REGISTRATION DOCUMENT

2011/2012

Pernod Ricard

Créateurs de convivialité

REGISTRATION DOCUMENT **2011/2012**

Pernod Ricard

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

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PRESENTATION OF THE PERNOD RICARD GROUP

History and organisation

1

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 anise-based spirits market. The Group 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 dense Market Company network in Europe. Over a period of ten years, the Group extended its coverage to all 15 European Union member countries, 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 (Mini ouzo in Greece, Zoco pacharán 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, from the acquisition in 1988 through 2012, the brand has delivered average annual growth in sales volumes of 10%, rising from 0.4 million to 3.9 million 9-litre 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 Zoco pacharán.

Following these acquisitions, the Group embarked on a reorganisation, aimed primarily at decentralising its activities. First of all, Pernod Ricard created a regional structure with four direct subsidiaries, each of them responsible for one continent. The Group’s structure also comprised “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 distribute to the Group’s subsidiaries and do not generally have their own sales force. 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 Tbilissi Georgian wines (the latter two of which were sold in June 2011), 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 USD 3.15 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 strong brands such as Chivas Regal and The Glenlivet in the whisky segment, with Martell in the cognac segment, and Seagram’s gin in the white spirits segment. It also integrated 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, 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, in conjunction with Fortune Brands, acquired Allied Domecq 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 a capital increase of €2 billion and a €4.6 billion cash payment.

Financial years 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:

- rounded portfolio of Premium brands;
- global sales network and leading position in emerging markets.

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.

Organic growth and debt reduction

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

In 2009/2010, the Pernod Ricard group returned to organic growth thanks to 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 Pernod Ricard 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.

Strategic refocusing continued in 2010/2011 with a series of asset disposals, particularly in the wine segment. In July 2010, the Group sold the Spanish wine brands Marquès de Arienzo and Viña Eguía, as well as the Bodega and vineyards and associated land. In August 2010, Pernod Ricard sold the Spanish company Ambrosio Velasco, whose main brands include the Zoco pacharán and Palacio de la Vega wine brands. In December 2010, the Group sold the Renault cognac brand as well as a share of the inventories of finished products to the Scandinavian group Altia. This was followed by the sale of the portfolio of New Zealand wine brands, including the sparkling wine brand Lindauer together with related inventories and production assets.

Pernod Ricard also continued with its refinancing plan and improved the profile of its balance sheet with a series of bond issues:

- March 2011: issued €1 billion of bonds, maturing on 15 March 2017 at a fixed rate of 5%;
- April 2011: issued USD 1 billion of bonds, maturing on 7 April 2021 at a fixed rate of 5.75%. This was the Group's first bond issue in USD.

A total of 30 initiatives were also implemented in 2010/2011 stemming from the conclusions of the Agility corporate project, including several organisational changes In particular:

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

In May 2011, Pernod Ricard launched the first edition of Responsib'All Day, an event dedicated to fighting alcohol abuse. This first edition mobilised the Group's 18,000 employees worldwide in the fight against drink-driving.

Highlights of the financial year 2011/2012

Despite the difficult economic environment, overall, the trends underlying Pernod Ricard's businesses remained positive in 2011/2012, thanks, in particular, to the strategy of sustained marketing and innovation investments facilitating increased weighting of the strategic brands in the portfolio. Growth was also seen in mature and emerging markets; the latter now represents 40% of the Group's net sales.

During financial year 2011/2012, Pernod Ricard succesfully issued bonds in euro and USD, which helped to finalise the Group's debt refinancing, put in place at the time of the Vin&Sprit acquisition.

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.

October

- Moody's rating agency 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. Not long after, Standard & Poor's announced that they were raising Pernod Ricard's credit rating from BB+ to BBB-, due to the group's progress in reducing its debt ratio and to its robust operating performance.
- A few weeks after these two agencies raised the group's credit rating to investment grade, Pernod Ricard issued 10-year bonds in USD through a private placement for institutional investors. The issue brought in orders of USD 5.5 billion, considerably exceeding the amount of the issue (USD 1.5 billion), proving the success of the transaction. The Group also benefited from very favourable conditions, particularly the fixed rate of 4.45%, while diversifying its sources of financing and extending the maturity of its debt.

November

- Yao Ming, the NBA's global icon and founder of Yao Family Wines, a Californian wine company, chose Pernod Ricard as the exclusive distributor of YAO MING wines in mainland China.

2012

January

- Pernod Ricard issued bonds of USD 2.5 billion through a private placement. This issue includes three tranches of 5, 10.5 and 30 years, the latter extending the investor base and significantly extending the maturity of the group's debt. Demand was again very high with orders of over USD 6 billion. This transaction reduces the group's bank financing.

April

- Pernod Ricard signed a new multi-currency revolving syndicated loan agreement for USD 2.5 billion with a pool of 25 international banks at attractive and flexible financial conditions. The syndicated loan is the last stage in the Group's plan to refinance the debt, put in place during the acquisition of Vin&Sprit in 2008. The maturity of the group's debt has been significantly extended and is now set at more than seven years.

May

- Pernod Ricard announced the registration of the Havanista® brand with the United States Patent and Trademark Office. Produced and bottled in Cuba, Havanista® is a premium rum solely for the American market; it will be marketed as soon as the embargo against Cuba is lifted. The brand benefits from the same know-how and quality requirements as the Havana Club range.

June

- For the second edition of Responsib'All Day, Pernod Ricard mobilised all its employees for a day of action based on the theme "Alcohol and youth". The event included a series of exhibitions, forums with local authorities and non-profit bodies as well as educational programmes in more than 70 countries. Each employee was given the basic education tools to help him deal with the question of "Alcohol and youth". More than 18,000 Pernod Ricard employees talked about this issue to 100,000 individuals directly.
- Pernod Ricard announced an agreement to purchase HiteJinro's 30% interest in the capital of Pernod Ricard Korea Imperial, for €48 million in cash. Pernod Ricard's interest in Imperial was therefore increased from 70% to 100%. The company owns the Imperial brand, one of the main locally-produced whiskies in the important South Korean market.

Some marketing and product initiatives during financial year 2011/2012

Creativity and innovation, resulting from a strategy of sustained marketing investment, continued as the watchwords during the year. 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.

- **Ricard** celebrated its 80th anniversary with a new advertising campaign and new advertising merchandise inspired by the new bottle;
- **ABSOLUT** consolidated its historical links with the artistic community which largely contributed to the historical success of the brand: collaboration with Swedish House Mafia, numerous limited editions designed by renowned artists, ABSOLUT Blank initiative, etc.;
- **Chivas** launched its Here's to Real Friends advertising campaign;
- **Royal Salute** strengthened its links with British Royalty thanks to the launch of Royal Salute Diamond Jubilee during Queen Elizabeth II's Jubilee;
- **Jameson** extended its Super Premium range with the launch of Jameson Select Reserve Black Barrel;
- **Havana Club** supported the production of the feature film 7 Days in Havana, selected for the Cannes Festival;
- **Kahlúa** rejuvenated its image, playing on the most modern codes of its Mexican origins and redefining its advertising campaign based on its main ingredients: rum and coffee.

- **Malibu** enriched its range and explored new occasions for drinking with the launches of Malibu Black and Malibu Red, in particular;
- **Martell** launched a new prestige vintage, Chanteloup Perspective;
- **Jacob's Creek** unveiled its new Cool Harvest range;
- **Perrier-Jouët** celebrated its bicentennial with limited edition presentation boxes designed by Daniel Arsham.

Significant post balance sheet events 2012

July

- On 13 July 2012, Pernod Ricard signed an agreement with Arcus-Gruppen for the sale of the Danish Aalborg-Brøndums aquavits, the German Malteserkreuz aquavit and the Danish Gammel Dansk bitter. The sale also includes the Aalborg production site.

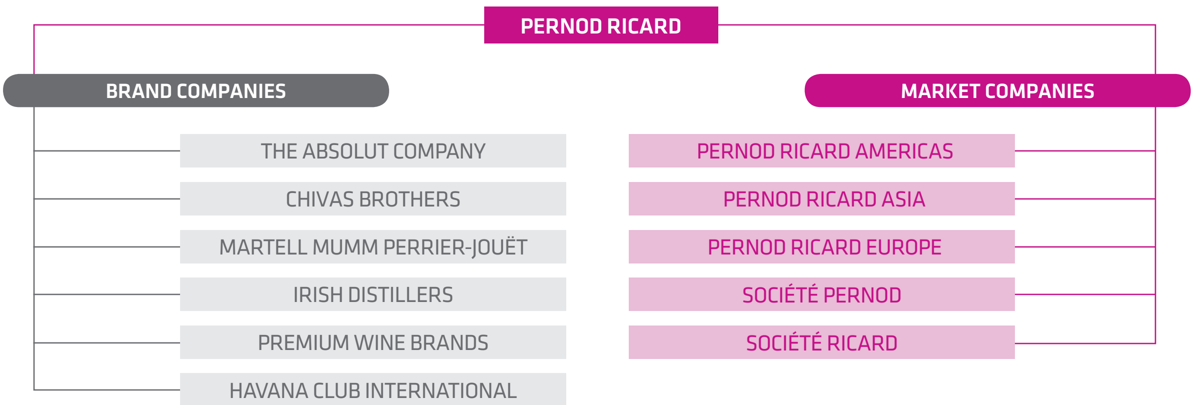
September

- In September 2012, the American weekly magazine, Forbes, ranked Pernod Ricard 15th among the World's Most Innovative Companies, second in Europe and first in France. Pernod Ricard also tops the list of Groups in the drinks industry. Pernod Ricard intends to use this ranking to emphasise how innovation, and especially marketing innovation, is a mainstay of its strategy of building strong premium international brands.

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 specific 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-related 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 **Chief Executive Officer** performs Group **General Management**, assisted by four **Managing Directors**, respectively:

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

The **General Management, under the authority of the CEO**, 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.

The **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. They comprise subsidiaries present in the same region (Asia, America, Europe and Pacific).

The **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

Mr Patrick Ricard, Chairman of the Board of Directors passed away suddenly on 17 August 2012.

The following decisions were approved unanimously by the Board of Directors on the recommendation of the Nominations Committee on 29 August 2012:

- Ms Danièle Ricard was appointed as Chairwoman of the Board of Directors;
- Mr Pierre Pringuet was appointed Vice-Chairman of the Board of Directors, while continuing in his post as Chief Executive Officer of the Group;
- Mr Alexandre Ricard was appointed Deputy CEO on the proposal of Mr Pierre Pringuet. In addition, he was co-opted as a Director to replace Mr Patrick Ricard.

Furthermore, Société Paul Ricard informed the Board of Directors that its permanent representative would now be Mr Paul-Charles Ricard, who replaces Mr Alexandre Ricard.

These appointments reflect the Board of Director's plan for Mr Alexandre Ricard to succeed Ms Danièle Ricard and Mr Pierre Pringuet as Chairman and CEO at the end of January 2015, when Mr Pierre Pringuet reaches the statutory age limit for holding the post of Chief Executive Officer.

List of significant subsidiaries

The list of significant subsidiaries is presented in Note 28 – *List of main consolidated companies* of the Notes to the consolidated financial statements.

Operation and strategy

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 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, 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.

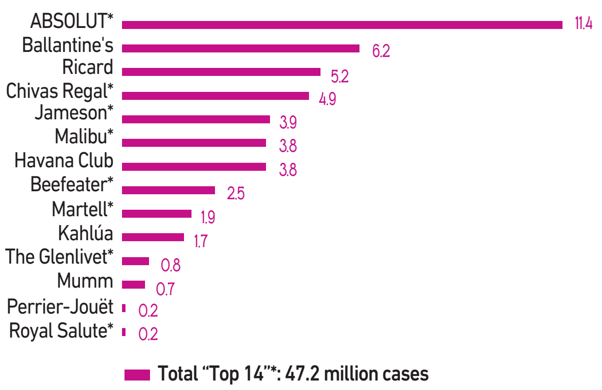
Pernod Ricard relies on a decentralised organisational structure, based around "Brand Company" and "Market Company" subsidiaries. The organisation employs 18,777 people in more than 70 countries.

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.

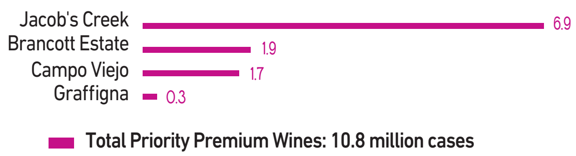
Lastly, the Group is a strong advocate of Sustainable Development and encourages responsible consumption of its products.

TOP 14: STRATEGIC BRANDS
(2011/2012 volumes in millions of 9-litre cases)



* Record volumes

PRIORITY PREMIUM WINES
(2011/2012 volumes in millions of 9-litre cases)



Key markets (4 strategic regions)

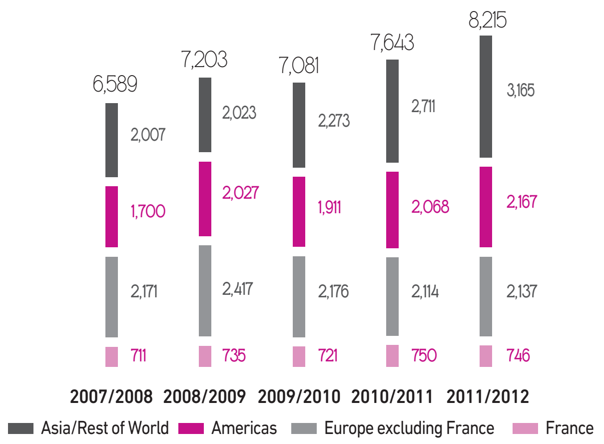
The Group's segmentation of its geographic markets and development regions reflects its historical roots and strategy of growth through acquisition.

France is the Company's birthplace, with the two major anise-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.

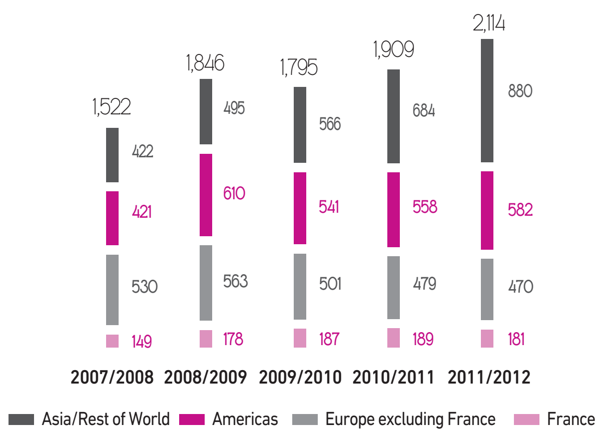
Asia/Rest of World took over as the Group's biggest region in 2009/2010, by net sales and profit from recurring operations. In 2011/2012 this position was strengthened further and Asia/Rest of World represented 42% of the Group's profit from recurring operations.

The emerging markets of Europe, the Americas, Asia and the Rest of World are increasing their contribution to Group business and represented 39% of Group operating profit in 2011/2012, 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)



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 international spirits company in volume(1), and co-leader in the Premium spirits segment(2).

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

- large multinationals in the Wines & Spirits segment, such as Diageo, Bacardi-Martini, Brown-Forman, Moët-Hennessy, Beam, Constellation Brands, Gallo, Campari and Rémy Cointreau for international brands;
- smaller companies or producers of 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

In contrast to the previous financial year in which the Company embarked upon an asset disposal plan, 2011/2012 was characterised by stability in the scope of the Group's industrial activity, with 98 production sites in 23 countries worldwide in operation at 30 June 2012 (disposal of one minor site in Quebec [Canada] and the addition of one site which was previously attached to an existing site).

The principal sites include 25 distillation and 47 bottling facilities, while the others cover ageing, vinification and vatting operations. In addition to the production sites, the Group owns several farmlands, covering nearly 6,100 hectares of vineyards, located primarily in Australia, New Zealand, Spain, Argentina and France.

In the 2011/2012 financial year, the volumes produced by the industrial sites covered by the Group's environmental reporting totalled 1,182 million litres of finished bottled goods or goods sent in bulk, as against 1,176 million in 2010/2011.

(1) Source IWSR 2011 (calendar year).
(2) International spirits above the index 80 (index 100 = price of Ballantine's Finest or Johnny Walker Red) using IWSR 2011 data.

Country	Number of industrial sites at 30 June 2012	Main industrial sites	Principal activity	Distillation	Vinification	Production and bottling	Ageing
France	15	Cognac	Cognac			x	x
		Rouillac	Cognac	x	x	x	x
		Chanteloup	Cognac				x
		Gallienne	Cognac	x			x
		Bessan	Anise-based spirits	x		x	
		Lormont	Anise-based spirits			x	
		Vendeville	Anise-based spirits			x	
		Cubzac	Sparkling wines			x	
		Thuir	Wine-based aperitifs			x	x
		Marseille	Anise-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	Spirits	x			
Finland	1	Turku	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		x	
		Age	Wine		x	x	
		Logrono	Wine		x	x	
Italy	1	Canelli	Bitters			x	
Greece	2	Pireus	Various			x	
		Mytilène	Ouzo	x		x	
Poland	3	Poznan (2 sites)	Vokda	x		x	
		Zielona Gora	Vokda			x	
Czech Republic	1	Bohatice	Bitters			x	x

Country	Number of industrial sites at 30 June 2012	Main industrial sites	Principal activity	Distillation	Vinification	Production 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 wine		x	x	x
Canada	2	Walkerville	Spirits, liqueurs	x		x	x
		Pike Creek	Spirits				x
Mexico	4	Los Reyes	Brandy, coolers, liqueurs			x	x
		Arandas	Tequila	x		x	x
		Ensenada	Wine		x		
		Hermosillo	Tequila	x			
Brazil	2	Suape	Spirits			x	
		Resende	Spirits	x		x	x
Argentina	4	Bella Vista	Spirits			x	x
		Cafayate	Wine		x	x	
		San Raphael	Wine		x	x	
		San Juan	Wine		x	x	
Cuba	1	San José	Rum	x		x	x
Australia	3	Rowland Flat	Wine		x	x	
		Morris	Wine		x		
		Richmond Grove	Wine		x		
New Zealand	4	Brancott	Wine		x		
		Church Road	Wine		x		
		Corbans	Wine		x		
		Tamaki	Wine			x	
India	6	Daurala	Whisky			x	
		Berhor	Whisky	x		x	
		Kolhapur	Whisky			x	
		Nashik (2 sites)	Whisky and wine	x	x	x	
		Rocky Punjab	Whisky			x	
South Korea	1	Echon	Whisky			x	
TOTAL	**98**						

Investments

During 2011/2012, the Group's total capital expenditure on production sites rose to €190 million (excluding investments in IT, administrative infrastructures and visitor circuits). This was an increase of 38% on the previous year, resulting in increased visibility of growth in activities.

The largest of these investments is the extension of the Midleton distillery in Ireland. This major project, representing a total investment of around €100 million, will eventually double the site's capacity. In 2011/2012, more than €30 million were spent on this distillery extension, which will be put into service in several successive stages throughout 2012/2013. As in previous years, the majority of the Group's capital expenditure was on the production of ageing products such as whiskies, cognac and to a lesser extent, wines. The investments notably involved replacing the casks used to store and age alcohols for nearly €40 million, building new cellars and warehouses in Ireland, Sweden and France (Cognac) and refurbishing distilleries to boost capacity in Scotland and Sweden.

1

Research and Development

Since its creation, the Group has been 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 technical expertise and material resources (analysis equipment, pilot workshop) unrivalled in the spirits industry, is also available to provide direct technical support for subsidiaries and the Holding Company on the development of new products, improving processes and food safety.

The Brand Owner subsidiaries and some regional holding companies have internal research structures, responsible for the development of new products and the permanent optimisation of 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 Pernod Ricard group employs the equivalent of about 80 full-time employees in R&D. The Group also finances various research projects at public research institutions in France (Bordeaux, Dijon, Montpellier, Paris) and abroad: Scotland (Edinburgh), New Zealand (Auckland, Christchurch), Australia (Adelaide), Italy (Genoa), most notably through the financing of doctoral theses. The Group also supports the R&D work of several professional bodies worldwide such as the Australian Wine Research Institute in Australia, the Cognac producers' organisation (*Bureau National Interprofessionnel du Cognac*) in France, etc.

2

CORPORATE GOVERNANCE AND INTERNAL CONTROL

This section includes 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, in two parts: the "Report of the Chairman of the Board of Directors of the Company on the composition of the Board and the implementation of the principle of balanced representation of women and men within the Board, as well as on the conditions governing the preparation and organisation of the work performed by the Board of Directors" and the "Report of the Chairman of the Board of Directors on Internal Control and risk management".

It describes, in the context of the preparation of the financial statements for the 2011/2012 financial year, the conditions governing the preparation and organisation of the work performed by the Board of Directors, the powers entrusted to the Chief Executive Officer and Deputy Chief Executive Officer, the principles and rules used to determine the compensation and benefits of any kind granted to Corporate Officers, as well as the Internal Control procedures implemented by Pernod Ricard.

Firstly, we inform you that, the principles and rules used to determine the compensation and benefits of any kind granted to Corporate Officers are detailed in Section 4 "Management Report" – Human Resources, under the paragraph "Directors' compensation". Moreover, in accordance with 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 29 August 2012.

Report of the Chairman of the Board of Directors of the Company on the composition of the Board and the implementation of the principle of balanced representation of women and men within the Board, as well as on the conditions governing the preparation and organisation of the work performed by the Board of Directors

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

The table below describes the composition of the Board of Directors of the Company as at 30 June 2012.

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 30.06.2012 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 Mr Patrick Ricard passed away suddenly on 17 August 2012. On 29 August 2012, the Board of Directors appointed Ms Danièle Ricard as Chairwoman of the Board of Directors	15.06.1978 (2)	2011/2012	■ Member and Vice-Chairman 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 On 29 August 2012, the Board of Directors appointed Mr Pierre Pringuet as Vice-Chairman of the Board of Directors	17.05.2004	2011/2012	■ Director of Iliad ■ Director of Cap Gemini	■ 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 30.06.2012 or at the date of resignation when applicable	Offices held outside the Group that have expired during the last 5 years
DIRECTORS				
Mr François Gérard	10.12.1974	2013/2014	■ None	■ None
Ms Danièle Ricard On 29 August 2012, the Board of Directors appointed Ms Danièle Ricard as Chairwoman of the Board of Directors	16.06.1969	2012/2013	■ Chairwoman of the Management Board of Société Paul Ricard [(3)] ■ Non-associate Manager of Le Garlaban ■ Chairwoman of the Board of Directors of Bendor SA (Luxembourg) ■ Chairwoman of Les Embiez SAS ■ Non-associate Manager of Le Tabac des Îles de Bendor et des Embiez	■ None
Société Paul Ricard [(3)] represented by Mr Alexandre Ricard On 29 August 2012, the Board of Directors co-opted Mr Alexandre Ricard as Director. Société Paul Ricard, Director, notified the Company that it would be represented by Mr Paul-Charles Ricard as of 29 August 2012	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) ■ Chairman and CEO of Le Delos Invest II (Mr Alexandre Ricard) ■ Chairman and CEO of Lirix (Mr Alexandre Ricard) ■ Director of Le Delos Invest I (Mr Alexandre Ricard) ■ Director of Bendor SA (Luxembourg) (Mr Alexandre Ricard)	■ Chairman and 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
Ms Martina Gonzalez-Gallarza Ms Martina Gonzalez-Gallarza was co-opted as Director by the Board of Directors on 25 April 2012, following Mr Rafaël Gonzalez-Gallarza's resignation from his functions as Director on 15 February 2012	25.04.2012	2011/2012	■ None	■ 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 30.06.2012 or at the date of resignation when applicable	Offices held outside the Group that have expired during the last 5 years
INDEPENDENT DIRECTORS				
Ms Nicole Bouton	07.11.2007	2014/2015	■ Chairman of Financière Accréditée (subsidiary of Centuria Capital) ■ Chairman of Centuria Accréditation (subsidiary of Centuria Capital) ■ Chairman of the Strategy 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)
Mr Laurent Burelle	04.05.2011	2012/2013	■ Chairman and CEO of Compagnie Plastic Omnium SA ■ Deputy CEO and Director of Burelle SA ■ Deputy CEO and Director of Sogec 2 SA ■ Director of Burelle Participations SA ■ Chairman and Member of the Supervisory Board of Sofiparc SAS ■ 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 ■ Chairman of Inergy Automotive Systems SAS ■ 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 Managing Director of Compania Plastic Omnium SA (Spain) ■ Legal Representative of Plastic Omnium Auto Exteriors, co-Manager of Valeo Plastic Omnium SNC ■ Chairman of Plastic Omnium Inc. (United States) ■ Chairman of Plastic Omnium Automotive Services Inc. (United States) ■ Director of Le Progrès SA ■ 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 Plastic Omnium Plastiques Hautes Performances SAS ■ Chairman of Signature Holding SAS ■ Chairman of Compagnie Signature SAS ■ Chairman of Epsco International Inc. (United States) ■ Chairman of Plastic Omnium AG (Switzerland) ■ Chairman of Performance Plastics Products -3P Inc. (United States) ■ Chairman of Plastic Omnium Auto Exteriors LLC (United States) ■ Chairman of Plastic Omnium Industries Inc. (United States)
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)	■ 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 30.06.2012 or at the date of resignation when applicable	Offices held outside the Group that have expired during the last 5 years
Mr Wolfgang Colberg	05.11.2008	2011/2012	■ Member of the Regional Board of Deutsche Bank AG (Germany) ■ Vice-Chairman of the Board of Directors of STEAG GmbH (Germany) ■ Member of the Board of THS GmbH (Germany) ■ Member of the Board of Directors of Vivawest Wohnen GmbH (Germany)	■ Member of the Supervisory Board of Roto Frank AG, Stuttgart (Germany)
Mr Gérald Frère Mr Gérald Frère informed the Board of Directors of his decision to resign, for personal reasons, from his duties as Director on the Board of Directors as of 9 November 2012	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 Groupe Bruxelles Lambert SA (Belgium) ■ Chairman of the Board of Directors of Stichting Administratie Kantoor Bierlaire (Netherlands) ■ Chairman of the Board of Directors and Managing Director of Haras de la Bierlaire SA (Belgium) ■ Vice-Chairman of the Board of Directors of Pargesa Holding SA (Switzerland) ■ Member of the Standing Committee and Director of Groupe Bruxelles Lambert SA (Belgium) ■ Managing Director of Financière de la Sambre SA (Belgium) ■ Managing Director of Frère-Bourgeois SA (Belgium) ■ 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) ■ 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) ■ Director of Electrabel SA (Belgium) ■ Honorary Consul of France in Charleroi (Belgium)	■ Director of GBL Finance SA (Luxembourg) ■ Chairman of Diane SA (Switzerland) ■ 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) ■ 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 Standing Committee and Managing Director of Groupe Bruxelles Lambert SA (Belgium) ■ Director and Member of the Corporate Governance and Nominations Committee of Lafarge SA ■ Manager of GBL Energy Sàrl (Luxembourg) ■ Manager of GBL Verwaltung Sàrl (Luxembourg) ■ Member of the Supervisory Board of the Financial Services Authority (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 30.06.2012 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 Group 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 Directors of Alfa Laval AB (Sweden) ■ Chairman of the Board of Directors of Trelleborg AB (Sweden) ■ Chairman of Coor Service Management Group AB (Sweden) ■ Member of the Board of Directors of JM AB (Sweden) ■ Deputy Chairman of the International Chamber of Commerce (ICC) (Sweden) ■ Chairman of Capio AB (Sweden) ■ Member of the Board of Directors of AF AB (Sweden)	■ Chairman of 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) ■ Member of the Board of Directors 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 held to approve 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, Managing Director, Distribution Network, until his appointment as Deputy CEO and COO by the Board of Directors on 29 August 2012.

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Other offices held in the Group at 30 June 2012

Mr Patrick Ricard Chairman of the Board of Directors Mr Patrick Ricard passed away suddenly on 17 August 2012	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 ■ Havana Club International ■ The Absolut Company 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) until 29 August 2012	French companies	Director	■ Pernod ■ Pernod Ricard Europe ■ Ricard

Personal information concerning the Directors

Mr Patrick Ricard

67 years old, French citizen.

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

Mr Patrick Ricard held 1,564,282 Pernod Ricard shares at 30 June 2012.

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 continued to act as Chairman of the Board of Directors and was therefore still involved in the Group's strategic decisions and oversaw their implementation.

Mr Patrick Ricard, who passed away suddenly on 17 August 2012, was the son of Mr Paul Ricard, the founder of the Ricard company. He was Commander of the National Order of the Legion of Honour.

Ms Danièle Ricard

73 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 264,542 Pernod Ricard shares at 30 June 2012.

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. Chairwoman and Chief Executive Officer of Société Paul Ricard SA until 2004, she became Chairwoman of Société Paul Ricard's Management Board in 2005.

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

Ms Danièle Ricard was appointed Chairwoman of the Board of Directors by the Board of the Company on 29 August 2012.

Mr Pierre Pringuet

62 years old, French citizen.

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

Mr Pierre Pringuet holds 235,000 Pernod Ricard shares at 30 June 2012.

A graduate of the École Polytechnique and the École des Mines, Mr Pierre Pringuet started his career in the French civil service. He was 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 de 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 (V&S) 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, and was also appointed Vice-Chairman of the Board of Directors by the Board on 29 August 2012.

Mr Pierre Pringuet is also the Chairman of the Sully Committee, which promotes the French food processing industry and was appointed Chairman of the *Association Française des Entreprises Privées* (AFEP) (French Association of Private Enterprises) on 29 June 2012.

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

Mr Alexandre Ricard, Permanent representative of Société Paul Ricard

40 years old, French citizen.

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

Mr Alexandre Ricard holds 7,726 Pernod Ricard shares at 30 June 2012.

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 2012.

Mr Alexandre Ricard is a graduate of ESCP, the Wharton School of Business (MBA majoring in Finance and Entrepreneurship) and of the University of Pennsylvania (MA in International Studies). After working seven years outside the Group for Accenture (Management and Consulting) and Morgan Stanley (Mergers and Acquisitions Consulting), 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. In September 2011, he joined the Group General Management as Managing Director, Distribution Network. He is a member of Pernod Ricard's Executive Committee. Mr Alexandre Ricard was appointed Deputy Chief Executive Officer by the Board of Directors on 29 August 2012.

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

He was Permanent Representative of Société Paul Ricard, Director, from 2 November 2009 until 29 August 2012, when he was co-opted as Director onto the Board of Directors. The Société Paul Ricard has been represented by Mr Paul-Charles Ricard since 29 August 2012.

Mr François Gérard

72 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 2012.

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

77 years old, Spanish citizen.

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

Mr Rafaël Gonzalez-Gallarza held 1,477,603 Pernod Ricard shares at 15 February 2012.

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.

Mr Rafaël Gonzalez-Gallarza resigned, for personal reasons, from his duties as Director on the Board of Directors of Pernod Ricard at the Board's meeting on 15 February 2012.

Mr César Giron

50 years old, French citizen.

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

Mr César Giron holds 4,489 Pernod Ricard shares at 30 June 2012.

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 Chairwoman of the Board of Pernod Ricard.

He has been a Director of Pernod Ricard since 2008.

Ms Nicole Bouton

64 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 2012.

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 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

62 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 2012.

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 the Jacques Chirac Foundation.

Mr Laurent Burelle has been a Director of Pernod Ricard since 2011.

Mr Michel Chambaud

60 years old, French citizen.

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

Mr Michel Chambaud holds 1,050 Pernod Ricard shares at 30 June 2012.

A graduate of the École des Hautes Études Commerciales (1973) and 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 investment at 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

52 years old, German citizen.

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

Mr Wolfgang Colberg holds 1,076 Pernod Ricard shares at 30 June 2012.

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 Executive Committee. Since 2009, he has been Chief Financial Officer of Evonik Industries AG as well as a member of the Executive Committee.

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

Mr Gérald Frère

61 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 2012.

Mr Gérald Frère joined the Frère-Bourgeois Group (Belgium), the family business, in 1972. He has been Chairman of the Board of Directors of Groupe Bruxelles Lambert (GBL) since 1 January 2012 and is also a member of the Permanent Committee.

In addition, he holds the offices of Chairman of the Board of Directors of Compagnie Nationale à Portefeuille SA (CNP). 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) and Electrabel SA (Belgium).

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

Mr Gérald Frère has informed the Board of Directors of his decision to resign, for personal reasons, from his duties as Director of Pernod Ricard as of 9 November 2012.

Ms Susan Murray

55 years old, British citizen.

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

Ms Susan Murray holds 1,000 Pernod Ricard shares at 4 September 2012.

Ms Susan 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 of Littlewoods Limited from October 1998 until January 2004, and became Chief Executive of 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 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

63 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 2012.

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 (telecommunications), 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), ÅF AB (technology 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 co-option of two Directors, renewal of the term of office of five Directors, appointment of a Director and new Permanent Representative of Société Paul Ricard

The Board of Directors, during its meeting on 25 April 2012, on the recommendation of the Nominations Committee, co-opted Ms Martina Gonzalez-Gallarza as Director, following Mr Rafaël Gonzalez-Gallarza's resignation from his functions as Director. This co-option will be submitted to the ratification of the Shareholders' Meeting of 9 November 2012. Should the Shareholders' Meeting ratify such co-option, Ms Martina Gonzalez-Gallarza will be appointed for the remainder of Mr Rafaël Gonzalez-Gallarza's term of office, namely until the close of this Shareholders' Meeting.

It will then be proposed that the Shareholders' Meeting renew the term of office of Ms Martina Gonzalez-Gallarza as Director. In accordance with the bylaws amended at the Shareholders' Meeting of 15 November 2011 so as to enable the staggered renewal of the Board of Directors, and following the recommendation of the Nominations Committee, the directorship of Ms Martina Gonzalez-Gallarza would be renewed for a term of two years expiring at the close of the Shareholders' Meeting held in 2014 to approve the financial statements for the previous financial year.

The Board of Directors, during its meeting on 29 August 2012, co-opted Mr Alexandre Ricard as Director, following the sudden death of Mr Patrick Ricard on 17 August 2012. This co-option will be submitted to the ratification of the Shareholders' Meeting of 9 November 2012. Should the Shareholders' Meeting ratify such co-option, Mr Alexandre Ricard will be appointed for the remainder of Mr Patrick Ricard's term of office, namely until the close of this Shareholders' Meeting.

It will then be proposed that the Shareholders' Meeting, following the recommendations of the Nominations Committee, renew the term of office of Mr Alexandre Ricard as Director for a term of four years expiring at the close of the Shareholders' Meeting held in 2016 to approve the financial statements for the previous financial year.

Furthermore, the directorships of Mr Pierre Pringuet, Mr César Giron and Mr Wolfgang Colberg expire at the close of the Shareholders' Meeting of 9 November 2012. On the recommendation of the Nominations Committee, it will be proposed that the directorships of Mr Pierre Pringuet, Mr César Giron and Mr Wolfgang Colberg are renewed for a term of four years expiring at the close of the Shareholders' Meeting held in 2016 to approve the financial statements for the previous financial year.

Mr Gérald Frère has informed the Board of Directors of his decision to resign, for personal reasons, from his duties as Director of the Company, as of 9 November 2012.

The Board of Directors has decided, on the recommendation of the Nominations Committee, to propose, to replace Mr Gérald Frère, to the Shareholders' Meeting of 9 November 2012 the appointment of Mr Ian Gallienne as Director for a term of two years expiring at the close of the Shareholders' Meeting held in 2014 to approve the financial statements for the previous financial year.

Lastly, Société Paul Ricard has notified the Company that it will be represented by Mr Paul-Charles Ricard as of 29 August 2012, who will replace Mr Alexandre Ricard.

The presentations of Ms Martina Gonzalez-Gallarza, Mr Ian Gallienne and Mr Paul-Charles Ricard are set out below.

Ms Martina Gonzalez-Gallarza

43 years old, Spanish citizen.

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

Ms Martina Gonzalez-Gallarza holds 1,100 Pernod Ricard shares at 30 June 2012.

Ms Martina Gonzalez-Gallarza is a graduate of the ICADE Jesuit Business School in Madrid and holds a PhD in Marketing from Valencia University. From 1991 to 1992, she worked in the Marketing Department of KP Foods (part of the British United Biscuits Group). She then pursued her career in the academic world and held various functions in the Faculty of Business Studies at the Universidad Politecnica of Valencia, notably as Director of the Marketing Department and in charge of the International Bureau. In 2004, she was appointed Dean of the Faculty of Business Studies at the Catholic University of Valencia. Since November 2008, Ms Martina Gonzalez-Gallarza has been researcher in consumer behaviour and a lecturer in international masters programmes (MBA) and other diplomas in the Marketing Department of Valencia University.

In addition, Ms Martina Gonzalez-Gallarza is a member of the Spanish Marketing Association and the French Marketing Association.

Mr Ian Gallienne

41 years old, French citizen.

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

Mr Ian Gallienne has been Managing Director of Groupe Bruxelles Lambert since 2012. He graduated in Management and Administration, with a major in Finance, from the ESDE School in Paris and obtained an MBA from INSEAD in Fontainebleau. From 1998 to 2005, he was Manager of the private equity funds Rhone Capital LLC in New York and London. In 2005, he founded the private equity funds Ergon Capital Partners, of which he was Managing Director until 2012.

He has been a Director of Groupe Bruxelles Lambert since 2009, of Imerys since 2010 and of Lafarge since 2011.

Mr Ian Gallienne also holds the following positions:

- Director: Gruppo Banca Leonardo SpA (Italy), PLU Holding SAS (Corialis), Steel Partners NV (Joris Ide Group) (Belgium), Ergon Capital SA (Belgium);
- Manager: Ergon Capital II SàRL and Egerton SàRL (Luxembourg).

The Nominations Committee reviewed the candidate and determined that Mr Ian Gallienne fully meets the independence criteria set by the AFEP-MEDEF Code, to which the Company refers.

Mr Paul-Charles Ricard

30 years old, French citizen.

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

Mr Paul-Charles Ricard holds 1,433 Pernod Ricard shares at 29 August 2012.

Mr Paul-Charles Ricard graduated from Euromed Marseille Business School, with a Masters in Management Science, and from University Panthéon Assas Paris 2, with a Masters 2 in Communications (Media Law) as well as a Masters in Business Law. He joined Pernod Ricard Holding in 2008 as Internal Auditor in the Audit and Business Development Department. In 2010, Mr Paul-Charles Ricard was appointed International Brand Manager of Martell Mumm Perrier-Jouët.

Mr Paul-Charles Ricard is a member of the Supervisory Board of Société Paul Ricard.

He was designated Permanent Representative of Société Paul Ricard, Director of the Company, on 29 August 2012.

Mr Paul-Charles Ricard is the son of Mr Patrick Ricard.

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 CEO;
- no conviction and/or official public sanction has been issued over the last five years against the members of the Company's Board of Directors or General Management by statutory or regulatory authorities (including designated professional organisations); and
- no Director or member of the General Management, over the last five years, 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.

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 a Corporate Officer 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" paragraph 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 Ms Carole Misset and Ms Marie-Annick Pluskwa. This representation became effective at the Board of Directors' meeting of 16 February 2011.

Governance structure

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 revised 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 AFEP-MEDEF Code, which it applies and complies with in full.

This report was approved by the Board of Directors on 29 August 2012 and submitted to the Statutory Auditors.

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 of the Board of Directors and CEO. Mr Patrick Ricard's term as Chairman of the Board of Directors was therefore renewed and Mr Pierre Pringuet was appointed CEO.

Mr Patrick Ricard, Chairman of the Board of Directors, passed away suddenly on 17 August 2012. At its meeting of 29 August 2012, upon the recommendation of the Nominations Committee, the Board of Directors appointed Ms Danièle Ricard as Chairwoman of the Board of Directors and Mr Pierre Pringuet as Vice-Chairman of the Board of Directors, with the latter retaining his position as 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 fulfill 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 29 August 2012 and in accordance with article 2 of the Board's Internal Regulations[1], 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 €100 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 €100 million per transaction;
- granting loans, credits and advances in excess of €100 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 €100 million.

On 15 November 2011, 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.

Appointment of a Deputy CEO

On 29 August 2012, on the recommendation of the Nominations Committee, the Board of Directors co-opted Mr Alexandre Ricard as Director, and on the proposal of Mr Pierre Pringuet, CEO, appointed him as Deputy CEO.

The Deputy 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 of Directors, and within the limits of internal rules as defined by the Board of Directors and its Internal Regulations (see "Limitation on the powers of the Deputy CEO" below).

Limitation on the powers of the Deputy CEO

For internal purposes and following the decision made by the Board of Directors on 29 August 2012, and in accordance with article 2 of its Internal Regulations, the Deputy 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 €100 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, subject to a delegation of authority from the CEO, in accordance with the 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;
- selling investments with an enterprise value in excess of €50 million.

(1) The Internal Regulations are available on the Company's website (www.pernod-ricard.com). The Board of the Directors may modify these regulations at any time

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 "Composition of the Board of Directors and duties performed by the Directors".

The Board of Directors of the Company is comprised of no fewer than three and no more than 18 members, 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 Nominations Committee. They can be dismissed at any time by decision of the Shareholders' Meeting.

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.

On the date of the this Report, the Board of Directors includes 14 members, of which four are female. In this respect, Pernod Ricard exceeds the minimum requirements set out in the law of 27 January 2011 on parity (for the Board to comprise at least 20% women before the Shareholders' Meeting in 2014) and the AFEP-MEDEF Code (at least 20% women before 19 April 2013). The Board includes five foreign Directors and seven independent Directors.

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 2011/2012 financial year.

The term of office of each Director shall be four years. However, on an exceptional basis, the Shareholders' Meeting may, on the Board of Directors' proposal, appoint Directors or renew their term of office for a period of two years so as to enable a staggered renewal of the Board of Directors.

Changes in the composition of the Board of Directors in the 2011/2012 financial year

During the 2011/2012 financial year, the Shareholders' Meeting of 15 November 2011 ratified the co-option by the Board of Directors on 4 May 2011 of Mr Laurent Burelle as a Director, and renewed the directorship of Ms Nicole Bouton. In addition, Mr Rafaël Gonzalez-Gallarza resigned as a Director, for personal reasons, on 15 February 2012. On the recommendation of the Nominations Committee, the Board of Directors, on 25 April 2012, co-opted Ms Martina Gonzalez-Gallarza as a Director to replace him. This co-option will be submitted to the ratification of the Shareholders' Meeting on 9 November 2012.

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 the Nominations Committee in their annual review designed to assess the independence of Directors and also whenever appointments are proposed. The Board of Directors and the Nominations 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 corporate officer of the Company or of a Group company,
  - a corporate officer of another company in which the Company is a corporate officer or in which an employee or corporate officer 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 corporate officer;
- 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 Nominations Committee and Board will systematically review its independence in consideration of the Company's share ownership structure and the potential conflict of interest.

In respect of these criteria, the Board of Directors, comprising 14 members on the date of the present Report, includes seven independent Directors.

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 Ethics 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 the Internal Regulations 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, 16 February 2011 and 29 August 2012. 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.

The Internal Regulations also outline 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. A review was conducted during financial year 2011/2012; its main conclusions are presented in the section on the Board of Directors' review of this Report.

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 the 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 fulfill their role. The written texts and documents in support of matters on the agenda, are sent to them far enough in advance to enable them to prepare effectively for each meeting, and, generally, 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 15 days prior to publication of quarterly net sales. They are also asked to seek the advice of the Ethics Committee before all stock market transactions on the Company's securities.

Responsibilities of the Board of Directors and activity in 2011/2012

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 the 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 the 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 corporate officers responsible for managing the Company;
- defines the remuneration policy for the General Management based on the recommendations of the Compensation 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 report of the Chairman of the Board of Directors on the composition of the Board and the implementation of the principle of balanced representation of women and men within the Board, the conditions governing the preparation and organisation of the work performed by the Board of Directors together with the Internal Control procedures implemented by the Company.

During the financial year ended 30 June 2012, the Board of Directors met ten times with an attendance rate of 94%. Meetings lasted three hours on average.

Although there have been no large-scale strategic transactions recently and Group debt reduction has been given priority, the Board discusses strategy twice a year, as part of their examination and approval of the strategic plan and at the time of the annual presentation "Pernod Ricard in the competitive environment".

The Board of Directors approved the annual and interim financial statements and the terms of financial communications, as well as net sales and earnings, reviewed the budget, prepared the Combined (Ordinary and Extraordinary) 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 and the progress of the company share, the main ratios for market capitalisation and the assessment of the analysis bureaus on the Company's value.

With respect to debt management, the Board approved the continuing assets disposal programme and decided, as part of the regular review of the refinancing plan, to place two bond issues in October 2011 and January 2012, both of which were in USD. It also decided to renew, in advance, the syndicated loan taken out by the Group.

The Board of Directors dedicates a significant part of its agenda to reporting and debating on projects entrusted to the different committees and their recommendations.

The Board established the remuneration of the Chairman of the Board of Directors and the CEO in line with AFEP-MEDEF Code recommendations. It also set the terms of the stock options and the performance-based shares allocation plans, both implemented in June 2012.

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

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.

Review of the Board of Directors

In accordance with the AFEP-MEDEF Code and with its Internal Regulations, the Board reviewed the conditions governing its operation during Q1 2012. The study was conducted by an external consultant and was based on a questionnaire and interview of each of the directors.

Although it is widely considered that the Board is very dynamic and that its operation is on the whole satisfactory, the Directors did have some recommendations in the way of constructive criticism:

- for more efficient preparation for meetings, more documents should be translated into English;
- more time should be given to committees reports;
- increased participation of Directors in Corporate Social Responsibility;
- collective review of the Group's Corporate Risk Management policy.

The Company has made known the responses that it intends to implement to fulfil these recommendations.

Some Directors also expressed their desire for more involvement in discussions regarding strategy and for such debates to further engage the collective responsibility of the Board. Duality with the Strategic Committee was thus highlighted. The Board agreed with this recommendation and the Strategic Committee was dissolved with effect from 25 April 2012.

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 "About 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 Compensation Committee and the Nominations Committee.

Strategic Committee

In accordance with the recommendation made by the Directors following the recent evaluation of the Board of Directors, the Strategic Committee was disolved as of 25 April 2012.

The Strategic Committee was made up of:

Based on the recommendations of the directors as part of the recent review of the Board of Directors, the Strategic Committee was dissolved with effect from 25 April 2012.

Chairman:

Mr Patrick Ricard

Members:

Mr François Gérard

Mr Rafaël Gonzalez-Gallarza (until 15 February 2012)

Ms Danièle Ricard

The Strategic Committee met five times between 1 July 2011 and 25 April 2012, with an attendance rate of 95%. Its mission essentially consisted of preparing the strategic policies submitted to the Board of Directors for approval.

Audit Committee

At 29 August 2012, the Audit Committee was made up of:

Chairman:

Mr Michel Chambaud (Independent Director)

Members:

Ms Nicole Bouton (Independent Director)

Mr Wolfgang Colberg (Independent Director)

Mr François Gérard

The members of the Audit Committee were specifically chosen for their expertise in accounting and finance based on their training and professional experience.

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 2011/2012 financial year, as during the 2010/2011 financial year, the Audit Committee met four times, with an attendance rate of 88%.

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 with 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 2011/2012 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;
- review of the interim financial statements at 31 December 2011 during the meeting of 14 February 2012;
- review of the consolidated financial statements at 30 June 2012 (these financial statements were reviewed at the Audit Committee meeting on 28 August 2012): 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;
- risk management: the Group's main risks are regularly assessed in a detailed presentation to the Audit Committee (the meetings on 10 December 2011 and 20 June 2012 were mainly dedicated to risk management). A formal update of the Group's risk mapping was conducted in 2012 and involved the main subsidiaries and the main Holding Company Management. A description and assessment of the risks, as well as actions to control these were presented in detail to the Audit Committee;
- approval of the Group Internal Audit plan for 2012/2013 at the meeting of 20 June 2012. This audit plan was prepared and approved following an analysis of the Group's major risks;
- review of Internal Control: the Group sent its subsidiaries a self-assessment questionnaire making it possible to evaluate whether their Internal Control system was 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 the latter's Application Guide published in 2007 and updated in July 2010, this questionnaire covers Corporate Governance practices, operational matters and IT support. Responses to the questionnaire were documented and reviewed by the Regions and the Group's Internal Audit Department. An analysis of the returned questionnaires was presented to the Audit Committee at the meeting on 28 August 2012;
- examination of the Internal Audit reports: in addition to the audits and controls carried out by the different subsidiaries on their own behalf, 31 Internal Audits were performed in 2011/2012 by the audit teams of both the Holding Company and the Regions. 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 2012/2013

In 2012/2013, 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, 2012/2013 will notably be dedicated to reviewing the management of risks presented in the Group's risk map.

Nominations Committee

At 29 August 2012, the Nominations Committee comprised:

Chairman:

Ms Nicole Bouton (Independent Director)

Members:

Mr Anders Narvinger (Independent Director)

Ms Danièle Ricard, until her appointment as Chairwoman of the Board of Directors on 29 August 2012.

The Chairman of the Board of Directors attends the meetings of this Committee when dealing with the appointment of directors.

During the financial year 2011/2012, the Nominations Committee met three times, with an attendance rate of 100%.

Main roles of the Nominations Committee

The roles of this Committee, formalised in its Internal Regulations of 22 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, representation of women) 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 2011/2012 financial year

In 2011/2012, the Nominations Committee had the following roles:

- review and propose the appointment of the Managing Director in charge of the Distribution Network and member of the Executive Board;
- organise and monitor the three-year review of the operation of the Board of Directors:
  - selection of specialised suppliers, organisation of the tender and review of the different proposals,
  - monitor the review of the operation of the Board of Directors conducted through individual interviews and anonymous presentation of results,
  - propose subjects for examination to consolidate the operation of the Board;
- review the Group's and Pernod Ricard's policy on equal opportunities and pay;
- review and propose candidates for the renewal of Directors at the Shareholders' Meeting on 9 November 2012.

Compensation Committee

At 29 August 2012, the Compensation Committee comprised:

Chairman:

Ms Nicole Bouton (Independent Director)

Members:

Mr Anders Narvinger (Independent Director)

Mr Gérald Frère (Independent Director)

During the financial year 2011/2012, the Compensation Committee met four times, with an attendance rate of 100%.

Main roles of the Compensation Committee

The roles of the Compensation 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 to the Board of Directors the total amount of Directors' fees to be submitted for approval to the Shareholders' Meeting, 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 free allocation of stock options and performance 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 Corporate Officers and the policy for allocation of stock options and free allocation of performance-based share plans as well as, more generally, the other work of the Compensation Committee.

Report on the work carried out during the 2011/2012 financial year

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

Management structure

General Management

The Group General Management is provided by the Chief Executive Officer, Mr Pierre Pringuet, who is supported by four Managing Directors at 30 June 2012. It is the permanent coordination unit of the Group's General Management.

The Executive Board is comprised of the Group General Management and the General Counsel.

The Executive Board 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 Board:

- **Chief Executive Officer**, Pierre Pringuet, corporate officer;
- **Four 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 (from 1 September 2011) until his appointment as Deputy CEO and COO on 29 August 2012;
- **Ian FitzSimons**, General Counsel.

The Communication Department reports to the General Management.

Executive Committee

The Executive Committee is the management unit of the Group comprising the 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 the 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, Safety, Environment) policies, Corporate Responsibility, etc.).

The Executive Committee meets 8 to 11 times a year.

The Executive Committee is made up of:

- the Executive Board;
- 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, Anna Malmhake, 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 Patrick Ricard, Chairman of the Board of Directors, died suddenly on 17 August 2012. At its meeting on 29 August 2012, on the recommendation of the Nominations Committee, the Board of Directors appointed Ms Danièle Ricard as its Chairwoman and Mr Pierre Pringuet as its Vice-Chairman, the latter retaining his position as CEO.

At the same meeting, Mr Alexandre Ricard was co-opted as a Director, on the recommendation of the Nominations Committee, and was appointed Deputy CEO, on the proposal of the CEO, Mr Pierre Pringuet. Within the General Management, Mr Alexandre Ricard will retain his direct responsibility for the distribution networks as COO.

In addition, Société Paul Ricard, Director, appointed Mr Paul-Charles Ricard as Permanent representative from 29 August 2012, to replace Mr Alexandre Ricard.

Finally, as regards members of the Executive Committee, Mr Lionel Breton, Chairman and CEO of Martell Mumm Perrier-Jouët informed Pernod Ricard's Senior Management of his wish to retire as of 1 October 2012. Monsieur Philippe Guettat, Chairman and CEO of The ABSOLUT Company (TAC) was appointed Chairman and CEO of Martell Mumm Perrier-Jouët as of this date.

Mr Paul Duffy, Chief Executive Officer of Pernod Ricard USA, was appointed Chairman and CEO of The ABSOLUT Company to replace Mr Philippe Guettat from 1 September 2012, thus becoming a member of the Pernod Ricard Executive Committee.

Messrs Philippe Guettat and Paul Duffy report to Mr Thierry Billot, Managing Director, in charge of Brands.

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;
- secondly, 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 the Group General Management, the General Counsel and the 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 Board** is the permanent coordination unit of the Group's General Management. It is comprised of Group General Management and Group General Counsel. The Executive Board 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 Senior Management and the 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 CEO and its senior managers. The Management Committee is notably responsible for managing the main risks that could affect the subsidiary.

The subsidiary's **Finance Director** is tasked by the subsidiary's Chairman and CEO 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 2011/2012 financial year focuses on:

- the process for updating the Group's risk map in June 2012 involved the main subsidiaries and Holding Company Management. This involved a review of the risk mitigation initiatives;
- implementing the self-assessment questionnaire on Internal Control and risk management. The questionnaire was in compliance with the AMF's Reference Framework for risk management and Internal Control and its application guide, which were updated in July 2010;

- performing audits: 31 Internal Audits were conducted in 2011/2012. The purpose of these audits was to ensure that the Group's Internal Control Policies were properly applied at its subsidiaries. They also reviewed the processes in place, good practices and the potential for improvements based on three cross-business areas: advertising spending, cash management and Corporate Social Responsibility commitments.

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 year, specifies the rights and commitments of each employee with regard to the Group's fundamental values, in particular its sense of ethics: compliance with law, integrity and the application of rules and procedures in force within the Group. A copy of the Charter is given to each employee when they are recruited and is always available on the Group Intranet site.

A formal **Delegation of authority** procedure, issued by the Board of Directors, sets out the powers of the CEO, the Deputy CEO, as well as those of the Managing Directors, 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.

The **Internal Control Policies**, which have been established for each of the 14 operational cycles identified, outline the common ground of all the principles and rules applying to all of the Group's subsidiaries with respect to Internal Control.

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 subsidiaries, it enables them to assess the adequacy and the effectiveness of their internal controls. Responses to the questionnaires are documented and reviewed 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 CEO of their Parent Company and a letter of representation from the various parent companies sent to the CEO 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.

Pernod Ricard is represented directly or indirectly (through an intermediate subsidiary) on its subsidiaries' Boards of Directors.

The Pernod Ricard 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 "A 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 in respect of 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, 29 August 2012

Danièle Ricard

Chairwoman of the Board of Directors

Statutory Auditors' report

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

To the Shareholders,

In our capacity as Statutory Auditors of Pernod Ricard and in accordance with article L. 225-235 of the French Commercial code, we hereby present our report dealing with the report prepared by the Chairman of your company in accordance with article L. 225-37 of the French Commercial code for the financial year ending 30 June 2012.

The Chairman is responsible for preparing and submitting for the approval of the board of directors, a report describing the internal control and risk management procedures implemented by the company and disclosing other information as required by article L. 225-37 for SAs with boards of directors of the French Commercial code dealing in particular with Corporate Governance.

Our own responsibility is to:

- communicate to you any observations we may have as to the information contained in the Chairman's report and relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information; and
- attest that the report includes the other disclosures required by article L. 225-37 of the French Commercial code. It should be noted that we are not responsible for verifying the fair presentation of those other disclosures.

We have performed our work in accordance with the professional standards applicable in France.

Information relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information

Our professional standards require the application of procedures designed to assess the fair presentation of the information contained in the Chairman's report and relating to the Company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information.

Those procedures involve in particular:

- obtaining an understanding of the underlying internal control and risk management procedures in the area of the preparation and processing of financial and accounting information presented in the Chairman's report, and of the related documentation;
- obtaining an understanding of the work performed as a basis for preparing that information and the existing documentation ;
- determining if any major internal control weaknesses in the area of the preparation and processing of financial and accounting information identified by us during the course of our engagement have been appropriately disclosed in the Chairman's report.

On the basis of the procedures performed, we have nothing to report on the information relating to the Company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information contained in the report of the Chairman of the Board of Directors prepared in accordance with article L. 225-37 of the French Commercial code.

Other disclosures

We hereby attest that the report of the Chairman of the Board of Directors includes the other disclosures required by article L. 225-37 of the French Commercial code.

Neuilly-sur-Seine and Courbevoie, on 11 September 2012

The Statutory Auditors

Mazars

Isabelle Sapet Loïc Wallaert

Deloitte & Associés

Marc de Villartay

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

3

CORPORATE SOCIAL RESPONSIBILITY

Sharing a tangible commitment

Since its beginnings, Pernod Ricard has been committed to a policy of social responsibility designed with the aim of development over the long term. The Group focuses its action on five priorities: respect of stakeholders, focusing on the key area of employee development, responsible drinking, the control of its environmental impacts, the promotion of entrepreneurship and the roll-out of cultural and social solidarity initiatives.

This commitment is illustrated by the Group's membership of the United Nations Global Compact since 2003 and the CEO Water Mandate since 2010.

The Company communicates on these principles and believes, in the words of Pernod Ricard's Chief Executive Officer, Pierre Pringuet, "that collective commitment to the Group's values[1] and organisational principles[2] constitute a real competitive advantage".

A historic step rooted in the Group's culture

For Pernod Ricard, Corporate Social Responsibility involves reconciling economic efficiency, social equity and environmental protection in a process of continuous improvement. It contributes to Sustainable Development. The Group has often been a pioneer in its actions and has grown while respecting people and their cultures and always looking to the long term.

