satisfactory to Crédit Agricole CIB for the purpose of securing the obligations of such seller under the securitisation transaction documents.

Other items

The Company's bylaws are modified in accordance with the applicable legal and regulatory provisions in France.

There is no specific agreement providing for indemnities in the event of the termination of the position of a member of the Board of Directors.

Rules applicable to the appointment and replacement of members of the Company's Board of Directors

The legal and statutory rules established in articles 16 *et seq.* of the bylaws govern the appointment and dismissal of members of the Board of Directors. These are described in the 'General rules concerning the composition of the Board and the appointment of Directors' paragraph in Section 2 'Corporate Governance and internal control' of this Registration Document.

The Statutory Auditors

Principal Statutory Auditors

Deloitte & Associés, member of the *Compagnie régionale des Commissaires aux Comptes de Versailles* (Versailles regional auditors association), represented by Mr Marc de Villartay, whose head office is at: 185 avenue Charles de Gaulle, 92524 Neuilly-sur-Seine, whose term of office was renewed at the Shareholders' Meeting of 10 November 2005 for a period of six years ending after the Ordinary Shareholders' Meeting convened to approve the financial statements for the 2010/2011 financial year.

The renewal of the term of office of Deloitte & Associés for a new period of six years will be put to a vote by the Shareholders' Meeting of 15 November 2011 according to the terms outlined under 'Presentation of the resolutions' in Section 7 'Combined (Ordinary and Extraordinary) Shareholders' Meeting' in this Registration Document.

Société Mazars, member of the *Compagnie régionale des Commissaires aux Comptes de Versailles* (Versailles regional auditors association), represented by Mr Loïc Wallaert and Ms Isabelle Sapet, whose head office is at Exaltis, 61 rue Henri Regnault, 92075 Paris-La Défense, whose term of office was renewed at the Shareholders' Meeting of 10 November 2010 for a period of six years ending after the Ordinary Shareholders' Meeting convened to approve the financial statements for the 2015/2016 financial year.

Substitute Statutory Auditors

BEAS, whose head office is at 7-9 Villa Houssay, 92524 Neuilly-sur-Seine, substitute for Deloitte & Associés, and whose term of office was renewed at the Shareholders' Meeting of 10 November 2005 for a period of six financial years ending after the Ordinary Shareholders' Meeting convened to approve the financial statements for the 2010/2011 financial year.

The renewal of the term of office of Société BEAS for a new period of six years will be put to a vote by the Shareholders' Meeting of 15 November 2011 according to the terms outlined under 'Presentation of the resolutions' in Section 7 'Combined (Ordinary and Extraordinary) Shareholders' Meeting' in this Registration Document.

Mr Patrick de Cambourg, whose address is Exaltis, 61 rue Henri Regnault, 92075 Paris-La Défense, substitute for Mazars, was appointed at the Shareholders' Meeting of 10 November 2010 for a period of six years. His term of office will expire at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements of the 2015/2016 financial year.

Fees of Statutory Auditors and members of their networks for the 12-month financial year[(a)]

	MAZARS				Deloitte & Associés				Other				Total			
	Amount (Excluding tax)		%		Amount (Excluding tax)		%		Amount (Excluding tax)		%				%	
In euro million	N	N – 1	N	N – 1	N	N-1	N	N – 1	N	N – 1	N	N – 1	N	N – 1	N	N – 1
Audit																
Statutory Auditors, certification, review of individual and consolidated accounts [(b)]																
Company [(1)]	540	576	14.9%	15.3%	572	572	14.2%	15.1%					1,112	1,148	13.9%	14.2%
Fully consolidated subsidiaries	2,766	3,048	76.5%	81.0%	3,024	2,976	74.9%	78.6%	62	94	16.9%	18.1%	5,852	6,118	73.0%	75.9%
Other procedures and services directly linked to the duties of the Statutory Auditors [(c)]																
Company [(1)]	147	85	4.1%	2.3%	146	85	3.6%	2.2%					293	170	3.6%	2.1%
Fully consolidated subsidiaries	69	0	1.9%	0.0%	236	71	5.8%	1.9%	17	24	4.6%	4.6%	322	95	4.0%	1.2%
AUDIT SUB-TOTAL	**3,522**	**3,709**	**97.4%**	**98.6%**	**3,978**	**3,704**	**98.5%**	**97.8%**	**79**	**118**		**22.8%**	**7,579**	**7,531**	**94.5%**	**93.4%**
Other services provided by the networks to the fully consolidated subsidiaries [(d)]																
Legal, tax, corporate	55	18	1.5%	0.5%	54	78	1.3%	2.1%	281	397	76.6%	76.6%	390	493	4.9%	6.1%
Other (to be specified if > 10% of audit fees)	40	34	1.1%	0.9%	5	4	0.1%	0.1%	7	3	1.9%	0.6%	52	41	0.6%	0.5%
OTHER SERVICES SUB-TOTAL	**95**	**52**	**2.6%**	**1.4%**	**59**	**82**	**1.5%**	**2.2%**	**288**	**400**	**78.5%**	**77.2%**	**442**	**534**	**5.5%**	**6.6%**
TOTAL	3,617	3,761	100.0%	100.0%	4,037	3,786	100.0%	100.0%	367	518	100.0%	100.0%	8,021	8,065	100.0%	100.0%

(a) With regard to the period under consideration, this refers to services provided and recognised in the income statement during a financial year.

(b) Including independent experts' fees or members of the Statutory Auditors' network, to which they have recourse within the scope of the certification of accounts.

(c) This section includes the procedures and services provided directly in relation to audit of the Company's accounts or those of its subsidiaries:

- *by the Statutory Auditor in accordance with article 10 of the Code of Conduct;*
- *by a member of the network in accordance with articles 23 and 24 of the Code of Conduct.*

(d) Includes non-Audit services provided in accordance with article 24 of the Code of Conduct, by a member of the network to the Company's subsidiaries whose accounts are certified.

(1) The Company is understood to be the Parent Company.

Information about its share capital

The conditions under which the bylaws submit changes to the share capital and the rights attached thereto are compliant in every aspect with legal stipulations in France. The bylaws do not provide for any overriding provisions and do not impose any special contingencies.

Amount of paid-up capital as at 30 June 2011

On 2 November 2009, by virtue of the delegation of authority granted to the Board of Directors by the Combined (Ordinary and Extraordinary) Shareholders' Meeting on the same day, the Chief Executive Officer recorded that the share capital had increased by a nominal amount of €97,150.90 following the exercise, since 1 July 2009, of 62,678 stock options granting entitlement to the same number of Pernod Ricard shares.

On 12 November 2009, by virtue of the delegation of authority granted to the Board of Directors by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 2 November 2009, the Chief Executive Officer recorded that the share capital had increased by a nominal amount of €6,944 following the exercise, since 2 November 2009, of 4,480 stock options granting entitlement to the same number of Pernod Ricard shares.

On 18 November 2009, pursuant to the delegation of authority granted to the Board of Directors by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 2 November 2009, and by virtue of the authorisation granted to the Chief Executive Officer, the Chief Executive Officer set at 5,174,153 the number of new shares resulting from the distribution of bonus shares via the capitalisation of premiums, at the rate of 1 new share for every 50 existing shares. The increase in the share capital resulting from this distribution totalled €8,019,937.15.

On 21 July 2010, the Board of Directors recorded that, on 30 June 2010, the share capital had increased by a nominal amount of €543,222.30 following the exercise, since 12 November 2009, of 350,466 stock options granting entitlement to the same number of Pernod Ricard shares.

On 20 July 2011, the Board of Directors recorded that, on 30 June 2011, the share capital had increased by an amount of €758,709.50 following the exercise, since 1 July 2010, of 489,490 stock options granting entitlement to the same number of Pernod Ricard shares.

As a result, Pernod Ricard's subscribed and fully paid up share capital amounted to €410,318,794.65 as of 30 June 2011, divided into 264,721,803 shares with a nominal value of €1.55.

Shares not representing capital

There are no shares that do not represent the Company's share capital.

Pernod Ricard shares held by Le Delos Invest I, Le Delos Invest II and Lirix (companies controlled by Société Paul Ricard, as defined in article L. 233-3 of the French Commercial Code) are pledged for third parties.

Pernod Ricard shares held by Le Delos Invest III (a company controlled by Société Paul Ricard, as defined in article L. 233-3 of the French Commercial Code) were transferred as collateral for the full performance of its obligations under the terms of a prepaid forward transaction entered into on 10 April 2009.

Financial authorisations

All current delegations and financial authorisations granted to the Board of Directors by the Shareholders' Meetings of 2 November 2009 and 10 November 2010 and the uses thereof during financial year 2010/2011 are summarised in the following tables.

General authorisations

The Combined (Ordinary and Extraordinary) Shareholders' Meetings of 2 November 2009 and 10 November 2010 granted the Board of Directors a number of financial authorisations of which the main terms are outlined below.

Securities representing capital

(i) Issues of shares or securities with preferential subscription rights

The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 2 November 2009 authorised the Board of Directors to:

- perform one or more capital increases, via the issue of ordinary shares and/or securities granting access to the share capital, with preferential subscription rights;
- perform one or more capital increases, via the capitalisation of premiums, reserves, earnings or others.

The maximum nominal amount of capital increases that may be performed under the aforementioned authorisations was set at €200 million: this is an overall limit applied to all issues performed under any of the aforementioned authorisations, as well as any issue performed with cancellation of preferential rights (it being specified that the maximum nominal amount of the latter is limited to €80 million).

If necessary, a supplementary amount will be added to this limit for shares to be issued, in accordance with the law, to preserve the rights of holders of securities or rights granting access to share capital.

The maximum nominal amount of debt securities representing receivables giving access to the share capital of the Company that may be issued within the scope of the first authorisation above was set at €5 billion (this amount is deducted from the nominal amount of debt securities representing receivables giving access to the share capital of the Company that will be issued by public offer by virtue of authorisation with cancellation of preferential subscription rights);

The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 2 November 2009 authorised the Board of Directors to increase the number of shares or securities issued in the event of a share capital increase with or without preferential subscription rights by public offer at the same price as the initial issue, within the regulatory periods and limits applicable at the issue date (i.e. currently within 30 days of the closing of the subscription period and limited to 15% of the initial issue) and subject to the overall limit described above.

Since this authorisation expires on 2 January 2012, its renewal will be put to the vote at the next Shareholders' Meeting of 15 November 2011 according to the terms outlined under 'Presentation of the resolutions' in Section 7 'Combined (Ordinary and Extraordinary) Shareholders' Meeting' in this Registration Document.

(ii) Issues of shares or securities with cancellation of preferential subscription right

The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 2 November 2009 authorised the Board of Directors to:

- carry out one or more capital increases, via the issue of ordinary shares and/or securities granting access to share capital with cancellation of preferential subscription rights, via public offer, within the limits of a maximum nominal amount of €80 million (the Board of Directors is bound by legal and regulatory constraints in terms of the issue price). This amount will be deducted from the limit of €200 million set for issues carried out with preferential subscription right. Furthermore, this amount is shared with other issues with cancellation of preferential subscription right, namely: remuneration of contributions in kind, exchange offers initiated by the Company and capital increases reserved for employees.

  The Board of Directors may establish, in favour of shareholders, a priority subscription period that may or may not be reduced under the conditions outlined by the regulations.

  The maximum nominal amount of debt securities representing receivables giving access to the share capital of the Company that may be issued within this framework was set at €4 billion (this amount is deducted from the €5 billion nominal maximum amount that may be issued by virtue of authorisations with preferential subscription right);
- carry out one or more capital increases, within the limit of 10% of the share capital, in consideration, except in a public exchange, of contributions in kind granted to the Company and comprising capital shares or securities granting access to the share capital of other companies;
- carry out one or more capital increases, for remuneration of securities contributed to a public offer launched by the Company relating to the securities of another company, within the limit of 20% of the Company's share capital at the time of the issue.

Since this authorisation expires on 2 January 2012, its renewal will be put to the vote at the next Shareholders' Meeting of 15 November 2011 according to the terms outlined under 'Presentation of the resolutions' in Section 7 'Combined (Ordinary and Extraordinary) Shareholders' Meeting' in this Registration Document.

(iii) Issue of share warrants

The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2010 delegated authority to the Board of Directors for a period of 18 months to decide upon the issue of share warrants in the event of an unsolicited public offer involving Company shares. These warrants facilitate the subscription, under preferential conditions, of one or more Company shares, it being specified that the maximum nominal amount of ordinary shares that may be issued on exercise of these warrants may not exceed €102 million. These would be freely allocated to all Company shareholders who held the status of shareholder prior to the expiry of the public offer period.

These warrants would cease to be valid as soon as the offer or any other possible competing offer was to fail, become null and void or be withdrawn.

Since this authorisation expires on 10 May 2012, its renewal will be put to the vote at the next Shareholders' Meeting of 15 November 2011 according to the terms outlined under 'Presentation of the resolutions' in Section 7 'Combined (Ordinary and Extraordinary) Shareholders' Meeting' in this Registration Document.

Other securities

The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 2 November 2009 authorised the Board of Directors, for a period of 26 months, to issue debt securities granting entitlement to the allocation of debt securities (such as bonds, related securities, perpetual or non-perpetual subordinated notes or any other securities granting, in the same issue, entitlement to recover debt against the Company) within the limit of the ceiling of €5 billion (this limit having been established independently of any other limit relating to the issue of debt securities authorised by the Shareholders' Meeting and the issue of bonds authorised or decided by the Board of Directors).

Since this authorisation expires on 2 January 2012, its renewal will be put to the vote at the next Shareholders' Meeting of 15 November 2011 according to the terms outlined under 'Presentation of the resolutions' in Section 7 'Combined (Ordinary and Extraordinary) Shareholders' Meeting' in this Registration Document.

Specific authorisations in favour of employees and Directors

Stock options and performance shares

- The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 2 November 2009 authorised the Board of Directors, for a duration of 38 months, to grant stock options in favour of employees and Directors of the Company and/or the Group's companies, within the limit of 5% of the Company's share capital at the time of the issue.
- The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2010 authorised the Board of Directors, for a duration of 26 months, to allocate performance shares free of charge in favour of employees and Directors of the Company and/or the Group's companies, within the limit of 0.67% of the Company's share capital on the day the decision to allocate them is taken by the Board of Directors.

Share capital increases reserved for employees of the Group

The Company's Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2010 delegated its authority to the Board of Directors to issue ordinary shares and/or securities granting access to share capital, reserved for members of employee savings plans, within the limit of 2% of the Company's share capital. This delegation was granted for a duration of 26 months.

The forthcoming Shareholders' Meeting, being called upon to approve the delegations of authority to carry out capital increases with subscription in cash must therefore, pursuant to the provisions of article L. 225-129-6 of the French Commercial Code, also be called upon to approve the renewal of the authority to carry out a share capital increase reserved for employees of the Group under the conditions provided for in articles L. 3332-18 *et seq.* of the French Employment Code.

The terms of renewal of this authority are outlined under 'Presentation of the resolutions' in Section 7 'Combined (Ordinary and Extraordinary) Shareholders' Meeting' in this Registration Document.

Authorisation to repurchase shares

The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2010 renewed, in favour of the Board of Directors, the authorisation previously granted by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 2 November 2009 allowing the Company to repurchase its own shares, in accordance with articles L. 225-209 *et seq.* of the French Commercial Code, within the limit of 10% of the total number of shares comprising the share capital. The same Meeting also set the maximum purchase price at €100 per share. The details of transactions carried out within the scope of the share repurchase programme in force during the previous financial year are presented under 'Share repurchase programme' below.

Since the authorisation granted by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2010 expires on 10 May 2012, its renewal will be put to the vote at the next Shareholders' Meeting of 15 November 2011 according to the terms outlined under 'Presentation of the resolutions' in Section 7 'Combined (Ordinary and Extraordinary) Shareholders' Meeting' of this Registration Document.

Cancellation of Company shares

The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 2 November 2009 granted the Board of Directors authorisation, for a duration of 26 months, to cancel the Company's shares held under share repurchase programmes authorised by the shareholders, within the limit of 10% of the share capital, for a period of 24 months, and to reduce the share capital accordingly.

Since this authorisation expires on 2 January 2012, its renewal will be put to the vote at the next Shareholders' Meeting of 15 November 2011 according to the terms outlined under 'Presentation of the resolutions' in Section 7 'Combined (Ordinary and Extraordinary) Shareholders' Meeting' in this Registration Document.

General financial authorisations

Type of securities	Authorisation date (resolution)	Duration	Expiry of authorisation	Maximum nominal amount of the issue of debt securities (1)	Maximum nominal amount of the capital increase resulting immediately or in the future following the issue (excluding adjustments)	Use of existing authorisations during the financial year ended 30 June 2011 and up to 31 August 2011	Features/Terms
SECURITIES REPRESENTING CAPITAL: ISSUES OF SHARES OR SECURITIES WITH PREFERENTIAL SUBSCRIPTION RIGHTS							
Ordinary shares and/or securities granting access to the share capital	SM of 2 November 2009 (16th)	26 months	2 January 2012	€5 billion (1)	€200 million	-	All of the issues of shares and debt securities made pursuant to the 17th, 18th, 19th, 20th and 22nd resolutions of the SM of 2 November 2009 and to the 13th resolution of the SM of 10 November 2010 are deducted from the limits defined in this 16th resolution These amounts may be increased by a maximum of 15%, in the event of additional requests during a capital increase (18th resolution – SM of 2 November 2009)
Additional paid-in capital, reserves, earnings and other	SM of 2 November 2009 (22nd)	26 months	2 January 2012	N.A.	€200 million	A total of €8,019,937.15 of the amount set in this resolution was used for the distribution of one free share for 50 existing shares, carried out on 18 November 2009	Will be deducted from the limit provided for in the 16th resolution – SM of 2 November 2009
SECURITIES REPRESENTING CAPITAL: ISSUES OF SHARES OR SECURITIES WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS							
Ordinary shares and/or securities granting access to the share capital by public offer	SM of 2 November 2009 (17th)	26 months	2 January 2012	€4 billion (1)	€80 million	-	Shares and debt securities giving access to the share capital will be deducted from the limits provided for in the 16th resolution – SM of 2 November 2009 All of the issues of shares and debt securities made pursuant to the 18th, 19th and 20th resolutions of the SM of 2 November 2009 and to the 13th resolution of the SM of 10 November 2010 will be deducted from the limits defined in this 17th resolution These amounts may be increased by a maximum of 15%, in the event of additional requests (18th resolution – Shareholders' Meeting of 2 November 2009)

Type of securities	Authorisation date (resolution)	Duration	Expiry of authorisation	Maximum nominal amount of the issue of debt securities (1)	Maximum nominal amount of the capital increase resulting immediately or in the future following the issue (excluding adjustments)	Use of existing authorisations during the financial year ended 30 June 2011 and up to 31 August 2011	Features/Terms
Shares and securities granting access to the share capital in consideration for contributions in kind granted to the Company	SM of 2 November 2009 (19th)	26 months	2 January 2012	N.A.	10% of the share capital at the time of issue	-	Will be deducted from the limit provided for in the 16th and 17th resolutions - Shareholders' Meeting of 2 November 2009
Securities granting access, immediately or in the future, to the Company's share capital in the event of a public offer launched by the Company	SM of 2 November 2009 (20th)	26 months	2 January 2012	N.A.	20% of the share capital at the time of issue	-	Will be deducted from the limit provided for in the 16th and 17th resolutions - Shareholders' Meeting of 2 November 2009
Share warrants in the event of a public offer on the Company's shares	SM of 10 November 2010 (12th)	18 months	10 May 2012	N.A.	€102 million	-	Independent limit
OTHER SECURITIES							
Debt instruments that grant entitlement to the allocation of debt securities	SM of 2 November 2009 (21st)	26 months	2 January 2012	€5 billion	N.A.	-	Independent limit

(1) Maximum nominal amount of Company debt instruments granting access to ordinary shares.

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Specific authorisations in favour of employees and Directors

Type of securities	Authorisation date (resolution)	Duration	Expiry of authorisation	Maximum amount authorised	Use of existing authorisations during the financial year ended 30 June 2011 and up to 31 August 2011	Features/Terms
Stock options for employees and Directors	SM of 2 November 2009 (23rd)	38 months	2 January 2013	5% of share capital as of 2 November 2009	0.39%	Independent limit
Performance shares	SM of 10 November 2010 (11th)	26 months	10 January 2013	0.67% of share capital on the date of Board of Directors' decision to allocate	0.22%	Independent limit
Shares or securities granting access to share capital, reserved for members of employee savings plans	SM of 10 November 2010 (13th)	26 months	10 January 2013	2% of share capital (after the SM of 10 November 2010)	-	Will be deducted from the limit provided for in the 16th and 17th resolutions of the Shareholders' Meeting of 2 November 2009

Share repurchase programme

Type of securities	Authorisation date (resolution)	Duration	Expiry of authorisation	Maximum amount authorised	Use of existing authorisations during the financial year ended 30 June 2011 and up to 31 August 2011	Features/Terms
Repurchase of shares	SM of 2 November 2009 (14th)	18 months	2 May 2011	10% of the share capital	0.04%	Maximum purchase price: €90
Repurchase of shares	SM of 10 November 2010 (10th)	18 months	10 May 2012	10% of the share capital	0.47%	Maximum purchase price: €100
Cancellation of treasury shares	SM of 2 November 2009 (15th)	26 months	2 January 2012	10% of the share capital	-	-

Contingent share capital

Stock options

Refer to the paragraph 'Stock options exercised over the year' under 'Human Resources' in Section 4 'Management Report'.

Changes in the share capital over the last five years

Changes in the share capital over the last five years

Amount of share capital prior to transaction	Number of shares prior to transaction	Year	Type of transaction	Ratio	Effective date	Shares issued/ cancelled	Issue/conversion premium	Number of shares after the transaction	Amount of share capital after transaction
€290,383,913.00	93,672,230	2006	Exercise of options (4)	N.A. (1)	26.07.2006	389,209	€58.50/€62.10	94,061,439	€291,590,460.90
€291,590,460.90	94,061,439	2006	Exercise of options (4)	N.A. (1)	07.11.2006	66,669	€58.50/€62.10	94,128,108	€291,797,134.80
€291,797,134.80	94,128,108	2006	Capital reduction (2)	N.A. (1)	07.11.2006	3,209,032	€143.98	90,919,076	€281,849,135.60
€281,849,135.60	90,919,076	2007	Exercise of options (4)	N.A. (1)	08.01.2007	161,037	€58.50/€62.10	91,080,113	€282,348,350.30
€282,348,350.30	91,080,113	2007	Bonus shares (3)	1 for 5	16.01.2007	18,216,022	€3.10	109,296,135	€338,818,018.50
€338,818,018.50	109,296,135	2007	Exercise of options (4)	N.A. (1)	25.07.2007	315,744	€48.23/€51.23/ €58.33	109,611,879	€339,796,824.90
€339,796,824.90	109,611,879	2008	Exercise of options (4)	N.A. (1)	10.01.2008 (6)	128,483	€48.23/€58.33	109,740,362	€340,195,122.20
€340,195,122.20	109,740,362	2008	Split in the nominal value (5)	2 for 1	15.01.2008	109,740,362	N.A. (1)	219,480,724	€340,195,122.20
€340,195,122.20	219,480,724	2008	Exercise of options (4)	N.A. (1)	23.07.2008	202,250	€25.67/€27.17/ €30.72	219,682,974	€340,508,609.70
€340,508,609.70	219,682,974	2009	Exercise of options (6)	N.A. (1)	07.04.2009	105,609	€24.12/€25.62/ €29.17	219,788,583	€340,672,303.65
€340,672,303.65	219,788,583	2009	Capital increase	3 for 17	14.05.2009	38,786,220	€25.15	258,574,803	€400,790,944.65
€400,790,944.65	258,574,803	2009	Exercise of options (4)	N.A. (1)	22.07.2009	65,733	€22.68/€27.44	258,640,536	€400,892,830.80
€400,892,830.80	258,640,536	2009	Exercise of options (7)	N.A. (1)	02.11.2009	62,678	€22.68/€24.09/ €27.44	258,703,214	€400,989,981.70
€400,989,981.70	258,703,214	2009	Exercise of options (7)	N.A. (1)	12.11.2009	4,480	€22.68/€27.44	258,707,694	€400,996,925.70
€400,996,925.70	258,707,694	2009	Bonus shares (8)	1 for 50	18.11.2009	5,174,153	€1.55	263,881,847	€409,016,862.85
€409,016,862.85	263,881,847	2010	Exercise of options (4)	N.A. (1)	21.07.2010	350,466	€22.20/€23.59/ €26.87	264,232,313	€409,560,085.15
€409,560,085.15	264,232,313	2011	Exercise of options (4)	N.A. (1)	20.07.2011	489,490	€22.20/€23.59/ €26.87	264,721,803	€410,318,794.65

(1) N.A. = not applicable.

(2) On 20 September 2006, the Board of Directors decided to dissolve without liquidating Santa Lina (which held 3,209,032 Pernod Ricard shares), leading to the transfer of all the assets and liabilities of Santa Lina to the Company, with effect from 7 November 2006. The Shareholders' Meeting of 7 November 2006 decided to cancel all the treasury shares held by the Company following this transaction and the corresponding reduction in the share capital for an amount of €9,947,999.20.

(3) Pursuant to the authorisation granted by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2005, the Board of Directors decided on 7 November 2006 to increase the Company's share capital via the capitalisation of reserves and a distribution of bonus shares on the basis of one new share for five existing shares. The newly issued bonus shares were allocated to shareholders as from 16 January 2007 and granted entitlement to dividends in respect of the financial year beginning on 1 July 2006. The allocation rights were not tradable and the price to compensate for fractional shares amounted to €319,704,157. These amounts were credited to the shareholders as from 5 February 2007. Pursuant to this transaction, the Company's share capital was increased to €338,818,018.50, divided into 109,296,135 shares.

(4) The shares resulting from the exercise of stock options were created as and when the stock options were exercised. The dates mentioned are the dates on which the Board of Directors placed on record the corresponding increases in the share capital.

(5) The Board of Directors of 23 January 2008 decided to implement as of 15 January 2008, a one-for-two split, exchanging one €3.10 share for two new €1.55 shares.

(6) Recognition date for the exercise of options by the Chairman and CEO authorised by the Board of Directors, itself authorised by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 7 November 2007.

(7) Recorded by the Chief Executive Officer pursuant to the authorisation granted by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 2 November 2009.

(8) Pursuant to the delegation of authority granted to the Board of Directors by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 2 November 2009, and by virtue of the authorisation granted to the Chief Executive Officer, the Chief Executive Officer set the amount of the increase in the share capital via the capitalisation of primes and the distribution of bonus shares.

Changes in voting rights over the last five years

Changes in voting rights over the last five years

Years [1]	Number of voting rights[2]
Situation at 19.09.07	120,955,418
Situation at 17.09.08	242,576,072
Situation at 02.09.09	282,752,847
Situation at 01.09.10	289,084,636
Situation at 31.08.11	289,607,231

(1) The data provided is from the date of the breakdown of share capital and voting rights.
(2) The information concerns the total number of voting rights of the Company including suspended voting rights.

Allocation of share capital and voting rights at 31 August 2011

	Situation at 31.08.2011			Situation at 01.09.2010			Situation at 02.09.2009		
Shareholders	Number of shares	% of share capital	% of voting rights*	Number of shares	% of share capital	% of voting rights*	Number of shares	% of share capital	% of voting rights*
Société Paul Ricard[(1)]	37,840,834	14.29%	19.93%	37,752,201	14.29%	19.92%	36,932,324	14.28%	19.84%
Directors and Management of Pernod Ricard	3,484,483	1.32%	1.80%	3,567,501	1.35%	1.84%	3,475,871	1.34%	1.84%
Shares held by Pernod Ricard employees	3,498,640	1.32%	1.85%	3,454,063	1.31%	1.84%	3,642,671	1.41%	1.94%
Groupe Bruxelles Lambert[(2)]	26,092,870	9.85%	9.01%	26,042,870	9.86%	9.01%	22,955,884	8.88%	8.12%
Capital Research and Management Company (US)[(3)]	14,179,782	5.36%	4.90%	26,240,878	9.93%	9.08%	12,291,493	4.75%	4.35%
Morgan Stanley (US)	-	-	-	10,823,654	4.10%	3.74%	10,823,654	4.18%	3.83%
Franklin Resources, Inc and subsidiaries[(4)]	9,859,252	3.72%	3.40%	9,246,272	3.50%	3.20%	8,889,885	3.44%	3.14%
MFS Investment Management (US)[(5)]	6,674,776	2.52%	2.30%	5,875,930	2.22%	2.03%	5,564,018	2.15%	1.97%
Crédit Agricole Asset Management[(6)]	5,615,014	2.12%	1.94%	5,615,014	2.12%	1.94%	5,616,616	2.17%	1.99%
Amundi Asset Management[(7)]	5,386,876	2.03%	1.86%	5,775,137	2.19%	2.00%	-	-	-
Norges Bank Investment Management [(8)]	5,310,761	2.01%	1.83%	-	-	-	-	-	-
La Caisse des Dépôts et Consignation (CDC Ixis)[(9)]	5,270,298	1.99%	1.82%	5,270,298	1.99%	1.82%	4,803,759	1.86%	1.70%
Natixis Asset Management[(10)]	3,888,310	1.47%	1.34%	3,980,203	1.51%	1.38%	5,670,812	2.19%	2.01%
CNP Assurances[(11)]	3,873,790	1.46%	1.34%	3,873,790	1.47%	1.34%	3,941,459	1.52%	1.39%
Artisan Partners (US)[(12)]	3,710,368	1.40%	1.28%	4,413,543	1.67%	1.53%	4,413,543	1.71%	1.56%
UBS AG (UK)[(13)]	2,217,596	0.84%	0.77%	2,217,596	0.84%	0.77%	3,117,488	1.21%	1.10%
CM-CIC Asset Management[(14)]	1,349,010	0.51%	0.47%	-	-	-	-	-	-
Crédit Suisse (UK)[(15)]	-	-	-	2,877,159	1.09%	1.00%	4,175,807	1.61%	1.48%
Platinium Asset Management (Australia)[(16)]	-	-	-	-	-	-	2,332,084	0.90%	0.82%
Cantillon Capital Management (US)[(17)]	-	-	-	-	-	-	2,036,981	0.79%	0.72%
Marsico Capital Management[(18)]	-	-	-	1,382,190	0.52%	0.48%	-	-	-
Mousseluxe SARL[(19)]	-	-	-	-	-	-	1,122,500	0.43%	0.40%
Treasury shares									
■ Shares held by subsidiaries	-	-	-	-	-	-	-	-	-
■ Treasury shares	2,085,680	0.79%	0.00%	1,566,548	0.59%	0.00%	1,245,296	0.48%	0.00%
Others and public	124,433,864	47.00%	44.16%	104,267,970	39.46%	37.09%	115,604,458	44.69%	41.80%
TOTAL	**264,772,204**	**100.00%**	**100.00%**	**264,242,817**	**100.00%**	**100.00%**	**258,656,603**	**100.00%**	**100.00%**

Pursuant to the statutory provisions, declarations only include stakes greater than 0.5% of the capital. For any one respondent, only the most recent declaration is reported. Declarations dating back more than two years which have not been updated are no longer taken into account.

* *Although there is only one class of share, shares held for 10 years in registered form are entitled to double voting rights.*

(1) *Société Paul Ricard is wholly owned by the Ricard family. The declaration covers a total of 2,281,093 shares held by Lirix; 169,868 shares held by SNC Le Garlaban; 1,352,650 shares held by Le Delos Invest 1; 3,346,658 actions held by Le Delos Invest II and 8,392,096 shares held by Le Delos Invest III. These five companies are controlled by Paul Ricard, as defined in article L. 233-3 of the French Commercial Code.*

(2) *Declaration of 20 September 2010.*

(3) *In a letter received on 26 August 2011, the Capital Research and Management Company (CRMC) declared that it had crossed the threshold to below 5% of the voting rights on 25 August 2011, holding 14,179,782 shares, i.e. 5.36% of the share capital and 4.90% of the voting rights.*

(4) *Declaration of 6 June 2011.*

(5) *Declaration of 22 February 2011.*

(6) *Declaration of 21 September 2009.*

(7) *Declaration of 16 August 2011.*

(8) *Declaration of 11 July 2011.*

(9) *Declaration of 2 February 2010.*

(10) *Declaration of 4 October 2010.*

(11) *Declaration of 20 November 2009.*

(12) *Declaration of 8 April 2011.*

(13) *Declaration of 14 May 2010.*

(14) *Declaration of 19 January 2011.*

(15) *Declaration of 14 July 2010.*

(16) *Declaration of 4 October 2007.*

(17) *Declaration of 15 February 2008.*

(18) *Declaration of 6 July 2010.*

(19) *Declaration of 9 July 2008.*

Certain Company shares have a double voting right as described in the 'Voting conditions' paragraph in paragraph 'About the Company'. Of the 264,772,204 shares making up the Company capital as of 31 August 2011, 24,835,027 shares had a double voting right.

On the same date, employees held 3,498,640 shares representing 1.32% of the share capital and 1.85% of the voting rights.

The shareholder agreement between shareholders of the Company, agreement between Mr Rafaël Gonzalez-Gallarza and Société Paul Ricard SA (Ricard family Holding Company), is described below and is also included on the AMF website (www.amf-france.org).

Crossing of thresholds

In a letter received on 23 July 2010, the Capital Research and Management Company (CRMC), (333 South Hope Street, 55th Floor, Los Angeles, CA 90071-1406, United States), declared that it had crossed the threshold to below 10% of the share capital on 21 July 2010, holding 26,240,878 shares, i.e. 9.93% of the Company's share capital and 9.08% of the voting rights.

In a letter received on 27 August 2011, the Capital Research and Management Company (CRMC) declared that it had crossed the threshold to below 5% of the voting rights of the Company, holding 14,179,782 shares, i.e. 5.36% of the share capital and 4.90% of the voting rights.

Shareholders' agreements

Pernod Ricard was notified on 8 February 2006 of the signing of a shareholders' agreement between Mr Rafaël Gonzalez-Gallarza and Société Paul Ricard. Pursuant to this agreement, Mr Rafaël Gonzalez-Gallarza undertakes to consult Société Paul Ricard prior to any Pernod Ricard Shareholders' Meeting in order for them to vote the same way. Furthermore, Mr Rafaël Gonzalez-Gallarza undertook to notify Société Paul Ricard of any additional purchase of Pernod Ricard shares and/or voting rights, and also undertook not to purchase any Pernod Ricard shares if such a transaction would force Société Paul Ricard and the parties acting in concert to launch a public offer for Pernod Ricard. Finally, Société Paul Ricard has a pre-emption right with regard to any Pernod Ricard shares that Mr Rafaël Gonzalez-Gallarza may wish to dispose of.

Additional information on the shareholders

According to the survey on identifiable bearer shares carried out on 30 June 2011, the number of Pernod Ricard bearer shareholders may be estimated at approximately 122,000. Furthermore, 12,300 shareholders have registered securities.

Breakdown of share capital *(nominative data from the Company's survey on identifiable bearer shares carried out at 30 June 2011)*	(in %)
Société Paul Ricard	14.3
Board + Management + Employees + Treasury shares	3.4
Groupe Bruxelles Lambert	9.9
American institutional investors	28.4
British institutional investors	6.6
Other foreign institutional investors	12.1
French institutional investors	16.6
Individual shareholders	8.7

To Pernod Ricard's knowledge, no shareholder directly or indirectly holds more than 5% of the share capital or voting rights that is not included in the table on the 'Breakdown of share capital and voting rights at 31 August 2011' above.

There is no individual or corporate body that exercises, directly or indirectly, on its own or jointly, or in concert, control over Pernod Ricard's share capital.

To the Company's knowledge, there have not been any significant changes in the breakdown of the Company's share capital during the last three financial years, other than those shown in the table 'Allocation of share capital and voting rights at 31 August 2011'.

Pernod Ricard is the only company in the Group listed on the Stock Market (NYSE-Euronext Paris).

However, further to the integration of Allied Domecq, the Pernod Ricard group now controls Corby Distilleries Limited, of which it holds 46% of the share capital and 52% of the voting rights, which is listed on the Toronto (Canada) Stock Market.

Equity investments and stock options

Directors' equity investments in the issuer's share capital

Detailed information is provided under 'Human Resources' in Section 4 'Management Report' of this document.

Transactions involving Pernod Ricard shares made by Directors in the financial year

Detailed information is provided under 'Human Resources' in Section 4 'Management Report' of this document.

Stock options exercised by Directors during the 2010/2011 financial year

Detailed information is provided in 'Summary table of stock options exercised by the Executive Directors in 2009/2010' under 'Human Resources' in Section 4 'Management Report' of this document.

Stock options granted to the top ten employees in the Group other than Directors and options exercised by the top ten employees of the issuer during the 2010/2011 financial year

Detailed information is provided in 'Stock options granted to the top ten employees in the Group other than Directors and options exercised by the top ten employees of the issuer during the 2010/2011 financial year' under 'Human Resources' in Section 4 'Management Report' of this document.

Stock market information on Pernod Ricard shares

Pernod Ricard shares (ISIN: FR 0000 120693) are traded on the NYSE Euronext regulated market in Paris (Compartment A) (Deferred Settlement Service).

Stock market information on Pernod Ricard shares (source NYSE Euronext Paris) over 18 months

Date	Volumes *(in thousand)*	Capital *(in euro million)*	Average price *(in euro)*	Highest *(in euro)*	Lowest *(in euro)*	Price at end of month *(in euro)*
January 2010	13,022	771	59.18	60.85	56.51	58.31
February 2010	17,175	973	56.68	59.50	54.89	55.33
March 2010	15,754	946	60.02	63.39	55.40	62.87
April 2010	18,271	1,188	65.03	67.51	62.75	63.95
May 2010	22,800	1,412	61.94	64.89	58.53	61.82
June 2010	18,093	1,164	64.34	68.64	59.95	63.98
July 2010	19,549	1,237	63.28	66.66	60.06	60.06
August 2010	14,354	876	61.02	62.92	59.30	61.69
September 2010	23,590	1,416	60.01	62.88	58.32	61.25
October 2010	19,080	1,204	63.10	66.44	60.10	63.71
November 2010	24,241	1,538	63.43	65.45	61.52	62.79
December 2010	14,369	991	68.99	72.50	62.57	70.36
January 2011	13,894	978	70.41	72.78	68.13	69.63
February 2011	19,141	1,319	68.93	71.94	65.17	66.81
March 2011	19,294	1,260	65.29	68.29	61.81	65.90
April 2011	14,494	954	65.84	68.10	62.88	67.86
May 2011	15,215	1,046	68.74	70.15	66.84	70.15
June 2011	12,860	868	67.49	70.49	65.53	67.97

Share repurchase programme

These following paragraphs include the information required in the Board of Directors' report pursuant to article L. 225-211 of the French Commercial Code and that relating to the description of the share repurchase programme in accordance with article 241-2 of the French Financial Markets Authority (AMF) General Regulations.

Transactions performed by the Company on its own shares during the 2010/2011 financial year

Authorisations granted to the Board of Directors

During the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 2 November 2009, the Company's shareholders authorised the Board of Directors to buy or sell the Company's shares during a period of 18 months in the scope of the implementation of a share repurchase programme. The maximum purchase price was set at €90 per share and the number of shares the Company purchases may not exceed 10% of the shares making up the Company's capital; additionnally the number of shares that the Company holds at any moment may not exceed 10% of the shares making up the Company's capital.

Furthermore, the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2010 authorised the Board of Directors to trade in the Company's shares, for a period of 18 months, under the same conditions and at a maximum purchase price set at €100 per share. This authorisation cancelled with effect from 10 November 2010, up to the portion which remains unused, the authorisation granted by the Shareholders' Meeting on 2 November 2009.

The authorisation granted by the Shareholders' Meeting of 10 November 2010, in force on the date this Registration Document was filed, will expire on 10 May 2012. The Shareholders' Meeting of 15 November 2011 will be called upon to authorise the Board of Directors to trade in the Company's shares in the framework of a new programme described under 'Details of the new programme to the submitted for authorisation to the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 15 November 2011'.

Summary of transactions performed by the Company on its own shares during the 2010/2011 financial year

	Purchases	Sales/transfers
Number of shares	851,896 shares 500,000 calls (American calls)	Sales: None Transfer: 278,667 shares
Average maximum term	N.A.	N.A.
Average transaction price	€67.60 (average share purchase price) €14.60 (average American call purchase price)	€57.80
Average strike price	€68.18	N.A.
Amounts	€64,884,688	€16,107,020

On 29 September 2010 the Company carried out a share purchase and resale transaction with repurchase agreements on these shares. The transaction involved 832,352 shares purchased at €60.72 and resold via repurchase agreements at €51.78. This sale, carried out under a dissolving condition, entitles Pernod Ricard to recall all or any part of these transactions to its balance sheet until 21 June 2015 at the price of €74.73. The amounts which may be recalled are included in the long position as of 31 August 2011 (see 'Current share repurchase programme').

N.A.: not applicable.

The total amount of trading fees incurred during the 2010/2011 financial year for authorised programmes was €86,500.

The shares held by the Company have not been reallocated for other purposes since the last authorisation granted by the Shareholders' Meeting.

Summary table subsequent to the 2010/2011 financial year

Situation at 30 June 2011	
Percentage of direct and indirect treasury shares	0.79%
Number of shares cancelled in the last 24 months	None
Number of shares held in portfolio	2,104,319
Portfolio carrying amount	€139,183,670
Market value of the portfolio*	€143,030,562.40

* *Based on the closing price as of 30 June 2011, i.e. €67.97.*

Current share repurchase programme

Results of current programme

The following table details the transactions performed by the Company on treasury shares within the scope of the programme authorised by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2010 (period from 10 November 2010 to 31 August 2011).

	Total gross flows from 10.11.2010 to 31.08.2011		Open positions as of 31.08.2011			
			Long positions		Short positions	
	Purchases	Sales/transfers	Call options purchased*	Forward purchases	Call options sold	Forward sales
Number of shares	746,000 shares 500,000 calls (American calls)	Sales: None Transfer: 271,877 [(a)]	7,620,168	None	None	None
Average maximum term	N.A.	N.A.	15.06.2015 [(b)]	-	-	-
Average transaction price	€68.55 (average share purchase price) €14.60 (average American call purchase price)	€59.10	N.A.	-	-	-
Average strike price	€68.54	N.A.	€57.10	-	-	-
Amounts	€58,439,843	€16,068,468	-	-	-	-

N.A.: not applicable.

* *And termination clauses attached to sale and repurchase agreements.*

(a) *The Company transferred a total of 77,896 shares following the exercise of call options granted to employees under the stock options plans set up by the Company. Moreover, 193,981 shares were definitively granted to French tax residents on 22 June 2011 at the end of the initial 4-year vesting period as part of the 21 June 2007 free share allocation plan.*

(b) *Spread between 11 June 2012 and 15 June 2015.*

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Summary of transactions carried out in accordance with the purposes and aims of the current share repurchase programme

Under the share repurchase programme approved by the Shareholders' Meeting of 10 November 2010 and implemented by the Board of Directors' meeting of the same date, 746,000 shares were purchased on the market between 19 May 2011 and 14 June 2011 at an average weighted price of €68.55 per share. Furthermore, a total of 500,000 option hedges were acquired via the purchase of the same number of four-year American call options.

Pursuant to authorisations granted by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 2 November 2009 and the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2010, the Board of Directors of 15 June 2011 set out a new Pernod Ricard stock option allocation plan and a performance share allocation plan.

The 746,000 shares acquired on the market were allocated to cover the part of the stock options subject to performance conditions and to a reserve set aside for the performance share plan. The 500,000 American call options, allowing the purchase of the same number of Pernod Ricard shares, were allocated to a reserve set aside to cover the part of the stock option plan not subject to performance conditions.

Treasury shares constitute reserves covering the various stock option and performance share plans still in force. Movements (transfers) were made within these reserves of treasury shares:

- 77,896 shares to ensure the entitlement of stock option holders who exercised options during the period;
- 193,981 shares allocated to non-French tax residents benefiting from the allocation of bonus shares of 21 June 2007 (following the expiry of the vesting period).

Option hedges linked to call options (American call options) or to termination clauses attached to shares sold under sale and repurchase agreements were transferred as rights were exercised. During the period, 736,362 shares were repurchased via the exercise of the termination clauses attached to shares sold under sale and repurchase agreements at an average price of €46.06. No shares were repurchased using American call options.

Distribution of treasury stock at 31 August 2011

Treasury stocks are all allocated as reserves for different stock option and performance share allocation plans.

Details of the new programme to be submitted for authorisation to the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 15 November 2011

As the authorisation granted by the Shareholders' Meeting on 10 November 2010, allowing the Board of Directors to trade in the Company's shares, is due to expire on 10 May 2012, a resolution will be proposed to the Shareholders' Meeting on 15 November 2011 to grant a further authorisation to the Board to trade in the Company's shares at a maximum purchase price of €110 per share, excluding acquisition costs.

This authorisation would enable the Board of Directors to purchase Company shares representing up to a maximum of 10% of the Company's share capital. In accordance with law, the Company may not hold a number of shares representing more than 10% of its share capital at any time.

As the Company may not hold more than 10% of its share capital, and given that it held 2,085,680 shares as at 31 August 2011 (i.e. 0.79% of share capital), the maximum number of shares that can be bought will be 24,391,540 shares (i.e. 9.21% of share capital), unless it sells or cancels shares already held.

The purpose of the share repurchases and the uses that may be made of the shares repurchased in this manner are described in detail in the 10th resolution to be put to the vote of the shareholders on 15 November 2011. The share repurchase programme would enable the Company to purchase the Company's shares or have them purchased for the purpose of:

- allocating them to employees and/or Directors (allocation of stock options and bonus shares, coverage of its commitments pursuant to options with cash payments);
- using them within the scope of external growth transactions (for up to 5% of the number of shares comprising the share capital);
- delivering shares upon the exercise of rights attached to securities granting access to the share capital;
- cancelling them;
- stabilising the share price through liquidity agreements.

Purchases, sales, transfers or exchanges of shares may be made, on one or more occasions, by any means authorised pursuant to the regulations in force. These means include, in particular, private transactions, sales of blocks of shares, sale and repurchase agreements and the use of any financial derivative instruments traded on a regulated market or over-the-counter market or setting up option strategies.

Transactions involving blocks of shares may account for the entire share repurchase programme.

The total amount allocated to the share repurchase programme would be €2,911,939,800, corresponding to a maximum number of 26,472,180 shares purchased on the basis of a maximum unit price of €110, excluding acquisition costs.

This authorisation would cancel, as from the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 15 November 2011, up to, the portion not yet used, any authorisation given to the Board of Directors by the Shareholders' Meeting of 10 November 2010 for the purpose of dealing in the Company's shares. It would be given for a period of 18 months as from the aforementioned Shareholders' Meeting.

Other legal information

Annual information document

Pursuant to the provisions of article 222-7 of the AMF's General Regulations, the annual information document set out below refers to all the information published by the Company or made public during the last 12 months, in one or more States that are parties to the agreement on the European Economic Area or in one or more non-member States, in order to satisfy its legislative or regulatory obligations with regard to financial instruments, and markets in financial instruments, issuers of financial securities and financial securities markets.

List of information published during the last 12 months	How to consult (Internet link or place of consultation)

[Intentionally omitted]

[Intentionally omitted]

Related-party transaction

Transactions with related parties are described in Note 24 – *Related parties of the notes to the Consolidated Financial Statements* as well as in Note 10 – *Transactions and balances with subsidiaries and associates and other invested entities* in the notes to the Parent Company financial statements.

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ADDITIONAL INFORMATION TO THE REGISTRATION DOCUMENT

[Intentionally omitted]

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Pernod Ricard

A French Public Limited Company with share capital of €410,318,794.65

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ANNEX C—2009/2010 FINANCIAL REPORT

3

Key figures from the consolidated financial statements for the year ended 30 June 2010

Key income statement figures

In euro million	30.06.2008	30.06.2009 [2]	30.06.2010
Net sales	6,589	7,203	7,081
Profit from recurring operations	1,522	1,846	1,795
Operating profit	1,441	1,757	1,707
GROUP NET PROFIT	**840**	**945**	**951**
Group net profit per share – diluted *(in euro)*[1]	3.58	3.92	3.59
GROUP NET PROFIT FROM RECURRING OPERATIONS	**897**	**1,010**	**1,001**
Group net profit from recurring operations per share – diluted *(in euro)*[1]	3.82	4.19	3.78

(1) Earnings per share for the years ended 30 June 2008 and 30 June 2009 have been restated to take into account the allocation of one free share for every 50 existing shares held as at 18 November 2009.

(2) The financial statements at 30 June 2009 only include the contribution of Vin&Sprit AB from the date of its acquisition (23 July 2008), that is 11 months.

Key balance sheet figures

In euro million	30.06.2008	30.06.2009	30.06.2010
Assets			
Non-current assets	12,885	19,253	21,148
Of which intangible assets	*10,341*	*16,199*	*17,757*
Current assets	5,546	5,435	5,918
Assets held for sale	-	178	42
TOTAL ASSETS [1]	**18,431**	**24,867**	**27,107**
Liabilities and shareholders' equity			
Consolidated shareholders' equity	6,597	7,608	9,337
Non-current liabilities	8,687	14,390	13,792
Current liabilities	3,147	2,810	3,975
Liabilities held for sale	-	60	2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY [1]	**18,431**	**24,867**	**27,107**

(1) The data at 30 June 2009 have been restated to take into account the application of IAS 38.

Key net financial debt figures

In euro million	30.06.2008	30.06.2009	30.06.2010
Non-current financial liabilities	4,982	11,025	9,923
Current financial liabilities	1,582	383	1,382
Hedging instruments – Assets	-	-	(20)
Cash and cash equivalents	(421)	(520)	(701)
NET FINANCIAL DEBT	**6,143**	**10,888**	**10,584**
Free cash flow[1]	315	1,037	1,110

(1) The calculation of free cash flow is set out in the notes to the cash-flow statement and shareholders' equity in the management report.

Key cash-flow statement figures

In euro million	30.06.2008	30.06.2009	30.06.2010
Net change in cash flow from operating activities	268	1,126	1,205
Net change in cash flow from investing activities	(229)	(5,113)	46
Self-financing capacity before interest and tax	1,537	1,782	1,826
Net interest paid	(366)	(630)	(493)
Net income tax paid	(135)	(164)	(80)
Net change in cash flow from financing activities	42	4,121	(1,129)
Cash flow from discontinued operations	-	8	-
Cash and cash equivalents at beginning of period	383	421	520
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**421**	**520**	**701**

Analysis of business activity and results

Presentation of results

Pernod Ricard nevertheless managed to record a very robust performance in 2009/2010, with:

- a return to organic sales growth, after a flat year in 2008/2009;
- satisfactory growth in earnings, beating the objectives set out at the start of the year, despite increased advertising and promotional investment in the strategic brands;
- a significant €1,090 million reduction in debt, excluding translation adjustments.

In a mixed economic environment which showed an overall improvement in the second half, the following can be noted:

- strong growth in most of the Emerging Economies[1];
- a very gradual recovery in consumer spending against a backdrop of ongoing economic uncertainty in the United States;
- a contrasting situation in Europe with some signs of recovery but also the effects of the general economic slowdown;
- highly volatile currency movements (particularly the EUR/USD exchange rate) and all-time low interest rates on the euro and the US dollar.

These results perfectly reflect the implementation of the strategic priorities unveiled at the end of the previous year, namely a focus on the reinforcement of advertising and promotional investment in support of the strategic brands, with resources allocated strictly to the priority markets, and emphasis on reducing debt and improving financial ratios.

The organic growth of the Group's profit from recurring operations in 2009/2010 was identical to that of the previous year, i.e. +4%, despite an increase in the ratio of advertising and promotional expenditure to sales to 17.8%, compared with 17.2% in 2008/2009. The big improvement in the gross margin after logistics expenses helped hold the recurrent operating margin steady at 25.4%, very close to the level recorded in the previous year (25.6%), without precluding significant investment in support of the Group's brands.

The Asia-Rest of the World region, which enjoyed strong consumer demand on the back of economic and demographic growth, was the main driver of the organic growth of the Group's profit from recurring operations. France and the Americas also posted organic growth in profit from recurring operations, but to a lesser extent. By contrast, Europe, which was hit particularly hard by the crisis, recorded a 3% decline in the operating profit at constant exchange rates and scope of consolidation.

Change in the scope of consolidation and exchange rates both had an adverse impact over the full year in 2009/2010, chiefly affecting the Americas and Europe. Overall, the Group's recurring operating profit fell by 3% in 2009/2010, with organic growth of 4%, but a currency effect of -3% and change in the scope of consolidation also representing -3%.

The significant reduction in interest expense, under the combined impact of the fall in the average cost of debt and the reduction in debt itself, led to a 1% increase in Group net profit to €951 million in 2009/2010, compared with €945 million in 2008/2009.

(1) Countries where the annual GNP per inhabitant is less than US$10,000.