Historically, Pernod Ricard's corporate culture has been marked by strong Corporate Social Responsibility (CSR):

- employee shareholding in Ricard since 1938;
- creation of the Oceanographic Institute by Paul Ricard in 1966;
- creation of Institute for Scientific Research on Beverages (IREB) in 1971;
- founding of Pernod Ricard in 1975, while preserving the personality of the two founders, Pernod and Ricard;
- creation of Pernod Ricard Research Centre in 1975, with the aim of developing local production of anise flavours in France from the cultivation of fennel;
- in 1981, joint development of Inipol EAP 22 by the Paul Ricard Oceanographic Institute and Elf Aquitaine. This product accelerates the natural process of offshore hydrocarbon breakdown, and made a significant contribution to the clean-up of the coast of Alaska in 1989 following the Exxon Valdez disaster;
- introduction of a process for employees to express their collective views directly in France in 1982;
- first "Environment Symposium" organised by the Oceanographic Institute in 1987 on Les Embiez Island;
- creation of *Enterprise & Prevention* (E&P) association in 1990, which was co-founded by Pernod Ricard. Today, this association brings together the principal French producers of wines, beers and spirits. This organisation is responsible for advertising self-regulation in France, in association with the ARPP (*Autorité de Régulation Professionnelle de la Publicité* – French Advertising Standards Authority). E&P works with the public authorities on issues related to alcohol and offers preventative programmes on inappropriate or excessive alcohol consumption;
- in 1990 the Group was a founding member of the European Forum for Responsible Drinking (EFRD), formerly the Amsterdam Group, which promotes responsible drinking and encourages companies in the industry to adopt self-regulatory standards for commercial communications;
- cultural sponsorship of the Georges Pompidou Centre since 1997;
- every year since 1999, the *Prix Fondation d'Entreprise Ricard* has been awarded to an emerging young artist on the French arts scene;
- signatory of the United Nations Global Compact since 2003;
- integrated "Quality, Safety, Environment policy" (QSE) since 2004;
- Pernod Ricard has been a member of the ICAP (International Center for Alcohol Policies) since 2005;
- Pernod Ricard has been included in the FTSE4Good extra-financial analysis index since 2005;
- Sustainable Development Charter since 2006, with tangible commitments in relation to shareholders, employees, consumers, the environment, suppliers and partners;
- introduction of the pictogram for the prevention of alcohol consumption by pregnant women in 2006 in all European countries;
- in 2007 Pernod Ricard adopted a Code for Commercial Communication;
- participation in Environment Summit (*Grenelle de l'Environnement*) in 2007 and 2008;
- ISO 14001 and ISO 9001 certification for over 80% of industrial production sites in 2009, covering 90% of production volume;
- in 2010, the Group joined the CEO Water Mandate;
- in 2010 Pernod Ricard launched a new CSR platform;
- in Spring 2011, CSR training was offered to all Group employees: 15,031 employees received face-to-face training and were then able to develop this knowledge further using e-learning;
- 2011: introduction of the global social responsibility event to mobilise the Group's 18,000 employees: Responsib'All Day.

(1) Entrepreneurial spirit, mutual trust and sense of ethics
(2) Decentralisation and conviviality

Establishment of appropriate governance

Pernod Ricard is a decentralised group, whose structure gives it unequalled strength to conduct its business all around the world. As a result, subsidiaries are to a large extent responsible for their own businesses.

In 2009, the Group launched a group-wide project called Agility, designed to update the corporate model and thus improve the Group's performance.

Group Management decided that Corporate Social Responsibility should be one of six areas marked for this internal initiative.

Interviews were conducted internally and externally with key stakeholders to provide recommendations for Pernod Ricard's CSR policy.

Following these recommendations, it was decided by the Group Executive Committee:

- **to designate a high level organisation dedicated to CSR:**
  - responsibilities of the Managing Director, in charge of Human Resources extented to include CSR,
  - a Group CSR Advisory Committee created, gathering people from all regions and functions. Its main roles are to facilitate the implementation of Corporate Social Responsibility, initiatives to offer support to subsidiaries and provide analyses and recommendations on strategic CSR issues,
  - a network of CSR leaders was developed, comprising employees from more than 70 countries, who operate under the management of their subsidiary and whose main role is to introduce the CSR strategy in their subsidiary;
- **to implement a CSR strategic platform founded on three fundamentals:**
  - CSR activities should be linked with the Group's business,
  - they should be rooted in the Group's culture and identity,
  - they should involve all employees.

This platform has one prerequisite and four priorities:

- **a prerequisite:**
  - respect for all stakeholders: in particular our employees, consumers, shareholders, partners, customers, suppliers and our local communities;
- **two principal priorities:**
  - responsible drinking: Pernod Ricard aims in particular to set an excellent example on the issues of drink-driving and education,
  - environment: to reduce its environmental impacts, the Group has defined five issues to be addressed, namely environmental management, sustainable farming, water use, energy use/CO_2 emissions and eco-design;
- **two optional priorities:**
  - actions that favour entrepreneurship and its innovative, energetic and responsible values,
  - cultural initiatives.

This platform has been presented in cascade training sessions from the CSR leaders to the employees. In May 2011, more than 15,000 employees had already been trained in CSR. The CSR training module describes the concept of Sustainable Development and Corporate Social Responsibility, explains the Corporate Social Responsibility issues for Pernod Ricard, develops each area of Corporate Social Responsibility strategy in detail and encourages employees to become involved.

In order to confirm and examine the knowledge of employees about Corporate Social Responsibility, an e-learning module of around 40 minutes was launched on 26 April 2011.

CSR governance

Pernod Ricard puts CSR at the heart of its vision and values (entrepreneurial spirit, mutual trust and sense of ethics), summed up in its slogan "*Créateurs de convivialité*". Its 18,777 employees are ambassadors and actors in its CSR policy.

Pernod Ricard's approach and performance have been recognised and rewarded by the FTSE4Good and Ethibel's Excellence investment labels, in particular.

On 16 February 2011, the Board of Directors, whose composition and functions are described in Section 2 "Corporate Governance and Internal Control", decided to create a Business Ethics Code and Committee to prevent insider trading.

The Audit Committee, whose composition and missions are also described in Section 2 "Corporate Governance and Internal Control", exercises an extended role in supervising internal and external control.

Operational and CSR risks are covered by the Company's audit and Internal Control systems.

Internal QSE standards are a key reference for Internal Control procedures.

Moreover, in order to improve the transparency and reliability of the social, environmental and societal data issued, the Group has instigated a progressive system of verification of some of these environmental, social and societal indicators by its Statutory Auditors, Deloitte and Mazars. The first Statutory Auditors' report on this was published in respect to financial year 2009/2010.

External benchmarks

The main international standards with which the Group complies are: ISO 9001 (Quality), ISO 14001 (Environment), ISO 22000 (Product health and safety), ISO 26000 (CSR) and OHSAS 18001 (Health and safety at work).

The Group applies the recommendations of the GRI (Global Reporting Initiative) to the implementation and monitoring of these indicators.

Human resources

Challenges and policy

Leadership culture

Leadership culture is inherent in Pernod Ricard's values and history and drives its performance. In order to accelerate their adoption, since 2010 the Group has been committed to creating and deploying common tools and processes across all its subsidiaries. Several of these were introduced into the subsidiaries in 2011.

Collective and individual performance

As a result of its decentralised economic model, Pernod Ricard's culture is based on three core values shared by all 18,777 employees ☑: entrepreneurial spirit, mutual trust, sense of ethics. It is accompanied on a day-to-day basis by a collective attitude, which drives commitment: conviviality and team spirit, which can be seen in the ease of interactions and the recognition of success.

Ambitious HR tools and processes

Pernod Ricard's culture drives its creativity and permanent innovation. The Group has formalised the main principles of its culture, in terms of work organisation, attitude, leadership and talent development, in its Charter which was updated in early 2011 and sent to all employees. In order to support and optimise this dynamic model, effective HR management tools and processes common to the entire Group were developed following work carried out in consultation with all the subsidiaries.

Concertation

The Company has a tradition of concertation and promotes freedom of association, believing in the importance of providing a working environment which recognises working conditions. The Group's corporate report has a section which assesses the quality of concertation. In addition, the Sustainable Development Charter clearly states that one of the Group's targets is to ensure freedom of association.

The Group, with more than 50% of its staff based in Europe, has mainly been focusing its actions on the European trade unions, through the European Works Council (EWC), which gathers together representatives from every European subsidiary with more than 75 employees. The EWC's latest renewal also enabled the election of a Select Committee which can act on its own initiative to respond to any social measure that might be taken in Europe involving two or more European countries where Pernod Ricard has local teams. Moreover, every year each European employee of the Group receives a brochure summarising the content of the 3-day annual meeting. This programme contains specific training offered to all our trade union representatives.

Note on the methodology used to compile corporate indicators

Tools used

The Hyperion Financial Management (HFM) consolidation software has been used to gather and process corporate data for 2011/2012, supplied by local entities. Controls are performed by combining the HFM package with the query editor features of the Smart View data retrieval tool.

Corporate indicators in this report are based on all Group entities that have reported on their employees for the period concerned.

When a company joins the Group scope in the period concerned and is subject to Group controlling, its corporate data is immediately fully included in the figures, whatever the equity stake held by the Pernod Ricard Parent Company.

Consolidation scope for data retrieval

Corporate data and the related level of detail are expressed within a scope that has been slightly modified compared with 2011, following the integration of Pernod Ricard Vietnam, the addition of four entities in the Americas region, the creation of a sub-group and a new entity in Sub-Saharan Africa within the Europe region and the removal of the consolidated sub-groups Pernod Ricard Italy Switzerland and Pernod Ricard Greece Turkey.

The Asia-Pacific region covers the distribution networks activity in Asia and the Group wines business, including the subsidiary Domecq Bodegas, which is based in Spain (410 employees at 30 June 2012). Pernod Ricard's African activities are managed by the Europe region and the related data are therefore included in the data for Europe.

The indicators are mostly given for a global consolidation scope. However, for some indicators which are hard to standardise at a global level, it has been preferred to report two figures for two different scopes: France and World.

This methodology, while allowing a breakdown of data by region, is nonetheless limited as there are no universally recognised definitions at local or international level for some indicators (professional categories, corporate social performance).

The requests made to subsidiaries in respect of social indicators are influenced by a number of reference texts to which Pernod Ricard refers: the list of information required by the "*Grenelle II*" law, which provides a list of indicators to which Pernod Ricard will be subject from the 2012/2013 financial year (in accordance with article L. 225-102-1 of the French Commercial Code) and ISO 26000, have provided a working framework.

☑ Data verified by the Statutory Auditors, with a "limited" level of assurance

Method of consolidation of indicators

After being input by the entities, data is gathered at cluster level, then at regional level to be sent to the Holding Company. At each level the data is processed and consolidated following a clearly defined procedure and criteria. Each entity which gathers and includes data is responsible for the indicators supplied and certifies the data as well as its control. Once all the data is gathered, the Holding Company performs a global control of the data and thus guarantees the accuracy and consistency as a whole.

To improve the reliability of the reporting process, a glossary is updated every year, providing precise definitions of each indicator, illustrated by tangible cases. A user guide for the reporting tool is also available for contributors. Automatic consistency controls (which sometimes have a blocking effect) also exist since 2010.

Internal training has been provided for the key users (regions, direct subsidiaries of the Holding Company) in 2012.

The Pernod Ricard group seeks constantly to improve its collection and analysis of corporate data and therefore regularly develops its work to adapt its tools, glossary and user guide to the changing needs of the Group.

All of the corporate data is consolidated by aggregation.

Additional information

Professional categories are a specifically French concept which Pernod Ricard group companies in other countries find hard to apply. With the aim of improving the reliability of data, the Group has expanded this concept by retaining the four categories used in the French Group scope and allocating two categories for the World scope: Managers and non-Managers. The definitions of these categories have been explicitly notified to Group entities but their application is not yet standardised.

Departures and recruitments are based solely on staff with indefinite-term contracts.

Average headcount is calculated on a full-time equivalent basis, without taking into account long and short-term absences.

Pernod Ricard China employees are accounted for as staff with indefinite-term contracts (807 at 30 June 2012). Chinese employment contracts actually comprise a statutory duration and are only transformed into indefinite-term contracts after several years. However, given the specificities of employment legislation in China, the Pernod Ricard group considers its personnel to be staff with indefinite-term contracts.

Expats and transferred employees are accounted for by the host company, including all related costs (training, salaries, etc.). This may explain the significant variations (for the Holding Company, for example).

In the accounting rule for remuneration data, the way in which employer and employee expenses should be recognised in the data supplied has been further specified. This may explain significant variations in respect of the prior period.

Paternity leave is not included in the calculation of the absenteeism rate.

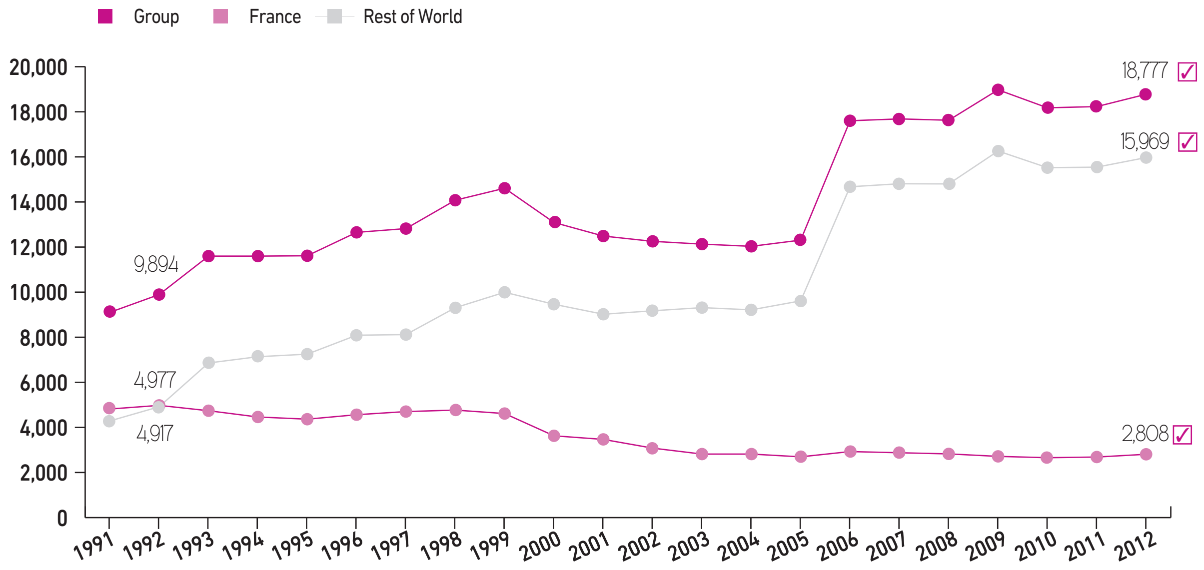
Apprenticeship contracts have been included in the definite-term contracts.

Working time, the rate of absenteeism and the frequency and severity rates of accidents at work are calculated on the basis of the theoretical number of hours or days worked per year (in working days).

The Group's social report

The Group's social report, drawn up annually using contributions from the subsidiaries, reveals Pernod Ricard's social profile. To improve the transparency and reliability of the corporate data communicated, starting in 2010, the Statutory Auditors have verified certain Group data on headcount (global, definite-term contracts and indefinite-term contracts), the ratio of men/women and voluntary turnover, average workforce by region and staff movements. Data that has been verified in this report are identified with the following symbol: ☑ . Their report, detailing the work performed as well as their comments and conclusions, appears on page 72.

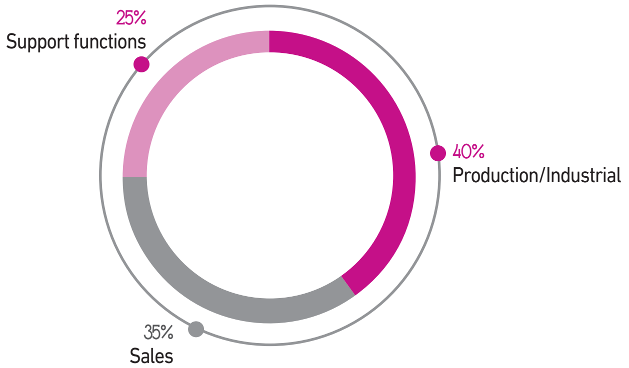
Trends in worldwide workforce at 30 June



This end-of-year snapshot shows 3% growth in the workforce between 2010/2011 and 2011/2012, reflecting mainly increases in the sales networks in growth countries (Russia, Colombia, China, Vietnam, Brazil, etc.), despite an uncertain global economic backdrop.

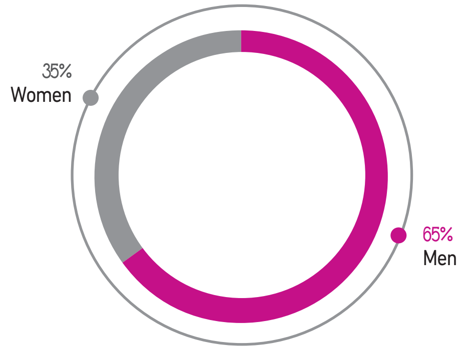
Group employee numbers increased 90% between 1992 and 2012, symbolising, through the development of its Human Resources, the global ambitions of the Group and the relevance of its business model.

Breakdown of average workforce by sector of activity



The employee breakdown by major business sector shows that 40% work in the industrial sector (distilleries, bottling sites, logistics centres, ageing warehouses, wine making, procurement, supply chain, QSE), 35% in sales and 25% in support functions. The growth in sales roles should be noted, accounting for 35% of positions in 2011/2012 compared to 30% in 2008/2009. Support function numbers have remained stable and industrial activities account for 40% of jobs performed in the Group compared to 47% in 2008/2009.

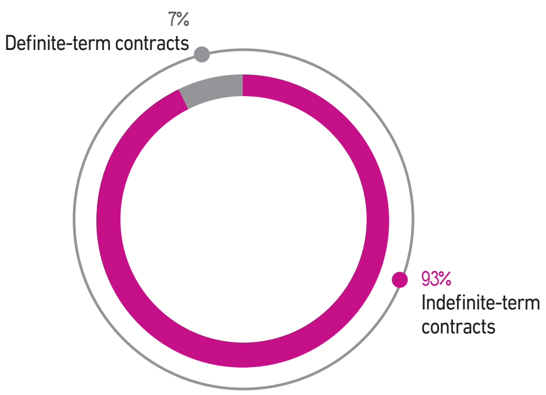
Breakdown of workforce by gender at 30 June 2012 ☑



Women account for one third of the Pernod Ricard Group's workforce (6,553 ☑ female members of staff compared to 6,206 in 2010/2011). In 2011/2012, the share of external female recruits was close to 41%, compared to 40% the previous year.

☑ Data verified by the Statutory Auditors, with a "limited" level of assurance

Breakdown of workforce by type of employment contract at 30 June 2012 ☑



The Group tends to prioritise indefinite-term contracts and internal mobility, reflecting its commitment to developing long-term relationships with its employees and offering them secure employment.

The proportion of definite-term contracts was stable compared with the previous year.

In France, definite-term contracts account for 7% of employment contracts compared with 9% in the Pacific region, due mainly to the large numbers of seasonal workers employed in the wine industry.

Across the Group, 5% of the workforce work part time.

Average workforce by region

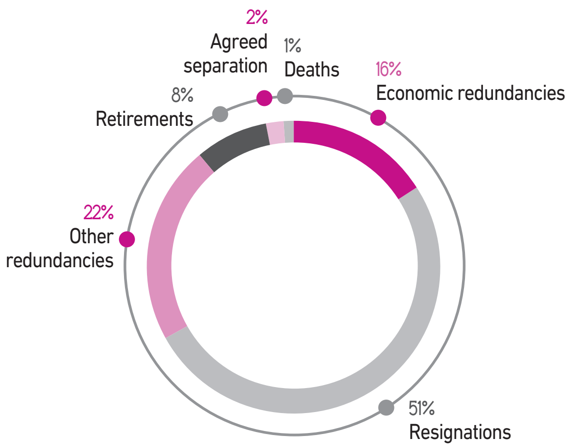
	2009/2010		2010/2011		2011/2012 ☑	
	Average annual workforce		Average annual workforce		Average annual workforce	
	Total all categories	In %	Total all categories	In %	Total all categories	In %
GROUP	**18,453**	**100%**	**17,926**	**100%**	**18,308 ☑**	**100%**
Europe	10,046	54%	9,263	52%	9,397 ☑	51%
France	2,657	14%	2,616	15%	2,713 ☑	15%
Europe excluding France	7,389	40%	6,647	37%	6,683 ☑	36%
Americas	4,144	23%	4,129	23%	4,236 ☑	23%
Asia-Pacific	4,263	23%	4,534	25%	4,675 ☑	26%

The Group is present internationally via subsidiaries located in more than 70 countries (51% of staff are located in Europe, 23% in the Americas and 26% in the Asia-Pacific region). This diversity contributes to the Group's performance and reflects its capacity to integrate employees from different cultural backgrounds. France, birthplace of Pernod Ricard, boasts 15% of Group total staff numbers.

Variations in the workforce mainly occurred in:

- Asia (increases in the sales networks in Vietnam and China, increased industrial headcount in India);
- the Pacific region (headcount down in New Zealand following asset disposals);
- Europe, where the workforce remained stable (increases in the sales networks in Russia, Ukraine and Ireland for Irish Distillers, strengthening support functions in France for Martell, reduction in headcount in Denmark and Greece);
- the Americas, growth of the workforce was notably in Colombia (increases in sales network and support functions).

Employee departures by reason (employees with indefinite-term contracts)



☑ Data verified by the Statutory Auditors, with a "limited" level of assurance

The balance between new recruits (2,635 ☑) and departing employees (1,870 ☑) is positive. Resignations are the main reason for departures from the Group (51% of departures). Economic redundancies fell from 33% in 2010/2011 to 16% in 2011/2012. Against a difficult economic backdrop, the Group was able to limit restructuring with few collective redundancies for economic reasons, particularly since the perimeter remained more stable than the previous year. Individual departures (excluding resignations) rose from 2010/2011, representing 437 departures (compared to 243 in 2010/2011).

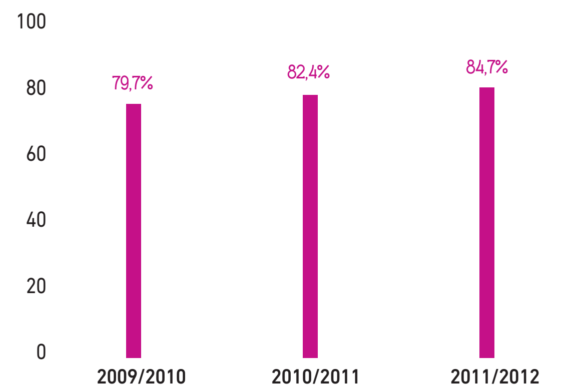
Staff rotations

	Resignations	Annualised workforce on indefinite term contracts	Rate of voluntary departures
Managers	190	3,954	4.8%
Non-Managers	769	13,309	5.8%
TOTAL	**959**	**17,263**	**5.6% ☑**

959 resignations were recorded during the period, compared to 917 last year. The low rate of voluntary departures remained stable over the last two years (5.4% in 2010/2011 and 5.6% ☑ in 2011/2012).

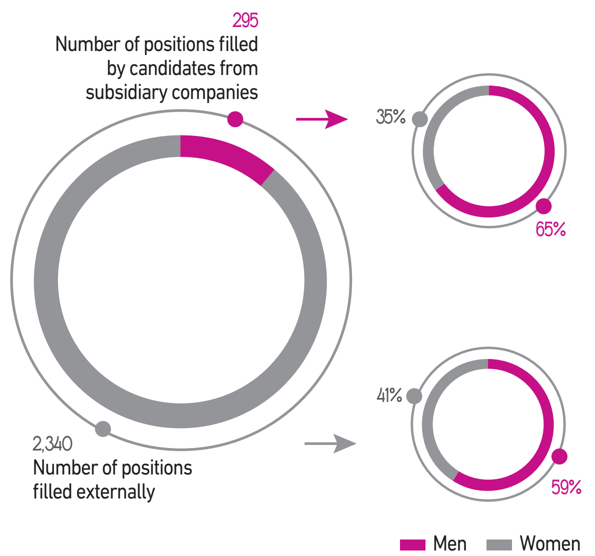
Recruitment and annual performance review

CHANGE IN ANNUAL PERFORMANCE REVIEW RATE



Pernod Ricard is improving the evaluation of employee performance and the compilation of development goals with the rate of annual manager/employee interviews reaching 84.7% in 2011/2012, up 2.3 points compared to 2010/2011.

BREAKDOWN OF POSITIONS FILLED IN FINANCIAL YEAR 2011/2012



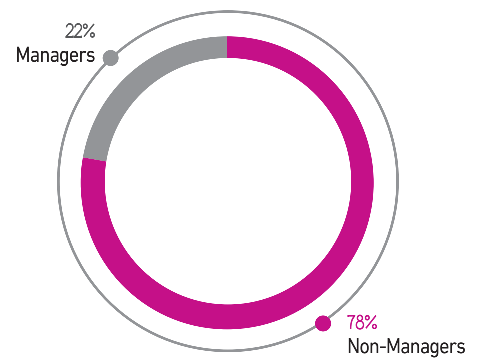
295 positions were filled by candidates from subsidiary companies (i.e. 11% of new indefinite-term contracts during the period). 932 internal promotions (within the same organisation) were also recorded during the period. 105 international moves (from one country to another) were recorded in the expatriate population during the period.

Average age and length of service

The average length of service of Group employees is 9.7 years. This figure, which has been falling for three years, reflects the structure of sales teams in the Group's growth countries (Brazil, Colombia, China, Russia). In France the average length of service is 17 years.

The average age of Group employees is 39.2 years, while in France it is 44 years.

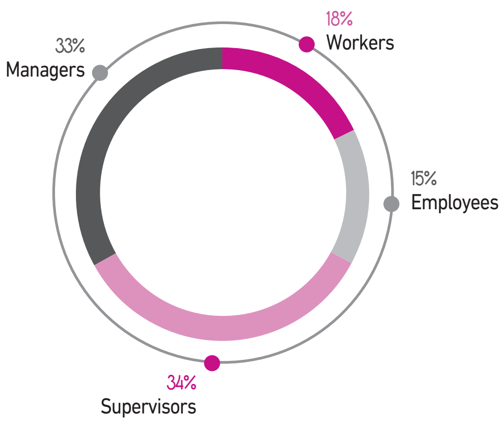
Breakdown of Group average workforce by category



Worldwide, 22% of employees hold a managerial position (internal definition).

☑ Data verified by the Statutory Auditors, with a "limited" level of assurance

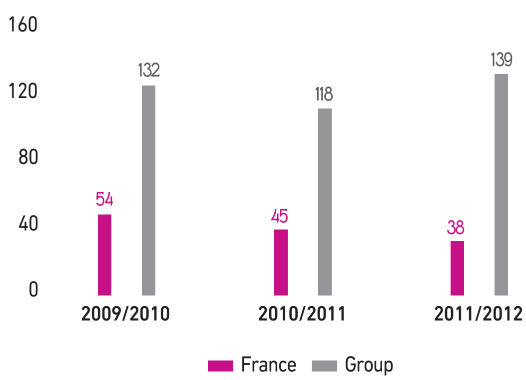
Breakdown of average workforce in France by category



Of the 2,713 employees (average workforce) in France, 68% of them are workers, employees or supervisors.

Company Agreements

CHANGE IN THE NUMBER OF COMPANY AGREEMENTS SIGNED



The Group favours the enhancement of social dialogue with nearly 140 agreements signed with its various social partners throughout the world during the last year. In France, 38 Company Agreements were signed by the Group subsidiaries in 2011/2012 covering issues such as profit sharing, salaries, collective benefit schemes, equal opportunities and the profit-sharing premium.

In total, trade unions are present in 35% of the Group's entities. There are also non-union employee representation groups in the majority of the Group's subsidiaries: 35 Group subsidiaries signed at least one Company Agreement during the year.

Outside France, these have negotiated for the disabled (Brazil) or on salaries (Uruguay), for example.

A corporate barometer on a global scale

In June 2011, Pernod Ricard sent an extensive questionnaire, called "I say", to all Group employees (available in 34 languages and in electronic or paper format) to assess employee commitment. Its aim was to gather each employee's opinion on key subjects such as the environment and working relationships, corporate culture, communication, the sense of belonging, etc. 80% of employees responded. The barometer results are outstanding and are well above the results of the "Fast Moving Consumer Goods" benchmark used by the consultants employed (Towers Watson). The positives include:

- the high level of commitment among employees;
- their very positive opinion of the Group;
- their strong commitment to the culture and values of their subsidiary and those of the Group.

The "I say" survey highlighted several areas for improvement:

- proximity management;
- diversity;
- recognition.

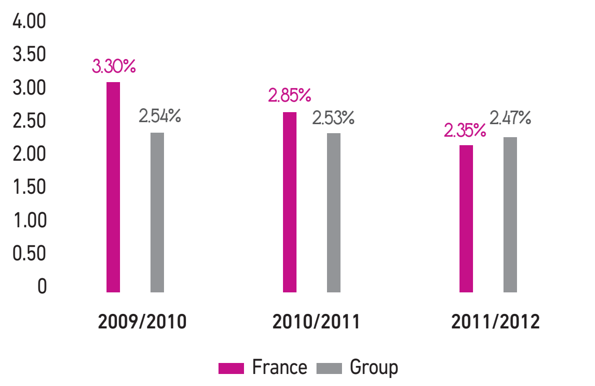
87% of the Group's entities implemented an action plan based on the subsidiary's results.

Since the Group has not carried out any large-scale redundancy plans in the recent past, the policy applicable in such an event has not been implemented this year. However, during previous acquisitions which resulted in the carrying out of reorganisation plans, the Group drew up a list of principles to be respected by subsidiaries in such an event. General management principles available in accordance with the Sustainable Development Charter require each subsidiary to act responsibly in order to respect local rights and, where possible, avoid unnecessary redundancies.

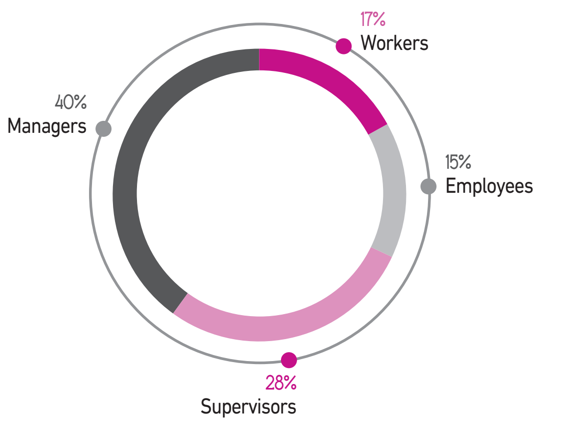
Local representatives are involved by General Management from the start of any such process and are given priority notice of the progress of projects. In Europe, representatives on the EWC Select Committee are also kept informed via the Group's Senior Management team.

Training

TREND IN TRAINING INVESTMENT
(as a percentage of total payroll)



BREAKDOWN OF TRAINING HOURS IN FRANCE BY PROFESSIONAL CATEGORY



With 432,456 training hours this year, the Group was able to offer training to almost 14,500 employees (i.e. 80% of the total average workforce). This figure, up 9.1% on the previous year, was backed by stable financial management compared to 2010/2011.

In France, training hours also increased however the funding allocated amounted to 2.35% of the total payroll, which is lower than the Group trend, which amounts to 2.47% (compared to 2.53% in 2010/2011).

Each employee received on average 30 hours of training throughout the year.

Training programmes are aimed at adapting employees' skills to the requirements of their current position and also preparing them for their next assignment. Pernod Ricard has developed seminars to develop employees' skills. These programmes cover such subjects as management and technical skills in marketing, finance, sales, industry, communication, CSR and legal issues.

In order to support the development of its talented employees and train its future leaders, while still encouraging diversity, the Group created the Pernod Ricard University. Through long-term training programmes, it supports employees throughout their professional careers.

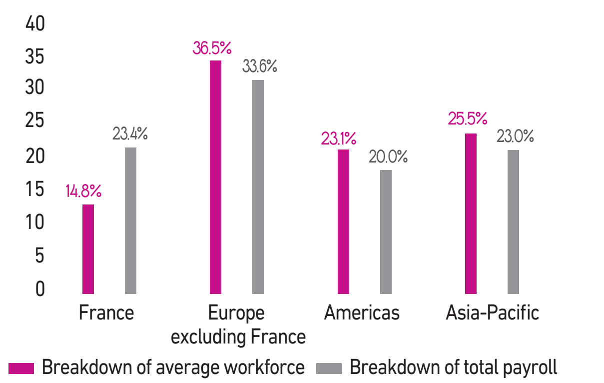
The Pernod Ricard University offers a wide range of training courses, open to all managers worldwide (25 programmes, 48 sessions taught in French, English and Spanish, offered to 610 people in 2011/2012). A partnership for senior managers has also been in place with INSEAD since 2007. This year, 30 employees took part in this specific programme.

Recognising and developing employee potential

With an integration policy, annual development and performance reviews, training sessions, etc., Pernod Ricard's HR procedures encourage employees' personal and professional development. In 2011 the Group introduced a talent promotion scheme called iLead. This initiative, which is common across the Group, is based on a leadership model defined by a benchmark of skills and formalised by a talent evaluation tool. Together with management reviews and succession planning for key Group posts, it is an essential mechanism for recognising and selecting prospective talent.

Payroll and workforce by region

BREAKDOWN OF AVERAGE WORKFORCE AND PAYROLL BY REGION FOR 2011/2012



Several headquarters are located in France, the Group's birthplace, representing a significant proportion of the payroll.

Work accidents and absenteeism

Pernod Ricard made a formalised commitment to health and safety issues in its Sustainable Development Charter. This commitment applies throughout the Group, and is supported by senior management.

The Company has allocated resources to address these issues, including a certified health and safety system involving training and awareness-raising programmes, internal monitoring, Internal H&S Audits, OHSAS 18001 certification and a road safety programme.

Pernod Ricard has launched an e-learning training programme on safety issues, provided for new employees, who receive a certificate for having participated in the programme. Pernod Ricard monitors the accident frequency rate and accident severity rate throughout the Company. Health and safety is among the aspects covered by internal audits. 93% of the Group's production sites operate under OHSAS 18001 certification.

GROUP WORK ACCIDENTS

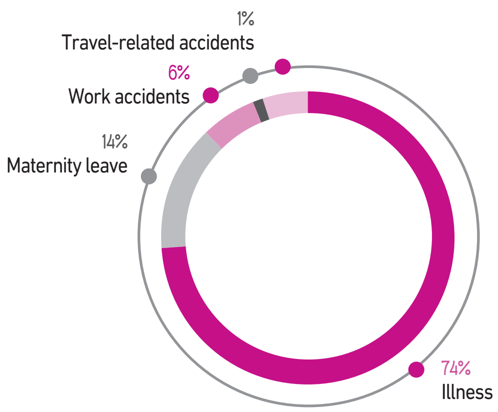
	2009/ 2010	2010/ 2011	2011/ 2012
Number of accidents leading to lost-time	333	278	245
Frequency rate	10	9	7
Severity	0.18	0.19	0.21

GROUP ABSENTEEISM

	2009/ 2010	2010/ 2011	2011/ 2012
Rate of absenteeism	3.51%	3.27%	3.45%

At Group level, 90% of employees are covered by health insurance and 85% have major risks protection (death and invalidity).

BREAKDOWN OF REASONS FOR ABSENTEEISM IN FRANCE 2011/2012
(as a percentage)



Human Rights

The Group has been supporting the United Nations Global Compact since 2003. The 10 principles, including those linked to human rights (businesses should support and respect the protection of internationally proclaimed human rights and make sure that they are not complicit in Human Rights abuses), are fully accessible to its employees worldwide on the Group's Intranet.

Respect for human rights and prevention of abuses

Pernod Ricard's Internal Charter sets out the requirement that its employees comply with the law, including fundamental principles such as the respect of Human Rights. In addition, our policy has been detailed in our Sustainable Development Charter. These two documents are available on our global website (www.pernod-ricard.com).

As a decentralised organisation, Pernod Ricard hands responsibility to its subsidiaries for the adoption, respect and promotion of the content of our Charters locally. However, dedicated departments at Group level regularly evaluate compliance with those principles (through internal audit and local initiatives aimed at developing or monitoring the Company's commitment to ethical practices).

Market visits by transversal internal audit teams also cover social aspects, which allows them to examine the issue of Human Rights. Since the Management Committee is responsible for ensuring respect of the law, our internal audits may focus on more specific topics.

Managing Directors are evaluated on social aspects as well as economic performance. Hence we believe that all activities are covered, although targets may vary from one subsidiary to another.

Respect for freedom of association and the right to collective bargaining

Pernod Ricard outlines freedom of association and the right to collective bargaining in its Sustainable Development Charter and the progress report drawn up in the framework of the United Nations Global Compact. The Company is a signatory to the Global Compact and communicates on this principle.

Non-discrimination

Pernod Ricard made a formalised commitment to non-discrimination in its Sustainable Development Charter. The Company is a signatory to the Global Compact and communicates on this principle. In 2003, Pernod Ricard signed the "Business Workplace Diversity Charter", whose aim is to encourage the employment of different groups in French society. This charter bans all forms of discrimination when recruiting, during training and in professional development.

In its fight against discrimination, Pernod Ricard has set up a dedicated structure to study diversity, to improve the ratio of men and women and the variety of the profiles on internal recruitment shortlists.

The representation of women in the subsidiaries' Management Committees has now risen 2.5 points from last year to 21.4% today.

With regard to disability, although all of the subsidiaries comply with the legal requirements in force, work is still required to improve the insertion of disabled employees.

Environmental management

Challenges, commitments and results

Pernod Ricard was built on the development of brands with deep roots in the land and affords great importance to the use of high-quality raw materials in its production. As such, it has made preserving the environment a top priority. Since the 1960's, founder Paul Ricard was a pioneer and visionary in environmental protection, having created a marine observatory in 1966 which went on to become the Paul Ricard Oceanographic Institute. Almost half a century later, the Group has developed very strong relationships with the agricultural regions from where it sources its raw materials and where it produces many of its brands, thus linking the Group's development with that of the areas where the company's roots were established.

This commitment was also reflected in the introduction of a Sustainable Development Charter in 2006, and was reaffirmed by the Group Executive Committee in 2010, placing the environment amongst the Group's priorities in relation to the roll-out of its Corporate Social Responsibility strategy.

PRIORITIES BASED ON THE ENVIRONMENTAL IMPACTS GENERATED ALONG THE PRODUCTION CHAIN

	Raw materials	Production	Packaging	Logistics	Finished products
Businesses	Agricultural production	Pressing, vinification, distilling, maturing, blending	Bottling, packaging	Transport by road, sea, rail	Consumption
Main environmental impacts	Irrigation water Biodiversity	Energy consumption Water consumption Organic waste Waste water Greenhouse gas emissions	Energy consumption Packaging waste Waste water	Greenhouse gas emissions	Packaging waste

The Group's environmental commitments result from the impact of its activities and are based on five thematic areas: environmental management, promotion of sustainable agriculture, preservation of water resources, reduction in energy consumption and carbon footprint and the reduction of the impact from waste and packaging.

The table below summarises the main commitments for each of these areas, the corresponding targets for 2008-2012 and the results at the end of this period. The actions behind these commitments will be detailed in later chapters.

Areas	Commitments	2008/2012 targets	Results at 30 June 2012
Management	Roll out an efficient **environmental management** system	100% of sites certified ISO 14001	☑ 94%
Agriculture and biodiversity	Promote **sustainable agriculture** and protection of **biodiversity**	80% of vineyards belonging to the Group certified to environmental standards	77%
Water	Conserve **water resources** locally	10% reduction in water consumption per unit manufactured at production sites	-23% (-14% on a like-for-like basis)
Energy and greenhouse gas emissions	Reducing **energy consumption** Measure and **reduce greenhouse gas emissions** along the entire production chain	10% reduction in energy consumption per unit manufactured at production sites	-23% (-10% on a like-for-like basis)
Waste and eco-design	Reduce the impact of **waste** Promote **eco-design**	85% of waste recycled at production sites	92%

☑ *Data verified by the Statutory Auditors, with a "limited" level of assurance*

Each commitment is detailed in an environmental road map which fixes the guidelines and priorities for the forthcoming years for each of the five major areas and for all subsidiaries, regardless of whether these are involved in the production or distribution businesses. This year, the Group established think tanks to discuss priority issues such as biodiversity, water resources and eco-design of products.

Moreover, to support employees in implementing this road map, collaborative tools and awareness modules have been put in place: e-learning, training seminars, Intranet community and an inventory of Best Practices. These internal communication resources highlight the Group's environmental challenges and the different initiatives developed by the subsidiaries, thus encouraging new ideas in relation to the environment.

The sections that follow provide further details on these different issues and detail the results obtained for each of the five areas.

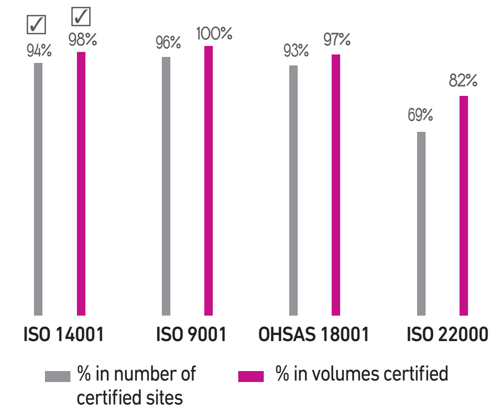
Environmental management

Organisation and certification

In line with the principles set out in its Sustainable Development Charter, the Group applies responsible environmental policy in each country that is home to one of its production facilities. These principles are:

- promoting the responsibility of subsidiaries: each subsidiary is fully responsible for determining how to reduce its own environmental footprint and how to apply the Group's policy locally. Pernod Ricard's Technical Division oversees and coordinates measures at Group level, notably by performing regular audits and sharing of best practices;
- the ISO 14001 (Environmental Management) certification policy: as of 30 June 2012, 94% ☑ of the production sites are ISO 14001 certified, representing 98% ☑ of the Group's production volume;
- this measure is in line with the Group's integrated Quality/Safety/Environment management policy, which is based on extending the certification of production sites in these different fields (see chart). Thus, as of 30 June 2012, 100% of the production subsidiaries and 95% of the Group's production sites have an ISO 9001 certified Quality Management System, a common basis for risk management and continous improvement. The ISO 14001 certification is complemented by the ISO 22000 certification (Food Safety) and OHSAS 18001 (Occupational Health and Safety).

PERCENTAGE OF CERTIFIED SITES AT 30 JUNE 2012



Since 2010, the Group has extended the application of its environmental road map to market company subsidiaries without industrial activities. A tool has been distributed specifically to assess their environmental impacts and enable them to establish action plans tailored to their specific activity. As a result, this year an increasing number of market subsidiaries have been able to start to formulate an environmental action plan.

Scope of environmental reporting 2011/2012

The Pernod Ricard environmental reporting relates to the financial year (July to June) and concerns all 98 industrial production sites under operational control as at 30 June 2012. Only industrial sites are taken into account. Agricultural properties, head offices and logistics sites are excluded from the environmental reporting scope.

This scope differs little from that of the previous financial year: it covers a production volume of 1,182 million litres (bottled or bulk finished products) compared to 1,176 million in 2010/2011, and a volume of distilled alcohol of 237 million litres (measured as pure alcohol) compared to 211 million in 2010/2011. The number of sites taken into account fell from 99 the previous year to 98. This difference is explained by the disposal of the subsidiary Georgian Wines & Spirits and the Corby bottling site in Quebec, as well as the addition of a maturing site in Canada which until now had not been included in the reporting scope (see Section 1 "Presentation of the Pernod Ricard group" under the paragraph "Property, plant and equipment"). These changes in scope represent a total reduction in production capacity of -1.26%.

Methodology

The chosen indicators make it possible to monitor the Group's environmental performance on the basis of indicators that are relevant to its industrial activity. They are drawn up using the GRI (Global Reporting Initiative, version G3.1) guidelines and principles while remaining adapted to the Group's specific activity where necessary.

☑ Data verified by the Statutory Auditors, with a "limited" level of assurance

The main categories of data collected concern: water management (consumption and discharge), energy consumption, the management of by-products and waste (organic, solids, hazardous, etc.), the consumption of packaging materials, direct and indirect CO_2 emissions, environmental management, sanctions and incidents reported to the authorities and complaints filed by third parties.

In order to ensure consistent results throughout the scope, a manual defining each indicator was sent to all the Environment Managers in charge of consolidating data. This manual is updated on an annual basis. Data is collected by the Environment Managers of each subsidiary. The Group then analyses these data and runs consistency checks to identify any reporting or input errors. When there are significant gaps in the data, the Group checks with the subsidiaries to ensure the data is valid. The data is then formally approved by the Industrial Directors of the subsidiaries. Finally, the Group consolidates the data by analysing the progress in environmental performance, both globally and by business line.

In the case where a significant reporting error from previous periods is identified, historical data is only readjusted if the impact on Group performance is greater than 1%, in order to enable a better interpretation of results and trends. This was the case for:

- volume of water consumed in financial years 2007/2008, 2008/2009, 2009/2010, 2010/2011: data for volumes of water consumed were considerably adjusted following a problem interpreting the definitions by a distillery in Canada. In 2012, this site conducted a detailed study of its water consumption sources in order to eradicate these problems;
- consumption of cardboard for financial year 2010/2011: this was readjusted following an error in the reporting of cardboard tonnage in Ireland.

To ensure transparency and guarantee the reliability of the environmental data communicated, since 2009/2010 the Group's Statutory Auditors have verified some of this data with a "limited" level of assurance. This year, in addition to data on water consumption, energy consumption, CO_2 emissions (Scope 1 and 2), ISO 14001 certification and solid and hazardous waste, two types of additional data were verified: the quantity of glass and cardboard packaging used and administrative sanctions or fines due to non-respect of environmental laws or regulations. Data that has been verified in this report are identified with the following symbol: ☑. Their report, detailing the work performed as well as their comments and conclusions, appears on page 72.

Performance monitoring

The environmental performance of sites is expressed using several ratios, based on the type of business in which the Group has classified them:

- distilleries: data broken down by volumes of pure distilled alcohol;
- bottling sites: data broken down by volumes of finished bottled goods;
- wineries: data broken down by volumes made into wine.

At Group level, consolidated performance is expressed based on:

- either the total amount of distilled alcohol for the environmental impacts due mainly to distilling (e.g.: water or energy consumption), expressed in unit per thousand litres of pure distilled alcohol (kl PA);
- or the volume of finished products manufactured when bottling is the main source of the environmental impact (e.g.: solid waste), expressed in unit per thousand litres (kl).

This distinction is sometimes complex, as some sites have several activities. Similarly, as the time frames involved in bottling may sometimes be very different from those for distilling (aged spirits: whiskies, cognac, etc.), these figures may be difficult to interpret from one year to the next. Both calculation methods are therefore presented for some indicators. Setting overall Group quantitative targets for the quantity of water or energy consumed per unit produced, for example, becomes complex as the consolidation of targets depends on the business mix during the year and the consolidated indicator chosen. For that reason, the results expressed by the indicators should be used with care and interpreted over the long term.

Environmental compliance

All certified sites are subject to internal and external audits, during which any failures to comply are reviewed. Sites are regularly reviewed as part of the QSE (Quality, Safety, Environment) audits performed by the Group.

Two environmental incidents were reported to the local authorities:

- the first relates to the accidental discharge of 13 m^3 of vodka in the waste water network in August 2011 at a bottling site in Ireland;
- the second concerns a cooling gas leak due to faulty piping in Canada.

Moreover, a single ☑ administrative non-conformity was raised at a distillery in Scotland, due to the failure to declare all CO_2 emissions (the error accounted for less than 2% of the total emissions).

During the same period, five complaints from third parties were received:

- one complaint due to the construction work for the extension of the distillery in Ireland (deposits of dust on the roofs of neighbouring houses);
- two complaints concerning noise levels close to production sites in Ireland and Sweden;
- two complaints concerning the development of mould on buildings close to the whisky maturing cellars in Canada.

These incidents have been analysed and action plans drawn up to correct the consequences and eliminate the causes, as a means of continuous improvement.

☑ Data verified by the Statutory Auditors, with a "limited" level of assurance

Promoting sustainable farming

Challenges and targets

Pernod Ricard is a major supporter of agriculture, as all the Group's products are manufactured with farm raw materials. As such, it promotes sustainable farming, using natural resources responsibly, respecting the environment, and is concerned about preserving water and soil quality, biodiversity and human health.

In 2011/2012, direct purchases of agricultural products from the year's harvest represented 980,000 tonnes, principally in the form of grapes, must and wines (409,000 tonnes) and grain for distilling (570,000 tonnes).

Including transformed products (alcohol, wines, sugar, aromatic plant extracts, etc.) the Group buys the equivalent of 3 million tonnes of raw agricultural products, representing in total around 200,000 hectares of cereals, vines, sugar cane, sugar beet and other crops.

Pernod Ricard is committed to developing and promoting environmentally-friendly farming practices, both through its own farming activities (mainly vineyards) and in the products it buys from its suppliers. As such, the Group acts in accordance with local standards with the following requirements:

- reduced use of fertilisers, selection and use of pesticides that are less hazardous for the environment;
- control of water and energy consumption;
- preservation of soil and biodiversity;
- training and assistance in sustainable farming practices provided for farmers.

Application of sustainable agriculture standards

The Group's vineyard estates cover 6,100 hectares in five main countries: New Zealand (46%), Australia (23%), Argentina (13%), France (10%) and Spain (6%). 77% of these vineyards are certified in accordance with environmental standards:

- in New Zealand, all the vineyards run by Brancott Estate are certified "Sustainable Wine Growing New Zealand", of which Pernod Ricard New Zealand was one of the founding members in 1995; 147 hectares also have the organic label or are in the process of obtaining it;
- in Australia, Orlando Wines is a member of "EntWine Australia", an environmental assurance programme for vineyards and winemaking sites. Since 2002, all of its vineyards are ISO 14001 certified;
- in France, the Martell & Co and Mumm Perrier-Jouët vineyards follow the integrated viticulture principles developed by Cognac and Champagne industry bodies. The Martell vineyards are ISO 14001 certified and those of Mumm Perrier-Jouët are soon to obtain this certification;
- in Spain, management of the vineyards is carried out according to the guidelines of the Sinergia standard, developed under the European Life programme and 22 hectares are managed according to organic farming principles;
- in the United States, Mumm Napa has applied the principles of sustainable agriculture based on ten key initiatives, which include the regular monitoring of insects and disease, reduction of risks caused by pesticides, protection of natural vegetation and its properties, installation of bird refuges, erosion control measures and construction of weather stations. The vineyard has the "Fish friendly farming" certification, certifying the practices put in place to restore the habitats of wild fauna, particularly fish, and to improve water quality. This Californian certification aims to protect coho salmon and rainbow trout in particular, which are in danger of extinction.

Moreover, the vineyards regularly test new sustainable viticulture practices. When these prove to reduce the environmental impact without compromising vine yields, they are then adopted on a large scale:

- all vineyards practice green cover between rows, on variable ground. This practice reduces the use of herbicides and the risk of soil erosion;
- in New-Zealand, sheep are used instead of chemical or mechanical weeding over 1,700 ha;
- in France, one of the methods Jean Martell vineyards are testing, is the use of wood chips from production as a mulch to reduce the use of herbicides;
- Mumm Napa and Pernod Ricard New Zealand sow plants that attract beneficial insects between rows thus protecting the vines against pests.

This year, the Group worked with all of the vineyards to collect information on their farming practices and to quantify their consumption of inputs. Data concerning the organisation of the vineyards, soil management, phytosanitary protection, as well as the consumption of energy, water and chemical products have also been consolidated. This process has two objectives: To measure the global footprint of vineyards and to promote the sharing of best practices between the vineyards. Summary sheets have therefore been prepared and will be shared with all vineyards during the year.

Several steps have also been undertaken with the Group's agricultural suppliers, in order to encourage them to work towards sustainable agriculture:

- in Australia, 140 strategic wine growers of Orlando Wines are members of the "Entwine Australia" scheme in 2012: 90% of Orlando Wines supplies are covered by membership of this programme, which requires that its members are ISO 14001 or Freshcare certified and requires reporting on the consumption of energy, water, fertilisers, and environmental management practices (biodiversity, soil and water conservation);
- in New Zealand, with all its vineyards now certified in accordance with the "Sustainable Winegrowing New Zealand" standard, Brancott Estate has helped its grape growers to obtain this certification. In 2012, 100% of vineyards are accredited according to the sustainable agriculture standard;
- in Spain, Domecq Bodegas encourages its suppliers to adopt organic practices against pests, avoiding the use of pesticides, and particularly those practices which reduce the pest population by sexual confusion;

- in Armenia, Yerevan Brandy Company helps wine growers with the management of their phytosanitary products: the subsidiary supplies wine growers with products that comply with the environmental standards in France as well as efficient sprayers that enable them to use the precise required amount of phytosanitary products to treat their plants. It then collects packaging waste, which is destroyed by an approved company. Through the Planet Finance NGO, it also provides help with establishing a cooperative, the goal of which is to develop the business capacity of small producers;
- in Sweden, The ABSOLUT Company is supplied exclusively with locally-produced wheat, in line with stringent sustainable agriculture standards;
- in France, the majority of the fennel used for the production of Ricard is grown by farmers in Provence in accordance with sustainable farming principles: this very fragrant plant has favoured the development of insect populations, in particular bees, thus participating in maintaining biodiversity.

Actions for the protection of biodiversity

Besides good sustainable agriculture practices, Pernod Ricard has undertaken projects which are more specifically aimed at protecting and developing the biodiversity of the ecosystems present on the agricultural land where the Group operates vineyards, and encourages all of its subsidiaries to undertake projects to preserve biodiversity in line with their activities. In this respect, the Group supported the French National Biodiversity Strategy in June 2011. The Group has identified 32 protected or sensitive natural areas near to its production sites throughout the world.

Some subsidiaries have already been conducting particularly significant biodiversity measures for several years now:

- in New Zealand, more than 35,000 endemic plants have been replanted alongside vineyards belonging to the Group, including 15,000 in the Marlborough vineyards. In the humid regions of Kaituna, Pernod Ricard New Zealand has conducted a programme to regenerate 9 hectares of land, aiming to re-establish the original ecosystem (restoring soils, reintroducing local species, etc.). The subsidiary also contributes to the protection of the falcon thanks to a fund supported by the donation of one New Zealand dollar for each bottle of wine sold from the Living Land range;
- in Australia, Jacob's Creek has worked on the restoration of biotopes in the basin crossing the Jacob's Creek river, in collaboration with the Natural Resources Management Board, notably by converting the old vineyards of Menge's Island and Centenary Hill into natural conservation zones. More than 3,000 native plants have also been planted in the gardens of the Jacob's Creek visitors' centre. This garden has been recognised by the Botanic Gardens of Adelaide as one of 26 sustainable native gardens of South Australia;
- in France, the culture of yellow gentian, a basic ingredient of Suze, has been the subject of research programmes to enable its production in specialised farms, thus ensuring the protection of 50,000 wild plants every year;
- with numerous sites in Scotland, Chivas Brothers wanted to identify any fragile or sensitive ecological features nearby. The Company can thus ensure that potential impacts of its activities on these areas are understood and that measures necessary to protect environmental quality and biodiversity are applied;
- finally, the Paul Ricard Oceanographic Institute would not have been able to play its essential research and public education role for the protection of marine ecosystems and aquatic biodiversity without the material and financial support of the Ricard Company and the Group.

In 2012, a new project was undertaken by Martell in Charente to test and roll out an innovative diagnostic-action methodology to increase the biodiversity of vineyards operated for cognac. For this purpose, the company established a work group comprising experts from the French Vine and Wine Institute, the Inspire Institute and the Amplify Nature organisation, combining their competences in viticulture and knowledge of biodiversity and environmental action. The approach, which is based on the original *Profil Biodiversité*© method, consists of establishing an inventory of ecosystems via precise mapping of the different landscapes and natural habitats comprising the vineyard, so that the quality and margin for progress can be measured based on original indicators, and finally identify the lines of action to enrich the biodiversity of these natural or cultivated zones. This objective is set for the medium and long term, and can be achieved thanks to best practices in vineyard management and development of peripheral zones. At the end of this very useful pilot phase, the Martell company will be able to use the results obtained on its vineyards to involve wine suppliers in the active protection of the biodiversity of agricultural environments in the future.

Preserving and saving water resources

Challenges and targets

Water is an essential component in the products manufactured by Pernod Ricard. It is used at every stage in the lifecycle of the Group's products: irrigation of farmlands, cleaning of equipment, manufacture of liqueurs and spirits and cooling of distillery facilities.

Pernod Ricard has marked water management as one of the five strategic focuses in its environmental policy. In September 2010, the Group joined the United Nations CEO Water Mandate, reinforcing the Group's commitment to the protection of the planet's water resources.

In terms of production sites, the subsidiaries' actions are based on four levers put in place to optimise the management of water resources and preserve the quality and availability of water:

- measuring consumption;
- ensuring that water intake does not endanger resources;
- taking measures to reduce, reuse and recycle water;
- ensuring effective treatment of waste water before its release into the environment.

These actions are particularly important for sites located in geographical zones where water is a sensitive resource.

In terms of consumption, the Group fixed the target of reducing the quantity of water used by production sites by 10% between 2007/2008 and 2011/2012 (quantity adjusted for volume produced). This objective was reached, as shown in the results presented below.

The basis of the Pernod Ricard production process being largely dependent on the availability of water resources, the Group has undertaken to test the Water Footprint methodologies on its scope. These consist of identifying the water resources used not only by the direct activities of the subsidiaries concerned, but also by the products and services these use, such as the agricultural raw materials purchased, the packaging materials used or the energy consumed. The pilot study conducted in 2011 for whisky production in India was complemented by another study on wine production in Australia in 2012. In light of the results obtained, the Group decided to undertake an assessment of the water footprint at Group level to identify the main challenges linked to water resources along the entire production chain. The conclusions of this study will be used to supplement and update the Group's road map.