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The main trading indicators cited in the following table are defined as follows:

- gross margin after logistics expenses: sales (excluding duties and taxes), less the cost of sales and logistics expenses;
- contribution after advertising and promotional expenses: the gross margin after deducting logistics, advertising and promotional expenses;
- at constant exchanges rates and scope of consolidation: the Group makes acquisitions and disposals in keeping with its strategy, which have an impact on its scope of consolidation (scope effect). In addition, exchange rates against the euro are subject to significant fluctuations and can accordingly have an impact on the translation into euros of sales and other income statement items (currency effect).

  In order to neutralise these two effects, the Group restates:

  - the impact of acquisitions and disposals made during the current or previous year, depending on the date on which they took place;
  - effects stemming from the conversion and translation of financial flows within the Group, using for the current year the exchange rates of the previous year.

  Thus, the term "at constant exchanges rates and scope of consolidation", as defined and used by the Group, refers to data restated for the impact of acquisitions, disposals and exchange-rate fluctuations, as described above;
- net financial debt refers to total gross financial debt (converted into euros at the closing exchange rate), taking into account derivative hedging instruments at fair value, less cash and cash equivalents.

Comparable earnings are set out in the table below:

In euro million	30.06.2009	30.06.2010
Net sales	7,203	7,081
Gross margin after logistics expenses	4,208	4,218
Contribution after advertising and promotional expenses	2,971	2,956
Profit from recurring operations	1,846	1,795
Operating margin	*+25.6%*	*+25.4%*
Group net profit from recurring operations(1)	1,010	1,001
Group net profit	945	951
Group net profit per share from recurring operations – diluted(2) *(in euro)*	4.19	3.78
GROUP NET PROFIT PER SHARE FROM RECURRING OPERATIONS (EXCLUDING DISCONTINUED OPERATIONS) – DILUTED(2) *(IN EURO)*	**3.88**	**3.59**

(1) Profit from recurring operations adjusted for net interest expense relating to ordinary activities, corporate income tax, profits of equity-method companies and profit from assets held for sale.

(2) Earnings per share for the year ended 30 June 2009 have been restated to take into account the allocation on 18 November 2009 of one free share for every 50 existing shares held at that date.

Group net profit from recurring operations and net profit per share (diluted)

In euro million	30.06.2009	30.06.2010
Profit from recurring operations	1,846	1,795
Interest (expense) income from recurring operations	(619)	(497)
Corporate income tax on recurring operations	(204)	(271)
Minority interests, profit from discontinued operations and share of net income from associates	(13)	(26)
Group net profit from recurring operations	1,010	1,001
Number of shares in circulation – diluted(1)	241,221,105	264,856,425

In euros	30.06.2009	30.06.2010
Group net profit per share from recurring operations – before dilution	4.27	-
Group net profit per share from recurring operations – diluted(1)	4.19	3.78

(1) In accordance with IAS 33 (earnings per share), data for the two preceding years have been restated for the dilutive effect of the allocation, on 18 November 2009, of one free share for 50 existing shares held at this date.

Group net profit from recurring operations was €1,001 million in the year ended 30 June 2010, down (-1%). The net profit per share (diluted) from recurring operations was €3.78, down 10% compared with the year ended 30 June 2009 (of which -9%, which is due to the effect over the full year of the capital increase of 14 May 2009), after an adjustment to take into account the capital increase via the allocation of one free share for 50 existing shares held on 18 November 2009.

Business activity by geographic area is set out in the tables below:

France

In euro million	30.06.2009	30.06.2010	Organic growth	
Net sales	735	721	(2)	0%
Gross margin after logistics expenses	518	528	12	2%
Advertising and promotional expenses	(169)	(170)	(0)	0%
Contribution after advertising and promotional expenses	348	358	12	3%
PROFIT FROM RECURRING OPERATIONS	**178**	**187**	**11**	**7%**

Europe excluding France

In euro million	30.06.2009	30.06.2010	Organic growth	
Net sales	2,417	2,176	(123)	- 5%
Gross margin after logistics expenses	1,302	1,234	(10)	- 1%
Advertising and promotional expenses	(339)	(337)	(4)	1%
Contribution after advertising and promotional expenses	963	897	(14)	- 2%
PROFIT FROM RECURRING OPERATIONS(1)	**563**	**501**	**(14)**	**- 3%**

(1) Reclassification of €26 million of other income and expenses between the Americas (26) and Europe +26 in 2008/2009.

Americas

In euro million	30.06.2009	30.06.2010	Organic growth	
Net sales	2,027	1,911	74	4%
Gross margin after logistics expenses	1,253	1,193	57	5%
Advertising and promotional expenses	(346)	(332)	(23)	7%
Contribution after advertising and promotional expenses	907	861	34	4%
PROFIT FROM RECURRING OPERATIONS(1)	**610**	**541**	**6**	**1%**

(1) Reclassification of €26 million of other income and expenses between the Americas (26) and Europe +26 in 2008/2009.

Asia and Rest of the World

In euro million	30.06.2009	30.06.2010	Organic growth	
Net sales	2,023	2,273	181	9%
Gross margin after logistics expenses	1,136	1,263	107	10%
Advertising and promotional expenses	(383)	(424)	(36)	10%
Contribution after advertising and promotional expenses	753	839	71	10%
PROFIT FROM RECURRING OPERATIONS	**495**	**566**	**66**	**14%**

Total

In euro million	30.06.2009	30.06.2010	Organic growth	
Net sales	7,203	7,081	130	2%
Gross margin after logistics expenses	4,208	4,218	167	4%
Advertising and promotional expenses	(1,237)	(1,262)	(64)	5%
Contribution after advertising and promotional expenses	2,971	2,956	102	4%
PROFIT FROM RECURRING OPERATIONS	**1,846**	**1,795**	**69**	**4%**

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Sales and volumes

Full-year sales for 2009/2010 were €7,081 million (excluding duties and taxes), a moderate decline of 2%, broken down as:

- organic annual growth of 2%, including a significant 9% increase in the second half;
- an adverse currency effect of €(50) million, denoting a decline of 1%;
- an adverse impact of 3% from change in the scope of consolidation, attributable chiefly to the disposals of Wild Turkey, Tia Maria and Bisquit and the impact of the termination of Stolichnaya distribution.

This performance, in a contrasting economic environment marked by a particularly severe economic and financial crisis in Europe (deficits, lack of growth), once again highlighted the pertinence of the Group's growth model, which allowed continued expansion thanks to the strength of the portfolio and the sales network, especially in the emerging markets, which remained very buoyant.

Sales of the Top 14 brands, which accounted for 55% of the Group's full-year revenue, increased by 2% in volume and 4% in value. Two of them recorded double-digit organic growth, namely Martell (+12%) and Jameson (+12%), while seven others enjoyed continued growth, most notably The Glenlivet (+7%), Absolut (+6%), Chivas Regal (+5%) and Havana Club (+5%). By contrast, sales of Mumm were down (-7%), in a particularly challenging French champagne market.

Among the Priority Premium Wines, the decline in Jacob's Creek sales (-10% in volume and -5% in value) is a short-term consequence. ot the "Premiumisation" strategy.

Volumes *(In millions of 9-litre cases)*	30.06.2009	30.06.2010	Organic growth in volumes	Organic sales growth
ABSOLUT	10.2	10.4	6%(1)	6%(1)
Chivas Regal	4.2	4.2	1%	5%
Ballantine's	6.2	5.9	- 4%	- 4%
Ricard	5.4	5.4	0%	1%
Jameson	2.7	2.9	9%	12%
Malibu	3.4	3.3	- 1%	- 1%
Beefeater	2.3	2.3	- 1%	1%
Kahlua	1.8	1.8	- 1%	- 1%
Havana Club	3.4	3.5	3%	5%
Martell	1.5	1.6	6%	12%
The Glenlivet	0.6	0.6	5%	7%
Royal Salute	0.1	0.1	6%	1%
Mumm	0.7	0.6	- 9%	- 7%
Perrier-Jouët	0.2	0.2	- 2%	0%
14 STRATEGIC BRANDS (TOP 14)	**42.6**	**42.9**	**2 %**	**4%**
Jacob's Creek	7.8	7.1	- 10%	- 5%
Brancott Estate	1.2	1.3	7%	6%
Campo Viejo	1.5	1.5	2%	1%
Graffigna	0.3	0.3	7%	37%
PRIORITY PREMIUM WINES	**10.8**	**10.2**	**- 6%**	**- 2%**

(1) Over 11 months.

The 18 key local spirits brands grew by 4% in value, with a continuation of very strong growth by local whisky brands in India (Royal Stag up 30% and Blender's Pride up 22%), as well as renewed growth by premium Scotch whisky Imperial in South Korea (+12%).

Contribution after advertising and promotional expenses

The gross margin (after logistics expenses) was €4,218 million, edging up compared with the previous year (€4,208 million) and denoting organic growth of 4%, twice the pace of sales growth. As a consequence, the gross margin to sales ratio firmed significantly to 59.6% in 2009/2010, compared with 58.4% in the previous year (+115bp), thanks mainly to a favourable mix effect, price increases (averaging 1.8% on the Top 14 brands) and a stable cost of goods sold.

Advertising and promotional expenses were up 5% on an organic basis at €1,262 million. The Group significantly increased its investments in support of its brands, as reflected in the advertising and promotional expenses to sales ratio of 17.8%, up from 17.2% in 2008/2009. The Top 14 brands attracted three-quarters of expenditure and benefited from an advertising and promotional expenses to sales ratio of 24% over the full year. The mix of advertising and promotional expenditure also improved in 2009/2010, with an 11% increase in media investment, up 11% on an organic basis, compared with +5% for marketing investments as a whole.

Overall, the contribution after advertising and promotional expenses fell by 1% to €2,956 million, but rose by 4% at constant exchange rates and scope of consolidation, to account for 41.7% of sales, an increase of 50bp compared with the previous year, with the following breakdown by geography:

- Asia-Rest of the World recorded growth of 11% (organic growth of 10%), with a slight erosion of the gross margin and the ratio of advertising and promotional expenses to sales stemming from the very fast growth of local whisky brands in India;
- the Americas' contribution was down 5% (organic growth of 4%), with a highly adverse currency effect, stemming mainly from Venezuela, but also from the slight rise in the average annual EUR/USD exchange rate, which weighed on the region's contribution to margin;
- Europe was the hardest hit of all regions by the economic and financial crisis, and its contribution excluding France after advertising and promotional expenses fell by 7% (organic contraction of 2%). The situation remained challenging in Western Europe (Spain, United Kingdom), although some countries, including Germany and Sweden, posted growth, and a recovery was seen in duty free markets. In Eastern Europe, Russia and Ukraine logged strong recoveries in the second half, but the situation was more difficult for local vodka brands in Poland;
- France enjoyed growth of 3% (organic growth of 3%), driven by the strength of the Ricard, ABSOLUT and Chivas Regal brands.

Profit from recurring operations

The profit from recurring operations grew by 4% on an organic basis. This outcome stemmed from:

- a return to sales growth, with organic growth of 2% as opposed to virtual stability in 2008/2009;
- an increase in the operating margin, which gained 49bp at constant exchange rates and scope of consolidation.

After taking into account adverse effects from change in the scope of consolidation and exchange rates, totalling €(63) million and €(58) million respectively, the profit from recurring operations fell by 3% in 2009/2010, with the operating margin narrowing by 28 basis points to 25.4%.

Interest (expense) income

Interest (expense) income from recurring operations was €(497) million, an improvement of €123 million compared with 2008/2009.

Subsequent to the decline in debt and interest rates on the euro and the dollar, net interest expense fell by €135 million to €(446) million.

Other financial profit and expenses from recurring operations totalled €(51) million in 2009/2010, compared with €(38) million in the previous year. They mainly comprised investment and structuring fees totalling €(11) million, the net impact of returns on assets and the discounting of pension provisions totalling €(39) million.

Net interest income (expense) from discontinued operations was €(10) million.

Other operating income and expenses

Other operating income and expenses were €(88) million, consisting of net capital losses on disposals totalling €(16) million (stemming mainly from the disposals of Tia Maria and a number of Scandinavian and Spanish assets), asset impairments for a total of €(117) million, mainly relative to the Kahlua brand for €(100) million, restructuring expenses totalling €(44) million and other non-recurring income amounting to €89 million.

Group net profit

Group net profit was €951 million for the year ended 30 June 2010, an increase of €6 million, or 1% compared with 2008/2009.

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Cash and capital

Reconciliation of net financial debt – The Group uses net financial debt (gross financial debt minus cash and cash equivalents) in the management of its cash and its net debt capacity. A reconciliation of net financial debt and the main balance-sheet items is provided in Note 18 – *Financial instruments* in the Notes to the consolidated annual financial statements. The following table shows the change in net debt over the year:

In euro million	30.06.2009	30.06.2010
Profit from recurring operations (1)	1,846	1,795
Other operating income and expenses (2)	(205)	(51)
■ Depreciation of fixed assets (3)	157	160
■ Net changes in provisions, excluding investments in the pension funds acquired from Allied Domecq (4)	(81)	(94)
■ Net change in impairment of goodwill on non-current assets (3)	147	116
■ Fair value adjustments on commercial derivatives and biological assets (3)	(8)	(39)
■ Net (gain)/loss on disposal of assets (3)	(225)	16
■ Share-based payment (3)	38	26
■ Non-cash impact from other operating income and expenses (2)	115	(38)
SUB-TOTAL DEPRECIATION OF FIXED ASSETS, CHANGE IN PROVISIONS AND OTHER	**141**	**149**
Self-financing capacity	1,782	1,893
Decrease/(increase) in working capital requirements (3)	246	(48)
Net interest and tax payments (3)	(794)	(573)
Net acquisitions of non-financial assets and other (3)	(197)	(163)
Free cash flow	1,037	1,110
Net disposals of financial assets, investments in the pension funds acquired from Allied Domecq (4) and others	367	129
Change in the scope of consolidation (5)	(5,933)	12
■ Capital increase and other change in shareholders' equity	1,001	13
■ Dividends paid	(301)	(136)
■ Disposal/(acquisition) of treasury shares	6	(38)
SUB-TOTAL DIVIDENDS, PURCHASE OF TREASURY SHARES AND OTHER	**707**	**(161)**
Decrease/(increase) in debt before exchange-rate impacts	(3,823)	1,090
Net effect of translation adjustments	(922)	(786)
DECREASE/(INCREASE) IN DEBT AFTER EXCHANGE-RATE IMPACTS	**(4,746)**	**304**

(1) The calculation of profit from recurring operations is broken down in the annual consolidated financial statements in the notes to the consolidated statements.
(2) See Note 7 - Other operating income and expenses in the notes to the consolidated financial statements.
(3) See annual consolidated cash flow statements in the notes to the consolidated financial statements.
(4) Reclassification of the contribution to pensions acquired from Allied Domecq as net disposals of financial assets.
(5) Essentially linked to the disposal of Almaden at PR Brazil for the 2009/2010 financial year.

ANNEX D—2009/2010 CONSOLIDATED FINANCIAL STATEMENTS

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ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Annual consolidated income statement

In euro million	30.06.2009	30.06.2010	Notes
Net Sales	7,203	7,081	
Cost of sales	(2,995)	(2,863)	
Gross margin after logistics costs	**4,208**	**4,218**	
Advertising & promotion	(1,237)	(1,262)	
Contribution after advertising & promotion expenses	**2,971**	**2,956**	
Trading costs and overheads	(1,125)	(1,160)	
Profit from recurring operations	**1,846**	**1,795**	
Other operating income	362	234	7
Other operating expenses	(452)	(322)	7
Operating profit	**1,757**	**1,707**	
Financial expenses	(710)	(524)	6
Financial income	19	17	6
Interest (expense) income	**(691)**	**(507)**	
Corporate income tax	(108)	(223)	8
Share of net profit/(loss) of associates	0	1	
Net profit from continuing operations	**958**	**978**	
Net profit from discontinued operations	8	0	
NET PROFIT	**966**	**978**	
Including:			
■ Attributable to minority interests	21	27	
■ Attributable to equity holders of the Parent	945	951	
Earnings per share – basic *(in euro)*[(1)]	3.94	3.62	9
Earnings per share – diluted *(in euro)*[(1)]	3.92	3.59	9
Net earnings per share from continuing operations (excluding discontinued operations) – basic *(in euro)*[(1)]	3.91	3.62	9
Net earnings per share from continuing operations (excluding discontinued operations) – diluted *(in euro)*[(1)]	3.88	3.59	9

(1) In accordance with IAS 33, the following adjustment has been made (see Note 9 – Earnings per share): Earnings per share at 30 June 2009 was adjusted for the bonus rights issue of one share for each 50 shares held on 18 November 2009.

Consolidated statement of comprehensive income

In euro million	30.06.2009	30.06.2010
Net profit for the financial year	966	978
Net investment hedges	**(321)**	**(403)**
Amount recognised in shareholders' equity	*(321)*	*(403)*
Amount recycled in net profit	-	-
Cash flow hedges	**(272)**	**(66)**
Amount recognised in shareholders' equity	*(167)*	*122*
Amount recycled in net profit	*(105)*	*(187)*
Available-for-sale financial assets	**-**	**-**
Unrealised gains and losses recognised in shareholders' equity	-	-
Amount removed from equity and included in profit/loss following a disposal	-	-
Exchange differences	**(288)**	**1,371**
Tax on items recognised directly in shareholders' equity	**187**	**31**
Other adjustments	**-**	**-**
Other comprehensive income, net of tax	(694)	933
Comprehensive net profit for the period	272	1,911
Including:		
■ attributable to equity holders of the Parent	249	1,863
■ attributable to minority interests	23	48

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Annual consolidated balance sheet

Assets

In euro million	30.06.2009	30.06.2010	Notes
Net amounts			
Non-current assets			
Intangible assets	11,310	12,364	11
Goodwill	4,888	5,393	11
Property, plant and equipment	1,757	1,823	12
Biological assets	75	116	
Non-current financial assets	105	118	13
Investments in associates	3	6	
Deferred tax assets	1,115	1,307	8
Non-current derivative instruments	-	20	17
NON-CURRENT ASSETS	**19,253**	**21,148**	
Current assets			
Inventories	3,714	4,007	14
Trade receivables	936	944	15
Income taxes receivable	58	37	
Other current assets	185	218	15
Current derivative instruments	23	12	13
Cash and cash equivalents	520	701	17
CURRENT ASSETS	**5,435**	**5,918**	
Assets held for sale	178	42	
TOTAL ASSETS	**24,867**	**27,107**	

Liabilities and shareholders' equity

In euro million	30.06.2009	30.06.2010	Notes
Shareholders' equity			
Share capital	401	410	22
Share premium	3,019	3,022	
Retained earnings and currency translation adjustments	3,058	4,739	
Group net profit	945	951	
Group shareholders' equity	**7,423**	**9,122**	
Minority interests	185	216	
TOTAL SHAREHOLDERS' EQUITY	**7,608**	**9,337**	
Non-current liabilities			
Non-current provisions	521	691	16
Provisions for pensions and other long-term employee benefits	405	408	16
Deferred tax liabilities	2,217	2,500	8
Bonds – non-current	2,523	2,893	17
Non-current derivative instruments	427	375	17
Other non-current financial liabilities	8,297	6,925	17
TOTAL NON-CURRENT LIABILITIES	**14,390**	**13,792**	
Current liabilities			
Current provisions	312	312	16
Trade payables	1,759	1,871	20
Income taxes payable	101	104	
Other current liabilities	209	224	
Other current financial liabilities	383	317	17
Bonds – current	17	934	
Current derivative instruments	28	212	
TOTAL CURRENT LIABILITIES	**2,810**	**3,975**	
Liabilities held for sale	60	2	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**24,867**	**27,107**	

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Changes in shareholders' equity

In euro million	Share capital	Additional paid-in capital	Consolidated reserves	Changes in fair value	Currency translation adjustments	Treasury shares	Total attributable to equity holders of the Parent	Minority interests	Total shareholders' equity
At 01.07.2008	341	2,065	4,637	8	(514)	(117)	6,420	177	6,597
Changes in accounting policies	-	-	(8)	-	-	-	**(8)**	-	**(8)**
At 01.07.2008 - restated	341	2,065	4,629	8	(514)	(117)	6,412	177	6,589
Comprehensive net profit for the period	0	0	945	(181)	(514)	-	**249**	23	**272**
Capital increase	60	954	-	-	-	-	**1,015**	-	**1,015**
Share-based payment	-	-	38	-	-	-	**38**	-	**38**
Sale and repurchase agreements	-	-	-	-	-	6	**6**	-	**6**
Dividends distributed	-	-	(279)	-	-	-	**(279)**	(13)	**(292)**
Changes in scope of consolidation	-	-	1	-	-	-	**1**	0	**2**
Other movements	-	-	(3)	-	(17)	-	**(19)**	(2)	**(22)**
AT 30.06.2009	**401**	**3,019**	**5,331**	**(173)**	**(1,045)**	**(111)**	**7,423**	**185**	**7,608**

In euro million	Share capital	Additional paid-in capital	Consolidated reserves	Changes in fair value	Currency translation adjustments	Treasury shares	Equity attributable to equity holders of the Parent	Minority interests	Total shareholders' equity
At 01.07.2009	401	3,019	5,331	(173)	(1,045)	(111)	7,423	185	7,608
Comprehensive net profit for the period	-	-	951	(49)	961	-	**1,863**	48	**1,911**
Capital increase	9	2	-	-	-	-	**11**	-	**11**
Share-based payment	-	-	26	-	-	-	**26**	-	**26**
Sale and repurchase agreements	-	-	-	-	-	(35)	**(35)**	-	**(35)**
Sale and repurchase agreements	-	-	-	-	-	(3)	**(3)**	-	**(3)**
Dividends distributed	-	-	(161)	-	-	-	**(161)**	(19)	**(180)**
Changes in scope of consolidation	-	-	-	-	-	-	**-**	-	**-**
Other movements	-	-	(2)	-	-	-	**(2)**	2	**(0)**
AT 30.06.2010	**410**	**3,022**	**6,145**	**(222)**	**(84)**	**(149)**	**9,122**	**216**	**9,337**

Annual consolidated cash flow statement

In euro million	30.06.2009	30.06.2010	Notes
Cash flow from operating activities			
Group net profit	945	951	
Minority interests	21	27	
Share of net profit/(loss) of associates, net of dividends received	(0)	(1)	
Financial (income) expense	691	507	
Income tax expense	108	223	
Net profit from discontinued operations	(8)	(0)	
Depreciation of fixed assets	157	160	
Net change in provisions	(189)	(161)	
Net change in impairment of goodwill, property, plant and equipment and intangible assets	147	116	
Changes in fair value of commercial derivatives	(1)	(0)	
Fair value adjustments on biological assets	(7)	(39)	
Net (gain)/loss on disposal of assets	(225)	16	
Share-based payment	38	26	
Self-financing capacity before interest and tax	**1,674**	**1,826**	
Decrease/(increase) in working capital needs	246	(48)	21
Interest paid	(649)	(506)	
Interest received	19	13	
Tax expense	(234)	(217)	
Tax receipts	70	137	
CASH FLOW FROM OPERATING ACTIVITIES	**1,126**	**1,205**	
Cash flow from investing activities			
Capital expenditure	(241)	(184)	21
Proceeds from disposals of property, plant and equipment and intangible assets	480	21	21
Change in the scope of consolidation	(5,327)	0	21
Purchases of financial assets	(29)	(6)	
Disposals of financial assets	5	215	
CASH FLOW FROM INVESTING ACTIVITIES	**(5,113)**	**46**	
Cash flow from financing activities			
Dividends paid	(301)	(136)	
Other changes in shareholders' equity	1,001	11	21
Issuance of long term debt	12,157	1,369	21
Repayment of long term debt	(8,743)	(2,334)	21
(Acquisitions)/disposals of treasury shares	6	(38)	
NET CHANGE IN CASH FLOW FROM FINANCING ACTIVITIES	**4,121**	**(1,129)**	
Net cash from discontinued operations	8	0	
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (BEFORE CURRENCY TRANSLATION EFFECT)	**142**	**122**	
Net effect of exchange rate changes	(43)	58	
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (AFTER CURRENCY TRANSLATION EFFECT)	**99**	**181**	
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**421**	**520**	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**520**	**701**	

Notes to the annual consolidated financial statements

Pernod Ricard SA is a French public limited company (*Société Anonyme*), subject to all laws governing commercial companies in France, and particularly to the provisions of the French Commercial Code. The Company is headquartered at 12, place des États-Unis, 75016 Paris and is listed on the Paris Stock Market. The consolidated financial statements reflect the accounting position of Pernod Ricard and its subsidiaries (the "Group"). They are presented in euros rounded to the nearest million.

The Group's business is the sale of Wines & Spirits.

The annual consolidated financial statements for the financial year ended 30 June 2010 were approved by the Board of Directors on 1 September 2010.

Note 1 Accounting principles

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

Because of its listing in a country of the European Union (EC), and in accordance with EC Regulation 1606/2002, the Group's consolidated financial statements for the financial year ending 30 June 2010 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union. These standards include the standards approved by the International Accounting Standards Board (IASB), being IFRS, IAS (International Accounting Standards) and their interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or its predecessor, the Standing Interpretations Committee (SIC). The accounting policies used in preparing the consolidated financial statements for the year ended 30 June 2010 are consistent with those used for the consolidated financial statements for the year ended 30 June 2009, except for standards and interpretations adopted by the European Union that are applicable as from 1 July 2009 (see Note 1.2).

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

2. Changes in accounting standards

The following standards and interpretations were applied to Pernod Ricard Group for the first time as from 1 July 2009:

- IFRS 8 Operating Segments: this new standard had no effect on the annual consolidated financial statements;
- Amendment to IAS 1 Presentation of financial statements: the Group opted to publish its comprehensive income in two parts (consolidated income statement and consolidated statement of comprehensive income);
- Amendment to IAS 38 Intangible assets on reporting advertising and promotional costs: the impact of this change is explained in Notes 8 and 14;
- Amendments to IAS 23 Borrowing costs which were applied prospectively from 1 July 2009: this amendment will have no significant impact on the annual consolidated financial statements;
- Amendment to IFRS 2 (vesting conditions and cancellations), IAS 32 and IAS 1 (puttable financial instruments and obligations arising on liquidation), IFRS 1, IAS 27 (cost of an investment in a subsidiary,

jointly controlled entity or associate) and IAS 39 on exposures qualifying for hedge accounting. These amendments had no impact on the annual consolidated financial statements;

- IFRIC 16 on hedges of a net investment in a foreign operation: this interpretation had no impact as the Group had adopted all its provisions early;
- IFRS 1 as revised (first-time adoption of IFRS). Revisions to this standard had no impact on the annual consolidated financial statements;
- IFRS 3 as revised (Business combinations) and IAS 27 (Consolidated and separate financial statements): these revised standards had no impact on the annual consolidated financial statements;
- Standard IFRS 7 as revised (disclosures related to financial assets and improvements to disclosures on financial assets): the Group reports the disclosures required by this standard in its annual consolidated financial statements. The impact of this amendment is explained in Note 18;
- IFRIC 17 (distributions of non-cash assets to owners) and IFRIC 18 (transfers of assets from customers): these interpretations had no significant impact on the annual consolidated financial statements.

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. Notably, the amendments to IFRS 2 (accounting for cash-settled share-based payment arrangements within the group) and IAS 32 (classification of rights issues), IAS 24 as revised (related party disclosures) and the new IFRS 9 (financial instruments);
- standards published by the IASB and adopted by the European Union at the balance sheet date but which only become mandatory after 1 July 2009, including IFRIC 15 (agreements for the construction of real estate). The Group is currently studying the impact that these standards and interpretations will have on the consolidated financial statements.

Application of the amendment to IAS 38 (Intangible assets)

The amendment to IAS 38 on accounting for advertising and promotion costs requires all advertising and promotional spending to be recognised as expenses as soon as the related goods become available to the Company or the related services are provided. This change had a (8) million impact on equity at 1 July 2008: €12 million in promotional and advertising materials capitalised under inventories on the balance sheet net of €4 million in deferred tax. Profits for the financial years ended 30 June 2007 and 30 June 2008 were not restated as the impact of changes to IAS 38 was immaterial.

3. Consolidation scope and methods

The annual consolidated financial statements include the financial statements of the Parent Company, Pernod Ricard SA, and those of entities controlled by the Parent Company ("the subsidiaries"). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, irrespective of the percentage held in the entity. Minority interests in the net assets of consolidated subsidiaries are presented separately from Parent Company shareholders' equity. Minority interests include both the interests of minority shareholders at the date of the original business combination and minority interests in any subsequent changes to shareholders' equity.

Intragroup transactions and internal profits and losses relating to consolidated companies are eliminated.

Companies over which the Group exercises significant influence are accounted for under the equity method.

4. Measurement basis

The financial statements are prepared in accordance with the historical cost method, except for certain categories of assets and liabilities, which are measured in accordance with the methods provided for by IFRS.

5. Principal uncertainties arising from the use of estimates and judgements by Management

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 amount of the Group's assets, liabilities, 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 and reflect the current environment of economic and financial crisis whose scale and depth cannot be reliably forecast. 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.

Goodwill and intangible assets

As indicated in Note 1.7, in addition to annual impairment tests applied to goodwill and intangible assets with indefinite useful lives (such as brands), specific impairment tests are applied where there is an indication that the value of an intangible asset may have been impaired. Any impairment loss recognised is calculated using discounted future cash flows and/or the market values of the assets in question. These calculations require the use of assumptions regarding market conditions and any changes in these assumptions may thus lead to outcomes different from those initially estimated. Net goodwill was measured at €5,393 million at 30 June 2010, compared with €4,888 million at 30 June 2009. Other intangible assets (chiefly brands) were measured at €12,364 million at 30 June 2010, compared with €11,310 million at 30 June 2009.

Provisions for pensions and other post-employment benefits

As indicated in Note 1.18, the Group runs defined benefit and defined contribution pension plans. In addition, provisions are also recognised in virtue of certain other post-employment benefits such as life assurance and medical care (mainly in the United States and the United Kingdom). The carrying amount of these provisions at the balance sheet date is set out in Note 16.

These benefit obligations are based on a number of assumptions such as discount rates, expected returns on plan assets, average future salary increases, rate of employee turnover and life expectancy.

These assumptions are generally updated annually. Assumptions used in the preparation of the financial statements for the year ended 30 June 2010 and their methods of determination are set out in Note 16. The Group considers that the actuarial assumptions used are appropriate and justified. However, such actuarial assumptions may change in the future and this may have a material impact on the amount of the Group's benefit obligations and on its profits.

Deferred tax

As indicated in Note 1.21, the deferred tax assets recognised result mainly from tax loss carryforwards and from temporary differences between the tax base and carrying amount of assets and liabilities. Deferred tax assets in respect of tax losses are recognised if it is probable that the Group will have future taxable profits against which such losses will be used. The assessment of whether the Group will be able to use these tax losses is largely a matter of judgement. Analyses are carried out to decide whether or not these tax loss carryforwards are likely to be usable in the future.

Provisions

As explained in Note 16, the Group is involved in a number of disputes and claims arising in the ordinary course of its business. In some cases, the amounts requested by the claimants are significant and the legal proceedings can take several years. In this context, provisions are calculated on the basis of the Group's best estimate of the amount that will be payable based on the information available (notably that provided by the Group's legal advisors). Any change to assumptions can have a significant effect on the amount of the provision recognised. The carrying amount of these provisions at the balance sheet date is set out in Note 16.

Judgements

In the absence of standards or interpretations applicable to a specific transaction, Group management uses its judgement to define and apply accounting policies that provide relevant and reliable information in the context of the preparation of the financial statements.

6. Business combinations

Business combinations carried out before 1 July 2009 were recognised using the accounting standards in force at 30 June 2009. Business combinations after 1 July 2009 will be measured and recognised in accordance with the revised version of IFRS 3: the consideration transferred (cost of acquisition) is measured at the fair value of assets given, equity instruments issued and liabilities incurred at the transaction date. Identifiable assets and liabilities belonging to the acquired company are measured at their fair value at the acquisition date. Costs directly attributable to the acquisition, such as legal, due diligence and other professional fees are recognised as expenses as incurred.

Any surplus consideration in excess of the Group's share in the fair value of the acquired company's identifiable assets and liabilities is recognised as goodwill. The option is available for each transaction to apply either proportionate or full goodwill methods. Goodwill arising on the acquisition of foreign entities is denominated in the functional currency of the business acquired. Goodwill is not amortised. Instead, it is subject to an impairment test once a year or more often if there is any indication that its value may have been impaired.

Finally, in accordance with IFRS 3 as revised and IAS 27 as amended, the Group recognised in equity the difference between the price paid and the proportional part of minority interests acquired in previously controlled companies.

7. Goodwill and intangible assets

Goodwill

Goodwill is subject to an impairment test at least once a year and whenever there is an indication that its value may have been impaired. To perform these tests, goodwill is allocated by geographical area on the basis of asset groupings at the date of each business combination. These asset groupings correspond to groups of assets which jointly generate identifiable cash flows that are largely independent. The methods and assumptions used for impairment tests in respect of these asset groupings are set out in Note 1.9. If impairment is identified, an impairment loss is recognised in profit and loss for the financial year.

Intangible assets

Intangible assets are measured at cost on initial recognition. With the exception of assets with indefinite useful lives, they are amortised on a straight-line basis over their period of use, which is generally less than five years, and are written down when their recoverable amount is less than their carrying amount. Amortisation of intangible assets is recognised within operating profit in the income statement.

Brands recognised in the context of business combinations

The fair value of identifiable acquired brands is determined using an actuarial calculation of estimated future profits or using the royalty method and corresponds to the fair value of the brands at the date of acquisition. As the Group's brands are intangible assets with indefinite useful lives, they are not amortised but are rather subject to an impairment test at least once a year or whenever there is an indication that their value may have been impaired. Brands acquired as part of acquisitions of foreign entities are denominated in the functional currency of the business acquired.

8. Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost and broken down by component. Depreciation is calculated on a straight-line basis or, in certain cases, using the diminishing balance method over the estimated useful life of the assets. Useful life is reviewed regularly. Items of property, plant and equipment are written down when impaired; i.e., when their recoverable amount falls below their carrying amount. The average depreciable lives for the major categories of property, plant and equipment are as follows:

Buildings	15 to 50 years
Machinery and equipment	5 to 15 years
Other property, plant and equipment	3 to 5 years

In accordance with IAS 17, assets acquired under finance lease contracts are capitalised, and a corresponding lease obligation liability is recognised, when the lease contract transfers substantially all the risks and rewards related to the asset to the Group. Buildings which have been subject to sale and lease back contracts are treated in a similar manner.

Depreciation of property, plant and equipment is recognised within operating profit in the income statement.

9. Impairment of non-current assets

In accordance with IAS 36, intangible assets and property, plant and equipment are subject to impairment tests whenever there is an indication that the value of the asset has been impaired and at least once a year for non-current assets with indefinite useful lives (goodwill and brands).

Assets subject to impairment tests are included in Cash-Generating Units (CGUs), corresponding to linked groups of assets, which generate identifiable cash flows. The CGUs include assets related to the Group's brands and are allocated in accordance with the four geographical areas defined by the Group, on the basis of the sale destination of the products.

When the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognised within operating profit. The recoverable amount of the CGU is the higher of its market value and its value in use.

Value in use is measured based on cash flows projected over a 20-year period. This period reflects the typically long lives of the Group's brands and their productive assets. Projected cash flows are discounted to present based on annual budgets and multi-year strategies, extrapolated into subsequent years based on the medium- and long-term trends for each market and brand. The calculation includes a terminal value derived by capitalising the cash flows generated in the last forecast year. Assumptions applied to sales and advertising spending are determined by the management based on previous results and long-term development trends in the markets concerned. The present values of discounted cash flows are sensitive to these assumptions as well as to consumer fashions and economic factors.

Fair value is based either on the sale price, net of selling costs, obtaining under normal market conditions or earnings multiples observed in recent transactions concerning similar assets.

The discount rate used for these calculations is an after-tax rate applied to after-tax cash flows and corresponds to the weighted average cost of capital, which was 7.72% at 30 June 2010 compared to 8.33% at 30 June 2009. A different discount rate was used to allow for risks specific to certain markets or geographical areas in calculating cash flows. Assumptions made in terms of future changes in sales and of terminal values are reasonable and in accordance with market data available for each of the CGUs. Additional impairment tests are applied where events or specific circumstances suggest that a potential impairment exists.

10. Foreign currency translation

10.1. Reporting currency used in the consolidated financial statements

The Group's consolidated financial statements are prepared in euro, which is the functional currency and the reporting currency of the Parent Company.

10.2. Functional currency

The functional currency of an entity is the currency of the economic environment in which it mainly operates. In most cases, the functional currency is the entity's local currency. However, in certain entities, a functional currency different from the local currency may be used if it reflects the entity's economic environment and the currency in which most of the entity's transactions are denominated.

10.3. Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rate applying at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies are recognised at the historical exchange rate applicable at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applying at the balance sheet date. Foreign currency differences are recognised in profit and loss for the period, except for foreign currency differences arising on debts designated as hedges for the net foreign currency assets of consolidated subsidiaries. These latter differences are recognised directly in equity, under currency translation adjustments, until the disposal of the net investment. Foreign currency differences related to operating activities are recognised within operating profit for the period; foreign currency differences related to financing activities are recognised within interest (expense) income or in shareholders' equity.

10.4. Translation of financial statements of subsidiaries whose functional currency is different from the euro (the reporting currency)

The balance sheet is translated into euros at year-end exchange rates. The income statement and cash flows are translated on the basis of average exchange rates. Differences resulting from the translation of the financial statements of these subsidiaries are recognised in currency translation adjustments within shareholders' equity. On disposal of a foreign entity, currency translation adjustments previously recognised in shareholders' equity are recognised in profit and loss.

The Group operates in Venezuela through its subsidiary Pernod Ricard Venezuela which imports and distributes the Group's products.

Since this subsidiary finances itself in US dollars and now carries on most of its business in the same currency (sales are denominated in US dollars and Venezuelan bolivars and most purchases are made from the Group's production subsidiaries and charged in US dollars) the Group's management has decided to monitor the operational performance of Pernod Ricard Venezuela in US dollars. As a result the subsidiary's functional currency was changed from the bolivar to the US dollar.

11. Research and Development costs

In the context of the Group's activities, and in accordance with IAS 38 (Intangible assets), Research and Development costs are recognised as expenses in the financial year during which they are incurred, except for certain development costs which meet the capitalisation criteria prescribed by the standard. Application of this policy did not lead the Group to capitalise a significant amount of development costs in the financial years ended 30 June 2009 and 30 June 2010.

12. Assets held for sale and discontinued operations

In accordance with IFRS 5 (Non-current assets held for sale and discontinued operations), assets and liabilities held for sale are not subject to depreciation or amortisation. They are shown separately in the balance sheet at the lower of carrying amount or fair value less costs to sell. An asset is considered as being held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order for this to be the case, the asset must be available for immediate sale and its sale must be highly probable. A discontinued operation represents a major line of business or geographical area of operations for the Group that is subject either to a sale or to reclassification as an asset held for sale. Items in the balance sheet related to discontinued operations held for sale are presented under specific captions in the consolidated financial statements. Income statement items related to discontinued operations are separately presented in the financial statements for all periods reported upon if they are important from a Group perspective.

13. Inventories

Inventories are measured at the lowest of either cost (acquisition cost and cost of production, including indirect production overheads) or net realisable value. Net realisable value is the selling price less the estimated costs of completion and sale of inventories. Most inventories are valued using the weighted average cost method. The cost of long-cycle inventories is calculated using a single method which includes distilling and ageing costs. These inventories are classified in current assets, although a substantial part remains in inventory for more than one year before being sold in order to undergo the ageing process used for certain wines and spirits.

14. Agriculture

IAS 41 (Agriculture) sets out the accounting treatment of operations involving biological assets (for example, vines) destined for sale or for agricultural produce (for example, grapes). IAS 41 was specifically adapted to the accounting treatment of vines and grapes, which make up the principal agricultural activities of the Group. A similar accounting treatment also applies to other biological assets (for example, agave fields). IAS 41 requires that biological assets (vines) and their production (harvests) be recognised at fair value on the balance sheet, after deducting estimated costs to sell, as from the date at which it is possible to obtain a reliable assessment of price, for example by reference to an active market. Changes in fair value are recognised in profit and loss. Land on which biological assets are planted is measured in accordance with IAS 16.

15. Financial liabilities and derivative instruments

IAS 32 and IAS 39 relating to financial instruments have been applied as of 1 July 2004. IFRS 7 has been applied from 1 July 2007.

15.1. Derivative instruments

In application of the amended version of IAS 39 (Financial instruments: recognition and measurement), all derivative instruments must be recognised in the balance sheet at fair value, determined on the basis of valuation models recognised on the market or of external listings issued by financial institutions.

Where the derivative has been designated as a fair value hedge, changes in the value of the derivative and of the hedged item are recognised in profit and loss for the same period. If the derivative has been designated as a cash flow hedge, the change in value of the effective component of the derivative is recognised in shareholders' equity. It is recognised in profit and loss when the hedged item is itself recognised in profit and loss. The change in value of the ineffective component of the derivative is however recognised directly in profit and loss. If the derivative is designated as a hedge of a net foreign currency investment, the change in value of the effective component of the derivative is recognised in equity and the change in value of the component considered to be ineffective is recognised in profit and loss.

15.2. Financial liabilities

Borrowings and other financial liabilities are recognised, on the basis of their effective interest rates, in accordance with the amortised cost method. The effective interest rate includes all costs, commissions and fees payable under the contract between the parties. Under this method, costs that are directly attributable to the acquisition or issue of the financial liability are recognised in profit and loss on the basis of the effective interest rate.

16. Financial assets

Financial assets are recognised on the transaction date.

16.1. Available-for-sale financial assets

Available-for-sale financial assets include the Group's investments in non-consolidated companies and in securities which do not satisfy the criteria for classification as short-term investments included in cash equivalents. On initial recognition, these assets are measured at cost. At subsequent balance sheet dates, available-for-sale financial assets are measured at fair value where this can be measured reliably. Changes in fair value are recognised directly in shareholders' equity except where a reduction in value compared with the historical acquisition cost constitutes a material or sustained impairment in the asset's value. On disposal of available-for-sale financial assets, changes in fair value previously recognised in equity are recognised in profit and loss. Fair value is determined on the basis of the financial criteria most appropriate to the specific situation of each company. The fair value of financial assets listed on a financial market is their stock market value. Unlisted available-for-sale financial assets are generally measured using the following criteria: the proportion of shareholders' equity held and expected future profitability.

16.2. Investment-related loans and receivables

This category mainly includes receivables related to investments, current account advances granted to non-consolidated entities or associates and guarantee deposits. They are measured at amortised cost.

16.3. Trade receivables

Trade receivables are recognised initially at their fair value, which is usually their nominal value. Impairment losses are recognised where there is a risk of non-recovery.

16.4. Cash and cash equivalents

In accordance with IAS 7 (Cash flow statements), cash and cash equivalents presented in assets and liabilities in the balance sheet and shown in the statement of cash flows include items that are immediately available as cash or are readily convertible into a known amount of cash and which are subject to an insignificant risk of change in their value. Cash is composed of cash at bank and on hand, short-term deposits with an initial maturity of less than three months and money-market mutual funds that are subject to an insignificant risk of change in their value. Cash equivalents are short-term investments with a maturity of less than three months. Bank overdrafts, which are considered to be equivalent to financing, are excluded from cash and cash equivalents.

17. Treasury shares

Treasury shares are recognised on acquisition as a deduction from shareholders' equity. Subsequent changes in the value of treasury shares are not recognised. When treasury shares are sold, any difference between the acquisition cost and the fair value of the shares at the date of sale is recognised as a change in shareholders' equity and has no impact on profit and loss for the year.

18. Provisions

18.1. Nature of provisioned liabilities

In accordance with IAS 37 (Provisions, contingent liabilities and contingent assets), provisions are recognised to cover probable outflows of resources that can be estimated and that result from present obligations relating to past events. In the case where a potential obligation resulting from past events exists, but where occurrence of the outflow of resources is not probable or where the amount cannot be reliably estimated, a contingent liability is disclosed among the Group's commitments. The amounts provided are measured taking account of the most probable assumptions or using statistical methods, depending on the nature of the obligations. Provisions notably include:

- provisions for restructuring;
- provisions for pensions and other long-term employee benefits;
- provisions for litigation (tax, legal, employee-related).

Litigation is kept under regular review, on a case-by-case basis, by the legal department of each subsidiary or region or by the Group's legal department, drawing on the help of external legal consultants in the most significant or complex cases. A provision is recorded when it becomes probable that a present obligation arising from a past event will require an outflow of resources whose amount can be reliably estimated. The amount of the provision provided is the best estimate of the outflow of resources required to extinguish this obligation.

18.2. Provisions for restructuring

The cost of restructuring is fully provided for in the financial year, and is recognised in profit and loss within other income and expenses, when it is material and results from a Group obligation to third parties arising from a decision taken by the competent corporate body that has been announced to the third parties concerned before the balance sheet date. This cost mainly involves redundancy payments, early-retirement payments, costs of notice periods not served, training costs of departing individuals and costs of site closure. Scrapping of property, plant and equipment, impairment of inventories and other assets, as well as other costs (moving costs, training of transferred individuals, etc.) directly related to the restructuring measures are also recognised in restructuring costs. The amounts provided for correspond to forecasted future payments to be made in connection with restructuring plans, discounted to present value when the timetable for payment is such that the effect of the time value of money is significant.

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

In accordance with applicable national legislation, the Group's employee benefit obligations are composed of:

- long-term post-employment benefits (retirement bonuses, pensions, medical and healthcare expenses, etc.);
- long-term benefits payable during the period of employment.

Defined contribution plans

Contributions are recognised as expenses as they are incurred. As the Group is not committed beyond the amount of such contributions, no provision is recognised in respect of defined contribution plans.

Defined benefit plans

For defined benefit plans, the projected unit credit method is used to measure the present value of defined benefit obligations, current service cost and, if applicable, past service cost. The measurement is made at each balance sheet date and the personal data concerning employees is revised at least every three years. The calculation requires the use of economic assumptions (inflation rate, discount rate, expected return on plan assets) and assumptions concerning employees (mainly: average salary increase, rate of employee turnover, life expectancy). Plan assets are measured at their market value at each annual balance sheet date. The provision in the balance sheet corresponds to the discounted value of the defined benefit obligation, adjusted for unrecognised past service cost and unrecognised actuarial gains and losses, and net of the fair value of plan assets. Actuarial gains and losses mainly arise where estimates differ from actual outcomes (for example between the expected value of plan assets and their actual value at the balance sheet date) or when changes are made to long-term actuarial assumptions (for example: discount rate, rate of increase of salaries). In the case of long-term benefits payable during the period of employment (such as a long-service award), any actuarial gains and losses are fully recognised at each balance sheet date. In other cases, actuarial gains and losses are only recognised when, for a given plan, they represent more than 10% of the greater of the present value of the benefit obligation and the fair value of plan assets (termed the "corridor" method). Recognition of the provision is on a straight-line basis over the average number of remaining years' service of the employees in the plan in question (amortisation of actuarial gains and losses). The expense recognised in respect of the benefit obligations described above incorporates:

- expenses corresponding to the acquisition of an additional year's rights;
- interest cost;
- income corresponding to the expected return on plan assets;
- income or expense corresponding to the amortisation of actuarial gains and losses;
- past service cost; recognised on a straight-line basis over the average residual period until the corresponding benefits vest with employees;
- income or expense related to changes to existing plans or the creation of new plans;
- income or expense related to any plan curtailments or settlements.

The expense arising from the change in net obligations for pensions and other long-term employee benefits is recognised within operating profit or within interest (expense) income on the basis of the nature of the underlying.

19. Net sales

Revenue is measured at the fair value of the consideration received or to be received, after deducting trade discounts, volume rebates and sales-related taxes and duties. Sales are recognised when the significant risks and rewards of ownership have been transferred, generally at the date of transfer of ownership title.

19.1. Cost of services rendered in connection with sales

Pursuant to IAS 18 (Revenue), certain costs of services rendered in connection with sales, such as advertising programmes in conjunction with distributors, listing costs for new products and promotional activities at point of sale, are deducted directly from sales if there is no separately identifiable service whose fair value can be reliably measured.

19.2. Duties and taxes

In accordance with IAS 18, certain import duties, in Asia for instance, are classified as cost of sales, as these duties are not specifically re-billed to customers (as is the case for Social security stamps in France, for example).

19.3. Discounts

In accordance with IAS 18, early payment discounts are not considered to be financial transactions, but rather are deducted directly from sales.

20. Gross margin after logistics costs, contribution after advertising & promotion expenses, profit from recurring operations and other income and expenses

Gross margin after logistics costs refers to sales (excluding duties and taxes), less cost of sales and logistics costs. The contribution after advertising and promotional expenses is the gross margin after deducting logistics, advertising and promotional costs. Profit from recurring operations is the contribution after advertising and promotional expenses less trading costs and overheads. This is the indicator used internally to measure the Group's operational performance. It excludes other income and expenses, such as those relating to restructuring and integration, capital gains and losses on disposals and other non-recurring income and expenses. These other operating income and expenses are excluded from profit from recurring operations because the Group believes they have little predictive value due to their occasional nature. They are described in detail in Note 7.

21. Deferred tax

Deferred tax is recognised on temporary differences between the tax and book value of assets and liabilities in the consolidated balance sheet and is measured using the balance sheet approach. The effects of changes in tax rates are recognised in shareholders' equity or in profit and loss in the year in which the change of tax rates is decided. Deferred tax assets are recognised in the balance sheet when it is more likely than not that they will be recovered in future years. Deferred tax assets and liabilities are not discounted to present. In order to evaluate the Group's ability to recover these assets, account is notably taken of forecasts of future taxable profits.

22. Share-based payment

In accordance with the option provided by IFRS 1, the Group applies IFRS 2 (Share-based payment) as of 1 July 2004, to all instruments granted after 7 November 2002 and not yet fully vested at 1 July 2004. The Group applies this standard to transactions whose award and settlement are share-based and to transactions whose award is share-based but which are settled in cash.

In application of this standard, stock options granted to employees are measured at fair value. The amount of such fair value is recognised in profit and loss over the vesting period of the rights and a corresponding double entry is recognised as an increase in shareholders equity. Share appreciation rights, which will be settled in cash, are measured at fair value and recognised in profit and loss with a corresponding double entry to the liability incurred. This liability is remeasured at each balance sheet date until settlement.

The fair value of options and rights is calculated using the binomial valuation model taking into account the characteristics of the plan and market data at the date of grant and on the basis of Group management assumptions.

23. Earnings per share

Basic and diluted earnings per share are calculated on the basis of the weighted average number of outstanding shares, less the weighted average number of dilutive instruments.

The calculation of diluted earnings per share takes into account the potential impact of the exercise of all dilutive instruments (such as stock options and convertible bonds, etc.) on the theoretical number of shares. When funds are obtained at the date of exercise of the dilutive instruments, the "treasury stock" method is used to determine the theoretical number of shares to be taken into account. When funds are obtained at the issue date of the dilutive instruments, net profit is adjusted for the finance cost, net of tax, relating to these instruments.

Note 2 Highlights of the financial year

1. Asset disposals

On 27 July 2009, the Group sold coffee liqueur brand Tia Maria to Illva Saronno for €125 million.

On 3 May 2010, after obtaining the relevant authorisation, the Altia group's Swedish and Danish assets were sold for 835 million Swedish krone or €87 million at the spot rate. The sale had been announced on 15 February 2010.

2. Bond issue

On 18 March 2010, Pernod Ricard SA issued €1,200 million of bonds with the following characteristics: remaining period to maturity of 5 years and 9 months (maturity date: 18 March 2016) and bearing fixed-rate interest of 4.875%. The proceeds allowed it to repay the next tranches of the multi-currency syndicated loan falling due and to extend the average maturity of the Group's debt.

Note 3 Scope of consolidation

The main changes to Group scope at 30 June 2010 are presented in Note 2 – *Highlights of the financial year*.

Note 4 Assets held for sale

The value of assets held for sale at 30 June 2010 was €42 million (see Note 26).

Note 5 Segment reporting

Following its various restructuring initiatives, the Group is now focused on a single business line, wine and spirits sales, and organised into four operating segments covering the following geographical regions: France, Europe, the Americas and Asia/Rest of the World.

Group management assesses the performance of each operating segment on the basis of sales and its contribution after advertising & promotion expenses, defined as the gross margin after logistics, advertising, promotional and structure costs. The segments presented are identical to those used in reporting to General Management.