In the context of the Beverage Industry Environmental Roundtable organisation of which the Group is a member, it took part in the preparation of Water Footprint methodology for the drinks segment, as well as the drafting of guidelines for assessing the risks linked to water resources for companies in this sector.

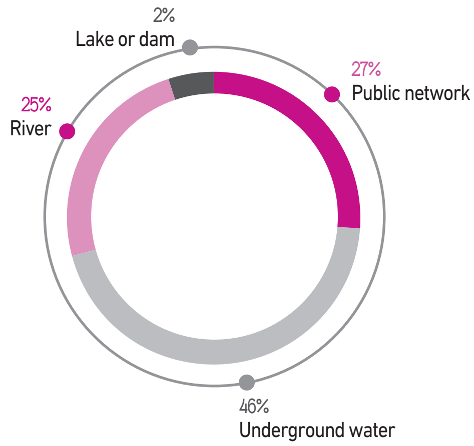
Water consumption and production site performance

A distinction should be made between water abstraction, which covers the total volume of water taken from the environment (groundwater, surface water, public water supply network, etc.) regardless of its eventual purpose, and water consumption, which only covers the amount of water used with a measurable impact on the environment. As such, the use of river water to cool a distillery, when the water is returned to the same river without any alteration to its chemical, biological, thermal or other characteristics, is deemed water abstraction and not water consumption.

In 2011/2012, 27 million m³ of water was taken by the industrial sites of the Group. Only 7.4 million m³ ☑ constitutes water consumption as defined above, the rest being exclusively used for the cooling of distilleries and restored without disturbing the environment. 76% of this volume was consumed by the distilleries, which remain the principal sites for water consumption by Pernod Ricard.

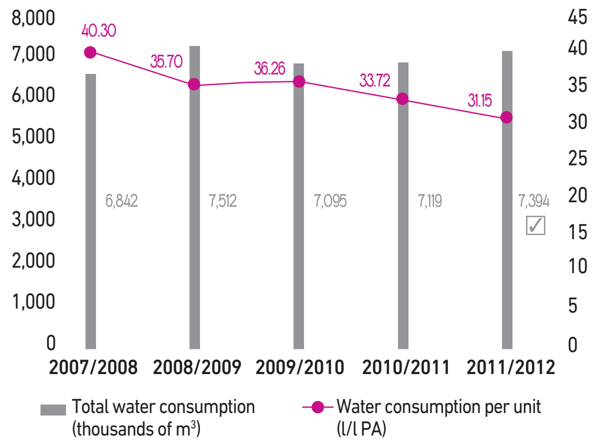
46% of water used by the Group is sourced from the underground water table, 27% from the public network and 27% from surface water sources (rivers, lakes, etc.).

SOURCES OF WATER CONSUMPTION



In 2011/2012, water consumption, adjusted for the quantity of alcohol produced, declined by 7.6% compared to last year, to 31.1 litres per litre of distilled alcohol. In 2007/2008, this figure was 40.3 litres: this represents a cumulative reduction of -23% over five years. 9% of this notable performance was due to the change in the reporting scope (the sites acquired during the period were on average more efficient than those sold) and 14% was due to efficiency improvements made by the Group's factories: the target of a reduction of 10% in water consumption was therefore achieved.

TREND IN WATER CONSUMPTION



In 2011/2012, 83% of the water consumption volumes are accurate measurements using meters, the remainder are estimated. In 2010/2011, this figure was 90%: this reduction is explained by the readjustment of estimated volumes of water consumption at the Walkerville site in Canada.

☑ Data verified by the Statutory Auditors, with a "limited" level of assurance

In order to identify the new opportunities for the reduction of water consumption, the main production sites performed detailed mapping of their water flows: these studies list all of the input flows (collection of underground water, surface pumping, network consumption, etc.) and output flows (water added to products, waste water, evaporation, water present in by-products, etc.) in order to accurately measure each individual flow for optimisation of the site. Each of these maps will be analysed in 2012 in order to prepare action plans.

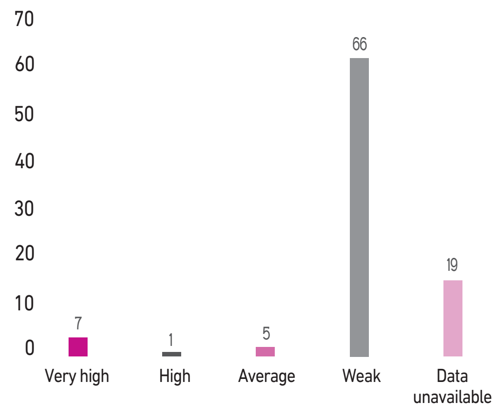
Measures to save water

The good performances for water consumption recorded by the Group since 2007/2008 are the results of efforts made by all industrial sites. The most notable are the following:

- since 2008, the Behror site has reduced its water consumption per unit produced by 26%: the production site situated in the dry region of Rajasthan in India, including a whisky distillery and a bottling plant, has been significantly modified with the aim of being able to reuse and recycle water at all stages of production. With the exception of water which is recycled for the irrigation of green spaces, the site no longer emits effluent;
- in Mexico, Casa Pedro Domecq reduced its water consumption by 23% since 2007/2008 through several measures including the optimisation of the output of reverse osmosis units, high pressure cleaning of distilling equipment and the recovery of condensates;
- in Poland, the production site for Vodka Wyborowa reduced water consumption by 38% per litre of finished product bottled in 2011/2012 by optimising its water treatment unit. The station's production was then adjusted to actual consumption requirements and backwash water is now recycled.

These examples illustrate the measures undertaken by all industrial sites and in particular those situated in geographic areas where water is a sensitive resource. In fact, 13 of the Pernod Ricard's total production units are located in or immediately next to zones with average or high water stress as measured by the Mean Annual Relative Water Stress Index and the Global Water Tool developed by the World Resource Institute. These 13 sites represent 6% of the Group's total consumption and are spread across six countries (India, Mexico, Australia, Argentina, Spain and Armenia). The other sites, accounting for 94% of Group consumption, are located in areas considered as subject to a low level of water stress (or the information is not available in some cases). Since 2007/2008, the volume of water consumed by all of the sites decreased from 3.57 to 2.56 litres per litre of distilled alcohol, i.e. a reduction of 40%.

BREAKDOWN OF NUMBER OF GROUP PRODUCTION SITES ACCORDING TO THE INTENSITY OF WATER STRESS IN THE REGION

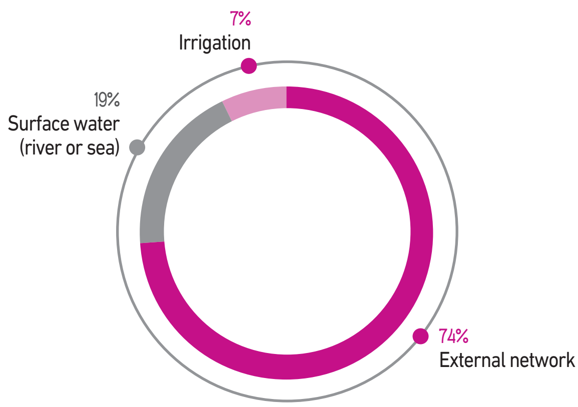


Treatment of waste water

During 2011/2012, the volume of waste water released was 5 million m³ compared to 4.9 million m³ in 2010/2011. Part of this volume is based on estimates, but more than 76% of waste water released is subject to accurate measurement.

74% of waste water was released into a public sewer system and 19% was released into the environment (rivers, lakes, seas) under permits delivered by local authorities and in accordance with the imposed release criteria. The remaining 7% of waste water was recycled after treatment and used to irrigate crops (vineyards).

WASTE WATER DESTINATION



Several types of processes are used by the Group's factories to reduce the water organic load and make it suitable for reuse or even to be released into the environment: these include methane generated by microorganisms enabling biogas to be produced, aerobic lagoon treatment, membrane filtration, or even the use of plants to purify the water in the so-called "filter gardens", such as that put in place in 2010 by Pernod Ricard Argentina. The latter facility includes a first filtration, after which the waste water is spread on grassed parcels and purified as a result of the bacteria that develop there. The water is recovered and stored, and is then used for the irrigation of vineyards.

To assess the efficiency of treatments introduced, the Group has added the measurement of the Chemical Oxygen Demand (COD) of water released into the environment after treatment to its environmental reporting. This constitutes a good indicator of the organic load returned to the environment. For 2011/2012, the quantity of COD released into the natural environment by the Group after treatment (internal or external) is estimated at around 1,400 tonnes.

Reducing energy consumption

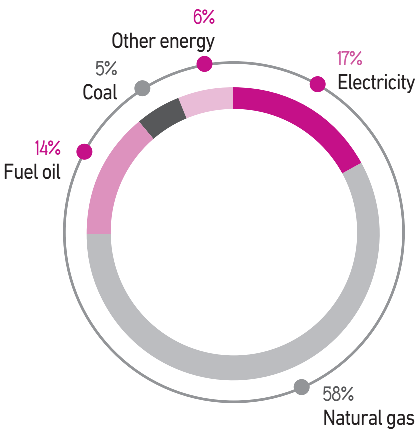
Challenges and targets

Pernod Ricard's industrial activities use energy in different forms. Some of this is from fossil fuels and is therefore not renewable. Moreover, hydrocarbon combustion causes greenhouse gas emissions and therefore contributes to climate change.

The majority of energy consumed by the Group's industrial activity comes from natural gas (58%), the preferred combustible for distilling due to its flexibility, energy output and relatively low pollution. It is followed by electricity (17%), fuel oil (14%) and coal (5%) as well as other sources (6%).

The overall share of renewable energies in this energy mix is 11%, of which 8% is electricity and 3% biogas, wood and other renewable energies. In 2011/2012, 51% of the electricity used by the Group's factories was renewable, compared to 42% the previous year: 26 of the production sites are supplied exclusively with "green electricity", compared to only 17 the previous year.

BREAKDOWN OF ENERGY CONSUMPTION



Pernod Ricard committed to reducing its energy consumption per unit produced by 10% for all production sites between 2007/2008 and 2011/2012.

The following measures were carried out at production sites in order to meet these targets:

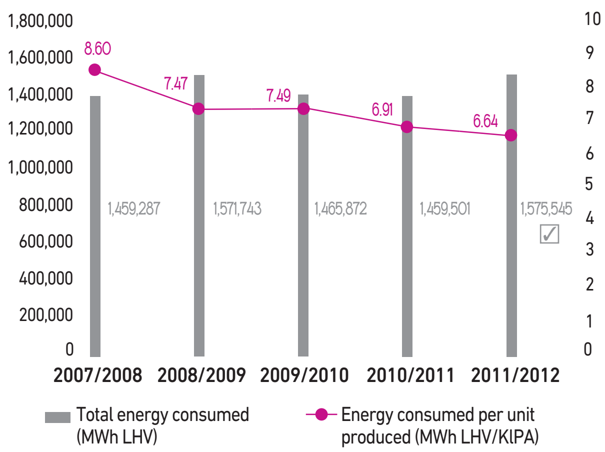
- continuous monitoring of energy consumption and implementation of energy management systems;
- in-depth energy assessments at sites, definition of energy-efficiency targets;
- roll-out of consumption reduction programmes requiring the management of processes and uses, and which may result in significant investment.

Energy consumption and performance

During 2011/2012, total energy consumption of Group production sites amounted to 1,576 GWh ☑, compared to 1,460 GWh in 2010/2011. Adjusted for production volume, the average consumption per litre of pure distilled alcohol fell from 6.91 kWh per litre to 6.64 kWh, representing an overall 4% improvement in the energy efficiency of installations. This performance is explained mainly by the improvement in the efficiency of distilleries, which represent 83% of the total energy consumption of the Group. They have benefitted significantly from the results of various long-term programmes to improve their energy performance, in particular those involving whisky distilleries: Chivas in Scotland and Jameson in Ireland.

Since 2007/2008, the average cumulative reduction in consumption has been 23%. This is a result of measures undertaken at Group sites, which account for 10% and the superior performance of sites acquired since this date compared with that of the sites sold, which accounts for 13%. The Group's target has therefore been reached.

TREND IN ENERGY CONSUMPTION



☑ Data verified by the Statutory Auditors, with a "limited" level of assurance

Implementing projects to reduce energy consumption

The following examples illustrate the steps undertaken by the different subsidiaries in relation to the control of energy consumption, having contributed to the reduction in Group consumption since 2007/2008:

- in Sweden the Nöbbelöv distillery has a certified energy management system, guaranteeing its high energy performance. Its advanced mechanical vapour compression technology has made it one of the most efficient distilleries in the sector;
- in Scotland, since 2006 Chivas Brothers has undertaken an ambitious plan to reduce consumption at all its sites by investing in efficient equipment (third-generation thermo-compressors, etc.) and by implementing energy recovery and recycling measures in its processes. For example, the heat given off in the distilling process is recovered and used to dry the residues from the first distilling. Since 2007/2008, the measures undertaken, in particular at the distilleries, have enabled Chivas Brothers to reduce its energy consumption per unit produced by 12%;
- in Ireland, the Midleton distillery has reduced its energy consumption by 18% since 2007/2008, in large measure by installing a new evaporator equipped with a very efficient vapour recompression system;
- in France, Pernod, Martell and Mumm Perrier-Jouët conducted detailed energy audits of their installations followed by the preparation of detailed action plans covering structure, equipment and contracts with suppliers to optimise consumption.

Reducing the carbon footprint of businesses

The CO_2 emissions generated by human activities increase the greenhouse effect, and thus contribute to climate change. Pernod Ricard's businesses emit greenhouse gases in several ways:

- directly, due to the combustion of fossil fuel sources, notably at distilleries: these are so-called 'Scope 1' emissions[1];
- through the electricity consumed, which generated CO_2 emissions upstream when produced: "Scope 2" emissions[1];
- indirectly, through products (agricultural products, packaging materials, etc.) and services (transport, etc.) purchased by subsidiaries: "Scope 3" emissions[1].

To measure and reduce greenhouse gas emissions, Pernod Ricard has undertaken to:

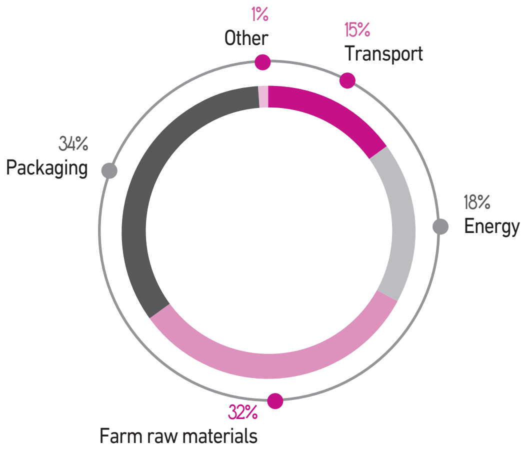
- assess its carbon footprint throughout its production chain;
- implement action plans to reduce its greenhouse gas emissions:
  - at its production sites (direct and indirect emissions);
  - in packaging design and product marketing.

(1) In accordance with the Greenhouse Gas Protocol standards (GHG protocol)

Measuring our carbon footprint

In 2009, a carbon footprint assessment model developed for the Group was tested in six countries and used to establish an initial global assessment of CO_2 emissions at Group level. In 2010, the assessment was rolled out to all 23 countries where the Group has industrial facilities: around 90% of the industrial sites, covering 95% of the volumes produced by the Group, have thus been able to evaluate their own carbon footprint. This assessment will be updated in 2012/2013.

CARBON FOOTPRINT LINKED TO DIRECT AND INDIRECT EMISSIONS THROUGHOUT THE PRODUCTION CHAIN



This assessment confirmed the major role played by packaging (glass, cardboard) and farm raw materials (grains, wines, alcohol, grapes, etc.), which each represents approximately one-third of total emissions. Emissions linked to energy consumption at production sites (Scopes 1 and 2) are only responsible for 18% of the Group's total footprint. This confirms that the proportion of the footprint of the Group's businesses is relatively low compared with that linked to the purchase of products and services.

With the roll-out of this assessment, each subsidiary was able to evaluate the impact of its own businesses. These results helped raise the awareness of teams and identify the key areas where measures are needed. Certain subsidiaries, such as Casa Pedro Domecq in Mexico, went one step further, using the carbon footprint as a real steering tool: the subsidiary has put in place a process for the systematic analysis of industrial and logistics data allowing it to continuously measure the impact of its activities on CO_2 emissions. In 2011, the Group sought to extend the application of its environmental strategy to its Market Company subsidiaries that do not have industrial activities. A specific tool for measuring CO_2 emissions was therefore developed and tested based on a sample representing three subsidiaries. Following this test, improvements will be made and a first pilot roll-out is planned for 2013. This will enable the transport section (Scope 3) of the Group's carbon footprint, which is currently only partially assessed, to be completed.

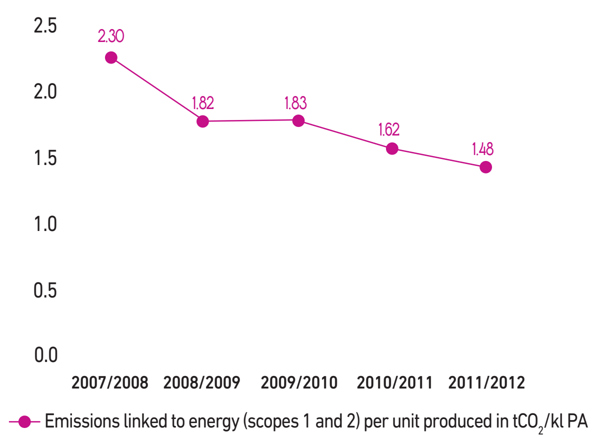
Reducing greenhouse gas emissions at industrial sites

In 2011/2012, direct (Scope 1) and indirect (Scope 2) emissions from Pernod Ricard's industrial sites amounted to 352,060 tonnes of CO_2 equivalent ☑, compared to 341,559 tonnes of CO_2 equivalent in 2010/2011. Emissions per unit produced amount to 1.48 kg of CO_2 equivalent per litre of pure alcohol, compared to 1.62 kg of CO_2 equivalent last year. This 8.6% reduction is a result of the efforts undertaken to improve the energy efficiency of sites, in particular for distilleries. It also reflects the increase in the renewable share of electricity consumed by industrial sites. In 2011/2012, this amounted to close to 51%, with 26 of the Group's production sites choosing to use only green electricity. It is to be noted that to assess the Group's direct emissions, the CO_2 emissions linked to the consumption of renewable energy (green electricity, biomass, etc.) is calculated based on a CO_2 emission factor equal to zero.

In Spain, the Campo Viejo site chose to offset their CO_2 emissions linked to electricity consumption and the transport of its employees by participating in a United Nations project (production of hydroelectric power in the province of Gansu in China). This measure enabled it to obtain CarbonNeutral® certification this year. This certification is awarded by The Carbon Neutral Company.

The Berhor distillery, located in Rajasthan in India uses the shells of mustard seeds, an agricultural residue that is widely available in the region, as fuel during the four to five harvest months, thus replacing a significant share of the previously used fossil fuel. Through this initiative they have saved approximately 20,000 MWh of energy per year. The share of renewable energy used by the distillery therefore increased from 17% in 2010/2011 to 46% in 2011/2012.

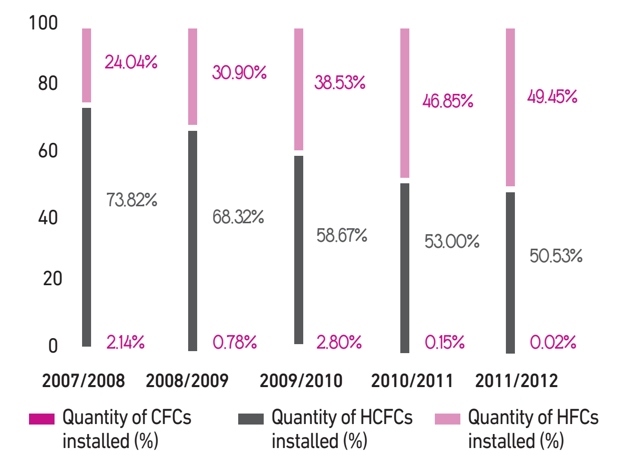
DIRECT (COMBUSTION) AND INDIRECT (ELECTRICITY) CO_2 EMISSIONS FROM PRODUCTION SITES (SCOPE 1 AND SCOPE 2)



Other gas emissions in the atmosphere likely to affect our environment include those from cooling gas, some of which damage the ozone layer. A programme to eliminate these refrigerant gases (in particular CFCs and HCFCs) in favour of other products that are less harmful to the environment is underway (notably HFCs). It is known that certain gases also contribute to the increase in greenhouse gases, but they have not been taken into account in the calculation of the Group's direct emissions because they represent less than 1% of these.

At 30 June 2012, out of the 18,055 kg of fluorinated gases present at all industrial sites, HCFC gases represented 51%, HFC gases 49% and CFCs have been practically eliminated (0.02%). In addition, leaks of refrigerant gases remain stable, at around 9%.

CHANGES IN THE DISTRIBUTION OF CFC/HCFC/HFCS INSTALLED



Helping reduce indirect CO_2 emissions

The so-called "indirect" emissions are those caused by the suppliers of products and services purchased (mainly packaging, raw materials, logistics).

Working in partnership with suppliers

The Group strongly encourages its principal suppliers to reduce greenhouse gas emissions throughout the entire supply chain, from design to production and delivery.

Each of the Group's production subsidiaries is responsible for selecting and monitoring its own suppliers. Until 2011, they had a questionnaire entitled "Commitment and Sustainable Development" aimed at evaluating their practices in this area. This year, Pernod Ricard wanted to involve its suppliers further by publishing a Responsible Procurement policy which applies to the entire business. The Group also prepared a Supplier Commitment Charter and is testing a CSR Assessment tool among its suppliers. Pages 70 and 71 of this report provide further information on the involvement of suppliers in the Group's CSR commitments.

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The eco-design of products

The eco-design approach was introduced in 2008 and helps reduce CO_2 emissions linked to packaging, but also the production process and logistics chain. Details of this approach are provided in the section dedicated to this issue in the present report (see page 62).

The optimisation of logistics and transport

The logistics teams of the Pernod Ricard group have for a long time included the idea of Sustainable Development in their approach to transport and warehousing. It works at several levels: type of transport, optimisation of loads, planning.

- Type of transport

  The Group estimates that nearly 80% of all transport involved in producing and distributing its products from the factory to the first customer is by sea (expressed in tonne-kilometres). As this method of transport consumes a particularly low amount of energy, it generates only about one-quarter of the greenhouse gas emissions related to the logistics businesses. Continental transport, which represents the remaining 20%, is optimised thanks to planning of loads and routes. Multi-modal transport (notably a combination of boat and rail) is used when available and financially profitable.

- Load optimisation

  The size and format of containers are selected and harmonised in order to facilitate optimisation in loading vehicles. Load sharing is also favoured in order to increase lorry load rates.

- Planning

  It allows for a more stable production planning to be established over a longer time horizon. This represents an important gain due to the reduction in the stock of finished goods, the reduction in losses (obsolete stock) and the optimisation of transport flows.

There are numerous initiatives:

- in Australia, a slight modification to the size of the Jacob's Creek bottle has enabled pallet plans and therefore volumes to be transported to be optimised. Moreover, as a result of a reduction in the weight of the bottle, larger containers can be used for long-distance sea transport (40 feet compared to 20 feet previously). In 2011, Orlando Wines successfully completed a project to export Jacob's Creek wines to the UK, which involved a complete overhaul of the logistics chain. Previously, these wines were bottled and packaged in the Barossa Valley, where they are produced, before transportation to the British market as finished products. Now, the wine is shipped by sea in "ISO" stainless steel containers, then bottled and packaged on site before distribution. The project has been a great success, not only in terms of the quality of the product, but also with regard to the environment, with a 25% reduction in the carbon footprint linked to logistics;
- in conjunction with several of its customers, Pernod Ricard UK has developed a business model targeting an increase in the efficiency of its distribution. In concrete terms, the subsidiary has developed an effective computer tool which records order forecasts and establishes the planning of order preparation and deliveries according to volumes, allowing for quantities transported to be optimised;
- in the United States, where land transport is widely used, Pernod Ricard is a member of the Smart Way Transport Partnership launched by the Environmental Protection Agency, which aims to tangibly reduce the carbon footprint of transport;
- at Martell Mumm Perrier-Jouët, the use of river transport for champagne has been increased and extended to cognacs;
- for its shipments of finished goods to China, Martell & Co has introduced a more direct route, from Cognac to Le Havre, avoiding the intermediary warehousing previously undertaken;
- since 2007, the Ricard Company has encouraged various alternative modes of transport (rail and electric, for example). In 2011, in order to encourage the development of good practices, it also set up a platform involving all Management (purchasing, supply chain, logistics, industrial sites, etc.) and launched a programme aiming to mobilise all of its stakeholders (partners, customers and suppliers). In 2012, these measures focused particularly on the international transport of finished products: an 8% reduction in the number of containers loaded from Ireland was achieved (optimisation of loads to 23 T maximum authorised in this country) and a test was organised to reduce the share of road transport from Sweden by more than 50% (rail-road Luxembourg/Perpignan as well as Luxembourg/Lille).

Reducing the impact of waste and packaging materials

Challenges and targets

Different types of waste are generated in the lifecycle of the products. They are classified as follows:

- organic waste, principally arising from the transformation of agricultural raw materials;
- solid wastes, mostly arising from packaging: glass, paper, cardboard and plastics;
- environmentally hazardous waste: solvents, pesticides, oils, etc.

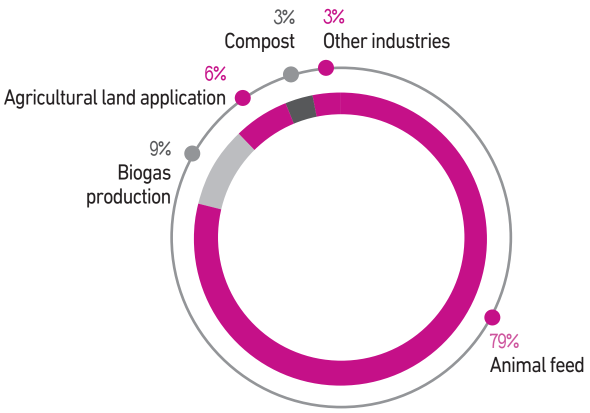
To limit the impact of this waste on the natural environment (water, ground, atmosphere, landscape), the Group favours, above all, reduction at source, and the recycling of waste generated at industrial sites. It therefore fixed a target of 85% of solid waste recycled in 2011/2012, a target that has been widely achieved as we will see. Moreover, Pernod Ricard implements eco-design principles during the development of new products or packaging materials.

Reducing organic waste

The processing of our raw materials produces different types of organic by-products: distillers' grains, vinasses, grape marc, etc. More than 99% of these by-products are recovered and used as follows: to manufacture animal feed, to produce biogas, to make farm compost or for other industrial purposes:

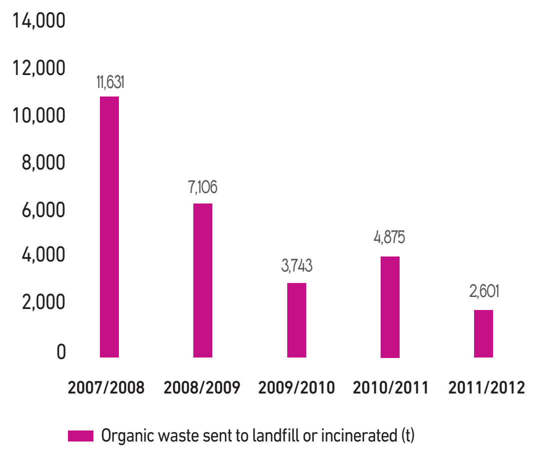
- the majority of the Group's grain distilleries transform the spent grain obtained from distilling in dark grain distillers into a dehydrated feed for livestock, rich in protein and easy to store. This is the case notably in Scotland, Ireland, Canada and India;
- in Sweden, the stillage from the ABSOLUT distillery supplies the pig farms in the Ahus region directly as part of a genuine "industrial ecosystem";
- in Scotland, the Glenlivet distillery (Chivas Brothers Limited) was equipped with a new evaporator used to concentrate the pot ale produced by distilling malt. The resulting syrup is rich in nutrients and is also used in animal feed;
- the sites in Walkerville, Canada, Behror, India, and Thuir, France transform their liquid effluents into biogas, a source of renewable energy;
- in France, the company REVICO recovers the vinasse produced at Martell & Co's cognac distilleries to transform it into biogas.

BREAKDOWN OF THE USE OF RECOVERED ORGANIC BY-PRODUCTS BY FINAL DESTINATION, IN % OF TOTAL WEIGHT



Due to these recovery processes, only 0.22% of all the organic by-products generated in 2011/2012 was sent to landfills or incinerated, i.e. a total volume of 2,601 tonnes.

QUANTITY OF ORGANIC WASTE SENT TO LANDFILL OR INCINERATED



In 2011/2012 there was a 46.6% reduction in organic waste sent to landfill or incinerated. This is explained in part by the reduced volume of filtration earth dumped on the Brancott site in New Zealand following the installation of a filtration unit. Since 2007/2008, the quantity of organic waste sent to landfill or incinerated has been considerably reduced, falling from 11,631 tonnes to 2,601 tonnes (-77.6%), notably due to measures to recover this waste into by-products or compost:

- in Australia, the Rowland Flat vinification site recovers its treatment plant sludge to make compost;
- in Spain, the grape stalks are also recovered after vinification to make compost;
- in India, the residue produced at the Nashik vinification site is reused to extract grape seed oil;
- in Mexico, Casa Pedro Domecq has developed an original process for the treatment of agave residues generated from distilling of tequila, enabling them to be transformed into compost and organic fertiliser.

Reducing the impact of solid waste and increasing recycling

In 2011/2012, the Group's production sites generated 30,983 tonnes ☑ of solid waste, compared to 43,721 tonnes in 2010/2011 (waste evacuated from the sites during the year). 28,577 tonnes of this waste was recycled via different subsidiaries and 2,406 ☑ tonnes were disposed of or incinerated (compared to 6,966 tonnes in 2010/2011). The indicator used to measure the final impact of solid waste on the environment is the quantity of non-recycled waste, dumped or incinerated, per litre of finished product. In 2011/2012, this fell from 5.92 g/l to 2.03 g/l. A total of 69% of this waste was generated by bottling sites, 17% by distilling sites and 14% by other sites.

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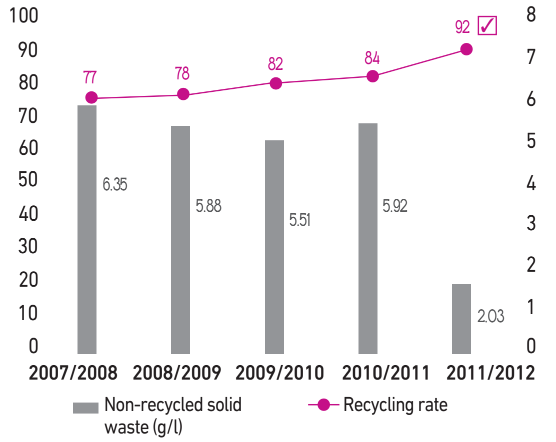
In 2010/2011, the distilleries generated 65% of this waste, mainly in the form of clinker from coal combustion in India, which alone represented 57% of the total. This year, clinker is no longer disposed of as waste but stored for recovery as a cement substitute in the production of construction blocks. A total of 896 tonnes have already been recovered in cooperation with the local artisan units, while the remainder has been preserved on sites for this purpose (i.e. 4,102 tonnes). Although the clinker was generated in 2011/2012, it is no longer recorded as waste disposed of by the sites: this explains the 95% reduction for this indicator, which fell from 5.92 g/l to 2.03 g/l of unrecycled solid waste. The remaining 5% are a result of efforts made by the bottling sites, which produce packaging waste, falling 17% compared to the previous year, from 2.42 g/l to 2.01 g/l of finished product. Remarkable efforts have been made for example at the Fort Smith site in the USA, which has continuously reduced its volume of waste since 2010: -26% in 2010, -10% in 2011 and -25% in 2012.

As indicated in the introduction to this chapter, the recycling rate of solid waste was selected as a performance indicator in 2007/2008, with a target of 85% by 2011/2012. This indicator improved by 77% in 2007/20087 to reach 92% in 2011/2012 thus reaching the target. However, this indicator is not completely relevant for measuring the Group's performance in this area. In fact, it is preferable to examine this in terms of the rate of waste sent for disposal or incinerated adjusted for production volume, which reflects both the quantity of waste generated and the recycling of this waste.

PRODUCTION OF NON-RECYCLED SOLID WASTE AND RECYCLING RATE



Packaging waste is also generated after the consumption of products on the markets (end-of-life waste for products sold). It is for this reason that, for 20 years, Pernod Ricard has been committed to financing the French system enabling consumers to recycle their packaging. Thanks to contributions from companies as seen in the well-known "Point Vert" (Green Point), the Eco Emballages and Adelphe organisations have been able to collect and recycle more than 1.9 million tonnes of glass, representing an outstanding recycling rate of 84%. If we include all of the materials recycled (paper, cardboard, plastic) the average recycling rate in France is 67%. Similar systems exist in other European Union countries, as well as in numerous other countries. Efforts are continuing to improve this figure, in particular with the development of eco-design, one of whose targets is to ensure that products are fully recyclable.

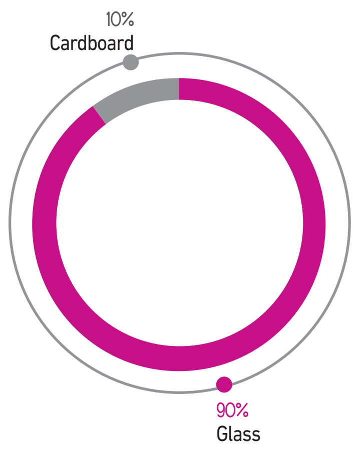
Promote eco-design of packaging

The Group's eco-design process was started in 2006. Initially based on the training of marketing and procurement teams as well as the distribution of an internal methodology manual for subsidiaries, it was revamped in 2010 with the roll-out in the Group's main Brand Companies of software to analyse the environmental impact of packaging using the method referred to as product life-cycle analysis. It will be used as a decision-making tool in the design of packaging.

At the same time, Pernod Ricard has launched a work group, comprising marketing, procurement and logistics employees and suppliers. After studying the relationship between "Premiumisation" and eco-design and taking into account the different expectations of the stakeholders, the Group has established recommendations for rolling out this process in the coming years in the form of an action plan covering the management of the process, the tools, the acquisition of skills and communication.

In 2011/2012, the quantity of glass used on the production sites which are subject to environmental reporting amounts to 682,576 ☑ tonnes, compared to 661,750 the previous year. That of cardboard/paper is 75,576 ☑ tonnes compared to 67,537 the previous year. This increase is explained in part by the rise in quantities bottled and in part by the change in the mix towards higher range products, whose packaging is generally heavier. Glass consumption went from 641 g to 656 g per litre of bottled goods. Moreover, this indicator does not reflect the progress made by the subsidiaries in terms of the reduced weight of the packaging for different products in the range, since it does not take into account the gradual change in the mix towards more premium products.

CONSUMPTION OF PACKAGING MATERIALS *(in bulk)*



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To better evaluate the results of the Group's eco-design process, a database has been created to record the change in the weight of glass. This includes all of the bottles that have been changed since 2008. It includes data on 80 projects to reduce the weight of glass over the period, representing a cumulative saving of 40,000 tonnes of glass recorded between 2008 and 2011.

One of the major initiatives to optimise the weight of glass has been that of Orlando Wines, which has developed a lighter bottle for the Jacob's Creek brand, thus saving 9,600 tonnes of glass per year. As a result of this optimisation, it has significantly reduced the number of containers used as well as the number of lorries required for transport, thus reducing CO_2 emissions by around 10,000 tonnes per year.

Other examples include:

- the move to lighter glass for 100% of the Mumm Perrier-Jouët standard format champagnes starting with the 2009 vintage, a saving of around 500 tonnes of glass per year;
- 25% reduction in the weight of the Café de Paris bottle at Pernod, i.e. a saving of more than 800 tonnes per year;
- the gradual reduction in weight of Domecq Bodegas bottles since 2004: they moved from 550 g to 450 g, reaching a weight of 380 g in 2010. This measure, which affected 30 million bottles, has lowered glass consumption by 5,100 tonnes per year;
- the weight reduction of the Mumm Napa bottle from 907 g to 794 g in the United States;
- the 10% reduction in the weight of the Kahlúa bottle in Mexico;
- the weight reduction of several models of bottle in Argentina, Brazil and Canada: Montilla (-15%), Orloff (-11%).

In parallel to these reductions in the weight of glass, new eco-design initiatives have also been developed to reduce the carbon footprint of products by other means. These include:

- the complete overhaul in 2011 of the logistics chain for the export of Jacob's Creek wine to the UK. Previously, these wines were bottled and packaged in the Barossa Valley, where they are produced, before transportation to the British market as finished products. Now, the wine is shipped by sea in "ISO" stainless steel containers, then bottled and packaged on site before distribution. The project has resulted in a 25% reduction in the carbon footprint linked to logistics;
- the replacement of the glass bottle of rum for the Lamb's brand in Canada by a PET bottle, a recyclable plastic, has reduced the weight by 88%;
- the development of the use of PET bottles in Finland, which have increased from 16% to 54% of the production volume by Pernod Ricard Finland over three years, resulting in a 20% reduction in CO_2 emissions and a 35% reduction in waste;
- the work performed by Casa Pedro Domecq in Mexico on secondary packaging opting for recyclable kraft cardboard, with single colour printing of "Pernod Ricard, promoting environmental care" and logo on the box;
- the measures undertaken by Ricard, in close collaboration with its clients and suppliers, on new gift boxes made from fully recyclable cardboard from sustainably managed forests.

Hazardous waste treatment

Any waste that requires a specific treatment process due to the risks it represents to the environment is considered as hazardous waste. The Group's production sites generate different types of hazardous waste: empty chemical product containers, used oils, solvents, electrical and electronic waste, neon tubes, batteries, etc. All this waste is sorted and sent to appropriate treatment processes when they exist locally.

In 2011/2012, the volume of hazardous waste collected was 545 tonnes ☑, compared to 541 tonnes in 2010/2011. Due to its small quantity, this waste is most often stored on site for a certain time: note that this figure corresponds to the volume of hazardous waste collected and not necessarily the quantity generated throughout the year and therefore does not necessarily constitute a performance indicator for the year.

Ongoing road map: new targets for 2015

A new plan was adopted for 2009-2010 to 2014-2015. Each subsidiary has therefore worked on establishing specific targets for each of the sites for three key indicators: water consumption, energy consumption and the quantity of non-recycled solid waste. Following consolidation at Group level, this new plan has resulted in the following targets:

	Targets 2009-2010 to 2014-2015
Net water consumption (m^3/kl PA)	-5%
Energy consumption (MWh/kl PA)	-10%
Quantities of waste disposed of or incinerated (g/l)	-40%

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Summary table of environmental results

Category	Definition	Unit	Total Pernod Ricard					Unit	a) Ratio for 1,000 l of pure alcohol (kl PA) b) Ratio for 1,000 l of finished product (kl)						G3 GRI Index
			2007/2008	2008/2009	2009/2010	2010/2011	2011/2012			2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	
Number of sites	Number of reporting sites		103	114	108	99	98	-	-	-	-	-	-	-	-
ISO 14001 (At 30 June)	Number of ISO 14001 certified sites	%	70	81	90	91	94 ☑	-	-	-	-	-	-	-	-
	Proportion of ISO 14001 certified sites in total production	%	86	93	96	96	98 ☑	-	-	-	-	-	-	-	
Investments	Amount of investment for environmental protection	€ M	5.60	5.85	7.30	8.32	12.60	-	-	-	-	-	-	-	EN30
Business compliance	Fines or penalties related to the environment	Number	0	4	2	0	1 ☑	-	-	-	-	-	-	-	EN28
Production volume	Total production a) distilled alcohol	kl PA	169,778	210,440	195,689	211,106	237,371			-	-	-	-	-	-
	b) finished product	kl	1,166,177	1,228,829	1,182,500	1,176,385	1,182,446			-	-	-	-	-	-
Water	Total volume used	m^3	6,842,349[2]	7,511,960[2]	7,095,145[2]	7,118,930[2]	7,393,874 ☑	m^3/kl	a)	40.3[2]	35.7[2]	36.3[2]	33.7[2]	31.1	EN8
									b)	5.87	6.11	6.00	6.05	6.25	
Waste water	Total volume of waste water released	m^3	5,063,494	5,284,008	5,445,849	4,931,666	4,993,818	m^3/kl	a)	29.8	25.1	27.8	23.4	21.0	EN21
									b)	4.34	4.30	4.61	4.19	4.22	
Energy	Total energy consumed	MWh LHV	1,459,287	1,571,743	1,465,872	1,459,501	1,575,545 ☑	MWh/kl	a)	8.60	7.47	7.49	6.91	6.64	EN3 EN4
									b)	1.25	1.28	1.24	1.24	1.33	
	O/w: natural gas	MWh LHV	818,595	873,033	783,127	823,031	911,387 ☑	MWh/kl	a)	-	-	-	-	-	
	O/w: electricity	MWh LHV	218,929	272,880	267,652	258,976	262,606 ☑	MWh/kl	a)	-	-	-	-	-	
CO_2 emissions	Direct emissions (Scope 1)	CO_2 teq	280,947	279,294	259,896	264,481	280,470 ☑	CO_2 teq/kl	a)	1.65	1.33	1.33	1.25	1.18	EN16
	Indirect emissions associated with electricity consumption (Scope 2)*	CO_2 teq	109,504	104,155	97,758	77,078	71,590 ☑	CO_2 teq/kl	a)	0.64	0.49	0.50	0.37	0.30	

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(1) *Following a reporting error on the Fox and Geese site in Ireland, the cardboard consumption for 2010/2011 was amended*

(2) *The volumes of water consumed in 2007/2008, 2008/2009, 2009/2010 and 2010/2011 were corrected following a problem interpreting the definitions at the Walkerville site in Canada. This site conducted a detailed study of its water consumption sources in order to eradicate these problems.*

Category	Definition	Unit	Total Pernod Ricard 2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	Unit	a) Ratio for 1,000 l of pure alcohol (kl PA) b) Ratio for 1,000 l of finished product (kl)	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	G3 GRI Index
Refrigerant gases	Quantity of fluorinated gases installed	kg	20,249	20,499	19,353	18,022	18,056	-	-	-	-	-	-	-	EN19
	% of HFCs amongst the fluorinated gases installed	%	23.7	27.2	37.5	46.9	49.5	-	-	-	-	-	-	-	
	Quantity of fluorinated gases released into the atmosphere	kg	2,297	2,940	2,051	1,628	1,629	-	-	-	-	-	-	-	
	% of fluorinated gases released into the atmosphere	%	11.3	14.3	10.6	9.04	9.02	-	-	-	-	-	-	-	
Packaging materials	Glass consumption	t	-	-	698,948	661,746	682,576 ☑	g/l	b)	-	-	591	563	577	EN1
	Cardboard consumption	t	-	-	64,074	67,537[1]	75,576 ☑	g/l	b)	-	-	54.2	57.4[1]	63.9	
Organic waste	Quantity of organic waste dumped or incinerated	t	11,631	7,106	3,743	4,875	2,601	g/l	a)	68.5	33.8	19.1	23.1	11.0	EN22
									b)	9.97	5.78	3.17	4.14	2.20	
Solid waste	Total quantity of solid waste	t	32,202	32,879	35,817	43,721	30,983 ☑	g/l	b)	27.6	26.8	30.3	37.2	26.2	EN22
	Quantity of solid waste dumped or incinerated	t	7,400	7,228	6,510	6,966	2,406 ☑	g/l	b)	6.35	5.88	5.51	5.92	2.03	
	% of solid waste recycled or recovered	%	77	78	82	84	92 ☑	-	-	-	-	-	-	-	
Hazardous waste	Quantity of hazardous waste treated externally	t	350	515	626	541	545 ☑	g/l	b)	0.30	0.42	0.53	0.46	0.46	EN24

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(1) *Following a reporting error on the Fox and Geese site in Ireland, the cardboard consumption for 2010/2011 was amended*

(2) *The volumes of water consumed in 2007/2008, 2008/2009, 2009/2010 and 2010/2011 were corrected following a problem interpreting the definitions at the Walkerville site in Canada. This site conducted a detailed study of its water consumption sources in order to eradicate these problems.*

Commitment to Society

Commitment to society and ethics is deeply rooted in Pernod Ricard's history and culture.

Responsible drinking is a strategic priority for the Group, which actively works to reduce the risks of inappropriate or excessive consumption of its products by taking part in campaigns against drink-driving and being involved in prevention and the education of populations at risk.

The Group's corporate report

The Group's corporate reporting is linked to its social reporting. It covers all Group subsidiaries (Brand Companies and Market Companies). The subsidiaries/entities that are attached to other entities for CSR are not included.

Community involvement

Promoting social and economic development

The Pernod Ricard Charter and Sustainable Development Charter outline the promotion of social and economic development locally.

Pernod Ricard's worldwide subsidiaries:

- provide employment to local economies, especially in agriculture, through the purchase of around three million tons of agricultural raw materials (around €840 million per year);
- develop the skills of their employees and provide them with a fair, just and rewarding remuneration;
- add value to the goods and services purchased from suppliers and partners;
- generate revenue for governments through taxes and royalties particularly those related to its brands, as well as for its shareholders and investors.

The Managing Director of each subsidiary is responsible for implementing this policy.

Patronage and Solidarity

A tradition of sponsorship

Pernod Ricard's commitment to all forms of art and, in particular, contemporary art, is the result of a long tradition of partnering the arts. Paul Ricard, passionate about painting and a painter himself, had already created a foundation to support young artists in the 1960's. Since then, the *Prix de la Fondation d'Entreprise Ricard* has been created, rewarding one of the most representative young artists of his/her generation. Each year, the Foundation buys one of the winning artist's works and donates it to the Pompidou Centre in Paris.

As an example of its commitment, Pernod Ricard is a major patron of the Virtual Pompidou Centre which will be officially launched to the public in October 2012 with 450,000 digital works and documents.

Entrepreneurial and international solidarity

Pernod Ricard is also committed to encouraging efforts which support entrepreneurs to realise their projects.

For example, the Group supports the Appel aid association in its programme to help young company founders in Vietnam, financing their studies and initial set-up costs.

The Pernod Ricard group has also continued its commitment to PlaNet Finance, an association for the development of micro-credit, supporting a cooperative of wine growers in Armenia.

Impact on society of the Company's products and services

Product health and safety (production and consumption)

Pernod Ricard aims to provide its customers with products of the highest quality, and places particular importance on consumer health and safety. This has resulted in significant commitment in terms of the prevention of risks associated with alcohol abuse (see below) but also a strict policy in terms of food safety during the manufacture of products.

The control of product health and safety is based on the implementation of the Hazard Analysis Critical Control Point (HACCP) method which aims to identify all the points for potential risks in the manufacturing process and to control these with appropriate preventive measures. Despite the fact that Wine and Spirits are less exposed to food safety 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 "Food safety management systems". At 30 June 2012, 69% of production sites were certified, representing 82% of volume produced and including all the major sites.

The internal standards established by Pernod Ricard for its industrial activities include different specific guidelines, the aim of which is to control risks such as for example the accidental contamination of a product or the presence of a foreign body in a bottle. These standards are regularly audited by the Group's Technical Division.

In addition, a Group Intranet site called 'Complaint Management System' has been developed to track customer complaints and any other quality problems in real time and immediately inform the subsidiary concerned for corrective action. In the case of a serious product health and safety concern, the system also informs the Holding Company instantly, and allows very rapid reaction. Each subsidiary has a crisis management procedure that can be activated particularly in the case of a health risk caused by a product with, if necessary, a product recall. These procedures are subject to regular testing, the training of people involved and updates.

Furthermore, a Health Risk Management Committee chaired by the Group's Operations Director monitors the recognition of risks linked to product health safety and in particular the risks linked to scientific knowledge or new regulations.

Finally, to the best of our knowledge, Pernod Ricard Group's products do not rely on nanotechnologies and do not include free nanoparticles in their manufacturing processes, ingredients or packaging.

Transparent labelling and responsible advertising/ marketing practices

Through its Code for Commercial Communication, Pernod Ricard assumes its main responsibilities as a producer of alcoholic drinks and includes ethics within all of its commercial communications.

The Group is also committed to transparent labelling of its products (information on risks linked to the product). The Human Resources division is responsible for informing employees and ensuring that each of them follows the company's policy.

Pernod Ricard has allocated significant resources to:

- ensuring the public is properly informed of potential risks linked to excessive or inappropriate consumption of its products;
- providing product information on its website;
- labelling its products clearly;
- distributing its Code for Commercial Communication as well as its Internal Control procedures to employees and communication/ marketing agencies;
- training its sales and marketing staff on responsible marketing and commercial practices.

With regards to transparent labelling, 100% ☑ of European subsidiaries incorporate the "pregnant lady" warning logo on labelling of bottles distributed in Europe. This logo is being gradually extended to other subsidiaries (such as Australia).

In addition, 97% ☑ of subsidiaries include a responsible drinking message in advertising and promotional material.

Prevention

Patrick Ricard, Chairman of the Board of Directors, who passed away suddenly on 17 August 2012 (see Section 2 "Corporate governance and Internal Control"), and Pierre Pringuet, Chief Executive Officer, have always been firmly committed to a responsible drinking policy. The Chief Executive Officers of the subsidiaries also uphold this commitment. Their annual bonus calculation now includes a CSR criterion, proof of the strategic importance given to this policy.

The Group's strategy against alcohol abuse is focused on drink-driving and education and covers the following five areas:

- advocating moderation in particular via its Code for Commercial Communications;
- combating drink-driving;
- education: raising awareness among young people of the risks associated with alcohol abuse;
- education: deterring pregnant women;
- making staff aware of their responsibilities.

The Group has allocated significant resources to making this commitment a reality: dissemination of the results of research, support for medical research, prevention campaigns and programmes involving stakeholders. 93% ☑ of subsidiaries undertake initiatives to promote responsible consumption.

Pernod Ricard is, for example, a founding member of IREB (*Institut de Recherches Scientifiques sur les Boissons*), an independent research organisation dedicated to alcohol and its social impacts, which publishes and finances studies and papers. A number of initiatives are also performed at local level by the subsidiaries.

In 2011, the Group chose to go a step further with the introduction of a special event for the entire Group: Responsib'All Day. This event aims to promote the sharing of best practices and to undertake concrete actions, mobilising all of the Group's employees around a common CSR theme during the event. The aim is to have all 18,000 employees ambassadors of Pernod Ricard's CSR policy.

The first Responsib'All Day took place in May 2011. It was dedicated to combating drink-driving, together with the simultaneous launch by the UN of the first Decade of Action for Road Safety. This day was also the starting point for new initiatives, campaigns and events to be launched throughout the world.

The second edition took place on 7 June 2012 and dealt with alcohol and youth. The aim was to promote, both internally and externally, a clear message: no alcohol for minors and responsible drinking for young adults. In a cascade training process, nine specialists from the Group trained 139 employees to be trainers on the issue of alcohol and young people. These 148 ☑ trainers then trained all Group employees between February and June 2012 so that each of them could educate those around them.

☑ Data verified by the Statutory Auditors with "limited" assurance

Visibility and extent of the Company's policy towards stakeholders on the reduction of the negative social impacts of its products

Before developing specific and targeted prevention initiatives aimed at reducing excessive or inappropriate consumption of its products, the Group makes sure its commercial communications are ethical. Pernod Ricard has established its own Code for Commercial Communication, with which all brands in all markets must comply. It has its own Internal Approval Panel, which is in charge of ensuring that marketing projects comply with the Pernod Ricard Code.

Stakeholders' feedback

A review of relevant stakeholder sources did not reveal any allegations against the Company in terms of its management of health and social problems caused by consumption of its products.

3

Responsible communication

The Pernod Ricard Code for Commercial Communication

All advertising campaigns run by Pernod Ricard throughout the world must comply with the Code for Commercial Communication. This Code was adopted in 2007 and was updated in 2010 and again in June 2012 to incorporate the use of new media. It can be accessed by all employees on the Pernod Ricard Intranet site.

Employee training in the Code for Commercial Communication

Pernod Ricard trains relevant employees on the Code for Commercial Communication.

The following issues are dealt with during this training: the importance of internal control of campaigns, the main provisions of the Code and the review procedure; particular attention is given to new media ("Digital Marketing"). At the end of each training session, an interactive training module allows the team to confirm their knowledge and understanding of the Code for Commercial Communication.

During the 2011/2012 financial year, 306 ☑ employees and suppliers were trained in ten training sessions. For each training course, an attendance list is produced in order to monitor the names and number of people who have followed these training courses.

Internal Approval Panel

Ethical control over advertising is the responsibility of the Internal Approval Panel, which comprises five members: Audrey Yayon-Dauvet, Vice President, Legal and Public Affairs (Pernod Ricard Americas), Jenny To, Vice President, Talent and Recruitment (Pernod Ricard Asia), Rick Connor, Vice President, International Public Affairs (Chivas Brothers), Armand Hennon, Vice President, Public Affairs France (Pernod Ricard) and Tom Lalla, General Counsel (Pernod Ricard USA). The panel initially included four members. Jenny To, of Pernod Ricard Asia, joined the panel in 2012 for a better understanding of the specific characteristics of the Asian market. The Panel is independent from the marketing department and reports directly to the Pernod Ricard Executive Committee. Its decisions are binding throughout the Group and provide "case law" for the application of the Pernod Ricard Code for Commercial Communication. This Panel is required to hand down its decisions within a maximum of seven days. Its decisions are taken in a collegiate manner.

In the event of doubts pertaining to a campaign, the Internal Approval Panel has the right to seek advice from advertising regulators in the relevant markets.

In France, the ARPP (*Autorité de Régulation Professionelle de la Publicité* – French Advertising Standards Authority) is consulted regularly.

For each campaign submitted, the Panel hands down formal opinions: approval of the campaign, approval subject to modifications, or rejection, in which case a substitute campaign must be devised and submitted.

Some subsidiaries, such as The ABSOLUT Company, Pernod Ricard Nordic and Pernod Ricard Pacific, have introduced similar local control procedures. The implementation of such procedures, which are conducted prior to submission to the Internal Approval Panel, is strongly recommended.

Scope of controls

Controls are mandatory for the 14 strategic Spirits and Champagne brands(1) and the four Priority Premium Wine brands(2) (which represent 81% of media spending). They are also strongly recommended for the 18 local brands(3) (which represent 12% of media spending) and are widely used in the subsidiaries. Controls encompass advertising, the Internet and sponsorship.

The Panel also increasingly controls packaging innovations for strategic brands, such as for example those of Malibu and ABSOLUT. Promotions and packaging materials should, like all Group advertising, comply with the Code.

In cases of ethical issues, it is recommended that marketing teams submit their proposed promotions and packaging materials to the Panel.

☑ Data verified by the Statutory Auditors with "limited" assurance

(1) ABSOLUT, Chivas Regal, Ballantine's, Jameson, Kahlúa, Beefeater, Malibu, Ricard, Havana Club, Martell, Perrier-Jouët, The Glenlivet, Royal Salute, Mumm.

(2) Jacob's Creek, Brancott Estate, Campo Viejo, Graffigna

(3) 100 pipers, Olmeca, Clan Campbell, Seagram's Gin, Ramazzotti, Blenders Pride, Pastis 51, Wiser's, Something Special, Royal Stag, ArArAt, Ruavieja, Montilla, Becherovka, Passport, Wyborowa, Suze, Imperial

Reporting

The Internal Approval Panel reports directly to the Group Executive Committee. A report on all advertising campaigns is submitted to the Executive Committee at each of its meetings. Ten such reports were submitted during the 2011/2012 financial year.

Results of controls in 2011/2012

During the 2011/2012 financial year, the Panel examined 270 ☑ campaigns. Just one of these campaigns was rejected ☑ (red ruling), since the poster campaign raised questions about anti-social behaviour. No campaigns required modification (orange ruling). The Committee also gave confidential advice (copy advice procedure) for 150 campaign proposals. In total, the Panel examined 420 ☑ advertising campaigns during financial year 2011/2012.

Since the Panel was set up in 2005, just one of the campaigns approved by the Internal Approval Panel has been cancelled following a complaint.

The Group's ethical practices

Prevention of corruption

Pernod Ricard is a signatory to the United Nations Global Compact and communicates on this principle. The Group is also committed to combating corruption through its Procurement Code of Ethics.

The Company's commitment to combating corruption includes the following:

- active and passive corruption;
- gifts and invitations;
- extortion and embezzlement;
- fraud;
- conflicts of interest;
- illegal financing of political parties.

This commitment applies to all entities and all employees and is supported by Management. The Managing Director of each subsidiary is responsible for implementing this policy.

This policy is set out in different documents which are available either on Pernod Ricard's Intranet or distributed directly to Group employees. These documents include:

- the Pernod Ricard Charter, in particular its business model chapter, specifies that all employees must comply with law, they must be honest and trustworthy and treat all stakeholders with respect;
- section 9 of Pernod Ricard's Procurement Code of Ethics states "no form of compensation, gifts, services, invitations or otherwise shall be proposed or offered, directly or indirectly, to any civil servant of the French state or any other state";
- the declaration states that Pernod Ricard has been a signatory to the United Nations Global Compact since 2003. The 10th principle of the Global Compact indicates that "Businesses should work against corruption in all its forms, including extortion and bribery".

Pernod Ricard has also published a document called "Pernod Ricard Internal Control Principles", which is applicable to all Group subsidiaries. These principles specify that all entities must comply with the Pernod Ricard Charter, the Procurement Code of Ethics and that all of the Group's suppliers must comply with the United Nations Global Compact Code of Ethics.

Within the decentralized organisation of Pernod Ricard, the management of each entity is responsible for ensuring that it is compliant with Pernod Ricard's various policies, including those described above.

Pernod Ricard has, however, an Internal Audit Department with internal auditors performing audit missions in the various entities of the Group. These missions cover various subjects and operational cycles related to activities such as "purchasing", "production", "sales", "human resources" etc. A total of 31 audits were performed in 2011/2012.

Furthermore, Pernod Ricard sends all subsidiaries a self-assessment questionnaire every year, in which they must state whether they are compliant with Group policies, including:

- compliance with the ethical rules included in the Pernod Ricard Charter;
- compliance with the Pernod Ricard Procurement Code of Ethics;
- ensuring that non-Group suppliers are compliant with the United Nations Global Compact Code of Ethics.

The reliability of the answers to these questionnaires is confirmed in a "representation" letter signed by the CEO and Administrative and Financial Director of each entity.

Finally, on 16 February 2011, Pernod Ricard's Board of Directors created a Business Ethics Code and Committee to prevent insider trading.

Prevention of anti-competitive practices

Pernod Ricard's policy is to always act and perform business in compliance with laws and regulations in force.

This policy is included in the Pernod Ricard Charter. It is also specifically stated in a letter that each CEO and Administrative and Financial Director of the Group sign every year and send to the CEO of its Parent Company.

☑ Data verified by the Statutory Auditors with "limited" assurance

This representation letter states the following:

- "We are responsible for the internal control procedures in our company. The aim of these internal controls is to ensure that management, transactions and personal conduct comply with guidelines relating to Group business conduct, as set out by the Group governance bodies, applicable law and regulations, and with Group values, standards and internal rules.
- We confirm the following to the best of our knowledge:
  - we are familiar with and apply all applicable laws and regulation, in particular the laws and regulations relating to accounting and financial information,
  - we are familiar with and adhere to the Pernod Ricard Charter,
  - we manage violations of behavioural and ethical principles systematically and fairly taking into account the Pernod Ricard Charter,
  - the business strategy is implemented under the framework of the laws and regulations [...]."

Within a decentralised organisation like Pernod Ricard, each manager of each entity is responsible for managing anti-competitive issues.

If issues were to be identified, an internal audit team would perform specific audit missions. However, at this stage, no issue has required such an audit mission to be carried out.

The Company has instituted awareness-raising programmes for relevant employees on the prevention of anti-competitive practices.

Pernod Ricard USA has set up an e-learning ethical training programme to address issues related to anti-trust practices.

A review of stakeholder sources did not reveal any anti-trust allegations against the Company.

Transparency and integrity of strategies and practices seeking to influence

In general, all Pernod Ricard employees are subject to the provisions of the Pernod Ricard Charter and specifically its rules of ethics (Business model section of the Charter). In addition, the Charter sets out the fundamental values for employees to abide by, one of which is ethics.

More specifically, the Group lobbying policy conforms to professional (EPACA in Europe, *Association pour les Relations avec les Pouvoirs Publics in France*, etc.) or institutional codes (see: http://ec.europa.eu/civil_society/interest_groups/approche/criteres_fr.htm).

Jean Rodesch, Vice President Government Affairs, is responsible for the oversight of and implementation of this policy. The main lobbying actions are approved by the Group CEO and the rest of senior management is kept informed of their status.

In order to promote integrity in lobbying practices within its operations, the Group organises a "public affairs" seminar every year where the main guidelines of the Codes of Conduct and Deontology are reaffirmed. In addition, a "lobbying" training course is currently being set up which will cover ethical issues.

As regards interaction with governments, the requirement for high ethical standards is enshrined in the Group's Charter, covering all activities, not just lobbying. Details, such as the maximum permitted value of gifts, are subject to local legislation, in keeping with the Company's decentralisation principle.

The Group's Charter, together with its ethical principles, is applicable worldwide. Furthermore, in the European Union, Pernod Ricard has been registered in the Register of Representatives of Interests since its creation in 2008, under ID number 352172811-92. This register contains useful information about teams, budgets, areas of interest, membership of associations, etc. (see http://europa.eu/transparency-register/index_fr.htm).

Lobbying activities in the United States are highly regulated at federal level and also state and municipal level. Pernod Ricard conducts its lobbying activities in full compliance with applicable US laws, including the Lobbying and Disclosure Act of 1995, the Honest Leadership and Open Government Act of 2007, the Federal Election Campaign Act of 1971, and the Foreign Corrupt Practices Act of 1977. In addition, Pernod Ricard complies with the various ethics rules adopted by the US Senate, the US House of Representatives and the agencies of the Executive Branch.

Pernod Ricard is required under US law to file quarterly and half-yearly reports on its lobbying activities and political contributions with the Secretary of the Senate and the Clerk of the House of Representatives. In addition, the Pernod Ricard USA Political Action Committee is required to file regular reports with the Federal Election Commission. These reports are available for public examination at:

- Secretary of the Senate: http://www.senate.gov/legislative/Public_Disclosure/LDA_reports.htm;
- Federal Election Commission: http://query.nictusa.com/cgi-bin/dcdev/forms/C00380527/.

Involvement of the Group's partners in its CSR commitments

Sustainable relationships with suppliers

Pernod Ricard has had sustainable relationships with its suppliers and subcontractors for a long time, particularly via its subsidiaries. A formal commitment to this effect has been established in the Sustainable Development Charter.

This commitment applies throughout the Group, and is supported by Senior Management.

Each subsidiary selects and monitors its own suppliers and subcontractors and is therefore responsible for its purchasing policy.

In 2011, Pernod Ricard chose to increase the involvement of its suppliers: a work group was created to formalise Pernod Ricard's commitment to Responsible Procurement with documents and tools to consolidate the existing actions.

The following documents and tools were established by the work group:

- December 2011: Pernod Ricard Responsible Procurement Policy, for products and services, covering all purchases made by all employees;
- first half 2012: pilot of a CSR Assessment tool for suppliers and subcontractors;
- second half 2012: dependent on the success of the pilot, gradual adoption of the supplier and subcontractor CSR assessment tool for the categories most at risk;
- second half 2012: risk analysis methodology to allow subsidiaries to identify which suppliers should be assessed as a priority;
- second half 2012: Supplier Commitment Charter, for roll-out.

Pernod Ricard maintains close partnerships with its suppliers in order to ensure ethical business practices and Sustainable Development of its activities. In all Group subsidiaries, these partnerships are built on specific requirements and regular controls.

The actions the Company takes to ensure that relationships with suppliers are managed responsibly include the following:

- in the Pernod Ricard internal training course on purchasing, a section addresses selection of suppliers and partnerships;
- Pernod Ricard Holding has close relationships with its top ten suppliers, who represent 65% of packaging spend. These relationships are regularly examined from a commercial standpoint.

In addition to the results published for previous years, some recent results should be highlighted:

- on 10 January 2012, Pernod SA, Martell Mumm Perrier-Jouët, and Pernod Ricard all signed the *"Charte de bonnes pratiques - Grands donneurs d'ordres - PME"* (Best Practices Charter - Large companies and SMEs), following Ricard SA signing of this Charter in December 2010;
- in the UK, Chivas Brothers developed a Supplier Audit Checklist including around 100 criteria, 20 of which refer to social and environmental responsibility. This tool is used to monitor the main suppliers and to reference new suppliers.

  This self-assessment tool is used as a basis for dialogue with the suppliers and has been extended to other subsidiaries and is used for regional joint tenders.

No allegations have been made against the Company regarding the sustainability of its partnerships with its suppliers.

Moreover, the Procurement Code of Ethics establishes rules for balanced and healthy relationships with suppliers and the basic CSR principles.

Integration of environmental factors in the supply chain

Pernod Ricard has made a formal commitment to include environmental factors in supply chain management into its Responsible Procurement Policy and its Procurement Code of Ethics.

This commitment applies throughout the Group, supported by Management. The CEO of each subsidiary is responsible for implementing this policy.

Pernod Ricard has set up at least four measures to enable the inclusion of environmental factors in supply chain management:

- integration of environmental issues into contractual clauses;
- supplier questionnaires;
- supplier support (e.g.: training, technical assistance, etc.);
- training and awareness-raising of employees in charge of purchasing. In its calls for tender, Pernod Ricard has integrated environmental issues when selecting suppliers. The main suppliers have completed a questionnaire regarding environmental issues. Buyers must acknowledge and respect the ethical guidelines, which include environmental issues.

In addition, the subsidiaries help suppliers achieve ISO 14001 or equivalent certification. Even though there is no formal Group-wide policy, the Pernod Ricard point of sale material (POS) purchasing co-ordination team has drawn up a list of Group-wide referenced suppliers. Prior to any referencing, the suppliers have to answer the Supplier Audit Checklist covering environmental aspects.

Integration of labour issues in the supply chain

Pernod Ricard has made a formal commitment to include labour factors in supply chain management into its Responsible Procurement Policy and its Procurement Code of Ethics.

The Group's labour requirements for suppliers refer to the United Nations Global Compact and the International Labour Organisation (ILO) fundamental conventions and address the most relevant issues in the sector: trade union rights, abolition of child labour, non-discrimination and equality of remuneration.

Pernod Ricard has set up two measures for ensuring that labour issues are included in its supply chain management: supplier questionnaires and awareness-raising for employees responsible for purchasing. Pernod Ricard's major suppliers have completed a questionnaire on labour issues. Buyers receive guidelines to ensure that they comply with the Company's Code of Ethics in their dealings with suppliers.

This commitment applies throughout the Group, supported by Management. The CEO of each subsidiary is responsible for implementing this policy.

Although there is for the moment no Group-wide policy for performing labour audits of suppliers, for the past two and a half years the Pernod Ricard point of sale material (POS) purchasing co-ordination team has drawn up a list of Group-wide referenced suppliers, which is constantly updated. Prior to any referencing, suppliers have to complete the Supplier Audit Checklist covering, among other things, environmental and labour aspects, and systematically allow a POS co-ordination team member to perform an audit. This is the basis of further reviews.

3

Statutory Auditors' report on the review of certain environmental, social and societal indicators

Pursuant to your request and in our capacity as Statutory Auditors of Pernod Ricard, we have performed a review with the aim of providing assurance on the environmental, social and societal indicators selected by Pernod Ricard and identified by the ☑symbols in Section 3 of the 2011/2012 Registration Document (the "Data").

This Data has been prepared under the responsibility of Pernod Ricard Executive Management, in accordance with the internal reporting criteria covering all the procedures for:

- environmental data reporting;
- social data reporting;
- societal data reporting;

which may be consulted at the Group Human Resources and Corporate Social Responsibility, Industrial Operations and Institutional Affairs Departments, and which is summarised in Section 3 (hereinafter referred to as the "Reporting Criteria"). It is our responsibility, based on the procedures performed, to express a conclusion on the Data. The conclusions expressed below relate solely to this Data and not the 2011/2012 Registration Document as a whole.

Nature and scope of our procedures

We have conducted our procedures in accordance with the applicable professional guidelines.

We conducted the following procedures in order to provide limited assurance that the selected Data(1), identified by the ☑ symbol, does not contain any material anomalies for the selected entities(2). A higher level of assurance would have required more extensive work.

For the selected Data, we have:

- assessed the Reporting Criteria with respect to their relevance, reliability, objectivity, clarity and completeness;
- conducted interviews with individuals responsible for the application of the Reporting Criteria in the Group Human Resources and Corporate Social Responsibility, Industrial Operations and Institutional Affairs Departments;
- conducted tests on the application of the internal Reporting Criteria in the selected entities, verified the submission of the selected Data with regard to these entities and the various consolidation levels and tested the calculations on a sampling basis.

To assist us in conducting our work, we referred to the Environment and Sustainable Development experts of our firms under the responsibility of Mr Eric Dugelay for Deloitte & Associés and Ms Emmanuelle Rigaudias for Mazars.

Comments on the procedures

The internal Reporting Criteria have been updated and adjusted to the entities' specific context.

The data control processes improvement on the consolidated data has continued and enabled the identification of some gaps on the entities' data. These gaps have been corrected and call for a reinforcement of controls at entities level.

Conclusion

Based on our work, we did not identify any material anomaly likely to call into question the fact that the Data identified by the ☑ symbol has been prepared, in all material respects, in accordance with the above-mentioned Reporting Criteria.

Neuilly-sur-Seine and Courbevoie, 11 September 2012.

The Statutory Auditors

Deloitte & Associés	Mazars
Marc de Villartay	Isabelle Sapet Loïc Wallaert

(1) The Data used is as follows [the contribution to Group data from the entities selected for our procedures is shown in the brackets. It takes into account the work carried out during on-site visits]: Water consumption (54%); Quantity of glass used (37%); Quantity of cardboard used (51%); Energy consumption (51%) of which natural gas consumption (62%) and electricity consumption (44%); CO_2 emissions generated by industrial sites (scope 1) (52%); CO_2 emissions generated by industrial sites (scope 2) (15%); Solid waste (39%); Non-recycled solid waste (landfilled or incinerated) (37%); Part of recycled solid waste (39%); Hazardous waste (64%); Percentage of ISO 14001 certified sites (28%); Part of ISO 14001 certified sites in the production (37%); Number of environmental related fines or sanctions given by the authorities (37%); Year-end number of employees (breakdown by contract type and gender) (28 %) ; Voluntary departure rate (compared to the annual average number of employees) (28%); Average number of employees by geographical region (28%); Employee turnover (28%); Number of advertising campaigns examined by the Internal Committee (31%); Breakdown of opinions provided by the Internal Committee (31%); Employee training in the Code for Commercial Communication (74%); Number of employees trained to be a trainer on the subject Alcohol and Young adults (67%); Part of subsidiaries including a Responsible Drinking Message in advertising (27%); Part of subsidiaries including a pregnant woman pictogram on bottle's label - Europe only (32%); Part of subsidiaries with at least one Responsible Drinking initiative (27%).

(2) Walkerville (Canada), Ahus (Sweden), Nöbbelöv (Sweden), Midleton (Ireland), Campo Viejo (Spain), Kilmalid (UK), Paisley (UK), Longmorn (UK), Miltonduff (UK), Nashik (India), Behor (India), Lignière (France), Gallienne (France), Napa (only refrigerant gases) for environmental data and Mumm (France), TAC Ahus (Sweden), PR Espana (Spain), Yerevan Brandy Company (Armenia), PR China (China), PR Argentina (Argentina), Domecq Bodegas (Spain), Casa Pedro Domecq (Mexico), PWB Australia (Australia), Asia Cluster, Pacific Cluster and Europe Cluster for social data.

(This is a free translation into English of the original report issued in the French language and is provided solely for the convenience of English speaking readers)

4

MANAGEMENT REPORT

Key figures of the consolidated financial statements for the year ended 30 June 2012

Key income statement figures

In euro million	30.06.2010	30.06.2011	30.06.2012
Net sales	7,081	7,643	8,215
Profit from recurring operations	1,795	1,909	2,114
Operating profit	1,707	1,852	1,969
GROUP NET PROFIT	**951**	**1,045**	**1,146**
Group net profit per share – diluted (in euro)	3.59	3.94	4.32
GROUP NET PROFIT FROM RECURRING OPERATIONS	**1,001**	**1,092**	**1,201**
Group net profit per share from recurring operations – diluted (in euro)	3.78	4.12	4.53

Key balance sheet figures

In euro million	30.06.2010	30.06.2011	30.06.2012
Assets			
Non-current assets	20,833	19,652	21,802
of which intangible assets	*17,442*	*16,036*	*17,360*
Current assets	6,235	6,066	6,522
Assets held for sale	42	4	52
TOTAL ASSETS	**27,109**	**25,722**	**28,375**
Liabilities and shareholders' equity			
Consolidated shareholders' equity	9,339	9,497	10,972
Non-current liabilities	13,792	13,272	13,689
Current liabilities	3,975	2,953	3,707
Liabilities held for sale	2	-	7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**27,109**	**25,722**	**28,375**

Key net financial debt figures

In euro million	30.06.2010	30.06.2011	30.06.2012
Gross non-current financial debt	9,818	9,386	9,296
Gross financial debt from recurring operations	1,250	405	880
Non-current hedging instruments – assets	(20)	(54)	(101)
Hedging instruments from recurring operations – assets	-	-	-
Non-current derivative instruments – liabilities	105	75	75
Derivative instruments from recurring operations – liabilities	132	-	-
Cash and cash equivalents	(701)	(774)	(787)
NET FINANCIAL DEBT	**10,584**	**9,038**	**9,363**
Free cash flow(1)	1,110	1,001	955

(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	30.06.2010	30.06.2011	30.06.2012
Net change in cash flow from operating activities	1,205	1,134	1,126
Net change in cash flow from investing activities	46	(60)	(241)
Self-financing capacity before interest and tax	1,826	1,836	1,984
Net interest paid	(493)	(478)	(516)
Net income tax paid	(80)	(256)	(287)
Net change in cash flow from financing activities	(1,129)	(975)	(1,099)
Cash flow from discontinued operations	-	-	(11)
Cash and cash equivalents at beginning of period	520	701	774
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**701**	**774**	**787**

Analysis of business activity and results

In 2011/2012, Pernod Ricard exceeded its financial targets and posted its best performance since financial year 2007/2008, with:

- organic net sales growth accelerating to 8%, comprising:
  - 10% for the group's Top 14 strategic brands (including 6% from mix/price),
  - 17% for emerging markets and 2% for mature markets;
- organic growth in profit from recurring operations of 9% (8% in 2010/2011) with positive organic growth in each of the Group's regions except for France, which was impacted by a duty increase, from 1 January 2012;
- a significant improvement in the operating margin of 75 bp;
- refinancing of the Group's debt, through an increase in the portion of bonds and fixed-rate instruments and a considerable extension in maturity dates;
- an acceleration of the debt reduction with a fall of 0.6 in the net debt/EBITDA ratio, to 3.8;
- a proposed dividend per share up 10% at €1.58 in line with the customary cash distribution policy of approximately one-third of the net profit from recurring operations (payout rate: 35%).

With the exception of France, all other regions contributed to organic growth of profit from recurring operations, which was up 21% in Asia/Rest of the World, 4% in the Americas and 4% in Europe excluding France.

Emerging markets(1) are an increasingly important growth engine for the Pernod Ricard group. They comprised 39% of the Group's profit from recurring operations in financial year 2011/2012 compared to 38% in 2010/2011.

4

Presentation of results

In euro million	30.06.2011	30.06.2012
Net sales	7,643	8,215
Gross margin after logistics expenses	4,610	5,047
Contribution after advertising and promotional expenses	3,169	3,476
Profit from recurring operations	1,909	2,114
Operating margin	*25.0%*	*25.7%*
Group net profit from recurring operations*	1,092	1,201
Group net profit	1,045	1,146
Group net profit per share from recurring operations – diluted *(in euro)*	4.12	4.53
GROUP NET PROFIT PER SHARE FROM RECURRING OPERATIONS (EXCLUDING DISCONTINUED OPERATIONS) – DILUTED *(IN EURO)*	**3.94**	**4.32**

* *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	30.06.2011	30.06.2012
Profit from recurring operations	1,909	2,114
Interest (expense) income from recurring operations	(469)	(509)
Corporate income tax on recurring operations	(317)	(377)
Minority interests, profit from discontinued operations and share of net income from associates	(31)	(27)
Group net profit from recurring operations	1,092	1,201
Number of shares in circulation – diluted	265,032,466	265,147,554

In euro	30.06.2011	30.06.2012
Group net profit per share from recurring operations – diluted	4.12	4.53

(1) List of emerging markets:

- Asia/Rest of World: Algeria, Cambodia, Cameroon, China, Egypt, Gabon, India, Indonesia, Iraq, Iran, Ivory Coast, Jordan, Laos, Lebanon, Madagascar, Malaysia, Maldives, Mauritius, Morocco, Persian Gulf, Philippines, Saudi Arabia, Senegal, South Africa, Sri Lanka, Syria, Thailand, Tunisia, Turkey, Vietnam;
- Americas: Argentina, Aruba, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Puerto Rico, Uruguay, Venezuela, West Indies;
- Europe: Albania, Armenia, Azerbaijan, Balkans, Belarus, Bosnia, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Macedonia, Moldova, Poland, Romania, Russia, Slovakia, Slovenia, Ukraine.

FRANCE

In euro million	30.06.2011	30.06.2012	Organic growth	
Net sales	750	746	(4)	*-1%*
Gross margin after logistics expenses	546	541	(3)	*-1%*
Advertising and promotional expenses	(189)	(193)	(4)	*2%*
Contribution after advertising and promotional expenses	356	348	(7)	*-2%*
PROFIT FROM RECURRING OPERATIONS	**189**	**181**	**(6)**	**-3%**

EUROPE EXCLUDING FRANCE

In euro million	30.06.2011	30.06.2012	Organic growth	
Net sales	2,114	2,137	52	*2%*
Gross margin after logistics expenses	1,228	1,245	45	*4%*
Advertising and promotional expenses	(343)	(347)	(5)	*2%*
Contribution after advertising and promotional expenses	886	898	39	*4%*
PROFIT FROM RECURRING OPERATIONS	**479**	**470**	**17**	**4%**

AMERICAS

In euro million	30.06.2011	30.06.2012	Organic growth	
Net sales	2,068	2,167	121	*6%*
Gross margin after logistics expenses	1,277	1,362	72	*6%*
Advertising and promotional expenses	(379)	(405)	(20)	*5%*
Contribution after advertising and promotional expenses	898	958	52	*6%*
PROFIT FROM RECURRING OPERATIONS	**558**	**582**	**20**	**4%**

ASIA/REST OF WORLD

In euro million	30.06.2011	30.06.2012	Organic growth	
Net sales	2,711	3,165	412	*15%*
Gross margin after logistics expenses	1,559	1,898	262	*17%*
Advertising and promotional expenses	(531)	(625)	(79)	*15%*
Contribution after advertising and promotional expenses	1,029	1,272	184	*18%*
PROFIT FROM RECURRING OPERATIONS	**684**	**880**	**143**	**21%**

TOTAL

In euro million	30.06.2011	30.06.2012	Organic growth	
Net sales	7,643	8,215	581	*8%*
Gross margin after logistics expenses	4,610	5,047	376	*8%*
Advertising and promotional expenses	(1,441)	(1,571)	(108)	*7%*
Contribution after advertising and promotional expenses	3,169	3,476	268	*8%*
PROFIT FROM RECURRING OPERATIONS	**1,909**	**2,114**	**174**	**9%**

Sales and volumes

In millions of 9-litre cases	30.06.2011	30.06.2012	Volume growth	Organic sales growth	Mix/price effect
ABSOLUT	11.0	11.4	3%	3%	0%
Chivas Regal	4.6	4.9	7%	11%	4%
Ballantine's	6.3	6.2	-1%	0%	2%
Ricard	5.4	5.2	-3%	-3%	0%
Jameson	3.4	3.9	15%	18%	3%
Malibu	3.5	3.8	6%	4%	-2%
Havana Club	3.8	3.8	-2%	0%	2%
Beefeater	2.4	2.5	6%	7%	0%
Kahlúa	1.7	1.7	-1%	0%	1%
Martell	1.8	1.9	10%	25%	16%
The Glenlivet	0.7	0.8	15%	19%	4%
Mumm	0.6	0.7	4%	6%	2%
Perrier-Jouët	0.2	0.2	10%	14%	5%
Royal Salute	0.2	0.2	20%	23%	3%
14 STRATEGIC BRANDS (TOP 14)	**45.6**	**47.2**	**3%**	**10%**	**6%**
Jacob's Creek	6.9	6.9	-1%	2%	3%
Brancott Estate	1.8	1.9	5%	2%	-2%
Campo Viejo	1.6	1.7	9%	11%	2%
Graffigna	0.3	0.3	3%	28%	25%
PRIORITY PREMIUM WINES	**10.6**	**10.8**	**2%**	**4%**	**2%**

Full-year sales were €8,215 million (excluding duties and taxes), a steady increase of 7%, resulting from:

- organic growth of 8%, including growth in mature markets of 2% and very strong growth of 17% in emerging markets;
- a favourable currency effect of €51 million, up 1% over the full year, mainly due to the strengthening of the Chinese yuan and the US dollar in the second half;
- a -1% effect from changes in the scope of consolidation relating mainly to the sale of businesses in Spain and New Zealand in 2010/2011, and the sale of businesses in Canada in 2011/2012.

With the exception of France, all regions reported growth:

- Asia/Rest of the World recorded growth of 17% (organic growth of 15%) and remains the Group's main growth engine, notably due to Asia (in particular China, India, Vietnam, Taiwan and Travel Retail). Growth is also very strong in Africa/Middle East;
- Americas grew 5%, with organic growth of 6%. In the United States, organic growth in sales increased from 2% in 2010/2011, to 5% in 2011/2012, thanks to an improvement in the performance of ABSOLUT in the second half and the continuing success of Jameson. Sales were also up in all other markets in the region except Mexico, following the implementation of a new high-value-based commercial strategy;
- Europe excluding France is showing improvement, with business up 2% (organic growth) over the full year (growth was flat in 2010/2011). This was due to the accentuation of divergent trends in Eastern and Western Europe. Eastern Europe posted strong growth (16% year-on-year versus 9% the previous year), while in the difficult economic environment of Western Europe there was a decline of -1%, mainly attributable to Spain, Italy, Greece and the UK. However, the performance of Western Europe represented a slight improvement compared with the previous year (-2%);
- in France, sales decreased -1% (organic growth), due to the duty increase on spirits (+14% on average) on 1 January 2012. The duty increase impacted anise-based spirits most severely. Despite the substantial increase in duty, some brands, such as Havana Club and ABSOLUT, posted good performances (+13%).

Contribution after advertising and promotional expenses

Gross margin (after logistics costs) was €5,047 million, up 8% (organic growth), with **the gross margin rate** advancing significantly to reach **61.4%** in 2011/2012 compared to 60.3% the previous year (+111 bp). This is the result of a favourable mix effect related to an increase in share of the Top 14 and Premium brands, price increases (averaging 3% for the Top 14) and effective cost control (up 2% excluding mix effects). The increase in gross margin also benefitted from a favourable foreign exchange impact.

Advertising and promotional expenses were up 7% on an organic basis at €1,571 million, leading to a slight increase in the advertising and promotional expenses to net sales ratio to 19.1%. Around 75% of these expenses were concentrated on the Top 14 brands, which benefited from an advertising and promotional expenses to net sales ratio that was higher than the Group average. In allocating increased investment spending, priority is given to strong emerging markets, where organic growth in advertising and promotional expenses was 11%. At the same time, the Group is optimising its investments in certain markets.

Profit from recurring operations

Profit from recurring operations rose 9% (organic growth) to €2,114 million, the group's best performance in four years. The operating margin rose to 25.7%, up 75 bp compared to the previous year, thanks to the benefits of premiumisation, advertising and promotional spending and the strengthening of group structures.

In 2011/2012, the increase in profit from recurring operations derived mainly from organic growth (€174 million). The foreign exchange impact on profit from recurring operations in 2011/2012 was €47 million, and mainly related to the strengthening of the Chinese yuan and the US dollar. The impact of changes in the scope of consolidation was minimal at €(15) million.

Interest (expense) income

Interest expense from recurring operations totalled €(509) million, compared with €(469) million the previous year. In 2011/2012, Pernod Ricard achieved all its strategic financing objectives, notably the refinancing of its debt, the consequence of which is a controlled rise in the average cost of debt (5.1% vs. 4.7% in 2010/2011). However, the new debt structure offers a number of advantages:

- the bond portion has increased to more than 80%, which represents a good balance between bank and bond debt in the current climate;
- the fixed-rate portion (including collars) has been increased to more than 90% to secure attractive long-term interest rates;
- debt maturities have been extended to more than 7 years – redemption dates are later and spread over a longer period;
- the Group has an undrawn credit line of €1.5 billion, which increases its financial flexibility;
- the debt structure by currency (USD: 57%) provides a natural hedging mechanism with debt by currency matched with cash flow by currency.

Group net profit from recurring operations

Tax on recurring items was €(377) million, amounting to a current effective tax rate of 23.5%, up from 22.0% in 2010/2011. Minority interests and other totalled €(27) million.

In total, Group net profit from recurring operations was €1,201 million, an increase of 10% compared to financial year 2010/2011, and net profit per share (diluted) from recurring operations was also up 10% to €4.53 per share.

Group net profit

Other non-current operating income and expenses amounted to €(145) million. Non-current financial income (expense) amounted to a net expense of €(39) million. Deferred taxes amounted to net income of €130 million.

Group net profit therefore amounted to €1,146 million, an increase of 10% compared to financial year 2010/2011.

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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 18 – 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	30.06.2011	30.06.2012
Profit from recurring operations	1,909	2,114
Other operating income and expenses	(190)	(174)
■ Depreciation of fixed assets	159	172
■ Net changes in provisions, excluding investments in the pension funds acquired from Allied Domecq	(142)	(94)
■ Net change in impairment of goodwill and intangible assets	43	14
■ Fair value adjustments on commercial derivatives and biological assets	(2)	(10)
■ Net (gain)/loss on disposal of assets	(19)	(14)
■ Share-based payment	25	27
■ Non-cash impact from other operating income and expenses	134	29
Sub-total depreciation of fixed assets, change in provisions and other	**198**	**125**
SELF-FINANCING CAPACITY	**1,916**	**2,064**
Decrease/(increase) in working capital requirements	32	(55)
Net interest and tax payments	(734)	(803)
Net acquisitions of non-financial assets and other	(213)	(251)
FREE CASH FLOW	**1,001**	**955**
Net disposals of financial assets, investments in the pension funds acquired from Allied Domecq and others	73	(81)
Change in the scope of consolidation	0	0
■ Capital increase and other change in shareholders' equity	(0)	16
■ Dividends paid	(389)	(411)
■ (Repurchase)/sale agreements	(70)	(95)
Sub-total dividends, purchase of treasury shares and other	**(460)**	**(490)**
DECREASE/(INCREASE) IN DEBT BEFORE FOREIGN EXCHANGE IMPACT	**614**	**385**
Net effect of translation adjustments	932	(710)
DECREASE/(INCREASE) IN DEBT AFTER FOREIGN EXCHANGE IMPACT	**1,546**	**(325)**

Outlook

In 2011/2012, Pernod Ricard exceeded its financial targets and posted its best growth since 2007/2008, notably by:

- accelerating organic growth in sales and operating profit;
- significantly increasing its operating margin;
- refinancing its debt and reducing its debt level rapidly.

For 2012/2013, the Group's macroeconomic scenario takes into account:

- a slowdown in global growth in both developed and emerging markets;
- continued difficulties in Western Europe (impact of austerity measures);
- robust growth in the USA and steady growth in emerging markets.

In this environment, Pernod Ricard is confident in its capacity to continue to grow, thanks to:

- the strength of its premium brands, the quality of its distribution networks and its leading positions on the most promising emerging markets;
- its policy of sustained investment behind key brands and markets, boosted by a growing innovation pipeline and the penetration of new markets and creation of new consumption opportunities.

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 Compensation Committee and must fall within the bounds of the total amount allocated by the Shareholders' Meeting 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 Compensation and Nominations Committees. The Chairman of the Audit Committee receives an additional sum of €6,000 while the Chairmen of the Compensation and Nominations Committees each receive an additional €3,000.

Directors are also eligible for a variable portion, calculated on the basis of their presence at Board and Committee meetings. The variable portion is €4,000 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.

The Chairman of the Board of Directors, the CEO and the Deputy CEO do not receive Directors' fees.

Mr Patrick Ricard, Chairman of the Board of Directors, did not receive Directors' fees.

Members of the Strategic Committee did not receive Directors' fees. The Strategic Committee was dissolved on 25 April 2012.

A total of €764,458 in Directors' fees was paid to members of the Board of Directors in the 2011/2012 financial year, in accordance with the rules set out above, out of the €875,000 allocated by the 15 November 2011 Shareholders' Meeting.

It should be noted that the authorised sum of €875,000 also covers the possible appointment of a censor (no censors were appointed in 2011/2012).

The following table gives the amounts (in euro) of Directors' fees and other compensation received by Non-Executive Directors:

Directors	Amounts paid in 2010/2011	Amounts paid in 2011/2012
Ms Nicole Bouton	94,500	101,000
Mr Michel Chambaud	80,000	81,500
Mr Wolfgang Colberg	70,250	77,000
Mr Gérald Frère	57,250	60,500
Mr François Gérard	68,750	67,500
Mr César Giron(1)	41,500	43,500
Mr Rafaël Gonzalez-Gallarza(2)	53,500	42,583
Mr Anders Narvinger	70,000	88,000
Ms Danièle Ricard	59,500	58,500
Société Paul Ricard SA represented by Mr Alexandre Ricard(1)	53,500	43,500
Ms Susan Murray	32,417	55,500
Mr Laurent Burelle	1,917	31,500
Ms Martina Gonzalez-Gallarza(3)	-	13,875
Other Directors' fees(4)	62,500	N/A
TOTAL	**745,584**	**764,458**

(1) In addition to Directors' fees, Messrs César Giron and Alexandre Ricard received compensation in their respective capacities as Chairman and CEO of Pernod and Managing Director, Distribution Network, until Mr Alexandre Ricard's appointment as Deputy CEO and COO on 29 August 2012. The amount of their compensation is included in the total compensation of the members of the Executive Committee provided later in this report

(2) Until 15 February 2012

(3) From 25 April 2012

(4) Directors' fees paid to Directors whose term of office expired in the current period

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 Compensation 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 Compensation 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, volumes and performance conditions for any stock options, and retirement and social security benefits.

Simplicity and consistency

The Board of Directors, based on the recommendations of the Compensation Committee, 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;
- the compensation of the CEO comprises a fixed and a variable portion, plus an allocation of stock options, subject to certain performance conditions being met.

Motivation and performance

In its recommendations to the Board, the Compensation 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 the number of stock options awarded are relatively reasonable compared with market practice for equivalent positions in other groups. Increases in compensation are made by regularly applying these remuneration mechanisms, and allow the performance of each executive to be rewarded in the medium and long term, while enabling the group to maintain its results over time. In addition, the policy relating to the variable cash portion is reviewed every year in line with the Group's strategic priorities.

The compensation of the Group CEO comprises:

- a fixed portion reviewed each year; 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 was Non-Executive Chairman of the Board of Directors from November 2008. As Chairman, Mr Patrick Ricard oversaw all of the Board's work and ensured the implementation of and compliance with governance rules within the Board.

Moreover, since he was widely known, Mr Patrick Ricard continued 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 supported.

At the meeting held on 31 August 2011, the Board of Directors set Mr Patrick Ricard's annual fixed compensation for the year 2011/2012 at the gross amount of €850,000, unchanged from previous years. The Board also decided that Mr Ricard would, as previously, keep his company car and chauffeur, his office and personal assistant.

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 Patrick Ricard would not be 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

	2010/2011		2011/2012	
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	3,569	3,569
TOTAL	**853,700**	**853,700**	**853,569**	**853,569**

(1) Company car

Mr Pierre Pringuet, CEO

At the meeting held on 31 August 2011, the Board of Directors decided to increase Mr Pierre Pringuet's fixed compensation for 2011/2012 to €1,035,000 (+3.5% vs. 2010/2011).

Mr Pierre Pringuet has not received any ordinary Directors' fees in his capacity as Director.

On the recommendation of the Compensation Committee, the Board approved the elements determining the variable portion relating to 2011/2012:

- 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 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 performances.

During the meeting held on 29 August 2012, and based on the financial results for the 2011/2012 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 €1,607,366 for the 2011/2012 financial year. The Board awarded the CEO the maximum level in the attainment of qualitative criteria with regard to his 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

	2010/2011		2011/2012	
In euro	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	1,000,000	1,000,000	1,035,000	1,035,000
Variable compensation(1)	1,657,434	1,221,867	1,607,366	1,657,434
Special bonus	No special bonus		No special bonus	
Directors' fees	No Directors' fees		No Directors' fees	
Benefits in kind(2)	3,700	3,700	4,439	4,439
TOTAL	**2,661,134**	**2,225,567**	**2,646,805**	**2,696,873**

(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 confirmed that the Non-Executive Chairman of the Board of Directors was not eligible for any stock option plan.

During the 2011/2012 financial year, the Compensation Committee led a number of discussions and studies regarding changes to the Pernod Ricard's stock option and performance share policy. As a result, the Board confirmed the following principles, with a particular focus on awards to the Group's Executive Directors:

- all awards made to Executive Directors are subject to performance criteria. In line with the Group's strategic priorities, the Board reaffirmed that it was desirable for these conditions to be reviewed and confirmed on the occasion of each new award. The conditions may be internal or external performance conditions;

- 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);
- 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.

Moreover, the Board reaffirmed its recommendation that its Executive Directors do not use hedging mechanisms.

Allocation of stock options to Executive Directors

On 27 June 2012, the Board authorised an annual Group stock option and performance-based share plan for 1,060 employees. The terms approved for the allocation to Mr Pierre Pringuet were as follows:

- number of stock options: 60,000 options to purchase shares subject to performance conditions;
- strike price: €78.93;
- performance conditions:
  - 50% of awards are subject to the following cumulative conditions:
    - 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 2013 and the other half at end June 2014;

      After this initial period, the exercise of the options is subject to the following external performance condition:
    - the performance (TSR) of Pernod Ricard's share must exceed that of the CAC 40 index (dividend-adjusted) plus 1 percentage point per year. This condition will be assessed for half the options on 27 June 2015, and the other half on 27 June 2016;
  - 50% of awards are subject to the following performance condition:
    - the performance (TSR) of Pernod Ricard's share must exceed that of the CAC 40 index (dividend-adjusted) plus 1 percentage point per year. This condition will be assessed for half the options on 27 June 2015, and the other half on 27 June 2016;
- 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.

Moreover, Mr Pierre Pringuet has agreed not to enter into hedging transactions on the options received.

The terms of the June 2012 Group plan applicable to all Pernod Ricard employees are described in detail in the section "Policy governing the allocation of stock options and performance-based shares".

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STOCK OPTIONS AWARDED TO MR PIERRE PRINGUET DURING THE 2010/2011 AND 2011/2012 FINANCIAL YEARS

	Date of plan	No. of shares granted	Strike price	Performance conditions	Exercise period	Unit value under IFRS
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 > CAC 40 performance +1 point, half assessed at N+3 and half at N+4	15 June 2015 15 June 2019	€10.33
2011/2012 financial year	27 June 2012	60,000	€78.93	For 50% of the award: ■ Achievement of target for profit from recurring operations at N+1 and N+2 ■ TSR > CAC 40 performance +1 point, half assessed at N+3 and half at N+4 For 50% of the award: ■ TSR > CAC 40 performance +1 point, half assessed at N+3 and half at N+4	27 June 2016 27 June 2020	€14.95

SUMMARY TABLE OF STOCK OPTIONS EXERCISED BY THE EXECUTIVE DIRECTORS IN 2011/2012

Options exercised during the year by each Executive Director	Number of options exercised	Strike price *(in euro)*	Date of plan
Mr Patrick Ricard	33,352	28.42	17.12.2002
	41,085	33.83	18.12.2003
	56,984	42.30	02.11.2004
Mr Pierre Pringuet	32,869	33.83	18.12.2003
	27,131	42.30	02.11.2004

Commitments made to the Executive Directors

In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code, 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 non-compete 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 retain the benefits of the supplementary and conditional collective defined-benefit pension scheme described in the paragraph below, and to retain cover under the same collective healthcare and welfare schemes he enjoyed prior to his appointment as a member of the Board.

The same Board of Directors meeting also introduced a two-year non-compete clause, linked to Mr Pierre Pringuet's directorship, in exchange for an indemnity equivalent to one year's fixed and variable compensation.

It will be proposed to the Shareholders' Meeting of 9 November 2012 to maintain all of these commitments in favour of Mr Pierre Pringuet for the duration of his new term of office, subject to the renewal of his term of office as CEO by the Board of Directors to be held following the close of the Shareholders' Meeting.

In the context of the procedure regarding regulated agreements these commitments are set out in the Statutory Auditors' Special Report.

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 ten 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%); and
- 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 received an annuity paid from the supplementary pension scheme. In 2011/2012, 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 2012 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 non-compete 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 Compensation Committee are kept regularly informed of changes in the compensation given to members of the Executive Board (the Managing Directors and General Counsel) and the members of the Executive Committee, the Chairmen of direct subsidiaries.

In reviewing the different aspects of compensation, the members of the Compensation Committee pay particular attention to the consistency of the policy applied to the Group's Executive Directors and to its senior management. The members of the Compensation Committee are also tasked with examining the consistency between executive compensation practices in France and abroad.

The compensation of the Managing Directors, which is set by the General Management, comprises a fixed annual 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. Qualitative criteria are also used to evaluate individual performance for the variable portion.

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 chiefly depend on the financial performances of the subsidiary managed, as well as on the results of the Group. The Chairmen are also evaluated using individual qualitative criteria.

The same performance indicators therefore apply to the Group's key business development actors, through the structure and evaluation method for the variable portion of their annual compensation.

For a number of years, the members of the Executive Committee have also been evaluated on the basis of their people management performance and the implementation of corporate social responsibility (CSR) projects.

The total amount of the fixed compensation allocated for the 2011/2012 financial year to the 16 members of the Executive Committee, including the Chief Executive Officer, was €7.6 million. In addition to this, payments of €7.7 million in variable compensation (variable portion calculated for 2010/2011) were also made.

The total expense relative to pension commitments for Executive Committee members was €4.5 million in the financial statements for the year ended 30 June 2012.

Policy governing the allocation of stock options and performance-based shares

During the 2011/2012 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 continue to align the interests of Pernod Ricard employees with those of the shareholders.

At the Board meeting of 27 June 2012, 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 more than 1,000 employees, so that it could continue to 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 2012 plan comprises stock options with performance conditions, and performance-based shares. At its meeting of 27 June 2012, the Board decided, on the recommendation of the Compensation Committee, with specific reference to this year, to:

- submit the total award to performance conditions, and that from now on, all stock options will be subject to the achievement of performance criteria;
- increase the allocation of performance-based shares, for which the value is more easily comprehensible for the beneficiary;
- simplify the composition of awards and the related performance conditions:
  - stock options are awarded subject to the achievement of external performance criteria,
  - performance-based shares are awarded subject to the achievement of internal performance criteria;
- Executive Directors in the most senior positions receive a mixed award comprising a balance between stock options and performance shares, which provides a fair reward when the external and internal criteria have been met;
- staff at lower levels receive performance-based share awards, with the number of shares varying depending on the classification of their position within the Group.

As explained above, the entire allocation to the CEO comprises stock options subject to conditions. It was decided to grant the Managing Directors, as well as the Chairmen of direct subsidiaries who are members of the Executive Committee, stock options with conditions plus performance-based shares to a value representing at least 50% of the amount of their allocation.

Allocation of stock options with performance conditions

The number of stock options with conditions allocated by the Board of Directors on 27 June 2012 totals 415,400 stock options (of which 60,000 have been awarded to Mr Pierre Pringuet).

As explained above, stock options with performance conditions under the June 2012 plan can only be exercised if the following condition is met:

- the performance (TSR) of Pernod Ricard's share must exceed that of the CAC 40 index (dividend-adjusted) plus 1 percentage point per year. This condition will be assessed for half the options on 27 June 2015, and the other half on 27 June 2016.

Allocation of performance-based shares

A total of 654,750 performance-based shares were awarded by the Board of Directors on 27 June 2012.

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 2012/2013 and 2013/2014. If operating profit does not reach 95% of the target level, no shares will be awarded. An intermediate volume calculation is carried out if

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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 at the time of the allocation have a three-year vesting period, followed by a mandatory two-year retention period, while beneficiaries who are not French residents at the time of the allocation 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 2012

	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	Plan dated 25.07.2005
Date of authorisation by Shareholders' Meeting	03.05.2001	03.05.2001	03.05.2001	03.05.2001	03.05.2001	17.05.2004	17.05.2004
Date of the Board of Directors' meeting	19.09.2001	18.12.2001	11.02.2002	17.12.2002	18.12.2003	02.11.2004	25.07.2005
Type of options	Purchase	Subscription	Subscription	Subscription	Purchase	Purchase	Purchase
Total number of options that can be subscribed or purchased	125,395	2,158,451	360,530	2,238,853	1,637,890	1,962,738	981,206
of which by Executive Directors of Pernod Ricard SA	0	252,492	0	179,926	106,822	148,162	115,945
of which by Mr Patrick Ricard	0	97,752	0	69,200	41,085	56,984	44,595
of which by Mr Pierre Pringuet	0	77,370	0	55,363	32,869	45,589	35,675
Commencement date of options	20.09.2005	19.12.2005	12.02.2006	18.12.2006	19.12.2007	18.11.2008	12.08.2009
Subscription or purchase price *(in euro)*	24.28	23.75	25.14	28.42	33.83	42.30	52.59
Number of shares subscribed or purchased as at 30 June 2012	125,395	2,108,260	317,456	2,062,152	1,292,734	1,194,115	330,232
Total number of stock options cancelled or lapsed	0	50,191	43,074	65,714	25,203	91,768	72,178
Stock options remaining at 30 June 2012	0	0	0	110,987	319,953	676,855	578,796

	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	Plan dated 27.06.2012
Date of authorisation by Shareholders' Meeting	17.05.2004	07.11.2006	07.11.2006	02.11.2009	02.11.2009	02.11.2009	02.11.2009
Date of the Board of Directors' meeting	14.06.2006	21.06.2007	18.06.2008	24.06.2010	01.09.2010	15.06.2011	27.06.2012
Type of options	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase
Total number of options that can be subscribed or purchased	2,279,214	985,292	1,273,556	901,603	70,000	948,050	415,400
of which by Executive Directors of Pernod Ricard SA	205,140	125,078	141,258	0	70,000	65,220	60,000
of which by Mr Patrick Ricard	113,966	74,552	84,196	0	0	0	0
of which by Mr Pierre Pringuet	91,174	50,526	57,062	0	70,000	65,220	60,000
Commencement date of options	15.06.2010	22.06.2011	19.06.2012	25.06.2014	15.09.2014	16.06.2015	28.06.2016
Subscription or purchase price *(in euro)*	58.41	74.73	66.16	64.00	64.00	68.54	78.93
Number of shares subscribed or purchased as at 30 June 2012	641,881	18,557	53,387	0	0	0	0
Total number of stock options cancelled or lapsed	121,048	119,423	63,294	26,046	0	15,100	0
Stock options remaining at 30 June 2012	1,516,285	847,312	1,156,875	875,557	70,000	932,950	415,400

At 30 June 2012, 7,500,970 stock options (subscription or purchase) were in circulation, or 2.8% of the Company's share capital, and all options were in the money (at the Pernod Ricard share closing price at 30 June 2012 = €84.26).

Stock options exercised over the year

During the financial year, 588,802 stock options were exercised in respect of the different plans granted to Pernod Ricard Group employees for the period from 1 July 2011 to 30 June 2012.

The number of Pernod Ricard shares which could potentially be created by stock options outstanding as at 30 June 2012 is 110,987 or 0.04% of the Company's share capital as at this date.

The contingent share capital is exclusively made up of stock options.

HISTORY OF ALLOCATIONS OF FREE SHARES – SITUATION AS OF 30 JUNE 2012

	Plan dated 21.06.2007	Plan dated 18.06.2008	Plan dated 24.06.2010	Plan dated 15.06.2011	Plan dated 27.06.2012
Date of the Board of Directors' meeting	21.06.2007	18.06.2008	24.06.2010	15.06.2011	27.06.2012
Free shares allocated	335,458	411,634	572,119	578,759	654,750
Free shares cancelled(1)	53,558	237,110	42,427	18,708	0
Free shares vested(2)	281,900	174,524	0	0	0
Unvested free shares(3)	0	0	529,692	560,051	654,750

(Figures include the capital increases held on 14 May and 18 November 2009).

All free shares are subject to performance conditions and the beneficiaries must still be working for the Company. Free shares become available after four or five 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 (2007 and 2008 plans) or three years (plans after 2008) for French tax residents (followed by a two year lock-up period) and four years for non-French tax residents (no lock-up period).

(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 and June 2008 plans (which were transferred on 22 June 2009 and 19 June 2010 respectively for beneficiaries resident in France and on 22 June 2011 and 19 June 2012 respectively for non-residents in France as determined for tax purposes), subject to the continued employment condition.

(3) This also includes all free shares awarded under the June 2010, June 2011 and June 2012 plans, which are subject to the performance conditions due for evaluation at the end of the 2010/2011 financial year (already confirmed for half the number awarded), at the end of 2011/2012 (for the second half) for the June 2010 plan, at the end of the 2011/2012 and 2012/2013 financial years for the June 2011 plan, and at the end of the 2012/2013 and 2013/2014 financial years for the June 2012 plan.

There was no performance share plan in the year ended 30 June 2009.

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STOCK OPTIONS GRANTED TO THE TOP TEN EMPLOYEES IN THE GROUP OTHER THAN CORPORATE OFFICERS AND OPTIONS EXERCISED BY THE TOP TEN EMPLOYEES OF THE ISSUER DURING THE 2011/2012 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	126,000	78.93	27.06.2012
Options exercised during the financial year by the top ten employees of the Company and all companies within its Group granting options, exercising the highest number of shares	113,805	38.30	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 the top ten employees of the Company and all companies within its Group granting options.

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 16 – *Provisions* of the Notes to the consolidated financial statements.

Transactions involving Pernod Ricard shares made by Directors in 2011/2012 (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	06.09.2011	28.42	947,863
		Shares	Transfer	06.09.2011	57.56	1,919,741
		Other	Exercise of options	24.11.2011	33.83	1,389,906
		Shares	Transfer	24.11.2011	65.27	2,681,474
		Other	Exercise of options	07.03.2012	42.30	2,410,423
		Shares	Transfer	07.03.2012	78.02	4,446,023
Mr Pierre Pringuet	CEO	Other	Administered exercise of options	12.12.2011	33.83	845,750
		Shares	Transfer	02.04.2012	78.93	1,183,980
		Other	Administered exercise of options	05.04.2012	33.83	266,208
		Other	Administered exercise of options	05.04.2012	42.30	1,147,641
Ms Susan Murray	Director	Shares	Purchase	29.03.2012	77.30	23,191
Mr Wolfgang Colberg	Director	Shares	Purchase	19.07.2011	66.41	33,205
Ms Danièle Ricard	Director	Shares	Purchase	29.11.2011	69.32	3,050,203
Mr César Giron	Director	Other	Exercise of options	28.09.2011	33.83	131,666
		Shares	Transfer	28.09.2011	61.23	238,289
		Other	Exercise of options	28.09.2011	42.30	228,251
		Shares	Transfer	28.09.2011	61.38	331,203
Delos Invest II	Associate company in the meaning of article L. 621-18-2 of the French Monetary and Financial Code, of Société Paul Ricard, Director	Shares	Settlement of a financial futures contract	08.06.2012	78.00	232,021,452

Directors' equity investments in the issuer's share capital (position as of 29 August 2011)

Members of the Board of Directors *	Number of shares at 29.08.2012	Percentage of share capital at 29.08.2012	Number of voting rights at 29.08.2012	Percentage of voting rights at 29.08.2012
Executive Directors				
Ms Danièle Ricard (Chairwoman of the Board of Directors)	264,542	0.10%	448,643	0.15%
Mr Pierre Pringuet (Vice-Chairman of the Board of Directors and Chief Executive Officer)	235,000	0.09%	266,212	0.09%
Mr Alexandre Ricard (Deputy Chief Executive Officer)(1)	7,726	N.M.	7,726	N.M.
Directors				
Mr François Gérard	14,217	0.01%	20,370	0.01,%
Mr César Giron	4,489	N.M.	7,396	N.M.
Ms Martina Gonzalez-Gallarza	1,100	N.M.	1,100	N.M.
Société Paul Ricard represented by Mr Paul-Charles Ricard(2)	34,866,200	13.14%	54,751,220	18.88%
Independent Directors				
Ms Nicole Bouton	1,000	N.M.	1,000	N.M.
Mr Laurent Burelle	1,000	N.M.	1,000	N.M.
Mr Michel Chambaud	1,050	N.M.	1,050	N.M.
Mr Wolfgang Colberg	1,076	N.M.	1,076	N.M.
Mr Gérald Frère	1,050	N.M.	1,050	N.M.
Ms Susan Murray(3)	1,000	N.M.	1,000	N.M.
Mr Anders Narvinger	1,020	N.M.	1,020	N.M.

* *You are reminded that Mr Patrick Ricard, Chairman of the Board of Directors at the time of his death on 17 August 2012, held 1,564,282 shares, representing 0.59% of the Company's share capital and 3,097,331 voting rights, representing 1.07% of the voting rights in the Company, and that Mr Rafaël Gonzalez-Gallarza, who resigned from his position as Director of the Company on 15 February 2012, holds 1,477,603 shares, representing 0.56% of the Company's share capital and 1,477,603 voting rights, representing 0.36% of the voting rights in the Company.*

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 the companies Lirix, Le Garlaban, Le Delos Invest I, Le Delos Invest II and Le Delos Invest III (the 8,392,096 Pernod Ricard shares held by Le Delos Invest III were transferred as collateral for the full performance of its obligations under the terms of a financial futures contract entered into on 10 April 2009), related to Société Paul Ricard as defined in article L. 621-18-2 of the French Monetary and Financial Code.*

(3) *Position as at 4 September 2012*

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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 more than 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 2011/2012 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 in 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 2011/2012, due in particular to free cash flow of €1 billion. The Group's net debt/EBITDA ratio decreased from 4.4 at 30 June 2011 to 3.8 at 30 June 2012 (net debt translated at the average rate). For more information on the Group's indebtedness, see Note 17 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 €254 million at 30 June 2012. During the 2011/2012 financial year, the Group made total contributions to Group pension plans of €135 million. For more information on the Group's pension and other post-employment liabilities, see Note 16 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 occasionally 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, and is registered in over 120 countries in which the Havana Club rum is distributed. In the United States, this brand is owned by a Cuban company (Cubaexport). Ownership of this brand is currently being challenged in the United States by a competitor of Pernod Ricard.

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

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

Stolichnaya

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

In October 2010, the Court of Appeals (i) affirmed the dismissal of plaintiffs' fraud and unjust enrichment claims and (ii) reinstated the plaintiffs' claims for trademark infringement, misappropriation and unfair competition related to the use of the Stolichnaya trademarks. The Court of Appeals has remanded the case to the District Court for further proceedings.

The plaintiffs filed their Third Amended Complaint in February 2011, alleging trademark infringement (and related claims) and misappropriation against Allied Domecq, the SPI entities and newly-added defendants William Grant & Sons USA and William Grant & Sons, Inc., (the current distributors of Stolichnaya vodka in the United States). All defendants moved to dismiss the plaintiffs' Third Amended Complaint.

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

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

The decision from the Court of Appeals is not expected before the end of 2012.

Commercial disputes

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

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

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

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

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

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

In September 2009, Pernod Ricard and Diageo, in exchange for a payment of USD 10 million made to each of Diageo and Pernod Ricard, released Vivendi SA and Vivendi I Corp. from any obligation to indemnify Pernod Ricard and Diageo for certain Colombia litigation losses based on conduct of Seagram that pre-dates its acquisition by Pernod Ricard and Diageo.

Customs duties in India

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

With the exception of 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 25 of the Notes to the consolidated financial 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, Safety, 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 aimed at ensuring the adoption of best practice in each of the areas covered: product quality, safety of personnel, environment, and major risks (fire, explosions, etc.). It is implemented in each of the subsidiaries, each one being entirely responsible for identifying and controlling its risks as well as its environmental impact, 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 QSE team, which is part of the Group's Technical Department, the QSE network is consulted once or twice a year to identify and approve new strategies to be developed over the next year. This also enables best practices to be identified and shared in a context of continuous improvement. Covering around 30% of the Group's production sites each year, audits known as "cross-audits" involve the auditors of several subsidiaries, together with a specialised auditor from the Group's Technical Department, in order to endorse risk analysis done by subsidiaries and the measures taken to reduce these risks. This helps to boost knowledge-sharing, enhance the skills of internal experts, and improve internal standards by adding new Guidelines on an ongoing basis, and the subsidiaries through the identification and publication of good practice

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 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 recovery 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 2012, the following proportions of the Group's global industrial facilities had been certified:

- for quality management (ISO 9001): 96% of sites, or 99% of production;
- for environmental management (ISO 14001): 94% of sites, or 98% of production;
- for safety management (OHSAS 18001): 93% of sites, or 97% of production;
- for food safety (ISO 22000): 69% of sites, or 82% 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 flammable, 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 bottling of alcohol take place. In certain cases, this fire risk is accompanied by the risk of explosion, which could occur if alcohol vapours come into contact with a heat source (e.g. tank blending operations).

Of the 98 industrial sites operational as at 30 June 2012, 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 of particular concern in cases of fire following a leak or spillage of alcohol and its extinction using water and foam. 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 (Scope 3 emissions).

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 risk 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, in 2009 Pernod Ricard decided to proceed with the gradual certification of its facilities in accordance with ISO 22000, which aims specifically to bring these risks under control. At 30 June 2012, 69% of production sites representing 82% of finished product volumes 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 2012, cash and cash equivalents totalled €787 million (compared with €774 million at 30 June 2011). An additional €1,499 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 €844 million (compared with €405 million at 30 June 2011).

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 2012, the Group was in compliance with the covenants under the terms of its syndicated loan: solvency ratio (total net debt/consolidated EBITDA) of 5.25 or below.

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 17 – *Financial liabilities* and 18 – *Financial instruments* of the Notes to 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.

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.

Interest rate risk

At 30 June.2012, 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 17 – *Financial liabilities*, 18 – *Financial instruments* and 19 – *Interest rate and foreign exchange derivatives* of 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;
- environmental 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 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 for 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 replacement value or net book value plus a fixed margin (tailored to each company); ■ business operating losses with a compensation period of between 12 and 36 months according to the company. Limits on compensation: ■ the main limits are €950 million for the Midleton (Ireland) and Cognac (France) sites, €150 million for the Spanish sites and €550 million for other Group sites. Furthermore, a captive insurance company provides insurance cover for an amount of €3 million per claim with a maximum commitment of €5 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 (main limit)
General environmental liability	Coverage for environmental damage of €25 million
Product contamination	Coverage for recall outlay, the cost of the related products, loss of business and outlay on rebuilding Pernod Ricard's image following contamination of products delivered: €45 million for accidental or criminal contamination
Directors' civil liability	Coverage of up to €150 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 €130 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 2012. Changes may have been negotiated for the 2012/2013 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 Ltd was formed in South Korea. 70% of its capital was previously held by Allied Domecq (Holdings) Limited ("Allied Domecq") and 30% by Jinro Limited, one of South Korea's largest spirits producers and distributors. In September 2008, "Jinro Ballantine's Company" changed its name to "Pernod Ricard Korea Imperial Company Ltd".