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

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30.06.2009 *In euro million*	France	Europe [1]	Americas [1]	Asia/Rest of the World	Elimination of intragroup accounts	Unallocated	Total
Income statement items							
Segment net sales	923	3,495	2,721	2,675	-	-	9,814
intersegment sales	188	1,078	694	652	-	-	2,611
Net sales	**735**	**2,417**	**2,027**	**2,023**	**-**	**-**	**7,203**
Gross margin after logistics costs	518	1,302	1,253	1,136	-	-	4,208
Contribution after advertising & promotion expenses	348	963	907	753	-	-	2,971
Profit from recurring operations	178	563	610	495	-	-	1,846
Other information							
Capital expenditure	39	116	55	31	-	-	241
Depreciation, amortisation and impairment	32	232	46	37	-	-	347
Balance sheet items							
Segment assets	3,755	10,054	21,293	10,110	-	-	45,212
Unallocated assets*	-	-	-	-	(20,634)	287	(20,347)
TOTAL ASSETS	**3,755**	**10,054**	**21,293**	**10,110**	**(20,634)**	**287**	**24,867**
Segment liabilities	3,655	10,549	14,884	8,744	(20,634)	60	17,259
NET ASSETS	**100**	**(495)**	**6,410**	**1,366**	**0**	**227**	**7,608**

* *The unallocated assets item includes mainly non-current financial assets and assets and liabilities held for sale.*

(1) *Reclassification of €26 million of other income and expenses between the Americas (26) and Europe +26 in the 2008/2009 financial year.*

30.06.2010 *In euro million*	France	Europe	Americas	Asia/Rest of the World	Elimination of intragroup accounts	Unallocated	Total
Income statement items							
Segment net sales	917	3,193	2,614	3,099	-	-	9,822
intersegment sales	196	1,016	703	826	-	-	2,741
Net sales	**721**	**2,176**	**1,911**	**2,273**	**-**	**-**	**7,081**
Gross margin after logistics costs	528	1,234	1,193	1,263	-	-	4,218
Contribution after advertising & promotion expenses	358	898	861	839	-	-	2,956
Profit from recurring operations	187	501	541	566	-	-	1,795
Other information							
Capital expenditure	22	67	24	23	-	-	135
Depreciation, amortisation and impairment	17	52	19	18	-	-	106
Balance sheet items							
Segment assets	3,507	18,614	20,581	10,456	-	-	53,158
Unallocated assets*	-	-	-	-	(26,092)	40	(26,052)
TOTAL ASSETS	**3,507**	**18,614**	**20,581**	**10,456**	**(26,092)**	**40**	**27,107**
Segment liabilities	3,893	18,200	12,124	9,645	(26,092)	-	17,770
NET ASSETS	**(386)**	**414**	**8,457**	**811**	**0**	**40**	**9,337**

* *The unallocated assets item includes mainly non-current financial assets and assets and liabilities held for sale.*

Note 6 Interest (expense) income

In euro million	30.06.2009	30.06.2010
Interest expense on net financial debt	(600)	(460)
Interest income on net financial debt	19	14
Net financing costs	**(581)**	**(446)**
Structuring and placement fees	(15)	(11)
Net financial impact of pensions and other long-term employee benefits	(19)	(39)
Other net current financial income (expense)	(4)	(1)
Interest (expense) income from recurring operations	**(619)**	**(497)**
Foreign currency gains (loss)	(22)	3
Other non-current financial income (expense)	(50)	(13)
TOTAL INTEREST (EXPENSE) INCOME	**(691)**	**(507)**

At 30 June 2010, the main items making up net financing costs were financial expenses on the syndicated loan of €125 million, bond payments of €125 million, commercial paper payments of €3 million and interest rate and currency hedges of €194 million.

Weighted average cost of debt

The Group's weighted average cost of debt was 4.3% at 30 June 2010 compared with 4.8% at 30 June 2009. Weighted average cost of debt is defined as net financing costs plus structuring and placement fees as a proportion of average net debt outstanding.

Note 7 Other operating income and expenses

Other operating income and expenses are broken down as follows:

In euro million	30.06.2009	30.06.2010
Net restructuring expenses	(103)	(44)
Capital gains (losses) on asset disposals	225	(16)
Impairment of property, plant and equipment and intangible assets	(147)	(117)
Other non-current operating expenses	(202)	(145)
Other non-current operating income	137	234
OTHER OPERATING INCOME AND EXPENSES	**(89)**	**(88)**

At 30 June 2010, other operating income and expenses included:

- impairment of property, plant and equipment and intangible assets, notably impairment tests on the value of brands (particularly Kahlúa);
- other operating expenses relating to the payment of end-of-contract bonuses and various provisions against risks and exceptional expenses;
- other operating income related to various provision writebacks, notably tax provisions, to gains in the value of biological assets and to insurance payouts.

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Note 8 Corporate income tax

Analysis of income tax expense

In euro million	30.06.2009	30.06.2010
Tax payable	(241)	(231)
Deferred tax	132	7
TOTAL	**(108)**	**(223)**

Analysis of effective tax rate – Net profit from continuing operations before tax

In euro million	30.06.2009	30.06.2010
Operating profit	1,757	1,707
Interest (expense) income	(691)	(507)
Taxable profit	**1,066**	**1,200**
Theoretical tax charge at the effective income tax rate in France (34.43%)	(367)	(413)
Impact of tax rate differences by jurisdiction	77	84
Tax impact of variations in exchange rates	75	33
Present value of deferred tax assets linked to rate changes	40	18
Impact of tax losses used	7	11
Impact of reduced tax rates	13	6
Impact of differences between the carrying amounts and tax bases of assets sold	-	60
Impact of Contribution to Companies' Value Added	-	(3)
Other impacts	47	(18)
EFFECTIVE TAX CHARGE	**(108)**	**(223)**
EFFECTIVE TAX RATE	**10%**	**19%**

The change in the effective tax rate is explained chiefly by a combination of the following factors:

- the unequal rate of profit growth between subsidiaries taxed at different rates;
- the impact of reversal of deferred tax on the disposal of assets;
- tax impacts of the exchange rate movements during the year.

In France, the Group considers that the Contribution to Companies' Value Added (CCVA) component of the Territorial Economic Contribution (TEC), which came into force on 1 January 2010, is a new tax that meets the definition of income tax in IAS 12 (Tax).

Deferred taxes are broken down by nature as follows:

In euro million	30.06.2009	30.06.2010
Unrealised margins in inventories	83	84
Fair value adjustments on assets and liabilities resulting from business combinations	50	42
Provisions for pension benefits	122	121
Deferred tax assets related to losses eligible for carry-forward	404	501
Provisions (other than provisions for pension benefits) and other items	456	560
TOTAL DEFERRED TAX ASSETS	**1,115**	**1,307**
Special depreciation change	33	40
Fair value adjustments on assets and liabilities resulting from business combinations	2,015	2,299
Other property, plant and equipment	168	161
TOTAL DEFERRED TAX LIABILITIES	**2,217**	**2,500**

Breakdown of tax allocated to other comprehensive income items

In euro million	30.06.2009			30.06.2010		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Net investment hedges	(321)	97	**(224)**	(403)	14	**(389)**
Cash flow hedges	(272)	90	**(182)**	(66)	17	**(49)**
Available-for-sale financial assets	-	-	-	-	-	-
Exchange differences	(288)	-	**(288)**	1,371	-	**1,371**
Other adjustments	-	-	-	-	-	-
Other comprehensive net profit for the period	**(881)**	**187**	**(694)**	**902**	**31**	**933**

Tax loss carryforwards (used or not used) represented a potential tax saving of €567 million at 30 June 2010 and €462 million at 30 June 2009. The potential tax savings at 30 June 2009 and 30 June 2010 relate to tax loss carryforwards with the following expiry dates:

2009/2010

Year	Tax effect of loss carryforwards *(in euro million)*	
	Losses used	Losses not used
2010	1	1
2011	0	0
2012	0	0
2013	0	1
2014 and following	150	3
No expiry date	350	61
TOTAL	**501**	**66**

2008/2009

Year	Tax effect of loss carryforwards *(in euro million)*	
	Losses used	Losses not used
2009	0	1
2010	0	0
2011	0	0
2012	0	1
2013 and following	155	9
No expiry date	248	49
TOTAL	**404**	**58**

Note 9 Earnings per share

Earnings per share and net earnings per share from continuing operations

	30.06.2009	30.06.2010
Numerator *(in euro million)*		
Group net profit	945	951
Net profit from continuing operations	936	951
Net profit from discontinued operations	8	0
Denominator *(in number of shares)*		
Average number of shares in circulation at 30 June 2009	234,870,936	
Average number of shares in circulation, adjusted for 1 for 50 bonus share issue in November 2009*	239,567,469	262,692,639
Dilutive effect of stock option*	1,653,636	2,163,786
Average number of outstanding shares – diluted	**241,221,105**	**264,856,425**
Earnings per share *(in euro)*		
Earnings per share – basic	3.94	3.62
Earnings per share – diluted	3.92	3.59
Net earnings per share from continuing operations – basic	3.91	3.62
Net earnings per share from continuing operations – diluted	3.88	3.59

* *In accordance with IAS 33 (Earnings per share), the dilutive effect of the bonus issue of one new share for each 50 shares held on 18 November 2009 was recognised retrospectively for the two periods shown.*

Note 10 Expenses by nature

Operating profit notably includes depreciation, amortisation and impairment expenses as well as personnel expenses as follows:

In euro million	30.06.2009	30.06.2010
Total depreciation, amortisation and impairment expenses	**(347)**	**(272)**
Salaries and payroll costs	(715)	(727)
Pensions, medical expenses and other similar benefits under defined benefit plans	(35)	(31)
Expenses related to stock options and share appreciation rights	(37)	(26)
Total personnel expenses	**(786)**	**(784)**

Note 11 Intangible assets and goodwill

In euro million	01.07.2008	Movements in the year: Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	Consolidation of V&S and other movements	30.06.2009
Goodwill	3,443	0	-	(11)	131	1,549	5,112
Brands	7,115	1	-	(12)	369	3,940	11,413
Other intangible assets	193	23	-	(5)	11	(46)	175
GROSS VALUE	**10,751**	**23**	-	**(28)**	**511**	**5,443**	**16,700**
Goodwill	(239)	-	(43)	0	14	45	(224)
Brands	(47)	-	(138)	0	0	0	(185)
Other intangible assets	(124)	-	(26)	1	(8)	63	(93)
AMORTISATION/IMPAIRMENT	**(410)**	**-**	**(207)**	**1**	**7**	**108**	**(502)**
INTANGIBLE ASSETS, NET	**10,341**	**23**	**(207)**	**(27)**	**518**	**5,550**	**16,199**

In euro million	01.07.2009	Movements in the year: Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	Other movements	30.06.2010
Goodwill	5,112	0	-	(8)	518	(43)	5,579
Brands	11,413	0	-	0	1,153	0	12,566
Other intangible assets	175	16	-	(9)	18	5	206
GROSS VALUE	**16,700**	**16**	**-**	**(17)**	**1,689**	**(38)**	**18,350**
Goodwill	(224)	-	-	-	(7)	45	(186)
Brands	(185)	-	(108)	0	(2)	0	(295)
Other intangible assets	(93)	-	(22)	7	(6)	4	(112)
AMORTISATION/IMPAIRMENT	**(502)**	**-**	**(131)**	**7**	**(16)**	**48**	**(593)**
INTANGIBLE ASSETS, NET	**16,199**	**16**	**(131)**	**(10)**	**1,673**	**10**	**17,757**

Goodwill

Goodwill mainly comprises goodwill from the acquisitions of Allied Domecq in July 2005 and Vin&Sprit in July 2008.

Brands

The main brands recorded on the balance sheet are: ABSOLUT, Ballantine's, Beefeater, Chivas Regal, Kahlúa, Malibu, Martell, Mumm, Perrier-Jouët and Montana. Most of these were recognised at the time of the acquisitions of Seagram, Allied Domecq and Vin&Sprit.

In addition to annual impairment tests applied to goodwill and intangible assets with indefinite useful lives, specific impairment tests are applied where there is an indication that the value of an intangible asset may have been impaired. The data and assumptions used for the impairment test applied to goodwill and intangible assets with indefinite useful lives of Cash Generating Units (CGUs) are as follows:

In euro million	Method used to determine the recoverable amount	Carrying amount of goodwill at 30.06.2010	Carrying amount of brands and other intangible assets at 30.06.2010	Value in use: Discount rate 2010	Discount rate 2009	Perpetual growth rate
France	Value in use based on the discounted cash flow method	235	649	7.31%	7.33%	From (1)% to +2.5%
Europe		1,628	3,089	7.46%	8.35%	From (1)% to +2.5%
Americas		2,613	6,364	7.76%	8.39%	From (1)% to +2.5%
Asia/Rest of the World		917	2,263	8.07%	8.57%	From (1)% to +2.5%

A 50 bp increase in the after tax discount rate would result in no risk of impairment for goodwill and a writedown of approximately €200 million to the brand portfolio.

A 50 bp reduction in the perpetual growth rate would result in no risk of impairment for goodwill and a writedown of approximately €100 million to the brand portfolio.

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

Note 12 Property, plant and equipment

		Movements in the year					
In euro million	01.07.2008	Acquisitions	Depreciation	Disposals	Foreign currency gains and losses	Consolidation of V&S and other movements	30.06.2009
Land	297	0	-	(3)	(7)	25	311
Buildings	667	18	-	(33)	(23)	133	762
Machinery & equipment	1,128	41	-	(36)	(32)	241	1,343
Other property, plant and equipment	202	36	-	(29)	(6)	178	382
Assets in progress	132	118	-	(27)	(4)	(53)	166
Advance on property, plant and equipment	5	2	-	(1)	(0)	(3)	3
GROSS VALUE	**2,431**	**215**	**-**	**(128)**	**(72)**	**522**	**2,968**
Land	(7)	-	(2)	1	0	(9)	(17)
Buildings	(235)	-	(27)	19	3	(5)	(246)
Machinery & equipment	(521)	-	(87)	32	13	(97)	(661)
Other property, plant and equipment	(60)	-	(18)	25	(1)	(234)	(287)
DEPRECIATION/IMPAIRMENT	**(823)**	**-**	**(134)**	**77**	**15**	**(346)**	**(1,211)**
PROPERTY, PLANT AND EQUIPMENT, NET	**1,608**	**215**	**(134)**	**(51)**	**(57)**	**175**	**1,757**

		Movements in the year					
In euro million	01.07.2009	Acquisitions	Depreciation	Disposals	Foreign currency gains and losses	Other movements	30.06.2010
Land	311	1	-	(7)	19	(3)	320
Buildings	762	14	-	(36)	47	68	856
Machinery & equipment	1,343	43	-	(62)	128	84	1,537
Other property, plant and equipment	382	35	-	(33)	18	(47)	355
Assets in progress	166	62	-	(1)	7	(146)	88
Advance on property, plant and equipment	3	1	-	(0)	0	(2)	1
GROSS VALUE	**2,968**	**156**	-	**(140)**	**219**	**(46)**	**3,158**
Land	(17)	-	(2)	0	(2)	2	(19)
Buildings	(246)	-	(30)	15	(13)	(50)	(325)
Machinery & equipment	(661)	-	(84)	45	(60)	(53)	(813)
Other property, plant and equipment	(287)	-	(20)	9	(9)	130	(178)
DEPRECIATION/IMPAIRMENT	**(1,211)**	-	**(136)**	**69**	**(85)**	**29**	**(1,335)**
PROPERTY, PLANT AND EQUIPMENT, NET	**1,757**	**156**	**(136)**	**(71)**	**135**	**(17)**	**1,823**

Note 13 Financial assets

In euro million	30.06.2009 Current	30.06.2009 Non-current	30.06.2010 Current	30.06.2010 Non-current
Available-for-sale financial assets				
Available-for-sale financial assets	-	39	-	32
Other financial assets	-	9	-	21
Loans and receivables				
Guarantees and deposits	-	54	-	60
Investment-related receivables	-	3	-	5
Total non-current financial assets	**-**	**105**	**-**	**118**
Derivative instruments	**23**	**-**	**12**	**20**
FINANCIAL ASSETS	**23**	**105**	**12**	**138**

The table below shows details of the Group's financial assets, excluding derivative instruments:

In euro million	01.07.2008	Movements in the year: Acquisitions	Allowances	Disposals	Foreign currency gains and losses	Other movements	30.06.2009
Available-for-sale financial assets	140	3	-	(75)	3	52	122
Guarantees and deposits	32	26	-	(2)	(2)	0	54
Investment-related receivables	13	-	-	(1)	(1)	(4)	7
GROSS VALUE	**185**	**29**	**-**	**(78)**	**0**	**48**	**184**
Impairment losses recognised on available-for-sale financial assets	(73)	-	(6)	-	0	5	(74)
Provisions for guarantees and deposits	0	-	-	-	0	0	0
Impairment losses recognised on investment-related receivables	(5)	-	-	-	0	0	(4)
PROVISIONS	**(78)**	**-**	**(6)**	**-**	**1**	**5**	**(78)**
NON-CURRENT FINANCIAL ASSETS, NET	**107**	**29**	**(6)**	**(78)**	**1**	**53**	**105**

In euro million	01.07.2009	Movements in the year: Acquisitions	Allowances	Disposals	Foreign currency gains and losses	Other movements	30.06.2010
Available-for-sale financial assets	122	0	-	(18)	0	13	118
Guarantees and deposits	54	5	-	(1)	6	(4)	60
Investment-related receivables	7	1	0	(1)	1	1	9
GROSS VALUE	**184**	**6**	**0**	**(20)**	**7**	**10**	**187**
Impairment losses recognised on available-for-sale financial assets	(74)	-	(5)	14	0	-	(65)
Provisions for guarantees and deposits	0	-	-	-	0	0	0
Impairment losses recognised on investment-related receivables	(4)	-	0	0	(1)	0	(5)
PROVISIONS	**(78)**	**-**	**(5)**	**14**	**(1)**	**0**	**(70)**
NON-CURRENT FINANCIAL ASSETS, NET	**105**	**6**	**(5)**	**(6)**	**7**	**10**	**118**

Provisions on available-for-sale financial assets relate mainly to the Seagram joint ventures (39% Pernod Ricard/61% Diageo) whose shares have been fully or partly written down for impairment since 2002.

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Available-for-sale financial assets are composed of:

In euro million	Percentage ownership	Carrying amount of shares at 30.06.2009	Carrying amount of shares at 30.06.2010
GEO Sandeman	30.0%	9	6
Seagram venture entities	39.1%	5	2
Other available-for-sale financial assets		34	45
AVAILABLE-FOR-SALE FINANCIAL ASSETS		**48**	**53**

Note 14 Inventories

The breakdown of inventories and work-in-progress at the balance sheet date is as follows:

		Movements in the year				
In euro million	01.07.2008	Change in gross value	Change in impairment	Foreign currency gains and losses	Consolidation of V&S and other movements	30.06.2009
Raw materials	150	(9)	-	(8)	41	175
Work-in-progress	2,960	87	-	(86)	20	2,982
Goods in inventory	412	(94)	-	11	50	379
Finished products	258	(11)	-	(6)	10	252
GROSS VALUE	**3,781**	**(27)**	**-**	**(89)**	**122**	**3,788**
Raw materials	(15)	-	0	0	(2)	(16)
Work-in-progress	(22)	-	(8)	1	1	(28)
Goods in inventory	(13)	-	1	0	(1)	(12)
Finished products	(14)	-	0	1	(4)	(17)
PROVISIONS	**(64)**	**-**	**(7)**	**3**	**(6)**	**(74)**
NET INVENTORIES	**3,717**	**(27)**	**(7)**	**(86)**	**116**	**3,714**

		Movements in the year				
In euro million	01.07.2009	Change in gross value	Change in impairment	Foreign currency gains and losses	Other movements	30.06.2010
Raw materials	175	(21)	-	13	(4)	163
Work-in-progress	2,982	97	-	138	(12)	3,205
Goods in inventory	379	6	-	50	27	461
Finished products	252	15	-	21	(25)	263
GROSS VALUE	**3,788**	**97**	-	**222**	**(14)**	**4,092**
Raw materials	(16)	-	(1)	(1)	(6)	(24)
Work-in-progress	(28)	-	(5)	(1)	0	(34)
Goods in inventory	(12)	-	2	(2)	(3)	(15)
Finished products	(17)	-	(3)	(1)	10	(11)
PROVISIONS	**(74)**	-	**(7)**	**(5)**	**1**	**(85)**
NET INVENTORIES	**3,714**	**97**	**(7)**	**217**	**(13)**	**4,007**

At 30 June 2010, ageing inventories intended mainly for use in whisky and cognac production accounted for 85% of work-in-progress. Pernod Ricard is not significantly dependent on its suppliers.

Note 15 Breakdown of trade receivables

The following table breaks down trade receivables and other accounts receivable at 30 June 2009 and 2010 by due date:

			Not impaired and due on the following dates				
In euro million	Net carrying amount	Not impaired and not due	Less than 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days
Net carrying amounts							
Trade receivables	936	538	204	136	24	19	15
Other receivables	185	170	2	1	3	1	8
TOTAL AT 30.06.2009	**1,121**	**708**	**207**	**137**	**27**	**21**	**23**
Provisions	*116*						
Trade receivables	944	571	173	120	32	19	28
Other receivables	218	201	2	3	2	0	9
TOTAL AT 30.06.2010	**1,161**	**772**	**175**	**123**	**35**	**19**	**37**
Provisions	*121*						

Changes in the impairment of trade and other receivables were as follows:

In euro million	2008/2009	2009/2010
At 1 July	**112**	**116**
Allowances during the year	32	51
Reversals during the year	(16)	(16)
Used during the year	(11)	(30)
At 30 June	**116**	**121**

At 30 June 2010, there was no reason to question the creditworthiness of non-depreciated past due receivables. More specifically, non-depreciated receivables with due dates of over twelve months show no additional credit-related risk. There is no significant concentration of risks.

In financial years 2009 and 2010 the Group implemented a number of programmes to sell the receivables of several subsidiaries. Receivables sold under these programmes totalled €435 million at 30 June 2010 and €351 million at 30 June 2009. As substantially all risks and rewards associated with the receivables were transferred, they were derecognised.

Note 16 Provisions

1. Breakdown of balance sheet amounts

The breakdown of provisions in the balance sheet is as follows:

In euro million	30.06.2009	30.06.2010
Non-current provisions		
Provisions for pensions and other long-term employee benefits	405	408
Other non-current provisions for contingencies and charges	521	691
Current provisions		
Provisions for restructuring	49	28
Other current provisions for contingencies and charges	263	284
TOTAL	**1,238**	**1,411**

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

In euro million	01.07.2008	Movements in the year: Allowances	Used	Reversal of surplus provisions	Foreign currency gains and losses	Consolidation of V&S and other movements	30.06.2009
Provisions for restructuring	14	69	(41)	(5)	(2)	14	49
Other current provisions	274	79	(33)	(58)	(5)	7	263
Other non-current provisions	467	62	(2)	(89)	(14)	96	521
PROVISIONS	**754**	**211**	**(76)**	**(151)**	**(21)**	**116**	**833**

In euro million	01.07.2009	Movements in the year: Allowances	Used	Reversal of surplus provisions	Foreign currency gains and losses	Other movements	30.06.2010
Provisions for restructuring	49	15	(36)	(5)	4	0	28
Other current provisions	263	69	(43)	(39)	29	6	284
Other non-current provisions	521	242	(10)	(213)	66	84	691
PROVISIONS	**833**	**326**	**(88)**	**(256)**	**99**	**90**	**1,003**

3. Provisions for pension benefits

The Group provides employee benefits such as pensions and retirement bonuses and other post-employment benefits, such as medical care and life assurance:

- in France, benefit obligations mainly comprise arrangements for retirement indemnities (non-funded) and supplementary pension benefits (partly funded);
- in the United States and Canada, benefit obligations include funded pension plans guaranteed to employees as well as unfunded post-employment medical plans;
- in Ireland, the United Kingdom and the Netherlands, benefit obligations mainly consist of pension plans granted to employees.

Defined benefit plans in the Group relate mainly to subsidiaries in the United Kingdom, in North America and in the rest of Europe. Defined benefit plans are subject to an annual actuarial valuation on the basis of assumptions depending on the country. Under these pension and other benefit plan agreements, employees receive at the date of retirement either a capital lump sum payment or an annuity. These amounts depend on the number of years of employment, final salary and the position held by the employee. At 30 June 2010, fully or partly funded benefit obligations totalled €3,935 million, being 94.3% of total benefit obligations.

Certain subsidiaries, mainly those located in North America, also provide their employees with post-employment medical cover. These benefit obligations are unfunded. They are measured using the same assumptions as those used for the pension obligations in the countries in question.

Several subsidiaries, mainly in Europe, also provide their employees with other long-term benefits. Benefit obligations of this type are mainly in respect of long-service awards and jubilee awards.

The table below presents a roll-forward of the provision between 30 June 2009 and 30 June 2010:

In euro million	30.06.2009 Pension benefits	30.06.2009 Medical expenses and other employee benefits	30.06.2009 Total	30.06.2010 Pension benefits	30.06.2010 Medical expenses and other employee benefits	30.06.2010 Total
Provision at beginning of period	328	149	**478**	249	156	**405**
Expenses (income) for the period	39	13	**52**	61	11	**72**
Employer contributions	(108)	0	**(108)**	(103)	2	**(101)**
Benefits paid directly by the employer	(10)	(9)	**(19)**	(6)	(10)	**(16)**
Change in scope	8	(1)	**7**	(1)	-	**(1)**
Foreign currency gains and losses	(8)	4	**(4)**	14	22	**36**
Net liability recognised in the balance sheet	**249**	**156**	**405**	**214**	**181**	**395**
Plan surplus	-	-	**-**	12	-	**12**
PROVISION, AT END OF PERIOD	**249**	**156**	**405**	**227**	**181**	**408**

The €405 million provision at the start of the period was a net position and included plans with recognised assets. The €408 million provision at the end of the period, however, excluded plans with surplus assets totalling €12 million. These assets are instead recognised as assets on the balance sheet in accordance with IFRIC 14.

The net expense (income) recognised in profit and loss in respect of pensions and other long-term employee benefits are broken down as follows:

Expense for the period *(in euro million)*	30.06.2009 Pension benefits	30.06.2009 Medical expenses and other employee benefits	30.06.2009 Total	30.06.2010 Pension benefits	30.06.2010 Medical expenses and other employee benefits	30.06.2010 Total
Service cost	34	1	**35**	29	2	**31**
Interest cost (effect of unwinding of discount)	202	8	**210**	188	9	**197**
Expected return on plan assets	(193)	(0)	**(193)**	(159)	(0)	**(159)**
Amortisation of past service cost	1	3	**4**	1	(1)	**0**
Amortisation of actuarial (gains)/losses	(0)	1	**0**	2	1	**3**
Effect of ceiling on plan assets	-	-	**-**	0	-	**0**
Effect of settlements and curtailments	(6)	0	**(5)**	(0)	-	**(0)**
NET EXPENSE (INCOME) RECOGNISED IN PROFIT AND LOSS	**39**	**13**	**52**	**61**	**11**	**72**

The Group has elected to adopt the corridor method under which actuarial gains and losses are only recognised when they represent more than 10% of the greater of the present value of the benefit obligation and the fair value of corresponding plan assets.

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Changes in provisions for pensions and other long-term employee benefits are shown below:

Net liability recognised in the balance sheet *(in euro million)*	30.06.2009 Pension benefits	30.06.2009 Medical expenses and other employee benefits	30.06.2009 Total	30.06.2010 Pension benefits	30.06.2010 Medical expenses and other employee benefits	30.06.2010 Total
Change in the actuarial value of cumulative benefit obligations						
Actuarial value of cumulative benefit obligations at beginning of period	3,660	141	**3,801**	3,142	129	**3,271**
Service cost	33	1	**34**	29	2	**31**
Interest cost (effect of unwinding of discount)	202	8	**210**	188	9	**197**
Employee contributions	2	1	**2**	1	1	**2**
Benefits paid	(211)	(10)	**(221)**	(197)	(12)	**(209)**
Changes to plans	1	3	**4**	1	(0)	**1**
Settlement or curtailment of benefits	(12)	0	**(12)**	(2)	-	**(2)**
Actuarial (gains) and losses	(364)	(18)	**(381)**	613	9	**622**
Currency translation adjustments	(199)	3	**(196)**	239	21	**260**
Changes in scope of consolidation	30	(1)	**29**	(0)	-	**(0)**
ACTUARIAL VALUE OF CUMULATIVE BENEFIT OBLIGATIONS AT END OF PERIOD	**3,142**	**129**	3,271	**4,014**	**159**	4,173
Change in the fair value of plan assets						
Fair value of plan assets at beginning of period	3,402	1	**3,403**	2,999	1	**3,000**
Actual return on plan assets	(132)	1	**(132)**	605	(0)	**605**
Employee contributions	2	-	**2**	1	-	**1**
Employer contributions	108	0	**108**	103	2	**105**
Benefits paid	(202)	(0)	**(202)**	(191)	(2)	**(193)**
Changes to plans	-	-	**-**	-	-	**-**
Settlement of benefits	(11)	(0)	**(11)**	(2)	-	**(2)**
Currency translation adjustments	(190)	-	**(190)**	219	-	**219**
Changes in scope of consolidation	22	-	**22**	-	-	**-**
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**2,999**	**1**	3,000	**3,733**	**2**	3,735
Present value of funded benefits	3,077	4	**3,081**	3,933	2	**3,935**
Fair value of plan assets	2,999	1	**3,000**	3,733	2	**3,735**
Deficit (surplus) on funded benefits	**79**	**3**	81	**200**	**0**	200
Present value of unfunded benefits	65	125	**191**	82	157	**239**
Effect of ceiling on plan assets (including the impact IFRIC 14)	0	-	**0**	-	-	**-**
Unrecognised actuarial gains and (losses)	113	22	**135**	(61)	18	**(43)**
Unrecognised past service cost	(8)	6	**(2)**	(8)	7	**(1)**
NET LIABILITY RECOGNISED IN THE BALANCE SHEET	**249**	**156**	**405**	**214**	**181**	**395**

At 30.06.2010	Actuarial value of cumulative benefit obligations		Fair value of plan assets		Net liability	
	(in euro million)	%	*(in euro million)*	%	*(in euro million)*	%
United Kingdom	3,157	76%	3,162	85%	34	9%
USA	315	8%	171	5%	129	33%
Canada	323	8%	236	6%	90	23%
Ireland	130	3%	93	2%	9	2%
France	152	4%	17	0%	102	26%
Other countries	96	2%	56	1%	31	8%
TOTAL	**4,173**	**100%**	**3,735**	**100%**	**395**	**100%**

The breakdown of pension assets between the different asset categories (bonds, shares, etc.) is as follows:

Breakdown of plan assets	30.06.2009		30.06.2010	
	Medical expenses and other employee benefits	Medical expenses and other employee benefits	Pension benefits	Medical expenses and other employee benefits
Shares	29.4%	18.0%	24.8%	13.6%
Bonds	64.8%	72.0%	67.3%	76.8%
Other money-market funds	3.4%	10.0%	4.8%	9.6%
Property assets	1.9%	0.0%	1.7%	0.0%
Other property, plant and equipment	0.4%	0.0%	1.2%	0.0%
TOTAL	**100%**	**100%**	**100%**	**100%**

The expected rate of return on plan assets corresponds to the weighted average of the different expected rates of return of each category of assets.

Contributions payable by the Group for the year ended 30 June 2011 in respect of funded benefits are estimated at €119 million.

Benefits payable in respect of defined benefit plans over the next 10 years are broken down as follows:

Benefits payable in the next 10 years *(in euro million)*	Pension benefits	Medical expenses and other employee benefits
2011	219	12
2012	220	11
2013	226	10
2014	238	10
2015	254	11
2016-2020	1,208	51

At 30 June 2009 and 30 June 2010, the main assumptions used for the measurement of pension obligations and other long-term employee benefits were as follows:

Actuarial assumptions in respect of commitments	30.06.2009		30.06.2010	
	Pension benefits	Medical expenses and other employee benefits	Pension benefits	Medical expenses and other employee benefits
Discount rate	6.28%	6.93%	5.26%	5.36%
Average rate of increase in annuities	3.45%	1.77%	3.32%	1.76%
Average salary increase	3.77%	3.24%	3.71%	3.47%
Expected return on plan assets	5.51%	4.25%	5.74%	4.00%
Expected increase in medical expenses				
■ Initial rate	Not applicable	9.23%	Not applicable	8.84%
■ Final rate	Not applicable	5.11%	Not applicable	4.97%

Actuarial assumptions in respect of benefit obligations	30.06.2009		30.06.2010	
	Pension benefits	Medical expenses and other employee benefits	Pension benefits	Medical expenses and other employee benefits
Discount rate	5.95%	5.89%	6.28%	6.93%
Average rate of increase in annuities	3.66%	2.08%	3.45%	1.77%
Average salary increase	4.05%	3.58%	3.77%	3.24%
Expected return on plan assets	6.21%	4.50%	5.51%	4.25%
Expected increase in medical expenses				
■ Initial rate	Not applicable	8.68%	Not applicable	9.23%
■ Final rate	Not applicable	5.25%	Not applicable	5.11%

Actuarial assumptions at 30.06.2010 (Pensions and other commitments) By region	United Kingdom	USA	Canada	Eurozone countries	Other non-eurozone countries
Discount rate	5.30%	5.51%	5.34%	4.69%	4.43%
Average rate of increase in annuities	3.46%	0.00%	1.40%	2.42%	1.57%
Average salary increase	3.72%	3.75%	3.50%	3.82%	3.62%
Expected return on plan assets	5.62%	8.00%	6.07%	4.93%	5.52%
■ Shares	8.91%	12.34%	7.50%	6.79%	7.73%
■ Bonds	4.54%	9.04%	4.25%	4.06%	3.95%
Expected increase in medical expenses					
■ Initial rate	7.00%	9.50%	9.00%	4.66%	0.00%
■ Final rate	4.00%	5.25%	5.00%	4.66%	0.00%

The obligation period-related discount rates used within the euro zone are as follows:

- short-term rate (3-5 years): 3.00%;
- medium-term rate (5-10 years): 3.75%;
- long-term rate (more than 10 years): 4.50% to 5.25%.

The expected rate of return on plan assets of funded or partially funded benefit plans has been determined on the basis of the expected rate of return of each asset class in each country and in accordance with their respective weighting in each fund at 30 June 2010. These rates were determined on the basis of historical rates of return but also taking account of market expectations.

Discount rates are determined by reference to the yield at the balance sheet date on premium category corporate bonds (if available), or on government bonds, with maturities similar to the estimated duration of the benefit obligations.

A 50 bp reduction in the yield on assets at 30 June 2010 would have an impact of around €17.8 million on the cost of the Group's main benefit plans, which are in the UK and North America (USA and Canada).

The impact of a change in the rate of increase in medical expenses would be as follows:

In respect of post-employment medical cover *(in euro million)*	With current rate	Effect of a change	
		1% increase	1% decrease
On the present value of the benefit obligation at 30 June 2010	138	15	(12)
On the interest cost for the period and on the service cost for the period	6	1	(1)

The experience gains or losses on the benefit obligations and plan assets are set out below:

In euro million	30.06.2010	
	Pension benefits	Medical expenses and other employee benefits
Amount of experience losses or (gains) on benefit obligations	72	(3)
Percentage compared with amount of benefit obligations	1.81%	(1.93)%
Amount of experience losses or (gains) on plan assets	(447)	0
Percentage compared with amount of plan assets	(11.97)%	-

Note 17 Financial liabilities

Net debt, as defined and used by the Group, corresponds to total gross debt (translated at closing rate), including fair value hedge derivatives, less cash and cash equivalents. At 30 June 2010, net financial debt included the following items:

In euro million	30.06.2009	30.06.2010
Bonds	2,540	3,826
Current financial liabilities (excluding bonds)	366	317
Non-current financial liabilities (excluding bonds)	8,315	6,925
Total financial liabilities	**11,221**	**11,068**
Non-current derivative instruments (in asset positions) used as fair value hedges of financial assets and liabilities	0	(20)
Non-current derivative instruments (in liability positions) used as fair value hedges of financial assets and liabilities	188	236
Total non-current derivative instruments	**188**	**216**
Cash and cash equivalents	**(520)**	**(701)**
NET FINANCIAL DEBT	**10,888**	**10,584**

1. Breakdown of gross financial debt by maturity

In euro million	30.06.2009	30.06.2010
Short-term debt	332	277
Portion of long-term debt due within 1 year	51	1,106
TOTAL CURRENT DEBT (LESS THAN 1 YEAR)	**383**	**1,382**
Portion of long-term debt due in 1 to 5 years	10,203	8,616
Portion of long-term debt due in more than 5 years	822	1,307
TOTAL NON-CURRENT DEBT (MORE THAN 1 YEAR)	**11,025**	**9,923**
GROSS FINANCIAL DEBT	**11,408**	**11,305**

Debt falling due within 1 year accounts for 12% of total gross debt.

2. Breakdown of net financial debt by currency and type at 30 June 2009 and 30 June 2010 after foreign exchange hedging

At 30.06.2009 *(in euro million)*	Total	Syndicated loan	Commercial paper	Bonds	Cross currency swaps and others
EUR	5,416	1,747	250	1,658	1,761
USD	6,294	6,282	-	-	12
JPY	78	59	-	-	19
GBP	(350)	-	-	882	(1,233)
Other currencies	(549)	-	-	-	(549)
TOTAL	**10,888**	**8,088**	**250**	**2,540**	**10**

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At 30.06.2010 *(in euro million)*	Total	Syndicated loan	Commercial paper	Bonds	Cash	Cross currency swaps and others
EUR	4,206	1,312	176	2,906	(194)	6
USD	6,709	5,556	0	0	(45)	1,197
JPY	91	0	0	0	(6)	97
GBP	472	0	0	920	(10)	(438)
Other currencies	(892)	0	0	0	(446)	(447)
TOTAL	**10,584**	**6,868**	**176**	**3,826**	**(701)**	**415**

3. Breakdown of net financial debt by currency and maturity at 30 June 2009 and 30 June 2010 after foreign exchange hedging

At 30.06.2009 *(in euro million)*	Total	< 1 year	> 1 year and < 5 years	> 5 years	Cash
EUR	5,416	951	3,793	794	(122)
USD	6,294	37	6,285	0	(28)
JPY	78	22	59	0	(4)
GBP	(350)	(390)	55	0	(15)
Other currencies	(549)	(237)	10	29	(351)
TOTAL	**10,888**	**383**	**10,203**	**822**	**(520)**

At 30.06.2010 *(in euro million)*	Total	< 1 year	> 1 year and < 5 years	> 5 years	Cash
EUR	4,206	795	3,006	598	(194)
USD	6,709	543	5,559	652	(45)
JPY	91	97	0	0	(6)
GBP	472	442	40	0	(10)
Other currencies	(892)	(494)	12	35	(446)
TOTAL	**10,584**	**1,382**	**8,616**	**1,286**	**(701)**

4. Breakdown of rate hedges by currency at 30 June 2009 and 30 June 2010

At 30.06.2009 *(in euro million)*	Net debt by currency	Fixed debt	"Capped" floating rate debt	Non-hedged floating rate debt	% hedged debt/ fixed debt
EUR	5,416	1,858	750	2,807	48%
USD	6,294	2,653	2,193	1,448	77%
JPY	78	-	-	78	0%
GBP	(350)	-	-	(350)	0%
Other currencies	(549)	-	-	(549)	0%
TOTAL	**10,888**	**4,512**	**2,943**	**3,434**	**68%**

At 30.06.2010 *(in euro million)*	Net debt by currency	Fixed debt	"Capped" floating rate debt	Non-hedged floating rate debt	Cash	% hedged debt/ fixed debt
EUR	4,206	2,438	750	1,212	(194)	76%
USD	6,709	3,647	815	2,292	(45)	67%
JPY	91	0	0	97	(6)	0%
GBP	472	0	0	482	(10)	0%
Other currencies	(892)	0	0	(447)	(446)	0%
TOTAL	**10,584**	**6,085**	**1,565**	**3,635**	**(701)**	**72%**

5. Schedule of financial liabilities at 30 June 2009 and 30 June 2010

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 2009 and 30 June 2010.

At 30.06.2009 *(in euro 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-bearing loans and borrowings:	(11,221)	(12,329)	(467)	(148)	(1,139)	(1,903)	(423)	(7,365)	(884)
Cross currency swaps	(188)	-	-	-	-	-	-	-	-
■ Payable flows	-	(1,114)	(14)	(13)	(688)	(10)	(10)	(379)	0
■ Receivable flows	-	964	15	31	574	17	17	310	0
Derivative instruments – liabilities	(268)	(516)	(108)	(88)	(139)	(87)	(84)	(10)	0
TOTAL	**(11,676)**	**(12,995)**	**(575)**	**(217)**	**(1,392)**	**(1,983)**	**(500)**	**(7,444)**	**(884)**

* *Including interest.*

At 30.06.2010 *(in euro 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-bearing loans and borrowings:	(11,067)	(12,148)	(418)	(1,063)	(538)	(271)	(7,649)	(915)	(1,294)
Cross currency swaps	(201)	-	-	-	-	-	-	-	-
■ Payable flows	-	(1,736)	(11)	(675)	(10)	(10)	(378)	(0)	(652)
■ Receivable flows	-	1,551	15	583	18	18	323	0	594
Derivative instruments – liabilities	(390)	(512)	(132)	(112)	(114)	(109)	(27)	(17)	0
TOTAL	**(11,658)**	**(12,844)**	**(546)**	**(1,266)**	**(644)**	**(373)**	**(7,731)**	**(932)**	**(1,353)**

* *Including interest.*

6. Vin&Sprit syndicated loan

On 23 July 2008, Pernod Ricard used part of the facilities granted by the multilinked-currency syndicated loan agreement signed on 27 March 2008, for €4,988 million (including €2,020 million in multicurrencies) and $10,138 million. At 30 June 2010, it had drawn down from this credit facility €1,312 million and $6,818 million, a total equivalent to €6,868 million. The credit facilities, whether revolving or fixed maturity, denominated in euros, American dollars or multicurrencies, incur interest at the applicable LIBOR (or, for euro denominated borrowing, EURIBOR), plus a pre-determined spread and mandatory costs. These facilities have maturities ranging from 1 to 5 years. This borrowing enabled the Group to repay the amounts due under the syndicated loan facility agreed in August 2005, to finance the Allied Domecq acquisition price and to refinance certain debt owed by the Group.

7. Pernod Ricard SA bonds

On 6 December 2006, Pernod Ricard SA issued bonds in a total amount of €850 million, in two tranches with the following characteristics:

Tranche 1: floating rate

Tranche 1 is composed of €300 million of floating rate notes with a remaining period to maturity of 1 year (maturity date: 6 June 2011) which bear interest at EURIBOR 3 months plus 50 basis points.

Tranche 2: fixed rate

Tranche 2 is composed of €550 million of notes with a remaining period to maturity of 3 years and a half (maturity date at 6 December 2013) which bear interest at a fixed rate of 4.625%.

On 15 June 2009, Pernod Ricard SA issued €800 million of bonds with the following characteristics: remaining period to maturity of 4 years and a half (maturity date at 15 January 2015) and bearing fixed-rate interest of 7%.

On 18 March 2010, Pernod Ricard SA issued €1,200 million of bonds with the following characteristics: remaining period to maturity of 5 years and 9 months (maturity date at 18 March 2016) and bearing fixed-rate interest of 4.875%.

8. Allied Domecq bonds

At 30 June 2010, bonds issued by Allied Domecq Financial Services Ltd consist of a £450 million issue bearing a nominal interest rate of 6.625% maturing on 18 April 2011 and a £250 million issue bearing a nominal interest rate of 6.625% maturing on 12 June 2014.

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Note 18 Financial instruments

1. Fair value of financial instruments

In euro million	IAS 39 category	Measurement level	Fair value at 30.06.2010	Carrying amount at 30.06.2010	Financial instruments included in net debt
Assets					
Trade receivables	Receivables at amortised cost		944	944	-
Other current assets	Receivables at amortised cost		218	218	-
Non-current financial assets:					
■ Available-for-sale financial assets	Available-for-sale financial assets at fair value through equity	Level 3	32	32	-
■ Guarantees and deposits	Receivables at amortised cost		60	60	-
■ Investment-related receivables	Receivables at amortised cost		5	5	-
■ Other financial assets	Financial assets at fair value through profit or loss	Level 2	21	21	-
Derivative instruments – assets	Financial assets at fair value	Level 2	32	32	20
Cash and cash equivalents	Financial assets at fair value through profit or loss	Level 1	701	701	701
SUB-TOTAL OF DERIVATIVE INSTRUMENTS AND CASH					**721**
Liabilities and shareholders' equity					
Bonds	Financial liabilities at amortised cost		3,895	3,826	3,826
Bank loans – current					
■ Syndicated loan	Financial liabilities at amortised cost		-	-	-
■ Commercial paper	Financial liabilities at amortised cost		176	176	176
■ Other property, plant and equipment	Financial liabilities at amortised cost		138	138	138
Bank loans – non-current					
■ Syndicated loan	Financial liabilities at amortised cost		6,868	6,868	6,868
■ Commercial paper	Financial liabilities at amortised cost				
■ Other property, plant and equipment	Financial liabilities at amortised cost				
Finance lease obligations	Financial liabilities at amortised cost		61	61	61
Derivative instruments – liabilities	Financial assets at fair value	Level 2	587	587	236
GROSS FINANCIAL DEBT					**11,305**
NET FINANCIAL DEBT					**10,584**

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 market value of instruments recognised in the financial statements at the balance sheet date was calculated on the basis of available market data, using current valuation models.

The hierarchical levels for fair value disclosures below accord with the definitions in the amended version of IFRS 7 (financial instruments: 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.

2. Risk management

Management and monitoring of financial risks is performed by the Financing and Treasury Department, which has eleven staff members. This department, which is part of the Group Finance Department, manages all financial exposures and prepares monthly reporting to the attention of General Management. It processes or validates all hedging transactions in the context of a programme approved by General Management.

All financial instruments used hedge existing or forecast hedge transactions or investments. They are contracted with a limited number of counterparts who benefit from a first class rating from specialised rating agencies.

Management of liquidity risk

At 30 June 2010, cash and cash equivalents totalled €701 million (compared to €520 million at 30 June 2009). An additional €2,220 million of medium-term credit facilities with banks were confirmed and remained undrawn at this date. Group funding is provided in the form of long-term debt (syndicated loans, bonds, etc.) and short-term financing (commercial paper, bank overdrafts, etc.), which provide adequate financial resources to ensure the continuity of its business. Net short-term financial debt was €1,382 million (compared to €383 million at 30 June 2009). Bonds maturing in 2011 will be refinanced partly from free cash and partly from drawdowns of confirmed medium-term credit lines. While the Group has not identified any other significant short-term cash requirement, it cannot be fully guaranteed that it will be able to continue to get the funding and refinancing needed for its day-to-day operations and investments on satisfactory terms, given the prevailing economic climate.

In addition, the Group's bank and bond debt contracts include covenants. Breaches of these covenants could force the Group to make accelerated payments. At 30 June 2010, the Group was in compliance with the covenants under the terms of its syndicated loan: consolidated EBITDA/net financing costs of 2.5 or above and total net debt (converted to the average rate)/consolidated EBITDA of 6.75 or below. No other ratio is applied to other Group debts.

Similarly, while the vast majority of the Group's cash surplus is placed with branches of global banks enjoying the highest agency ratings, it cannot be ruled out that these Group investments may experience reduced liquidity and severe volatility.

Management of currency risk

The Group prepares its financial statements in euros and is therefore exposed to fluctuations against the euro of other currencies in which its assets and liabilities are denominated (asset risk) or in which it carries out its operations (transaction and currency translation risks).

While some hedging strategies allow exposure to be limited, there is no absolute protection against exchange-rate fluctuations.

For asset risk, financing foreign-currency-denominated assets acquired by the Group with debt in the same currency provides natural hedging. This principle was applied for the acquisition of Seagram, Allied Domecq and Vin&Sprit assets denominated in American dollars and Japanese yen.

Movements in currencies against the euro (notably the American dollar) may impact the nominal amount of these debts and the financial costs published in euros in the consolidated financial statements, and this could affect the Group's reported results.

With respect to operational currency risk, its international operations expose the Group to currency risks bearing on transactions carried out by subsidiaries in a currency other than their operating currency.

In all cases, it is Group policy to invoice end customers in the functional currency of the distributing entity. Currency exposure generated by intragroup billings between producer and distributor subsidiaries are managed through a monthly centralisation and netting process. This process involves most countries whose currencies are freely convertible and transferable and whose domestic laws allow their participation. This system hedges against net exposure using forward exchange contracts.

Residual risk is partially hedged using financial derivatives (forward buying, forward selling or options) to hedge certain or highly probable non-Group operating receivables and payables.

Sensitivity analysis of financial instruments to currency risks

Financial liabilities classified as hedges of a net investment are essentially sensitive to fluctuations in the American dollar; a 1% increase or decrease in the dollar/euro exchange rate would affect Group shareholders' equity by +/-€28 million. This impact would be offset by change in the translated value of the net investment being hedged.

Management of interest rate risk

When the syndicated loan to fund the acquisition of Vin&Sprit was arranged, the Group hedged half or above of its net financial debt for a minimum of two years. The hedging portfolio includes swaps and interest-rate options in addition to fixed-rate debt.

Based on debt outstanding, hedges in place and market conditions at 30 June 2010, a 0.10% change in interest rates would have a €3.6 million impact on financial expenses over the full year.

The Group cannot guarantee that these hedges will prove sufficient nor that it will be able to maintain them on acceptable terms.

Breakdown of fixed and floating rate debt

In euro million	At 30 June 2010	
	Amount outstanding	% total debt
Fixed rate	3,571	32%
Floating rate	7,498	68%
GROSS DEBT BEFORE HEDGING	**11,069**	**100%**
Fixed rate	6,085	55%
Floating rate with collar	1,565	14%
Floating rate	3,419	31%
GROSS DEBT AFTER HEDGING AND RESTATEMENT TO FAIR VALUE OF FIXED RATE DEBT NOT INCLUDING FAIR VALUE AND FEES	**11,069**	**100%**
FAIR VALUE OF BONDS AND DERIVATIVES + FEES	**216**	
CASH AND CASH EQUIVALENTS (FLOATING RATE)	**(701)**	
TOTAL NET DEBT	**10,584**	

At 30 June 2010, before taking account of any hedges, 32% of the Group's gross debt was fixed rate and 68% floating rate.

After hedging, the floating rate part was 31%.

Schedule of floating rate debt and hedges

In euro million	< 1 year	1 to 5 years	> 5 years	Total
Total assets (cash)	701	-	-	701
Total floating rate liabilities	(630)	(6,868)	-	(7,498)
NET FLOATING RATE DEBT BEFORE HEDGING	**71**	**(6,868)**	-	**(6,797)**
Derivative instruments	2,404	3,308	(600)	5,112
NET FLOATING RATE DEBT AFTER HEDGING	**2,475**	**(3,561)**	**(600)**	**(1,686)**

Analysis of the sensitivity of financial instruments to interest rate risks (impacts on the income statement):

- a 50 bp increase or decrease in (USD and EUR) interest rates would increase or reduce the cost of financial expenses by 3.8%;
- changes in the fair value of fair value hedges resulting from movements in the market rates of hedging and hedged instruments widely offset eachother:

Financial instrument (in euro million)	50 bp increase in interest rates	50 bp decrease in interest rates
Cross currency swaps	(6)	6
Bonds hedged by cross currency swaps	8	(8)
FAIR VALUE INSTRUMENTS	**2**	**(2)**

Analysis of the sensitivity of financial instruments to interest rate risks (impact on equity)

A relative fluctuation of +/-50 bp in (USD and EUR) interest rates would generate an equity gain or loss of approximately €63 million as a result of changes in the fair value of the derivatives documented as cash flow hedges (swaps and interest rate options).

Counterparty risk in financial transactions

The Group could be exposed to counterparty default via its cash investments, hedging instruments or the availability of confirmed but undrawn financing lines. In order to limit this exposure, the Group performs rigorous selection of counterparts according to several criteria, including credit ratings, and depending on the maturity dates of the transactions.

However, no assurance can be given that this rigorous selection will be enough to protect the Group against risks of this type, particularly in the current economic climate.

Note 19 Interest rate and foreign exchange derivatives

1. Interest rate and foreign exchange derivatives

At 30.06.2010 *(in euro million)*	Notional amount of contracts < 1 year	1 to 5 years	> 5 years	Total	Market value
Interest rate swaps – borrower floating rate	-	-	600	**600**	20
Interest rate swaps – borrower fixed rate	1,752	2,395	-	**4,147**	(232)
Purchases of caps	-	-	-	**-**	-
Collars (Buy Caps-Sell Floors)	652	913	-	**1,565**	(87)
Lender fixed-rate cross currency swaps €/£	663	368	-	**1,031**	(137)
Cross currency swaps €/$	-	-	594	**594**	(64)
Medium-term currency swaps	652	-	-	**652**	-
Short-term currency refinancing swaps	2,494	-	-	**2,494**	-

The notional amount of these contracts is the nominal value of the contracts. Foreign currency denominated notional amounts in cross currency swaps are shown in euros at the exchange rate agreed. For other instruments, notional amounts denominated in foreign currencies are translated into euros at year-end rates. Estimated values are based on information available on the financial markets and valuation methods appropriate to the type of financial instrument concerned. These valuation methods were subjected to a dedicated review during the year and found to yield results consistent with the valuations provided by bank counterparts.