In June 2012, Pernod Ricard acquired HiteJinro's 30% interest in Pernod Ricard Korea Imperial for a cash consideration of KRW 70 billion (Korean won) (circa €48 million).

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 of the provisions of these agreements concerned 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 distribution rights for 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.

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 JPY 4.66 billion (Yen) (circa €40 million), which was received on 4 April 2011.

Sale and repurchase agreements

In relation to sale and repurchase agreements, Pernod Ricard resold 1,072,334 treasury shares in 2012, which had been purchased to cover the 18 June 2008 stock options plan. Following these transactions, the shares held to cover this stock options plan were transferred to a bank. Pernod Ricard reserved the right, through a repurchase clause, to buy up these shares at the option exercise price, as the options are exercised. From a legal point of view, these transactions are viewed 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 related to three plans, as follows:

Date of the sale and repurchase agreements	Number of shares assigned	Selling price, net of premium *(in euro)*	Date of the Board Meeting authorising the plans
12.03.2012	357,350	59.75	18.06.2008
12.03.2012	357,350	58.06	18.06.2008
12.03.2012	357,634	56.58	18.06.2008

Financing contracts

2008 Credit Agreement

Within the context of the purchase of Vin&Sprit (V&S), Pernod Ricard and a number of subsidiaries signed a syndicated credit agreement with a pool of banks on 27 March 2008, later modified by successive amendments.

The main purposes of this Credit Agreement were to refinance existing Group debt (including the full amount of the credit agreement put in place on 21 April 2005 upon the purchase of Allied Domecq) and to finance the purchase of V&S.

The main terms of the Credit Agreement provided for several repayment tranches (Facilities), the last of which was reimbursed in April 2012. The full reimbursement of these tranches terminated the syndicated Credit Agreement.

Credit Agreement of November 2010

Pernod Ricard signed a Credit Agreement for €150 million with a banking institution, with effect from 26 November 2010, the amount of which was allocated in full to the reimbursement of the 2008 syndicated loan. This will be repaid on 26 November 2015 (15%) and 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 requires compliance with a 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.

2012 Credit Agreement

Within the context of the refinancing of the 2008 bank debt, Pernod Ricard and a number of subsidiaries signed a new 5-year €2.5 billion revolving credit facility (the "Credit Agreement") on 25 April 2012.

The obligations of each of the borrowers under the Credit Agreement are guaranteed by Pernod Ricard SA. No security interest (*sûreté réelle*) 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, notably restricting the ability of some Group companies (subject to certain exceptions) to pledge their assets as security interest (*sûreté réelle*), alter the general nature of the Group's activities or carry out certain acquisition transactions.

The Credit Agreement also sets out obligations, including a commitment to provide lenders with adequate information, compliance with a solvency ratio at each half-year end as mentioned hereunder (the "Solvency Ratio"), and compliance with certain commitments customary in this type of credit agreement (including the maintenance of the credit's *pari passu* ranking).

Solvency Ratio (total consolidated net debt/ consolidated EBITDA)

The Solvency Ratio must be less than or equal to 5.25:1.

The Credit Agreement incorporates the main terms of the 2008 Credit Agreement and in addition, provides for certain cases of voluntary or compulsory early repayment obligations, depending on circumstances, which are standard practice for credit agreements of this kind (including non-compliance with commitments, change of control and cross default). The Credit Agreement also contains a clause under which the taking of control of the Company by any person or group of persons acting in concert (other than Société Paul Ricard or any group of persons acting in concert with Société Paul Ricard) is likely to constitute grounds for compulsory early repayment.

Bond issue of December 2006

On 6 December 2006, Pernod Ricard issued a series of floating-rate bonds which were fully repaid in June 2011 as well as fixed-rate bonds (hereafter the "Bonds") traded on the Luxembourg regulated Stock Exchange.

The Bonds have a €50,000 nominal value, the total nominal value issued amounting to €550 million.

The Bonds bear interest at an annual fixed rate of 4.625%, payable annually in arrears on 6 December.

The Bonds will be repaid in full on 6 December 2013.

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 were allocated to the repayment of the shortest-term facilities of the 2005 syndicated loan, itself refinanced by the 2008 syndicated loan.

This bond issue includes a clause regarding change of control, which could lead to the compulsory early repayment of the 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 in concert) and leading to a 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 June 2009

In mid-June 2009, Pernod Ricard issued €800 million of fixed-rate bonds, maturing on 15 January 2015. The Bonds have a €50,000 nominal value and are traded on the Luxembourg regulated Stock Exchange.

The Bonds bear interest at an annual fixed 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 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 were allocated to the repayment of the shortest-term facilities of the 2008 syndicated loan in order to extend the Group's debt maturity.

This bond issue 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 in concert) and leading to a 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 issued €1.2 billion of fixed-rate bonds, maturing on 18 March 2016. The Bonds have a €50,000 nominal value and are traded on the Luxembourg regulated Stock Exchange.

The Bonds bear interest at an annual fixed 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 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 were allocated to the repayment of the shortest-term facilities of the 2008 syndicated loan.

This bond issue 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 in concert) and leading to a 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 US$201 million of floating-rate bonds, maturing on 21 December 2015. The Bonds have a US$1 million nominal value and were subscribed in full by a single counterparty.

The Bonds bear floating-rate interest, 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 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 were allocated to the repayment of the shortest-term facilities of the 2008 syndicated loan in order to extend the Group's debt maturity.

This bond issue 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 in concert) and leading to a 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 issued €1 billion of fixed-rate bonds, maturing on 15 March 2017. The Bonds have a €100,000 nominal value and are traded on the Luxembourg regulated Stock Exchange.

The Bonds bear interest at an annual fixed 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 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 2008 syndicated loan in order to extend the Group's debt maturity.

This bond issue 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 in concert) and leading to a 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 issued US$1 billion of fixed-rate bonds, maturing on 7 April 2021, through a private placement for institutional investors, and subject to New York State (United States) law. The Bonds have a US$150,000 nominal value (multiples of US$1,000 in excess of this amount).

The Bonds bear interest at an annual fixed 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 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 part of the 2008 syndicated loan denominated in US dollars.

This bond issue 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 in concert) and leading to a 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 October 2011

In October 2011, Pernod Ricard issued US$1.5 billion of fixed-rate bonds, maturing on 15 January 2022, through a private placement for institutional investors, and subject to New York State (United States) law. The Bonds have a US$ 150,000 nominal value (multiples of US$ 1,000 in excess of this amount).

The Bonds bear interest at an annual fixed rate of 4.45%, payable semi-annually in arrears on 15 January and 15 July as from 25 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 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 part of the 2008 syndicated loan denominated in US dollars.

This bond issue 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 in concert) and leading to a 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 January 2012

In January 2012, Pernod Ricard issued US$2.5 billion of bonds through a private placement for institutional investors, and subject to New York State (United States) law. . The issue has three facilities: a 5-year facility of US$850 million, a 10.5-year facility of US$800 million and a 30-year facility of US$850 million. The Bonds have a US$150,000 nominal value (multiples of US$1,000 in excess of this amount).

The Bonds of the 1st facility bear interest at an annual fixed rate of 2.95%, payable semi-annually in arrears on 15 January and 15 July, as from 12 January 2012.

The Bonds of the 2nd facility bear interest at an annual fixed rate of 4.25%, payable semi-annually in arrears on 15 January and 15 July, as from 12 January 2012.

The Bonds of the 3rd facility bear interest at an annual fixed rate of 5.50%, payable semi-annually in arrears on 15 January and 15 July, as from 12 January 2012.

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 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 part of the 2008 syndicated loan denominated in US dollars.

This bond issue 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 a 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 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 Bonds have a nominal value of £1,000, £10,000 or £100,000.

The Bonds bear interest at an annual fixed rate of 6.625%, payable annually in arrears on 12 June of each year.

The Bonds are traded on the London Stock Exchange. Allied Domecq Financial Service's payment obligations under the Bonds are guaranteed by Allied Domecq Limited (formerly Allied Domecq Plc) and, since 28 April 2006, by Pernod Ricard.

The Group's obligations with respect to payment of principal and interest under the Allied Domecq Bonds are unsecured. In addition, Allied Domecq Limited and Allied Domecq Financial Services agreed, in their own names and on behalf of their principal subsidiaries, not to grant any security with respect to bonds or any other securities that have been or may be admitted to trading on a regulated market unless the bonds benefit from similar security interests or security interests approved by the bondholders.

The 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 factoring programme, which was initially for a three-year period, has been extended by amendment dated 16 December 2011 for a further three-year period. The receivables are sold under the contractual subrogation regime under French law, except where certain local legal restrictions are in force. As substantially all of the risks and rewards related to the receivables are transferred to the purchaser in accordance with this factoring programme, transferred receivables are deconsolidated.

Finally, a number of contractual adjustments have been made by way of amendments allowing the scope of the parties involved in the programme to change over time.

Securitisation (Master Receivables Assignment Agreement)

On 24 June 2009, certain subsidiaries of Pernod Ricard and Pernod Ricard Finance entered into an international securitisation programme arranged by Crédit Agricole CIB. The purpose of the programme was the transfer of eligible commercial receivables to Ester, in accordance with the provisions of a framework agreement dated 24 June 2009 and country-specific agreements entered into at the time each relevant subsidiary joined the programme. The initial amount assigned to the programme was €45 million, US$ 130 million and Sterling £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 subsidiary and (ii) issues, at the request of Crédit Agricole CIB, a guarantee in terms that Crédit Agricole CIB deems satisfactory (acting reasonably) for the purpose of securing the obligations of such subsidiary under the securitisation transaction documents.

Factoring agreement Pacific

In December 2008, an agreement for the sale of receivables was signed between Premium Wine Brands Pty (formerly Pernod Ricard Pacific Pty) and NAB. This factoring agreement, which initially covered only Australia, has included New Zealand since June 2009.

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ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Annual consolidated income statement

In euro million	30.06.2011	30.06.2012	Notes
Net sales	7,643	8,215	
Cost of sales	(3,033)	(3,169)	
Gross margin after logistics expenses	**4,610**	**5,047**	
Advertising and promotional expenses	(1,441)	(1,571)	
Contribution after advertising and promotional expenses	**3,169**	**3,476**	
Structure costs	(1,260)	(1,362)	
Profit from recurring operations	**1,909**	**2,114**	
Other operating income	121	45	7
Other operating expenses	(177)	(190)	7
Operating profit	**1,852**	**1,969**	
Financial expenses	(531)	(570)	6
Financial income	72	22	6
Interest (expense) income	**(459)**	**(548)**	
Corporate income tax	(318)	(247)	8
Share of net profit/(loss) of associates	2	0	
Net profit from continuing operations	**1,077**	**1,174**	
Net profit from discontinued operations	-	-	
NET PROFIT	**1,077**	**1,174**	
o/w:			
■ attributable to non-controlling interests	32	27	
■ attributable to equity holders of the Parent	1,045	1,146	
Earnings per share – basic *(in euro)*	3.98	4.36	9
Earnings per share – diluted *(in euro)*	3.94	4.32	9
Net earnings per share from continuing operations (excluding discontinued operations) – basic *(in euro)*	3.98	4.36	9
Net earnings per share from continuing operations (excluding discontinued operations) – diluted *(in euro)*	3.94	4.32	9

Consolidated statement of comprehensive income

In euro million	30.06.2011	30.06.2012
Net profit for the financial year	**1,077**	**1,174**
Net investment hedges	**392**	**(285)**
Amount recognised in shareholders' equity	*392*	*(285)*
Amount recycled in net profit	-	-
Cash flow hedges	**109**	**(32)**
Amount recognised in shareholders' equity	*265*	*31*
Amount recycled in net profit	*(156)*	*(63)*
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	**(923)**	**1,077**
Tax on items recognised directly in shareholders' equity	**(55)**	**15**
Other adjustments	**-**	**-**
Other comprehensive income, net of tax	**(476)**	**776**
Comprehensive net profit for the period	**601**	**1,950**
o/w:		
■ attributable to equity holders of the Parent	579	1,915
■ attributable to non-controlling interests	22	34

Annual consolidated balance sheet

Assets

In euro million	30.06.2011	30.06.2012	Notes
Net amounts			
Non-current assets			
Intangible assets	11,291	12,234	11
Goodwill	4,746	5,126	11
Property, plant and equipment	1,805	1,923	12
Biological assets	111	126	
Non-current financial assets	178	294	13
Investments in associates	6	18	
Deferred tax assets	1,459	1,965	8
Non-current derivative instruments	56	116	19
NON-CURRENT ASSETS	**19,652**	**21,802**	
Current assets			
Inventory and work in progress	3,875	4,295	14
Trade receivables	1,222	1,289	15
Income taxes receivable	40	29	
Other current assets	136	87	15
Current derivative instruments	19	34	19
Cash and cash equivalents	774	787	17
CURRENT ASSETS	**6,066**	**6,522**	
Assets held for sale	4	52	
TOTAL ASSETS	**25,722**	**28,375**	

Liabilities and shareholders' equity

In euro million	30.06.2011	30.06.2012	Notes
Shareholders' equity			
Share capital	410	411	22
Share premium	3,034	3,049	
Retained earnings and currency translation adjustments	4,817	6,197	
Group net profit	1,045	1,146	
Group shareholders' equity	**9,306**	**10,803**	
Non controlling interests	190	169	
TOTAL SHAREHOLDERS' EQUITY	**9,497**	**10,972**	
Non-current liabilities			
Non-current provisions	607	641	16
Provisions for pensions and other long-term employee benefits	348	367	16
Deferred tax liabilities	2,657	3,126	8
Bonds – non-current	4,657	8,044	17
Other non-current financial liabilities	4,729	1,252	17
Non-current derivative instruments	275	259	19
TOTAL NON-CURRENT LIABILITIES	**13,272**	**13,689**	
Current liabilities			
Current provisions	265	178	16
Trade payables	1,884	2,130	20
Income taxes payable	91	129	
Other current liabilities	293	293	
Other current financial liabilities	323	727	17
Bonds – current	82	153	17
Current derivative instruments	14	97	19
TOTAL CURRENT LIABILITIES	**2,953**	**3,707**	
Liabilities held for sale	0	7	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**25,722**	**28,375**	

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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	Non controlling interests	Total shareholders' equity
At 01.07.2010 – restated	**410**	**3,022**	**6,150**	**(222)**	**(87)**	**(149)**	**9,124**	**216**	**9,339**
Comprehensive net profit for the period	-	-	1,045	72	(537)	-	579	22	601
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)	-	(1)
Other movements	-	-	1	-	-	-	1	(10)	(9)
AT 30.06.2011 – RESTATED	**410**	**3,034**	**6,854**	**(151)**	**(626)**	**(216)**	**9,306**	**190**	**9,497**

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 01.07.2011 – restated	**410**	**3,034**	**6,854**	**(151)**	**(626)**	**(216)**	**9,306**	**190**	**9,497**
Comprehensive net profit for the period	-	-	1,146	(17)	786	-	1,915	34	1,950
Capital increase	1	15	-	-	-	-	16	-	16
Share-based payment	-	-	31	-	-	-	31	-	31
Disposal/acquisition of treasury shares	-	-	-	-	-	(22)	(22)	-	(22)
Sale and repurchase agreements	-	-	-	-	-	(16)	(16)	-	(16)
Dividends distributed	-	-	(392)	-	-	-	(392)	(35)	(427)
Other transactions with non-controlling interests	-	-	(28)	-	-	-	(28)	(20)	(48)
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Other movements	-	-	(8)	-	-	-	(8)	0	(7)
AT 30.06.2012	**411**	**3,049**	**7,604**	**(167)**	**160**	**(254)**	**10,803**	**169**	**10,972**

Annual consolidated cash flow statement

In euro million	30.06.2011	30.06.2012	Notes
Cash flow from operating activities			
Group net profit	1,045	1,146	
Non controlling interests	32	27	
Share of net profit/(loss) of associates, net of dividends received	(2)	(0)	
Financial (income) expense	459	548	
Income tax expense	318	247	
Net profit from discontinued operations	-	-	
Depreciation of fixed assets	159	172	
Net change in provisions	(223)	(174)	
Net change in impairment of goodwill, property, plant and equipment and intangible assets	43	14	
Changes in fair value of commercial derivatives	1	(1)	
Fair value adjustments on biological assets	(3)	(9)	
Net (gain)/loss on disposal of assets	(19)	(14)	
Share-based payment	25	27	
Self-financing capacity before interest and tax	**1,836**	**1,984**	
Decrease/(increase) in working capital needs	32	(55)	21
Interest paid	(520)	(538)	
Interest received	42	22	
Tax expense	(277)	(299)	
Tax income	21	11	
CASH FLOW FROM OPERATING ACTIVITIES	**1,134**	**1,126**	
Cash flow from investing activities			
Capital expenditure	(223)	(271)	21
Proceeds from disposals of property, plant and equipment and intangible assets	11	20	21
Change in the scope of consolidation	-	-	
Purchases of financial assets	(9)	(12)	
Disposals of financial assets	161	23	
CASH FLOW FROM INVESTING ACTIVITIES	**(60)**	**(241)**	
Cash flow from financing activities			
Dividends paid	(389)	(411)	
Other changes in shareholders' equity	(0)	16	
Issuance of long-term debt	2,948	5,739	21
Repayment of long term debt	(3,464)	(6,349)	21
(Acquisitions)/disposals of treasury shares	(70)	(47)	
Other transactions with non-controlling interests	-	(48)	
CASH FLOW FROM FINANCING ACTIVITIES	**(975)**	**(1,099)**	
Cash flow from non-current assets held for sale	-	(11)	
INCREASE/(DECREASE) IN DEBT BEFORE EXCHANGE-RATE EFFECTS	**99**	**(224)**	
Net effect of translation adjustments	(26)	237	
INCREASE/(DECREASE) IN DEBT AFTER EXCHANGE-RATE EFFECTS	**73**	**13**	
CASH AND CASH EQUIVALENTS AT START OF PERIOD	**701**	**774**	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**774**	**787**	

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 2012 were approved by the Board of Directors on 29 August 2012.

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 2012 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 2012 are consistent with those used for the consolidated financial statements for the year ended 30 June 2011, except for standards and interpretations adopted by the European Union that are applicable as from 1 July 2011 (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

Standards, amendments and interpretations for which application is mandatory from 1 July 2011

The new standards, amendments and interpretations applicable to the Pernod Ricard Group from 1 July 2011 are:

- the amendment to IAS 24 (Related Party Disclosures). This amendment did not have a significant impact on the annual consolidated financial statements;

- the amendment to IFRIC 14 (Prepayments of a Minimum Funding Requirement). This amendment did not have a significant impact on the annual consolidated financial statements;
- the amendment to IFRS 7 (Financial Instruments: Disclosures – Transfers of Financial Assets). The impact of this amendment is described in Note 15.

Standards, amendments and interpretations for which application is mandatory after 30 June 2012

Standards, amendments and interpretations that will apply to Pernod Ricard from 1 July 2012 were not applied prospectively in the 2011/2012 financial year. These are:

- the amendment to IAS 1 on the presentation of gains and losses recognised in equity. This amendment is not expected to have a significant impact on the Group's consolidated financial statements.

The standards applicable to Pernod Ricard from 1 July 2013 that have been adopted by the European Union, and which the Group is currently examining in order to determine the impact on the Group's financial statements, are:

- the amendments to IAS 19 (Employee Benefits).

The standards applicable to Pernod Ricard from 1 July 2013 (subject to their adoption by the European Union), and which the Group is currently examining in order to determine the impact on the Group's financial statements, are:

- IFRS 10 (Consolidated Financial Statements);
- IFRS 11 (Joint Arrangements);
- IFRS 12 (Disclosure of Interests in Other Entities);
- IFRS 13 (Fair Value Measurement).

The standards applicable to Pernod Ricard from 1 July 2013 (subject to their adoption by the European Union), which will not have a significant impact on the Group's financial statements, are:

- the amendment to IAS 27 (Separate Financial Statements);
- the amendment to IAS 28 (Investments in Associates and Joint Ventures).

The annual consolidated financial statements do not take into account:

- draft standards and interpretations which still have the status of exposure drafts of the IASB and the IFRIC at the balance sheet date;
- new standards, amendments to existing standards and interpretations published by the IASB but not yet approved by the European Accounting Regulatory Committee in the annual consolidated financial statements at the balance sheet date;

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 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 2012 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 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 and assets held for sale are presented under specific captions in the consolidated financial statements. Income statement items related to discontinued operations and assets held for sale 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. The amendment to IFRS 7 approved by the European Union on 22 November 2011 has been applied from 1 July 2011.

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

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;

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- 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, notably, excise 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 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.

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. Acquisitions

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 holds a minority interest in this joint venture and is the exclusive worldwide distributor of the brand.

On 8 June 2012, Pernod Ricard announced it had signed an agreement to acquire the 30% of Pernod Ricard Korea Imperial held by HiteJinro, for 70 billion Korean won (around €48 million), to be paid in cash. As a result of the agreement, Pernod Ricard's ownership of Pernod Ricard Korea Imperial increased to 100%, as it already held 70% of the company, which owns one of the main local whisky brands on the important South Korean market. The transaction was completed on 15 June 2012.

2. Bond issues

Pernod Ricard has issued:

- on 20 October 2011, a USD 1.5 billion bond issue with the following characteristics: remaining period to maturity of 9 years and 6 months (maturity date: 15 January 2022) and bearing fixed-rate interest of 4.45%;
- on 5 January 2012, a USD 2.5 billion bond issue with the following characteristics: a first tranche with a remaining period to maturity of 4 years and 6 months (maturity date: 15 January 2017) and bearing fixed-rate interest of 2.95%, a second tranche with a remaining period to maturity of 10 years (maturity date: 15 July 2022) and bearing fixed-rate interest of 4.25%, and a third tranche with a remaining period to maturity of 29 years and 6 months (maturity date: 15 January 2042) and bearing fixed-rate interest of 5.50%.

These two transactions enabled the Group to diversify its sources of financing and to extend the maturity of the debt.

3. Syndicated loan

On 25 April 2012, Pernod Ricard signed a new syndicated loan agreement for a revolving multi-currency credit line totalling €2.5 billion with a pool of 25 banks.

This credit facility will be used to cover the general needs of the Company and to refinance all its outstanding loans, comprising €2.978 billion, USD 10.138 billion and multi-currency borrowings totalling the equivalent of €2.020 billion, dating from 27 March 2008.

NOTE 3 Scope of consolidation

The main changes to Group's scope of consolidation at 30 June 2012 are presented above in Note 2 – *Highlights of the financial year*.

NOTE 4 Assets held for sale

Assets held for sale totalled €52 million at 30 June 2012 (see Note 27).

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 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 30.06.2011 *(in euro million)*	France	Europe	Americas	Asia/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	6,589	11,661	17,088	7,146	-	-	42,485
Unallocated assets*	-	-	-	-	(16,763)	1	(16,762)
TOTAL ASSETS	**6,589**	**11,661**	**17,088**	**7,146**	**(16,763)**	**1**	**25,722**
Segment liabilities	6,684	9,867	10,998	5,437	(16,763)	1	16,225
NET ASSETS	**(95)**	**1,794**	**6,090**	**1,709**	**-**	**-**	**9,497**

* *The unallocated assets item includes mainly non-current financial assets and assets and liabilities held for sale.*

At 30.06.2012 *(in euro million)*	France	Europe	Americas	Asia/Rest of the World	Elimination of intragroup accounts	Unallocated	Total
Income statement items							
Segment net sales	959	3,275	2,984	4,479	-	-	11,697
Intersegment sales	212	1,138	817	1,314	-	-	3,481
Net sales	**746**	**2,137**	**2,167**	**3,165**	**-**	**-**	**8,215**
Gross margin after logistics expenses	541	1,245	1,362	1,898	-	-	5,047
Contribution after advertising and promotional expenses	348	898	958	1,272	-	-	3,476
Profit from recurring operations	181	470	582	880	-	-	2,114
Other information							
Current investments	42	134	33	43	-	-	251
Depreciation, amortisation and impairment	35	78	37	56	-	-	206
Balance sheet items							
Segment assets	6,900	15,125	12,025	12,991	-	-	47,041
Unallocated assets*	-	-	-	-	(18,711)	46	(18,665)
TOTAL ASSETS	**6,900**	**15,125**	**12,025**	**12,991**	**(18,711)**	**46**	**28,375**
Segment liabilities	6,709	15,446	4,632	9,282	(18,711)	46	17,404
NET ASSETS	**191**	**(321)**	**7,393**	**3,709**	**-**	**-**	**10,972**

* *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 30.06.2011	Sales at 30.06.2012
Top 14 Spirits & Champagne	4,424	4,931
Priority Premium Wines	368	428
18 key local spirits brands	1,312	1,441
Other income	1,539	1,415
TOTAL	**7,643**	**8,215**

NOTE 6 Interest (expense) income

In euro million	30.06.2011	30.06.2012
Interest expense on net financial debt	(488)	(521)
Interest income on net financial debt	42	22
Net financing costs	**(446)**	**(499)**
Structuring and placement fees	(8)	(5)
Net financial impact of pensions and other long-term employee benefits	(12)	(2)
Other net current financial income (expense)	(3)	(4)
Interest (expense) income from recurring operations	**(469)**	**(509)**
Foreign currency gains (loss)	30	(30)
Other non-current financial income (expense)	(20)	(9)
TOTAL INTEREST (EXPENSE) INCOME	**(459)**	**(548)**

At 30 June 2012, the main items making up net financing costs were financial expenses on the syndicated loan of €51 million, bond payments of €332 million, commercial paper payments of €2 million, interest rate and currency hedges of €94 million, factoring and securitisation agreements totalling €18 million and other expenses of €2 million.

Weighted average cost of debt

The Group's weighted average cost of debt was 5.1% at 30 June 2012 compared with 4.7% at 30 June 2011. Weighted average cost of debt is defined as net financing costs plus structuring and placement fees as a proportion of average net debt outstanding.

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NOTE 7 Other operating income and expenses

Other operating income and expenses are broken down as follows:

In euro million	30.06.2011	30.06.2012
Net restructuring expenses	(17)	(30)
Capital gains (losses) on asset disposals	19	14
Impairment of property, plant and equipment and intangible assets	(42)	(14)
Other non-current operating expenses	(118)	(146)
Other non-current operating income	102	31
OTHER OPERATING INCOME AND EXPENSES	**(56)**	**(145)**

At 30 June 2012, other operating income and expenses included:

- capital gains or losses on asset disposals and depreciation and amortisation of property, plant and equipment and intangible assets;
- other operating expenses relating to various non-current provisions for contingencies and expenses, mainly associated with tax risks;
- other operating expenses relating to various provisions for contingencies and expenses.

NOTE 8 Corporate income tax

Analysis of income tax expense

In euro million	30.06.2011	30.06.2012
Tax payable	(322)	(345)
Deferred tax	4	98
TOTAL	**(318)**	**(247)**

Analysis of effective tax rate – Net profit from continuing operations before tax

In euro million	30.06.2011	30.06.2012
Operating profit	1,852	1,969
Interest (expense) income	(459)	(548)
Taxable profit	**1,394**	**1,421**
Theoretical tax charge at the effective income tax rate in France (34.43%)	(480)	(489)
Impact of tax rate differences by jurisdiction	113	210
Tax impact of variations in exchange rates	(24)	37
Re-estimation of deferred tax assets linked to rate changes and other	31	62
Impact of tax losses used/not used	3	(38)
Impact of reduced tax rates	7	7
Impact of differences between the carrying amounts and tax bases of assets sold	14	3
Other impacts	18	(39)
EFFECTIVE TAX CHARGE	**(318)**	**(247)**
EFFECTIVE TAX RATE	**23%**	**17%**

Deferred taxes are broken down by nature as follows:

In euro million	30.06.2011	30.06.2012
Unrealised margins in inventories	74	93
Fair value adjustments on assets and liabilities resulting from business combinations	40	29
Provisions for pension benefits	101	101
Deferred tax assets related to losses eligible for carry-forward	731	972
Provisions (other than provisions for pension benefits) and other items	513	770
TOTAL DEFERRED TAX ASSETS	**1,459**	**1,965**
Special depreciation change	25	48
Fair value adjustments on assets and liabilities resulting from business combinations	2,372	2,658
Other	260	420
TOTAL DEFERRED TAX LIABILITIES	**2,657**	**3,126**

Breakdown of tax allocated to other comprehensive income items

	30.06.2011			30.06.2012		
In euro million	Before tax	Tax	After tax	Before tax	Tax	After tax
Net investment hedges	392	(16)	**376**	(285)	-	**(285)**
Cash flow hedges	109	(38)	**71**	(32)	15	**(17)**
Available-for-sale financial assets	1	(0)	**1**	-	-	**-**
Exchange differences	(923)	-	**(923)**	1,077	-	**1,077**
Other comprehensive net profit for the period	**(421)**	**(55)**	**(476)**	**760**	**15**	**776**

Tax loss carryforwards (used or not used) represented a potential tax saving of €1,045 million at 30 June 2012 and €770 million at 30 June 2011. The potential tax savings at 30 June 2012 and 30 June 2011 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
2012	1	-
2013	-	1
2014	1	1
2015 and thereafter	273	36
No expiry date	456	1
TOTAL	**731**	**39**

2011/2012 FINANCIAL YEAR

	Tax effect of loss carryforwards *(in euro million)*	
Year	Losses used	Losses not used
2013	1	-
2014	-	0
2015	-	0
2016	0	1
2017 and thereafter	409	34
No expiry date	561	39
TOTAL	**972**	**74**

NOTE 9 Earnings per share

EARNINGS PER SHARE AND NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS

	30.06.2011	30.06.2012
Numerator *(in euro million)*		
Group net profit	1,045	1,146
Group net profit from continuing operations	1,045	1,146
Denominator *(in number of shares)*		
Average number of outstanding shares	262,684,644	262,938,611
Dilutive effect of free share allocations	481,379	717,698
Dilutive effect of stock options	1,866,442	1,491,244
Average number of outstanding shares – diluted	265,032,466	265,147,554
Earnings per share *(in euro)*		
Earnings per share – basic	3.98	4.36
Earnings per share – diluted	3.94	4.32
Net earnings per share from continuing operations (excluding discontinued operations) – basic	3.98	4.36
Net earnings per share from continuing operations (excluding discontinued operations) – diluted	3.94	4.32

NOTE 10 Expenses by type

Operating profit notably includes depreciation, amortisation and impairment expenses as well as personnel expenses as follows:

In euro million	30.06.2011	30.06.2012
Total depreciation, amortisation and impairment expenses	(202)	(182)
Salaries and payroll costs	(1,025)	(1,121)
Pensions, medical expenses and other similar benefits under defined-benefit plans	(37)	(37)
Expenses related to stock options and share appreciation rights	(25)	(27)
Total personnel expenses	(1,087)	(1,186)

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NOTE 11 Intangible assets and goodwill

		Movements in the year					
In euro million	30.06.2010	Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	Other movements	30.06.2011
Goodwill	5,263	0	-	(18)	(316)	2	4,931
Brands	12,566	-	-	(24)	(1,042)	0	11,500
Other intangible assets	206	22	-	(2)	(11)	1	215
GROSS VALUE	**18,035**	**22**	**-**	**(44)**	**(1,369)**	**3**	**16,646**
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	**17,442**	**22**	**(61)**	**(21)**	**(1,350)**	**6**	**16,036**

In euro million	Movements in the year						
	30.06.2011	Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	Other movements	30.06.2012
Goodwill	4,931	-	-	(4)	390	(41)	5,276
Brands	11,500	-	-	-	975	(24)	12,451
Other intangible assets	215	28	-	(4)	12	2	253
GROSS VALUE	**16,646**	**28**	**-**	**(9)**	**1,377**	**(63)**	**17,979**
Goodwill	(184)	-	-	-	(2)	36	(150)
Brands	(301)	-	(2)	-	(13)	(0)	(317)
Other intangible assets	(124)	-	(24)	3	(6)	(3)	(153)
AMORTISATION/IMPAIRMENT	**(609)**	**-**	**(26)**	**3**	**(21)**	**33**	**(619)**
INTANGIBLE ASSETS, NET	**16,036**	**28**	**(26)**	**(6)**	**1,357**	**(30)**	**17,360**

Goodwill

Goodwill mainly comprises goodwill from the acquisitions of Allied Domecq in July 2005 and Vin&Sprit in July 2008.

Following the analysis carried out in the context of the implementation of the automation of a number of transactions, an entry of €318 million relating to the acquisition of Allied Domecq on 26 July 2005 and subsequent disposal transactions, was restated retrospectively.

After this adjustment, which was made in application of IAS 8, the goodwill relating to Allied Domecq and the assets held for sale at the acquisition date totalled €3,000 million and €6,627 million respectively.

As a result, at 30 June 2010, the Group's total goodwill came to €5,077 million (vs. €5,393 million), while trade receivables stood at €1,262 million (vs. €944 million).

At 30 June 2011, the Group's total goodwill came to €4,746 million (vs. €5,041 million), and trade receivables stood at €1,222 million (vs. €904 million).

This restatement had no effect on the income statement for any of the periods reported upon, and no material impact on the Group's consolidated equity, as no goodwill has been recognised since 2005 and no significant disposals have been made since the sale of assets to the Fortune Brands group.

Brands

The main brands recorded on the balance sheet are: Absolut, Ballantine's, Beefeater, Chivas Regal, Kahlúa, Malibu, Martell and Brancott Estate. 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:

In euro million	Method used to determine the recoverable amount	Carrying amount of goodwill at 30.06.2012	Net carrying amount of brands at 30.06.2012	Value in use		
				Discount rate 2012	Discount rate 2011	Perpetual growth rate
France	Value in use based on the discounted cash flow method	210	1,097	6.18%	6.39%	From -1% to +2.5%
Europe		1,586	3,156	7.10%	7.20%	From -1% to +2.5%
Americas		2,441	6,431	7.33%	7.40%	From -1% to +2.5%
Asia/Rest of the World		889	1,451	8.80%	8.15%	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 €145 million to the brand portfolio (e.g. €46 million and €63 million in relation to Kahlúa and Brancott Estate 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 €67 million to the brand portfolio (e.g. €12 million and €28 million in relation to Kahlúa and Brancott Estate respectively).

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

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NOTE 12 Property, plant and equipment

In euro million	30.06.2010	Movements in the year: Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	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**

In euro million	30.06.2011	Movements in the year: Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	Other movements	30.06.2012
Land	281	5	-	(3)	9	33	324
Buildings	917	12	-	(8)	42	23	985
Machinery & equipment	1,471	37	-	(79)	88	136	1,653
Other property, plant and equipment	400	44	-	(22)	25	8	456
Assets in progress	89	144	-	(4)	6	(96)	139
Advance on property, plant and equipment	3	-	-	(1)	0	(1)	1
GROSS VALUE	**3,160**	**241**	**-**	**(116)**	**170**	**102**	**3,558**
Land	(4)	-	(2)	0	(1)	(17)	(23)
Buildings	(356)	-	(36)	5	(13)	(5)	(405)
Machinery & equipment	(790)	-	(93)	68	(47)	(108)	(970)
Other property, plant and equipment	(204)	-	(25)	19	(13)	(10)	(235)
Assets in progress	(2)	-	-	-	(0)	-	(2)
DEPRECIATION/IMPAIRMENT	**(1,355)**	**-**	**(156)**	**91**	**(75)**	**(140)**	**(1,635)**
PROPERTY, PLANT AND EQUIPMENT, NET	**1,805**	**241**	**(156)**	**(25)**	**96**	**(37)**	**1,923**

NOTE 13 Financial assets

In euro million	30.06.2011		30.06.2012	
	Current	Non-current	Current	Non-current
Financial assets				
Available-for-sale financial assets	-	22	-	22
Other financial assets	-	99	-	206
Loans and receivables				
Guarantees and deposits	-	55	-	65
Investment-related receivables	-	2	-	0
Total non-current financial assets	**-**	**178**	**-**	**294**
Derivative instruments	**19**	**56**	**34**	**116**
FINANCIAL ASSETS	**19**	**234**	**34**	**410**

The table below shows details of the Group's financial assets, excluding derivative instruments:

In euro million	30.06.2010	Movements in the year					30.06.2011
		Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	Other movements	
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**

In euro million	30.06.2011	Movements in the year					30.06.2012
		Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	Other movements	
Other financial assets	100	0	-	(0)	0	108	208
Available-for-sale financial assets	36	0	-	(1)	1	0	36
Guarantees and deposits	59	5	-	(2)	(2)	5	66
Investment-related receivables	3	-	-	-	(0)	(2)	0
GROSS VALUE	**198**	**5**	**-**	**(3)**	**(0)**	**111**	**310**
Provisions for other financial assets	(1)	-	(0)	0	(0)	(0)	(1)
Impairment losses recognised on available-for-sale financial assets	(14)	-	-	-	(0)	(0)	(14)
Provisions for guarantees and deposits	(4)	-	0	0	0	4	(0)
Impairment losses recognised on investment-related receivables	(0)	-	-	-	0	-	(0)
PROVISIONS	**(20)**	**-**	**0**	**0**	**0**	**3**	**(16)**
NON-CURRENT FINANCIAL ASSETS, NET	**178**	**5**	**0**	**(3)**	**0**	**114**	**294**

Other financial assets at 30 June 2012 include a pension plan surplus of €202 million (see Note 16).

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.

NOTE 14 Inventory and work in progress

The breakdown of inventories and work-in-progress at the balance sheet date is as follows:

In euro million	30.06.2010	Movements in the year: Change in gross value	Change in impairment	Foreign currency gains and losses	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)
IMPAIRMENT	**(85)**	**-**	**12**	**2**	**8**	**(63)**
NET INVENTORIES	**4,007**	**40**	**12**	**(160)**	**(23)**	**3,875**

In euro million	30.06.2011	Movements in the year: Change in gross value	Change in impairment	Foreign currency gains and losses	Other movements	30.06.2012
Raw materials	131	17	-	5	(12)	140
Work-in-progress	3,176	176	-	160	5	3,518
Goods in inventory	386	25	-	28	(5)	434
Finished products	244	12	-	8	(0)	264
GROSS VALUE	**3,938**	**230**	**-**	**200**	**(12)**	**4,356**
Raw materials	(15)	-	2	(1)	1	(12)
Work-in-progress	(26)	-	2	(0)	(0)	(24)
Goods in inventory	(14)	-	(0)	(1)	0	(16)
Finished products	(8)	-	(1)	(0)	(0)	(9)
IMPAIRMENT	**(63)**	**-**	**3**	**(2)**	**0**	**(61)**
NET INVENTORIES	**3,875**	**230**	**3**	**199**	**(12)**	**4,295**

At 30 June 2012 ageing inventories intended mainly for use in whisky and cognac production accounted for 76% 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 2011 and 2012 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	1,222	807	228	138	30	5	13
Other receivables	136	121	2	3	-	-	9
TOTAL AT 30.06.2011	**1,358**	**928**	**230**	**142**	**30**	**5**	**22**
Depreciation	*109*						
Trade receivables	1,289	976	134	113	38	14	13
Other receivables	87	80	0	1	0	5	1
TOTAL AT 30.06.2012	**1,376**	**1,056**	**135**	**114**	**38**	**19**	**13**
Depreciation	*99*						

Changes in the impairment of trade and other receivables were as follows:

In euro million	2010/2011	2011/2012
At 1 July	**121**	**109**
Allowances during the year	73	48
Reversals during the year	(21)	(23)
Used during the year	(60)	(36)
Foreign currency gains and losses	(4)	1
At 30 June	**109**	**99**

The amount of trade receivables reported at 30 June 2011 has been amended (see Note 11 – *Intangible assets and goodwill*).

At 30 June 2012, 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 2011 and 2012 the Group continued to implement its programmes to sell the receivables of several subsidiaries. Receivables sold under these programmes totalled €500 million at 30 June 2012 and €425 million at 30 June 2011. As substantially all risks and rewards associated with the receivables were transferred, they were derecognised.

Derecognised assets where there is continuing involvement

In euro million	Carrying amount of continuing involvement: Amortised cost	Held to maturity	Available for sale	Financial liabilities at fair value	Fair value of continuing involvement	Maximum exposure
Continuing involvement	Amortised cost	Held to maturity	Available for sale	Financial liabilities at fair value		
Guarantee deposit – factoring and securitisation	26	-	-	-	26	26

NOTE 16 Provisions

1. Breakdown of balance sheet amounts

The breakdown of provisions in the balance sheet is as follows:

In euro million	30.06.2011	30.06.2012
Non-current provisions		
Provisions for pensions and other long-term employee benefits	348	367
Other non-current provisions for contingencies and charges	607	641
Current provisions		
Provisions for restructuring	12	18
Other current provisions for contingencies and charges	253	160
TOTAL	**1,220**	**1,186**

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

		Movements in the year					
In euro million	30.06.2010	Allowances	Used	Reversal of surplus provisions	Foreign currency gains and losses	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**

		Movements in the year					
In euro million	30.06.2011	Allowances	Used	Reversal of surplus provisions	Foreign currency gains and losses	Other movements	30.06.2012
Provisions for restructuring	12	15	(8)	(2)	1	(0)	18
Other current provisions	253	33	(31)	(21)	8	(82)	160
Other non-current provisions	607	133	(112)	(107)	31	88	641
PROVISIONS	**872**	**181**	**(151)**	**(130)**	**40**	**6**	**819**

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 2012, fully or partly funded benefit obligations totalled €4,550 million, equivalent to 94.7% 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 2011 and 30 June 2012:

In euro million	30.06.2011			30.06.2012		
	Pension benefits	Medical expenses and other employee benefits	Total	Pension benefits	Medical expenses and other employee benefits	Total
Provisions at beginning of period	214	181	**395**	101	158	**259**
Expenses (income) for the period	32	3	**35**	27	9	**36**
Employer contributions	(130)	0	**(130)**	(135)	0	**(135)**
Benefits paid directly by the employer	(9)	(9)	**(18)**	(8)	(10)	**(18)**
Change in scope	1	-	**-**	-	-	**-**
Foreign currency gains and losses	(7)	(17)	**(24)**	(3)	25	**22**
Net liability recognised in the balance sheet	**101**	**158**	**259**	(18)	182	**164**
Plan surplus	89	-	**89**	202	-	**202**
PROVISIONS AT END OF PERIOD	**190**	**158**	**348**	**185**	**182**	**367**

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)*	30.06.2011			30.06.2012		
	Pension benefits	Medical expenses and other employee benefits	Total	Pension benefits	Medical expenses and other employee benefits	Total
Service cost	34	2	**36**	34	3	**37**
Interest cost (effect of unwinding of discount)	195	7	**202**	202	7	**209**
Expected return on plan assets	(192)	(0)	**(192)**	(209)	-	**(209)**
Amortisation of past service cost	(10)	(6)	**(16)**	1	(1)	**-**
Amortisation of actuarial (gains)/losses	4	0	**4**	0	1	**1**
Effect of ceiling on plan assets	(0)	-	**(0)**	-	-	**-**
Effect of settlements and curtailments	1	(0)	**1**	(1)	(1)	**(2)**
NET EXPENSE (INCOME) RECOGNISED IN PROFIT AND LOSS	**32**	**3**	**35**	**27**	**9**	**36**

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)*	30.06.2011 Pension benefits	30.06.2011 Medical expenses and other employee benefits	30.06.2011 Total	30.06.2012 Pension benefits	30.06.2012 Medical expenses and other employee benefits	30.06.2012 Total
Change in the actuarial value of cumulative benefit obligations						
Actuarial value of cumulative benefit obligations at start of period	4,014	159	**4,173**	3,655	139	**3,794**
Service cost	34	2	**36**	34	3	**37**
Interest cost (effect of unwinding of discount)	195	7	**202**	202	7	**209**
Employee contributions	2	1	**3**	2	1	**3**
Benefits paid	(206)	(10)	**(216)**	(216)	(11)	**(227)**
Changes to plans	(11)	(7)	**(18)**	-	-	**-**
Settlement or curtailment of benefits	1	(0)	**1**	(4)	(1)	**(5)**
Actuarial (gains) and losses	(22)	3	**(19)**	551	(3)	**548**
Currency translation adjustments	(353)	(14)	**(367)**	423	21	**444**
Changes in scope of consolidation	1	-	**-**	-	-	**-**
ACTUARIAL VALUE OF CUMULATIVE BENEFIT OBLIGATIONS AT END OF PERIOD	**3,655**	**139**	**3,794**	**4,648**	**156**	**4,804**
Change in the fair value of plan assets						
Fair value of plan assets at beginning of period	3,733	2	**3,735**	3,536	1	**3,537**
Actual return on plan assets	216	0	**216**	437	-	**437**
Employee contributions	2	-	**2**	2	-	**2**
Employer contributions	130	0	**130**	135	-	**135**
Benefits paid	(198)	(1)	**(199)**	(208)	(1)	**(209)**
Changes to plans	-	-	**-**	-	-	**-**
Settlement of benefits	(0)	-	**(0)**	(2)	-	**(2)**
Currency translation adjustments	(346)	-	**(346)**	415	-	**415**
Changes in scope of consolidation	-	-	**-**	-	-	**-**
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**3,536**	**1**	**3,537**	**4,317**	**-**	**4,317**
Present value of funded benefits	3,578	1	**3,578**	4,550	-	**4,550**
Fair value of plan assets	3,536	1	**3,537**	4,317	-	**4,317**
Deficit (surplus) on funded benefits	**42**	**(0)**	**41**	233	-	**233**
Present value of unfunded benefits	77	139	**216**	98	156	**254**
Effect of ceiling on plan assets (including the impact of IFRIC 14)	-	-	**-**	-	-	**-**
Unrecognised actuarial gains and (losses)	(10)	12	**2**	(343)	19	**(324)**
Unrecognised past service cost	(7)	7	**0**	(6)	7	**1**
NET LIABILITY RECOGNISED IN THE BALANCE SHEET	**101**	**158**	**259**	**(18)**	**182**	**164**

At 30.06.2012	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	3,658	76%	3,685	85%	30	8%	(187)	92%
United States	348	7%	195	5%	113	31%	-	0%
Canada	350	7%	246	6%	67	18%	(9)	4%
Ireland	150	3%	99	2%	2	1%	(2)	1%
France	181	4%	26	1%	116	32%	(0)	0%
Other countries	116	2%	66	2%	39	11%	(5)	2%
TOTAL	**4,804**	**100%**	**4,317**	**100%**	**367**	**100%**	**(202)**	**100%**

The breakdown of pension assets between the different asset categories (bonds, shares, etc.) is as follows:

Breakdown of plan assets	30.06.2011 Pension benefits	30.06.2011 Medical expenses & other employee benefits	30.06.2012 Pension benefits	30.06.2012 Medical expenses & other employee benefits
Shares	25%	12%	23%	9%
Bonds	69%	79%	70%	82%
Other money-market funds	3%	9%	3%	8%
Property assets	2%	0%	2%	0%
Other	1%	0%	3%	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. The Group is not aware of any significant acquisitions of Pernod Ricard shares in the breakdown of plan assets.

Contributions payable by the Group in 2013 in respect of funded benefits are estimated at €143 million.

Benefits payable in respect of defined-benefit plans over the next ten years are broken down as follows:

Benefits payable in the next 10 years *(in euro million)*	Pension benefits	Medical expenses and other employee benefits
2013	244	9
2014	238	9
2015	259	9
2016	250	9
2017	265	9
2018-2022	1,456	45

At 30 June 2011 and 30 June 2012, 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	30.06.2011 Pension benefits	30.06.2011 Medical expenses & other employee benefits	30.06.2012 Pension benefits	30.06.2012 Medical expenses & other employee benefits
Discount rate	5.35%	5.30%	4.23%	4.27%
Average rate of increase in annuities	3.40%	1.75%	2.98%	1.75%
Average salary increase	3.64%	3.55%	3.54%	3.21%
Expected return on plan assets	5.80%	4.25%	4.78%	3.00%
Expected increase in medical expenses				
■ Initial rate	Not applicable	8.01%	Not applicable	6.51%
■ Final rate	Not applicable	5.23%	Not applicable	4.86%

Actuarial assumptions in respect of benefit obligations	30.06.2011		30.06.2012	
	Pension benefits	Medical expenses & other employee benefits	Pension benefits	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 at 30 June 2012 (pensions and other commitments) by region	United Kingdom	United States	Canada	Eurozone countries	Other non-eurozone countries
Discount rate	4.31%	4.50%	3.82%	3.88%	3.54%
Average rate of increase in annuities	3.10%	0.00%	1.25%	2.07%	1.75%
Average salary increase	3.45%	3.75%	3.02%	3.86%	3.01%
Expected return on plan assets	4.54%	7.75%	6.25%	4.08%	5.23%
■ Shares	4.85%	8.75%	7.04%	6.51%	6.46%
■ Bonds	4.46%	7.00%	5.00%	3.20%	4.13%
Expected increase in medical expenses					
■ Initial rate	5.20%	7.25%	6.42%	4.78%	Not applicable
■ Final rate	5.20%	5.00%	4.61%	4.78%	Not applicable

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The obligation period-related discount rates used within the euro zone are as follows:

- short-term rate (3-5 years): 2.75%;
- medium-term rate (5-10 years): 3.25%;
- long-term rate (more than 10 years): 3.50% to 4.20%.

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 2012. 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 2012 would have an impact of around €20 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	1% decrease
On the present value of the benefit obligation at 30 June 2012	129	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	30.06.2012	
	Pension benefits	Medical expenses and other employee benefits
Amount of experience losses or (gains) on benefit obligations	7	2
Percentage compared with amount of benefit obligations	0.14%	1.31%
Amount of experience losses or (gains) on plan assets	(228)	0
Percentage compared with amount of plan assets	(5.28)%	1.42%

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 and net investment hedge derivatives, less cash and cash equivalents.

1. Breakdown of net financial debt by nature and maturity

	30.06.2011			30.06.2012		
In euro million	Current	Non-current	Total	Current	Non-current	Total
Bonds	**82**	**4,657**	**4,739**	153	8,044	**8,197**
Syndicated loan	-	4,280	**4,280**	-	1,001	**1,001**
Commercial paper	119	-	**119**	355	-	**355**
Other loans and long-term debts	204	449	**653**	372	251	**623**
Other financial liabilities	**323**	**4,729**	**5,052**	727	1,252	**1,979**
GROSS FINANCIAL DEBT	**405**	**9,386**	**9,790**	**880**	**9,296**	**10,176**
Fair value hedge derivatives – assets	-	(17)	**(17)**	-	(101)	**(101)**
Fair value hedge derivatives – liabilities	-	75	**75**	-	41	**41**
Fair value hedge derivatives	**-**	**58**	**58**	**-**	**(60)**	**(60)**
Net investment hedge derivatives – assets	-	(37)	**(37)**	-	-	**-**
Net investment hedge derivatives – liabilities	-	-	**-**	-	34	**34**
Net investment hedge derivatives	**-**	**(37)**	**(37)**	**-**	34	**34**
FINANCIAL DEBT AFTER HEDGES	**405**	**9,407**	**9,812**	**880**	**9,270**	**10,150**
Cash and cash equivalents	**(774)**	**-**	**(774)**	**(787)**	**-**	**(787)**
NET FINANCIAL DEBT	**(369)**	**9,407**	**9,038**	**93**	**9,270**	**9,363**

2. Breakdown of debt by currency before and after foreign exchange hedge instruments at 30 June 2011 and 30 June 2012

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%**

At 30.06.2012 *(in euro million)*	Debt before hedging	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% net debt after hedging
EUR	4,987	(310)	4,677	(176)	4,501	46%	48%
USD	4,661	1,166	5,826	(40)	5,787	57%	62%
GBP	343	(447)	(105)	2	(102)	(1)%	(1)%
SEK	12	(240)	(228)	(20)	(248)	(2)%	(3)%
Other currencies	174	(195)	(21)	(553)	(574)	0%	(6)%
FINANCIAL DEBT BY CURRENCY	**10,176**	**(26)**	**10,150**	**(787)**	**9,363**	**100%**	**100%**

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3. Breakdown of debt by currency and type of rate hedging at 30 June 2011 and 30 June 2012

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%**

At 30.06.2012 *(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	4,677	2,931	250	1,496	68%	(176)	71%
USD	5,826	6,012	159	(344)	106%	(40)	107%
GBP	(105)	-	-	(105)	N.M.	2	N.M.
SEK	(228)	-	-	(228)	N.M.	(20)	N.M.
Other	(21)	-	-	(21)	N.M.	(553)	N.M.
TOTAL	**10,150**	**8,943**	**409**	**798**	**92%**	**(787)**	**100%**

* *Hedge accounting and other derivatives*

4. Breakdown of fixed-rate/floating-rate debt before and after interest rate hedge instruments at 30 June 2011 and 30 June 2012

	30.06.2011				30.06.2012			
In euro million	Debt before hedging		Debt after hedging		Debt before hedging		Debt after hedging	
Fixed-rate debt	4,489	46%	5,337	54%	7,773	77%	8,943	88%
"Capped" floating-rate debt	-	-	888	9%	-	-	409	4%
Floating-rate debt	5,324	54%	3,586	37%	2,377	23%	798	8%
FINANCIAL DEBT AFTER HEDGING BY NATURE OF HEDGES	**9,812**	**100%**	**9,812**	**100%**	**10,150**	**100%**	**10,150**	**100%**

At 30 June 2012, before taking account of any hedges, 77% of the Group's gross debt was fixed-rate and 23% floating-rate. After hedging, the floating-rate part was 8%.

5. Schedule of financial liabilities at 30 June 2011 and 30 June 2012

The following table shows the maturity of future financial liability-related cash flows (nominal and interest). Variable interest flows have been estimated on the basis of rates at 30 June 2011 and 30 June 2012.

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	-	-	-
Other derivatives – 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)**

At 30.06.2012 *(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		(3,290)	(128)	(287)	(414)	(368)	(311)	(256)	(1,525)
Nominal value		(9,985)	(495)	(232)	(923)	(803)	(1,385)	(2,709)	(3,438)
GROSS FINANCIAL DEBT	**(10,176)**	**(13,275)**	**(622)**	**(520)**	**(1,337)**	**(1,172)**	**(1,696)**	**(2,966)**	**(4,963)**
Cross currency swaps	(75)	-	-	-	-	-	-	-	-
■ Payable flows	-	(1,016)	(3)	(3)	(374)	(0)	(636)	-	-
■ Receivable flows	-	939	-	18	328	-	594	-	-
Derivative instruments – liabilities	(282)	(307)	(77)	(69)	(69)	(58)	(33)	(1)	-
DERIVATIVE INSTRUMENTS – LIABILITIES	**(356)**	**(384)**	**(80)**	**(54)**	**(115)**	**(58)**	**(75)**	**(1)**	**-**
TOTAL FINANCIAL LIABILITIES	**(10,532)**	**(13,659)**	**(702)**	**(574)**	**(1,452)**	**(1,230)**	**(1,771)**	**(2,967)**	**(4,963)**

6. Vin&Sprit syndicated loan

On 25 April 2012, the Vin&Sprit syndicated loan was fully refinanced by a new syndicated loan agreement.

New syndicated loan agreement

As part of the refinancing of the balance of the Vin&Sprit syndicated loan, on 25 April 2012 Pernod Ricard and certain subsidiaries entered into a new, €2.5 million 5-year multi-currency revolving credit facility.

- The amounts drawn down from this new credit facility are €600 million and US$505 million, a total equivalent to €1,001 million. The drawdowns, which are revolving, are denominated in US dollars and euro, incur interest at the applicable LIBOR (or, for euro denominated borrowing, EURIBOR), plus a pre-determined spread and mandatory costs.
- At 30 June 2012, the amount of the new syndicated loan not drawn down is €1,499 million.

7. Bonds

Nominal amount	Interest rate	Issue date	Maturity	Carrying amount at 30.06.2012 *(in euro million)*
GBP 250 million	6.63%	12.06.2002	12.06.2014	338
EUR 550 million	4.63%	06.12.2006	06.12.2013	564
EUR 800 million	7.00%	15.06.2009	15.01.2015	822
EUR 1,200 million	4.88%	18.03.2010	18.03.2016	1,248
USD 201 million	Spread + 3-month LIBOR	21.12.2010	21.12.2015	159
EUR 1,000 million	5.00%	15.03.2011	15.03.2017	1,013
USD 1,000 million	5.75%	07.04.2011	07.04.2021	830
USD 1,500 million	4.45%	25.10.2011	15.01.2022	1,207
USD 850 million	2.95%	12.01.2012	15.01.2017	681
USD 800 million	4.25%	12.01.2012	15.07.2022	659
USD 850 million	5.50%	12.01.2012	15.01.2042	677
TOTAL BONDS (IN EUR)				**8,197**

NOTE 18 Financial instruments

1. Fair value of financial instruments

In euro million	Measurement level	Breakdown by accounting classification				30.06.2011	
		Fair value – profit	Fair value shareholders' equity	Loans and receivables	Liabilities at amortised cost	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		-	-	1,222	-	1,222	1,222
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

In euro million	Measurement level	Breakdown by accounting classification				30.06.2012	
		Fair value – profit	Fair value shareholders' equity	Loans and receivables	Liabilities at amortised cost	Balance sheet value	Fair value
Assets							
Available-for-sale financial assets	Level 3	-	22	-	-	22	22
Guarantees, deposits, investment-related receivables		-	-	65	-	65	65
Other non-current financial assets	Level 2	206	-	-	-	206	206
Trade receivables		-	-	1,289	-	1,289	1,289
Other current assets		-	-	87	-	87	87
Derivative instruments – assets	Level 2	150	-	-	-	150	150
Cash and cash equivalents	Level 1	787	-	-	-	787	787
Liabilities and shareholders' equity							
Bonds		-	-	-	8,197	8,197	8,740
Bank debt		-	-	-	1,979	1,979	1,979
Finance lease obligations		-	-	-	51	51	51
Derivative instruments – liabilities	Level 2	356	-	-	-	356	356

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 sixteen 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 2012, cash and cash equivalents totalled €787 million (compared with €774 million at 30 June 2011). An additional €1,499 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 €844 million (compared with €405 million at 30 June 2011).

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 2012, the Group was in compliance with the covenants under the terms of its syndicated loan: solvency ratio (total net debt/consolidated EBITDA) of 5.25 or below. Furthermore, while the vast majority of the Group's cash surplus is placed with branches of 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 +/-€24 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 2012, 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.

SCHEDULE OF FLOATING-RATE DEBT AND HEDGES IN EUR *(NOTIONAL VALUE IN EURO MILLION)*

At 30 June 2012 *(in euro million)*	< 1 year	1 to 5 years	> 5 years	Total
Total assets (cash)	176	-	-	176
Total floating-rate liabilities	(656)	(800)	-	(1,456)
NET FLOATING-RATE DEBT BEFORE HEDGING	**(480)**	**(800)**	**-**	**(1,280)**
Derivative instruments	308	(348)	-	(40)
NET FLOATING-RATE DEBT AFTER HEDGING	**(172)**	**(1,148)**	**-**	**(1,320)**

SCHEDULE OF FLOATING-RATE DEBT AND HEDGES IN USD *(NOTIONAL VALUE IN EURO MILLION)*

At 30 June 2012 *(in euro million)*	< 1 year	1 to 5 years	> 5 years	Total
Total assets (cash)	40	-	-	40
Total floating-rate liabilities	(77)	(657)	-	(734)
NET FLOATING-RATE DEBT BEFORE HEDGING	**(37)**	**(657)**	**-**	**(694)**
Derivative instruments	1,430	403	(755)	1,078
NET FLOATING-RATE DEBT AFTER HEDGING	**1,393**	**(254)**	**(755)**	**384**

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 €1 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 €41 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

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**

Type of hedging at 30.06.2012 *(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						**101**	**41**
Interest rate risk hedges	Swaps	-	878	755	1,633	101	-
Interest rate and currency hedges	Cross currency swaps	-	368	-	368	-	41
Hedge of a net investment						**-**	**34**
Currency risk hedges	Currency swaps	-	-	-	-	-	-
Interest rate and currency hedges	Cross currency swaps	-	594	-	594	-	34
DERIVATIVE INSTRUMENTS INCLUDED IN NET DEBT						**101**	**75**
Cash flow hedges						**4**	**119**
Interest rate risk hedges	Swaps	-	2,105	-	2,105	-	119
	Collars	-	-	-	-	-	-
Hedging of foreign exchange-risk on intragroup financing	Currency swaps	46	-	-	46	4	-
Outside hedge accounting						**45**	**162**
Hedging of foreign exchange-risk on intragroup financing	Currency swaps and forwards	2,198	-	-	2,198	14	14
Interest rate risk hedges	Swaps	2,271	1,433	-	3,704	31	116
	Collars	909	-	-	909	-	33
TOTAL DERIVATIVE INSTRUMENTS						**150**	**356**
TOTAL NON-CURRENT						**116**	**259**
TOTAL CURRENT (LESS THAN ONE YEAR)						**34**	**97**

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 20 Trade and other accounts payable

The breakdown of operating payables is as follows:

In euro million	30.06.2011	30.06.2012
Trade payables	933	1,101
Taxes and social security	559	604
Other operating payables	386	421
Other payables	6	4
TOTAL	**1,884**	**2,130**

Most operating payables are due within one year.

NOTE 21 Notes to the consolidated cash flow statement

1. Working capital requirements

Working capital requirements increased by €55 million. The change breaks down as follows:

- increase in inventory: +€205 million;
- increase in trade receivables: +€31 million;
- increase in operating and other payables: €(181) 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.

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

Disposals mainly relate to the sale of the De Kuyper, McGuiness and Meaghers brands in Canada.

4. Bond issues/repayment of long-term debt

The Group made net repayments of drawdowns from the syndicated loan of €3,640 million and issued USD 4,000 million (equivalent to €3,041 million).

NOTE 22 Shareholders' equity

1. Share capital

Pernod Ricard's share capital changed as follows between 1 July 2010 and 30 June 2012:

	Number of shares	Amount *(in euro million)*
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 11 February 2002)	262,888	0
Exercise of stock options (plan of 17 December 2002)	15,598	0
Share capital at 30 June 2011	**264,721,803**	**410**
Exercise of stock options (plan of 18 December 2001)	154,354	0
Exercise of stock options (plan of 11 February 2002)	28,535	0
Exercise of stock options (plan of 17 December 2002)	405,913	1
SHARE CAPITAL AT 30 JUNE 2012	**265,310,605**	**411**

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 ten years.

2. Treasury shares

At 30 June 2012, Pernod Ricard SA and its controlled subsidiaries held 2,445,891 Pernod Ricard shares valued at €52 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. Interim dividend

At its meeting of 27 June 2012 the Board decided to pay an interim dividend of €0.72 per share in respect of 2011/2012, equivalent to a total dividend payment of €191,024. This interim dividend was paid on 5 July 2012 and recognised under other operating payables in the balance sheet at 30 June 2012.

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. Liquidity agreement

On 24 May 2012, Pernod Ricard SA put in place a 12-month liquidity agreement, effective from 1 June 2012, through Rothschild & Cie Banque. The agreement is tacitly renewable for subsequent periods of 12 months and complies with the AMAFI Code of Conduct, which was approved by the AMF in its decision of 24 March 2011.

The sum of €5 million was allocated to the implementation of the liquidity agreement (no securities).

NOTE 23 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, 15 June 2011 and 27 June 2012 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 2011/2012 financial year, the plans granted on 19 September 2001, 18 December 2001 and 11 February 2002 reached maturity.

5

Information relating to stock option and free share plans

The stock option and free share plans are granted to managers with high levels of responsibility, key management personnel for the Group and potential managers.

During the financial year 2011/2012, three new allocation plans were put in place:

- the 27 June 2012 stock option plans:
  - a performance-based stock option plan, tied to the Pernod Ricard share outperforming the CAC 40, plus 1% a year (50% is measured over three years and 50% over four years),
  - a stock option plan 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 the second based on the Pernod Ricard share outperforming the CAC 40 plus 1% per year (50% measured over three years and 50% over four years) ;
- the 27 June 2012 free share plan:
  - 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
Conditional/unconditional	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 2012	42.30	52.59	58.41	58.41	N/A	74.73
Outstanding options at 30 June 2012	676,855	578,796	1,516,285	137,243	-	725,903
Stock option expense 2011/2012 *(in euro thousand)*	0	0	0	1,487	0	0

	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
Conditional/unconditional	Unconditional	Conditional	Conditional	Unconditional	Conditional	Conditional
Number of beneficiaries	56	13	731	598	13	804
Vesting date of options/shares	22.06.2010	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	22.06.2010	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	18.06.2016	18.06.2016	N/A
Subscription or purchase price in euro at 30 June 2012	74.73	74.73	N/A	66.16	66.16	N/A
Outstanding options at 30 June 2012	71,357	121,409	0	1,019,766	137,109	0
Stock option expense 2011/2012 *(in euro thousand)*	590	0	0	3,797	391	465

	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
Conditional/unconditional	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	24.06.2014	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 2012	64.00	64.00	64.00	N/A
Outstanding options at 30 June 2012	594,574	140,492	140,492	529,692
Stock option expense 2011/2012 *(in euro thousand)*	2,634	588	457	7,243

	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	Free
Conditional/unconditional	Conditional	Unconditional	Conditional	Conditional	Conditional
Number of beneficiaries	1	713	144	144	1,029
Vesting date of options/shares	15.09.2014	15.06.2015	15.06.2014	15.06.2015	15.06.2014 (FRA) 15.06.2015 (ROW)
Exercisable from	15.09.2014	15.06.2015	15.06.2015	15.06.2015	15.06.2016 (FRA) 15.06.2015 (ROW)
Expiry date	15.09.2018	15.06.2019	15.06.2019	15.06.2019	N/A
Subscription or purchase price in euro at 30 June 2012	64.00	68.54	68.54	68.54	N/A
Outstanding options at 30 June 2012	70,000	594,180	169,385	169,385	560,051
Stock option expense 2011/2012 *(in euro thousand)*	143	2,186	416	426	8,387

	Plan dated 27.06.2012	Plan dated 27.06.2012	Plan dated 27.06.2012	Plan dated 27.06.2012	Plan dated 27.06.2012 (ROW)	Plan dated 27.06.2012 (FRA)
Type of options	Purchase	Purchase	Purchase	Purchase	Free	Free
Conditional/unconditional	Conditional	Conditional	Conditional	Conditional	Conditional	Conditional
Number of beneficiaries	158	158	1	1	822	237
Vesting date of options/shares	27.06.2016	27.06.2016	27.06.2016	27.06.2016	27.06.2016	27.06.2015
Exercisable from	27.06.2016	27.06.2016	27.06.2016	27.06.2016	27.06.2016	27.06.2017
Expiry date	27.06.2020	27.06.2020	27.06.2020	27.06.2020	N/A	N/A
Subscription or purchase price in euro at 30 June 2012	78.93	78.93	78.93	78.93	N/A	N/A
Outstanding options at 30 June 2012	192,700	192,700	15,000	15,000	493,150	161,600
Stock option expense 2011/2012 *(in euro thousand)*	6	6	0	0	67	31

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.

Regarding stock options already vested, the total number of options outstanding is 4,776,123, for which the average remaining life is three and a half years.

The Group recognised an expense of €11.0 million in operating profit in respect of the 13 stock option plans in operation at 30 June 2012, an expense of €16.2 million in respect of the four free share plans, and an expense of €2.1 million in respect of the SARs programmes. A liability of €5.1 million was recognised in other current liabilities at 30 June 2012 in respect of the SARs programmes.

Annual expenses *(in euro million)*	30.06.2011	30.06.2012
Stock options (equity settled) – through a double entry to equity	12.8	11.0
SARs (cash settled) – through a double entry to other current liabilities	(0.2)	2.1
Free shares (equity settled) – through a double entry to equity	12.4	16.2
TOTAL ANNUAL EXPENSES	**25.0**	**29.3**

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
Conditional/unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional
Outstanding options at 30 June 2011	**1,200,816**	**750,974**	**1,855,335**	**157,339**	**-**	**819,465**
Granted between 01.07.2011 and 30.06.2012	-	-	-	-	-	-
Cancelled between 01.07.2011 and 30.06.2012	-	556	3,879	-	-	75,005
Exercised between 01.07.2011 and 30.06.2012	523,961	171,622	335,171	20,096	-	18,557
Expired between 01.07.2011 and 30.06.2012						
OUTSTANDING OPTIONS AT 30 JUNE 2012	**676,855**	**578,796**	**1,516,285**	**137,243**	**-**	**725,903**

	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
Conditional/unconditional	Unconditional	Conditional	Conditional	Unconditional	Conditional	Conditional
Outstanding options at 30 June 2011	**75,203**	**121,409**	**0**	**1,080,335**	**137,109**	**124,137**
Granted between 01.07.2011 and 30.06.2012	-	-	-	-	-	-
Cancelled between 01.07.2011 and 30.06.2012	798	-	-	8,903	-	4,769
Exercised between 01.07.2011 and 30.06.2012	3,048	-	-	51,666	-	119,368
Expired between 01.07.2011 and 30.06.2012						
OUTSTANDING OPTIONS AT 30 JUNE 2012	**71,357**	**121,409**	**0**	**1,019,766**	**137,109**	**0**

	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010
Type of options	Purchase	Purchase	Free
Conditional/unconditional	Unconditional	Conditional	Conditional
Outstanding options at 30 June 2011	**602,880**	**281,487**	**552,498**
Granted between 01.07.2011 and 30.06.2012	-	-	-
Cancelled between 01.07.2011 and 30.06.2012	8,306	504	22,806
Exercised between 01.07.2011 and 30.06.2012	-	-	-
Expired between 01.07.2011 and 30.06.2012	-	-	-
OUTSTANDING OPTIONS AT 30 JUNE 2012	**594,574**	**280,983**	**529,692**

	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
Conditional/unconditional	Conditional	Unconditional	Conditional	Conditional
Outstanding options at 30 June 2011	**70,000**	**606,680**	**341,370**	**578,759**
Granted between 01.07.2011 and 30.06.2012	-	-	-	-
Cancelled between 01.07.2011 and 30.06.2012	-	12,500	2,600	18,708
Exercised between 01.07.2011 and 30.06.2012	-	-	-	-
Expired between 01.07.2011 and 30.06.2012	-	-	-	-
OUTSTANDING OPTIONS AT 30 JUNE 2012	**70,000**	**594,180**	**338,770**	**560,051**

	Plan dated 27.06.2012	Plan dated 27.06.2012	Plan dated 27.06.2012	Plan dated 27.06.2012	Plan dated 27.06.2012
Type of options	Purchase	Purchase	Purchase	Purchase	Free
Conditional/unconditional	Conditional	Conditional	Conditional	Conditional	Conditional
OUTSTANDING OPTIONS AT 30 JUNE 2012	**192,700**	**192,700**	**15,000**	**15,000**	**654,750**

The average exercise price of options exercised during the financial year was €50.47.

The assumptions used in calculating the fair values of the options, using the binomial or Monte Carlo models and the terms under which the options were granted, are as follows:

The fair values shown above for SARs granted in June 2006 and June 2007 have been re-estimated at 30 June 2012 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
Conditional/unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional
Initial share price *(in euro after adjustments)****	44.15	55.22	56.83	84.26*	84.26*	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 2012	**15.13**	**18.40**	**18.47**	**27.82********	**-********	**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
Conditional/unconditional	Unconditional	Conditional	Conditional	Unconditional	Conditional	Conditional
Initial share price *(in euro after adjustments)****	84.26*	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 2012	**18.45********	**14.92**	**68.87 (FRA) 68.13 (ROW)**	**15.76**	**12.07**	**54.23 (FRA) 57.39 (ROW)**

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	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
Conditional/unconditional	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 2012	**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
Conditional/unconditional	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 2012	**8.02**	**8.23**	**15.12**	**10.09**	**10.33**	**61.61 (ROW) 60.02 (FRA)**

	Plan dated 27.06.2012	Plan dated 27.06.2012	Plan dated 27.06.2012	Plan dated 27.06.2012	Plan dated 27.06.2012
Type of options	Purchase	Purchase	Purchase	Purchase	Free
Conditional/unconditional	Conditional	Conditional	Conditional	Conditional	Conditional
Initial share price *(in euro after adjustments)*	79.51	79.51	79.51	79.51	79.51
Exercise price *(in euro after adjustments)*	78.93	78.93	78.93	78.93	N/A
Expected volatility**	27%	27%	27%	27%	N/A
Expected dividend yield**	2%	2%	2%	2%	2%
Risk free rate**	3.28%	3.28%	3.28%	3.28%	2.31%
IFRS 2 FAIR VALUE AT 30 JUNE 2012	**14.62**	**15.27**	**14.62**	**15.27**	**73.40 (ROW) 74.88 (FRA)**

* *Share price at 30.06.2012*
** *Assumptions used for initial measurement*
*** *Share price at grant date after value adjustment*
**** *Restated fair value at 30.06.2012 for accounting purposes in 2011/2012*

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.

For the 2012 plans, with a view to smoothing this assumption over time, the Group again opted for a multi-criteria approach taking into consideration:

- historic volatility over a period equal to the duration of the options;

- implicit volatility calculated on the basis of options available in financial markets.

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, 2011 and 2012 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 to the CEO, the Executive Committee (COMEX) and some Senior Managers on 27 June 2012 are all 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 27 June 2015, subject to the Pernod Ricard share price having outperformed the CAC 40 index plus 1% annually over the period from 27 June 2012 to 27 June 2015, and the remaining 50% will be vested from 27 June 2016, subject to the Pernod Ricard share price having outperformed the CAC 40 index plus 1% annually over the period from 27 June 2012 to 27 June 2016. In order to take into account this performance condition when estimating the fair value of the options, a simulation model (Monte Carlo) was used. A portion of the options granted to the CEO on 27 June 2012 are dependent on the level of Group profit from recurring operations for the years ended 30 June 2013 and 30 June 2014 compared with budgeted profit from recurring operations at constant exchange rates and scope of consolidation.

The fair value of the performance-based shares allocated on 27 June 2012 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). French tax residents are subject to a retention period of two years, however, as the borrowing rate is assumed to be lower than the risk-free rate, the cost of the retention is zero.

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 2013 and 2014 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 24 Off-balance sheet commitments

In euro million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Commitments granted	**3,769**	**671**	**2,848**	**250**
Off-balance sheet commitments given in relation to companies within the Group	**-**	**-**	**-**	**-**
Commitments to acquire equity interests	-	-	-	-
Commitments given in the context of specific operations	-	-	-	-
Other	-	-	-	-
Off-balance sheet commitments given in relation to the financing of the Company	**2,017**	**5**	**2,006**	**6**
Financial guarantees given	2,017	4	2,006	6
Other	0	0	-	0
Commitments relating to the operating activities of the issuer	**1,751**	**666**	**842**	**244**
Firm and irrevocable commitments to purchase raw materials	1,231	454	694	83
Tax commitments	210	126	4	81
Operating lease agreements	273	60	133	80
Other	38	26	11	-

In euro million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Commitments received	**1,714**	**201**	**1,512**	**1**
Off-balance sheet commitments given in relation to companies within the Group	**-**	**-**	**-**	**-**
Commitments received in specific operations connected with competitors and markets	-	-	-	-
Other	-	-	-	-
Off-balance sheet commitments given in relation to the financing of the Company	**1,700**	**195**	**1,504**	**1**
Credit lines received and not used	1,634	130	1,504	-
Financial guarantees received	67	65	0	1
Other	-	-	-	-
Commitments relating to the operating activities of the issuer	**14**	**7**	**7**	**-**
Contractual commitments related to business activity and business development	12	4	7	-
Other	2	2	-	-

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 2012 (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 16).

2. Contractual commitments

In the context of their wine and champagne production, the Orlando Wyndham Australian subsidiaries, New Zealand subsidiary Pernod Ricard New Zealand and French subsidiary Mumm Perrier-Jouët have commitments of, respectively, €124 million, €40 million and €300 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 €525 million under maturing spirit supply agreements.

NOTE 25 Disputes

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

Disputes relating to brands

Havana Club

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

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

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

Stolichnaya

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

In October 2010, the Court of Appeals (i) affirmed the dismissal of plaintiffs' fraud and unjust enrichment claims and (ii) reinstated the plaintiffs' claims for trademark infringement, misappropriation and unfair competition related to the use of the Stolichnaya trademarks. The Court of Appeals has remanded the case to the District Court for further proceedings.

The plaintiffs filed their Third Amended Complaint in February 2011, alleging trademark infringement (and related claims) and misappropriation against Allied Domecq, the SPI entities and newly-added defendants William Grant & Sons USA and William Grant & Sons, Inc., (the current distributors of Stolichnaya vodka in the United States). All defendants moved to dismiss the plaintiffs' Third Amended Complaint.

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

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

The decision from the Court of Appeals is not expected before the end of 2012.

Commercial disputes

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

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

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

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

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

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

In September 2009, Pernod Ricard and Diageo, in exchange for a payment of USD 10 million made to each of Diageo and Pernod Ricard, released Vivendi SA and Vivendi I Corp. from any obligation to indemnify Pernod Ricard and Diageo for certain Colombia litigation losses based on conduct of Seagram that pre-dates its acquisition by Pernod Ricard and Diageo.

Customs duties in India

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

With the exception of 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.

NOTE 26 Related parties

Transactions with associates and joint ventures were immaterial in the year ended 30 June 2012.

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	30.06.2011	30.06.2012
Board of Directors*	1	1
Group Executive Committee		
■ Short-term benefits	13	15
■ Post-employment benefits	5	2
■ Share-based payments**	2	2
TOTAL EXPENSES RECOGNISED FOR THE YEAR	**21**	**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 18.06.2008 to 27.06.2012*

NOTE 27 Post-balance sheet event

On 13 July 2012, the Group announced it had signed an agreement with Arcus-Gruppen with a view to selling the Danish aquavit brands Aalborg and Brøndums, the German aquavit brand Malteserkreuz Aquavit and the Danish bitters brand Gammel Dansk, for €103 million. The transaction also includes the sale of the Aalborg production site in Denmark.

The sale forms part of the Group's strategy of focusing on its priority brands.

The transaction is subject to the approval of the competition authorities, and a decision is expected in the third quarter of the 2012/2013 financial year.

NOTE 28 List of main consolidated companies

Incorporated bodies	Country	% holding at 30.06.2011	% holding at 30.06.2012	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.
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	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.
Pernod Ricard North America SAS	France	100	100	F.C.
Pernod Ricard USA LLC	USA	100	100	F.C.

Incorporated bodies	Country	% holding at 30.06.2011	% holding at 30.06.2012	Consolidation method
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.
Champagne Perrier-Jouët	France	100	100	F.C.
SA Théodore Legras	France	99.5	99.5	F.C.

Incorporated bodies	Country	% holding at 30.06.2011	% holding at 30.06.2012	Consolidation method
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.
Allied Domecq Ic ve Dis Ticaret Ltd. Sti.	Turkey	100	100	F.C.
Free Trade Zone – Allied Domecq Ic ve Dis Ticaret Ltd. Sti. Serbest	Turkey	100	100	F.C.
AS Premium Brands Norway	Norway	100	100	F.C.
Pernod Ricard Vietnam Company Limited	Vietnam	100	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 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*

** *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 2012, 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 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 8 and 16 to the consolidated financial statements;
- Note 11 to the consolidated financial statements sets out the restatement of comparative information for the year ended 30 June 2012 in conformity with the IAS 8 standard. We have assessed the basis on which this restatement has been made and have verified that the information provided is appropriate.

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, 11 September 2012

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.

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PERNOD RICARD SA FINANCIAL STATEMENTS

Pernod Ricard SA income statement

For the financial years ending 30 June 2011 and 30 June 2012

In euro million	30.06.2011	30.06.2012
Royalties	36,517	35,989
Other income	33,513	43,758
Reversals of financial provisions and expense transfers	5,554	5,118
OPERATING INCOME	**75,583**	**84,865**
Purchases of goods and supplies not for stock and external services	(99,822)	(113,481)
Duties and taxes	(3,638)	(4,441)
Personnel expenses	(44,367)	(50,507)
Depreciation, amortisation and provision charges	(8,834)	(7,583)
Other expenses	(4,049)	(4,449)
OPERATING EXPENSES	**(160,710)**	**(180,460)**
Operating profit (loss)	**(85,127)**	**(95,595)**
Income from investments	632,417	636,478
Other interest and related income	208,053	270,420
Reversals of financial provisions and expense transfers	10,424	123,616
Translation gains	260,119	104,198
FINANCIAL INCOME	**1,111,013**	**1,134,711**
Provision charges	(90,935)	(164,812)
Interest and related expenses	(582,956)	(642,693)
Translation losses	(336,680)	(311,843)
FINANCIAL EXPENSES	**(1,010,571)**	**(1,119,348)**
Interest (expense) income	**100,442**	**15,363**
Profit (loss) from continuing operations	**15,315**	**(80,232)**
Exceptional items	**69,965**	**(20,850)**
Net profit/loss before income tax	**85,280**	**(101,082)**
Corporate income tax	153,279	152,497
PROFIT FOR THE FINANCIAL YEAR	**238,559**	**51,415**

Pernod Ricard SA balance sheet

For the financial years ending 30 June 2011 and 30 June 2012

Assets

In euro million	Net value 30.06.2011	Gross value 30.06.2012	Depreciation, amortisation & provisions	Net value 30.06.2012	Notes
Concessions, patents and licences	32,560	32,769	(7)	32,761	
Other intangible assets	2,442	13,097	(10,725)	2,372	
Advances and down-payments	1,367	4,119	-	4,119	
Intangible assets	**36,369**	**49,984**	**(10,732)**	**39,252**	**2**
Land	948	948	-	948	
Buildings	768	2,117	(1,384)	733	
Machinery & equipment	34	210	(77)	133	
Other property, plant and equipment	1,519	11,155	(7,264)	3,890	
Advances and down-payments	773	262	-	262	
Property, plant and equipment	**4,042**	**14,692**	**(8,725)**	**5,967**	
Investments	11,949,917	12,224,076	(128,831)	12,095,244	3
Loans and advances to subsidiaries and associates	157,511	163,380	-	163,380	3 and 4
Other financial assets	5,175	12,006	-	12,006	3 and 4
Financial assets	**12,112,603**	**12,399,462**	**(128,831)**	**12,270,631**	**3**
TOTAL FIXED ASSETS	**12,153,014**	**12,464,138**	**(148,289)**	**12,315,849**	
Advances and supplier prepayments	**418**	**640**	**-**	**640**	**4**
Trade receivables	28,573	36,011	-	36,011	
Other receivables	1,658,341	2,125,154	(3,016)	2,122,138	
Receivables	**1,686,914**	**2,161,165**	**(3,016)**	**2,158,149**	**4**
Marketable securities	**135,350**	**164,859**	**-**	**164,859**	**5**
Cash	**8,046**	**215,343**	**-**	**215,343**	
Prepaid expenses	**32,449**	**40,433**	**-**	**40,433**	**6**
TOTAL CURRENT ASSETS	**1,863,177**	**2,582,440**	**(3,016)**	**2,579,424**	
Bond redemption premiums	**14,514**	**27,073**	**-**	**27,073**	**6**
Currency translation adjustment – Assets	**34,525**	**245,309**	**-**	**245,309**	**6**
TOTAL ASSETS	**14,065,230**	**15,318,960**	**(151,305)**	**15,167,656**	

Liabilities and shareholders' equity

In euro million	30.06.2011	30.06.2012	Notes
Share capital	**410,319**	**411,231**	**7**
Share premiums	**3,021,041**	**3,036,047**	
Legal reserves	40,956	41,032	
Regulated reserves	179,559	179,559	
Other reserves	195,013	195,013	
Reserves	**415,528**	**415,603**	
Retained earnings	**1,063,309**	**923,608**	
Profit for the financial year	**238,559**	**51,415**	
Interim dividends	**(177,364)**	**(191,024)**	
TOTAL SHAREHOLDERS' EQUITY	**4,971,392**	**4,646,881**	**8**
Provisions for contingencies and charges	**301,938**	**364,785**	**9**
Bonds	4,461,878	7,827,435	4 and 13
Bank debt	890,779	439,147	4 and 14
Other debt	1,696,837	741,245	4
Debt	**7,049,493**	**9,007,827**	
Trade payables	40,103	45,934	
Taxes and social security	25,597	25,230	
Amounts due on non-current assets and trade payables	1,408	1,380	
Other payables	1,458,825	455,285	
Trade and other accounts payable	**1,525,933**	**527,828**	**4**
Deferred income	**57,284**	**47,195**	**4 and 11**
TOTAL LIABILITIES	**8,632,710**	**9,582,850**	
Currency translation adjustment – Liabilities	**159,189**	**573,139**	**11**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14,065,230**	**15,167,656**	

Pernod Ricard SA cash flow statement

For the financial years ending 30 June 2011 and 30 June 2012

In euro million	30.06.2011	30.06.2012
Operating activities		
Net profit	238,559	51,415
Net depreciation, amortisation and provision charges	(15,905)	5,679
Changes in provisions	148,236	62,847
Net (gain)/loss on disposal of assets and other items	(2,556)	-
Self-financing capacity	**368,334**	**119,941**
Decrease/(increase) in working capital needs	176,687	(30,651)
Net debt from operating activities	**545,021**	**89,290**
Investing activities		
Capital expenditure	(3,475)	(7,152)
Purchases of financial assets net of disposals	26,633	(161,944)
Net debt from investment activities	**23,158**	**(169,096)**
Financing activities		
Long-term and medium-term bond issue	1,821,927	3,287,528
Loans and medium-term and long-term debt	(844,931)	(1,395,662)
Other changes in shareholders' equity	12,875	15,918
Dividends paid	(351,961)	(378,185)
Net debt from financing activities	**637,910**	**1,529,599**
Short-term net debt	**1,206,089**	**1,449,793**
Short-term net debt at the beginning of the year	(2,440,766)	(1,238,034)
Short-term net debt at the end of the year	(1,234,677)	211,755

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 million	30.06.2011	30.06.2012
Loans and long-term debts	(19,739)	(11,148)
Bonds	(80,908)	(146,379)
Net balance on current account with Pernod Ricard Finance	(1,278,331)	(10,920)
Marketable securities	136,255	164,859
Cash	8,046	215,343
SHORT-TERM NET DEBT AT THE END OF THE YEAR	**(1,234,677)**	**211,755**
Bonds	(4,380,969)	(7,681,056)
Loans and long-term debts	(874,397)	(427,998)
Pernod Ricard Finance loan	(1,693,480)	(740,860)
MEDIUM-TERM AND LONG-TERM NET DEBT AT THE END OF THE YEAR	**(6,948,846)**	**(8,849,914)**
TOTAL NET DEBT AT THE END OF THE YEAR	**(8,183,523)**	**(8,638,159)**

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 acquisitions

On 8 June 2012, the Pernod Ricard group announced it had signed an agreement to acquire the 30% of Pernod Ricard Korea Imperial held by HiteJinro, for 70 billion Korean won (around €48 million), to be paid in cash. As a result of the agreement, the Pernod Ricard group's ownership of Pernod Ricard Korea Imperial increased to 100%, as it already held 70% of the company, which owns one of the main local whisky brands on the important South Korean market. The transaction was completed on 15 June 2012.

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 holds a minority interest in this joint venture and is the exclusive worldwide distributor of the brand.

2. Asset disposals

On 10 February 2012, Pernod Ricard SA transferred 100% of the preferred shares and 57.9% of the common shares held in Austin Nichols, in addition to its 100% interest in Comrie Ltd, to Lina 6. The value of the assets transferred was €6.8 billion, corresponding to the net carrying value of the two shareholdings at the time of the transaction. In return, Lina 6 issued 16,256 new shares with a par value of €250,000 per share, making a total value of €4,064 million. The balance, i.e. €2.8 billion, was recognised as a contribution premium in respect of Lina 6.

3. Bond issues

Pernod Ricard SA has issued:

- on 20 October 2011, a USD 1.5 billion bond issue with the following characteristics: period to maturity of 10 years and 3 months (maturity date: 15 January 2022) and bearing fixed-rate interest of 4.45%;
- on 5 January 2012, a USD 2.5 billion bond issue with the following characteristics: a first tranche with a period to maturity of 5 years (maturity date: 15 January 2017) and bearing fixed-rate interest of 2.95%, a second tranche with a period to maturity of 10 years and six months (maturity date: 15 July 2022) and bearing fixed-rate interest of 4.25%, and a third tranche with a period to maturity of 30 years (maturity date: 15 January 2042) and bearing fixed-rate interest of 5.50%.

These two transactions enabled the Group to diversify its sources of financing and to extend the maturity of the debt.

4. Syndicated loan

On 25 April 2012, Pernod Ricard SA signed a new syndicated loan agreement for a revolving multi-currency credit line totalling €2.5 billion with a pool of 25 banks.

This credit facility will be used to cover the general needs of the Company and to refinance all its outstanding loans, comprising €2.978 billion, USD 10.138 billion and multi-currency borrowings totalling the equivalent of €2.020 billion, dating from 27 March 2008.

5. Sale and repurchase agreements for Pernod Ricard shares

In relation to sale and repurchase agreements, on 15 March 2012, Pernod Ricard SA resold 1,072,334 treasury shares that it had purchased to cover the 18 June 2008 stock option plan. For these transactions, the shares held to cover the 18 June 2008 stock option plan were transferred to a bank, although Pernod Ricard SA reserved the right through a repurchase clause to buy up these shares during exercises of options, 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.

6. Liquidity agreement

On 24 May 2012, Pernod Ricard SA put in place a 12-month liquidity agreement, effective from 1 June 2012, through Rothschild & Cie Banque. The agreement is tacitly renewable for subsequent periods of 12 months and complies with the AMAFI Code of Conduct, which was approved by the AMF in its decision of 24 March 2011.

The sum of €5 million was allocated to the implementation of the liquidity agreement (no securities).

Income statement and balance sheet at 30 June 2012

Analysis of the 2011/2012 income statement

Operating income of €84.9 million at 30 June 2012 was up €9.4 million vs. 30 June 2011, mainly due to amounts rebilled to subsidiaries.

Operating expenses were €(180.5) million at 30 June 2012, compared with €(160.7) million at 30 June 2011. The €19.8 million increase in operating expenses was mainly due to:

- purchases and external services costs of €13.7 million: the Agility and BIG projects, and an increase in marketing, IT and communication expenses;
- a €6.1 million increase in personnel expenses.

An operating loss of €(95.6) million was recorded at 30 June 2012, representing a fall of €10.5 million compared to June 2011 as a result of an increase in the cost of external services and in personnel expenses, although these were partly offset by amounts rebilled to the Group.

Interest income was €15.3 million at 30 June 2012, compared with €100.4 million at 30 June 2011. The decrease of €85.1 million was mainly attributable to:

- an increase in net currency translation expenses of €151.7 million (due to fluctuations in the dollar), relating to the early repayment of the syndicated loan;
- the increase in financial expenses on bonds issued of €59.2 million, and the reduction in expenses for other movements in relation to stock options and free share transactions of €50.4 million;
- a positive effect following a change relating to the transfer of the assets/liabilities of Établissements Vinicoles Champenois in June 2010 for €81.0 million.

Operating result before tax amounted to a loss of €(80.2) million.

At 30 June 2012, exceptional items represented an expense of €(20.9) million, mainly arising from costs incurred in implementing new bond issues.

Finally, income tax generated a gain of €152.4 million due to the effects of tax consolidation.

As a result, net profit for financial year 2011/2012 was €51.4 million.

Analysis of the 2011/2012 balance sheet

Assets

Total net fixed assets stood at €12,315.8 million, compared with €12,153.0 million the previous financial year. The increase of €162.8 million was attributable to:

- a €149.5 million increase in the capital of Pernod Ricard Finance;
- the implementation of a €5 million liquidity agreement through Rothschild & Cie Banque;
- other property, plant and equipment and intangible assets.

Current assets increased by €716.2 million during the year.

The main movements include:

- a €7.4 million increase in the Customers item;
- an increase in Group receivables, amounting to €464.8 million;
- an increase in marketable securities worth €29.5 million following the purchase of Pernod Ricard shares for the allocation of stock options under the June 2012 plan;
- an increase in the Cash item generated by cash instruments (currency derivatives) for €207.3 million.

Prepaid expenses and deferred charges, amounting to €272.4 million, mainly comprise Translation adjustment, which increased 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 €4,646.9 million, compared with €4,971.4 million at 30 June 2011. The main movements for the period were:

- profit for the financial year of €51.4 million;
- the exercise of stock options having an impact of €16.0 million on the share capital and share premium account;
- the payment of the balance of the dividend for 2010/2011 of €201.1 million;
- the payment of an interim dividend of €0.72 per share in respect of 2011/2012, equivalent to a total dividend payment of €191.0 million. The interim dividend was paid on 5 July 2012.

Provisions for contingencies and charges increased by €62.8 million following the implementation of the stock option and free share plan of 27 June 2012 (Plan 24) for €49.2 million and provisions made for currency losses and pension obligations.

During the period, the increase in debt of €950.1 million was mainly attributable to:

- an increase in financial liabilities of €1,958.3 million following the implementation of new bond issues and the payment of accrued interest of €3,365.6 million, which was partly offset by the repayment of the syndicated loan and Group credit lines for €1,441.4 million;
- a substantial reduction in liabilities of €998.1 million relating to a decrease in the Pernod Ricard Finance loan account.

Prepaid expenses and deferred charges, amounting to €573.1 million, mainly comprise translation adjustment, which increased 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 2012 was €15,167,655,501.78. The income statement records a profit for the year of €51,414,890.81. The financial year covered the 12-month period from 1 July 2011 to 30 June 2012.

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NOTE 1 Accounting policies

The annual financial statements for 2011/2012 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: 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. 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 million	At 01.07.2011	Acquisitions	Disposals	At 30.06.2012
Brands	32,560	-	-	32,560
Brand costs	-	209	-	209
Software	11,688	1,409	-	13,097
Advances and down-payments on intangible assets	1,367	6,263	(3,512)	4,119
TOTAL	**45,615**	**7,881**	**(3,512)**	**49,984**

2. Amortisation

In euro million	At 01.07.2011	Allowances	Reversals	At 30.06.2012
Brands	-	-	-	-
Brand costs	-	(7)	-	(7)
Software	(9,246)	(1,479)	-	(10,725)
TOTAL	**(9,246)**	**(1,486)**	**-**	**(10,732)**

NOTE 3 Financial assets

1. Gross value

In euro million	At 01.07.2011	Acquisitions	Capital transaction	Disposals	At 30.06.2012
Investments in consolidated entities	12,053,517		6,909,289	(6,759,328)	12,203,477
Investments in non-consolidated entities	12,625	-	-	(0)	12,625
Other investments	8,690	-	-	(717)	7,973
Advance on investment	-	-	-	-	-
Investments	**12,074,832**	**-**	**6,909,289**	**(6,760,045)**	**12,224,076**
Loans and advances to subsidiaries and associates	157,511	126,470	-	(120,600)	163,380
Loans	20	-	-	-	20
Guarantee deposits	2,227	122	-	(132)	2,217
Liquidity agreement	-	5,005	-	-	5,005
Treasury shares	2,928	1,836	-	-	4,764
TOTAL	**12,237,518**	**133,433**	**6,909,289**	**(6,880,777)**	**12,399,462**

- Investments in consolidated entities: transfer of Austin Nichols and Comrie Ltd shares to Lina 6.
- Treasury shares: shares arising from the cancellation of existing stock option plans (71,697 shares).
- On 24 May 2012, Pernod Ricard SA put in place a 12-month liquidity agreement, effective from 1 June 2012, through Rothschild & Cie Banque. The agreement is tacitly renewable for subsequent periods of 12 months and complies with the AMAFI Code of Conduct, which was approved by the AMF in its decision of 24 March 2011.

  The sum of €5.0 million was allocated to the implementation of the liquidity agreement (no securities).

In accordance with article L. 225-210 of the French Commercial Code, Pernod Ricard SA 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 million	At 01.07.2011	Allowances	Reversals	At 30.06.2012
Investments in consolidated entities	(112,211)	(115,848)	112,096	(115,963)
Investments in non-consolidated entities	(5,350)	(5,496)	5,331	(5,515)
Other investments	(7,354)	-	0	(7,354)
Advance on investment	-	-	-	-
Investments	**(124,915)**	(121,343)	**117,427**	**(128,831)**
Treasury shares	-	-	-	-
TOTAL	**(124,915)**	**(121,343)**	**117,427**	**(128,831)**

NOTE 4 Maturity of receivables and payables

1. Trade receivables

In euro million	Gross amount	Due in one year or less	Due in more than one year
Loans and advances to subsidiaries and associates	163,380	98,048	65,332
Loans	20	-	20
Other financial assets	11,986	9,769	2,217
Receivables and other financial assets	**175,386**	**107,817**	**67,570**
Current assets other than marketable securities and cash	2,161,805	92,724	2,069,081
Prepaid expenses	40,433	40,433	-
TOTAL	**2,377,624**	**240,973**	**2,136,651**

2. Liabilities

In euro million	Gross amount	Due in one year or less	Due in one to five years	Due in more than five years
Bonds	7,827,435	146,379	2,709,651	4,971,406
Bank debt	439,147	11,148	277,998	150,000
Other debt	741,245	385	740,860	-
Trade payables	45,934	45,934	-	-
Taxes and social security	25,230	25,230	-	-
Amounts due on non-current assets and trade payables	1,380	1,380	-	-
Other payables	455,285	191,537	263,748	-
Deferred income	47,195	35,428	11,579	188
TOTAL	**9,582,850**	**457,420**	**4,003,836**	**5,121,594**

NOTE 5 Marketable securities

In euro million or in quantities	At 01.07.2011		Acquisitions		Capital transaction		Reclassification(1)		Exercises/Disposals		At 30.06.2012	
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
Pernod Ricard shares												
■ Gross value	2,060,702	136,255	489,000	38,796	-	-	(28,079)	(1,836)	(147,429)	(8,356)	2,374,194	164,859
■ Impairment	-	(905)	-	-	-	-	-	-	-	905	-	-
NET VALUE	**2,060,702**	**135,350**	**489,000**	**38,796**	**-**	**-**	**(28,079)**	**(1,836)**	**(147,429)**	**(7,451)**	**2,374,194**	**164,859**

(1) The reclassification corresponds to shares arising from the cancellation of existing stock option plans

NOTE 6 Prepaid expenses and deferred charges

In euro million	At 01.07.2011	Increases	Decreases	At 30.06.2012
Prepaid expenses(1)	32,449	24,686	(16,702)	40,433
Bond redemption premiums(2)	14,514	15,020	(2,461)	27,073
Currency translation adjustment – Asset(3)	34,525	245,309	(34,525)	245,309
TOTAL	**81,487**	285,015	**(53,688)**	**312,815**

(1) The rise in Prepaid expenses is mainly due to the implementation of a new repurchase agreement on 12 March 2012

(2) The increase in Bond redemption premiums is linked to the bond issues of USD 1,500.0 million on 20 October 2011 and USD 2,500.0 million on 5 January 2012. Bond redemption premiums are amortised over the life of the bonds concerned

(3) The €245.3 million asset arising from translation adjustments at 30 June 2012 is mainly due to the restatement of assets and liabilities at the closing euro/US dollar exchange rate on 30 June 2012

NOTE 7 Composition of share capital

At 30 June 2012, the share capital comprised 265,310,605 shares with a par value of €1.55 per share. Total share capital thus amounted to €411,231,437.75.

NOTE 8 Shareholders' equity

In euro million	At 01.07.2011	Appropriation of profit	Change in share capital/Other	Distribution of dividends	2012 profit	At 30.06.2012
Capital[(1)]	410,319	-	913	-	-	411,231
Share premiums	3,021,041	-	15,007	-	-	3,036,047
Legal reserve	40,956	76	-	-	-	41,032
Regulated reserves	179,559	-	-	-	-	179,559
Other reserves	195,013	-	-	-	-	195,013
Retained earnings	1,063,309	238,483	-	(378,185)	-	923,608
Profit for the financial year	238,559	(238,559)	-	-	51,415	51,415
Interim dividends to be paid[(2)]	-	-	-	(191,024)	-	(191,024)
Interim dividends for financial year N-1	(177,364)	-	-	177,364	-	-
TOTAL	**4,971,392**	**-**	**15,919**	(391,845)	**51,415**	**4,646,881**

(1) The increase in Capital relates to the exercise of stock options

(2) At its meeting of 27 June 2012 the Board decided to pay an interim dividend of €0.72 per share in respect of 2011/2012, equivalent to a total dividend payment of €191,024 thousand. The interim dividend was paid on 5 July 2012

NOTE 9 Provisions

In euro million	At 01.07.2011	Increases in the year	Reversals on use	Reversals of unused provisions	At 30.06.2012
Provisions for contingencies and charges					
Provision for currency losses	3,966	26,555	(3,966)	-	26,555
Other provisions for risks and contingencies	255,503	149,558	(34,049)	(76,394)	294,618
Provisions for pensions and other long-term employee benefits	42,469	6,261	(5,024)	(94)	43,612
TOTAL 1	**301,938**	182,373	**(43,038)**	**(76,488)**	**364,785**
Provisions for depreciation and amortisation					
On financial assets	124,915	121,343		(117,427)	128,831
On other receivables	2,665	351	-	-	3,016
On marketable securities	905	-	-	(905)	-
TOTAL 2	**128,485**	121,694	**-**	**(118,332)**	**131,847**
OVERALL TOTAL	**430,424**	304,067	**(43,038)**	**(194,821)**	**496,632**

Provisions for contingencies and charges

The €26.6 million provision for currency losses at 30 June 2012 mainly consists of the unrealised currency loss for unhedged US dollar receivables.

Other provisions for risks and contingencies correspond to:

- provisions for risks attached to:
  - stock options (€16.1 million) relating to the Plans of June 2010 and 2011 (maturing in June 2014 and 2015 respectively),
  - free shares (€117.8 million) relating to the Plans of June 2010, June 2011 and June 2012 (maturing in June 2013, 2014, 2015 and 2016 respectively),
  - stock options (€4.7 million) relating to the Plans of June 2011 and June 2012 (maturing in June 2015),
  - capital losses on shares repurchased (€15.2 million) relating to the Plans of June 2008 (maturing in June 2014);
- other provisions (€8.9 million);
- provisions for contingencies and charges relating to tax consolidation (€132.0 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 2012, the total amount of benefit obligations was €92.4 million. Provisions of €43.6 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 2012 was 2%, and the discount rate used was 3.75% for retirement bonuses and medical expenses and 3.50% for supplementary pensions.

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 million	Amount concerning			
Item	Subsidiaries and associates 30.06.2011	Other invested entities 30.06.2011	Subsidiaries and associates 30.06.2012	Other invested entities 30.06.2012
Investments	**12,056,727**	**18,105**	**12,206,688**	**17,388**
Loans and advances to subsidiaries and associates	**157,511**	**-**	**163,380**	**-**
Due in one year or less	115,567	-	98,048	-
Due in more than one year	41,944	-	65,332	-
Trade receivables	**28,573**	**-**	**36,011**	**-**
Due in one year or less	28,573	-	36,011	-
Due in more than one year	-	-		-
Other receivables	**1,609,517**	**-**	**2,094,475**	**-**
Due in one year or less	32,075	-	42,945	-
Due in more than one year	1,577,442	-	2,051,531	-
Other debt	**1,696,837**	**-**	**741,245**	**-**
Due in one year or less	3,357	-	385	-
Due in more than one year and less than five years	1,693,480	-	740,860	-
Trade payables	**5,252**	**-**	**-**	**-**
Due in one year or less	5,252	-	-	-
Due in more than one year and less than five years	-	-	-	-
Other payables	**1,278,331**	**-**	**257,378**	**-**
Due in one year or less	611	-	513	-
Due in more than one year and less than five years	1,277,720	-	256,865	-
Expenses from recurring operations	**25,414**	**-**	**26,889**	**-**
Group seconded personnel	13,904	-	14,977	-
Other Group management expenses	11,510	-	11,913	-
Operating income	**69,049**	**-**	**79,108**	**-**
Group royalties	36,517	-	35,967	-
Group management income	675	-	2	-
Transfer of Group expenses	31,857	-	43,139	-
Financial expenses	**194,379**	**-**	**161,953**	**-**
Financial income	**781,090**	**510**	**824,930**	**110**
Exceptional items	**36,893**	**-**	**20,240**	**-**

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 million	At 01.07.2011	Increases	Decreases	At 30.06.2012
Deferred income(1)	57,284	-	(10,089)	47,195
Currency translation adjustment – Liabilities(2)	159,189	573,139	(159,189)	573,139
TOTAL	**216,473**	**573,139**	**(169,278)**	**620,335**

(1) The rise in Deferred income is mainly due to the implementation of a new repurchase agreement on 12 March 2012

(2) The €573.1 million liability arising from translation adjustments at 30 June 2012 is mainly due to the restatement of assets and liabilities at the closing euro/US dollar exchange rate on 30 June 2012

NOTE 12 Accrued income and expenses

Accrued income

In euro million	Amount
Amount of accrued income in the following balance sheet items	
Loans and advances to subsidiaries and associates	124,381
Trade receivables	735
Other receivables	4,077
Cash	214,617
TOTAL	**343,811**

Accrued expenses

In euro million	Amount
Amount of accrued expenses in the following balance sheet items	
Bank debt	157,839
Trade payables	26,520
Taxes and social security	22,114
Other payables	513
TOTAL	**206,986**

NOTE 13 Bonds

In euro million	Amount in thousands of US dollars	Amount in thousands of euro	Maturity Date	Accrued interest	Rate	Total
Bond of 06.12.2006 – Tranche 2		550,000	06.12.2013	14,456	Fixed	564,456
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	16,829	Fixed	1,216,829
Bond of 15.03.2011		1,000,000	15.03.2017	14,795	Fixed	1,014,795
USD PANDIOS bond of 21.12.2010	201,000	159,651	21.12.2015	106	Variable	159,757
USD bond of 07.04.2011	1,000,000	794,281	07.04.2021	10,607	Fixed	804,888
USD bond of 20.10.2011	1,500,000	1,191,422	15.01.2022	24,470	Fixed	1,215,892
USD bond of 05.01.2012	850,000	675,139	15.01.2017	9,358	Fixed	684,497
USD bond of 05.01.2012	800,000	635,425	15.07.2022	12,689	Fixed	648,114
USD bond of 05.01.2012	850,000	675,139	15.01.2042	17,447	Fixed	692,586
TOTAL		**7,681,056**		**146,379**		**7,827,435**

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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 at 20 June 2012 of one year 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 bonds for a total amount of €800 million, with the following characteristics: remaining period to maturity at 30 June 2012 of 2 years and 6 months (maturity date: 15 January 2015) and bearing fixed-rate interest of 7%.

On 18 March 2010, Pernod Ricard SA issued bonds for a total amount of €1,200.0 million, with the following characteristics: remaining period to maturity at 30 June 2012 of 3 years and 9 months (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. The bonds have the following characteristics: remaining period to maturity at 30 June 2012 of 3 years and 6 months (maturity date: 21 December 2015) and bearing variable-rate interest.

On 15 March 2011, Pernod Ricard SA issued bonds for a total amount of €1.0 billion, with the following characteristics: remaining period to maturity at 30 June 2012 of 4 years and 9 months (maturity date: 15 March 2017) and bearing fixed-rate interest of 5%.

On 7 April 2011, Pernod Ricard SA carried out a USD 1.0 billion bond issue. The bonds have the following characteristics: remaining period to maturity at 30 June 2012 of 8 years and 9 months (maturity date: 7 April 2021) and bearing fixed-rate interest of 5.75%.

On 20 October 2011, Pernod Ricard SA carried out a USD 1.5 billion bond issue. The bonds have the following characteristics: remaining period to maturity at 30 June 2012 of 9 years and 6 months (maturity date: 15 January 2022) and bearing fixed-rate interest of 4.45%.

On 5 January 2012, Pernod Ricard SA carried out a USD 2.5 billion bond issue. This bond issue has three tranches with the following characteristics:

- USD 850.0 million with remaining period to maturity at 30 June 2012 of 4 years and 6 months (maturity date: 15 January 2017) and bearing fixed-rate interest of 2.95%;
- USD 800.0 million with remaining period to maturity at 30 June 2012 of 10 years (maturity date: 15 July 2022) and bearing fixed-rate interest of 4.25%;
- USD 850.0 million with remaining period to maturity at 30 June 2012 of 29 years and 6 months (maturity date: 15 January 2042) and bearing fixed-rate interest of 5.5%.

NOTE 14 Bank debt

Syndicated loan

On 25 April 2012, Pernod Ricard SA finalised a new, revolving five-year multicurrency loan agreement for €2.5 billion. The new agreement enabled Vin & Spirit's syndicated loan to be refinanced in full.

At 30 June 2012, it had drawn down from this credit facility USD 350.0 million, equivalent to €278.0 million. The credit facilities, whether revolving or fixed maturity, denominated in euro, US 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.

The debt recognised in the financial statements of Pernod Ricard SA relating to the syndicated loan amounts to €278.0 million (including accrued interest of €0.03 million). In addition, loans totalling €741.2 million (including €0.4 million of accrued interest), contracted in June 2010 and June 2012, are due to Pernod Ricard Finance.

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NOTE 15 Breakdown of income tax

In euro million	Total	Profit before tax and exceptional items	Exceptional items
Net profit/loss before income tax	(101,082)	(80,232)	(20,850)
Income tax prior to consolidation	-	-	-
Net impact of tax consolidation	152,497	-	-
PROFIT AFTER TAX	**51,415**	**(80,232)**	**(20,850)**

Within the framework of the tax consolidation, the tax loss carryforwards of the Pernod Ricard tax group amount to €(951,409,000), an increase of €19,072,000 over the financial year.

NOTE 16 Increases and decreases in future tax liabilities

Type of temporary differences

In euro million	Amount of tax
INCREASES	**NONE**
"Organic" local tax and other	143
Other provisions for risks and contingencies	16,235
Provisions for pensions and other long-term employee benefits	15,016
DECREASES IN FUTURE TAX LIABILITIES	**31,393**

The tax rate used is the rate in force in 2012, i.e. 34.43%.

NOTE 17 Remuneration

Remuneration paid to Executive Directors and members of the Board of Directors amounted to €4,314,900.

NOTE 18 Income

Operating income was €84,865,000 compared to €75,583,000 in 2011, and mainly comprised royalties of €35,989,000 and rebilling of overheads to the Group's subsidiaries of €43,758,000.

NOTE 19 Financial income and expenses

In euro million	Amount at 30.06.2012
Income from investments	636,478
Income from other fixed asset securities and receivables	-
Other interest and related income	270,420
Reversals of financial provisions and expense transfers	123,616
Translation gains	104,198
Net gains on sale of marketable securities	-
TOTAL FINANCIAL INCOME	**1,134,711**

In euro million	Amount at 30.06.2012
Depreciation, amortisation and provision charges	(164,812)
Interest and related expenses	(642,693)
Translation losses	(311,843)
Net expenses on marketable security disposals	-
TOTAL FINANCIAL EXPENSES	**(1,119,348)**

NOTE 20 Exceptional items

In euro million	Amount at 30.06.2012
Net profit on management operations	(46,876)
Net profit on capital operations	(0)
Charges and reversals of financial provisions and expense transfers	26,026
EXCEPTIONAL ITEMS	**(20,850)**

Exceptional items of €(20,850,000) were mainly due to expenses relating to the bond issues and refinancing of the syndicated loan.

NOTE 21 Off-balance sheet commitments

Guarantees granted

Commitments granted

In euro million	Amount
Guarantees on behalf of subsidiaries	1,076,668
Guarantees granted to holders of Allied Domecq Financial Services Ltd bonds	309,866
Rent	32,540
TOTAL	**1,419,074**

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 2012 amounted to €723.1 million;
- bonds and commercial paper.

Derivative instruments

Hedging for Pernod Ricard SA	Nominal value in thousands of USD	Fair value at 30.06.2012 *(in thousands of euro)*	Nominal value *(in thousands of euro)*	Fair value at 30.06.2012 *(in thousands of euro)*
Collars	-	-	750,000	(25,941)
Interest rate swaps	300,000	(17,472)	(1,100,000)	(32,852)
Currency swaps	2,936,096	222,624	-	-
TOTAL	**3,236,096**	**205,152**	**(350,000)**	**(58,793)**

Interest rate swaps hedge Pernod Ricard SA's external or internal debts that bear floating-rate interest. At 30 June 2012 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 2013	90,000
Interest rate swap	April 2014	(350,000)
Interest rate swap	April 2018	(350,000)
Interest rate swap	July 2022	(600,000)

The fair value of financial instruments hedging US dollars denominated floating-rate debt at 30 June 2012 was €(17,472,000).

EUR interest rate hedge	Maturity	Net base (*in thousands of euro*)
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 2013	250,000
Interest rate swap	June 2013	(500,000)
Interest rate swap	June 2014	(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 2012 was €(58,793,000).

Currency hedge	Base (*in thousands of US dollars*)
Currency swap	1,000,000
Currency swap	1,500,000
Currency swap	475,000
Currency swap	(38,904)
Financial assets	2,317,811
Financial liabilities	(5,334,277)
TOTAL	**(80,369)**

Payables and receivables denominated in foreign currencies are hedged by currency swaps. The Company had a residual US dollar position of US$(80,369,000) at 30 June 2012.

The fair value of currency swaps at year end was €(222,624,000).

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 2011/2012 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 SA 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 SA 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 SA 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 2011 calendar year is 7,860 hours, including 7,813 hours for which no request had been made.