2. Classification of hedges and use of derivative instruments

Type of hedge at 30.06.2010	Description of financial instrument	Nominal in euro million	Risk hedged	Fair value at the balance sheet date in euro million
Fair value hedge				
Interest rate risk hedges	Swaps	600	Interest rate risk	20
Interest rate and currency hedges	Cross currency swaps	1,031	Interest rate and foreign exchange risk on a debt denominated in a foreign currency	(137)
Cash flow hedge				
Interest rate risk hedges	Swaps	4,147	Risk of changes in interest flows on floating rate debt	(232)
	Caps	-	Risk of changes in interest flows on floating rate debt	-
	Collars	1,565	Risk of changes in interest flows on floating rate debt	(87)
Hedge of a net investment				
Currency risk hedges	Medium-term currency swaps	652	Foreign exchange risk on net currency assets	(36)
Hedge	Cross currency swaps	594	-	(64)
Outside hedge accounting				
Currency risk hedges	Cross currency swaps and forex forwards	2,494	Foreign exchange risk on intra-group financing	(20)

Note 20 Trade and other accounts payable

The breakdown of operating payables is as follows:

In euro million	30.06.2009	30.06.2010
Trade payables	881	1,105
Taxes and Social security	517	526
Other operating payables	356	237
Other payables	5	3
TOTAL	**1,759**	**1,871**

Most operating payables are due within one year.

Note 21 Notes to the consolidated cash flow statement

1. Working capital requirements

The Group has implemented programmes to sell the receivables of various subsidiaries, totalling €435 million at end-June 2010. Cash raised was used to repay part of the loan taken out to fund the Vin&Sprit acquisition. As substantially all risks and rewards associated with the receivables were transferred, they were derecognised at 30 June 2010.

2. Capital expenditure

At 30 June 2010, capital expenditure related mainly to the construction of new warehouses or the renewal of machinery and equipment in the production subsidiaries and to purchases of software and other intangible assets.

3. Disposals from financial assets

The main disposal was the sale of the Tia Maria brand on 27 July 2009 for €125 million. Danish and Swedish assets were also sold to the Group Altia on 3 May 2010 for €87 million.

4. Share issues, subscription/redemption of loans

On 18 March 2010, Pernod Ricard SA issued €1,200 million of bonds. The proceeds allowed it to repay the next tranches of the multi-currency syndicated loan falling due and to extend the average maturity of the Group's debt.

Following the bond issue, various disposals and the extension of its receivable-selling programmes, the Group redeemed €60 million of bonds and repaid $1,985 million of its syndicated loan.

Note 22 Shareholders' equity

1. Share capital

Pernod Ricard's share capital changed as follows between 1 July 2008 and 30 June 2010:

	Number of shares	Amount (in euro million)
Share capital at 30.06.2008	**219,682,974**	**341**
Capital increase held on 14 May 2009	38,786,220	60
Exercise of stock options (plan of 18 December 2001)	102,880	0
Exercise of stock options (plan of 17 December 2002)	65,062	0
Exercise of stock options (plan of 11 February 2002)	3,400	0
Share capital at 30 June 2009	**258,640,536**	**401**
Issue of 1 bonus share for each 50 shares held at 18 November 2009	5,174,153	8
Exercise of stock options (plan of 18 December 2001)	207,563	0
Exercise of stock options (plan of 17 December 2002)	13,977	0
Exercise of stock options (plan of 11 February 2002)	196,084	0
SHARE CAPITAL AT 30 JUNE 2010	**264,232,313**	**410**

Pernod Ricard shares were split in two on 15 January 2008.

On 14 May 2009, Pernod Ricard SA increased its capital, issuing 38,786,220 new shares.

On 18 November 2009, Pernod Ricard SA issued one free bonus share for each 50 shares held.

All Pernod Ricard shares are issued and fully paid and have a nominal amount of €1.55. Only one category of ordinary 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 30 June 2010, Pernod Ricard SA and its controlled subsidiaries held 1,531,090 Pernod Ricard shares valued at €34 million.

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

As part of its stock option plans, Pernod Ricard SA holds either directly (treasury shares) or indirectly (calls or repurchase options) shares that may be granted if options are exercised under the stock option plans or, in the case of free shares, if performance targets are met.

3. Dividends paid and proposed

At its meeting of 24 June 2010 the Board decided to pay an interim dividend of €0.61 per share against 2009/2010 earnings, equivalent to a total dividend payment of €161,182 thousand. This interim dividend was paid on 2 July 2010 and recognised under other operating payables in the balance sheet at 30 June 2010.

4. Share Capital Management

The Group manages its share capital in such a way as to optimise its cost of capital and profitability for its shareholders, provide security for all its counterparts and maintain a high rating. In this context, the Group may adjust its payment of dividends to shareholders, repay part of its share capital, buy back its own shares and authorise share-based payment plans.

4

Note 23 Share-based payments

Description of share-based payment plans

All of the plans are equity-settled, except for the plans granted on 14 June 2006, 18 January 2007 and 21 June 2007, which, in addition to the award of stock options, also included awards of Stock Appreciation Rights (SARs) to Group employees. The SARs are cash-settled options. The 21 June 2007, 18 June 2008 and 24 June 2010 plans also include a free share grant.

On the exercise of their rights, the beneficiaries of the SARs will receive a cash payment based on the Pernod Ricard share price equal to the difference between the Pernod Ricard share price at the date of the exercise of the rights and the exercise price set at the date of grant.

The stock option plan that was initiated on 27 January 2000 expired on 27 January 2010.

No stock option or free share plans were granted during the year ended 30 June 2009.

Information relating to stock option plans

The stock option plans are granted to managers with high levels of responsibility, key management personnel for the Group and potential managers.

Following the Pernod Ricard SA capital increase of 18 November 2009, adjustments were made to the number of stock options and free shares granted to employees and to the subscription or purchase price applying, to maintain the level of benefits for beneficiaries of share-based payment plans.

During the financial year 2009/2010 a new combined remuneration plan was put in place:

- classic unconditional stock options;
- performance-dependent stock options, tied to the stock outperforming the CAC 40, plus 1% a year (50% of this performance criteria is measured after 3 years and 50% over 4 years);
- free share issue (France and international), including a performance criteria based on the recurring operating profit compared to budget, measured over the two years following the year when the shares were granted.

	Plan dated 02.11.2004	Plan dated 25.07.2005	Plan dated 14.06.2006	Plan dated 14.06.2006	Plan dated 18.01.2007	Plan dated 21.06.2007
Type of options	Purchase	Purchase	Purchase	SARs	SARs	Purchase
Performance conditions	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional
Number of beneficiaries	459	485	555	49	1	515
Vesting date of options/shares	18.11.2008	12.08.2009	15.06.2010	15.06.2009	18.01.2010	22.06.2011
Exercisable from	18.11.2008	12.08.2009	15.06.2010	15.06.2009	18.01.2010	22.06.2011
Expiry date	17.11.2014	11.08.2015	14.06.2016	14.06.2016	18.01.2017	21.06.2015
Subscription or purchase price in euro at 30.06.2010	42.30	52.59	58.41	58.41	N.A.	74.73
Outstanding options at 30.06.2010	1,447,578	834,807	2,156,257	186,419	-	832,352
Stock option expense 2009-2010 *(in euro thousand)*	0	(121)	9,188	1,492	(37)	3,988

	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 18.06.2008	Plan dated 18.06.2008	Plan dated 18.06.2008***
Type of options	SARs	Purchase	Free	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Unconditional	Conditional	Conditional
Number of beneficiaries	56	13	731	598	13	804
Vesting date of options/shares	22.06.2011	22.06.2011	21.06.2009	19.06.2012	19.06.2012	19.06.2010 (FRA) 19.06.2012 (ROW)
Date on which options/shares may be sold	22.06.2011	22.06.2011	21.06.2011	19.06.2012	19.06.2012	19.06.2012 (FRA and ROW)
Expiry date	21.06.2015	21.06.2015	N.A.	19.06.2016	19.06.2016	N.A.
Subscription or purchase price in euro at 30.06.2010**	74.73	74.73	N.A.	66.16	66.16	N.A.
Outstanding options at 30.06.2010*	80,573	121,409	208,001	1,098,418	137,109	134,528
Stock option expense 2009-2010 *(in euro thousand)*	558	456	4,051	4,314	417	3,497

	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010
Type of options	Purchase	Purchase	Purchase	Free	Free
Performance conditions	Unconditional	Conditional	Conditional	Conditional	Conditional
Number of beneficiaries	705	133	133	762	218
Vesting date of options/shares	24.06.2014	24.06.2013	24.06.2014	24.06.2014	24.06.2013
Date on which options/shares may be sold	24.06.2014	24.06.2013	24.06.2014	24.06.2014	24.06.2015
Expiry date	24.06.2018	24.06.2018	24.06.2018	N.A.	N.A.
Subscription or purchase price in euro at 30 June 2010**	64.00	64.00	64.00	N.A.	N.A.
Outstanding options at 30.06.2010*	619,108	141,248	141,248	443,565	128,554
Stock option expense 2009-2010 *(in euro thousand)*	45	9	7	105	40

* *On 18 November 2009, Pernod Ricard SA held a capital increase which resulted in a dilution of its share price. The numbers of stock options granted to employees, subscribed for and cancelled were adjusted to reflect this bonus share issue.*

** *Share subscription and purchase prices have been adjusted to reflect the dilution of the share price on 18 November 2009.*

*** *FRA: French tax residents; ROW: non-French tax residents.*

Other stock options plans that have not yet expired are explained in the Management Report section of the annual report.

The Group recognised an expense of €18.3 million in operating profit in respect of the 9 stock option plans effective at 30 June 2010, an expense of €7.7 million in respect of the 3 free share plans and an expense of €2.0 million in respect of the SARs programmes. A liability of €4.0 million was recognised in other current liabilities at 30 June 2010 in respect of the SARs programmes.

Annual expenses *(in euro million)*	30.06.2009	30.06.2010
Stock options (equity settled) – through a double entry to equity	27.1	18.3
SARs (cash settled) – through a double entry to other current liabilities	(0.7)	2.0
Free shares (equity settled) – through a double entry to equity	10.5	7.7
TOTAL ANNUAL EXPENSES	**36.9**	**28.0**

Changes made to outstanding stock options during the year are described below:

	Plan dated 02.11.2004	Plan dated 25.07.2005	Plan dated 14.06.2006	Plan dated 14.06.2006	Plan dated 18.01.2007	Plan dated 21.06.2007
Type of options	Purchase	Purchase	Purchase	SARs	SARs	Purchase
Performance conditions	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional
Outstanding options at 30.06.2009	**1,770,939**	**940,523**	**2,178,558**	**215,692**	**5,934**	**830,244**
Granted between 01.07.2009 and 18.11.2009	-	-	-	-	-	-
Cancelled between 01.07.2009 and 18.11.2009	14,893	31,833	23,600	5,934	5,934	9,830
Exercised between 01.07.2009 and 18.11.2009	104,557	9,799	-	-	-	-
Expired between 01.07.2009 and 18.11.2009	-	-	-	-	-	-
Outstanding options at 18.11.2009	**1,651,489**	**898,891**	**2,154,958**	**209,758**	-	**820,414**
Adjustment made on 18 November 2009*						
Outstanding options at 18.11.2009	**1,684,720**	**917,091**	**2,198,321**	**220,005**	-	**836,996**
Granted between 18.11.2009 and 30.06.2010						
Cancelled between 18.11.2009 and 30.06.2010	5,266	14,159	15,515	8,161	-	4,644
Exercised between 18.11.2009 and 30.06.2010	231,876	68,125	26,549	25,425	-	-
Expired between 18.11.2009 and 30.06.2010	-	-	-	-	-	-
Outstanding options at 30.06.2010	**1,447,578**	**834,807**	**2,156,257**	**186,419**	-	**832,352**

	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 18.06.2008	Plan dated 18.06.2008	Plan dated 18.06.2008
Type of options	SARs	Purchase	Free	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Unconditional	Conditional	Conditional
Outstanding options at 30.06.2009	**87,321**	**124,793**	**221,157**	**1,103,065**	**140,930**	**196,188**
Granted between 01.07.2009 and 18.11.2009	-	-	-	-	-	-
Cancelled between 01.07.2009 and 18.11.2009	2,675	5,771	11,782	17,787	6,517	7,346
Exercised between 01.07.2009 and 18.11.2009	-	-	-	-	-	-
Expired between 01.07.2009 and 18.11.2009	-	-	-	-	-	-
Outstanding options at 18.11.2009	**86,646**	**119,022**	**209,375**	**1,085,278**	**134,413**	**188,842**
Adjustment made on 18 November 2009*						
Outstanding options at 18.11.2009	**86,350**	**121,409**	**213,706**	**1,107,189**	**137,109**	**193,061**
Granted between 18.11.2009 and 30.06.2010	-	-	-	-	-	-
Cancelled between 18.11.2009 and 30.06.2010	5,777	-	5,705	8,771	-	3,891
Exercised between 18.11.2009 and 30.06.2010	-	-	-	-	-	54,642
Expired between 18.11.2009 and 30.06.2010	-	-	-	-	-	-
OUTSTANDING OPTIONS AT 30.06.2010	**80,573**	**121,409**	**208,001**	**1,098,418**	**137,109**	**134,528**

	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010
Type of options	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional
OUTSTANDING OPTIONS AT 30.06.2010	**619,108**	**282,495**	**572,119**

* *On 18 November 2009, Pernod Ricard SA held a capital increase which resulted in a dilution of its share price. The numbers of stock options granted to employees, subscribed for and cancelled were adjusted to reflect this bonus share issue.*

The assumptions used in calculating the fair values of the options, other than use of the binomial model and the terms under which the options were granted, are as follows:

The fair values shown above for SARs granted in June 2006 and January 2007 have been re-estimated at 30 June 2010 in accordance with IFRS 2.

	Plan dated 02.11.2004	Plan dated 25.07.2005	Plan dated 14.06.2006	Plan dated 14.06.2006	Plan dated 18.01.2007	Plan dated 21.06.2007
Type of options	Purchase	Purchase	Purchase	SARs	SARs	Purchase
Performance conditions	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional
Initial share price (in euro after adjustments)***	44.15	55.22	56.83	63.98*	63.98*	73.98
Exercise price (in euro after adjustments)	42.30	52.59	58.41	58.41	N.A.	74.73
Expected volatility**	30%	30%	30%	22%	22%	22%
Expected dividend yield**	2%	2%	2%	2%	2%	2%
Risk free rate**	3.85%	3.25%	4.00%	4.50%	4.50%	4.50%
IFRS 2 FAIR VALUE AT 30.06.2010	**15.13**	**18.40**	**18.47**	**16.34 ******	**-******	**19.25**

	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 18.06.2008	Plan dated 18.06.2008	Plan dated 18.06.2008
Type of options	SARs	Purchase	Free	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Unconditional	Conditional	Conditional
Initial share price (in euro after adjustments)***	63.98*	73.98	73.98	63.29	63.29	63.29
Exercise price (in euro after adjustments)	74.73	74.73	N.A.	66.16	66.16	N.A.
Expected volatility**	22%	22%	N.A.	21%	21%	N.A.
Expected dividend yield**	2%	2%	2%	2%	2%	2%
Risk free rate**	4.50%	4.50%	4.50%	4.83%	4.83%	4.83%
IFRS 2 FAIR VALUE AT 30.06.2010	**10.71******	**14.92**	**68.87 (FRA) 68.13 (ROW)**	**15.76**	**12.07**	**54.23 (FRA) 57.39 (ROW)**

	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010
Type of options	Purchase	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Conditional
Initial share price (in euro after adjustments)	65.16	65.16	65.16	65.16
Exercise price (in euro after adjustments)	64.00	64.00	64.00	N.A.
Expected volatility**	28%	28%	28%	
Expected dividend yield**	2%	2%	2%	2%
Risk free rate**	3.41%	3.41%	3.41%	2.28%
IFRS 2 FAIR VALUE AT 30.06.2010	**18.39**	**12.45**	**13.04**	**60.15 (ROW) 59.27 (FRA)**

* *Share price at 30.06.2010.*
** *Assumptions used for initial measurement*
*** *Share price at grant date after value adjustment.*
**** *Restated fair value at 30.06.2010 for accounting purposes in 2009-2010.*

For the 2002-2006 plans, the volatility assumption was determined on the basis of the historical daily share price over a period equivalent to the maturity of the options.

For the 2007 and 2008 plans, the volatility assumption was determined using a multi-criteria approach taking into consideration:

- historic volatility over a period equal to the estimated duration of the options;
- historic volatility over a shorter period;
- implicit volatility calculated on the basis of options available in financial markets.

The volatility assumption used for the 2008 and 2009 measurements was based on an analysis of historic volatility.

The volatility assumption used for 2010 plans is based on the implied volatility of the Pernod Ricard share at the date the plans were granted.

The possibility of the pre-maturity exercise of options was included in the measurement model for stock option plans (with or without a market performance-related element). It was assumed that 1% of options would be exercised each year as a result of employees leaving the Company. For the 2007 and 2008 plans it was assumed that 67% and 33% of options would be exercised once the share price reached 150% and 250% of the exercise price, respectively. For 2010 plans, it was assumed that 60%, 30% and 10% of options would be exercised once the share price reached 125%, 175% and 200% of the exercise price. This new assumption is based on an analysis of behaviour over the period and the most recent plans.

The options allocated on 24 June 2010 to the Executive Committee (COMEX) and some Senior Managers are subject to the market performance of the Pernod Ricard share price relative to the CAC 40 price on the vesting date. 50% of the stock options will be exercisable from 24 June 2013 and the other half from 24 June 2013. The remaining 50% will be exercisable from 24 June 2014 subject to the Pernod Ricard share price having outperformed the CAC 40 index plus 1% annually over the periods from 24 June 2010 to 24 June 2013 and 24 June 2010 to 24 June 2014, respectively. A simulation model (Monte Carlo) was used in order to reflect this performance requirement in the estimated fair value of the options.

The fair value of the free shares allocated on 24 June 2010 is the market price of the share on the date of allocation, less the loss of dividends forecast for the vesting period (3 years for French tax residents and 4 years for non-French tax residents). For French tax residents, a cost to reflect the non-saleable nature of the shares for an additional period of 2 years was also applied and was estimated as being approximately 3% of the fair value of the share. In addition, the number of free shares granted in the context of this plan will depend on the level of the Group profit from recurring operations for the years ended 30 June 2011 and 2012 compared with budgeted profit from recurring operations at constant currency and same group scope. The accounting expense for the plan under IFRS 2 will be adjusted for this condition at the end of the vesting period at the latest.

Note 24 Off balance sheet financial commitments and disputes

At 30.06.2010 *(in euro million)*	Total	< 1 year	> 1 year and < 5 years	> 5 years
Guarantees received	41	33	4	4
Guarantees granted	186	142	3	41
Unconditional purchase obligations	1,108	340	639	129
Operating lease agreements	230	48	104	79
Other contractual commitments	16	11	3	1
Contractual commitments	1,354	399	746	209

1. Details of main commitments

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 Group (see Note 16).

Main guarantees granted

The Group guaranteed the Allied Domecq pension fund for the contributions owed to it by Allied Domecq Holdings Ltd and its subsidiaries. In addition, the Group granted a guarantee to the holders of Allied Domecq bonds, whose amount was €856 million at 30 June 2010.

2. Contractual commitments

In the context of their wine and champagne production, the Group's Australian subsidiary PR Australia, its New Zealand subsidiary PR New Zealand and its French subsidiary Mumm Perrier-Jouët have commitments of, respectively, €144 million, €37 million and €460 million under grape supply agreements. In the context of its cognac production activity, the Group's French subsidiary Martell is committed in an amount of €371 million under maturing spirit *eau-de-vie* supply agreements.

3. Legal risks

The main legal disputes to which the Group is exposed are set out below. 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 12 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 S.A. (HCH), of which Pernod Ricard is a shareholder. In some countries, including the United States, the brand is owned by a Cuban company called Cubaexport. Ownership of this brand is currently being contested, particularly in the United States and in Spain, by a competitor of Pernod Ricard.

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

1. The Office of Foreign Assets Control (OFAC) decided that this law had the effect of preventing any renewal of the "Havana Club" brand, which is owned in the United States by Cubaexport. In August 2006, the United States Patent and Trademark Office (USPTO) denied Cubaexport's application for renewal of the Havana Club brand following guidance from OFAC. Cubaexport has petitioned the Director of the USPTO to reverse this decision and has also filed a claim against OFAC in the Federal District Court for the District of Columbia, challenging OFAC's decision and the law and regulations applied by OFAC. On 30 March 2009, the Federal District Court for the District of Columbia ruled against Cubaexport. Cubaexport lodged an appeal, which will be heard on 24 September 2010 and the Court may deliver its ruling in the third quarter of 2010 or first half of 2011. Cubaexport's petition against the USPTO's decision has been stayed pending the final and binding outcome of the OFAC proceedings.
2. A competitor of the Group has petitioned the USPTO to cancel the Havana Club trademark, which is registered in the name of Cubaexport. On 29 January 2004, the USPTO denied the petition and refused to cancel the trademark registration. As this ruling 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 (which, as noted above, is itself stayed pending a final and binding outcome to the OFAC proceedings).
3. In August 2006, this competitor introduced a Havana Club rum in the United States which is manufactured in Puerto Rico. Pernod Ricard USA has 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 of Delaware Court found against Pernod Ricard USA, which appealed the ruling. A decision could be rendered by the end of 2011.
4. In Spain, HCH's rights 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 plaintiffs appealed to the Madrid Provincial Court, but their appeal was rejected in February 2007. They have now appealed to the Spanish Supreme Court, which should rule on the substance of the case before 2013.

Stolichnaya Trademark

Allied Domecq International Holdings B.V. 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 B.V.'s then-ownership of the Stolichnaya trademark in the United States, and sought damages based on vodka sales by Allied Domecq in the United States and disgorgement of the related profits. On 31 March 2006, Judge George Daniels dismissed all of the plaintiffs' claims concerning Allied Domecq International Holdings B.V.'s then-ownership of the Stolichnaya trademark in the United States. The plaintiffs have filed in the United States Court of Appeals for the Second Circuit an appeal of the portion of the 31 March 2006 decision dismissing their trademark ownership, trademark infringement and fraud claims (as well as the dismissal of certain claims brought only against the S.P.I. entities). Arguments were heard on 15 December 2009 and supplementary conclusions (asked for by the Court) were filed on 15 January 2010. The Court is expected to rule on this appeal in the course of 2010.

Origin of Stolichnaya

On 18 October 2006, Russian Standard Vodka (USA), Inc. and Roust Trading Limited brought an action against Allied Domecq Spirits & Wine USA, Inc. ("ADSW USA") and Pernod Ricard USA, LLC ("PR USA") in the United States District Court for the Southern District of New York. On 4 December 2006, the plaintiffs filed an amended complaint adding S.P.I. Group SA and S.P.I. Spirits (Cyprus) Limited (together, "SPI") as defendants. The plaintiffs allege that the defendants are engaged in false advertising under federal and New York State law, and also in unlawful trade practices and unfair competition, by advertising and promoting Stolichnaya vodka as "Russian vodka" and by making certain claims on their website and in their advertising campaigns. The plaintiffs had sought a declaration by the court that they had not engaged in false advertising by virtue of their public statements challenging the "Russian" character of Stolichnaya vodka. They also sought all applicable types of damages and the disgorgement of all the Company's related profits. The parties have since been engaged in motion practice and discovery.

On 7 April 2010, ADSW USA and PR USA reached agreement with the plaintiffs under which all claims were definitively dismissed, with no acknowledgment of liability and no payment by either party to the other.

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 S.A., Pernod Ricard USA LLC, Diageo Plc, Diageo North America Inc. (f/k/a Guinness UDV America Inc. f/k/a UDV North America Inc f/k/a Heublein Inc.), United Distillers Manufacturing Inc., UDV 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 this claim.

The defendants moved to dismiss the lawsuit on a variety of grounds, including that the Court lacks subject matter jurisdiction, that Colombia is a more convenient forum, and that the Complaint fails to state a legal claim. On 19 June 2007, the District Court granted in part and denied in part the defendants' motions to dismiss.

On 18 January 2008, the Second Circuit Court of Appeals refused to review the District Court's decision.

The parties are now in discovery regarding the plaintiffs' claims that were not dismissed. Pernod Ricard will continue to vigorously defend itself against the claims.

On 21 September 2009, Diageo and Pernod Ricard each received USD 10 million from Vivendi SA and Vivendi I Corp. to discharge them of any liability in respect of any damages that might eventually be awarded as a result of the lawsuit based on Seagram's actions before its acquisition by Pernod Ricard and Diageo.

Excise duties in Turkey

Allied Domecq Istanbul Iç ve Dis Ticaret Ltd. Sti ("Allied Domecq Istanbul"), as well as some of its competitors, is involved in a customs dispute over the customs valuation of certain Turkish imports. The main issue is whether the duty free sales price can be used as the basis for declaring the customs value of Turkish imports. The customs authorities have taken legal action against Allied Domecq Istanbul in Turkey for non-compliance with customs regulations in respect of 249 imports. Allied Domecq Istanbul is actively defending its position.

Excise duties in India

Pernod Ricard India (P) Ltd is involved in a legal dispute with Indian Customs on the declared value of the concentrate of alcoholic beverages (CAB) imported by Seagram India. Customs contest the values declared, citing different values used by competitors for the import of similar products. This action went before the Supreme Court which, on 26 July 2010, handed down a ruling setting out the principles for determining the value of the tax base for customs duties. Pernod Ricard India (P) Ltd has now settled all sums for the period before 2001 and is actively engaged in finalising with the authorities the remaining estimated valuations.

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 12 months a significant impact on the profitability of the company and/or group.

The above-mentioned suits are only provisioned, under other provisions for contingencies and charges (see Note 16), if it is likely that a present obligation arising from a past event will require an outflow of resources whose amount can be reliably estimated. The amount of the provisions taken is the best estimate of the outflow of resources required to extinguish this obligation.

Note 25 Related parties

Transactions with associates and joint ventures were immaterial in the year ended 30 June 2010.

The remuneration paid to Company Directors and Executive Committee (COMEX) members in return for their services to the Group is detailed below:

In euro million	30.06.2009	30.06.2010
Board of Directors*	1	1
Group Executive Committee		
■ Short-term benefits	13	11
■ Post-employment benefits	4	4
■ Share-based payments**	5	3
TOTAL EXPENSES RECOGNISED FOR THE YEAR	**23**	**19**

* *Directors' fees.*

** *The cost of stock option plans is the fair value of the options granted to Group Executive Committee members, and is recognised in the income statement over the vesting period of the options for plans 25.07.2005 to 24.06.2010.*

Note 26 Post-balance sheet events

On 1 July 2010, the Group sold Spanish company Ambrosio Velasco, owner of the brand Pacharán Zoco, the wine of Navarre Palacio de la Vega, to Diego Zamora for €33.1 million. The Spanish authorities granted approval on 18 August 2010 and the deal was completed on 31 August 2010.

On 22 July 2010, the Group announced that its subsidiary Domecq Bodegas was selling the Spanish wine brands Marqués de Arienzo™ and Viña Eguia™ as well as the winery and 358 hectares of vineyard and associated land to a consortium of buyers comprising Vinos de los Herederos del Marqués de Riscal SA and Gangutia S.L. (Bodegas Muriel) for €28 million. The deal was signed and paid for in cash on 21 July 2010.

Note 27 List of main consolidated companies

Incorporated bodies	Country	% holding at 30.06.2009	% holding at 30.06.2010	Consolidation method
Pernod Ricard SA	France	Parent Company	Parent Company	
Pernod Ricard Finance SA	France	100	100	F.C.
Ricard SA	France	100	100	F.C.
Pernod SA	France	100	100	F.C.
Cusenier SA	France	100	100	F.C.
Société des Produits d'Armagnac SA	France	100	100	F.C.
Spirits Partners	France	100	100	F.C.
Pernod Ricard Europe SA	France	100	100	F.C.
Pernod Ricard España SA	Spain	100	100	F.C.
Pernod Ricard Swiss SA	Switzerland	100	100	F.C.
Pernod Ricard Italia SPA	Italy	100	100	F.C.
Pernod Ricard Portugal – Distribuiçao SA	Portugal	100	100	F.C.
Pernod Ricard Deutschland GMBH	Germany	100	100	F.C.
Pernod Ricard Austria GMBH	Austria	100	100	F.C.
Pernod Ricard Nederland BV	Netherlands	100	100	F.C.
Pernod Ricard Minsk LLC	Belarus	99	99	F.C.
Pernod Ricard Ukraine SC with FI	Ukraine	100	100	F.C.
SC Pernod Ricard Romania SRL	Romania	100	100	F.C.
Georgian Wines and Spirits Company LLC	Georgia	100	100	F.C.
Pernod Ricard Latvia LLC	Latvia	100	100	F.C.
Pernod Ricard Estonia OÜ	Estonia	100	100	F.C.
Pernod Ricard Hungary Import Szeszesital Kereskedelmi KFT	Hungary	100	100	F.C.
Pernod Ricard Belgium SA	Belgium	100	100	F.C.
Pernod Ricard Rouss CJSC	Russia	100	100	F.C.
Pernod Ricard Sweden AB	Sweden	100	100	F.C.
Pernod Ricard Denmark A/S	Denmark	100	100	F.C.
Pernod Ricard Finland OY	Finland	100	100	F.C.
Tinville SAS	France	100	100	F.C.
Yerevan Brandy Company CJSC	Armenia	100	100	F.C.
Jan Becher – Karlovarska Becherovka, A/S	Czech Republic	100	100	F.C.
SALB, SRO	Czech Republic	100	100	F.C.
Pernod Ricard UK Ltd	United Kingdom	100	100	F.C.
Pernod Ricard Asia SAS	France	100	100	F.C.
Pernod Ricard Japan K.K.	Japan	100	100	F.C.
Pernod Ricard Asia Duty Free Ltd	China	100	100	F.C.

Incorporated bodies	Country	% holding at 30.06.2009	% holding at 30.06.2010	Consolidation method
Pernod Ricard Taiwan Ltd	Taiwan	100	100	F.C.
Pernod Ricard Taiwan Spirits and Wines Ltd	Taiwan	100	100	F.C.
Pernod Ricard Thailand Ltd	Thailand	100	100	F.C.
Pernod Ricard Korea Co. Ltd	South Korea	100	100	F.C.
Pernod Ricard Singapore PTE Ltd	Singapore	100	100	F.C.
Pernod Ricard Malaysia SDN BHD	Malaysia	100	100	F.C.
Pernod Ricard (China) Trading Co Ltd	China	100	100	F.C.
Shangai Yijia International Trading Co. Ltd	China	100	100	F.C.
Établissements Vinicoles Champenois (EVC)	France	100	100	F.C.
Pernod Ricard North America SAS	France	100	100	F.C.
Pernod Ricard USA	USA	100	100	F.C.
Pernod Ricard Cesam (Central and South America)	France	100	100	F.C.
Pernod Ricard Argentina Corp.	Argentina	100	100	F.C.
Pernod Ricard Venezuela CA	Venezuela	100	100	F.C.
Pramsur SA	Uruguay	100	100	F.C.
Pernod Ricard Colombia SA	Colombia	100	100	F.C.
Pernod Ricard Brasil Industria e Comercio PLLC	Brazil	100	100	F.C.
Pernod Ricard Uruguay SA	Uruguay	100	100	F.C.
Agros Holding SA	Poland	100	100	F.C.
Wyborowa SA	Poland	100	100	F.C.
Chivas Brothers (Holdings) Ltd	United Kingdom	100	100	F.C.
Chivas 2000 UL	United Kingdom	100	100	F.C.
The Glenlivet Distillers Ltd	United Kingdom	100	100	F.C.
Glenlivet Holdings Ltd	United Kingdom	100	100	F.C.
Hill, Thomson & Co Ltd	United Kingdom	100	100	F.C.
Chivas Brothers Pernod Ricard Ltd	United Kingdom	100	100	F.C.
Chivas Brothers Ltd	United Kingdom	100	100	F.C.
Pernod Ricard Travel Retail Europe	United Kingdom	100	100	F.C.
Irish Distillers Ltd	Ireland	100	100	F.C.
Fitzgerald & Co Ltd	Ireland	100	100	F.C.
Watercourse Distillery Ltd	Ireland	100	100	F.C.
Pernod Ricard South Africa PTY Ltd	South Africa	100	100	F.C.
Comrie Ltd	Ireland	100	100	F.C.
Martell Mumm Perrier-Jouët SAS	France	100	100	F.C.
Martell & Co SA	France	100	100	F.C.
Augier Robin Briand & Co SA	France	100	100	F.C.
Domaines Jean Martell	France	100	100	F.C.
Pernod Ricard Pacific Holding Pty Ltd	Australia	100	100	F.C.
Pernod Ricard Pacific Pty Ltd	Australia	100	100	F.C.
Orlando Wyndham Group Pty Ltd	Australia	100	100	F.C.
Orlando Wyndham New Zealand Ltd	New Zealand	100	100	F.C.
Montana Group (NZ) Limited	New Zealand	100	100	F.C.
Peri Mauritius	Mauritius	100	100	F.C.
Pernod Ricard India	India	100	100	F.C.
Seagram Distilleries (P) Limited	India	100	100	F.C.
Havana Club Internacional	Cuba	50	50	F.C.

Incorporated bodies	Country	% holding at 30.06.2009	% holding at 30.06.2010	Consolidation method
Allied Domecq Australia Pty Ltd	Australia	100	100	F.C.
Pernod Ricard Bosnia d.o.o.	Bosnia	100	100	F.C.
Pernod Ricard Bulgaria EOOD	Bulgaria	100	100	F.C.
Corby Distilleries Limited*	Canada	45.76	45.76	F.C.
Hiram Walker and Sons Ltd	Canada	100	100	F.C.
Tia Maria Ltd	Switzerland	100	0	F.C.
PRC Diffusion EURL	France	100	100	F.C.
Allied Domecq Spirits & Wine (Shanghai) Trading Co Ltd	China	100	100	F.C.
AD sro – Czech Republic	Czech Republic	100	100	F.C.
Domecq Bodegas	Spain	98.45	98.45	F.C.
Financière Moulins de Champagne S.A.S.	France	100	100	F.C.
G.H. Mumm & Cie – Sté Vinicole de Champagne Successeur	France	100	100	F.C.
Champagne Perrier-Jouët SA	France	99.5	99.5	F.C.
SA Théodore Legras	France	99.5	99.5	F.C.
Allied Domecq (Holdings) Ltd	United Kingdom	100	100	F.C.
AD Pensions Limited	United Kingdom	100	100	F.C.
AD Medical Expenses Trust Ltd	United Kingdom	100	100	F.C.
Allied Domecq Ltd	United Kingdom	100	100	F.C.
ADFS PLC	United Kingdom	100	100	F.C.
CG Hibbert Ltd	United Kingdom	100	100	F.C.
Allied Domecq Spirits & Wine (China) Ltd	China	100	100	F.C.
Pernod Ricard Croatia d.o.o.	Croatia	100	100	F.C.
PR Hungary Kft	Hungary	100	100	F.C.
ADSW Latvia	Latvia	100	100	F.C.
Casa Pedro Domecq	Mexico	100	100	F.C.
AD International Holdings BV	Netherlands	100	100	F.C.
Pernod Ricard New Zealand Limited	New Zealand	100	100	F.C.
Pernod Ricard Philippines Inc.	Philippines	100	100	F.C.
Ballantine's Polska Sp z.o.o. – Poland	Poland	100	100	F.C.
Pernod Ricard Slovenja d.o.o.	Slovenia	100	100	F.C.
AD Istanbul Dom. and Foreign Trade Ltd	Turkey	100	100	F.C.
Brand Partners	Norway	100	100	F.C.
Austin, Nichols & Co, Inc.	USA	100	100	F.C.
La Casa dels Licors	Andorra	100	100	F.C.
Pernod Ricard Lithuania	Lithuania	100	100	F.C.
V&S Vin&Sprit A.B.	Sweden	100	100	F.C.
V&S Luksusowa Zielona Gora SA	Poland	100	100	F.C.
Pernod-Ricard Norway A/S	Norway	100	100	F.C.

* *Corby Distilleries Limited is consolidated using the full consolidation method because of the Group's majority control percentage in respect of this Company.*

Statutory auditors' report on the consolidated financial statements

For the financial year ended 30 June 2010

To the Shareholders
In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the financial year ended 30 June 2010, on:

- the audit of the accompanying consolidated financial statements of Pernod Ricard;
- the basis for our assessment;
- the specific verifications required by law.

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

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 30 June 2010, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in Note 1.2 to the consolidated financial statements "Accounting principles - Changes in accounting standards" which exposes the changes in accounting principles resulting from the application of new standards and interpretations.

II. Basis for our assessment

The accounting estimates and assumptions used in preparing the financial statements as at 30 June 2010 were made in the context of an economic and financial crisis, making it difficult to forecast the economic outlook. These conditions are described in Note 1.5 to the consolidated financial statements, "Principal uncertainties arising from the use of estimates and judgement by Management". The same note also states that certain circumstances could lead to changes in these estimates and that actual results could be different.

In accordance with the requirements of article L. 823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- As part of our assessment of the accounting principles applied by the Company, we have made sure of the basis for the aforementioned accounting principles changes and as to the presentation thereof.
- At each balance sheet date the company systematically carries out impairment tests on goodwill and intangible assets with indefinite useful lives, also assessing whether there are any indications of impairment of non-current assets, as detailed in Notes 1.5, 1.7 and 1.9 to the consolidated financial statements. We assessed the data and assumptions on which the estimates are based, particularly the cash flow forecasts prepared by the Company's operational management teams, reviewed the calculations performed by the Company, evaluated the principles and methods used to determine fair values, compared the accounting estimates made in prior years with corresponding outcomes and verified that Note 11 to the consolidated financial statements gives appropriate information.
- The company has recorded provisions for pensions and other postemployment benefits, deferred tax liabilities and others contingencies, as described in Note 1.5 to the consolidated financial statements. We have assessed the basis on which these provisions were recognised and reviewed the disclosures concerning risks in Notes 16 and 24 to the consolidated financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to our opinion expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

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

Neuilly-sur-Seine and Courbevoie, 20 September 2010

The Statutory Auditors,

Deloitte & Associés	**Mazars**
Marc de Villartay	Loïc Wallaert

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.
This report also includes information relating to the specific verification of information given in the Group's management report.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

ANNEX E—2009/2010 PARENT COMPANY FINANCIAL STATEMENTS

5

PERNOD RICARD SA FINANCIAL STATEMENTS

5

Pernod Ricard SA income statement

For the financial years ending 30 June 2009 and 30 June 2010

In euro thousand	30.06.2009	30.06.2010
Royalties	35,706	36,404
Other income	19,239	35,508
Reversals of financial provisions and expense transfers	7,668	3,940
TOTAL OPERATING INCOME	**62,613**	**75,852**
External services	(71,563)	(90,058)
Duties and taxes	(3,995)	(3,466)
Personnel expenses	(33,733)	(36,938)
Depreciation, amortisation and provision charges	(6,823)	(7,624)
Other expenses	(692)	(730)
TOTAL OPERATING EXPENSES	**(116,806)**	**(138,816)**
Operating profit (loss)	(54,193)	(62,964)
Income from investments	654,058	439,961
Other interest and related income	233,583	131,421
Reversals of financial provisions and expense transfers	62,062	38,731
Translation gains	505,812	422,471
TOTAL FINANCIAL INCOME	**1,455,515**	**1,032,584**
Provision charges	(78,740)	(12,039)
Interest and related expenses	(489,328)	(329,298)
Translation losses	(620,124)	(553,840)
TOTAL FINANCIAL EXPENSES	**(1,188,192)**	**(895,177)**
Interest (expense) income	267,323	137,407
Profit before tax and exceptional items	213,130	74,443
Exceptional items	(28,083)	(59,409)
Net profit/loss before income tax	185,047	15,034
Corporate income tax	121,508	74,091
PROFIT FOR THE FINANCIAL YEAR	**306,555**	**89,125**

Pernod Ricard SA balance sheet

For the financial years ending 30 June 2009 and 30 June 2010

Assets

In euro thousand	Net value 30.06.2009	Gross value 30.06.2010	Depreciation, amortisation & provisions	Net value 30.06.2010	Notes
Legal goodwill, brands and software	33,909	41,725	(8,087)	33,638	
Intangible assets	33,909	41,725	(8,087)	33,638	2
Land	948	948	-	948	
Buildings	837	2,117	(1,314)	803	
Machinery and equipment	12	70	(45)	25	
Other property, plant and equipment	2,388	8,299	(6,257)	2,042	
Property, plant and equipment	4,185	11,434	(7,616)	3,818	
Investments	11,235,928	12,037,650	(142,747)	11,894,903	3
Loans and advances to subsidiaries and associates	236,722	222,484	-	222,484	3 and 4
Loans	16	21	-	21	3 and 4
Guarantee deposits	1,383	1,440	-	1,440	3 and 4
Treasury shares	11,337	-	-	-	3
Financial assets	11,485,386	12,261,595	(142,747)	12,118,848	3
TOTAL FIXED ASSETS	**11,523,480**	**12,314,754**	**(158,450)**	**12,156,304**	
Advances and supplier prepayments	1,559	124	-	124	4
Trade receivables	25,483	37,907	-	37,907	
Other receivables	5,031	3,486	-	3,486	
Operating receivables	30,514	41,393	-	41,393	4
Other receivables	2,630,443	1,913,993	(5,707)	1,908,286	4
Marketable securities	47,670	97,458	(1,678)	95,780	5
Cash	2,189	116,495	-	116,495	
TOTAL CURRENT ASSETS	**2,712,375**	**2,169,463**	**(7,385)**	**2,162,078**	
Prepaid expenses	12,856	29,825	-	29,825	6
Bond redemption premiums	3,206	5,472	-	5,472	6
Currency translation adjustment – Asset	350,229	463,962	-	463,962	6
TOTAL PREPAID EXPENSES AND DEFERRED CHARGES	**366,291**	**499,259**	**-**	**499,259**	
TOTAL ASSETS	**14,602,146**	**14,983,476**	**(165,835)**	**14,817,641**	

Liabilities and shareholders' equity

In euro thousand	30.06.2009	30.06.2010	Notes
Share capital	400,893	409,560	7
Additional paid-in capital	3,006,701	3,008,924	
Legal reserves	34,051	40,090	
Regulated reserves	179,559	179,559	
Other reserves	195,013	195,013	
Retained earnings	1,155,175	1,327,012	
Profit for the financial year	306,555	89,125	
Interim dividends	(129,320)	(161,182)	
TOTAL SHAREHOLDERS' EQUITY	**5,148,627**	**5,088,101**	**8**
Provision for contingencies and charges	**175,354**	**149,887**	**9**
Bonds	1,667,118	2,907,088	4 and 13
Bank debt	4,986,463	4,295,238	4 and 14
Other debt	19,986	3,928	4
Debt	6,673,567	7,206,254	
Trade payables	60,323	34,600	
Taxes and Social security	12,328	20,905	
Trade and other accounts payable	72,651	55,505	4
Other liabilities	2,246,962	1,743,897	4
TOTAL LIABILITIES	**8,993,180**	**9,005,656**	
Deferred income	8,488	52,091	4 and 11
Currency translation adjustment – Liability	276,497	521,906	11
TOTAL PREPAID EXPENSES AND DEFERRED CHARGES	**284,985**	**573,997**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14,602,146**	**14,817,641**	

Pernod Ricard SA cash flow statement

For the financial years ending 30 June 2009 and 30 June 2010

In euro thousand	30.06.2009	30.06.2010
Operating activities		
Net profit	306,555	89,125
Net depreciation, amortisation and provision charges	(17,714)	6,923
Changes in provisions	80,082	(34,537)
Net (gain)/loss on disposal of assets and other items	(7,401)	12,943
Self-financing capacity	**361,522**	**74,454**
Decrease/(increase) in working capital needs	(2,653,444)	878,274
Net debt from operating activities	**(2,291,922)**	**952,728**
Investing activities		
Capital expenditure	16,099	(1,106)
Purchases of financial assets net of disposals	(2,986,603)	(651,582)
Net debt from investment activities	**(2,970,504)**	**(652,688)**
Financing activities		
Long-term and medium-term bond issue	799,038	897,734
Loans and medium and long-term debt	2,559,159	(1,570,888)
Other changes in shareholders' equity	1,001,400	10,890
Dividends paid	(288,051)	(128,679)
Net debt from financing activities	4,071,546	(790,943)
Short-term net debt	(1,190,880)	(490,903)
Short-term net debt at the beginning of the year	(758,983)	(1,949,863)
Short-term net debt at the end of the year	(1,949,863)	(2,440,766)

Note: presentation of cash flow statement

Changes in net debt comprise changes in both debt and cash and cash equivalents. Net debt breaks down as follows:

In euro thousand	30.06.2009	30.06.2010
Loans and long-term debts	(22,755)	(886,361)
Bonds	(17,118)	(357,088)
Net balance on current account with Pernod Ricard Finance	(1,967,118)	(1,411,270)
Marketable securities	54,939	97,458
Cash	2,189	116,495
SHORT-TERM NET DEBT AT THE END OF THE YEAR	**(1,949,863)**	**(2,440,766)**
Bonds	(1,646,794)	(2,544,528)
Loans and long-term debts	(4,088,344)	(1,926,596)
Net balance on current account with Pernod Ricard Finance	(895,350)	(1,486,210)
MEDIUM AND LONG-TERM NET DEBT AT THE END OF THE YEAR	**(6,630,488)**	**(5,957,334)**
TOTAL NET DEBT AT THE END OF THE YEAR	**(8,580,351)**	**(8,398,100)**

Analysis of Pernod Ricard SA results

Relations between the Parent Company and its subsidiaries

The main role of Pernod Ricard SA, the Group's Parent Company, is to carry out general interest and coordination activities in the areas of strategy, financial control of subsidiaries, external growth, marketing, development, research, human resources and communication. Pernod Ricard SA's financial relations with its subsidiaries mainly involve billing of royalties for the operation of brands owned by Pernod Ricard SA, rebilling for product relating to research and innovation services, and receipt of dividends.

Highlights of the financial year

1. Share capital increase

On 2 November 2009, the Board of Directors decided to increase the Company share capital by €8,020,000 with the capitalisation of reserves and the distribution of bonus shares on the basis of one new share for 50 old shares held.

2. Disposal of assets

On 27 July 2009, the Group sold coffee liqueur brand Tia Maria to Illva Saronno for €125 million.

On 3 May 2010, the Group announced the disposal of all Swedish and Danish assets to the Altia group for the sum of kr 835 million, i.e. €87 million.

3. Bond issue

On 18 March 2010, Pernod Ricard SA issued a total of €1,200 million of bonds with the following characteristics: remaining period to maturity 5 years and 9 months (maturity date: 18 March 2016) and bearing fixed-rate interest of 4.875%. The proceeds allowed it to repay the next tranches of the multi-currency syndicated loan falling due and to extend the average maturity of the Group's debt.

Post balance sheet events

On 1 July 2010, the Group sold the Spanish company Ambrosio Velasco, which owned, in particular, the Pacharán Zoco brand and Navarre Palacio de la Vega wines, to Diego Zamora for the sum of €33.1 million.

The deal was approved by the Spanish authorities on 18 August 2010 and was completed on 31 August 2010.

On 22 July 2010, the Group announced the sale, by its subsidiary Domecq Bodegas, of the Spanish wine brands Marqués de Arienzo™ and Viña Eguía™, as well as the bodega and 358 hectares of vineyards and land to a consortium composed of Vinos de los Herederos del Marqués de Riscal SA and Gangutia S.L. (Bodegas Muriel) for the sum of €28 million. The deal was signed and the amount paid simultaneously on 21 July 2010.

Income statement and balance sheet at 30 June 2010

Analysis of the 2009/2010 income statement

Operating income (€75.9 million) rose €13.3 million compared to 30 June 2009. This increase is mainly due to the rebilling of overheads to the Group's subsidiaries and to smaller reversals of Directors' pension provisions, of which the amount stood at €3.9 million at 30 June 2009.

Operating expenses amounted to €(138.8) million at 30 June 2010 compared to €(116.8) million at 30 June 2009. This rise in operating expenses is mainly due to an increase in personnel expenses and external services with the recognition, this year, of costs generated by the International Development Management Team and the Brand Protection Department, which were subject to rebilling by the Group's subsidiaries.

An operating loss of €(63.0) million was recorded at 30 June 2010, representing a fall of €8.8 million compared to June 2009 as a result of a rise in personnel expenses and smaller reversals of pension provisions.

Interest expense (income) amounted to €137.4 million at 30 June 2010 compared to €267.3 million at 30 June 2009. This fall is mainly due to a fall in investment income totalling €(214.1) million, expenses linked to the accounting impact of the repurchase of stock options totalling €(30.6) million and the purchase of options for €(8.7) million, partially offset by the effects of the dollar exchange rate over the period, totalling a profit of €125.4 million.

Operating result before tax amounted to €74.4 million.

At 30 June 2010, exceptional items represented a charge of €(59.4) million, linked to net provisions for the depreciation and amortisation of shares and provisions for risk relating to the allocation of bonus shares and the purchase of options.

Finally, income tax generated a gain of €74.1 million due to the effects of tax consolidation.

As a result, net profit for financial year 2009/2010 was €89.1 million.

Analysis of the 2009/2010 balance sheet

The Company balance sheet total at 30 June 2010 was €14,818 million, an increase of €216 million compared with 30 June 2009.

Assets

Total net fixed assets stood at €12,156 million, compared with €11,523 million the previous financial year. The €633 million increase is mainly due to the recapitalisation of the subsidiaries Lina 3 and Lina 11 for €688 million, less the impairment of equity investments.

Current assets fell by €550.3 million during the year. The main movements include:

- a fall in Group receivables amounting to €711 million;
- an increase in marketable securities worth €48.1 million following the purchase of Pernod Ricard shares for the allocation of stock options under the June 2010 plan;
- a significant increase in the cash item generated by accrued interest received on cash instruments (currency and interest rates derivatives) for €114.3 million.

Prepaid expenses and deferred charges, amounting to €499.3 million, mainly comprise the translation adjustment, which increased due to the effects of the revaluation of the exchange rate for receivables and payables denominated in non-euro currencies (mainly in American dollars).

Liabilities and shareholders' equity

Shareholders equity stood at €5,088 million compared to €5,149 million at 30 June 2009. The main movements for the period include the €89 million profit, the allocation of one bonus share for 50 shares held, impacting the share capital by €9 million, and an interim dividend of €0.61 per share for financial year 2009/2020, i.e. a total amount of €161.1 million. The interim dividend was paid on 7 July 2010.

Provisions for contingencies and charges fell by €25.5 million following the reversal of provisions for currency loss (mainly linked to the American dollar) for €75 million, offset by provision charges relating to the implementation of Plan 17 of 24 June 2010 for the allocation of stock options and bonus shares.

The €12.5 million increase in debts for the period is linked to financing activities for a bond issue of €1,200 million allowing the partial prepayments regarding the Pernod Ricard Finance subsidiary borrowing and tranches of the syndicated loan falling due.

The deferred income and adjustment accounts, amounting to €574 million, mainly comprise the translation adjustment item which increased due to the effects of the revaluation of the exchange rate for receivables and payables denominated in non-euro currencies (mainly in American dollars).

Notes to the Pernod Ricard SA financial statements

Pernod Ricard SA is a French public limited company *(Société Anonyme),* subject to all laws governing commercial companies in France, and particularly to the provisions of the French Commercial Code. The Company is headquartered at 12, place des États-Unis, 75016 Paris and is listed on the Paris Stock Market.

The balance sheet total for the financial year ended 30 June 2010 was €14,817,640,581.24. The income statement records a profit for the year of €89,124,863.67. The financial year covered the 12-month period from 1 July 2009 to 30 June 2010.

Note 1 Accounting policies

The 2010 financial statements were prepared in accordance with French generally accepted accounting principles. General accounting principles were applied, in accordance with the prudence principle, using certain assumptions whose objective is to provide a true and fair view of the company. These assumptions are:

- going concern;
- consistency of accounting policies from one financial year to the next;
- accruals basis of accounting.

Balance sheet assets and liabilities are measured, depending on the specific items, at their historical cost, contribution cost or market value.

1. Intangible assets

The brands acquired from the merger of Pernod and Ricard in 1975 and from subsequent mergers are the Company's main intangible assets.

Intangible assets are valued at acquisition cost.

2. Property, plant and equipment

Property, plant and equipment is recognised at acquisition cost (purchase price plus ancillary costs but not including acquisition fees). Depreciation is calculated using the straight-line or reducing balance methods, on the basis of the estimated useful lives of the assets:

- buildings: between 20 and 50 years (straight-line);
- fixtures and fittings: 10 years (straight-line);
- machinery and equipment: 5 years (straight-line);
- office furniture and equipment: 10 years (straight-line) or 4 years (reducing balance).

3. Financial assets

The gross value of investments is composed of their acquisition cost, excluding ancillary costs, increased by the impact of legal revaluations where applicable.

If the value in use of the investments is lower than their net carrying amount, a provision for impairment is recognised for the difference.

Value in use is determined based on multi-criteria analysis, taking into account the share of the subsidiary shareholders' equity that the investment represents, the value based on dividend yield and the financial and economic potential of the subsidiary, with particular reference being made to the market value of its net assets.

The treasury shares item includes own shares held by Pernod Ricard SA which are available to be awarded to employees.

4. Trade receivables

Receivables are recognised at their nominal value. A provision is recognised in the event that their value at the balance sheet date falls below net carrying amount.

5. Marketable securities

This item includes treasury shares acquired for the allocation of stock option plans from the time of acquisition.

A liability is recognised when it becomes probable that the rights to receive the securities concerned under the plans will be exercised. For other marketable securities, an impairment provision is taken when the cost price is higher than the market price.

6. Provision for contingencies and charges

Provisions for contingencies and charges are recognised in accordance with French accounting regulation 2000-06 on liabilities, issued on 7 December 2000 by the French Accounting Regulatory Committee (CRC).

This accounting regulation provides that a liability is recognised when an entity has an obligation towards a third party and that it is probable or certain that this obligation will cause an outflow of resources to the third party without equivalent consideration being received. A present obligation must exist at the balance sheet date for a provision to be recognised.

7. Translation of foreign currency denominated items

Payables, receivables and cash balances denominated in foreign currencies are translated into euro as follows:

- translation of all payables, receivables and cash balances denominated in foreign currencies at year-end rates;
- recognition of differences compared to the amounts at which these items were initially recognised as translation adjustment assets or liabilities in the balance sheet;
- recognition of a provision for any unrealised currency losses, after taking into account the effect of any offsetting foreign exchange hedge transactions.

8. Derivative financial instruments

Differences arising from changes in the value of financial instruments used as hedges are recognised in profit and loss in a manner symmetrical to the manner in which income and expenses relating to the hedged item are recognised.

9. Corporate income tax

Pernod Ricard SA is subject to the French tax consolidation system defined by the law of 31 December 1987. Under certain conditions, this system allows income taxes payable by profitable companies to be offset against tax losses of other companies. The scheme is governed by articles 223 A *et seq.* of the French tax code.

Each company in the tax group calculates and accounts for its tax expense as if it were taxed as a standalone entity.

The effects of tax consolidation are recognised in the Pernod Ricard SA financial statements.

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Note 2 Intangible assets

1. Gross value

In euro thousand	At 01.07.2009	Acquisitions	Disposals	At 30.06.2010
Brands	32,560	-	-	32,560
Software	7,815	1,219	-	9,034
Advances and down-payments on intangible assets	635	939	(1,443)	131
TOTAL	**41,010**	**2,158**	**(1,443)**	**41,725**

2. Amortisation

In euro thousand	At 01.07.2009	Allowances	Reversals	At 30.06.2010
Brands	-	-	-	-
Software	(7,101)	(986)	-	(8,087)
TOTAL	**(7,101)**	**(986)**	**-**	**(8,087)**

Note 3 Financial assets

1. Gross value

In euro thousand	At 01.07.2009	Reclassification	Acquisitions	Capital transaction	Disposals	At 30.06.2010
Investments in consolidated entities(1)	11,307,816	-	-	687,500	(1,556)	11,993,760
Investments in non-consolidated entities	12,581	-	-	-	-	12,581
Other investments	47,418	-	-	-	(16,430)	30,988
Advance on investment	321	-	-	-	-	321
Investments	**11,368,136**	**-**	**-**	**687,500**	**(17,986)**	**12,037,650**
Loans and advances to subsidiaries and associates	236,722	-	335,368	-	(349,606)	222,484
Loans	16	-	14	-	(8)	22
Guarantee deposits	1,383	-	78	-	(20)	1,441
Treasury shares(2)	16,701	(16,659)	-	(42)	-	-
TOTAL	**11,622,958**	**(16,659)**	**335,460**	**687,458**	**(367,620)**	**12,261,597**

2. Provisions

In euro thousand	At 01.07.2009	Reclassification	Allowances	Reversals	At 30.06.2010
Investments in consolidated entities	(89,328)	-	(108,578)	89,214	(108,692)
Investments in non-consolidated entities	(380)	-	(5,010)	360	(5,030)
Other investments	(42,179)	-	-	13,475	(28,704)
Advance on investment	(321)	-	-	-	(321)
Investments	**(132,208)**	**-**	**(113,588)**	**103,049**	**(142,747)**
Treasury shares(2)	(5,364)		-	5,364	-
TOTAL	**(137,572)**	**-**	**(113,588)**	**108,413**	**(142,747)**

(1) Investments in consolidated entities: capital increase for the companies Lina 3 and Lina 11.

(2) Treasury shares: all treasury shares were allocated to stock option Plan No. 17 approved by the Board of Directors on 24 June 2010.

Note 4 Maturity of receivables and payables

1. Trade receivables

In euro thousand	Gross amount	Due in one year or less	Due in more than one year
Loans and advances to subsidiaries and associates	222,483	200,024	22,459
Loans	21	-	21
Other financial assets	1,440	-	1,440
Receivables and other financial assets	**223,944**	**200,024**	**23,920**
Current assets other than marketable securities and cash	1,955,510	68,794	1,886,716
Prepaid expenses	29,825	29,825	-
TOTAL	**2,209,279**	**298,643**	**1,910,636**

2. Liabilities

In euro thousand	Gross amount	Due in one year or less	Due in one to five years	Due in more than five years
Bonds	2,907,088	357,088	1,350,000	1,200,000
Bank debt	2,806,850	880,254	1,926,596	-
PR Finance borrowings	1,488,388	2,178	1,486,210	-
Other debt	3,928	3,928	-	-
Trade and other accounts payable	55,505	55,505	-	-
Other liabilities	1,743,897	166,592	1,577,305	-
Deferred income	52,090	51,636	177	277
TOTAL	**9,057,746**	**1,517,181**	**6,340,288**	**1,200,277**

Note 5 Marketable securities

	At 01.07.2009		Reclassification(1)		Capital transaction		Acquisitions		Exercises/Disposals		At 30.06.2010	
In euro thousand	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
Pernod Ricard shares												
■ gross value	1,029,872	54,939	257,707	16,659	19,282	42	520,000	33,694	295,771	7,875	1,531,090	97,459
■ impairment	-	(7,269)	-	-	-	-	-	-	-	(5,591)	-	(1,678)
NET VALUE	**1,029,872**	**47,670**	**257,707**	**16,659**	**19,282**	**42**	**520,000**	**33,694**	**295,771**	**2,284**	**1,531,090**	**95,780**

Stock option plans were adjusted to take account of the capital increase of 18 November 2009.

At 30 June 2010, the Pernod Ricard share price was €63.98, which gave rise to an unrealised loss of €1.7 million.

(1) Treasury shares: all treasury shares were allocated to stock option Plan No. 17 approved by the Board of Directors on 24 June 2010.

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Note 6 Prepaid expenses and deferred charges

In euro thousand	At 01.07.2009	Increases	Decreases	At 30.06.2010
Prepaid expenses(1)	12,856	21,764	(4,795)	29,825
Bond redemption premiums(2)	3,206	3,107	(841)	5,472
Currency translation adjustment – Asset(3)	350,229	463,962	(350,229)	463,962
TOTAL	**366,291**	**488,833**	**(355,865)**	**499,259**

(1) The rise in prepaid expenses is due to movements during the period in the sale and repurchase agreements item regarding stock options.

(2) The increase in bond redemption premiums is linked to the bond issue amounting to €1,200 million. Bond redemption premiums are amortised over the life of the bonds concerned.

(3) The €464 million asset arising from translation adjustments at 30 June 2010 is mainly due to the restatement of assets and liabilities at the closing euro/American dollar exchange rate on 30 June 2010.

Note 7 Composition of share capital

At 30 June 2010, the share capital was composed of 264,232,313 shares with a unit par value of €1.55. Total share capital thus amounted to €409,560,085.15.

Note 8 Shareholders' equity

In euro thousand	At 01.07.2009	Appropriation of profit	Change in share capital/Other	Distribution of dividends	2010 profit	At 30.06.2010
Capital(1)	400,893	-	8,667	-	-	409,560
Share premiums	3,006,701	-	2,223	-	-	3,008,924
Legal reserve	34,051	6,039	-	-	-	40,090
Regulated reserves	179,559	-	-	-	-	179,559
Other reserves	195,013	-	-	-	-	195,013
Retained earnings	1,155,175	300,516	-	(128,679)	-	1,327,012
Profit for the financial year	306,555	(306,555)	-	-	89,125	89,125
Interim dividends to be paid(2)	-	-	-	(161,182)	-	(161,182)
Interim dividends for financial year N-1	(129,320)	-	-	129,320	-	-
TOTAL	**5,148,627**	**-**	**10,890**	**(160,541)**	**89,125**	**5,088,101**

(1) The Board of Directors of 2 November 2009 decided to increase the share capital by €8,020,000 as part of the distribution of bonus shares (1 bonus share for 50 old shares), deducted from the share premium item.

(2) The Board of Directors of 24 June 2010 decided to pay an interim dividend of €0.61 per share for the financial year 2009/2010, i.e. a total sum of €161,182,000. The interim dividend was paid on 7 July 2010.

Note 9 Provisions

In euro thousand	At 01.07.2009	Increases in the year	Reversals on use	Reversals of unused provisions	At 30.06.2010
Provision for contingencies and charges					
Provision for currency losses	75,326	1,455	(75,326)	-	1,455
Other provisions for risks and contingencies	63,939	75,763	(1,370)	(28,905)	109,427
Provisions for pensions and other long-term employee benefits	36,089	6,856	(3,940)	-	39,005
TOTAL 1	**175,354**	**84,074**	**(80,636)**	**(28,905)**	**149,887**
Provisions for depreciation and amortisation					
On intangible assets	-	-	-	-	-
On financial assets	137,572	113,588	(13,475)	(94,938)	142,747
On trade receivables	66	30	(96)	-	-
On other receivables	9,120	1,041	(4,454)	-	5,707
On marketable securities	7,269	1,678	(303)	(6,966)	1,678
TOTAL 2	**154,027**	**116,337**	**(18,328)**	**(101,904)**	**150,132**
OVERALL TOTAL	**329,381**	**200,411**	**(98,964)**	**(130,809)**	**300,020**

Provision for contingencies and charges

The €1.5 million provision for currency losses at 30 June 2010 is mainly composed of the unrealised currency loss for unhedged American dollars receivables.

Other provisions for risks and contingencies correspond to provisions against risks generated by the call options on shares for €40.8 million maturing June 2011 for Plan 14.A of June 2007, June 2012 for Plan 15.A of June 2008 and June 2014 for Plan 17.A of June 2010 and bonus shares (€59.5 million) maturing in June 2012 for Plan 14.C of June 2007, June 2013 for Plan 15.C of June 2008 and June 2015 for Plan 17.C of June 2010, as well as other provisions for €9.1 million.

Provisions for pensions and other long-term employee benefits are presented below:

Description and recognition of employee benefit obligations

Pernod Ricard SA's employee benefit obligations are composed of:

- long-term post employment benefits (retirement bonuses, medical expenses, etc.);
- long-term benefits payable during the period of employment.

The liability arising as a result of the Company's net employee benefit obligation is recognised in provisions for contingencies and charges on the balance sheet.

Calculation of the provision in respect of the net benefit obligation

The provision recognised by Pernod Ricard SA is equal to the difference, for each benefit plan, between the present value of the employee benefit obligation and the value of plan assets paid to specialised entities in order to fund the obligation.

The present value of employee benefit obligations is calculated using the prospective method involving calculating a projected salary at date of retirement (projected unit credit method). The measurement is made at each balance sheet date and the personal data concerning employees is revised at least every three years. The calculation requires the use of economic assumptions (inflation rate, discount rate, expected return on plan assets) and assumptions concerning employees (mainly: average salary increase, rate of employee turnover, life expectancy).

At 30 June 2010, the total amount of benefit obligations was €74.4 million. Provisions of €39.0 million have been recognised in respect of these benefit obligations.

In this respect, the inflation rate used for measurement of the benefit obligations at 30 June 2010 was 2% and the discount rate used was 4.5% for supplementary pensions, retirement bonuses and medical expenses.

Plan assets are measured at their market value at each balance sheet date.

Accounting for actuarial gains and losses

Actuarial gains and losses mainly arise where estimates differ from actual outcomes (for example between the expected value of plan assets and their actual value at the balance sheet date) or when changes are made to long-term actuarial assumptions (for example: discount rate, rate of increase of salaries, etc.).

Actuarial gains and losses are only recognised when, for a given plan, they represent more than 10% of the greater of the present value of the benefit obligation and the fair value of plan assets (termed the "corridor" method). Recognition of the provision is on a straight-line basis over the average number of remaining years' service of the employees in the plan in question (amortisation of actuarial gains and losses).

Components of the expense recognised for the financial year

The expense recognised in respect of the benefit obligations described above incorporates:

- expenses corresponding to the acquisition of an additional year's rights;
- interest expense arising on the unwinding of discount applied to vested rights at the start of the year (as a result of the passage of time);

- income corresponding to the expected return on plan assets;
- income or expense corresponding to the amortisation of actuarial gains and losses;
- income or expense related to changes to existing plans or the creation of new plans;
- income or expense related to any plan curtailments or settlements.

Note 10 Transactions and balances with subsidiaries and associates and other invested entities

In euro thousand Item	Amount concerning			
	Subsidiaries and associates 30.06.2009	Other invested entities 30.06.2009	Subsidiaries and associates 30.06.2010	Other invested entities 30.06.2010
Investments	**11,311,197**	**56,939**	**11,996,925**	**40,725**
Loans and advances to subsidiaries and associates	**236,722**	-	**222,483**	-
Due in one year or less	163,563	-	200,024	-
Due in more than one year	73,159	-	22,459	-
Trade receivables	**25,548**	-	**37,907**	-
Due in one year or less	25,548	-	37,907	-
Due in more than one year	-	-	-	-
Other receivables	**2,584,015**	-	**1,855,539**	-
Due in one year or less	12,083	-	3,008	-
Due in more than one year	2,571,932	-	1,852,531	-
Other debt	**897,774**	-	**1,488,388**	-
Due in one year or less	2,424	-	2,178	-
Due in more than one year and less than five years	895,350	-	1,486,210	-
Trade payables	**2,467**	-	**5,208**	-
Due in one year or less	2,467	-	5,208	-
Due in more than one year and less than five years	-	-	-	-
Other payables	**2,114,005**	**2,830**	**1,578,517**	-
Due in one year or less	-	2,830	1,567	-
Due in more than one year and less than five years	2,114,005	-	1,576,950	-
Expenses from recurring operations	**11,712**	-	**14,243**	-
Group seconded personnel	11,526	-	13,747	-
Other Group management expenses	186	-	496	-
Operating income	**54,701**	-	**67,185**	-
Group royalties	35,706	-	36,404	-
Group management income	602	-	605	-
Transfer of Group expenses	18,393	-	30,176	-
Financial expenses	**110,852**	-	**178,935**	-
Financial income	**888,119**	-	**572,624**	**571**
Exceptional items	**129,996**	-	**18,697**	-

Note 11 Deferred income and adjustment accounts

In euro thousand	At 01.07.2009	Increases	Decreases	At 30.06.2010
Deferred income[1]	8,488	45,202	(1,599)	52,091
Currency translation adjustment – Liabilities[2]	276,497	521,906	(276,497)	521,906
TOTAL	**284,985**	**567,108**	**(278,096)**	**573,997**

(1) The rise in deferred income is due to changes during the period in the sale and repurchase agreements item regarding stock options.

(2) The €522 million liability arising from translation adjustments at 30 June 2010 is mainly due to the restatement of assets and liabilities at the closing euro/American dollar exchange rate on 30 June 2010.

Note 12 Accrued income and expenses

1. Accrued income

In euro thousand	Amount
Amount of accrued income in the following balance sheet items	
Loans and advances to subsidiaries and associates	220,620
Trade receivables	1,655
Other receivables	4,640
Cash	116,421
TOTAL	**343,336**

2. Accrued expenses

In euro thousand	Amount
Amount of accrued expenses in the following balance sheet items	
Bank debt	63,251
Trade and other accounts payable	39,036
Other payables	1,567
TOTAL	**103,854**

Note 13 Bonds

In euro thousand	Amount	Maturity	Accrued interest	Type of interest payable	Total
Bond of 06.12.2006 – Tranche 1	300,000	06.06.2011	241	Floating rate	300,241
Bond of 06.12.2006 – Tranche 2	550,000	06.12.2013	14,396	Fixed rate	564,396
Bond of 15.06.2009	800,000	15.01.2015	25,622	Fixed rate	825,622
Bond of 18.03.2010	1,200,000	18.03.2016	16,829	Fixed rate	1,216,829
TOTAL	**2,850,000**		**57,088**		**2,907,088**

On 6 December 2006, Pernod Ricard SA issued bonds in a total amount of €850 million, in two tranches with the following characteristics:

- Tranche 1: floating rate

  Tranche 1 is composed of €300 million of floating rate notes with a remaining period to maturity of 11 months (maturity date: 6 June 2011) which bear interest at EURIBOR 3 months plus 50 basis points.

- Tranche 2: fixed rate

  Tranche 2 is composed of €550 million of notes with a remaining period to maturity of 3 and a half years (maturity date: 6 December 2013) which bear interest at a fixed rate of 4.625%.

On 15 June 2009, Pernod Ricard SA issued €800 million of bonds with the following characteristics: remaining period to maturity of 4 and a half years (maturity date: 15 January 2015) and bearing fixed-rate interest of 7%.

On 18 March 2010, Pernod Ricard SA issued €1200 million of bonds with the following characteristics: remaining period to maturity of 5 years and 9 months (maturity date: 18 March 2016) and bearing fixed-rate interest of 4.875%.

Note 14 Bank debt

Syndicated loan

On 23 July 2008, Pernod Ricard used part of the facilities granted by the multilinked-currency syndicated loan agreement signed on 27 March 2008, for €4,988 million (including €2,020 million in multicurrencies) and $10,138 million. At 30 June 2010, it had drawn down from this credit facility €1,312 million and $6,818 million, a total equivalent to €6,868 million. The credit facilities, whether revolving or fixed maturity, denominated in euro, American dollars or multicurrencies, incur interest at the applicable LIBOR (or, for euro denominated borrowing, EURIBOR), plus a pre-determined spread and mandatory costs. These facilities have maturities in July 2011 and July 2013. This borrowing enabled the Group to repay the amounts due under the syndicated loan facility agreed in August 2005, to finance the Allied Domecq acquisition price and to refinance certain debt owed by the Group.

The debt recognised in the financial statements of Pernod Ricard SA relating to the syndicated loan amounts to €2,806.9 million (including accrued interest of €0.1 million). In addition, a loan of €1,488.4 million (including €2.2 million of accrued interest), contracted in May 2008 and June 2010, is due to Pernod Ricard Finance.

Note 15 Breakdown of income tax

In euro thousand	Total	Profit before tax and exceptional items	Exceptional items
Net profit/loss before income tax	15,034	74,443	(59,409)
Income tax prior to consolidation	-	-	-
Net impact of tax consolidation	74,091	-	-
NET PROFIT/LOSS	**89,125**	**74,443**	**(59,409)**

Within the framework of the tax consolidation, the tax loss carryforwards of the Pernod Ricard tax group amount to €(901,517,000), an increase of €74,134,000 over the financial year.

Note 16 Increases and decreases in future tax liabilities

Type of temporary differences

In euro thousand	Amount of tax
INCREASE IN FUTURE TAX LIABILITIES	**NONE**
Provisions not tax deductible in year of accounting recognition	3,960
"Organic" local tax and other	128
Other provisions for risks and contingencies	5,310
Provisions for pensions and other long-term employee benefits	13,427
DECREASES IN FUTURE TAX LIABILITIES	**22,825**

The tax rate used is the rate in force in 2010, i.e. 34.43%.

Note 17 Remuneration

Remuneration paid to members of the Executive Directors and members of the Board of Directors amounted to €34,446,615.

Note 18 Income

Operating income was €75,852,000 compared to €62,613,000 in 2009, an increase of €13,239,000, linked mainly to the rebilling of overheads to the Group's subsidiaries.

Note 19 Financial income and expenses

In euro thousand	At 30.06.2010
Income from investments	439,961
Income from other fixed asset securities and receivables	-
Other interest and related income	131,421
Reversals of financial provisions and expense transfers	38,731
Translation gains	422,471
Net gains on sale of marketable securities	-
TOTAL FINANCIAL INCOME	**1,032,584**

In euro thousand	At 30.06.2010
Depreciation, amortisation and provision charges	(12,039)
Interest and related expenses	(329,298)
Translation losses	(553,840)
Net expenses on marketable security disposals	-
TOTAL FINANCIAL EXPENSES	**(895,177)**

Note 20 Exceptional items

In euro thousand	Amount
Net profit on management operations	-
Net profit on capital operations	(48,289)
Reversals of financial provisions and expense transfers	(11,120)
EXCEPTIONAL ITEMS	**(59,409)**

At 30 June 2010, exceptional items represented a charge of €(59,409,000), mainly linked to net provisions for the depreciation and amortisation of shares and provisions for risk relating to the allocation of bonus shares and stock options.

Note 21 Off-balance sheet commitments

Guarantees granted

Commitments granted

In euro thousand	Amount
Guarantees on behalf of subsidiaries	4,237,058
Guarantees granted to holders of Allied Domecq Financial Services Ltd bonds	856,321
TOTAL	**5,093,379**

Commitments granted include guarantees, in particular those related to:

- syndicated loan. Borrowings drawn by subsidiaries of the Pernod Ricard Group that had not been repaid at 30 June 2010 amounted to €4,062 million;
- bonds and commercial paper.

Derivative instruments

Hedging for Pernod Ricard SA	Nominal amount in thousand USD	Fair value at 30 June 2010 in euro thousand	Nominal amount in euro thousand	Fair value at 30 June 2010 in euro thousand
Collars	-	-	750,000	(63,471)
Interest rate swaps	2,660,000	(115,963)	1,100,000	(37,432)
Currency swaps	961,096	112,005	-	-
TOTAL	**3,621,096**	**(3,958)**	**1,850,000**	**(100,903)**

Interest rate swaps hedge Pernod Ricard SA's external or internal debts that bear floating rate interest. At 30 June 2010 these broke down as follows:

USD interest rate hedge	Maturity	Net base in thousand USD
Interest rate swap	May 2011	1,150,000
Interest rate swap	May 2013	1,510,000

The fair value of financial instruments hedging US dollars denominated floating rate debt at 30 June 2010 was €(115,963,000).

EUR interest rate hedge	Maturity	Net base in euro thousand
Collar	June 2013	750,000
Interest rate swap	June 2013	250,000
Interest rate swap	June 2014	250,000
Interest rate swap	March 2016	600,000

The fair value of financial instruments hedging euro denominated floating rate debt at 30 June 2010 was €(100,903,000).

Currency hedge	Base in thousand USD
Currency swap	961,096
Financial assets	2,262,361
Financial liabilities	(3,203,597)
TOTAL	**19,860**

Payables and receivables denominated in foreign currencies are hedged by currency swaps. The Company had a residual US dollars position of US$19,860,000 at 30 June 2010.

The fair value of currency swaps at year end was €112,005,000.

Other property, plant and equipment

Pernod Ricard SA guaranteed the contributions owed by Allied Domecq Holdings Ltd and its subsidiaries to the Allied Domecq pension funds.

Pernod Ricard SA, pursuant to Section 17 of the Companies (Amendment) Act, 1986 (Republic of Ireland), irrevocably guaranteed the liabilities of the following subsidiaries for the 2006/2007 financial year: Irish Distillers Group Ltd, Irish Distillers Ltd, The West Coast Cooler Co Ltd, Watercourse Distillery Ltd, Fitzgerald & Co Ltd, Ermine Ltd, Gallwey Liqueurs Ltd, Smithfield Holdings Ltd, Irish Distillers Holdings Ltd.

Within the framework of the right to individual training in France, the aggregate number of training hours corresponding to acquired rights for the 2009 calendar year is 4,811 hours, including 3,295 hours for which no request had been made.

Note 22 Average headcount at 30 June 2010

	Employees	Other employees (temporary workers for all reasons)
Managers	110	-
Supervisors and technicians	28	-
Employees	9	6
AVERAGE HEADCOUNT	**147**	**6**
Apprentice contracts	3	

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Note 23 Subsidiaries and associates at 30 June 2010

In euro thousand	Share capital	Shareholders equity before appropriation of results for year	Interest in entity's share capital (%)	Carrying amount of investment Gross	Carrying amount of investment Net	Loans	Guarantees	Sales (excluding taxes and duties)	Net profit	Dividends received
Investments whose carrying amount exceeds 1% of Pernod Ricard SA's share capital										
Ricard 4 et 6, rue Berthelot 13014 Marseille	54,000	149,649	100.00	67,227	67,227	-	-	532,432	59,744	19,225
Pernod 120, avenue du Maréchal-Foch 94015 Créteil	40,000	142,722	100.00	94,941	94,941	-	-	420,662	19,870	21,543
Austin Nichols 100 Manhattanville Road Purchase, NY 10577 (USA)	58	4,977,439	60.71	2,803,471	2,803,471	-	600,000	79,536	105,935	-
SALB Kancelar Praha Americka 11 120000 Prague (Czech Rep.)	76,980	79,176	20.23	12,190	12,190	-	-	-	(243)	-
Compagnie Financière des Produits Orangina 12, place des États-Unis 75116 Paris	10,000	10,958	100.00	39,601	10,958	-	-	-	(42)	150
Pernod Ricard Europe 2, rue de Solférino 75340 Paris cedex 07	40,000	715,127	100.00	36,406	36,406	-	-	78,192	856,092	219,000
Campbell(1) 111/113 Renfrew Road Paisley, PA3 4DY (Scotland)	9,135	30,435	100.00	40,538	40,538	-	-	-	941	10,278
Pernod Ricard Finance 12, place des États-Unis 75116 Paris	77,000	99,058	100.00	89,220	89,220	-	3,196,657	-	12,132	10,317
Pernod Ricard Pacific Holdings 33 Exeter Terrace Devon Park SA 5008 (Australia)	138,884	148,732	100.00	151,789	151,789	-	-	-	(888)	-
Comrie Temple Chambers 3 Burlington Road, Dublin 4 (Ireland)	3,775,654	4,184,218	100.00	3,775,658	3,775,658	-	-	-	74,310	-
Yerevan Brandy Company 2, Admiral Isakov Avenue Yerevan 375092 (Republic of Armenia)	19,848	100,297	100.00	27,856	27,856	-	-	22,864	6,038	-
Établissements Vinicoles Champenois 12, place des États-Unis 75116 Paris	23,353	118,007	100.00	100,959	100,959	-	264,852	-	(82,640)	-
SAS Lina 3 12, place des États-Unis 75116 Paris	838,810	2,366,466	100.00	3,881,834	3,881,834	-	-	-	(1,490,829)	493
SAS Lina 5 12, place des États-Unis 75116 Paris	30,640	33,679	100.00	30,631	30,631	-	-	-	(25)	3,161
Pernod Ricard Cesam 2, rue de Solférino 75007 Paris	52,198	70,370	100.00	131,040	131,040	-	-	-	17,176	-

In euro thousand	Share capital	Shareholders equity before appropriation of results for year	Interest in entity's share capital (%)	Carrying amount of investment		Loans	Guarantees	Sales (excluding taxes and duties)	Net profit	Dividends received
				Gross	Net					
SAS Lina 6 12, place des États-Unis 75116 Paris	298,000	229,723	100.00	305,027	230,027	-	-	-	(58,843)	-
SAS Lina 11 12, place des États-Unis 75116 Paris	50,000	94,661	100.00	96,600	96,600	-	-	-	(1,894)	-
Pernod Ricard North America 2, rue de Solférino 75007 Paris	39,398	41,763	100.00	126,735	123,235	-	-	-	(10,192)	-
Pernod Ricard Asia 2, rue de Solférino 75007 Paris	4,512	111,314	100.00	42,457	42,457	-	-	-	64,295	90,000
AGROS Ul. Chalubinskiego 8 00-613 Warsaw (Poland)	5,305	87,246	62.95	73,189	73,189	-	-	-	(243)	-
Sankaty Trading Ltd 25-28 North Wall Quay – IFSC 1 Dublin (Ireland)	13	4,051	100.00	15,568	15,568	-	-	-	(4)	-
Populous Trading Ltd 25-28 North Wall Quay – IFSC 1 Dublin (Ireland)	13	4,054	100.00	15,568	15,568	-	-	-	(4)	-
Polairen Trading Ltd 25-28 North Wall Quay – IFSC 1 Dublin (Ireland)	13	4,050	100.00	15,568	15,568	-	-	-	(3)	-
Geo G Sandeman Sons & Co Ltd(2) 400 Capability Green Luton Beds LU1 3AE (England)	2	323	30.00	9,180	6,280	-	-	1,576	322	175
Subsidiaries:										
- French	-	-	-	4,636	1,296	-	-	-	-	1,497
- Foreign	-	-	-	18,217	17,897	2,490	-	-	-	63,726
Associates:										
- French	-	-	-	215	215	-	-	-	-	24
- Foreign	-	-	-	31,329	2,285	-	-	-	-	371

(1) Information from Campbell's financial statements at 30 June 2009.
(2) Information from Geo Sandeman's financial statements at 31 December 2009.

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Earnings over the last five financial years

In euro	30.06.2006	30.06.2007	30.06.2008	30.06.2009	30.06.2010
Financial position at year-end					
Share capital	291,590,460	339,796,825	340,508,610	400,892,831	409,560,085
Number of shares outstanding	94,061,439	109,611,879	219,682,974	258,640,536	264,232,313
Number of convertible bonds in issue	-	-	-	-	-
Number of bonus shares granted on 16 January 2007 (dividend rights from 1 July 2006)	-	18,216,022	-	-	-
Number of shares created by the capital increase of 14 May 2009	-	-	-	38,786,220	-
Number of bonus shares granted on 18 November 2009 (dividend rights from 1 July 2009)	-	-	-	-	5,174,153
Operating results					
Sales (excluding taxes and duties)	-	-	-	-	-
Profit before taxes, amortisation, depreciation and allowances to provisions(1)	44,133,821	535,110,760	604,105,487	246,964,704	(13,227,907)
Corporate income tax	9,892,059	56,025,892	(16,011)	121,507,245	74,090,535
Profit after taxes, amortisation, depreciation and allowances to provisions	56,193,656	597,492,981	925,580,853	306,554,754	89,124,864
Dividends distributed(2)	224,734,720	276,221,935	289,981,526	129,320,268	-
Earnings per share					
Profit after taxes, but before amortisation, depreciation and allowances to provisions	0.57	5.39	2.75	1.42	0.23
Profit after taxes, amortisation, depreciation and allowances to provisions	0.60	5.45	4.21	1.19	0.34
Dividend paid per share(2)	2.52	2.52	1.32	0.50	-
Personnel					
Number of employees	130	144	144	152	147
Total payroll	19,867,333	19,846,894	21,087,707	19,641,524	22,172,089
Employee related benefits paid during the year	7,090,238	10,658,374	12,449,559	14,091,743	14,765,751

(1) Data relating to financial years ending 30 June 2008 and 30 June 2009 were restated for expense transfers.

(2) The amount of dividends for 2010 will be known with certainty after the vote to be held at the Shareholders' Meeting of 10 November 2010.

Dividends distributed during the last five years

Year *In euro*	Payment date	Amount	Total dividend for the year
2005/2006	05.07.2006	1.12	-
	15.11.2006	1.40	2.52
2006/2007	04.07.2007	1.26	-
	14.11.2007	1.26	2.52
2007/2008	03.07.2008	0.63	-
	18.11.2008	0.69	1.32
2008/2009	08.07.2009	0.50	0.50
2009/2010	07.07.2010 (1)	0.61	(2)

(1) Holders of the new shares created by the capital increase of 18 November 2009 received the interim dividend of €0.61 net paid in July 2010.

(2) An interim dividend in respect of 2009/2010 was paid on 7 July 2010. The balance of the dividend will be decided by shareholders at the Shareholders' Meeting of 10 November 2010 called to approve the financial statements for the year ended 30 June 2010.

Inventory of marketable securities at 30 June 2010

French investments with a net carrying amount in excess of €100,000	Number of shares held	Net carrying amount *(in euro)*
Établissements Vinicoles Champenois	234,996	100,959,384
Compagnie Financière des Produits Orangina	11,910	10,957,976
Lina 3	55,920,652	3,881,834,308
Lina 5	306,400	30,630,500
Lina 6	400	230,027,008
Lina 7	400	240,000
Lina 11	400	96,599,538
Pernod	2,580,000	94,940,630
Pernod Ricard Asia	2,785,000	42,457,051
Pernod Ricard Cesam	386,650	131,040,000
Pernod Ricard Europe	999,994	36,405,982
Pernod Ricard Finance	10,317,439	89,220,499
Pernod Ricard North America	4,377,500	123,234,557
Ricard	1,750,000	67,227,093
SUB-TOTAL	**-**	**4,935,774,526**
Other shareholdings in French companies	326,807	1,270,853
Investments in unlisted foreign companies	-	6,957,857,438
TOTAL MARKETABLE SECURITIES AT 30.06.2010	-	**11,894,902,817**

Statutory auditors' report on the annual financial statements

For the financial year ended 30 June 2010

To the Shareholders

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the financial year ended 30 June 2010, on:

- the audit of the accompanying annual financial statements of Pernod Ricard;
- the basis of our assessments;
- the specific verifications and information required by law.

These annual financial statements have been approved by the Board of Director. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 30 June 2010, and of the results of its operations for the financial year then ended in accordance with French accounting principles.

II. Basis of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code *(Code de commerce)* relating to the basis of our assessments, we bring to your attention the following matters:

- Investments were measured in accordance with the accounting policies described in Note 1.3 to the separate financial statements "Accounting principles – Financial assets". As part of our work, we reviewed the appropriateness of these accounting policies and looked at the assumptions made by the Company as well as the resulting measurements.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

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

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the annual financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code relating to remunerations and benefits received by the Members of the Board and any other commitments made in their favour, we have verified its consistency with the annual financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Courbevoie, 20 September 2010

The Statutory Auditors

Deloitte & Associés	**Mazars**
Marc de Villartay	Loïc Wallaert

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.
This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' Special Report on regulated agreements and commitments

[Intentionally omitted]

ANNEX F—2008/2009 CONSOLIDATED FINANCIAL STATEMENTS

4 ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements

In application of Article 28 of EC Regulation 809/2004 of 29 April 2004, the consolidated financial statements for the year ended 30 June 2008 that were included in the financial report section of the Group's 2008 reference document are included by reference in this document.

Annual consolidated income statement

In euro million	30.06.2008	30.06.2009	Notes
Net sales	6,589	7,203	
Cost of sales	(2,823)	(2,995)	
Gross margin after logistics costs	**3,766**	**4,208**	
Advertising & promotion	(1,178)	(1,237)	
Contribution after advertising & promotion expenses	**2,588**	**2,971**	
Trading costs and overheads	(1,066)	(1,125)	
Profit from recurring operations	**1,522**	**1,846**	
Other operating income and expenses	(81)	(89)	7
Operating profit	**1,441**	**1,757**	
Net financing costs	(316)	(581)	6
Other financial income (expense)	(33)	(110)	6
Interest (expense) income	**(349)**	**(691)**	
Corporate income tax	(224)	(108)	8
Share of net profit/(loss) of associates	0	0	
Net profit from continuing operations	**869**	**958**	
Net profit from discontinued operations	0	8	
NET PROFIT	**869**	**966**	
Including:			
• *Attributable to minority interests*	*29*	*21*	
• *Attributable to equity holders of the Parent*	*840*	*945*	
Earnings per share – basic (in euro)(1)	3.70	4.02	9
Earnings per share – diluted (in euro)(1)	3.65	3.99	9
Net earnings per share from continuing operations (excluding discontinued operations) – basic (in euro)(1)	3.70	3.99	9
Net earnings per share from continuing operations (excluding discontinued operations) – diluted (in euro)(1)	3.65	3.96	9

(1) In accordance with IAS 33, earnings per share at 30 June 2008 have been adjusted to reflect the capital increase with preferential subscription rights carried out on 14 May 2009 (see Note 9 – Earnings per share).

Annual consolidated balance sheet

Assets

In euro million	30.06.2008	30.06.2009	Notes
Net amounts			
Non-current assets			
Intangible assets	7,138	11,310	11
Goodwill	3,203	4,888	11
Property, plant and equipment	1,608	1,757	12
Biological assets	66	75	
Non-current financial assets	145	105	13
Investments in associates	3	3	
Deferred tax assets	722	1,111	8
NON-CURRENT ASSETS	**12,885**	**19,250**	
Current assets			
Inventories	3,717	3,725	14
Trade receivables	1,146	936	15
Income taxes receivable	48	58	
Other current assets	195	185	15
Current derivative instruments	19	23	13
Cash and cash equivalents	421	520	17
CURRENT ASSETS	**5,546**	**5,446**	
Assets held for sale	0	178	4
TOTAL ASSETS	**18,431**	**24,875**	

Liabilities and shareholders' equity

In euro million	30.06.2008	30.06.2009	Notes
Shareholders' equity			
Share capital	341	401	22
Share premium	2,065	3,019	
Retained earnings and currency translation adjustments	3,175	3,065	
Group net profit	840	945	
Group shareholders' equity	**6,420**	**7,431**	
Minority interests	177	185	
TOTAL SHAREHOLDERS' EQUITY	**6,597**	**7,615**	
Non-current liabilities			
Non-current provisions	467	521	16
Provisions for pensions and other long-term employee benefits	478	405	16
Deferred tax liabilities	2,128	2,217	8
Bonds	2,352	2,540	17
Non-current derivative instruments	209	427	17
Other non-current financial liabilities	3,053	8,315	17
TOTAL NON-CURRENT LIABILITIES	**8,687**	**14,425**	
Current liabilities			
Current provisions	287	312	16
Trade payables	1,650	1,759	20
Income taxes payable	103	101	
Other current liabilities	130	209	
Other current financial liabilities	950	366	17
Current derivative instruments	27	28	
TOTAL CURRENT LIABILITIES	**3,147**	**2,774**	
Liabilities held for sale	0	60	4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**18,431**	**24,875**	

Shareholders' equity

Statement of recognised income and expenses

In euro million	30.06.2008	30.06.2009
Net investment hedges		
Amount recognised in shareholders' equity	91	(321)
Amount recycled in net profit	-	-
Cash flow hedges	(21)	(272)
Available-for-sale financial assets		
Unrealised gains and losses recognised in shareholders' equity	0	0
Amount removed from equity and included in profit/loss following a disposal	1	0
Exchange differences	(770)	(288)
Tax on items recognised directly in shareholders' equity	(16)	187
Other adjustments	0	0
Net gains (losses) recognised in shareholders' equity	(715)	(694)
Net profit for the period	869	966
TOTAL GAINS AND LOSSES FOR THE PERIOD	**154**	**272**
Including:		
• Attributable to equity holders of the Parent	*139*	*249*
• Attributable to minority interests	*15*	*23*

Changes in shareholders' equity

In euro million	Share capital	Additional paid-in capital	Consolidated reserves	Changes in fair value	Currency translation adjustments	Treasury shares	Total attributable to equity holders of the Parent	Minority interests	Total shareholders' equity
At 01.07.2007	**340**	**2,053**	**4,012**	**32**	**167**	**(313)**	**6,290**	**168**	**6,458**
Income and expenses recognised directly through equity				**(24)**	**(677)**		**(701)**	**(14)**	**(715)**
Net profit			840				840	29	869
Total recognised income and expenses(1)			**840**	**(24)**	**(677)**		**139**	**15**	**154**
Capital increase	1	12					13		13
Share-based payment			36				36		36
Purchase/sale of treasury shares			1			(55)	(54)		(54)
Sale and repurchase agreements						251	251		251
Dividends distributed			(271)				(271)	(13)	(283)
Changes in scope of consolidation			2		(4)		(1)	1	0
Other movements			17				17	5	22
At 30.06.2008	**341**	**2,065**	**4,637**	**8**	**(514)**	**(117)**	**6,420**	**177**	**6,597**

(1) The consolidated statement of recognised income and expenses for the financial year is shown in the paragraph on Shareholders' equity.

In euro million	Share capital	Additional paid-in capital	Consolidated reserves	Changes in fair value	Currency translation adjustments	Treasury shares	Total attributable to equity holders of the parent	Minority interests	Total shareholders' equity
At 01.07.2008	**341**	**2,065**	**4,637**	**8**	**(514)**	**(117)**	**6,420**	**177**	**6,597**
Income and expenses recognised directly through equity				**(181)**	**(514)**		**(696)**	**2**	**(694)**
Net profit			945				945	21	966
Total recognised income and expenses(1)			**945**	**(181)**	**(514)**		**249**	**23**	**272**
Capital increase	60	954					1,015		1,015
Share-based payment			38				38		38
Purchase/sale of treasury shares						6	6		6
Dividends distributed			(279)				(279)	(13)	(292)
Changes in scope of consolidation			1				1	0	2
Other movements			(3)		(17)		(19)	(2)	(22)
At 30.06.2009	**401**	**3,019**	**5,340**	**(173)**	**(1,045)**	**(111)**	**7,431**	**185**	**7,615**

(1) The consolidated statement of recognised income and expenses for the financial year is shown in the paragraph on Shareholders' equity.

Annual consolidated cash flow statement

In euro million	30.06.2008	30.06.2009	Notes
Cash flow from operating activities			
Group net profit	840	945	
Minority interests	29	21	
Share of net profit/(loss) of associates, net of dividends received	(0)	(0)	
Financial (income) expense	349	691	
Income tax expense	224	108	
Net profit from discontinued operations	0	(8)	
Depreciation and amortisation	166	157	
Net change in provisions	(276)	(189)	
Net change in impairment of goodwill, property, plant and equipment and intangible assets	3	147	
Changes in fair value of commercial derivatives	(1)	(1)	
Fair value adjustments on biological assets	(7)	(7)	
Net (gain)/loss on disposal of assets	(4)	(225)	
Share-based payments	36	38	
Self-financing capacity before interest and tax	**1,359**	**1,674**	
Decrease/(increase) in working capital needs	(513)	246	21
Interest paid	(391)	(649)	
Interest received	25	19	
Income tax paid	(261)	(234)	
Income tax received	48	70	
Cash flow from operating activities	**268**	**1,126**	
Cash flow from investing activities			
Capital expenditure	(273)	(241)	21
Proceeds from disposals of property, plant and equipment and intangible assets	66	480	21
Changes in scope of consolidation		(5,327)	
Purchases of financial assets	(27)	(29)	
Disposals of financial assets	5	5	
Cash flow from investing activities	**(229)**	**(5,113)**	
Cash flow from financing activities			
Dividends paid	(280)	(301)	
Other changes in shareholders' equity	10	1,001	21
Issuance of long term debt	742	12,157	21
Repayment of long term debt	(626)	(8,743)	21
(Acquisitions)/disposals of treasury shares	196	6	
Net change in cash flow from financing activities	**42**	**4,121**	
Net cash from discontinued operations	0	8	
Increase/(decrease) in cash and cash equivalents (before currency translation effect)	81	142	
Net effect of currency translation adjustments	(43)	(43)	
Increase/(decrease) in cash and cash equivalents (after currency translation effect)	38	99	
Cash and cash equivalents at beginning of period	**383**	**421**	
Cash and cash equivalents at end of period	**421**	**520**	

Notes to the annual consolidated financial statements

Pernod Ricard SA is a French public limited company (*Société Anonyme*), subject to all laws governing commercial companies in France, and particularly to the provisions of the French Commercial Code. The Company is headquartered at 12, place des États-Unis, 75016 Paris and is listed on the Paris Stock Market. The consolidated financial statements reflect the accounting position of Pernod Ricard and its subsidiaries (the "Group"). They are presented in euros rounded to the nearest million.

The Group's business is the sale of Wines & Spirits.

The consolidated annual financial statements for the financial year ended 30 June 2009 were approved by the Board of Directors on 2 September 2009.

Note 1 Accounting principles

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

Because of its listing in a country of the European Union (EC), and in accordance with EC Regulation 1606/2002, the Group's consolidated financial statements for the financial year ending 30 June 2009 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union. These standards include the standards approved by the International Accounting Standards Board (IASB), being IFRS, IAS (International Accounting Standards) and their interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or its predecessor, the Standing Interpretations Committee (SIC). The accounting policies used in preparing the consolidated financial statements for the year ending 30 June 2009 are consistent with those used for the consolidated financial statements for the year ending 30 June 2008, except for standards and interpretations adopted by the European Union that are applicable as from 1 July 2008 (see Note 1.2).

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

2. Changes in accounting standards

The following amendments have become applicable to the preparation of the consolidated annual financial statements at 30 June 2009:

- amendments to IAS 39 and IFRS 7 (reclassification of financial assets) which permit certain financial assets to be reclassified in particular circumstances. The Group has not reclassified any financial assets.

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 at the balance sheet date. These include:

  - amendment to IAS 39 (Eligible hedged items), amendment to IFRS 7 (Improving disclosures about financial instruments), amendments to IAS 39 and IFRIC 9 regarding the treatment of embedded derivatives when financial assets are reclassified and IFRS amendments issued in April 2009 under the IASB's annual improvements programme. The Group is examining the possible impacts of these amendments on its consolidated financial statements,
  - interpretations IFRIC 15 (Agreements for the construction of real estate), IFRIC 17 (Distribution of non-cash assets to owners) and IFRIC 18 (Transfer of assets from customers) which were found not to apply to the Group;
- standards and interpretations published by the IASB and adopted by the European Union on the balance sheet date, but only obligatory for periods commencing after 1 July 2008. This is the case for:
  - IFRS 8 (Operating segments) whose application is only obligatory for periods beginning after 1 January 2009. IFRS 8 replaces IAS 14 and requires that operating sectors, as presented under segment information, should be identified on the basis of internal data used by Group management. Application of this standard will have no impact on the financial status of the Group nor on the way in which its consolidated financial statements are presented,
  - IAS 1 revised (Presentation of financial statements) whose application is only obligatory for periods beginning after 1 January 2009. Application of the revisions will have no impact on the financial status of the Group, but will alter the way in which its financial statements are presented,
  - IAS 23 revised (Borrowing costs), which removes the option of immediately recognising as an expense those borrowing costs directly related to the acquisition, construction or production of a qualifying asset. The Group is examining the possible impacts of the revised standard on its consolidated financial statements,
  - revised version of IFRS 3 (Business combinations) and amendments to IAS 27 (Consolidated and separate financial statements), IAS 28 (Investments in associates) and IAS 31 (Interests in joint ventures). The Group is examining the possible impacts of these standards and amendments on its consolidated financial statements,
  - amendment to IFRS 2 (Vesting conditions and cancellations), amendments to IAS 32 and IAS 1 (Puttable financial instruments and obligations arising on liquidation), amendments to IFRS 1 and IAS 27 (Cost of an investment in a subsidiary, jointly controlled entity or associate) and amendments to IFRSs issued in May 2008 as part of the annual process of improving standards. The Group is examining the possible impacts of these standards and amendments on its consolidated financial statements,
  - IFRIC 12 (Service concession arrangements) and IFRIC 13 (Customer loyalty programmes) interpretations which were found not to apply to the Group,
  - IFRIC 14 (Limit on a defined benefit asset, minimum funding requirements and their interaction) and IFRIC 16 (Hedges of a net investment in a foreign operation) interpretations. The Group is examining the possible impacts of these interpretations on its consolidated financial statements.

3. Consolidation scope and methods

The annual consolidated financial statements include the financial statements of the Parent Company, Pernod Ricard SA, and those of entities controlled by the Parent Company ("the subsidiaries"). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, irrespective of the percentage held in the entity. Minority interests in the net assets of consolidated subsidiaries are presented separately from Parent Company shareholders' equity. Minority interests include both the interests of minority shareholders at the date of the original business combination and minority interests in any subsequent changes to shareholders' equity.

Intragroup transactions and internal profits and losses relating to consolidated companies are eliminated.

Companies over which the Group exercises significant influence are accounted for under the equity method.

4. Measurement basis

The financial statements are prepared in accordance with the historical cost method, except for certain categories of assets and liabilities, which are measured in accordance with the methods provided for by IFRS.

5. Principal uncertainties arising from the use of estimates and judgment by Management

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 amount of the Group's assets, liabilities, 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 and reflect the current environment of economic and financial crisis whose scale and depth cannot be reliably forecast. 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.

Goodwill and intangible assets – As indicated in Note 1.7, in addition to annual impairment tests applied to goodwill and intangible assets with indefinite useful lives (brands for example), specific impairment tests are applied where there is an indication that the value of an intangible asset may have been impaired. Any impairment loss recognised is calculated using discounted future cash flows and/or the market values of the assets in question. These calculations require the use of assumptions regarding market conditions and any changes in these assumptions may thus lead to outcomes different from those initially estimated. Net goodwill was measured at €4,888 million at 30 June 2009, compared with €3,203 million at 30 June 2008. Other intangible assets (chiefly brands) were measured at €11,310 million at 30 June 2009, compared with €7,138 million at 30 June 2008.

The data and assumptions used for the impairment test applied to goodwill and intangible assets with indefinite useful lives of Cash Generating Units (CGUs) are as follows:

	Method used to determine the recoverable amount	Carrying amount of goodwill at 30.06.2009	Carrying amount of brands and other intangible assets at 30.06.2009	Value in use	
				Discount rate	Perpetual growth rate
France	Value in use based on the discounted cash flow method	237	584	7.33%	From (1)% to +2.5%
Europe		1,603	3,111	8.35%	From (1)% to +2.5%
Americas		2,262	5,803	8.39%	From (1)% to +2.5%
Asia/Rest of the World		787	1,813	8.57%	From (1)% to +2.5%

A 0.5 percentage point increase in the discount rate would generate no additional impairment to the value of indefinite intangible assets and goodwill.

Provisions for pensions and other post-employment benefits – As indicated in Note 1.18, the Group participates in defined benefit and defined contribution pension plans. In addition, provisions are also recognised in virtue of certain other post-employment benefits such as life assurance and medical care (mainly in the United States and the United Kingdom). The carrying amount of these provisions at the balance sheet date is set out in Note 16.

These benefit obligations are based on a number of assumptions such as discount rates, expected returns on plan assets, average future salary increases, rate of employee turnover and life expectancy.

These assumptions are generally updated annually. Assumptions used in the preparation of the financial statements for the year ended 30 June 2009 and their methods of determination are set out in Note 16. The Group considers that the actuarial assumptions used are appropriate and justified, however, changes that could be made to such actuarial assumptions in the future may have a material impact on the amount of the Group's benefit obligations and on its results.

A 25 basis point reduction in the discount rate at 30 June 2009 would have an impact of around €132 million on the amount of the benefit obligation under the Group's main benefit plans, which are in the UK and North America. A change of one point in the rate of increase of medical and healthcare expenses would have an impact of approximately €9 million on the amount of the benefit obligation in respect of post-employment medical and healthcare coverage.

Deferred tax – As indicated in Note 1.21, the deferred tax assets recognised result mainly from tax loss carryforwards and from timing differences between the tax and book values of assets and liabilities. Deferred tax assets in respect of tax losses are recognised if it is probable that the Group will have future taxable profits against which such losses will be used. Assessment of the Group's ability to use these tax loss carryforwards involves a significant degree of judgment. Analyses are carried out to conclude whether or not these tax loss carryforwards are likely to be usable in the future. At 30 June 2009, the amount of deferred tax assets is €1,186 million and is set out in detail in Note 8.

Provisions – As indicated in Note 16, the Group is involved in some litigation and claims arising in the ordinary course of its business. In some cases, the amounts requested by the claimants are significant and the legal proceedings can take several years. In this context, provisions are calculated on the basis of the Group's best estimate of the amount that will be payable based on the information available (notably that provided by the Group's legal advisors). Any change to assumptions can have a significant effect on the amount of the provision recognised. The carrying amount of these provisions at the balance sheet date is set out in Note 16.

Judgments – In the absence of standards or interpretations applicable to a specific transaction, Group Management uses its judgment to define and apply those accounting policies that will provide relevant and reliable information in the context of the preparation of the financial statements.

6. Business combinations

Business combinations completed as from 1 July 2004 are recognised according to the purchase accounting method, in application of IFRS 3 (Business combinations). Identifiable assets, liabilities and contingent liabilities of the acquired entity are recognised at fair value at the date of acquisition, after an allocation period of a maximum duration of twelve months from the date of acquisition. Cost of acquisition is measured at the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition, plus any costs directly attributable to the acquisition. The excess of the cost of acquisition over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill and is subject to impairment tests, at least once a year and as soon as there is an indication that it may be impaired. Goodwill relating to the acquisition of foreign entities is denominated in the functional currency of the acquired activity.