NOTE 22 Average headcount at 30 June 2012

	Employees	Temporary employees (for all reasons)
Managers	149	-
Supervisors and technicians	40	-
Employees	9	8
AVERAGE HEADCOUNT	**198**	**8**
Apprentice contracts	5	-

NOTE 23 Subsidiaries and associates at 30 June 2012

In euro million	Share capital	Shareholders' equity before appropriation of results for year	Interest in entity's share capital *(in %)*	Carrying amount of investment Gross	Carrying amount of investment Net	Loans	Guarantees	Net sales excluding taxes and duties	Net profit	Dividends received
Investments whose carrying amount exceeds 1% of Pernod Ricard SA's share capital										
AGROS(1) Ul. Chalubinskiego 8 00-613 Warsaw (Poland)	5,158	83,752	63	73,189	21,909	-	-	1,056	(1,098)	-
Campbell(2) 111/113 Renfrew Road Paisley, PA3 4DY (Scotland)	8,837	30,410	100	40,538	40,538	-	-	-	-	-
Compagnie Financière des Produits Orangina 12, place des États-Unis 75116 Paris (France)	10,000	10,997	100	39,601	10,996	-	-	-	17	-
Geo G. Sandeman Sons & Co Ltd 400 Capability Green Luton Beds LU1 3AE (England)	2	269	30	9,180	5,900	-	-	1,512	267	80
Pernod 120, avenue du Maréchal-Foch 94015 Créteil (France)	40,000	140,744	100	94,941	94,941	-	-	437,145	19,904	20,821
Pernod Ricard Asia 2, rue de Solférino 75007 Paris (France)	4,512	195,852	100	42,457	42,457	-	-	-	147,750	89,000
Pernod Ricard Cesam 2, rue de Solférino 75007 Paris (France)	52,198	90,332	100	131,040	131,040	-	-	-	23,966	-
Pernod Ricard Europe 2, rue de Solférino 75340 Paris cedex 07 (France)	40,000	519,447	100	36,406	36,406	-	-	97,534	56,594	199,999
Pernod Ricard North America 2, rue de Solférino 75007 Paris (France)	39,398	27,031	100	126,735	126,735	-	-	-	(2,477)	-
Pernod Ricard Finance 12, place des États-Unis 75116 Paris (France)	232,000	161,904	100	238,681	238,681	-	119,793	-	(106,466)	-
Pernod Ricard Pacific Holdings 33 Exeter Terrace Devon Park SA 5008 (Australia)	154,205	165,140	100	151,789	151,789	-	-	-	-	-
Polairen Trading Ltd(3) 25-28 North Wall Quay – IFSC 1 Dublin (Ireland)	13	4,046	100	15,568	4,297	-	-	-	(4)	-
Polairen Trading Ltd(4) 25-28 North Wall Quay – IFSC 1 Dublin (Ireland)	13	4,051	100	15,568	4,297	-	-	-	(2)	-
Ricard 4 and 6, rue Berthelot 13014 Marseille, France	54,000	148,668	100	67,227	67,227	-	-	541,775	58,167	72,257
Sankaty Trading Ltd(5) 25-28 North Wall Quay – IFSC 1 Dublin (Ireland)	13	4,047	100	15,568	4,297	-	-	-	(4)	-
SAS Lina 3 12, place des États-Unis 75116 Paris (France)	838,810	3,725,920	100	3,881,834	3,881,834	-	-	-	963,564	-

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In euro million	Share capital	Shareholders' equity before appropriation of results for year	Interest in entity's share capital *(in %)*	Carrying amount of investment		Loans	Guarantees	Net sales excluding taxes and duties	Net profit	Dividends received
				Gross	Net					
SAS Lina 5 12, place des États-Unis 75116 Paris (France)	30,640	269,652	100	30,631	30,631	-	-	-	236,043	98,048
SAS Lina 6 12, place des États-Unis 75116 Paris (France)	4,164,000	7,043,542	100	7,064,355	7,064,355	-	-		49,242	
SAS Lina 11 12 place des États-Unis 75116 Paris (France)	50,000	94,654	100	96,600	96,600	-	-	-	(17)	-
Yerevan Brandy Company 2, Admiral Isakov Avenue Yerevan 375092 (Republic of Armenia)	20	118	100	27,856	27,856	-	-	37	10	-
TOTAL 1				**12,199,763**	**12,082,786**					**480,205**
Subsidiaries:										
French	-	-	-	5,421	1,518	-	-	-	-	74,640
Foreign	-	-	-	10,684	10,106	46,186	-	-	-	81,603
Associates:										
French	-	-	-	215	215	-	-	-	-	29
Foreign	-	-	-	7,992	619	-	-	-	-	
TOTAL 2	**-**	**-**	**-**	**24,312**	**12,458**	**-**	**-**	**-**	**-**	**156,273**
TOTAL 1 + 2	**-**	**-**	**-**	**12,224,076**	**12,095,244**	**-**	**-**	**-**	**-**	**636,478**

(1) Information from the Agros financial statements at 30 June 2011
(2) Information from Campbell's financial statements at 30 June 2011
(3) Information from the Polairen financial statements at 30 June 2011
(4) Information from the Populous financial statements at 30 June 2011
(5) Information from the Santaky financial statements at 30 June 2011

Earnings over the last five financial years

In euro	30.06.2008	30.06.2009	30.06.2010	30.06.2011	30.06.2012
Financial position at year end					
Share capital	340,508,610	400,892,831	409,560,085	410,318,795	411,231,438
Number of shares outstanding	219,682,974	258,640,536	264,232,313	264,721,803	265,310,605
Number of convertible bonds in issue	-	-	-	-	-
Number of bonus shares granted on 16 January 2007 (dividend rights from 1 July 2006)	-	-	-	-	-
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	994,247
Profit before tax, amortisation, depreciation and allowances to provisions	604,105,487	246,964,704	(13,227,907)	219,167,315	(29,548,724)
Corporate income tax	(16,011)	121,507,245	74,090,535	153,278,897	152,497,031
Profit after taxes, amortisation, depreciation and allowances to provisions	925,580,853	306,554,754	89,124,864	238,559,275	51,414,891
Dividends distributed[(1)]	289,981,526	129,320,268	354,071,299	378,185,009	-
Earnings per share					
Profit after taxes, but before amortisation, depreciation and allowances to provisions	2.75	1.42	0.23	1.41	0.46
Profit after taxes, amortisation, depreciation and allowances to provisions	4.21	1.19	0.34	0.90	0.19
Dividend per share	1.32	0.50	1.34	1.43	-
Personnel					
Number of employees	144	152	147	164	198
Total payroll	21,087,707	19,641,524	22,172,089	26,922,176	30,118,294
Employee related benefits paid during the year	12,449,559	14,091,743	14,765,751	17,444,761	20,388,936

(1) The amount of dividends for 2012 will be known with certainty after the Shareholders' Meeting of 9 November 2012. (Dividends relating to the financial year from 1 July 2011 to 30 June 2012.)

Dividends distributed over the last five years

In euro Year	Payment date	Amount	Total dividend for the year
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	0.67	-
	17.11.2011	0.77	1.44
2011/2012	04.07.2012[1]	0.72	-

(1) An interim dividend in respect of 2011/2012 was paid on 5 July 2012. The balance will be decided by the Shareholders' Meeting of 9 November 2012 called to approve the financial statements for the year ended 30 June 2012.

Inventory of marketable securities at 30 June 2012

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	10,996,476
Lina 3	55,920,652	3,881,834,308
Lina 5	306,400	30,630,500
Lina 6	16,656	7,064,355,109
Lina 7	401	299,550
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	999,995	36,406,022
Pernod Ricard Finance	29,000,000	238,680,987
Pernod Ricard North America	4,377,500	126,734,557
Ricard	1,750,000	67,227,093
Sopebsa	232,000	221,769
SUB-TOTAL	**98,367,564**	**11,822,423,590**
Other shareholdings in French companies	4,993	2,463
Investments in unlisted foreign companies	-	272,818,017
TOTAL MARKETABLE SECURITIES AT 30.06.2012	**98,372,557**	**12,095,244,070**

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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 2012, 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 2012, 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, 11 September 2012

The Statutory Auditors

Mazars

Isabelle Sapet Loïc Wallaert

Deloitte & Associés

Marc de Villartay

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for English speaking readers. 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

Shareholders' Meeting held to approve the financial statements for the financial year ended 30 June 2012

To the Shareholders,

As your Company's Statutory Auditors, we hereby present our report on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de Commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements and commitments submitted to the approval of the Shareholders' Meeting

1. Agreements and commitments authorised during the financial year

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the following agreements and commitments previously authorised by your Board of Directors.

1.1 US dollar-denominated bond issue – Board of Directors meeting, 19 October 2011

In connection with the 20 October 2011 USD 1,500 million bond issue, in the form of a private placement with institutional investors and subject to the laws of the State of New York (United States), entirely subscribed, the Board of Directors authorised the signing of a Subscription Agreement, an Expenses Side Letter and a Fiscal Agency Agreement in case Deutsche Bank would be designated as the lead arranger or agent.

Accordingly, Deutsche Bank signed a Fiscal Agency Agreement.

Company officer involved:

- Mr. Wolfgang Colberg, member of the Deutsche Bank AG Regional Board.

1.2 Signing of a FBF master agreement – Board of Directors meeting, 19 October 2011

The Board of Directors authorised the signing of a FBF master agreement with Pernod Ricard Finance which will regulate all the operations on derivative financial instruments.

It is specified that this agreement encompasses henceforth all of the operations on derivative financial instruments realised between the Company and Pernod Ricard and more particularly, those implemented in the frame of the debt reduction plan of Austin, Nichols & Co, Inc. in the frame of the reimbursement of the 2009 Allied Domecq bonds and of the swap agreement managing the issue of the Company's exchange rate risks.

On 30 June 2012, the on-going exchange operations under this agreement amount, for the foreign exchange swaps, to USD 436,096,441 (for an exchange value of €346,383,193.80) and for the cross-currency swaps, to USD 1,500,000,000 (for an exchange value of €1,191,421,763.30). In addition, in the frame of this agreement, an interest-rate swap of USD 600,000,000 has been set up on 20 June 2012 and ending the 15 July 2022.

Company officers involved:

- Mr. Patrick Ricard, also Director of Pernod Ricard Finance;
- Mr. Pierre Pringuet, also Chairman of the Pernod Ricard Finance Board of Directors.

1.3 US dollar-denominated bond issue – Board of Directors meeting, 23 December 2011

In connection with the 5 January 2012 USD 2,500 million bond issue, in the form of a private placement with institutional investors and subject to the laws of the State of New York (United States), entirely subscribed, the Board of Directors more particularly authorised the signing of a Subscription Agreement, an Expenses Side Letter and a Fiscal Agency Agreement in case Deutsche Bank would be designated as the lead arranger or agent.

Accordingly, Deutsche Bank signed a Fiscal Agency Agreement for each layer of the bond issue.

Company officer involved:

- Mr. Wolfgang Colberg, member of the Deutsche Bank AG Regional Board.

1.4 Euro-denominated bond issue – Board of Directors meeting, 23 December 2011

The Board of Directors authorised the Company to issue one or several loans organised in one or several layers for a nominal total amount of €1,500 million, represented by Euro-denominated Company bonds and possibly admitted for trading up on a market, regulated or not.

In such frame, the Board of Directors more particularly authorised the signing of a Subscription Agreement, an Expenses Side Letter and a Fiscal Agency Agreement accordingly to the forms and conditions of the regulated agreements and commitments in case Deutsche Bank would be designated as the lead arranger or agent.

It is specified that this authorisation has not been used by the Board of Directors.

Company officer involved:

- Mr. Wolfgang Colberg, member of the Deutsche Bank AG Regional Board.

1.5 Contribution to LINA 6 of the ANCO and COMRIE shares – Board of Directors meeting, 18 January 2012

Pernod Ricard SA owns directly 57.9% of the ordinary shares and 100% of the preferred shares issued by Austin, Nichols & Co., Inc. (ANCO). Considering the nature of the assets owned directly or indirectly by ANCO (Absolut, Malibu, Kalhua and the PR USA shares), the accounting value of this interest is reduced in case of depreciation of the US dollar and, to a lesser extent, of appreciation of the Swedish Krona. To cover this risk and to protect the equity of the Company, the Board of Directors authorised the contribution by the Company to LINA 6 of all the shares held in Austin Nichols & Co., Inc. (ANCO) and in COMRIE, company in which remains a significant long-term capital gain reserve.

The terms and conditions of this contribution in kind has been determined in a contribution agreement signed on 10 February 2012 and supported by the report of the appraisal auditors appointed by the President of the Paris commercial court. In consideration for this contribution in kind, the Company was granted shares issued at that occasion by LINA 6.

Company officer involved:

- Mr. Pierre Pringuet, also President of LINA 6.

1.6 Renewal of the syndicated loan – Board of Directors meeting, 25 April 2012

The Board of Directors authorised the signing of a loan agreement in English entitled "*€2,500,000,000 Multicurrency Revolving Facility Agreement*" with, amongst others, BNP Paribas, J.P. Morgan Ltd as Mandated Lead Arrangers and Book runners, BNP Paribas and J.P. Morgan Chase Bank N.A. as Original Lenders, under which the lenders would make available to the Company, to Pernod Ricard Finance SA and to the other companies of the Group party to the agreement, a revolving line of credit of a maximum amount in principal of €2,500,000,000.

The Company committed to guarantee, as collateral security, under certain conditions, the respect of the payment obligations of the other borrowing companies of the group.

The loan agreement has been signed on 25 April 2012 and the credit drawn within this agreement amounts to €600 million and USD 505 million on 30 June 2012.

The financial expenses incurred by Pernod Ricard in respect of the loan agreement over the financial year ended 30 June 2012 amount to €376,374.75.

In the frame of the guarantee granted by Pernod Ricard to some of its subsidiaries in respect of the loan agreement, Pernod Ricard bills to the companies using their drawing rights a guarantee fee matching the market conditions; this amount being likely to differ regarding to the market conditions.

Thus, in the accounts closed on 30 June 2012, Pernod Ricard billed €226,904.87 to Pernod Ricard Finance.

Company officer involved:

- Mr. Patrick Ricard, also Director of Pernod Ricard Finance;
- Mr. Pierre Pringuet, also Chairman of the Pernod Ricard Finance Board of Directors;
- Mr. Wolfgang Colberg, member of the Deutsche Bank AG Regional Board (the Deutsche Bank being party to the loan contract).

1.7 Recapitalisation of Pernod Ricard Finance – Board of Directors meeting, 27 June 2012

The Board of Directors authorised the granting of a loan to Pernod Ricard Finance for a maximum amount of €150 million in the frame of the recapitalisation of Pernod Ricard Finance for an equivalent amount.

It is specified that the loan agreement has been signed on 28 June 2012 for an amount of €150 million.

The financial expenses incurred by Pernod Ricard in respect of the loan agreement over the financial year ended 30 June 2012 amount to €30,025.00.

Company officers involved:

- Mr. Patrick Ricard, also Director of Pernod Ricard Finance;
- Mr. Pierre Pringuet, also Chairman of the Pernod Ricard Finance Board of Directors.

2. Agreements and commitments authorised since the closing of the financial year

We have been advised of the following agreements and commitments, authorised since the closing, has been authorised by your Board of Directors.

2.1 Appointment and terms of remuneration and benefits package of Mr. Alexandre Ricard, Deputy Chief Executive Officer – Board of Directors meeting, 29 August 2012

Pernod Ricard's Board of Directors, during the meeting dated 29 August 2012, on a proposal from Mr Pierre Pringuet, Chief Executive Officer, and following the recommendation of the Nominations Committee, appointed Mr Alexandre Ricard as Deputy CEO and, on the basis of the recommendation of the Remuneration Committee, authorised the compensation elements and benefits package dedicated to Mr Alexandre Ricard, subject to the condition that his mandate of Deputy CEO is renewed by the Board of Directors meeting which will be held following the close of the Shareholders' Meeting held on 9 November 2012.

In connection with the authorised regulated agreements, the Board of Directors meeting dated 29 August 2012, approved the commitments in favour of Mr Alexandre Ricard, Deputy CEO, in the form of a two-year non-compete clause related to his corporate mandate accompanied by an indemnity of one year's gross remuneration (fixed and variable), and a continued membership of the supplementary defined-benefit pension scheme and the collective healthcare and welfare schemes granted by the Company under the same terms as those that apply to the category of employees he is assimilated to, as far as welfare benefits and other accessory items of his compensation are concerned.

The employment contract signed between Pernod Ricard and Mr Alexandre Ricard is suspended.

Agreements and commitments previously approved by the Shareholders' Meeting

3. Agreements and commitments that remained in force during the financial year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

3.1 Authorisation of a loan granted by Pernod Ricard Finance to Pernod Ricard – Board of Directors meeting, 4 May 2011

To recapitalise Pernod Ricard's French sub-holdings, the Board of Directors authorised the renewal of a loan granted by Pernod Ricard Finance to Pernod Ricard of an amount of €895,350,000. The loan has been integrally reimbursed on 14 November 2011.

The financial expenses incurred by Pernod Ricard in respect of the loan over the financial year ended 30 June 2012 amount to €12,891,448.27.

Company officers involved:

- Mr. Patrick Ricard, also Director of Pernod Ricard Finance;
- Mr. Pierre Pringuet, also Chairman of the Pernod Ricard Finance Board of Directors.

3.2 Recapitalisation of Etablissements Vinicoles Champenois (EVC) by Pernod Ricard – Board of Directors meeting, 19 January 2011

On 19 January 2011, the Board of Directors authorised the signing of a loan granted by Pernod Ricard Finance for a maximum amount of €240 million to enable Pernod Ricard to recapitalise its EVC subsidiary by the same amount. The final loan amount was €207,270,000.

The loan has been integrally reimbursed on 30 November 2011.

The financial expenses incurred by Pernod Ricard in respect of the loan over the financial year ended 30 June 2012 amount to €2,726,216.56.

Company officers involved:

- Mr. Patrick Ricard, also a Director of Pernod Ricard Finance;
- Mr. Pierre Pringuet, also Chairman of the Pernod Ricard Finance Board of Directors.

3.3 Authorisation of a loan by Pernod Ricard to Havana Club Holding (HCH) in connection with HCH's restructuring – Board of Directors meeting, 20 October 2010

In connection with the financial restructuring of HCH, in a meeting dated 20 October 2010, the Board of Directors authorised Pernod Ricard to grant HCH a loan for a maximum amount from USD 50 million to USD 60 million. A loan of the same amount would also be granted by Cuban partners to HCH.

It is specified that the final loan amount was USD 53,839,374.

The amounts invoiced by Pernod Ricard to HCH in respect of the loan over the financial year ended 30 June 2012 amount to USD 7,675,000.29 (equivalent to €5,734,030.85).

Company officer involved:

- Mr. Pierre Pringuet, also a Director of Havana Club Holding.

3.4 Authorisation of a loan granted by Pernod Ricard Finance to Pernod Ricard

In connection with the recapitalisation of its Lina 3 subsidiary, Pernod Ricard borrowed € 590.9 million from Pernod Ricard Finance.

The financial expenses incurred by Pernod Ricard in respect of this loan over the financial year ended 30 June 2012 amount to €18,067,408.26.

Company officers involved:

- Mr. Patrick Ricard, also a Director of Pernod Ricard Finance;
- Mr. Pierre Pringuet, also Chairman of the Pernod Ricard Finance Board of Directors.

3.5 Rebilling of acquisition costs of Vin & Spirit ("V&S")

In connection with the acquisition of V&S and the additional work on subsequent restructuring, Pernod Ricard was required to pay both acquisition and financing costs.

Pursuant to the French tax and legal regulations in force, Pernod Ricard was only liable for those expenses incurred in its own interest and rebilled the remaining costs incurred to the entities benefiting from the corresponding services.

Over the financial year ended 30 June 2012, Pernod Ricard recorded a total amount of expenses of €171,668 and rebilled, at this date, €171,668 to its subsidiaries.

3.6 Multicurrency Facilities Agreement in connection with the financing of the V&S Vin & Sprit Aktiebolag acquisition

In connection with the acquisition of V&S by the Group and the refinancing of a portion of the debt of said company and of the Group, Pernod Ricard and some of its subsidiaries signed a Multicurrency Facilities Agreement.

Under this agreement, Pernod Ricard also agreed to jointly and severally guarantee any payment obligations incurred by the other borrowers under the agreement, as they are renewed or extended.

The terms of the Multicurrency Facilities Agreement provided several series of reimbursement. The last related payment was made on 25 April 2012. The complete reimbursement of these series ended this Multicurrency Facilities Agreement.

The financial expenses incurred by Pernod Ricard in respect of the Multicurrency Facilities Agreement over the financial year ended 30 June 2012 amount to €7,061,885.33.

Under this agreement, Pernod Ricard also agreed to jointly and severally guarantee any payment obligations incurred by the other borrowers under the agreement, as they are renewed or extended. In this respect, Pernod Ricard bills to the companies using their drawing rights a guarantee fee matching the market conditions; this amount being likely to differ regarding to the market conditions.

So, over the financial year ended 30 June 2012, Pernod Ricard billed €3,564,846.68 to Pernod Ricard Finance.

3.7 Remuneration and benefits package for Mr. Pierre Pringuet, Chief Executive Officer

As part of the review, in accordance with AFEP-MEDEF corporate governance recommendations, of the remuneration package enjoyed by Mr Pierre Pringuet, CEO, it is recalled that the Board of Directors authorised, on 12 February 2009, in the event of the termination of his office, the introduction of a two-year non-compete clause accompanied by an indemnity of one year's gross remuneration (fixed and variable earned over the twelve months preceding the termination of the corporate office).

In addition, Mr Pierre Pringuet's continued membership in the supplementary defined-benefit pension scheme on the same terms as those applying to the members of the Group's Management, as set up within Pernod Ricard since 1990, was also authorised.

This supplementary defined-benefit pension scheme is granted to members of the Group's Management satisfying a certain number of conditions mainly connected with length of service and remuneration levels who finish their career at Pernod Ricard.

This scheme provides, under certain circumstances, for the payment of a life annuity to the retired beneficiary and payment of a reversionary annuity to the spouse and/or ex-spouse in the event of the beneficiary's death, calculated on the basis of the following factors:

(i) the beneficiary must have a minimum length of service of 10 years in the Group;

(ii) the basis for calculating the annuity is the average of the beneficiary's final 3 years' remuneration (gross + variable);

(iii) annuities paid are proportional to the length of service, capped at 20 years;

(iv) the amount of the supplementary annuity is calculated by applying the following coefficients to the above calculation basis (see (ii) above):

- for the portion of the remuneration between 8 and 12 times the French social security cap, the coefficient is equal to 2% multiplied by the number of years of service (capped at 20 years, i.e. 40%),
- for the portion of the remuneration between 12 and 16 times the French social security cap, the coefficient is equal to 1.5% per year of service (capped at 20 years, i.e. 30%), and finally,
- for the portion of the remuneration exceeding 16 times the French social security cap, the coefficient is equal to 1% per year of service (capped at 20 years, i.e. 20%).

The supplementary annuity is equal to the sum of the three amounts above;

(v) the annuity paid under this plan, added to those of other pensions, cannot exceed two thirds of the basic gross annual remuneration of the beneficiary.

In addition to these conditions, it should be recalled that the CEO must be working in the Group on the day he retires. By regulation, redundancy after the age of 55, without a resumption of paid work, is deemed equivalent to finishing a career. To the extent that the Board of Directors has a common policy as regards additional elements of remuneration and benefits of Executives, particularly with regard to supplementary pensions, treating them as members of Management of Pernod Ricard and granting them the same benefits as the latter, it was specified that the forced dismissal of an Executive falls into the same category as redundancy, subject to satisfaction of the aforementioned conditions as regards age and non-resumption of professional activities.

3.8 Joint and several guarantee commitments

a) Agreements with Pernod Ricard Finance

Pernod Ricard has granted an irrevocable and unconditional guarantee to holders of Pernod Ricard Finance commercial paper, for which it charges a fee. The sum guaranteed, on 30 June 2012, averaged €143,962,650.

Pernod Ricard billed Pernod Ricard Finance €143,962.65 in fees over the financial year ended 30 June 2012.

b) Agreements with Comrie

Pernod Ricard has provided a guarantee to Société Générale for loan notes for an amount of €54,184 on 30 June 2012.

3.9 Brand agreements

a) Brand licensing agreements

(i) Brand licences granted to Ricard

Pernod Ricard grants Ricard SA brand licences. Pernod Ricard billed Ricard SA €24,535,630 as royalties for these licences over the financial year ended 30 June 2012.

(ii) Brand licences granted to Pernod

Pernod Ricard grants Pernod SA brand licences. Pernod Ricard billed Pernod SA €10,821,273 as royalties for these licences over the financial year ended 30 June 2012.

(iii) Brand licences granted to Cusenier

Pernod Ricard grants Cusenier brand licences. Pernod Ricard billed Cusenier €560,916 as royalties for these licences over the financial year ended 30 June 2012.

b) Operating concession arrangement

Pernod Ricard entered into a concession arrangement with Ricard with respect to the international operating rights relating to the "Dorville" brand in return for the payment of royalties. No royalties were paid under this arrangement over the financial year ended 30 June 2012.

3.10 Advances, loans and borrowings

a) Agreements with Pernod Ricard Finance

Pernod Ricard signed a cash management agreement with Pernod Ricard Finance designed to bring under a single agreement all the pre-existing bilateral cash management agreements between Pernod Ricard Finance and Pernod Ricard Group companies that are not integrated into the automated cash pooling system, to standardise them, and to update and specify the terms and conditions relating to the interest charged on loans under the cash pooling mechanism.

An interest expense of €19,268,940.96 payable to Pernod Ricard Finance was recorded in respect of this agreement over the financial year ended 30 June 2012 along with cash management fees of €3,000.

b) Netting agreement with Pernod Ricard Finance

Pernod Ricard entered into an agreement governing the monthly netting of interco payments, called "Pernod Ricard Netting", with Pernod Ricard Finance. Under this agreement, Pernod Ricard Finance is responsible for managing the relevant cash activities (foreign exchange transactions and banking flows) on behalf of the companies linked to the agreement. All transactions relating to "Pernod Ricard Netting" are carried out in accordance with market conditions.

Pernod Ricard was billed a €5,000 netting management fee under this agreement for the financial year ended 30 June 2012.

Following the examination of the agreement, the Board of Directors meeting held on 29 August 2012 decided to change the qualification of the agreement, qualifying it as a common agreement.

Courbevoie and Neuilly-sur-Seine, 11 September 2012

The Statutory Auditors

Mazars	**Deloitte & Associés**
Isabelle Sapet Loïc Wallaert	Marc de Villartay

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7

COMBINED (ORDINARY AND EXTRAORDINARY) SHAREHOLDERS' MEETING

Agenda of the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 9 November 2012

Items on the agenda presented to the Ordinary Shareholders' Meeting

1. Approval of the Parent Company financial statements for the financial year ended 30 June 2012;
2. Approval of the consolidated financial statements for the financial year ended 30 June 2012;
3. Allocation of the net result for the financial year ended 30 June 2012 and setting of the dividend;
4. Approval of regulated agreements and commitments referred to in article L. 225-38 *et seq.* of the French Commercial Code;
5. Approval of the commitments referred to in article L. 225-42-1 of the French Commercial Code relating to Mr Pierre Pringuet;
6. Approval of the commitments referred to in article L. 225-42-1 of the French Commercial Code relating to Mr Alexandre Ricard;
7. Ratification of the co-option of Ms Martina Gonzalez-Gallarza as a Director;
8. Ratification of the co-option of Mr Alexandre Ricard as a Director;
9. Renewal of the directorship of Mr Alexandre Ricard;
10. Renewal of the directorship of Mr Pierre Pringuet;
11. Renewal of the directorship of Mr Wolfgang Colberg;
12. Renewal of the directorship of Mr César Giron;
13. Renewal of the directorship of Ms Martina Gonzalez-Gallarza;
14. Appointment of Mr Ian Gallienne as a Director;
15. Setting of the annual amount of Directors' fees allocated to the members of the Board of Directors;
16. Authorisation to be granted to the Board of Directors to trade in the Company's shares.

Items on the agenda presented to the Extraordinary Shareholders' Meeting

17. Authorisation to be granted to the Board of Directors to decide on the allocation of performance-based shares to employees and to Executive Directors of the Company and Group companies;
18. Authorisation to be granted to the Board of Directors to allocate options to employees and to Executive Directors of the Company and Group companies for the subscription of shares to be issued or the purchase of existing shares of the Company;
19. Delegation of authority to be granted to the Board of Directors to decide on a share capital increase through the issue of shares or securities granting access to the share capital, reserved for members of company savings plans with cancellation of preferential subscription right in favour of the members of such savings plans;
20. Amendment to article 5 of the Company's bylaws relating to the term of the Company;
21. Amendment to article 20 of the Company's bylaws relating to the age limit of the Chairman of the Board of Directors;
22. Harmonisation of article 27 of the Company's bylaws with applicable laws and regulations;
23. Harmonisation of article 32 of the Company's bylaws with applicable laws and regulations;
24. Harmonisation of article 33 of the Company's bylaws with applicable laws and regulations;
25. Powers to carry out the necessary legal formalities.

Presentation of the resolutions

The presentation below contains a summary of the resolutions. For a full presentation of their content, please refer to the draft resolutions and the report of the Board of Directors.

Resolutions presented to the Ordinary Shareholders' Meeting

Approval of the annual financial statements and allocation of the results

The purpose of the **1st resolution** is to approve the Pernod Ricard financial statements for the 2011/2012 financial year, which show a net profit of €51,414,890.81.

The purpose of the **2nd resolution** is to approve the consolidated financial statements of Pernod Ricard for the 2011/2012 financial year.

The purpose of the **3rd resolution** is to allocate the results. It is proposed that the dividend for the 2011/2012 financial year is set at €1.58 per share. An interim dividend payment of €0.72 per share having been paid on 5 July 2012, the balance amounting to €0.86 per share would be detached on 14 November 2012 and paid on 19 November 2012.

Approval of regulated agreements and commitments

It is proposed that, by voting on the **4th resolution,** you approve the regulated agreements concluded or still in force during the 2011/2012 financial year, as described in the Statutory Auditors' special report (see Section 6 of this document). These relate mainly to agreements concluded in the context of Group internal reorganisations or financing transactions between the Company and certain of its affiliates with which it has one or more Directors in common, as well as in the context of the bond issues carried out during the 2011/2012 financial year.

The **5th resolution** relates specifically to the renewal of regulated commitments benefiting Mr Pierre Pringuet, CEO, in respect of a non-compete clause accompanied by an indemnity, the continued membership of the supplementary defined-benefit pension scheme and the collective healthcare and welfare schemes offered by the Company.

The two-year non-compete clause is accompanied by an indemnity which is limited to one year's gross remuneration (fixed and variable earned over the twelve months preceding the termination of the corporate office).

Moreover, the Board of Directors has also authorised that Mr Pierre Pringuet shall continue benefiting from the collective supplementary defined-benefit pension scheme and from the collective healthcare and welfare schemes offered by the Company under the same terms as those applicable to the category of employees to which he is assimilated as far as benefits and other additional items of his compensation are concerned. The presence of Mr Pierre Pringuet in the Group on the day he retires is necessary.

A detailed description of these commitments can be found in the Statutory Auditors' special report (see Section 6 of this document).

It is proposed that you approve this resolution, pursuant to paragraph 1 of article L. 225-42-1 of the French Commercial Code, subject to the renewal of Mr Pierre Pringuet's term of office as CEO by the Board of Directors to be held following the close of this Shareholders' Meeting.

The **6th resolution** relates specifically to the approval of the regulated commitments benefiting Mr Alexandre Ricard, who was appointed Deputy CEO by the Board of Directors on 29 August 2012 on proposal from the CEO. These commitments relate to a non-compete clause accompanied by an indemnity, the continued membership of the supplementary defined-benefit pension scheme and the collective healthcare and welfare schemes offered by the Company.

The two-year non-compete clause is accompanied by an indemnity which is limited to one year's gross remuneration (fixed and variable earned over the twelve months preceding the termination of the corporate office).

Moreover, the Board of Directors has also authorised that Mr Alexandre Ricard shall continue benefiting from the collective supplementary defined-benefit pension scheme and from the collective healthcare and welfare schemes offered by the Company under the same terms as those applicable to the category of employees to which he is assimilated as far as benefits and other additional items of his compensation are concerned. The presence of Mr Alexandre Ricard in the Group on the day he retires is necessary.

A detailed description of these commitments can be found in the Statutory Auditors' special report (see Section 6 of this document).

It is proposed that you approve this resolution, pursuant to paragraph 1 of article L. 225-42-1 of the French Commercial Code, subject to the renewal of Mr Alexandre Ricard's term of office as Deputy CEO by the Board of Directors to be held following the close of this Shareholders' Meeting.

Co-option/Appointment /Renewal of the term of office of Directors

Information regarding the Directors whose co-option, appointment or renewal of the term of office is proposed, appears in Section 2 of this document.

It is proposed that, by voting on the 7th **resolution,** you ratify the co-option of Ms Martina Gonzalez-Gallarza, as decided at the Board of Directors' meeting on 25 April 2012 on the recommendation of the Nominations Committee, following Mr Rafaël Gonzalez-Gallarza's resignation from his functions as Director. Ms Martina Gonzalez-Gallarza would be appointed for the remainder of Mr Rafaël Gonzalez-Gallarza's term of office, namely until the close of this Shareholders' Meeting.

The Nominations Committee reviewed the candidate and determined that the Board of Directors could benefit from Ms Martina Gonzalez-Gallarza's knowledge and expertise in Marketing.

It is proposed that, by voting on the **8th resolution**, you ratify the co-option of Mr Alexandre Ricard decided at the Board of Directors' meeting on 29 August 2012 following the sudden death of Mr Patrick Ricard on 17 August 2012. Mr Alexandre Ricard would be appointed for the remainder of Mr Patrick Ricard's term of office, namely until the close of this Shareholders' Meeting.

Furthermore, the directorships of Mr Pierre Pringuet, Mr Wolfgang Colberg and Mr César Giron expire at the close of this Shareholders' Meeting.

In order to enable the staggered renewal of the Board of Directors and in accordance with the bylaws as amended by the Shareholders' Meeting of 15 November 2011, and following the recommendations of the Nominations Committee, it is proposed that you appoint/renew the office of four Directors for a term of four years and of two Directors for a term of two years.

It is thus proposed that, by voting on the **9th, 10th, 11th and 12th resolutions**, you renew the Directorships of Mr Alexandre Ricard, Mr Pierre Pringuet, Mr Wolfgang Colberg and Mr César Giron for a term of four years expiring at the close of the Shareholders' Meeting to be held in 2016 to approve the financial statements for the previous financial year.

It is also proposed that by voting on the **13th resolution** you renew the directorship of Ms Martina Gonzalez-Gallarza for a term of two years expiring at the close of the Shareholders' Meeting to be held in 2014 to approve the financial statements for the previous financial year.

Finally, it is proposed that, by voting on the **14th resolution**, you appoint Mr Ian Gallienne as Director, following Mr Gérald Frère's resignation, for personal reasons, from his functions as Director of the Company as of 9 November 2012. Mr Ian Gallienne would be appointed for a term of two years expiring at the close of the Shareholders' Meeting to be held in 2014 to approve the financial statements for the previous financial year.

The Nominations Committee reviewed the candidate and determined that the Board of Directors could benefit from Mr Ian Gallienne's knowledge and expertise in Finance. The Committee also determined that Mr Ian Gallienne fully meets the independence criteria set by the AFEP-MEDEF Code, to which the Company refers.

At the close of the Shareholders' Meeting, the Board of Directors will be comprised of 14 members, 7 of whom will be independent Directors.

Directors' fees

The purpose of the **15th resolution** is to set the aggregate amount of Directors' fees allocated to the Board of Directors. It is proposed that the Board of Directors' total compensation for the 2012/2013 financial year be retained at €875,000. This aggregate amount covers the possible appointment of a censor upon decision of the Board of Directors.

Repurchase of shares

As the authorisation granted to the Board of Directors by the Shareholders' Meeting of 15 November 2011 to trade in the Company's shares is due to expire on 14 May 2013, we propose, in the **16th resolution**, that you renew the authorisation for the Board of Directors to trade in the Company's shares for a period of 18 months at **a maximum purchase price of €135 per share,** excluding acquisition costs.

This authorisation would enable the Board of Directors to purchase Company shares representing a maximum of **10% of the Company's share capital,** with a view to:

- allocating or transferring them to employees and/or corporate officers of the Company and/or Group companies (including the allocation of stock options to purchase shares and of performance-based shares);
- using them within the scope of external growth transactions (for a maximum of 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.

It should be noted that during a public offer period, the repurchase of shares would only be possible on the condition that the AMF's General Regulation is strictly complied with and only in order for the Company to be able to respect its prior commitments.

Resolutions presented to the Extraordinary Shareholders' Meeting

Delegations of powers submitted for your approval during the present Shareholders' Meeting and which receive a positive vote, cancel, from the date of the Shareholders' Meeting, any previous delegations approved and having the same purpose.

Authorisation to be granted to the Board of Directors to decide on the allocation of performance-based shares to employees and to Executive Directors of the Company and Group companies

The purpose of the **17th resolution** is to authorise the Board of Directors to allocate performance-based shares to employees and to Executive Directors of the Company and Group companies.

The definitive allocation of all performance-based shares would be subject to performance and presence conditions, as has been the case for all the performance-based shares allocated by the Company for a number of years.

The Board of Directors' meeting of 27 June 2012 determined that the definitive allocation of the performance-based shares granted on this date would be subject to the following performance conditions: (i) half of the shares is allocated provided that the 2012/2013 Group profit from recurring operations represents at least 95% of the Group profit from recurring operations budgeted for this financial year, and (ii) the other half is allocated provided that the 2013/2014 Group profit from recurring operations represents at least 95% of the Group profit from recurring operations budgeted for this financial year. For each half, the number of shares allocated is determined by application of a percentage of between 25% and 50%, using a linear progression, where 25% of the shares are allocated if the 95% target has been reached and 50% of shares are allocated if the 100% target has been reached.

The vesting period of the shares shall be of a minimum of three years. The shares shall be subject to a two-year minimum lock-up period, unless the vesting period is a minimum of four years in which case the shares may be transferred at the end of the four-year vesting period.

This authorisation would be valid for an 18-month period from the date of this Shareholders' Meeting. This authorisation would allow the allocation of shares representing a maximum of 0.7% of the Company's share capital at the date of the Board of Directors' decision to allocate such shares. Moreover, the number of shares allocated to the Company's Executive Directors could not exceed 0.02% of the Company's share capital at the date of the Board of Directors' decision to allocate such shares. This amount would be deducted from the overall limit of 0.7% of the Company's share capital mentioned above.

Delegation of authority to the Board of Directors to grant options for the subscription or the purchase of shares to employees and to Executive Directors of the Company and Group companies

The purpose of the **18th resolution** is to enable the Board of Directors to grant options to employees and to Executive Directors of the Company and Group companies.

The exercise of the options would be subject to performance and presence conditions as has been the case for most of the options granted by the Company for a number of years. The Board of Directors' meeting of 27 June 2012 determined that the exercise of the options granted on this date would be subject to the following external performance conditions: (i) that for half of the options, the global performance of the Pernod Ricard share must be superior or equal to the global performance of the CAC 40 index plus one point per year over the period 27 June 2012 to 27 June 2015, inclusive, and (ii) that for the other half of the options, the global performance of the Pernod Ricard share must be superior or equal to the global performance of the CAC 40 index plus one point per year over the period 27 June 2012 to 27 June 2016, inclusive.

Moreover, the exercise of the totality of the options granted on 27 June 2012 to the CEO of the Company is subject to both the external performance condition described above and for one half of them, to the following additional internal performance condition: (i) the exercise of half of the options is granted provided that the 2012/2013 Group profit from recurring operations equals at least 95% of the Group profit from recurring operations budgeted for this financial year and (ii) the exercise of half of the options is granted provided that the 2013/2014 Group profit from recurring operations represents at least 95% of the Group profit from recurring operations budgeted for this financial year. For each half, the number of shares allocated is determined by application of a percentage of between 25% and 50%, using a linear progression, where 25% of the shares are allocated if the 95% target has been reached and 50% of shares are allocated if the 100% target has been reached.

The exercise price of the options will be determined in accordance with the applicable provisions of the French Commercial Code and no discount will be applied.

The options shall only be exercisable at the end of the fourth year following the grant date and for a four-year period. This authorisation would be valid for an 18-month period from the date of this Shareholders' Meeting. The shares resulting from the exercise of the options may not represent more than 0.7% of the Company's share capital at the date of the Board of Directors' decision to grant options. Moreover, the number of options granted to the Executive Directors of the Company may not represent more than 0.07% of the Company's share capital at the date of the decision to grant options. This amount would be deducted from the overall limit of 0.7% of the Company's share capital mentioned above.

Delegation of authority to increase the share capital reserved for members of company savings plans

Since this Shareholders Meeting is being asked to vote on the delegation of authority to the Board of Directors relating to the grant of options for the subscription or purchase of shares which may involve a subsequent share capital increase, it is proposed, in accordance with article L. 225-129-6 of the French Commercial Code, that you vote on a resolution relating to a share capital increase reserved for members of company savings plans.

It is proposed that, by voting on the **19th resolution**, you delegate authority to the Board of Directors to decide on a share capital increase of a **maximum nominal amount corresponding to 2% of the**

share capital at the close of this Shareholders' Meeting, by way of an issue of shares or securities granting access to the share capital, reserved for the members of company savings plans established within the Company or the Group.

The issue price for the new shares or securities granting access to the share capital may not be more than 20% lower than the average of the listed prices of the Pernod Ricard share on the Paris Euronext NYSE market during the 20 trading sessions prior to the date of the decision setting the opening date for the subscription period, nor may the issue price exceed this average.

This authorisation would be valid for a period of 26 months from the date of this Shareholders' Meeting.

Amendment of the bylaws relating to the term of the Company

By voting on the **20th resolution**, it is proposed that you amend article 5 of the bylaws relating to the term of the Company so that the said term is consistent with the longest tranche (30 years, i.e. until 2042) of the US dollar bonds issued in January 2012.

The current term of the Company, set at 99 years when the Company was formed in 1939, expires in 2038.

The proposed amendment to the bylaws aims to extend the term of the Company by 99 years as of this Shareholders' Meeting i.e. until 2111.

Amendment of the bylaws relating to the age limit of the Chairman of the Board of Directors

By voting on the **21st resolution**, it is proposed that you amend the second paragraph of article 20 of the bylaws relating to the age limit of the Chairman of the Board of Directors, which would be raised from seventy-five to seventy-nine years.

Harmonisation of the Company bylaws with applicable laws and regulations

By voting on the **22nd resolution**, it is proposed that you amend article 27 of the bylaws to make it compliant with the law of 17 May 2011 which removed the requirement to prepare and disclose the list of agreements entered into in the ordinary course of business.

It is also proposed that, by voting on the **23rd resolution**, you amend article 32 of the bylaws to make it compliant with the decrees of 23 June 2010 and 9 November 2011 as well as with the Ordinance of 9 December 2010 relating to:

- the notification of registered shareholders by electronic means;
- the amendment of the notice for a Shareholders' Meeting being convened for the second time, from six to ten days; and
- the right for shareholders to request that items be added to the agenda of any Shareholders' Meeting.

Lastly, it is proposed that, by voting on the **24th resolution,** you amend items I, V and VI of article 33 of the bylaws to make it compliant, in particular, with the decree of 13 March 2008, Ordinance of 9 December 2010 and law of 17 May 2011, relating to:

- the right of shareholders to be represented at Shareholders' Meetings by any person they may choose;
- the conditions applicable to requests by shareholders to include items on the agenda of any Shareholders' Meeting;
- the possibility given to the Chairman of the Board of Directors to acknowledge receipt of requests to include items or draft resolutions by electronic means;
- the sending of documents to the shareholders before any Shareholders' Meeting; and
- the filing of documents with the Clerk's Office.

Powers to carry out the required legal formalities

By voting on the **25th resolution**, the Shareholders' Meeting is asked to authorise the Board of Directors to carry out the required legal formalities, where applicable.

Draft resolutions

Resolutions presented to the Ordinary Shareholders' Meeting

First resolution

(Approval of the Parent Company financial statements for the financial year ended 30 June 2012)

Having reviewed the Parent Company financial statements for the financial year ended 30 June 2012, the Management Report of the Board of Directors and the report of the Statutory Auditors on the annual financial statements, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, approves the financial statements for the financial year ended 30 June 2012 as well as all transactions recorded in the financial statements or summarised in these reports, which show a net profit of €51,414,890.81 for the aforementioned financial year.

The Shareholders' Meeting takes note of the report of the Chairman of the Board of Directors on the composition of the Board and the implementation of the principle of balanced representation of women and men within the Board, the conditions governing the preparation and organisation of the work performed by the Board of Directors as well as the Internal Control and risk management procedures implemented by the Company, and the report of the Statutory Auditors on such report.

Pursuant to article 223 *quater* of the French Tax Code, the Shareholders' Meeting also takes note of the fact that the total amount of the costs and expenses referred to in paragraph 4 of article 39 of the French Tax Code amounted to €197,115 for the past financial year, and that the future tax payable with regard to these costs and expenses amounts to €67,867.

Second resolution

(Approval of the consolidated financial statements for the financial year ended 30 June 2012)

Having reviewed the report of the Board of Directors on the management of the Group included in the Management Report in accordance with article L. 233-26 of the French Commercial Code, and the report of the Statutory Auditors on the consolidated financial statements, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, approves the consolidated financial statements for the financial year ended 30 June 2012 as presented to it as well as the transactions recorded in the financial statements or summarised in the report on the management of the Group.

Third resolution

(Allocation of the net result for the financial year ended 30 June 2012 and setting of the dividend)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, notes that the balance sheet for the financial year ended 30 June 2012 shows a net profit of €51,414,890.81.

It decides, on the proposal of the Board of Directors, to allocate and divide this profit as follows:

Profit	€51,414,890.81
Appropriation to the legal reserve	€91,264.31
Balance	€51,323,626.50
Previous retained earnings	€923,607,631.58
Distributable profit	€974,931,258.08
Dividend distributed	€419,190,755.90
Balance allocated to retained earnings	€555,740,502.18

It should be noted that in the event of a change between the number of shares giving right to a dividend and the 265,310,605 shares making up the share capital as of 30 June 2012, the total amount of the dividend shall be adjusted accordingly and the amount allocated to the retained earnings account shall be determined based on dividends actually paid.

A dividend of €1.58 per share will be distributed for each of the Company's shares.

An interim dividend payment of €0.72 per share having been paid on 5 July 2012, the balance amounting to €0.86 per share will be detached on 14 November 2012 and paid on 19 November 2012.

The Shareholders' Meeting decides that the amount of the dividend accruing to treasury shares held by the Company or shares that have been cancelled at the time of payment, will be allocated to "Retained earnings".

The amount to be distributed of €1.58 per share will grant entitlement to the 40% tax deduction applicable to individual shareholders who are French tax residents, as provided for in article 158 3 2° of the French Tax Code.

Shareholders' equity totals €4,418,713,952.67 after allocation of the net result for the financial year.

Dividends distributed over the past three financial years were as follows:

	2008/2009	2009/2010	2010/2011
Number of shares	258,640,536	264,232,313	264,721 803
Dividend per share *(in euros)*	0.50 [(1)]	1.34 [(1)]	1.44 [(1)]

(1) Amounts eligible for the 40% tax deduction for individual shareholders who are French tax residents, as provided for in article 158 3 2° of the French Tax Code.

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Fourth resolution

(Approval of regulated agreements and commitments referred to in article L. 225-38 et seq. of the French Commercial Code)

Having reviewed the special report of the Statutory Auditors on the regulated agreements and commitments referred to in article L. 225-38 *et seq.* of the French Commercial Code, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, notes the conclusions of said report and approves the agreements and commitments referred to therein.

Fifth resolution

(Approval of the commitments referred to in article L. 225-42-1 of the French Commercial Code relating to Mr Pierre Pringuet)

Having reviewed the special report of the Statutory Auditors relating to the regulated agreements and commitments referred to in articles L. 225-38 and L. 225-42-1 of the French Commercial Code, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, approves the commitments benefiting Mr Pierre Pringuet, CEO, relating to a non-compete clause accompanied by an indemnity, as well as membership of the collective supplementary defined-benefit pension scheme and the collective healthcare and welfare schemes offered by the Company, under the same terms as those applicable to the category of employees to which he is assimilated as far as welfare and other additional items of his compensation are concerned.

This resolution is approved subject to the condition precedent of the renewal of Mr Pierre Pringuet's term of office as CEO by the Board of Directors to be held following the close of this Shareholders' Meeting.

Sixth resolution

(Approval of the commitments referred to in article L. 225-42-1 of the French Commercial Code relating to Mr Alexandre Ricard)

Having reviewed the special report of the Statutory Auditors relating to the regulated agreements and commitments referred to in articles L. 225-38 and L. 225-42-1 of the French Commercial Code, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, approves the commitments benefiting Mr Alexandre Ricard, Deputy CEO, relating to a non-compete clause accompanied by an indemnity as well as membership of the collective supplementary defined-benefit pension scheme and the collective healthcare and welfare schemes offered by the Company, under the same terms as those applicable to the category of employees to which he is assimilated as far as welfare and other additional items of his compensation are concerned.

This resolution is approved subject to the condition precedent of the renewal of Mr Alexandre Ricard's term of office as Deputy CEO by the Board of Directors to be held following the close of this Shareholders' Meeting.

Seventh resolution

(Ratification of the co-option of Ms Martina Gonzalez-Gallarza as a Director)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, decides to ratify the co-option by the Board of Directors of Ms Martina Gonzalez-Gallarza as a Director on 25 April 2012, following the resignation of Mr Rafaël Gonzalez-Gallarza from his functions as Director.

This term of office is granted for the remainder of Mr Rafaël Gonzalez-Gallarza's directorship, namely until the close of this Shareholders' Meeting.

Eighth resolution

(Ratification of the co-option of Mr Alexandre Ricard as a Director)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, decides to ratify the co-option by the Board of Directors of Mr Alexandre Ricard as a Director on 29 August 2012, following the sudden death of Mr Patrick Ricard on 17 August 2012.

This term of office is granted for the remainder of Mr Patrick Ricard's directorship, namely until the close of this Shareholders' Meeting.

Ninth resolution

(Renewal of the directorship of Mr Alexandre Ricard)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, decides to renew the directorship of Mr Alexandre Ricard.

This term of office is granted for a period of four years, which shall expire at the close of the Shareholders' Meeting to be held in 2016 to approve the financial statements for the previous financial year.

Tenth resolution

(Renewal of the directorship of Mr Pierre Pringuet)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, decides to renew the directorship of Mr Pierre Pringuet.

This term of office is granted for a period of four years, which shall expire at the close of the Shareholders' Meeting to be held in 2016 to approve the financial statements for the previous financial year.

Eleventh resolution

(Renewal of the directorship of Mr Wolfgang Colberg)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, decides to renew the directorship of Mr Wolfgang Colberg.

This term of office is granted for a period of four years, which shall expire at the close of the Shareholders' Meeting to be held in 2016 to approve the financial statements for the previous financial year.

Twelfth resolution

(Renewal of the directorship of Mr César Giron)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, decides to renew the directorship of Mr César Giron.

This term of office is granted for a period of four years, which shall expire at the close of the Shareholders' Meeting to be held in 2016 to approve the financial statements for the previous financial year.

Thirteenth resolution

(Renewal of the directorship of Ms Martina Gonzalez-Gallarza)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, decides to renew the directorship of Ms Martina Gonzalez-Gallarza.

This term of office is granted for a period of two years, which shall expire at the close of the Shareholders' Meeting to be held in 2014 to approve the financial statements for the previous financial year.

Fourteenth resolution

(Appointment of Mr Ian Gallienne as a Director)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, decides to appoint Mr Ian Gallienne as a Director.

This term of office is granted for a period of two years, which shall expire at the close of the Shareholders' Meeting to be held in 2014 to approve the financial statements for the previous financial year.

Fifteenth resolution

(Setting of the annual amount of Directors' fees allocated to the members of the Board of Directors)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, upon proposal of the Board of Directors, decides to retain the aggregate annual amount of the Directors' fees in respect of the 2012/2013 financial year at €875,000.

Sixteenth resolution

(Authorisation to be granted to the Board of Directors to trade in the Company's shares)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, authorises the Board of Directors, with the possibility for it to delegate these powers in turn, in accordance with the provisions of articles L. 225-209 *et seq.* of the French Commercial Code and of European Commission Regulation no. 2273/2003 of 22 December 2003, to purchase shares in the Company in order to:

(i) allocate shares or transfer them to employees and/or to corporate officers of the Company and/or its current or future affiliates under the terms and conditions provided for by law, in particular by granting stock options or as part of employee profit sharing plans; or

(ii) cover its commitments pursuant to options with cash payments concerning rises in the stock market price of the Company's share, granted to employees and/or to corporate officers of the Company and/or its current or future affiliates under the terms and conditions provided for by law; or

(iii) make free allocations of shares to employees and/or to corporate officers of the Company and/or of its current or future affiliates under the terms and conditions of articles L. 225-197-1 *et seq.* of the French Commercial Code, it being specified that the shares may be allocated, in particular, to an employee savings plan in accordance with the provisions of article L. 3332-14 of the French Employment Code; or

(iv) retain them and subsequently tender them (in exchange, as payment or otherwise) within the scope of external growth transactions, in the limit of 5% of the number of shares comprising the share capital; or

(v) deliver shares upon the exercise of rights attached to securities granting access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or in any other manner; or

(vi) cancel all or some of the shares repurchased in this manner, under the conditions provided for in article L. 225-209 paragraph 2 of the French Commercial Code, and in accordance with the authorisation to reduce the share capital granted by the Shareholders' Meeting of 15 November 2011, in its 11th resolution; or

(vii) allow an investment services provider to act on the secondary market or to ensure liquidity of the Company's share by means of liquidity agreements in compliance with the terms of a code of conduct approved by the French Financial Markets Authority (AMF).

This programme would also be intended for the Company to operate for any other authorised purpose or that would come to be authorised by law or regulations in force. In such a case, the Company would notify its shareholders in a press release.

The Company will be able to purchase a number of shares such that:

- the Company does not purchase more than 10% of the shares comprising its share capital at any time during the term of the share repurchase programme; this percentage will apply to the share capital adjusted based on capital transactions carried out after this Shareholders' Meeting; in accordance with the provisions of article L. 225-209 of the French Commercial Code, the number of shares taken into account for calculating the 10% limit equates to the number of shares purchased, less the number of shares sold during the authorisation period when the shares are repurchased to favour liquidity of the share under the conditions set out by the AMF's General Regulation; and that

- the number of shares held by the Company at any time does not exceed 10% of the number of shares comprising its share capital.

These shares may be purchased, sold, transferred or exchanged, on one or more occasions, by any authorised means 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 derivatives, traded on a regulated market or over-the-counter market, or setting up option strategies (purchases and sales of puts and calls and any combinations thereof in compliance with the applicable regulations). Transactions involving blocks of shares may account for the entire share repurchase programme.

These transactions may be carried out during periods considered appropriate by the Board of Directors; however, during a public offer period, these transactions may only be carried out in strict compliance with the provisions of article 232-15 of the General Regulations of the AMF, in order to enable the Company to comply with its prior commitments, and solely if:

- firstly, the purchase offer concerning the Pernod Ricard shares is paid in full in cash; and
- secondly, the repurchase transactions (a) are undertaken within the scope of the pursuit of a programme that was already in progress, (b) fall within the scope of the objectives referred to in points (i) to (v) above, and (c) are not likely to cause the offer to fail.

The Shareholders' Meeting decides that the maximum purchase price per share shall be equal to €135, excluding acquisition costs.

Under article R. 225-151 of the French Commercial Code, the Shareholders' Meeting sets at €3,581,693,100 the total maximum amount allocated to the above authorised share repurchase programme, corresponding to a maximum number of 26,531,060 shares purchased under the maximum unit price authorised above of €135.

The Shareholders' Meeting delegates authority to the Board of Directors, with the possibility for it to delegate these powers in turn under the conditions provided for by law, in the event of transactions with regard to the Company's share capital, in particular a change in the par value of the share, an increase in share capital via the capitalisation of reserves, a granting of bonus shares, stock split or reverse stock split, to adjust the above-mentioned maximum purchase price in order to take into account the impact of such transactions on the share value.

The Shareholders' Meeting grants the Board of Directors full powers, with the possibility for it to delegate these powers in turn under the conditions provided for by law, to decide and implement this authorisation, to specify, if necessary, its terms and decide on its conditions with the possibility to delegate, under the conditions provided for by law, implementation of the share purchase programme, and in particular to place all stock exchange orders, enter into any agreements, with a view to keeping registers of share purchases and sales, make all declarations to the AMF and to any other authority which may take its place, complete all formalities and, in general, do whatever may be necessary.

This authorisation will be valid for a period of 18 months from the date of this Shareholders' Meeting. A positive vote thereon cancels and supersedes, as from this date, the authorisation granted to the Board of Directors to trade in the Company's shares by the Ordinary Shareholders' Meeting of 15 November 2011 in its 10th resolution.

Resolutions presented to the Extraordinary Shareholders' Meeting

Seventeenth resolution

(Authorisation to be granted to the Board of Directors to decide on the allocation of performance-based shares to employees and to Executive Directors of the Company and Group companies)

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings and in accordance with the provisions of articles L. 225-197-1 *et seq*. of the French Commercial Code:

1. authorises the Board of Directors to allocate existing shares or to be issued shares of the Company, on one or more occasions, to employees and to eligible Executive Directors (as defined in article L. 225-197-1 II paragraph 1 of the French Commercial Code) of the Company and of other companies or groups related to the Company as defined by article L. 225-197-2 of the French Commercial Code, or to certain categories of them;
2. decides that the maximum number of existing or to be issued shares that can be allocated under this authorisation shall represent no more than 0.7% of the Company's share capital on the day the decision to allocate them is taken by the Board of Directors. This number shall not include any adjustments that may be made to maintain the rights of beneficiaries in the event of financial transactions or transactions on the Company's share capital;
3. decides that the allocations made pursuant to this authorisation may benefit, in accordance with the applicable law, the eligible Executive Directors of the Company, provided that the definitive allocation of the shares is subject to one or more performance conditions determined by the Board of Directors on the day the decision to allocate them is taken. This number shall not represent more than 0.02% of the Company's share capital on the day the decision to allocate them is taken by the Board of Directors, (subject to the possible adjustments mentioned in the previous paragraph). This amount shall be deducted from the overall limit of 0.7% of the share capital mentioned above;

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4. decides that:

   (i) the allocation of shares to beneficiaries shall become definitive after a vesting period to be set by the Board of Directors, it being understood that it may not be less than three years;

   (ii) the lock-up period during which beneficiaries must hold their shares shall be set by the Board of Directors and shall not be less than two years from the end of the vesting period of the shares; and

   (iii) the Board of Directors may, provided that it sets the vesting period to at least four years, decide not to set a lock-up period for the shares concerned;

5. decides that if the beneficiary should suffer second or third degree disability as defined in article L. 341-4 of the French Social Security Code, the shares shall vest and become transferable immediately;

6. expressly conditions the definitive allocation of the shares pursuant to this authorisation on the achievement of one or more performance conditions determined by the Board of Directors when deciding the allocation. The definitive allocation of the shares allocated to the eligible Executive Directors of the Company will be subject to the achievement of one or more performance conditions as provided above in point 3;

7. acknowledges by virtue of this authorisation that the shareholders expressly waive their preferential subscription rights over ordinary shares to be issued, to beneficiaries of the performance-based share allocation under the terms of this authorisation;

8. grants the Board of Directors full powers, within the limits set above, with the possibility for it to delegate these powers in turn under the conditions provided for by law in order to implement this authorisation and, notably, to:

   - determine whether the performance-based shares shall be existing shares or to be issued shares;
   - set, within the legal limits, the dates on which the shares will be allocated;
   - determine the identity of the beneficiaries or the category or categories of beneficiaries of the allocation of shares as well as the number of shares allocated to each;
   - determine the criteria, the conditions and the terms for allocating said shares, especially their vesting period, lock-up period and performance conditions, as set forth in this authorisation;
   - finalise the vesting date (even retroactive) of the new shares to be issued;
   - allow for the option of temporarily suspending allocation rights in accordance with applicable law and regulations;
   - register the allocated shares in registered form in their owner's name at the end of the vesting period, specifying, where applicable, that they are locked-up and the period for which this restriction will remain in force as well as waive this lock-up restriction in any of the circumstances envisaged by this resolution or by regulations in force;
   - provide for powers, if it deems it necessary, to adjust the number of performance-based shares allocated in order to preserve the rights of beneficiaries in the event of any transactions affecting the Company's share capital during the vesting period as set out in article L. 225-181 paragraph 2 of the French Commercial Code, on terms that it shall determine;
   - deduct, if applicable, from reserves, earnings or issue premiums, the sums necessary to pay up the shares, record the completion of share capital increases carried out by virtue of this authorisation, make any subsequent amendments to the bylaws and, generally, carry out all necessary acts and formalities;
   - and, generally, to enter into all agreements, draw up all documents, carry out all formalities and make all declarations to any official bodies and to do whatever else shall be necessary; and

9. sets the period of validity of this authorisation at 18 months from the date of this Shareholders' Meeting, which cancels, as from such date, any unused part of the authorisation granted by the Combined (ordinary and extraordinary) Shareholders' Meeting of 10 November 2010 in its 11th resolution.