7. Goodwill and intangible assets

Goodwill – Goodwill is subject to an impairment test at least once a year and as soon as there is an indication that its value may have been impaired. To perform these tests, goodwill is allocated by geographical area on the basis of asset groupings at the date of each business combination. These asset groupings correspond to groups of assets which jointly generate identifiable cash flows that are largely independent. The methods and assumptions used for impairment tests in respect of these asset groupings are set out in Note 1.9. If impairment is identified, an impairment loss is recognised in profit and loss for the financial year.

Intangible assets – Intangible assets are measured at cost on initial recognition. With the exception of assets with indefinite useful lives, they are amortised on a straight-line basis over their period of use, which is generally less than five years, and are written down when their recoverable amount is less than their carrying amount. Amortisation of intangible assets is recognised within operating profit in the income statement.

Brands recognised in the context of business combinations – The fair value of identifiable acquired brands is determined using an actuarial calculation of estimated future profits or using the royalty method and corresponds to the fair value of the brands at the date of acquisition. As the Group's brands are intangible assets with indefinite useful lives, they are not amortised but are rather subject to an impairment test at least once a year and as soon as there is an indication that their value may have been impaired. Brands acquired as part of acquisitions of foreign entities are denominated in the functional currency of the acquired activity.

8. Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost and analysed by component. Depreciation is calculated on a straight-line basis or, in certain cases, using the diminishing balance method over the estimated useful life of the assets. The useful life is reviewed on a regular basis. Items of property, plant and equipment are written down when impaired; i.e., when their recoverable amount falls below their carrying amount. The average depreciable lives for the major categories of property, plant and equipment are as follows:

Buildings	15 to 50 years
Machinery and equipment	5 to 15 years
Other property, plant and equipment	3 to 5 years

In accordance with IAS 17, assets acquired under finance lease contracts are capitalised, and a corresponding lease obligation liability is recognised, when the lease contract transfers substantially all the risks and rewards related to the asset to the Group. Buildings which have been subject to sale and lease back contracts are treated in a similar manner.

Depreciation of property, plant and equipment is recognised within operating profit in the income statement.

9. Impairment of non-current assets

In accordance with IAS 36, intangible assets and property, plant and equipment are subject to impairment tests as soon as there is an indication that the value of the asset has been impaired and at least once a year for non-current assets with indefinite useful lives (goodwill and brands). When the carrying amount of these non-current assets becomes greater over a sustained period of time than the highest of either their value in use or their market value, an impairment loss is recognised within operating profit.

Assets subject to impairment tests are included into Cash-Generating Units (CGUs), corresponding to linked groups of assets, which generate identifiable cash flows. The CGUs include assets related to the Group's brands and are allocated in accordance with the four geographical areas defined by the Group, on the basis of the sale destination of the products.

When the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognised within operating profit. The recoverable amount of the CGU is the higher of its market value and its value in use. Value in use is calculated using profit projections over a 20-year period, prepared using management forecasting tools (for the first 3 years) and using an estimate for the following years based on long term trends by market of the brands in question. The calculation includes a terminal value which is determined in light of the growth and profitability profile of each brand.

The discount rate used for these calculations is an after-tax rate applied to after-tax cash flows and corresponds to the weighted average cost of capital, which amounted to 8.33% at 30 June 2009 compared to 7.2% at 30 June 2008. A different discount rate was used to allow for risks specific to certain markets or geographical areas in calculating cash flows. Assumptions made in terms of future changes in sales and of terminal values are reasonable and in accordance with market data available for each of the CGUs. Additional impairment tests are applied where events or specific circumstances suggest that a potential impairment exists.

10. Foreign currency translation

10.1 Reporting currency used in the consolidated financial statements

The Group's consolidated financial statements are prepared in euro, which is the functional currency and the reporting currency of the Parent Company.

10.2 Functional currency

The functional currency of an entity is the currency of the economic environment in which it mainly operates. In most cases, the functional currency is the entity's local currency. However, in certain entities, a functional currency different from the local currency may be used if it reflects the entity's economic environment and the currency in which most of the entity's transactions are denominated.

10.3 Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rate applying at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies are recognised at the historical exchange rate applicable at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applying at the balance sheet date. Foreign currency differences are recognised in profit and loss for the period, except for foreign currency differences arising on debts designated as hedges for the net foreign currency assets of consolidated subsidiaries. These latter differences are recognised directly in currency translation adjustments, within shareholders' equity, until the disposal of the net investment. Foreign currency differences related to operating activities are recognised within operating profit for the period; foreign currency differences related to financing activities are recognised within interest (expense) income or in shareholders' equity.

10.4 Translation of financial statements of subsidiaries whose functional currency is different from the euro (the reporting currency)

The balance sheet is translated into euros at year-end exchange rates. The income statement and cash flows are translated on the basis of average exchange rates. Differences resulting from the translation of the financial statements of these subsidiaries are recognised in currency translation adjustments within shareholders' equity. On disposal of a foreign entity, currency translation adjustments previously recognised in shareholders' equity are recognised in profit and loss.

11. Research and development costs

In the context of the Group's activities, and in accordance with IAS 38 (Intangible assets), research and development costs are recognised as expenses in the financial year during which they are incurred, except for certain development costs which meet the capitalisation criteria prescribed by the standard. Application of this policy did not lead the Group to capitalise a significant amount of development costs in the financial years ended 30 June 2009 and 30 June 2008.

12. Assets held for sale and discontinued operations

In accordance with IFRS 5 (Non-current assets held for sale and discontinued operations), assets and liabilities held for sale are not subject to depreciation or amortisation. They are shown separately in the balance sheet for an amount corresponding to the lowest of either their carrying amount or their fair value, minus costs to sell. An asset is considered as being held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order for this to be the case, the asset must be available for immediate sale and its sale must be highly probable. A discontinued operation represents a major line of business or geographical area of operations for the Group that is subject either to a sale or to reclassification as an asset held for sale. Balance sheet items related to discontinued operations held for sale are presented under specific captions in the consolidated financial statements. Income statement items related to discontinued operations are separately presented in the financial statements for all periods reported upon if they are important from a Group perspective.

13. Inventories

Inventories are measured at the lowest of either cost (acquisition cost and cost of production, including indirect production overheads) or net realisable value. Net realisable value is the selling price less the estimated costs of completion and sale of inventories. Most inventories are valued using the weighted average cost method. The cost of long-cycle inventories is calculated using a single method which includes distilling and ageing costs but excludes finance costs. These inventories are classified in current assets, although a substantial part remains in inventory for more than one year before being sold in order to undergo the ageing process used for certain wines and spirits.

14. Agriculture

IAS 41 (Agriculture) sets out the accounting treatment of operations involving biological assets (for example, vines) destined for sale or for agricultural produce (for example, grapes). IAS 41 was specifically adapted to the accounting treatment of vines and grapes, which make up the principal agricultural activities of the Group. A similar accounting treatment however applies to other biological assets (for example, agave fields). IAS 41 requires that biological assets (vines) and their production (harvests) be recognised at fair value on the balance sheet, after deducting estimated costs to sell, as from the date at which it is possible to obtain a reliable assessment of price, for example by reference to an active market. Changes in fair value are recognised in profit and loss. Land on which biological assets are planted is measured in accordance with IAS 16.

15. Financial liabilities and derivative instruments

IAS 32 and IAS 39 relating to financial instruments have been applied as of 1 July 2004. IFRS 7 has been applied from 1 July 2007.

15.1 Derivative instruments

In application of the amended version of IAS 39 (Financial instruments: recognition and measurement), all derivative instruments must be recognised in the balance sheet at fair value, determined on the basis of valuation models recognised on the market or of external listings issued by financial institutions.

Where the derivative has been designated as a fair value hedge, changes in the value of the derivative and of the hedged item are recognised in profit and loss for the same period. If the derivative has been designated as a cash flow hedge, the change in value of the effective component of the derivative is recognised in shareholders' equity. It is recognised in profit and loss when the hedged item is itself recognised in profit and loss. The change in value of the ineffective component of the derivative is however recognised directly in profit and loss. If the derivative is designated as a hedge of a net foreign currency investment, the change in value of the effective component of the derivative is recognised in equity and the change in value of the component considered to be ineffective is recognised in profit and loss.

15.2 Financial liabilities

Borrowings and other financial liabilities are recognised, on the basis of their effective interest rates, in accordance with the amortised cost method. The effective interest rate includes all costs, commissions and fees payable under the contract between the parties. Under this method, costs that are directly attributable to the acquisition or issue of the financial liability are recognised in profit and loss on the basis of the effective interest rate.

16. Financial assets

Financial assets are recognised on the transaction date.

16.1 Available-for-sale financial assets

Available-for-sale financial assets include the Group's investments in non-consolidated companies and in securities which do not satisfy the criteria for classification as short-term investments included in cash equivalents. On initial recognition, they are measured at cost. At subsequent balance sheet dates, available-for-sale financial assets are measured at fair value where this can be measured reliably. Changes in fair value are recognised directly in shareholders' equity except where a reduction in value compared with the historical acquisition cost constitutes a material or sustained impairment in the asset's value. On disposal of available-for-sale financial assets, changes in fair value previously recognised in equity are recognised in profit and loss. Fair value is determined on the basis of the financial criteria most appropriate to the specific situation of each company. The fair value of financial assets listed on a financial market is their stock market value. Unlisted available-for-sale financial assets are generally measured using the following criteria: the proportion of shareholders' equity held and expected future profitability.

16.2 Investment-related loans and receivables

This category mainly includes investment-related loans and receivables, current account advances granted to non-consolidated entities and associates and guarantee deposits. The loans and receivables related to these investments are measured at their impaired cost value.

16.3 Trade receivables

Trade receivables are recognised initially at their fair value, which is usually their nominal value. Impairment losses are recognised where there is a risk of non-recovery.

16.4 Cash and cash equivalents

In accordance with IAS 7 (Cash flow statements), cash and cash equivalents presented in assets and liabilities in the balance sheet and shown in the statement of cash flows include items that are immediately available as cash or are readily convertible into a known amount of cash and which are subject to an insignificant risk of change in their value. Cash is composed of cash at bank and on hand, short-term deposits with an initial maturity of less than three months and money-market mutual funds that are subject to an insignificant risk of change in their value. Cash equivalents are short-term investments with a maturity of less than three months. Bank overdrafts, which are considered to be equivalent to financing, are excluded from cash and cash equivalents.

17. Treasury shares

Treasury shares are recognised on acquisition as a deduction from shareholders' equity. Subsequent changes in the value of treasury shares are not recognised. When treasury shares are sold, any difference between the acquisition cost and the fair value of the shares at the date of sale is recognised as a change in shareholders' equity and has no impact on profit and loss for the year.

18. Provisions

18.1 Nature of provisioned liabilities

In accordance with IAS 37 (Provisions, contingent liabilities and contingent assets), provisions are recognised to cover probable outflows of resources that can be estimated and that result from present obligations relating to past events. In the case where a potential obligation resulting from past events exists, but where occurrence of the outflow of resources is not probable or where the amount cannot be reliably estimated, a contingent liability is disclosed among the Group's commitments. The amounts provided are measured taking account of the most probable assumptions or using statistical methods, depending on the nature of the obligations. Provisions notably include:

- provisions for restructuring;
- provisions for pensions and other long-term employee benefits;
- provisions for litigation (tax, legal, employee-related).

Litigation is kept under regular review, on a case-by-case basis, by the legal department of each subsidiary or region or by the Group's legal department, drawing on the help of external legal consultants in the most significant or complex cases. A provision is recorded when it becomes probable that a present obligation arising from a past event will require an outflow of resources whose amount can be reliably estimated. The amount of the provision provided is the best estimate of the outflow of resources required to extinguish this obligation.

18.2 Provisions for restructuring

The cost of restructuring is fully provided for in the financial year, and is recognised in profit and loss within other income and expenses, when it is material and results from a Group obligation to third parties arising from a decision taken by the appropriate board that has been announced to the third parties in question before the balance sheet date. This cost mainly involves redundancy payments, early-retirement payments, costs of notice periods not served, training costs of departing individuals and costs of site closure. Scrapping of property, plant and equipment, impairment of inventories and other assets, as well as other costs (moving costs, training of transferred individuals, etc.) directly related to the restructuring measures are also recognised in restructuring costs. The amounts provided for correspond to forecasted future payments to be made in connection with restructuring plans, discounted to present value when the timetable for payment is such that the effect of the time value of money is significant.

18.3 Provisions for pensions and other long-term employee benefits

In accordance with applicable national legislation, the Group's employee benefit obligations are composed of:

- long-term post-employment benefits (retirement bonuses, pensions, medical and healthcare expenses, etc.);
- long-term benefits payable during the period of employment.

Defined contribution plans – Contributions are recognised as expenses as they are incurred. As the Group is not committed beyond the amount of such contributions, no provision is recognised in respect of defined contribution plans.

Defined benefits plans – For defined benefit plans, the projected unit credit method is used to measure the present value of defined benefit obligations, current service cost and, if applicable, past service cost. The measurement is made at each balance sheet date and the personal data concerning employees is revised at least every three years. The calculation requires the use of economic assumptions (inflation rate, discount rate, expected return on plan assets) and assumptions concerning employees (mainly: average salary increase, rate of employee turnover, life expectancy). Plan assets are measured at their market value at each annual balance sheet date. The balance sheet provision corresponds to the discounted value of the defined benefit obligation, adjusted for unrecognised past service cost and unrecognised actuarial gains and losses, and net of the fair value of plan assets. Actuarial gains and losses mainly arise where estimates differ from actual outcomes (for example between the expected value of plan assets and their actual value at the balance sheet date) or when changes are made to long-term actuarial assumptions (for example: discount rate, rate of increase of salaries). In the case of long-term benefits payable during the period of employment (such as long-service awards), any actuarial gains and losses are fully recognised at each balance sheet date. In other cases, actuarial gains and losses are only recognised when, for a given plan, they represent more than 10% of the greater of the present value of the benefit obligation and the fair value of plan assets (termed the "corridor" method). Recognition of the provision is on a straight-line basis over the average number of remaining years' service of the employees in the plan in question (amortisation of actuarial gains and losses). The expense recognised in respect of the benefit obligations described above incorporates:

- expenses corresponding to the acquisition of an additional year's rights;
- interest cost;
- income corresponding to the expected return on plan assets;
- income or expense corresponding to the amortisation of actuarial gains and losses;
- past service cost; recognised on a straight-line basis over the average residual period until the corresponding benefits vest with employees;
- income or expense related to changes to existing plans or the creation of new plans;
- income or expense related to any plan curtailments or settlements.

The expense arising from the change in net obligations for pensions and other long-term employee benefits is recognised within operating profit or within interest (expense) income on the basis of the nature of the underlying.

The Group does not participate in multi-employer plans.

19. Sales

Revenue is measured at the fair value of the consideration received or to be received, after deducting trade discounts, volume rebates and sales-related taxes and duties. Sales are recognised when the significant risks and rewards of ownership have been transferred, generally at the date of transfer of ownership title.

19.1 Cost of services rendered in connection with sales

Pursuant to IAS 18 (Revenue), certain costs of services rendered in connection with sales, such as advertising programmes in conjunction with distributors, listing costs for new products and promotional activities at point of sale, are deducted directly from sales if there is no separately identifiable service whose fair value can be reliably measured.

19.2 Duties and taxes

In accordance with IAS 18, certain import duties, in Asia for instance, are classified as cost of sales, as these duties are not specifically re-billed to customers (as is the case for Social security stamps in France, for example).

19.3 Discounts

In accordance with IAS 18, early payment discounts are not considered to be financial transactions, but rather are deducted directly from sales.

20. Gross margin after logistics costs, contribution after advertising & promotion expenses, profit from recurring operations and other income and expenses

Gross margin after logistics costs refers to sales (excluding duties and taxes), less cost of sales and logistics costs. The contribution after advertising and promotional expenses is the gross margin after deducting logistics, advertising and promotional costs. Profit from recurring operations is the contribution after advertising and promotional expenses less trading costs and overheads. This is the indicator used internally to measure the Group's operational performance. It excludes other income and expenses, such as those relating to restructuring and integration, capital gains and losses on disposals and other non-recurring income and expenses. These other operating income and expenses are excluded from profit from recurring operations because the Group believes they have little predictive value due to their occasional nature. They are described in detail in Note 7.

21. Deferred tax

Deferred tax is recognised on temporary differences between the tax and book value of assets and liabilities in the consolidated balance sheet and is measured using the balance sheet approach. The effects of changes in tax rates are recognised in shareholders' equity or in profit and loss in the year in which the change of tax rates is decided. Deferred tax assets are recognised in the balance sheet when it is more likely than not that they will be recovered in future years. Deferred tax assets and liabilities are not discounted. In order to evaluate the Group's ability to recover these assets, account is notably taken of forecasts of future taxable profits.

22. Share-based payment

In accordance with the option provided by IFRS 1, the Group applies IFRS 2 (Share-based payment) as of 1 July 2004, to all instruments granted after 7 November 2002 and not yet fully vested at 1 July 2004. The Group applies this standard to transactions whose award and settlement are share-based and to transactions whose award is share-based but which are settled in cash.

In application of this standard, stock options granted to employees are measured at fair value. The amount of such fair value is recognised in profit and loss over the vesting period of the rights and a corresponding double entry is recognised as an increase in shareholders equity. Share appreciation rights, which will be settled in cash, are measured at fair value and recognised in profit and loss with a corresponding double entry to the liability incurred. This liability is remeasured at each balance sheet date until settlement.

The fair value of options and rights is calculated using the binomial valuation model taking into account the characteristics of the plan and market data at the date of grant and on the basis of Group management assumptions.

23. Earnings per share

Basic and diluted earnings per share are calculated on the basis of the weighted average number of outstanding shares, less the weighted average number of dilutive instruments.

The calculation of diluted earnings per share takes into account the potential impact of the exercise of all dilutive instruments (such as stock options and convertible bonds, etc.) on the theoretical number of shares. When funds are obtained at the date of exercise of the dilutive instruments, the "treasury stock" method is used to determine the theoretical number of shares to be taken into account. When funds are obtained at the issue date of the dilutive instruments, net profit is adjusted for the finance cost, net of tax, relating to these instruments.

NOTE 2 Highlights of the financial year

1. Purchase of Vin&Sprit ("V&S")

On 23 July 2008, Pernod Ricard acquired 100% of the shares in the Vin&Sprit group (V&S), for €5.3 billion. The acquisition was funded by means of a syndicated multilinked-currency loan.

As a result of this acquisition the distribution of V&S products by Future Brands and Maxxium was terminated as of 1 October 2008. Pernod Ricard exited the Future Brands joint venture at the cost of a $230 million fee and Maxxium on payment of a €59 million in fee and the sale of shares on 30 March 2009 (€60 million).

2. Main brands sold

On 30 September 2008, the Cruzan brand and related assets were sold to Fortune Brands for $100 million.

On 1 April 2009, the Group agreed the sale of the Star Gin, Red Port and Dry Anis brands to Arcus Gruppen AS following an agreement with the European Commission under which Pernod Ricard undertook to dispose of these brands.

In April 2009, agreement was reached with Altia on the sale of the Grönstedts Cognac brand. This was one of the brands that had to be divested under the agreement granting consent for the V&S acquisition.

On 29 May 2009, the Group sold the Wild Turkey Bourbon brand and its associated assets to Campari for $581 million.

3. Capital increase

On 14 May 2009, Pernod Ricard SA increased its capital by €1,036 million (gross before fees). Under the transaction 38,786,220 new shares were subscribed for at a price of €26.70 per share. The capital increase allowed the company to repay parts of tranche B of its euro- and dollar-denominated syndicated loan: €330 million and $910 million, respectively.

4. Bond issue

On 15 June 2009, Pernod Ricard SA issued €800 million of bonds. The proceeds allowed it to repay the next tranches of the multi-currency syndicated loan falling due and to extend the average maturity of the Group's debt.

NOTE 3 Scope of consolidation

The main changes to Group scope as of 30 June 2009 are presented in Note 2 – Highlights of the financial year, above.

Impact of the year's main acquisition: V&S

The impact of the main acquisition made by the Group during the year on sales and the contribution after advertising and promotional expenses is as follows:

In euro million	30.06.2008
Net sales	915
Contribution after advertising & promotion expenses	357

The impact of the main acquisition on the main asset items on the consolidated balance sheet for 30 June 2009 is as follows:

		30.06.2009		
In euro million	30.06.2008	Constant scope	Scope effect	Total
Goodwill	3,203	3,304	1,585	4,888
Brands and other intangible assets	7,138	7,207	4,103	11,310
Inventories	3,717	3,563	162	3,725
Other assets	4,373	3,681	1,270	4,951
BALANCE SHEET TOTAL	**18,431**	**17,754**	**7,120**	**24,875**

The table below shows what sales and Group net profit for the year ended 30 June 2009 would have been had V&S been acquired on 1 July 2008:

In euro million	30.06.2009
Net sales	7,273
Group net profit	960

NOTE 4 Assets held for sale

As part of the V&S acquisition, in accordance with commitments made to the European Commission, some assets were bought for with a view to resale (Lubuski Gin, Star Gin, Red Port, Dry Anis and Grönstedts Cognac). These brands were disposed of during the year ended 30 June 2009. Profit from these businesses is shown separately on the income statement, under activities acquired for resale.

On 27 July 2009, the Group sold coffee liqueur brand Tia Maria to Illva Saronno for €125 million.

This brand is shown separately on the balance sheet as assets/ liabilities held for sale.

NOTE 5 Segment reporting

The Group is structured into four primary segments constituted by the following geographic regions: France, Europe, the Americas and Asia/Rest of the World. Following its various restructuring initiatives, the Group is now focused on the single business line of Wines and Spirits sales. Items in the income statement and the balance sheet are allocated on the basis of either the destination of sales or profits. Reporting by geographical segment follows the same accounting policies as those used for the preparation of the consolidated financial statements. Intra-segment transfers are transacted at market prices.

The segments presented are identical to those which are included in the reporting provided to the Board of Directors.

The Group Management Team assesses the performance of each segment on the basis of sales and its contribution after advertising & promotion expenses, defined as the gross margin after logistics, advertising, promotional and structure costs.

30.06.2008 *In euro million*	France	Europe	Americas	Asia/Rest of the World	Elimination of intragroup accounts	Unallocated	Total
Income statement items							
Segment net sales	834	2,679	2,075	2,528	-	-	8,116
Inter-segment sales	123	507	375	521	-	-	1,527
Net sales	**711**	**2,171**	**1,700**	**2,007**	**-**	**-**	**6,589**
Gross margin after logistics costs	496	1,269	961	1,040	-	-	3,766
Contribution after advertising & promotional expenses	325	929	678	657	-	-	2,588
Profit from recurring operations	149	530	421	422	-	-	1,522
Other information							
Capital expenditure	44	98	48	36	-	-	227
Depreciation and amortisation	12	65	51	40	-	-	169
Balance sheet items							
Segment assets	2,997	12,981	8,348	7,898	(13,925)	-	18,299
Unallocated assets*	-	-	-	-	-	132	132
TOTAL ASSETS	**-**	**-**	**-**	**-**	**-**	**-**	**18,431**
Segment liabilities	2,457	9,314	7,470	6,517	(13,925)	-	11,833
NET ASSETS	**540**	**3,666**	**878**	**1,381**	**-**	**132**	**6,597**

* *The unallocated assets item includes mainly non-current financial assets.*

30.06.2009 *In euro million*	France	Europe	Americas	Asia/Rest of the World	Elimination of intragroup accounts	Unallocated	Total
Income statement items							
Segment net sales	923	3,495	2,721	2,675	-	-	9,814
Inter-segment sales	188	1,078	694	652	-	-	2,611
Net sales	**735**	**2,417**	**2,027**	**2,023**	**-**	**-**	**7,203**
Gross margin after logistics costs	518	1,302	1,253	1,136	-	-	4,208
Contribution after advertising & promotional expenses	348	963	907	753	-	-	2,971
Profit from recurring operations	178	537	636	495	-	-	1,846
Other information							
Capital expenditure	39	116	55	31	-	-	241
Depreciation and amortisation	32	232	46	37	-	-	347
Balance sheet items							
Segment assets	3,758	10,058	21,293	10,111	-	-	-
Unallocated assets*	-	-	-	-	(20,634)	287	-
TOTAL ASSETS	**-**	**-**	**-**	**-**	**-**	**-**	**24,875**
Segment liabilities	3,655	10,549	14,884	8,744	(20,634)	60	17,259
NET ASSETS	**103**	**(491)**	**6,410**	**1,366**	**0**	**227**	**7,615**

* *The unallocated assets item includes mainly non-current financial assets and assets and liabilities held for sale.*

NOTE 6 Interest (expense) income

In euro million	30.06.2008	30.06.2009
Net financing costs	(316)	(581)
Structuring and placement fees	(11)	(15)
Net financial impact of pensions and other long-term employee benefits	3	(19)
Other net current financial income (expense)	(9)	(4)
Interest income (expenses) from recurring operations	**(333)**	**(619)**
Foreign currency gains (loss)	(15)	(22)
Other non-current financial income (expense)	(1)	(50)
TOTAL INTEREST (EXPENSE) INCOME	**(349)**	**(691)**

At 30 June 2009, the main items making up net financing costs were financial expenses on the syndicated loan of €322 million, bond payments of €115 million, commercial paper payments of €6 million, interest rate and currency hedges of €127 million and local debt totalling €30 million. Net financing costs also include €19 million of interest income.

At 30 June 2009, other non-current financial income (expense) includes bank fees and changes in the time value of options.

Weighted average cost of debt

The Group's weighted average cost of debt was 4.8% at 30 June 2009 compared with 5.1% at 30 June 2008. Weighted average cost of debt is defined as net financing costs plus structuring and placement fees as a proportion of average net debt outstanding.

NOTE 7 Other operating income and expenses

Other operating income and expenses are broken down as follows:

In euro million	30.06.2008	30.06.2009
Net restructuring expenses	(26)	(103)
Capital gains (losses) on asset disposals	4	225
Impairment of property, plant and equipment and intangible assets	-	(147)
Other non-current income and expenses	(58)	(65)
OTHER OPERATING INCOME AND EXPENSES	**(81)**	**(89)**

At 30 June 2009, other operating income and expenses included:

- restructuring expenses: these mainly related to the reorganisations launched after the acquisition of V&S;
- net gains on disposal: these mainly related to the profit from the sale of the Wild Turkey brand for $581 million;
- impairment of property, plant and equipment and intangible assets, notably impairment tests on the value of brands (particularly some Spanish wines);
- other operating income and expenses including the costs of early termination of the V&S distribution agreements. Also, as part of the V&S acquisition, inventories of finished goods acquired were restated at fair value with a non-recurrent impact booked under other operating income and expenses at 30 June 2009, the inventories being considered as sold as of this date.

NOTE 8 Corporate income tax

Analysis of the income tax expense:

In euro million	30.06.2008	30.06.2009
Tax payable	(126)	(241)
Deferred tax	(98)	132
TOTAL	**(224)**	**(108)**

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

In euro million	30.06.2008	30.06.2009
Operating profit	1,441	1,757
Interest (expense) income	(349)	(691)
Taxable profit	**1,092**	**1,066**
Theoretical tax charge at the effective income tax rate in France (34.43%)	(376)	(367)
Impact of tax rate differences by jurisdiction	92	77
Tax impact of variations in exchange rates	-	75
Present value of deferred tax assets linked to rate changes	-	40
Impact of tax losses used	11	7
Impact of reduced tax rates	7	13
Other impacts	42	47
EFFECTIVE TAX CHARGE	**(224)**	**(108)**
EFFECTIVE TAX RATE	**21%**	**10%**

The improvement in the effective tax rate is explained chiefly by a combination of the following factors:

- the unequal rate of profit growth between subsidiaries taxed at different rates;
- tax impacts linked to exchange rate movements during the year;
- updating of deferred taxes linked to rate changes in the jurisdictions affected.

Deferred taxes are broken down as follows by nature:

In euro million	30.06.2008	30.06.2009
Unrealised margins in inventories	91	83
Fair value adjustments on assets and liabilities resulting from business combinations	69	50
Provisions for pension benefits	141	122
Deferred tax assets related to losses eligible for carry-forward	185	404
Provisions (other than provisions for pension benefits) and other items	235	452
TOTAL DEFERRED TAX ASSETS	**722**	**1,111**
Special depreciation change	42	33
Fair value adjustments on assets and liabilities resulting from business combinations	1,962	2,015
Other property, plant and equipment	124	168
TOTAL DEFERRED TAX LIABILITIES	**2,128**	**2,217**

The increase in deferred tax assets and liabilities is largely due to scope effects related to the acquisition of Vin&Sprit group.

At 30 June 2009, deferred taxes calculated on items recognised through equity are composed of deferred taxes on cash flow hedges (€91 million) and deferred taxes on net investment hedges (€97 million).

Tax loss carryforwards (used or not used) represented a potential tax saving of €462 million at 30 June 2009 and €209 million at 30 June 2008. The potential tax saving at 30 June 2009 relates to tax loss carryforwards with the following expiry dates:

	Tax effect of loss carryforwards *(in euro million)*	
Year	Losses used	Losses not used
2009	0	0
2010	0	0
2011	0	0
2012	0	0
2013	155	9
No expiry date	248	49
TOTAL	**404**	**58**

NOTE 9 Earnings per share

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

	30.06.2008	30.06.2009
Numerator (in euro million)		
Group net profit	840	945
Net profit from continuing operations	840	936
Net profit from discontinued operations	0	8
Denominator (in number of shares)		
Average number of shares in circulation at 30.06.2008	214,046,768	-
Average number of outstanding shares, adjusted for capital increase(1)	226,946,402	234,870,936
Dilutive effect of stock options(2)	3,374,831	1,619,809
AVERAGE NUMBER OF OUTSTANDING SHARES – DILUTED	**230,321,233**	**236,490,745**
Earnings per share (in euro)		
Earnings per share – basic	3.70	4.02
Earnings per share – diluted	3.65	3.99
Net earnings per share from continuing operations – basic	3.70	3.99
Net earnings per share from continuing operations – diluted	3.65	3.96

(1) In accordance with IAS 33 (Earnings per share), the dilutive effect of the capital increase with preferential subscription rights held on 14 May 2009 was recognised retrospectively for the two periods shown.

(2) Following the Pernod Ricard SA capital increase of 14 May 2009, adjustments were made to the number of stock options and free shares granted to employees and to the subscription or purchase price applying.
The adjustment ratio was calculated by comparing the last trading price of Pernod Ricard shares before detachment of the preferential subscription rights for the capital increase (€42.99) and the price after detachment of the right (€40.55). This ratio was applied until the date of the capital increase.

NOTE 10 Expenses by nature

Operating profit notably includes depreciation, amortisation and impairment expenses together with personnel expenses as follows:

In euro million	30.06.2008	30.06.2009
Total depreciation, amortisation and impairment expenses	**(169)**	**(347)**
Salaries and payroll costs	(685)	(715)
Pensions, medical expenses and other similar benefits under defined benefit plans	48	(35)
Expenses related to stock options and share appreciation rights	(36)	(37)
TOTAL PERSONNEL EXPENSES	**(673)**	**(786)**

NOTE 11 Intangible assets and goodwill

		Movements in the year					
In euro million	01.07.2007	Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	Other movements	30.06.2008
Goodwill	3,718	3	-	(2)	(312)	36	3,443
Brands	7,797	11	-	(50)	(643)	0	7,115
Other intangible assets	190	16	-	(1)	(20)	9	193
GROSS VALUE	**11,704**	**30**	**-**	**(53)**	**(976)**	**46**	**10,751**
Goodwill	(241)	-	(2)	0	(10)	14	(239)
Brands	(50)	-	(1)	2	1	1	(47)
Other intangible assets	(100)	-	(30)	0	11	(5)	(124)
AMORTISATION/IMPAIRMENT	**(391)**	**-**	**(33)**	**2**	**2**	**10**	**(410)**
INTANGIBLE ASSETS, NET	**11,313**	**30**	**(33)**	**(51)**	**(974)**	**56**	**10,341**

		Movements in the year					
In euro million	01.07.2008	Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	Consolidation of V&S and other movements	30.06.2009
Goodwill	3,443	0	-	(11)	131	1,549	5,112
Brands	7,115	1	-	(12)	369	3,940	11,413
Other intangible assets	193	23	-	(5)	11	(46)	175
GROSS VALUE	**10,751**	**23**	**-**	**(28)**	**511**	**5,443**	**16,700**
Goodwill	(239)	-	(43)	0	14	45	(224)
Brands	(47)	-	(138)	0	0	0	(185)
Other intangible assets	(124)	-	(26)	1	(8)	63	(93)
AMORTISATION/IMPAIRMENT	**(410)**	**-**	**(207)**	**1**	**7**	**108**	**(502)**
INTANGIBLE ASSETS, NET	**10,341**	**23**	**(207)**	**(27)**	**518**	**5,550**	**16,199**

Goodwill – Goodwill mainly comprises goodwill from the acquisitions of Allied Domecq in July 2005 and Vin&Sprit in July 2008.

On 23 July 2008, Pernod Ricard completed the acquisition of Vin&Sprit group, whose entities are fully consolidated as of that date. This gave rise to a €1,585 million goodwill at the acquisition date, determined as shown below.

In euro million	23.07.2008
Cost of business combination	5,432
Fair value of net assets acquired	(3,847)
Goodwill	**1,585**

The cost of the business combination was equivalent to €5,432 million, including €106 million in expenses directly attributable to the acquisition. This represents the price paid to the Swedish state for the V&S shares, including compensation for V&S's operating cash flows between 1 January 2008 and the date the acquisition contract was signed, and excluding €85 million in dividends paid by V&S to the Swedish state in May 2008.

The Group also paid V&S a further €521 million to cancel a receivable towards owed to the Swedish state.

The net assets acquired with V&S are shown below:

In euro million 23.07.2008	Carrying amount before acquisition	Fair value of net assets acquired
Intangible assets	404	4,103
Other non-current assets	419	346
Non-current assets	823	4,449
Current assets	954	934
Assets held for sale	19	153
TOTAL ASSETS	**1,796**	**5,535**
Non-current provisions	73	99
Deferred tax liabilities	198	152
Non-current financial liabilities	567	1,050
Current liabilities	290	387
TOTAL LIABILITIES	**1,128**	**1,688**
NET ASSETS ACQUIRED	**668**	**3,847**

The process of allocating the acquisition price led to the following principal adjustments:

- the writing off of €403 million in brands and historical intangible assets and the valuation of V&S's main brands at €4,101 million;
- the recognition of €20 million in deferred taxes on V&S's brands.

  The brands were appraised by an independent appraiser using generally accepted appraisal techniques. Some of the brands acquired are eligible for future tax benefits based on their depreciation for tax purposes. The advantages, which may benefit a later buyer, are included in the fair value of these brands. A deferred tax liability is recognised where the tax and book values of brands are different;
- the recognition of indemnities related to the winding up of the joint venture Future Brands and the end of distribution through Maxxium.

  In the United States, V&S distributed its brand portfolio via the Future Brands joint venture owned 49/51 by V&S and Fortune Brands respectively. The agreement under which Future Brands distributed V&S brands was due to expire in February 2012.

  In most other markets, distribution was provided by Maxxium, a company owned jointly by V&S (25%), Fortune Brands (25%), Rémy Cointreau (25% – this holding was withdrawn in 2009) and the Edrington Group (25%).

  Both joint venture agreements included a clause governing changes of shareholder among the partners, which allowed them to force V&S to withdraw from its contracts:

  - on predefined indemnification terms stated in the Maxxium contract,
  - on terms to be decided in the case of the Future Brands contract.

  In light of these agreements, the near-certainty that the contracts will be broken and the advanced stage of negotiations about the amount of indemnities, the Group recorded, at the acquisition date, a liability equal to the indemnity to be paid.

  Shares in the joint ventures have been recognised at their fair value;
- the recognition at fair value of inventories of finished products acquired totalling €29 million.

  As part of the acquisition of V&S, inventories of finished products acquired were restated at their fair value as of 23 July 2008. The impact of the acquisition on inventories of finished products was recognised in full in other operating expenses on 30 June 2009, when the inventories concerned were considered to have been sold.

Within the V&S acquisition, some net assets were classified as held-for-sale on initial recognition at the time they were acquired. These assets held for sale basically comprise the Cruzan brand and related assets, the Maxxium and Future Brands shares and brands that the Group has agreed with the European Commission it would sell.

V&S's other asset and liability items were similarly reviewed (provisions for contingencies and charges, pensions and other long-term employee benefits, receivables, etc.).

Fair value adjustments incorporate management estimates, particularly as regards inventories, provisions, property, plant and equipment and intangible assets.

Brands – The main brands recorded on the balance sheet are: ABSOLUT, Ballantine's, Beefeater, Chivas Regal, Kahlúa, Malibu, Martell, Mumm, Perrier-Jouët and Montana. Most of these were recognised at the time of the acquisitions of Seagram, Allied Domecq and V&S.

Other intangible assets – On 9 September 2005, Pernod Ricard and SPI Group signed an agreement by which the Group acquired exclusive distribution rights for a period of five years for the Stolichnaya vodka brand and a number of other brands in markets where SPI Group owns the distribution rights, notably the United States.

A new agreement was signed between the Group and SPI Group in March 2008 setting out the terms governing early termination of the distribution contract in the event of Pernod Ricard acquiring V&S, the owner of the ABSOLUT brand:

- Pernod Ricard continued to distribute Stolichnaya for a transition period of six months from the date of the V&S acquisition. This period allowed SPI Group to find a new distributor for its brands. An impairment provision was therefore recorded against the exclusive distribution rights at 30 June 2008 to reflect this cessation of distribution by the Group at the end of the transition period;
- in association with the contract, the Group paid $80 million, part of which was recorded as a cost related to the acquisition of V&S.

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

NOTE 12 Property, plant and equipment

		Movements in the year					
In euro million	01.07.2007	Acquisitions	Depreciation	Disposals	Foreign currency gains and losses	Other movements	30.06.2008
Land	310	1	-	(4)	(11)	2	297
Buildings	696	15	-	(6)	(57)	19	667
Machinery & equipment	1,141	56	-	(27)	(117)	76	1,128
Other property, plant and equipment	233	27	-	(13)	(35)	(10)	202
Assets in progress	120	122	-	(1)	(11)	(99)	132
Advance on property, plant and equipment	3	4	-	(1)	(0)	(1)	5
GROSS VALUE	**2,502**	**224**	**-**	**(52)**	**(231)**	**(12)**	**2,431**
Land	(6)	-	(2)	0	1	(0)	(7)
Buildings	(233)	-	(25)	2	21	(1)	(235)
Machinery & equipment	(509)	-	(92)	23	66	(8)	(521)
Other property, plant and equipment	(80)	-	(17)	11	20	7	(60)
DEPRECIATION/AMORTISATION	**(828)**	**-**	**(136)**	**36**	**108**	**(3)**	**(823)**
PROPERTY, PLANT AND EQUIPMENT, NET	**1,675**	**224**	**(136)**	**(16)**	**(124)**	**(15)**	**1,608**

In euro million	01.07.2008	Movements in the year: Acquisitions	Depreciation	Disposals	Foreign currency gains and losses	Consolidation of V&S and other movements	30.06.2009
Land	297	0	-	(3)	(7)	25	311
Buildings	667	18	-	(33)	(23)	133	762
Machinery & equipment	1,128	41	-	(36)	(32)	241	1,343
Other property, plant and equipment	202	36	-	(29)	(6)	178	382
Assets under construction	132	118	-	(27)	(4)	(53)	166
Advance on property, plant and equipment	5	2	-	(1)	(0)	(3)	3
GROSS VALUE	**2,431**	**215**	**-**	**(128)**	**(72)**	**522**	**2,968**
Land	(7)	-	(2)	1	0	(9)	(17)
Buildings	(235)	-	(27)	19	3	(5)	(246)
Machinery & equipment	(521)	-	(87)	32	13	(97)	(661)
Other property, plant and equipment	(60)	-	(18)	25	(1)	(234)	(287)
DEPRECIATION/AMORTISATION	**(823)**	**-**	**(134)**	**77**	**15**	**(346)**	**(1,211)**
PROPERTY, PLANT AND EQUIPMENT, NET	**1,608**	**215**	**(134)**	**(51)**	**(57)**	**175**	**1,757**

NOTE 13 Financial assets

In euro million	30.06.2008 Current	30.06.2008 Non-current	30.06.2009 Current	30.06.2009 Non-current
Available-for-sale financial assets				
Available-for-sale financial assets	-	58	-	39
Other financial assets	-	9	-	9
Loans and receivables				
Guarantees and deposits	-	32	-	54
Investment-related receivables	-	8	-	3
Derivative instruments	**19**	**38**	**23**	**-**
FINANCIAL ASSETS	**19**	**145**	**23**	**105**

The table below shows details of the Group's financial assets, excluding derivative instruments:

In euro million	01.07.2007	Movements in the year: Acquisitions	Allowances	Disposals	Foreign currency gains and losses	Other movements	30.06.2008
Available-for-sale financial assets	435	4	-	(310)	(2)	12	140
Guarantees and deposits	45	4	-	0	(2)	(14)	32
Investment-related receivables	15	0	-	0	(2)	0	13
GROSS VALUE	**495**	**8**	**-**	**(310)**	**(6)**	**(2)**	**185**
Impairment losses recognised on available-for-sale financial assets	(370)	-	0	303	0	(6)	(73)
Provisions for guarantees and deposits	(0)	-	0	0	0	0	0
Impairment losses recognised on investment-related receivables	(5)	-	0	0	0	0	(5)
PROVISIONS	**(375)**	**-**	**0**	**303**	**0**	**(5)**	**(78)**
NON-CURRENT FINANCIAL ASSETS, NET	**121**	**8**	**0**	**(8)**	**(6)**	**(8)**	**107**

In euro million	01.07.2008	Movements in the year: Acquisitions	Allowances	Disposals	Foreign currency gains and losses	Consolidation of V&S and other movements	30.06.2009
Available-for-sale financial assets	140	3	-	(75)	3	52	122
Guarantees and deposits	32	26	-	(2)	(2)	0	54
Investment-related receivables	13	-	-	(1)	(1)	(4)	7
GROSS VALUE	**185**	**29**	**-**	**(78)**	**0**	**48**	**184**
Impairment losses recognised on available-for-sale financial assets	(73)	-	(6)	-	0	5	(74)
Provisions for guarantees and deposits	0	-	-	-	0	0	0
Impairment losses recognised on investment-related receivables	(5)	-	-	-	0	0	(4)
PROVISIONS	**(78)**	**-**	**(6)**	**-**	**1**	**5**	**(78)**
NON-CURRENT FINANCIAL ASSETS, NET	**107**	**29**	**(6)**	**(78)**	**1**	**53**	**105**

Impairment losses on available-for-sale financial assets relate mainly to the Seagram joint ventures (39% Pernod Ricard/61% Diageo) whose shares were fully or partly written down for impairment in 2002 following the acquisition of Seagram.

Available-for-sale financial assets are composed of:

In euro million	Percentage ownership	Carrying amount of shares at 30.06.2008	Carrying amount of shares at 30.06.2009
Portugal Venture Limited	30.0%	9	9
Seagram venture entities	39.1%	24	5
Other available-for-sale financial assets	-	34	34
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**-**	**67**	**48**

NOTE 14 Inventories

The breakdown of inventories and work-in-progress at the balance sheet date is as follows:

In euro million	01.07.2007	Movements in the year: Change in gross value	Change in impairment	Foreign currency gains and losses	Other movements	30.06.2008
Raw materials	135	18	-	(10)	7	150
Work-in-progress	2,836	379	-	(229)	(25)	2,960
Goods in inventory	399	52	-	(32)	(6)	412
Finished products	253	15	-	(15)	5	258
GROSS VALUE	**3,622**	**464**	**-**	**(286)**	**(19)**	**3,781**
Raw materials	(12)	-	(3)	0	0	(15)
Work-in-progress	(20)	-	(6)	0	3	(22)
Goods in inventory	(12)	-	(2)	1	0	(13)
Finished products	(15)	-	0	1	(0)	(14)
PROVISION	**(59)**	**-**	**(11)**	**3**	**3**	**(64)**
NET INVENTORIES	**3,563**	**464**	**(11)**	**(283)**	**(16)**	**3,717**

In euro million	01.07.2008	Movements in the year: Change in gross value	Change in impairment	Foreign currency gains and losses	Consolidation of V&S and other movements	30.06.2009
Raw materials	150	(9)	-	(8)	41	175
Work-in-progress	2,960	87	-	(86)	20	2,982
Goods in inventory	412	(94)	-	11	65	394
Finished products	258	(11)	-	(6)	10	252
GROSS VALUE	**3,781**	**(27)**	**-**	**(89)**	**137**	**3,802**
Raw materials	(15)	-	0	0	(2)	(16)
Work-in-progress	(22)	-	(8)	1	1	(28)
Goods in inventory	(13)	-	1	0	(4)	(16)
Finished products	(14)	-	0	1	(4)	(17)
PROVISION	**(64)**	**-**	**(7)**	**3**	**(9)**	**(77)**
NET INVENTORIES	**3,717**	**(27)**	**(7)**	**(86)**	**128**	**3,725**

At 30 June 2009, ageing inventories intended mainly for use in whisky and cognac production accounted for 84% of work-in-progress. Pernod Ricard is not significantly dependent on its suppliers.

NOTE 15 Breakdown of trade receivables

The following table breaks down trade receivables and other accounts receivable at 30 June 2008 and 2009 by due date:

In euro million	Net carrying amount	Not impaired and not due	Not impaired and due on the following dates: Less than 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days
Net carrying amounts							
Trade receivables	1,228	596	358	168	58	32	16
Other receivables	145	139	1	0	3	1	1
TOTAL AT 30.06.2007	**1,373**	**735**	**359**	**168**	**61**	**33**	**17**
Impairment	*132*						
Trade receivables	1,146	684	275	114	42	7	24
Other receivables	195	154	6	2	32	0	1
TOTAL AT 30.06.2008	**1,341**	**838**	**281**	**116**	**74**	**7**	**25**
Impairment	*112*						
Trade receivables	936	538	204	136	24	19	15
Other receivables	185	170	2	1	3	1	8
TOTAL AT 30.06.2009	**1,121**	**708**	**207**	**137**	**27**	**21**	**23**
Impairment	*116*						

Changes in the impairment of trade and other receivables were as follows:

In euro million	2007/2008	2008/2009
At 1 July	**132**	**112**
Allowances during the year	36	32
Reversals during the year	(17)	(16)
Used during the year	(38)	(11)
At 30 June	**112**	**116**

At 30 June 2009, there was no reason to question the creditworthiness of non-impaired past due receivables. More specifically, non-impaired receivables with due dates of over twelve months show no additional credit-related risk. There is no significant concentration of risks.

During the fiscal year 2009 the Group implemented a number of programmes to sell the receivables of various subsidiaries, with a total gross amount of €351 million. As substantially all risks and rewards associated with the receivables were transferred, they were derecognised at 30 June 2009.

Note 16 Provisions

1. Breakdown of balance sheet amounts

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

In euro million	30.06.2008	30.06.2009
Non-current provisions		
Provisions for pensions and other long-term employee benefits	478	405
Other non-current provisions for contingencies and charges	467	521
Current provisions		
Provisions for restructuring	14	49
Other current provisions for contingencies and charges	274	263
TOTAL	**1,232**	**1,238**

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

		Movements in the year					
In euro million	01.07.2007	Allowances	Used	Reversal of surplus provisions	Foreign currency gains and losses	Other movements	30.06.2008
Provisions for restructuring	29	4	(19)	(0)	(2)	2	14
Other current provisions	326	50	(50)	(21)	(29)	(3)	274
Other non-current provisions	534	61	(8)	(99)	(30)	9	467
PROVISIONS	**889**	**114**	**(77)**	**(120)**	**(61)**	**9**	**754**

		Movements in the year					
In euro million	01.07.2008	Allowances	Used	Reversal of surplus provisions	Foreign currency gains and losses	Consolidation of V&S and other movements	30.06.2009
Provisions for restructuring	14	69	(41)	(5)	(2)	14	49
Other current provisions	274	79	(33)	(58)	(5)	7	263
Other non-current provisions	467	62	(2)	(89)	(14)	96	521
PROVISIONS	**754**	**211**	**(76)**	**(151)**	**(21)**	**116**	**833**

3. Provisions for pension benefits

The Group provides employee benefits such as pensions and retirement bonuses and other post-employment benefits such as medical care and life assurance:

- in France, benefit obligations mainly comprise arrangements for retirement indemnities (non-funded) and supplementary pension benefits (partly funded);
- in the United States and Canada, benefit obligations include funded pension plans guaranteed to employees as well as unfunded post-employment medical plans;
- in Ireland, the United Kingdom and the Netherlands, benefit obligations mainly consist of pension plans granted to employees.

For its defined contribution plans, the Group's commitments are limited to the payment of periodic contributions. The amount of contributions paid in the financial year ended 30 June 2009 was €30 million.

Defined benefit plans in the Group relate mainly to subsidiaries in the United Kingdom, in North America and in the rest of Europe. Defined benefit plans are subject to an annual actuarial valuation on the basis of assumptions depending on the country. Under these pension and other benefit plan agreements, employees receive at the date of retirement either a capital lump sum payment or an annuity. These amounts depend on the number of years of employment, final salary and the position held by the employee. At 30 June 2009, fully or partly funded benefit obligations totalled €3,081 million, being 94.2% of total benefit obligations.

Certain subsidiaries, mainly those located in North America, also provide their employees with post-employment medical cover. These benefit obligations are unfunded. They are measured using the same assumptions as those used for the pension obligations in the country in question.

Several subsidiaries, mainly in Europe, also provide their employees with other long-term benefits. Benefit obligations of this type are mainly in respect of long-service awards and jubilee awards.

The table below presents a roll-forward of the provision between 30 June 2008 and 30 June 2009:

	30.06.2008			30.06.2009		
In euro million	Pension benefits	Medical expenses and other employee benefits	Total	Pension benefits	Medical expenses and other employee benefits	Total
Provision at beginning of period	600	173	773	328	149	478
Expenses (income) for the period	(56)	5	(51)	39	13	52
Employer contributions	(155)	-	(155)	(108)	0	(108)
Benefits paid directly by the employer	(6)	(10)	(16)	(10)	(9)	(19)
Change in scope	(0)	(0)	(0)	8	(1)	7
Foreign currency gains and losses	(55)	(19)	(74)	(8)	4	(4)
PROVISION, AT END OF PERIOD	**328**	**149**	**478**	**249**	**156**	**405**

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

	30.06.2008			30.06.2009		
Expense for the year *(in euro million)*	Pension benefits	Medical expenses and other employee benefits	Total	Pension benefits	Medical expenses and other employee benefits	Total
Service cost	31	2	33	34	1	35
Interest cost (effect of unwinding of discount)	210	8	218	202	8	210
Expected return on plan assets	(221)	(0)	(221)	(193)	(0)	(193)
Amortisation of past service cost	1	(0)	1	1	3	4
Amortisation of actuarial (gains)/losses	(70)	(4)	(74)	(0)	1	0
Effect of ceiling on plan assets	-	-	-	-	-	-
Effect of settlements and curtailments	(6)	(0)	(7)	(6)	0	(5)
NET EXPENSE (INCOME) RECOGNISED IN PROFIT AND LOSS	**(56)**	**5**	**(51)**	**39**	**13**	**52**

The Group has elected to adopt the corridor method under which actuarial gains and losses are only recognised when they represent more than 10% of the greater of the present value of the benefit obligation and the fair value of corresponding plan assets.

Changes in provisions for pensions and other long-term employee benefits are shown below:

Net liability recognised in the balance sheet *(in euro million)*	30.06.2008 Pension benefits	30.06.2008 Medical expenses and other employee benefits	30.06.2008 Total	30.06.2009 Pension benefits	30.06.2009 Medical expenses and other employee benefits	30.06.2009 Total
Change in the actuarial value of cumulative benefit obligations						
Actuarial value of cumulative benefit obligations at beginning of period	4,062	164	4,226	3,660	141	3,801
Service cost	31	2	33	33	1	34
Interest cost (effect of unwinding of discount)	210	8	218	202	8	210
Employee contributions	4	1	5	2	1	2
Benefits paid	(203)	(11)	(214)	(211)	(10)	(221)
Changes to plans	0	(1)	(1)	1	3	4
Settlement or curtailment of benefits	(21)	(0)	(21)	(12)	0	(12)
Actuarial (gains) and losses	144	0	144	(364)	(18)	(381)
Currency translation adjustments	(568)	(18)	(586)	(199)	3	(196)
Changes in scope of consolidation	(1)	(0)	(2)	30	(1)	29
ACTUARIAL VALUE OF CUMULATIVE BENEFIT OBLIGATIONS AT END OF PERIOD	**3,660**	**141**	**3,801**	**3,142**	**129**	**3,271**
Change in the fair value of plan assets						
Fair value of plan assets at beginning of period	3,951	2	3,953	3,402	1	3,403
Actual return on plan assets	60	0	60	(132)	1	(132)
Employee contributions	4	-	4	2	-	2
Employer contributions	155	-	155	108	0	108
Benefits paid	(200)	(1)	(201)	(202)	(0)	(202)
Changes to plans	4	-	4	-	-	-
Settlement of benefits	(15)	-	(15)	(11)	(0)	(11)
Currency translation adjustments	(555)	-	(555)	(190)	-	(190)
Changes in scope of consolidation	(3)	-	(3)	22	-	22
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**3,402**	**1**	**3,403**	**2,999**	**1**	**3,000**
Present value of funded benefits	3,597	1	3,597	3,077	4	3,081
Fair value of plan assets	3,402	1	3,403	2,999	1	3,000
Deficit (surplus) on funded benefits	195	(0)	194	79	3	81
Present value of unfunded benefits	64	141	205	65	125	191
Effect of ceiling on plan assets						
Unrecognised actuarial gains and (losses)	78	3	81	113	22	135
Unrecognised past service cost	(8)	6	(2)	(8)	6	(2)
NET LIABILITY RECOGNISED IN THE BALANCE SHEET	**328**	**149**	**478**	**249**	**156**	**405**

	Actuarial value of cumulative benefit obligations		Fair value of plan assets		Net liability	
At 30.06.2009	*(in euro million)*	%	*(in euro million)*	%	*(in euro million)*	%
United Kingdom	2,496	76%	2,566	86%	86	21%
USA	248	8%	131	4%	106	26%
Canada	212	6%	166	6%	76	19%
Ireland	114	3%	80	3%	9	2%
France	122	4%	13	0%	100	25%
Other countries	80	2%	44	1%	28	7%
TOTAL	**3,271**	**100%**	**3,000**	**100%**	**405**	**100%**

The breakdown of pension assets between the different asset categories (bonds, shares, etc.) is as follows:

	30.06.2008		30.06.2009	
Breakdown of plan assets	Pension benefits	Medical expenses and other employee benefits	Pension benefits	Medical expenses and other employee benefits
Shares	29.67%	18%	29.40%	18%
Bonds	64.33%	72%	64.85%	72%
Other money-market funds	3.52%	10%	3.42%	10%
Property assets	1.75%	0%	1.93%	0%
Other	0.73%	0%	0.40%	0%
TOTAL	**100%**	**100%**	**100%**	**100%**

The expected rate of return on plan assets corresponds to the weighted average of the different expected rates of return of each category of assets.

Contributions payable by the Group for the year ended 30 June 2010 in respect of funded benefits are estimated at €110 million.

Benefits payable in respect of defined benefit plans over the next 10 years are broken down as follows:

Benefits payable in the next 10 years *(in euro million)*	Pension benefits	Other benefits
2010	193	12
2011	196	11
2012	209	11
2013	207	10
2014	218	10
2015-2019	**1,202**	**49**

At 30 June 2008 and 2009, the main assumptions used for the measurement of pension obligations and other long-term employee benefits were as follows:

Actuarial assumptions in respect of commitments	30.06.2008 Pension benefits	30.06.2008 Medical expenses and other employee benefits	30.06.2009 Pension benefits	30.06.2009 Medical expenses and other employee benefits
Discount rate	5.96%	5.88%	6.28%	6.93%
Average rate of increase in annuities	3.66%	2.08%	3.45%	1.77%
Average salary increase	4.06%	3.56%	3.77%	3.24%
Expected return on plan assets	6.21%	4.50%	5.51%	4.25%
Expected increase in medical expenses				
• Initial rate	Not applicable	8.68%	Not applicable	9.23%
• Final rate	Not applicable	5.25%	Not applicable	5.11%

Actuarial assumptions in respect of benefit obligations	30.06.2008 Pension benefits	30.06.2008 Medical expenses and other employee benefits	30.06.2009 Pension benefits	30.06.2009 Medical expenses and other employee benefits
Discount rate	5.72%	5.74%	5.95%	5.89%
Average rate of increase in annuities	3.37%	1.91%	3.66%	2.08%
Average salary increase	3.76%	3.58%	4.05%	3.58%
Expected return on plan assets	6.52%	0.00%	6.21%	4.50%
Expected increase in medical expenses				
• Initial rate	Not applicable	8.52%	Not applicable	8.68%
• Final rate	Not applicable	5.06%	Not applicable	5.25%

Actuarial assumptions at 30 June 2009 (in respect of benefit obligations) By region	United Kingdom	USA	Canada	Eurozone countries	Other non-eurozone countries
Discount rate	6.26%	7.00%	7.27%	5.82%	4.35%
Average rate of increase in annuities	3.57%	0.00%	1.50%	2.72%	1.55%
Average salary increase	4.00%	3.75%	3.50%	3.68%	3.65%
Expected return on plan assets	5.31%	8.00%	6.49%	5.67%	5.58%
Expected increase in medical expenses					
• Initial rate	6.00%	10.00%	9.65%	4.54%	0.00%
• Final rate	5.00%	5.25%	5.00%	4.54%	0.00%

The obligation period-related discount rates used within the euro zone are as follows:

- Short-term rate (3-5 years): 5.00%;
- Medium-term rate (5-10 years): 5.75%;
- Long-term rate (more than 10 years): 5.75% to 6.25%.

The expected rate of return on plan assets of funded or partially funded benefit plans has been determined on the basis of the expected rate of return of each asset class in each country and in accordance with their respective weighting in each fund at 30 June 2009. These rates were determined on the basis of historical rates of return but also taking account of market expectations.

Discount rates are determined by reference to the yield at the balance sheet date on premium category corporate bonds (if available), or on government bonds, with maturities similar to the estimated duration of the benefit obligations.

A change of one point in the rate of increase of medical and healthcare expenses would have an impact of approximately €9 million on the amount of the benefit obligation in respect of post-employment medical and healthcare coverage.

In respect of post-employment medical cover		Effect of a change	
In euro million	With current rate	1% increase	1% decrease
On the present value of the benefit obligation at 30 June 2009	109	9	(8)
On the interest cost for the period and on the service cost for the period	9	0	(0)

The experience gains or losses on the benefit obligations and plan assets are set out below:

	30.06.2009	
In euro million	Pension benefits	Medical expenses and other employee benefits
Amount of experience losses or (gains) on benefit obligations	(87)	(5)
Percentage compared with amount of benefit obligations	(2.77)%	(4.17)%
Amount of experience losses or (gains) on plan assets	322	0
Percentage compared with amount of plan assets	10.74%	-

NOTE 17 Financial liabilities

Net debt, as defined and used by the Group, corresponds to total gross debt (translated at closing rate), including the amount of transaction, cash flow hedge and fair value hedge derivatives, less cash and cash equivalents. At 30 June 2009, net financial debt included the following items:

In euro million	30.06.2008	30.06.2009
Bonds	2,352	2,540
Current financial liabilities (excluding bonds)	950	366
Non-current financial liabilities (excluding bonds)	3,053	8,315
Non-current derivative instruments (in both asset and liability positions) used as fair value hedges of financial assets and liabilities	209	188
Cash and cash equivalents	(421)	(520)
NET FINANCIAL DEBT	**6,143**	**10,888**

1. Breakdown of gross financial debt by maturity

In euro million	30.06.2008	30.06.2009
Short-term debt	347	332
Portion of long-term debt due within 1 year	1,234	51
TOTAL CURRENT DEBT (LESS THAN 1 YEAR)	**1,582**	**383**
Portion of long-term debt due in 1 to 5 years	4,024	10,203
Portion of long-term debt due in more than 5 years	958	822
TOTAL NON-CURRENT DEBT (MORE THAN 1 YEAR)	**4,982**	**11,025**
GROSS FINANCIAL DEBT	**6,563**	**11,408**

Currently, debt falling due within 1 year accounts for 3% of total gross debt.

2. Breakdown of net financial debt by currency and type at 30 June 2009 after foreign exchange hedging

In euro million	Total	Syndicated loan	Commercial paper	Bonds	Currency swaps and others
EUR	5,416	1,747	250	1,658	1,761
USD	6,294	6,282	-	-	12
JPY	78	59	-	-	19
GBP	(350)	-	-	882	(1,233)
Other currencies	(549)	-	-	-	(549)
TOTAL	**10,888**	**8,088**	**250**	**2,540**	**10**

3. Breakdown of net financial debt by currency and maturity at 30 June 2009 after foreign exchange hedging

In euro million	Total	< 1 year	> 1 year and < 5 years	> 5 years	Cash
EUR	5,416	951	3,793	794	(122)
USD	6,294	37	6,285	0	(28)
JPY	78	22	59	0	(4)
GBP	(350)	(390)	55	0	(15)
Other currencies	(549)	(237)	10	29	(351)
TOTAL	**10,888**	**383**	**10,203**	**822**	**(520)**

4. Breakdown of interest rate hedging types by currency at 30 June 2009

In euro million	Net debt by currency	Fixed debt	"Capped" floating rate debt	Non-hedged floating rate debt	% hedged debt/ fixed debt
EUR	5,416	1,858	750	2,807	48%
USD	6,294	2,653	2,193	1,448	77%
JPY	78	-	-	78	0%
GBP	(350)	-	-	(350)	0%
Other currencies	(549)	-	-	(549)	0%
TOTAL	**10,888**	**4,512**	**2,943**	**3,434**	**68%**

5. Schedule of financial liabilities at 30 June 2009

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 30 June 2009 rates.

In euro 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-bearing loans and borrowings:	(11,221)	(12,329)	(467)	(148)	(1,139)	(1,903)	(423)	(7,365)	(884)
Cross currency swaps:	(188)	-	-	-	-	-	-	-	-
• Payable flows	-	(1,114)	(14)	(13)	(688)	(10)	(10)	(379)	0
• Receivable flows	-	964	15	31	574	17	17	310	0
Derivative instruments – liabilities	(268)	(516)	(108)	(88)	(139)	(87)	(84)	(10)	0
TOTAL	**(11,676)**	**(12,995)**	**(575)**	**(217)**	**(1,392)**	**(1,983)**	**(500)**	**(7,444)**	**(884)**

* *Including interest.*

6. Vin&Sprit syndicated loan

On 23 July 2008, Pernod Ricard used part of the facilities granted by the multilinked-currency syndicated loan agreement signed on 27 March 2008, for €4,988 million (including €2,020 million in multicurrencies) and $10,138 million. At 30 June 2009, it had drawn down from this credit facility €1,747million, $8,879 million and ¥8 billion, a total equivalent to €8,088 million. The credit facilities, whether revolving or fixed maturity, denominated in euros, American dollars or multicurrencies, incur interest at the applicable LIBOR (or, for euro denominated borrowing, EURIBOR), plus a pre-determined spread and mandatory costs. These facilities have maturities ranging from 1 to 5 years. This borrowing enabled the Group to repay the amounts due under the syndicated loan facility agreed in August 2005, to finance the Allied Domecq acquisition price and to refinance certain debt owed by the Group.

7. Bonds

On 6 December 2006, Pernod Ricard SA issued bonds in a total amount of €850 million, in two tranches with the following characteristics:

- Tranche 1: floating rate

Tranche 1 is composed of €300 million of floating rate notes with a remaining period to maturity of 2 years (maturity date: 6 June 2011) which bear interest at EURIBOR 3 months plus 50 basis points.

- Tranche 2: fixed rate

Tranche 2 is composed of €550 million of notes with a remaining period to maturity of 4 and a half years (maturity date: 6 December 2013) which bear interest at a fixed rate of 4.625%.

On 15 June 2009, Pernod Ricard SA issued €800 million of bonds with the following characteristics: remaining period to maturity of 5 and a half years (maturity date: 15 January 2015) and bearing fixed-rate interest of 7%.

8. Allied Domecq bonds

At 30 June 2009, bonds issued by Allied Domecq Financial Services Ltd consist of a £450 million issue bearing a nominal interest rate of 6.625% maturing on 18 April 2011 and a £250 million issue bearing a nominal interest rate of 6.625% maturing on 12 June 2014.

NOTE 18 Financial instruments

1. Fair value of financial instruments

In euro million	IAS 39 category	Fair value at 30.06.2009	Carrying amount at 30.06.2009	Financial instruments included in net debt
Assets				
Trade receivables	Receivables at amortised cost	936	936	-
Other current assets	Receivables at amortised cost	185	185	-
Non-current financial assets:				
• Available-for-sale financial assets	Available-for-sale financial assets at fair value through equity	39	39	-
• Guarantees and deposits	Financial assets at fair value through profit or loss	54	54	-
• Investment-related loans and receivables	Receivables at amortised cost	3	3	-
• Other financial assets	Financial assets at fair value through profit or loss	9	9	-
Derivative instruments – assets	Financial assets at fair value	23	23	-
Cash and cash equivalents	Financial assets at fair value through income	520	520	
CASH AND CASH EQUIVALENTS				**520**
Liabilities				
Bonds	Financial liabilities at amortised cost and fair value	2,482	2,540	2,540
Bank loans – current				
• Syndicated loan	Financial liabilities at amortised cost	0	0	0
• Commercial paper	Financial liabilities at amortised cost	250	250	250
• Other	Financial liabilities at amortised cost	116	116	116
Bank loans – non-current				
• Syndicated loan	Financial liabilities at amortised cost	8,088	8,088	8,088
• Other	Financial liabilities at amortised cost	175	175	175
Finance lease obligations	Financial liabilities at amortised cost	52	52	52
Derivative instruments – liabilities	Financial assets at fair value	455	455	188
GROSS FINANCIAL DEBT		-	-	**11,408**
NET FINANCIAL DEBT		-	-	**10,888**

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.

The market value of instruments recognised in the financial statements at the balance sheet date was calculated on the basis of available market data, using standard discounted cash flow methods. The disparity of valuation models implies that these valuations do not necessarily reflect the amounts that could be received or paid if these instruments were to be settled in the market.

The methods used are as follows:

- 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 foreign currency forwards and interest rate and foreign currency swaps was calculated using the market prices that the Group should pay or receive to settle these contracts.

2. Risk management

Management and monitoring of financial risks is performed by the Financing and Treasury Department, which has ten staff members. This department, which is part of the Group Finance Department, manages all financial exposures and prepares monthly reporting to the attention of General Management. It processes or validates all hedging transactions in the context of a programme approved by General Management.

All financial instruments used hedge existing or forecast hedge transactions or investments. They are contracted with a limited number of counterparts who benefit from a first class rating from specialised rating agencies.

Management of liquidity risk

At 30 June 2009, cash and cash equivalents totalled €520 million. An additional €1,532 million of medium-term credit facilities with banks were confirmed and remained undrawn at this date. Group funding is provided in the form of long-term debt (syndicated loan, bonds, etc.) and short-term financing (commercial paper, bank overdraft, etc.) which provide adequate financial resources to ensure the continuity of its business. Net short-term financial debt was €383 million.

In addition, the Group's bank and bond debt contracts include covenants. Breaches of these covenants could force the Group to make accelerated payments. As of 30 June 2009, the Group was in compliance with the covenants (consolidated EBITDA/net financing cost and Net debt/consolidated EBITDA) under the terms of its syndicated loans.

Similarly, while the vast majority of the Group's cash surplus is placed with branches of global banks enjoying the highest agency ratings, it cannot be ruled out that these Group investments may experience reduced liquidity and severe volatility.

Management of currency risk

The Group prepares its financial statements in euros and is therefore exposed to fluctuations against the euro of other currencies in which its assets and liabilities are denominated (asset risk) or in which it carries out its operations (transaction and currency translation risks).

Although certain hedging strategies can limit exposure, there is no absolute protection against the impact of exchange rate movements.

Regarding asset risk, financing foreign currency-denominated assets acquired by the Group with debt in the same currency provides natural hedging. This principle was applied to the acquisition of Seagram, Allied Domecq and Vin&Sprit assets denominated in American dollars and Japanese yen.

Movements in currencies against the euro (notably the American dollar) may impact the nominal amount of these debts and the financial costs published in euros in the consolidated financial statements, and this could affect the Group's reported results.

Regarding operational risk, due to its international exposure, the Group faces currency risks related to transactions carried out by subsidiaries in a currency other than their functional currency.

In all cases, the Group policy is to invoice end customers in the functional currency of the distributing entity. Currency exposure generated by intragroup billings between producer and distributor subsidiaries are managed through a monthly centralisation and netting process. This process involves most countries whose currencies are freely convertible and transferable and whose domestic laws allow their participation. This system hedges against net exposure using forward exchange contracts.

Residual risk is partially hedged using financial derivatives (forward buying, forward selling or options) to hedge certain or highly probable non-Group operating receivables and payables.

Sensitivity analysis of financial instruments to currency risks

Financial liabilities classified as hedges of a net investment are essentially sensitive to fluctuations in the American dollar; a 1% increase or decrease in the dollar/euro exchange rate would affect Group shareholders' equity by +/-€18 million. This impact would be offset by change in the translated value of the net investment being hedged.

Management of interest rate risk

At the time the syndicated loans for the acquisition of Seagram and Allied Domecq assets were put in place, the Group exceeded the hedging obligation required by the banks. The hedging portfolio includes swaps and interest rate options in addition to fixed-rate debt.

Analysis of the sensitivity of financial instruments to interest rate risks (impacts on the income statement):

- a 50bp increase or decrease in (USD and EUR) interest rates would increase or reduce the cost of net financial debt by 4%;
- changes in the fair value of fair value hedges resulting from movements in the market rates of hedging and hedged instruments consist chiefly of:

Financial instrument	50bp increase in interest rates	50bp decrease in interest rates
Cross currency swaps	10	(10)
Bonds hedged by cross currency swaps	(12)	12
Fair value instruments	(2)	2

Analysis of the sensitivity of financial instruments to interest rate risks (impact on equity)

A relative fluctuation of +/-50bp in (USD and EUR) interest rates would generate an equity gain or loss of approximately €70 million as a result of changes in the fair value of the derivatives documented as cash flow hedges (swaps and interest rate options).

Counterparty risk in financial transactions

The Group would be exposed to the default of a counterpart. In order to limit this exposure, the Group performs rigorous selection of counterparts according to several criteria, including credit ratings, and depending on the maturity dates of the transactions. The Group's exposure to credit risk is limited and is not significantly concentrated on any given counterpart.

3. Specific clauses

The Group met the thresholds set by the banks under the syndicated loan agreement, requiring a ratio of net debt to EBITDA of 6.75 and ratio of EBITDA to financing costs of 2.25.

NOTE 19 Interest rate and foreign exchange derivatives

1. Interest rate derivatives

	Notional amount of contracts				
In euro million	< 1 year	1 to 5 years	> 5 years	Total	Market value
Interest rate swaps – borrower floating rate	-	-	-	-	-
Interest rate swaps – borrower fixed rate	-	3,153	-	3,153	(167)
Purchases of caps	354	-	-	354	-
Collars (Buy Caps-Sell Floors)	1,132	1,458	-	2,590	(85)
LENDER FIXED-RATE CROSS CURRENCY SWAPS €/£	**-**	**1,031**	**-**	**1,031**	**(188)**

The notional amount of these contracts is the nominal value of the contracts. Notional amounts denominated in foreign currencies are translated into euros at year-end rates. Estimated values are based on information available on the financial markets and valuation methods appropriate to the type of financial instrument concerned. These valuation methods were subjected to a dedicated review during the year and found to yield results consistent with the valuations provided by bank counterparts.

2. Foreign exchange hedges on foreign currency denominated debt

The Group uses currency swaps in the context of its cash pooling operations. These financial instruments have an average duration of one and a half month and do not have a significant market value.

3. Foreign exchange hedges on foreign currency denominated transactions

The Group primarily uses forward contracts to hedge against currency risks related to transactions recognised on its balance sheet.

Classification of hedges and use of derivative instruments

Type of hedge	Description of financial instrument	Nominal in euro million	Risk hedged	Fair value at the balance sheet date in euro million
Fair value hedge				
Interest rate and currency hedges	Cross currency swaps	1,031	Interest rate and foreign exchange risk on a debt denominated in a foreign currency	(188)
Cash flow hedge				
Interest rate risk hedges	Swaps	3,153	Risk of changes in interest flows on floating rate debt	(167)
	Caps	354	Risk of changes in interest flows on floating rate debt	-
	Collars	2,590	Risk of changes in interest flows on floating rate debt	(85)
Outside hedge accounting				
Currency risk hedges	Cross currency swaps and forex forwards	2,213	Foreign exchange risk on intra-group financing	7

NOTE 20 Trade and other accounts payable

The breakdown of operating payables is as follows:

In euro million	30.06.2008	30.06.2009
Trade payables	892	881
Taxes and Social security	418	517
Other operating payables	337	356
Other payables	3	5
TOTAL	**1,650**	**1,759**

Most operating payables are due within one year.

NOTE 21 Notes to the consolidated cash flow statement

1. Working capital needs

Pernod Ricard has implemented programmes to sell the receivables of various subsidiaries, with a total gross amount of €351 million. The cash raised allowed the Group to repay part of the loan taken out to acquire Vin&Sprit. As substantially all risks and rewards associated with the receivables were transferred, they were derecognised at 30 June 2009.

2. Capital expenditure

At 30 June 2009, capital expenditure related mainly to the construction of new warehouses or the renewal of machinery and equipment in the production subsidiaries and to purchases of software and other intangible assets.

3. Proceeds from disposals of property, plant and equipment and intangible assets

Disposals mainly relate to the sale of the Wild Turkey brand.

4. Change in scope

Pernod Ricard consolidated V&S group companies as from 23 July 2008.

5. Share issues, subscription/redemption of loans

The Group took out a new syndicated loan in July 2008 to finance the acquisition of V&S and to repay the syndicated loan arranged in April 2005. In addition, Pernod Ricard SA held a capital increase in May 2009 and a bond issue in June 2009.

NOTE 22 Shareholders' equity

1. Share capital

Pernod Ricard's share capital changed as follows between 1 July 2007 and 30 June 2009:

	Number of shares	Amount *(in euro million)*
Share capital at 30 June 2007	**109,611,879**	**340**
Share split of 15 January 2008	109,740,362	-
Exercise of stock options (plan of 18 December 2001)	139,520	0
Exercise of stock options (plan of 17 December 2002)	186,425	0
Exercise of stock options (plan of 11 February 2002)	4,788	0
Share capital at 30 June 2008	**219,682,974**	**341**
Capital increase held on 14 May 2009	38,786,220	60
Exercise of stock options (plan of 18 December 2001)	102,880	0
Exercise of stock options (plan of 17 December 2002)	65,062	0
Exercise of stock options (plan of 11 February 2002)	3,400	0
Share capital at 30 June 2009	**258,640,536**	**401**

Pernod Ricard shares were split in two on 15 January 2008.

On 14 May 2009, Pernod Ricard SA increased its capital, issuing 38,786,220 new shares.

All Pernod Ricard shares are issued and fully paid and have a nominal amount of €1.55. Only one category of ordinary 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 30 June 2009, Pernod Ricard SA and its controlled subsidiaries held 1,282,528 Pernod Ricard shares valued at €59 million.

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

As part of its stock option plans, Pernod Ricard SA holds either directly (treasury shares) or indirectly (calls or repurchase options) shares that may be granted if options are exercised under the stock option plans or, in the case of free shares, if performance targets are met.

3. Dividends paid and proposed

Following the Shareholders' Meeting of 5 November 2008, the Group, on 18 November 2008, paid the outstanding dividend balance due in respect of the financial year ended 30 June 2008, being €0.69 per share. The total dividend in respect of the financial year ended 30 June 2008 was €1.32 per share.

An interim dividend of €0.50 per share was paid on 8 July 2009 in respect of the financial year ended 30 June 2009.

4. Sale and repurchase agreements

In 2008, Pernod Ricard SA sold a number of treasury shares acquired to cover certain stock option plans under repurchase agreements. The repurchase options mean that Pernod Ricard SA can buy back these shares whenever the options are exercised at the exercise price.

5. Capital increase

On 14 May 2009, at the close of an offer launched on 15 April 2009, Pernod Ricard carried out a capital increase of 38,786,220 shares at a subscription price of €26.70. This capital increase raised a gross €1,036 million and a net €1,010 million. The new shares are valid from 1 July 2008 and therefore entitle the holders to receive the dividends paid in respect of the year ended 30 June 2009.

6. Share Capital Management

The Group manages its share capital in such a way as to optimise its cost of capital and profitability for its shareholders, provide security for all its counterparts and maintain a high rating. In this context, the Group may adjust its payment of dividends to shareholders, repay part of its share capital, buy back its own shares and authorise share-based payment plans.

NOTE 23 Share-based payments

Stock option plans

All of the plans are equity-settled, except for the plans granted on 14 June 2006, 18 January 2007 and 21 June 2007, which, in addition to the award of stock options, also included awards of Stock Appreciation Rights (SARs) to Group employees. The SARs are cash-settled options. The 21 June 2007 and 18 June 2008 plans also include a free share grant.

On the exercise of their rights, the beneficiaries of the SARs will receive a cash payment based on the Pernod Ricard share price equal to difference between the Pernod Ricard share price at the date of the exercise of the rights and the exercise price set at the date of grant.

The stock option plan that was initiated on 28 January 1999 expired on 28 January 2009.

No stock option or free share plans were granted during the year ended 30 June 2009.

Information relating to stock option plans

Stock option plans are granted to managers with high levels of responsibility or to managers or non-managers who have demonstrated a high level of commitment to the Group and proved their effectiveness in the performance of their work.

Following the Pernod Ricard SA capital increase of 14 May 2009, adjustments were made to the number of stock options and free shares granted to employees and to the subscription or purchase price applying. These adjustments take into account of the capital increase.

	Plan dated 02.11.2004	Plan dated 25.07.2005	Plan dated 14.06.2006	Plan dated 14.06.2006	Plan dated 18.01.2007	Plan dated 21.06.2007
Type of options	Purchase	Purchase	Purchase	SARs	SARs	Purchase
Performance conditions	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional
Number of beneficiaries	459	485	555	49	1	515
Vesting date of options/shares	18.11.2008	12.08.2009	15.06.2010	15.06.2009	18.01.2010	22.06.2011
Exercisable from	18.11.2008	12.08.2009	15.06.2010	15.06.2009	18.01.2010	22.06.2011
Expiry date	17.11.2014	11.08.2015	14.06.2016	14.06.2016	18.01.2017	21.06.2015
Subscription or purchase price in euro at 30 June 2009**	43.15	53.64	59.58	59.58	67.41	76.22
Outstanding options at 30 June 2009*	1,770,939	940,523	2,178,558	215,692	5,934	830,244
Stock option expense 2008-2009 (in euro million)	3	4	10	(1)	(0)	4

	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 18.06.2008	Plan dated 18.06.2008	Plan dated 18.06.2008***
Type of options	SARs	Purchase	Free	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Unconditional	Conditional	Conditional
Number of beneficiaries	56	13	731	598	13	804
Vesting date of options/shares	22.06.2011	22.06.2011	21.06.2009	19.06.2012	19.06.2012	19.06.2010 (FRA) 19.06.2012 (RDM)
Date on which options/shares may be sold	22.06.2011	22.06.2011	21.06.2011	19.06.2012	19.06.2012	19.06.2012 (FRA and RDM)
Expiry date	21.06.2015	21.06.2015	N.A.	19.06.2016	19.06.2016	N.A.
Subscription or purchase price in euro at 30 June 2009**	76.22	76.22		67.48	67.48	
Outstanding options at 30 June 2009*	87,321	124,793	221,157	1,103,065	140,930	196,188
Stock option expense 2008-2009 (in euro million)	(0)	1	7	4	0	4

* On 15 April 2009, Pernod Ricard held a capital increase which resulted in a dilution of its share price. The numbers of stock options granted to employees, subscribed for and cancelled have been adjusted to reflect this bonus share issue.

** Share subscription and purchase prices have been adjusted to reflect the dilution of the share price on 15 April 2009.

*** FRA: French tax residents; RDM: non-French tax residents.

Other stock options plans that have not yet expired are explained in the Management Report section of the annual report.

The Group recognised an expense of €27 million in operating profit in respect of the 7 stock option plans effective at 30 June 2009, an expense of €10 million in respect of the 2 free share plans and a gain of €1 million in respect of the SARs programmes. A liability of €2 million was recognised in other current liabilities at 30 June 2009 in respect of the SARs programmes.

Annual expenses *(in euro million)*	30.06.2008	30.06.2009
Stock options (equity settled) – through a double entry to equity	29	27
SARs (cash settled) – through a double entry to other current liabilities	0	(1)
Free shares (equity settled) – through a double entry to equity	7	10
TOTAL ANNUAL EXPENSES	**36**	**37**

Changes made to outstanding stock options during the year are described below:

	Plan dated 02.11.2004	Plan dated 25.07.2005	Plan dated 14.06.2006	Plan dated 14.06.2006	Plan dated 18.01.2007	Plan dated 21.06.2007
Type of options	Purchase	Purchase	Purchase	SARs	SARs	Purchase
Performance conditions	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional
Outstanding options at 30.06.2008	**1,780,966**	**892,646**	**2,070,356**	**213,558**	**5,600**	**789,008**
Granted between 01.07.2008 and 15.04.2009	-	-	-	-	-	-
Cancelled between 01.07.2008 and 15.04.2009	5,028	5,180	14,380	4,152	-	4,782
Exercised between 01.07.2008 and 15.04.2009	24,158	-	-	-	-	-
Expired between 01.07.2008 and 15.04.2009	-	-	-	-	-	-
Outstanding options at 15.04.2009	**1,751,780**	**887,466**	**2,055,976**	**217,710**	**5,600**	**784,226**
Adjustment made on 15 April 2009*						
Outstanding options at 15.04.2009	**1,856,059**	**940,523**	**2,178,558**	**230,692**	**5,934**	**831,026**
Granted between 15.04.2009 and 30.06.2009	-	-	-	-	-	-
Cancelled between 15.04.2009 and 30.06.2009	32,897	-	-	15,000	-	782
Exercised between 15.04.2009 and 30.06.2009	52,223	-	-	-	-	-
Expired between 15.04.2009 and 30.06.2009	-	-	-	-	-	-
Outstanding options at 30.06. 2009	**1,770,939**	**940,523**	**2,178,558**	**215,692**	**5,934**	**830,244**

	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 18.06.2008	Plan dated 18.06.2008	Plan dated 18.06.2008
Type of options	SARs	Purchase	Free	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Unconditional	Conditional	Conditional
Outstanding options at 30.06.2008	**86,338**	**117,774**	**300,814**	**1,054,635**	**133,015**	**380,898**
Granted between 01.07.2008 and 15.04.2009	-	-	-	-	-	-
Cancelled between 01.07.2008 and 15.04.2009	1,410	-	6,016	10,022	-	4,690
Exercised between 01.07.2008 and 15.04.2009	-	-	-	-	-	-
Expired between 01.07.2008 and 15.04.2009	-	-	-	-	-	-
Outstanding options at 15.04.2009	**87,748**	**117,774**	**294,798**	**1,044,613**	**133,015**	**376,208**
Adjustment made on 15 April 2009*						
Outstanding options at 15.04.2009	**92,983**	**124,793**	**312,695**	**1,106,969**	**140,930**	**398,895**
Granted between 15.04.2009 and 30.06.2009	-	-	-	-	-	-
Cancelled between 15.04.2009 and 30.06.2009	5,662	-	6,234	3,904	-	6,519
Lapsed between 15.04.2009 and 30.06.2009	-	-	-	-	-	196,188
Exercised between 15.04.2009 and 30.06.2009	-	-	85,304	-	-	-
Expired between 15.04.2009 and 30.06.2009	-	-		-	-	-
Outstanding options at 30.06.2009	**87,321**	**124,793**	**221,157**	**1,103,065**	**140,930**	**196,188**

* *On 15 April 2009, Pernod Ricard held a capital increase which resulted in a dilution of its share price. The numbers of stock options granted to employees, subscribed for and cancelled were adjusted to reflect this bonus share issue.*

The assumptions used in calculating the fair values of the options, other than use of the binomial model and the terms under which the options were granted, are as follows:

	Plan dated 02.11.2004	Plan dated 25.07.2005	Plan dated 14.06.2006	Plan dated 14.06.2006	Plan dated 18.01.2007	Plan dated 21.06.2007
Type of options	Purchase	Purchase	Purchase	SARs	SARs	Purchase
Performance conditions	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional
Initial share price (in euro after adjustments)	45.03	56.32	57.97	43.51*	44.87**	75.46
Exercise price (in euro after adjustments)	43.15	53.64	59.58	59.58	67.41	76.22
Expected volatility	30%	30%	30%	22%	22%	22%
Expected dividend yield	2%	2%	2%	2%	2%	2%
Risk free rate	3.85%	3.25%	4.00%	4.50%	4.50%	4.50%
IFRS 2 fair value at 30 June 2009	15.43	18.77	18.84	7.82	7.50	19.63

For the SARs granted in June 2006, January 2007 and June 2007 the fair values presented above have been re-estimated at 30 June 2009 in accordance with IFRS 2.

	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 21.06.2007***	Plan dated 18.06.2008	Plan dated 18.06.2008	Plan dated 18.06.2008***
Type of options	SARs	Purchase	Free	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Unconditional	Conditional	Conditional
Share price (in euro)	44.87**	75.46	75.46	64.56	64.56	64.56
Exercise price (in euro)	76.22	76.22		67.48	67.48	
Expected volatility	22%	22%	N.A.	21%	21%	21%
Expected dividend yield	2%	2%	2%	2%	2%	2%
Risk free rate	4.50%	4.50%	4.50%	4.83%	4.83%	4.83%
Fair value (in euro)	5.23	15.22	69.49 (FRA) 70.24 (RDM)	16.07	12.31	55.31 (FRA) 58.54 (RDM)

* *Share price at 15.06.2009.*
** *Share price at 30.06.2009.*
*** *FRA: French tax residents; RDM: non-French tax residents.*

For the 2002-2006 plans, the volatility assumption was determined on the basis of the historical daily share price over a period equivalent to the maturity of the options.

For the 2007 and 2008 plans, the volatility assumption was determined using a multi-criteria approach taking into consideration:

- historic volatility over a period equal to the estimated duration of the options;
- historic volatility over a shorter period;
- implicit volatility calculated on the basis of options available in financial markets.

The volatility assumption used for the 2008 and 2009 measurements was based on an analysis of historic volatility.

The possibility of the pre-maturity exercise of options was included in the standard stock option plan measurement model (with and without market-related performance dependence). The assumption adopted was that 1% of options would be exercised every year as a result of employees leaving the Company, that 67% of options would be exercised when the share price reached 150% of the exercise price and that 33% would be exercised when the share price rose to 250% of the exercise price.

The options allocated on 18 June 2008 to Company Directors and Group Executive Committee are subject to the market performance of the Pernod Ricard share price relative to the market price on the date of allocation. The stock options will be exercisable from 19 June 2012, subject to the Pernod Ricard share price having outperformed the CAC 40 index over the period from 18 June 2008 to 19 June 2012. A simulation model (Monte Carlo) was used in order to reflect this performance requirement in the estimated fair value of the options.

The fair value of the free shares allocated on 18 June 2008 under Plan 16 is the market price of the share on the date of allocation, less the loss of dividends forecast for the vesting period (2 years for French tax residents and 4 years for non-French tax residents). For French tax residents, a cost to reflect the non-saleable nature of the shares for an additional period of 2 years was also applied and was estimated as being in the order of 4 to 5% of the fair value of the share. In addition, the number of free shares granted in the context of this plan will depend on the level of the Group profit from recurring operations for the year ended 30 June 2009 compared with budgeted profit from recurring operations. The fair value of the plan will be adjusted for this condition at the end of the vesting period at the latest.

NOTE 24 Off balance sheet financial commitments and disputes

In euro million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Guarantees received	42	31	7	3
Guarantees granted	1,063	170	857	36
Unconditional purchase obligations	997	317	558	123
Operating lease agreements	213	39	96	77
Other contractual commitments	29	18	8	2
CONTRACTUAL COMMITMENTS	**1,239**	**374**	**662**	**202**

1. Details of main commitments

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 Group (see Note 16).

Main guarantees granted

The Group guaranteed the Allied Domecq pension fund for the contributions owed to it by Allied Domecq Holdings Ltd and its subsidiaries. In addition, the Group granted a guarantee to the holders of Allied Domecq bonds, whose amount was €848 million at 30 June 2009.

2. Contractual commitments

In the context of their wine and champagne production, the Group's Australian subsidiary PR Australia, its New Zealand subsidiary PR New Zealand and its French subsidiary Mumm Perrier-Jouët have commitments of, respectively, €270 million, €51 million and €406 million under grape supply agreements. In the context of its cognac production activity, the Group's French subsidiary Martell is committed in an amount of €220 million under maturing spirit supply agreements.

3. Legal risks

Disputes relating to brands

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 ownership at the time of the Stolichnaya trademark in the United States, and sought to block future sales of Stolichnaya products in the United States. In addition, the plaintiffs sought damages, including the disgorgement of all related profits. On 31 March 2006, Judge George Daniels dismissed all of the plaintiffs' claims concerning Allied Domecq International Holdings BV's ownership at that time of the Stolichnaya trademark in the United States. The plaintiffs have filed in the United States Court of Appeals for the Second Circuit an appeal of the portion of the 31 March 2006 decision dismissing their trademark ownership, trademark infringement and fraud claims (as well as the dismissal of certain claims brought only against the SPI entities). That appeal has been fully briefed but oral argument has not been heard. On 15 May 2008, plaintiff Federal Treasury Enterprise Sojuzplodoimport ("FTE") moved (with the consent of all parties) to stay the appeal for one year to allow FTE and SPI Spirits to negotiate the resolution of the appeal and other cases pending around the world between FTE and SPI Spirits. On 19 May 2008, the appellate court granted that motion and stayed the appeal for one year. No agreement has been reached between the parties during the period of the stay, which has now expired. The court has indicated it could set the hearing for the oral arguments related to the appeal before the end of the year.

Havana Club

The Havana Club brand is owned in most countries by a joint venture called Havana Club Holding SA (HCH), in which Pernod Ricard is a shareholder. In some countries, including the United States, the brand is owned by a Cuban company (Cubaexport). Ownership of this brand is currently being contested in the United States and Spain by a competitor of Pernod Ricard.

A United States law relating in particular to the conditions for the protection of brands nationalized by the Castro regime was voted in 1998. This law was condemned by the World Trade Organization (WTO) in 2002 but to date the United States has not modified its legislation to conform to the WTO decision.

1. OFAC (Office of Foreign Assets Control) has decided that this same law had the effect of preventing any renewal of the Havana Club mark which is owned in the United States by Cubaexport. In August 2006, the United States Patent and Trademark Office (USPTO) failed to accept Cubaexport's renewal application in respect of the US registration for Havana Club following guidance from OFAC. Cubaexport has petitioned the Director of the USPTO to reverse this decision and has sued OFAC in a separate proceeding in the Federal Court for the District of Columbia, challenging OFAC's decision and the law and regulations applied by OFAC. On 30 March 2009, the Federal Court of the District of Columbia handed down a ruling (which can be appealed) dismissing Cubaexport's petitions. Cubaexport has appealed this ruling.

   Cubaexport's petition against USPTO's decision has been stayed pending the outcome of the OFAC proceeding.

2. A competitor of the Group sought in the USPTO, to cancel the Havana Club trademark registration which is in the name of Cubaexport. On 29 January 2004, the USPTO rejected this action, refusing to cancel the registration. As this decision was appealed, proceedings are now pending before the Federal 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, the same competitor introduced a Havana Club rum in the United States which is manufactured in Puerto Rico. Pernod Ricard USA has instituted litigation in the Federal Court for the District of Delaware claiming that the competitor is falsely claiming to own the Havana Club trademark and that this false claim and the use of "Havana Club" on rum of non-Cuban origin is misleading and should be enjoined. A ruling is expected by the end of 2009.
4. HCH's rights relating to the Havana Club brand in Spain were confirmed in June 2005 by the First Instance Court in proceedings initiated in 1999 by, notably, this same competitor. This decision was appealed before the Madrid Provincial Audience by the plaintiffs but the appeal was dismissed in February 2007. The plaintiffs then appealed the decision of the Madrid Provincial Audience to the Spanish Supreme Court, which will rule on the merits of the case before 2013 if the appeal is deemed admissible.

Champomy

During 2001, the National Institute for Appellations of Origin (INAO) and the French Comité Interprofessionnel des Vins de Champagne (CIVC) summoned Pernod Ricard and its subsidiaries before the Courts of Paris in order to request the invalidity of the Champomy brands and the prohibition from using them on the grounds that they constitute a violation of the Champagne appellation of origin. Since then, these brands have been sold to the Cadbury Schweppes group. However, Pernod Ricard has granted a warranty to the purchaser with regard to the validity of these trademarks and its contractual liability would be triggered in the event that Champomy brands are cancelled. Pursuant to a court decision of 10 May 2006, the Paris First Instance Court dismissed all the claims of INAO and CIVC. INAO and the CIVC have lodged an appeal but most of their claims were also dismissed by Paris Court of Appeal on 7 November 2007. CIVC and INAO filed an appeal to the Cour de Cassation and presented their supplemental brief in June 2008. In a ruling on 7 July 2009, the Cour de Cassation dismissed all the claims by INAO and CIVC, thereby upholding the previous rulings in favour of Pernod Ricard. The case is now closed.

Commercial disputes

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

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, Pernod Ricard USA Llc, Diageo Plc, Diageo North America Inc. (f/k/a Guinness UDV America Inc. f/k/a UDV North America Inc f/k/a Heublein Inc.), United Distillers Manufacturing Inc., IDV North America Inc. and Seagram Export Sales Company Inc.

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

The defendants moved to dismiss the lawsuit on a variety of grounds, including that the Court lacks subject matter jurisdiction, that Colombia is a more convenient forum, and that the complaint fails to state a legal claim. On 19 June 2007, the District Court granted in part and denied in part the defendants' motions to dismiss.

On 18 January 2008, the Second Circuit Court of Appeals refused to review the District Court's decision.

Discovery is now under way for those of the plaintiff's claims that were not dismissed by the court of first instance. Pernod Ricard will continue to vigorously defend itself against the claims.

Excise duties in Turkey

Allied Domecq Istanbul Iç ve Dis Ticaret Ltd.Sti ("Allied Domecq Istanbul"), as well as some of its competitors, is involved in a customs valuation dispute relating to the customs valuation of certain imports to Turkey. The main issue relates to whether the sales price of Duty Free goods can be used in declaring the customs value for import into Turkey. To date, the customs agency has commenced proceedings against Allied Domecq Istanbul in Turkey for non-compliance with customs regulations in respect of 249 imports. Allied Domecq Istanbul is actively defending its position.

Putative Class Actions in the United States

Origin of Stolichnaya

On 18 October 2006, Russian Standard Vodka (USA), Inc. and Roust Trading Limited filed suit against Allied Domecq Spirits & Wine USA, Inc. ("ADSW USA") and Pernod Ricard USA, Llc ("PR USA") in the United States District Court for the Southern District of New York. On 4 December 2006, plaintiffs filed an amended complaint adding S.P.I. Group SA and S.P.I. Spirits (Cyprus) Limited (together, "SPI") as defendants. Plaintiffs allege that the defendants are engaged in false advertising under federal and New York State law, and deceptive trade practices and unfair competition, first by advertising and promoting Stolichnaya vodka as "Russian Vodka" and second by making certain related claims on defendants' website and in defendants' advertising. Plaintiffs also seek a declaration by the Court that they have not engaged in false advertising by virtue of their public statements challenging the "Russian" character of Stolichnaya vodka, all applicable types of damages and disgorgement of all the Company's related profits.

Since the suit began, the parties have filed several claims and begun the discovery phase. In February 2009, the defendants all moved to obtain a ruling through summary proceedings. SPI's principal argument is the plaintiff's alleged incapacity to bring the suit.

PR USA and ADSW USA argue (notably) that the plaintiffs no longer have a claim for damages as PR USA and ADSW USA have abandoned all activity related to the Stolichnaya brand in the United States. PR USA and ADSW USA have also cited the arguments made by SPI in their claim.

The hearing of the two claims was concluded in April 2009. The parties are now awaiting a ruling from the court. In the meantime, the discovery phase continues.

NOTE 25 Related parties

The remuneration paid to Company Directors and Group Executive Committee members in return for their services to the Group is detailed below:

In euro million	30.06.2008	30.06.2009
Board of Directors*	1	1
Group Executive Committee		
• Short-term benefits	14	13
• Post-employment benefits	4	4
• Share-based payments**	5	5
TOTAL EXPENSES RECOGNISED FOR THE YEAR	**23**	**23**

* Directors' fees.
** The cost of stock option plans is the fair value of the options granted to Group Executive Committee members, and is recognised in the income statement over the vesting period of the options for plans 02.11.2004 to 18.06.2008.

NOTE 26 Post balance sheet events

On 27 July 2009, the Group sold coffee liqueur brand Tia Maria to Illva Saronno for €125 million.

NOTE 27 List of main consolidated companies

Corby Distilleries Limited is consolidated using the full consolidation method because of the Group's majority control percentage in respect of this Company.

Incorporated bodies	Countries	% holding at 30.06.08	% holding at 30.06.2009	Consolidation method
Pernod Ricard SA	France	Parent Company	Parent Company	
Pernod Ricard Finance SA	France	100	100	F.C.
JFA SA (merged into PR SA)	France	100	0	F.C.
Ricard SA	France	100	100	F.C.
Pernod SA	France	100	100	F.C.
Cusenier SA	France	100	100	F.C.
Société des Produits d'Armagnac SA	France	100	100	F.C.
Spirits Partners	France	100	100	F.C.
Pernod Ricard Europe SA	France	100	100	F.C.
Pernod Ricard España SA	Spain	100	100	F.C.
Pernod Ricard Swiss SA	Switzerland	99.65	100	F.C.
Pernod Ricard Italia SPA	Italy	100	100	F.C.
Pernod Ricard Portugal – Distribuiçao SA	Portugal	100	100	F.C.
Pernod Ricard Deutschland GMBH	Germany	100	100	F.C.
Pernod Ricard Austria GMBH	Austria	100	100	F.C.
Pernod Ricard Nederland BV	Netherlands	100	100	F.C.
Pernod Ricard Minsk LLC	Belarus	99	99	F.C.
Pernod Ricard Ukraine SC with FI	Ukraine	100	100	F.C.

Incorporated bodies	Countries	% holding at 30.06.08	% holding at 30.06.2009	Consolidation method
SC Pernod Ricard Romania SRL	Romania	100	100	F.C.
Georgian Wines and Spirits Company LLC	Georgia	100	100	F.C.
Pernod Ricard Latvia LLC	Latvia	100	100	F.C.
Pernod Ricard Estonia OÜ	Estonia	100	100	F.C.
Pernod Ricard Hungary Import Szeszesital Kereskedelmi KFT	Hungary	100	100	F.C.
Pernod Ricard Belgium SA	Belgium	100	100	F.C.
Pernod Ricard Rouss CJSC	Russia	100	100	F.C.
Pernod Ricard Sweden AB	Sweden	100	100	F.C.
Pernod Ricard Denmark A/S	Denmark	100	100	F.C.
Pernod Ricard Finland OY	Finland	100	100	F.C.
Tinville SAS	France	100	100	F.C.
Yerevan Brandy Company CJSC	Armenia	100	100	F.C.
Jan Becher – Karlovarska Becherovka, A/S	Czech Republic	100	100	F.C.
SALB, SRO	Czech Republic	100	100	F.C.
Pernod Ricard UK Ltd	United Kingdom	100	100	F.C.
Pernod Ricard Asia SAS	France	100	100	F.C.
Pernod Ricard Japan K.K.	Japan	100	100	F.C.
Pernod Ricard Asia Duty Free Ltd	China	100	100	F.C.
Pernod Ricard Taiwan Ltd	Taiwan	100	100	F.C.
Pernod Ricard Taiwan Spirits and Wines Ltd	Taiwan	100	100	F.C.
Pernod Ricard Thailand Ltd	Thailand	100	100	F.C.
Pernod Ricard Korea Co. Ltd	South Korea	100	100	F.C.
Pernod Ricard Singapore PTE Ltd	Singapore	100	100	F.C.
Pernod Ricard Malaysia SDN BHD	Malaysia	100	100	F.C.
Martell Far East Trading Ltd	China	100	100	F.C.
Pernod Ricard (China) Trading Co Ltd	China	100	100	F.C.
Shangai Yijia International Trading Co. Ltd	China	100	100	F.C.
Établissements Vinicoles Champenois (EVC)	France	100	100	F.C.
Pernod Ricard North America SAS	France	100	100	F.C.
Pernod Ricard USA	USA	100	100	F.C.
Pernod Ricard CESAM (Central and South America)	France	100	100	F.C.
Pernod Ricard Argentina Corp.	Argentina	100	100	F.C.
Pernod Ricard Venezuela CA	Venezuela	100	100	F.C.
Pramsur SA	Uruguay	100	100	F.C.
Pernod Ricard Chile SA	Chile	100	100	F.C.
Pernod Ricard Colombia SA	Colombia	100	100	F.C.
Pernod Ricard Brasil Industria e Comercio PLLC	Brazil	100	100	F.C.
Pernod Ricard Uruguay SA	Uruguay	100	100	F.C.
Agros Holding SA	Poland	100	100	F.C.
Wyborowa SA	Poland	100	100	F.C.
Chivas Brothers (Holdings) Ltd	United Kingdom	100	100	F.C.
Chivas 2000 UL	United Kingdom	100	100	F.C.
The Glenlivet Distillers Ltd	United Kingdom	100	100	F.C.
Glenlivet Holdings Ltd	United Kingdom	100	100	F.C.
Hill, Thomson & Co Ltd	United Kingdom	100	100	F.C.
Chivas Brothers Pernod Ricard Ltd	United Kingdom	100	100	F.C.
Chivas Brothers Ltd	United Kingdom	100	100	F.C.
Pernod Ricard Travel Retail Europe	United Kingdom	100	100	F.C.
Irish Distillers Ltd	Ireland	100	100	F.C.
Fitzgerald & Co Ltd	Ireland	100	100	F.C.

Incorporated bodies	Countries	% holding at 30.06.08	% holding at 30.06.2009	Consolidation method
Dillon Bass Ltd	United Kingdom	63	74	F.C.
Watercourse Distillery Ltd	Ireland	100	100	F.C.
Pernod Ricard South Africa PTY Ltd	South Africa	100	100	F.C.
Comrie Ltd	Ireland	100	100	F.C.
Martell Mumm Perrier-Jouët SAS	France	100	100	F.C.
Martell & Co SA	France	100	100	F.C.
Augier Robin Briand & Co SA	France	100	100	F.C.
Domaines Jean Martell	France	100	100	F.C.
Pernod Ricard Pacific Holding Pty Ltd	Australia	100	100	F.C.
Pernod Ricard Pacific Pty Ltd	Australia	100	100	F.C.
Orlando Wyndham Group Pty Ltd	Australia	100	100	F.C.
Orlando Wyndham New Zealand Ltd	Australia	100	100	F.C.
Montana Group (NZ) Ltd	New Zealand	100	100	F.C.
Peri Mauritius	Mauritius	100	100	F.C.
Pernod Ricard India	India	100	100	F.C.
Seagram Distilleries (P) Ltd	India	100	100	F.C.
Havana Club Internacional	Cuba	50	50	F.C.
AD Argentina SA	Argentina	100	100	F.C.
Allied Domecq Australia Pty Ltd	Australia	100	100	F.C.
Pernod Ricard Bosnia d.o.o.	Bosnia	100	100	F.C.
Pernod Ricard Bulgaria EOOD	Bulgaria	100	100	F.C.
AD Brasil Comercio e Industria Ltda	Brazil	100	100	F.C.
Corby Distilleries Ltd	Canada	45.76	45.76	F.C.
Hiram Walker and Sons Ltd	Canada	100	100	F.C.
ADSW Switzerland	Switzerland	100	0	F.C.
Tia Maria Ltd	Switzerland	100	100	F.C.
PRC Diffusion EURL	France	100	100	F.C.
Allied Domecq Spirits & Wine (Shanghai) Trading Co Ltd	China	100	100	F.C.
AD sro – Czech Republic	Czech Republic	100	100	F.C.
ADSW Danmark AS	Denmark	100	100	F.C.
ADSW Estonia AS	Estonia	100	100	F.C.
Domecq Bodegas	Spain	98.45	98.45	F.C.
ADSW Finland Oy	Finland	100	100	F.C.
Financière Moulins de Champagne S.A.S.	France	100	100	F.C.
G.H. Mumm & Cie – Sté Vinicole de Champagne Successeur	France	100	100	F.C.
Champagne Perrier-Jouët SA	France	99.5	99.5	F.C.
SA Théodore Legras	France	99.5	99.5	F.C.
ADSW (Overseas) Ltd	United Kingdom	100	100	F.C.
Allied Domecq (Holdings) Ltd	United Kingdom	100	100	F.C.
AD Pensions Limited	United Kingdom	100	100	F.C.
AD Medical Expenses Trust Ltd	United Kingdom	100	100	F.C.
Allied Domecq Ltd	United Kingdom	100	100	F.C.
ADFS PLC	United Kingdom	100	100	F.C.
Hiram Walker and Sons (UK) Ltd	United Kingdom	100	100	F.C.
CG Hibbert Ltd	United Kingdom	100	100	F.C.
Allied Domecq Spirits & Wine (China) Ltd	China	100	100	F.C.
Pernod Ricard Croatia d.o.o.	Croatia	100	100	F.C.
PR Hungary Kft	Hungary	100	100	F.C.
Jinro Ballantines Co	South Korea	70	70	F.C.