The Board of Directors shall report annually to the Ordinary Shareholders' Meeting on the allocations made within the framework of this resolution, in accordance with article L. 225-197-4 of the French Commercial Code.

Eighteenth resolution

(Authorisation to be granted to the Board of Directors to allocate options to employees and to Executive Directors of the Company and Group companies for the subscription of shares to be issued or the purchase of existing shares of the Company)

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings and in accordance with articles L. 225-177 *et seq.* of the French Commercial Code:

1. authorises the Board of Directors, to grant, on one or more occasions, at its sole discretion, to employees and to eligible Executive Directors (as defined in article L. 225-185 paragraph 4 of the French Commercial Code) of the Company and companies or economic interest groupings that are linked to it under the conditions set out in article L. 225-180 of the French Commercial Code, options granting entitlement to the subscription of new shares to be issued or to the purchase of existing Company shares;

2. decides that the options for the subscription of shares or purchase of shares granted pursuant to this authorisation will not give right to the subscription or purchase of a total number of shares exceeding 0.7% of the share capital at the date the Board of Directors decides to grant such options. This number shall not include any adjustments that may be made to preserve the rights of beneficiaries in the event of transactions described under article L. 225-181 of the French Commercial Code;

3. decides that the grant of the options made pursuant to this authorisation may benefit, under the conditions provided for by law, the eligible Executive Directors of the Company, provided

that the exercise of the options is subject to the achievement of one or more performance conditions determined by the Board of Directors on the day the decision to allocate the shares is taken and that the shares resulting from the exercise of options shall not represent more than 0.07% of the Company's share capital at the date the Board of Directors decides to grant such options (subject to the possible adjustments mentioned above). This amount will be deducted from the overall limit of 0.7% share capital mentioned above;

4. decides that:
   - pursuant to the provisions of article L. 225-177 of the French Commercial Code, in the event that subscription options are granted, the price of the shares subscribed by the beneficiaries will be set by the Board of Directors on the day the options are granted, this price not being less than the average of the market price recorded over the 20 stock market sessions preceding the day on which the options are granted,
   - pursuant to article L. 225-179 of the French Commercial Code, in the event that purchase options are granted, the price of shares purchased by the beneficiaries will be set by the Board of Directors on the day the options are granted. This price shall be neither less than the average of the market price recorded over the 20 stock market sessions preceding the day on which the options are granted, nor less than the average purchase price of the shares held by the Company in accordance with articles L. 225-208 and L. 225-209 of the French Commercial Code;
5. decides that the time period for exercising the options shall not exceed eight years from the date on which the options are granted by the Board of Directors;
6. expressly subordinates the exercise of the options granted pursuant to this authorisation to the achievement of one or more performance conditions determined by the Board of Directors on the day on which it decides to grant the options. The exercise of the options granted to the eligible Executive Directors shall be subject to the achievement of one or more performance conditions as provided above in point 3;
7. acknowledges by virtue of this authorisation that the shareholders waive their preferential subscription rights over the subscription of shares to be issued as options are exercised, in favour of the beneficiaries of the options, and that the share capital increase resulting from the exercising of share subscription options will be definitively carried out upon declaration of the exercise of the option, accompanied by the subscription form and payment in cash or by offsetting the corresponding sum against receivables;
8. decides that the price and/or number of shares to be subscribed and/or purchased may be adjusted in order to preserve the rights of beneficiaries if the Company carries out a transaction described under article L. 225-181 of the French Commercial Code;
9. delegates to the Board of Directors full powers, with the possibility for it to delegate these powers in turn within the limits set by the bylaws and by law, to implement this resolution and determine, within the legal or regulatory limits, all the other conditions and terms for the grant of the options and their exercise, and particularly to:
   - determine the period(s) for exercising the options within the aforementioned limit, set the share subscription or purchase price pursuant to the terms set out above, finalise the list of the beneficiaries of the options, determine the number of options offered to each of them as well as the performance conditions to which the exercise of options will be subject;
   - decide whether immediate resale of the purchased and/or subscribed shares will be prohibited, it being specified that for the options granted to the eligible Executive Directors of the Company, the Board of Directors must either decide that options shall not be exercised before the end of the term of office of said Executive Directors, or set the quantity of shares resulting from the exercising of options to be retained in registered form until the end of their term of office;
   - finalise the vesting date (even retroactive) of the new shares to be issued as a result of the exercise of subscription options of the Company's shares;
   - allow for the option of temporarily suspending the exercise of options in the event of financial transactions or transactions on securities;
   - deduct, if it deems necessary, the costs of the share capital increases resulting from the exercise of share subscription options from the share premiums related to these share capital increases, and deduct from this amount the sums required to raise the legal reserve to one-tenth of the new share capital resulting from each increase;
   - amend the bylaws subsequently and, generally, do all that is appropriate and necessary to implement this authorisation.

During the first meeting following the end of each financial year, the Board of Directors will record, if applicable, the number and amount of the shares issued during the financial year, will make any subsequent amendments to the bylaws, and will perform all the required formalities.

Pursuant to the provisions of article L. 225-184 of the French Commercial Code, the Board of Directors, in a special report, shall notify the shareholders each year, during the Ordinary Shareholders' Meeting, of the transactions carried out in virtue of this resolution.

This authorisation, granted for a period of 18 months from this Meeting, cancels and supersedes for its unused part the authorisation granted by the Shareholders' Meeting of 2 November 2009 in its 23rd resolution.

Nineteenth resolution

(Delegation of authority to be granted to the Board of Directors to decide on a share capital increase through the issue of shares or securities granting access to the share capital, reserved for members of a company savings plans with cancellation of preferential subscription right in favour of the members of such savings plans)

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, and in accordance with the provisions of articles L. 225-129, L. 225-129-2 to L. 225-129-6, L. 225-138 and L. 225-138-1 of the French Commercial Code and articles L. 3332-1 *et seq.* of the French Employment Code:

1. delegates authority to the Board of Directors, with the possibility for it to delegate these powers in turn under the conditions set by law, to decide on an increase in the share capital, on one or more occasions, through the issue of shares or securities granting access to the share capital reserved for the members of one or more company savings plans (or any other members'

plan whereby it would be possible to carry out an increase in the share capital under equivalent terms pursuant to article L. 3332-18 of the French Employment Code) that would be put in place within the Group consisting of the Company and the French or foreign entities falling within the scope of consolidation of the Company's consolidated financial statements pursuant to article L. 3344-1 of the French Employment Code;

2. decides to set the maximum nominal amount of the capital increases that may be carried out in this respect at 2% of the Company's share capital at the close of this Shareholders' Meeting, it being specified that:
   - this maximum limit is set without taking into account the par value of the Company's ordinary shares that may be issued with respect to adjustments made to protect, in accordance with law and regulations and, where applicable, contractual stipulations providing for other adjustments, the rights of holders of securities granting access to the capital, as well as of recipients of stock options or free shares;
   - the nominal amount of the share capital increase made pursuant to this delegation of authority will be deducted from the overall limit set by the Shareholders' Meeting of 15 November 2011 in its 12th resolution as well as from the maximum amount of share capital increase fixed in its 13th resolution;
3. decides that the issue price of new shares or securities granting access to the share capital will be determined under the conditions provided for in article L. 3332-19 of the French Employment Code and may not be more than 20% lower than the average of the listed prices of the Pernod Ricard share on the NYSE Euronext Paris market during the 20 trading sessions prior to the date of the decision setting the opening date of the subscription period for the increase in share capital reserved for the members of a company savings plan (the "Reference Price"), nor exceed such average; however the Shareholders' Meeting expressly authorises the Board of Directors, if it deems it appropriate, to reduce or cancel the aforementioned discount, within legal and regulatory limits, in order to take into account, in particular, the legal, accounting, tax and social security treatments that apply locally;
4. authorises the Board of Directors to grant, free of charge, to the aforementioned beneficiaries, in addition to the shares or securities granting access to the capital to be subscribed for in cash, shares or securities granting access to the capital to be issued or already issued, to substitute for all or part of the discount as compared with the Reference Price and/or special contribution, it being specified that the benefit resulting from this allocation may not exceed the limits provided for by law or regulations pursuant to articles L. 3332-1 and L. 3332-19 of the French Employment Code;
5. decides to cancel, in favour of the aforementioned beneficiaries, the shareholders' preferential subscription right to the shares that are the subject of this authorisation; the aforementioned shareholders furthermore waiving all right to the free shares or securities granting access to the share capital which would be issued pursuant to this resolution;
6. sets the period of validity of this delegation of authority at 26 months as from the date of this Shareholders' Meeting and notes that this delegation cancels and supersedes, as from such date, the unused part of the delegation of authority granted by the Shareholders' Meeting of 15 November 2011 in its 19th resolution;
7. decides that the Board of Directors shall have full powers to implement this delegation with the possibility for it to delegate these powers in turn under the conditions provided for by law, within the limits and under the conditions specified above in order, in particular:
   - to decide, under the conditions provided for by law, the list of companies in which employees who have subscribed to the company savings plan may subscribe to shares or securities granting access to the capital issued in this way, and benefit, if applicable, from free shares or securities granting access to the capital;
   - to decide that the subscriptions may be carried out directly or via the intermediary of company mutual funds or other structures or entities permitted by the provisions of the applicable law or regulations;
   - to determine the conditions, in particular in respect of length of service, to be met by the beneficiaries of the share capital increases;
   - to set the start and end dates of the subscription periods;
   - to set the amounts of the issues of shares or securities that will be made pursuant to this authorisation and, in particular, decide on the issue prices, dates, time periods, terms and conditions of subscription, paying-up, delivery and vesting (even retroactive) in respect of the shares or securities as well as the other terms and conditions of the issues of shares or securities, within the limits set by law or the regulations in force;
   - in the event of a free allocation of shares or securities granting access to the share capital, set the number of shares or securities granting access to the capital to be issued, the number to be granted to each beneficiary, and decide on the dates, time periods, terms and conditions of allocation of such shares or securities granting access to the share capital within the limits provided for by applicable law and regulations and, in particular, choose either to substitute, in full or in part, the allocation of such shares or securities granting access to the capital for the discounts as compared with the Reference Price provided for above, or to deduct the equivalent value of these shares from the total amount of the special contribution made by the Company, or to use a combination of these two possibilities;
   - to record the completion of the increases in the share capital for the amount corresponding to the shares subscribed (after any reduction in the event of over-subscription);
   - where applicable, to offset the costs of the share capital increases against the amount of the related share premiums and deduct from the amount of such share premiums the sums required to raise the legal reserve to one-tenth of the new share capital resulting from such increases in the share capital;
   - to enter into all agreements, carry out directly or indirectly, via a duly authorised agent, all transactions including completing the formalities following the increases in the share capital and the corresponding amendments to the bylaws and in general, enter into any agreement, in particular, to successfully complete the proposed issues of shares or securities, take all measures and decisions and carry out all formalities appropriate for the issue, listing and financial servicing of the shares or securities issued pursuant to this delegation of authority and the exercise of the rights attached thereto, or all formalities resulting from the increases in share capital carried out.

Twentieth resolution

(Amendment to article 5 of the Company's bylaws relating to the term of the Company)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, decides to amend article 5 of the bylaws so as to extend the term of the Company, as follows (the added parts being shown in bold):

*"The Company's term, **initially set** at 99 years **from** 13 July 1939, the day that the Company was definitively formed, **is extended for a period of 99 years from 9 November 2012. The Company's term shall therefore expire** at the same time in **2111,** except in the event of early dissolution or extension as provided hereinafter".*

Twenty-first resolution

(Amendment to article 20 of the Company's bylaws relating to the age limit of the Chairman of the Board of Directors)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, decides to amend the second paragraph of article 20 of the bylaws so as to amend the age limit of the Chairman of the Board of Directors, as follows:

- article 20, paragraph 2 (the amended parts are shown in bold):

  *"Whatever the term conferred on him/her, the Chairman's term of office – which is always renewable – ends at the latest at the end of the first meeting of the Board of Directors held after he/she has reached the age of **seventy-nine** years."*

The rest of the article remains unchanged.

Twenty-second resolution

(Harmonisation of article 27 of the Company's bylaws with applicable laws and regulations)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, decides to amend the second paragraph of article 27 of the bylaws "Agreements between the Company, a Corporate Officer, a Director, a Censor or a Shareholder" as follows (the parts deleted are shown in bold and crossed out):

- article 27, paragraphs 1 and 2:

  "All agreements entered into between the Company and its Chief Executive Officer, a Deputy Chief Executive Officer, a Director, a Censor or a shareholder who holds more than ten percent (10%) of the voting rights, or in the event that the shareholder is a company, the company which controls it, are subject to the authorisation, verification and approval procedures set out in the French Commercial Code.

  The provisions of the preceding paragraph do not apply to agreements concerning standard transactions concluded under normal conditions. ***~~Nevertheless, such agreements must be reported by the interested party to the Chairman of the Board of Directors, except if in light of their object or financial terms and conditions, they are not significant for either of the parties. The list and objects of said agreements shall be communicated by the Chairman to the members of the Board of Directors and the Company Auditors.~~ "***

The rest of the article remains unchanged.

Twenty-third resolution

(Harmonisation of article 32 of the Company's bylaws with applicable laws and regulations)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, decides to update the bylaws and consequently to amend the third, sixth and seventh paragraphs of article 32 of the bylaws "Convening Shareholders' Meetings" as follows (the added/amended parts being shown in bold):

- article 32, paragraph 3:

  *"Shareholders who have held registered shares for at least one (1) month prior to the date of publication of the notice of the meeting, receive a notice of all Shareholders' Meetings by ordinary mail. Provided they forward to the Company the cost for recorded delivery, shareholders may request that they receive notice of meetings in a letter sent by recorded delivery. **Registered shareholders may be notified by electronic means** in accordance with applicable laws and regulations."*

- article 32, paragraph 6:

  *"The period between the date of the last of the publications and the date of the Shareholders' Meeting shall be at least fifteen (15) days for a meeting being convened for the first time, and **ten (10)** days for a meeting being convened for the second time."*

- article 32, paragraph 7:

  *"The agenda shall be drawn up by the party convening the Shareholders' Meeting. However, one or more shareholders shall have the right to require that **items or** draft resolutions be added to the same agenda, in accordance with the requirements and time periods prescribed by law."*

The rest of the article remains unchanged.

Twenty-fourth resolution

(Harmonisation of article 33 of the Company's bylaws with applicable laws and regulations)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, decides to update the bylaws and consequently to amend items I, V and VI of article 33 of the bylaws "Composition and conduct of General Shareholders' meetings" as follows (the added/amended parts being shown in bold):

- article 33, item I, paragraph 1:

  "I — A Shareholders' Meeting shall be made up of all shareholders, regardless of the number of shares they hold. ***Any shareholder may be represented by another shareholder, his/her spouse or the partner with whom he is bound by a Civil Solidarity Pact. He/she may also be represented by any other individual or legal entity he may choose in accordance with applicable laws and regulations.****"*

- article 33, item V:

  "V — At least thirty-five (35) days prior to any Shareholders' Meeting, the Board of Directors shall publish a notice in the Bulletin des Annonces Légales Obligatoires containing the information required by law.

  Requests that ***items or*** *draft resolutions be included in the agenda must be* ***received by the Company no later than the twenty-fifth (25) day preceding the date of the Shareholders' Meeting, and within twenty (20) days of the date of the publication of the notice referred to above.****"*

  The Chairman of the Board of Directors shall acknowledge receipt of the ***requests for including items or*** *draft resolutions on the agenda in a letter sent by recorded delivery or* ***by electronic means in accordance with applicable laws and regulations*** *within five (5) days as from the receipt thereof.*

  Such ***items or*** *draft resolutions shall be included in the agenda and* ***the draft resolutions*** *shall be submitted to the vote at the Shareholders' Meeting.*

  The Board of Directors shall send or make available to shareholders all documents necessary for them to vote knowingly and to make an informed judgement regarding the Company's management and business operations.

  This information shall be provided to shareholders prior to all Shareholders' Meetings in the following manner:

  a) by sending, at their request, to any shareholder:

  - *the Shareholders' Meeting agenda, the* ***items or*** *draft resolutions, the information regarding the Directors and, if applicable, the candidates for positions as Directors, and documents and tables concerning the financial statements, and*
  - *the Board of Directors' report, and* ***the*** *Statutory Auditors' reports;*

  b) by making available to the shareholders, within the time periods prescribed by law, at the registered office, the documents described hereinabove, the list of shareholders as well as the total amount of compensation paid to the five (5) or ten (10) most highly compensated persons within the Company, and the Statutory Auditors' reports.

- article 33, item VI:

  "In addition, the Company shall file ***with the Clerk's Office of the Commercial Court the documents referred to in the laws and regulations in force****."*

The rest of the article remains unchanged.

Twenty-fifth resolution

(Powers to carry out the necessary legal formalities)

The Shareholders' Meeting grants full powers to the bearer of a copy or an extract of the minutes of this meeting to carry out, wherever they may be required, all filing and formalities regarding legal publication or other, as necessary.

Statutory Auditors' Report on the authorisation to grant free shares (existing or to be issued)

Combined (Ordinary and Extraordinary) Shareholders' Meeting of 9 November 2012
17th resolution

To the Shareholders,

As statutory auditors of your Company and in accordance with Article L. 225-197-1 of the French Commercial Code (*Code de Commerce*), we hereby present our report on the proposed authorisation to allocate free shares existing or to be issued to eligible employees and corporate officers of your Company and related companies or economic interest groupings, transaction you are asked to approve.

The allocation of free shares granted under this authorisation will not allow the allocation of a total number of shares existing or to be issued representing more than 0.7% of share capital on the day the decision to allocate them is taken by the Board of Directors.

Based on its report, the Board of Directors is asking for authorisation, for an 18-month period starting on the date of this Meeting, to allocate free shares existing or to be issued.

The Board of Directors is responsible for establishing a report on the transaction it wants to perform. Our role is to express our comments, if any, on the information that is given to you on the planned transaction.

We performed the procedures we considered necessary with regard to the professional standards of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such transactions. These procedures notably consisted in verifying that the proposed terms and conditions presented in the Board of Directors' report comply with applicable legal provisions.

We do not have any comment on the information presented in the Board of Directors' report on the proposed authorisation to allocate free shares.

Courbevoie and Neuilly-sur-Seine, 11 September 2012

The Statutory Auditors

Mazars

Isabelle Sapet Loïc Wallaert

Deloitte & Associés

Marc de Villartay

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' Report on the authorisation to grant options for the subscription or purchase of shares

Combined (Ordinary and Extraordinary) Shareholders' Meeting of 9 November 2012
18th resolution

To the Shareholders

As statutory auditors of your Company and in accordance with Articles L. 225-177 and R. 225-144 of the French Commercial Code (*Code de Commerce*), we hereby present our report on the authorisation to allocate subscription or purchase options of shares to employees and executive directors of the Company and related companies or economic interest groupings that are linked to it under Article L. 225-180 of the French Commercial Code, transaction you are asked to approve.

The subscription and purchase options of shares granted under this authorisation will not allow the subscription or purchase of a total number of shares representing more than 0.7% of share capital on the day the decision to allocate them is taken by the Board of Directors.

Based on its report, the Board of Directors is asking for your authorisation, for an 18-month period starting on the date of this Meeting, to grant subscription or purchase options of shares.

The Board of Directors is responsible for establishing a report on the reasons allowing the subscription or purchase options of shares and the proposed process for setting the subscription or purchase price. Our role is to express our opinion on the proposed process for setting the subscription or purchase price of the shares.

We performed the procedures we considered necessary with regard to the professional standards of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such transactions. These procedures notably consisted in verifying that the proposed process for setting the subscription or purchase price of the shares is detailed in the Board of Directors' report and that it complies with applicable legal and regulatory provisions.

We do not have observations on the process proposed to set the subscription or purchase price of the shares.

Courbevoie and Neuilly-sur-Seine, 11 September 2012

The Statutory Auditors,

Mazars

Isabelle Sapet Loïc Wallaert

Deloitte & Associés

Marc de Villartay

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Statutory Auditors' report on the share capital increase reserved for members of employee savings plans

Combined (Ordinary and Extraordinary) Shareholders' Meeting of 9 November 2012
19th resolution

To the Shareholders,

As statutory auditors of your Company and in accordance with Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de Commerce*), we hereby present our report on the proposed delegation to the Board of Directors of the authority to decide an issuance of ordinary shares or securities giving access to the capital with withdrawal of preferential subscription rights, reserved for members of employees savings plans that have been settled within the Group, transaction you are asked to approved.

The maximum amount of the capital increase that may be done is 2% of the share capital at the end of this Meeting.

This transaction is subject to your approval in accordance with the dispositions of Article L. 225-129-6 of the French Commercial Code (*Code de Commerce*) and Articles L. 3332-18 *et seq.* of the French Labour Code (*Code du Travail*).

Based on its report, the Board of Directors is asking for your delegation of the authority, for a 26-months period starting on the date of this Meeting, to decide a share capital issuance with withdrawal of your preferential subscription rights to the shares or securities to be issued. If appropriate, it will set the definitive issuance conditions of this transaction.

The Board of Directors has to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. Our role is to report to you on the sincerity of the financial information extracted from the financial statements, on the proposal to waive preferential subscription rights and on other information concerning this issue, set out in this report.

We performed the procedures we considered necessary with regard to the professional standards of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such transactions. These procedures consisted in verifying the content of the report established by the Board of Directors on this transaction and the terms and conditions for determining the share issue price.

Subject to review at a future date the terms and conditions of the proposed share capital increase, we do not have any observation to report on the terms and conditions for determining the issue price of the future shares, set out in the report of the Board of Directors.

As the definitive terms and conditions of the share capital increase have not been set yet, we do not express an opinion thereon and, as such, on the proposed withdrawal of preferential subscription rights on which you are asked to decide.

Pursuant to Article R. 225-116 of the French Commercial Code, we will establish an additional report, if necessary, when the Board of Directors makes use of this authorisation.

Courbevoie and Neuilly-sur-Seine, 11 September 2012

The Statutory Auditors,

Mazars	**Deloitte & Associés**
Isabelle Sapet Loïc Wallaert	Marc de Villartay

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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.

At the next Shareholders' Meeting on 9 November 2012, the shareholders will be asked to extend the life of the Company by 99 years from the date of the Shareholders' Meeting, until 2111.

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 741 J. 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 whatever reason, this reserve falls below one-tenth of the share capital.

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 of 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 the year end. This period may be extended by court ruling. Dividends will be transferred to the French State after 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 00:00 (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 00:00 (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 the 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 00:00 (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 00:00 (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 the latter represent) is granted to all fully paid-up shares that can be shown to have been registered for at least ten 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 and including 4.5%.

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 Shareholders' Meeting 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

In accordance with 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 hereafter, "Allocation of share capital and voting rights at 29 August 2012", within "Information about its share capital".

The crossings of thresholds declared during the 2011/2012 financial year are also indicated in the table "Allocation of share capital and voting rights at 29 August 2012" within "Information about its share capital" hereafter.

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's Holding Company), is described under "Shareholders' agreements" within 'Information about its 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 20th resolution of the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 15 November 2011, 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.

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.

November 2008 Credit Agreement

The Credit Agreement of November 2008 contained a clause under which the taking of control of the Company by any person or group of persons acting in concert (other than the Société Paul Ricard or any group of persons acting in concert with the Société Paul Ricard) was likely to constitute grounds for compulsory early repayment. As the 2008 credit agreement was settled in full in April 2012, this clause no longer applies.

November 2010 Credit Agreement

The Credit Agreement also provides for voluntary or compulsory early repayment obligations, depending on circumstances, which are 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 in concert (other than the Société Paul Ricard or any group of persons acting in concert with the Société Paul Ricard) is likely to constitute grounds for compulsory early repayment.

April 2012 Credit Agreement

The Credit Agreement also provides for voluntary or compulsory early repayment obligations, depending on circumstances, which are 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 in concert (other than the Société Paul Ricard or any group of persons acting in concert 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 bondholder in the event of a change of control in the Company (benefiting a person or a group of persons acting in concert) 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 in concert) 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 in concert) 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 in concert) 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 in concert) 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 in concert) and leading to deterioration in the Company's financial rating.

Bond issue of October 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 in concert) and leading to deterioration in the Company's financial rating.

Bond issue of January 2012

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 in concert) 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 amortisation 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 the said 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 15 November 2011 for a period of six years ending after the Ordinary Shareholders' Meeting convened to approve the financial statements for the 2016/2017 financial year.

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 15 November 2011 for a period of six financial years ending after the Ordinary Shareholders' Meeting convened to approve the financial statements for the 2016/2017 financial year.

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)		%		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]	541	540	14.5%	14.9%	584	572	14.1%	14.2%	-	-	-	-	1,125	1,112	13.8%	13.9%
Fully consolidated subsidiaries	2,868	2,766	76.7%	76.5%	3,197	3,024	77.0%	74.9%	345	62	100.0%	16.9%	6,410	5,852	77.8%	73.0%
Other procedures and services directly linked to the duties of the Statutory Auditors[c]																
Company[1]	169	147	4.5%	4.1%	166	146	4.0%	3.6%	-	-	-	-	335	293	4.1%	3.6%
Fully consolidated subsidiaries	3	69	0.1%	1.9%	92	236	2.2%	5.8%	-	17	-	4.6%	94	322	1.1%	4.0%
AUDIT SUB-TOTAL	**3,580**	**3,522**	**95.7%**	**97.4%**	**4,039**	**3,978**	**97.3%**	**98.5%**	**345**	**79**	**100.0%**	**0.0%**	**7,964**	**7,579**	**96.7%**	**94.5%**
Other services provided by the networks to the fully consolidated subsidiaries[d]																
Legal, tax, corporate	56	55	1.5%	1.5%	93	54	2.2%	1.3%	-	281	-	76.6%	149	390	1.8%	4.9%
Other (to be specified if > 10% of audit fees)	104	40	2.8%	1.1%	18	5	0.4%	0.1%	-	7	-	1.9%	122	52	1.5%	0.6%
OTHER SERVICES SUB-TOTAL	**160**	**95**	**4.3%**	**2.6%**	**112**	**59**	**2.7%**	**1.5%**	**-**	**288**	**-**	**78.5%**	**272**	**442**	**3.3%**	**5.5%**
TOTAL	**3,740**	**3,617**	**100.0%**	**100.0%**	**4,151**	**4,037**	**100.0%**	**100.0%**	**345**	**367**	**100.0%**	**100.0%**	**8,236**	**8,021**	**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.

As a result, Pernod Ricard's subscribed and fully paid up share capital amounts to €411,231,437.75 as of 30 June 2012, divided into 265,310,605 shares with a nominal value of €1.55.

Amount of paid-up capital as at 30 June 2012

On 2 November 2009, the CEO 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, the CEO 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.

On 18 July 2012, the Board of Directors recorded that, on 30 June 2012, the share capital had increased by an amount of €912,643.10 following the exercise, since 1 July 2011, of 588,802 stock options granting entitlement to the same number of Pernod Ricard shares.

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 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 financial futures contract entered into on 10 April 2009.

Financial authorisations and delegations

All current delegations and financial authorisations granted to the Board of Directors by the Shareholders' Meetings of 2 November 2009, 10 November 2010 and 15 November 2011 and the uses thereof during financial year 2011/2012 are summarised in the following tables.

General delegations

The Combined (Ordinary and Extraordinary) Shareholders' Meetings of 2 November 2009, 10 November 2010 and 15 November 2011 granted the Board of Directors a number of financial authorisations of which the main terms are outlined hereafter.

Securities representing capital

(i) Issues of shares or securities with preferential subscription rights

The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 15 November 2011 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.

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The share capital increase likely to be conducted under this authorisation was set at €205 million. It forms the maximum overall limit from which the amount of any share issue with cancellation of the preferential subscription right by public offer, in remuneration of contributions in kind, in the context of a public offer initiated by the Company, by capitalisation of profits, reserves and/or premiums and share capital increases reserved for employees would also be deducted.

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 this delegation was set at €5 billion (from this amount, will be deducted 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 15 November 2011 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.

This delegation was granted for a duration of 26 months, and will expire on 14 January 2014.

(ii) Capital increase via the capitalisation of premiums, reserves, profits or other

The Board of Directors was authorised by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 15 November 2011, for a period of 26 months, to decide to increase the share capital by the capitalisation of premiums, reserves, profits or other, the capitalisation of which will be possible under the law and the bylaws, and under the form of the allocation of free shares or raising of the par value of the existing shares or by combining these two possibilities. The maximum nominal amount of capital increases likely to be realised in this way is €205 million, it being specified that this limit will be deducted from the overall limit of €205 million set for capital increases with preferential subscription rights.

(iii) Issue of shares without preferential subscription rights

The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 15 November 2011 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 €61 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 €205 million set for issues carried out with preferential subscription rights. Furthermore, this amount is shared with other issues without preferential subscription rights, 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 15% of the Company's share capital at the time of the issue.

These delegations were granted for a duration of 26 months, and will expire on 14 January 2014.

(iv) Issue of share warrants

The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 15 November 2011 delegated authority to the Board of Directors for a period of 18 months (until 14 May 2013) 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.

Other securities

The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 15 November 2011 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, the same 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).

Specific authorisations and delegations in favour of employees and Executive 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/or Executive Directors of the Company and/or the Group's companies, within the limit of 5% of the Company's share capital at the date of the Shareholders' Meeting.

Since this authorisation expires on 1 January 2013, its renewal will be put to the vote at the next Shareholders' Meeting of 9 November 2012 according to the terms outlined in Section 7 "Combined (Ordinary and Extraordinary) Shareholders' Meeting" in this Registration Document.

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 Executive 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.

Since this authorisation expires on 9 January 2013, its renewal will be put to the vote at the next Shareholders' Meeting of 9 November 2012 according to the terms outlined in Section 7 "Combined (Ordinary and Extraordinary) Shareholders' Meeting" in this Registration Document.

Share capital increase reserved for employees of the Group

The Company's Combined (Ordinary and Extraordinary) Shareholders' Meeting of 15 November 2011 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.

As the Shareholders' Meeting of 9 November 2012 is to vote on the delegation of authority to the Board of Directors to grant stock options, and since this delegation may involve a future increase in share capital, it will also have to vote on the renewal of the delegation relating to capital increases reserved for members of employee savings plans, in accordance with article L. 225-129-6 of the French Commercial Code.

The terms of renewal of this authority are outlined 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 15 November 2011 renewed, in favour of the Board of Directors, the authorisation 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 €110 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 this authorisation expires on 14 May 2013, its renewal will be put to the vote at the next Shareholders' Meeting of 9 November 2012 according to the terms outlined in Section 7 "Combined (Ordinary and Extraordinary) Shareholders' Meeting" in this Registration Document.

Cancellation of Company shares

The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 15 November 2011 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.

General financial authorisations and delegations

Nature of the delegation or authorisation	Date of the delegation or authorisation (resolution)	Duration	Expiry of the delegation or 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 30.06.2012 and up to 29.08.2012	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 with preferential subscription rights	SM of 15.11.2011 (12th)	26 months	14 January 2014	€5 billion[1]	€205 million	-	The amount of capital increases carried out under the 13th, 14th, 15th, 16th, 18th and 19th resolutions of the SM of 15.11.2011 will be deducted from the overall limit of €205 million set in the 12th resolution. The nominal amount of debt securities issued under the 13th resolution of the SM of 15.11.2011 will be deducted from the limit of €5 billion set in the 12th resolution. These amounts may be increased by a maximum of 15%, in the event of additional requests on the occasion of a capital increase (14th resolution)
Additional paid-in capital, reserves, earnings and other	SM of 15.11.2011 (18th)	26 months	14 January 2014	N/A	€205 million	-	Will be deducted from the overall limit set for capital increases in the 12th resolution of the SM of 15.11.2011
SECURITIES REPRESENTING CAPITAL: ISSUE OF SHARES OR SECURITIES WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS							
Ordinary shares and/or securities granting access to the share capital by public offer without preferential subscription rights	SM of 15.11.2011 (13th)	26 months	14 January 2014	€4 billion[1]	€61 million	-	Shares and debt securities giving access to the share capital will be deducted from the limits provided for in the 12th resolution of the SM of 15.11.2011 All capital increases carried out under the 14th, 15th, 16th and 19th resolutions will be deducted from the limit of €61 million set in the 13th resolution These amounts may be increased by a maximum of 15%, in the event of additional requests (14th resolution)

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Nature of the delegation or authorisation	Date of the delegation or authorisation (resolution)	Duration	Expiry of the delegation or 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 30.06.2012 and up to 29.08.2012	Features/Terms
Shares and securities granting access to the share capital in consideration for contributions in kind granted to the Company	SM of 15.11.2011 (15th)	26 months	14 January 2014	N/A	10% of the share capital at the time of issue	-	Will be deducted from the limits set for capital increases in the 12th and 13th resolutions of the SM of 15.11.2011
Shares and/or 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 15.11.2011 (16th)	26 months	14 January 2014	N/A	15% of the share capital at the time of issue	-	Will be deducted from the limits set for capital increases in the 12th and 13th resolutions of the SM of 15.11.2011
Share warrants in the event of a public offer on the Company's shares	SM of 15.11.2011 (20th)	18 months	14 May 2013	N/A	€102 million	-	Independent limit
OTHER SECURITIES							
Debt instruments that grant entitlement to the allocation of debt securities	SM of 15.11.2011 (17th)	26 months	14 January 2014	€5 billion	N/A	-	Independent limit

(1) Maximum nominal amount of Company debt instruments granting access to ordinary shares.
N/A: Not applicable

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Specific authorisations and delegations in favour of employees and/or Executive Directors

Nature of the delegation or authorisation	Date of the delegation or authorisation (resolution)	Duration	Expiry of the delegation or authorisation	Maximum amount authorised	Use of existing authorisations during the financial year ended 30.06.2012 and up to 29.08.2012	Features/Terms
Stock options	SM of 02.11.2009 (23rd)	38 months	1 January 2013	5% of share capital at the date of the Shareholders' Meeting	0.25%	Independent limit
Performance shares	SM of 10.11.2010 (11th)	26 months	9 January 2013	0.67% of share capital on the date of Board of Directors' decision to allocate	0.16%	Independent limit
Shares or securities granting access to share capital, reserved for members of employee savings plans	SM of 15.11.2011 (19th)	26 months	14 January 2014	2% of share capital at the date of the Shareholders' Meeting	-	Will be deducted from the limit set for capital increases in the 12th and 13th resolutions of the SM of 15.11.2011

Authorisation relating to the 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 30.06.2012 and up to 29.08.2012	Features/Terms
Repurchase of shares	SM of 10.11.2010 (10th)	18 months	9 May 2012	10% of the share capital	- (1)	Maximum purchase price: €100
Repurchase of shares	SM of 15.11.2011 (10th)	18 months	14 May 2013	10% of the share capital	0.18%(2)	Maximum purchase price: €110
Cancellation of treasury shares	SM of 15.11.2011 (11th)	26 months	14 January 2014	10% of the share capital	-	-

(1) Period from 1 July 2011 to 15 November 2011.
(2) Period from 15 November 2011 to 29 August 2012.

Contingent share capital

Stock options

Refer to the paragraph "Stock options exercised over the year" under "Human Resources" in Section 4 "Management Report".

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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
€339,796,824.90	109,611,879	2008	Exercise of options(2)	N/A(1)	10.01.2008(3)	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(3)	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(2)	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(4)	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(2)	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(5)	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(5)	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(6)	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(2)	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(2)	N/A(1)	20.07.2011	489,490	€22.20/€23.59/ €26.87	264,721,803	€410,318,794.65
€410,318,794.65	264,721,803	2012	Exercise of options(2)	N/A(1)	18.07.2012	588,802	€22.20/€23.59/ €26.87	265,310,605	€411,231,437.75

(1) N/A = not applicable.

(2) 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.

(3) 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.

(4) 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.

(5) Recorded by the CEO by virtue of the authorisation granted to him by the Board of Directors, itself authorised by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 2 November 2009.

(6) 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 the CEO, by virtue of the authorisation granted to him, sets the amount of the increase in the share capital via the capitalisation of premium and the distribution of free 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)
Position at 17.09.2008	242,576,072
Position at 02.09.2009	282,752,847
Position at 01.09.2010	289,084,636
Position at 31.08.2011	289,607,231
Position at 29.08.2012	289,996,062

(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 29 August 2012

Shareholders	Situation at 29.08.2012			Situation at 31.08.2011			Situation at 01.09.2010		
	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)]	34,866,200	13.14%	18.88%	37,840,834	14.29%	19.93%	37,752,201	14.29%	19.92%
Estate of Patrick Ricard[(2)]	1,564,282	0.59%	1.07%	-	-	-	-	-	-
M. Rafaël Gonzalez-Gallarza[(3)]	1,477,603	0.56%	0.51%	-	-	-	-	-	-
Directors and Management of Pernod Ricard	535,703	0.20%	0.26%	3,484,483	1.32%	1.80%	3,567,501	1.35%	1.84%
Shares held by Pernod Ricard employees	3,278,068	1.24%	1.77%	3,498,640	1.32%	1.85%	3,454,063	1.31%	1.84%
Groupe Bruxelles Lambert[(4)]	19,890,770	7.50%	6.86%	26,092,870	9.85%	9.01%	26,042,870	9.86%	9.01%
Capital Research and Management Company (US)[(5)]	14,868,290	5.60%	5.13%	14,179,782	5.36%	4.90%	26,240,878	9.93%	9.08%
MFS Investment Management (US)[(6)]	6,674,776	2.51%	2.30%	6,674,776	2.52%	2.30%	5,875,930	2.22%	2.03%
Franklin Resources, Inc and subsidiaries[(7)]	6,613,838	2.49%	2.28%	9,859,252	3.72%	3.40%	9,246,272	3.50%	3.20%
Crédit Agricole Asset Management[(8)]	5,615,014	2.12%	1.94%	5,615,014	2.12%	1.94%	5,615,014	2.12%	1.94%
Amundi Asset Management[(9)]	5,468,037	2.06%	1.89%	5,386,876	2.03%	1.86%	5,775,137	2.19%	2.00%
Norges Bank Investment Management[(10)]	5,310,761	2.00%	1.83%	5,310,761	2.01%	1.83%	-	-	-
La Caisse des Dépôts et Consignation (CDC Ixis)[(11)]	5,270,298	1.98%	1.82%	5,270,298	1.99%	1.82%	5,270,298	1.99%	1.82%
Artisan Partners (US)[(12)]	3,710,368	1.40%	1.28%	3,710,368	1.40%	1.28%	4,413,543	1.67%	1.53%
Natixis Asset Management[(13)]	3,110,259	1.17%	1.07%	3,888,310	1.47%	1.34%	3,980,203	1.51%	1.38%
Citigroup Global Markets Limited[(14)]	2,898,012	1.09%	1.00%	-	-	-	-	-	-
Lansdowne Partners Limited[(15)]	2,786,833	1.05%	0.96%	-	-	-	-	-	-
CNP Assurances[(16)]	2,634,737	0.99%	0.91%	3,873,790	1.46%	1.34%	3,873,790	1.47%	1.34%
Axa Investment Managers[(17)]	1,721,192	0.65%	0.59%	-	-	-	-	-	-
Credit Agricole SA[(18)]	1,610,815	0.61%	0.55%	-	-	-	-	-	-
Alecta[(19)]	1,400,000	0.53%	0.48%	-	-	-	-	-	-
CM-CIC Asset Management[(20)]	1,286,900	0.49%	0.44%	1,349,010	0.51%	0.47%	-	-	-
Morgan Stanley (US)	-	-	-	-	-	-	10,823,654	4.10%	3.74%
Marsico Capital Management[(21)]	-	-	-	-	-	-	1,382,190	0.52%	0.48%
UBS AG (United Kingdom)[(22)]	-	-	-	2,217,596	0.84%	0.77%	2,217,596	0.84%	0.77%
Crédit Suisse (United Kingdom)[(23)]	-	-	-	-	-	-	2,877,159	1.09%	1.00%
Treasury shares									
■ Shares held by subsidiaries	-	-	-	-	-	-	-	-	-
■ Treasury shares	1,818,141	0.69%	0.00%	2,085,680	0.79%	0.00%	1,566,548	0.59%	0.00%
Others and public	130,921,674	49.34%	46.18%	124,433,864	47.00%	44.19%	104,267,970	39.46%	37.09%
TOTAL	**265,332,571**	**100.00%**	**100.00%**	**264,772,204**	**100.00%**	**100.00%**	**264,242,817**	**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; 372,024 shares 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. Full ownership of Pernod Ricard shares held by Le Delos Invest III was transferred by way of a performance guarantee for its bonds in respect of a futures contract agreed on 10 April 2009.*

(2) *You are reminded that Mr Patrick Ricard passed away on 17 August 2012.*

(3) *Mr Rafaël Gonzalez-Gallarza signed a shareholders' agreement with Société Paul Ricard, as detailed below.*

(4) *Declaration of 20 March 2012.*

(5) *Declaration of 5 January 2012.*

(6) *Declaration of 22 February 2011.*

(7) *Declaration of 20 August 2012.*

(8) *Declaration of 21 September 2009.*

(9) *Declaration of 27 July 2012.*

(10) *Declaration of 11 July 2011.*

(11) *Declaration of 2 February 2010.*

(12) *Declaration of 8 April 2011.*

(13) *Declaration of 7 August 2012.*

(14) *Declaration of 18 July 2012.*

(15) *Declaration of 27 February 2012.*

(16) *Declaration of 27 February 2012.*

(17) *Declaration of 11 July 2012.*

(18) *Declaration of 4 May 2012.*

(19) *Declaration of 26 April 2012.*

(20) *Declaration of 26 September 2011.*

(21) *Declaration of 19 January 2011.*

(22) *Declaration of 14 May 2010.*

(23) *Declaration of 14 July 2010.*

Certain Company shares have a double voting right as described in the paragraph entitled "Voting conditions" in sub-paragraph "About the Company". Of the 265,332,571 shares making up the Company capital as of 29 August 2012, 24,663,491 shares had a double voting right.

On the same date, employees held 3,278,068 shares representing 1.24% of the share capital and 1.77% of the voting rights of the Company.

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).

Le Delos Invest II (a company controlled by Société Paul Ricard, as defined in article L. 233-3 of the French Commercial Code), delivered Company shares representing 1.12% of share capital and 1.03% of voting rights to Société Générale on 13 June 2012. This transaction settled the financial futures contract signed in October 2007 by Le Delos Invest II.

Crossing of thresholds

In a letter received on 27 August 2011, the Capital Research and Management Company (CRMC) (333 South Hope Street, 55th Floor, Los Angeles, CA 90071-1406, USA) declared that on 25 August 2011 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.

In a letter received on 30 November 2011, the Capital Research and Management Company (CRMC) declared that on 28 November 2011 it had crossed the threshold to below 5% of the share capital of the Company, holding 13,194,039 shares and the same number of voting rights, i.e. 4.98% of the share capital and 4.56% of the voting rights.

In a letter received on 1 December 2011, the Capital Research and Management Company (CRMC) declared that on 29 November 2011 it had crossed the threshold to above 5% of the share capital of the Company, holding 13,325,341 shares and the same number of voting rights, i.e. 5.03% of the share capital and 4.60% of the voting rights.

In a letter received on 6 January 2012, the Capital Research and Management Company (CRMC) declared that on 4 January 2012 it had crossed the threshold to above 5% of the voting rights of the Company, holding 14,868,290 shares and the same number of voting rights, i.e. 5.61% of the share capital and 5.13% of the voting rights.

In a letter received on 14 June 2012, supplemented by a letter received on 19 June 2012, Société Paul Ricard and the parties acting in concert with it declared that on 8 June 2012, as a group, it had crossed the threshold to below 20% of the voting rights of the Company and that it held in concert 36,643,039 shares of the Company representing 56,715,948 voting rights, i.e. 13.81% of the share capital and 19.56% of the voting rights of the Company.

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 on 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 2012, the number of Pernod Ricard bearer shareholders may be estimated at approximately 116,000. Furthermore, around 12,000 shareholders have registered securities.

Allocation of share capital *(nominative data from the Company's survey on identifiable bearer shares carried out at 30.06.2012)*	*(in %)*
Société Paul Ricard	13.1
Board + Management + Employees + Treasury shares	3.1
Groupe Bruxelles Lambert	7.5
American institutional investors	29.7
British institutional investors	8.4
Other foreign institutional investors	15.9
French institutional investors	14.9
Individual shareholders	7.4

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 "Allocation of share capital and voting rights at 29 August 2012" shown 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 allocation of the Company's share capital during the last three financial years, other than those shown in the above table "Allocation of share capital and voting rights at 29 August 2012".

Pernod Ricard is the only company in the Group listed on a Stock Exchange (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 51% of the voting rights, which is listed on the Toronto (Canada) Stock Exchange.

Equity investments and stock options

Corporate officers 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 Corporate officers in the financial year

Detailed information is provided under "Human Resources" in Section 4 "Management Report" of this document.

Stock options exercised by Executive Directors during the 2011/2012 financial year

Detailed information is provided in "Summary table of stock options exercised by the Executive Directors in 2011/2012" under "Human Resources" in Section 4 "Management Report" of this document.

Stock options granted to the top ten employees in the Group other than Corporate officers and options exercised by the top ten employees of the issuer during the 2011/2012 financial year

Detailed information is provided in "Stock options granted to the top ten employees in the Group other than Corporate officers and options exercised by the top ten employees of the issuer during the 2011/2012 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	Volume *(in thousand)*	Capital *(in euro million)*	Average price *(in euro)*	Highest *(in euro)*	Lowest *(in euro)*	Price at end of month *(in euro)*
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
July 2011	12,612	865	68.56	70.80	65.78	69.12
August 2011	27,581	1,692	61.34	70.44	56.09	62.50
September 2011	21,689	1,302	60.02	62.86	57.34	58.83
October 2011	16,675	1,074	64.42	69.38	57.69	67.50
November 2011	19,985	1,345	67.28	70.98	63.77	70.98
December 2011	11,774	815	69.18	71.66	66.50	71.66
January 2012	13,327	978	73.35	75.19	70.50	73.39
February 2012	11,709	892	76.19	78.21	73.53	77.66
March 2012	17,864	1,412	79.05	82.25	76.87	78.40
April 2012	13,706	1,068	77.89	81.50	74.85	78.41
May 2012	14,083	1,106	78.56	81.24	75.58	79.00
June 2012	16,406	1,303	79.41	84.52	75.68	84.26

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 2011/2012 financial year

Authorisations granted to the Board of Directors

During the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2010, 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 €100 per share and the number of shares the Company was authorised to purchase could not exceed 10% of the shares making up the Company's capital; additionally the number of shares that the Company held at any moment could not exceed 10% of the shares making up the Company's capital.

Furthermore, the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 15 November 2011 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 €110 per share. This authorisation cancelled with effect from 15 November 2011, up to the portion which remained unused, the authorisation granted by the Shareholders' Meeting on 10 November 2010.

Pursuant to these authorisations, the Company entered into a liquidity agreement, compliant with the AMAFI Code of Conduct, with SG Securities (Paris) SAS, with effect from 1 November 2011, to increase the liquidity of the Pernod Ricard share. The funds allocated to the liquidity account were €10,000,000, it being specified that a sum of €5,000,000 had initially been credited to the account. This agreement was terminated on 1 May 2012. A new liquidity agreement, compliant with the AMAFI Code of Conduct, was entered into with Rothschild & Cie Banque, with effect from 1 June 2012. The funds allocated to the liquidity account in this case are €5,000,000.

The authorisation granted by the Shareholders' Meeting of 15 November 2011, in force on the date this Registration Document was filed, will expire on 14 May 2013. The Shareholders' Meeting of 9 November 2012 will be called upon to authorise the Board of Directors to trade in the Company's shares in the framework of a new share repurchase programme described below, under "Details of the new programme to be submitted for authorisation to the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 9 November 2012".

Summary of transactions performed by the Company on its own shares during the 2011/2012 financial year

	Purchases	Sale and repurchase agreements*	Transfers
Number of shares	489,000 shares	1,072,334 shares	119,368 shares
Maximum term	N/A	10.06.2016	N/A
Average transaction price	€79.34 (average share purchase price)	€58.13	€65.97
Average strike price	N/A	€66,16	N/A
Amounts	€38,795,640	€62,334,775	€7,874,707

* *The Company carried out a share purchase and resale transaction with repurchase agreements on these shares. The transaction involved 1,072,334 shares purchased at €81.06 and resold via repurchase agreements at €58.13.*

N/A: Not applicable.

The total amount of trading fees incurred during the 2011/2012 financial year for authorised programmes was €58,100.

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 2011/2012 financial year

Position at 30 June 2012	
Percentage of direct and indirect treasury shares	0.92%
Number of shares cancelled in the last 24 months	None
Number of shares held in portfolio	2,445,890
Portfolio carrying amount	€169,623,355
Market value of the portfolio*	€206,090,691

* *Based on the closing price as of 30 June 2012, i.e. €84.26.*

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 15 November 2011 (period from 15 November 2011 to 29 August 2012).

	Total gross flows from 15.11.2011 to 29.08.2012		Open positions as of 29.08.2012			
			Long positions		Short positions	
	Purchases	Sales/transfers	Call options purchased*	Forward purchases	Call options sold	Forward sales
Number of shares	489,000 shares 353,000 calls (American calls)	Sales: None Transfer: 119,368[(a)]	6,813,760	None	None	None
Average maximum term	N/A	N/A	10.06.2016[(b)]	-	-	-
Average transaction price	€79.34 (average share purchase price) €17.41 (average American calls purchase price)	€65.97	N/A	-	-	-
Average strike price	€78.93	N/A	€61.21	-	-	-
Amounts	€44,941,723	€7,874,707	-	-	-	-

N/A: Not applicable.

* *And dissolving clauses attached to sale and repurchase agreements.*

(a) *These shares were definitively granted to non-French tax resident employees following a four-year vesting period in respect of the free share allocation plan of 18 June 2008.*

(b) *Maximum term 10 June 2016.*

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 15 November 2011 and implemented by the Board of Directors' meeting of the same date, 489,000 shares were purchased on the market between 7 June 2012 and 26 June 2012 at an average weighted price of €79.34 per share. Furthermore, a total of 353,000 option hedges were acquired via the purchase of the same number of three-year American call options.

Pursuant to authorisations granted by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 15 November 2011, the Board of Directors of 27 June 2012 set out a new Pernod Ricard stock options allocation plan and a performance-based shares allocation plan.

The 489,000 shares acquired on the market were allocated to cover the part of the stock options allocated subject to performance conditions and to a reserve set aside for the performance-based shares allocation plan. The 353,000 American call options, allowing the purchase of the same number of Pernod Ricard shares, were allocated to a reserve set aside to cover the stock options plan.

Treasury shares constitute reserves covering the various stock options and performance-based shares plans still in force. Movements (transfers) were made within these reserves of treasury shares:

- 119,368 performance-based shares allocated to non-French tax residents benefiting from the allocation of bonus shares of 18 June 2008 (following the expiry of the four-year vesting period).

Option hedges linked to American call options or to dissolving clauses attached to shares sold under sale and repurchase agreements were transferred as rights were exercised. During the period, 1,592,975 shares were repurchased via the exercise of the dissolving clauses attached to shares sold under sale and repurchase agreements at an average price of €48.74. No shares were repurchased using American call options.

In the context of the implementation of the liquidity agreement signed with Rothschild & Cie Banque, between 1 June 2012 and 29 August 2012, the Company:

- purchased 15,300 shares for a total amount of €1,255,227.30; and
- sold 15,300 shares for a total amount of €1,256,738.94.

Distribution of treasury stock at 29 August 2012

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 9 November 2012

The description of this programme (see below), which was established in accordance with article 241-3 of the AMF's General Regulations, will not be published separately.

As the authorisation granted by the Shareholders' Meeting on 15 November 2011, allowing the Board of Directors to trade in the Company's shares, is due to expire on 14 May 2013, a resolution will be proposed to the Shareholders' Meeting on 9 November 2012 to grant a further authorisation to the Board to trade in the Company's shares at a maximum purchase price of €135 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 1,818,141 shares as at 29 August 2012 (i.e. 0.69% of share capital), the maximum number of shares that can be bought will be 24,700,417 shares (i.e. 9.31% 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 16th resolution to be put to the vote of the shareholders on 9 November 2012. 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 corporate officers of the Company and/or of its affiliates (allocation of stock options and performance-based 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 €3,581,693,100, corresponding to a maximum number of 26,531,060 shares purchased on the basis of a maximum unit price of €135, excluding acquisition costs.

This authorisation would cancel, as from the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 9 November 2012, up to the portion not yet used, any authorisation given to the Board of Directors by the Shareholders' Meeting of 15 November 2011 for the purpose of dealing in the Company's shares. It would be given for a period of 18 months as from the Shareholders' Meeting of 9 November 2012.

Other legal information

Regulated related-party transactions

Transactions with related parties are described in Note 26 – *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.

9

ADDITIONAL INFORMATION TO THE REGISTRATION DOCUMENT

Persons responsible

Names and positions

Person responsible for the registration document:

Mr Pierre Pringuet

CEO

Person responsible for the information:

Monsieur Jean Touboul

Vice President, Financial Communication & Investors Relations

Tel.: + 33 (0)1 41 00 41 71

Declaration by the person responsible for the registration document and the annual financial report

I certify that, after having taken all reasonable measures to ensure that this is the case, the information contained in this document is, to the best of my knowledge, in conformity with Pernod Ricard's actual situation and that there is no omission which could adversely affect the fairness of the presentation.

I have obtained an audit completion letter from the Statutory Auditors in which they state that they have verified the information relating to the financial position and the financial statements set out in this document and have read the document in its entirety.

The historical financial statements presented in this document are covered by the reports of the Statutory Auditors, set out on pages 158 and 183.

I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair presentation of the assets and liabilities, financial position and financial results of the Company and all the other companies included in the scope of consolidation, and that the enclosed management report gives an accurate picture of developments in the business, financial results and financial position of the Company and all the other companies included within the scope of consolidation, together with a description of the main risks and uncertainties facing them.

Pierre Pringuet

CEO

Documents available to the public

Corporate documents (financial statements, minutes of Shareholder' Meetings, Shareholder' Meeting attendance registers, list of Directors, Statutory Auditors' reports, bylaws, etc.) relating to the last three financial years may be consulted at Pernod Ricard's registered office, located at 12 place des États-Unis, 75116 Paris.

The "Regulatory information" section of the Company's website is available at the following URL:

http://www.pernod-ricard.com/200/investors/regulatory-information

This website contains all the regulatory information provided by Pernod Ricard pursuant to the provisions of articles 221-1 *et seq.* of the French Financial Markets Authority (AMF) General Regulation.

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Management report

This registration document contains all elements of the management report as required by articles L. 225-100 *et seq*., L. 232-1, II and R. 225-102 *et seq*. of the French Commercial Code.

Annual financial report

This registration document includes all elements of the financial report as set forth in articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF General Regulations.

Environmental and corporate information

Articles L.225-102-1, R. 225-104 and R. 225-105-1 of the French Commercial Code (Code de commerce) modified by decree of law no. 2012-557 of 24 April 2012 – art. 1.

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Management reports, separate and consolidated financial statements and Statutory Auditors' reports for the financial years ended 30 June 2011, 30 June 2010 and 30 June 2009

The following information is included for reference purposes in this Registration Document:

- the Group's Management Report, the separate (Company) and consolidated (Group) financial statements and the Statutory Auditors' report on the consolidated financial statements for the financial year ended 30 June 2011, as presented on pages 73-188 and filed on 28 September 2011 under no. D.11-0884;
- the Group's Management Report, the separate (Company) and consolidated (Group) financial statements and the Statutory Auditors' report on the consolidated financial statements for the financial year ended 30 June 2010, as presented on pages 47-163 and filed on 29 September 2010 under no. D.10-0747;
- the Group's Management Report, the separate (Company) and consolidated (Group) financial statements and the Statutory Auditors' report on the consolidated financial statements for the financial year ended 30 June 2009, as presented on pages 36-153 and filed on 24 September 2009 under no. D.09-0656.

The information included in these three Registration Documents, other than those mentioned above, has been replaced and/or updated, as applicable, with the information contained in this Registration Document.

Financial Reporting and Investor Relations

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Pernod Ricard

Pernod Ricard
Pernod Ricard is a French public limited company (*Société Anonyme – SA*) with share capital of €411,231,437.75
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RCS Paris Registration No. 582 041 943

Designed & published by Labrador +33 (0)1 53 06 30 80

This document was printed in France by an *Imprim'Vert*-certified printer on elemental chlorine-free, PEFC- and FSC-certified recyclable paper produced using pulp from forests managed under environmentally, economically and socially sustainable methods.

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