Incorporated bodies	Countries	% holding at 30.06.08	% holding at 30.06.2009	Consolidation method
ADSW Latvia	Latvia	100	100	F.C.
Casa Pedro Domecq	Mexico	100	100	F.C.
AD International Holdings BV	Netherlands	100	100	F.C.
Pernod Ricard New Zealand Ltd	New Zealand	100	100	F.C.
Pernod Ricard Philippines Inc.	Philippines	100	100	F.C.
Ballantine's Polska Sp z.o.o. – Poland	Poland	100	100	F.C.
Pernod Ricard Slovenja d.o.o.	Slovenia	100	100	F.C.
Allied Domecq Retailing Sweden	Sweden	100	100	F.C.
AD Istanbul Dom. and Foreign Trade Ltd	Turkey	100	100	F.C.
Brand Partners	Norway	50	100	F.C.
Austin, Nichols & Co, Inc.	USA	100	100	F.C.
La Casa dels Licors	Andorra	100	100	F.C.
Pernod Ricard Lithuania	Lithuania	100	100	F.C.
V&S Vin&Sprit AB	Sweden		100	F.C.
V&S Luksusowa Zielona Gora SA	Poland		100	F.C.
V&S Norway A/S	Norway		100	F.C.
V&S Plymouth Ltd	United Kingdom		100	F.C.

Statutory Auditors' Report on the consolidated financial statements

For the financial year ended 30 June 2009

To the shareholders,

In our capacity as Statutory Auditors, we hereby present our report for the financial year ending 30 June 2009, on:

- the audit of Pernod Ricard's consolidated financial statements, as attached to this report;
- the justification of our assessments;
- the specific verification required by law.

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

I – Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable 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 verifying, on a test basis or by other selective methods, the evidence supporting the amounts and disclosures contained in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the management as well as the overall presentation of the financial statements. We consider that the information that we have obtained provides a sufficient and appropriate basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of entities in accordance with IFRS as adopted by the European Union.

II – Justification of assessments

The accounting estimates used in preparing the financial statements at 30 June 2009 were made under conditions of economic and financial crisis, which meant it was difficult to forecast the economic outlook. These conditions are described in Note 1.5 to the consolidated accounts, "Principal uncertainties arising from the use of estimates and judgment by Management". The same note also states that certain circumstances could lead to changes in these estimates and that actual outcomes could be different.

It is in this context that, in accordance with the provisions of article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- at each balance sheet date the company systematically carries out impairment tests on its goodwill and intangible assets with an indefinite useful life. It also assesses whether there are any indications of an impairment in the value of non-current assets, as detailed in Notes 1.5, 1.7 and 1.9 to the consolidated financial statements. We assessed the data and assumptions on which the estimates are based, particularly the cash flow forecasts prepared by the Company's operational management teams, reviewed the calculations performed by the Company, evaluated the principles and methods used to determine fair values, compared the accounting estimates made in prior years with corresponding outcomes and verified that Note 11 to the consolidated financial statements gives appropriate information;
- the company has recognised provisions for pensions and other post-employment benefits, deferred tax liabilities and other provisions, as described in Note 1.5 to the consolidated financial statements. We have assessed the bases on which these provisions were recognised and reviewed the disclosures concerning risks in Notes 16 and 24 to the consolidated financial statements;
- the assessments were thus made in the context of the performance of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

III – Specific verification

We also carried out the specific verifications required by law of the information contained in the Group management report.

We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 3 September 2009.

The Statutory Auditors

Deloitte & Associés	Mazars
Alain Penanguer	Loïc Wallaert

ANNEX G—2008/2009 PARENT COMPANY FINANCIAL STATEMENTS

5 PERNOD RICARD SA FINANCIAL STATEMENTS

Income statement

For the financial years ending 30 June 2008 and 30 June 2009

In euro thousand	30.06.2008	30.06.2009
Royalties	39,313	35,706
Other income	23,230	19,239
Reversals of financial provisions and expense transfer	2,413	7,668
TOTAL OPERATING INCOME	**64,956**	**62,613**
External services	(73,201)	(71,563)
Duties and taxes	(5,164)	(3,995)
Personnel expenses	(33,537)	(33,733)
Depreciation, amortisation and provision charges	(9,254)	(6,823)
Other expenses	(592)	(692)
TOTAL OPERATING EXPENSES	**(121,749)**	**(116,806)**
Operating profit (loss)	**(56,793)**	**(54,193)**
Income from investments	1,052,768	654,058
Other interest and related income	155,509	233,583
Reversals of financial provisions and expense transfer	4,785	62,062
Translation gains	229,559	505,812
TOTAL FINANCIAL INCOME	**1,442,621**	**1,455,515**
Provision charges	(40,948)	(78,740)
Interest and related expenses	(289,403)	(489,328)
Currency translation losses	(228,153)	(620,124)
TOTAL FINANCIAL EXPENSES	**(558,503)**	**(1,188,192)**
Interest (expense) income	**884,118**	**267,323**
Profit before tax and exceptional items	**827,325**	**213,130**
Exceptional items	**98,272**	**(28,083)**
Net profit/loss before income tax	**925,597**	**185,047**
Corporate income tax	(16)	121,508
PROFIT FOR THE FINANCIAL YEAR	**925,581**	**306,555**

Balance sheet

For the financial years ending 30 June 2008 and 30 June 2009

Assets

In euro thousand	Net value 30.06.2008	Gross value 30.06.2009	Depreciation, amortisation & provisions	Net value 30.06.2009	Notes
Intangible assets	**33,748**	**41,010**	**(7,101)**	**33,909**	**2**
Legal goodwill, brands and software	33,748	41,010	(7,101)	33,909	
Property, plant and equipment	**4,619**	**11,050**	**(6,865)**	**4,185**	
Land	948	948	-	948	
Buildings	872	2,117	(1,280)	837	
Machinery & equipment	4	62	(50)	12	
Other	2,794	7,923	(5,535)	2,388	
Financial assets	**8,489,496**	**11,622,958**	**(137,572)**	**11,485,386**	**3**
Investments	8,362,383	11,368,136	(132,208)	11,235,928	3
Loans and advances to subsidiaries and associates	56,385	236,722	-	236,722	3 & 4
Loans	18	16	-	16	3 & 4
Guarantee deposits	1,369	1,383	-	1,383	3 & 4
Treasury shares	69,340	16,701	(5,364)	11,337	3 & 4
TOTAL FIXED ASSETS	**8,527,863**	**11,675,017**	**(151,538)**	**11,523,480**	
Advances and supplier prepayments	**361**	**1,559**	**-**	**1,559**	**4**
Receivables	**97,291**	**30,580**	**(66)**	**30,514**	**4**
Trade receivables	90,711	25,549	(66)	25,483	
Other	6,580	5,031	-	5,031	
Other receivables	**44,883**	**2,639,563**	**(9,120)**	**2,630,443**	**4**
Marketable securities	**8,624**	**54,939**	**(7,269)**	**47,670**	**5**
Cash	**786**	**2,189**	**-**	**2,189**	
TOTAL CURRENT ASSETS	**151,945**	**2,728,830**	**(16,455)**	**2,712,375**	
Prepaid expenses	56,359	12,856	-	12,856	6
Bond redemption premiums	2,247	3,206	-	3,206	6
Currency translation adjustment – Asset	19,181	350,229	-	350,229	6
TOTAL PREPAID EXPENSES AND DEFERRED CHARGES	**77,786**	**366,291**	**-**	**366,291**	
TOTAL ASSETS	**8,757,594**	**14,770,139**	**(167,993)**	**14,602,146**	

For the financial years ending 30 June 2008 and 30 June 2009

Liabilities and shareholders' equity

In euro thousand	30.06.2008	30.06.2009	Notes
Share capital	**340,509**	**400,893**	**7**
Additional paid-in capital	**2,065,686**	**3,006,701**	
Reserves	**213,539**	**213,610**	
Legal reserves	33,980	34,051	
Regulated reserves	179,559	179,559	
Other reserves	**195,013**	**195,013**	
Retained earnings	**517,716**	**1,155,175**	
Profit for the financial year	**925,581**	**306,555**	
Interim dividends	**(138,400)**	**(129,320)**	
TOTAL SHAREHOLDERS' EQUITY	4,119,643	5,148,627	8
Provision for contingencies and charges	100,723	175,354	9
Debt	**3,310,256**	**6,673,567**	
Bonds	865,613	1,667,118	4 & 13
Bank debt	2,432,933	4,986,463	4 & 14
Other debt	11,710	19,986	4
Trade and other operating payables	**66,736**	**72,651**	**4**
Trade payables	43,116	60,323	
Taxes and Social security	23,620	12,328	
Other liabilities	**1,091,531**	**2,246,962**	**4**
Other payables	1,091,531	2,246,962	
TOTAL LIABILITIES	4,468,523	8,993,180	
Deferred income	55,536	8,488	4 & 11
Currency translation adjustment – Liability	13,169	276,497	11
TOTAL ACCRUED CHARGES AND DEFERRED INCOME	68,705	284,985	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,757,594	14,602,146	

Cash flow statement

For the financial years ending 30 June 2008 and 30 June 2009

In euro thousand	30.06.2008	30.06.2009
Operating activities		
Net profit for the financial year	925,581	306,555
Net depreciation, amortisation and provision charges	155,806	(17,714)
Changes in provisions	50,608	80,082
Net (gain)/loss on disposal of assets and other items	-	(7,401)
Self-financing capacity	**1,131,995**	**361,522**
Decrease/(increase) in working capital	105,515	(2,653,444)
Net debt from operating activities	**1,237,510**	**(2,291,922)**
Investing activities		
Capital expenditure	(1,820)	16,099
Purchases of financial assets net of disposals	(1,536,618)	(2,986,603)
Net debt from investing activities	**(1,538,438)**	**(2,970,504)**
Financing activities		
Bond issue	679	800,545
Other changes in shareholders' equity	16,151	1,001,400
Dividends paid	(266,880)	(288,051)
Net debt from financing activities	**(250,050)**	**1,513,894**
Change in net debt	**(550,978)**	**(3,748,532)**
Net debt at the beginning of the year	(2,626,912)	(3,177,890)
Net debt at the end of the year	(3,177,890)	(6,926,422)

Note: presentation of cash flow statement

Changes in net debt comprise changes in both debt and cash and cash equivalents.

Net debt breaks down as follows:

In euro thousand	30.06.2008	30.06.2009
Loans and long-term debts	(2,454,628)	(5,016,432)
Net balance on current account with Pernod Ricard Finance	(732,891)	(1,967,118)
Marketable securities	8,843	54,939
Cash	786	2,189
NET DEBT AT THE END OF THE YEAR	**(3,177,890)**	**(6,926,422)**

Analysis of results

Relations between the Parent Company and its subsidiaries

The main role of Pernod Ricard SA, the Group's Parent Company, is to carry out general interest and coordination activities in the areas of strategy, financial control of subsidiaries, external growth, marketing, development, research, human resources and communication. Pernod Ricard SA's financial relations with its subsidiaries mainly involve the billing of royalties for the use of brands owned by Pernod Ricard SA, rebilling for research activities relating to product innovation and receipt of dividends.

Highlights of the financial year

1. Acquisition of Vin&Sprit ("V&S")

On 23 July 2008, Pernod Ricard acquired 100% of the shares in the Vin&Sprit group (V&S), for €5.3 billion. The acquisition was funded by means of a syndicated multi-currency loan.

As a result of this acquisition V&S products ceased to be distributed by Future Brands and Maxxium as from 1 October 2008. Pernod Ricard exited the Future Brands joint venture at the cost of a $230 million indemnity fee and Maxxium on payment of €59 million in indemnity fees and the transfer of €60 million of shares on 30 March 2009.

2. Capital increase

On 14 May 2009, Pernod Ricard SA increased its capital by €1,036 million (gross before fees). Under the transaction 38,786,220 new shares were subscribed for at a price of €26.70 per share. The capital increase allowed the company to repay parts of tranche B of its euro- and dollar-denominated syndicated loan: €330 million and $910 million, respectively.

3. Bond issue

On 15 June 2009, Pernod Ricard SA issued €800 million of bonds. The proceeds allowed it to repay the next tranches of the multi-currency syndicated loan falling due and to extend the average maturity of the Group's debt.

Income statement and balance sheet at 30 June 2009

Analysis of the 2008/2009 income statement

Operating income was €62.6 million compared to €65 million in 2008, a fall of €2.4 million linked to declines in royalties on brands and media rebillings, partly offset by reversals of some provisions.

Operating expenses amounted to €(116.8) million compared with €(121.7) million in 2008. The €4.9 million reduction was chiefly due to a lower media spend (media spending is rebilled) and lower depreciation, amortisation and provision charges as well as overall savings on fees and travel costs, despite the rise in banking fees linked to the bond issue.

An operating loss of €(54.2) million was incurred in the financial year ending 30 June 2009.

The interest (expense) income was €267.3 million, compared with €884.1 million at end June 2008. Dividends received at end June 2009 were lower than last year by €(399) million and the cost of debt was €(181.2) million higher.

Operating result before tax amounted to €213.1 million.

Exceptional items at 30 June 2009 represented a charge of €(28.1) million, mainly linked to acquisition fees on the V&S acquisition.

Finally, income tax generated a gain of €121.5 million due to the effects of tax consolidation.

In consequence, net profit for the year at 30 June 2009 was €306.6 million.

Analysis of the 2008/2009 balance sheet

Pernod Ricard's balance sheet total at 30 June 2009 was €14,602 million, an increase of €5,844 million compared with 30 June 2008.

Assets

Total net fixed assets stood at €11,523.5 million, compared with €8,527.9 million the previous financial year. This increase of €2,995.6 million is largely explained by a rise in the value of investments as a result of the V&S acquisition.

Current assets increased by €2,560 million in the year to €2,712 million at 30 June 2009. This significant increase was related to intra-group debts in the context of the V&S acquisition.

Liabilities and shareholders' equity

Shareholders' equity stood at €5,148.6 million, compared with €4,119.6 million for the previous financial year. The €1,029 million increase in shareholders' equity reflected principally the capital increase held on 14 May 2009.

Provisions for contingencies and charges were up by €74.6 million due to the provisions taken for currency losses.

During the year total debt rose by €4,524.7 million as a result of the V&S acquisition (increase in the syndicated loan and PR Finance borrowings), and the bond issue of 15 June 2009.

Notes to the Parent Company financial statements

Pernod Ricard SA is a French public limited company (Société Anonyme), subject to all laws governing commercial companies in France, and particularly to the provisions of the French Commercial Code. The company is headquartered at 12, place des États-Unis, 75016 Paris and is listed on the Paris Stock Market.

The balance sheet total for the financial year ended 30 June 2009 was €14,602,145,569.38. The income statement records a profit for the year of €306,554,754.21. The financial year covered the 12-month period from 1 July 2008 to 30 June 2009.

NOTE 1 Accounting policies

The 2009 financial statements were prepared in accordance with French generally accepted accounting principles. General accounting principles were applied, in accordance with the prudence principle, using certain assumptions whose objective is to provide a true and fair view of the company. These assumptions are:

- going concern;
- consistency of accounting policies from one financial year to the next;
- accruals basis of accounting.

Balance sheet assets and liabilities are measured, depending on the specific items, at their historical cost, contribution cost or market value.

Changes in accounting policies

The rules governing the treatment of stock option plans and the granting of free shares to employees were changed by CRC rule 2008-15 of 4 December 2008.

Under the new rules, the Company recognised shares to be used for stock option and free share plans in a separate sub-item in the marketable securities item. A liability is recorded when the obligation to deliver the shares to employees is incurred. The cost of the Company's stock option and free share plans for employees represents a form of remuneration and is therefore allocated to personnel expenses over the vesting period of the beneficiaries' rights. The application of this new treatment for the financial year 2008/2009 led Pernod Ricard:

- to reclassify shares to be used for stock option and free share plans as marketable securities with a value of €48.8 million;
- to recognise a €0.5 million personnel expense in respect of the plans granted to Company employees.

1. Intangible assets

The brands acquired from the merger of Pernod and Ricard in 1975 and from subsequent mergers are the Company's main intangible assets.

Intangible assets are valued at acquisition cost.

2. Property, plant and equipment

Property, plant and equipment is recognised at acquisition cost (purchase price plus ancillary costs but not including acquisition fees). Depreciation is calculated using the straight-line or reducing balance methods, on the basis of the estimated useful lives of the assets:

- buildings: between 20 and 50 years (straight-line);
- fixtures and fittings: 10 years (straight-line);
- machinery and equipment: 5 years (straight-line);
- office furniture and equipment: 10 years (straight-line) or 4 years (reducing balance).

3. Financial assets

The gross value of investments is composed of their acquisition cost, excluding ancillary costs, increased by the impact of legal revaluations where applicable.

If the value in use of the investments is lower than their net carrying amount, a provision for impairment is recognised for the difference.

Value in use is determined based on multi-criteria analysis, taking into account the share of the subsidiary shareholders' equity that the investment represents, the value based on dividend yield and the financial and economic potential of the subsidiary, with particular reference being made to the market value of its net assets.

The treasury shares item includes own shares held by Pernod Ricard SA which are available to be awarded to employees.

4. Trade receivables

Receivables are recognised at their nominal value. A provision is recognised in the event that their value at the balance sheet date falls below net carrying amount.

5. Marketable securities

This item includes treasury shares acquired for the allocation of stock option and bonus share plans from the time of acquisition.

A liability is recognised when it becomes probable that the rights to receive the securities concerned under the plans will be exercised. For other marketable securities, an impairment provision is taken when the cost price is higher than the market price.

The rules governing the treatment of stock option plans and the granting of free shares to employees were changed by CRC rule 2008-15 of 4 December 2008.

6. Provisions for contingencies and charges

Provisions for contingencies and charges are recognised in accordance with French accounting regulation 2000-06 on liabilities, issued on 7 December 2000 by the French Accounting Regulatory Committee (CRC).

This accounting regulation provides that a liability is recognised when an entity has an obligation towards a third party and that it is probable or certain that this obligation will cause an outflow of resources to the third party without equivalent consideration being received. A present obligation must exist at the balance sheet date for a provision to be recognised.

7. Translation of foreign currency denominated items

Payables, receivables and cash balances denominated in foreign currencies are translated into euros as follows:

- translation of all payables, receivables and cash balances denominated in foreign currencies at year-end rates;
- recognition of differences compared to the amounts at which these items were initially recognised as translation adjustment assets or liabilities in the balance sheet;
- recognition of a provision for any unrealised currency losses, after taking into account the effect of any offsetting foreign exchange hedge transactions.

8. Derivative financial instruments

Differences arising from changes in the value of financial instruments used as hedges are recognised in profit and loss in a manner symmetrical to the manner in which income and expenses relating to the hedged item are recognised.

9. Corporate income tax

Pernod Ricard is subject to the French tax consolidation system defined by the law of 31 December 1987. Under certain conditions, this system allows income taxes payable by profitable companies to be offset against tax losses of other companies. The scheme is governed by articles 223A *et seq.* of the French Tax Code.

Each company in the tax group calculates and accounts for its tax expense as if it were taxed as a standalone entity.

The effects of tax consolidation are recognised in Pernod Ricard's financial statements.

NOTE 2 Intangible assets

Gross value

In euro thousand	At 01.07.2008	Acquisitions	Disposals	At 30.06.2009
Legal goodwill(1)	915	-	(915)	-
Brands	32,590	-	(30)	32,560
Software	7,636	495	(316)	7,815
Advances and down-payments on intangible assets	99	900	(364)	635
TOTAL	**41,241**	**1,395**	**(1,625)**	**41,010**

Amortisation

In euro thousand	At 01.07.2008	Allowances	Reversals	At 30.06.2009
Legal goodwill(1)	(915)	-	915	-
Brands	(2)	(28)	30	-
Software	(6,576)	(841)	316	(7,101)
TOTAL	**(7,493)**	**(869)**	**1,261**	**(7,101)**

(1) *Pernod Ricard SA disposed of the intellectual property rights, customer accounts and legal goodwill relating to Bisquit.*

NOTE 3 Financial assets

Gross value

In euro thousand	At 01.07.2008	Reclassification	Acquisitions	Capital transaction	Disposals	At 30.06.2009
Investments in consolidated entities	8,440,342	-	106,270	3,457,767	(696,563)	11,307,816
Investments in non-consolidated entities	12,581	-	-	-	-	12,581
Other investments	60,001	-	-	-	(12,583)	47,418
Deferred expenses	-	-	-	-	-	-
Advance on investment	321	-	-	-	-	321
Investments	**8,513,244**	**-**	**106,270**	**3,457,767**	**(709,146)**	**11,368,136**
Loans and advances to subsidiaries and associates	56,385	-	399,380	-	(219,043)	236,722
Loans	18	-	-	-	(2)	16
Guarantee deposits	1,369	-	20	-	(6)	1,383
Treasury shares(1)	75,448	(48,815)	-	(3,470)	(6,462)	16,701
TOTAL	**8,646,464**	**(48,815)**	**505,670**	**3,454,297**	**(934,659)**	**11,622,958**

Provisions

In euro thousand	At 01.07.2008	Reclassification	Allowances	Reversals	At 30.06.2009
Investments in consolidated entities	(114,221)	-	(89,213)	114,106	(89,328)
Investments in non-consolidated entities	(360)	-	(20)	-	(380)
Other investments	(35,958)	-	(42,179)	35,958	(42,179)
Deferred expenses	-	-	-	-	-
Advance on investment	(321)	-	-	-	(321)
Investments	**(150,860)**	**-**	**(131,412)**	**150,064**	**(132,208)**
Treasury shares(1)	(6,108)	5,163	(5,364)	945	(5,364)
TOTAL	**(156,968)**	**5,163**	**(136,776)**	**151,009**	**(137,572)**

(1) *Treasury shares: in accordance with CRC rule 2008-15 of 4 December 2008, shares to be used for stock option and free share plans were reclassified as marketable securities.*

NOTE 4 Maturity of receivables and payables

Trade receivables

In euro thousand	Gross amount	Due in one year or less	Due in more than one year
Loans and advances to subsidiaries and associates	236,722	158,016	78,706
Loans	16	-	16
Other financial assets	1,383	-	1,383
Treasury shares: stock option plans	16,701	-	16,701
Receivables and other financial assets	**254,822**	**158,016**	**96,806**
Current assets other than marketable securities and cash	2,671,702	48,573	2,623,129
Prepaid expenses	12,856	12,856	-
TOTAL	**2,939,380**	**219,445**	**2,719,935**

Liabilities

In euro thousand	Gross amount	Due in one year or less	Due between 1 and 5 years	Due in more than five years
Bonds	1,667,118	17,118	850,000	800,000
Bank debt	4,088,689	346	4,088,343	-
PR Finance borrowings	897,774	2,424	895,350	-
Other financial debt	19,986	19,986	-	-
Trade and other operating payables	72,651	72,651	-	-
Other liabilities	2,246,962	132,601	2,114,361	-
Deferred income	8,488	7,990	177	321
TOTAL	**9,001,668**	**253,116**	**7,948,231**	**800,321**

NOTE 5 Marketable securities

	At 01.07.2008		Reclassification		Capital transaction		Exercises/Disposals		At 30.06.2009	
In euro thousand	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
Pernod Ricard shares										
• gross value	457,521	8,843	683,069	48,815	20,295	(168)	131,013	(2,551)	1,029,872	54,939
• impairment	-	(219)	-	(5,163)	-	(1,977)	-	(90)	-	(7,269)
NET VALUE	**457,521**	**8,624**	**683,069**	**43,652**	**20,295**	**(2,145)**	**131,013**	**(2,641)**	**1,029,872**	**47,670**

Stock option plans were adjusted to take account of the capital increase held on 14 May 2009.

At 30 June 2009, the Pernod Ricard share price was €44.87, which gave rise to an unrealised loss of €7,269,000.

Treasury shares: in accordance with CRC rule 2008-15 of 4 December 2008, shares to be used for stock option and free share plans were reclassified as marketable securities.

NOTE 6 Prepaid expenses and deferred charges

In euro thousand	At 01.07.2008	Increases	Decreases	At 30.06.2009
Prepaid expenses[1]	56,359	143	(43,646)	12,856
Bond redemption premiums[2]	2,247	1,424	(465)	3,206
Currency translation adjustment – Asset[3]	19,181	350,229	(19,181)	350,229
TOTAL	**77,786**	**351,796**	**(63,292)**	**366,291**

(1) The reduction in prepaid expenses is due to movements in the 2008 sale and repurchase agreements item regarding stock options.

(2) The increase in bond redemption premiums is linked to the issue of €800 million of new bonds. Bond redemption premiums are amortised over the life of the bonds concerned.

(3) The €350 million asset arising from translation adjustments at 30 June 2009 is mainly due to the restatement of assets and liabilities at the closing EUR/USD exchange rate on 30 June 2009.

NOTE 7 Composition of share capital

At 30 June 2009, the share capital was composed of 258,640,536 shares with a unit par value of €1.55. Total share capital thus amounted to €400,892,830.80.

NOTE 8 Shareholders' equity

In euro thousand	At 01.07.2008	Appropriation of profit	Change in share capital/Other	Dividends	2009 profit	At 30.06.2009
Share capital	340,509	-	60,384	-	-	400,893
Share premiums	2,065,686	-	941,015	-	-	3,006,701
Legal reserve	33,980	71	-	-	-	34,051
Regulated reserves	179,559	-	-	-	-	179,559
Other reserves	195,013	-	-	-	-	195,013
Retained earnings	517,716	925,510	-	(288,051)	-	1,155,175
Profit for the financial year	925,581	(925,581)	-	-	306,555	306,555
Interim dividends to be paid	-	-	-	(129,320)	-	(129,320)
Interim dividend for previous year	(138,400)	-	-	138,400	-	-
TOTAL	**4,119,643**	**-**	**1,001,399**	**(278,971)**	**306,555**	**5,148,627**

On 14 April 2009, the Company's Board of Directors resolved to carry out a capital increase with preferential subscription rights. This created 38,786,220 new shares with a par value of €1,55 each and a total gross value of €1,035,592,000, including the share premium. On 14 May 2009, the company recognised this capital increase with a par value of €60,119,000 and a share premium of €975,473,000. Fees associated with the capital increase totalled €38,818,000, recognised as a reduction in the share premium.

NOTE 9 Provisions

In euro thousand	At 01.07.2008	Reclassification	Increases in the year	Reversals on use	Reversals of unused provisions	At 30.06.2009
Provisions for contingencies and charges						
Provision for currency losses	7,824	-	75,326	(7,824)	-	75,326
Other provisions for risks and contingencies	58,813	-	29,748	(20,705)	(3,917)	63,939
Provisions for pensions and other long-term employee benefits	34,086	-	5,754	(3,751)	-	36,089
TOTAL 1	**100,723**	**-**	**110,828**	**(32,280)**	**(3,917)**	**175,354**
Provisions for depreciation and amortisation		-				
On intangible assets	915	-	-	(915)	-	-
On financial assets	156,968	(5,163)	136,776	(3,977)	(147,032)	137,572
On trade receivables	529	-	259	(722)	-	66
On other receivables	10,256	-	3,053	(4,189)	-	9,120
On marketable securities	219	5,163	1,977	(90)	-	7,269
TOTAL 2	**168,887**	**-**	**142,065**	**(9,893)**	**(147,032)**	**154,027**
OVERALL TOTAL	**269,610**	**-**	**252,893**	**(42,173)**	**(150,949)**	**329,381**

Provisions for contingencies and charges

The €75,326,000 increase in the provision for currency losses at 30 June 2009 is mainly composed of the unrealised currency loss on unhedged US dollar denominated financial assets and liabilities.

Other provisions for risks and contingencies correspond to provisions against risks generated by the call options on shares for €32,068,000 maturing June 2011 for Plan 14 A and June 2012 for Plan 15 A, and free shares (€29,427,000 maturing in 2012 and 2013 as well as various other provisions for €2,444,000).

Provisions for pensions and other long-term employee benefits are presented below:

- Description and recognition of employee benefit obligations

  Pernod Ricard's employee benefit obligations are composed of:

  - long-term post employment benefits (retirement bonuses, medical expenses, etc.),
  - long-term benefits payable during the period of employment.

  The liability arising as a result of the Company's net employee benefit obligation is recognised in provisions for contingencies and charges on the balance sheet.

- Calculation of the provision in respect of the net benefit obligation

  The provision recognised by Pernod Ricard is equal to the difference, for each benefit plan, between the present value of the employee benefit obligation and the value of plan assets paid to specialised entities in order to fund the obligation.

  The present value of employee benefit obligations is calculated using the prospective method involving calculating a projected salary at date of retirement (projected unit credit method). The measurement is made at each balance sheet date and the personal data concerning employees is revised at least every three years. The calculation requires the use of economic assumptions (inflation rate, discount rate, expected return on plan assets) and assumptions concerning employees (mainly: average salary increase, rate of employee turnover, life expectancy).

  At 30 June 2009, the total amount of benefit obligations was €53,726,000. Provisions of €36,089,000 have been recognised in respect of these benefit obligations.

  In this respect, the inflation rate used for measurement of the benefit obligations at 30 June 2009 was 2% and the discount rates used ranged from 5.75% to 6.25% for supplementary pensions, retirement bonuses and medical expenses.

  Plan assets are measured at their market value at each balance sheet date.

- Accounting for actuarial gains and losses

  Actuarial gains and losses mainly arise where estimates differ from actual outcomes (for example between the expected value of plan assets and their actual value at the balance sheet date) or when changes are made to long-term actuarial assumptions (for example: discount rate, rate of increase of salaries, etc.).

  Actuarial gains and losses are only recognised when, for a given plan, they represent more than 10% of the greater of the present value of the benefit obligation and the fair value of plan assets (termed the "corridor" method). Recognition of the provision is on a straight-line basis over the average number of remaining years' service of the employees in the plan in question (amortisation of actuarial gains and losses).

- Components of the expense recognised for the financial year

  The expense recognised in respect of the benefit obligations described above incorporates:

  - expenses corresponding to the acquisition of an additional year's rights,
  - interest expense arising on the unwinding of discount applied to vested rights at the start of the year (as a result of the passage of time),
  - income corresponding to the expected return on plan assets,
  - income or expense corresponding to the amortisation of actuarial gains and losses,
  - income or expense related to changes to existing plans or the creation of new plans,
  - income or expense related to any plan curtailments or settlements.

NOTE 10 Transactions and balances with subsidiaries and associates and other invested entities

In euro thousand	Amount concerning			
Item	Subsidiaries and associates 30.06.2008	Other invested entities 30.06.2008	Subsidiaries and associates 30.06.2009	Other invested entities 30.06.2009
Investments	**8,443,722**	**69,521**	**11,311,197**	**56,939**
Loans and advances to subsidiaries and associates	**56,385**	**-**	**236,722**	**-**
Due in one year or less	54,934	-	163,563	-
Due in more than one year	1,451	-	73,159	-
Trade receivables	**91,241**	**-**	**25,548**	**-**
Due in one year or less	47,997	-	25,548	-
Due in more than one year	43,244	-	-	-
Other receivables	**9,578**	**-**	**2,584,015**	**-**
Due in one year or less	-	-	12,083	-
Due in more than one year	9,578	-	2,571,932	-
Other debt	**901,927**	**-**	**897,774**	**-**
Due in one year or less	-	-	2,424	-
Due in more than 1 year and less than 5 years	901,927	-	895,350	-
Trade payables	**4,808**	**-**	**2,467**	**-**
Due in one year or less	4,808	-	2,467	-
Due in more than 1 year and less than 5 years	-	-	-	-
Other payables	**871,441**	**17,323**	**2,114,005**	**-**
Due in one year or less	-	17,323	-	2,830
Due in more than 1 year and less than 5 years	871,441	-	2,114,005	-
Expenses from recurring operations	**11,414**	**-**	**11,712**	**-**
Group seconded personnel	11,225	-	11,526	-
Other Group management expenses	190	-	186	-
Operating income	**62,113**	**-**	**54,701**	**-**
Group royalties	39,313	-	35,706	-
Group management income	738	-	602	-
Transfer of Group expenses	22,062	-	18,393	-
Financial expenses	**49,451**	**-**	**110,852**	**-**
Financial income	**1,087,354**	**-**	**888,119**	**-**
Exceptional items	**88,620**	**-**	**129,996**	**-**

NOTE 11 Deferred income and adjustment accounts

In euro thousand	At 01.07.2008	Increases	Decreases	At 30.06.2009
Deferred income[(1)]	55,536	-	(47,048)	8,488
Currency translation adjustment – Liabilities[(2)]	13,169	276,497	(13,169)	276,497
TOTAL	**68,705**	**276,497**	**(60,217)**	**284,985**

(1) The reduction in deferred income is due to changes in the 2008 sale and repurchase agreements item regarding stock options.

(2) The €276 million liability arising from translation adjustments at 30 June 2009 is mainly due to the restatement of assets and liabilities at the closing EUR/USD exchange rate on 30 June 2009.

NOTE 12 Accrued income and expenses

Accrued income

In euro thousand	Amount
Amount of accrued income in the following balance sheet items	
Loans and advances to subsidiaries and associates	163,563
Other financial assets	-
Trade receivables	284
Other receivables	6,160
Cash	280
TOTAL	**170,287**

Accrued expenses

In euro thousand	Amount
Amount of accrued expenses in the following balance sheet items	
Bank debt	39,863
Other financial debt	-
Trade and other operating payables	37,900
Other payables	3,093
TOTAL	**80,856**

NOTE 13 Bonds

In euro thousand	Amount	Maturity	Accrued interest	Type of interest payable	Total
Bond 06.12.2006 – Tranche 1	300,000	06.06.2011	337	Floating rate	300,337
Bond 06.12.2006 – Tranche 2	550,000	06.12.2013	14,326	Fixed rate	564,326
Bond 15.06.2009	800,000	15.01.2015	2,455	Fixed rate	802,455
TOTAL	**1,650,000**		**17,118**		**1,667,118**

On 6 December 2006, Pernod Ricard SA issued bonds totalling €850 million in two tranches with the following characteristics:

- Tranche 1: floating rate

  Tranche 1 is composed of €300 million of floating rate notes with a remaining period to maturity of 2 years (maturity 6 June 2011) which bear interest at EURIBOR 3 months plus 50 basis points.

- Tranche 2: fixed rate

  Tranche 2 is composed of €550 million of notes with a remaining period to maturity of 4 and a half years (maturity 6 December 2013) which bear interest at a fixed rate of 4.625%.

On 15 June 2009, Pernod Ricard SA issued €800 million of bonds with the following characteristics: remaining period to maturity of 5 and a half years (maturity 15 January 2015) and bearing fixed-rate interest of 7%.

NOTE 14 Bank debt

Vin&Sprit syndicated loan

On 23 July 2008, Pernod Ricard used part of the facilities granted under the multi-currency syndicated loan agreement signed on 27 March 2008, for €4,988 million (including €2,020 million in multicurrencies) and $10,138 million. At 30 June 2009, it had drawn down from this credit facility €1,747 million, $8,879 million and ¥8 billion, a total equivalent to €8,088 million. The credit facilities, whether revolving or fixed maturity, denominated in euros, American dollars or multicurrency, incur interest at the applicable LIBOR (or, for euro denominated borrowing, EURIBOR), plus a pre-determined spread and mandatory costs. The facilities have been negotiated with maturities ranging from 1 to 5 years. These borrowings enabled the Group to repay the amounts due under the syndicated loan facility agreed in August 2005, to finance the Allied Domecq acquisition and to refinance certain debt owed by the Group.

The debt recognised in the financial statements of Pernod Ricard SA relating to the syndicated loan amounts to €4,088,689,000 (including accrued interest of €346,000). In addition, a loan of €897,774,000 (including €2,424,000 of accrued interest), contracted in May 2008, is due to Pernod Ricard Finance.

NOTE 15 Breakdown of income tax

In euro thousand	Total	Operating result before tax	Exceptional items
Net profit/loss before income tax	185,047	213,130	(28,083)
Income tax prior to consolidation	-	-	-
Net impact of tax consolidation	121,508	-	-
NET PROFIT/LOSS	**306,555**	**213,130**	**(28,083)**

Within the framework of the tax consolidation, the tax loss carryforwards of the Pernod Ricard tax group amount to €827 million, an increase of €335.7 million over the financial year.

NOTE 16 Increases and decreases in future tax liabilities

Type of temporary differences

In euro thousand	Amount of tax
Increases	**None**
Decreases	**-**
Provisions not tax deductible in year of accounting recognition	**-**
"Organic" local tax and other	121
Other provisions for contingencies	11,041
Provisions for pensions and other long-term employee benefits	12,424
DECREASES IN FUTURE TAX LIABILITIES	**23,586**

The tax rate used is the rate in force in 2009, i.e. 34.43%.

NOTE 17 Remuneration

Remuneration paid to members of the Executive Directors and members of the Board of Directors amounted to €5,293,816.

NOTE 18 Income

Operating income, including, among others, royalties received for brands that belong to Pernod Ricard SA, came to €62,613,000 compared with €64,956,000 in 2008, a fall of €2,343,000 attributable to lower brand royalty payments.

NOTE 19 Financial income and expenses

In euro thousand	**At 30.06.2009**
Income from investments	654,058
Income from other fixed asset securities and receivables	-
Other interest and related income	233,583
Reversals of financial provisions and expense transfer	62,062
Currency translation gains	505,812
Net gains on sale of marketable securities	-
TOTAL FINANCIAL INCOME	**1,455,515**

In euro thousand	**At 30.06.2009**
Depreciation, amortisation and provision charges	(78,740)
Interest and related expenses	(489,328)
Currency translation losses	(620,124)
Net expenses on marketable security disposals	-
TOTAL FINANCIAL EXPENSES	**(1,188,192)**

NOTE 20 Exceptional items

In euro thousand	Amount
Net profit on management operations	-
Net profit on capital operations	(168,439)
Reversals of financial provisions and expense transfer	140,356
EXCEPTIONAL ITEMS	**(28,083)**

Exceptional items mainly relate to acquisition fees on the V&S acquisition.

NOTE 21 Off-balance sheet commitments

Guarantees granted

Commitments granted

In euro thousand	Amount
Guarantees on behalf of subsidiaries	4,249,333
Guarantees granted to holders of Allied Domecq Financial Services Ltd bonds	821,500
TOTAL	**5,070,833**

Commitments granted include guarantees, in particular those related to:

- syndicated loan. Borrowings drawn by subsidiaries of the Pernod Ricard Group that had not been repaid at 30 June 2009 amounted to €3,999 million;
- bonds and commercial paper.

Derivative instruments

Hedges by Pernod Ricard SA	Nominal *in USD thousand*	Fair value at 30 June 2009 *in euro thousand*	Nominal *in euro thousand*	Fair value at 30 June 2009 *in euro thousand*
Caps/Collars	900,000	(2,616)	750,000	(48,614)
Interest rate swaps	2,660,000	(87,740)	500,000	(43,827)
Currency swaps	1,450,132	(16,586)		
TOTAL	**5,010,132**	**(106,942)**	**1,250,000**	**(92,441)**

Interest rate swaps hedge Pernod Ricard SA's external or internal debts that bear floating rate interest. At 30 June 2009 these broke down as follows:

USD interest rate hedge	Maturity	Net base *in USD thousand*	Rate
Cap	December 2009	500,000	5.50%
Collar	May 2010	200,000	4.59%/2.50%
Collar	May 2010	200,000	4.17%/2.50%
Interest rate swap	May 2011	1,150,000	3.57%
Interest rate swap	May 2013	1,510,000	3.74%

The fair value of financial instruments hedging USD denominated floating rate debt at 30 June 2009 was €(90,356,000).

EUR interest rate hedge	Maturity	Net base *in euro thousand*	Rate
Collar	June 2013	250,000	5.00%/4.36%
Collar	June 2013	250,000	5.00%/3.85%
Collar	June 2013	250,000	5.00%/3.80%
Interest rate swap	June 2013	250,000	4.45%
Interest rate swap	June 2014	250,000	4.67%

The fair value of financial instruments hedging euro denominated floating rate debt at 30 June 2009 was €(92,441,000).

Currency hedge	Base *in USD thousand*
Currency swap	1,041,000
Currency swap	409,132
Financial assets	3,635,169
Financial liabilities	(4,906,826)
TOTAL	**178,475**

Payables and receivables denominated in foreign currencies are hedged by currency swaps. The company had a residual US dollar position of $178,475,000 at 30 June 2009.

The fair value of currency swaps at year end was €(16,586,000).

Other

Within the framework of the 4-year renewal of the distribution contract between Pernod Ricard Asia and Kirin Brewery Company from 1 January 2006, Pernod Ricard guaranteed its subsidiary's contractual undertakings.

Pernod Ricard SA guaranteed the contributions owed by Allied Domecq Holdings Ltd and its subsidiaries to the Allied Domecq pension funds.

As part of the disposal of Wild Turkey to Campari, Pernod Ricard SA guaranteed the contractual obligations of the sellers and, more generally, those of Group subsidiaries in respect of the sale.

Pernod Ricard SA, pursuant to Section 17 of the Companies (Amendment) Act, 1986 (Republic of Ireland), irrevocably guaranteed the liabilities of the following subsidiaries for the 2006/2007 financial year: Irish Distillers Group Ltd, Irish Distillers Ltd, The West Coast Cooler Co Ltd, Watercourse Distillery Ltd, Fitzgerald & Co Ltd, Ermine Ltd, Gallwey Liqueurs Ltd, Smithfield Holdings Ltd, Irish Distillers Holdings Ltd.

Within the framework of the right to individual training in France, the aggregate number of training hours corresponding to acquired rights for the 2008 calendar year is 4,187 hours, including 2,407 hours for which no request had been made.

NOTE 22 Average headcount at 30 June 2009

	Employees	Other employees (temporary workers for all reasons)
Managers	109	-
Supervisors and technicians	32	-
Employees	11	4
AVERAGE HEADCOUNT	**152**	**4**
Apprentice contract	2	

NOTE 23 Subsidiaries and associates at 30 June 2009

In euro thousand	Share capital	Shareholders equity before appropriation of results for year	Interest in entity's share capital (%)	Carrying amount of investment Gross	Carrying amount of investment Net	Loans	Guarantees	Sales (excluding taxes and duties)	Net profit	Dividends received
Investments whose carrying amount exceeds 1% of Pernod Ricard's share capital										
Ricard 4 and 6, rue Berthelot 13014 Marseille	54,000	148,149	100.00	67,227	67,227	-	-	523,621	57,573	69,325
Pernod 120, avenue du Maréchal-Foch 94015 Créteil	40,000	145,836	100.00	94,941	94,941	-	-	436,696	21,512	19,479
Austin Nichols 100 Manhattanville Road Purchase, NY 10577 (United States)	50	4,180,833	61.64	2,803,471	2,803,471	-	600,000	251,366	(940,171)	-
SALB Kancelar Praha Americka 11 120000 Prague (Czech Rep.)	76,412	78,833	20.23	12,190	12,190	-	-	-	(345)	-
Compagnie Financière des Produits Orangina 12, place des États-Unis 75116 Paris	10,000	11,150	100.00	39,608	11,152	-	-	-	150	194
Pernod Ricard Europe 2, rue de Solférino 75340 Paris cedex 07	40,000	78,035	100.00	36,406	36,406	-	-	69,176	129,293	304,999
Campbell 111/113 Renfrew Road Paisley, PA3 4DY (Scotland)	8,763	28,227	100.00	40,538	40,538	-	-	-	863	-
Pernod Ricard Finance 12, place des États-Unis 75116 Paris	77,000	97,244	100.00	89,220	89,220	-	3,169,343	-	11,904	51,587
Pernod Ricard Pacific Holdings 33 Exeter Terrace Devon Park SA 5008 (Australia)	115,234	108,586	100.00	151,789	151,789	-	-	-	15,625	15,113
Comrie Temple Chambers 3, Burlington Road, Dublin 4 (Ireland)	3,775,655	4,109,908	100.00	3,775,658	3,775,658	-	-	-	520	-
Yerevan Brandy Company 2, Admiral Isakov Avenue, Yerevan Yerevan 375092, (Republic of Armenia)	20,694	98,403	100.00	27,856	27,856	-	-	29,017	8,741	8,915
Établissements Vinicoles Champenois 12, place des États-Unis 75116 Paris	71,675	153,924	100.00	100,955	100,955	-	229,942	-	(30,573)	15,451
SAS Lina 3 12, place des États-Unis 75116 Paris	559,207	3,266,929	100.00	3,290,975	3,290,975	-	-	-	519	-
SAS Lina 5 12, place des États-Unis 75116 Paris	30,640	36,865	100.00	30,631	30,631	-	-	-	931	84,418
Pernod Ricard Cesam 2, rue de Solférino 75007 Paris	52,198	53,195	100.00	131,040	131,040	-	-	-	(478)	-
SAS Lina 6 12, place des États-Unis 75116 Paris	298,000	288,567	100.00	305,027	305,027	-	-	-	892	-
Pernod Ricard North America 2, rue de Solférino 75007 Paris	39,398	51,954	100.00	126,735	66,435	-	-	-	(2,526)	-

In euro thousand	Share capital	Shareholders equity before appropriation of results for year	Interest in entity's share capital (%)	Carrying amount of investment Gross	Carrying amount of investment Net	Loans	Guarantees	Sales (excluding taxes and duties)	Net profit	Dividends received
Pernod Ricard Asia 2, rue de Solférino 75007 Paris	4,512	137,019	100.00	42,457	42,457	-	-	-	91,397	39,000
AGROS Ul. Chalubinskiego 8 00-613 Warsaw (Poland)	4,942	81,492	62.95	73,189	73,189	-	-	-	6,723	-
Sankaty Trading Ltd 25-28 North Wall Quay – IFSC 1 Dublin (Ireland)	13	4,056	100.00	15,568	15,568	-	-	-	(1)	-
Populous Trading Ltd 25-28 North Wall Quay – IFSC 1 Dublin (Ireland)	13	4,059	100.00	15,568	15,568	-	-	-	(0)	-
Polairen Trading Ltd 25-28 North Wall Quay – IFSC 1 Dublin (Ireland)	13	4,055	100.00	15,568	15,568	-	-	-	(1)	-
Subsidiaries:										
- French	-	-	-	6,255	5,780	71,541	-	-	-	-
- Foreign	-	-	-	18,111	17,654	2,063	-	-	-	39,092
Investments:										
- French	-	-	-	215	215	-	-	-	-	50
- Foreign	-	-	-	56,939	14,420	-	-	-	-	6,435

Earnings over the last five financial years

In euro	18 months 30.06.2005	12 months 30.06.2006	12 months 30.06.2007	12 months 30.06.2008	12 months 30.06.2009
Financial position at year-end					
Share capital	218,500,651	291,590,460	339,796,825	340,508,610	400,892,831
Number of shares outstanding	70,484,081	94,061,439	109,611,879	219,682,974	258,640,536
Number of convertible bonds in issue	4,567,614	-	-	-	-
Number of bonus shares granted on 16 January 2007 (dividend rights from 1 July 2006)	-	-	18,216,022	-	-
Number of shares created by the capital increase of 14 May 2009	-	-	-	-	38,786,220
Operating results					
Sales (excluding taxes and duties)	-	-	-	-	-
Profit before taxes, amortisation, depreciation and allowances to provisions	156,137,583	44,133,821	535,110,760	607,470,960	192,726,443
Income tax	18,099,330	9,892,059	56,025,892	(16,011)	121,507,245
Profit after taxes, amortisation, depreciation and allowances to provisions	177,706,014	56,193,656	597,492,981	925,580,853	306,554,754
Dividends distributed(1)	242,355,167	224,734,720	276,221,935	289,981,526	-
Earnings per share					
Profit after taxes, but before amortisation, depreciation and allowances to provisions	2.47	0.57	5.39	2.77	1.21
Profit after taxes, amortisation, depreciation and allowances to provisions	2.52	0.60	5.45	4.21	1.19
Dividend paid per share(1)	3.22	2.52	2.52	1.32	-
Personnel					
Number of employees	126	130	144	144	152
Total payroll	28,807,092	19,867,333	19,846,894	21,087,707	19,641,524
Employee related benefits paid during the year	9,277,720	7,090,238	10,658,374	12,449,559	14,091,743

(1) The amount of dividends for 2009 will be known with certainty after the vote to be held at the Shareholders' Meeting of 2 November 2009 (dividends for the financial year from 1 July 2008 to 30 June 2009).

Dividends distributed during the last five years

Year *In euro*	Payment date	Amount	Total dividend for the year
2004/2005	11.01.2005	0.98	-
	07.06.2005	1.16	-
	17.11.2005	1.08	3.22
2005/2006	05.07.2006	1.12	-
	15.11.2006	1.40	2.52
2006/2007	04.07.2007	1.26	-
	14.11.2007	1.26	2.52
2007/2008	03.07.2008	0.63	-
	18.11.2008	0.69	1.32
2008/2009	08.07.2009(1)	0.50	(2)

(1) Holders of the new shares created by the capital increase of 14 May 2009 received the interim dividend of €0.50 net paid in July 2009.
(2) An interim dividend in respect of 2008/2009 was paid on 8 July 2009. The balance of the dividend will be decided by shareholders at the Shareholders' Meeting of 2 November 2009 called to approve the financial statements for the year ended 30 June 2009.

Inventory of marketable securities at 30 June 2009

French investments with a net carrying amount in excess of €100,000

In euro	Number of shares held	Net carrying amount
Établissements Vinicoles Champenois	234,990	100,955,022
Compagnie Financière des Produits Orangina	11,910	11,151,639
G.H. Mumm	7,780	1,556,000
Lina 3	55,920,652	3,290,974,547
Lina 5	306,400	30,630,500
Lina 6	400	305,027,008
Lina 7	400	390,000
Pernod	2,580,000	94,940,630
Pernod Ricard Asia	2,785,000	42,457,051
Pernod Ricard Cesam	386,650	131,040,000
Pernod Ricard Europe	999,994	36,406,054
Pernod Ricard Finance	10,317,439	89,220,499
Pernod Ricard North America	4,377,500	66,434,557
Ricard	1,750,000	67,227,023
Sopebsa	100,000	962,769
SUB-TOTAL	-	**4,269,373,299**
Other shareholdings in French companies	226,858	3,086,445
Investments in unlisted foreign companies	-	6,963,469,061
TOTAL MARKETABLE SECURITIES AT 30.06.2009	-	**11,235,928,805**

Statutory Auditors' Report on the annual financial statements

For the financial year ended 30 June 2009

To the shareholders,

In our capacity as Statutory Auditors, we hereby present our report for the financial year ending 30 June 2009, on:

- the audit of Pernod Ricard's annual financial statements, as presented in this report;
- the special verifications and disclosures required by law;
- the justification of our assessments;

The annual financial statements were prepared by the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

I - Opinion on the annual financial statements

We conducted our audit in accordance with current professional standards applicable 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 verifying, on a test basis or by other selective methods, the evidence supporting the amounts and disclosures contained in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the management as well as the overall presentation of the financial statements. We consider that the audit information we have obtained provides a sufficient and appropriate basis for our opinion.

In our opinion, the annual financial statements give a true and fair view of the Company's financial position and its assets and liabilities at the end of the financial year and of the results of its operations in accordance with the accounting rules and principles applicable in France.

Without qualifying our opinion we draw shareholders' attention to Note 1 to the annual financial statements "Accounting policies", which explains changes made to the accounting treatment of employee stock option and free share plans resulting from the application of Rule 2008-15 of the French Accounting Regulation Committee (CRC), published on 30 December 2008.

II - Justification of assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- Investments were evaluated in accordance with the accounting policies described in Note 1.3 "Accounting policies – Investments". As part of our audit, we reviewed whether these accounting policies and the information provided in Note 3 to the financial statements were appropriate and whether the assumptions used and the resulting valuations were reasonable;
- As mentioned in the first section of this report, Note 1 "Accounting policies" to the annual financial statements explains changes made to the accounting method applied to employee stock option and free share plans. As part of our assessment of the accounting policies applied by the Company, we verified that these changes were appropriate and appropriately presented.

These assessments were made in the context of the performance of our audit of the annual financial statements taken as a whole and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

III - Special verifications and disclosures

We have also performed the special verifications required by law.

We have no matters to report regarding:

- the fair presentation and consistency with the annual financial statements of the information about the financial situation and the annual financial statements contained in the Board of Directors' Management Report and in documents sent to shareholders;
- the fairness of the information set out in the Management Report on the remuneration and benefits paid to the members of the Board concerned and on the undertakings given to them upon or after taking on, changing or terminating their functions.

In accordance with French law, we have verified that the required information concerning investments and acquisitions of control and concerning the names of the principal shareholders and holders of the voting rights has been properly disclosed in the Management Report.

Neuilly-sur-Seine and Courbevoie, 3 September 2009

The Statutory Auditors

Deloitte & Associés	Mazars
Alain Penanguer	Loïc Wallaert

Special Statutory Auditor's Report on regulated agreements and commitments

[Intentionally omitted]

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